

Examrace

Competitive Exams: Commerce MCQs (Practice_Test 87 of 99)

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1. Under which one of the following methods of depreciation is the amount of the asset never reduced to zero?
 - a. Straight line method
 - b. Diminishing balance method
 - c. Sum of years digit method
 - d. Annuity method
2. Consider the following statements: Secret reserves serve the purpose of
 - a. Enabling the directors to tide over unfavorable items.
 - b. Meeting exceptional losses.
 - c. Increasing the working capital.
 - i. 1 and 2 are correct
 - ii. 2 and 3 are correct
 - iii. 1 and 3 are correct 4
 - iv. 1,2and 3 are correct
3. A BC analysis is a
 - a. System of profit and loss appropriation
 - b. technique of financial planning
 - c. technique of inventory control
 - d. Technique of profit determination
4. A sum of ₹ 50,000 was spent by a factory in overhaul-19 its existing plant and machinery and it enhanced its working by five years. The aforesaid expenditure is
 - a. capital expenditure
 - b. Partly capital and partly revenue expenditure
 - c. Revenue loss
 - d. deferred revenue expenditure

5. Match List I (Items of Expenditure with Receipt) with List II (Nature of Expenditure and Receipt) and select the correct answer:

List-I	List-II
A. Replacement cost of	1. Revenue Expenditure an old asset
B. Special repairing charges	2. Capital Receipt of an asset
C. Huge advertisement	3. Deferred Revenue expenses Expenditure
D. Sale value of an old motor car	4. Capital Expenditure

A B C D

a. 4 1 3 2

b. 4 1 2 3

c. 1 4 3 2

d. 1 4 2 3

6. Which one of the following is NOT a capital expenditure?

- Legal expenses incurred in raising a debenture loan
- compensation paid to a dismissed employee
- Brokerage paid to the broker at the time of purchase of land.
- Expenses for pulling down an old structure

7. Outstanding wages is an item of

- current asset
- current liability
- non-current asset
- non-current liability

8. A and B are partners sharing profits and losses in the ratio of 3: 1 they have agreed to admit C into the partnership firm, C is given $\frac{1}{4}$ th share of future profits which he acquires in the ratio of 2: 1 from A and B. The new profit-sharing ratio would be:

- 4: 1
- 7: 2: 3

c. 3: 1: 7

d. 7: 3: 2

9. A, B, C were partners sharing profits in the proportion of 112,113 and 116 respectively. On 31st March 1997 their capital stood as follows: A = ₹ 4,00, 000, B = ₹ 3,00, 000 & C = ₹ 2,50, 000 A sum of ₹ 1,20, 000, also appeared as reserve fund in their Balance sheet on this date. B retires on this date when the good: Will of the firm was valued at ₹ 1,80, 000 Profit and loss adjustment account prepared on that date with-out taking goodwill and reserve fund into consideration showed a net profit of ₹ 28,500 The net amount payable to B will be:

a. ₹ 3,82, 500

b. ₹ 4,09, 500

c. ₹ 3,63, 800

d. ₹ 4,04, 000

10. X and Y are partners sharing profit in the ratio of 1: 1. They admit Z for 115th share who contributed ₹ 25,000 for his share of goodwill. The total value of the goodwill of the firm will be

a. ₹ 25,000

b. ₹ 50,000

c. ₹ 1,00, 000

d. ₹ 1,25, 000

11. 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

12. On the death of a partner; the amount of joint life policy showed 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 Capitals ratio

13. In the absence of any contract to the contrary, capital profit arising on dissolution of a partnership firm is credited to the partners ' capital account in

- a. Equal proportion
 - b. capital ratio
 - c. Profit-sharing ratio
 - d. proportion to assets realized
14. For piecemeal distribution of cash for return of capital among the partners on dissolution, the method adopted should ensure that the amount finally left unpaid i.e..
- . The loss to be borne by the partners is in
 - a. Profit-sharing ratio
 - b. Proportion to closing capital at the time of dissolution
 - c. equal proportion
 - d. proportion to assets realised
15. According to the decision in Garner Vs Murray, in the absence of any agreement to the contrary, the deficiency of the insolvent partner must be borne by other solvent partners in
- a. Profit-sharing ratio.
 - b. Capital ratio which stood after the dissolution of the firm
 - c. capital ratio which stood before the dissolution of firm
 - d. equal proportion