**Accountancy (Class XII)**

**Practice Paper – 01**

**Multiple choice questions**

1. \_\_\_\_\_\_\_\_\_\_\_\_ means deduction from revenue to ascertain net profit/loss whereas \_\_\_\_\_\_\_\_\_\_\_\_ distribution of net profit to different heads.
2. Charge against profit; appropriation of profit
3. Appropriation of profit; charge against profit
4. Redistribution of profit; appropriation of profit
5. Appropriation of profit; redistribution of profit
6. If the partnership deed is silent about the profit-sharing ratio, the profits and losses of the firm are to be shared equally by partners, irrespective of their capital contribution in the firm.
7. True
8. False
9. Can’t say
10. Partially true
11. A and B are partners and they had Rs.40,000 and Rs.60,000 in their respective capital accounts on 1st January,2020. A paid in further Rs.5.000 on 1st August, 2020 and another Rs.5,000 on 15th November,2020. What will be the amount of interest on capital to be paid to A assuming the rate of interest to be 6% per annum?
12. Rs.2400
13. Rs.2562.5
14. Rs.2600
15. Rs.2526.5
16. P, Q, R are partners sharing profits and losses in the ratio of 5:3:2. The partnership deed provides for charging interest on drawings @10% p.a. The drawings of P, Q and R during the year ending 31st March,2021 amounted to Rs.20000, Rs.15000 and Rs.10000 respectively. After the final accounts have been prepared, it was discovered that interest on drawings has not been taken into consideration. Give necessary adjusting journal entry.
17. Q’s capital A/c Dr 150

R’s capital A/c Dr 100

 To P’s capital A/c 250

1. P’s capital A/c Dr 250

 To Q’s capital A/c 150

 To R’s capital A/c 100

1. Q’s capital A/c Dr 100

R’s capital A/c Dr 150

 To P’s capital A/c 250

1. P’s capital A/c Dr 250

 To Q’s capital A/c 100

 To R’s capital A/c 150

1. ABC firm earned a profit of Rs.3,00,000 during the year ended 31st March,2021. 10% of this profit to be transferred to general reserve. What is the journal entry for the same?
2. Profit and loss App. A/c Dr 30000

To general reserve 30000

1. Profit and loss A/c Dr 30000

To general reserve 30000

1. General reserve A/c Dr 30000

To profit and loss App. A/c 30000

1. None of the above
2. This profit for the five years of a firm is as follows-year2017 Rs.4,00,000; year2018 Rs.3,98,000; year2019 Rs.4,50,000; year2020 Rs.4,45,000 and year2021 Rs.5,00,000. Calculate goodwill of the firm on the basis of 4 years purchase taking 5 years average profits.
3. Rs.21,93,000
4. Rs.17,45,500
5. Rs.17,54,400
6. None of these
7. Pick the odd one out.
8. Interest on partner’s loan
9. Interest on partner’s capital
10. Rent to partner
11. Manager’s commission
12. What is the journal entry passed at the time of admission of a partner if a workmen compensation reserve exists but there is no claim against it?
13. Workmen compensation reserve A/c Dr

To old partner’s capital A/c (in new ratio)

1. Workmen compensation reserve A/c Dr

To old partner’s capital A/c (in old ratio)

1. Old partner’s capital A/c Dr

To workmen compensation reserve (in old ratio)

1. None of the above
2. U and Y are partners sharing profits in the ratio of 3:2. They admitted Q as a new partner for 3/10th share which she acquired 2/10th from U and 1/10th from Y. Calculate the new profit-sharing ratio of U, Y and Q.
3. 3:2:3
4. 4:3:3
5. 3:3:4
6. 3:4:3
7. A and B are partners in a firm. They admit C as a partner with 1/5th share in the profits of the firm. C brings Rs.8,00,000 as his share of capital. What is the value of C’s share of goodwill on the basis of the capital, given that the combined capital of A and B after all adjustments is Rs. 20,00,000
8. Rs.2,40,000
9. Rs.1,60,000
10. Rs.1,20,000
11. None of these
12. An important effect of admission of a partner is that old partnership comes to an end and new partnership comes into existence and the firm continues.
13. True
14. False
15. Can’t say
16. Partially true
17. Q and T are partners in a firm having a capital of Rs.60000 and Rs.80000. They admitted A for 1/3rd share in profits. A brought proportionate amount of capital. The capital brought in by C would be
18. Rs.70,000
19. Rs.1,40,000
20. Rs.46,667
21. None of the above
22. The application money should be at least \_\_\_\_\_\_\_\_\_ of the face value of the share.
23. 5%
24. 10%
25. 75%
26. 100%
27. The amount of authorised capital, together with the number of shares in which it is divided, is stated in the \_\_\_\_\_\_\_\_\_\_\_\_ but the classes of shares in which the company’s capital is to be divided, along with their respective rights and obligations, are prescribed by the \_\_\_\_\_\_\_\_\_\_ of the company.
28. Memorandum of association; articles of association
29. Articles of association; prospectus
30. Articles of association; memorandum of association
31. Memorandum of association; prospectus
32. As per section 43 of The Company’s Act 2013, which of the following is/are characteristics of preference shares?
33. It carries a preferential right to dividend
34. It carries the preferential right to the repayment of capital before anything Is paid to equity shareholders on the winding up of the company
35. They have voting rights
36. Both (a) & (b)
37. SDA Ltd. Invited application for 4000 equity shares of Rs.10 each at a premium of Rs.2 payable with application. The entire amount is payable along with application. The issue was oversubscribed by 1000 shares. What will be the amount credit to equity share capital and securities premium reserve account respectively?
38. Rs.40000; Rs.8000
39. Rs.50000; Rs.10000
40. Rs.40000; Rs.10000
41. Rs.50000; Rs.8000
42. If forfeited shares are reissued at discount, then the discount allowed on reissue of forfeited shares should be debited to the ‘forfeited share account’.
43. True
44. False
45. Can’t say
46. Partially true
47. What is the general entry passed when companies issue shares to promoters for their services to the company?

1. Incorporation cost A/c Dr

 To share capital

1. Share capital A/c Dr

 To formation expenses

1. Promoter A/c Dr

 To share capital

1. None of the above

**Assertion Reasoning MCQs**

Direction (Q. Nos. 19-20) There are two statements marked as Assertion(A) and Reason(R). Read the statements and choose the appropriate option from the options below.

1. Both Assertion and Reason are true and reason is the correct explanation of assertion
2. Both assertion and reason are true but reason is not the correct explanation of assertion
3. Assertion is false but reason is true
4. Assertion is true but reason is false
5. Assertion- No interest is charged on drawings against capital.

Reason- Withdrawal made out of capital reduces the fixed capital of the partner.

1. Assertion- Company is affected by the death, lunacy or bankruptcy of its members or shareholders.

Reason- Company has a separate legal entity distinct from its shareholders.

**Case based MCQs**

**Direction: Read the following case study and answer the questions.**

X and Y were partners in a firm sharing profits in the ratio of 3:2. On 1st April 2020, they admitted Z as a partner in the firm. On the date their capital balances stood at X-Rs.50000 and Y-Rs.40000. Their assets stood at Rs.4,00,000. Cash in hand Rs.70,000, Debtors Rs.80,000 and building worth Rs.1,40,000. Also, there were creditors worth Rs.1,05,000 workman’s compensation fund stood at RS.1,25,000 and reserve at Rs.80,000.

It was agreed that the value of building and stock be appreciated to Rs.1,90,000 and Rs.80,000 respectively. The liability of workman compensation fund was determined at Rs.1,15,000.

Z was to bring cash Rs.60000 as her capital. Z brought in her share of goodwill Rs.50000 in cash.

The future profit sharing ratio will be X 2/5th, Y 2/5th and Z 1/5th.

1. Which of the following could be a probable reason to bring in Z as a partner?
2. To bring in additional capital
3. To acquire additional managerial skills
4. To benefit from the goodwill of Z
5. All of the above
6. Which of the following are rights of Z as a newly admitted partner?
7. Right to share future profits of the firm
8. Right to share previous profits and reserves of the firm
9. Right to share in the assets of the firm
10. Only 1
11. 1 & 2
12. 1 & 3
13. 1, 2 & 3
14. Upon the admission of Z the sacrifice for providing his share of profits would be done
15. By X only
16. By Y only
17. By X and Y equally
18. By X and Y in the ratio of 3:2
19. What is the amount of revaluation profit or loss?
20. Revaluation loss of Rs.70000
21. Revaluation profit of Rs.70000
22. Revaluation loss of Rs.30000
23. Revaluation profit of Rs.30000
24. What will be the treatment of general reserve?
25. It will be distributed between X and Y in the ratio of 3:2
26. It will be distributed between X, Y and Z in the ratio of 2:2:1
27. It will be distributed between X and Y in the ratio of 1:1
28. None of the above

**Direction: Read the following case study and answer the questions**.

MPR Ltd is registered with an authorised capital of Rs.7,00,00,000 divided into 7,00,000 shares of Rs.10 each. The company issued 50,000 equity shares to the vendor for building purchased and other assets acquired. 2,00,000 shares were issued to the public.

The amount was payable as Rs.20 per share on application and allotment, Rs.50 per share on first call and the balance on second and final call.

All calls were made and were duly received except on 100 shares held by N, who failed to pay second and final call. Her shares were forfeited.

1. Shares issue to vendors of building and machinery, M/s VPS Enterprises, would be classified as
2. Preferential allotment
3. Employee stock option plan
4. Issue for consideration other than cash
5. Right issue of shares
6. How many equity shares of the company have been subscribed?
7. 2,60,000
8. 2,50,000
9. 2,49,900
10. None of these
11. What amount of calls-in-arrear would be reflected in the balance sheet?
12. Rs.6000
13. Rs.7000
14. Rs.2000
15. Rs.3000
16. What amount of share forfeiture would be reflected In the balance sheet?
17. Rs.6000
18. Rs.7000
19. Rs.2000
20. Rs.3000
21. What will be the amount shown under ‘share capital’ in balance sheet?
22. Rs.2,50,00,000
23. Rs.2,50,04,000
24. Rs.2,49,90,000
25. None of the above

**Multiple choice questions**

1. Preliminary expenses of Rs.70,000 are shown in the balance sheet under which of the following the head?
2. Non-current assets
3. Current assets
4. Non-current liabilities
5. Deducted from securities premium reserve
6. Which of the following is/are objectives of financial statement analysis?
7. To assess the current profitability and operational efficiency of the firm as a whole as well as its different departments so as to judge the financial health of the firm
8. To ascertain the relative importance of different components of the financial position of the firm
9. To identify the reasons for change in the profitability/financial position of the firm
10. All of the above
11. The current assets of NICE Ltd are RS.12,00,000; Current Liabilities are Rs.4,00,000; Inventories are Rs35,000; Prepaid Expenses are Rs.1,00,000; Trade Payables are Rs.90,000; Trade Payables are Rs.75,000 and Cash and Cash Equivalents are Rs.1,00,000. What is its quick ratio?
12. 1.75
13. 3.55
14. 2.73
15. 3.75

**Assertion- Reasoning MCQs**

Direction: There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below.

1. Both assertion and reason are true and reason is the correct explanation of assertion
2. Both assertion and reason are true but reason is not the correct explanation of assertion
3. Assertion is false but reason is true
4. Assertion is true but reason is false
5. Assertion- Inter-firm analysis is a comparison of financial statements of two or more enterprises for the same accounting period.

Reason- Cross sectional analysis is conducted to determine the relative position of an enterprise as compared to other enterprises of the same industry.

1. Assertion- Purchase of machinery for cash will reduce the quick ratio of a company.

Reason- purchase of goods on credit will increase the current liabilities, but the quick assets will remain unchanged.

**Read the following case study and answer the questions**.

FOG Ltd is a company engaged in textile business having a share capital of Rs.2,00,000. E

Emma, the accountant of the firm is analysing its financial figures and intends to prepare its statement of profit and loss for 2021.

The sales of the company during this period were Rs.7,00,000 and sales return were Rs.40,000. Its purchases were Rs.4,95,000 wages amounted to Rs.1,00,000, salaries amounted to Rs.15,000, rent amounted to Rs.9,900, sundry expenses were worth Rs.14,100 and also there was a discount (cr) worth Rs.10,000.

1. What is the amount that will be shown in revenue from operations in the statement of profit and loss?
2. Rs.7,00,000
3. Rs.6,50,000
4. Rs.6,60,000
5. Rs.8,10,000
6. What is the amount that will be shown in other income of the statement of profit and loss?
7. Rs.5000
8. Rs.10000
9. Rs.20000
10. None of these
11. What is the amount that will be shown in total revenue in the statement of profit and loss?
12. Rs.7,00,000
13. Rs.6,60,000
14. Rs.6,70,000
15. Rs.7,10,000
16. What is the amount that will be shown in employee benefit expenses in the statement of profit and loss?
17. Rs.1,00,000
18. Rs.15,000
19. Rs.1,07,500
20. Rs.1,15,000
21. What is the amount that will be shown in other expenses in the statement of profit and loss?
22. Rs.24,000
23. Rs.14,100
24. Rs.9,900
25. None of these