

CA CPT Accountancy Sample questions

1. Purchases Journal will contain

- (a) All cash purchases.
- (b) All credit purchases.
- (c) Credit purchases of trading goods
- (d) None of the above.

2. In the absence of any provision in the partnership agreement, profits and losses are shared

- (a) In the ratio of capitals contributed.
- (b) In accordance with Partnership Act
- (c) In the ratio of loans given by them to the firm.
- (d) None of the above.

3. Which financial statement represents the accounting equation, $\text{assets} = \text{Liabilities} + \text{Owner's equity}$:

- (a) Income Statement
- (b) Statement of Cash flows
- (c) Balance Sheet
- (d) None of the above

4. Revenue from sale of products, is generally, recognized in the period in which

- (a) Sale is made.
- (b) Cash is collected
- (c) Products are manufactured.
- (d) None of the above.

5. Fundamental accounting assumptions are

- (a) Materiality
- (b) Business entity.
- (c) Going concern.
- (d) Dual aspect

6. The amount due to the retiring partner on account of goodwill is debited to the Continuing partners in their _____.

- (a) Profit sharing ratio.
- (b) Sacrificing ratio.
- (c) Capital ratio.
- (d) Gaining ratio.

7. Goods costing Rs.1,00,000 were sent on consignment basis. These goods are Invoiced to give a gross margin of 20% on invoice price. The amount of loading is:

- (a) Rs.20,000.
- (b) Rs.25,000.
- (c) Rs.30,000.
- (d) None of the above.

8. PQ Ltd. follows the written down value method of depreciating their Buildings year after year due to

- (a) Convenience.
- (b) Comparability
- (c) Consistency.
- (d) All of the above

9. The owner of the consignment stock is _____

- (a) Consignor
- (b) Consignee
- (c) Debtors
- (d) None

10. Which of the following expenses are of capital nature?

- (a) Repair expenses
- (b) cash purchase of trading goods.
- (c) Wages paid for installation of machinery
- (d) Rent paid for factory building

11. Profit on revaluation of assets is shared among the partners in _____ ratio.

- (a) Equal
- (b) New Profit Sharing.
- (c) Capital.
- (d) Old profit sharing

12. A and B enter into a joint venture for purchase and sale of Type-writer. A purchased machinery costing Rs 100000. He also incurred repairing expenses Rs 20000. B sold it at 20% margin on selling price. The sales value will be:

- (a) Rs. 125000
- (b) Rs. 150000
- (c) Rs. 100000
- (d) Rs. 140000

13. A second hand car is purchased for Rs. 20,000, the amount of Rs. 1,000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owner's name and Rs. 1,200 is paid as dealer's commission. The amount debited to car account will be

- (a) Rs. 22,700.
- (b) Rs. 20,500.
- (c) Rs. 21,500.
- (d) Rs. 20,000

14. Which of the following errors will be revealed by the Trial Balance:

- (a) Compensating errors;
- (b) Wrong balancing in an account;
- (c) Error of complete omission
- (d) None of the above

15. Net profit before commission has been Rs. 1,00,000. Manager's commission is 25% of net profit before charging such commission. The amount of manager's commission is

- (a) Rs.20,000.
- (b) Rs.25,000.
- (c) Rs.24,000.
- (d) Rs.22,000

16. A Sight Bill drawn on a customer requires

- (a) Noting
- (b) Acceptance
- (c) Registration
- (d) None of the above

17. While finalizing the current year's profit ,it was noticed that the closing stock of the previous year was over valued by Rs.20000 because of casting mistakes in the stock sheets. As a result

- (a) Previous year's profit is overstated and current year's profit is also overstated
- (b) Previous year's profit is understated and current year's profit is overstated
- (c) Previous year's profit is understated and current year's profit is also understated
- (d) Previous year's profit is overstated and current year's profit is understated

18. Unless given otherwise, the ratio of sacrifice is the same as _____

- (a) New profit sharing ratio.
- (b) Old profit sharing ratio
- (c) Equal ratio
- (d) None of the above.

19. Personal Income tax paid for the proprietor should be -----

- (a) Credited to capital account
- (b) Credited to current account
- (c) Debited to Profit & Loss account
- (d) None of the above

20. Goods destroyed by fire during the year Rs. 6200 not recorded in books. As result

- (a) Net profit will decrease by Rs. 6200
- (b) Closing stock will increase by Rs. 6200
- (c) Net profit will increase by Rs. 6200
- (d) None of the above

21. To account for rent payable ----- account should be debited.

- (a) Outstanding rent
- (b) Outstanding expenses
- (c) Rent expenses
- (d) Rent payable

22. Remuneration paid to a partner should be debited to -----

- (a) Partner's capital account
- (b) Partner's current account
- (c) Partner's drawings account
- (d) Partner's remuneration account.

23. Bank balance as per cash book Rs. 3750. Reconciliation Statement shows only difference Rs. 160 being bank charges debited by bank as not accounted. Correct Bank balance is

- (a) Rs. 3910
- (b) Rs. 3590
- (c) Rs. 3750
- (d) None of the above

24. For commission due from consignor, consignee in his books will credit

- (a) Consignor account
- (b) Consignment account
- (c) Commission account
- (d) None of the above

25. Which of the following is true

- (a) $(\text{Opening stock} + \text{purchases}) - \text{Sales} = \text{closing stock}$
- (b) $(\text{Closing stock} + \text{Cost of goods Sold}) - \text{Purchases} = \text{Opening stock}$
- (c) $(\text{Purchases} - \text{sales}) + \text{Closing stock} = \text{Opening stock}$
- (d) $(\text{Sales} - \text{Cost of purchases}) + \text{Opening stock} = \text{Closing stock}$

26. Outstanding salary expense for March Rs. 62000 was not provided for in the accounts for the year ended 31st March XX. This will affect the

- (a) agreement of Trial balance
- (b) capital account
- (c) Gross profit
- (d) Net profit

27. If the maturity date of a sight bill after allowing for the grace days falls on a known public holiday. The bill is due for payment on the -----

- (a) same day
- (b) Next day
- (c) Previous day
- (d) Third day

28. The proceeds of a joint life policy on the death of a partner is payable to

- (a) deceased partner's son
- (b) deceased partner's wife
- (c) deceased partner's nominee
- (d) partnership firm

29. If an item of credit purchase is wrongly entered in sales journal r rectification entry is to be passed in

- (a) General journal
- (b) cash book
- (c) Purchase journal
- (d) Sales journal

30. A and B are partners sharing profits in the ratio 1:2. C is admitted and the new profit sharing ratio is 1:2:3. Sacrificing ratio is

- (a) 1:3
- (b) 2:1
- (c) 3:1
- (d) 1:2

31. A wrong figure entered in the Sales journal will not affect the -----

- (a) agreement of Trial balance
- (b) Sales statement
- (c) Customer account
- (d) Trading account

32. Ram drew bill on Rahim for Rs. 50000 for 3 months. Proceeds are to be shared equally. Ram got the bill discounted at 12% per annum. The share of the proceeds Ram should remit Rahim is

- (a) Rs. 25000
- (b) Rs. 22000
- (c) Rs. 24250
- (d) Rs. 25750

33. A Cheque received from Mohan for Rs. 10000 was returned dishonoured and was wrongly posted to the debit of Sales returns account. The rectification entry is

- (a) Sales returns account Dr 10000
To Bank 10000
- (b) Ramesh account Dr 10000

To Sales returns 10000
(c) Bank account Dr 10000
To Sales returns 10000
(d) None of the above

34. P to whom 100 shares of Rs. 10 each were allotted at par paid the application money of Rs. 2 and allotment money of Rs. 4 per share. He did not pay the call money of Rs. 4 per share. His shares were forfeited. The amount to be credited to Share forfeiture account is

- (a) Rs. 400
- (b) Rs. 1000
- (c) Rs. 600
- (d) None of the above

35. A and B enter in to a Joint venture to share profits and losses in the ratio 2:1. A supplied 100 DVD players costing Rs. 100000 to B incurring freight charges Rs. 5000. B sold 95 DVD players for Rs. 120000. He took over 5 DVD players for himself. The profit/Loss on Joint venture will be

- (a) Loss Rs. 20000
- (b) Profit Rs. 15000
- (c) Profit Rs. 20000
- (d) Profit Rs. 20250

36. A bill of exchange drawn on C for Rs. 5000 was renewed for a further period of 3 months after receiving cash payment Rs. 1000. C agreed to bear interest at 18% p.a. Amount of the renewed bill of exchange will be

- (a) Rs. 4180
- (b) Rs. 4225
- (c) Rs. 5225
- (d) None of the above

37. Expenses incurred to retain the right of enjoyment of a building is a

- (a) Revenue expenditure
- (b) Capital expenditure
- (c) Deferred revenue expenditure
- (d) None of the above

38. A minimum quantity of stock always held as a precaution against out of stock situation is called

- (a) Zero stock
- (b) Essential stock
- (c) Risk stock
- (d) Base stock

39. Memorandum joint venture account is prepared

- (a) When separate set of books are maintained for joint venture
- (b) When each co-venturer maintains records for all the joint venture transactions
- (c) When each co-venturer maintains records for his own transaction relating to the joint venture
- (d) None of the above

40. Preference shares amounting to Rs. 100000 are redeemed at a premium of 5% partly by a fresh issue of shares for Rs. 50000 at a premium of 10%. Capital redemption reserve is required to be created to the extent of

- (a) Rs. 55000
- (b) Rs. 50000

- (c) Rs. 45000
- (d) Rs. 57500

41. P, Q and R are partners in a firm sharing profits/losses in the ratio 3:2:1. P retired. Goodwill of the firm was valued at Rs 18000, and goodwill account was debited with Rs. 18000 accordingly. The new ratio between Q and R was agreed as 2:1. The amounts to be credited to the capital accounts of Q and R respectively will be

- (a) Rs. 6000 and Rs.3000
- (b) Rs.9000 and Rs. 9000
- (c) Rs. 4500 and Rs. 4500
- (d) Rs. Nothing to be credited to their account

42. R Ltd acquired a lease for 4 years on 1st Jan '07 at a cost of Rs. 100000. Annuity method of depreciation is to be followed, charging interest at 5% (Annuity of Re.1 over 4 years at 5% interest is 0.2820120 Annual depreciation will be

- (a) Rs. 28201
- (b) Rs. 20000
- (c) Rs. 25000
- (d) None of the above

43. Shares issued to promoters in consideration of services rendered by them in the formation of the company, crediting the share capital should be debited to

- (a) Promoters account
- (b) Services account
- (c) Formation expenses account
- (d) Goddwill account

44. Loan from Sakthi finance account at the end of the year showed a balance of Rs. 12000. Six months earlier a sum of Rs. 2000 was repaid. The loan carried interest at 10%. Interest due for the year is

- (a) Rs. 1000
- (b) Rs. 1200
- (c) Rs. 1400
- (d) None of the above

45. A vendor quoted Rs. 6000 for a second hand machinery. After negotiations the vendor accepted Rs. 5000 from the buyer and delivered the machinery. The buyer spent Rs. 500 on reconditioning the machine. The buyer should debit the Machinery account with

- (a) Rs. 6000 and Rs. 500
- (b) Rs. 5000 and Rs. 500
- (c) Rs. 6000 only
- (d) Rs. 5000 only

46. If cost of goods sold is Rs. 10000, Sales is Rs. 12500 and stock is Rs. 2000. Then gross profit will be

- (a) Rs. 500
- (b) Rs. 4500
- (c) Rs. 2500
- (d) None of the above

47. Proprietor used the rented building both for business purposes and as residence equally. All the rent paid during the year Rs. 13200 stand debited to Rent expenses in the books of the business. One month rent is still outstanding. Liability of the business for outstanding rent is

- (a) Rs. 1100
- (b) Rs. 550
- (c) Rs. 300
- (d) Rs. 600

48. Credit side of the trial balance of Premchand & Brothers as on 31.3.07 was short by Rs. 10000 and it was kept in Suspense account. Subsequently it was found that the purchase returns journal on a particular date was cast short by Rs. 100. After rectification of the error, balance in Suspense account will be

- (a) Rs. 10000
- (b) Rs. 9900
- (c) Rs. 10100
- (d) None of the above

49. V.V & Sons paid this year Rs. 1500 towards their dues Rs. 2000 which was written off as bad in the previous year itself. Now

- (a) V.V. & Sons account should be debited with Rs. 2000
- (b) V.V. & Sons account should be Credited with Rs. 1500
- (c) Bad debts account should be credited with Rs 1500
- (d) Bad debts recovered account should be credited with Rs 1500

50. Profit sharing ratio of A,B and C is 3:2:1. D is admitted for a 1/6 th share and they agreed that C's share should remain the same. The new ratio of the reconstituted firm will be

- (a) 12:8:5:5
- (b) 8:12:5:5
- (c) 5:12:8:5
- (d) 5:5:12:8

Answers

1.b; 2.b; 3.c; 4.a; 5.c; 6.d; 7.b; 8.c; 9.a; 10.c;
11.d; 12.b; 13.a; 14.b; 15.b; 16.b; 17.d; 18.b; 19.d; 20.d;
21.c; 22.d; 23.b; 24.c; 25.b; 26.d; 27.c; 28.d; 29.a; 30.d;
31.a; 32.c; 33.b; 34.c; 35.d; 36.a; 37.a; 38.c; 39.c; 40.b;