

Accountancy Sample Paper - 1

DIRECTIONS for the question: Mark the best option:

Question No. : 1

What is the main objective of not for profit organisation?

- A) Service B) Profit C) Security D) Integrity

DIRECTIONS for the question: Mark the best option:

Question No. : 2

What is usually not a major source of income of a NPO?

- A) Member Donation B) Trading income/ sale of goods C) Legacies D) Government grant

DIRECTIONS for the question: Mark the best option:

Question No. : 3

Which account is prepared by NPO in replace of normal capital account?

- A) Equity account B) Shareholders account C) General Fund account D) Capital Reserve account

DIRECTIONS for the question: Mark the best option:

Question No. : 4

What is not a feature of Receipt and Payments account?

- A) Transactions relate to current year, preceding year and succeeding year B) It can contain revenue and capital receipts
C) No distinction is made whether the transactions are done through bank or cash
D) It helps in ascertaining the profit/loss for the year

DIRECTIONS for the question: Mark the best option:

Question No. : 5

Which of the following is a summary of cash book?

- A) Bank reconciliation statement B) Revaluation account C) Income and expenditure account
D) Receipts and payments account

DIRECTIONS for the question: Mark the best option:

Question No. : 6

In case of NPO, what is the membership fee paid by member at periodical intervals called?

- A) Legacies B) Subscription C) Life membership D) Endowment fund

DIRECTIONS for the question: Mark the best option:

Question No. : 7

Which of the following is termed as admission fee paid only once by the member at the time of becoming a member?

- A) Subscription B) Entrance fee C) Legacies D) Life membership fee

DIRECTIONS for the question: Mark the best option:

Question No. : 8

Which of the following cannot be capitalised in the capital fund of NPO?

- A) Life membership fee B) Legacies C) Sale of periodicals D) Entrance Fees
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DIRECTIONS for the question: Mark the best option:

Question No. : 9

For which of the following objectives of English Winglish club, the general donation will be used?

- A) Extension of existing building B) Construction of new computer lab C) Creation of book bank
D) Payment of electricity bill for March 2021
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DIRECTIONS for the question: Mark the best option:

Question No. : 10

What does closing balance of Income and Expenditure account represents?

- A) Cash in hand/ Bank balance B) Amount gambled by the trustees C) Excess of income over expenditure
D) No balance appears as debit side matches with credit side
-

DIRECTIONS for the question: Mark the best option:

Question No. : 11

Persons who have entered into partnership with one another are individually called 'partners' and collectively called?

- A) Association of partners B) Firm C) Body of Individuals D) Joint stock corporation
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DIRECTIONS for the question: Mark the best option:

Question No. : 12

What is the agreement of partnership called?

- A) Partnership Agreement B) Partnership Contract C) Partnership Deed D) Partnership Arrangement
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DIRECTIONS for the question: Mark the best option:

Question No. : 13

Which of the following is not included in partnership deed?

- A) Rules regarding operation of bank accounts B) Mode of auditor's appointment C) The accounting period of the firm
D) Rules of admitting the new partners
-

DIRECTIONS for the question: Mark the best option:

Question No. : 14

Calculate the interest on loan of Rs. 100000 given by the partner for 73 days in a year when partnership deed is silent?

- A) Rs. 1200 B) Rs. 1500 C) Rs. 2400 D) No interest is paid
-

DIRECTIONS for the question: Mark the best option:

Question No. : 15

A and B are partners in a firm with PSR 1:1. The capital balances of A and B are 100000 and 150000 respectively. The profit of the firm is 10000 for the year. Calculate the interest on capital when partnership deed is silent about it?

- A) Interest shall be paid @6% p.a. B) Interest shall be paid equally C) Interest shall be paid only till 10000
D) No interest shall be paid

DIRECTIONS for the question: Mark the best option:

Question No. : 16

A and B are partners in a firm with PSR 3:1. The capital balances of A and B are 100000 and 150000 respectively. The profit of the firm is 10000 for the year. Calculate the interest on capital when partnership deed provides interest on capital @10%?

- A) Interest shall be paid @10% till exhaustion of profits B) Interest shall be paid @10% completely
C) Interest shall be paid only in ratio of capital D) No interest shall be paid

DIRECTIONS for the question: Mark the best option:

Question No. : 17

Mr. Shivam, partner of M/s XYZ Company, has given a loan of Rs. 1000000 on 01/04/2021 to the firm. The partnership deed is silent on the interest on loan given by partner. How will be the interest on such loan accounted for the year ended 31/03/2022 as per Indian Partnership Act?

- A) Interest shall be paid Rs. 12000st B) Interest shall be paid Rs. 6000
C) No interest is to be charged as the partnership deed is silent
D) It will be treated as capital, and interest on capital shall be provided

DIRECTIONS for the question: Mark the best option:

Question No. : 18

What are the necessary adjustments to arrive at closing balance of partner's capital account?

- A) Addition to capital B) Drawings made in kind C) Share of profits/ loss D) All of these

DIRECTIONS for the question: Mark the best option:

Question No. : 19

What shall be the average months when Mr. A has made drawings of Rs. 10000 on 1st of every quarter for 4 quarters?

- A) 7.5 months B) 4 months C) 4.5 months
D) The concept of average months does not applies to drawings drawn at beginning of every quarter

DIRECTIONS for the question: Mark the best option:

Question No. : 20

How do we treat interest of capital in P&L account?

- A) It is treated as an expense B) It is not recorded in the P&L account C) It is treated as an income
D) None of the above

DIRECTIONS for the question: Mark the best option:

Question No. : 21

Which of the following is correct about partnership agreement?

- A) No partner can withdraw from partnership after signing the agreement
B) All the signing partners are not legally bind with the agreement
C) It is a registered document and contains all the terms and conditions of partnership
D) It cannot be amended with the consent of majority partners

DIRECTIONS for the question: Mark the best option:

Question No. : 22

A and B are partners in a firm with capital of Rs. 100000 and Rs. 50000 respectively. What is the interest on capital @10% if they have earned profits of Rs. 6000?

- A) Rs. 10000 and Rs. 5000 B) Rs. 3000 and Rs. 3000 C) Rs. 4000 and Rs. 2000 D) Rs. 2000 and Rs. 4000

DIRECTIONS for the question: Mark the best option:

Question No. : 23

What amongst the following is a feature of partnership?

- A) The main objective is to purchase assets in joint name B) The profit and loss is to be shared equally only
C) Partners are only entitled to profits D) Two or more persons are required to form partnership

DIRECTIONS for the question: Mark the best option:

Question No. : 24

From which of the following will the interest on capital @ 5% (as decided in the partnership deed) shall be provided by the firm?

Net profits for the year: 5 lac

Accumulated profits: 15 lac

Capital of Partner A: 10 lac and B: 12 lac

DR Reserve: 6 lac

Goodwill: 14 lac

- A) From net profits B) From accumulated profits C) From DR Reserve D) From goodwill

DIRECTIONS for the question: Mark the best option:

Question No. : 25

What is the partnership ratio as per Partnership Act, 1932?

- A) Equally B) As per capital contribution C) As decided in partnership deed D) As decided by court of law

DIRECTIONS for the question: Mark the best option:

Question No. : 26

Mr. A, the partner of ABC & Co. has current account balance of Rs. 5 lac. Which side will it be reflected?

- A) Debit B) Credit C) A or B D) Current account balances are fixed
-

DIRECTIONS for the question: Mark the best option:

Question No. : 27

A, B and C are partners. A contributed Rs 100000, B and C contributed Rs 10000 respectively. Profits of the business is Rs 6000 but A wants to get 20% on capital. How will be the profits distributed? (No partnership deed between partners)

- A) Equally, No interest on capital to A B) Equally after providing interest on capital to A
C) Equally after providing interest on capital to all the partners
D) Profits will not be distributed unless there is change in partnership deed
-

DIRECTIONS for the question: Mark the best option:

Question No. : 28

Which of the following is not a difference between partnership and JV?

- A) JV is for a short term and partnership is for long term B) JV is run by joint venturers and partnership is run by partners
C) No law is required for JV, Indian Partnership Act is required for partnership
D) MOU is required for JV and basic understanding is required for partnership
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DIRECTIONS for the question: Mark the best option:

Question No. : 29

The withdrawal by the partner due to bad health or change in interest of business can be termed as?

- A) Admission of partner B) Retirement of partner C) Dissolution of the firm D) Suspension of partner
-

DIRECTIONS for the question: Mark the best option:

Question No. : 30

A and B are partners in a firm in ratio 3:2. They admitted C for 20% share in profits and losses which he gets equally from the existing partners. What shall be the new PSR?

- A) 3:2:1 B) 12:8:3 C) 12:8:5 D) 5:3:2
-

DIRECTIONS for the question: Mark the best option:

Question No. : 31

A and B are partners in a firm in ratio 5:3. They admitted C for $\frac{1}{7}$ share in profits and losses. The new PSR is 4:2:1 What shall be the sacrificing ratio?

- A) 3:5 B) 3:8 C) 5:3 D) 8:3

DIRECTIONS for the question: Mark the best option:

Question No. : 32

Which of the following is not a method of goodwill?

- A) Average Profits method B) Super Profits method C) Normal Profits method D) Capitalisation method

DIRECTIONS for the question: Mark the best option:

Question No. : 33

What shall be 3 years purchase goodwill based upon the following profits of 3 years?

Year	Weight	Profits
1	1	15000
2	2	30000
3	3	45000

- A) 105000 B) 108000 C) 85500 D) 75500

DIRECTIONS for the question: Mark the best option:

Question No. : 34

What shall be 3 years purchase goodwill based upon the following profits of 3 years when capital employed is 500000 and return on capital is 2%?

Year	Profits
1	15000
2	20000
3	25000

- A) 10000 B) 30000 C) 20000 D) 25000

DIRECTIONS for the question: Mark the best option:

Question No. : 35

ABC Ltd. Has average profits of Rs. 80000 with normal rate of return at 10%. What is the value of goodwill if the net assets are Rs. 500000?

- A) 50000 B) 30000 C) 42000 D) No or negative goodwill

DIRECTIONS for the question: Mark the best option:

Question No. : 36

Bank account — Dr.
To Premium for goodwill account

Goodwill A/c = Dr.
To Sacrificing partner's capital a/c
When is the above entry recorded?

- A) When goodwill already exists in business B) When new partner brings goodwill in cash
C) When new partner brings goodwill partly D) Goodwill does not exist in business
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DIRECTIONS for the question: Mark the best option:

Question No. : 37

Which account is debited when new partner brings goodwill partly?

- A) New partner's current account B) Sacrificing partner's capital accounts C) Goodwill account
D) Premium for goodwill account
-

DIRECTIONS for the question: Mark the best option:

Question No. : 38

What is the treatment of general reserve appearing before the admission of partner?

- A) Old partners to share in old ratio B) New partners to share in new ratio C) Old partners to share in sacrificing ratio
D) New partners to share in gaining ratio
-

DIRECTIONS for the question: Mark the best option:

Question No. : 39

How is loss in revaluation account incurred?

- A) With increase in asset and increase in liability B) With increase in asset and decrease in liability
C) With increase in liability and decrease in asset D) With decrease in asset and decrease in liability
-

DIRECTIONS for the question: Mark the best option:

Question No. : 40

What is generally adjusted so as to be proportionate with new profit sharing ratio at the time of admission of new partner?

- A) Partner's share in goodwill B) Partner's capital C) Partner's remuneration D) Partner's individual tax liability
-

DIRECTIONS for the question: Mark the best option:

Question No. : 41

How is new profit sharing ratio decided by the partners for new partner?

- A) Through order of court B) Based on existing balance in capital accounts C) Mutually decided
D) As per 7th pay commission

DIRECTIONS for the question: Mark the best option:

Question No. : 42

How are capitalization of profits takes place in capitalization method?

- A) Average profits * 100 / Normal rate of return B) Super profits * 100 / Normal rate of return
C) Average profits / Intrinsic value of the business * 100 D) Super profits / Intrinsic value of the business * 100

DIRECTIONS for the question: Mark the best option:

Question No. : 43

Ram, Lakhan, Karan are equal partners. They admitted Arjun as partner with capital Rs. 2 lac and half of premium for goodwill Rs. 50000 for 25% share. What is the value of goodwill of firm?

- A) Rs 1 lac B) Rs. 8 lac C) Rs. 2 lac D) Rs. 4 lac

DIRECTIONS for the question: Mark the best option:

Question No. : 44

Calculate 5 years goodwill on average profits?

Years	Profit/ (Loss)
2015	-50000
2016	-100000
2017	750000
2018	600000

- A) 15 lac B) 1 lac C) 20 lac D) 17.5 lac

DIRECTIONS for the question: Mark the best option:

Question No. : 45

Chetan was admitted with 25% share in profits contributing 150000 as capital and Abhay and Beena sharing profits in 3:2. How much capital is required to be brought in by old partners taking into account as base capital of Chetan for profit sharing?

- A) Abhay 270000 and Beena 160000 B) Abhay 180000 and Beena 100000 C) Abhay 300000 and Beena 270000
D) Abhay 200000 and Beena 175000

DIRECTIONS for the question: Mark the best option:

Question No. : 46

Chetan was admitted with equal share in profits contributing 250000 as capital and 100000 as goodwill and Abhay and Beena's old profit sharing profits in 3:2. New PSR shall be 1:1:1. In what ratio will the premium distributed?

- A) Abhay 80000 and Beena 20000 B) Abhay 50000 and Beena 50000
C) Abhay 33333.3, Beena 33333.3 and Chetan 33333.3 D) Abhay Rs. 60000 and Beena Rs. 40000

DIRECTIONS for the question: Mark the best option:

Question No. : 47

Chetan was admitted with equal share in profits contributing 25000 as capital and 10000 as goodwill and Abhay and Beena's old profit sharing profits in 3:2. New PSR shall be 1:1:1. Chetan has compensate Abhay and Beena outside the firm. How will this be treated in the books of accounts?

- A) Only capital amount is to be raised in books B) Goodwill is to be raised and distributed in old ratio
C) Goodwill is to be raised and distributed in new ratio D) Outside firm settlement is not allowed

DIRECTIONS for the question: Mark the best option:

Question No. : 48

Mohun and Sohun shares profit and losses equally. They admitted Ramesh as an equal partner. The assets were valued at:

Asset	Book Value	New Value
Goodwill	0	30000
Inventory	12000	20000
Machinery	55000	60000

Ramesh brings in capital as Rs. 20000 and necessary share of goodwill. How will profit/ loss on revaluation shared amongst the partners?

- A) 6500:6500:0 B) 5000:5000:5000 C) 7433:7433:7433 D) 7433:7433:0

DIRECTIONS for the question: Mark the best option:

Question No. : 49

At which amount is the fixed assets and liabilities appearing in balance sheet after admission of a new partner?

- A) Historical cost B) Transition cost C) Revalued amount D) Current cost

DIRECTIONS for the question: Mark the best option:

Question No. : 50

Which of the following asset is compulsorily revalued at the admission of partner?

- A) Goodwill B) Closing Stock C) Trademarks D) Land & Building

QNo:- 1 ,Correct Answer:- A

Explanation:-

QNo:- 2 ,Correct Answer:- B

Explanation:-

QNo:- 3 ,Correct Answer:- C

Explanation:-

QNo:- 4 ,Correct Answer:- D

Explanation:-

QNo:- 5 ,Correct Answer:- D

Explanation:-

QNo:- 6 ,Correct Answer:- B

Explanation:-

QNo:- 7 ,Correct Answer:- B

Explanation:-

QNo:- 8 ,Correct Answer:- C

Explanation:-

QNo:- 9 ,Correct Answer:- D

Explanation:-

QNo:- 10 ,Correct Answer:- C

Explanation:-

QNo:- 11 ,Correct Answer:- B

Explanation:-

QNo:- 12 ,Correct Answer:- C

Explanation:-

QNo:- 13 ,Correct Answer:- D

Explanation:-

QNo:- 14 ,Correct Answer:- A

Explanation:- $100000 \times 6\% \times 73/365$

QNo:- 15 ,Correct Answer:- D

Explanation:-

QNo:- 16 ,Correct Answer:- A

Explanation:-

QNo:- 17 ,Correct Answer:- B

Explanation:-

QNo:- 18 ,Correct Answer:- D

Explanation:-

QNo:- 19 ,Correct Answer:- A

Explanation:-

QNo:- 20 ,Correct Answer:- A

Explanation:-

QNo:- 21 ,Correct Answer:- C

Explanation:-

QNo:- 22 ,Correct Answer:- C

Explanation:- Since profits are insufficient, the profit shall be distributed in the ratio of interest on capital due i.e. 2:1

QNo:- 23 ,Correct Answer:- D

Explanation:-

QNo:- 24 ,Correct Answer:- A

Explanation:-

QNo:- 25 ,Correct Answer:- C

Explanation:-

QNo:- 26 ,Correct Answer:- B

Explanation:-

QNo:- 27 ,Correct Answer:- A

Explanation:- (No interest on capital is paid if partnership deed is silent)

QNo:- 28 ,Correct Answer:- D

Explanation:-

QNo:- 29 ,Correct Answer:- B

Explanation:-

QNo:- 30 ,Correct Answer:- D

Explanation:- A: 5/10

B: 3/10

C: 2/10

QNo:- 31 ,Correct Answer:- A

Explanation:- A: 3/56

B: 5/56

QNo:- 32 ,Correct Answer:- C

Explanation:-

QNo:- 33 ,Correct Answer:- A

Explanation:- Avg weighted profits = $((1 \times 15000) + (2 \times 30000) + (3 \times 45000)) / 6 = 35000$

Goodwill = $35000 \times 3 = 105000$

QNo:- 34 ,Correct Answer:- B

Explanation:- Avg profits = 20000; Normal profits = $500000 \times 2\% = 10000$

Super Profits = $20000 - 10000 = 10000$

Goodwill = $10000 \times 3 = 30000$

QNo:- 35 ,Correct Answer:- B

Explanation:- Goodwill = $80000 - (500000 \times 10\%)$

QNo:- 36 ,Correct Answer:- B

Explanation:-

QNo:- 37 ,Correct Answer:- A

Explanation:-

QNo:- 38 ,Correct Answer:- A

Explanation:-

QNo:- 39 ,Correct Answer:- C

Explanation:-

QNo:- 40 ,Correct Answer:- B

Explanation:-

QNo:- 41 ,Correct Answer:- C

Explanation:-

QNo:- 42 ,Correct Answer:- A

Explanation:-

QNo:- 43 ,Correct Answer:- D

Explanation:- Half share Rs. 50000, Complete share Rs. 100000 (25% value)

QNo:- 44 ,Correct Answer:- A

Explanation:- Avg profits= $1200000/4 = 300000$
Goodwill = $300000*5 = 1500000$

QNo:- 45 ,Correct Answer:- A

Explanation:- New PSR

QNo:- 46 ,Correct Answer:- A

Explanation:-

QNo:- 47 ,Correct Answer:- A

Explanation:-

QNo:- 48 ,Correct Answer:- A

Explanation:-

QNo:- 49 ,Correct Answer:- C

Explanation:-

QNo:- 50 ,Correct Answer:- A

Explanation:-
