

FINANCING ACCOUNTING

BTS (I YEAR SEM - I1)

Multiple choice questions

1. _____ is prepared at the end of the accounting period to show the financial position of business
 - a. Profit & loss account
 - b. Balance sheet
 - c. Trial balance
2. Payment of monthly rent to landlord is
 - a. Economic event
 - b. Non-economic event
 - c. None of these
3. _____ is the original form of accounting
 - a. Financial accounting
 - b. Cost accounting
 - c. Management accounting
4. _____ is an example of fixed asset
 - a. Receivable
 - b. Stock
 - c. Land & buildings
5. The term _____ denotes the cost of services and things used for earning revenue
 - a. Income
 - b. Expense
 - c. Loss
6. A person who owes money to the business is a _____
 - a. Debtor
 - b. Creditor
 - c. Investor
7. A _____ is a person to whom business owes money
 - a. Creditor
 - b. Debtor
 - c. proprietor
8. _____ denote goods brought for sale.
 - a. Sales
 - b. Purchase
 - c. Expenses
9. _____ is an example of wasting asset

- a. Mines
 - b. Land
 - c. Closing stock
10. Asset acquired for long period of time in the business is known as _____
- a. Fixed asset
 - b. Current asset
 - c. Fictitious asset
11. Things which are purchased by the business for resale are called _____
- a. Purchase
 - b. Sale
 - c. Liability
12. _____ expenditure is increased to maintain the business or to keep the assets in good working condition
- a. Revenue
 - b. Capital
 - c. Both of there
13. _____ is the major source of revenue of any business
- a. Purchase
 - b. Sale
 - c. Interest
 - d. Commission
14. _____ represent the amount invested by the owner into business.
- a. Capital
 - b. Revenue
 - c. Asset
15. A _____ transaction is one where in items are exchanged for other items
- a. Cash
 - b. Credit
 - c. Barter
16. Excess of current asset over current liabilities is known as _____ capital
- a. Fixed
 - b. Working
 - c. Current
17. _____ is not a tangible asset
- a. Goodwill
 - b. Land
 - c. Closing stock
18. According to _____ concept it is assumed that the business will last for long time
- a. Accounting entity
 - b. Going concern
 - c. Accounting period
19. Accounting is concerned with

- a. Monetary
 - b. Non- monetary
 - c. Monetary & Nonmonetary
20. Transaction & events not capable of being expressed in terms of money are not to be recorded in accounting due to
- a. Going concern
 - b. Accounting entity
 - c. Money measurement
21. Income is measured on the basis of
- a. Entity concept
 - b. Accounting period concept
 - c. Going concern concept
22. The policy of anticipate no profit and provide for all possible losses is followed due to
- a. Conservation concept
 - b. Consistency concept
 - c. Cost concept
23. In every business transaction at least _____ parties are involved
- a. Two
 - b. Three
 - c. Four
24. Source documents include
- a. Vouchers
 - b. Receipts
 - c. Bill
 - d. All these
25. All those to whom business owes to money are
- a. Debtor
 - b. Creditor
 - c. Investor
26. Accounts receivable normally has _____ balance
- a. Credit
 - b. Debit
 - c. Negative
27. Financial statements are the part of _____
- a. Book- keeping
 - b. Accounting
 - c. None of the above
28. Bank account is a _____
- a. Personal accounting
 - b. Real account
 - c. Nominal account
29. Cost of goods sold can be calculated by:

- a. Balance sheet
 - b. Profit & loss account
 - c. Trading account
30. Capital expenditure are recorded in the _____
- a. Balance sheet
 - b. Profit & loss account
 - c. Trading account
31. Nominal accounts are related to
- a. Assets & liability
 - b. Expenses & losses
 - c. Debtors & creditors
32. Sales journal is used for recording
- a. Cash sales
 - b. Credit sales
 - c. Total sale
33. Trading account is a _____ account
- a. Real
 - b. Nominal
 - c. Personal
34. Closing stock is valued at _____
- a. Market price
 - b. Cost price
 - c. Cost price or market price whichever is less
35. Balance sheet is an _____
- a. Statement
 - b. Account
 - c. Both
36. Wages paid on for the erection of machinery is debited to
- a. Machinery accounting
 - b. Wage accounting
 - c. Cash accounting
37. Income tax is debited to _____
- a. Profit and loss account
 - b. Cash accounting
 - c. Drawings account
38. Goods taken by the proprietor for personal is shown as a deduction from _____
- a. Sales
 - b. Capital
 - c. Purchase
39. Asset that can be converted into cash within a year are called _____ asset
- a. Current
 - b. Fixed asset

- c. Wasting asset
40. Balance sheet is prepared for a _____
- a. Period
 - b. On a particular date
 - c. Entire life of business
41. Income received in advance is an _____
- a. Asset
 - b. Liability
 - c. Expenses
42. If goods are destroyed by fire , the total value of loss is _____ to trading account.
- a. Debited
 - b. Credited
 - c. Not taken
43. Provision for account on creditors has a _____ balance
- a. Debit
 - b. Credit
 - c. None of these
44. Income earned but not received to known as _____ income
- a. Accrued
 - b. Prepaid
 - c. Nominal
45. Prepaid expense is _____ to the business
- a. Asset
 - b. Liability
 - c. Expenses
46. Withdrawing more amount from bank than the deposit in the account is termed as _____
- a. Fixed deposit
 - b. Current deposit
 - c. overdraft
47. Income of overdraft, pass book will show _____ balance
- a. Debit
 - b. Credit
 - c. None of these
48. Cash book shows _____ balance when there is an O.D.
- a. Debit
 - b. Credit
 - c. None of these
49. When bank charge incurred, overdraft will be _____
- a. increased
 - b. decreased
 - c. no charge
50. _____ balance in cash book indicate deposit balance

- a. Credit
 - b. Debit
 - c. Any balance
51. Special journal are also called _____
- a. Journal
 - b. Ledger
 - c. Day book
52. Cash book is a _____
- a. Journal
 - b. Ledger
 - c. Journal & ledger
53. All cash purchases are entered in the _____ book
- a. Cash
 - b. Purchase
 - c. Journal proper
54. Discount columns in the cash book are
- a. Totaled
 - b. Balanced
 - c. Not shown
55. Trade discount is shown in the journal entry.
- a. True
 - b. False
56. The book that records small payment.
- a. Single column
 - b. Double column
 - c. Petty cash book
57. A petty cash book is usually kept under system
- a. Mercantile
 - b. Cash system
 - c. Import system
58. If both the aspects of a same transaction appear in one account, it is called _____ entry
- a. Simple journal entry
 - b. Compound
 - c. Contra entry
59. Journal is a book of _____ entry
- a. Original
 - b. Secondary
 - c. None of these
60. Ledger is a book of _____ entry
- a. Original
 - b. Secondary
 - c. None of these

61. Recording of transaction in the journal is called
- Journalizing
 - Posting
 - Recording
62. Recording of transaction in ledger is called as
- Journalizing
 - Posting
 - Recording
63. Capital account is _____ account
- Personal
 - Real
 - Nominal
64. Old furniture sold should be credited to _____
- Sales account
 - Furniture account
 - Cash account
65. When salary paid by cheque , _____ account is credited
- Salary
 - Personal
 - Bank
66. A statement of debt & credit balance of account is _____
- Ledger
 - Profit & loss account
 - Trial balance
67. A collection of all accounts is a _____
- Journal
 - Ledger
 - Balance sheet
68. Debit is the asset means
- Increase
 - Decrease
 - No charge
69. Credit in the liability means
- Increase
 - Decrease
 - No charge
70. Capital always have a _____ balance
- Debit
 - Credit
 - Either a or b
71. A short description of every transaction made in the journal is called
- Summary

- b. Description
 - c. Narration
72. Capital expenditure are recorded in the _____
- a. Balance sheet
 - b. Trading account
 - c. Profit & loss account
73. Bills receivable is a _____
- a. Tangible asset
 - b. Fixed asset
 - c. Current asset
74. Carriage outward is debited to _____
- a. Trading accounting
 - b. Profit & loss account
 - c. Balance sheet
75. Sales return appearing in the trail balance are deducted from
- a. Capital
 - b. Sales
 - c. Purchase

ANSWERS

- 1.b 2.a 3.c 4.c 5.b 6.a 7.a 8.b 9.a 10.a 11.a 12.a
- 13.b 14.a 15.c 16.b 17.a 18.b 19.a 20.c 21.b 22.b 23.a 24.d
- 25.b 26.b 27.b 28.a 29.c 30.a 31.b 32.b 33.b 34.c 35.a 36.a
- 37.c 38.c 39.a 40.b 41.b 42.b 43.a 44.a 45.a 46.c 47.a 48.b
- 49.a 50.b 51.c 52.c 53.a 54.a 55.b 56.c 57.c 58.b 59.a 60.b
- 61.a 62.b 63.a 64.b 65.c 66.c 67.b 68.a 69.a 70.b 71.c 72.a
- 73.c 74.b 75.b

