



# ST. LAWRENCE HIGH SCHOOL



*A Jesuit Christian Minority Institution*

## Answer Key 2

Class: XII

Sub: Accountancy

Chapter: Unit I: Introduction to Partnership

F.M.: 15

Topic: Profit & Loss Appropriation Account

Date: 4/05/2020

1. Profit & Loss Appropriation Account is prepared by  
(a) sole proprietorship business; **(b) partnership business**; (c) joint stock company; (d) HUF.
2. Term 'appropriation' means  
(a) charge against profit; **(a) distribution or allocation of profit**; (c) both (a) and (b); (d) none of these.
3. Preparation of Profit & Loss Account is \_\_\_\_\_ to a business unit.  
**(a) compulsory**; (b) optional; (c) often compulsory; (d) all of these.
4. Salary Account is debited to  
(a) Trading A/c; **(b) Profit & Loss A/c**; (c) Profit & Loss Appropriation A/c; (d) none of these.
5. Profit & Loss Account is prepared  
(a) after Profit & Loss Appropriation Account; **(b) after Trading Account**; (c) after Balance Sheet; (d) none of these.
6. Net profit is determined in  
(a) Trading A/c; (b) Profit & Loss Appropriation A/c; **(c) Profit & Loss A/c**; (d) Balance Sheet.
7. The transactions that are recorded in the Profit & Loss Appropriation A/c is  
**(a) transactions between the partners and the firm**; (b) transactions between the debtors and the firm; (c) transactions between the creditors and the firm; (d) all transactions.
8. One similarity between Profit & Loss A/c and Profit & Loss A/c is  
**(a) both are revenue accounts**; (b) both are capital account; (c) both are prepared before trading account; (d) none of these.
9. Profit & Loss Appropriation A/c is prepared on the basis of  
(a) volume of transactions; (b) cash basis; **(b) partnership deed**; (d) none of these.
10. Matching principle is not followed in  
(a) Trading A/c; (b) Profit & Loss A/c; **(c) Profit & Loss Appropriation A/c**; (d) none of these.
11. Both Profit & Loss A/c and Profit & Loss Appropriation Accounts are  
(a) real account; **(b) nominal account**; (c) personal account; (d) none of these.
12. Profit & Loss Appropriation Account begins with  
(a) gross profit; (b) distributable profit; **(c) net profit**; (d) none of these.
13. Interest on Partners Capital is a  
(a) charge against profit ; **(b) appropriation of profit**; (c) item of balance sheet; (d) none of these.
14. Profit & Loss Appropriation A/c is a/an  
**(a) extension of Profit & Loss A/c**; (b) extension of Trading A/c; (c) extension of Balance Sheet; (d) none of these.
15. Transfer to general reserve is  
**(a) appropriation of profit**; (b) charge against profit; (c) enhancement of profit; (d) none of these.

Compiled by  
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