



## Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC)Re-  
accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified  
CRISL rated 'A' (TN) for MBA and MIB Programmes

II B COM CS [2016-2019]

SEMESTER: III

CORE:FINANCIAL ACCOUNTING III - 305A

Multiple Choice Questions.

1. Under hire purchase system, the risk of loss is borne by
- A. buyer
  - B. hirer
  - C. hire vendor
  - D. debtor

ANSWER: C

2. Under installment system the risk of loss is borne by
- A. buyer
  - B. hirer
  - C. hire vendor
  - D. debtor

ANSWER: A

3. Under hire purchase system who has the right of sell
- A. buyer
  - B. hirer
  - C. hire vendor
  - D. debtor

ANSWER: C

4. Under hire purchase system, the agreement can be
- A. renewed
  - B. registered
  - C. terminated
  - D. endorsed

ANSWER: C

5. When the royalty is fixed on the sale, it is transferred to
- A. P & L a/c
  - B. trading or production a/c
  - C. P & L appropriation a/c
  - D. balance sheet

ANSWER: A

6. When the royalty is fixed based on output, then it is transferred to
- A. P & L a/c

- B. P & L appropriation a/c
- C. production or trading a/c
- D. balance sheet

ANSWER: C

7. Under hire purchase system, the retail price of the articles is called

- A. MRP
- B. wholesale price
- C. retail price
- D. cash price

ANSWER: D

8. Executor of the deceased partner is entitled to receive the following

- A. credit balance in his capital account
- B. profit on revaluation
- C. share of goodwill
- D. all the above

ANSWER: D

9. The advance amount under hire purchase system is called

- A. cash price
- B. retail price
- C. interest
- D. down payment

ANSWER: D

10. Under hire purchase system, each installment is treated as

- A. interest
- B. cash price
- C. hire charges
- D. advance

ANSWER: C

11. Under hire purchase system, interest is calculated on

- A. cash price
- B. hire purchase price
- C. MRP
- D. outstanding balance

ANSWER: D

12. If the hire purchaser fails to make payment of any installment, it is called

- A. default
- B. repossession
- C. sale
- D. purchase

ANSWER: A

13. If the hire vendor may take away all the goods on which there is default of installment it is called

- A. repossession
- B. partial repossession
- C. complete repossession

D. purchase

ANSWER: C

14. The hire vendor take away only a portion of the goods on which there is default of installments it is called

- A. repossession
- B. partial repossession
- C. complete repossession
- D. purchase

ANSWER: B

15. In the books of hirer, for payment of installment hire vendor account will be

- A. debited
- B. credited
- C. rectified
- D. reversed

ANSWER: A

16. In the books of hirer, for interest due at the end of the year hire vendor account will be

- A. debited
- B. credited
- C. rectified
- D. reversed

ANSWER: B

17. In the books of Hirer, the interest and depreciation account will be transferred

- A. Trading account
- B. P & L account
- C. P & L appropriation account
- D. Balance sheet

ANSWER: B

18. In the books of hirer, when the asset is repossessed hire vendor account will be

- A. debited
- B. credited
- C. rectified
- D. reversed

ANSWER: A

19. In the books of hirer, when the asset is repossessed, asset account will be

- A. debited
- B. credited
- C. rectified
- D. reversed

ANSWER: B

20. Who will claim the depreciation in hire purchase system?

- A. Debtor
- B. hirer
- C. hire vendor
- D. none

ANSWER: B

21. The different between old profit sharing ratio and the new profit sharing ratio is

- A. sacrificing ratio
- B. gaining ratio
- C. old ratio
- D. new ratio

ANSWER: A

22. At the time of admission of a partner, goodwill brought in cash by the new partner is shared by the old partners in their

- A. sacrificing ratio
- B. gaining ratio
- C. old ratio
- D. new ratio

ANSWER: A

23. At the time of admission of a partner, goodwill brought in cash by the new partner is shared by the old partners in their sacrificing ratio, the method is known as

- A. goodwill method
- B. premium method
- C. revaluation method
- D. average method

ANSWER: C

24. On the admission of a partner if goodwill account is raised, this should be debited to

- A. partner account
- B. new partner account
- C. goodwill account
- D. old partner account

ANSWER: C

25. On the admission of a new partner the balance of the P & L account should be transferred to the capital account of old partners in their

- A. new profit sharing ratio
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: B

26. On the admission of a new partner the decrease in value of asset is debited to

- A. Capital account
- B. Balance sheet
- C. Revaluation account
- D. P & L account

ANSWER: C

27. If A and B are sharing profits in the ratio of 3:2, admit c to 1/5th share in the future profit, the sacrificing ratio will be

- A. 1:2
- B. 2:3

C. 3:2

D. 2:1

ANSWER: C

28. X and Y share profit in 4:2, Z is admitted into the firm. The new profit sharing ratio is 5:3:2. The sacrificing ratio will be

A. 2:1

B. 3:1

C. 4:1

D. 5:1

ANSWER: D

29. Capital employed X Normal rate of return is equal to

A. Super profit

B. Capital profit

C. Normal profit

D. Average profit

ANSWER: C

30. The difference between average profit minus normal profit is

A. Super profit

B. Capital profit

C. Normal profit

D. Average profit

ANSWER: A

31. Profit or loss from revaluation account will be transferred to the partners

A. Personal account

B. Current account

C. P & L account

D. Capital account

ANSWER: D

32. Profit or loss from revaluation account will be transferred to the partners capital account in their

A. new profit sharing ratio

B. old profit sharing ratio

C. sacrificing ratio

D. gaining ratio

ANSWER: B

33. At the time of admission of a new partner undistributed profits is credited to the old partners

A. Personal account

B. Current account

C. P & L account

D. Capital account

ANSWER: D

34. At the time of admission of a new partner undistributed profits is credited to the old partners capital account in

A. new profit sharing ratio

B. old profit sharing ratio

- C. sacrificing ratio
- D. gaining ratio

ANSWER: B

35. At the time of admission of a new partner undistributed losses should be distributed to the old partners

- A. Personal account
- B. Current account
- C. P & L account
- D. Capital account

ANSWER: D

36. At the time of admission of a new partner undistributed losses should be distributed to the old partners capital account in

- A. new profit sharing ratio
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: B

37. A and B share 5:3. They admit C for 1/6th share. The sacrificing ratio is

- A. 2:3
- B. 3:3
- C. 5:3
- D. 8:3

ANSWER: C

38. In the absence of an agreement, profit and losses are shared by partners

- A. equally
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: A

39. In the absence of an agreement, interest on capital is

- A. allowed
- B. not allowed
- C. allowed after one year
- D. allowed after two year

ANSWER: B

40. In the absence of an agreement, interest on partners loan shall be

- A. 4 percentage
- B. 5 percentage
- C. 6 percentage
- D. 7 percentage

ANSWER: C

41. In the absence of an agreement, interest on drawings is

- A. allowed
- B. not allowed
- C. allowed after one year

D. allowed after two year

ANSWER: B

42. Current account of the partners should be opened when the capital are

- A. fixed
- B. fluctuating
- C. variable
- D. equal

ANSWER: A

43. Revaluation account is a

- A. Personal account
- B. Real account
- C. Nominal account
- D. Duplicate account

ANSWER: C

44. Goodwill is

- A. liability
- B. capital
- C. nominal account
- D. an intangible asset

ANSWER: D

45. On the admission of a partner, when the goodwill is raised at full value, it should be debited to

- A. Goodwill account
- B. Current account
- C. P & L account
- D. Capital account

ANSWER: A

46. In the case of retirement of a partner, goodwill at its full value is credited to the account of

- A. new partner
- B. old partner
- C. all partners
- D. working partner

ANSWER: C

47. In the case of retirement of a partner, profit on revaluation is credited to the capital accounts of the partners in their

- A. profit sharing ratio
- B. sacrificing ratio
- C. capital ratio
- D. gaining ratio

ANSWER: A

48. Gaining ratio is calculated at the time of

- A. admission of a partner
- B. retirement of a partner
- C. insolvency of a partner
- D. leave of a partner

ANSWER: B

49. The difference between new profit ratio and old profit ratio is

- A. new profit sharing ratio
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: D

50. In case of death of a partner, all accumulated profits are distributed among all partners in the

- A. new profit sharing ratio
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: B

51. In case of death of a partner, all accumulated losses are distributed among all partners in the

- A. new profit sharing ratio
- B. old profit sharing ratio
- C. sacrificing ratio
- D. gaining ratio

ANSWER: B

52. A, B and C are partners sharing profits in 4:2:4. When A retires the gaining ratio of B and C is

- A. 1:2
- B. 4:4
- C. 2:4
- D. 4:2

ANSWER: C

53. A, B and C are partners sharing profits in 4:2:4. When B retires the gaining ratio of A and C is

- A. 1:2
- B. 4:4
- C. 2:4
- D. 4:2

ANSWER: B

54. A and B are partners in the ratio of 2:1. They admit C for 1/4 share who contributes for Rs.3,000 for his share of goodwill. The total value of goodwill of the firm is:

- A. Rs.3,000
- B. Rs.9,000
- C. Rs.12,000
- D. Rs.15,000

ANSWER: C

55. Goodwill of a firm of A and B is valued at Rs.30,000. It is appearing in the books at Rs.12,000. C is admitted for 1/4 share. What amount he is supposed to bring for goodwill?

- A. Rs.3,000
- B. Rs.4,500
- C. Rs.7,500
- D. Rs.10,500.

ANSWER: B

56. A and B are sharing profit and loss in the ratio of 4:1. C is admitted as a new partner for  $\frac{1}{3}$  share of profit for which he pays Rs.30,000 as goodwill. If A and B agree to share future profits equally then the amount of goodwill to be credited to A will be

- A. Rs.30,000
- B. Rs.90,000
- C. Rs.48,000
- D. Rs.42,000.

ANSWER: A

57. In settling the accounts of a firm after its dissolution, assets of the firm shall be applied first in paying

- A. Each partner proportionately what is due to him on account of loans advanced by him
- B. Each partner proportionately what is due to him on account of capital
- C. Each partner proportionately what is due to him on account profit sharing ratio
- D. The debits of the firm to their parties.

ANSWER: A

58. Capital employed in a business is Rs.1,50,000. Profit is Rs.50,000 and the normal rate of profit is 20%. The amount of goodwill as per capitalization method would be

- A. Rs.1,00,000
- B. Rs.1,50,000
- C. Rs.2,00,000
- D. Rs.3,00,000.

ANSWER: A

59. A and B are equal partners in a firm. They admitted C as a partner for  $\frac{1}{6}$  share who brought in Rs.60,000 as goodwill. The new profit sharing ratio is 3:2:1. A goodwill of Rs.60,000 is to be paid to the old partners as per profit sacrificing ratio. B will receive

- A. Rs.30,000
- B. Rs.60,000
- C. Rs.45,000
- D. Rs. 15,000

ANSWER: A

60. For piecemeal distribution of cash for return of capital among the partners on dissolution, the method adopted should ensure that the amount is finally left unpaid i.e., the loss to be borne is in

- A. Profit sharing ratio
- B. Proportion to closing capital at the time of dissolution
- C. Equal proportion
- D. Proportion to assets realized

ANSWER: A

61. In the absence of an agreement to the contrary, the partners are

- A. Entitled to 6% interest on their capitals, only when there are profits
- B. Entitled to 9% interest on their capitals, only when there are profits
- C. Entitled to interest on capital at the bank rate, only when there are profits
- D. Not entitled to any interest on their capitals.

ANSWER: D

62. On the death of a partner, the amount of Joint Life Policy shall be credited to the capital accounts of

- A. All partners including the deceased partner in their profit sharing ratio
- B. Remaining partners in the new profit sharing ratio
- C. Remaining partners equally
- D. All partners including the deceased partner in their capital ratio.

ANSWER: A

63. If a minor chooses to continue as a partner on attaining the age of majority, he/she will be liable to the debts of the firm from the date of his/ her

- A. Attaining majority
- B. Admission to profit of the firm
- C. Choosing to become a partner at a subsequent date
- D. Guardian giving the option.

ANSWER: B

64. How is the premium paid on the Joint Life Policy of partners treated? It is to the accounts.

- A. Debited, Partners capital
- B. Credited, Partners current
- C. Debited, P&L
- D. Credited, P&L.

ANSWER: C

65. A, B and C are partners in a business firm sharing their profits in the ratio of 4:3:2. A new partner D enters the firm. The New Profit Sharing Ratio of A, B, C and D is 5:4:2:1. D contributes a goodwill of Rs.36,000. This goodwill is to be allocated among A, B and C. which one of the following will be the correct allocation to A, B and C respectively?

- A. 16,000, 12,000, 8,000
- B. 12,000, 8,000, 16,000
- C. 12,000, NIL, 24,000
- D. 4,000, NIL, 12,000

ANSWER: A

66. A and B are partners in a firm sharing profits in the ratio of 3:2. They admit C as a new partner for 1/3 share in the profits of the firm. The new profit sharing ratio of A, B and C is

- A. 3:2:1
- B. 3:2:2
- C. 3:2:3
- D. 6:4:5.

ANSWER: D

67. When there is a loss in memorandum revaluation account it will be transferred to capital accounts of partners in \_\_\_\_\_ ratio.

- A. capital account
- B. old profit and loss sharing
- C. new profit and loss sharing ratio
- D. gaining ratio

ANSWER: C

68. When a partner takes over the responsibility to pay off an unrecorded liability

- A. Realization A/c Dr. To partners capital A/c
- B. Bank A/c Dr. To realization A/c
- C. Realization A/c Dr. To Bank/Cash A/c

D. Partners capital A/c Dr. To realization A/c

ANSWER: A

69. When an unrecorded asset is taken over by a partner

A. Realization A/c Dr. To partners capital A/c

B. Partners capital A/c Dr. To realization A/c

C. Cash A/c Dr. To Bank A/c

D. Realization A/c Dr. To Bank/Cash A/c

ANSWER: B

70. A and B were partners sharing profit in the ratio of 21:9. C was admitted for 9/21 share in the profits.

The new profit sharing ratio of A, B and C will be

A. 1. 13:7:4

B. 2. 14:9:5

C. 3. 14:3:2

D. 4. 14:6:5

ANSWER: D

71. Maximum number of partners in a banking business is

A. 2

B. 10

C. 20

D. 50

ANSWER: B

72. Current accounts for partners should be opened when

A. Capitals are fixed

B. Capitals are fluctuating

C. When capitals are either fixed or fluctuating

D. When capitals are neither fixed nor fluctuating

ANSWER: A

73. When A and B sharing Profit and Losses in the ratio of 3:2, admit C as a partner giving him 1/5 share of profit. This will be given by A and B

A. Equally

B. In the ratio of their profits

C. In the ratio of their capitals

D. In the ratio of their drawings

ANSWER: B

74. When a new partner gives cash for goodwill, the amount is credited to

A. Goodwill account

B. Capital account of the new partner

C. Cash account

D. Either A or B.

ANSWER: D

75. In which account, interest on the capital of the partner charged?

A. P&L A/c

B. P&L (Adjustment) A/c

C. P&L (Appropriation) A/c

D. Realization A/c.

ANSWER: C

76. A, B and C are equal partners and after admission of D their new ratio is 1:1:1:1. what would be the sacrificing ratio?

A. 1:1:1

B. 1:2:3

C. 1:3:2

D. 1:1:2

ANSWER: A

77. General Reserve at the time of admission of a new partner is transferred to

A. Profit and Loss Adjustment A/c

B. Partners Capital Accounts

C. Neither of the two

D. Balance Sheet.

ANSWER: B

78. If the adjustment in the value of Assets at the time of the admission of a partner shows a profit, it should be credited to the Capital accounts of

A. The old partners in their new profit sharing ratio

B. All the partners in their new profit sharing ratio

C. The old partners in their old profit sharing ratio

D. None of the above.

ANSWER: C

79. X and Y who are equal partners admit Z into partnership for 1/7 share, their new Profit Sharing Ratio will be

A. 3:3:1

B. 2:6:1

C. 4:6:2

D. 6:2:1

ANSWER: A

80. When goodwill amount is withdrawn by the partner account is credited.

A. Cash/Bank

B. Revaluation

C. Profit and Loss

D. Creditors.

ANSWER: A

81. A partner who takes active part in the firms business is known as partner

A. New

B. Active

C. Old

D. Chief.

ANSWER: B

82. On admission, decrease in the value of liability is debited to \_\_\_\_\_ account.

A. such liability

B. revaluation

- C. memorandum revaluation
- D. profit and loss

ANSWER: A

83. On the dissolution of a firm, the profit or loss is shared by the partners

- A. In the profit sharing ratio
- B. In the ratio of capital balance
- C. Equally
- D. None of the above.

ANSWER: A

84. Realization account is a account.

- A. Personal
- B. Nominal
- C. Real
- D. Fictitious.

ANSWER: B

85. Whenever a new partner is admitted the Profit Sharing Ratio will change and the changed ratio will be known as

- A. New ratio
- B. Old ratio
- C. Sacrificing ratio
- D. None of the above.

ANSWER: A

86. What journal entry will be passed when a partner brings cash as capital in the business?

- A. Goodwill A/c Dr. To Cash A/c
- B. Cash A/c Dr. To Partners Capital A/c
- C. Cash A/c Dr. To Revaluation A/c
- D. Cash A/c Dr. To P&L A/c

ANSWER: B

87. The ratio in which the old partners have agreed to sacrifice their charges in profit in favour of new partner is called the

- A. Sacrificing ratio
- B. Old ratio
- C. New ratio
- D. None of the above.

ANSWER: A

88. In which ratio an amount of goodwill brought in by new partner is shared by old partners?

- A. Old partners in their new ratio
- B. Old partners in their capital ratio
- C. Old partners in their old ratio
- D. Old partners in their sacrificing ratio.

ANSWER: D

89. Unrecorded liability when paid on dissolution of a firm is debited to

- A. Realization A/c
- B. Liability A/c

C. Partners Capital A/c

D. Revaluation A/c.

ANSWER: A

90. In the event of dissolution of a firm, the partners personal assets are first used for payment of

A. Personal liabilities

B. Firms liability

C. Creditors

D. None of the above

ANSWER: A

91. In the absence of any contract, to the contrary, on dissolution of the partnership firm the capital profit is credited to the partners:

A. In capital ratio

B. In profit sharing ratio

C. Equally

D. None of the above.

ANSWER: B

92. When there is partial repossession \_\_\_\_\_ is debited while the goods are taken away by hire vendor in the books of hirer.

A. hire vendor a/c

B. hirer a/c

C. repossessed goods a/c

D. profit and loss a/c

ANSWER: A

93. General reserve at the time of admission of a partner is transferred to

A. Revaluation a/c

B. Partners capital a/c

C. Profit and loss a/c

D. None of the above

ANSWER: B

94. All accumulated losses are transferred to the capital a/c partners in the

A. New profit sharing ratio

B. Old profit sharing ratio

C. Capital ratio

D. None of the above

ANSWER: B

95. All such assets which have not been taken over by the new firm at the time of amalgamation will be transferred to:

A. Capital a/c of partners

B. Revaluation a/c

C. New firms a/c

D. None of the above

ANSWER: A

96. Partners salaries to be debited to

A. Trading account

- B. Profit and loss account
- C. Profit and loss appropriation account
- D. Partners account

ANSWER: C

97. A and B are sharing profits in the ratio of 3 : 2. C is admitted as a new partner with  $\frac{1}{5}$  share. Then the ratio of sacrifice will be

- A. 1 : 1
- B. 3 : 2
- C. 2 : 3
- D. 2 : 2

ANSWER: B

98. In case of sale of partnership to a company, the profit or loss on the sale is ascertained through

- A. Revaluation method
- B. Memorandum realization account
- C. Realization account
- D. Balance sheet

ANSWER: C

99. Liabilities not taken over by the new firm (at the time of amalgamation) will be transferred to

- A. New firms account
- B. Revaluation account
- C. Capital accounts
- D. Drawings account

ANSWER: C

100. On retirement of a partner, when the unrecorded assets are brought into the books \_\_\_\_\_ account is credited.

- A. Such asset
- B. revaluation
- C. Profit and loss
- D. memorandum revaluation

ANSWER: B

101. which of the following method/s is/are used to distribute the cash under piecemeal distribution of cash?

- A. maximum loss method
- B. proportionate capital method
- C. either A or B
- D. neither A nor B

ANSWER: C

102. Partnership Act provides \_\_\_\_\_ interest on the amount left by the retiring partner

- A. 5%
- B. 6%
- C. Bank rate
- D. None of the above

ANSWER: B

103. The assets, liabilities and capital account of amalgamating firm are closed by opening

- A. Realization account
- B. Revaluation account
- C. New firms account
- D. None of the above

ANSWER: C

104. Realisation account is a

- A. Nominal a/c
- B. Real a/c
- C. Personal a/c
- D. None of the above

ANSWER: A

105. A firm is unable to pay the debts when

- A. A partner is insolvent
- B. A partner has debit balance
- C. The firm is insolvent
- D. None of the above

ANSWER: C

106. Royalty account is in the nature of

- A. Real account
- B. Nominal account
- C. Personal account
- D. Revenue account

ANSWER: B

107. Irrecoverable short workings are transfer to

- A. Trading account
- B. P&L account
- C. Balance sheet
- D. P&L Appropriation account

ANSWER: B

108. When royalty is paid, in the books of lessee, it is debited to

- A. Royalty account
- B. P&L account
- C. Land lord account
- D. Lessee account

ANSWER: C

109. When short workings are to be recovered the account to be debited is

- A. Land lord account
- B. Short workings account
- C. P&L account
- D. Lessee account

ANSWER: A

110. Short working means

- A. Excess of minimum rent over royalty
- B. Excess of royalty over minimum rent

- C. Surplus of royalty
- D. Actual minimum rent

ANSWER: A

111. Which of the following is/are, comes under royalty agreement?

- A. mining
- B. patent
- C. copy rights
- D. all the above

ANSWER: D

112. Royalty is the agreement between the following persons

- A. Seller and buyer
- B. Banker and customer
- C. Trustee and beneficiary
- D. Land lord and tenant

ANSWER: D

113. Dead rent is also called

- A. Outstanding rent
- B. Minimum rent
- C. Prepaid rent
- D. Future rent

ANSWER: B

114. The right of lessee to recoup short working is related to

- A. First three years
- B. Subsequent two years
- C. Terms and agreements
- D. No specify terms

ANSWER: C

115. Profit and loss appropriation a/c is

- A. real a/c
- B. nominal a/c
- C. personal a/c
- D. none of the above

ANSWER: B

116. Incase the right to require short workings has expired, the balance in the short workings account is transfer to

- A. Land lord account
- B. P&L account
- C. Royalty account
- D. Trading account

ANSWER: B

117. Incase of sub-lease who will be treated lessor and lessee simultaneously at the same time?

- A. lessee
- B. lessor
- C. sublessee

D. none

ANSWER: A

118. The share of profits to a new partner in the future profits without any express agreement as to who will contribute a new partners share of profit is implied that old partners contribute

- A. Equally
- B. In proportion of their capital
- C. In their profit sharing ratio
- D. None of these.

ANSWER: C

119. When cash is paid by new partner as his share of goodwill it is \_\_\_\_\_ method

- A. premium
- B. revaluation method
- C. memorandum revaluation method
- D. capitalisation method

ANSWER: A

120. Goodwill = No. of years purchase x average profit. It is \_\_\_\_.

- A. average method
- B. super profit method
- C. capitalisation method
- D. revaluation method

ANSWER: A

121. Goodwill = No. of years purchase x super profit. It is \_\_\_\_.

- A. average method
- B. super profit method
- C. capitalisation method
- D. revaluation method

ANSWER: B

122. A and B are partners in a firm. During the year 2009, A withdraw Rs.1000 p.m and B withdraw Rs. 500 p.m on the first day of every month. Interest on drawing is 10% p.a. Total interest on drawings will be

- A. Rs. 975
- B. Rs. 900
- C. Rs. 650
- D. Rs. 325

ANSWER: A

123. The balance of royalty payable account is transferred to

- A. Profit and loss account
- B. Royalties suspense account
- C. Production account.
- D. lessor account.

ANSWER: C

124. The balance of royalty receivable account is transferred

- A. Profit and loss account
- B. Royalties suspense account
- C. Production account.

D. lessor account

ANSWER: A

125. If the average capital of a business is Rs. 60,000 and the normal rate of profit is 15 percentage, then the normal profits will amount to

- A. Rs. 10,000
- B. Rs. 9,000
- C. Rs. 15,000.
- D. Rs. 12,000

ANSWER: B

126. Under the Revised Uniform Limited Partnership Act and in the absence of a contrary agreement by the partners, which of the following events is most likely to dissolve a limited partnership?

- A. A majority vote in favor by the partners.
- B. A two-thirds vote in favor by the partners.
- C. A withdrawal of a majority of the limited partners.
- D. Withdrawal of the only general partner.

ANSWER: D

127. Total assets of a firm is Rs. 2,40,000, outside liability amounted to Rs. 1,20,000, total capital contributed by the partners would be

- A. Rs. 1,20,000
- B. Rs. 40,000
- C. Rs. 1,00,00
- D. Rs. 20,000

ANSWER: A

128. A television set cash price of which is Rs. 18,000 is sold on hire purchase system for Rs. 20,000 payable in quarterly instalments of Rs. 5,000 each. The first payment is made at the end of the 1st quarter. What is the interest included in each instalment?

- A. Rs. 600, Rs. 400 and Rs.200
- B. Rs. 700, Rs. 350 and Rs.150
- C. Rs. 500, Rs. 450 and Rs.250
- D. Rs. 400, Rs. 400 and Rs.400

ANSWER: A

129. In the books of hirer, when the asset is repossessed, asset account will be

- A. debited
- B. credited
- C. rectified
- D. reversed

ANSWER: B

130. In the books of hirer, when the asset is repossessed, the balance asset account if any, is transferred to

- A. vendors a/c
- B. assets a/c
- C. P &L a/c
- D. repossessed goods a/c

ANSWER: C

131. Machinery costing Rs. 20,00,000 was purchased on 1.4.2009. The installation charges amounting Rs.

5,00,000 were incurred. The depreciation @ 10% on WDV method for the year ended on 31st March,2011 will be

- A. Rs. 2,50,000
- B. Rs. 2,00,000
- C. Rs. 2,25,000
- D. Rs. 1,50,000

ANSWER: C

132. Under which circumstances goodwill is valued?

- A. At the time of amalgamation
- B. at the time of sale
- C. at the time of admission of partner
- D. In all the above cases

ANSWER: D

133. The hire vendor take away only a portion of the goods on which there is default of installments it is called

- A. repossession
- B. partial repossession
- C. complete repossession
- D. purchase

ANSWER: B

134. If the hire vendor may take away all the goods on which there is default of installment it is called

- A. repossession
- B. partial repossession
- C. complete repossession
- D. purchase

ANSWER: C

135. If the hire purchaser fails to make payment of any installment, it is called

- A. default
- B. repossession
- C. sale
- D. purchase

ANSWER: A

136. Under hire purchase system, each installment is treated as

- A. interest
- B. cash price
- C. hire charges
- D. advance

ANSWER: C

137. The advance amount under hire purchase system is called

- A. cash price
- B. retail price
- C. interest
- D. down payment

ANSWER: D

138. A and B are 2:3 partners. They admitted C as new partner for 1/5 profit. What is new profit sharing ratio?

- A. 8;12;5
- B. 2:3:5
- C. 5:6:8
- D. 4:8:12

ANSWER: A

139. Hire purchase system is governed by

- A. Hire Purchase Act 1972
- B. Hire Purchase Act 1973
- C. Hire Purchase Act 1974
- D. Hire Purchase Act 1975

ANSWER: A

140. Installment system is governed by

- A. Hire Purchase Act
- B. Sale of Goods Act
- C. Installment Act
- D. Properties Registration Act

ANSWER: B

141. Nature of hire purchase agreement is

- A. agreement of sale
- B. option to transfer
- C. option to buy
- D. option to sell

ANSWER: C

142. According to Garner Vs Murray rule, capital loss of insolvent is apportioned in the

- A. capital ratio of all partner
- B. capital ratio of solvent partners
- C. profit sharing ratio of all partners
- D. profit sharing ratio of solvents partners

ANSWER: B

143. On dissolution which of the following should not be transferred to realisation a/c?

- A. cash
- B. machinery
- C. goodwill
- D. plant

ANSWER: A

144. On dissolution, assets and liabilities are transferred to \_\_\_\_\_ a/c.

- A. revaluation
- B. realisation
- C. capital
- D. cash

ANSWER: B

145. When the amount is paid to creditors on dissolution, the account debited is \_\_\_\_\_

- A. realisation
- B. revaluation
- C. creditors
- D. cash

ANSWER: A

146. In case of one partner insolvency, Who will bring cash for realisation loss?

- A. solvent partner
- B. insolvent partner
- C. all the partners
- D. none of them

ANSWER: A

147. When the firm wants to show the assets and liabilities at their existing value, \_\_\_\_\_ a/s is to be prepared

- A. revaluation
- B. memorandum revaluation
- C. realisation
- D. memorandum realisation

ANSWER: B

148. Under which method goodwill is raised first and then immediately written off?

- A. premium method
- B. revaluation method
- C. memorandum revaluation method
- D. none of these

ANSWER: C

149. The portion of profit till the date of death of partner is credited to \_\_\_\_ a/c.

- A. executor of deceased partner
- B. deceased partner
- C. P and L a/c
- D. P and L appropriation.

ANSWER: A

150. On dissolution, when settlement is made to the partner \_\_\_\_\_ a/c is debited.

- A. Partners capital a/c
- B. cash a/c
- C. realisation a/c
- D. partners current a/c

ANSWER: A

Staff Name  
Senthil S .