

Basic Accounting

Question Bank

1. The Double Entry System of accounting originated in
2. Accounting principles are generally based on
3. The system of recording transactions based on dual concept is called
4. Book – keeping is mainly related to
5. Financial statements is a part of
6. The accounting equation is based on
7. Making the provision for doubtful debts in anticipation of actual bad debts is on the basis of
8. The assumption that a business enterprise will not be sold or liquidated in the near future is know as the
9. Disclosing essential information in accounting observes the principle of

Answer Sheet

1. Italy
2. Practicability
3. Double entry system
4. Recoding of financial data
5. Accounting
6. Dual aspect concept
7. Convention of conservatism
8. Going Concern Concept
9. Full disclosure

10. According to which of the following principles all costs which are applicable to revenue of the period should be charged against that revenue.
11. Accounting does not record non – financial transactions because of
12. The determination of expenses for an accounting period is based on the principle of
13. Dual aspect concept results in the accounting equation
14. On sale of old furniture owner's equity would
15. The immediate recognition of loss is supported by the underlying principle of
16. Revenue is generally recognized at the point of sale. Which principle is applied
17. Accounting is the process of matching of

Answer Sheet

10. Matching
11. Money Measurement concept
12. Matching
13. Capital + Liabilities = Assets
14. May or may not change
15. Conservatism
16. Revenue recognition
17. Revenues and costs

18. Payment of a liability results in
19. Economic life of an enterprise is split into the periodic interval as per
20. Capital brought in by the proprietor will result
21. Which AS has been withdrawn by ICAI.
22. Fundamental Accounting Assumptions are specified in
23. Provision should be made for Discount on Debtors due to ---- principles.
24. Cost Concepts deals with the valuation of.
25. -----principle requires that the same accounting method should be used from one accounting period to the next.
26. ---- principle is an exception of Full disclosure method.
27. AS in India are issued by-
28. The concept of conservatism when applied to the balance sheet results in-

Answer Sheet

- 18. Decrease in total Assets
- 19. Periodicity
- 20. Increase in asset and increase in liability.
- 21. AS 8
- 22. AS 1
- 23. Matching & Prudence Concept
- 24. Fixed Assets
- 25. Consistency Concept
- 26. Materiality
- 27. ICAI
- 28. Understatement of Assets

Basic of Accounting 2

Question Bank

1. Current Assets means,
2. Current Liabilities means
3. Financial statements are prepared primarily for the benefit of
4. Which one is the language of business?
5. What is the main function of accounting?
6. _____ is a base for accounting.
7. Financial Statements are part of _____.
8. Accounting is an art & a science. (True / False)
9. Where book keeping ends, accountancy starts. (True / False)
10. Difference between asset & liability is
11. Net worth is the difference between

Answer Sheet

1. Assets which are converted into cash or consumed within a period of not more than 1 year.
2. Payables within 1 year.
3. External parties to the business.
4. Accountancy
5. Communication through recording of transactions
6. Book Keeping
- 7.- Accounting
8. True
9. True
10. Capital
11. Total Assets less external liabilities

12. Basic Accounting Assumptions according to AS-1
13. Accounting conventions have universal applications.
14. What was basic need to form Accounting Standards?
15. What are major guidelines for selection of Accounting Policies?
16. Examples of Accounting policies,
17. Examples of Accounting estimates,
18. What are accounting conventions?

Answer Sheet

12. Going Concern, Consistency & Accrual Concept
13. No.
14. To set of accounting policies to be followed by an entity.
15. Prudence, Substance over form & Materiality
16. Choose the method for depreciation & inventory valuation.
17. Salvage value & useful life of an asset.
18. Conservatism, Full disclosure, consistency & materiality.

Journal & Ledger

Question Bank

1. Recording means
2. Classification means
3. Analysis & Interpretation means
4. Who developed the double entry system?
5. Writing of transactions in the ledger is called.
6. Unexpired portion of any capital expenditure is shown in the financial statements
7. Expired portion of any capital expenditure is shown in the financial statements
8. Purchase book records
9. Drawing account is in the nature of
10. Journal Proper records
11. Transactions are recorded in books _____ order.

Answer Sheet

1. Making entries in original books
2. Making entries in ledger
3. Ratio & trend analysis of Financial statements
4. Lucas Pacilio
5. Posting
- 6.- As an assets.
7. As an expenses.
8. Credit purchase of goods
9. Personal account
10. Opening entry
11. Chronological

12. Bank overdraft can be classified as
13. Penalty for illegal action is classified as
14. Classify Cash Book-
15. What are the columns in three columns cash book?
16. Which column of cash book is not balanced?
17. Categorize the Trademark, Patent & Copyright account.
18. Retained earning is classified as
19. Journal is a _____ book.
20. Which one is the book of original entry.
21. Which book is written by Lucas Pacilio?
22. How many parts have journal?
23. L.F. column in the journal is filled at the time of,
24. Accounting equation of Dual Aspect concept is
25. Liability + owners equity = ?

Answer Sheet

12. Personal
13. Revenue exp
14. Subsidiary book
15. Cash, Bank & Discount
16. Discount column
17. Intangible assets
18. Owners fund
19. Subsidiary book
20. Journal
21. D. Cumutary
22. Seven
23. Posting
24. Asset = Equities + Liabilities
25. Total Liability

Accounting Concepts

1. **Going Concern Concept-** Record all the transactions in such a way that business will not be shut down & will run for forever.
2. **Money Measurement Concept-** Only those transactions can be recorded which can be measured in terms of money.
3. **Separate Entity Concept-** Business & Businessman both have their different identity.
4. **Historical Cost Concept-** All assets & liabilities should be recorded at their original cost in the financial statements.
5. **Dual Aspect Concept-** Every transaction has two aspects, one is called debit & the other is credit.

6. Periodicity Concept- Finalization of financial statements after completion of a particular period. i.e. monthly, quarterly or yearly.
7. Prudence Concept- Make all the provisions for expected losses but don't try to expect any future profit or gains.
8. Realization Concept- If there is any doubt to ultimate collection of any revenue or profit, don't recognize them . Postpone them until or unless actually realizes in cash.
9. Accrual Concept- Recognize all the expenses & income of a particular period even not incurred or earned actually in cash (Accrued income & outstanding exp) Don't recognize those income or expenses which are not of a particular period even they realizes or paid actually in cash (Prepaid exp & unearned income)

10. Matching Concept- Recognize only those income or expenses at the time of preparation of financial statement which are of that period for which we are preparing our financial statements.
11. Materiality Concept- All the important facts & figures should be disclosed separately.

List of Accounting Standard

| S. No. | Accounting Standard | Titles |
|---------------|----------------------------|--|
| 1 | AS-1 | Disclosure of Accounting Policies |
| 2 | AS-2 | Inventory Valuation |
| 3 | AS-3 | Cash Flow Statement |
| 4 | AS-4 | Contingencies & Events occurring after the Balance Sheet date |
| 5 | AS-5 | Net Profit or loss for the Period, Prior Period items & Changes in Accounting Policies |
| 6 | AS-6 | Depreciation Accounting |
| 7 | AS-7 | Accounting for Construction Contracts |
| 8 | AS-8 | (Deleted)Accounting for Research & Developments |

| | | |
|----|-------|--|
| 9 | AS-9 | Revenue Recognition |
| 10 | AS-10 | Accounting for Fixed Asset |
| 11 | AS-11 | Accounting for the Effects of Changes in Foreign Exchange Rates |
| 12 | AS-12 | Accounting for Government Grants |
| 13 | AS-13 | Accounting for Investments |
| 14 | AS-14 | Accounting for Amalgamation |
| 15 | AS-15 | Accounting for Retirement Benefits in the financial statements of employer |
| 16 | AS-16 | Borrowing Cost |
| 17 | AS-17 | Segment Reporting |
| 18 | AS-18 | Related Party Disclosures |
| 19 | AS-19 | Leases |

| | | |
|----|-------|---|
| 20 | AS-20 | Earning Per Shares |
| 21 | AS-21 | Consolidated Financial Statements |
| 22 | AS-22 | Accounting for Taxes on Income |
| 23 | AS-23 | Accounting for Investments in Associates in Consolidated Financial Statements |
| 24 | AS-24 | Discontinuing Operations |
| 25 | AS-25 | Interim Financial Reporting |
| 26 | AS-26 | Intangible Assets |
| 27 | AS-27 | Financial Reporting of Interest in Joint Ventures |
| 28 | AS-28 | Impairment of Assets |
| 29 | AS-29 | Provisions, Contingent Liabilities & Contingent Assets |
| 30 | AS-30 | Accounting for Financial Instruments |

Capital & Revenue Exp

Question Bank

Categories the following in Capital, Revenue & Deferred Revenue Expenditure:-

1. Wages paid for installation of Fixed Assets
2. Free Gift given to customers on the launching of a new product.
3. Temporary construction of huts done for the construction of bridge.
4. Expenditure incurred for the purpose of obtaining a licence for the running of Cinema.
5. Amount of repair incurred on the purchase of second hand furniture.
6. Expenditure incurred by a publisher for acquiring copyrights .
7. Amount incurred on increasing the seating capacity in a cinema.

Answer Sheet

1. Capital Exp
2. Deferred Revenue Exp
3. Capital Exp
4. Capital Exp
5. Capital Exp
6. Capital Exp
7. Capital Exp

8. An entity spent on painting of the factory premises.
9. An AC was installed in the office of the Managing Director of a company.
10. Traveling exp incurred on the unsuccessful dealing of Land.
11. Compensation paid to workers on their VRS.
12. Renewal fee for Patents.
13. Successful Research & Development exp are
14. Unsuccessful Research & Development exp are
15. Expenditure incurred on demolition of old building for construction of new one.
16. Freight & Taxes paid for purchase of new machinery
17. Overhauling expenses for the engine of a motor car to get better fuel efficiency.

Answer Sheet

- 8. Revenue Exp
- 9. Capital Exp
- 10. Revenue Exp
- 11. Deferred Revenue Exp
- 12. Revenue Exp
- 13. Capital Exp
- 14. Revenue Exp
- 15. Capital Exp
- 16. Capital Exp
- 17. Capital Exp

18. Share Premium received on issue of new share.
19. Loss by theft of cash by cashier .
20. Loss on sale of a furniture.
21. Uniform expenditure incurred for workers & staff.
22. Amount spent for removal of stock from old site to new site.
23. Money spent to reduce working expenses.
24. Heavy advertisement exp is incurred to introduce a new product.
25. Amount spent as lawyer's fee to defend a suit claiming that the firm's factory site belonged to the plaintiff's land .
26. Legal Fee to acquire a land.

Answer Sheet

- 18. Capital Receipt
- 19. Revenue Loss
- 20. Revenue Loss
- 21. Revenue Exp
- 22. Revenue Exp
- 23. Capital Exp
- 24. Deferred Revenue Exp
- 25. Revenue Exp
- 26. Capital Exp

Bank Reconciliation Statement

Question Bank

1. Define BRS.
2. BRS is prepared by.
3. Debit balance in the pass book means
4. Credit Balance in the Cash Book means (with ref. to pass book)
5. Favorable Bank Pass book means
6. Favorable Cash Book means
7. Purchase & Sale of shares & Debentures are the main work of the bank. True/False
8. A BRS is a part of Financial Statement- True/ False

Answer Sheet

1. It is a statement to reconcile the differences between Cash Book & Pass Book
2. Customer / Business
3. Bank Overdraft
4. Bank Overdraft
5. Credit Balance in Pass Book
6. Debit balance in Cash Book
7. False
8. False

9. What will be the treatment of the followings-
- a. Interest & Exp charged by bank
 - b. Cheque issued not presented for payment
 - c. Cheque deposited not credited by the bank
 - d. Insurance premium directly paid by the bank .
 - e. Dividend directly collected by the bank.
 - f. Overcasting of Dr. side of the cash book.
 - g. Undercasting of Cr side of the pass book.
 - h. Wrong over Cr made in the cash book
 - i. Wrong under Dr made in the Pass book

Important Tips

| Book | Dr Side | Cr Side |
|-----------|----------|----------|
| Cash Book | Receipts | Payments |
| Pass Book | Payment | Receipts |

Answer Sheet

9.

| <i>Favorable</i> | <i>Favorable</i> | <i>Unfavorable</i> | <i>Unfavorable</i> |
|------------------|------------------|---------------------|---------------------|
| <i>Cash</i> | <i>Pass Book</i> | <i>Cash Balance</i> | <i>Book Balance</i> |
| | <i>Balance</i> | | |
| a. Less | Add | Add | Less |
| b. Add | Less | Less | Add |
| c. Less | Add | Add | Less |
| d. Less | Add | Add | Less |
| e. Add | Less | Less | Add |
| f. Less | Add | Add | Less |
| g. Less | Add | Add | Less |
| h. Add | Less | Less | Add |
| i. Add | Less | Less | Add |

Depreciation

Question Bank

1. Under which AS , Depreciation Accounting is dealt with.
2. Which type of Assets, depletion method is used.
3. Change in the method of depreciation means
4. Changes in method of depreciation will take effect from Retrospective/ Prospective.
5. What are those 2 common methods of Depreciation generally used.
6. Obsolescence in an asset due to
7. Depreciation is Real / Nominal / Personal account
8. Depreciation is cash / non cash item.
9. Under Annuity method amount of depreciation remains-----.

Answer Sheet

1. AS-6
2. Wasting Assets (mines & quarries)
3. Changes in Accounting policies
4. Retrospective
5. WDV & SLM
6. Technology Changes, Changes in market demand for the product/ service & legal or other restrictions.
7. Nominal A/c
8. Non cash item.
9. Same

10. Depreciation Fund method is specially designed to provide
11. Annuity method is suitable for those assets where
12. Under sum of year digit method, the value of depreciation will
13. Under which method the value of Depreciation remains constant during its economic life of assets.
14. Book Value means
15. On which asset generally depreciation is not charged.
16. Depreciation is a process of :- valuation / allocation.
17. _____ method of Depreciation is applied for low valued assets which have ready market.
18. "Depreciable Amount" of a depreciable assets is its
19. Under WDV method , depreciation ----- every year.

Answer Sheet

10. Fund for assets replacement.
11. Interest on amount is concerned.
12. Decrease every year.
13. SLM
14. The value as shown in Financial Statements.
15. Land
16. Allocation
17. Revaluation Method
18. Historical Cost- Residual Value
19. Decreases

20. Under SLM, depreciation is calculated on
21. For the purpose of calculation of Depreciation which type of accounting estimates are required
22. Scrap Value of an asset means the amount that it can fetch on sale at the ---- of its ---- life.
23. Accelerated Depreciation method is also called.
24. Net Realisable Value of an asset means.
25. Which one method is appropriate for Leasehold Property.
26. Under which method of Depreciation, the assets account appears at its original cost over its life.
27. An asset value will not get zero value under-----.
28. Which type of assets are appearing in in the books, which have no value.

Answer Sheet

20. Historical (Original) Cost
21. Useful Life & Residual Value
22. End, useful
23. Sum of Year Digit method.
24. Sale Price less cost incurred for sale.
25. SLM
26. Depreciation fund Method.
27. WDV Method
28. Fictitious Assets

Inventory Valuation

Question Bank

1. Which AS is applicable for Inventory Valuation?
2. Can be Inventory an Intangible assets?
3. Spare parts of machinery are the part of Inventory?
4. Continuous information about the stock is provided by
5. What is the main feature of Base Stock Method?
6. Stock are valued at
7. Stock is a part of Current asset or fixed assets?
8. Under FIFO method goods are issued at
9. Under LIFO method goods are issued at

Answer Sheet

1. AS-2
2. No
3. No
4. Perpetual inventory system
5. To maintain minimum stock
6. Cost or NRV , whichever is less
7. Current Assets
8. First receipts of goods
9. Latest receipts of goods

10. In case of inflation ,which inventory method would be considered suitable
11. When inventory is valued at Lower of Cost or NRV, which concept is followed?
12. Improper valuation of inventories affects
13. Net Realisable Value means
14. Undervaluation of Closing Stock will result
15. What is the meaning of Cost Formulae in inventory valuation?
16. Under which system of Inventory Valuation, Resultant Figures comes as Cost of Goods sold
17. Which one method will be used to value damaged stock
18. Under inventory valuation what is the meaning of Cost?
19. What is the treatment of Stock with customers on approval basis?

Answer Sheet

10. LIFO

11. Conservatism Concept

12. Balance Sheet & Profit and Loss a/
c

13. Expected sale value less sales related
exp

14. Current years income is
Understated

15. Formulae used for pricing the goods

16. Periodic Inventory System

17. Net Realisable Value

18. Cost of Goods + Conversion Cost
+ Other related costs to bring the
inventory in its present condition

19. Add the cost of goods in closing
stock

20. Conversion cost means
21. By product should be valued at
22. Which type of difference is not there while valuing the goods at FIFO & LIFO method
23. Storage cost of WIP is form part of cost of inventory.
24. Stock for Share trading constitutes Inventories.
25. Is there any applicability of AS-2 in construction projects?

Answer Sheet

- 20. Cost of Labor & Overhead (fixed or variable)
- 21. Net Realisable value
- 22. Quantity of stock left
- 23. No
- 24. No
- 25. No

Rectification of Mistakes

Question Bank

1. Error of Principle means
2. When Suspense a/c is opened?
3. When P/L Adjustment a/c need to be opened?
4. Which type of errors do not affect Trial Balance?
5. Difference of Trial Balance is transferred to

Answer Sheet

1. Transactions recorded in contravention with general accounting policies.
2. Errors find out after the preparation of Trial Balance but before Financial Statement.
3. Errors find out after Financial Statement (only for Nominal nature a/c)
4. Errors of Commission & Error of Partial Omission
5. Suspense A/c

6. Rectify the following- Goods purchased of Rs 5000
- a. No any entry has been passed.
 - b. Only Cash a/c is credited.
 - c. Only Purchase a/c is debited.
 - d. Purchase a/c is debited with Rs 500 only.
 - e. Cash a/c is credited with only Rs 500.
 - f. Cash a/c is wrongly debited.
 - g. Purchase a/c is wrongly credited.
 - h. Sales a/c is debited wrongly.
 - i. Sales a/c is credited wrongly.
- Rectify all above by assuming that-**
- A. Errors has been find out before Trial Balance.
 - B. Errors has been find out after Trial Balance but before the finalization of Financial Statements.
 - C. Errors has been find out after the finalization of Financial Statements.

Answer Sheet

- a. Purchase a/c Dr. 5000 Purchase a/c Dr. 5000 P/L Adj. a/c Dr. 5000
 To Cash 5000 To Cash 5000
 b. Purchase a/c Dr. 5000 Purchase a/c Dr. 5000 P/L Adj. a/c Dr. 5000
 To Suspense a/c 5000 To Suspense a/c 5000
 c. To Cash 5000 Suspense a/c Dr. 5000
 To Cash 5000 To Cash 5000
 d. Purchase a/c Dr. 4500 Purchase a/c Dr. 4500 P/L Adj. a/c Dr. 4500
 To Suspense a/c 4500 To Suspense a/c 4500
 e. To Cash 4500 Suspense a/c Dr. 4500
 To Cash a/c 4500 To Cash a/c 4500
 f. To Cash 10,000 Suspense a/c Dr. 10000
 To Cash a/c 10000 To Cash a/c 10000
 g. Purchase a/c 10000 Purchase a/c Dr. 10000 P/L Adj a/c Dr. 10000
 To Suspense a/c 10000 To Suspense a/c 10000
 h. Purchase a/c Dr. 5000 Purchase a/c Dr. 5000 P/L Adj. a/c Dr. 5000
 To Sales a/c 5000 To Sales a/c 5000
 i. Sales a/c Dr. 5000 P/L Adj. a/c Dr. 5000
 Purchase a/c Dr. 5000 Purchase a/c Dr. 5000 To Suspense a/c 10000
 To Suspense a/c 10000

Bills of Exchange

Question Bank

1. Under which act, Bills of Exchange are covered?
2. How many parties are in Bills of Exchange?
3. Bills of exchange contains
4. Promissory Note contains
5. Which one instrument can not be payable to bearer.
6. Cheque is a
7. Indian currency is a
8. When the bill is to be produced before Notary Public?
9. Who signs the Bill of exchange?
10. Who accepts the bill of exchange?
11. Who is the party to get the amount of bill of exchange?
12. Drawer means
13. Bill Receivable is shown under

Answer Sheet

1. Negotiable Instruments Act, 1881
2. Drawer, Drawee & payee
3. Unconditional Order
4. Unconditional Promise
5. Promissory Note
6. Bill of exchange
7. Promissory Note
8. At the time of the dishonour of the bill
9. Drawer
10. Drawee
11. Bearer / holder of the instrument
12. A person who draws/ writes the bill
13. Loans & Advances in the Balance Sheet (Asset Side)

14. Calculation of Date of maturity of bill
15. Endorsement of bill means
16. What is the meaning of term of bill?
17. What is crossed cheque?
18. The main motto of Accommodation bill.
19. Accommodation bill means
20. Encashment of bill with bank before its due date
21. A bill is drawn in India & made payable to outside India is
22. Retirement of bill means
23. B/R a/c is a personal / real a/c.
24. After sight bill means
25. Usually the term of the bill does not exceed of
26. Officer appointed by the government for noting of dishonored bill

Answer Sheet

14. Due Date + 3 Days of Grace
15. Transfer of right on Bill from drawer to the creditor
16. Duration of the bill
17. Drawing two parallel lines
18. To meet out the requirements of funds by the parties.
19. Bills of exchange drawn by two people on each other for mutual benefits.
20. Discounting
21. Foreign Bill
22. Making the payment of bill before its due date
23. Personal a/c
24. Term of the bill beginning with the date of signature of the drawee.
25. 180 days
26. Notary Public

Consignment Account

Question Bank

1. Consignment account is in the nature of-
2. Consignee account is in the nature of
3. Goods sent on consignment account is in the nature of
4. The owner of the consignment stock is
5. In consignment, goods are sold on the behalf & at the risk of
6. In consignment the consignor transfers _____ to consignee.
7. What is the relationship between consignor & consignee.
8. A proforma invoice is sent by
9. What is valuation method to record unsold goods in consignment
10. What is the treatment of Normal Loss?

Answer Sheet

1. Nominal Account.
2. Personal Account
3. Real Account
4. Consignor
5. Consignor
6. Possession of goods
7. Principle & Agent
8. Consignor to consignee
9. Original cost+ Proportion of (exp by consignor + non recurring exp by consignee.)
10. It is unavoidable & should be spread over the entire consignment .

11. Commission provided by consignor to the consignee to promote credit sales is known as-
12. The loss which is due to inherent characteristic of goods known as
13. Avoidable loss is also known as
14. Is there any need to pass journal entry for normal loss
15. If consignor gives Del creder commission to consignee, the loss of bad debts will bear by
16. Why overriding commission is to be paid?
17. What is loading in consignment?
18. The Abnormal Loss on consignment is credited to
19. Closing Stock on Consignment with consignee, which account will be debited
20. What is the main object to send goods at invoice price

Answer Sheet

11. Del- creder Commission
12. Normal Loss
13. Abnormal Loss
14. No need
15. Consignee
16. For making sales above specified price
17. Goods sent at inflated rate
18. Consignment A/c
19. Consignment Stock a/c
20. To hide the real profit.

21. How many parties are there in Consignment?
22. Godown rent & Insurance are non recurring expenses (True / False)
23. Insurance & Freight are non recurring exp. (True / False)
24. What is the main object of Consignee to provide his services?
25. Profit on consignment belongs to

Answer Sheet

21. 2

22. False

23. True

24. To earn commission

25. Consignor

**Partnership-Introduction
& Admission**

Question Bank

1. In normal partnership the maximum number of partners
2. Current Capital a/c of partners are to be opened in the case of
3. Partners are entitled to get salary even there is no Partnership deed
4. Max rate of Interest on Loans to Partners if no Partnership deed is there
5. Interest on capital to partners ,calculated on
6. In the absence of Partnership deed the profit sharing ratio
7. What are the relations amongst the partners
8. Under which act ,the maximum number of partners are prescribed

Answer Sheet

1. 20
2. Capital is Fixed
3. False
4. 6%
5. Capital in the beginning of the year
6. Equal
7. Agent of each other
8. 20, Companies Act, 1956

9. What are the methods to calculate Goodwill?
10. Goodwill is an intangible assets of the firm , which helps it to earn
11. Interest on capital, Salary to partners & Bonus to partners are
12. Goodwill is a Fictitious Asset?
13. Methods to calculate Interest on Drawing.
14. A new partner can be admitted with the consent of
15. When a new partner admit & take profit sharing ratio the old partners
16. Sacrificing Ratio is equal to
17. Revaluation Account opens at the time of admission of partner due to
18. Revaluation Profit or loss belongs to only
19. Revaluation profit or loss must be distributed in

Answer Sheet

9. Simple Profit, Super Profit ,
Capitalization & Annuity Method
10. Super Profits
11. Appropriation of Profits
12. False, it is an Intangible Assets
13. Product Method, Average Due Date
& Simple Method
14. All Partners
15. Sacrifices
16. Old Ratio less New Ratio of old
partners
17. Revaluing all the assets & liabilities
18. Existing partners
19. Old profit sharing ratio

20. At the time of admission Goodwill amount must be allocated amongst
21. Goodwill raised must be written off in the ratio
22. Memorandum revaluation account is opened due to
23. Any undistributed reserves & profit at the time of admission must be distributed amongst
24. Methods to Accounting treatment of Goodwill at the time of admission
25. Premium method of goodwill is used when
26. Revaluation & Memorandum revaluation methods of Goodwill are used when

Answer Sheet

20. Old partners in their sacrificing ratio
21. New profit sharing ratio
22. Keep intact the book values of assets & liabilities
23. Old partners in their old profit sharing ratio
24. Premium, Revaluation & Memorandum Revaluation method
25. New partner brings the amount of goodwill in cash
26. New partner does not bring the amount of goodwill in cash

Retirement & Death of Partner

Question Bank

1. Gaining Ratio is calculated at the time of
2. Revaluation account is opened at the time of
3. Profit on revaluation must be distributed amongst
4. If retiring partners does not give any public notice of his retirement the consequences are
5. Gaining Ration means
6. In case of retirement of partner , the retiring partners loan account would be shown
7. Treatment of any undistributed profit or reserve shown by balance sheet.

Answer Sheet

1. Retirement of partner
2. Admission and retirement of partner.
3. All the partners
4. He continues to be liable for obligation incurred after his retirement
5. New Ratio less Old Ratio
6. In the total amount due to him
7. Must be credited in the capital account of all partners in the profit sharing ratio

8. Methods of accounting treatment of Joint Life Policy
9. What is the main object of Joint Life Policy?
10. Treatment of Revaluation account
 - a. Increase in the value of Assets
 - b. Decrease in the value of Assets
 - c. Increase in Liability
 - d. Decrease in Liability

Answer Sheet

8. As an Expenses, Asset & Asset and Liability
9. Meet out the cash requirement to settle the accounts of retiring or deceased partners.

10.

| Nature | Treatment (Admission or retirement) | |
|-----------------------|--|-----|
| Increase in Assets | Asset a/c | Dr. |
| | To Revaluation | |
| Decrease in Assets | Revaluation a/c | Dr. |
| | To Assets a/c | |
| Increase in Liability | Revaluation a/c | Dr. |
| | To Liability a/c | |
| Decrease in Liability | Liability a/c | Dr. |
| | To Revaluation a/c | |

Company Accounts - I

Question Bank

1. Under which Act a company governs.
2. Minimum number of members in public company.
3. Minimum number of members in private company
4. Shareholders of any company having the position of
5. Shareholders are eligible to get their share of profit in the name of
6. A Private company must be registered with a minimum share capital of
7. A Public company must be registered with a minimum share capital of
8. Maximum number of members in any private company can not be in excess of

Answer Sheet

1. Companies Act, 1956
2. 7
3. 2
4. Owners
5. Dividend
6. Rs 1 Lac
7. Rs 5 Lacs
8. 50

9. Maximum number of members in any public company can not be in excess of
10. Shares are a movable assets (True / False)
11. Maximum amount of share capital that a company can issue
12. Maximum limit of discount a company can offer on its share
13. Discount on issue of share is in the nature of
14. Minimum amount to be called up at the time of share application is
15. Interest rate on calls in arrears is
16. Interest rate on calls in advance is
17. Calls in arrear is shown as
18. Security premium is shown under
19. Is it possible for a company to issue bonus share if articles of association does not permit.

Answer Sheet

9. Unlimited
10. True
11. Authorized Share Capital
12. 10%
13. Capital Loss
14. 25%
15. 5%
16. 6%
17. Reduced from subscribed share capital
18. Reserve & Surplus
19. No

20. What are the rates of commission prescribed by Companies Act to underwriters?
21. Main objects of the company are stated in
22. How many months of gap should be there between two calls?
23. According to the SEBI guidelines , what %age of subscription must be receive by company before making any allotment of shares?
24. Is it necessary to receive the amount of Security Premium with the amount of Allotment only?
25. Profit on reissue of forfeited shares is transferred to .

Answer Sheet

- 20. Shares @5% & Debentures @ 2.5%
- 21. Memorandum of Association
- 22. 1 months
- 23. 90%
- 24. No, it can be receive with any calls.
- 25. Capital Reserve

**Preference Shares &
Debenturesw**

Question Bank

1. Preference Shareholders are
2. A Preference Shareholders can not vote. (True / False)
3. A transfer to Capital Redemption Reserve can be maintained out from
4. Capital Redemption Reserve can be used only in
5. Partly paid preference shares can be redeemed. (True / False)
6. Preference Shares can be redeemed out from
7. Preference Shareholders gets
8. Right shares are to be issued to
9. Debenture holders are
10. 9%, 10000 debentures of Rs 100 each. 9% stands for

Answer Sheet

1. Owner of the Company
2. True
3. Free Reserve
4. Issue of Bonus Shares
5. False
6. Fresh issue of Equity shares & / or
Transfer of free reserve in CRR.
7. Fixed %age of dividend
8. Existing shareholders
9. Lenders of the company
10. Rate of Interest / Coupon rate

11. Can debenture be redeemed at discount?
12. Premium on redemption of debenture is a Real Account.
13. Loss on issue of Debenture is generally written off in
14. Interest paid to Debenture holders is an appropriation of profit.
15. Discount on issue of debenture is a
16. In case of Investment , market price must be disclosed in case of
17. Which schedule of the Companies act deal with the presentation of financial statements?
18. There are no legal restrictions similar to shares, for issue of debentures at a discount.
19. Can debentures be issued at discount?
20. Types of Debentures?

Answer Sheet

11. No.
12. No, Nominal a/c
13. Over the period of redemption.
14. No, it is a charge against profit.
15. Capital Loss
16. Quoted Investment
17. Schedule VI
18. True
19. True
20. a. Registered Debentures
b. Bearer Debentures
c. Secured or Mortgage Debentures
d. Unsecured Debentures
e. Redeemable Debentures
f. Irredeemable Debentures
g. Convertible Debentures
h. Non Convertible Debentures