

National Accounting Talent Search February 2022(Junior Level)



**Indian Accounting Association**

**National Accounting Talent Search 2021**

**JUNIOR LEVEL**

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1. If Cost of goods sold is zero, it is due to
  - A. Cost of production is zero
  - B. Sale is zero
  - C. Opening stock is zero
  - D Closing stock is zero

**Answer questions no. 2 to 3 on the basis of the following information:**

If undervaluation of goodwill amounts to Rs.60000 and the premium for goodwill brought in by the incoming partner for 1/3<sup>rd</sup> share is Rs.30000

2. Which of the following is correct?
  - A. Incoming partner's capital A/c should be credited by Rs.10000
  - B. Incoming partner's capital A/c should be credited by Rs.20000
  - C. Incoming partner's capital A/c should be credited by Rs.30000
  - D. None of the above
3. Which of the following is correct?
  - A. Old partners' capital A/c should be credited by Rs.20000 in old profit-sharing ratio
  - B. Old partners' capital A/c should be credited by Rs.20000 in new profit-sharing ratio
  - C. Old partners' capital A/c should be credited by Rs.20000 in sacrificing ratio
  - D. None of the above
4. If the current year purchase and production are nil and the last year's closing stock is fully sold this year, then
  - A. The current year cost of goods sold is nil
  - B. The current year closing stock is nil
  - C. The current year opening stock is nil
  - D. None of the above
5. When provision for doubtful debt account is credited, which account is debited?
  - A. Debtor's account
  - B. Bad debt account
  - C. Profit and loss account
  - D. None of the above
6. Which of the following statements is/are false?
  - (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 will agree even if one of the items of the Trial Balance has been omitted at the time of preparation of the final accounts

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- (IV) Closing stock will appear in the balance sheet even if it is already adjusted against purchase.
- A. I and II
  - B. II and III
  - C. I and III
  - D. II and IV
7. There remains an error of under casting in sales day book. Which of the following statements is/are true?
- (I) Total debit in Trial Balance will be less than total credit
  - (II) Trial Balance will not agree
  - (III) The Sales accounts total balance will be less
  - (IV) The debtors account total balance will be less
- A. I and II
  - B. II and III
  - C. I and III
  - D. II and IV
8. When a fully depreciated fixed asset is sold, the balance sheet value of fixed asset is
- A. not reduced
  - B. is reduced by the net selling price of the asset sold
  - C. is reduced by the original cost of the asset sold
  - D. None of the above
9. Net current assets or working capital is financed through
- A. Short term sources
  - B. Long term sources
  - C. Equity only
  - D. None of the above
10. Cost per unit of stock is
- A. decreased for abnormal gain
  - B. increased for abnormal loss
  - C. increased for normal loss
  - D. None of the above
11. By charging depreciation under straight line method, as the asset becomes older
- A. Annual depreciation amount remains unchanged
  - B. Annual depreciation amount reduces
  - C. Annual depreciation amount increases
  - D. None of the above

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12. If a running business is purchased and an amount is paid for some unidentified intangible assets
- A. Intangible asset account is debited
  - B. Goodwill account is debited
  - C. Expense account is debited
  - D. None of the above
13. Gross profit =
- A. Sale value of production less cost of production
  - B. Sale less cost of production
  - C. Sale less cost of goods sold
  - D. None of the above
14. Which of the following statements is true? Entries for inventory of raw materials are passed
- (I) For matching cost against revenue
  - (II) For finding periodical profits
  - (III) For finding cost of materials consumed
  - (IV) For finding cost of conversion
- A. I and II
  - B. II and III
  - C. I, II and III
  - D. II and IV
15. Which of the following statements is true?  
In financial accounting assets and liabilities are accounted because
- (I) the business is assumed to be a going concern
  - (II) business is closed periodically
  - (III) Periodical accounting is done
  - (IV) owners change periodically
- A. I and II
  - B. I and III
  - C. II and III
  - D. II and IV
16. According to the entity concept, equity share capital is
- A. Internal liability of a firm to the equity shareholders
  - B. External liability of a firm
  - C. The amount to be paid back to the shareholders after a stipulated time
  - D. Credited for securities premium

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17. Ledger folio number is written in
- A. Ledger
  - B. Cash Book
  - C. Balance Sheet
  - D. None of the above
18. Balance sheet is a statement showing
- A. The performance of a firm during the accounting year
  - B. The accounts that are not closed at the end of the accounting period
  - C. A list of closed accounts
  - D. All the accounts of the Trial Balance in a given Format
19. For cash discount allowed the account to be credited is
- A. Purchase A/c
  - B. Creditor A/c
  - C. Sale A/c
  - D. Debtor A/c
20. A purchase return is debited to Creditors A/c by Rs. 500.
- A. Creditors A/c be credited by Rs. 500 for rectification
  - B. Creditors A/c be credited by Rs. 1000 for rectification
  - C. No rectification entry is required.
  - D. Purchase Return A/c and Creditors A/c both be credited by Rs.500 each.
21. Which of the following statements is/are true?  
In an inflationary economy change from LIFO to FIFO pricing will lead to
- (I) Higher profit
  - (II) Higher stock value
  - (III) Lower profit
  - (IV) Lower stock value
- A. I and II
  - B. II and III
  - C. I and IV
  - D. III and IV
22. Health insurance premium paid by the business for the owner Rs. 2000 and for the employees Rs. 6000. The payment is treated as
- A. expense for Rs. 8000
  - B. drawing for Rs. 8000
  - C. not a transaction to be recorded in accounts
  - D. drawing for Rs. 2000 and employee expense for Rs. 6000.

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23. 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.
24. A cash book showed credit balance of bank on 31 October 2020 Rs. 32000. Till that date by comparing cash book and bank statement it is found that cheques issued totaling at Rs. 13000 had not been presented for payments and cheques deposited totaling Rs. 9000 had not been cleared. The balance as per Pass Book on 31 October 2020 will be:
- A. Rs. 54000 Credit
  - B. Rs. 10000 Credit
  - C. Rs. 36000 Debit
  - D. Rs. 28000 Debit
25. A cheque received from a customer for Rs.7000 was deposited into bank on 23<sup>rd</sup> October, 2021. On 5<sup>th</sup> November, 2021 the cheque was dishonored and the bank returned the cheque and it was recorded in cash book. For preparing a bank reconciliation statement on 31st October, 2021
- A. Rs.7000 should be added to the bank balance (cr.) as per pass book.
  - B. Rs.7000 should be added to the bank balance (dr.) as per cash book.
  - C. Rs. 7000 should be subtracted from the bank balance (cr.) as per pass book.
  - D. None of the above
26. In the trial balance there is provision for bad debt for Rs.4000 created in the last year. In the current year there is bad debt of Rs. 3000 and at the end of the current year there is no need to create any provision.
- A. The old provision for bad debt should appear in the balance sheet as a liability for Rs. 1000.
  - B. The old provision for bad debt should be credited to the profit and loss account as an income for Rs. 1000.
  - C. The bad debt of Rs. 3000 should be debited and old provision should be credited to the profit and loss account
  - D. None of the above.
27. A credit purchase of Rs. 9400 is returned and wrongly recorded in the sales day book at Rs. 4900. For this error
- A. Trial Balance will not agree
  - B. Trial Balance will agree
  - C. Profit will be overstated by Rs. 4500
  - D. None of the above.

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28. A credit sale of Rs. 8700 was returned by the customer and wrongly recorded in the purchase day book at Rs. 7800. For rectification

- I. Creditors should be debited and Purchase credited by Rs. 7800.
- II. Return Inward should be debited and Debtors credited by Rs. 8700
- III. Return Inward to be credited and Debtors debited by Rs. 8700
- IV. Creditors should be credited and Purchase debited by Rs.

7800 Which of the above statements are true?

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

**Answer questions no. 29 to 31 on the basis of the following information:**

In accounting of a sports club for the year 2021 the accountant found that there are 1000 members and annual subscription per member is Rs. 500, but in 2021 total subscription received from members amounted to Rs. 480000, which included Rs. 15000 due in 2020 and Rs. 5000 received in advance for 2022. He further found that in 2020 subscription received in advance for 2021 was Rs. 10000.

29. The annual subscription to be credited to the Income and Expenditure Account for 2021 amounts to:

- A. Rs. 480000.
- B. Rs.460000.
- C. Rs. 470000.
- D. Rs. 500000.

30. In the Receipts and Payments Account for 2021, Subscription received should be accounted at

- A. Rs. 480000.
- B. Rs.460000.
- C. Rs. 470000.
- D. Rs. 500000

31. On 31-12-2021 the subscription received in advance as liability will appear in the Balance Sheet at:

- A. Rs. 10000.
- B. Rs. 8000.
- C. Rs. 5000.
- D. None of the above

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32. In the Trial Balance there are Machinery Rs. 400000, Depreciation on Machinery Rs. 40000 and Provision for Depreciation on Machinery Rs. 160000. In the final accounts
- A. Depreciation should be charged to Profit and Loss account at Rs. 40000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 240000.
  - B. Depreciation should be charged to Profit and Loss account at Rs. 160000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 240000.
  - C. Depreciation should be charged to Profit and Loss account at Rs. 40000 and Written Down value of Machinery should appear in the Balance Sheet at Rs. 200000.
  - D. None of the above.
33. Closing stock of the current year appears in the trial balance. In final accounts it should appear in
- A. Trading account and in balance sheet
  - B. Balance sheet only
  - C. Trading account only
  - D. None of the above
34. 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.
35. Trial balance had a difference and on examination it was found that in triple column cash book discount allowed was undercast by Rs. 279. For rectification
- A. Suspense account is credited and Discount Allowed is debited by Rs. 279
  - B. Suspense account is debited and Discount Allowed is credited by Rs. 558
  - C. Suspense account is debited and Discount Allowed is credited by Rs. 279
  - D. None of the above.
36. There were prepaid wages in the last year balance sheet for Rs. 9000 and there are outstanding wages at the end of the current year for Rs. 7000. Total wages paid in the current year amounts to Rs. 40000. Wages to be charged to current year Profit and Loss account is:
- A. Rs. 56000.
  - B. Rs. 38000.
  - C. Rs. 42000.
  - D. None of the above.

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37. Discount received total Rs. 4580 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.4580.
  - B. should be debited by Rs. 4580.
  - C. should be credited by Rs.9160.
  - D. should be debited by Rs.9160.
- 38.It is found that a payment of Rs. 4560 by cheque was wrongly recorded in the pass book at Rs. 5640. While preparing bank reconciliation statement
- A. Rs. 1080 should be added with the Bank balance (Dr.) as per pass book.
  - B. Rs. 1080 should be deducted from the Bank balance (Cr.) as per pass book.
  - C. Rs. 1080 should be added with the Bank balance (Cr.) as per pass book.
  - D. None of the above.
- 39.A and B entered into a Joint Venture. A purchased goods for Rs. 6000 in cash and incurred expenses Rs. 500. B sold all the goods for Rs. 9000 in cash and incurred expenses Rs.400. A is entitled to commission on purchase at 2% and B on sale at 3%. Profits are shared equally. The remittance to settle the dues from B to A amounts to
- A. from A to B amounts to Rs. 7475.
  - B. from B to A amounts to Rs.7475.
  - C. from B to A amounts to Rs. 7020
  - D. None of the above.
- 40.In a Joint Venture of A and B, A bought goods costing 3,00,000. B sold 4/5th of goods for Rs. 4,00,000. Balance goods were taken over by B at cost plus 20%. Find out profit on joint venture:
- A. Rs. 100000
  - B. Rs. 172000
  - C. Rs. 160000
  - D. None of the above
41. Which of the following will happen if depreciation is not accounted (other things remaining unchanged)?
- A. Trial Balance and Balance sheet will not agree
  - B. Cash flow will increase
  - C. Profit and asset value would be over stated
  - D. None of the above
42. If at retirement of a partner, goodwill of the firm is valued at Rs. 90000 which does not appear in balance sheet,
- A. the retiring partner should be debited for his share in undervaluation of goodwill
  - B. the retiring partner should be credited for his share in undervaluation of goodwill
  - C. Continuing partners should be debited in old ratio
  - D. None of the above.

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43. Before admission of an incoming partner for any undistributed losses the old partners' capital A/c should be debited in the
- A. Capital ratio
  - B. Old profit-sharing ratio
  - C. New profit-sharing ratio
  - D. Sacrificing ratio
44. 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
45. The retiring partner's share in the amount of undervaluation of goodwill
- A. is credited to the continuing partners' capital A/C in sacrificing ratio
  - B. is debited to the continuing partners' capital A/C in gaining ratio
  - C. is credited to the continuing partners' capital A/C in gaining ratio
  - D. is debited to the continuing partners' capital A/C in sacrificing ratio
46. When is a provision for doubtful debt account credited?
- A. at the time of creation of the provision through Profit and Loss account
  - B. at the time of closing the provision account
  - C. at the time of transfer of bad debt to the provision account
  - D. at the time of transferring excess provision to reserve account
47. A provision for depreciation account is credited
- A. By debiting Profit and Loss account
  - B. By debiting depreciation account
  - C. By debiting fixed asset account
  - D. None of the above
48. When a depreciated asset of written down value of Rs. 80000 is 50% sold at Rs. 70000
- A. the residual asset is carried in balance sheet at Rs. 10000
  - B. the residual asset is carried in balance sheet at Rs. 40000
  - C. the residual asset is carried in balance sheet at Rs. 45000
  - D. None of the above
49. If you make a profit in business, in effect
- A. fixed capital is increased
  - B. working capital is increased
  - C. working capital falls
  - D. fixed capital falls

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50. During the year Mr. Dey spent an amount for repairs of building but his accountant wrongly 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

Answer questions no. 51 to 53 on the basis of the following information:

X sends out 5000 boxes to Y costing Rs. 200 each. Consignor's freight and insurance expenses were Rs. 80000. 4000 boxes were sold by consignee.

51. 1/10th of boxes was lost in consignee's godown and treated as normal loss. The value of consignment stock will be:

- A. Rs. 120000
- B. Rs. 108000
- C. Rs. 216000
- D. None of the above

52. 1/10th of boxes was lost in transit and treated as abnormal loss. The value of consignment stock will be:

- A. Rs. 120000
- B. Rs. 108000
- C. Rs. 109000
- D. None of the above

53. 1/10th of boxes was lost in transit and treated as abnormal loss. Loss in transit is valued at

- A. Rs. 120000
- B. Rs. 108000
- C. Rs. 109000
- D. None of the above

54. The consignee is entitled to a commission of 10% plus Del-Credere 5%. The credit sales are of Rs. 100,000 and cash sales is of Rs. 50,000, amount of total commission will be:

- A. Rs. 10000
- B. Rs. 22500
- C. Rs. 20000
- D. None of the above

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55. Dipak consigned 800 watches to Tushar at Rs.600 per unit. Dipak paid Rs. 80000 as freight. Tushar paid Rs. 14000 for go down rent. 700 watches were sold by Tushar for Rs. 700000. Tushar was entitled to commission at 10% on sales. Profit on consignment will be:

- A. Rs. 56000
- B. Rs. 116000
- C. Rs.126000
- D. None of the above

56. Amount payable by consignee as per accounts sales is:

- A. Rs. 616000
- B. Rs. 630000
- C. Rs. 560000
- D. None of the above

57. X consigned 50 watches to Y at Rs.600 per unit. All the watches were sold by Y for Rs. 60000 on credit, Rs. 56000 was realized and balance bad. X paid expenses Rs.5000 and Y paid expenses Rs. 3000. Mohan was entitled to commission at 8% plus del credere 4%. Profit on consignment will be:

- A. Rs.22000
- B. Rs.10800
- C. Rs.14800
- D. None of the above

58. Which of the following statements is/are true?

- (I) Del credere commission is computed on credit sales only.
  - (II) Ordinary commission is computed on total sales.
  - (III) Ordinary commission is computed on cash sales only
  - (IV) Del credere commission is computed on total sales.
- A. I only
  - B. I or II
  - C. II or IV
  - D. III only

59. 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
- Which of the above statements are true?
- A. I only
  - B. I or III
  - C. II or IV
  - D. III only

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Answer questions no. 60 to 64 on the basis of the following information:

Z Company suffered a loss of stock due to fire on August 24, 2021. It earned gross profit at 25% in last 3 years. On March 31, 2021 stock was valued at Rs.40000. The company purchased materials Rs. 80000 and made sales Rs.120000 during the period from April 01 and August 24, 2021. The stock salvaged was Rs.6000.

60. Value of stock at the date of fire

- A. Rs. 30000
- B. Rs. 24000
- C. Rs.25000
- D. Rs. 19800

61. Loss of stock due to fire amounts to

- A. Rs. 30000
- B. Rs. 24000
- C. Rs.25000
- D. Rs. 19800

62. If the company had a fire insurance policy of Rs. 30000 with average clause. insurance claim amounts to

- A. Rs. 30000
- B. Rs.24000
- C. Rs.25000
- D. Rs.19800

63.If the company had a fire insurance policy of Rs. 20000 with average clause. insurance claim amounts to

- A. Rs. 20000
- B. Rs.24000
- C. Rs.16000
- D. Rs. 19800

64.If the company had a fire insurance policy of Rs. 40000 with average clause. insurance claim amounts to

- A. Rs. 40000
- B. Rs.24000
- C. Rs.30000
- D. None of the above

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65. 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
66. 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
  - 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. II only
  - C. II or III
  - D. I or IV
67. Original cost of an asset Rs. 368000, Salvage value Rs. 28000. Depreciation for 2nd year @ 10% p.a. under W.D.V method will be:
- A. Rs.34000
  - B. BRs.33120
  - C. Rs.30600
  - D. None of the above
68. Original cost of an asset Rs. 374000, Salvage value Rs. 55000 at the end of 10 years life. Depreciation for 2nd year under Sum of years of digits method will be:
- A. Rs.61200
  - B. Rs.58000
  - C. Rs.52200
  - D. None of the above
69. 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 10 years and scrap value is Rs. 6000. Depreciation under Straight Line method for the second year is:
- A. Rs.7500
  - B. Rs.6900
  - C. Rs.6750
  - D. Rs.6210

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70. Which of the following assets is a depleting asset to be amortized?

- A. Goodwill
- B. Coal Mine
- C. Machine
- D. Land

**Answer questions no. 71 to 72 on the basis of the following information:**

C 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 balance is Rs. 54000 and General Reserve A/c balance is Rs. 12000.

71. The maximum amount of capital redemption reserve that can be created:

- A. Rs.50000
- B. Rs.60000
- C. Rs.66000
- D. None of the above

72. If the minimum number of equity shares are issued at par, the amount of proceeds on fresh issue of is

- A. Rs. 126000
- B. Rs. 110000
- C. Rs. 160000
- D. None of the above

**Answer questions no. 73 to 78 on the basis of the following information:**

Q Ltd. issued 30000 shares of Rs. 10 each at a premium payable as follows:

On application	Rs. 2
On allotment	Rs. 6 (including premium)
On first call and final call	Rs. 4

Applications were received for 50000 shares and pro rata allotment was made to applicants of 40000 shares. Excess money received on application of 40000 shares was employed on allotment.

M, to whom 600 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the call, his shares were forfeited and N, the holder of 800 shares failed to pay the call and his shares were forfeited. 1000 shares (including the whole of M) were reissued to P at Rs. 8.50 per share.

73. Application money adjusted against allotment:

- A. Rs. 40000
- B. Rs. 16000
- C. Rs. 20000
- D. None of the above

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74. Allotment money received at bank  
A. Rs. 160000  
B. Rs.156800  
C. Rs.156400  
D. None of the above
75. Amount transferred to Share Forfeiture account for M  
A. Rs.1600  
B. Rs.5600  
C. Rs.3000  
D. None of the above
76. Amount transferred to Share Forfeiture account for N  
A. Rs.8000  
B. Rs.4800  
C. Rs.6400  
D. None of the above
77. The amount transferred to Capital Reserve for re-issue is  
A. Rs. 6400  
B. Rs. 2500  
C. Rs. 2400  
D. None of the above
78. The amount carried in Shares Forfeited account after re-issue is  
A. Rs. 6400  
B. Rs. 2500  
C. Rs. 2400  
D. None of the above

**Answer questions no.79 to 80 on the basis of the following information:**

2000, 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.

79. The above has been accounted in each of the 5 years by debiting Profit and Loss account by  
A. Rs.24000  
B. Rs.22000  
C. Rs.40000  
D. Rs.26000
80. On redemption of debentures at maturity  
A. General Reserve is credited by Rs.200000

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- B. General Reserve is credited by Rs.100000
- C. Debenture Redemption Reserve is debited by Rs.200000
- D. Debenture Redemption Reserve is credited by Rs.100000

**Answer questions no. 81 to 83 on the basis of the following information:**

X, Y and Z are partners in the ratio of 9:5:1 respectively. Y wants to retire.

81. Y's share is equally taken by X and Z. What would be the new ratio of X and Z respectively?
- A. 9:1
  - B. 1:1
  - C. 23:7
  - D. None of the above
82. If the new ratio is 4:1, what is the gaining ratio?
- A. 1:1
  - B. 5:2
  - C. 3:2
  - D. None of the above
83. Z takes up Y's share. For under valuation of Goodwill of Rs.36000
- A. Z debit and Y credit by Rs.36000
  - B. Z debit and Y credit by Rs.12000
  - C. Z debit by Rs.14400, X debit by Rs.21600 and Y credit by Rs.36000
  - D. None of the above

**Answer questions no. 84 to 85 on the basis of the following information:**

Cost of production for 1200 units amounts to Rs.100800 and the firm had opening stock of 300 units at a value of Rs.24000 and closing stock of 200 units.

84. Cost of goods sold per unit using average cost method is:
- A. Rs.84
  - B. Rs.88
  - C. Rs.83.20
  - D. None of the above
85. Value per unit of closing stock under FIFO pricing is:
- A. Rs.84
  - B. Rs.88
  - C. Rs.83.20
  - D. None of the above
86. When a depreciated fixed asset is sold at profit, the profit on sale is transferred to

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- A. Fixed asset A/C
  - B. Depreciation A/C
  - C. Profit and Loss A/C
  - D. Capital reserve A/C
87. Working capital cannot be
- A. zero
  - B. negative
  - C. positive
  - D. None of the above
88. 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
89. 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
90. Equity is
- (I) Equity share capital
  - (II) Equity shareholders' fund
  - (III) Net worth
  - (IV) Capital employed
- A. I only
  - B. I or II
  - C. II or III
  - D. III or IV
91. In Ind AS complied balance sheet
- A. Equity comprises of Equity Share Capital and Reserve and Surplus

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- B. Equity comprises of Equity Share Capital and Other Equity
- C. Equity comprises of Share Capital and Other Equity
- D. None of the above

92. Ind ASs are followed

- A. by all companies in India
- B. by the companies as notified in Companies (Indian Accounting Standards) Rules, 2015
- C. by the companies as notified in Companies (Accounting Standards) Rules, 2006
- D. none of the above

93. Under Ind AS 2 the cost of inventories shall be assigned by using the

- (I) first-in, first-out (FIFO) formula
- (II) weighted average cost formula
- (III) last-in first-out formula
- (IV) simple average formula

Which statement/s is are correct?

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

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

- (I) Total variable costs vary with time
- (II) Total variable costs vary with output
- (III) Variable cost per unit remains constant
- (IV) Variable cost per unit varies with change in output

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

95. Prime costs include

- A. Direct costs
- B. Indirect costs
- C. Opportunity costs
- D. None of the above

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96. Work-in progress includes  
(I) Prime costs  
(II) Production overheads  
(III) Selling overheads  
(IV) Profits

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

- A. I only  
B. I and II  
C. II and III  
D. I and IV
97. Opportunity costs is  
A. The gain from the next best alternative foregone  
B. Cost of the alternative activity  
C. Cost of availing better opportunity  
D. None of the above
98. Transfer to Capital Redemption Reserve is allowed from  
A. Workmen's compensation fund  
B. Securities premium account  
C. Forfeited shares account  
D. None of the above
99. Transfer to capital redemption reserve account is not allowed from  
A. Dividend equalisation fund  
B. Voluntary debenture redemption account  
C. Profit prior to incorporation  
D. None of the above
100. Under Sinking Fund Method, Interest on Debenture Redemption Fund Investment is  
A. Debited to Debenture Redemption Fund Account  
B. Credited to Debenture Redemption Fund Account  
C. Credited to Debenture Redemption Investment Account  
D. None of the above

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### Answer Key

Q.NO	ANSWER	Q.NO	ANSWER	Q.NO	ANSWER
1	B	41	C	81	C
2	A	42	B	82	C
3	C	43	B	83	B
4	B	44	D	84	C
5	C	45	B	85	A
6	B	46	A	86	C
7	C	47	A	87	D
8	A	48	B	88	C
9	B	49	B	89	B
10	C	50	C	90	C
11	A	51	A	91	B
12	B	52	B	92	B
13	C	53	B	93	A
14	C	54	B	94	C
15	B	55	C	95	A
16	A	56	A	96	B
17	B	57	C	97	A
18	B	58	C	98	A
19	D	59	B	99	C
20	C	60	A	100	B
21	A	61	B		
22	D	62	B		
23	D	63	C		
24	D	64	B		
25	A	65	B		
26	B	66	D		
27	B	67	B		