ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

COLLAGE OF OBJECTIVE TYPE/MULTIPLE CHOICE QUESTIONS (MCQS)

Objective Type Questions

1. State whether the following statements are True or False

(i) Receipts and Payments Account shows the receipts and payments of revenue nature only.

(ii) Receipt from the sale of an old asset is an income

(iii) Receipts and Payments Account is a summary of cash transactions

(iv) Surplus of Non-Trading Organisation is destributed among the members

(v) Income and Expenditure Account is equivalent to the Profit and Loss Account of a business enterprise.

(vi) Proceeds from the sale of old newspaper are taken as income.

(vii) Receipts and Payments Account shows total income and expenditure

(viii) Only revenue nature items are shown in the Income and Expenditure Account.

(ix) Scholarships granted to students provided by government is debited to Income and Expenditure Account.

(x) Payment of honorarium is a revenue expenditure

(xi) Any expenditure relating to special fund is deducted from the special fund.

(xii) Loss on sale of fixed asset is debited to income and Expenditure Account. Whereas gain (profit) on sale of fixed asset is credited to Income and Expenditure Account

View Text Solution

2. Fill in the blanks with appropriate words:

(i) Receipts and Payments Account is_________ of the year's____.

(ii) In the Receipts and Payments Account receipts are shown on the ______ side.

(iii) Credit balance in the Income and Expenditure Account means excess of ____ over ____

(iv) Income and Expenditure Account shows all_______ receipts and ___ Payments for an accounting year

(v) Subscriptions received in advance by a club are shown on the_______ side of the Balance Sheet.

(vi) Life Membership Fees received by a club are shown on the ____.

(vii) Excess of expenditure over income is_______ Capital Fund in the Balance Sheet.

(viii) Income and Expenditure Account is prepared by______ concerns.

(ix) Match fund of Rs 1,000 appears in the books. Match expenses for a year amount to Rs 1,200. ______ will be debited to the Income and Expenditure Account

(x) If expenditure is Rs 16,000 and surplus credited to Capital Fund Rs 4,500, income is________

View Text Solution

3. State whether the following statements are True or False

(i) Current Accounts are maintained in case of fluctuating capital system.

(ii) Partners are entitled to get interest @ 6%`p.a. on the loan given to the firm, if Partnership Deep is silent on the issue.

(iii) At least two person are necessary to form a partnership

(iv) In the absence of an agreement, profits and losses are distributed among the partners equally.

(v) A partner who devotes more time to a business than others is entitled to get a salary.

(vi) A partner who has invested more capital in the firm is entitled to get interest on the difference in capital amount.

(vii) When a partner draws a fixed sum in the middle of each month for

12 months, interest on total drawings will be equal to interest of 6 months at an agreed rate per annum.

(ix) If the Partnership Deep is silent, interest @ 6% would be charged

(x) Interest on partner's loan is to be given @ 10% p.a. if the deed is silent about the rate.

(xi) Valid partnership can be formulated even without a written agreement between the partners.

(xii) Partners are mutual agents of each other so far as the business of the firm is concerned.

View Text Solution

4. Fill in the blanks with appropriate words:

(i) Current Accounts of the Partners should be opened when the capitals are____

(ii) In the absence of an agreement, interest on partner's loan shall be paid @_____

(iii) In the absence of an agreement, partners shall ____ salaries.

(iv) When there is no agreement among the partners, the profit or loss of the firm will be shared ____ by the partners.

(v) _____ is an extension of Profit and Loss Account.

(vi) Minimum number of persons required to start partnership business is ______

(vii) Number of partners which should not exceed for partnership business is___

(viii) Salary of Commission to a partner is an _____ out of profit.

View Text Solution

5. State whether the following statements are True or False

(i) Efficiency of management does not affect the goodwill of business.

(ii) Purchased goodwill may arise on acquisition of an existing business firm.

(iii) Goodwill can be defined as the present value of anticipated profits.

(iv) Self - Generated Goodwill is recorded in the books of account as some consideration is paid for it.

(v) Under capitalisation of super Profit Method, goodwill is ascertined by capitallsing the super Profit on the basis of Normal Rate of Return.

View Text Solution

6. Fill in the blanks with appropriate words:

(i) Goodwill is an _____ asset, but not a _______ asset

(ii) Goodwill is a capitalised value of ______

(iii) Under Average Profit Method, goodwill is calculated by multiplying the ______ by a certain number of year's purchase as agreed by the partners.

(iv) _______ is the excess of actual profit over the normal profit

(v) When the business is taken over by another business, the excess of purchase consideration over its net asset value is referred to as _____

(vi) The value of goodwill is based on_____ judgment of the value.

(vii) Under____ method goodwill is the excess of Capitalised Value of business over Net Assets.

(viii) Average Profit = _________

(ix) Anyfirm that earns only normal profits or is incurring loss, normally does not have__________

View Text Solution

7. State whether the following statements are True or False :

(i) Change in profit-sharing ratio of the existing partners results in the reconstitution of the partnership firm

(ii) Change in profit -sharing ratio does not change the relationship among the existing partners.

(iii) The partners whose shares have decreased as a result of change in profit -sharing ratio are known as sacrificing partners.

(iv) The partners whose shares have increased as result of change in profit-sharing ratio are known as gaining partners.

(v) Reserve Accumulated profit /Loss should always be distributed at the time of reconstitution of partnership even if the qestion is silent.

(vi) There is no difference between 'furniture reduced by 20% and 'furniture reduce to 20%'

(vii) After revalution, assets and liabilities may or may not be shown in the Balance Sheet at the revised value.

View Text Solution

8. Fill in the blanks with appropriate words:

(i) If the partners of a firm decided to change their profit -sharing ratio, the gaining partner compensates the sacrificing partner by paying the proportionate amount of _______

(ii) Change in relationship among the partners is ______ of the partnership firm.

(iii) Revalution of assets on the reconstitution of partnership is necessary because their present value may be different from their_______

(iv) A change in profit -sharing ratio among the existing partners results in _______ of the partnership firm.

(v) Revalution Account is a _______ Account.

(vi) Workmen Compensation Reserve is a reserve created out of profit to meet the ________.

(vii) The ratio in which all the partners share future profits and losses is known as________

View Text Solution

9. State whether the following statements are True or False :

(i) Assets are revalued and liabilities are reassessed at the time of admission of a partner.

(ii) Accumulated profits and losses are transferred to Revalution Account at the time of admission of a partner.

(iii) Constingent liability becoming a certain liability is debited to Revalution Account at the time of admission of a partner.

(iv) The purpose of Revaluation Account is to ascertain the gain/loss arising on account of Revaluation of Assets and Reassessment of Liabilities.

(v) A new partner is liable is liable for the past losses of the firm.

(vi) On revaluation of assets and liabilities, Capital Accounts of old partners do not change.

(vii) Old Partners are not allowed to withdraw the amount of the goodwill brought in by the new parnter.

(viii) Unless agreed otherwise, the new profit-sharing ratio of old partners will be the same as their old profit-sharing ratio.

(ix) It is necessary that partners should have capitals in their profit-sharing ratio.

(x) A new partner brings goodwill into the firm to acquire right to share the future profit of the firm.

View Text Solution

10. Fill in the blanks with appropriate words:

(i) A, B and C share profits and losses in the ratio of 1/2, 1/3 and 1/6 respectively. D, a new partner, is given 1/8th share. Then new profit-sharing ratio will be _______.

(ii) The rati in which the old partners are surrendering their share of profit in favour of the new partner is called _______.

(iii) Calculation of sacrificing ratio is necessary when the new partner will bring ______ in cash.

(iv) The capital balance of A and B are Rs 25,000 and Rs 20,000 respectively after making all the adjustments. If C, the incoming partner, is to bring 1/3rd of the total capital of the firm, then his share of capital will be ______

(v) For any decrease in the value of liability, the Revaluation Account is ________.

(vi) C, the incoming partner is to bring Rs 6,000 as goodwill for 1.5th share in the firm's profit. Total goodwill of the firm will be ________.

(vii) Investment Fluctuation Reserve is a reserve set aside out of profit to adjust the difference between ________ and ______ of investments.

(viii) In case of admission of a new partner, the Accumulated Profit, Reserves, Losses and Fictitious Assets should be transferred to ________ Partner's Capital/Current Accounts in their ______ profit-sharing ratio.

(ix) If goodwill is appearing in the Balance Sheet at the time of admission of a new partner, the existing goodwill is written -off among ________ partners in ______ ratio.

11. State whether the following statements are True or False :

(i) A partner can retire from the firm with the consent of all other partners only.

(ii) In the event of death, the combined share of profit of the continuing partners will decreases.

(iii) A family member of the retring partner will automatically become the new partner in a reconsituted firm.

(iv) Galn or loss on revaluation of assets at the time of retirement of a partner is a capital profit.

(v) In the event of death, profit or loss on Revaluation Account is transferred to the continuing partners in the old profit-sharing ratio.

(vi) The amount due to retiring partner, if not paid in cash, is transferred to his Loan Account.

(vii) At the time of retirement/death, undistributed profit/losses and reserves are distributed among all the partners in their old profit-sharing ratio.

(viii) The amount due to the retiring partner is always settled in case.

(ix) The firm is under obligation to pay an agreed rate of interset for the unpaid balance to the retiring partner.

(x) Gaining Ratio is calculated at the time of retirement or death of a partner and change in profit -sharing ratio.

View Text Solution

12. Fill in the blank with akppropriate words: ltBrgt (i) The profit or loss shown by the Revalution Account at the time of retirement of a partner is transferred to the Capital Accounts of the Partners in the ________ ratio.

(ii) At the time of retirement/death, the undistributed profits/losses and reserves are distributed among all the partners in their ________ profit-sharing ratio

(iii) Unless agreed otherwise, it is presumed that the continuing partners gain in their ______ and hence their ________ is same as their old profit-sharing ratio.

(iv) ________ is the ratio in which the remaining partners acquire the share of retiring or decreased partner.

(v) At the time of retirement or death of a partner, goodwill appearing in the books of the firm is written-off among _________ the partners in their _______ ratio.

(vi) When firm pays an amount in excess of total amount due to the retiring partner, then excess amount is treated as _______

View Text Solution

13. State whether the following statements are True or False

(i) Realisation Account is a Real Account.

(ii) On dissolution of a firm, the firm is not closed.

(iii) Any amount realised from the unrecorded asset is credited to Realisation Account.

(iv) Goodwill at the time of dissolution is treated like any other asset and is closed by transferring it to Realisation Account.

(v) Assets, when realised, are credited to Realisation Account.

(vi) In dissolution, closing balance of Cash Account will be nil at the end

(vii) All assets inculsive of cash are transferred to the Realisation Account.

(viii) Dissolution of the firm means the dissolution of the partnership.

View Text Solution

14. Fill in the blanks with appropriate words:

(i) When the firm is dissolved, Reserve is transferred to ________ in the profit -sharing ratio.

(ii) Urecorded liability paid at the time of dissolution of the firm to be debited to _______ Account.

(iii) When an unrecorded asset is realised at the time of dissolution of the firm_______. Account is debited and ______ Account is credited.

(iv) Goodwill Account appearing in the books on the dissolution date is closed by transferring it to ________ side of the _______ Account.

(v) Entry for the asset taken over by a creditor is _____ but entry for the net payment to the creditor is made.

(vi) Debit balance of Profit and Loss Account is transferred to ______ Accounts at the time of dissolution of the firm.

(vii) Expenses of realisation are _____ to Realisation Account.

(viii) Unrecorded asset takem by a partner is _______ to Partner's Capital Account.

(ix) Balance of Realisation Account is transferred to _________

View Text Solution

15. State whether the following statements are True or False

(i) Authorised Capital us shown in the Note to Accounts on Share Capital

(ii) Authorised Capital for Equity Share Capital and Preference Share Capital is not shown separately in the Note to Accounts on Share Capital.

(iii) Issued Share Capital is that part of Authorised Share Capital that is issued for subscription whether subscribed or not.

(iv) Issued Share Capital can be more than the Authorised Share Capital.

(v) Subscribed Capital is the part of Issued Capital that is subscribed.

(vi) Subscribed Captial need not be shown separately for Equity Share Capital and Preference Share Capital.

(vii) Shares on which the company has received the entire nominal (face) value, whether called or not, are shown as Subscribed and Fully Paid-up.

(viii) Shares on which the company has not received the call made are shown as Subscribed but not Fully Paid-up.

(ix) A company, at its discretion may or may not prepare Note to Accounts on line item of the Balance Sheet.

(x) Authorised Capital cannot be more than Issued Share Capital.

(xi) Subscribed Share Capital can be less than or equal to the Issued Share Capital but cannot be more.

(xii) A part of share capital that will be called -up at the of winding up of the company is Reserve Capital.

(xiii) Shares can be issued to public at a discount.

(xiv) Shares can be issued to employees at a discount.

(xv) Shares are always issued at par.

(xvi) Securities Premium received on issue of shares is credited to Securities Premium Reserve Account.

(xvii) Securities Premium Reserve cannot be used for writing off Loss on Issue of Debentures.

(xviii) Securities Premium Reserve can be used for issuing Partly Paid Bonus Shares.

(xix) Securities Premium Reserve can be used for writing off preliminary expenses.

(xx) Pro rata allotment is made in the event shares are underscribed

(xxi) Shares cannot be issued unless minimum subscription is received by the company.

(xxii) If a company does not receive the amount called by it on shares, it can forfeit the shares.

(xxiii) Forfeited shares can be reissued by the company on the terms as secided by it.

(xxiv) Profit on reissue of foreited shares is transferred to Capital Redemption Reserve.

(xxv) Application Money received over and above the allotment money is always transferred to Calls in Advance Account.

(xxvi) In the case of undersubscription, allontment money and calls amount is demanded on the basis of shares applied and shares issued.

(xxvii) Preference Shares do not have preferential right as to dividened and repayment of share capital at the time of company's winding up.

(xxviii) Preference Shares cannot be issued at premium.

(xxix) Equity Shares cannot be issued at discount whereas Preference Share can be issued at discount.

(xxx) Cumulative Preference Shares mean that arrears of dividend is payable before dividend is paid on Preference Shares.

(xxxi) Preference Share Capital is not shown as Shareholders' Funds but is shown as Long -term Borrowings:

View Text Solution

16. Fill in the blanks with appropriate words:

(i) A company issued 50,000 shares of Rs 10 each for subscription . It receives applications for 60,000 shares. It is a case of _______

(ii) A company issued 50,000 shares of Rs 10 each for subscription. it receives applications for 45,000 shares. it is a case of _______.

(iii) A company issued 50,000 shares of Rs 10 each for subscription. It receives applications for 40,000 shares. It is a case of where _______ is not received.

(iv) A company issued 50,000 shares of Rs 10 each for subscription. It receives applications for 40,000 shares. It cannot issue shares as it has not received _______.

(v) Shares of Rs 10 each on which Rs 8 have been called and received will be shown as _____

(vi) Shares of Rs 10 each on which the company decides to call Rs 2 at the time of its winding up will be shown as _____

(vii) Shares are allotted on pro rata basis in the case of ______

(viii) Shares are allotted to all applicants in the case of ______

(ix) A company may receive calls in advance if its ______

(x) Shares are ______ by a company, if it does not receive the called amount.

(xi) Gain (profit) on reissue of forfeited shares is transferred to ______

(xii) ______ on reissue of forfeited shares cannot be more than the amount forfeited.

(xiii) Shares cannot be issued at a discount except to employees as

____

(xiv) A company may issue shares for _____ for purchase of assets.

(xv) Shares issued to promoterns in lieu of their services are categorised as shares issued for _____

(xvi) Preference Shares can be issued for ____ to promoters or for purchases of business or assets.

(xvii) Preference Shareholders have the preferential right to receive _______ before it is paid on Equilty Shares.

(xviii) Secured Preference Shares means that Preference shares ar _____ by a charge on the ________ of the company.

(xix) Unlike _______ Preference Shares, _____ Preference Shares are those shares on which dividend, if not paid in one year, will not be paid in later years.

(xx) In a Balance Sheet, _______ for _______ Share Capital and _____ Share Capital is shown separately

View Text Solution

17. State whether the following statements are True or False

(i) Debenture is an evidence of company's borrowing

(ii) Shares are not borrowing of a company whereas Debentures are borrowings of the company.

(iii) Unlike shares, debentures can be issued at a discount.

(iv) ABC Ltd. issued 10,000 , 8% Debentures of Rs 100 each at Rs 98. It is a case of issue of debentures (v) Debenture may or may not be secured by a charge on the assets of the company.

(vi) Debentures are relatively riskier than shares.

(vii) Debentures are repaid after reparyment of share capital.

(viii) Debentures are normally shown as Long-term Borrowing under Non-current Liabilities.

(ix) Debentures, out of Long-term Borrowings, that are due for redemption within 12 Months from the date of Balances Sheet are shown as Short -term Borrowings.

(x) Debenturess are always issued payable in compsum.

(xi) Premim received on Debentures is credited to Securities Premium

Reserve.

(xii) A company has issued 5,000, 10% Debentures of Rs 1,000 each as security for a loan of Rs 75,00,000. It may or may not pass an entry for the issue of such debentures.

(xiii) Purchase consideration can be paid partly by cheque, an acceptance and balance by issue of debentures at par or discount or premium.

(xiv) Loss on Issue of Debentures is written off in the year the debentures are issued from Statement of Profit and Loss alone.

(xv) Loss on issue of Debentures is written off in the year the debentures are issued from Securities Premium Reserve, if it exists and then from Statements of Profit and Loss.

(xvi) Debentures Account is credited with the amount received for the debentures.

18. Fill in the blanks with appropriate words:

(i) Debentures are _______ of the company.

(ii) Debenture -holders are ______ of the company.

(iii) Debenture Accounts is always credited with the _________ value of the debentures.

(iv) Interest on debentures is paid whether the company _______ or _______

(v) An entry may or may not be passed in the Books of Accounts for Debentures issued as _______

(vi) ______ is not paid on Debentures issued as collateral security.

(vii) _____ is written off in the year when debentures are issued.

(viii) Discount or Loss on Issues of Debentures is written off in the year when debentures are issued first from ______

(ix) A company has Loss on Issue of Debentures of Rs 50,000. It has a balance in Securities Premium Reserve of Rs 25,000. It will debit ______ by Rs 25,000 and _____ by Rs 25,000 in the year of issue.

(x) A company has issued 5,000 7% Debentures of Rs 100 each at a price at Rs 94. It will credit 7% Debentures Account by _______

(ix) A company has issued 5,000, 7% Debentures of Rs 100 each at a price of Rs 94. It will pay interset on debentures ○ _______ on ______

(xii) Discount or Loss on Issues of Debentures Account will not have ______ at the year end.

View Text Solution

19. State whether the following statements are True or False

(i) Debenture Redemption Reserves is set aside by all companies except. All India Financial Institutions regulated by RBI and Banking Companies.

(ii) Debenture Redemption Investment is made by the companies required to set aside amount to Debenture Redemption Reserve.

(iii) Debenture Redemption Reserve can be used only for redemption of debentures.

(iv) Debenture Redemption Investment (DRI) can be used by a company for any purposes after the debentures have been redeemed.

(v) Debenture Redemption Reserve is not set aside in case the debentures are fully convertible only into shares.

(vi) Debenture Redemption Reserve is set aside, in the case of Partly Convertible Debentures, on the convertible part of the debentures.

(vii) Debenture Redemption Reserve may be set aside by a company out of any reserve.

(viii) Debenture Redemption Reserve is set aside by a company out of amount available for payment of divided.

(ix) General Reserve can be transferred to Debenture Redemption Reserve.

(x) Surplus, i.e., Balance in Statement of Profit and Loss can not be transferred to Debentures Redemption Reserve.

(xi) At least 25% of the redeemable value of debentures should be set aside to Debentures Redemption Reserve before the redemption of debentures.

(xii) If a company sets aside profit to Debenture Redemption Reserve, it mean redemption is not fully out of capital.

(xiii) If a company sets aside profit equivalent to full nominal (face) value of debentures to Debenture Redemption Reserve, it means redemption is fully out of profits.

(xiv) Redemption of Debentures by a Banking Company can be redemption purely out of capital.

(xv) Once the debentures are redeemed, the amount of Debenture Redemption Reserve is transferred to Capital Reserve.

(xvi) Discount or Loss on Issue of Debentures is written off from Securities Premium Reserve as section 52(2) of Companies Act, 2013 permits so.

View Text Solution

20. Fill in the blanks with appropriate words:

(i) Debentures are redeemed without setting aside amount to Debenture Redemption Reserve (DRR). It is redemption out of ______

(ii) Debentures are redeemed setting aside full nominal (face) value of debentures of Debenture Redemption Reserve (DRR). It is redemption out of _______

(iii) Debentures are redeemed setting aside 25% of nominal (face) value of debentures to Debenture Redemption Reserve (DRR). It is redemption out of _______

(iv) Amount should be set aside to ______ before the redemption of debentures.

(v) Debentures Redemption Investment (DRI) should be made of an amount at least equal to _____ of the nominal (face) value of the debentures to be redeemed during the year ending March 31 of the next year.

(vi) Debenture Redemption Investment (DRI) should be made ________ 30th April of the year in which debentures are redeemed.

(vii) Discount or Loss on Issue of Debentures is a ______

(viii) It is not necessary for ______ to set aside amount to Debenture Redemption Reserve (DRR).

(ix) It is not necessary for All India Financial Institutions regulated by RBI and Banking Companies to Invest amount in _______

(x) Once the debentures are redeemed, amount of DRR is transferred to _______

View Text Solution

21. State whether the following statements are True or False :

(i) 1,000, 10% Debentures of Rs 100 each out of 10,000, 10% Debentures are redeemable within the 12 months of the date fo Balance Sheet. They will be shown in the Current Liabilities as Short-term Borrowings in the Balance Sheet.

(ii) Dividend is paid on Paid-up Capital.

(iii) Debentures are shown under the head Other Long-term Liabilities in the Balance Sheet.

(iv) Share Application Money Pending Allotment is shown as a line item.

(v) Loose Tools and Stores and Spares are shown as inventories in the Balance Sheet.

(vi) Bills Receivable is shown as Trade Receivables in the Balance Sheet.

(vii) Reserve Capital is part of Share Capital that a Company resolves not to call at any time it desires.

View Text Solution

22. Fill in the blanks with appropriate words:

(i) Shares on which the company has called total nominal value and has also received it is shown in the Note to Accounts on Share Capital under Subscribed Capital as ______

(ii) Minimum subscription prescribed is ______

(iii) Shares on which the company has called the total nominal value but has not fully received final call of Rs 2 on 500 shares, the shares on which the final call of Rs 2 on 500 shares, the shares on which the final call is not received are shown in the Note to Accounts on share Capital under Subscribed Capital as ______

(iv) A company has resolved to call Rs 2 per share at the time of winding up the company. Rs 2 per share is _______ Capital.

(v) Securities Premium Reserve is the liabilities side in the Balance Sheet under _______

(vi) Trade Payables, unless agreed otherwise, are shown as _________

(vii) Prepaid Insurance is shown as ____ in the Balance Sheet

View Text Solution

23. State whether the following statements are True or False

(i) An objective of financial analysis is to determine operating efficiency and profitability

(ii) Determining operating efficiency and profitability is not an objective of financial analysis

(iii) Financial analysis is used for credit analysis.

(iv) The purpose of financial statement analysis be trade creditors is to determining whether the amount due to them is safe.

(v) Financial statement analysis does not ignore qualitative elements

View Text Solution

24. Fill in the blanks with appropriate words:

(i) The objective of financial statement analysis is _______ comparison.

(ii) _______ financial statement analysis is based on one year's data.

(iii) Financial Statement analysis is not free from _______ bias.

(iv) Financial Statement analysis ignores price level changes. it is its

____

(v) ________ financial statement analysis of dynamic

View Text Solution

25. State whether the following statements are True or False:

(i) Comparison of values of a firm with those of another firm is termed as inter-firm comparison.

(ii) comparison of values of two years of the firm is termed as intra-firm comparison.

(iii) Revenue from Operations is not taken as 100 in preparing common-size Statement of Profit and Loss.

(iv) Total of Assets/Liabilities part is taken as base for preparing Common-size Balance Sheet.

(v) Comparative Statements are the tools of financial statement analysis.

View Text Solution

26. Fill in the blanks with appropriate words:

(i) Comparative Statement is a tool of _______ analysis.

(ii) Comparative Statement is a technique of _______ of two or more years.

(iii) In Common-size Balance Sheet, each item of Balance Sheet is expressed as a precentage of ______

(iv) Comparison of values of two year of the firm is known as ________ comparison.

(v) Comparison of values of two firms is called _______ comparison.

View Text Solution

27. State whether the following statements are True or False

(i) Accounting ratio is a mathematical expression of relationship between two items or group of items in the financial statements

(ii) Price level changes are igonred in ratio analysis. It is an advantage of Ratio Analysis.

(iii) Quick Ratio establishes the relationship between current assets and current liabilities

(iv) In calculating Debt-Equity ratio, all external debts are considered.

(v) Debit balance in Surplus i.e., Balance in Statement of Profit and Loss is not deducted to calculate Shareholder's Funds to calculate Debt-Equity Ratio.

(vi) The objective of calculating Proprietary Ratio is to measure proportion of fixed assets financed by the Shareholder's Funds.

(vii) In Debt to Total Assets Ratio, debt includes only long-term Borrowings and Long-term Provisions.

(viii) Interest Coverage ratio shows the amount of profit available to cover the interest.

(ix) The formula for Trade Payables Turnover Ratio is Net Credit Purchases/Average Trade Receivables.

(x) Loose tools and Stores and Spares are excluded to calculate Working Capital to calculate Working Capital Turnover Ratio.

(xi) Gross profit helps in fixing selling prices and assessing efficiency of trading activities.

View Text Solution

28. Fill in the blanks with appropriate words:

(i) Liquidity Ratios measure ______ solvency of the enterprise.

(ii) _______ and stores and spares are not considered in computing Current Ratio.

(iii) Debit balance is Surplus, i.e., Balance in Statement of Profit and Loss is deducted to calculate ______ to calculate Debt-Equity ratio.

(iv) It is an objective of ________ ratio is to measure proportion of fixed assets financed by the Shareholder's Funds.

(v) ______ estabilishes the number of times amount invested in trade receivables is turned over in a year in relation to Revenue from Operations.

(vi) The formula for Working Capital Turnover ratio is ________

(vii) Complete the formula for Inventory Turnover Ratio:

cost of Revenue from Operations/______.

(viii) Gross Profit + Other Income - ______ = Net Profit.

(ix) ________ and Operating Profit Ratio are complimentary to each other.

(x) Trade Payable is the sum total of Creditors and ______

View Text Solution

29. State whether the following statements are True or False

(i) Cash equivalents are short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant change in value.

(ii) Operating Activities are the principal revenue producing activities of an enterprise and those activities which are not investing or financing activities.

(iii) Shares issued to promoters in consideration of their services are shown as Financing Activity.

(iv) Gratuity paid to a retiring employee is an Operating Activity.

(v) Income Tax paid is always shown as Operating Activity.

(vi) Divident paid is always shown as Financing Activity.

(vii) Dividend paid is always shown as Financing Activity.

(viii) Debentures issued for consideration other than Cash is shown as in flow under Financing Activity.

(ix) Deperciation and Amortisation are added to Net profit before Tax and Extradordinary items, they being non-cash expense.

(x) Prellminary expenses paid during the year are added to Net Profit before Tax and Extra-ordinary items and shown as outflow under Financing Activity.

View Text Solution

30. Fill in the blanks with appropriate words:

(i) The basis of Cash Flow Statements is ______

(ii) Debentures issued for consideration other than cash are not shown in the Cash Flow Statement because _____ is not received against the issue.

(iii) Marketable Securities are included in ______

(iv) Current investment are shown as ______

(v) Buy back of own shares is shown as outflow in Financing Activity as

____

(vi) Share issue expenses paid are shown as outflow under _______

(vii) Discount/Loss on Issue of Debentures written off is shown by way of deduction from _______ of the debentures.

(viii) Patents purchased and completely amortised in the year of purchase is added under _______ and shown as Outflow under _____

(ix) Purchase and sale of securities by a financing company is _________

(x) Purchase of securities by a non-finance company is ________

View Text Solution

Multiple Choice Question

1. Receipts and Payments Account is prepared on

A. Cash Basis

B. Time Basis

C. Accrual Basis

D. None of these

Answer: A

View Text Solution

2. Income and Expenditure Account is prepared on

A. Cash Basis

B. Accrual Basis

C. Both (a) and (b)

D. None of these

Answer: B

View Text Solution

3. Legacy Donation received by NPO to be used for specific purpose is accounted as

A. Revenue Receipt

B. Capital Receipt

C. As an Assert

D. None of these

Answer: B

View Text Solution

4. Life Membership Free received by NPO is accounted as

A. Revenue Receipt

B. Capital Receipt

C. As an Assert

D. None of these

Answer: B

View Text Solution

5. Salaries paid during the year ended 31 st March , 2019 is Rs. 36,000 . Salaries paid in advence at the end of previous year ended 31 st March , 2019 will be

A. Rs 54,000

B. Rs 36,000

C. Rs 90,000

D. Rs 18,000

Answer: C

Watch Video Solution

6. Name the account which calculates Surplus/Deficit ofNPO?

A. Cash Book

B. Income and Expenditure Account

C. Receipts and Payments Account

D. Balance Sheet

Answer: B

View Text Solution

7. Main source of Income for a Not-for -Profit Organisation is

A. Rent

B. Salaries

C. Donations and Subscriptions

D. Sale of Assets

Answer: C

View Text Solution

8. Identify revenue receipt from the following

A. Donations for Building

B. Subscription

C. Life Membership Fees

D. Legacy donation for Sports Fund

Answer: B

View Text Solution

9. Identify capital receipt from the following

A. Life Membership Fees

B. Rent Receipt

C. Entrance fees

D. Sports expenses

Answer: A

View Text Solution

10. General Donation received by NPO is shown in the

A. Credit side of income and Expenditure Account

B. Debit side of Income and Expenditure Account

C. Liabilities side of Balance Sheet

D. Assets side of the Balance Sheet

Answer: A

View Text Solution

11. Specific Donation received by NPO is shown in the

A. Credit side of income and Expenditure Account

B. Debit side of Income and Expenditure Account

C. Liabilities side of Balance Sheet

D. None of these

Answer: C

View Text Solution

12. Income and Expenditure Account is a

A. Real Account

B. Nominal Account

C. Personal Account

D. None of these

Answer: B

View Text Solution

13. Receipts and Payments Account is a

A. Real Account

B. Nominal Account

C. Personal Account

D. None of these

Answer: A

View Text Solution

14. Identify the item which is not shown under Receipts and Payments Account in case of NPO

A. Salaries

B. Rent

C. Depreciation

D. None of these

Answer: C

View Text Solution

15. Compute Rent For the Year ended 31 st March , 2019 from the following

	1.4.2018	31.3.2019
Outstanding Rent	$Rs.19000$	$Rs.\ 14000$
Prepaid Rent	$Rs.5600$	$Rs.104000$

Rent Paid during the year Rs. 2,97,800.

A. Rs 2,97,800

B. Rs 2,88,000

C. Rs 2,50,000

D. Rs 2,00,000

Answer: B

Watch Video Solution

16. Choose NPO from the followings

A. Reliance Industries Limited

B. Indian Hockey Federation

C. Infosys Ltd

D. None of these

Answer: B

View Text Solution

17. Furniture as on 31 st March , 2019 Rs. 4,40,000 . Furniture (having Books value as on 1st April ,2018 of Rs 40,000) sold at a loss of 20% on 31st December , 2018, Furniture is depreciated $\circ 10\%$ p.a. Furniture costing Rs. 3,00,000 was also purchased on 1st October , 2018 , Calculate Loss sale of Furniture.

A. Rs 9,400

B. Rs 6,400

C. Rs 8,000

D. Rs 7,400

Answer: D

Watch Video Solution

18. Subscriprion received during the year 2018 -19 : Rs. 1,50,000 . Outstanding Subcription as on 31 st March 2018 : Rs. 1,00,000 . The amount shown as subscription receipt will be

A. Rs 50,000

B. Rs 1,50,000

C. Rs 1,00,000

D. None of these

Answer: A

Watch Video Solution

19. Subscriprion received during the year 2018 -19 : Rs. 1,50,000, Subscription Rs. 75,000 is outstanding:

A. Rs 1,50,000

B. Rs 75,000

C. Rs 2,25,000

D. None of these

Answer: C

Watch Video Solution

20. Calculate the amount of credit purchase from the following information

Particulars	1st April, 2019 (Rs)	31st March, 2019(Rs)
Creditors for Stationey	4,600	11,800

During the year ended 31st March, 2019, payment made to creditors of Rs 56,800

A. Rs 54,000

B. Rs 64,000

C. Rs 74,000

D. Rs 44,000

Answer: B

View Text Solution

21. Credit purchase of stationery is Rs 64,000, which is 80% of total purchase, compute cash purchase of stationery

A. Rs 16,000

B. Rs 24,000

C. Rs 8,000

D. None of these

Answer: A

View Text Solution

22. Out of the following which one is a special receipt ?

A. Subscriptions

B. Rent Receipt

C. Contribution for Annual Dinner

D. General Donation

Answer: C

View Text Solution

23. Out of the following which is Unrestricted Fund ?

A. Annuity Fund

B. Sports Fund

C. Capital Fund

D. Endowment Fund

Answer: C

View Text Solution

24. How much amount will be shown in Balance Shhet if Sports Fund Rs 1,00,000 (Opening Balance), Interest on Sports Fund Investments Rs 5,000, Tournament Expenses were Rs 20,000, Sports Fund Investment Rs 80,000?

A. Rs 85,000

B. Rs 75,000

C. Rs 65,000

D. Rs 55,000

Answer: A

View Text Solution

25. The agreement among the partners is called

A. Partnership Deed

B. Partnership bye laws

C. Partnership constitution

D. Any of these

Answer: A

View Text Solution

26. The agreement among the partners

A. Should be written

B. Should be verbal

C. May be either written or oral

D. None of these

Answer: C

View Text Solution

27. The liability of the partners in a partnership firm under Indian Partnership Act, 1932 is

A. Limited

B. Unlimited

C. No Liability

D. Depending on the situation

Answer: B

View Text Solution

28. Interset on Capital is allowed

A. on the opening capital

B. on the capital at the year end

C. on average capital of the year

D. None of these

Answer: A

View Text Solution

29. In the absence of the Partnership Deed, Interest on Capital

A. is allowed @ 6% per annum

B. is allowed @ 10% per annum

C. is allowed at the borrowing rate

D. is not allowed

Answer: D

View Text Solution

30. If a partner draws equal amount in the beginning of each month, interest is charged for

A. 6 months

B. $5^{1/2}$ months

C. $6^{1/2}$ months

D. 5 months

Answer: C

View Text Solution

31. If date of drawings is not given, interest is calculated for

A. 12 months

B. 7 months

C. 6 months

D. 3 months

Answer: C

View Text Solution

32. In case of fixed capital, partners will have

A. credit balances in their Capital Accounts

B. debits balances in their Capital Accounts

C. may have credit or debit balances in their Capital Accounts

D. None of the above

Answer: A

View Text Solution

33. In case of fixed capital, Partners Current Accounts will have

A. credit balances

B. debit balances

C. credit or debit balances

D. None of these

Answer: C

View Text Solution

34. In case of fixed capitals, interest on capital

A. is credited to Partner's Capital Account

B. is credited to Partner's Current Account

C. may be credited to Partner's Capital of Current Account

D. None of the above

Answer: B

View Text Solution

35. In case of fluctuating capitals, interest on capital

A. is credited to Partner's Capital Account

B. is credited to Partner's Current Account

C. may be credited to Partner's Capital of Current Account

D. None of the above

Answer: A

View Text Solution

36. Current Accounts of partners are maintaned if

A. capitals are fixed

B. capitals are fluctuating

C. Both (a) and (b)

D. None of these

Answer: A

View Text Solution

37. In the absence of Partnership Deed, partners are paid remuneration

A. @ $Rs10,000$ per partner per month

B. @ $Rs20,000$ per partner per month

C. @ $Rs30,000$ per partner per month

D. None of the above

Answer: D

View Text Solution

38. The interest on Capitals of Partners under the Fluctuating Capital Accounts Method is credited to

A. Interest Account

B. Profit and Loss Account

C. Partner's Capital Accounts

D. None of these

Answer: C

View Text Solution

39. When guarantee is given to a partner by the other partners, deficiency on such guarantee will be borne by

A. All of the other partners

B. Partnership firm

C. Partners who gave the guarantee

D. None of these

Answer: C

View Text Solution

40. In the absence of an agreement to the contrary, the partners are

A. entitled for 6% interest on their capitals, only when there are profits

B. entitled for 9% interest on their capitals, only when there are profits

C. entitled for interest on their capitals at the bank rate, only when there are profit

D. not entitled for interest on their capitals

Answer: D

View Text Solution

41. Interest Payable on the capitals of the partners is charged to

A. Profit and Loss Account

B. Profit and Loss Adjustment Account

C. Realisation Account

D. Profit and Loss Appropriation Account

Answer: D

View Text Solution

42. Interest on parnter's drawings under Fluctuating Capital Accounts Method is debited to

A. Partner's Capital Accounts

B. Profit and Loss Account

C. Drawing Account

D. None of these

Answer: A

View Text Solution

43. Which of the following items will not be shown in Profit and Loss Appropriation Accoount ?

A. Interest on Capital

B. Commission to a partner

C. Interest on Drawings

D. Interest on Partner's Loan

Answer: D

View Text Solution

44. Which of the following items will not be shown in the debits of Profit and Loss Appropriation Account ?

A. Interest on Capital

B. Commission to a partner

C. Interest on Drawings

D. Salary to partners

Answer: C

View Text Solution

45. Which of the following is not an essential feature of partnership ?

A. An agreement, oral or written, should exist among the partners

B. Agreement should be to carry on lawful business.

C. All the partners should contribute capital in the firm

D. There should be at least two partners.

Answer: C

View Text Solution

46. A manager gets 5% Commission , gross profit Rs. 5,80, 000 and expenses of indirect nature other than manager's commission are : Rs. 1,60,000 . Commission amount will be

A. Rs 29,000

B. Rs 20,000

C. Rs 15,000

D. Rs 22,000

Answer: B

Watch Video Solution

47. Goodwill is

A. an intangible asset

B. a fictitious asset

C. Both (a) and (b)

D. None of these

Answer: A

View Text Solution

48. Goodwill is valued

A. at the time of change in profit -sharing ratio

B. at the time of adimission of a partner

C. at the time of retirement or death of a partner

D. All of these

Answer: D

View Text Solution

49. As per Accounting Standard 26

A. purchased goowill is accounted in the books of account

B. self-generated goodwill is accounted in the books of account

C. both purchased and self -generated goodwill are accounted in the books of account

D. None of the above

Answer: A

View Text Solution

50. Which of the following factors decreases the value of goodwill ?

A. Favourable Location

B. Favourable Contracts

C. Customer Satisfaction

D. Continuously incurring losses

Answer: D

View Text Solution

51. Which of the following is not a method of valuing goodwill ?

A. Average Profit Method

B. Super Profit Method

C. Capitalisation Method

D. Discounted Cash Flow Method

Answer: D

View Text Solution

52. Super Profit means

A. Average profit

B. Excess of average profit over normal profit

C. Normal profit

D. None of these

Answer: B

View Text Solution

53. Purchased goodwill arises at the time of

A. Closure of business

B. purchase of business

C. opening of a new business

D. All of these

Answer: B

View Text Solution

54. Normal profit is calculated to value goodwill

A. by deducting abnormal gains (profit)

B. by adding abnormal losses

C. by deducting abnormal gains and adding abnormal losses

D. None of the above

Answer: C

View Text Solution

55. Goodwill under Average Profit Method means

A. Average profit $\times$ Number of years purchase

B. Normal profit $\times$ Number of year's purchase

C. Super profit $\times$ Number of year's purchase

D. None of the above

Answer: A

View Text Solution

56. The formula for Capitalisation of Super Profit Method is

A. Super Profit $\times$ Number of year's purchase

B. Super Profit $\times$ 100 + Normal Rate of Return

C. (Super Profit $-$ Normal Profit) $\times 100 \div$ Normal Rate of Return

D. None of the above

Answer: B

View Text Solution

57. Which of the following statement is correct ?

A. Goodwill is a fictitious asset

B. Goodwill is a current asset

C. Goodwill is a wasting asset

D. Goodwill is an intangible asset

Answer: D

View Text Solution

58. The excess amount which the firm gets on selling its business over and above the net value is

A. Surplus

B. Super Profits

C. Reserve

D. Goodwill

Answer: D

View Text Solution

59. Which of the following is not true in relation to goodwill ?

A. it is an intangible asset

B. It is a fictitious asset

C. It has a realisable value

D. All of these

Answer: B

View Text Solution

60. When Goodwill is not -purchased, Goodwill can

A. not be accounted in the books

B. be accounted in the books

C. be partially accounted in the books

D. be accounted as per the agreement of the partners

Answer: A

View Text Solution

61. Goodwill of the firm is not affected by

A. Location of the firm

B. Favourable Contracts

C. Better customer service

D. None of these

Answer: D

View Text Solution

62. Weighted Average Profit Method of calculating goodwill is used when

A. Profit are not equal

B. Profit show a trend

C. Profit are fluctuating

D. None of these

Answer: B

View Text Solution

63. Average profit of a business over the last five years was Rs.60,000. The normal commercial yield on capital invested in such business is 10% p.a. Net capital invested in the business is Rs.5,00,000. Amount of goodwill, if it is based on year's purchase of last 5 year 's super profits will be

A. Rs 1,00,000

B. Rs 1,80,000

C. Rs 30,000

D. Rs 1,50,000

Answer: C

Watch Video Solution

64. Under the Capitalisation of Super Profit, the formula for calculating the goodwill is

A. Super profit multiplied by the rate of return

B. Average profit multiplied by the rate of return

C. Super profit divided by the rate of return

D. Average profit divied by the rate of return

Answer: C

View Text Solution

65. Total assets of a firm including fictitious assets of Rs 5,000 are Rs 85,000. Liabilities of the firm are Rs 30,000. Normal rate of return is 10% and the average profit of the firm is Rs 8,000. Calculate goodwill as per capitalisation of super profit

A. Rs 20,000

B. Rs 30,000

C. Rs 25,000

D. None of these

Answer: B

View Text Solution

66. Total capital employed in the firm is Rs 8,00,000, Normal Rate of Return is 15% and Profit for the year is Rs 12,00,000. The value of goodwill of the firm as per capitalisation method would be

A. Rs 82,00,000

B. Rs 12,00,000

C. Rs 72,00,000

D. Rs 42,00,000

Answer: C

View Text Solution

67. A firm earns Rs 1,10,000. The normal rate of return is 10%. Assets of the firm were Rs 11,00,000 and liabilities Rs 1,00,000. Value of goodwill by capitalisation of average profit will be

A. Rs 2,00,000

B. Rs 10,000

C. Rs 5,000

D. Rs 1,00,000

Answer: D

View Text Solution

68. In the event of change in profit -sharing ratio, General Reserve appearing in the Balance Sheet is transferred to Capital Accounts of partners in their

A. sacrificing ratio

B. gaining ratio

C. old profit -sharing ratio

D. New profit-sharing ratio

Answer: c

View Text Solution

69. In the event of change in profit-sharing ratio, Workmen Compensation Reserve appearing in the Balance Sheet is transferred to Capital Accounts of partners

A. after providing for claim of workmen, if any

B. Ignoring the claim of workmen, if any

C. Both (a) and (b)

D. None of these

Answer: a

View Text Solution

70. In the event of change in profit -sharing ratio, Investments Fluctuation Reserve

View Text Solution

71. Assets are revalued and liabilities are reassessed at the time of change in profit-sharing ratio so that

A. assets and liabilities are shown at their present value

B. gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa

C. Both (a) and (b)

D. None of the above

Answer:

View Text Solution

72. At the time of change in profit-sharing ratio, sacrificing ratio is determined so that

A. assets and liabilities are shown at their present value

B. gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa

C. gaining partner can compensate the sacrificing partner for the sacrifice of profit share

D. None of the above

Answer:

View Text Solution

73. Sacrificing Ratio is

A. New Ratio - Old Ratio

B. Old Ratio - New Ratio

C. Old Ratio - Gaining Ratio

D. Gaining Ratio - Old Ratio

Answer: b

View Text Solution

74. Gaining Ratio is

A. New Ratio - Sacrificing Ratio

B. Old Ratio - Sacrificing Ratio

C. New Ratio - Old Ratio

D. Old Ratio - New Ratio

Answer: c

View Text Solution

75. Any change in the relastionship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called

A. Revaluation of partnership

B. Reconsititution of partnership

C. Realisation of partnership

D. None of these

Answer:

View Text Solution

76. AB & Co. has 50 partners. It wants to admit a new Partner. Can it do so ?

A. Yes

B. No

C. Yes, if all the partners agree

D. None of these

Answer: B

View Text Solution

77. The ratio in which old partners agree to surrender their shares in profit in favour of new partner is called

A. sacrificing ratio

B. gaining ratio

C. Profit-sharing Ratio

D. Capital Ratio

Answer: A

View Text Solution

78. If the adjustment in the values of assets and liabilities at the time of the admission of a partner shows gain (profit), if is credited to the Capital Accounts of

A. the old partners in their new profit-sharing ratio

B. all partners in their new profit-sharing ratio

C. the old partners in their old profit-sharing ratio

D. None of the above

Answer: C

View Text Solution

79. X and Y are partners sharing profits in the ratio of $3:2$. Z is admitted for $1/4th$ share in profit which he acquires equally from X and Y . The new ratio be

A. $9:6:5$

B. $19:11:10$

C. $3:3:2$

D. None of these

Answer: B

Watch Video Solution

80. New partner can be admitted into partnership

A. with the consent of any one partner

B. with the consent of majority of partners

C. with the consent of all the partners

D. with the consent of 2/3rd of old partners

Answer: C

View Text Solution

81. On the admission of a new partner

A. old firm is dissolved

B. old partnership is dissolved

C. both old partnership and firm are dissolved

D. neither partnership nor firm is dissolved

Answer: B

View Text Solution

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

A. Goodwill A/c

B. New Partner's Capital A/c

C. Cash A/c

D. Old Partner's Capital A/cs

Answer: C

View Text Solution

83. When a new partner does not bring his share of goodwill in cash, the amount is debited to

A. Cash A/c

B. Premium A/c

C. New Partner's Capital/Current A/c

D. Old Partner's Capital/Current A/cs

Answer: C

View Text Solution

84. If, at the time of admission, balance appears in the Profit and Loss Account in the books, it is transferred to

A. Profit and Loss Adjustment Account

B. All Partner's Capital Accounts

C. Old Partner's Capital Accounts

D. Revaluation Account

Answer: C

View Text Solution

85. If at the time of admission there is an unrecorded liability, it is

A. Debited to Revaluation Account

B. Credited to Revaluation Account

C. Debited to Goodwill Account

D. Credited to Partner's Capital Accounts

Answer: A

View Text Solution

86. In the absence of an agreement as to who will contribute to new partner's share of profit, it is implied that the old partners will contribute

A. Equally

B. In the ratio of their capitals

C. In their old Profit-sharing ratio

D. In the gaining ratio

Answer: C

View Text Solution

View Text Solution

87. X and Y are equal partners in a firm. Their capital accounts show credit balances of Rs 1,80,000 and Rs 1,20,000 respectively, A new partner Z is admitted with 1/5th share in profits. He brings Rs 1,40,000 for his capital, Value of hidden goodwill at the time of Z's admission will be

A. Rs 2,60,000

B. Rs 2,50,000

C. Rs 2,00,000

D. None of these

Answer: A

View Text Solution

88. In case of admission of a partner, the entry for unrecorded investments is

A. Debit Partner's Capital A/cs and Credit Investments A/c

B. Debit Revaluation A/c and Credit Investments A/c

C. Debit Investments A/c and Credit Revaluation A/c

D. None of the above

Answer: C

View Text Solution

89. When Revaluation Account is opened and the balance sheet is prepared after the new partnership agreement, the assets and liabilitiles are recorded at

A. Historical cost

B. Current cost

C. Realisable value

D. Revalued amounts

Answer: D

View Text Solution

90. Goodwill of a firm of A and B is valued at Rs. 30,000. Goodwill is appearing in the books at Rs. 12,000. C is admitted for $1/4th$ share , amount that will bring for goodwill is

A. Rs 3,000

B. Rs 4,500

C. Rs 7,500

D. Rs 10,500

Answer: C

Watch Video Solution

91. Which of the following statement is correct ?

A. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in sacrificing ratio

B. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in gaining ratio

C. Goodwill at the time of retirement of a partner is debited to remaining Partner's Capital Accounts in sacrificing ratio

D. Goodwill at the time of retirement of a partner to the extent of retiring Partner's Share is debited to remaining Partner's Capital Accounts in gaining ratio

Answer: D

View Text Solution

92. Revaluation Account is prepared at the time of

A. Admission of partner

B. Retirement of partner

C. Death of partner

D. All the these

Answer: D

View Text Solution

93. Unrecorded assets are

A. Debited to Revaluation Account

B. Credited to Revaluation Account

C. Credited to Partner's Capital Accounts

D. None of these

Answer: B

View Text Solution

94. Balance fo Revaluation Account, in case of fixed capitals, is transferred to

A. Parnter's Capital Account

B. Partner's Current Account

C. Profit and Loss Account

D. None of these

Answer: B

View Text Solution

95. On the death of the partner his legal representatives are entitled to the profit

A. For the full year

B. From the date of death till the finalisation of accounts

C. Begining of the financial year up to the date of death

D. None of the above

Answer: C

View Text Solution

96. Increase in liability at the time of retirement of a partner is

A. Credited to Revaluation Account

B. Debited to Revaluation Account

C. Debited to Profit and Loss Account

D. None of these

Answer: B

View Text Solution

97. Increase in the value of assets at the time of retirement of a partner is

A. Credited to Revaluation Account

B. Debited to Revaluation Account

C. Debited to Profit and Loss Account

D. None of these

Answer: A

View Text Solution

98. Decrease in liability at the time of retirement of a partner is

A. Credited to Revaluation Account

B. Debited to Revaluation Account

C. Debited to Profit and Loss Account

D. None of these

Answer: A

View Text Solution

99. Decrease in the value of assets at the time of retirement of a parnter is

A. Credited to Revaluation Account

B. Debited to Revaluation Account

C. Debited to Profit and Loss Account

D. None of these

Answer: B

View Text Solution

100. Gaining Ratio is

A. old Profit-sharing Ratio less New Profit-sharing Ratio

B. Old Profit-sharing Ratio

C. New Profit-sharing Ratio

D. New Profit-sharing Ratio less Old Profit-sharing ratio

Answer: D

View Text Solution

101. A, B and C are partner sharing profits in the ratio $4:5:3$, C retires and remaining partners decide to share profit in the ratio $7:8$ What will be the gaining ratio?

A. $8:7$

B. $4:5$

C. $1:1$

D. None of these

Answer: A

Watch Video Solution

102. A,B and C are the partners sharing profits in the ratio $3:2:1$,C retires . If A and B purchase the share of retiring partner equally , what will be new profit - sharing ratio ?

A. $1:3$

B. $3:2$

C. $1:1$

D. None of these

Answer: B

Watch Video Solution

103. A,B and C are the partners sharing profits in the ratio $3:2:1$,C retires . If A and B purchase the share of retiring partner equally , what will be new profit - sharing ratio ?

A. $3:2$

B. $1:2$

C. $2:1$

D. None of these

Answer: A

Watch Video Solution

104. A,B and C are the partners sharing profits in the ratio $3:2:1$,C retires . If A and B purchase the share of retiring partner equally , what will be new profit - sharing ratio ?

A. $7:5$

B. $3:2$

C. $1:1$

D. None of these

Answer: A

Watch Video Solution

105. A, B and C are three parnters in the firm, sharing in the ratio $2:2:1$. B retires from the firm on 31st March, 2019. The firm decides not to raise Goodwill Account. What entry will be passed in the books at the time of retirement of B for the goodwill ?

A. Dr. Goodwill A/c, Cr. B's Capital A/c

B. Dr. Goodwill A/c, Cr. A's, B's and C's Capital A/c

C. Dr. A's and C's Capital A/cs, Cr. B's Capital A/c (with B's share of Goodwill in gaining ratio)

D. None of the above

Answer: C

View Text Solution

106. A, B and C are partners, sharing profits and losses in $3:2:1$, B died, the firm decided to value goodwill on the basis of 3 year's purchase of average of 5 years' profits. The profits of the firm for the last five years before charging interest on capital are Rs 10,000, Rs 9,000, Rs 11,000, Rs 7,000 and Rs 8,000. The capital of the firm stood at Rs 50,000 and interest rate is 8%. What will be the share of goodwill of B?

A. Rs 10,000

B. Rs 15,000

C. Rs 21,000

D. None of these

Answer: D

View Text Solution

107. A, B and C are partners, B retires from the firm, on the date of his retirement stock, sundary debtors and provision of doubtful debts stand in the Books of Account at Rs 50,000, Rs 45,000 and Rs 4,500 respectively. The partners decided to reduce the value of stock to 90%, provision for doubtful debts to be brought to 15% of sundry debtors. The entry made for revaluation of stock will be :

A. Dr. Revaluation A/c - Rs 5,000, Cr. Stock A/c - Rs 5,000

B. Dr. Profit and Loss A/c - Rs 5,000, Cr. Stock A/c - Rs 5,000

C. Dr. B's Capital A/c - Rs 5,000, Cr. Revaluation A/c - Rs 5,000

D. None of the above

Answer: A

View Text Solution

108. A, B and C are three partners, B retires from the firm, on the date of his retirement stock, sundary debtors and provisions of doubtful debts stand in the Books of Account at Rs 50,000 Rs 45,000 and Rs 4,500 respectively. The partners decided to reduce the value of stock to 90% provision for doubtful debts to be brought to 15% of sundry debtors. The entry made for provision for doubtful debts will be :

A. Dr. Revaluation A/c - Rs 2,250, Cr. Provision for Doubtful Debts A/c - Rs 2,250

B. Dr. Profit and Loss A/c - Rs 6,750, Cr. Debtor's A/c - Rs 6,750

C. Dr. B's Capital A/c - Rs 6,750, Cr. Revaluation A/c - Rs 6,750

D. None of the above

Answer: A

View Text Solution

109. Claim of the retiring partner is payable in the following form

A. Fully in cash

B. Fully transferred to Loan Account to be paid later with some interest on it

C. Partly in cash and partly as loan repayable later with agreed interest

D. Any of the above

Answer: D

View Text Solution

110. A, B and C are partners sharing profit and losses in the ratio of $2:2:1$, B retires from the firm, at that time goodwill of the firm was valued at Rs 30,000. What contribution has to be made by A and C in order to pay B?

A. Rs 20,000 and Rs 10,000

B. Rs 15,000 and Rs 15,000

C. Rs 8,000 and Rs 4,000

D. Rs 6,000 and Rs 6,000

Answer: C

View Text Solution

111. A, B and C are partners in the firm, sharing profits in the ratio of $2:2:1$. Their Capital Accounts stand as Rs 50,000 Rs 50,000 and Rs 25,000, respectively. B retired from the firm and balance in the reserve on that date was Rs 15,000. If goodwill of the firm is Rs 30,000 and profit on revaluation is Rs 7,050, what amount will be transferred to B's Loan Accounts ?

A. Rs 50,820

B. Rs 70,820

C. Rs 8,820

D. None of these

Answer: B

View Text Solution

View Text Solution

112. X, Y and Z are partners, sharing profits in the ratio of $2:2:1$, Y died on 30th June, 2019 and profit for the accounting year 2018-19 was Rs 36,000. How much share of profit will be credited to Y, for the period 1st April, 2019 to 30th June, 2019 ?

A. Rs 3,000

B. Rs 2,400

C. Rs 3,600

D. None of these

Answer: C

View Text Solution

113. Retiring partner is compensated by the continuing partners in their

A. Gaining Ratio

B. Capital Ratio

C. Sacrificing Ratio

D. Profit-sharing Ratio

Answer: A

View Text Solution

114. Accumulated profits on the retirement of a partner are

A. Credited to all Partner's Capital Accounts in old profit-sharing ratio

B. Debited to all Partner's Capital Accounts in old profit-sharing ratio

C. Credited to remaining Partner's Capital Account in new profit - sharing ratio

D. Credited to remaining Partner's Capital Accounts in gaining ratio

Answer: A

View Text Solution

115. Partner's Capital Account is debited

A. to record the General Reserve

B. to record the gain on revaluation

C. to record to Profit and Loss A/c (Dr.)

D. to recored the shortage of capital brought in

Answer: C

View Text Solution

116. At the time of retirement of a partner, gain (profit) on revaluation is credited to

A. Capital Account of retiring partner

B. Capital Accounts of all partners in their old profit-sharing ratio

C. Capital Accounts of the remaining partners in their old profit-sharing ratio

D. Capital Accounts of the remaining partners in their new profit-sharing ratio

Answer: B

View Text Solution

117. As per Section 37 of the Indian Partnership Act, 1932, the executors would be entitled at their choice to the interest calculated from the date of death till the date of payment of the final amount due to the decreased partner at

A. 6% p.a

B. 7% p.a

C. 8% p.a

D. 10% p.a

Answer: A

View Text Solution

118. Which of the following is not the mode of dissolution of the firm ?

A. By Mutual Agreement

B. On happing of an event

C. Dissolution by court

D. Retirement of a partner

Answer: D

View Text Solution

119. At the time of dissolution of firm, Loan given by partner to the firm is paid out of the amount realised on sale of assets

A. after paying off outside liabilities but before repayment of capital

B. after paying off Capital of partners

C. after paying off above (a) or (b)

D. None of the above

Answer: A

View Text Solution

120. At the time of dissolution of firm, at what stage the balances of Partner's Capital Accounts are paid ?

A. After paying Outsider's Liabilities

B. Before paying partner's loan

C. After paying Outsiders' Liabilities and Partner's Loan

D. None of the above

Answer: C

View Text Solution

121. On dissolution, if a partner pays firms liability which of the following account is debited ?

A. Profit and Loss Account

B. Realisation Account

C. Partner's Capital Accounts

D. Cash Account

Answer: B

View Text Solution

122. Amount received from sale of unrecorded asset at the time of dissolution of the firm is credited to

A. Partner's Capital Accounts

B. Profit and Loss Account

C. Realisation Account

D. Cash Account

Answer: C

View Text Solution

123. If the firmm is dissolved the partner's personal assets are first used for payment of the

A. firm's liabilities

B. Personal liabilities

C. Any of (a) of (b)

D. None of these

Answer: B

View Text Solution

124. On dissolution, Goodwill Account is transferred to

A. In the Capital Accounts of Partners

B. On the Credit of Cash Account

C. On the Debit of Realisation Account

D. On the Credit of Realisation Account

Answer: C

View Text Solution

125. At the time of dissolution of partnership firm, Deferred Revenue Expenditure (Advertisement Expenditure) is transferred to

A. Capital Account of Partners

B. Realisation Account

C. Cash Account

D. Partner's Loan Account

Answer: A

View Text Solution

126. Realisation expenses Rs 15,000 were paid by the firm on behalf of a partner. Which of the following entry will be passed ?

A.

		Rs	Rs
Realisation A/c	...Dr	15,000	
To Cash/Bank A/c			15,000

B.

		Rs	Rs
Realisation A/c	...Dr	15,000	
To Concened Partner's Capital A/c			15,000

C.

		Rs	Rs
Concerned Partner's Capital A/c	.... Dr	15,000	
To Cash/Bank A/c			15,000

D. None of the above

Answer: C

View Text Solution

127. Realisation expenses of Rs 10,000 were to be borne and were also paid by a partner. State which account will be debited and credited

		Rs	Rs
A. Realisation Account	.... Dr	10,000	
To Cash A/c			10,000

		Rs	Rs
B. Cash A/c	...Dr	10,000	
To Realisation A/c			10,000

		Rs	Rs
C. Concerned Partner's Capital A/c	...Dr	10,000	
To Cash/Banl A/c			10,000

D. No Entry

Answer: D

View Text Solution

128. Which of the following is not transferred to Realisation Account ?

A. Balance of Cash Account

B. Balance of Reserves

C. Balance of Profit and Loss Account

D. All of these

Answer: D

View Text Solution

129. On firm's Dissolution, Goodwill was realised at Rs 40,000. State which account will be credited

A. Cash A/c

B. Realisation A/c

C. Profit and Loss A/c

D. None of these

Answer: B

View Text Solution

130. At the time of dissolution, a partner gives his personal asset to firm's creditor in settlement, the account credited will be

A. Realisation A/c

B. Partner's Capital A/c

C. Cash A/c

D. None of these

Answer: B

View Text Solution

131. In case of dissolution, assets are transferred to Realisation Account

A. At Book Value

B. At Market Value

C. At Cost or Market Value, whichever is lower

D. None of these

Answer: A

View Text Solution

132. On dissolution of a firm, an unrecorded furniture of Rs 5,000. was taken by a partner for Rs 4,300 against payment. Which Account will be credited and by how much amount ?

A. Cash Account by Rs 4,300

B. Realisation Account by Rs 700

C. Partner's Capital Account by Rs 5,000

D. Realisation Account by Rs 4,300

Answer: D

View Text Solution

133. On the basis of folllowing data, what final payment to a partner on firm's dissolution will be made. Debit balance of Capital Account Rs 14,000. Share of his profit on realisation Rs 43,000. Firm's asset taken by him for Rs 17,000

A. Rs 31,000

B. Rs 29,000

C. Rs 12,000

D. Rs 60,000

Answer: C

View Text Solution

134. At the time of dissolution of a firm, Debtors were Rs 17,000 out of which Rs 500 became bad and the rest realised 60%. Which account will be debited and by how much amount ?

A. Realisation Account by Rs 16,500

B. Profit and Loss Account by Rs 500

C. Cash Account by Rs 9,900

D. Debtors Account by Rs 7,100

Answer: C

View Text Solution

135. In the Balance Sheet, Debtors appear at Rs 50,000 and Provision for Doubtful Debts at Rs 1,500. How much amount will be realised from Debtors, if bad debts amount to Rs 10,000 and remaining debtors are realised at a discount of 5% ?

A. Rs 38,000

B. Rs 36,500

C. Rs 36,575

D. Rs 39,500

Answer: A

View Text Solution

136. P, a partner, is to bear realisation expenses for which he is to paid Rs 2,00. p had to pay realisation expenses of Rs 2,500. How much amount will be debited to Realisation Account ?

A. Rs 500

B. Rs 2,500

C. Rs 4,500

D. Rs 2,000

Answer: D

View Text Solution

View Text Solution

137. Investments of Rs 2,00,000 were not shown in the books. One of the creditors took these investments in full settlement of his debt of Rs 2,20,000. How much amount will be payable to that creditor ?

A. Rs 20,000

B. Rs 2,20,000

C. Rs 4,20,000

D. Nil

Answer: D

View Text Solution

138. Debtors Rs 2,64,000. Provision for Doubtful Debts Rs 24,000. Rs 48,000 of the book debts proved bad. Realisation Account is to be credited with

A. $Rs2, 16, 000$

B. `Rs 2,40,000

C. Rs 1,92,000

D. None of these

Answer: A

View Text Solution

139. Rohit, a partner is to carry out dissolution and he gets Rs 50,000 as remuneration. Realisation Expenses were Rs 25,000. What will be the amount debited to Realisation Account ?

A. Rs 50,000

B. Rs 75,000

C. Rs 25,000

D. None of these

Answer: B

View Text Solution

140. The firm paid realisatio expenses of Rs 10,000 on behalf of Nihar, a partner with whom it was agreed at Rs 25,000. Realisation Expenses cane to Rs 35,000. Realisation Account will be debited by

A. Rs 10,000

B. Rs 35,000

C. Rs 25,000

D. Rs 70,000

Answer: C

View Text Solution

141. A firm is dissolved, Pawan, a partner is to carry out dissolution. Rs 50,000 is fixed as his remuneration. Realisation Expenses were Rs 25,000, which were paid by Pawan. Capital Account will be credited by

A. Rs 50,000

B. Rs 75,000

C. Rs 25,000

D. None of these

Answer: B

View Text Solution

142. A firm is dissolved, Param, a partner is to carry out dissolution for which he will get Rs 5,000, including expenses. Realisation Expenses were rs 2,500. Realisation Account will be debited by

A. Rs 5,000

B. Rs 2,500

C. Rs 7,500

D. None of these

Answer: A

View Text Solution

143. A firm is dissolved Raman, a partner is to carry out dissolution for which he will get Rs 50,000, including expenses. Realisation Expenses were Rs 25,000, which were paid by the firm. Realisation Account will be debited by

A. Rs 50,000

B. Rs 25,000

C. Rs 75,000

D. None of these

Answer: A

View Text Solution

144. Harman carried out dissolution of the firm for a remuneration of Rs 20,000. He later agreed to take stock valued at Rs 18,000 in settlement of his remuneration. What accounting treatment will be given for this arrangement

A.

		Rs	Rs
Harman	...Dr	20,000	
To Stock A/c			18,000
To Realisation A/c			2,000

B.

		Rs	Rs
Harman	...Dr	18,000	
To Realisation A/c			18,000

C. No Entry

D. None of the above

Answer: C

View Text Solution

145. Premium on issue of shares can be used for

A. issue of fully paid bonus shares

B. writing off preliminary expenses

C. writing off discount/loss on issue of debentures

D. All the above

Answer: D

View Text Solution

146. When shares are forfeited, share Capital Account is debited with

A. nominal value of shares

B. called-up value of shares

C. paid-up value of shares

D. market value of shares

Answer: B

View Text Solution

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

A. Rs 12

B. Rs 10

C. Rs 8

D. Rs 6

Answer: B

View Text Solution

148. If the loss on reissue of shares is less than the amount forfeited, the surplus is transferred to

A. Capital Reserve

B. An asset

C. Revenue Reserve

D. None of these

Answer: A

View Text Solution

149. A company has issued 10,000 Equity Shares of Rs 10 each and it has called the total nominal value. It has received the total amount, except the final call of Rs 3 on 500 Equity Shares. These 500 Equity Shares will be shown as

A. Subscribed and fully paid-up

B. Subscribed but not fully paid-up

C. Issued share capital

D. None of these

Answer: B

View Text Solution

150. X Ltd. Forfeited 2,000 hares of Rs 10 each (which were issued at par) held by Naresh 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 Account will be

A. Rs 10,000

B. Rs 8,000

C. Rs 2,000

D. Rs 18,000

Answer: D

View Text Solution

151. Green Ltd. Had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs 2 per share. Mohan applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from Mohan are

A. 60 shares Rs 120

B. 320 shares, Rs 200

C. 340 shares, Rs 100

D. 300 shares, Rs 240

Answer: D

View Text Solution

152. Star Ltd. Issued 10,000 equity shares of Rs 100 each at a premium of 20%. Mamta, who has been allotted 2,000 shares did not pay first and final call Rs 5 per share. On forfeiture of Mamt's shares, amount debited to Securities Premium Reserve Account will be

A. Rs 5,000

B. Rs 10,000

C. Rs 15,000

D. NIL

Answer: D

View Text Solution

153. Anothony Ltd. Issued 40,000 equity shares of Rs 20 each payable as Rs 5 on application, Rs 7 on allotment and Rs 8 on final call. Company received the due amount but one shareholder holding 250 shares did not pay the allotment money and another shareholder holding 150 shares failed to pay the amount due on final call. Total amount of Calls-in-Arrears is

A. Rs 1,750

B. Rs 3,200

C. Rs 6,000

D. Rs 4,950

Answer: D

View Text Solution

154. Gopal Ltd. Purchased machine of Rs 1,15,000 from Indian Traders, payment of Rs 10,000 was made by issuing cheque and the remaining amount by issue of equity shares of the face value of Rs 10 each fully paid at an issue price of Rs 10.50 each. Amount of securities premium will be

A. Rs 6,000

B. Rs 7,000

C. Rs 5,000

D. Rs 4,000

Answer: C

View Text Solution

155. Mohar Ltd. Forfeited 160 shares of Rs 10 each on which the holder had paid only the application money of Rs2 per share. Out of these, 40 shares were reissued to Gaurav as fully paid for Rs 9 per share. The gain on rejssue is

A. Rs 320

B. Rs 160

C. Rs 40

D. None of these

Answer: C

View Text Solution

156. MIG Ltd. Forfeited 40 shares of Rs 10 each issued at a premium of 40 % to Raj who pad applled for 48 shares. After having paid Rs 6 (including Rs 2 premium), he did not pay allotment money of Rs 2 (including Rs 1 premium) and on his subsequent failure to pay the first call of Rs 3 (including Rs 1 premium) his shares were forfeited. The amount to be credited to Forfeited Share Account is

A. Rs 288

B. Rs 200

C. Rs 192

D. Rs 160

Answer: B

View Text Solution

157. Deepak Ltd. Offered 5,50,000 equity shares of Rs 10 each. The public applied for 5,00,000 shares. The call (Rs 8 per share) was received except form Gopal, who holds 4,000 shares has not paid after application money of Rs 2 per share and from Shyam who holds 1,000 shares has paid only Rs 6 per share. Gopal's shares were forfeited. The amount of subscribed capital to be disclosed in the Balance Sheet is

A. Rs 39,96,000

B. Rs 39,74,000

C. Rs 49,46,000

D. Rs 49,74,000

Answer: B

View Text Solution

158. If a sharehold does not pay his dues on allotment, for the amount due, there will be a

A. Credit balance in the Share Allotment Account

B. Debite balance in the Shares Forfeiture Account

C. Credit balance in the Shares Forfeiture Account

D. Debit balance in the Shares Allotment Account

Answer: D

View Text Solution

159. Sun & Moon Ltd. Invited applications for 25,000 equity shares of Rs 10 each and received 30,000 applications along with the application money of Rs 4 per share. Which of the following alternative can be followed ?

(i) Refund the excess application money and full allotment to rest of the applicants

(ii) Not to allot any share to some applicant, full allotment to some of the applicants and pro rata allotment to the rest of the applicants

(iii) Not to allot any share to some applicants and make pro rata allotment to other applicants

A. only (i) above

B. both (i) and (iii) above

C. all of the above

D. only (ii) above

Answer: C

View Text Solution

160. Debentures are part of

A. Shareholder's Funds

B. Borrowed Funds

C. Borrowings from Bank

D. None of these

Answer: B

View Text Solution

161. Debentures are shown in the Balance Sheet of a company under the head of

A. Non-current Liabilities

B. Current Liabilities

C. Share Capital

D. None of these

Answer: A

View Text Solution

162. Debentureholders are

A. owners of the company

B. lenders of the company

C. vendors of the company

D. customers of the company

Answer: B

View Text Solution

163. Debenture interest is paid

A. at a predetermined rate

B. at variable rate

C. at a rate base on net profit of the company

D. at a rate as determined by the company form time to time

Answer: A

View Text Solution

164. At the time of issue of debentures, Debentures Account is

A. credited by the amount received

B. credited by the issue price of the debentures

C. credited by the nominal (face) value of the debentures

D. None of the above

Answer: C

View Text Solution

165. When debentures are issued at a discount, the discount is written off

A. after debentures have been redeemed

B. in the year when debentures are issued

C. during the life of the debentures

D. None of these

Answer: B

View Text Solution

166. Interest on Debentures is paid on

A. Amount received on Issue

B. Nominal (Face) Value

C. On Premium

D. None of these

Answer: B

View Text Solution

167. Debentures issued as Collateral Security

A. are recorded in the books

B. are not recorded in the books

C. may or may not be record in the books

D. None of these

Answer: C

View Text Solution

168. Interest on Debentures issued as Collateral Security is

A. paid

B. not paid

C. may or may not be paid

D. None of these

Answer: B

View Text Solution

169. Discount or Loss on Issue of Debentures is written off from

A. Securities Premium Reserve

B. Securities Premium Reserve (if it exists) and thereafter from Statement of Profit and Loss

C. Statement of Profit and Loss

D. None of the above

Answer: B

View Text Solution

170. Discount on Issue of Debentures is restricted to

A. 0.1

B. 0.2

C. 0.25

D. None of these

Answer: D

View Text Solution

171. A company has issued 5,000 8% Debentures of Rs 100 each at a premium of Rs 10. The prefix '8%' is

A. the rate of interest payable on the debentures

B. to distinguish from other debentures issued by the company

C. Both (a) and (b)

D. None of the above

Answer: A

View Text Solution

172. Electronics Ltd. Issued 10,000, 6% Debentures of Rs 100 each at a premium of Rs 10. It wil credit 6% Debentures by

A. Rs 11,00,000

B. Rs 10,00,000

C. Rs 9,00,000

D. None of these

Answer: B

View Text Solution

173. HP Ltd. Issued 5,000, 8% Debentures of Rs 100 each at Rs 95. It will will credit 8% Debentures Account by

A. Rs 5,00,000

B. Rs 4,75,000

C. (a) or (b) as it decides

D. None of these

Answer: A

View Text Solution

174. Dell Computers Ltd. Issued 10,000, 8% Debentures of Rs 100 each at a premium of Rs 10 on 1st April, 2018. Interest on Debentures for the year ended 31st March, 2019 will be

A. Rs 80,000

B. Rs 88,000

C. Rs 8,000

D. None of these

Answer: A

View Text Solution

175. Apple Computers Ltd. Issued 10,000, 7% Debentures of Rs 100 each at a discount of Rs 6 on 1st October, 2018. Interest for the year ended 31st March, 2019 will be

A. Rs 65,800

B. Rs 32,900

C. Rs 70,000

D. Rs 35,000

Answer: D

View Text Solution

176. Fast Internet Ltd. Issued 10,000, 7% Debentures of Rs 100 each at a discounted of Rs 6 on 1st October, 2018. These debentures are redeemable at a premium of Rs 4. Interest for the year ended 31st March, 2019 will be

A. Rs 65,800

B. Rs 32,900

C. Rs 70,000

D. Rs 35,000

Answer: D

View Text Solution

177. William Pens Ltd. Issued 10,000, 7% Debentures of Rs 100 each at a discount of Rs 4. It has a balance in Securities Premium Reserve of Rs 25,000. it will wirte off Discount on Issue of Debentures

A. Rs 40,000 from Securities Premium Reserve

B. Rs 40,000 from Statement of Profit and Loss

C. Rs 25,000 from Securities Premium Reserve and Rs 15,000 from Statement of Profit and Loss (Finance Cost)

D. Rs 15,000 from Securities Premium Reserve and Rs 25,000 from Statement of Profit and Loss (Finance Cost)

Answer: C

View Text Solution

178. Luxor Pens Ltd. Issued 10,000, 7% Debentures of Rs 100 each at a discount of Rs 4 redeemable at a premium of Rs 6. It will write off Loss on Issue of Debentures

A. from Securities Premium Reserve

B. from Statement of Profit and Loss

C. Any of the above

D. None of these

Answer: B

View Text Solution

179. The provisions of the Companies Act, 2013 in respect of redemption of debentures are to protect the interest to

A. Debentureholders

B. Creditors

C. Shareholders

D. Bankers

Answer: A

View Text Solution

180. Premium payable on redemption of debentures is in the nature of

A. Liability Account

B. Asset Account

C. Expense Account

D. None of these

Answer: A

View Text Solution

181. In case debentures of Rs 10,000 are issued at par but redeemable at a premium of 10%, the premium payable is debited to

A. Debentures Suspense Account

B. Premium on Redemption of Debentures Account

C. Loss on Issue of Debentures Account

D. both (a) and (c)

Answer: C

View Text Solution

182. Star Ltd. Has 10,000, 9% Debentures of Rs 100 each due for redemption at a premium of 5%. It already has a balance of Rs 1,50,000 in Debentures Redemption Reserve. How much amount Star Ltd. is required to tranfer to Debentures Redemption Reserve ?

A. Rs 1,00,000

B. Rs 2,50,000

C. Rs 10,00,000

D. Rs 10,50,000

Answer: A

View Text Solution

183. Top Ramen Ltd. Decided to redeem 1,000, 10% Debentures of Rs 100 each redeemable at 10% premium. The company will have to invest in specified securifties at least

A. Rs 15,000

B. Rs 16,500

C. Rs 25,000

D. Rs 27,500

Answer: A

View Text Solution

184. 3 Aces Ltd. decides to redeem 2,000, 9% Debentures of Rs 100 each on 31 st December, 2018. The company should invest in specified securities on or before

A. 30th April, 2017

B. 30th April, 2018

C. 31st December, 2017

D. 31st December, 2016

Answer: B

View Text Solution

185. Best Barcode Ltd. Decides to redeem 10,000, 10% Debentures of Rs 100 each on 30th June, 2018. The company should invest in specified securities on or before

A. 30th April, 2017

B. 30th April, 2016

C. 30th June, 2017

D. 30th April, 2018

Answer: D

View Text Solution

186. Global Savings Bank Ltd. Is to redeem 10,000, 10% Debentures of Rs 100 each on 30th June, 2018 How much amount should be transferred to DRR by it ?

A. Rs 2,50,000

B. Rs 1,00,000

C. Rs 5,00,000

D. NIL

Answer: D

View Text Solution

187. United Commerical Bank Ltd. is to redeem 40,000, 10% Debentures of Rs 100 each on 31st December, 2018. How much amount should it invest in specified securities ?

A. Rs 6,00,000

B. Rs 10,00,000

C. Rs 5,00,000

D. Nil

Answer: D

View Text Solution

188. Amount is set aside to Debentures Redemption Reserve (DRR) by

A. All the companies

B. All companies except Banking Company

C. All companies except All India Financial Institutions regulated by RBI

D. All companies except Banking Company and All India Financial Insititutions regulated by RBI

Answer: D

View Text Solution

189. Amount is not set aside to Debenture Redemption Reserve (DRR) if

A. The debentures are not convertible

B. The debentures are partly convertible

C. The debentures are fully convertible

D. None of these

Answer: C

View Text Solution

190. Amount is invested in Debentures Redemption Investment (DRI) by

A. All the companies

B. All those companies which are required to set aside amount to Debenture Redemption Reserve

C. Both (a) and (b)

D. None of the above

Answer: B

View Text Solution

191. Amount is not invested in Debenture Redemption Investment (DRI) if

A. The debentures are not convertible

B. The debentures are partly convertible

C. The debentures are fully convertible

D. None of the above

Answer: C

View Text Solution

192. Once the debentures are redeemed, amount of Debenture Redemption Reserve (DRR) is transferred to

A. Capital Reserve

B. Surplus ie Balance in Statement of Profit and Loss

C. General Reserve

D. Capital Redemption Reserve

Answer: C

View Text Solution

193. Anmol Ltd. Is to redeem 10,000, 8% Debentures of Rs 100 each at a premium of Rs 10. Amount that should be set aside to Debenture Redemption Reserve (DRR) is

A. Rs 2,50,000

B. Rs 10,00,000

C. Rs 11,00,000

D. None of these

Answer: A

View Text Solution

View Text Solution

194. Rattan Ltd. Is to redeem 10,000, 8% Debentures of Rs 100 each at a premium of Rs 10 out of profit. Amount that should be set aside to Debenture Redemption Reserve (DRR) is

A. Rs 2,50,000

B. Rs 10,00,000

C. Rs 11,00,000

D. None of these

Answer: C

View Text Solution

195. Anmol Rattan Ltd. Is to redeem 10,000, 8% Debentures of Rs 100 each at a premium of Rs 10 out of profit. Amount that should be invested in Debenture Redemption Investment is

A. Rs 1,50,000

B. Rs 1,65,000

C. Rs 3,15,000

D. None of these

Answer: A

View Text Solution

196. H & S Ltd. has outstanding 10,000, 8% Debentures of Rs 100 each that are redeemable at premium of Rs 10 each. Out of these, 5,000 debentures are to be redeemed on 31st December, 2018. Debenture Redemption Reserve should be

A. Rs 1,37,500

B. Rs 1,25,000

C. Rs 2,50,000

D. Rs 2,75,000

Answer: C

View Text Solution

197. G & S Ltd. Had outstanding 10,000, 8% Debentures of Rs 100 each that are redeemable at premium of Rs 10 each. Out of these, 5,000 debentures are to be redeemed on 31st December, 2018. Debenture Redemption Investment should be

A. Rs 75,000

B. Rs 82,500

C. Rs 1,50,000

D. Rs 1,65,000

Answer: A

View Text Solution

198. Arpit Ltd. is to redeem its debentures of nominal (face) value Rs 2,50,000 each on 30th June, 2018. 30th September, 2018, 31st Deceber, 2018 and 31st March 2019. The amount to be invested in Debenture Redemption Investment on or before 30th April, 2019 should be

A. Rs 37,500

B. Rs 1,50,000

C. Rs 2,50,000

D. Rs 10,00,000

Answer: A

View Text Solution

199. Anurag Ltd. is to redeem its debentures of nominal (face) value Rs 2,50,000 each on 30th September, 2018, 31st December, 2018, 31st

March, 2019 and 30th June, 2019. The amount to be invested in Debenture Redemption Investment on or before 30th April, 2018 should be

A. Rs 37,500

B. Rs 1,50,000

C. Rs 2,50,000

D. Rs 1,12,500

Answer: D

View Text Solution

200. Vikas Bank Ltd. has outstanding 50,000, 5% Debentures of Rs 100 each redeemable at a premium of Rs 10 each. These debentures are to be redeemed. Amount that will be set aside out of profit to Debenture Redemption Reserve is

A. Rs 50,00,000

B. Rs 12,50,000

C. Rs 25,00,000

D. Nil

Answer: D

View Text Solution

201. UTI Bank Ltd. has outstanding 50,000, 5% Debentures of Rs 100 each redeemable at a premium of Rs 10 each. These debentures are to be redeemed. Amount that should be invested in Debenture Redemption Reserve is

A. Rs 7,50,000

B. Rs 5,00,000

C. Rs 50,000

D. Nil

Answer: D

View Text Solution

202. Home Store Ltd. has to redeem 50,000, 8% Debentures of Rs 100 each on 30th June, 2019. It should have a balance of Rs 12,50,000 in Debenture Redemption Reserve. It decides to set aside amount to Debenture Redemption Reserve on 31st March, 2019 on which date it has following reserves :

	Rs
Capital Reserve	6,00,000
Debenture Redemption Reserve	2,50,000
General Reserve	1,00,000
Surplus ie Balance in Statement of Profit and Loss	3,00,000

How much further amount it needs to set aside to Debenture Redemption Reserve and how much it can set aside out of the above reserves adn surplus ?

A. Rs 10,00,000 and Rs 10,00,000

B. Rs 10,00,000 and Rs 6,50,000

C. Rs 10,00,000 and Rs 4,00,000

D. Rs 10,00,000 and Rs 9,00,000

Answer: C

View Text Solution

203. Cross Roads Ltd. has to redeem 50,000, 8% Debentures of Rs 100 each on 30th June, 2019. It should have a balance of Rs 12,50,000 in Debenture Redemption Reserve. It decides to set aside amount to Debenture Redemption Reserve on 31st March, 2019 on which date it has following reserves:

	Rs
Capital Reserve	6,00,000
Dividend Equalisation Reserve	2,50,000
General Reserve	1,00,000
Surplus, i.e., Balance in Statement of Profit and Loss	3,00,000

How much further amount it needs to set aside to Debenture Redemption Reserve how much it can set aside out of the above reserves and surplus ?

A. Rs 12,50,000 and Rs 6,50,000

B. Rs 12,50,000 and Rs 4,00,000

C. Rs 12,50,000 and Rs 5,50,000

D. Rs 12,50,000 and Rs 12,50,000

Answer: A

View Text Solution

204. A company has issued 1,00,000 Equity Shares of Rs 10 each. It has called the total nominal value of the share. It has received the cells made except the final call of Rs 3 on 1,000 shares. Subscribed capital will be shown as follows:

A. Subscribed and not fully paid-up

B.

subscribed and fully paid-up	*Rs*
Rs 1,00,000 Equity Shares of Rs 10 each	10,00,000
Less: Calls-in-Arrears	3,000
	9,97,000

C.

Subscribed and fully paid-up		*Rs*
99,000 Equity Shares of Rs 10 each		9,90,000
Subscribed but not fully paid-up		
1,000 Equity Shares of Rs 10 each	10,000	
Less: Calls-in-Arrears	3,000	7,000
		9,97,000

D. Can be shown as (b) or as (c)

Answer: C

View Text Solution

205. Debentures redeemable after 10 years from the date of issue are shown as

A. Long term Borrowings

B. Other Long-tern Liabilities

C. Short-term Borrowings

D. Other Short-term Liabilities

Answer: A

View Text Solution

206. Name the item out of the following which appears as short-term Provision

A. Provision for Tax

B. Interest Accrued but not Due

C. Employee's Provident Fund

D. None of these

Answer: A

View Text Solution

207. Money Received Against Share Warrants is shown as

A. Shareholders' Funds

B. Other Long-term Liabilities

C. Long -term Provisions

D. Other Current Liabilities

Answer: A

View Text Solution

208. Share Application Money is shown as

A. Other Long -term Liabilities

B. Other Current Liabilities

C. Short-term Provisions

D. Trade Payables

Answer: B

View Text Solution

209. Call-in -Advance is shown as

A. Shareholders' Funds

B. Other Non-current Liabilities

C. Other Current Liabilities

D. Trade Payables

Answer: C

View Text Solution

210. Mining Right are

A. Tangible Fixed Assets

B. Intangible Fixed Assets

C. Intangible Assets Under Development

D. Capital Work-in-Progress

Answer: B

View Text Solution

211. Premium on Redemption of Debentures is shown as

A. Long-term Borrowings

B. Short-term Borrowings

C. Other Long-term Liabilities

D. Short-term Provisions

Answer: C

View Text Solution

212. Bills Payable is shown as

A. Long-term Borrowings

B. Short-term Borrowings

C. Other Current Liabilities

D. Trade Payables

Answer: D

View Text Solution

213. Surplus, i.e., Balance in Statement of Profit and Loss is shown as

A. Share Capital

B. Reserves and Surplus

C. Other Long-term Liabilities

D. None of these

Answer: B

View Text Solution

214. Patents and Trademarks are examples of

A. Intangible Fixed Assets

B. Tangible Fixed Assets

C. Intangible Assets under Development

D. Capital Work-in-Progress

Answer: A

View Text Solution

215. Identify the item which item which is not a part of Shareholder's Funds

A. Share Application Money Pending Allotment

B. Share Capital

C. Reserves and Surplus

D. Money Received against Share Warrants

Answer: A

View Text Solution

216. From the given items which is not shown under Current Liabilities

A. Trade Payables

B. Short-term Provisions

C. Short-term Borrowings

D. Inventories

Answer: D

View Text Solution

217. From the given items which is a part of Current Liabilities

A. Inventories

B. Trade payables

C. Cash and Cash Equivalent

D. Trade Receivables

Answer: B

View Text Solution

218. Which of the following is not shown is not shown as Non-Current Liabilieties ?

A. Trade Payables

B. Long-term Borrowings

C. Deferred Tax Liabilities

D. Long -term Provisions

Answer: A

View Text Solution

219. Which of the following is not a 'Long-term Borrowings' ?

A. Bonds

B. Debentures

C. Public Deposits

D. Trade Payables

Answer: D

View Text Solution

220. Which of the following is not Short-term Borrowings ?

A. Deposits

B. Loan repayable on demands

C. Bank Overdraft

D. Trade Receivables

Answer: D

View Text Solution

221. Which of the following is not Non-Current Assest

A. Fixed Assets

B. Share Capital

C. Long-term Loan and Advances

D. Non-current investments

Answer: B

View Text Solution

222. Inventories' include

A. Finished Goods

B. Raw Material

C. Work-in-Progress

D. All of these

Answer: D

View Text Solution

223. Cash and Cash Equivalents does not include

A. Cheques

B. Balance with banks

C. Bank deposits with nore than 12 months maturity

D. Inventories

Answer: D

View Text Solution

224. Out of the following items, identify the item that is not shown in the Note to Accounts on Employees Benefit Expenses

A. Wages

B. Business Promotion

C. Bonus

D. Gratuity paid

Answer: B

View Text Solution

225. Out of the items, identify which of the following item is not shown in the Note to Accounts on Other Expenses

A. Courier Expenses

B. Internet Expenses

C. Rent for factory

D. Wages

Answer: D

View Text Solution

226. Out of the following, identify the item that is not shown in the Note to Accounts on Fianance Costs

A. Interest paid on term loan

B. Bank Deposit

C. Interest Paid on Bank Overdraft

D. Discount on Issue of Debentures Written off

Answer: B

View Text Solution

227. Who of the following is not the Internal User of Financial Statements ?

A. Creditors

B. Shareholders

C. Management

D. Employees

Answer: A

View Text Solution

228. The important objective of financial analysis is

A. To determine liquidity (short -term Solvency, and Long-term Solvency)

B. To determine operating efficiency and profitability

C. To compare intra-firm position and to compare inter-firm positive

D. All of the above

Answer: D

View Text Solution

229. Financial Analysis can be used for

A. Securities Analysis

B. Credit Analysis

C. Dividend Decisions

D. All of these

Answer: D

View Text Solution

230. The purpose of analysis of financial statements for short-term creditors is

A. To determine whether their dues will be paid when due

B. To determine whether their principals and the interest their principals and the interest thereon will be paid when due

C. To determine whether they should buy the shares

D. None of the above

Answer: A

View Text Solution

231. Which analysis is considered as dynamic

A. Horizontal Analysis

B. Vertical Analysis

C. Internal Analysis

D. External Analysis

Answer: A

View Text Solution

232. Which analysis is considered as static ?

A. Horizontal Analysis

B. Vertical Analysis

C. Internal Analysis

D. External Analysis

Answer: B

View Text Solution

233. Financial Analysis is significant for

A. Investors

B. Bankers and Lenders

C. Employees and Management

D. all of these

Answer: D

View Text Solution

234. Following analysis is based on one year's data

A. Horizontal Analysis

B. Vertical Analysis

C. External Analysis

D. Intra-firm Analysis

Answer: B

View Text Solution

235. Which of the following is not a limitation of financial Statement Analysis ?

A. Ignores the Qualitative Elements

B. Not free from person bias

C. Intra-firm comparison

D. Ignores the price level changes

Answer: C

View Text Solution

236. Comparison of actual values of one firm with those of another firm belonging to the same industry is

A. Inter-firm Comparison

B. Intra-firm comparison

C. Pattern Comparison

D. None of these

Answer: a

View Text Solution

237. Comparison of acutal values of one period with those of another period for the same firm is

A. Inter-firm Comparison

B. Intra-firm Comparison

C. Pattern Comparison

D. None of the these

Answer: b

View Text Solution

238. While preparing Common-size Income Statement each item of Income Statement each item of Income Statement is expressed as % of

A. Revenue from Operations

B. Other Income

C. Total Income

D. Profit before Tax

Answer:

View Text Solution

239. While preparing Common -size Balance Sheet, each item of Balance Sheet is expressed as % of

A. Current Assest

B. Non-current Assets

C. Non-current Liabilities

D. Total Assets

Answer: d

View Text Solution

240. Under which tool of financial analysis, 100% is taken as base and all other related figures are expressed as a percentage of base ?

A. Comparative Statement

B. Common-size Statement

C. Ratio Analysis

D. None of these

Answer: b

View Text Solution

241. Which technique of financial analysis shows a comparative study of item or components of financial statements for two or more years ?

A. Common-size Statement

B. Ratio Analysis

C. Comparative Statement

D. None of these

Answer:

View Text Solution

242. which one of the following is tool of financial analysis ?

A. Comparative Statement

B. Common-size Statement

C. Cash Flow Statement

D. All of these

Answer: d

View Text Solution

243. Young India Ltd. has a Operating Porfit Ratio of 20%. To maintain this ratio at 25%, management may

A. Increase selling price of Stock-in-trade

B. Reduce Cost of Revenue from Operation

C. Increase selling price of Stock-in-Trade and to reduce Cost of Revenue from Operation

D. All of the above

Answer: D

View Text Solution

244. A transaction involving a decrease in Debt-Equity Ratio and increase in Current Ratio is

A. Issue of Debentures against the purchase of fixed assets

B. Issue of Debentures for cash

C. Redemption of Preference shares for cash

D. Issue of shares for cash

Answer: D

View Text Solution

245. Current Ratio is $2:1$. On the sale of fixed asset (Book value Rs 20,000) for Rs 18,000, state whether the Current Ratio will

A. Improve

B. Decline

C. Will not change

D. Can't say

Answer: A

View Text Solution

246. If opening inventory is Rs 1,20,000, Cost of Revenue from Operations is Rs 10,00,000 and Inventory Turnover Ratio is 5 Times, then Closing Inventory will be

A. Rs 3,20,000

B. Rs 2,80,000

C. Rs 1,60,000

D. Rs 4,00,000

Answer: B

View Text Solution

247. A transaction involving a decrease in both Current Ratio and Quick Ratio is

A. Sale of Non-current Asset for cash

B. Sale of Stock-in-Trade at loss

C. Cash payment of a Current Liability

D. Purchase of Stock-in-Trade on credit

Answer: D

View Text Solution

248. If Current Ratio of a firm is $2.5 : 1$ and its Current Liabilities are Rs 2,00,000. Its Working Capital will be

A. Rs 3,00,000

B. Rs 3,75,000

C. Rs 4,00,000

D. Rs 7,00,000

Answer: A

View Text Solution

249. Non-current Assets of a firm are Rs 26,00,000, Current Assets are Rs 9,00,000 and Shareholder's Funds are Rs 21,50,000. Total debts of the firm will be

A. Rs 43,50,000

B. Rs 13,50,000

C. Rs 21,50,000

D. Rs 38,50,000

Answer: B

View Text Solution

250. Sincere Ltd. has a Proprietary Ratio of 25%. To maintain this ratio at 30%, management may

A. Increase Equity

B. Reduce Debt

C. Increase Equity and Reduce Debt

D. All of these

Answer: D

View Text Solution

251. Working Capital is Rs 7,20,000, Trade Payables Rs 40,000, other Current Liabilities Rs 2,00,000, Calculate Current Ratio

A. $3:1$

B. $4:1$

C. $5:1$

D. $7:1$

Answer: B

View Text Solution

252. Current Assets are Rs 4,00,000, Inventories Rs 2,00,000, Working Capital Rs 2,40,000, Calculate Current Ratio

A. $2.5:1$

B. $1:1$

C. $2:1$

D. $1:2$

Answer: A

View Text Solution

253. Which ratio is not a part of Solvency Ratio ?

A. Current Ratio

B. Debt to Equity Ratio

C. Total Assets to Debt Ratio

D. Proprietary Ratio

Answer: A

View Text Solution

254. If total Assets are Rs 1,25,000, Total Debts, i.e., external debts are Rs 1,00,000 and Current Liabilities are Rs 50,000, Debt-Equity Ratio will be

A. $1:1$

B. $1:2$

C. $2:1$

D. None of these

Answer: C

View Text Solution

255. From the following which ratio is not a part of Activity Ratio

A. Inventory Turnover Ratio

B. Trade Receivables Turnover Ratio

C. Working Capital Turnover Ratio

D. Debt to Equity Ratio

Answer: D

View Text Solution

256. From the following, which formula is correct for computing Gross Profit Ratio

A. $\dfrac{\text{Net Profit}}{\text{Revenue from Operations}} \times 100$

B. $\dfrac{\text{Revenue from Operations}}{\text{Gross Profit}} \times 100$

C. $\dfrac{\text{Gross Profit}}{\text{Revenue from Operations}} \times 100$

D. None of these

Answer: C

View Text Solution

257. If Revenue from Operations is Rs 1,60,000 and Gross Profit is Rs 40,000 Profit Ratio will be

A. 0.3

B. 0.25

C. 0.4

D. 0.5

Answer: B

View Text Solution

258. From the following which formula is correct for computing Operating Ratio

A. $\frac{\text{Operating cost}}{\text{Revenue from Operations}} \times 100$

B. $\frac{\text{Revenue from Operations}}{\text{Operating cost}} \times 100$

C. $\dfrac{\text{Operating cost}}{\text{cost of Revenue from Operations}} \times 100$

D. None of these

Answer: A

View Text Solution

259. Revenue from Operations Rs 9,00,000, Gross Profit 25% on Cost, Operating Expenses Rs 90,000, Operating Ratio will be

A. 1

B. 0.5

C. 0.9

D. 0.1

Answer: C

View Text Solution

260. Calculate Operating Profit Ratio if Revenue from Operations is Rs 5,00,000, Operating Profit is Rs 75,000.

A. 0.25

B. 0.12

C. $13.33\ \%$

D. 0.15

Answer: D

View Text Solution

261. From the following which ratio is not a part of Profitability Ratio

A. Liquid Ratio

B. Gross Profit Ratio

C. Operating Ratio

D. Net Profit Ratio

Answer: A

View Text Solution

262. From the following information, Calculate Proprietary Ratio: Share Capital Rs 5,00,000, Non-Current Assets Rs 22,00,000 Reserves and Surplus Rs 3,00,000 Current Assets Rs 10,00,000

A. 1

B. 0.7

C. 0.4

D. 0.25

Answer: D

View Text Solution

263. Dividend received by other than financial enterprise is shown in Cash Flow Statement under

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. None of these

Answer: B

View Text Solution

264. Dividend received by financial enterprise is shown in Cash Flow Statement under

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. None of these

Answer: A

View Text Solution

265. Payment of Income Tax is shown as

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. None of these

Answer: A

View Text Solution

266. Dividend paid by a financial company is shown as cash outflow under

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. Cash and Cash Equivalent

Answer: C

View Text Solution

267. Dividend paid by a non-financial company is shown as

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. Cash and Cash Equivalent

Answer: C

View Text Solution

268. Which of the following is shown under Financing Activity?

A. Interest paid

B. Commission Received

C. Cash received against sale of goods

D. Cash paid for purchase of goods

Answer: A

View Text Solution

269. Which of the following is part of Cash and Cash Equivalents?

A. Cash at Bank

B. Current Investments

C. Marketable Securities

D. All of these

Answer: D

View Text Solution

270. Which of the following is not part of Cash and Cash Equivalents?

A. Inventories

B. Current Investments

C. Short-term Deposits

D. Marketable Securities

Answer: A

View Text Solution

271. Which of the following is not added as Non-Cash Expense?

A. Goodwill amortised

B. Depreciation

C. Interest on debentures paid

D. All of these

Answer: C

View Text Solution

272. ABC Ltd. Has Machinery written down value of which on 1st April, 2018 was Rs 8,60,000 and on 31st March, 2019 was Rs 9,50,000. Depreciation for the year was Rs 40,000. In the beginning of the year, a part of machinery was sold for Rs 25,000, which had a written down value of Rs 20,000. Calculate Cash Flow from Investing Activites

A. Rs 1,25,000

B. Rs (1,25,000)

C. Rs 2,50,000

D. Rs (2,50,000)

Answer: B

View Text Solution

273. Refer to Q.10, calculate Gain (profit) on sale of Machinery

A. Rs 6,000

B. Rs 5,000

C. Rs 10,000

D. None of these

Answer: B

View Text Solution

274. Refer to Q.10, calculate the amount of purchase of Machinery

A. Rs 1,50,000

B. Rs 3,00,000

C. Rs 4,50,000

D. Rs 50,000

Answer: A

View Text Solution

275. Exe Ltd. Has balance in Provision for Tax Account of Rs 50,000 and Rs 75,000 as on 31st March, 2018 and 2019 respectively. It made a provision for tax during the year of Rs 65,000. The amount of tax paid during the year was

A. Rs 50,000

B. Rs 60,000

C. Rs 40,000

D. None of these

Answer: C

View Text Solution

276. Which of the following is not a Non-Cash Transaction ?

A. Deptreciation

B. Issue of Bonus Shares

C. Issue of Equity Shares for consideration other than cash

D. Payment of Wages

Answer: D

View Text Solution

277. From the following which one is a Non-Cash transaction

A. Depreciation

B. Interest paid

C. Purchase of Machinery

D. Issue of Share

Answer: A

View Text Solution

278. Adjustment for Proposed Divident is

A. Add previous years' proposed dividend under net profit before tax and extra-ordinary item and deduct it under Financing Activity

B. Add current years' proposed dividend under net profit before tax and extraordinary items and deduct previous year's proposed dividend under Financing Activity

C. Add current year's proposed dividend under Net Profit before Tax and Extradordinary items and deduct current year's proposed dividend under Financing Activity

D. None of the above

Answer: A

View Text Solution

279. Buy-back of shares is an extra-ordinary item for

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. Cash and Cash Equivalent

Answer: C

View Text Solution

280. Voluntary retirement compensation paid to employees sample of extraordinary item for

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. Cash and Cash Equivalent

Answer: A

View Text Solution

281. Dolphin Ltd. earned profit of Rs 5,00,000 on sale of fixed asset which was credited to Statement of Profit and Loss. In preparing Cash Flow Statement, Rs 5,00,000 will be

A. added to net profit before tax and extraordinary items

B. deducted from net profit before tax and extraordinary items

C. deducted from net profit before tax and extraordinart shown as extraordinary item under Operating Activity

D. None of the above

Answer: B

View Text Solution

282. Loss on sale of Marketable Securities debited to Statement of Profit and Loss will

A. be added to net profit before tax and extraordinary items and reduced from Cash and Cash Equivalents

B. be deducted from Net Profit before Tax and Extraordinary items and added to Cash and Cash Equivalents

C. not be adjusted

D. None of the above

Answer: C

View Text Solution

283. GSC Ltd. purchased machinery of Rs 10,00,000 issuing cheque of Rs 2,50,000 and 10% Debentures of Rs 7,50,000. In the Cash Flow Statement, the transaction will be shown as

A. Outflow under Investing Activity Rs 10,00,000, inflow under Financing Activity as Receipt for Debentures Rs 7,50,000

B. Outflow under Investing Activity Rs 2,50,000

C. Inflow of Rs 7,50,000 as Financing Activity

D. None of the above

Answer: B

View Text Solution

284. Angel Ltd. a stock broker, purchased 5,000 shares of Tata Housing Ltd. It is

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. None of these

Answer: B

View Text Solution

285. Main Bank Ltd. Issued 1,00,000, 9% Debentures of Rs 100 each for subscription. Issue was subscribed. The amount of receipt will be shown as

A. Operating Activities

B. Investing Activities

C. Financing Activities

D. None of these

Answer: C

View Text Solution

286. Discount/Loss on Issue of Debenture debited to Statement of Profit and Loss (Finance Cost) is

A. added under Operating Activities and Debentures are shown as Financial Activities at net amount received

B. added under Operating Activities and Debentures are shown as Investing Activity at net amount received

C. deducted under Operating Activities and shown as inflow under Financing Activities

D. None of the above

Answer: A

View Text Solution