

National Accounting Talent Search February 2021(Junior Level)



**Indian Accounting Association**

**National Accounting Talent Search 2021**

**JUNIOR LEVEL**

**FEBRUARY 2021**

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Answer questions no. 1 to 5 on the basis of the following information:

Sun Company consigned 100 dinner sets to Moon Company costing Rs. 4000 per set. Sun paid freight and insurance Rs. 20000. 10 sets were lost in transit. Moon paid unloading expense of Rs. 3600 and warehouse rent of Rs. 4500. Moon sold 50 sets in cash at Rs. 7000 per set. Moon is entitled to 6% commission plus 4% del credere.

1. Which of the following is true?
  - A. Del credere commission is nil as there is no credit sale.
  - B. Total commission is Rs. 35000
  - C. Total commission is Rs. 21000
  - D. Total commission payable is Rs. 14000
2. Loss in transit is valued at
  - A. Rs. 40000
  - B. Rs. 42000
  - C. Rs. 42360
  - D. Rs. 42810
3. Consignment stock is valued at
  - A. Rs. 160000
  - B. Rs. 168000
  - C. Rs. 169600
  - D. Rs. 169440
4. Consignment profit amounts to
  - A. Rs. 112500
  - B. Rs. 96900
  - C. Rs. 98860
  - D. Rs. 98500
5. Amount payable by consignee as per accounts sales is:
  - A. Rs. 306900
  - B. Rs. 292900
  - C. Rs. 350000
  - D. Rs. 348900
6. Which of the following statements is/are true?
  - I) Del credere commission is computed on credit sales only
  - II) Bad debt is borne by consignor if no del credere commission is paid
  - III) Bad debt is borne by consignee if no del credere commission is paid
  - IV) Bad debt is borne by consignee if del credere commission is paid
  - A. I only
  - B. I or II
  - C. II or IV
  - D. III only

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7. In the books of the consignor for credit sale made by the consignee  
I) Consignment Debtors account is debited if no del credere commission is paid  
II) Consignee account is debited if no del credere commission is paid  
III) Consignee account is debited if del credere commission is paid  
IV) Consignment Debtors account is debited if del credere commission is paid  
A. I only  
B. I or III  
C. II or IV  
D. III only
8. Depreciation is the systematic allocation of the ..... of an asset over its useful life.  
a) cost  
b) depreciable amount  
c) carrying amount  
d) none of the above
9. Depreciable amount is the .... of a depreciable asset less its residual value.  
I) historical cost  
II) an amount substituted for historical cost  
III) carrying amount  
IV) fair value  
A. I only  
B. I or II  
C. II or IV  
D. III only
10. Following methods of depreciation are permitted in the accounting standard:  
I) the straight lime method  
II) the reducing balance method  
III) the units of production method  
A. I only  
B. II only  
C. both I and II  
D. I, II and III all
11. For passing adjustment entry for provision for bad debt  
A. Provision for Bad debt A/C is debited and Debtors A/C is credited  
B. Profit and Loss A/C is debited and Debtors A/C is credited  
C. Profit and Loss A/C is debited and Provision for Bad debt A/C is credited  
D. Bad debt A/C is debited and Provision for Bad debt A/C is credited.
12. For passing adjustment entry for depreciation on machinery  
(I) Depreciation on Machinery A/C is debited and Machinery A/C is credited  
(II) Profit and Loss A/C is debited and Machinery A/C is credited  
(III) Provision for Depreciation on Machinery A/C is debited and Machinery A/C is credited

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(IV) Depreciation on Machinery A/C is debited and Provision for Depreciation on Machinery A/C is credited.

Which of the above statements is/are true?

- A. I only
- B. I and II
- C. I and III
- D. I and IV

13. A cash book showed credit balance of bank on 31 October 2020 Rs. 36000. Till that date bank statement showed that cheques totaling at Rs. 18000 had not been presented for payments and cheques deposited totaling Rs. 7000 had not been cleared. The balance as per Pass Book on 31 October 2020 will be:

- A. Rs. 47000 Credit
- B. Rs. 25000 Credit
- C. Rs. 47000 Debit
- D. Rs. 25000 Debit

14. On 31 October 2020 the Pass Book balance showed debit balance of Rs. 46000. A cheque of Rs. 9000 from a Robin was deposited in the bank on 27th October, 2020 but the cheque was dishonored on 30 October, 2020. The bank also debited bank charges Rs. 400. For dishonor of cheque and for bank charges the advice from the bank was received on 2nd November, 2020. The balance as per Cash Book on 31 October 2020 will be:

- A. Rs. 37400 Credit
- B. Rs. 36600 Credit
- C. Rs. 37400 Debit
- D. Rs. 36600 Debit

15. If no purchase is made in the current year, it means

- A. Production cost is zero
- B. Cost of goods sold is zero
- C. Closing stock is zero
- D. None of the above

16. If no production is made in the current year, it means

- A. Production cost is zero
- B. Cost of goods sold is zero
- C. Closing stock is zero
- D. None of the above

17. In book-keeping which of the followings is/are credited

- A. Owners' contribution, income and liability
- B. Decrease in assets and increase in liability
- C. Income
- D. All of the above

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18. For accrued income and outstanding expenses debit is made to
- Income receivable account and outstanding expense account
  - Income receivable account and expense account
  - Income account and outstanding expense account
  - Income account and expense account
19. The premium for goodwill brought in by the incoming partner should be credited to
- Incoming partner's capital A/C
  - Old partners' capital A/C in old profit-sharing ratio
  - Old partners' capital A/C in new profit-sharing ratio
  - Old partners' capital A/C in sacrificing ratio
20. The retiring partner's share in the amount of undervaluation of goodwill
- is credited to the continuing partners' capital A/C in sacrificing ratio
  - is debited to the continuing partners' capital A/C in gaining ratio
  - is credited to the continuing partners' capital A/C in gaining ratio
  - is debited to the continuing partners' capital A/C in sacrificing ratio
21. When opening stock A/C is closed, which account is debited?
- Trading account
  - Closing stock account
  - Profit and loss account
  - None of the above
22. Which of the following statements is/are true?
- (I) Balance sheet will agree even if one of the adjustment entries has been omitted at the time of preparation of the final accounts
- (II) Balance sheet will not agree if there lies discrepancy in the Bank Reconciliation Statement
- (III) Balance sheet cannot be prepared if Trial Balance is not prepared first.
- (IV) Closing stock will appear in the balance sheet even if it is already adjusted against purchase.
- II and III
  - I and IV
  - I and III
  - II and IV
23. If there remains an error of over casting in purchase day book, in the trial balance
- Total debit will be less than total credit
  - Total debit will be equal to total credit
  - Total debit will be greater than total credit
  - None of the above
24. When a depreciated fixed asset is sold at profit, the profit on sale is transferred to
- Fixed asset A/C
  - Depreciation A/C
  - Profit and Loss A/C
  - Capital reserve A/C

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25. Net current assets or working capital can be
- A. zero
  - B. negative
  - C. positive
  - D. all of the above
26. Cost per unit is decreased by
- A. Abnormal gain
  - B. Abnormal loss
  - C. Normal loss
  - D. None of the above
27. By charging annual depreciation
- A. The depreciable amount is allocated over its useful life
  - B. The original cost of asset is allocated over its useful life
  - C. The carrying amount of the asset is maintained at fair value
  - D. None of the above
28. If a plant is revalued
- A. Depreciation will be charged based on the original cost
  - B. Depreciation will be charged based on the original cost less residual value
  - C. Depreciation will be charged based on the revalued amount
  - D. None of the above
29. Mr. C, the incoming partner, brings Rs. 10000 as premium for goodwill. The old profit sharing ratio between Mr. A and Mr. B was 1:1. The new ratio among A, B and C is 3:5:2.
- A. C should be debited by Rs. 10000 and A should be credited by Rs. 10000
  - B. Cash should be debited by Rs. 10000 and A should be credited by Rs. 10000
  - C. Cash should be debited by Rs. 10000 and B should be credited by Rs. 10000
  - D. Cash should be debited by Rs. 10000 and C should be credited by Rs. 10000
30. Cost of goods sold =
- I) Sales – Gross Profit
  - II) Cost of production - closing stock
  - III) Cost of production + opening stock – closing stock
  - IV) Cost of production - opening stock + closing stock
- A. I only
  - B. I and III
  - C. I and IV
  - D. III only
31. Entries for opening and closing stocks are passed
- I) For matching costs against revenue
  - II) For finding periodical profits
  - III) For finding cost of production at current price

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- A. I only
  - B. II only
  - C. I and II
  - D. III only
32. In financial accounting periodical accounting is made because
- A. business is closed periodically
  - B. periodical profit is more accurate than life time profit
  - C. owners change periodically
  - D. the business is assumed to be a going concern
33. Equity is
- I) Equity share capital
  - II) Equity shareholders' fund
  - III) Net worth
  - IV) Capital employed
- A. I only
  - B. I and II
  - C. II and III
  - D. I, II, III and IV
34. Ledger folio number is written in
- A. Journal
  - B. Ledger
  - C. Trial Balance
  - D. Balance Sheet
35. Cash book is
- I) a journal
  - II) a ledger
  - III) a statement
- A. I only
  - B. I and II
  - C. I, II and III
  - D. II only
36. For cash discount paid the account to be credited is
- A. Sales A/C
  - B. Creditor A/C
  - C. Cash A/C
  - D. Debtor A/C
37. A credit purchase of machinery is wrongly recorded in purchase day book for Rs. 500. For rectification-
- A. Creditors A/c be debited by Rs. 500.
  - B. Purchase A/c be credited by Rs. 500.

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- C. Purchase A/c be credited and Machinery A/c be debited by Rs. 500.  
D. Purchase A/c be debited and Machinery A/c be credited by Rs. 500.
38. Equity shareholders get dividend at the rate  
A. Proposed by the board of directors  
B. Announced by the CEO  
C. Approved in the shareholders' meeting  
D. None of the above
39. In an inflationary economy shifting from LIFO to FIFO pricing will lead to  
A. Increase in profit and decrease in stock value  
B. Increase in profit and increase in stock value  
C. Decrease in profit and decrease in stock value  
D. Decrease in profit and increase in stock value
40. Depreciation is  
I) A cash expenses  
II) A non-cash expenses  
III) A charge to profits  
IV) An appropriation of profits  
A. I only  
B. I and III  
C. II and III  
D. IV only
41. When production varies in a period  
I) Variable cost per unit is variable and fixed cost per unit is fixed  
II) Variable cost per unit is constant and fixed cost per unit is variable  
III) Total variable costs varies and total fixed cost remains fixed  
IV) Total variable costs remain constant and total fixed cost varies  
A. I and III  
B. II and III  
C. I and IV  
D. II and IV
42. Which of the following statements is/are true?  
I) Costs directly identified with production cost centers are direct costs  
II) A direct cost can be traced to the cost object, which can be a service, product, or department  
III) Direct costs cannot be fixed costs  
IV) Costs directly identified with any cost center are direct costs  
A. I and II  
B. II and III  
C. I and IV  
D. II and IV



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43. If cost of production for 1000 units amounts to Rs.87000 and the firm had opening stock of 100 units of finished goods at a value of Rs.6500, then value of closing stock of 200 units of finished goods based on:

- I) FIFO is Rs.17400
- II) Weighted average cost method is Rs.17000
- III) FIFO is Rs.15200
- IV) Weighted average cost method is Rs.15200

Which of the above statements is/are true?

- A. I and II
- B. II and III
- C. I and IV
- D. III and IV

44. Ind ASs are followed

- I) for preparation of financial statements and related disclosures
  - II) by all companies
  - III) as notified in Companies (Indian Accounting Standards) Rules, 2015
  - IV) as notified in Companies (Accounting Standards) Rules, 2006
- Which of the above statements is/are true?

- A. I and II
- B. II and III
- C. I and III
- D. II and IV

45. The Ind ASs are the standards

- I) prepared by the ASB
- II) in convergence with IFRSs
- III) fully adopting IFRS
- IV) modifying IFRS in way compatible to conditions in India.

Which of the statements are true?

- A. I and II only
- B. III only
- C. II and IV only
- D. I, II and IV

46. Conceptual Framework for Financial Reporting under Indian Accounting Standards

- A. is an Exposure Draft issued by ASB of ICAI in 2020
- B. is a standard
- C. is followed when it varies from the standard
- D. is a substitute of the standards

47. In a sole proprietorship business, capital A/C balance

- A. Cannot be debit
- B. Can be debit
- C. Cannot be Zero
- D. Must be credit

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48. Cost per unit is increased by
- A. Abnormal gain
  - B. Abnormal loss
  - C. Normal loss
  - D. None of the above
49. For life insurance premium paid by the business for the owner Rs. 1000 and for the factory employees Rs. 5000, Life Insurance A/c has been debited by rs. 6000. For rectification
- A. Wages A/C is debited by Rs. 5000, Drawing A/c is debited by Rs. 1000 and Life Insurance A/C is credited by Rs. 6000.
  - B. Drawing A/c is debited by Rs. 1000 and Life Insurance A/C is credited by Rs. 1000.
  - C. no rectification entry is required
  - D. Wages A/C is debited by Rs. 5000 and Life Insurance A/C is credited by Rs. 5000.
50. Debit advice is received from bank for bank charges. In the cash book
- A. Cash column should be debited.
  - B. Bank column should be debited.
  - C. Cash column should be credited.
  - D. Bank column should be credited.

**Answer questions no. 51 to 55 on the basis of the following information:**

Adarji and Bomanji are partners in a joint venture sharing profits and losses in the proportion of 7:6 respectively. Adarji supplies goods at the value of Rs. 30,000 and incurs expenses amounting to Rs. 3400. Bomanji supplies goods at the value of Rs. 24,000 and his expenses amount to Rs. 1800. Bomanji sells goods on behalf of the joint venture and realises Rs. 80000. Unsold goods are taken over by Bomanji at a value of Rs. 10000. Bomanji is entitled to a commission of 6 per cent on sales. Bomanji settles his account by bank draft.

51. If Adarji opens Memorandum Joint Venture A/C along with it he should open
- A. Joint Venture with Bomanji A/C and credit it by stock taken over by Bomanji.
  - B. Bomanji A/C and credit it by stock taken over by Bomanji.
  - C. Joint Venture with Bomanji A/C where no debit or credit is made for stock taken over by Bomanji.
  - D. Bomanji A/C and debit it by stock taken over by Bomanji.
52. If Bomanji opens Memorandum Joint Venture A/C along with it he should open
- A. Joint Venture with Adarji A/C and credit it by stock taken over by him.
  - B. Adarji A/C and credit it by stock taken over by him.
  - C. Joint Venture with Adarji A/C where no debit or credit is made for stock taken over by him.
  - D. Adarji A/C and debit it by stock taken over by him.
53. If Adarji opens Joint Venture A/C, along with it he should open
- A. Joint Venture with Bomanji A/C and debit it by commission payable to Bomanji.
  - B. Bomanji A/C and credit it by commission payable to Bomanji.

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- C. Joint Venture with Bomanji A/C and credit it by commission payable to Bomanji.
- D. Bomanji A/C and debit it by commission payable to Bomanji.

54. In the books of Adarji Joint Venture A/C is

- A. debited to Profit and Loss A/C by Rs. 26000
- B. debited to Profit and Loss A/C by Rs. 14000 and to Bomanji A/c by Rs. 12000.
- C. debited to Profit and Loss A/C by Rs. 12000 and to Bomanji A/c by Rs. 14000.
- D. debited to Adarji A/C by Rs. 14000 and to Bomanji A/c by Rs. 12000.

55. Bomanji settles his account by bank draft of

- A. Rs. 49400
- B. Rs. 80000
- C. Rs. 59400
- D. Rs. 47400

Answer questions no. 56 to 57 on the basis of the following information:

The Balance Sheets show the following balances:

	31-03-2019 Rs.	31-03-2020 Rs.
Unpaid Salaries	4300	5800
Prepaid Salaries	3600	5700

56. If Receipts and Payments A/C for the year ended on 31-03-2020 is credited by Salaries Rs. 48000, the amount to be debited to Income and Expenditure A/c in respect of Salaries is

- A. Rs. 49400
- B. Rs. 48100
- C. Rs. 48800
- D. Rs. 47400

57. If Income and Expenditure A/c for the year ended on 31-03-2020 is debited by Salaries Rs. 48000, the amount credited to Receipts and Payments A/C in respect of Salaries is

- A. Rs. 49400
- B. Rs. 48100
- C. Rs. 48600
- D. Rs. 47400

Answer questions no. 58 to 60 on the basis of the following information:

The Balance Sheets show the following balances:

	At the beginning of the year Rs.	At the end of the year Rs.
Subscription received in advance	3400	8500
Subscription due	6300	7500

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58. The Club has 200 members. Monthly subscription per member is Rs. 100. The amount to be credited to Income and Expenditure A/c in respect of Members' Subscription is
- A. Rs. 240000
  - B. Rs. 236100
  - C. Rs. 243900
  - D. Rs. 246300
59. The Club has 100 members. Monthly subscription per member is Rs. 100. In respect of Members' Subscription Receipts and Payments A/C is
- A. debited by Rs. 120000
  - B. debited by Rs. 116100
  - C. debited by Rs. 123900
  - D. credited by Rs. 116100
60. In respect of Members' Subscription, the Club has debited Receipts and Payments A/C by Rs. 84000. The amount to be credited to Income and Expenditure A/c for the year in respect of Members' Subscription is
- A. Rs. 84000
  - B. Rs. 80100
  - C. Rs. 87900
  - D. Rs. 86300
61. Cheque received from customer for Rs.7000 deposited into bank on 23rd September, 2020. On 3rd October, 2020 the cheque was dishonored and the bank returned the cheque. For preparing a bank reconciliation statement on 30th September, 2020, Rs.7000 should be
- I) added to the bank balance (Cr.) as per pass book.
  - II) added to the bank balance (dr.) as per cash book.
  - III) subtracted from the bank balance (dr.) as per Cash Book.
- Which of the statement/s is/are true?
- A. I
  - B. II
  - C. I and III
  - D. II and III
62. In the trial balance there is provision for bad debt for Rs. 4000 created in the last year. In the current year there is a bad debt of Rs. 3000 and no need to create any provision for the current year.
- A. The provision for bad debt should appear in the balance sheet as a liability.
  - B. Profit and Loss A/C is debited for Bad debt Rs. 3000 and credited by old provision Rs. 1000.
  - C. Profit and Loss A/C is credited by old provision Rs. 1000.
  - D. Profit and Loss A/C is debited for Bad debt Rs. 3000 and Provision for bad debt should appear in the balance sheet as a liability Rs. 1000.

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63. A machine with cost of Rs.30000 had 5 years life with residual value of Rs. 6000. During its life the machine was fully depreciated and at the end sold at Rs. 9000. Depreciation was charged on straight line method.

- I) Annual depreciation amounted to Rs. 4800
- II) Written down value of the machine at the end of its life was Rs. 6000
- III) There was profit of sale on machine Rs. 3000

Which of the above statement/s is/are true?

- A. I only
- B. II only
- C. I and III only
- D. I, II and III

64. A credit purchase of Rs. 8000 is returned and wrongly recorded in the sales day book. For rectifying this error

- I) Creditors A/C should be debited and Debtors A/C credited by Rs. 8000.
- II) Return Outward A/c should be debited and Sales A/C credited by Rs. 8000
- III) Return Outward A/c should be credited and Sales A/C debited by Rs. 8000
- IV) Creditors A/C should be credited and Debtors A/C debited by Rs. 8000.

Which of the above statement/s is/are true?

- A. I only
- B. II only
- C. I and III
- D. II and IV

65. A credit purchase of Rs.7000 is returned and wrongly recorded in the purchase day book. For rectifying the error

- I) Creditors A/C should be debited by Rs. 14000.
- II) Return Outward A/c should be debited and Purchase A/C credited by Rs. 7000
- III) Return Outward A/C and Purchase A/C both should be credited by Rs. 7000 each.
- IV) Creditors A/C should be credited and Return Outward A/C debited by Rs. 7000.

Which of the above statement/s is/are true?

- A. II only
- B. I and III
- C. III only
- D. IV only

66. A credit purchase of Rs. 5000 is returned and wrongly credited to creditors account. For this error in the Trial Balance

- A. Suspense A/C debit balance will arise Rs. 5000
- B. Suspense A/C debit balance will arise Rs. 10000
- C. Suspense A/C credit balance will arise Rs. 5000.
- D. Suspense A/C credit balance will arise Rs. 10000.

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Answer questions no. 67 to 70 on the basis of the following information:

In accounting of a sports club for the year 2018-19 the accountant found the following information: (amount in rupees)

	Due for the year 2017-18	Due for the year 2018-19	Due for the year 2019-20	Total
Received in the year 2017-18		15000		
Received in the year 2018-19	12000	360000	8000	380000
Received in the year 2019-20		17000		
Total		392000		

67. The annual subscription to be credited to the Income and Expenditure Account for 2018- 19 amounts to:
- A. Rs. 360000.
  - B. Rs. 392000.
  - C. Rs. 380000.
  - D. Rs. 372000.
68. In the Receipts and Payments Account for 2018-19 Subscription received should be accounted at
- A. Rs. 360000.
  - B. Rs. 392000.
  - C. Rs. 380000.
  - D. Rs. 372000.
69. On 31-03-2019 the subscription receivable as asset will appear in the Balance Sheet at:
- A. Rs. 17000
  - B. Rs. 8000
  - C. Rs.15000
  - D. Rs.12000.
70. On 31-03-2019 the subscription received in advance as liability will appear in the Balance Sheet at:
- A. Rs. 17000
  - B. Rs. 8000
  - C. Rs.15000
  - D. Rs.12000.
71. In the Trial Balance there are Machinery Rs. 200000 and Provision for depreciation for Machinery Rs. 60000. Depreciation for Machinery Rs. 20000 for the year is provided in other information. In the final accounts
- A. Depreciation should be charged to Profit and Loss account at Rs. 20000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 140000.

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- B. Depreciation should be charged to Profit and Loss account at Rs. 60000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 140000.
- C. Depreciation should be charged to Profit and Loss account Rs. 20000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 120000.
- D. None of the above.

72. Provision for Doubtful Debt appears in the trial balance at Rs. 8000 but there is no Bad Debt. In other information Provision for Doubtful Debt to be maintained at the end of the year is Rs. 5000. In final accounts

- I) Provision for Doubtful Debt is shown as liability at Rs. 3000
- II) Provision for Doubtful Debt is shown as liability at Rs. 5000
- III) Net credit to Profit and Loss A/C for Provision for Doubtful Debt is Rs. 3000
- IV) Provision for Doubtful Debt is credited to Profit and Loss A/C by Rs. 5000

Which of the above statement/s is/are true?

- A. II only
- B. I and III
- C. II and III
- D. IV only

73. Which of the following statement/s is/are true?

- I) Stock A/C is opened at the end of the year by crediting Trading A/C.
- II) Stock A/C of the last year is closed by debiting Trading A/C.
- III) Stock A/C is closed at the end of the year by debiting Trading A/C.
- IV) Stock A/C of the last year is closed by crediting Trading A/C.

- A. I only
- B. I and II
- C. III only
- D. III and IV

74. A, B and C are partners in a business. The firm has a joint life policy of Rs. 150000 not appearing in Balance sheet. C died on 31-07-2020. Profits in the financial year 2019-20 amounted to Rs. 90000. It is assumed that in 2020-21 similar profits will be earned. Goodwill is valued at Rs. 60000, which is not appearing in the balance sheet. C's Capital A/C balance on 31-03-2020 was Rs. 124000. The amount to be credited to C's Executor A/C is

- A. Rs. 124000
- B. Rs. 144000
- C. Rs. 194000
- D. Rs. 204000

**Answer questions no. 75 to 78 on the basis of the following information:**

X Ltd. issued 20000 equity shares of Rs. 10 each payable Rs. 5 in application, Rs. 5 in allotment (including premium) and Rs. 4 in call. Applications for 10000 shares were issued full and applications of 20000 shares were issued 10000 shares pro-rata. Refund was made to applications for 7800 shares. Mr. P allotted 2000 shares on pro-rata failed to pay the call money. Those shares were forfeited and out of them 1000 shares were re-issued at Rs. 8 per share.

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75. Money received on allotment is

- A. Rs. 100000
- B. Rs. 50000
- C. Rs. 189000
- D. Rs. 10000

76. Share forfeited A/C is credited for forfeiture of 2000 equity shares by

- A. Rs. 12000
- B. Rs. 20000
- C. Rs. 8000
- D. Rs. 28000

77. Capital Reserve created is

- A. Rs. 6000
- B. Rs. 12000
- C. Rs. 10000
- D. Rs. 4000

78. In balance sheet

I) Share Forfeited A/C and Capital Reserve A/C appear at Rs. 6000 and Rs. 4000 respectively

II) Security Premium is carried at Rs. 72000

III) Paid up equity share capital and Security Premium A/C appear at Rs. 190000 and Rs. 80000 respectively

IV) Paid up equity share capital appear at Rs. 200000

Which of the above statement/s is /are true?

- A. I and II
- B. I and III
- C. II and III
- D. II and IV

79. Discount received total Rs. 3400 from the triple column cash book has wrongly been posted to the debit of discount allowed account. To rectify after trial balance, Suspense account

- A. should be credited by Rs.3400
- B. should be debited by Rs. 3400 and Discount Received A/C credited by Rs. 3400.
- C. should be credited by Rs.6800.
- D. should be debited by Rs.6800 and both Discount Allowed A/c and Discount Received A/C be credited by Rs. 3400 each.

80. There was Outstanding Rent in the last year balance sheet for Rs. 7000 and there is Prepaid Rent at the end of the current year for Rs. 9000.Total Rent paid in the current year amounts to Rs.45000. Rent to be charged to Profit and Loss account is:

- A. Rs. 43000.
- B. Rs.29000.
- C. Rs. 61000.
- D. Rs. 47000.



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81. It is found that Salary payment of Rs. 58750 by cheque was wrongly recorded in the pass book at Rs. 75850. While preparing bank reconciliation statement

- I) Rs. 17100 should be added with the Bank balance (Dr.) as per pass book.
- II) Rs. 17100 should be deducted from the Bank balance (Dr.) as per pass book.
- III) Rs. 17100 should be added with the Bank balance (Dr.) as per cash book.
- IV) Rs. 17100 should be added with the Bank balance (Cr.) as per cash book.

Which of the above statement/s is /are true?

- A. I and III
- B. I and IV
- C. II and III
- D. II and IV

**Answer questions no. 82 to 84 on the basis of the following information:**

Z Company suffered a loss of stock due to fire on July 24, 2020. The company had a fire insurance policy of Rs. 25000 with average clause. It earned gross profit at 28% in last 3 years. On April 01, 2020 stock was valued at Rs.42000. the company purchased materials Rs. 80000 and made sales Rs.100000 during the period from April 01 and July 24, 2020. The stock salvaged was Rs.5000.

82. Value of stock at the date of fire

- A. Rs. 50000
- B. Rs. 45000
- C. Rs.62000
- D. Rs. 57000

83. Loss of stock due to fire amounts to

- A. Rs. 50000
- B. Rs. 45000
- C. Rs.62000
- D. Rs. 57000

84. Insurance claim amounts to

- A. Rs. 28500
- B. Rs.25000
- C. Rs.45000
- D. Rs. 22500

**Answer questions no. 85 and 86 on the basis of the following information:**

X sent out 1000 boxes to Y costing Rs. 400 each. Consignor's expenses Rs. 50,000. 1/10th of boxes was lost in consignee's warehouse and treated as normal loss. 800 boxes were sold by Y at Rs.480000 of which Rs. 8000 was bad. Remaining boxes were returned to X at freight cost of Rs. 4000. Y was entitled to 6% ordinary commission.

85. The value of stock will be:

- A. Rs. 45000
- B. Rs.50000

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- C. Rs.49000
- D. Rs.54000

86. The Profit on consignment amounts to

- A. Rs. 34200
- B. Rs.83200
- C. Rs.39200
- D. Rs.43200

87. On 1st January, 2018 Z Ltd. purchased a machine for Rs. 66000 and spent Rs. 8000 on its carriage and Rs. 6000 on its installation. Its life time production and first year production are estimated at 40000 units and 7000 units respectively. Its residual value at the end of useful life of 5 years is Rs. 6000. Depreciation under units of production method for the first year is:

- A. Rs.14000
- B. Rs.12950
- C. Rs.14200
- D. Rs.16000

88. Mr. Das incurred capital expenditure of Rs.15000 for renovation of machinery but his accountant wrongly treated this as repair expense. What is the effect of this error on Das's profit and the value of his asset?

- | Profit         | Asset       |
|----------------|-------------|
| A. Understated | Overstated  |
| B. Understated | Understated |
| C. Overstated  | Overstated  |
| D. Overstated  | Understated |

89. If debentures of Rs.300000 are issued at 5% premium for the consideration of Rs.325000, then:

- A. Profit and Loss account is credited by Rs.25000
- B. Security Premium account is credited by Rs.15000 and Profit and Loss account is credited by Rs.10000
- C. Security Premium account is credited by Rs. 15000 and Capital Reserve account is credited by Rs.10000
- D. Capital reserve account is credited by Rs.25000

**Answer questions no. 90 to 92 on the basis of the following information:**

Cloud Ltd. decided to redeem 16000 Preference Shares of Rs. 10 each at 10% premium partly by fresh issue of equity shares and partly by creating Capital Redemption Reserve. Balance in Profit and Loss A/c is Rs. 73000 and in Securities Premium A/c is Rs. 12000.

90. The maximum amount of capital redemption reserve that can be created if required fresh issue is made at par:

- A. Rs.73000
- B. Rs.69000
- C. Rs.85000
- D. None of the above

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91. If the minimum number of equity shares are issued at par the amount of proceeds on fresh issue of is
- A. Rs. 87000
  - B. Rs. 99000
  - C. Rs. 91000
  - D. None of the above
92. If Cloud Ltd. makes a fresh issue of 12000 equity shares of Rs. 10 each at 10% premium, the capital redemption reserve to be created out of Profit and Loss A/C is
- A. Rs. 40000
  - B. Rs. 28000
  - C. Rs. 32000
  - D. Rs. 34000
93. I) If depreciation is charged under diminishing balance method it is a fixed cost for the period  
II) If depreciation is charged under units of production method it is a fixed cost for the period  
III) If depreciation is charged under diminishing balance method it is a variable cost  
IV) If depreciation is charged under units of production method it is a variable cost  
Which of the above statement is/are true?
- A. I and III
  - B. III and IV
  - C. II and III
  - D. I and IV
94. A machinery is depreciated by Rs. 5000 every year. Which method is being used to calculate depreciation?
- A. Written Down Value method
  - B. Straight Line method
  - C. Sum of Years Digit method
  - D. None of the above
95. In an inflation economy LIFO pricing will lead to
- A. Higher profit and higher stock value
  - B. Lower profit and higher stock value
  - C. Higher profit and lower stock value
  - D. Lower profit and lower stock value
96. Where is 'Debenture Redemption Reserve' transferred after the redemption of all debentures?
- A. Capital Reserve Account
  - B. General Reserve Account
  - C. Statement of Profit and Loss
  - D. Sinking Fund Account

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97. When debentures are issued at par and are redeemable at a premium, the loss on such an issue is debited to:
- A. Profit & Loss A/c
  - B. Debenture Application and Allotment A/c
  - C. Loss on Issue of Debentures A/c
  - D. Premium on Redemption A/c
98. In Ind AS complied balance sheet
- A. Equity and liabilities come first and assets are reported below
  - B. Assets come first and equity and liabilities are reported below
  - C. Equity and liabilities are shown at the left and assets are shown at the right
  - D. All are permitted
99. In Ind AS complied balance sheet
- A. Proposed dividend is a current liability
  - B. Proposed dividend is shown under other equity
  - C. Proposed dividend is debited to Profit and Loss Appropriation A/C
  - D. none of the above
100. In Ind AS complied balance sheet under Equity appears
- I) Share capital
  - II) Reserve and Surplus
  - III) Equity Share Capital
  - IV) Other Equity
- A. I and II
  - B. II and III
  - C. I and III
  - D. III and IV

### Answer Key Junior Feb 2021

1	b	26	d	51	c	76	a
2	b	27	a	52	a	77	d
3	c	28	c	53	b	78	b
4	d	29	b	54	b	79	c
5	a	30	b	55	d	80	b
6	c	31	c	56	d	81	d
7	b	32	d	57	c	82	a
8	b	33	c	58	a	83	b
9	b	34	a	59	c	84	d
10	d	35	b	60	b	85	b
11	c	36	d	61	c	86	c
12	d	37	c	62	c	87	b

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13	d	38	c	63	d	88	b
14	b	39	b	64	c	89	c
15	d	40	c	65	b	90	b
16	a	41	b	66	b	91	c
17	d	42	a	67	b	92	a
18	b	43	a	68	c	93	d
19	d	44	c	69	a	94	b
20	b	45	d	70	b	95	d
21	a	46	a	71	c	96	b
22	b	47	b	72	c	97	c
23	c	48	c	73	b	98	b
24	c	49	a	74	d	99	d
25	d	50	d	75	b	100	d