

Business Accounting

1. Purchase Book records:
 - a. All Cash Purchases
 - b. All Credit Purchases
 - c. Credit Purchase of goods in trade
 - d. None of the above

2. A bank reconciliation statement is prepared to know the causes for the differences between:
 - a. The balances as per cash column of cash book and the pass book
 - b. The balances as per bank column of cash book and the pass book
 - c. The balances as per bank column of cash book and cash column of cash book
 - d. None of the above

3. Fundamental Accounting Assumptions are:
 - a. Materiality
 - b. Business entity
 - c. Going Concern
 - d. Dual Aspect

4. Which of the following errors are not revealed by the Trial Balance:
 - a. Compensating Errors
 - b. Errors of Commission
 - c. Wrong Balancing of an account
 - d. Wrong totalling of an account

5. Which of the following is of capital nature:
 - a. Purchase of goods

- b. Cost of repair
 - c. Wages paid for installation of machinery
 - d. Rent of a factory
6. Which of the following is not a sub field of accounting:
- a. Management accounting
 - b. Cost accounting
 - c. Financial accounting
 - d. Corporate accounting
7. The determination of expenses for an accounting period is based on the principle of:
- a. Objectivity
 - b. Materiality
 - c. Matching
 - d. Periodicity
8. Which account is the odd one:
- a. Furniture
 - b. Land and buildings
 - c. Stock of raw materials
 - d. Plant and machinery
9. Which of the following is the example of external users of accounting information:
- a. Government
 - b. Owners
 - c. Management
 - d. Employees

10. Which financial statement represents the accounting equation
“assets=liabilities+owners’ equity”
- Trading account
 - Profit and loss account
 - Balance sheet
 - Statement of cash flows
11. All the expenditures and receipts of revenue nature go to:
- Income statement
 - Trial balance
 - Balance sheet
 - Profit & Loss appropriation account
12. “Business unit is separate and distinct from the owner of it”, is based on
- Money measurement concept
 - Going concern concept
 - Business entity concept
 - Dual aspect concept
13. If two or more transactions of the same nature are journalised together having either the debit or credit account common is known as:
- Compound journal entry
 - Separate journal entry
 - Posting
 - Journalising
14. Parties to a bill of exchange are:
- Drawer
 - Drawee

- c. Payee
- d. All of the above

15. A _____ is sent to a customer when he returns the goods.

- a. Debit note
- b. Credit note
- c. Proforma invoice
- d. Bill

16. A _____ is sent to the seller when he is taken back the sold goods.

- a. Debit note
- b. Credit note
- c. Proforma invoice
- d. Bill

17. Noting Charges are paid at the time of _____ of a bill.

- a. Retirement
- b. Renewal
- c. Dishonour
- d. Endorcement

18. Depreciation of fixed assets is an example of _____ expenditure.

- a. Revenue
- b. Deferred revenue
- c. Petty
- d. Capital

19. Interest on drawings is _____ for business.

- a. Expenditure
- b. Loss
- c. Gain
- d. Investment

20. Writing of the transaction in the ledger is called _____

- a. Posting
- b. Journalising
- c. Balancing
- d. Auditing

21. The balance of petty cash is _____

- a. An expense
- b. Income
- c. Asset
- d. Liability

22. A withdrawal of cash from the business by the proprietor should be credited to:

- a. Drawings A/c
- b. Capital A/c
- c. Cash A/c
- d. Current A/c

23. Drawings account is in the nature of _____

- a. Personal account
- b. Real account

- c. Nominal account
- d. Suspense account

24. Prepaid expenses account is in the nature of _____

- a. Personal account
- b. Real account
- c. Nominal account
- d. Suspense account

25. Patent right account is in the nature of _____

- a. Personal account
- b. Real account
- c. Nominal account
- d. Suspense account

26. Narrations are given at the end of _____

- a. Final accounts
- b. Trial balance
- c. Each ledger accounts
- d. Each journal entry

27. All of the following are functions of accounting except:

- a. Decision making
- b. Measurement
- c. Forecasting
- d. Ledger posting

28. "Treating a revenue expense as a capital expenditure" is an example of:

- a. Compensating error

- b. Errors of principle
- c. Errors of omission
- d. Errors of commission

29. Which of the following lists the balance and the title of accounts in the ledger on a given date?

- a. P&L Account
- b. Balance sheet
- c. Income statement
- d. Trial balance

30. Under straight line method, depreciation is calculated on:

- a. Written down value
- b. Scrap value
- c. Original cost
- d. Revaluation cost

31. Transactions between owner and business are recorded as per:

- a. Periodicity
- b. Going concern
- c. Prudence
- d. Business entity

32. Which of the following is not a transaction?

- a. Goods are purchased on cash basis for Rs. 1000.
- b. Salaries paid for the month of May 2009.
- c. Land is purchased for Rs. 10 lacs.
- d. An employee is dismissed from the job.

33. Payment of personal expenses of the owners of business need to be recorded as:

- a. Drawings
- b. Liabilities
- c. Expenses
- d. Gains

34. If the date of maturity of a bill is a holiday, then the bill will mature on:

- a. Next working day
- b. Preceding working day
- c. Holiday itself
- d. Other agreed day

35. _____ principle requires that the same accounting method should be used from one accounting period to the next.
- a. Conservatism
 - b. Business entity
 - c. Consistency
 - d. Money measurement
36. The petty cashier generally works on _____ system.
- a. Accrual
 - b. Imprest
 - c. Balancing
 - d. None of these
37. "Asset should be valued at the price paid to acquire them" is based on:
- a. Accrual concept
 - b. Realisation concept
 - c. Money measurement concept
 - d. Cost concept
38. Difference of totals of both debit and credit side of the trial balance is transferred to:
- a. Suspense account
 - b. Trading account
 - c. P&L account
 - d. Current account
39. Carriage inward is debited to:
- a. Suspense account

- b. Trading account
- c. P&L account
- d. P&L appropriation account

40. Expenses incurred to retain the title of a building is a _____.

- a. Revenue expenditure
- b. Capital expenditure
- c. Deffered revenue expenditure
- d. None of these

41. Discounting of bill by the drawer is done with _____.

- a. Creditor
- b. Drawee
- c. Bank
- d. Notary

42. It is generally assumed that the business will not liquidate in the near foreseeable future because of:

- a. Periodicity
- b. Materiality
- c. Matching
- d. Going concern

43. Double colomn cash book records:

- a. Only cash transactions
- b. All transactions
- c. Cash and bank transactions
- d. Cash purchase and cash sales transactions

44. Errors of commission do not permit:

- a. Correct totaling of the trial balance
- b. Correct totaling of the balance sheet
- c. Trial balance to agree
- d. None of these

45. All the following have debit balance except one. That account is _____.

- a. Wages account
- b. Debtors account
- c. Goodwill
- d. Bills payable account

46. A bill of exchange requires _____

- a. Acceptance
- b. Registration
- c. Noting
- d. None of these

47. Outstanding salary account is:

- a. Real account
- b. Personal account
- c. Nominal account
- d. Suspense account

48. Drawings are deducted from _____.

- a. Sales
- b. Purchases

- c. Expenses
- d. Capital

49. Purchase returns appearing in the trial balance are deducted from _____.

- a. Purchase
- b. Sales
- c. Capital
- d. Creditors

50. _____ will generally show a debit balance.

- a. Bank loan
- b. Bad debts recovered
- c. Salary payable
- d. Drawings

51. Purchase of a fixed asset on credit basis is recorded in _____.

- a. Cash book
- b. Purchase book
- c. Journal proper
- d. None of the above

52. Vikas & Co. is a :

- a. Personal account
- b. Real account
- c. Nominal account
- d. Suspense account

53. Depreciation arises because of:

- a. Fall in the market value of the asset
- b. Fall in the value of money
- c. Physical wear and tear of the asset
- d. Inflation in the market

54. A promissory note does not require:

- a. Acceptance
- b. discounting
- c. Noting
- d. None of these

55. Which of the following account will have credit balance?

- a. Sales returns
- b. Bills receivable
- c. Carriage inwards
- d. Outstanding wages

56. Prepaid salary has a:

- a. Credit balance
- b. Debit balance
- c. Negative balance
- d. Zero balance

57. Goodwill is _____

- a. Current account
- b. Fictitious asset
- c. Tangible asset

d. Intangible asset

58. Joint venture account is _____

a. Personal account

b. Real account

c. Nominal account

d. Suspense account

59. When money is withdrawn from the bank, the bank _____ the account of the customer.

a. Credits

b. Debits

c. Either (a) or (b)

d. None of these

60. The cash account allowed to a debtor should be credited to:

a. Discount account

b. Customers' account

c. Sales account

d. None of the above

61. In case of debit balance, the words _____ are written on the debit side.

- a. To balance b/d
- b. To balance c/d
- c. By balance b/d
- d. By balance c/d

62. The amount spent on the maintenance of plant & machinery is a _____.

- a. Capital Expenditure
- b. Revenue expenditure
- c. Deferred capital expenditure
- d. Deferred revenue expenditure

63. Bank pass book is also known as _____.

- a. Bank book
- b. Bank account
- c. Bank column
- d. Bank statement

64. Capital expenditure are recorded in the _____.

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

d. Manufacturing account

65. Accounts receivable normally has _____ balance.

a. Credit

b. Debit

c. Favourable

d. Negative

66. An account is a formal record of changes in items of _____ nature.

a. Revenue

b. Expense

c. Debit

d. Similar

67. All the following errors do not affect the trial balance, except:

a. Compensating error

b. Errors of complete omission

c. Errors of partial omission

d. Errors of principle

68. Financial statements are the part of _____.

a. Accounting

b. Book keeping

c. All of the above

d. None of the above

69. The areas where in different accounting policies can be adopted are:

- a. Providing depreciation
- b. Valuation of inventories
- c. Valuation of investments
- d. All of the above

70. Bank account is _____.

- a. Personal account
- b. Real account
- c. Nominal account
- d. Intangible real account

71. "Advance received from customers is not taken at sales." is based on:

- a. Money measurement concept
- b. Accrual consent
- c. Consistency concept
- d. Conservation

72. Heavy amount spent on advertisement is _____

- a. Capital Expenditure
- b. Revenue expenditure
- c. Deferred capital expenditure
- d. Deferred revenue expenditure

73. Cost of goods sold can be calculated by:

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

d. Manufacturing account

74. The amount on repairs of newly purchased old motor car is debited to _____

- a. Repairs account
- b. General expenses account
- c. Motor car account
- d. None of these

75. Suspense account Dr.balance Rs.2000 in trial balance, will be recorded in the _____.

- a. Liability side of the balance sheet
- b. Asset side of the balance sheet
- c. Cr.side of the P&L account
- d. Dr.side of the P&L account

76. Liability for a bill discounted is a _____.

- a. Current liability
- b. Contigent liability
- c. Fixed liability
- d. Long term liability

77. Capital brought in by the proprietor is an example of _____.

- a. Increase in asset and increase in liability
- b. Increase in liability and decrease in asset
- c. Increase in asset and decrease in liability
- d. Decrease in asset and decrease in liability

78. Cost of removal of business to a more convenient locality is _____.

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Deferred capital expenditure

79. Salary Rs.2000 payable to clerk is credited to _____.

- a. Salary account
- b. Cash account
- c. Clerk's account
- d. None of these

80. Total of purchase return book is posted periodically to the credit of _____

- a. Purchase return account
- b. Cash book
- c. Journal proper
- d. None of these

81. Loss on issue of debentures is treated as _____

- a. Intangible asset
- b. Current asset
- c. Current liability
- d. Miscellaneous expenditure

82. In case of credit balance, the words _____ are written on the credit side.

- a. To balance b/d

- b. To balance c/d
- c. By balance b/d
- d. By balance c/d

83. Prepaid insurance given in trial balance is recorded in _____

- a. Trading account
- b. P&L account
- c. Balance sheet
- d. None of the three

84. In a bank reconciliation statement, if you start with balance as per cash book, then dividend collected by bank but not yet entered in the cash book within the period are__.

- a. Added
- b. Deducted
- c. Not required to be adjusted
- d. None of the above

85. Reserve for doubtful debts account is a _____.

- a. Personal account
- b. Real account
- c. Nominal account
- d. Intangible real account

86. Bank overdraft has a _____ balance.

- a. Debit
- b. Credit
- c. Negative
- d. Favourable

87. Under annuity method, interest is calculated on:

- a. Original cost
- b. Scrap value
- c. Written down value
- d. None of the three

88. Journal proper records :

- a. Bills receivable
- b. Bills payables
- c. Cash payments
- d. Opening entry

89. If two or more transactions of the same nature are journalized together having either the debit or the credit account common is known as _____.

- a. Compound journal entry
- b. Separate journal entry
- c. Posting
- d. Ledger posting

90. Following is not the example of external users

- a. Government
- b. Management
- c. Investors
- d. Suppliers and other creditors

91. If the effect of an error is cancelled by the effect of some other error, it is commonly known as _____.

- a. Error of principle

- b. Compensating errors
- c. Error of omission
- d. Error of commission

92. Interest on capital is _____.

- a. An expenditure
- b. An appropriation
- c. A gain
- d. A revenue

93. Commission received in advance account has a :

- a. Credit balance
- b. Debit balance
- c. Negative balance
- d. None of the above

94. Insurance unexpired account is a :

- a. Personal account
- b. Real account
- c. Nominal account
- d. Intangible real account

95. The amount spent on painting the new factory. It is a_____.

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Deferred capital expenditure

96. Cash discount allowed to a debtor should be credited to :
- a. Discount account
 - b. Customers account
 - c. Sales account
 - d. Cash account
97. B/R is a _____.
- a. Tangible asset
 - b. Intangible asset
 - c. Fixed asset
 - d. Current asset
98. Which of the following account will have debit balance?
- a. Reserve for doubtful debts
 - b. Outstanding wages
 - c. Capital (machinery brought into business)
 - d. Loan to contractor
99. Which of the following error is an error of principle?
- a. Wages paid to R has been debited to his account
 - b. The total of purchase journal has not been posted to purchase account
 - c. Sales to X Rs.200, posted to his account as Rs.2000
 - d. Furniture purchased on credit from N posted to machinery account
100. Discounting, Endorsement and collection of bill of exchange is made by :
- a. Drawer
 - b. Drawee
 - c. Bank

Creditor **Business Accounting** (Section 2)

1. Sales return appearing in the trial balance are deducted from _____.
 - a. Capital
 - b. Sales
 - c. Purchase
 - d. Cash

2. The trial balance shows closing stock of Rs.30,000. It will be recorded in _____.
 - a. Trading account
 - b. Profit and loss account
 - c. Profit and loss appropriation account.
 - d. Balance sheet

3. Carriage outward is debited to _____.
 - a. Trading account
 - b. P/L Account
 - c. Profit and loss appropriation account.
 - d. Balance sheet

4. Material costing Rs.700 in the erection of a machinery and wages paid for it amounting to Rs.400 should be debited to _____.
 - a. Material account
 - b. Wages account
 - c. Purchase account
 - d. Machinery account

5. Difference of totals of both debit and credit side of the trial balance is transferred to _____.
 - a. Current account

- b. Suspense account
 - c. Trading account
 - d. P/L Account
6. Which of the following is correct?
- a. $\text{Capital} = \text{Asset} - \text{Liabilities}$
 - b. $\text{Capital} = \text{Asset} + \text{Liabilities}$
 - c. $\text{Asset} = \text{Liabilities} - \text{Capital}$
 - d. $\text{Liabilities} = \text{Asset} + \text{Capital}$
7. All of the following have debit balance except one. That account is _____.
- a. Loan to contractor
 - b. Debtors account
 - c. Wages outstanding account
 - d. Goodwill
8. Which of the following statement is not true?
- a. Book keeping is concerned with recording of financial data.
 - b. Goods given as sample should be credited to purchase account.
 - c. The balance of petty cash is an asset.
 - d. In case of a debt becoming bad, the amount should be credited to bad debts A/c.
9. Fundamental accounting assumptions are:
- a. Going concern
 - b. Accrual

- c. Consistency
- d. All of the three

10. Municipal tax of Rs.5000 under dispute is a _____.

- a. Contigent liability
- b. Current liability
- c. Revenue loss
- d. None of these

11. Writting of transaction in the ledger is called _____.

- a. Journalising
- b. Posting
- c. Balancing
- d. Costing

12. In the Ledger there are _____ coloumns.

- a. 4
- b. 6
- c. 8
- d. 10

13. Carriage charges paid for a new plant purchased if debited to carriage A/c would effect:

- a. Plant A/c
- b. Carriage A/c
- c. Plant and Carriage A/c
- d. None of these

14. The expired portion of capital expenditure is shown in the financial statement as _____.

- a. An income
- b. An expense
- c. An asset
- d. A liability

15. Users of accounting information include _____

- a. Creditors
- b. Lenders
- c. Customers
- d. All the above

16. Accounting standards in India are issued by _____.

- a. Central Govt.
- b. State Govt.
- c. Institute of chartered accountants in India.
- d. RBI

17. Cost of exceptional repairs of non recurring nature by way of overhauling of the entire plant is:

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Capital loss

18. Unexpired commission is _____.

- a. Nominal A/c
- b. Real A/c

- c. Representative personal A/c
 - d. None of the above
19. The accounting policies once adopted are not changed unless there is an urgent need for such change is based on
- a. Money measurement concept
 - b. Accrual concept
 - c. Consistency
 - d. Conservation
20. Depletion method of depreciation is used in _____.
- a. Cattle, loose tools .. etc
 - b. Mines and quarries
 - c. Machinery and building
 - d. None of these
21. Goods purchased from A passed through the sales book. The rectification of this error will result in _____.
- a. Decrease in gross profit
 - b. Increase in gross profit
 - c. No effect in gross profit
 - d. Increase in sundry debtors
22. Book debts normally has _____ balance.
- a. Credit
 - b. Debit
 - c. Unfavourable
 - d. None of the above.

23. Outstanding wages in trial balance is recorded in _____.

- a. Trading account
- b. P/L Account
- c. Profit and loss appropriation account.
- d. Balance sheet

24. Errors are _____ mistakes.

- a. Intentional
- b. Unintentional
- c. Undetected
- d. None of these

25. _____ is not added in the total of the balance sheet.

- a. Fixed liability
- b. Current liability
- c. Conigent liability
- d. Outstanding liability

26. _____ reserve is not shown in the balance sheet.

- a. General reserve
- b. Secret reserve
- c. Capital reserve
- d. None of these

27. Capital expenditure provide _____ benefits.

- a. Long period
- b. Short period
- c. Very short period

d. None of these

28. The amount incurred on structural alterations to existing asset whereby its revenue earning capacity is increased is _____

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Capital loss

29. Debts written off as bad if recovered subsequently are _____.

- a. Credited to bad debts recovered A/c
- b. Debited to the P&L A/c
- c. Credited to debtors' A/c
- d. None of the above

30. Bills payable is _____.

- a. Nominal A/c
- b. Real A/c
- c. Personal A/c
- d. None of the above

31. Human assets have no place in accounting records is based on _____.

- a. Money measurement concept
- b. Accrual concept
- c. Consistency
- d. Conservatism

32. Sales return book records _____.

- a. Cash sales return
- b. Credit sales return
- c. Both (a) and (b)
- d. Purchase return

33. Accounts payable normally has _____ balance.

- a. Credit
- b. Debit
- c. Unfavourable
- d. None of the above

34. Depreciation on machinery in trial balance is recorded in _____.

- a. Trading account
- b. P/L Account
- c. Profit and loss appropriation account.
- d. Balance sheet

35. Fixed capital A/c is credited with _____.

- a. Interest on capital
- b. Profit of the year
- c. Salary of the partner
- d. None of the above

36. Interest on drawings is _____ for the business.

- a. Expense
- b. Capital
- c. Gain

d. None of the three

37. Loss leads to reduction in _____.

a. Liability

b. Capital

c. Income

d. Asset

38. Financial position of the business is ascertained on the basis of _____

a. Records prepared under book keeping process

b. Trial balance

c. Accounting report

d. None of the above

39. The determination of expenses for an accounting period is based on the principle of:

a. Objectivity

b. Materiality

c. Matching

d. Periodicity

40. Rent payable to the landlord is credited to _____.

a. Cash A/c

b. Landlord A/c

c. Rent A/c

d. None of the three

41. Bad debt entry passed in:

a. Sales book

b. Cash book

- c. Journal book
- d. None of these

42. Goods were sold on credit basis to X for Rs.1000. this will be recorded in:

- a. Cash book
- b. Journal proper
- c. Bills receivable book
- d. Sales book

43. Compensation paid to retrenched employee is:

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Capital loss

44. Petty expenses paid in cash are recorded in:

- a. Purchase book
- b. Sales book
- c. Petty cash book
- d. Purchase return book

45. Current assets does not include:

- a. Cash
- b. Stock
- c. Debtors
- d. Furniture

46. Stock is _____.

- a. Fixed asset
- b. Current asset
- c. Investments
- d. Intangible asset

47. All the following have debit balance except:

- a. 6% Debentures
- b. Loan to contractor
- c. Interest on debentures
- d. Audit fees

48. Double coloumn cash book records :

- a. Only cash transactions
- b. All transactions
- c. Cash and bank transactions
- d. Cash purchase and cash sales transactions

49. Salary and wages is debited to:

- a. Trading account
- b. P/L Account
- c. Profit and loss appropriation account.
- d. Balance sheet

50. Wages and salary is debited to:

- a. Trading account

- b. P/L Account
 - c. Profit and loss appropriation account.
 - d. Balance sheet
51. In a sole trade, income tax is recorded as _____.
- a. Drawings
 - b. Liabilities
 - c. Expenses
 - d. None of these
52. Journal proper records _____.
- a. Credit purchase
 - b. Credit sales
 - c. Purchase of asset on credit
 - d. Sales return
53. Capital expenditure are recorded in the _____.
- a. Trading account
 - b. P/L Account
 - c. Manufacturing account
 - d. Balance sheet
54. Trial balance is a statement which shows the _____ or the _____ of all the accounts.
- a. Balances ; Total and balances
 - b. Debit balances ; Credit balances
 - c. Opening balances ; Closing balances
 - d. Posted balances ; Total of balances
55. Land and building is a _____

- a. Fixed asset
- b. Current asset
- c. Fictitious asset
- d. Intangible asset

56. Rings and pistons of an engine were changed to increase the fuel efficiency is a _____.

- a. Capital expenditure
- b. Revenue expenditure
- c. Deferred revenue expenditure
- d. Capital loss

57. Which of the following is nominal account?

- a. Debtors
- b. Loan
- c. Provision for bad debt
- d. Bank over draft

58. Profit leads to increase in _____

- a. Asset
- b. Capital
- c. Both (a) and (b)
- d. Fictitious assets

59. Which of the following account will have credit balance?

- a. Bank over draft
- b. Carriage inwards

- c. Prepaid expense
- d. Bills receivable

60. Three column cash book records _____.

- a. Only cash transactions
- b. All transactions
- c. Cash bank and discount transactions
- d. Cash purchase and cash sales transactions

61. The value of an asset after reducing depreciation from the historical cost is known as:

- a. Fair value
- b. Market value
- c. Book value
- d. Net realizable value

62. Trial balance is prepared according to :

- a. Total method
- b. Balance method
- c. Total and balance method
- d. All the three

63. The term _____ denotes the cost of services and things used for earning revenue.

- a. Income
- b. Expense
- c. Loss
- d. Revenue

64. A person who owes money to the business is a _____.
- a. Debtor
 - b. Creditor
 - c. Investor
 - d. Supplier
65. A _____ is a person to whom business owes money.
- a. Debtor
 - b. Creditor
 - c. Investor
 - d. Proprietor
66. _____ denote goods brought for sale.
- a. Sales
 - b. Expense
 - c. Purchase
 - d. Revenue
67. Assets acquired for long term use in the business are called _____.
- a. Fixed assets
 - b. Current assets
 - c. Fictitious assets
 - d. Liquid assets
68. _____ is an example of wasting asset
- a. Cash
 - b. Company van
 - c. Mines

d. Loan

69. Assets acquired for short term use in the business are called _____.

a. Fixed assets

b. Current assets

c. Fictitious assets

d. Liquid assets

70. A _____ expenditure is incurred to maintain the business or to keep the business in good working condition.

a. Capital expenditure

b. Revenue expenditure

c. Deferred revenue expenditure

d. Capital loss

71. _____ is the major source of revenue of any business.

a. Investment

b. Advances

c. Loan

d. Sales

72. _____ refers the amount invested by the owner into business.

a. Loan

b. Advance

c. Capital

d. Prepaid expenses

73. Assets having definite shape and physical existence are called _____.

- a. Tangible assets
- b. Intangible assets
- c. Wasting assets
- d. Fictitious assets

74. Assets having no physical existence but are represented by rights in certain things are called _____.

- a. Tangible assets
- b. Intangible assets
- c. Wasting assets
- d. Fictitious assets

75. Assets which get exhausted to the extent of of extraction are called _____.

- a. Tangible assets
- b. Intangible assets
- c. Wasting assets
- d. Fictitious assets

76. Assets which have no real value but are shown in the books of accounts only for technical reasons are called _____.

- a. Tangible assets
- b. Intangible assets
- c. Wasting assets
- d. Fictitious assets

77. _____ are the claims of outsiders against the business.

- a. Assets
- b. Liabilities
- c. Miscellaneous expenditure

d. Investments

78. _____ are material things or possessions or properties of the business including the amount due to it from others.

a. Assets

b. Liabilities

c. General reserve

d. capital

79. _____ are liabilities which become due and payable within a short period.

a. Fixed liabilities

b. Long term liabilities

c. Current liabilities

d. Contigent liabilities

80. _____ are the liabilities which are payable after a long period

a. Fixed liabilities

b. Miscellaneous expenditure

c. Current liabilities

d. Contigent liabilities

81. _____ is an example for long term liabilities

a. Creditors

b. Debentures

c. Overdraft

d. Bills payable

82. _____ is an example for fictitious asset

a. Machinery

- b. Stock
- c. Patent
- d. Preliminary expenses

83. _____ is an example for tangible assets.

- a. Furniture
- b. Debtors
- c. Patent
- d. Discount on issue of shares and debentures

84. Accounting entity concept is also known as _____.

- a. Going concern concept
- b. Money measurement concept
- c. Business entity concept
- d. Accounting standards

85. The practice of appending notes regarding contingent liabilities in financial statements is in pursuant to the convention of _____.

- a. Revenue realisation
- b. Full disclosure
- c. Matching
- d. Dual aspect

86. _____ is the collection of all accounts

- a. Journal
- b. Voucher
- c. Invoices

d. Ledger

87. _____ is the book of original entry.

a. Journal

b. Voucher

c. Invoices

d. Ledger

88. The process of ascertaining the balance of a particular account on a given date is:

a. Posting

b. Journalising

c. Balancing

d. Accounting

89. A _____ is both a journal and ledger

a. Cash book

b. Prime book

c. Trial balance

d. None of these

90. When the buyer returns goods to the seller or an allowance is claimed from him, A _____ is prepared.

a. Credit note

b. Debit note

c. Invoice

d. Voucher

91. Whenever goods are taken back from customers or an allowance is granted to customers, A _____ is prepared.

- a. Credit note
- b. Debit note
- c. Invoice
- d. Voucher

92. _____ is the source document for writing purchase return book

- a. Credit note
- b. Debit note
- c. Invoice
- d. Voucher

93. _____ is the source document for writing purchase return book

- a. Credit note
- b. Debit note
- c. Invoice
- d. Voucher

94. Withdrawing more amount from the bank than the deposit in the account is termed as:

- a. Deposit
- b. Drawings
- c. Recuring
- d. Over draft

95. In case of overdraft, the pass book will show _____ balance.

- a. Zero
- b. Negative
- c. Debit
- d. Credit

96. _____ is a temporary account opened for making agree the trial balance for the preparation of final accounts.

- a. Current A/c
- b. Suspense A/c
- c. Personal A/c
- d. Temporary A/c

97. Journal entries made to correct the errors are called _____.

- a. Rectifying entries
- b. Opening entries
- c. Closing entries
- d. Adjustment entries

98. _____ is ascertained by preparing trading A/c.

- a. Net profit
- b. Gross profit
- c. Proposed dividend
- d. Income tax

99. _____ is ascertained by preparing P&L A/c.

- a. Net profit
- b. Gross profit
- c. Proposed dividend
- d. Income tax

100. _____ is prepared to find out the cost of goods produced.

- a. Trading A/c

- b. P&L A/c
- c. Manufacturing A/c
- d. Current A/c

101. Income earned but not received is known as _____

- a. Advance income
- b. Proposed income
- c. Earned income
- d. Accrued income

102. Balance sheet is a / an _____

- a. Account
- b. Statement
- c. Collection of accounts
- d. None of these

103. _____ is the expense which is unpaid at the end of the accounting period.

- a. Outstanding expenses
- b. Prepaid expenses
- c. Proposed expenses
- d. Working capital

104. In the case of _____ method, depreciation charged in the initial years will be more

- a. Fixed cost
- b. Annuity
- c. Diminishing balance
- d. None of these

105. _____ is to meet a liability or a diminution in the value of an asset.

a. Reserve

c. Surplus

b. Depreciation

d. Provision

ANSWER KEY

1. b;	2. d;	3. b;	4. d;	5. b;	6. a;
7. c;	8. d;	9. d;	10. a;	11. b;	12. c;
13. c;	14. b;	15. d;	16. c;	17. c;	18. c;
19. c;	20. b;	21. a;	22. b;	23. d;	24. b;
25. c;	26. b;	27. a;	28. a;	29. A;	30. C;
31. a;	32. B;	33. A;	34. B;	35. D;	36. C;
37. c;	38. A;	39. C;	40. B;	41. C;	42. D;
43. b;	44. C;	45. D;	46. B;	47. A;	48. A;
49. b;	50. a;	51. A;	52. C;	53. D;	54. B;
55. a;	56. A;	57. C;	58. C;	59. A;	60. C;
61. c;	62. D;	63. B;	64. A;	65. B;	66. C;
67. a;	68. C;	69. B;	70. B;	71. D;	72. C;
73. a;	74. B;	75. C;	76. D;	77. B;	78. A;
79. c;	80. A;	81. B;	82. D;	83. A;	84. C;
85. b;	86. D;	87. A;	88. C;	89. A;	90. B;
91. a;	92. B;	93. A;	94. D;	95. C;	96. B;
97. a;	98. B;	99. A;	100. C;	101. D;	102. B;
103. a;	104. C;	105. D;			

1. B :	2. B:	3. C :	4. B :	5. C :	6. D :
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7. C :	8. C :	9. A :	10. C :	11. A :	12. C :	
13. A :	14. D :	15. B :	16. A :	17. C :	18. D :	
19. C :	20. A :	21. C :	22. C :	23. A :	24. C :	
25. B :	26. D :	27. D :	28. B :	29. D :	30. C :	
31. d;	32. D;	33. A;	34. B;	35. C;	36. B;	
37. D;	38. a;	39. B;	40. A;	41. C;	42. D;	
43. C;	44. C;					
45. d;	46. A;	47. B;	48. D;	49. A;	50. D;	51. C;
52. a;	53. C;	54. a;	55. D;	56. B;	57. D;	58. C;
59. b;	60. B;					
61. a;	62. B;	63. D;	64. A;	65. B;	66. D;	67.C;
68. A;	69. D;	70. A;	71. B;	72. D;	73. C;	74.c;
75. B;	76. B;	77. A;	78. C;	79. C;	80. A;	81. D;
82. C;	83. C;	84. A;	85. C;	86. B;	87 . c;	88. A;
89. a;	90. B;	91. B;	92. A;	93. A;	94. B;	95. C;
96. b;	97. D;	98. D;	99. A;	100. A		