

LIMITED DEPARTMENTAL EXAMINATION, 2022

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 2nd 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.

1. The revenues and expenses of a company are displayed in which statement?
 - (a) Balance Sheet
 - (b) Cash Flow Statement
 - (c) Income Statement
 - (d) None of the above
2. The art of recording all business transactions in a systematic manner in a set of books is known as-
 - (a) Accounting ;
 - (b) Book-keeping ;
 - (c) Ledger ;
 - (d) None of these.
3. A credit balance on a ledger account indicates:
 - (a) an asset or an expense
 - (b) a liability or an expense
 - (c) an amount owing to the organisation
 - (d) liability or revenue
4. Cash, goods or assets invested by the proprietor in the business for earning profit is called -
 - (a) profit ;
 - (b) capital ;
 - (c) fixed assets ;
 - (d) none of these.
5. Which of the following terms indicate a person, firm or institution who does not pay the price in cash for the goods purchased or the services received
 - (a) Creditor ;
 - (b) Proprietor ;
 - (c) Debtor ;
 - (d) None of these.
6. Which of the following is the general duration of an accounting period?
 - (a) 6 months ;
 - (b) 3 months ;
 - (c) 12 months ;
 - (d) 1 month.
7. liabilities + capital = ?
 - (a) expense ;
 - (b) income ;
 - (c) drawings ;
 - (d) assets.
8. What is the main aim of accounting ?
 - (a) to maintain ledger accounts for every asset and liability
 - (b) financial information to users of such information
 - (c) to produce a trial balance
 - (d) None of these
9. What is the main purpose of Financial Accounting?
 - (a) To Provide financial information to shareholders
 - (b) To maintain balance sheet
 - (c) To minimize taxes.
 - (d) To keep track of liabilities
10. The amount drawn by businessmen for his personal use is known as
 - (a) capital ;
 - (b) drawings ;
 - (c) expenditure ;
 - (d) None of the above.
11. The Expenses, Profit & Loss of an organisation are recorded in which account?
 - (a) Current Account
 - (b) Personal Account
 - (c) Nominal Account
 - (d) None of the above
12. Which person owes an amount to a business organisation for buying goods and services on a credit basis?
 - (a) Creditors
 - (b) Debtors
 - (c) Owner
 - (d) None of the above
13. Liabilities and Assets amount to Rs. 90,000 and Rs. 70,000 respectively. The difference amount shall represent -
 - (a) creditors ;
 - (b) debentures ;
 - (c) profit ;
 - (d) None of the above.
14. Balance sheets are prepared_____
 - (a) Quarterly
 - (b) Yearly
 - (c) Monthly
 - (d) None of the above

15. Accounts are of how many types as per American Belief -
 (a) two ;
 (b) three ;
 (c) five ;
 (d) None of the above.
16. In the Cash Book Which of the following is entered ?
 (a) only cash transactions ;
 (b) only credit transactions ;
 (c) both cash and credit transactions ;
 (d) none of these.
17. Which of the following does the Cash book always show ?
 (a) debit balance ;
 (b) credit balance ;
 (c) debit or credit balance ;
 (d) none of the above.
18. What is the Cash book meant for recording petty expenses called?
 (a) simple cash book ;
 (b) petty cash book ;
 (c) triple column ;
 (d) none of the above.
19. What is Current Liability?
 (a) Assets of a company that are expected to be sold or used as a result of standard business operations over the next year.
 (b) A potential liability that may occur in the future.
 (c) Company's short-term financial obligations that are due within one year or within a normal operating cycle.
 (d) Obligations listed on the balance sheet not due for more than a year.
20. While closing a Drawing Account _____ statement is used
 (a) balance c/d ;
 (b) by trading a/c ;
 (c) by P & L a/c ;
 (d) None of the above.
21. Cash purchase of goods is recorded in-
 (a) purchase book ;
 (b) sales book ;
 (c) cash book ;
 (d) none of these.
22. The balance of Goods' Account is transferred to -
 (a) profit and loss account ;
 (b) trading account ;
 (c) balance sheet ;
 (d) none of the above.
23. What are Outstanding Expenses?
 (a) Expenses which are not paid off in the current balance sheet.
 (b) The necessary purchases that keep a business going from day-to-day.
 (c) Type of expense that is due but has not been paid.
 (d) None of the above.
24. A Ledger has how many columns (in one side) -
 (a) six ;
 (b) four ;
 (c) five ;
 (d) None of the above.
25. The first book of original entry is called
 (a) journal ;
 (b) ledger ;
 (c) trial balance ;
 (d) none of the above.
26. What is Bank Overdraft?
 (a) A document used by a company's accounts payable department containing the supporting documents for an invoice.
 (b) A negotiable instrument where payment is guaranteed by the issuing bank.
 (c) A negotiable instrument similar to a bill of exchange.
 (d) A line of credit that covers your transactions if your bank account balance drops below zero.
27. A Debit entry could lead to:
 (a) an increase in assets or a decrease in expenses
 (b) an increase in sales or an increase in liabilities
 (c) a decrease in sales or a decrease in assets.
 (d) None of the above.

28. A cheque on which two parallel lines are drawn in the left top corner is called -
 (a) bearer cheque ;
 (b) traveller's cheque ;
 (c) account payee cheque ;
 (d) none of these.
29. The entry which is passed for bringing forward the balance of personal and real account as shown in the last year's balance sheet is called -
 (a) closing entry ;
 (b) journal entry ;
 (c) opening entry ;
 (d) none of these.
30. Credit purchase of furniture shall be recorded in -
 (a) purchase book ;
 (b) journal book ;
 (c) cash book ;
 (d) none of these.
31. Who prepares a debit note -
 (a) seller ;
 (b) purchaser ;
 (c) cashier ;
 (d) none of these.
32. Which Ratio protects the Creditors?
 (a) Lower Debt Equity Ratio
 (b) Liquidity Assets
 (c) Higher Inventory Ratio
 (d) Return on Investment Ratio
33. When cheque is not paid by the bank, it is called -
 (a) honoured ;
 (b) endorsed ;
 (c) dishonoured ;
 (d) none of the above.
34. A bank reconciliation statement is prepared by -
 (a) banker ;
 (b) accountant of the business ;
 (c) auditors ;
 (d) registrar.
35. Bank reconciliation is not a -
 (a) reconcile records ;
 (b) memorandum statement ;
 (c) ledger account ;
 (d) procedure to provide cash book adjustments.
36. The balance on the debit side of the bank column of cash book indicates -
 (a) the total amount has drawn from the bank ;
 (b) cash at bank ;
 (c) the total amount overdraft in the bank ;
 (d) none of the above.
37. Bank statement also called -
 (a) pass book ;
 (b) cash book ;
 (c) credit book ;
 (d) debit book.
38. The main purpose of preparing a bank reconciliation statement is -
 (a) to know the bank balance ;
 (b) to know the balance of bank statement ;
 (c) to correct the cash book ;
 (d) to identify causes of difference between cash book and bank statement.
39. Bank reconciliation statement is -
 (a) part of bank statement '
 (b) part of the cash book ;
 (c) a separate statement ;
 (d) a sub-division of journal.
40. Uncollected cheques are also known as -
 (a) outstanding cheques ;
 (b) uncleared cheques ;
 (c) outstation cheques ;
 (d) both (b) & (c).
41. Favourable balance means -
 (a) credit balance in the cash book ;
 (b) credit balance in bank statement ;
 (c) debit balance in cash book ;
 (d) both (b) & (c).
42. Unfavourable balance means -
 (a) credit balance in the cash book ;
 (b) credit balance in bank statement ;
 (c) debit balance in cash book ;
 (d) debit balance in petty cash book.
43. Return on Investment =?
 (a) $\frac{\text{Net Sales}}{\text{Total Assets}} \times 100$
 (b) $\frac{\text{Fixed Assets}}{\text{Total Assets}} \times 100$
 (c) $\frac{\text{Total Assets}}{\text{Net Sales}} \times 100$
 (d) None of the above

44. Who prepares bank reconciliation statement ?
- internal auditor ;
 - business accountant ;
 - businessman ;
 - all of these.
45. A credit entry could lead to:
- an increase in assets or increase in liabilities
 - an increase in expense or an increase in share capital
 - Can increase in liabilities or an increase in share capital
 - an increase in liabilities and a decrease in sales
46. In a bank pass book Credit balance refers to _____
- bank overdraft '
 - bank balance ;
 - balance as per cash book ;
 - none of the above.
47. A pass book is a copy of -
- a customer's account in the bank's book
 - cash book relating to bank column ;
 - cash book relating to cash column ;
 - firm's receipts and payments
48. Which of the following is the main function of a commercial bank?
- borrow and lend money ;
 - only borrow money ;
 - only lend money ;
 - none of the above.
49. When a cheque is returned by the bank showing some technical reason it is termed as
- honour of the cheque ;
 - balance of account ;
 - dishonour of the cheque ;
 - none of the above.
50. What does improper utilization of resources and over investment in assets indicate?
- Low Return on Investment
 - Low Sales
 - High Sales
 - Depreciation of Assets
51. Directly collections of bank are to be _____ in the cash book.
- dr. ;
 - cr. ;
 - both ;
 - none.
52. The cheque which is issued to the creditor but is not presented for payment is called -
- uncredited cheque ;
 - outstanding cheque ;
 - omitted cheque ;
 - dishonoured cheque.
53. A bank reconciliation statement is -
- a part of cash book ;
 - a part of pass book ;
 - a statement prepared by bank ;
 - a statement prepared by a customer.
54. A cheque that bears a date latter than date of issue is called -
- ante dated cheque ;
 - post-dated cheque ;
 - dishonoured cheque ;
 - outdated cheque.
55. A bank reconciliation statement is prepared with the balance of -
- cash book ;
 - pass book ;
 - either cash book or pass book ;
 - neither cash book nor pass book.
56. Unfavourable bank balances means -
- credit balance in the cash book ;
 - debit balance in the pass book ;
 - debit balance in the cash book ;
 - favourable balance in the cash book.
57. The main purpose of preparing a bank reconciliation statement is -
- to know the bank balance ;
 - to know the balance of bank statement
 - to correct the cash book ;
 - to identify causes of difference between cash book and bank statement.
58. In cash book, the favourable balance indicates -
- credit balance ;
 - debit balance ;
 - bank overdraft ;
 - adjusted balance.

59. On the bank statement, cash deposited by the company is known as -
 (a) credit ;
 (b) debit ;
 (c) liability ;
 (d) expenses.
60. Bank reconciliation statement compares a bank statement with -
 (a) cash payment journal ;
 (b) cash receipt journal ;
 (c) financial statements ;
 (d) cash book.
61. What is "Deposit in transit" in bank reconciliation -
 (a) added to bank balance ;
 (b) subtracted from bank balance ;
 (c) subtracted from the cash book balance
 (d) added to cash book balance.
62. "NSF" marked in cheque sent back by the bank indicates -
 (a) cheque has been forged ;
 (b) a bank could not verify the identify ;
 (c) no sufficient money ;
 (d) a cheque cannot be cashed because it is illegal.
63. What kind of accuracy is tested by trial balance -
 (a) theoretical ;
 (b) practical ;
 (c) arithmetical ;
 (d) none of these.
64. How many methods are there for preparing trial balance -
 (a) one ; (b) three ;
 (c) four ; (d) none of these.
65. Which of the following is prepared on the basis of trial balance -
 (a) journal ;
 (b) ledger ;
 (c) final accounts ;
 (d) none of these.
66. Of the two sides of trial balance does not tally, which account is opened -
 (a) suspense account ;
 (b) personal account ;
 (c) real account ;
 (d) none of these.
67. The error which can be disclosed by trial balance -
 (a) error of omission ;
 (b) error of principal ;
 (c) compensatory error ;
 (d) none of these.
68. Errors are rectified in this book -
 (a) ledger book ;
 (b) journal proper ;
 (c) trial balance ;
 (d) none of these.
69. Errors committed by omitting entries in the journal book is called -
 (a) error of commission ;
 (b) error of principle ;
 (c) error of omission ;
 (d) none of these.
70. If the trial balance does not tally after many efforts, then following account is opened -
 (a) purchase account ;
 (b) suspense account ;
 (c) sales account ;
 (d) none of these.
71. Errors committed due to lack of basic principle of accounting are called -
 (a) compensating errors ;
 (b) error of principle ;
 (c) single sided error ;
 (d) none of these.
72. Which of the following methods of depreciation is not recognized by Income Tax Law -
 (a) straight line method ;
 (b) none of these ;
 (c) both, straight line and diminishing balance methods ;
 (d) diminishing balance method.
73. Asset disposal account is prepared when -
 (a) provision for depreciation account is prepared ;
 (b) asset account is prepared ;
 (c) profit and loss account is prepared ;
 (d) depreciation account is prepared.

74. Which of the following is the example of Capital Reserve -
 (a) workmen's compensation fund ;
 (b) none of these ;
 (c) premium received on issue of shares or debentures ;
 (d) general reserve.
75. Which of the following is the example of Revenue Reserve -
 (a) profit on redemption of debentures ;
 (b) profit on revaluation of fixed ;
 (c) investment fluctuation fund ;
 (d) profit on re-issue of forfeited shares.
76. Dividend Equalization Reserve is -
 (a) specific reserve ;
 (b) none of these ;
 (c) secret reserve ;
 (d) general reserve.
77. General Reserves are shown in -
 (a) revaluation account ;
 (b) profit and loss account ;
 (c) none of these ;
 (d) balance sheet.
78. According to Companies Act, 1956, Secret Reserves can be created by -
 (a) only private company ;
 (b) banking and insurance companies ;
 (c) only public company ;
 (d) companies registered under Companies Act.
79. The loss on sale of an asset is debited to -
 (a) profit and loss account ;
 (b) trial balance Cr. Side ;
 (c) balance sheet ;
 (d) trading account.
80. Depreciation is charged on -
 (a) current assets ;
 (b) fixed tangible assets ;
 (c) none of these ;
 (d) both current and fixed assets.
81. At the end of the year, Depreciation Account is transferred to -
 (a) balance sheet ;
 (b) trading account ;
 (c) profit and loss appropriation account ;
 (d) profit and loss account.
82. Provision is created by debiting -
 (a) profit and loss account ;
 (b) none of these ;
 (c) profit and loss appropriation account ;
 (d) trading account.
83. The cause of depreciation is -
 (a) wear and tear ;
 (b) obsolescence ;
 (c) all of these ;
 (d) usage of asset.
84. Depreciation is a process of -
 (a) allocation ;
 (b) valuation ;
 (c) none of these ;
 (d) depletion.
85. Under Reducing Balance Method, depreciation to be charged -
 (a) scrap value ;
 (b) real value ;
 (c) original value ;
 (d) none of these.
86. The depreciation charged on an asset will be credited to -
 (a) depreciation account ;
 (b) asset account ;
 (c) bank account ;
 (d) cash account.
87. Every fixed asset loses its value due to use or other reasons. This decline in the value of asset is known as -
 (a) amortization ;
 (b) provisions ;
 (c) depreciation ;
 (d) devaluation.
88. Following are the causes of depreciation except -
 (a) wear and tear due to use or passage of time ;
 (b) normal factor ;
 (c) expiration of legal rights ;
 (d) obsolescence.
89. Following are the causes of depreciation except -
 (a) natural resources ;
 (b) fixed asset ;
 (c) liabilities ;
 (d) intangible assets.

90. An alternative term used for accumulated depreciation expenses -
 (a) provision for depreciation ;
 (b) cumulative depreciation ;
 (c) targeted depreciation ;
 (d) depletion.
91. On dishonour of a discounted bill whom does the bank look for payment -
 (a) drawer ;
 (b) drawee ;
 (c) endorser ;
 (d) payee.
92. The act for signing by the drawer on the book of the instruments for the purpose of transfer -
 (a) acceptance of bill ;
 (b) cheque ;
 (c) endorsement ;
 (d) bill.
93. Which balance is shown by a B/R Book -
 (a) credit ;
 (b) debit ;
 (c) both ;
 (d) none.
94. What occurs when expenses are greater than income?
 (a) Net Loss
 (b) Net Profit
 (c) Debts
 (d) Decrease in Assets
95. The party who is entitled to receive the cash of a bill receivable is called -
 (a) drawer ;
 (b) drawee ;
 (c) capitalist ;
 (d) bank.
96. What are Drawings?
 (a) Accounting method used to allocate the cost of a tangible or physical asset over its useful life or life expectancy.
 (b) The amount of cash that a business disburses.
 (c) An increase in the value of an asset over time.
 (d) Money that is taken from the business account for personal use.
97. Direct expenses are entered in -
 (a) trading account ;
 (b) profit and loss account ;
 (c) balance sheet ;
 (d) none of these.
98. Owner's claim on total assets is?
 (a) Liability
 (b) Assets
 (c) Equity
 (d) Cash
99. Capital + Liabilities equals to
 (a) Revenue
 (b) Assets
 (c) Unearned Income
 (d) Voucher.
100. The process of recording , classifying and summarizing all business transactions in order to know the financial result is called -
 (a) Book-keeping ;
 (b) Accounting ;
 (c) Journalizing ;
 (d) None of these.