Indian Accounting Association

National Accounting Talent Search 2020

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1. If no sale is made in the current year, it means
   A. Production cost is zero
   B. Cost of goods sold is zero
   C. Opening stock is zero
   D. Closing stock is zero

2. If there is no undervaluation of goodwill the premium for goodwill brought in by the incoming partner should be credited to
   A. Incoming partner's capital A/C
   B. Old partners' capital A/C in old profit sharing ratio
   C. Old partners' capital A/C in new profit sharing ratio
   D. Old partners' capital A/C in sacrificing ratio

3. For undervaluation of goodwill the premium brought in by the incoming partner should be credited to
   A. Incoming partner's capital A/C
   B. Old partners' capital A/C in old profit sharing ratio
   C. Old partners' capital A/C in new profit sharing ratio
   D. Old partners' capital A/C in sacrificing ratio

4. If the current year purchase, production and closing stock are nil but sales amount to Rs.5000, then
   A. the current year cost of goods sold is Rs.5000
   B. the current year gross profit is Rs.5000
   C. the current year opening stock is nil
   D. the current year cost of goods sold is equal to last year closing stock

5. When provision for doubtful debt account credited, which account is debited?
   A. Debtors account
   B. Bad debt account
   C. Profit and loss account
   D. None of the above

6. Which of the following statements is false?
   A. Balance sheet will agree even if one of the adjustment entries has been omitted at the time of preparation of the final accounts
   B. Balance sheet will not agree if there lies discrepancy in the Bank Reconciliation Statement
   C. Balance sheet can be prepared even if Trial Balance is not prepared first.
   D. Closing stock will appear in the balance sheet even if it is already adjusted against purchase.

7. If there remains an error of under casting in sales day book, in the trial balance
   A. Debtors account is short-debited
   B. Debtors account is short-credited
   C. Debtors account is not affected
   D. Debtors account is over-debited

8. When a depreciated fixed asset is sold at a price lower than its written down value, the fixed asset account is
   A. Debited by the loss on sale
   B. Credited by the profit on sale
   C. Credited by the loss on sale
   D. Neither debited nor credited by profit or by loss

9. Net current assets or working capital is
   A. Current assets less provisions
   B. Current assets less current liabilities
   C. Non-current assets less current assets
   D. None of the above

10. Stock value is increased for
   A. Selling expense
   B. Abnormal loss
   C. Normal loss
   D. None of the above

11. By charging depreciation under diminishing balance method, as the asset becomes older
   A. Annual depreciation remains unchanged
   B. Annual depreciation reduces
   C. Annual depreciation increases
   D. None of the above

12. Which of the following is acceptable in financial accounting?
   A. Goodwill cannot be purchased
   B. Goodwill can be purchased separately from a business
   C. Goodwill can be purchased along with a business.
   D. None of the above

13. The incoming partner brings premium for goodwill for his share in
   A. Under valuation of goodwill
   B. Over valuation of goodwill
   C. Balance sheet value of goodwill
   D. None of the above

14. Cost of goods sold =
   A. Factory cost less closing stock
   B. Prime cost less closing stock
   C. Cost of production + opening stock – closing stock
   D. Cost of production - opening stock + closing stock

15. Entries for opening and closing stocks are passed
   A. For finding Sales
   B. For finding periodical profits
   C. For finding cost of production.
   D. For finding net worth

16. In financial accounting assets and liabilities are accounted because
   A. the business is assumed to be a going concern
   B. business is closed periodically

C. life time profit is required to be found
D. owners change periodically

17. Based on entity concept capital is the
    A. Liability of a firm to the owner
    B. Asset of a firm
    C. Shown in the income statement
    D. The excess of liabilities over assets

18. Journal folio number is written in
    A. Journal
    B. Ledger
    C. Trial Balance
    D. Balance Sheet

19. Balance sheet is also called
    A. A statement of income and expenses
    B. A second Trial balance
    C. A list of closed accounts
    D. A statement of Equity

20. For cash discount received the account to be debited is
    A. Purchase A/C
    B. Creditor A/C
    C. Cash A/C
    D. Debtor A/C

21. A credit purchase is wrongly debited to Creditors A/C Rs. 500. For rectification
    A. Creditors A/c be credited by Rs. 500.
    B. Creditors A/c be credited by Rs. 1000.
    C. Debtors A/c be credited and Creditors A/c be debited by Rs. 500.
    D. Debtors A/c and Creditors A/c both be credited by Rs.500 each.

22. In an inflation economy FIFO 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

23. For companies where Ind AS is applicable, in the Balance sheet
    A. Equity and Liabilities come first and Assets are shown below
    B. Under Equity, Share Capital comes first and Reserve and Surplus next
    C. Under Equity, Equity Share Capital comes first and Other Equity next
    D. None of the above

24. Depreciation is
    A. A cash expense
    B. A non-cash expense
    C. Not an expense
    D. None of the above

25. In a partnership firm, a partner’s capital A/C balance
    A. Cannot be debit

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

26. Profit on sale of Machinery is
A. debited to Profit and Loss A/C
B. credited to Profit and Loss A/C
C. debited to Machinery A/C
D. None of the above

27. Life insurance premium paid by the business for the owner Rs. 1000 and for the employees Rs. 5000. The payment is treated as
A. expense for Rs. 6000
B. drawing for Rs. 6000
C. not a transaction to be recorded in accounts
D. drawing for Rs. 1000 and expense for Rs. 5000.

28. Goods sold to Ram for Rs. 8000 on credit was recorded in accounts. 50% of the sale is returned by Ram afterwards, for which
A. Sale a/c should be debited by Rs.4000.
B. Return Inward a/c should be debited by Rs.4000.
C. Return Outward a/c should be credited and Ram a/c debited by Rs.4000.
D. None of the above

29. Credit advice is received from bank for dividend received. 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.

30. Cheque received from customer for Rs.4000 deposited into bank on 23rd September, 2019. On 4th October, 2019 the cheque was dishonoured, the bank returned the cheque and it was recorded in cash book. For preparing a bank reconciliation statement on 30th September, 2019
A. Rs.4000 should be added to the bank balance (cr.) as per pass book.
B. Rs.4000 should be added to the bank balance (dr.) as per cash book.
C. Rs. 4000 should be subtracted from the bank balance (cr.) as per pass book.
D. None of the above.

31. Cheque received from customer for Rs.4000 deposited into bank on 23rd September, 2019. On 4th October, 2019 the cheque was duly collected. For preparing a bank reconciliation statement on 30th September, 2019
A. Rs.4000 should be added to the bank balance (cr.) as per pass book.
B. Rs.4000 should be added to the bank balance (dr.) as per cash book.
C. Rs. 4000 should be subtracted from the bank balance (cr.) as per pass book.
D. None of the above.

32. In the trial balance there is provision for bad debt for Rs.4000 created in the last year. In the current year there is no bad debt and no need to create any provision. The provision for bad debt should appear in
A. the balance sheet as a liability.
B. the profit and loss account as an income.
C. the profit and loss account as an expense.
D. None of the above.

33. A machine with written down value of Rs.30000 as per the last year balance sheet is sold in the mid of the current year at Rs. 29000. Depreciation is charged on diminishing balance method at 20% annually.
    A. There is loss of sale on machine Rs. 1000
    B. There is profit of sale on machine Rs. 5000
    C. There is profit of sale on machine Rs. 2000
    D. None of the above.

34. A credit purchase of Rs. 4000 is returned and wrongly recorded in the sales day book. For this error
    A. Credit side of the Trial Balance will be higher than the debit side.
    B. There will be no difference between the debit and credit sides of the Trial Balance.
    C. Credit side of the Trial Balance will be less than the debit side.
    D. None of the above.

35. A credit purchase of Rs. 4000 is returned and wrongly recorded in the purchase day book. For this error
    A. Credit side of the Trial Balance will be higher than the debit side.
    B. There will be no difference between the debit and credit sides of the Trial Balance.
    C. Credit side of the Trial Balance will be less than the debit side.
    D. None of the above.

36. A credit purchase of Rs. 4000 was returned and wrongly recorded in the purchase day book. For rectification
    A. Creditors should be debited and Purchase credited by Rs. 8000.
    B. Creditors should be debited and Purchase credited by Rs. 4000.
    C. Creditors should be debited and Return Outward credited by Rs. 8000.
    D. Creditors should be debited by Rs. 8000, Return Outward credited by Rs.4000 and Purchase credited by Rs. 4000.

37. A credit purchase of Rs. 4000 is returned and wrongly credited to creditors account. For this error
    A. Credit side of the Trial Balance will be higher than the debit side by Rs.4000.
    B. There will be no difference between the debit and credit sides of the Trial Balance.
    C. Debit side of the Trial Balance will be less than the credit side by Rs.8000.
    D. None of the above.

Answer questions no. 38 to 40 on the basis of the following information:

In accounting of a sports club for the year 2018 the accountant found that there were 2000 members and annual subscription per member was Rs. 200, but in 2018 total subscription received from members amounted to Rs. 360000, which included Rs. 12000 due in 2017 and Rs. 4000 received in advance for 2019. He further found that in 2017 subscription received in advance for 2018 was Rs. 9000.

38. The annual subscription to be credited to the Income and Expenditure Account for 2018 amounts to:
    A. Rs. 360000.
    B. Rs.335000.
    C. Rs. 375000.
    D. Rs. 400000.

39. In the Receipts and Payments Account Subscription received should be accounted at
    A. Rs. 360000
    B. Rs.353000
    C. Rs. 375000
    D. Rs. 400000

40. On 31-12-2018 the subscription receivable as asset and subscription received in advance as liability will appear in the Balance Sheet respectively at:
    A. Rs. 65000 and Rs. 4000
    B. Rs.55000 and Rs. 4000
    C. Rs.47000 and Rs. 4000
    D. Rs.55000 and Rs. 9000

41. In the Trial Balance there are Machinery Rs. 200000, Depreciation for Machinery Rs. 20000 and Provision for depreciation for Machinery Rs. 60000. 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.
    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 at Rs. 20000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 120000.
    D. None of the above.

42. Closing stock appears in the trial balance. In final accounts it should appear in
    A. Trading account on the debit side
    B. Balance sheet as asset
    C. Trading account on credit side
    D. None of the above

43. For closing the stock account of the last balance sheet
    A. Trading account is credited
    B. Purchase account is credited
    C. Trading account is debited
    D. None of the above.

44. In the last year one error remained unrectified. A purchase of furniture for Rs. 30000 was debited to purchase account. Depreciation for such furniture in the last year should have been accounted at Rs. 3000. For rectification of the past error
    A. Profit and Loss account should be credited by Rs.30000.
    B. Profit and Loss Adjustment account should be credited by Rs. 27000.
    C. Profit and Loss account should be debited by Rs. 30000
    D. Profit and Loss Adjustment account should be credited by Rs. 30000.

45. Trial balance had a difference and on examination it was found that in triple column cash book discount received was undercast by Rs. 181. For rectification
    A. Suspense account is credited and Discount Received is debited by Rs. 181
    B. Suspense account is debited and Discount Received is credited by Rs. 362
    C. Suspense account is debited and Discount Received is credited by Rs. 181
    D. None of the above.

46. There was prepaid wages in the last year balance sheet for Rs. 8000 and there is outstanding wages at the end of the current year for Rs. 8000.Total wages paid in the current year amounts to Rs. 40000. Wages to be charged to Profit and Loss account is:

A. Rs. 56000.
B. Rs.48000.
C. Rs. 40000.
D. Rs. 24000.

47. Discount allowed total Rs. 4580 from the triple column cash book has wrongly been posted to the credit of discount received account. To rectify after trial balance, Suspense account
A. should be credited by Rs.4580.
B. should be debited by Rs. 4580.
C. should be credited by Rs.9160.
D. should be debited by Rs.9160.

48. It is found that wages payment of Rs. 8770 by cheque was wrongly recorded in the pass book at Rs. 7870. While preparing bank reconciliation statement
A. Rs. 900 should be added with the Bank balance (Dr.) as per pass book.
B. Rs. 900 should be deducted with the Bank balance (Dr.) as per pass book.
C. Nothing should be added or deducted with the Bank balance (Dr.) as per pass book.
D. Rs.900 should be added with the Bank balance (Cr.) as per pass book.

49. P and Q entered into a Joint Venture. P purchased goods for Rs. 7000 in cash and incurred expenses Rs. 400. Q sold all the goods for Rs. 10000 in cash and incurred expenses Rs.330. P is entitled to commission on purchase at 1% and Q on sale at 2%. Profits are shared equally. The remittance from Q to P to settle the dues amounts to
A. Rs.8970
B. Rs.7470
C. Rs. 8470
D. None of the above.

50. In a Joint Venture of A and B, A bought goods costing 4,00,000. B sold 4/5th of goods for Rs. 4,50,000. Balance goods were taken over by B at cost less 20%. Find out profit on joint venture:
A. Rs. 210000
B. Rs. 114000
C. Rs. 130000
D. None

51. Which of the following will not happen if depreciation is not accounted (other things remaining unchanged)?
A. Balance sheet will agree
B. Trial Balance will agree
C. Profit and asset value would be over stated
D. Maintenance capital

52. For abnormal loss of stock
A. Trading account is credited and Profit and Loss account is debited
B. Trading account is debited and Profit and Loss account is credited
C. Trading account is credited only
D. Profit and Loss account is debited only

53. If there is no undervaluation of goodwill the retiring partner should be
A. Neither debited nor credited for goodwill
B. Credited for goodwill
C. Continuing partners should be debited in gaining ratio

D. Continuing partners should be debited in new ratio

54. For any undistributed losses the old partners capital A/C should be debited before admission of the incoming partner in the
A. Capital ratio
B. Old profit sharing ratio
C. New profit sharing ratio
D. Sacrificing ratio

55. When is a provision for doubtful debt account credited?
A. at the time of creation of the provision
B. b) at the time of closing the provision account
C. c) at the time of transfer of bad debt to the provision account
D. d) at the time of transferring excess provision to reserve account

56. Which of the following statements is false?
A. Cash book is both journal and ledger
B. Bank balance as per pass book is shown in balance sheet
C. The acccounts which are closed do not appear in balance sheet
D. Opening stock and closing stock both cannot appear in balance sheet

57. If there remains an error of under casting in purchase day book
A. total debit will be less than total credit in the trial balance
B. total debit will be equal to total credit
C. total debit will be greater than total credit
D. the liability shown by creditors account would be less

58. When a depreciated asset is partly sold
A. its balance sheet value is not reduced
B. its balance sheet value is reduced by the net selling price of the part sold
C. its balance sheet value is reduced by the depreciated value of the part sold
D. its balance sheet value is reduced by the original cost of the part sold

59. If the current year purchase and production are nil and the last year's closing stock is partly sold this year, the current year cost of goods sold would be
A. nil
B. equal to opening stock
C. equal to opening stock less closing stock
D. equal to closing stock less opening stock

60. If you make profit in business, in effect
A. fixed capital should rise
B. working capital should rise
C. working capital should fall
D. fixed capital should fall

61. By charging an amount as depreciation against profit
A. You arrest distribution of the amount as profit
B. You keep the productivity of fixed assets intact
C. You write off the loss in the market value of fixed assets
D. None of the above

62. Which of the following is acceptable in financial accounting?
    A. Goodwill generated in the business should appear in the balance sheet at estimated cost.
    B. Goodwill generated in the business should appear in the balance sheet at market value.
    C. Goodwill purchased as a separate asset should be shown at cost of purchase.
    D. Goodwill purchased along with a business should be shown at cost.

63. If goodwill is brought in by the incoming partner it is
    A. credited to the old partners' capital account in the old ratio
    B. paid to the old partners in the old ratio
    C. credited to the old partners' capital account in the sacrificing ratio
    D. credited to the incoming partner's capital account

64. During the year Dey incurred Rs.15000 for repairs of building but his accountant treated this as capital expenditure. What is the effect of this error on Dey's profit and the value of his asset?

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

65. For transfer of goods from venturer M to co-venturer N
    A. Joint Venture with N a/c is debited in books of M
    B. Joint Venture with M a/c is credited in books of N
    C. N a/c in books of M is credited.
    D. No entry is made.

66. Memorandum Joint Venture a/c is opened
    A. Under double entry system
    B. To find profit or loss in joint venture
    C. To record remittances between venturers
    D. To find amount due to or from co-venturers

67. In the Memorandum method of accounting of a Joint Venture of A and B
    A. Joint venture with A a/c is opened in books of B to record transactions of A
    B. Joint venture with B a/c is opened in books of A to record transactions of A
    C. Joint venture with A a/c is opened in books of A to record transactions of B
    D. Joint venture with B a/c is opened in books of B to record transactions of A

68. For bad debt on credit sale by the consignee
    A. Bad debt a/c is debited in the books of consignee if del credere commission is paid
    B. Bad debt a/c is debited to consignment a/c in the books of consignor if del credere commission is paid
    C. Bad debt a/c is debited in the books of consignee if no del credere commission is paid.
    D. None of the above

69. X sends out 5000 boxes to Y costing Rs. 100 each. Consignor's expenses Rs. 40,000. 1/10th of boxes were lost in consignee's godown and treated as normal loss. 3000 boxes were sold by consignee. The value of consignment stock will be:
    A. Rs. 180000
    B. Rs.216000
    C. Rs.162000
    D. Rs.145800

70. The consignee is entitled to a commission of 10% plus Del-Credere 5%. The credit sales is of Rs. 90,000 and cash sales is of Rs. 30,000, amount of total commission will be:
    A. Rs.16500
    B. Rs.18000
    C. Rs.7500
    D. Rs.10500

71. Mohan consigned 600 watches to Gopal at Rs.600 per unit. Mohan paid Rs. 60000 as freight. Gopal paid Rs. 9000 for godown rent. 500 watches were sold for Rs. 500000. Mohan was entitled to commission at 10%. Profit on consignment will be :
    A. Rs. 92500
    B. Rs. 21000
    C. Rs.91000
    D. Rs.81000

72. Mohan consigned 50 watches to Gopal at Rs.600 per unit. All the watches were sold for Rs. 50000 on credit, Rs. 47000 was realized and balance bad. Mohan paid expenses Rs.5000 and Gopal paid expenses Rs. 3000. Mohan was entitled to commission at 8% plus del credere 4%. Profit on consignment will be :
    A. Rs.3000
    B. Rs.3360
    C. Rs.6000
    D. None of the above

Answer questions no. 73 and 74 on the basis of the following information:

Z Company suffered a loss of stock due to fire on May 15, 2019. The company had a fire insurance policy of Rs. 20000 with average clause. It earned gross profit at 20% in last 5 years. On April 01, 2019 stock was valued at Rs.19000. the company purchased materials Rs. 70000 and made sales Rs.80000 during the period from April 01 and May 15, 2019. The stock salvaged was Rs.5000.

73. Loss of stock due to fire amounts to
    A. Rs. 25000
    A. Rs. 20000
    B. Rs.9000
    C. None of the above

74. Insurance claim amounts to
    A. Rs. 20000
    B. Rs.25000
    C. Rs.16000
    D. None of the above

75. Original cost of an asset Rs. 262000, Salvage value Rs. 22000. Depreciation for 2nd year @ 10% p.a. under W.D.V method will be :
    A. Rs.21600
    B. Rs.23580
    C. Rs.26200
    D. None of the above

76. A machinery is depreciated by Rs. 3000 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

77. On 1st January, 2016 Q Ltd. purchased a machine for Rs. 66000 and spent Rs. 5000 on its carriage and Rs. 4000 on its installation. Its useful life is 5 years and scrap value is Rs. 6000. Depreciation under Sum of Years Digit method for the second year is:
A. Rs.7500
B. Rs.6900
C. Rs.18400
D. Rs.20000

78. Depreciation is:
A. Diminution in value of fixed asset
B. Consumption of the service of fixed asset
C. Impairment of fixed asset
D. Allocation of cost over the period of life of fixed asset

79. Which of the following assets is a depleting asset to be amortised?
A. Goodwill
B. Coal Mine
C. Machine
D. Land

80. Interest on debentures is calculated on
A. Its face value
B. Its issue price
C. Its market price
D. Its redemption value

81. When debentures are issued as collateral security against any Borrowing then holder of such debentures is entitles to:
A. Interest only on the face value of debentures
B. Interest both on the loan and on the debentures
C. Interest only on the amount of loan
D. None of the above.

82. If debentures of Rs.4,50,000 are issued at 5% premium for the consideration of Rs.5,00,000, then:
A. Profit and Loss account is credited by Rs.50000
B. Security Premium account is credited by Rs. 22500 and Profit and Loss account is credited by Rs.27500

C. Security Premium account is credited by Rs. 22500 and Capital Reserve account is credited by Rs.27500
D. Capital reserve account is credited by Rs.50000

83. Which of the following can be used for the purpose of creation of capital redemption reserve account?
A. Profit and loss account (credit balance)
B. Unclaimed dividends account
C. Security Premium account
D. None of the above

Answer questions no. 84 to 85 on the basis of the following information:
Moon Ltd. decides to redeem 10000 Preference Shares of Rs. 10 each at 10% premium. Balance in Profit and Loss A/c is Rs. 50000 and in Securities Premium A/c is Rs. 6000.

84. You are required to calculate the maximum amount of capital redemption reserve that can be created:
A. Rs.46000
B. Rs.54000
C. Rs.50000
D. Rs.56000

85. You are required to calculate the minimum number of equity shares of Rs. 10 each to be issued for the purpose of redemption, if the new share is to be issued at a discount of 10%.
A. 5111 shares
B. 5,555 shares
C. 4888 shares
D. 6000 shares

86. Which of the following can be utilized for redemption of preference shares?
A. The proceeds of fresh issue of equity shares
B. The proceeds of issue of debentures
C. The proceeds of sale of investment
D. All of the above

87. Preference shares can be redeemed :
A. Only if they are fully paid
B. Even if they are partly paid up
C. Only after getting the approval of the Tribunal
D. Only after getting the approval of the Tribunal when they are partly paid

Answer questions no. 88 to 92 on the basis of the following information:
Q Ltd. issued 20000 shares of Rs. 10 each at a premium payable as follows:
On application Rs. 2
On allotment Rs. 5 (including premium)
On first call Rs. 3
On second and final call Rs. 2.
Applications were received for 30000 shares and pro rata allotment was made to applicants of 24000 shares. Excess money received on application of 24000 shares was employed on allotment. M, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and N, the holder of 600 shares failed to pay the two calls and his shares were forfeited after the second call. Of the forfeited shares, 900 shares were reissued to P at a discount of 10%, the whole of M's forfeited shares being reissued.

88. Application money adjusted against allotment:
    A. Rs. 20000
    B. Rs. 16000
    C. Rs. 12000
    D. Rs. 8000

89. Amount transferred to Share Forfeiture account for M
    A. Rs.960
    B. Rs.3200
    C. Rs.800
    D. Rs.2000

90. Amount transferred to Share Forfeiture account for N
    A. Rs.1800
    B. Rs.3000
    C. Rs.4200
    D. Rs.2040

91. Amount carried at Share Forfeiture account after reissue
    A. Rs.500
    B. Rs.3460
    C. Rs. 3960
    D. Rs.2560

92. Amount transferred to capital reserve after reissue
    A. Rs.500
    B. Rs.3460
    C. Rs. 3960
    D. Rs.2560

Answer questions no. 93 to 94 on the basis of the following information:

1000, 10% Debentures Rs. 100 were issued at 5% discount and redeemable at 10% premium after 5 years. The company had the policy to write off Discount and Loss on issue and to create Debenture Redemption Reserve (DRR) for 50% in equal annual amount.

93. The above has been accounted in each of the 5 years by debiting Profit and Loss account by
    A. Rs.12000
    B. Rs.11000
    C. Rs.20000
    D. Rs.13000

94. On redemption of debentures at maturity
    A. General Reserve is credited by Rs.10000
    B. General Reserve is credited by Rs.50000
    C. Debenture Redemption Reserve is debited by Rs.10000
    D. Debenture Redemption Reserve is credited by Rs.50000

95. Accounting standard
    A. Can over-ride statute
    B. Cannot over-ride statute
    C. May over-ride statute
    D. Must over-ride statute

96. The purpose of accounting standard is to
    A. Increase comparability of reporting
    B. Enhance reliability of reporting
    C. Harmonise accounting policies
    D. All of the above

Answer questions no. 97 to 99 on the basis of the following information:
P, Q and R are partners in the ratio of 7:6:1 respectively. Q wants to retire.

97. His share is being equally taken by P and R. What would be the new ratio of P and R respectively?
    A. 7:1
    B. 1:1
    C. 2:5
    D. 5:2

98. The new ratio is equal. What is the gaining ratio?
    A. 1:1
    B. 5:2
    C. Only R gains by 3/7
    D. None of the above

99. R takes up Q's share. For under valuation of Goodwill of Rs.28000
    A. R debit and Q credit by Rs.28000
    B. R debit and Q credit by Rs.12000
    C. R debit by Rs.14000, P debit by Rs.14000 and Q credit by Rs.28000
    D. R debit by Rs. 6000, P credit by Rs.6000 and Q credit by Rs.12000

100. If cost of production for 1000 units amounts to Rs.88000 and the firm had opening stock of 100 units at a value of Rs.7000 and closing stock of 200 units, then cost of goods sold per unit is:
    A. Rs.90
    B. Rs.88
    C. Rs.86
    D. None of the above

Answer key

1	B	21	B	41	A	61	A	81	C
2	A	22	A	42	B	62	D	82	C
3	D	23	C	43	C	63	D	83	A
4	D	24	B	44	B	64	C	84	A
5	C	25	B	45	C	65	D	85	D
6	B	26	B	46	A	66	B	86	A
7	C	27	D	47	C	67	B	87	A
8	C	28	B	48	A	68	A	88	D
9	B	29	B	49	C	69	A	89	A
10	C	30	A	50	B	70	B	90	B

11	B	31	A	51	D	71	C	91	A
12	C	32	B	52	A	72	C	92	X
13	A	33	C	53	A	73	B	93	D
14	C	34	B	54	B	74	C	94	B
15	B	35	B	55	A	75	B	95	B
16	A	36	D	56	B	76	B	96	D
17	A	37	C	57	A	77	C	97	D
18	B	38	D	58	C	78	D	98	C
19	B	39	A	59	C	79	B	99	B
20	B	40	C	60	B	80	A	100	C