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FIN611 SOLVED paper Midterm 2012

While preparing the profit and loss account, advertisement expenses are allocated and apportioned to the different departments on the basis of:

Select correct option:

Sales by each department

Number of employees

Purchase of goods by each department

Area / Floor space occupied

[Reference](#)

Which of the following account will be debited for distribution of profit to partners?

Select correct option:

Profit and loss account

Profit and loss appropriation account

Partner's capital accounts

Cash account

Mr. Asghar introduces the opening capital of Rs. 6,500 in the business and further capital of Rs. 3,000 during the year. His capital at the end of the year is Rs.11,000. What will be the profit for Mr. Asghar?

Select correct option:

Rs.1,500

Rs.4,500

Rs.7,000

Rs.20,500

Solution: Opening capital + Added more capital – Closing capital = Profit

6500 + 3000 - 11000 = 1500

Which of the following is/are NOT allocated and apportioned on the basis of "Number of employees" by each department?

Select correct option:

Rent expense

Bad debts provision

Depreciation expense

All of the given options

Rationale: Only those expenses are apportioned on the basis of "Number of employees". Which are related to employees welfare e.g pension etc.

The debit side of the Branch stock account indicates:

Select correct option:

Inflow of cash

Outflow of cash

Inflow of stock

Outflow of stock

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http://www.bcvaz.in/financial_accounting/objective_type/branch_accounts.htm

Income & Expenditure account shows subscriptions for the year at Rs. 3,000. It is further given that Subscriptions to the extent of Rs. 500 were outstanding for the current year, the amount to be shown on the debit side of the Receipts & Payments Account will be:

Select correct option:

Rs. 2,500

Rs. 3,000

Rs. 3,500

Rs. 500

Solution:

Subscription = 3000

Less: Outstanding = 500

= 2500

Which of the following is used to extract the opening balance of fixed assets in single entry system?

Select correct option:

Debtors account

Cash account

Statement of affairs

Assets account

Which of the following is used to extract the opening balance of loans in single entry system?

Select correct option:

Creditors account

Cash account

Debtors account

Statement of affairs

Which of the following account will be credited in the books of head, when it allocates a part of its own expense to the branch?

Select correct option:

Branch Account

Expense Account

Profit And Loss Account

Cash account

Rationale: Expenses will be transferred to branch so will be reduced (credited).

Which of the following expense can NOT be allocated and apportioned by each department separately?

Select correct option:

Discount allowed

Group insurance

General expenses

Wages and salaries

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Which one of the following items will NOT appear in the Balance Sheet of a club?

Select correct option:

Subscriptions received in advance

Donations received in advance

Entrance fee paid by the member

Locker's rent accrued

In the books of head office, the cash sales are recorded in the credit side of:

Select correct option:

Branch sales account

Branch stock account

Head office sales account

Head office stock account

Under Single-entry system, if the capital at the end of the year is less than the capital at the beginning of the year, the difference will represent:

Select correct option:

Net Profit

Net loss

Gross loss

Gross profit

The branch which maintains its own books of accounts is called:

Select correct option:

Retail branch

Wholesale branch

Independent branch

Dependent branch

[Reference](#)