

# LIMITED DEPARTMENTAL EXAMINATION, 2017

## MANIPUR FINANCE SERVICE

(BOOK KEEPING)

(Without Book)

**PAPER-IV**

**Time Allowed: Two Hours**

**Maximum Marks: 100**

### I N S T R U C T I O N S

**DO NOT OPEN THIS QUESTION BOOKLET SEAL UNTIL YOU ARE TOLD TO DO SO**

1. Immediately after the commencement of the examination, you should check that this Test Booklet does not have any unprinted or torn or missing pages or items, etc. If so, get it replaced by a complete Test Booklet.
2. Write your Roll Number on the Test Booklet in the Box provided alongside.
3. This Test Booklet contains 100 items (questions). Each item comprises four responses (answers) written as **(a), (b), (c) and (d)**. You will select the response which you feel is correct and want to mark on the answer sheet.
4. You have to mark all your responses ONLY on the separate Answer Sheet provided. Also read the directions in the Answer Sheet. Fill in all the entries in the Answer Sheet correctly, failing which your Answer Sheet shall not be evaluated.
5. Count the number of questions attempted carefully and write it down in the space provided in the OMR Sheet. This has to be verified by the Invigilator before leaving.
6. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded you should hand over to the Invigilator the Answer Sheet (in original). **You are permitted to take away 2<sup>nd</sup> Copy of OMR Answer Sheet and the Test Booklet.**
7. All items carry equal marks.
8. Candidature would be cancelled in case of non-compliance with any of these instructions.
9. There will be NO PENALTY for wrong answers.

### **Question Starts**

1. Book-keeping is mainly concerned with—
  - (a) Designing the system of recording.
  - (b) Recording business data relating to its operation.
  - (c) Interpreting the data for the users.
  - (d) Summarizing the business data and record preparation.
2. Which of the following is not a business transaction —
  - (a) Bought furniture for business – Rs. 5000.
  - (b) Paid salaries Rs. 10000 for the manager.
  - (c) Paid rent for office building – Rs. 2000.
  - (d) Purchased an almirah for personal use – Rs. 7000.
3. Internal users of accounting information are—
  - (a) Investors
  - (b) Creditors
  - (c) Management
  - (d) employees
4. The last step of accounting process is -
  - (a) Provide information to interested parties
  - (b) Record of business transaction in th books
  - (c) Make summary in the form of financial statement.
  - (d) Classify sub-heads in the ledger.
5. A person to whom money is owed by the business is called -
  - (a) Creditors
  - (b) Debtors
  - (c) Promoters
  - (d) Government.
6. Accounting starts where –
  - (a) The ledger posting has been completed.
  - (b) Book-keeping ends.
  - (c) Transaction are recorded in the books.
  - (d) Journals entries are passed.
7. Goods used by the proprietor is called –
  - (a) Assets
  - (b) Stocks
  - (c) Publicity
  - (d) drawings
8. Bank over draft is -
  - a) A long term liability
  - b) A short term liability
  - c) A current liability
  - d) A contingent liability
9. Revenue is generally realized at the terms of sale. Which principle is involved?
  - a) Matching
  - b) Full disclosure
  - c) Revenue recognition
  - d) Consistency
10. Accounting principles are generally based on:
  - a) Practicability
  - b) Subjectivity
  - c) Convenience in recording
  - d) Substance over form
11. Book-keeping means –
  - a) To keep books in cabinets
  - b) To record business transaction in account books.
  - c) To record all the activities by a trader in his diaries.
  - d) To write the necessary books as required.
12. Which is the oldest form of accounting?
  - a) Management accounting
  - b) Cost accounting
  - c) Financial accounting
  - d) Human Resource accounting
13. Point out the item not included in Accounting cycle –
  - a) Recording
  - b) Classification
  - c) Summarizing
  - d) Verification
14. Choose the incorrect equation -
  - (a)  $\text{Assets} = \text{Capital} + \text{Liabilities}$
  - (b)  $\text{Capital} - \text{Liabilities} = \text{Assets}$
  - (c)  $\text{Liabilities} = \text{Assets} - \text{Capital}$
  - (d)  $\text{Capital} = \text{Assets} - \text{Liabilities}$
15. Which of the following transaction, is not of financial character?
  - (a) Purchase of an asset on credit.
  - (b) Purchase of a machine in Cash
  - (c) Withdrawal of cash by the proprietor
  - (d) Strike launched by the employees to give higher salaries.
16. When a firm maintains a cash book, it is not necessary to maintain –
  - (a) Journal proper
  - (b) Cash and Bank account in ledger
  - (c) Sales book
  - (d) Purchase book

17. Given: Cash book shows an overdraft of Rs. 2000, on depositing Rs 1000 into the bank and giving a cheque of Rs. 7200 for rent, the balance will be:  
 (a) Rs. 4800 (Dr)  
 (b) Rs. 4800 (Cr)  
 (c) Rs. 800 (Dr)  
 (d) Rs. 800 (Cr)
18. A furniture of Rs. 2000 invested in the business will be credited to -  
 (a) Furniture account  
 (b) Cash account  
 (c) Capital Account  
 (d) Investment Account
19. Purchased goods from A Rs. 5000 for cash, less 8% Trade Discount and received 2% Cash Discount. Discount account will be credited with  
 (a) Rs. 420  
 (b) Rs. 92  
 (c) Rs. 100  
 (d) Rs. 82
20. Payment of wages Rs. 6000 to workman for installation of a machine, should be debited to :  
 (a) Wages account  
 (b) Installation account  
 (c) Machinery account  
 (d) Workman account
21. Given: Cash – Rs. 5000, Furniture – Rs. 24000, Stock – Rs. 20000, creditors – Rs. 6000, Outstanding Liabilities – Rs. 2000. Now the amount of Capital will be:  
 (a) Rs. 49000  
 (b) Rs. 57000  
 (c) Rs. 39000  
 (d) Rs. 41000
22. Discount column of cash book is:  
 (a) Totaled and not balanced.  
 (b) Not balanced.  
 (c) Balanced  
 (d) Neither totaled nor balanced.
23. The balance of Petty Cash Book is:  
 (a) Expenses  
 (b) Liability  
 (c) Assets  
 (d) Profits
24. Trade Discount allowed to Rahim Rs. 500 will be debited to -  
 (a) Trade discount account  
 (b) Rahim's account  
 (c) Sales account  
 (d) No entry
25. Double Column Cash Book records -  
 (a) Cash transaction only  
 (b) All transactions  
 (c) Cash purchases and credit sales  
 (d) Cash and bank transactions
26. In purchase book, record is maintained for:  
 (a) Purchases of assets  
 (b) All purchases of goods on credit  
 (c) All cash purchases of goods  
 (d) All cash and credit purchases
27. Trade Discount is give:  
 (a) On receipt of cash before time  
 (b) On sale of goods  
 (c) On cash payment  
 (d) On the purchase of goods on credit.
28. Accounts related to property are called –  
 (a) Nominal accounts  
 (b) Real accounts  
 (c) Personal accounts  
 (d) Outstanding accounts
29. The return of goods by a customer should be debited to:  
 (a) Customer's account  
 (b) Sales return account  
 (c) Goods account  
 (d) Return outward account
30. In case of debts becoming bad, the amount should be credited to:  
 (a) Debtor's account  
 (b) Bad Debt account  
 (c) Sales account  
 (d) Insolvent's account
31. A petty cash book maintains records of –  
 (a) All petty expenses  
 (b) All expenses  
 (c) Outstanding expenses  
 (d) Petty expenses which are paid in cash
32. Shyam's cheque is dishonoured. It will be debited to –  
 (a) Cheque account  
 (b) Cash account  
 (c) Shyam's account  
 (d) Bank account
33. Which one of the following may have Contra entry?  
 (a) Cheque drawn for personal purposes  
 (b) Cash deposited into the bank account  
 (c) Cheque drawn and paid salaries on the same day  
 (d) Purchased furniture by cheque.

34. Accounting Standards are necessary –  
 (a) Due to regional business purposes  
 (b) For National budget accounting  
 (c) Due to globalization of business  
 (d) For the preparation of financial statement.
35. Record is maintained in purchase book after –  
 (a) Deduction of trade discounts  
 (b) Adding trade discounts  
 (c) Adding cash discounts  
 (d) Deducting cash discounts
36. Given: Goods sold to Ratan Rs. 4000  
 Goods sold to Biren (cash) Rs. 5000  
 Goods sold to Hari – Rs 7000  
 The total of Sales Book will be:  
 (a) Rs. 16000  
 (b) Rs. 9000  
 (c) Rs, 11000  
 (d) Rs. 12000
37. Entry for goods taken away by the proprietor for his private use will be made in –  
 (a) Purchase book  
 (b) Journal proper  
 (c) Return inward book  
 (d) Return outward book
38. Which account will be credited in giving goods of Rs. 500 in charity?  
 (a) Sales account  
 (b) Purchase account  
 (c) Charity account  
 (d) Personal account.
39. Final balance of sales account is transferred to -  
 (a) Purchase book  
 (b) Purchase return book  
 (c) Trading account  
 (d) Profit and Loss account
40. Credit Note is written by –  
 (a) The seller to the buyer  
 (b) The buyer to the seller  
 (c) The bank to the customer  
 (d) The customer to the bank
41. The ledger of a trader is a –  
 (a) Bills Book  
 (b) Principal Book  
 (c) Sales Book  
 (d) Cash Book
42. The total assets in a business are Rs. 500000 and the total liabilities are Rs. 30000. The difference of Rs. 200000 is called -  
 (a) Capital  
 (b) Expenses  
 (c) Income  
 (d) Goodwill
43. The debit balances of bank in the pass book shows –  
 (a) Customer's money  
 (b) Bank's money  
 (c) Income of the customer  
 (d) Total amount deposited
44. The trial balance of a business is prepared from the information obtained from –  
 (a) Journal  
 (b) Ledger  
 (c) Cash book  
 (d) Original records
45. The nominal accounts are closed by transferring to –  
 (a) Profit and Loss account  
 (b) Cash account  
 (c) Balance sheet  
 (d) Reconciliation Book
46. The main object of keeping the ledger book is –  
 (a) To see the accuracy of accounts  
 (b) To know the position of business  
 (c) To know the collecting results of the business relating to account  
 (d) To know the positions of retained earnings.
47. The balance of drawing account is transferred to :  
 (a) Capital account of the trader  
 (b) Trading account  
 (c) Profit and Loss account  
 (d) Debtor's account
48. Recording of transactions in the ledger is called –  
 (a) Journalizing  
 (b) Posting  
 (c) Casting  
 (d) adjusting
49. Shamu started business with cash Rs. 15000 and goods Rs. 5000. The posting in Shamu's Capital account will be –  
 (a) Debit side by Rs. 20000  
 (b) Debit side by Rs. 15000  
 (c) Debit side by Rs. 20000  
 (d) Debit side by Rs. 5000
50. The balance of personal account is –  
 (a) Debit Balance  
 (b) Credit Balance  
 (c) Neither debit nor credit  
 (d) Either debit or credit

51. Which of the following is a feature of a Trial Balance?  
 (a) It is an account  
 (b) It is prepared on a specific date  
 (c) It fails up to check up arithmetical accuracy  
 (d) It is prepared from journal
52. The difference of trial balance is transferred to –  
 (a) Capital account  
 (b) Profit and Loss account  
 (c) Suspense account  
 (d) Balance sheet
53. Trial balance does not include –  
 (a) Opening stock  
 (b) Closing stock  
 (c) Capital account  
 (d) drawings
54. which of the following errors is revealed by trial balance?  
 (a) Error of omission  
 (b) Error of principle  
 (c) Error in casting & balancing  
 (d) Compensating errors
55. Preparation of trial balance is –  
 (a) Voluntary  
 (b) Compulsory  
 (c) Neither voluntary nor compulsory  
 (d) Either voluntary or compulsory
56. Final accounts are prepared from –  
 (a) Journal  
 (b) Ledger accounts  
 (c) Cash summary  
 (d) Trial balance
57. Which of the following methods are preparing trial balance is most popular?  
 (a) Balance method  
 (b) Total method  
 (c) Balance and total method  
 (d) Mixed method
58. Find out the wrong statement –  
 (a) Error of principle is disclosed by trial balance  
 (b) Trial balance is not included in final account  
 (c) Preparation of trial balance is not compulsory  
 (d) Trial balance is prepared after ledger preparation
59. Principal users of financial statements are:  
 (a) Investors  
 (b) Banks  
 (c) Management  
 (d) government
60. Depreciation on fixed assets is shown in –  
 (a) Trading account  
 (b) Profit and Loss account  
 (c) Appropriation account  
 (d) Balance sheet (cr) side
61. The balance of profit and loss account is transferred to –  
 (a) Cash account  
 (b) Sales account  
 (c) Capital account  
 (d) Investment account
62. Interest on investment is shown in –  
 (a) Profit and loss account (Cr) side  
 (b) Profit and loss account (Dr) side  
 (c) Balance sheet liabilities  
 (d) Balance sheet assets
63. Apprentice premium is an item of –  
 (a) Trading account (Dr) side  
 (b) Balance sheet liabilities side  
 (c) Profit and loss account (Cr) side  
 (d) Profit and Loss account (Dr) side
64. Patent is –  
 (a) A current asset  
 (b) An intangible asset  
 (c) A tangible asset  
 (d) A fictitious asset
65. Return outward appearing in trial balance is deducted from –  
 (a) Closing stock  
 (b) Opening stock  
 (c) Purchases  
 (d) Sales
66. Amount of sales is Rs. 240000. The gross profit is 20% of cost. Then the cost of goods sold is –  
 (a) Rs. 2,00,000  
 (b) Rs. 1,80,000  
 (c) Rs. 40,000  
 (d) Rs. 2,20,000
67. Given: Sales – Rs. 20,000, purchase – Rs. 15,000, Closing stock-Rs. 6,000, opening stock – Rs. 4,000, Freight- Rs. 2000.  
 Then the amount of Gross Profit will be –  
 (a) Rs. 4000  
 (b) Rs. 5000  
 (c) Rs. 6000  
 (d) Rs. 8000

68. If the credit side of Profit and Loss account is more than the debit side, it shows –  
 (a) Gross loss  
 (b) Net profit  
 (c) Gross profit  
 (d) Net loss
69. Net profit is equal to –  
 (a) Gross profit + Indirect expenses – Indirect incomes  
 (b) Indirect incomes – Indirect expenses  
 (c) Gross Loss – Indirect expenses + Indirect incomes  
 (d) Gross profit + Indirect incomes – Indirect expenses
70. Balance sheet is a part of –  
 (a) Income statement  
 (b) Profit and loss account  
 (c) Final account  
 (d) Appropriation account
71. Given: Purchase – Rs. 80000  
 Return inward – Rs. 2000  
 Direct expenses – Rs. 6000  
 Total sales – Rs. 820000  
 Now Gross profit or Gross loss will be:  
 (a) Rs. 5000  
 (b) Rs. 6000  
 (c) Rs. 2000  
 (d) Rs. 8000
72. A machine was purchased for Rs. 9000. It was depreciated at 10% p.a. under written down value method. The balance carried down after two years will be –  
 (a) Rs. 72900  
 (b) Rs. 81000  
 (c) Rs. 70900  
 (d) Rs. 65610
73. Which of the following is correct?  
 (a) G.P = Sales – cost of goods sold  
 (b) G.P. = Sales – Purchase + Direct expenses.  
 (c) G.P. = Sales – Purchases + opening stock  
 (d) G.P. = Purchases + Closing Stock - Sales
74. Closing stock is valued at –  
 (a) Cost or Market price whichever is higher  
 (b) Cost price  
 (c) Market price  
 (d) Market price or cost price whichever is less.
75. Closing stock can be shown in the Trial Balance if –  
 (a) The purchase is adjusted  
 (b) The sale is adjusted  
 (c) The value of closing stock is very less  
 (d) The value of opening stock increased
76. Item given : Net loss – Rs 7800  
 Apprentice premium Rs. 500  
 Interest on investment Rs. 15000  
 Salary & wages – Rs 6000  
 Now the amount of Net Surplus will be –  
 (a) Rs. 1200  
 (b) Rs. 2400  
 (c) Rs. 1700  
 (d) Rs. 2900
77. Choose the correct entry for the closing of sales and closing stock –  
 (a) Trading A/c           Dr  
                                   To closing stock A/c  
                                   To sales A/c  
 (b) Sales A/c             Dr  
                                   Trading A/c             Dr  
                                   To closing stock A/c  
 (c) Sales A/c             Dr  
                                   Closing A/c            Dr.  
                                   To Trading A/c  
 (d) Trading A/c           Dr  
                                   Closing stock A/c   Dr  
                                   To sales A/c
78. If prepaid expenses and closing stock are excluded from current assets, the balance is called –  
 (a) Fixed assets  
 (b) Fictitious assets  
 (c) Wasting assets  
 (d) Liquid assets
79. Those assets which do not have any physical existence but having valuable properties are known as –  
 (a) Tangible assets  
 (b) Intangible assets  
 (c) Current assets  
 (d) Liquid assets
80. Those expenses the benefit will be available in the next accounting year are called –  
 (a) Prepaid expenses  
 (b) Outstanding expenses  
 (c) Unpaid interest  
 (d) Preliminary expenses

81. Trial balance extract on 31-3-2017,  
Sundry debtors – Rs. 30000  
Provision for Doubtful debts – Rs. (Cr) 2000  
New Bad Debts at 10% on Sundry Debtors are to be created. How much will be changed to profit & loss account during the year?  
(a) Rs. 3000  
(b) Rs. 2500  
(c) Rs. 2000  
(d) Rs. 1000
82. Modern Double Entry System was developed by:  
(a) R.N. Carter  
(b) Lucas Pacioli  
(c) E.N. Kohler  
(d) J.R. Batliboi
83. Out of the following, which account is not allowed to record in books?  
(a) Cash discount  
(b) Discount received  
(c) Trade discount  
(d) Discount allowed
84. Bank overdraft account is –  
(a) Personal account  
(b) Real account  
(c) Nominal account  
(d) Representative personal account
85. Which of the following is a real account?  
(a) Repairing account  
(b) Building account  
(c) Charity account  
(d) M & Co account
86. What account will be credited on giving goods in donation?  
(a) Purchase account  
(b) Sales account  
(c) Donation account  
(d) Cash account
87. Which is the correct entry for the following?  
Goods stolen – Cost Rs. 1200, sale price – Rs. 1500.  
(a) Purchase A/c      Dr      Rs. 1500  
                                    To Goods A/c                      Rs. 1500  
(b) Loss by theft A/c    Dr      Rs. 1200  
                                    To Purchase A/c                      Rs. 1500  
(c) Purchase A/c      Dr      Rs. 1500  
                                    To sales A/c                              Rs. 1500  
(d) Purchase A/c      Dr      Rs. 1200  
                                    To Closing stock                      Rs. 1500
88. Convention of prudence takes into account –  
(a) All future profit and losses  
(b) All amount receivables  
(c) All future losses and uncertainties  
(d) Neither profits nor losses of the future
89. Cash taken by the proprietor from the business should be credited to –  
(a) Capital account  
(b) Cash account  
(c) Personal account  
(d) Drawings account
90. A trader is treated as a separate unit from the business, is under –  
(a) Principles of consistency  
(b) Entity concept  
(c) Objectivity concept  
(d) Principle of prudence
91. In Dual aspect concept, the duality principle is expressed under –  
(a) Fundamentals of Accounting equation  
(b) The three aspects of a transactions  
(c) The main aspect of the transaction  
(d) The compounded system of the entry
92. From the following, point out the example of dead-stock –  
(a) Sundry debtors  
(b) Sundry creditors  
(c) Land and buildings  
(d) investment
93. accrual basis of accounting system is based on –  
(a) Materiality concept  
(b) Cost concept  
(c) Matching concept  
(d) Continuity concept
94. Point out the representative personal account –  
(a) Unexpired insurance account  
(b) Drawings account  
(c) United Bank of India  
(d) Ram's Account
95. Goods purchased on credit from Hari, credited to:  
(a) Hari's account  
(b) Purchase account  
(c) Goods account  
(d) Cash account
96. Stock invested by the proprietor worth Rs. 10000 in the business will be debited to –  
(a) Cash account  
(b) Capital account  
(c) Proprietor's account  
(d) Stock account

97. On 1<sup>st</sup> April 2016 Furniture purchased – Rs. 50000. On 1<sup>st</sup> Oct 2016 another furniture purchased – Rs 20000. Depreciation allowed at 10% on original cost p.a. Calculate the amount of depreciation on 31<sup>st</sup> March 2017 –
- (a) Rs. 7000
  - (b) Rs. 6000
  - (c) Rs. 5000
  - (d) Rs. 2000
98. Find out a group of individuals not interested in the financial information of the business –
- (a) Money lenders
  - (b) Management
  - (c) Employees
  - (d) Officers
99. Which one will be the capital expenditure?
- (a) Salaries and wages
  - (b) Labour charge paid to fit a second hand vehicle for service
  - (c) Removal charge of a shop to other place
  - (d) Colouring of a building roof.
100. If goods are returned to suppliers, then we have to prepare –
- (a) Credit note
  - (b) Receipt note
  - (c) Debit note
  - (d) Invoice note

**Question Ends**