

CENTURY FOUNDATION MATRIC. HR.SEC.SCHOOL, TIRUPUR

XII ACCOUNTANCY - UNIT – 01-INSIDE QUESTIONS 100 X 1 = 100

1. Statement of affairs is a
 - (a) Statement of income and expenditure
 - (b) Statement of assets and liabilities
 - (c) Summary of cash transactions
 - (d) Summary of credit transactions
2. The excess of assets over liabilities is
 - (a) Loss
 - (b) Cash
 - (c) Capital
 - (d) Profit
3. The amount of credit sales can be computed from
 - (a) Total debtors account
 - (b) Total creditors account
 - (c) Bills receivable account
 - (d) Bills payable account
4. What is the amount of capital of the proprietor, if his assets are Rs 85,000 and liabilities are Rs 21,000?
 - (a) Rs 85,000
 - (b) Rs 1,06,000
 - (c) Rs 21,000
 - (d) Rs 64,000
5. When capital in the beginning is Rs 10,000, drawings during the year is Rs 6,000, profit made during the year is Rs 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end.
 - (a) Rs 9,000
 - (b) Rs 11,000
 - (c) Rs 21,000
 - (d) Rs 3,000
6. Opening balance of debtors: Rs 30,000, cash received: Rs 1,00,000, credit sales: Rs 90,000; closing balance of debtors is
 - (a) Rs 30,000
 - (b) Rs 1,30,000
 - (c) Rs 40,000
 - (d) Rs 20,000
7. The different between the total of assets and total of liabilities is taken as _____
 - (a) drawings
 - (b) capital
 - (c) profit
 - (d) loss
8. The total assets of a proprietor are Rs 5,00,000 His liabilities Rs 3,50,000 Then his capital in the business is _____
 - (a) Rs 8,50,000
 - (b) Rs 1,50,000
 - (c) Rs 3,50,000
 - (d) Rs 4,25,000
9. A firm has assets worth Rs 60,000 and capital Rs 45,000 Then it's liabilities is _____
 - (a) Rs 45,000
 - (b) Rs 1,05,000
 - (c) Rs 60,000
 - (d) Rs 15,000
10. Under the net worth method, the basis for ascertaining the profit is _____
 - (a) the difference between the capital on two dates
 - (b) the difference between the liabilities on two dates
 - (c) the different between the gross assets on two dates
 - (d) the difference between the gross profit on two dates
11. Credit sale is obtained from _____
 - (a) Bills receivable account
 - (b) Bills payable account
 - (c) Total debtors account
 - (d) Total creditors account
12. The capital of a business is ascertained by preparing _____
 - (a) Trading account
 - (b) Statement of profit or loss
 - (c) Balance sheet
 - (d) Statement of affairs
13. Credit purchase is obtained from _____
 - (a) Bills receivable account
 - (b) Bills payable account
 - (c) Total debtors account
 - (d) Total creditors account
14. Debtors on 1 4 2018 was Rs 1,00,000 and on 31 3 2019 was Rs 80,000 cash received from debtors during the year is Rs 1,60,000 Then the credit sales during the year is _____
 - (a) Rs 3,40,000
 - (b) Rs 2,40,000
 - (c) Rs 1,40,000
 - (d) Rs 1,60,000
15. A firms total sales is Rs 80,000 and its credit sales is Rs 60,000 Then its cash sales is _____
 - (a) Rs 1,40,000
 - (b) Rs 70,000
 - (c) Rs 20,000
 - (d) Rs 80,000
16. A firm has assets worth Rs 47,500 and liabilities Rs 17,700 Then its capital is _____
 - (a) Rs 29,800
 - (b) Rs 65,200
 - (c) Rs 35,400
 - (d) Rs 17,700
17. Companies cannot keep books on single entry system because of _____
 - (a) tax properties
 - (b) legal provisions
 - (c) both (a) and (b)
 - (d) None of these
18. Match List I with List II and Select the Correct Answer using the Codes given below

List I					List II				
(i)	Incomplete records			1		Net worth method			
(ii)	Single entry system			2		Double entry			
(iii)	Statement of affairs method			3		Small traders			
(iv)	Nominal account			4		Incomplete double system			
(a)	(i)	(ii)	(iii)	(iv)	(b)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		4	3	1	2
(c)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)

19. Match List I with List II and Select the Correct Answer using the Codes given below

List I				List II					
(i)	Nature		1	Needs and conveniences					
(ii)	Types of accounts		2	No legal obligations					
(iii)	Lack of uniformity		3	Real account and nominal accounts					
(iv)	Suitability		4	Unsystematic way of transactions					
(a)	(i)	(ii)	(iii)	(iv)	(b)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		2	3	4	1
(c)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)
	4	3	1	2		3	4	2	1

20. Incomplete records are those records which are not kept under ____ system
 (a) Single entry (b) Double entry (c) Book keeping (d) none of these
21. ____ is an unscientific and unsystematic way of recording transactions
 (a) Incomplete records (b) Complete records
 (c) Single entry system (d) Double entry system
22. Statement of affairs method is also called as ____ method
 (a) Net profit (b) Net loss (c) Net worth/capital comparison (d) None of these
23. ____ is a statement showing the balances of assets and liabilities on a particular date
 (a) Statement of affairs (b) Trading account (c) Profit and loss account (d) Balance sheet
24. ____ capital can be found by preparing a statement of affairs at the beginning of the year
 (a) Opening capital (b) Closing capital (c) Both (a) and (b) (d) None of these
25. A statement of affairs resembles a ____
 (a) Trading account (b) Profit and loss account (c) Balance sheet (d) Trial balance
26. Closing capital can be found by preparing a statement affairs at the ____ of the year
 (a) opening (b) end (c) centre (d) none of these
27. In ____ system, only personal and cash accounts are opened
 (a) Single entry (b) Double entry (c) Trial balance (d) Balance Sheet
28. Creditors on 1 4 2016 was Rs 80,000 and on 31 3 2017 was Rs 65,000 cash paid to creditors during the year is Rs 10,000 Then the credit purchases during the year is ____
 (a) Rs 95,000 (b) Rs 1,75,000 (c) Rs 1,95,000 (d) Rs 1,50,000
29. ____ maintains only personal and cash accounts
 (a) Single entry system (b) Double entry system (c) Both (a) and (b) (d) None of these
30. ____ is suitable only for sole traders and partnership firms
 (a) Double entry system (b) Single entry system (c) Both (a) and (b) (d) None of these
31. Single entry system keeps one cash book which mixes up business as well as ____ transactions
 (a) Private (b) Own (c) Public (d) Capital
32. True financial position cannot be ascertained as ____ is not prepared due to the absence of nominal and real accounts
 (a) Trading accounts (b) Profit and loss account (c) Balance sheet (d) Trail balance
33. If it is desired to calculate profit by preparing trading and profit and loss account under single entry then it is called ____ method
 (a) Net worth (b) Statement of affairs (c) Conversion (d) None of these
34. In single entry system of accounting ____
 (a) Dual aspects of a transaction is recorded (b) Single aspect of transaction is recorded
 (c) Important transaction are recorded (d) All of them
35. Statement of financial position from incomplete accounting record is commonly known as ____
 (a) Balance sheet (b) Cash flow statement
 (c) Statement of affairs (d) Statement of financial operations
36. In which of the following system of recording the financial statements reflect true and fair view of an entity and accounting records are considered to be more accurate?
 (a) Single entry system (b) Double entry system (c) Cash based system (d) All of them
37. Identify the correct formula used to ascertain the closing capital
 (a) Opening capital + Net income - Drawings - Assets = Closing capital
 (b) Closing capital = Opening capital + Net loss - Drawings
 (c) Closing capital = Opening capital + Assets + Income - Expenses
 (d) Closing capital = Opening capital + Net income - Drawings

38. Which of the following formulas is used to calculate the net income for an accounting period?
- Net income = Opening capital + Drawings + Ending capital
 - Net income = - Opening capital + Drawings - Ending capital
 - Net income = - Opening capital + Drawings + Ending capital
 - Net income = Opening capital - Total assets
39. If opening capital Rs 1,000 and closing capital Rs 2000 Assuming no drawings during the accounting period, calculated the net income or loss for the period _____
- Rs 1,000 net income
 - Rs 1,000 net loss
 - Rs 2,000 net income
 - Rs 2,000 net loss
40. Total opening balances of assets and liabilities are Rs 10,000 and Rs 5,000 respectively Find out the opening capital of the business _____
- Rs 10,000
 - Rs 5,000
 - Rs 15,000
 - Rs 50,00,000
41. Which one of the following accounts is supposed to be used to get the figure of credit purchase made during the current accounting period?
- Debtors account
 - Revenue account
 - Creditors account
 - Expenses account
42. A method wherein omitted information is determined in the first place and by using this information net income or net loss is ascertained is known as _____
- Nominal method
 - Cash method
 - Conversion method
 - Net profit method
43. If creditors balance was Rs 1,000 at 1st Jan 2017, ending balance of creditors was Rs 2,000 on 31st Dec 2017 and a payment of Rs 500 was made to creditors, which of the following is the amount of purchase made during the year 2017?
- Rs 2,500
 - Rs 500
 - Rs 1,500
 - Rs 2,000
44. If debtors balance was Rs 2 000 at 1st Jan 2017, credit sales made during the year were Rs 1,000 and Rs 1,500 were received from debtors, which of the following is the debtors account balance at 31st Dec 2017?
- Rs 1,000
 - Rs 2,000
 - Rs 1,500
 - Rs 500
45. Calculate the amount of net income or loss if the capital has been increased by Rs 1,000 during this accounting period drawings Rs 5,000 and Rs 1,000 fresh capital was introduced in the business _____
- Rs 5,000 net loss
 - Rs 5,000 net profit
 - Rs 6,000 net loss
 - Rs 6,000 net profit
46. Single entry system has effect _____
- One effect
 - Two effect
 - Three effect
 - None of the above
47. In single entry system, is not possible to prepare _____
- Receipts and payments Account
 - Trial Balance
 - Balance Sheet
 - Account sales
48. In single entry system must suited where _____
- Cash transactions are many
 - Cash transactions are many
 - Cash & Credit transactions are many
 - None of the above
49. Capital can be obtained by preparing _____
- Cash Book
 - Statement of Affairs
 - Debtors Account
 - Creditors account
50. In single entry system only accounts are opened _____
- Personal & cash A/c
 - Real A/c
 - Nominal A/c
 - Real & Nominal A/c
51. In single entry system profit is calculated as follows:
- Opening capital + Drawings + Fresh Capital + Ending capital
 - Capital at the end - Drawings - Fresh capital - Opening capital
 - Capital at the end + Drawings - Fresh capital - Opening capital
 - None of the above
52. A statement of assets and liabilities prepared under the single entry system is called _____
- Balance sheet
 - Financial statement
 - Cash Statement
 - Statement of Affairs
53. Net worth of an organization means the excess of its total assets over total _____
- Expenses
 - Incomes
 - Liabilities
 - Both (a) & (b)
54. Statement of assets & liabilities prepared under Single entry system is called _____
- Balance sheet
 - Profit & Loss Statement
 - Statement of affairs
 - Income Statement
55. Statement of assets & liabilities prepared under double entry system is called _____
- Balance sheet
 - Profit & Loss Statement
 - Statement of affairs
 - Income Statement
56. More accurate profit and loss account can be prepared in _____
- Modern accounting system
 - Single entry system
 - Double entry system
 - None of these

57. Opening capital is obtained by preparing _____
 (a) Debtors A/c (b) Creditors A/c (c) Opening Statement of Affairs (d) Cash A/c
58. If opening capital is Rs 10,000 & Closing capital is Rs 15,000 then profit or loss _____
 (a) Loss of Rs 5,000 (b) Profit of Rs 2,500 (c) Profit of Rs 5,000 (d) None of these
59. If building (Closing) Rs 1,00,000, Land (Opening) Rs 1,00,000, Creditors (Opening) Rs 10,000 the opening capital:
 (a) Rs 1,90,000 (b) Rs 2,10,000 (c) Rs 90,000 (d) None of these
60. Trial balance is not obtained in:
 (a) Double entry system (b) Modern entry system
 (c) Single entry system (d) None of these
61. In single entry two-fold aspects of transaction are not recorded, so it is _____
 (a) Complete & Scientific (b) Incomplete & Unscientific
 (c) Complete & Unscientific (d) Incomplete & Scientific
62. Single entry system is not possible for:
 (a) Sole Trader (b) Partnership (c) Joint Stock Company (d) None of these
63. Balance sheet is prepared under _____
 (a) Single entry system (b) Double entry system (c) Both (a) & (b) (d) None of these
64. In net worth method of single entry, net profit or net loss is ascertained by _____
 (a) Preparing trading and profit and loss account
 (b) Comparing opening and closing balance of capital
 (c) Adopting any other method
 (d) None of these
65. Generally, depreciation on fixed assets is calculated on which balance?
 (a) Opening Balance (b) Closing Balance
 (c) Only on additional (d) Amount realized on asset sale
66. When B/R dishonoured is shown in the _____ A/Cs
 (a) Debtors A/c is debited and Creditors A/c is credited
 (b) Creditors A/c is debited and Debtors A/c is credited
 (c) B/R account is debited and Creditors A/c is credited
 (d) Debtors A/c is debited and B/R A/c is credited
67. Effects of dishonour of B/R is given _____
 (a) Only in the B/R account (b) Only in the debtors A/c
 (c) In debtor A/c and B/R A/c (d) Only in the B/P account
68. Interest on capital is calculate on which capital
 (a) Opening capital (b) Closing capital (c) Opening Stock (d) Closing Stock
69. Closing capital can be found by preparing a statement of affairs at the _____ of the year
 (a) Opening (b) End (c) Centre (d) All of these
70. A firm has liabilities is Rs 50,000 and Capital is Rs 25,000 Then its assets is _____
 (a) Rs 1,00,000 (b) Rs 25,000 (c) Rs 50,000 (d) Rs 75,000
71. Single entry system keeps one cash book which mixes up business as well as _____ transactions.
 (a) Private (b) Public (c) Own (d) All of these
72. _____ is not based on dual aspect concept
 (a) Single entry system (b) Double entry system
 (c) Balance Sheet (d) Statement of Affairs
73. Trial balance shows machinery of Rs 2,00,000 Depreciation is provided at 10% The depreciation on machinery will be _____
 (a) Rs 20,000 (b) Rs 1,80,000 (c) Rs 2,20,000 (d) Rs 1,50,000
74. Which of the following equation(s) is (are) true
 (a) Assets = Liabilities + Capital (b) Assets - Capital = Liabilities
 (c) Both (a) & (b) (d) None of these
75. Which one is correct
 (a) Adjusting Closing Capital = Closing capital + Drawings - Additional Capital
 (b) Adjusting Closing Capital = Closing capital - Drawings - Additional Capital
 (c) Adjusting Closing Capital = Additional Capital + Drawings - Closing Capital
 (d) None of these
76. A firm's total sales is Rs 80,000 and its credit sales id Rs 60,000 then its cash sales is _____
 (a) Rs 20,000 (b) Rs 1,40,000 (c) Rs 70,000 (d) Rs 25,000

77. Debtors on 31 12 2014 is Rs 2,00,000 Cash received from debtors during the year is Rs 3,00,000 Then the credit sales during the year is _____
 (a) Rs 1,00,000 (b) Rs 2,00,000 (c) Rs 3,00,000 (d) Rs 5,00,000
78. Creditors on 1 1 2014 is Rs 1,21,000 and on 31 12 2014 Rs 1,30,000 Cash paid to creditors during the year is Rs 2,09,000 Then the credit purchase during the year is _____
 (a) Rs 2,00,000 (b) Rs 2,09,000 (c) Rs 2,18,000 (d) Rs 2,08,000
79. If adjusted closing capital is more than the opening capital, it denotes _____
 (a) Profit (b) Loss (c) Opening Capital (d) Expenses
80. Companies cannot keep books on single entry system because of _____
 (a) Tax Properties (b) Legal Provisions (c) Both (a) & (b) (d) None of these
81. Following are the limitations of incomplete records except _____
 (a) Lack of proper maintenance of records
 (b) Difficulty in preparing trial balance
 (c) Difficulty in ascertaining true profitability of the business
 (d) Suitability
82. Capital at the end - net profit + drawings = _____
 (a) Capital in Beginning (b) Gross profit
 (c) Interest on capital (d) Interest on drawings
83. A business is said to be used _____ system It is not following the complete the principles of book keeping of _____ system
 (a) Double Entry - Single Entry (b) Single Entry - Double Entry
 (c) Double Entry - Double Entry (d) Single Entry - Single Entry
84. Single Entry System is _____
 (a) A scientific Method (b) An incomplete double entry system
 (c) None of those (d) All the above
85. Single Entry System will not be accepted by _____
 (a) Proprietor (b) partners (c) Tax authorities (d) All the above
86. Single Entry System capital is calculated _____
 (a) Capital = Assets - liabilities (b) Assets = Capital - liabilities
 (c) Capital = Asset + liabilities (d) Asset = liabilities - Capitals
87. Credit purchase is obtained from _____
 (a) Total Debtors Account (b) Total creditors Account
 (c) Statement of affairs (d) All the above
88. Statement of affair is like a _____
 (a) Trading of account (b) profit and loss Account (c) Balance sheet (d) Cash All
89. Capital in the beginning of the accounting year is ascertained by preparing _____
 (a) Debtors Account (b) cash Account
 (c) Opening statement of Affairs (d) Balance sheet
90. In case of networks method of Single Entry System Profit is ascertained by _____
 (a) Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period
 (b) Preparing a Profit and loss account
 (c) Preparing a Balance sheet
 (d) None of these
91. profit = Capital at the end + _____ - Capital introduced - Capital in the beginning
 (a) Sales (b) Drawings (c) Net Purchase (d) Net sales
92. From incomplete records it is possible to prepare _____
 (a) Ledger Accounts (b) Trial balance (c) Statement of affairs (d) Balance sheet
93. Cash received from Debtors needed for the preparation of cash account can be held from _____
 (a) Total debtors a/c (b) Balance sheet (c) Analysis of cash book (d) Sundry creditors
94. Given the opening and closing balance of Debtors and the figure of credit sales the balancing figure of total debtors account will give _____
 (a) Bills retained during the year (b) cash received from Debtors
 (c) Closing balance of bills receivable (d) Cash paid to creditors
95. Statement of affairs is generally prepared to find out the _____ of the business
 (a) Profit or loss (b) Financial position (c) Capital (d) Arithmetical accuracy
96. Closing Capital + Drawings - Additional Capital = _____
 (a) Adjusted Opening Capital (b) Opening Capital

(c) Profit or Loss

(d) Adjusted Closing Capital

97. Match the following:

- | | |
|--------------------------|-------------------------------|
| (i) Statement of affairs | (1) calculate credit sales |
| (ii) Single Entry | (2) Calculate credit purchase |
| (iii) Sundry Debtors | (3) Calculate the capital |
| (iv) Sundry creditors | (4) Unscientific System |
- | | | | | | | | | | |
|-----|-----|------|-------|------|-----|-----|------|-------|------|
| (a) | (i) | (ii) | (iii) | (iv) | (b) | (i) | (ii) | (iii) | (iv) |
| | 3 | 4 | 1 | 2 | | 1 | 2 | 3 | 4 |
| (c) | (i) | (ii) | (iii) | (iv) | (d) | (i) | (ii) | (iii) | (iv) |
| | 3 | 4 | 2 | 1 | | 4 | 3 | 2 | 1 |

98. Match the following

- | | |
|-----------------------|--|
| (i) Cash received | (1) not entered in Single Entry System |
| (ii) Total sales | (2) Assets - liabilities |
| (iii) Depreciation | (3) Cash Account |
| (iv) Sundry creditors | (4) Unscientific System |
- | | | | | | | | | | |
|-----|-----|------|-------|------|-----|-----|------|-------|------|
| (a) | (i) | (ii) | (iii) | (iv) | (b) | (i) | (ii) | (iii) | (iv) |
| | 1 | 2 | 3 | 4 | | 1 | 2 | 3 | 4 |
| (c) | (i) | (ii) | (iii) | (iv) | (d) | (i) | (ii) | (iii) | (iv) |
| | 4 | 3 | 2 | 1 | | 2 | 3 | 4 | 1 |

99. Assertion: Bill receivable enclosed are debited to Creditor Account

Reason: Bills receivable received from Debtors is credited to Debtors A/c

- | | |
|----------------------------------|---|
| (a) Both (A) and (R) are correct | (b) (A) is correct and (R) is incorrect |
| (c) Both are incorrect | (d) (A) is incorrect and (R) is correct |

100. 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 |

XII ACCOUNTANCY - UNIT - 02-ISQ**66 X 1 = 66**

- Receipts and payments account is a

(a) Nominal A/c	(b) Real A/c	(c) Personal A/c	(d) Representative personal account
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- Receipts and payments account records receipts and payments of

(a) Revenue nature only	(b) Capital nature only
(c) Both revenue and capital nature	(d) None of the above
- 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
- Income and expenditure account is a

(a) Nominal A/c	(b) Real A/c	(c) Personal A/c	(d) Representative personal account
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- 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
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- Which of the following should not be recorded in the income and expenditure account?

(a) Sale of old newspapers	(b) Loss on sale of asset
(c) Honorarium paid to the secretary	(d) Sale proceeds of furniture
- Subscription due but not received for the current year is

(a) An asset	(b) A liability	(c) An expense	(d) An item to be ignored
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- Legacy is a _____

(a) Revenue expenditure	(b) Capital expenditure	(c) Revenue receipt	(d) Capital receipt
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- Donations received for a specific purpose is

(a) Revenue receipt	(b) Capital receipt	(c) Revenue expenditure	(d) Capital expenditure
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- There are 500 members in a club each paying Rs. 100 as annual subscription. Subscription due but not received for the current year is Rs. 200; Subscription received in advance is Rs. 300. Find out the amount of subscription to be shown in the income and expenditure account

(a) Rs. 50,000	(b) Rs. 50,200	(c) Rs. 49,900	(d) Rs. 49,800
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- An advance receipt of subscription from a member of the non - profit organization is considered as an

(a) Expense	(b) Liability	(c) Equity	(d) Asset
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- Income and Expenditure account is based on _____

(a) Cash accounting	(b) Government accounting
(c) Management accounting	(d) Accrual accounting
- Which of the following is to be recorded in an income and expenditure account?

- (a) Purchase of a fixed asset (b) Capital expenditure incurred on a fixed asset
(c) Profit on the sale of a fixed asset (d) Sale of a fixed asset
14. Subscription received but not yet earned is considered as a /an _____
(a) Asset (b) Liability (c) Income (d) Expenditure
15. Rs. 10,000 received as to annual membership subscription. Out of this Rs. 2,000 is pertaining to the previous accounting period whereas Rs. 1000 is receivable at the end of the current accounting period. Calculate the amount of subscription that will be shown in the income and expenditure account for this accounting.
(a) Rs. 10,000 (b) Rs. 9,000 (c) Rs. 12,000 (d) Rs. 8,000
16. Income and Expenditure accounts show
(a) cash available to an organization (b) dosing capital of an organization
(c) cash available in the bank account (d) surplus or deficit for the current accounting period.
17. On what basis the receipts and payments account is prepared?
(a) Cash basis (b) Credit basis (c) Both (d) None of these
18. The amount or property received by a non - profit organization as stated by the will of a deceased person is commonly referred to as _____
(a) Donation (b) Honorarium (c) Legacy (d) Endowment
19. In non - profit organization, the sale of old newspapers is generally considered as an _____
(a) Revenue receipt (b) Expenditure (c) Income (d) Capital receipt
20. Some organisations are established for the purpose of rendering services to the public without
(a) any profit motive (b) any service motive (c) both (d) none of these
21. Charitable institutions and educational institutions are the examples of _____
(a) profit organisation (b) not-for-profit organisation (c) both (d) none of these
22. If the donation is received without any specific condition, then it is a _____
(a) general donation (b) specific donation (c) donation fund (d) none of these
23. Capital fund also called as _____
(a) accumulated fund (b) special fund (c) donation fund (d) none of these
24. Which of the following is generally considered as a non-profit organisation?
(a) Charitable organisation (b) Corporation (c) Audit firms (d) Insurance companies
25. The receipts and payments account of a non-profit organisation is a _____
(a) Nominal account (b) Real account
(c) Income statement account (d) Financial statement
26. Non- profit organizations prepare all of the following accounts except the _____
(a) Receipts and Payments accounts (b) Income and Expenditure accounts
(c) Balance sheet (d) Income statement
27. Expenditures greater than incomes of a non-profit organization give rise to a _____
(a) Loss (b) Profit (c) Surplus (d) Deficit
28. Rent expenses of a non-profit organization paid in advance. Which of the following is the correct classification of rent _____
(a) Expense (b) Liabilities (c) Equity (d) Asset
29. Receipts and Payment accounts is a _____ account in nature.
(a) real (b) personal (c) nominal (d) all of these
30. _____ items will be recorded in income and expenditure account
(a) Capital (b) Nominal (c) Expense (d) Revenue
31. _____ Items will be recorded in the balance sheet
(a) Revenue (b) Capital (c) Expense (d) None of these
32. _____ are the amounts received by not for- profit organisations as a gift
(a) Legacy (b) Donations (c) Subscription (d) Entrance fee
33. A gift made to a not-for-profit organization by a will, is called _____
(a) Subscription (b) Life membership fee (c) Legacy (d) Donations
34. _____ is a fee collection from every member only once at the time of his or her admission into the organisation.
(a) Entrance fee (b) Legacy (c) Donations (d) None of these
35. _____ is the remuneration paid to a person who is not a regular employee of the organization
(a) Purchase of sports materials (b) Purchase of sports equipment
(c) Honorarium (d) Legacy
36. _____ is a revenue expenditure
(a) Specific donation (b) Honorarium (c) Legacy (d) Interest on investment
37. _____ is prepared to find out the surplus or deficit pertaining to a particular year.

- (a) Income and Expenditure account (b) Receipts and Payment account
(c) Trading and Profit and loss account (d) Balance sheet
38. List I List II
- | | | | |
|-------|----------------------|----|---------------------|
| (i) | Subscription | 1. | Balls, bats |
| (ii) | Investments | 2. | Time of admission |
| (iii) | Old sports materials | 3. | Receive interest |
| (iv) | Admission fee | 4. | Tennis or billiards |
- | | | | | | | | | | |
|-----|-----|------|-------|------|-----|-----|------|-------|------|
| (a) | (i) | (ii) | (iii) | (iv) | (b) | (i) | (ii) | (iii) | (iv) |
| | 1 | 2 | 3 | 4 | | 4 | 3 | 1 | 2 |
| (c) | (i) | (ii) | (iii) | (iv) | (d) | (i) | (ii) | (iii) | (iv) |
| | 2 | 3 | 4 | 1 | | 2 | 3 | 4 | 1 |
39. List I List II
- | | | | |
|-------|------------------------------|----|---------------------|
| (i) | Subscription | 1. | Revenue expenditure |
| (ii) | Life membership fee | 2. | Capital expenditure |
| (iii) | Honorarium | 3. | Capital receipts |
| (iv) | Purchase of sports equipment | 4. | Revenue receipts |
- | | | | | | | | | | |
|-----|-----|------|-------|------|-----|-----|------|-------|------|
| (a) | (i) | (ii) | (iii) | (iv) | (b) | (i) | (ii) | (iii) | (iv) |
| | 1 | 2 | 3 | 4 | | 2 | 3 | 4 | 1 |
| (c) | (i) | (ii) | (iii) | (iv) | (d) | (i) | (ii) | (iii) | (iv) |
| | 1 | 4 | 2 | 1 | | 4 | 3 | 1 | 2 |
40. State the primary motive of not for profit organisation _____
(a) Producing good (b) Provide service (c) Both (d) None of these
41. State the nature of life membership subscription _____.
(a) Cash payments (b) Cash receipts (c) Capital Receipt (d) None of these
42. Which basis Receipt and payment Account is prepared?
(a) Cash basis (b) Credit basis (c) Accrual Basis (d) None of these
43. Classify the subscription received during the year of not for profit organisation.
(a) Capital Receipt (b) Capital expenditure (c) Revenue Receipt (d) both
44. State the nature of Receipt and Payment A/c for not for profit organisation?
(a) Real Account (b) Personal A/c (c) Nominal A/c (d) Representative personal A/c
45. Subscription received in advance is an income or a liability _____.
(a) An asset (b) Income (c) A liability (d) Expenditure
46. Not-for-profit organisation prepare _____.
(a) Income and Expenditure Account (b) Trading and Profit and loss Account
(c) Only the Trading Account (d) Cash Budget
47. The Receipts and Payment account is a summary of _____.
(a) Debit and Credit balances of Ledger Account (b) Cash receipts and payments
(c) Income and Expenses (d) Balance Sheet
48. Subscription received in advance by a club are shown _____.
(a) On the credit side of the Income and Expenditure A/c
(b) On the assets side of the Balance sheet
(c) On the liabilities side of the Balance sheet
(d) On the debit side of the Income & Expenses A/c
49. Donations received for a special purpose are a _____.
(a) Liability (b) Revenue Receipt (c) Capital Receipt (d) capital reserve
50. The Receipts and Payment A/c is a _____.
(a) Nominal Account (b) Real Account (c) Personal Account (d) None of these
51. The Income and Expenditure Account reveals _____.
(a) Cash in hand (b) Surplus or deficiency (c) Capital A/c (d) Reserve
52. Subscription received in advance during the current year is _____.
(a) an income (b) an asset (c) a liabilities (d) none of these
53. If there is "Match Fund" then match expenses and incomes one transferred to _____.
(a) Income and Expenditure A/c (b) Assets side of B/S
(c) Liabilities side of Balance sheet (d) Both Income and Expenditure A/c and Balance Sheet
54. (a) Sale of old newspapers 1. Opening Asset - Opening liabilities
(b) Legacy 2. Gift
(c) Donations 3. Capital receipt
(d) Capital fund 4. Revenue receipt

(a)	a	b	c	d	(b)	a	b	c	d
	1	2	3	4		4	3	2	1
(c)	a	b	c	d	(d)	a	b	c	d
	2	3	4	1		4	2	3	1

55. (a) Subscription 1. Capital Receipt
 (b) Honorarium 2. Capital expenditure
 (c) Life membership fees 3. Revenue expenditure
 (d) Purchase of library books 4. Revenue Receipt
- | | | | | | | | | | |
|-----|---|---|---|---|-----|---------------|---|---|---|
| (a) | a | b | c | d | (b) | a | b | c | d |
| | 4 | 3 | 1 | 2 | | 1 | 2 | 3 | 4 |
| (c) | a | b | c | d | (d) | None of these | | | |
| | 2 | 1 | 3 | 4 | | | | | |
56. Assertion : Life membership fee : Amount received towards life membership fee from the members is a capital Receipt.
 Reason : It is non-recurring nature
 (a) Assertion & Reason is correct (b) Assertion is incorrect Reason is correct
 (c) Assertion is correct (d) Both are incorrect.
57. Specific Donation: Assertion: Donation is received with a specific condition for a particular Purpose like sports fluid is a specific donation.
 Reason: It is a capital Receipt.
 (a) Assertion & Reason is incorrect (b) Assertion & Reason is correct
 (c) Assertion is correct & Reason is incorrect (d) Assertion is incorrect & Reason is correct
58. Identify wrong statement about Entrance fees.
 (a) Is a amount paid by a person at the time of becoming a member
 (b) Is a income of Not-for-profit organisation
 (c) It is a revenue receipt of organisation
 (d) Is debited to Income and expenditure Account
59. Choose the incorrect pair.
 (a) Sale of old sports materials - Capital receipt (b) General donation - Revenue receipt
 (c) Subscription for billiards - Revenue receipt (d) Specific donation Capital receipt
60. Assertion (A) : The receipts and payments account begins with tile "opening balances of cash and bank and ends with closing balances of cash and bank.
 Reason (R) : Non-cash items such as depreciation, outstanding expenses and accrued income are shown in receipts and payments account.
 (a) Both (A) and (R) are true, and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true, and (R) is not the correct explanation of (A)
 (c) (A) is true but (R) is false
 (d) (A) is false but (R) is true
61. Assertion (A): Life membership fee is nonrecurring in nature.
 Reason (R): Admission fee is a fee collected from every member only once at the time of his or her Admission into the organization.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true but (R) is false.
 (d) (A) is false but (R) is true.
62. Specific fund is to be shown on the liabilities side and specific fund investments account is to be shown on the assets side of the balance sheet.
 (i) Incomes and expenses relating to the specific fund account should not be recorded in income and expenditure account.
 (ii) Balance sheet is a statement showing the financial position of an organisation.
 (a) (i) is correct (b) (ii) is correct
 (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
63. Capital fund also called as general fund or accumulated fund is taken to the assets side.
 (i) The total of debit balances will be equal to the total of credit balances.
 (ii) Revenues, gains and liabilities will have credit balance.
 (a) (i) is correct (b) (ii) and (iii) are correct
 (c) (ii) is correct (d) (i), (ii) and (iii) are correct
64. Find out the wrong pair

- (a) Not-for-profit organisation - Educational institutions
 (b) Receipts and payment accounts - Real account
 (c) Income and expenditure account - Indian companies Act 2013
 (d) Balance sheet - Schedule IV

65. Find out the wrong pair

- (a) Subscription - Revenue receipts
 (b) Dividend - Revenue payments
 (c) Legacies - Capital receipts
 (d) Rent paid - Revenue payments

66. Find out the wrong pair

- (a) Entrance fees - Capital payments
 (b) Sale of fixed assets - Revenue receipts
 (c) Entertainment expenses - Revenue payments
 (d) Investment - Capital receipts

XII ACCOUNTANCY - UNIT – 03-ISQ

57 X 1 = 57

01. The name under which the business of a firm is carried on is called the _____
 (a) Company name (b) Firm name (c) Partnership firm (d) Partner's name
02. The profit or loss arising from the partnership business is shared by the partners in the _____
 (a) old ratio (b) new ratio (c) agreed ratio (d) sacrifice ratio
03. In India, partnership firms are governed by the Indian partnership Act _____
 (a) 1932 (b) 1930 (c) 1992 (d) 1986
04. The maximum number of partners in a partnership firm is _____
 (a) 25 (b) 10 (c) 30 (d) 50
05. In sole proprietorship, the profit or loss in the profit and loss account is transferred directly to the sole proprietor's _____
 (a) drawings account (b) capital account (c) loan account (d) salary account
06. The balance in the appropriation account is transferred to the partner's capital account in the _____
 (a) agree ratio (b) sacrifice ratio (c) profit sharing ratio (d) old ratio
07. Capital account balance of the sole proprietor alone as shown in the balance sheet of _____
 (a) Sole proprietorship (b) Partnership (c) Joint Hindu family (d) Company
08. Amount invested by partners in the partnership business is called _____
 (a) Owner's capital (b) Partner's capital (c) Profit and loss appropriation (d) None of these
09. Which of the following method, the capital of the partners is not altered and it remains generally fixed?
 (a) Fixed capital method (b) Fluctuating capital method (c) Both 'a' and 'b' (d) None of these
10. All the transactions between the partner and the firm are recorded in the _____
 (a) capital account (b) drawings account (c) profit and loss account (d) revaluation account
11. The rate of interest on capital is generally agreed by the partners and is mentioned in the _____
 (a) capital account (b) profit and loss account (c) partnership deed (d) none of these
12. 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
13. Period of interest refers to the period from the date of drawings to the closing date of the _____
 (a) opening year (b) closing year (c) previous year (d) accounting year
14. Product method can be used in all situations as an alternative to _____
 (a) average period (b) direct method (c) both 'a' and 'b' (d) none of these
15. The persons who entered into partnership are collectively known as _____
 (a) Partners (b) Owners (c) Firm (d) Organisation
16. In a partnership business, agreement is _____
 (a) compulsory (b) optional (c) not necessary (d) none of these
17. Interest on capital is calculated on the _____
 (a) Opening capital (b) Closing capital (c) Average capital (d) None of these
18. Current accounts for partners will be opened under, _____
 (a) Fixed capital method
 (b) Fluctuating capital method
 (c) Either fixed capital method or fluctuating capital method (d) None of these
19. X and Y are partners sharing the profits and losses in the ratio of 2:3 with capitals of Rs. 1,20,000 and Rs. 60,000 respectively. Profits for the year are Rs. 9,000. If the partnership deed is silent as to interest on capital. Show how profit is shared among X and Y _____
 (a) Profit X - Rs. 6,000; Y - Rs. 3,000 (b) Profit X - Rs. 3,600; Y - Rs. 5,400

- (c) Profit X - Rs. 3,000; Y - Rs. 6,000 (d) Profit X - Rs. 2,000; Y - Rs. 2,600
20. Under fixed capital method salary payable to a partner is recorded _____
 (a) in current account (b) in capital account
 (c) either in current account or capital account (d) none of these
21. If a firm is maintaining both 'capital accounts' and 'current accounts' of the partners A and B. Additional capital introduced by B will be recorded in _____
 (a) B's Current Account (b) B's Capital Account (c) A's Capital Account (d) A's Current Account
22. Amount is drawn regularly at the middle of every month during the year. Interest calculated for _____
 (a) 13/24 (b) 11/24 (c) 12/24 (d) 10/24
23. In the absence of any specific agreement partner's loan to the firm will carry an interest of _____
 (a) 6% (b) 10% (c) 12% (d) 10%
24. Amount is drawn regularly at the end of every month during the year, interest is calculated for _____
 (a) 11/24 months (b) 12/24 months (c) 13/24 months (d) 6/24 months
25. When a fixed amount is withdrawn in the beginning of every month the period calculated for interest on drawings is _____
 (a) 11/24 (b) 12/24 (c) 13/24 (d) 10/24
26. Match List I with List II and Select the Correct Answer using the Codes given below
- | List I | | | | List II | | | | |
|--------|----------------------|-----|---------------------|-----------------|-----|------|-------|------|
| (i) | Partnership Act | 1. | 2013 | (b) | (i) | (ii) | (iii) | (iv) |
| (ii) | Agreement | | 2. | 50 | 1 | 2 | 3 | 4 |
| (iii) | Indian companies Act | | 3. | Oral or written | 4 | 3 | 2 | 1 |
| (iv) | Maximum Number | | 4. | 1932 | | | | |
| (a) | (i) (ii) (iii) (iv) | (b) | (i) (ii) (iii) (iv) | | | | | |
| | 2 3 1 4 | | 1 2 3 4 | | | | | |
| (c) | (i) (ii) (iii) (iv) | (d) | (i) (ii) (iii) (iv) | | | | | |
| | 4 3 1 2 | | 3 4 2 1 | | | | | |
27. Match List I with List II and Select the Correct Answer using the Codes given below
- | List I | | | | List II | | | | |
|--------|--------------------------|-----|---------------------|---------------|-----|------|-------|------|
| (i) | Remuneration to partners | 1. | Section 13(c) | (b) | (i) | (ii) | (iii) | (iv) |
| (ii) | Profit Sharing ratio | | 2. | Section 13(d) | 4 | 3 | 2 | 1 |
| (iii) | Interest on capital | | 3. | Section 13(b) | | | | |
| (iv) | Interest on loan | 4. | Section 13(a) | | | | | |
| (a) | (i) (ii) (iii) (iv) | (b) | (i) (ii) (iii) (iv) | | | | | |
| | 1 2 3 4 | | 4 3 2 1 | | | | | |
| (c) | (i) (ii) (iii) (iv) | (d) | (i) (ii) (iii) (iv) | | | | | |
| | 3 4 2 1 | | 2 1 4 3 | | | | | |
28. _____ is a form of organization where two or more persons carry on some business acting on the basis of agreement among them.
 (a) Partnership firm (b) Sole proprietorship (c) Joint Hindu Family (d) Company
29. _____ is a document in writing that contains the terms of the agreement among the partners.
 (a) Partnership deed (b) Partnership at will (c) Both 'a' and 'b' (d) None of these
30. Capital account will always show credit balance under _____ method.
 (a) Partner's current account (b) Partner's capital account
 (c) Both 'a' and 'b' (d) None of these
31. _____ method, only capital account is maintained for each partner
 (a) Fixed capital (b) Fluctuating capital (c) Both 'a' and 'b' (d) None of these
32. _____ is the interest allowed on capital of the partners.
 (a) Interest on drawings (b) Interest on capital (c) Both 'a' and 'b' (d) None of these
33. _____ can be computed by direct method or product method.
 (a) Interest on drawings (b) Interest on capital (c) Partners salary (d) Partner's commission
34. _____ intervals refers to withdrawal made monthly, quarterly, half-yearly, once in 2 months and once in 4 months.
 (a) Fixed time (b) Current time (c) Average time (d) None of these
35. Profit and loss appropriation account is _____ account in nature.
 (a) real (b) nominal (c) personal (d) none of these
36. _____ is a type of partnership in which the liability of the partners is limited to the extent of their capital contribution.
 (a) Limited liability partnership (b) Limited assets (c) Partnership deed (d) None of these

37. Under fluctuating capital method, profit or loss in a year, will be transferred to the respective _____ accounts.
- (a) capital (b) profit and loss (c) drawings (d) none of these
38. Under _____ capital arrangement, current accounts will not be maintained.
- (a) Fixed (b) Fluctuating (c) Both 'a' and 'b' (d) None of these
39. The debit balance of the current account, will be shown in the _____ side of the balance sheet.
- (a) liabilities (b) assets (c) debit (d) credits
40. Interest on partner's capital is allowed, only when the _____ specifically provides for it
- (a) partnership Act (b) partnership agreement (c) both 'a' and 'b' (d) none of these
41. _____ can be formed only for a legal business.
- (a) Sole trader (b) Co-operative societies (c) Partnership (d) None of these
42. Indian partnership Act was enacted in the year _____
- (a) 1932 (b) 1956 (c) 1991 (d) 1992
43. Under fixed capital system, the capitals of the partners _____ years after year.
- (a) keep changing (b) remain fixed (c) both are possible (d) none of these
44. Under fluctuating capital systems, the capitals of the partners _____ year after years.
- (a) keep changing (b) remain fixed (c) Both are possible (d) Both are impossible
45. Under fluctuating capital systems, the partners _____ accounts are opened.
- (a) current (b) drawing (c) capital (d) loan
46. Under fixed capital system, the profit and loss of partners will be transferred to their _____ accounts.
- (a) current (b) drawings (c) both (d) capital A/c
47. Interest on capital is calculated as the _____
- (a) Opening capital (b) Closing capital (c) Both (d) Drawings
48. _____ is an extension of Profit and loss account.
- (a) Balance sheet (b) Profit and loss appropriation accounts (c) Both (d) Cash A/c
49. The persons who have entered into partnership are collectively known as _____
- (a) Partnership (b) partners (c) firm (d) company
50. Name the method of calculating interest on drawings of the partner of different accounts, are withdrawn as different dates.
- (a) Direct method (b) Product method (c) Average period method (d) Annuity method
51. Which of the following items does not appear in the profit and loss Appropriation Accounts?
- (a) Salaries to partners (b) Interest on capital
(c) Interest on drawings (d) Drawings
52. Under fixed capital method, partner's salary, commission and interest on capital will be credited in _____
- (a) Drawings Account (b) Capital Account (c) Current Account (d) Loan Account
53. (i) The sole proprietorship has its limitations such as limited capital, limited managerial ability and limited risk - bearing capacity.
(ii) The sole proprietorship has its limitations such as Unlimited capital, Unlimited managerial ability and Unlimited risk - bearing capacity
(iii) The Partnership has its limitations such as Unlimited capital, Unlimited managerial ability and Unlimited risk - bearing capacity
- (a) (i) is correct (b) (i) and (ii) are correct
(c) (ii) and (iii) are correct (d) (i), (ii) and (iii) are correct
54. (i) An incoming partner pays his share of good will in cash, and profit sharing ration of old partner is changed, Good - will be distributed among old partners According to new ration.
(ii) Any partner who investments in the business but does not take active part in the businesses Secret partner.
(iii) The relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.
- (a) (i) and (ii) are correct (b) (iii) is correct
(c) (ii) and (iii) are correct (d) (i), (ii) and (iii) are correct
55. (i) Any partner who investments in the business but does not take active part in the business is Nominal partner.
(ii) The capital account will continue to show the same balance from year to year unless some amount of capital is introduced or withdrawn.
(iii) In the absence of an agreement, Interest on loan advanced by the partner to the firm is allowed at the rate of 7%.
- (a) (ii) and (iii) are correct (b) (i) and (ii) are correct
(c) (ii) is correct (d) (i), (ii) and (iii) are correct

56. (i) On the retirement of a partner any reserve being should be transferred to the capital account of Neither the retiring partner, nor the remaining partner
 (ii) Amount due to outgoing partner is shown
 (iii) A partnership firm, the net profit as shown by the Profit and Loss Account need certain adjustments with regard to interest on capitals, interest on drawings, salary in the balance sheet as his Liability
 (a) (ii) and (iii) are correct (b) (i) and (ii) are correct
 (c) (i), (ii) and (iii) are correct (d) (iii) is correct
57. (i) Current accounts of the partners should be opened when the capitals are Either fixed or fluctuating.
 (ii) Goodwill is the present value of a firm's anticipated excess earnings in future and the efforts had already made in the past.
 (iii) Any partner who investments 'in the business but does not take active part in the business is Nominal partner
 (a) (ii) and (iii) are correct (b) (i) and (ii) are correct
 (c) (ii) is correct (d) (i), (ii) and (iii) are correct.

XII ACCOUNTANCY - UNIT – 04- ISQ

53 X 1 = 53

- Which is the present value of a firm's future excess earnings?
 (a) Fixed asset (b) Current assets (c) Good will (d) None of these
- Goodwill is shown under fixed assets in the _____
 (a) Trial balance (b) Balance sheet (c) Trading account (d) Profit and loss account
- The monetary value of such advantage is termed as _____
 (a) Goodwill (b) Bank overdraft (c) Capital (d) Cash
- Goodwill helps in earning more profit and attracts more _____
 (a) customers (b) producers (c) competitors (d) suppliers
- The profit earning capacity of the firm determines the value of its _____
 (a) balance sheet (b) goodwill (c) profit and loss account (d) all of these
- Goodwill acquired by making payment in cash or kind is called _____
 (a) Purchased goodwill (b) Self-generated goodwill (c) Average goodwill (d) 'a' and 'b'
- Which of the following method, goodwill is calculated by multiplying the weighted average profit?
 (a) Super profit method (b) Annuity (c) Weighted average profit method (d) All of these
- Self-generated goodwill should not be shown in the _____
 (a) journal (b) ledger (c) balance sheet (d) books of accounts
- The total capitalised value of the business is calculated by capitalising the average profits on the basis of _____
 (a) average profit (b) normal rate of return (c) actual capital employed (d) none of these
- Goodwill is to be valued when _____
 (a) amalgamation takes place (b) a partner is admitted
 (c) one company takes over another company (d) all of the above
- Goodwill is paid for obtaining _____
 (a) future profit (b) present benefit (c) past benefit (d) none of the above
- Super profit is _____
 (a) excess of average profit over normal profit (b) extra profit earned
 (c) average profit earned by similar companies (d) none of the above
- Normal profit is _____
 (a) average profit earned (b) profit earned by similar companies in the same industry
 (c) both 'a' and 'b' (d) none of the above
- Goodwill as per purchase of average profit method is equal to _____
 (a) Average profit (b) Average profit x Amount of purchases
 (c) Average profit x Number of years purchases (d) All of the above
- The company earns a net profit of Rs. 24,000 with a capital of Rs. 1,20,000. The NRR is 10% under capitalisation of super profit goodwill will be _____
 (a) Rs. 70,000 (b) Rs. 24,000 (c) Rs. 12,000 (d) Rs. 1,20,000
- Average Capital employed Rs. 4,00,000; Net profit 2011 2,50,000; 2012 1,00,00 (Loss); 2013; 4,50,000; N R R 10%; Goodwill at 3 years purchase of super profit will be
 (a) Rs. 1,80,000 (b) Rs. 90,000 (c) Rs. 1,50,000 (d) Rs. 1,20,000
- 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%
- _____ is the good name or reputation of the business which brings benefit to the business
 (a) Goodwill (b) Fixed asset (c) Current asset (d) None of these

19. _____ Cannot be seen or touched.
 (a) Computer (b) Machinery (c) Goodwill (d) All of these
20. _____ method, goodwill is calculated by multiplying the average profits by a certain number of years of purchase.
 (a) Weighted average profit (b) Super profit (c) Annuity (d) Simple average profit
21. _____ method, goodwill is calculated as certain years of purchase of average profits of the past few years.
 (a) Simple average method (b) Average profit method
 (c) Super profit method (d) Annuity method
22. _____ is the excess of average profit over the normal profit of a business.
 (a) Average profit (b) Super profit (c) Annuity method (d) None of these
23. _____ is the profit earned by the similar business firms under normal conditions
 (a) Normal profit (b) Super profit (c) Average profit (d) All of these
24. _____ method, goodwill is the excess of capitalised value of average profit of the business over the actual capital employed in the business.
 (a) Capitalisation (b) Super profit (c) Weighted average profit (d) Annuity
25. _____ refers to series of uniform cash flows at regular intervals.
 (a) Cash flow (b) Funds flow (c) Annuity (d) None of these
26. Goodwill is _____.
 (a) an intangible asset (b) a fixed asset (c) realisable (d) all of the above
27. While calculating capital employed _____.
 (a) Tangible trading assets should be considered
 (b) Intangible assets should be considered
 (c) Fictitious assets should be considered
 (d) None of the above
28. Capital employed at the end the year is Rs. 74,20,000 profit earned Rs. 20,000. Average capital employed is _____.
 (a) Rs. 4,20,000 (b) Rs. 4,60,000 (c) Rs. 4,40,000 (d) Rs. 4,00,000
29. Average profit is 19,167 and normal profit is 10,000 the super profit is _____.
 (a) Rs. 9,167 (b) Rs. 29,167 (c) Rs. 9,167 (d) Rs. 10,000
30. Goodwill has _____ Value
 (a) realisable (b) fictitious (c) both (d) none of these
31. Goodwill is not a _____ asset
 (a) Fixed (b) Current (c) Fictitious (d) None of these
32. Net asset value method is based on the assumption that the company is _____.
 (a) a going concern (b) going to be liquidated
 (c) both 'a' and 'b' (d) none of the above
33. List I List II
 i) Goodwill 1. Excess of EM.P over normal profit
 ii) Fictitious asset 2. Accounted in the books of accounts
 iii) Purchased goodwill 3. Intangible having no realisable value
 iv) Super profit 4. An intangible asset
 (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 4 3 2 1 1 2 3 4
 (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 2 3 4 1 3 4 1 2
34. List I List II
 (i) Average profit method 1. Excess of average profit
 ii) Weighted average profit method 2. Present value of annuity
 iii) Super profit method 3. Increase or decrease trend
 iv) Annuity method 4. Past few years
 (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 2 3 4 4 3 1 2
 (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 2 3 4 1 3 4 2 1
35. Goodwill is valued under _____.
 (a) Average profit method (b) Super profit method
 (c) Capitalisation method (d) All of these
36. Average profit method can be further divided _____

- (a) Simple average profit (b) Weighted Average profit
(c) Both (a) and (b) (d) None of these
37. Super profit is _____
(a) Average profit - Normal profit (b) Normal profit - Average profit
(c) Both (a) and (b) (d) None of these
38. Kinds of Goodwill _____
(a) Purchased Goodwill (b) Self-generated Goodwill
(c) None of these (d) Both (a) and (b)
39. Nature of Good will is _____
(a) Reputation of business firm (b) Profit of firm
(c) Total Asset of firm (d) None of these
40. Factors of Good will is _____
(a) Location of the business (b) Efficient management
(c) Nature of the goods (d) All of these
41. Goodwill of the firm in the basis of 2 years purchase of average profit of the last 5 years is Rs. 25,000 find average profit _____
(a) Rs. 50,000 (b) Rs. 25,000 (c) Rs. 10,000 (d) Rs. 12,500
42. Calculate the value of Goodwill at 3 years purchase when capital employed Rs. 2,50,000. Average profit < 30000 and normal rate of return is 10%.
(a) 3,000 (b) Rs. 25,000 (c) Rs. 30,000 (d) Rs. 15,000
43. Adjusted profit = Actual profit
(a) + Past expenses not required in the future
(b) - Past revenue. not likely to be reached in the future.
(c) + Additional income. expected in the future
(d) All of these
44. Select the odd one out
(a) Fixed capital method (b) Average profit method
(c) Super Profit method (d) Capitalisation method
45. Goodwill which cannot be recorded in the books of accounts :
(a) Self-generated goodwill (b) Acquired goodwill
(c) Purchased goodwill (d) None of these
46. (i) Goodwill is shown under fixed assets in the balance sheet
(ii) Goodwill is an intangible asset.
(iii) Goodwill helps in earning more profit and attracts more customers.
(a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
47. (ii) Weighted average profit method, goodwill is calculated by multiplying the weighted average profit by a certain number of years of purchase.
(iii) Normal profit = Capital employed x Fixed assets
(i) Goodwill acquired by making payment in cash or kind is called acquired or purchased goodwill.
(a) (i) is correct (b) (i) and (ii) are correct
(c) (ii) and (iii) are correct (d) (i), (ii) and (iii) are correct
48. Assertion (A): Goodwill is the good name or reputation of the business which brings benefit to the business.
Reason (R): It is an intangible asset as it has no physical existence.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true
49. Assertion (a): The Profit earning capacity of the firm determines the value of its goodwill
Reason (R): Goodwill acquired by making payment in cash or kind is called acquired or purchased goodwill.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true
50. Find out the wrong pair
a) Average profit - Total profit Number of years
b) Goodwill - Average profit x Number of years of purchase
c) Weighted average profit - Total of weighted profits Total of weights
d) Normal profit - Capital employed x Average profit

51. Find out the wrong pair
- a) Capital - Goodwill + current liabilities
 b) Super profit - Average profit - Normal profit
 c) Annuity factor - $i(1+i)^n/(1+i)^n-1$
 d) Goodwill - super profit Normal rate of return
52. Find the odd one out
- (a) Profitability of the firm (b) Degree of competition
 (c) Efficiency of management (d) Lack of uniformity
53. Find the odd one out
- (a) Average profit method (b) Straight line method
 (c) Super profit (d) Capitalisation method.

XII ACCOUNTANCY - UNIT – 05- ISQ**86 X 1 = 86**

1. A _____ account is opened to record the increase or decrease in assets and liabilities
 (a) Capital (b) Partners (c) Revaluation (d) None of these
2. The old partners share all the accumulated profits and reserve in their _____
 (a) new profit sharing ratio (b) old profit sharing ratio
 (c) capital ratio (d) sacrificing ratio
3. Old ratio of profit minus sacrifice ratio will be _____
 (a) New ratio (b) Old profit sharing ratio (c) Sacrifice ratio (d) None of these
4. An incoming partner pays his share of goodwill in cash, and profit sharing ratio of old partner is changed, Goodwill be distributed among old partners.
 (a) As their old profit ratio (b) According to new ratio
 (c) According to sacrificing ratio (d) None of these
5. Goodwill of the firm is valued Rs. 30,000. C an incoming partner purchase $\frac{1}{4}$ share of total profit Goodwill be raised in the books.
 (a) Rs. 30,000 (b) Rs. 7,500 (c) Rs. 1,20,000 (d) Rs. 7,000
6. The reconstitution of the partnership requires a revision of the _____ of the existing partners.
 (a) Profit sharing ratio (b) Capital ratio (c) Sacrificing ratio (d) Gaining ratio
7. The difference between old profit sharing ratio and new profit sharing ratio at time of admission is _____ ratio.
 (a) old ratio (b) new ratio (c) sacrifice ratio (d) gain ratio
8. _____ is created out of profit to adjust the reduction in the market value of the investments.
 (a) Invest fluctuation fund (b) Capital fund
 (c) Fixed capital method (d) Fluctuating capital fund
9. At the time admission of a new partner Goodwill _____
 (a) Belongs to all partners, new and old
 (b) Belongs only to the new partners who is going to be admitted
 (c) Belongs only to the old partner who have credited it
 (d) None of these
10. List I List II
- | | |
|------------------------------------|------------------------|
| i) Revaluation account | 1. Credit side |
| ii) Unrecorded assets | 2. Debit side |
| iii) Unrecorded liability | 3. Revaluation account |
| iv) Memorandum revaluation account | 4. Nominal account |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 4 3 1 2 1 2 3 4
 (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 2 3 4 1 4 1 2 3
11. A person may join as a new partner in an existing
 (a) Partnership firm (b) Sole proprietorship
 (c) Hindu undivided Family (d) None of these
12. Persons who have entered into partnership with one another are individually called _____
 (a) Partners (b) Directors (c) Sole trader (d) All of these
13. When A and B sharing profits and losses in the ratio of 3:2, they admit C as a partner giving him $\frac{1}{3}$ share of profits. This will be given by A and B.
 (a) Equality (b) In the ratio of their capitals
 (c) In the ratio of their profits (d) None of these
14. On which reason(s) for revaluation of assets and liabilities are _____

- (a) To give a true and fair view of the state of affairs of the firm
 (b) To share the gain arising from the revaluation of assets and liabilities as it is due to the old partners
 (c) Both (a) & (b)
 d) None of the above
15. Net profit ratio is calculated at the time of admission by dedicating _____
 (a) Sacrifice from the old ratio (b) Old ratio from the Sacrifice
 (c) Sacrifice from the new ratio (d) Old ratio from new ratio
16. _____ ratio is the agreed proportion in which future profit will be distributed to all the partners including the new partner.
 (a) Old profit (b) New profits sharing (c) Sacrifice (d) None of these
17. _____ is computed at the time of admission of a new partner.
 (a) Gaining ratio (b) Capital ratio (c) Sacrificing ratio (d) New ratio
18. The balance of revaluation account shows _____ on revaluation.
 (a) Profit (b) Loss (c) Profit and loss (d) None of these
19. In the revaluation account an increase in the value of land and building _____
 (a) Debit side (b) Credit side
 (c) Credit side of goodwill A/c (d) Does not appear at all
20. 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) Capital A/c of old partner (d) Capital A/c of new partner
21. On admission of a partner if goodwill account is to be raised this should be debited to _____
 (a) Partner's capital account (b) Partner's capital account
 (c) Revaluation account (d) None of these
22. In admission undistributed profit or loss is transferred to _____
 (a) New partner's capital A/c only (b) Old partner's capital A/c only
 (c) All the partner's capital accounts (d) None of these
23. How many ways in which the revaluation of assets and liabilities may be dealt with in a accounts?
 (a) 1 (b) 5 (c) 3 (d) 2
24. Revaluation account is a _____ account
 (a) real (b) nominal (c) personal (d) capital
25. In partnership accounting, capital accounts are prepared under following method _____
 (a) Fluctuating (b) Fixed
 (c) Both (a) & (b) (d) None of these
26. At the time of admission of a new partner, _____ profit ratio should be find out.
 (a) old (b) new (c) both (a) and (b) (d) none of these
27. When an unrecorded liabilities is brought into books, it results in
 (a) profit (b) loss (c) income (d) expense
28. Introduction of a new partner due to _____
 (a) Need to more capital (b) Fresh ideas and more contacts
 (c) Obtaining of a skilled and reputable person (d) All of the above
29. When a new partner is admitted under bonus method capital method of the firm increase by
 (a) the new investment (b) less than the new investment
 (c) Zero (d) More than the new investment
30. In the revaluation account a decrease in the value of plant and machinery _____
 (a) Debit side (b) Credit side
 (c) Debit side of goodwill A/c (d) Does not appear at all
31. At the time of admission an incoming partner contributes as goodwill _____
 (a) In cash (b) Does not pay cash
 (c) May or may not pay cash for goodwill (d) None of these
32. _____ ratio is the proportion of the profit which is sacrificed or foregone by the old partners in favour of the new partner.
 (a) Old (b) New (c) Sacrifice (d) Agreed
33. Goodwill already appearing in the balance sheet at the time of a partner is transformed to _____.
 (a) New partner's capital A/c (b) Old partner's capital A/c
 (c) Revaluation A/c (d) None of the above
34. Value of goodwill will agreed upon Rs. 30,000 on C. S admission and allowing him $\frac{1}{4}$ share of total profit Goodwill is brought in cash, the amount of goodwill will be as _____
 (a) Rs. 30,000 (b) Rs. 7,500 (c) Rs. 1,50,000 (d) Rs. 1,20,000

35. A, B and C enter into a partnership investing Rs. 35000, Rs. 45000 and 55000. Find their respective shares in annual profit of 40,500 _____
 (a) 10500, 13500, 19500 (b) 10500, 13500, 18500 (c) 10500, 13500, 17500 (d) 10500, 13500, 16500
36. The new partner does not bring in cash for his share of goodwill under _____ method.
 (a) Memorandum revaluation (b) Revaluation (c) Premium (d) None of these
37. On admission of a new partner, increase in value of assets is debited to
 (a) Asset A/c (b) Profit & Loss adjustment A/c
 (c) Opening Statement of affairs (d) Cash A/c
38. A new partner may be admitted to a partnership _____
 (a) With the consent of old partners
 (b) With the consent of two third of old partners
 (c) With the consent of any one of the partner
 (d) Without consent of old partners
39. Total proprietorship of the business is increased _____
 (a) at the admission of a new partner (b) by the purchase of asset
 (c) by admission through investment (d) All of these
40. At the time of admission of a new partner the following are revalued _____.
 (a) Assets (b) Liabilities (c) Both (d) None of these
41. 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
42. Undistributed loss will appear on the side of the Balance sheet.
 (a) Assets (b) Liabilities (c) Both (a) & (b) (d) None of these
43. At the time of admission of a new partner, revaluation of _____ and _____ should be taken up.
 (a) capital, assets (b) capital, liabilities (c) assets, liabilities (d) none of these
44. The net result of revaluation is adjusted through the _____ accounts of the partners
 (a) capital (b) revaluation (c) cash (d) bank
45. A partner who is newly admitted to the firm with the consent of all the parties is called _____
 (a) Salaries Partner (b) Incoming partner
 (c) Junior partner (d) Minor partner
46. Balaji and Kamallesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamallesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamallesh.
 (a) 1:3 (b) 3:1 (c) 2:1 (d) 1:2
47. In order to maintain fair dealings, at the time of admission, it is necessary to revalue assets and liabilities of the firm to their _____
 (a) Cost price (b) True value (c) Selling price (d) None of these
48. When the value of an asset increases, it results in
 (a) profit (b) loss (c) income (d) expense
49. Undistributed profits will appear on the _____ side of the balance sheet
 (a) assets (b) liabilities (c) both 'a' and 'b' (d) none of these
50. _____ created out of profit to adjust the reduction in the market value of the investments.
 (a) Invest fluctuation fund (b) Capital fund
 (c) Fixed capital method (d) Fluctuating capital fund
51. A person who is admitted to the firm is known as _____.
 (a) Outgoing partner (b) Incoming partner (c) Both (d) Working partner
52. List I
 i) Accumulated profits and loss
 ii) Reserves
 iii) Investment fluctuation fund
 iv) Revaluation account
 (a) (i) (ii) (iii) (iv)
 1 2 3 4
 (c) (i) (ii) (iii) (iv)
 4 1 3 2
- List II
 1. Reduction in the market
 2. Profit and loss adjustment account
 3. Investment fluctuation fund
 4. Old profit sharing ratio
 (b) (i) (ii) (iii) (iv)
 2 3 4 1
 (d) (i) (ii) (iii) (iv)
 3 4 2 1
53. Revaluation account is also called
 (a) Accumulation profit and loss account (b) Profit and loss adjustment account
 (c) Profit and loss appropriation account (d) None of these

54. The new profit sharing ratio will be determined by how the new partner acquires _____ from the old partner.
 (a) Liabilities (b) Assets (c) Share of profits (d) All of these
55. At the time of admission of a new partner, revaluation of _____ and _____ should be taken up.
 (a) Capital & Assets (b) Capital & Liabilities
 (c) Assets & Liabilities (d) Income & Expenses
56. To get sacrificing ratio _____ should be deducted from old share.
 (a) Gaining share (b) New share (c) Neither of the two (d) all the above
57. At the time admission of a new partner, general reserve is _____
 (a) Debited to capital of old partners (b) Credited to capital of old partners
 (c) Allowed to remain in balance sheet (d) Debited to current account
58. Balance sheet items like profit and loss account transferred to _____.
 (a) old partners only (b) new partner s only (c) retired partners (d) none of these
59. On the admission of a new partner
 (a) Old firm has to be dissolved
 (b) Old partnership has to be dissolved
 (c) Both old firm is partnership have to be dissolved
 (d) Neither partnership nor firm has to be dissolved
60. Under revaluation method goodwill account is raised by crediting the old partner's _____ accounts in the old profit sharing ratio.
 (a) capital (b) profit and loss (c) assets (d) revaluation
61. The revaluation profit or loss is transferred to the old partner's capital accounts, in their _____.
 (a) Old ratio (b) New ratio (c) Sacrifice ratio (d) Gain ratio
62. In the event of admission of a new partner, legally there is _____ of old partnership.
 (a) dissolution (b) indeed (c) both (d) none of these
63. The accumulated profits, losses and reserves _____ admission are to be distributed to the existing partners.
 (a) After (b) Before (c) Later (d) Future
64. Decrease in provision for bad and doubtful debts will be shown in the _____ side of Revaluation Account
 (a) Debit (b) Credit (c) Both 'a' and 'b' (d) None of these
65. Sumit and Ravi started a business by investing Rs. 85000 and 15000 respectively. In what ratio the profit earned after 2 years be divided between Sumit and Ravi respectively.
 (a) 17:1 (b) 17:2 (c) 17:3 (d) 17:4
66. List I List II
 i) New share 1. Partner
 ii) Sacrifice 2. Revaluation
 iii) Treatment of Goodwill 3. Old share - Sacrifice
 iv) Admission 4. Old share - New share
 (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 4 3 1 2 1 2 3 4
 (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 2 3 5 1 3 4 2 1
67. The revaluation profits and losses are recorded in the _____ account
 (a) Capital (b) Revaluation (c) Profit and loss (d) None of these
68. If new share of the incoming partner is given without mentioning the details of the sacrifice made by the old partners then, the presumption is that old partners sacrifice in the _____.
 (a) Old profit sharing ratio (b) Gaining ratio
 (c) Capital ratio (d) sacrificing ratio
69. In admission undistributed profit or loss transferred to _____.
 (a) New partners only (b) Old partners only
 (c) All the partners (d) None of these
70. Increase in the value of liabilities, at the time of admission of a new partner, results in _____ to old partners
 (a) loss (b) profit (c) both 'a' and 'b' (d) none of these
71. At the time of admission of a partner calculation of new profit ratio is _____.
 (a) Not necessary (b) Necessary (c) Optional (d) All the above
72. 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 partner
73. At what purpose of admission of a new partner may be to raise additional capital. Give reason(s)
 (a) For expansion of business (b) For managerial skill of the new partner

- (c) Both (a) & (b) (d) None of these
74. At the time of admission of a new partner the firm is _____
 (a) Dissolved (b) Continued (c) Not effected (d) Re-organized
75. The partner admitted into partnership firm acquires two rights. i.e., right to share in the _____ of the partnership and right to share in the _____.
 (a) Liabilities & Profit (b) Liabilities & Loss (c) Both (a) & (b) (d) Assets & Profits
76. Goodwill is a(n):
 (a) Tangible Fixed Assets (b) Tangible Current Assets
 (c) Intangible Fixed Assets (d) Intangible Current Assets
77. Find out the Correct Statement
 (i) Current accounts of the partners should be opened when the capitals are either fixed.
 (ii) This necessitates the calculation of new profit sharing ratio of the remaining partners.
 (iii) The ratio in which the old partners have agreed to sacrifice their shares in profit in favour of a new partner is called the sacrificing ratio.
 (a) (i) is correct (b) (i), (ii) and (iii) are correct (c) (iii) is correct (d) (i) and (ii) are correct
78. Find out the Correct Statement
 (i) Shareholders funds includes Equity share capital, Preference share capital, Reserves and surplus.
 (ii) There should be at least one month gap between two calls unless otherwise provided by the Articles of Association of the company.
 (iii) It is not compulsory that the new partner bring capital at the time of admission.
 (a) (i) is correct (b) (i), (ii) and (iii) are correct (c) (i) and (ii) are correct (d) (iii) is correct
79. Find out the Correct Statement
 (i) This is the maximum amount of capital which a company is authorised to raise and is stated in the Memorandum of Association
 (ii) A Partnership firm suffering from shortage of funds or administrative incapacities may decide to admit a partner.
 (iii) In the revaluation account an increase in the value of land and building Appears on the credit side of good will account.
 (a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
80. Find out the Correct Statement
 (i) The amount that the new partner brings in for the right to share in the partnership assets is called his capital and is credited to his Capital account.
 (ii) There should be at least one month gap between two calls unless otherwise provided by the Articles of Association of the company.
 (iii) Any partner who investments in the business but does not take active part in the business is Secret partner.
 (a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
81. Assertion (A): The amount that the new partner brings in for the right to share in the partnership assets is called his capital and is credited to his Capital account.
 Reason (R): Whereas the consideration which he pays to the old partners for the right to participate in the division of future profits is called Partner.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true
82. Assertion (A): It is not compulsory that the new partner bring capital at the time of admission.
 Reason (R): He may be revaluation in view of his talent, skill and reputation.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true
83. Assertion (A): The Profit and Loss of Revaluation account shows the net effect on account of revaluation which is transferred to old partners accounts in their old profit.
 Reason (R): The assets and liabilities appear in the Balance Sheet of the reconstituted firm at their revised values.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true

84. Assertion (A): A Partnership firm suffering from shortage of funds or administrative in capabilities may decide to admit a partner.
Reason (R): Admission of a partner is one of the modes of reconstituting the firm.
- Both (A) and (R) are true and (R) is correct explanation of (A)
 - Both (A) and (R) are true and (R) is not the correct explanation of (A)
 - (A) is true, but (R) is false
 - (A) is false, but (R) is true
85. Assertion (A): devaluation is the valuation of assets and liabilities at the time of reconstitution of the partnership firm.
Reason (R): At the time of admission of a partner, the assets and liabilities are revalued so that the profit and loss arising on account.
- Both (A) and (R) are true and (R) is the correct explanation of (A)
 - Both (A) and (R) are true and (R) is not the correct explanation of (A)
 - (A) is true, but (R) is false
 - (A) is false, but (R) is true
86. Find out the wrong pair
- Memorandum revaluation account - Permanent account
 - New profit sharing ratio - Agreed proportion
 - Sacrificing ratio - Favour of the new partner
 - Share sacrifice - New partner's share x Old share

XII ACCOUNTANCY - UNIT - 06- ISQ**91 X 1 = 91**

- If the amount due to the outgoing partner is transferred to loan account then he is entitled to interest at _____ until it is paid out.
(a) 9% (b) 5% (c) 6% (d) 8%
- The proportion in which the continuing partners benefit due to retirement of partner _____
(a) Sacrificing Ratio (b) Gaining Ratio (c) Both (a) & (b) (d) None of these
- _____ is calculated to determine the amount of compensation to be paid by each of the continuing partners to the outgoing partners
(a) Old ratio (b) Gaining ratio (c) New ratio (d) Sacrifice ratio
- At the time of dissolution all the assets of firm are transferred to the realization A/c _____
(a) Market Value (b) Book Value (c) Cost Value (d) Bale Value
- N, S and K have been sharing profit in the ratio of 3:5:7. K retires and his share is taken by N and S in the ratio of 3:2 the new ratio will be _____.
(a) 12 : 13 (b) 3 : 5 (c) 2 : 1 (d) 3 : 2
- The partnership may come to an end due to the _____.
(a) Death of a partner (b) Insolvency of a partner (c) Both (a) & (b) (d) None of these
- Which of the following is debited to partners Capital at the time of retirement of a partner?
(a) General Reserve (b) Profit on revaluation
(c) Accumulated losses (d) Accumulated profits
- If the value off liabilities decrease, it results in _____ item.
(a) Profit (b) Loss (c) Expenses (d) None of these
- On the retirement of a partner reserves should be transferred to the capital Account of _____.
(a) Retiring Partner (b) Remaining partner (c) All partners (d) None of these
- Amount due to outgoing partner is shown on the balance sheet as his _____.
(a) Liability (b) Asset (c) Capital (d) Loan
- Kayal, Mala and Neela are partners sharing profits in the ratio of 2:2:1. Kayal retires and the new profit sharing ratio between nila and neela is 3:2. Calculate the gaining ratio.
(a) 2:1 (b) 1:2 (c) 1:1 (d) 3:1
- Partner's equity is affected due to _____.
(a) Retirement of a partner (b) Admission of a partner
(c) Death of a partner (d) All of these
- The settlement is to be done in the manner prescribed in the _____.
(a) Partnership-at-will (b) Partnership deed
(c) Both 'a' and 'b' (d) None of the above
- At the time of retirement of a partner, calculation of new profit ratio is _____.
(a) Compulsory (b) Optional (c) Necessary (d) Not necessary
- Find the correct formula _____.
(a) Gaining Ratio = New Ratio + Old Ratio (b) Gaining Ratio = Old Ratio + New Ratio

- (c) Gaining Ratio = New Ratio - Old Ratio (d) Gaining Ratio = Old Ratio - New Ratio
16. On the retirement of a partner, profit in revaluation of assets and liabilities should be credited to the Capital Accounts of _____.
- (a) Retiring partner in their old ratio (b) All partners in their old ratio
(c) Remaining partner in new ratio (d) Remaining partner in old ratio
17. _____ is the proportion of the profit which is gained by the continuing partners
- (a) Sacrificing ratio (b) Gaining ratio (c) New profit ratio (d) Old profit sharing ratio
18. The gain of remaining partners is equal to _____
- (a) Their new share (b) Their old share (c) New share - Old share (d) Old share - New share.
19. A, B and C share profits in the ratio of $\frac{1}{2}$, $\frac{3}{10}$, $\frac{1}{5}$. G dies, the gaining ratio of A and B will be
- (a) 1:1 (b) 1:3 (c) 5:3 (d) 3:1
20. Debit balance of revaluation account is _____
- (a) Loss (b) Profit (c) Gain (d) Income
21. The purpose of preparation of revaluation account is _____.
- (a) To find out gross profit (b) To find out net profit
(c) To find out financial position (d) To find out results of revaluation of assets and liabilities
22. A, B and C are partners sharing profits and losses in the ratio of $\frac{1}{2}$, $\frac{3}{10}$ and $\frac{1}{5}$. B retires from the firm. A and C decide to share the future profits and losses in 3 : 2. Calculate gaining ratio _____
- (a) 1 : 2 (b) 3 : 2 (c) 2 : 3 (d) None of these
23. The loss or gain on account of revaluation at the time of retirement of a partner is shared by _____
- (a) Remaining partners (b) Retiring partners
(c) All partners (d) None of these
24. If the remaining partner want to continue the business, after the retirement of a partner, a new partnership agreement is _____
- (a) Revaluation of assets and liabilities (b) Ascertaining his share of goodwill
(c) Finding the amount due to him (d) All of these
25. X, Y and Z are partners in the ratio of 5:3:2 Goodwill is valued at 40,000. If Z retire, the amount of goodwill credited to his capital account is _____
- (a) Rs. 8,000 (b) Rs. 50,000 (c) Rs. 12,000 (d) Rs. 12,000
26. At the time to retirement Balance Sheet items like profit and loss account and General reserve must be transferred to _____
- (a) Revaluation A/c (b) Partners capital A/c
(c) Both 'a and 'b' (d) None of the above
27. Hari, Roy and Prasad are partners in the ratio of 3:5:1 respectively. Roy wants to retire. His share is being purchased by Prasad. What would be the new ratio of Hari and Prasad respectively?
- (a) 1:2 (b) 2:1 (c) 3:5 (d) Equal
28. When a partner dies, firm will receive the _____
- (a) $\frac{1}{2}$ amount of policy (b) $\frac{1}{4}$ amount of policy
(c) $\frac{3}{4}$ amount of policy (d) Full amount of policy
29. If the goodwill is raised to the extent of retiring partners share _____ account is to be debited
- (a) Cash (b) Goodwill (c) All partner's capital (d) Retiring partners' capital
30. A, B and C are sharing profits in the ratio of $\frac{2}{5}$: $\frac{2}{5}$: $\frac{1}{5}$. C retired, from business and his share was purchased equally by A and B. Then new profit sharing ratio shall be _____
- (a) A- $\frac{1}{2}$ and B- $\frac{1}{2}$ (b) A- $\frac{3}{5}$ and B- $\frac{2}{5}$
(c) A- $\frac{2}{5}$ and B- $\frac{3}{5}$ (d) A- $\frac{2}{5}$ and B- $\frac{1}{5}$
31. All the accounts are settled among partners and creditors at the time of _____ of a business
- (a) Dissolution (b) Retirement (c) Admission (d) None of these
32. The amount due to the retiring partner is either _____ or is paid in installments.
- (a) Paid of immediately (b) Installment
(c) Loan (d) None of these
33. How are unrecorded assets treated at the time of retirement of a partner?
- (a) Credited to revaluation A/c (b) Credited to capital account of retiring partner only
(c) Debited to revaluation A/c (d) Credited to partner's capital A/c
34. When a partner withdraws his capital from the partnership firm, it is called _____ of a partner
- (a) Admission (b) Death (c) Retirement (d) All of these
35. 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

36. When the values of liabilities increases, it results in _____
 (a) Profit (b) Loss (c) Income (d) Expenses
37. An account operated to ascertain the loss or gain at the death of a partner is called _____
 (a) Realization A/c (b) Revaluation A/c
 (c) Executors A/c (d) Decreased partner's A/c
38. On the retirement of a partner increase in the value of assets is recorded in _____
 (a) Revaluation A/c (b) Cash A/c
 (c) Old partners capital A/c (d) None of the above
39. In case of death of a partner the whole amount standing to the credit of his capital account is transferred to _____.
 (a) Capital account of all partners (b) Capital accounts of remaining partners
 (c) His executors account (d) Revenue account of the Government
40. Excess of actual capital over proportionate capital _____
 (a) Surplus Capital (b) Deficit Capital (c) Share of profits (d) All of these
41. A partner who retires from the firm is called an _____
 (a) Outgoing partner (b) admitted partner (c) death of a partner (d) none of these
42. A, B and C are partners with capitals of Rs. 1,00,000; Rs. 75,000 and Rs. 50,000. On C's retirement his share is acquired by A and B in the ratio of 6 : 4. Gaining ratio will be _____
 (a) 3 : 2 (b) 2 : 2 (c) 2 : 3 (d) None of these
43. Profits and losses of previous years which are not distributed to the partners are known as _____
 (a) Accumulated profit and losses (b) general reserve
 (c) Reserve fund (d) workmen compensation fund
44. _____ maybe taken on the life of the partners in a partnership firm
 (a) Life policies (b) Insurance premium (c) Both 'a' and 'b' (d) None of these
45. At the time of retirement of a partner workmen Compensation Reserve after meeting the legal requirement is transferred to _____
 (a) Revaluation Account (b) All partners Capital A/c
 (c) Sacrificing Partner's Capital A/c (d) Old partners capital A/c
46. On retirement of a partner the continuing partner's capital accounts are debited with retiring parties share of goodwill in _____.
 (a) Old profit sharing ratio (b) Gaining ratio
 (c) New profit sharing ratio (d) Equal ratio
47. X, Y, Z were partners sharing profits in the ratio of 5:3:2. Goodwill does not appear in books, but it is agreed to be worth Rs. 1,00,000. X retires from the firm and Y and Z decide to share future profits equally. X's share of goodwill will be debited to Y's and Z's capital A/c's in ratio _____
 (a) 1/2 : 1/2 (b) 2 : 3 (c) 3 : 2 (d) None of these
48. Capital account of a retiring partner always shows balance _____
 (a) Credit (b) Debit (c) Asset (d) Liability
49. X, Y and Z are partners sharing profits in the ratio of 5:3:2. If Y retires then new ratio will be _____.
 (a) 5:2 (b) 5:3 (c) 3:2 (d) 1:1
50. The net result of revaluation is adjusted through the _____ accounts of the partners
 (a) Capital (b) Real (c) Nominal (d) None of these
51. Undistributed profit and losses ___ transferred to all the partners at the time of retirement of a partner.
 (a) should be (b) should not be (c) may be (d) none of these
52. If at the time of retirement, there is some unrecorded liability, it will be _____
 (a) Debited to Revaluation A/c (b) Credited to Revaluation the A/c
 (c) Transferred to old partners A/c (d) Transferred to all Partners Capital A/c
53. Mani, Nagappan and Ulaganathan are partners sharing profits in the ratio of 4:3:3. Ulaganathan retires and his share is taken up by manni and Nagappan in the ratio of 3:2. Calculate the new ratio.
 (a) 20:10 (b) 21:19 (c) 29:21 (d) 19:21
54. The amount due to the _____ partner is either paid off immediately or is paid in instalments.
 (a) Admitting (b) Retiring (c) Death (d) All of the above
55. The firm is reconstituted and other partners continue the partnership firm with a new _____
 (a) Contract (b) agreement (c) start business (d) none of these
56. On the death of a partner, his, share in the profit of a firm till the date of his death is transferred to the
 (a) Debit of profit and Loss account (b) Credit of profit and Loss account
 (c) Debit of profit and Loss Suspense account (d) Credit of profit and Loss Suspense account
57. Credit balances of Profit and loss Account- appearing in the Balance sheet on the death of a partner is credited to _____.

- (a) Deceased partners Capital account
 (b) All partners capital account (Including deceased partners capital account)
 (c) Remaining partners capital account
 (d) None of the above
58. The section related to the retirement of partner in Indian partnership Act is _____
 (a) 30(a) (b) 31(1) (c) 21(c) (d) 20(a)
59. Retirement / death of a partner will not be dissolution if remaining partners are _____ to continue it.
 (a) Dissolution (b) Optional (c) Agreed (d) All of the above
60. List I List II
 (i) Profit and 1. Workmen compensation fund
 (ii) Reserve 2. Current value differ from book value
 (iii) Revaluation 3. Agreed proportion
 (iv) New profit sharing ratio 4. Accumulated profits
 (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 2 3 4 2 3 4 1
 (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 3 4 1 2 4 1 2 3
61. The method under which amount payable to the retiring partner is paid off at a time _____
 (a) Immediately paid method (b) Lump-sum method
 (c) Both (a) & (b) (d) None of these
62. Sacrificing ratio is the ratio in which the old partners (existing) have agreed to sacrifice their share of profit in favour of _____.
 (a) Outgoing Partner (b) Incoming Partner
 (c) Both (a) & (b) (d) None of these
63. _____ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio
 (a) Gaining (b) Sacrifice (c) Old (d) New
64. The retiring partner should be paid off or the amount due to him, will be treated as his _____ to the firm
 (a) Bank (b) Loan (c) Cash (d) None of these
65. In the absence of any provision in the partnership deed. Interest on account remaining unpaid to the executor of deceased partner.
 (a) Will not be allowed. (b) Will be allowed. @ 6% (p/a)
 (c) Will be allowed even if there are no losses. (d) Will be allowed @ 5%. (p/a)
66. At the time of retirement of partners, the existing partners stand to _____
 (a) Gain (b) Loss (c) Income (d) None of these
67. If the goodwill account is raised for 50,000, the amount is debited to _____
 (a) The capital accounts of partners (b) Goodwill account
 (c) Cash account (d) Loan account
68. Revaluation account is operated to find out gain or loss at the time of _____
 (a) Admission of a partner (b) Retirement of a partner
 (c) Death of a partner (d) All of these
69. A, B and C were partners sharing profits and losses in the ratio of 3 : 2 : 1. On 1st April, B retired and the new profit sharing ratio between A and C decided to 3 : 2. On 31st March there were reserves of firm Rs. 24,000. This reserve will be divided among partners as _____
 (a) A - Rs. 8000, B - Rs. 12,000, C - Rs. 4,000
 (b) A - Rs. 8000, B - Rs. 12,000, C - Rs. 4,000
 (c) A - Rs. 8000, B - Rs. 12,000, C - Rs. 4,000
 (d) A - Rs. 8000, B - Rs. 12,000, C - Rs. 4,000
70. A balance sheet item like profit and loss account and general reserve must be transferred to _____.
 (a) Revaluation A/c (b) Partner's capital A/c (c) Partner's capital A/c (d) Suspense account
71. _____account which is otherwise called profit and loss adjustment account
 (a) Capital (b) General reserve fund (c) Revaluation (d) Goodwill
72. The accounting procedure at the retirement of a partner involves _____
 (a) As their old profit ratio (b) According to new ratio
 (c) According to sacrificing ratio (d) None of these
73. At the time of retirement / death, income sharing ratio among the remaining partners may or _____change.
 (a) May (b) May not (c) Change (d) All of these
74. In both types of policies, the insurance premium is paid by the _____

- (a) Sole tradership (b) Partnership firm (c) Hindu undivided family (d) None of these
75. O, P, and Q are partners sharing the profits in the ratio of 3:2: 1. If P retires the new profit ratio for O and Q will be _____
 (a) 3:2 (b) 3:1 (c) 2:1 (d) 1: 3
76. _____ of partner will be paid off, before the settlement of partner's capital.
 (a) Capital (b) Loan (c) Asset (d) None of these
77. Goodwill may be _____ if all the partners are agreed, that it should not remain in the books
 (a) Share (b) Distribute (c) Written off (d) None of these
78. Partnership is _____ on the retirement or death of a partner
 (a) Dissolved (b) Agreed (c) Retired (d) None of these
79. Old profit sharing ratio minus new profit sharing ratio is equal to _____
 (a) Sacrificing Ratio (b) Ratio of Gain (c) Capital Ratio (d) None of these
80. The policy amount received from the insurance company is used to settle the amount due to the _____
 (a) Increased partner (b) Deceased partner (c) Partnership at will (d) Partnership deed
81. When a partner leaves from a partnership firm, it is known as _____
 (a) Admission (b) Retirement (c) dissolution (d) death
82. _____ If all partners mutually decide for the dissolution, it will be dissolution of the _____.
 (a) Firm (b) Corporation (c) Government (d) None of these
83. Gaining ratio will be calculated by _____
 (a) New ratio minus old ratio (b) Old ratio minus new ratio
 (c) Old ratio minus sacrificing ratio (d) Old ratio minus new ratio
84. _____ maybe dissolved at any time by a partner serving notice on the other partners
 (a) Partnership at deed (b) Dissolution of partnership
 (c) Partnership at will (d) All of the above
85. The profit or loss arising therefrom is transferred to the capital accounts of all the partners in the ____
 (a) New profit sharing ratio (b) Old profit sharing ratio (c) Gaining ratio (d) Sacrificing ratio
86. Assertion and reason
 Assertion : The profit or loss on revaluation will be transferred to partners capital accounts including the retiring partner in the old profit sharing ratio.
 Reason : The time of retirement of a partner, undistributed profit or loss of the old firm should be transferred to all partners capital accounts.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true
87. Assertion : Any amount kept aside as 5. Reserve, General reserve, Reserve fund, contingency reserve etc.,
 Reason : At the time of retirement of a partner, should be transferred to the capital accounts of all partners including retiring partner in the old profit sharing ratio.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is false
88. Assertion (A) :The ratio in which the continuing partners acquire the outgoing partner's share is called as Share ratio.
 Reason :This ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio.
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true
89. Assertion : The goodwill appears in the balance sheet at a value more than the present value of goodwill The goodwill appears in the balance sheet at a value less than the present value of goodwill
 Reason :The difference in the goodwill is transferred to all partners in the old ratio
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false
 (d) (A) is false, but (R) is true
90. Assertion :The retiring partner is entitled for the amount due to him from the firm

Reason : The amount due to the retiring partner is ascertained by preparing his capital account incorporating all the adjustments like the share of Profit.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

91. Assertion : The goodwill appears in the balance sheet at a value less than the present value of goodwill.

Reason : The difference in the goodwill is transferred to all partners in the old ratio.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

XII ACCOUNTANCY - UNIT - 07 - ISQ

116 X 1 = 116

1. In order to meet them production must be carried on a _____
 (a) small scale (b) large scale (c) medium scale (d) none of these
2. The capital of companies is divided into small units called _____
 (a) shares (b) debentures (c) dividend (d) none of these
3. The money raised by issuing shares is called
 (a) Share capital (b) Dividend (c) Equity capital (d) Share application
4. Profits are distributed among the shareholders in the form of _____
 (a) shares (b) dividends (c) both (d) none of these
5. Company is a voluntary association of persons which has separate _____
 (a) legal entity (b) voluntary association
 (c) common seal (d) limited liability
6. The liability of the shareholders of the company is limited to the extent of face value of the shares held by the _____
 (a) shareholders (b) cardholders (c) debenture holders (d) none of these
7. The capital of a company is divided into small units of _____
 (a) current amount (b) fixed amount (c) capital amount (d) none of these
8. Equity shares do not enjoy any _____
 (a) Equity rights (b) Preference rights (c) Dividend of rights (d) Ordinary shares
9. Equity shares are also known as
 (a) authorised capital (b) issued capital (c) subscribed capital (d) ordinary shares
10. Authorised capital is also known as _____
 (a) paid up capital (b) called up capital (c) nominal capital (d) subscribed capital
11. Paid up capital is that part of called up capital which has been actually paid by the _____
 (a) shareholders (b) members (c) cardholders (d) directors
12. Issue of equity shares to the public through prospectus by a public company is call _____
 (a) Public issue (b) Private placement (c) Rights issue (d) Bonus issue
13. Issue of equity shares to the existing share holders of the company through a letter of offer is known as _____
 (a) public issue (b) rights issue (c) bonus issue (d) private placement
14. Issue of equity shares to the existing shareholders of the company free of cost out of a accumulated profit is known as _____
 (a) private placement (b) public issue (c) rights issue (d) bonus issue
15. First installment called _____
 (a) application money (b) allotment money (c) first call money (d) final call money
16. Second installment called _____
 (a) first call money (b) allotment money (c) final call money (d) application money
17. Third installment called _____
 (a) application money (b) allotment money (c) first call money (d) final call money
18. The last installment called _____
 (a) first call money (b) allotment money (c) application money (d) final call money
19. Equity shares may be issued for cash at _____
 (a) premium (b) discount (c) dividend (d) none of these
20. When a company issues shares at a price equal to the face value it is known as _____

- (a) issues at par (b) issues at discount (c) both 'a' and 'b' (d) none of these
21. When a company issues shares at a price more than the face value, the shares are said to be a
 (a) issued at premium (b) issued at discount (c) both 'a' and 'b' (d) none of these
22. When the number of shares subscribed is less than the number of shares offered, it is known as
 (a) over subscription (b) under subscription (c) allotment share (d) application money
23. When the number of shares applied for is more than the number of shares offered for subscription, it is said to be
 (a) under subscription (b) over subscription (c) application money (d) allotment money
24. All applications are allotted in proportion of shares applied for, it is known as
 (a) application money (b) pro-rata allotment (c) first call money (d) final call money
25. The excess amount paid over the called up value of a share is known as
 (a) call in advance (b) calls in arrear (c) both 'a' and 'b' (d) none of these
26. In the balance sheet, calls in advance should be shown as other
 (a) current liability (b) current asset (c) fixed assets (d) none of these
27. When a shareholder fails to pay the amount due on allotment or on calls, the amount remaining unpaid is known as
 (a) calls in advance (b) calls in arrears (c) under subscription (d) over subscription
28. The public issue must be kept open for at least
 (a) 3 days (b) 5 days (c) 7 days (d) 10 days
29. Match List I with List II and Select the Correct Answer using the Codes given below.

List I				List II					
(i)	Voluntary association			1.	Face value				
(ii)	Common seal			2.	Private company				
(iii)	Limited liability			3.	Affixed on the documents				
(iv)	Transferability of shares			4.	No law				
(a)	(i)	(ii)	(iii)	(iv)	(c)	(i)	(ii)	(iii)	(iv)
	4	3	1	2		4	3	1	2
(b)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		3	4	1	2

30. Match List I with List II and Select the Correct Answer using the Codes given below.

List I				List II					
(i)	Preference shares			1.	Nominal capital				
(ii)	Equity shares			2.	Offered for subscription				
(iii)	Authorised capital			3.	Ordinary shares				
(iv)	Issued capital			4.	Fixed rate				
(a)	(i)	(ii)	(iii)	(iv)	(c)	(i)	(ii)	(iii)	(iv)
	4	3	1	2		4	1	2	3
(b)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		3	4	1	2

31. Match List I with List II and Select the Correct Answer using the Codes given below.

List I				List II					
(i)	Preference shares			1.	Internal Sources				
(ii)	Equity shares			2.	Issue of Debentures				
(iii)	Share capital			3.	Dividend right				
(iv)	External Sources			4.	Dividend				
(a)	(i)	(ii)	(iii)	(iv)	(c)	(i)	(ii)	(iii)	(iv)
	4	3	1	2		2	3	4	1
(b)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		3	4	1	2

32. Match List I with List II and Select the Correct Answer using the Codes given below.

List I		List II							
(i)	Issued Capital	1.	Calls-in-Arrears						
(ii)	Called-up Capital	2.	Subscribed Capital						
(iii)	Uncalled Capital	3.	Cumulative						
(iv)	Dividend right	4.	Reserve Capital						
(a)	(i)	(ii)	(iii)	(iv)	(c)	(i)	(ii)	(iii)	(iv)

	2	1	4	3		4	1	2	3
(b)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)
	1	2	3	4		3	4	1	2

33. _____ and _____ are ever growing.
 (a) Human needs, wants (b) Workers, employees
 (c) Wants and employment (d) None of these
34. _____ needed by the company could be raised by inviting the general public to buy shares and invest in the business.
 (a) Money (b) Cash (c) Capital (d) None of these
35. The _____ of the shareholders is limited to the face value of shares.
 (a) liability (b) asset (c) both (d) none of these
36. _____ has perpetual succession and the liability of the members is limited.
 (a) Company (b) Industry (c) Business (d) Organisation
37. _____ is a voluntary association of persons.
 (a) A company (b) A business (c) An organization (d) None of these
38. _____ is an artificial person.
 (a) Business (b) Industry (c) Organisation (d) Company
39. A company may have a _____ which can be affixed on the documents.
 (a) common seal (b) limited liability (c) transferability of shares (d) legal entity
40. _____ towards the repayment of capital on winding up of the company.
 (a) Equity share (b) Preference (c) Debenture (d) Dividend
41. _____ are those shares which are not preference shares.
 (a) Equity shares (b) Preference shares (c) Both 'a' and 'b' (d) None of these
42. _____ means such capital as is authorised by the memorandum of association.
 (a) Authorised capital (b) Issued capital (c) Subscribed capital (d) None of these
43. _____ is the maximum amount which be raised as capital.
 (a) Subscribed capital (b) Called up capital (c) Paid up capital (d) Authorised capital
44. _____ represents that part of authorised capital which is offered for subscription.
 (a) Authorised capital (b) Issued capital (c) Subscribed capital (d) Called up capital
45. _____ refers to that part of issued capital which has been applied for an also allotted by the company.
 (a) Issued capital (b) Authorised capital (c) Subscribed capital (d) Paid up capital
46. _____ includes initial public offer and further public offer.
 (a) Rights issue (b) Private placement (c) Public issue (d) None of these
47. Application money must be at least _____ per cent of the nominal value of the shares.
 (a) 2 (b) 3 (c) 5 (d) 6
48. As per SEBI guidelines, the minimum application money shall not be less than _____ per cent of the issue price.
 (a) 10 (b) 15 (c) 20 (d) 25
49. Calls are to be made as provided in the _____ of a company.
 (a) Prospectus (b) Articles of Association
 (c) Memorandum of Association (d) None of these
50. The amount of one call should not be more than _____ of the face value of the share.
 (a) 25% (b) 50% (c) 75% (d) 100%
51. _____ is returned to the applicants for rejected applications.
 (a) Application money (b) Allotment money (c) Under subscription (d) Over subscription
52. _____ does not form part of the company's share capital and no dividend is payable on such amount.
 (a) Under subscription (b) Over subscription (c) Calls in advance (d) None of these
53. Indian companies act, 20B, interest may be paid on calls in advance if Articles of Association so provide not exceeding _____ per annum.
 (a) 6% (b) 10% (c) 12% (d) 15%
54. Companies have been defined in section _____ of the companies Act _____.
 (a) sec 2 (1) (i), 1981 (b) sec 3 (1) (i), 1956 (c) sec 2 (1) (j), 1981 (d) sec 3 (1) (j), 1956
55. _____ is considered as the official signature of the company.
 (a) Voluntary association (b) Separate legal Entity (c) Common Seal (d) None of these
56. The management of a company is done by _____

- (a) Manager (b) Employer (c) Board of Directors (d) Owner
57. The liability of the share holders are _____ in a company.
 (a) limited (b) unlimited (c) both 'a' and 'b' (d) none of these
58. Nominal capital is the capital mentioned in the _____ of the company.
 (a) Articles of association (b) Memorandum of association
 (c) Prospectus (d) none of these
59. The part of the _____ capital not offered for subscription to the public is known as unissued.
 (a) issued (b) subscribed (c) unpaid (d) authorised
60. Reserve capital can be issued only at the time of _____
 (a) winding up (b) resolution (c) both 'a' and 'b' (d) none of these
61. A public issue cannot be kept open for more _____ days.
 (a) 5 (b) 10 (c) 20 (d) 25
62. Minimum subscription that should be received by the company is _____ % of the issued capital.
 (a) 30% (b) 60% (c) 90% (d) 100%
63. When excess application money is adjusted towards allotment it is called as _____ issued capital.
 (a) 30% (b) 60% (c) 90% (d) 100%
64. Capital Reserve represents _____ profit.
 (a) Revenue (b) both 'a' and 'b' (c) Deferred revenue (d) Capital
65. _____ shares have to be reissued at a price lesser than the face value.
 (a) Issue (b) Equity (c) Subscribed (d) Forfeited
66. Securities premium is shown in the _____ side of the Balance sheet.
 (a) asset (b) liability (c) both 'a' and 'b' (d) none of these
67. According to companies (Amendment) Act 2000, a company limited by shares can issue _____ kinds of shares.
 (a) 1 (b) 2 (c) 3 (d) 4
68. According to Table - A, interest charged on calls in - arrears is _____ %
 (a) 4% (b) 5% (c) 6% (d) 2%
69. According to Table - A, interest charged on calls in advance is _____ %
 (a) 4% (b) 5% (c) 6% (d) 3%
70. When the company issue shares at a price more than the face value it is called as an issue at _____
 (a) Par (b) Premium (c) Discount (d) all of these
71. Normally companies can issue shares at _____ % of discount.
 (a) 5 (b) 10 (c) 20 (d) 25%
72. The balance of forfeited share account is _____ in the Balance sheet.
 (a) added to paid up capital (b) added to authorised capital
 (c) deducted from paid up capital (d) deducted from subscribed capacity
73. Which of the following capital is not shown in company's balance sheet:
 (a) Authorized capital (b) Issued and Subscribed capital
 (c) Called and paid up capital (d) Reserve Capital
74. Share application and allotment account is a _____
 (a) Personal A/c (b) Real A/c (c) Nominal A/c (d) None of these
75. Securities premium account is shown on the liabilities side of the balance sheet under the head:
 (a) Share capital (b) Reserves and Surplus (c) Current liabilities (d) None of them
76. As per section 78 of the companies act, amount collected as premium on securities cannot be utilized for:
 (a) Issuing fully paid bonus shares to the members (b) Purchase of fixed assets
 (c) Writing off preliminary expenses (d) None of these
77. The portion of the authorized capital which can be called-up only on the liquidation of the company is called
 (a) Authorized capital (b) Reserve capital (c) Issued capital (d) Called up capital
78. Penalty for delay in refunding application money _____
 (a) 6% (b) 5% (c) 15% (d) 20%
79. B Ltd. Issued shares of Rs.10 each at a discount of 10%. Mr.C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeited his entire shares, the forfeiture account will be credited by _____
 (a) Rs.90 (b) Rs.81 (c) Rs.60 (d) Rs.54

80. A company forfeited 2,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called – up value per share was Rs.9. On forfeiture, the amount debited to share capital will be
 (a) Rs.10,000 (b) Rs.8,000 (c) Rs.2,000 (d) Rs.18,000
81. Brave Ltd. Issued 60,000 shares of Rs.10 each at a discount of Re.1 per share. The application money was Rs.2, allotment money was Rs.4 and finale call was of Re.1. The amount of final call will be ____
 (a) Rs.3 (b) Rs.2 (c) Rs.1 (d) Rs.4
82. As per companies act, a company cannot proceed to allot shares unless _____ is received
 (a) Minimum Subscription (b) Allotment money
 (c) Application money (d) Call money
83. Proposed divided is shown in the balance sheet of a company under the head _____
 (a) Provisions (b) Reserves & Surplus (c) Current Liabilities (d) Other liabilities
84. Premium received on issue of shares are shown under the head of _____ in balance sheet
 (a) Reserves & Surplus (b) Current liabilities (c) Share capital (d) Capital Reserves
85. The profit remaining after issue of forfeited shares, in share forfeiture account will be transferred to
 (a) Profit & Loss A/c (b) Share Capital A/c (c) General Reserves (d) Capital Reserve
86. Holders of preference shares will have a right to vote if the dividend remains in arrears for a period not less than _____
 (a) 2 years (b) 3 years (c) 6 years (d) None of the above
87. The minimum share Application money is _____
 (a) 5% of the face value of shares (b) 10% of the issue price of shares
 (c) Rs.1 per share (d) 15% of the face value of shares
88. When shares issued at premium which of the following account is credited?
 (a) Share premium A/c (b) Share first call A/c
 (c) Share allotment A/c (d) Share forfeited A/c
89. Minimum number of members in case of public company is _____
 (a) 4 (b) 5 (c) 6 (d) 7
90. After getting minimum subscription of shares, the company has to allot shares within _____ days
 (a) 90 (b) 100 (c) 110 (d) 120
91. If the company-A purchases the majority shares of company-B, what combination would this be referred to?
 (a) Amalgamation (b) Takeover (c) Absorption (d) None of these
92. When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as _____
 (a) Amalgamation (b) Absorption (c) Internal reconstruction (d) External reconstruction
93. Other name for registered capital is _____
 (a) Issued Capital (b) Nominal Capital (c) Reserve capital (d) None of the above
94. When share issued are 10,000 but applied shares are 8,000 then it is a case of :
 (a) Over Subscription (b) Under Subscription (c) Pro-rata (d) None of these
95. Which of the following statement is true:
 (a) Authorized capital = Issued capital (b) Authorized capital > Issued capital
 (c) Paid up capital > Issued capital (d) None of these
96. In case of private placement of shares to raise the amount of capital, a company:
 (a) Invites the public through prospectus (b) Does not invite the public
 (c) Invite the public through advertisement (d) None of these
97. Securities Premium Reserve collected by the company can be used for:
 (a) Issue of bonus shares (b) Payment of dividend (c) Any business purpose (d) None of these
98. Shareholder are the _____
 (a) Owner of the company (b) Lenders of the company
 (c) Customers of the company (d) All of these
99. Interest on calls in advance is _____
 (a) 4% p.a. (b) 5% p.a. (c) 6% p.a. (d) 7% p.a.
100. A company is allowed by law to sell 2,00,000 shares at Rs.2 each. Three-quarters(3/4) of these shares were bought by the public. What is the issued share capital?
 (a) Rs.1,00,000 (b) Rs.3,00,000 (c) Rs.4,00,000 (d) Rs.5,00,000

101. The excess amount paid over the called up value of a share is known as _____
 (a) Calls in arrear (b) Calls in advance (c) Capital Reserve (d) None of these
102. When a shareholder fails to pay the amount due on allotment or on calls, the amount remaining unpaid is known as _____
 (a) Calls in arrear (b) Calls in advance (c) Capital Reserve (d) None of these
103. Equity share holders are _____.
 (a) Creditors (b) Owners (c) Directors (d) None of these
104. Money received in advance from share holders before it is actually called-up by the company is _____.
 (a) Debited to calls in advance A/c (b) Credited to calls in advance A/c
 (c) Debited to calls A/c (d) None of these
105. Securities Premium Reserve can be used for _____.
 (a) paying interest on debenture (b) Meeting the loss on issue of shares
 (c) Paying tax liability (d) Paying dividend on shares.
106. When shares are allotted which of the following account is credited?
 (a) Share capital A/c (b) Share allotment A/c (c) Share Application A/c (d) Share holders A/c
107. Right issue of shares is issued to _____.
 (a) Directors (b) Employees (c) Existing shareholders (d) Public
108. What rate a company is required to charge interest on calls in arrears?
 (a) 12% p.a (b) 10% p.a (c) 5% p.a (d) 6% p.a
109. What rate a company is required to pay interest on calls in advance?
 (a) 6% p.a (b) 12% p.a (c) 10% p.a (d) 5% p.a
110. According to Companies Act 2000 a company limited by shares can issue _____ kinds of shares.
 (a) 1 (b) 2 (c) 3 (d) 5
111. The Maximum calls that a company can make _____.
 (a) one (b) two (c) three (d) four
112. Capital Reserve is shown on the _____ side of balance sheet.
 (a) Assets (b) Liability (c) Both (d) None of these
113. Find out the Correct Statement
 (i) Sole proprietorship and partnership firms may not be able to raise large amount of capital to equip themselves with these
 (ii) The capital of companies is divided into small units called shares.
 (iii) The money raised by issuing shares is called share capital
 (a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
114. Find out the Correct Statement
 (i) Company is an artificial person.
 (ii) A company may have a common seal which can be affixed on the documents.
 (iii) The shares of a company are freely transferable except in case of a private company
 (a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
115. Find out the Correct Statement
 (i) Rate of dividend is not fixed on equity shares and it depends upon the profits earned by the company
 (ii) Issued capital means such capital as is authorised by the memorandum of association.
 (iii) Subscribed capital refers to that part of issued capital which has been applied for and also allotted by the company.
 (a) (i) is correct (b) (ii) is correct (c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
116. Which one of the Following is Correctly Matched?
 (a) First installment - Application money
 (b) Second instalment - Final call money
 (c) Third instalment - Allotment money
 (d) Last instalment - First call money

XII ACCOUNTANCY - UNIT – 08 - ISQ**48 X 1 = 48**

1. Which statement are prepared by the business concerns at the end of the accounting period to ascertain the operating results and the financial position?
 (a) Trend analysis (b) Income statement (c) Financial statement (d) Balance sheet
2. Financial statements are prepared based on _____

- (a) past data (b) future cost (c) terminal cost (d) historical cost
3. which statements are involve personal judgment in certain cases?
 (a) Financial statements (b) Income statement
 (c) Profit and loss account statement (d) None of these
4. Different tools are used for analysing the _____
 (a) balance sheet (b) financial statement (c) income statement (d) none of these
5. The term fund refers to _____
 (a) Working capital (b) Opening capital (c) Closing capital (d) None of these
6. When figure relating to several years are considered for the purpose of analysis, the analysis is called
 (a) Horizontal analysis (b) Vertical analysis (c) Trend analysis (d) Cash flow analysis
7. Comparative statement and trend percentages are examples of _____
 (a) Cash flow analysis (b) Trend analysis (c) Horizontal analysis (d) Vertical analysis
8. Preparation of common size statements and computation of ratios are examples of _____
 (a) Ratio analysis (b) Vertical analysis (c) Horizontal analysis (d) None of these
9. Common size statement can be prepared with _____
 (a) double column (b) single column (c) three columns (d) five columns
10. Which of the following are techniques, tools or methods of analysis and interpretation of financial statements?
 (a) Ratio analysis (b) Average analysis (c) Trend analysis (d) An of the above
11. Interpretation of accounts is the _____
 (a) art and science of translating the figures
 (b) to know financial strengths and weakness of a business
 (c) to know the causes for the prevailing performance of business
 (d) all of the above
12. The term 'Financial statement' covers _____
 (a) Profit & loss statement
 (b) Balance sheet and profit & loss statement appropriation account
 (c) Profit and loss statement and balance sheet
 (d) None of these
13. A technique that is used in comparative analysis of financial statement is _____
 (a) graphical analysis (b) preference analysis
 (c) common size analysis (d) returning analysis
14. Match List I with List II and Select the Correct Answer using the Codes given below.
- | List I | | | | List II | | | |
|--------|------------------------|-----|---------------------------|---------|--|--|--|
| (i) | Comparative statement | 1. | Tendency of movements | | | | |
| (ii) | Common size statements | 2. | Working capital | | | | |
| (iii) | Trend analysis | 3. | Previous years | | | | |
| (iv) | Funds flow analysis | 4. | Different periods of time | | | | |
| (a) | (i) (ii) (iii) (iv) | (b) | (i) (ii) (iii) (iv) | | | | |
| | 4 3 1 2 | | 1 2 3 4 | | | | |
| (c) | (i) (ii) (iii) (iv) | (d) | (i) (ii) (iii) (iv) | | | | |
| | 2 3 4 1 | | 3 1 2 4 | | | | |
15. _____ concerns prepare income statement and balance sheet at the of an accounting period.
 (a) Business (b) Industry (c) Trade (d) None of these
16. The basic financial statement prepared by business concerns are _____ and _____ .
 (a) Profit and loss account balance sheet (b) Trial balance, Trading account
 (c) Income statement, manufacturing account (d) Income statement, balance sheet
17. _____ includes manufacturing account and trading and profit and loss account.
 (a) Income statement (b) Expenditure statement
 (c) Financial statement (d) None of these
18. _____ shows the net result of business activities during an accounting period.
 (a) Expenditure statement (b) Financial statement
 (c) Income statement (d) None of these
19. _____ is a statement of assets and liabilities which shows the financial position as on a particular date.
 (a) Financial statement (b) Trial Balance (c) Balance sheet (d) None of these
20. _____ can get information about the ability of the business to repay by the debits from financial statements.

- (a) Creditors (b) Debtors (c) Owners (d) All of these
21. _____ information is non monetary information is also important for business decisions.
(a) Personal judgment (b) Qualitative (c) Quantitative (d) Historical
22. _____ includes both analysis and interpretation.
(a) Financial statement analysis (b) Trend analysis (c) Both 'a' and 'b' (d) None of these
23. _____ refers to elucidation and explanation of the results of analysis.
(a) Information (b) Interpretation (c) Data (d) None of these
24. _____ comparison is comparison within the organisation among different departments, division etc.
(a) Intra-firm (b) Inter-firm (c) Both 'a' and 'b' (d) None of these
25. _____ comparison is comparison of one firm with other firm or firms in the industry.
(a) Intra firm (b) Inter firm (c) Both 'a' and 'b' (d) None of these
26. _____ is required in analysing the financial statements.
(a) Expert knowledge (b) Quality information (c) Historical data (d) None of these
27. The _____ statements can be compared with those of previous years.
(a) Common-size (b) Comparative (c) Both 'a' and 'b' (d) None of these
28. _____ refers to the tendency of movement
(a) Ratio (b) Trend (c) Both 'a' and 'b' (d) None of these
29. _____ refers to the study of movement of figures over a period.
(a) Comparative statement (b) Common -size statement (c) Trend analysis (d) Funds flow analysis.
30. _____ refers to the excess of current assets over current liabilities.
(a) Income (b) Profit and loss account (c) Balance sheet (d) Working capital
31. _____ analysis is useful in judging the credit worthiness financial planning and preparation of budgets.
(a) Trend (b) Funds flow (c) Cash flow (d) All of these
32. _____ analysis helps in assessing the liquidity and solvency of a business concern.
(a) Fund flow (b) Trend (c) Cash flow (d) None of these
33. Comparison of financial statements highlights the trend of the _____ of the business.
(a) Financial position (b) Performance (c) Profitability (d) All of the above
34. Financial statements are meaningful and useful only when they are _____.
(a) Verified (b) Presented to owners (c) Analysis and interpreted (d) Published
35. I Interpretation of Financial statements indexes processes like, _____.
(a) Journalising (b) Ledger writing
(c) Establishing relationship between the accounting date (d) None of these
36. Trend analysis is significant for _____.
(a) Profit planning (b) Working capital Management
(c) Capital rationing (d) Forecasting and Budgeting.
37. The three most useful general purpose financial statements for management for _____.
(a) Income statement, Balance sheet, and statement of changes in financial position
(b) Income statement, statement of Retained Earning and Balance sheet.
(c) Income statement, Statement of Retained Earning and Funds flow statement.
(d) Statement of Retained Earnings, Balance sheet and Funds flow statement.
38. The term Current Assets does not include _____.
(a) Payments in advance (b) Bills Receivable
(c) Long-Term Deferred changes (d) Receipts and Payment A/c
39. The following is a recorded fact _____.
(a) Market value of Investment (b) Debtors
(c) Replacement cost of machinery (d) Creditors
40. The term Fixed Assets includes _____.
(a) Stock-in-Trade (b) Furniture (c) Payments in Advance (d) Bills receivable
41. In the case of a limited company the term financial statements include _____.
(a) Balance sheet
(b) Profit & loss A/c
(c) Profit and loss A/c and Balance sheet
(d) Profit and loss and Appropriation A/c and Balance sheet
42. Financial statements provide a summary of _____.
(a) accounts (b) assets (c) liabilities (d) none of the above

43. Financial statements are _____.
- (a) anticipated facts (b) recorded facts (c) estimates of facts (d) none of the above
44. Find out the Correct Statement
- (i) When ratio of previous years are compared with current years, they are called trend ratios
(ii) Trend percentages and trend ratios are used in static analysis.
(iii) Reliability of financial analysis depends upon the reliability of financial data.
- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii) (d) (i), (ii) and (iii)
45. Which of the following statements are true?
- (i) Common -size balance sheet shows relative value of the various items.
(ii) In the common size income statement, each product is represented as a percentage of the net sales figure.
(iii) Common size income statement represents the various elements as a percentage of the gross profit.
- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii) (d) (i), (ii) and (iii)
46. Which of the following statements are true?
- (i) External analysis depends entirely on issued financial statements.
(ii) Interpretation and analysis both are different
(iii) Financial analysis covers interpretation.
- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii) (d) (i), (ii) and (iii)
47. Which of the following is true about financial statements?
- (i) Financial statement gives a summary of accounts
(ii) Financial statements can be stated as recorded facts.
- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii) (d) (i), (ii) and (iii)
48. Which of the following statements are true?
- (i) Financial statements are only interim report
(ii) Financial statements are also known as annual records.
(iii) Financial statements are historic
- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii) (d) (i), (ii) and (iii)

XII ACCOUNTANCY - UNIT - 09 - ISQ

119 X 1 = 119

01. The financial status and financial performance of business entities can be assessed through
- (a) financial analysis (b) managerial analysis (c) cash flow statement (d) none of these
2. If both items in a ratio are from balance sheet, it is classified as _____
- (a) Inter statement ratio (b) Income statement ratio (c) Balance sheet ratio (d) All of these
3. If the two items in a ratio are from income statement, it is classified as _____
- (a) balance sheet ratio (b) income statement ratio (c) inter statement ratio (d) none of these
4. If a ratio is computed with one item from income statement and another item from balance sheet, it is called _____
- (a) Inter-statement ratio (b) Balance sheet ratio (c) Income statement ratio (d) None of these
5. Which ratio is the proportion of fixed income bearing funds to equity shareholders funds?
- (a) Debt equity ratio (b) Capital gearing ratio (c) Proprietary ratio (d) Profitability ratio
6. Which ratio indicates the efficiency of utilisation of fixed assets?
- (a) Inventory turnover ratio (b) Trade receivables turnover ratio
(c) Trade payables turnover ratio (d) Fixed assets turnover ratio
7. All solvency ratios are expressed in term of
- (a) Proportion (b) Time (c) Money (d) Percentage
8. All activity ratios are expressed in terms of _____
- (a) Money (b) Percentage (c) Times (d) Proportion
9. All profitability ratios are expressed in terms of _____
- (a) Proportion (b) Percentage (c) Times (d) Money
10. Shareholder funds includes _____
- (a) Equity share capital, preference share capital, reserve and surplus
(b) Loans from banks and financial institutions
(c) Equity share capital, preference share capital, reserves & surplus and loans from banks
(d) None of these
11. Operating ratio is equal to _____
- (a) $100 - \text{Operating profit ratio}$ (b) $100 + \text{Operating profit ratio}$
(c) Operating cost (d) None of these

12. Cost of goods sold is Rs.4,00,000 and average stock is Rs.8,00,00. Stock turnover ratio will be _____
 (a) 5 times (b) 4 times (c) 7 times (d) 8 times
13. Current assets of a business concern is Rs.60,000 and current liabilities are Rs.30,000. Current ratio will be ____
 (a) 1:2 (b) 1:1 (c) 2:1 (d) 3:2
14. Liquidity ratios are also called as _____
 (a) Current ratio (b) Quick ratio (c) Profitability ratio (d) Short term solvency ratios
15. Equity share capital is Rs.2,00,000, Reserve & surplus is Rs.30,000. Debenture Rs.40,000 and the shareholder's funds will be _____
 (a) Rs.2,00,000 (b) Rs.2,30,000 (c) Rs.1,90,000 (d) Rs.1,70,00
16. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|------------------|----|-------------------------|
| (i) Ratio | 1. | Certain number of times |
| (ii) Pure | 2. | % |
| (iii) Percentage | 3. | Quotient |
| (iv) Time | 4. | Mathematical expression |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 2 3 4 3 2 4 1
- (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 4 3 2 1 2 1 3 4

17. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|--------------------------|----|----------------------------|
| (i) Current assets | 1. | Acid test ratio |
| (ii) Current liabilities | 2. | Longterm solvency position |
| (iii) Quick ratio | 3. | Short term provisions |
| (iv) Debt equity ratio | 4. | Inventories |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 3 4 2 4 3 1 2
- (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 3 2 4 1 2 3 1 4

18. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|-------------------------------------|----|-------------------------------------|
| (i) Capital gearing ratio | 1. | Activity ratio or Efficiency ratios |
| (ii) Turnover ratios | 2. | Revenue from operations |
| (iii) Fixed assets turn over ratios | 3. | Earning capacity of the business |
| (iv) Profitability ratios | 4. | Proportion of fixed income |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 2 3 4 4 1 2 3
- (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 3 4 1 2 2 3 4 1

19. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|--------------------------------|----|--|
| (i) Proprietary Ratio | 1. | Credit Purchases /Average Accounts Payable |
| (ii) Stock Turnover Ratio | 2. | Cost of Goods Sold/ Average Stock |
| (iii) Creditors Turnover Ratio | 3. | Shareholders funds/ Total tangible assets |
| (iv) Capital Turnover Ratio | 4. | Gross Profit /Sales |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
 1 2 3 4 3 4 1 2
- (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
 3 4 1 2 2 3 4 1

20. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|-------------------------|----|------------------------|
| (i) Profitability ratio | 1. | Debtors turnover ratio |
| (ii) Liquidity ratio | 2. | Debt -Equity ratio |
| (iii) Solvency ratio | 3. | Operating profit ratio |

(iv)	Activity ratio				4.	Current ratio				
(a)	(i)	(ii)	(iii)	(iv)	(b)	(i)	(ii)	(iii)	(iv)	
	4	3	2	1		3	4	2	1	
(c)	(i)	(ii)	(iii)	(iv)	(d)	(i)	(ii)	(iii)	(iv)	
	3	4	1	2		2	3	4	1	

21. _____ is one of the important tools of financial analysis.
 (a) Cash flow (b) Profit (c) Ratio analysis (d) None of these
22. _____ is the most important and powerful tool for measuring performance of a business enterprise.
 (a) Cheque analysis (b) Ratio analysis (c) Fund flow statement (d) None of these
23. _____ is a mathematical expression of relationship between two related or interdependent items.
 (a) Ratio (b) Cheque (c) Cash (d) None of these
24. When ratios are calculated on the basis of accounting information, these are called _____.
 (a) balancing statement (b) accounting statement (c) statement of affairs (d) accounting ratios
25. _____ is expressed as a quotient.
 (a) Pure (b) Percentage (c) Statement (d) None of these
26. _____ is expressed in certain number of times of a particular figure.
 (a) Pure (b) Percentage (c) Times (d) None of these
27. _____ classification of ratios is done on the basis of the financial statements from which the ratios are calculated.
 (a) Traditional (b) Functions (c) Both (a) and (b) (d) None of these
28. _____ means capability of being converted into cash with ease.
 (a) Liquidity (b) Long term debts (c) Turnover (d) Profitability
29. _____ help to assess the ability of a business concern to meet its short term financial obligations.
 (a) Long term debts ratio (b) Liquidity ratios (c) Profitability ratios (d) Turnover ratios
30. _____ gives the proportion of current assets to current liabilities of a business concern.
 (a) Current ratio (b) Turn over ratio (c) Quick ratio (d) None of these
31. _____ is the time between the acquisition of an asset for processing and its realisation into cash and cash equivalents.
 (a) Quick assets (b) Operating cycle (c) Conversion period (d) Inventory
32. _____ ratio gives the proportion of quick assets to current liabilities.
 (a) Current (b) Cash (c) Quick (d) Profitability
33. _____ are current assets excluding inventories and prepaid expenses.
 (a) Quick assets (b) Fixed assets (c) Non-fixed assets (d) None of these
34. _____ means the firm's ability to meet its liabilities in the long run.
 (a) Long term solvency (b) Short term solvency (c) Profitability (d) None of these
35. _____ ratio is calculated to assess the long term solvency position of a business concern.
 (a) Capital gearing (b) Proprietary (c) Debt equity (d) Profitability
36. _____ ratio expresses the relationship between long term debt and shareholders' funds.
 (a) Debt equity (b) Proprietary (c) Capital gearing (d) None of these
37. _____ ratio gives the proportion of proprietors funds to total assets.
 (a) Debt equity (b) Proprietary (c) Capital gearing (d) Inventory turn over
38. _____ ratio is a measure of long term solvency as well as capital structure.
 (a) Profitability (b) Debt equity (c) Proprietary (d) Capital gearing
39. _____ ratios show how efficiently assets or other items have been used to generate revenue from operations.
 (a) Liquidity (b) Long term solvency (c) Turnover (d) Profitability
40. _____ indicates the number of times inventory is turned over to make revenue from operations during a particular accounting period.
 (a) Inventory turnover ratio (b) Trade receivable turnover ratio
 (c) Trade payables turnover ratio (d) Fixed assets turnover ratio
41. _____ ratio is the comparison of net credit revenue from operations with average trade receivables during an accounting period.
 (a) Inventory turnover (b) Trade receivables turnover
 (c) Trade payable turnover (d) Fixed assets turnover
42. _____ is the average time taken to collect the amount due from trade receivables.
 (a) Debt collection period (b) Average collections period (c) Conversion period (d) None of these

43. _____ ratio indicates the numbers of times the trade payable is turned over during the period in relation to net credit purchases.
- (a) Inventory turnover (b) Trade receivables turnover
(c) Trade payables turnover (d) Fixed assets turnover
44. _____ is the average time taken by the business for payment of accounts payables.
- (a) Debt collection period (b) Credit payment period
(c) Average collection period (d) Conversion period
45. _____ ratios help to assess the profitability of a business concern.
- (a) Liquidity (b) Profitability (c) Long term solvency (d) Quick
46. _____ ratio is the proportion of gross profit to net revenue from operations.
- (a) Operating cost (b) Net profit (c) Gross profit (d) Return on investment
47. _____ ratio is a test of the operational efficiency of the business.
- (a) Gross profit (b) Operating cost (c) Net profit (d) Operating profit
48. _____ ratio is an indicator of operational efficiency of an organisation.
- (a) Net profit (b) Gross profit (c) Operating cost (d) Operating profit
49. _____ ratio is an indicator of the overall profitability of the business.
- (a) Gross profit (b) Net profit (c) Operating cost (d) Operating profit
50. _____ is an overall measure of profitability of a business concern.
- (a) Return on investment (b) Conversion period (c) None of these (d) Average period
51. _____ ratio measures the firm ability to pay off its current dues.
- (a) Current (b) Absolute (c) Liquid (d) Debt
52. Bank overdraft is an example of _____ liability
- (a) Current (b) Liquid (c) Short term (d) Long term
53. _____ assets means current assets less stock and prepaid expenses.
- (a) Current (b) Fixed (c) Liquid (d) None the these
54. _____ ratio shows the relationship between share holders fund proprietors fund and total tangible assets.
- (a) Liquidity (b) Current (c) Proprietary (d) Profitability
55. _____ ratio is otherwise called as Inventory turn over ratio.
- (a) Capital (b) Stock turn over (c) Proprietary (d) Profitability
56. _____ are final result of accounting work done during the accounting period.
- (a) Current affairs (b) Financial statements (c) Statement affairs (d) None of these
57. The opening stock and the closing are Rs.33,000, Rs.17,000 respectively. The average stock is _____.
- (a) Rs.50,000 (b) Rs.25,000 (c) Rs.16,000 (d) Rs.30,000
58. Ratio helps in _____ forecasting
- (a) Management (b) Financial (c) Ratio (d) None of these
59. _____ are those assets which are easily convertible into cash.
- (a) Current assets (b) fictitious assets (c) Liquid assets (d) Fixed assets
60. _____ ratio is used to assess the firm's short term liquidity.
- (a) Current (b) Liquid (c) Fixed (d) None of these
61. _____ ratio is modified form of liquid ratio.
- (a) Liquid (b) Absolute Liquid (c) Fixed (d) None of these
62. Liquid liabilities means current liabilities less _____
- (a) Bills Receivable (b) Bills Payable (c) Bank overdraft (d) Creditors
63. Gross profit can be ascertained by deducting cost of goods sold from _____
- (a) Purchase (b) Sales (c) Capital (d) Drawings
64. 100% - Operating profit ratio is equal to _____
- (a) Cost (b) Management (c) Operating Profit ratio (d) Operating ratio
65. When total sales is Rs.2,00,000, cash sales is Rs.65,000, then credit sales will be Rs _____
- (a) Rs.1,35,000 (b) Rs.2,65,000 (c) Rs.35,000 (d) Rs.65,000
66. Liquid ratio is otherwise known as _____
- (a) Current ratio (b) Absolute Ratio (c) Quick ratio/Acid test ratio (d) None of these
67. Solvency ratios are expressed in terms of _____
- (a) Proportion (b) Times (c) Percentage (d) None of these
68. Liquid liabilities means _____

- (a) Current liabilities (b) Current liabilities – Bank overdraft
(c) Current liabilities + Bank overdraft (d) None of these
69. Shareholders' funds includes _____
(a) Equity share capital, preference share capital, reserves & surplus
(b) Loan from bank and financial institutions
(c) Equity share capital, preference share capital, reserves & surplus, Loan from bank and financial institutions
(d) None of the above
70. Which of the following operation is correct?
(a) Tangible Assets = Land + Building + Furniture
(b) Tangible Assets = Land + Building + Goodwill
(c) Tangible Assets = Land + Building + Furniture + Copy right
(d) None of the above
71. Gross profit ratio established the relationship between _____
(a) Gross profit & Total sales (b) Gross profit & Credit Sales
(c) Gross profit & Cash sales (d) None of these
72. Opening stock is Rs.10,000; Purchases Rs.2,00,000 and Closing stock is Rs.5,000. Cost of goods sold to
(a) Rs.2,25,000 (b) Rs.2,15,000 (c) Rs.2,05,000 (d) Rs.2,10,000
73. Total sales is Rs.3,40,000 and the gross profit made is Rs.1,40,000. The cost of goods sold will be
(a) Rs.2,00,000 (b) Rs.4,80,000 (c) Rs.3,40,000 (d) Rs.2,10,000
74. Total sales of a business is Rs. 8,75,0000. If cash sales is Rs.3,75,000, then credit sales will be
(a) Rs.12,25,000 (b) Rs.5,00,000 (c) Rs.12,00,000 (d) Rs.12,10,000
75. _____ can be calculated by deducting cost of goods sold from sales.
(a) Gross profit (b) Net profit (c) Gross loss (d) Net loss
76. The Opening stock and Closing stock are Rs.72,000 and Rs.48,000 respectively. Then the average stock is _____.
(a) Rs.1,20,000 (b) Rs.60,000 (c) Rs.24,000 (d) Rs.20,000
77. The relationship of net profit to sales is known as _____
(a) Net profit ratio (b) Net loss ratio (c) Gross profit ratio (d) Gross loss ratio
78. Sales Rs.3,00,000. Cost of goods sold Rs.2,55,000. Gross profit is _____
(a) Rs.5,55,000 (b) Rs.45,000 (c) Rs.2,55,000 (d) Rs.3,55,000
79. Cost of goods sold is Rs.2,00,000. The opening stock in the beginning of the year is Rs.55,000, and the closing stock at the end of the year is Rs.25,000. Therefore the stock turn over ratio is _____
(a) 3 Times (b) 5 Times (c) 6 Times (d) 4 Times
80. The relationship of Gross profit to sales is known as _____
(a) Net profit ratio (b) Net loss ratio (c) Gross profit ratio (d) Gross loss ratio
81. Sales Rs.3,50,000, capital employed Rs.1,75,000. Then the capital turnover ratio is _____
(a) 2 Times (b) 3 Times (c) 5 Times (d) 7 Times
82. Prepaid expenses are shown in the _____
(a) Liabilities (b) Assets (c) Capital (d) None of these
83. Absolute liquid asset mean _____
(a) Cash, Bank, and Short term investments (b) Cash, Bank and Stock
(c) Cash, Bank, Stock, and Prepaid Expenses (d) None of these
84. Stock is a _____
(a) Fixed assets (b) Current assets (c) Current liability (d) Capital
85. Operating expenses include _____
(a) Administration and Selling Expenses (b) Selling and Distribution Expenses
(c) Administration, Selling and Distribution Expenses (d) None of these
86. _____ Indicate the performance of the business
(a) Activity Ratios (b) Solvency Ratios (c) Liquidity Ratios (d) Profitability Ratios
87. _____ Assets = Total current assets - (Stock + Prepaid expenses)
(a) Current (b) Liquid (c) Fixed (d) Tangible
88. _____ is useful in finding the strength and weakness of a business concern
(a) Financial Analysis (b) Ratio Analysis (c) Statement Analysis (d) None of these
89. Liquidity ratios are otherwise called as _____
(a) Long term solvency ratio (b) Short term solvency ratio (c) Both (a) & (b) (d) None of these

90. The relationship of liquid assets to current liabilities is known as _____
 (a) Liquid Ratio (b) Current Ratio (c) Absolute Liquid Ratio (d) Solvency Ratio
91. _____ Indicates the extent to which the firm depends upon outsiders for its existence
 (a) Debt-equity Ratio (b) Proprietary Ratio (c) Absolute Liquid Ratio (d) Solvency Ratio
92. _____ ratio determines the overall efficiency of the business
 (a) Liquid Ratio (b) Net Profit Ratio (c) Gross Profit Ratio (d) Solvency Ratio
93. The relationship between sales and capital employed is known as _____
 (a) Capital Turnover Ratio (b) Current Ratio (c) Stock Turnover Ratio (d) Solvency Ratio
94. General Profitability ratios are based on _____
 (a) Investments (b) Sales (c) Both (a) & (b) (d) Purchase
95. While calculating Gross Profit ratio, _____
 (a) Closing stock is deducted from cost of goods sold
 (b) Closing stock is added to cost of goods sold (c) Closing stock is ignored (d) None of these
96. Given Sales is 1, 20,000 and Gross Profit is 30,000, the gross profit ratio is _____
 (a) 24% (b) 25% (c) 40% (d) 44%
97. If selling price is fixed 25% above the cost, the Gross Profit ratio is _____
 (a) 13% (b) 28% (c) 26% (d) 20%
98. Profit for the objective of calculating a ratio may be taken as _____
 (a) Profit before tax but after interest (b) Profit before interest and tax
 (c) Profit after interest and tax (d) All of these
99. Which of the following statements are true about Ratio Analysis?
 i. Ratio analysis is useful in financial analysis
 ii. Ratio analysis is helpful in communication and coordination
 iii. Ratio analysis is not helpful in identifying weak spots of the business
 iv. Ratio analysis is helpful in financial planning and forecasting
 (a) i, ii and iv (b) i, iii and iv (c) i, ii and iii (d) i, ii, iii and iv
100. Which of the following are limitations of Ratio Analysis?
 i. Ratio analysis may result in false results if variations in price levels are not considered
 ii. Ratio analysis ignored qualitative factors
 iii. Ratio analysis ignores quantitative factors
 iv. Ratio analysis is historical analysis
 (a) i, ii and iv (b) i, iii and iv (c) i, ii and iii (d) i, ii, iii and iv
101. When the concept of ratio is defined in respect to the items shown in the financial statements, it is termed as _____
 (a) Accounting Ratio (b) Financial Ratio (c) Costing Ratio (d) None of these
102. In the Balance sheet of a firm, the debt equity ratio is 2:1. The amount of long term sources is Rs.12 lacks. What is the amount of tangible net worth of the firm?
 (a) Rs.12 lacks (b) Rs.8 lacks (c) Rs.4 lacks (d) Rs.2 lacks
103. Debt Equity Ratio is 3:1, the amount of total assets Rs.20 lacks, current ratio is 1.5:1 and owned funds Rs.3 lacks. What is the amount of current asset?
 (a) Rs.5 lacks (b) Rs.3 lacks (c) Rs.12 lacks (d) Rs.2 lacks
104. In the balance sheet amount of total assets is Rs.10 lacks, current liabilities Rs.5 lacks & capital & reserves are Rs.2 lacks. What is the debt equity ratio?
 (a) 1:1 (b) 1.5:1 (c) 2:1 (d) None of the above
105. Proprietary ratio is calculated by _____
 (a) Total assets/Total outside liability (b) Total outside liability/Total tangible assets
 (c) Fixed assets/Long term source of fund (d) Proprietors' Funds / Total Tangible Assets
106. Which ratio is considered as safe margin of solvency?
 (a) Liquid Ratio (b) Quick Ratio (c) Current Ratio (d) None of the above
107. Turnover ratios are also known as _____
 (a) Activity Ratios (b) Performance Ratios (c) Both (a) & (b) (d) None of these
108. Which ratios measure the firm's ability to meet its short term obligations in time?
 (a) Profitability Ratios (b) Liquidity Ratio (c) Activity Ratio (d) :None of the above
109. For calculating quick assets _____ and _____ are excluded from Current Assets.

- (a) Debtors and Inventory (b) Inventory and Bills payable'
 (c) Cash and Bank (d) Inventory and Prepaid Expenses
110. Ideal current Ratio is _____
 (a) 1:1 (b) 1:2 (c) 2:1 (d) 3:1
111. Which of the following measure the firm's ability to meet its long - term obligations?
 (a) Liquid Ratios (b) Activity Ratios (c) Profitability ratios (d) Solvency Ratios
112. Which ratio measures the velocity of conversion of stock into sales?
 (a) Working Capital Turnover Ratio (b) Inventory Turnover Ratio
 (c) Current Ratio (d) Liquid ratio
113. Assets that can be converted into cash within a year or within the period of an operating cycle is _____.
 (a) Tangible assets (b) Fixed assets (c) Current assets (d) Intangible assets
114. Find out the Correct Statement
 (i) Financial statements normally include Trading, Profit and Loss, Account and Balance Sheet.
 (ii) A detailed cause and effect study of the profitability and financial condition is the overall objective of Ratio analysis.
 (iii) financial statements analysis is the process of determining and interpreting the numerical relationship between figures of financial statements.
 (a) (i) is correct (b) (ii) is correct (c) (i), (ii) and (iii) are correct (d) (ii), (iii) are correct
115. Find out the Correct Statement
 (i) In the words of Spicer and Pegler "the relationship of an item to another expressed in simple mathematical form is known as a ratio"
 (ii) In the words of Carter "the relationship of an item to another expressed in simple mathematical form is known as a ratio"
 (iii) In the words of Kennedy and Me Millan "the relationship of an item to another expressed in simple mathematical form is known as a ratio"
 (a) (i) is correct (b) (ii) is correct (c) (i), (ii) and (iii) are correct (d) (iii) is correct
116. Find out the Correct Statement
 (i) Current Ratios measure the firms' ability to payoff current dues i.e., repayable within a year. Liquidity ratios are otherwise called as Short Term Solvency Ratios.
 (ii) Liquidity Ratios measure the firms' ability to payoff current dues i.e., repayable within a year. Liquidity ratios are otherwise called as Short Term Solvency Ratios.
 (iii) Absolute Ratios measure the firms' ability to payoff current dues i.e., repayable within a year. Liquidity ratios are otherwise called as Short Term Solvency Ratios.
 (a) (a) (i), (ii) and (iii) are correct (b) (i) and (ii) are correct (c) (i) is correct (d) (ii) is correct
117. Find out the Correct Statement
 (i) Quick ratio is used to assess the firm's short term liquidity. The relationship of liquid assets to current liabilities is known as Current ratio.
 (ii) Acid Test ratio is used to assess the firm's short term liquidity. The relationship of liquid assets to current liabilities is known as Current ratio.
 (iii) This ratio is used to assess the firm's short term liquidity. The relationship of liquid assets to current liabilities is known as liquid ratio.
 (a) (i) is correct (b) (i) and (iii) are correct (c) (iii) is correct (d) (i), (ii) and (iii) are correct
118. Find out the Correct Statement
 (i) Solvency refers to the firm's ability to meet its long term indebtedness. Solvency ratio studies the firm's ability to meet its long term obligations.
 (ii) A ratio is a mathematical relationship between one items expressed in a quantitative form.
 (iii) A detailed cause and effect study of the profitability and financial condition is the overall objective of Ratio analysis.
 (a) (i) and (ii) are correct (b) (i) and (iii) are correct (c) (i) is correct (d) (i), (ii) and (iii) are correct
119. Which one of the Following is Correctly Matched?
 (a) Gross profit ratio - Net profit ratio / Revenue from operations x 100
 (b) Operating cost ratio - Operating Cost Revenue from operations x 100
 (c) Operating profit- Revenue from operations + Operating cost
 (d) Net profit ratio - Gross profit Revenue from operations x 100

XII ACCOUNTANCY - UNIT - 10 - ISQ**86 X 1 = 86**

1. CAS helps to compute various taxes and to deduct these and deposit the same to the _____
 (a) Private account (b) Company account
 (c) Government account (d) None of the above
2. In 2009, Tally Solutions introduced the software _____
 (a) Tally. ERP 9 (b) Tally. ERP 10 (c) Tally. ERP 6.0 (d) Tally. 8.0
3. Transactions are to be recorded through _____
 (a) journal entries (b) voucher entries (c) accounting entries (d) none of these
4. All transactions related to receipt either in cash or through bank are recorded using _____
 (a) payment voucher (b) contra voucher
 (c) receipt voucher (d) sales voucher
5. All transactions related to payments either in cash or through bank are recorded using _____
 (a) journal voucher (b) contra voucher (c) receipt voucher (d) payment voucher
6. In payment voucher, cash or bank account is credited and other ledger account is _____
 (a) debited (b) credited (c) both 'a' and 'b' (d) none of these
7. All transactions involving both cash account and bank account is recorded using _____
 (a) receipt voucher (b) payment voucher (c) contra voucher (d) sale voucher
8. Automated accounting is an approach to maintain up-to-date accounting records with the aid of
 (a) System software (b) Accounting software
 (c) System hardware (d) Accounting hardware
9. Which from the following is better in accounting?
 (a) Book keeping (b) Computerised accounting (c) Both (d) None of these
10. Single entry mode is applicable for _____
 (a) Receipt voucher (b) Payment voucher (c) Contra voucher (d) All of these
11. To change current data from Gateway of Tally press the key _____
 (a) F1 (b) F2 (c) F5 (d) F9
12. Branch/Division is a group defined under _____
 (a) Assets (b) Income (c) Liabilities (d) Expenditure
13. Suspense account group is defined under _____
 (a) Assets (b) Income (c) Expenditure (d) Liabilities
14. Company Restore option is available in _____
 (a) Configuration (b) Company Features (c) Company Information (d) Both 'a' and 'b'
15. Match List I with List II and Select the Correct Answer using the Codes given below.

List I

List II

- | | | |
|-----------|-------------------------|---------------------------------|
| (i) CAS | 1. | Accounting Information System |
| (ii) MIS | 2. | Computerised Information System |
| (iii) AIS | 3. | Management Information System |
| (iv) CIS | 4. | Computerised Accounting System |
| (a) | (i) (ii) (iii) (iv) (c) | (i) (ii) (iii) (iv) |
| | 3 4 2 1 | 1 2 3 4 |
| (b) | (i) (ii) (iii) (iv) (d) | (i) (ii) (iii) (iv) |
| | 4 3 1 2 | 2 1 4 3 |

16. List I List II

- | | | |
|-----------------------|-------------------------|---------------------|
| (i) Receipt voucher | 1. | F4 |
| (ii) Payment voucher | 2. | F9 |
| (iii) Contra voucher | 3. | F5 |
| (iv) Purchase voucher | 4. | F6 |
| (a) | (i) (ii) (iii) (iv) (c) | (i) (ii) (iii) (iv) |
| | 1 2 3 4 | 4 3 2 1 |
| (b) | (i) (ii) (iii) (iv) (d) | (i) (ii) (iii) (iv) |
| | 3 4 2 1 | 2 1 4 3 |

17. List I List II

- | | | |
|----------------------|-------------------------|-------------------------|
| (i) Sales voucher | 1. | 2009 |
| (ii) Journal voucher | 2. | Direct expenses |
| (iii) Tally, ERP 90 | 3. | Provision for bad debts |
| (iv) Wages | 4. | F8 |
| (a) | (i) (ii) (iii) (iv) (c) | (i) (ii) (iii) (iv) |
| | 1 2 3 4 | 3 4 2 1 |

- (b) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
2 1 4 3 4 3 1 2
18. _____ refers to the system of maintaining accounts using computers.
(a) Computer software system (b) Computer accounting system
(c) Computer hardware system (d) None of the above
19. _____ facilitates fast and accurate retrieval of data and information.
(a) Computer accounting system (b) Accounting software
(c) Both (d) None of the above
20. _____ is a compilation of accounting information that are derived from the accounting records of a business concern.
(a) Accounting report (b) System software
(c) System hardware (d) Accounting system
21. Accounting reports can be classified into _____ types.
(a) two (b) three (c) four (d) five
22. _____ is a system that provides information for decision making at all levels of management.
(a) Computer Accounting System (b) Computer Information System
(c) Management Information System (d) Management Accounting System
23. _____ collects financial data, processes them and provides information to the various users.
(a) Accounting System (b) Management Accounting System
(c) Accounting Information System (d) Management Information System
24. _____ is one of the most widely used financial accounting softwares
(a) Tally (b) Excel (c) Word (d) Spread sheet
25. _____ is used by various types of trade and industries.
(a) Microsoft (b) Tally (c) Excel (d) C++
26. _____ shows the company selected under List of Selected Companies on the left pane
(a) Tally. ERP 9 (b) Microsoft (c) Gate of Tally (d) None of these
27. Which is the short cut key used for closing Tally?
(a) Ctrl + F1 (b) Ctrl + Shift + F4 (c) Ctrl + X (d) Ctrl + Q
28. Tally has _____ predefined ledgers.
(a) two (b) three (c) four (d) six
29. _____ is a document which contains details of transactions.
(a) Voucher (b) Receipt (c) Report (d) Statement
30. _____ are used for recording both cash and credit purchases of goods.
(a) Purchase voucher (b) Sales voucher (c) Journal voucher (d) Contra voucher
31. _____ are used for recording both cash and credit sales of goods.
(a) Purchase voucher (b) Sales vouchers (c) Contra voucher (d) Receipt voucher
32. Tally is designed to meet the requirements of_____
(a) All types of Companies (b) Small Company
(c) Small and medium Company (d) None of the above
33. Gateway of Tally screen is operated into_____
(a) Six sections (b) Five sections (c) Seven section (d) Eight sections
34. For creating a company we use_____
(a) Alt+ F3 (b) Alt+ F1 (c) Alt+ F2 (d) Esc key
35. For selecting a company we use_____
(a) Alt+ F1 (b) F1 (c) Ctrl + F1 (d) F2
36. Groups are_____
(a) Collection of ledgers in Tally (b) Type of Voucher entry
(c) Both of the above (d) None of the above
37. There are 15 primary groups are_____
(a) 12 sub-groups (b) 13 sub-groups (c) 11 sub-groups (d) 10 sub-groups
38. Bank Accounts comes under_____
(a) Current Assets (b) Loans (c) Current Liabilities (d) Capital Account
39. Nature of the primary group is among one of the following.
(a) Assets, Liabilities, Revenue and Capital (b) Balance sheet and Profit & Loss Account
(c) Assets, Liabilities, Income and Expenses (d) None of the above
40. When group behaviour is like sub ledger is set to No_____
(a) It behaves like ledger
(b) The same will display all the ledgers grouped under the same in detail mode

- (c) All of the above
(d) None of the above
41. Choose the correct answer.
(a) All the transactions are recorded through Voucher Entry
(b) All the transactions are recorded through Journal Entry
(c) All the transactions are recorded through Receipts and Payment Entry
(d) All of the above
42. How to enter Voucher option is _____
(a) Gateway of Tally > Account Vouchers > F6: Receipt
(b) Gateway of Tally > Transactions > F6: Receipt
(c) Gateway of Tally > Transactions > Accounting Vouchers > F6: Receipt
(d) None of the above
43. How to enter the contra Voucher option is _____
(a) Gateway of Tally > Transactions > Accounting Vouchers > F4: Contra
(b) Gateway of Tally > Accounting Vouchers > F4: Contra
(c) Gateway of Tally > Transactions > F4: Contra
(d) None of the above
44. How to control the Sales voucher?
(a) Gateway of Tally > Transactions > F8: Sales
(b) Gateway of Tally > Transactions > Accounting Vouchers > F8: Sale
(c) Gateway of Tally > Accounting Vouchers > F8: Sale
(d) None of the above
45. How to enter the Journal Voucher?
(a) Gateway of Tally > Transactions > F7: Journal
(b) Gateway of Tally > Accounting Voucher > F7: Journal
(c) Gateway of Tally > Accounting Voucher > Transactions > F7: Journal
(d) Gateway of Tally > Transactions & Accounting Vouchers > F7: Journal
46. Find out the Correct Statement
(i) Computerise Accounting System facilitates fast and accurate retrieval of data and information.
(ii) Accounting report may be classified as routine reports and special purpose reports
(iii) Accounting information system collects financial data, processes them and provides information to the various users.
(a) (i) is correct
(b) (i) and (ii) are correct
(c) (ii) and (iii) are correct
(d) (i), (ii) and (iii) are correct
47. (i) Sales vouchers are used for recording both cash and credit sales of goods.
(ii) Purchase vouchers are used for recording both cash and credit purchases of goods.
(iii) All transactions related to payments either in cash or through bank are recorded using receipt voucher
(a) (i) is correct
(b) (i) and (ii) are correct
(c) (ii) and (iii) are correct
(d) (i), (ii) and (iii) are correct

S.YUVARAJA M.COM., M.ED., DIPCE.,
PG ASSIST IN COMMERCE AND ACCOUNTANCY
CENTURY FOUNDATION MATRIC. HR.SEC.SCHOOL,
TIRUPUR
9894512243