

**Question Starts:**

1. Income and expenditure A/C reveals:
  - a. Gross Profit
  - b. Net Profit
  - c. Surplus and deficiency
  - d. Cash Balance
2. Subscription received in advance during a current year, is treated as :
  - a. Assets
  - b. Liability
  - c. Income
  - d. Capital fund
3. Income and expenditure A/C records transactions of :
  - a. All Capital nature
  - b. All revenue nature
  - c. Both capital and revenue nature
  - d. Only cash receipts and payments
4. Receipt and payment account is a :
  - a. Personal account
  - b. Real account
  - c. Nominal account
  - d. Representative personal account
5. Amount received from the sale of gross by a club, should be treated as
  - a. Capital receipt
  - b. Revenue receipt
  - c. Extra ordinary income
  - d. Assets
6. Given:  
Opening Stationery = Rs 8,000/-,  
Closing stationery = Rs. 6,000/-.  
Stationery purchased during the year Rs.47,000/-.  
Then, Stationery consumed during the year will be :
  - a. Rs 55,000/-
  - b. Rs. 53,000/-
  - c. Rs. 49,000/-
  - d. Rs. 45,000/-
7. Subscription received by a club for cricket match, is treated as
  - a. Revenue Receipt
  - b. Normal Income
  - c. Earned income
  - d. Capital Receipt
8. Dead Stock includes:
  - a. Land-Buildings
  - b. Debtors
  - c. Creditors
  - d. Investments
9. A fund arising from a bequest which is devoted for a specific purpose, is known as :
  - a. Legacy
  - b. Endowment fund
  - c. Honorarium
  - d. Life membership fee.
10. Special contribution for silver jubilee celebration is to be recorded on:
  - a. Liability side of Balance sheet
  - b. Debit Side of Income and expenditure
  - c. Asset side of balance sheet
  - d. Credit side of Income and expenditure.
11. Prize fund (Opening ) Rs 32,800/-, Donation received for prize fund- Rs 15,400/-, Amount spent for prize in the year – Rs 12,300/-. Interest received on prize Fund investment= Rs 4,000/-. If so, the closing balance of prize fund will be:
  - a. Rs 56,500/-
  - b. Rs 64,500/-
  - c. Rs 39,900/-
  - d. Rs 31,900/-
12. Postage – (1-1-2017): Rs 300/-, Payment made during the year : Rs 1080 for stamp stock of postage during the year (31-12-2017): Rs 50/-. Calculate the amount of postage to be shown in Income and Expenditure A/C:
  - a. Rs 1330/-
  - b. Rs 1380/-
  - c. Rs 1130/-
  - d. Rs 1430/-
13. Subscription received during the year : Rs 30,000/-, Outstanding for the previous year : Rs 1000/-, Outstanding for the current year : Rs 1500/-. Subscription received for the next year as advance: Rs 500/-. The amount credited to Income and expenditure account will be:
  - a. Rs 30,000/-
  - b. Rs 33,000/-
  - c. Rs 31,000/-
  - d. Rs 30,500/-

14. A partner withdrew from a firm Rs.12,000/- during a year. Interest chargeable is 12 % p.a. What will be the total amount deductible from his profit share at the end of the year?
- Rs 12,600/-
  - Rs 12,720/-
  - Rs 13,440/-
  - Rs 13,080/-
15. Accounting statements are:
- Fully accurate
  - Not fully accurate
  - Partly accurate
  - Totally inaccurate
16. A firm gives Rs.20,000/- to a manager for a big firm project, but the project proves to be a complete failure. This amount will be:
- Capital Expenditure
  - Revenue expenditure
  - Capitalized revenue expenditure
  - Deferred revenue expenditures
17. Which of the following goods is not to be included in stock?
- Goods sent to the customer on sales or return basis
  - Raw materials purchased for making products
  - Goods have been sold but remained undelivered
  - Goods sent to the agents for sale but remained unsold.
18. Cash discount is allowed at time of
- Sales of goods
  - Getting the invoice.
  - Receiving the payment
  - Purchase of Goods
19. Noting charges are ultimately borne by the
- Bank
  - Drawer
  - Payee
  - Drawee
20. Out of the following which is not the cause of Depreciation?
- Obsolescence
  - Efflux of time
  - Exhaustion
  - Fall in the market price
21. On 13-7-2009, "X" draws a bill on "Y" for Rs 25,000/- for 30 days. The due date of the bill will be:
- 15<sup>th</sup> August
  - 14<sup>th</sup> August
  - 17<sup>th</sup> August
  - 16<sup>th</sup> August
22. The Liability of a discounted bill is
- Contingent Liability
  - Fixed Liabilities
  - Current Liabilities
  - Short term liabilities.
23. What account will be credited when a discounted bill has been dishonoured?
- Drawee's Account
  - Drawer's Account
  - Bank Account
  - Endorsee's Account
24. Those bills which are not entitled to 'days of grace' are known as
- Bill after date
  - Bill after sight
  - Bill at sight
  - Bill on endorsement
25. Shyam draws a bill for 40 days on 20<sup>th</sup> January, 2010. The bill matures on:
- March 4, 2010
  - February 28, 2010
  - March 1, 2010
  - March 6, 2010
26. Promissory Note is an instrument:
- Unconditional
  - Conditional
  - With Specific Instruction
  - Conditional or unconditional
27. Payment before maturity of a bill is called:
- Bill endorsed
  - Retiring of a bill
  - Dishonour of a bill
  - Renewal of a bill
28. Bills payable book is a part of
- Posting
  - Transfer
  - Cash Book
  - Trial Balance
29. Which of the following will be recorded as Contra Entries?
- Cheques directly deposited into bank by a customer.
  - Payment made by a creditor by Cheque
  - Cash deposited into bank
  - Cash Sales and deposited in the bank on the same day.

30. The debit as well as credit aspects of a transaction are recorded in the cash book, it is called:
- Compound entry
  - Opening entry
  - Adjustment entry
  - Contra Entry
31. "Account Payee Crossing"
- Allows to deposit the cheque in the name of any depositor
  - Restricts the negotiability of the Cheque
  - Allow to pay the cheque to depositors through their account
  - Allows the Cheque to endorse to any customer.
32. Provision means
- Arrangement for known liabilities
  - Arrangement for unknown liabilities
  - Arrangement for purchase of fixed assets
  - Arrangement for payment of big revenue Expense.
33. Secret Reserve is created by
- Showing Capital expense in profit or loss A/C
  - Increasing Sales-values
  - Closing stock at higher value
  - Showing contingent assets as real assets.
34. Every business house finds it necessary to maintain
- Reserve
  - Provision
  - Reserve Fund
  - Secret Reserve
35. Amortisation means the writing off annually some part of
- Wasting assets
  - Liquid assets
  - Intangible assets
  - Tangible assets
36. The WDV of an asset after three years of depreciation under Reducing Method @15% p.a. is Rs 49130/-. What was the original value?
- Rs 40000/-
  - Rs 80000/-
  - Rs. 45000/-
  - Rs. 70250/-
37. Original cost of an asset is Rs 1,26,000. Salvage value is Rs. 6,000/-. Expected life is 6 years. The rate of depreciation under SLM will be:
- 15.87%
  - 16.67%
  - 15.80%
  - 16.56%
38. The arrangement of reserve is made out of
- Profit and loss appropriation A/C
  - Profit and Loss A/C
  - Manufacturing A/C
  - Balance Sheet
39. Provisions were previously known as
- Contingency Reserve
  - Specific Reserve
  - Reserve Fund
  - Capital Reserve
40. Depreciation is calculated from the date of
- Purchase of assets
  - Receipt of the assets
  - Assets put to use
  - The assets installed
41. The profit and loss under Double Account system is termed as:
- Income and expenditure A/C
  - Revenue A/C
  - Profit and loss Appropriation A/C
  - Revenue Replacement A/C
42. Original cost of an asset is Rs 2,00,000, Present cost of Replacement is Rs 2,60,000/-. The amount spent in its replacement is Rs 3,04,000. The amount capitalised will be
- Rs 44,000/-
  - Rs 3,04,000/-
  - Rs 2,60,000/-
  - Rs 60,000/-
43. Preliminary expense A/C is shown to
- The asset side of general balance sheet
  - The debit side of Revenue A/C
  - The debit side of Receipt and expenditure on capital Account
  - The Credit side of Revenue A/C
44. Provision for doubtful debts A/C is opened in the
- Debtor's ledger
  - Creditor Ledger
  - General ledger
  - Sales ledger

45. Under sectional balancing system, the ledger which is usually made to balance is
- Debtor's ledger
  - Creditor Ledger
  - General ledger
  - Self-Balancing system
46. On replacement of an asset an amount realised on account of sale of old material is credited to
- Asset Account
  - Revenue Account
  - Replacement Account
  - Net Revenue Account
47. Promissory Note is written by
- Creditors
  - Debtor
  - Bank
  - Government
48. A Contingent liability is
- Outstanding liability
  - Bank overdraft
  - Liability for Bills discounted
  - A short term loan
49. Acceptance is necessary on:
- Promissory Note
  - Bill of exchange
  - Cheque
  - Transfer of a bill
50. Which of the following is not a qualitative character of Accounting
- Relevance
  - Accuracy
  - Reliability
  - Comparability
51. In Double Account System surplus refers to:
- The Excess of clear profit over reasonable returns
  - The excess of reasonable returns over preliminary expenses plus reserves
  - The excess of reasonable returns over consumer benefit account
  - The excess of clear profit over reasonable return plus development reserves.
52. Which of the following statements, is not an objective of accounting?
- To keep systematic record
  - To provide information of personal assets and liabilities of the owner
  - To Ascertain operational profit or loss
  - To ascertain the financial position of the business
53. Assets which are not convertible into cash are known as
- Wasting Assets
  - Floating assets
  - Fictitious assets
  - Tangible assets.
54. According to which of the following concepts, an owner of business is treated as creditor:
- Dual Aspect concept
  - Principle of full disclosure
  - Principle of revenue realisation
  - Business Entity Concept
55. Debit balance of a real account shows:
- Loan received by the business
  - Loss of the business
  - Assets of the business
  - Expenses of business
56. Out of the following, who is the representative Personal Account?
- Sundry Creditors A/C
  - Bank A/C
  - Prepaid Insurance A/C
  - Drawing A/C
57. Find out the total asset
- Opening Capital – Rs 2,60,000/-  
 Closing Creditors - Rs 40,000/-  
 Income during the year- Rs 1,00,000/-  
 Expenses during the period= Rs 50,000/-
- Rs 4,50,000/-
  - Rs 3,50,000/-
  - Rs 3,10,000/-
  - Rs 4,00,000/-
58. The effect of a computer purchased for the son of a business owner will
- Decrease the assets and capital
  - Increase in assets and decrease in liability
  - Increase in capital and decrease liability
  - Increase in liability and decrease in Capital
59. If goods are returned to the supplier, then, we prepare
- Debit Note
  - Receipt Memo
  - Invoice Bill
  - Credit Note
60. Which account in the following will be credited on giving of goods on donation?
- Sales Account
  - Donation Account
  - Purchase Account
  - Stock Account

61. Bank Overdraft is
- Personal Account
  - Real Account
  - Intangible Account
  - Bank Account
62. Purchased goods from Bharati- Rs 5000 for cash less , 8% T.D. and received 2% C.D. The Amount to be credited in discount account will be:
- Rs 400
  - Rs 92
  - Rs 100
  - Rs 300
63. Which of the following books should be used to record purchase of furniture on credit?
- Journal proper
  - Furniture book
  - Purchase book
  - Bill Book
64. For the deposit of cash into the bank, the system of entry will be
- Double entry System
  - Single Entry system
  - Contra entry system
  - Direct entry system
65. When a firm maintains Cash book, it needs not maintain:
- Purchase journal
  - Sales Journal
  - Cash Account in ledger
  - Journal Proper
66. A debit note is written by:
- Seller to purchaser
  - Purchaser to seller
  - Bank to purchaser
  - Bank to seller
67. Credit balance of personal account shows:
- Assets of the business
  - Liabilities of the business
  - Profit of the business
  - Loss of the business
68. Net profit is equal to
- Indirect income – Indirect expenses
  - Credit balance of trading A/C – Indirect expenses + Indirect income
  - Gross Profit + Indirect expenses – Indirect income
  - Debit balance of trading A/C + Indirect income – Direct expenses.
69. The net profit of a firm before charging manager commission is Rs 21000/-. If the Manager's Commission is 5% after charging such commission, the commission payable will be
- Rs 1000
  - Rs 1050
  - Rs 1100
  - Rs 950
70. The posting of customers account written in the sales Return book is done:
- In the debit side
  - In the credit side
  - In cash A/C
  - In sales return Inward A/C
71. The balance of trading account is transferred to
- The sales A/C
  - The cash A/C
  - The profit and loss A/C
  - The balance Sheet assets side.
72. What kind of accounts are shown in the balance sheet?
- Nominal and personal A/C
  - Real and nominal A/C
  - Real and personal A/C
  - Real, Nominal and personal A/C
73. Accrued Income is:
- A liability
  - A revenue
  - An asset
  - An expense
74. The excess of sales tax paid over sales tax collected will be:
- Deducted from sales in trading A/C
  - Shown to the debit side of profit and loss A/C
  - Shown to the credit side of profit and loss A/C
  - Shown to the liability side in balance sheet
75. Patent is
- Fictitious assets
  - Intangible assets
  - Wasting assets
  - Tangible asset
76. Cost of Goods sold – Rs 1,50,000/-, Closing stock – Rs 40,000/-, Opening stock – Rs 60,000/-. The Amount of purchase will be :
- Rs, 130000
  - Rs. 170000
  - Rs. 50000
  - Rs. 110000

77. Outstanding salary for a trading concern is:
- An expenses
  - An income
  - A liability
  - An asset

78. If there is 'Match Fund' then match expenses and incomes are transferred to:
- Income and expenditure account
  - Asset side of balance sheet
  - Liability side of Balance Sheet .
  - Both Income and Expenditure A/c and Balance Sheet

79. Subscription received during the year ended 31-3-2010.

Years	Amount
2008-09	Rs. 8000
2009-10	Rs. 100000

The club has 400 members contributing Rs.300 each. The subscription due for 2009 (31<sup>st</sup> March) were Rs. 10000. The amount to be received for the year ended 31<sup>st</sup> March 2010 will be:

- Rs. 22000
  - Rs. 20000
  - Rs. 14000
  - Rs. 24000
80. If the amount of any known liability cannot be determined accurately:
- Provision should be created
  - Definite liability should be found out
  - Reserve should be created
  - The amount should be shown as a contingent liability.
81. Secret reserve is shown:
- In the profit and loss a/c
  - In the balance sheet liability side
  - In profit an loss appropriation a/c
  - Not anywhere in the financial statement.
82. "Depreciation is the gradual and permanent decrease in the value of an asset from any course" who said this?
- William Pickles
  - R.N. Carter
  - Spicer & Peglar
  - J.R. Barliboi

83. While preparing the provision for depreciation a/c. the amount of depreciation will be credited to :
- Assets account
  - Profit and loss account
  - Provision for depreciation account
  - Depreciation account

84. The cost of licence appears in Double Account System in:
- Revenue A/c
  - Capital A/C
  - Reserve Balance Sheet
  - Net Revenue A/c

85. "Closing stock is valued at cost price or market price whichever is less" It is an example of:
- Cost benefit principle
  - Convention of prudence
  - Principle of consistency
  - Principles of business practice.

86. Revenue is considered as being earned when:
- Production is made
  - Purchase is effected.
  - Sale is effected
  - Cash is received.

87. The amount paid for LIC premium for the proprietor – Rs. 400 was debited to General Expenses account. Point out the type of error:
- Error of omission
  - Error of commission
  - Error of principle
  - Compensating error.

88. Accounting principles are:
- Written
  - Oral
  - Acceptance to all
  - According to will

89. Of the following, which is not necessary to be recorded in the books of account?
- Discount account
  - Trade discount
  - Discount allowed
  - Cash received for discount

90. Discount to Ramesh Rs. 41 has been posted to his account as Rs. 14 only. The rectifying entry will be:
- Suspense A/c Rs. 27 to Ramesh A/c Rs. 27
  - Suspense A/c Rs. 41 to Ramesh A/c Rs. 41
  - Ramesh A/c Rs. 27 to Suspense A/c Rs. 27
  - Ramesh A/c Rs. 41 to Suspense A/c Rs. 41
91. The main object of 'Not for profit' organisation is:
- Earning of profit
  - Presentation of profit and loss a/c
  - Serving the society
  - Preparation of income and expenditure a/c
92. Liability of a drawer in case of bills discounted by him from the bank is:
- Total liability
  - Partial liability
  - Contingent liability
  - No liability
93. Who is not an internal user of Financial Statement?
- Owners & Directors
  - Investors & Creditors
  - Employees & workers
  - Management & staff
94. In Double Account System, share forfeited account is shown in:
- Credit side of Net Revenue A/c
  - Credit side of Receipt & Expenditure on Capital A/c
  - Liability side of General Balance Sheet
  - Credit side of Replacement A/c
95. The main work which is included in accounting is:
- To record the business transaction in Journal
  - Balancing of the account in Ledger
  - Preparation of Financial Statements
  - Identification of transaction.
96. The interest on drawing will be first made on:
- The Debit side of profit and loss a/c
  - The credit side of profit and loss a/c
  - The asset side of balance sheet
  - The liability side of balance sheet
97. Ram a tailor uses clothes of Rs. 1000 from his business for his children. In which account will it be credited?
- Drawing A/c
  - Raw material A/c
  - Purchase A/c
  - Trading A/c
98. Transfer of a bill to a third party is known as:
- Transfer
  - Dishonour
  - Sending of bill for collection
  - Endorsement
99. Choose the correct entry "Cheques received from customer are not sent to the bank on the same day"
- Bank A/c To Customer A/c
  - Cheque in hand a/c To customer a/c
  - Customer a/c To cash a/c
  - Customer a/c To bank a/c
100. "Provision for a pending law suit against the firm, which may either be decided in its favour." It is an example of the application of the principle of :
- Material
  - Full disclosure
  - Conservatism
  - Consistency.

**Question Ends.**