

Competitive Exams: Commerce MCQs (Practice-Test 2 of 99)

1. Match List I (Items) with list II (Recorded in) and select the correct answer

List-I

- a. Wrapping material
- b. Wages and salaries
- c. Prepaid expenses
- d. Opening stock

List-II

- a. Trading account
- b. Profit and loss account
- c. Balance sheet

A B C D

a. 2 1 1 3

b. 2 1 3 1

c. 3 2 2 1

d. 3 2 1 3

2. The basis adopted for piecemeal distribution cash of among the partners should be such that amounts finally left unpaid are in the ratio in which

- a. capital stands on the date of dissolution
- b. profits and losses are shared
- c. capital balances stood at the beginning of partnership
- d. private assets appear on the date of dissolution

3. The capital of a firm is Rs. 80, 000. The reasonable return in the industry is 7.5 percent, If the profit earned by the firm during past five years was Rs. 8,000; Rs. 9, 000; Rs. 7, 000;

Rs. 8, 500 and Rs. 10: Then the super profit of the firm will be

- a. Rs. 2, 000
- b. Rs. 2, 500
- c. Rs. 3, 000
- d. Rs. 3, 500

4. Consider the following A football club has received the following subscriptions during the year ending 31st March 2001

Year 31st-3 – 00	Outstanding subscription 19,	Advance subscription 12,
31st-3 – 01	500 25, 500	800 9, 500

Subscription received during the year 2000 – 01: Rs. 2, 45, 000 The subscription income of the club for the year 2000 – 01 was

- a. Rs. 2, 63, 800
- b. Rs. 2, 80, 000
- c. Rs. 2, 47, 700
- d. Rs. 2, 84, 000

5. 'A' and 'B' are partners in a firm sharing profits and losses in the ratio of 2: 3. 'C' a new partner is admitted for 1/4th share. 'A' and 'B' old partners share C's profit into their profit sharing ratio. The new profit sharing ratio of 'A' 'B' and 'C' would be

- a. 1: 1: 1
- b. 2: 3: 4
- c. 1: 2: 2
- d. 6: 9: 5

6. Consider the following statements with respect to the sinking-fund method of depreciation

- a. Depreciation is smaller than the assets annual depreciable cost.
- b. Amount of interest constantly declines due to assets reducing balance.
- c. Annual net incidence on profit and loss account remains constant due to changing fixed depreciation.
- d. Periodic depreciation is recorded through the asset account.

Which of the above statements are correct?

- a. 2 and 3
- b. 1 and 3
- c. 1, 2 and 4
- d. 2, 3 and 4

7. The following information about share-capital is required to be disclosed in the balance sheet of a Ltd. Company

- a. Issues, subscribed and paid-up capital
- b. Add forfeited shares
- c. Less calls in arrear from directors
- d. Less calls in arrear from others

The chronological order of their disclosure under the head 'Share Capital' in the balance sheet would be

- a. 1, 2, 3, 4
- b. 1, 3, 4, 2
- c. 1, 4, 3, 2
- d. 1, 2, 4, 3

8. Match List I (Fund) with list II (Purpose of fund) and select the correct answer:

List-I

- a. Sinking fund
- b. Capital redemption reserve fund
- c. Dividend equalization fund
- d. General reserve fund

List-II

- a. Maintaining stable rate of dividend
- b. Periodical redemption of debentures
- c. Strengthening financial position
- d. Redeeming preference shares

A B C D

- a. 4 2 1 3
- b. 2 4 3 1
- c. 4 2 3 1
- d. 2 4 1 3

9. Provisions are amounts set aside out of profits and other surpluses for

- a. meeting a liability, the amount of which can be determined with exact figure
- b. any known liability of which the amount cannot be determined with substantial accuracy
- c. meeting an eventuality arising out of revaluation of assets in ordinary course of business
- d. meeting a liability arising out of arbitration

10. A trader does not keep a complete set of books and gives the following information: He started business with Rs. 10, 000 on 1st June, 2000. He drew at the rate of Rs. 500 per month for the last six months. He also introduced further capital of Rs. 2, 000 in the business during the year. His total assets on 31st December, 2000 were Rs. 23, 700 and his creditors were Rs. 3, 000 on the same date: Outstanding expenses on 31st December, 2000 were Rs. 500. His net profit during the year would be

- a. Rs. 11, 200
- b. Rs. 11, 500
- c. Rs. 13, 000
- d. Rs. 14, 200

11. X, who holds 100 shares of Rs. 10/-each, fails to pay a final call of Rs. 2/-. The directors forfeited all the shares and subsequently reissued 50 shares of is. 6/-each as fully paid. The amount to be transferred to Capital Reserve A/c would be

- a. Rs. 200
- b. Rs. 300

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c. Rs. 400

d. Rs. 800

12. A Ltd. Company issues 3000, 15% debentures of Rs. 100 each at a discount of 7.5% repayable at a premium of 5% at the end of 5 years. The loss on issue of debentures will be:

a. Rs. 22, 500

b. Rs. 30, 000

c. Rs. 37, 500

d. Rs. 45, 000

13. Match List I with List II and select the correct answer:

List-I

- a. Technique of Cash Management
- b. Technique of Working Capital Management
- c. Technique of Inventory Management
- d. Technique of Analysis of Financial Statements

List-II

- a. Fund Flow Analysis
- b. Economic Order Quantity
- c. Common size Balance Sheets
- d. Cash Flow Analysis

A B C D

a. 1 4 2 3

b. 1 4 3 2

c. 4 1 3 2

d. 4 1 2 3

14. Match List I (Transactions) with List II (Impact on current ratio) and select the correct answer

List-I

List-II

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- | | |
|----------------------------------|------------------|
| a. Goods sold at profit | a. Improvement |
| b. Creditors paid | b. Deterioration |
| c. Debts realized | c. No change |
| d. Materials purchased on credit | |

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
a.	1	3	2	2
b.	2	3	1	3
c.	1	1	3	2
d.	2	1	3	3

15. The following information had been made available from the profit and loss account for the year ending 31st March, 2001:

Gross profit Rs. 2, 00, 000

Gross profit margin 20%

Stock velocity 4

If, in current year, the sales are expected to increase by 50%, then the average inventory, required would be

1. Rs. 2, 00, 000
2. Rs. 2, 50, 000
3. Rs. 3, 00, 000
4. Rs. 3, 50, 000

Discussions & Questions

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