

**Question Starts:**

1. Income Tax paid by a sole trader is reflected in his financial statement:
  - A. As an addition to his Capital
  - B. On the credit side of his profit and loss account
  - C. As an item of assets in the Balance sheet
  - D. As a deduction from Capital
2. If closing stock appears in trial Balance, it will be appearing in:
  - A. Trading Account
  - B. Balance Sheet
  - C. Trading Account & Balance Sheet
  - D. Profit & Loss Account.
3. Types of account shown in Balance Sheet are:
  - A. Nominal and Personal
  - B. Real and Nominal
  - C. Real and Personal
  - D. Real, Nominal and Personal
4. Net Profit, before adjustment is Rs. 180,000/-. Adjustments are outstanding salary- Rs. 10,000/-, Prepaid Insurance- Rs 13,000/-. The profit after adjustments will be:
  - A. Rs. 1,83,000/-
  - B. Rs. 1,77,000/-
  - C. Rs. 2,03,000/-
  - D. Rs.. 1,87,000/-
5. During transit a machine was damaged. The cost of repairing incurred Rs 30,000/-. This expense is treated as :
  - A. Revenue Expense
  - B. Capitalised-Revenue Expense
  - C. Capital Expense
  - D. Deferred Revenue Expense.
6. The Schedule of balances prepared from Ledger accounts, is known as :
  - A. Statement of Affairs
  - B. Trial Balance
  - C. Balance Sheet
  - D. Statement of accounts.
7. Find out the gross profit if the rate of Gross profit is 25% on sales and the cost of goods sold is Rs.1,80,000/-:
  - A. Rs. 60,000/-
  - B. Rs. 36,000/-
  - C. Rs. 45,000/-
  - D. Rs. 30,000/-
8. Which of the following will not affect the agreement of Trial Balance?
  - A. Wrong balancing of an account
  - B. Wrong totalling of an amount
  - C. Omission of an account from the trial balance
  - D. Writing of an amount in the wrong account but on the correct side.
9. Balance of Petty Cash Book is :
  - A. Expense; B. Income; C. Liability; D. Asset
10. Final Accounts are prepared:
  - A. At the end of Calendar Year
  - B. At the end of Assessment year
  - C. At the end of Accounting year
  - D. On the completion of annual accounts.
11. Given:  
Cost of goods sold= Rs 150,000/-.  
The closing stock= Rs 40,000,  
Opening Stock=Rs 60,000/-.  
The amount of purchases will be:
  - A. Rs 130,000/-
  - B. Rs 170,000/-
  - C. Rs 50,000/-
  - D. Rs 135,000/-
12. Final Account is prepared to find out:
  - A. Capital of the business
  - B. Correct value of assets
  - C. Profit and loss account and profitability
  - D. Profit or loss account and financial position.
13. How is cost of Goods sold calculated?
  - A. Opening stock + Purchases + Direct Expenses – Closing Stock.
  - B. Purchases - Direct expenses + Closing Stock +Opening Stock.
  - C. Sales – Gross loss.
  - D. Sales + Direct Expenses – Gross Profit.
14. Rs. 20,000 received from Pooja is credited in the account of Ninja. It is an error of
  - A. Principle
  - B. Omission
  - C. Commission
  - D. Compensating.
15. Trial Balance does not include:
  - A. Opening Stock
  - B. Closing Stock
  - C. Capital
  - D. Proprietor's drawing.
16. Omission of Paise and showing round figure in financial statement is based on :
  - A. Conservatism Concept
  - B. Consistency Concept
  - C. Materiality Concept
  - D. Money Measurement Concept
17. Income is measured on the basis of
  - A. Matching Concept
  - B. Consistency concept
  - C. Cost Concept
  - D. Dual aspect principle
18. The proprietor of a business is treated as a creditor of the business under
  - A. Accounting Period Principle
  - B. Business Entity Principle
  - C. Accounting cost principle
  - D. Going Concern Concept.
19. Sundry Creditors account is under the classification of :
  - A. Natural person Account
  - B. Artificial Person account
  - C. Representative personal account
  - D. Nominal Account.
20. Raju has returned Goods worth Rs 5,000/- to Shyamo as the Goods are found defective, what kind of document will be prepared by Shyamo?
  - A. Invoice Bill
  - B. Debit Note
  - C. Credit Voucher
  - D. Credit Note

21. Pick out a source Voucher from the following:
- Debit Voucher
  - Credit Voucher
  - Transfer Voucher
  - Invoice
22. Goods worth Rs 7000/- given away as charity, would be credited to:
- Sales Account
  - Purchase Account
  - Charity Account
  - Cash Account
23. Ram is a debtor for Rs. 10,000/-. He is insolvent and only 60 paise in a Re. is collected from him. The balance of Rs. 4000/- not collected should be entered to the:
- Debit of Discount
  - Credit of Discount
  - Debit of Bad Debts
  - Credit of Bad Debts
24. Loss of Goods by fire should be credited to:
- Sales Account
  - Loss by Fire in Godown
  - Profit and Loss Account
  - Purchase Account
25. Rent of Proprietor house, paid from the account of cash of the business, will:
- Reduce the profit
  - Increase the profit
  - Reduce the Capital of the business
  - Reduce cash and capital of the business.
26. On 31<sup>st</sup> March, 2018 the cash column of cash book shows Rs 8,000/-. After receiving from Shyam, giving a cheque of Rs 2,800/- to Sunil and making a payment of office rent Rs 1,000/-, the balance of cash book will be:
- Rs. 7,000/-
  - Rs. 9,000/-
  - Rs. 7,200/-
  - Rs. 6,200/-
27. Which of the following will be recorded as contra entry:
- Cash directly deposited in the bank by a customer
  - Payment made by debtors by Cheque
  - Notes and coins deposited in the bank
  - Cash sales and directly deposited to bank on the day.
28. A cheque deposited in the bank is dishonoured by the bank. It will be recorded in the cash book in :
- Bank Column debit side
  - Bank Column Credit side
  - Cash column debit side
  - Cash Column Credit Side
29. Purchase book is used to record:
- Purchase of Goods
  - Credit Purchase of Goods
  - Credit Purchases of Assets
  - All Credit purchases in the business.
30. Purchased goods from Manoj Rs. 20000/- at 20% T.D. Posting will be made at Manoj Account:
- Debit side. Rs. 20,000/-
  - Credit Side Rs. 20,000/-
  - Debit Side Rs 16,000/-
  - Credit Side Rs 16,000/-
31. The Debit Notes issued are used to prepare:
- Purchase return book
  - Sales return book
  - Purchase Day Book
  - Sales Day Book.
32. Goods taken away by the proprietor from the business for personal use, will be recorded in:
- Purchase book
  - Sales book
  - Journal Proper
  - Closing Stock.
33. Profit and loss account is more important than Balance Sheet, because:
- It records all indirect expenses
  - It is very voluminous
  - It shows the profitability of the business
  - It records all adjustments.
34. Unfavourable bank balance means:
- Credit balance in the cash book
  - Credit balance in the pass book
  - Debit balance in the cash book
  - Excess of debits over credits in the cash book.
35. A bank reconciliation is prepared by
- The Bank personnels
  - Customer of the bank
  - Creditors
  - Specific Auditors
36. Which of the following is not a part of Double Entry System?
- Trial Balance
  - Journal
  - Cash book
  - Bank Reconciliation statements
37. Wages paid to Raja for erecting a machine, should be debited to:
- Wages Account
  - Raja's Account
  - Machine Account
  - Machine Repairing Account.
38. Purchased goods from Gopal Rs 3,600/- but was recorded in Gopal's account as Rs 6,300/-. The rectifying entry will be
- Credit Gopal Rs. 9,900
  - Debit Gopal Rs. 2,700
  - Credit Gopal Rs. 2,700
  - Debit Gopal Rs. 9,900
39. Error are:
- Undetected mistakes
  - Intentional mistakes
  - Frauds
  - Unintentional mistakes.
40. Suspense Account is
- Real Account
  - Nominal Account
  - Personal account
  - Any one of the accounts

41. Sale of an office type writer should be credited to
- Sales account
  - Cash Account
  - Assets account
  - Type writer account
42. Which of the following is not recorded in the cash book?
- Trade Discount
  - Bad Debt Recovered
  - Loan Received from bank
  - Advance Salary Paid
43. Journal Records the transactions of a firm in a:
- Systematic manner
  - Numerical way
  - Chronological order
  - Summarized process.
44. According to dual aspect principle
- Assets= liability-Capital
  - Capital=Assets +Liability
  - Liabilities=Assets +Capital
  - Capital=Assets-Liability
45. The Principle of conservatism takes into account:
- All future profit and losses
  - All future profits and not losses
  - All future losses and not profits
  - Neither profits nor losses of the future
46. Goods means:
- Commodity brought but not to be sold
  - Commodity used as an assets
  - Commodity bought for office decoration
  - Commodity bought and sold.
47. A businessman records his medical expenses in the firm's income statement. Indicate the principle violated:
- Cost Principle
  - Prudence Principle
  - Full Disclosure
  - Entity Concept
48. The form listing the balance and title of accounts in the ledger, on a given date is the:
- Income Statement
  - Balance Sheet
  - Profit and loss Account
  - Trial Balance.
49. A ledger posted of goods sold for Rs 500/- instead of Rs 550/- Is called:
- Error of omission
  - Error of Commission
  - Error of Principle
  - Compensating Error
50. Which of the following is not in the columns of the Trial Balance?
- Ledger Accounts
  - Debit and Credit Accounts
  - Ledger Folio
  - Journal Folio
51. In accounts recording is made of :
- Only financial transactions
  - Financial as well as non-financial transactions
  - Only non-financial transactions
  - Details of personal transactions of the proprietor.
52. Of the following, who is not an external user of accounting information?
- Investors
  - Officers
  - Banks
  - Government
53. IF Accounting information is based on facts and it is verifiable by document, it has the quality of :
- Relevance
  - Reliability
  - Understandability
  - Comparability
54. Which of the following is the most relevant accounting information for taxation authorities?
- All the cash balances in the firm
  - Book value of all fixed assets
  - Profit generated during the year
  - Cash and credit sales of the year.
55. Current liability does no includes:
- Bill Payable
  - Outstanding expenses
  - Debentures
  - Creditors
56. Which of the following is not a limitation of accounting?
- Based on accounting convention
  - Evidence in legal matters
  - Incomplete information
  - Omission of Qualitative information.
57. "Trial Balance is the list of debit and credit balances taken out from ledger, it also includes balances of cash and bank from cash book", it was said by:
- Pickles
  - Spicer and Peglar
  - Carter
  - Kohler
58. Which of the following is not a sub field of accounting?
- Financial Accounting
  - Book-keeping
  - Management accounting
  - Cost Accounting
59. Trade Discount is allowed at the time of :
- Receiving the first payment
  - Sale of Goods
  - Sale of Goods and receiving payment
  - Receiving the Goods.
60. The person who is to receive an amount from the firm, is known as
- Debtor
  - Creditor
  - Owner
  - Promoter
61. Out of the following assets which one is not an intangible asset?
- Patent
  - Investment
  - Goodwill
  - Trademark

62. Paid to Kamal on behalf of Anjali Rs 12,000, will be debited to
- Kamal A/C
  - Sajai A/C
  - Transfer A/C
  - Cash A/Cs
63. Goods sold for cash Rs 25,000 plus 4% VAT sales account will be credited by:
- Rs. 24,000/-
  - Rs. 25,000/-
  - Rs. 26,000/-
  - Rs. 27,000/-
64. Total assets in a business is Rs 8,00,000/-. The Total liabilities are Rs 5,00,000/-. The Difference is known as
- Capital
  - Total Income
  - Total Expense
  - Goodwill
65. Which of the following account has a debit balance?
- Income received in advance
  - Bank Loan
  - Prepaid Insurance
  - Creditor for goods
66. A credit balance of a personal Account is :
- Income earned
  - Amount receivable
  - Amount Payable
  - Balance of Cash at bank
67. Which of the following is known as 'Principal book of Account'?
- Ledger Book
  - Journal
  - Balance Sheet
  - Books of original entries.
68. The difference of trial balance is transferred to:
- Capital Account
  - Profit and loss account
  - Balance sheet
  - Suspense account
69. Which of the following is not a fundamental accounting assumption:
- Going concern
  - Consistency
  - Accrual
  - Materiality
70. Accrual concept is based on:
- Matching principle
  - Dual aspect principle
  - Cost principle
  - Going concern concept
71. Closing stock can be shown in the trial balance if
- It is added to the opening stock
  - It is deducted from sales
  - It is shown as an asset in the trial balance
  - Deducted from purchase and shown as an asset in the trial balance.
72. Find out gross profit for the following:  
Cost of Goods sold= Rs 1,00,000/-,  
Gross Profit of 20% on sales.
- Rs 25,000/-
  - Rs 20,000/-
  - Rs 16,000/-
  - Rs. 24,000/-
73. "Salaries and wages" appearing in the trial balance is shown:
- Trading Account Debit side
  - Profit and loss account debit side
  - Asset side-Balance sheet
  - Outstanding Liabilities balance sheet.
74. Cost of goods sold=Rs. 1,50,000/-,  
Closing stock=Rs 40,000/-,  
Opening stock=Rs. 60,000/-.  
Then, the amount of purchase will be :
- Rs. 1,30,000/-
  - Rs 1,70,000/-
  - Rs 50,000/-
  - Rs. 1,00,000/-
75. Gross sales Rs 9,05,000, sales return=Rs 5000.  
G.P is 20% on cost. The Gross profit will be:
- Rs 2,00,000/-
  - Rs 1,50,000/-
  - Rs 1,80,000/-
  - Rs 1,81,000/-
76. What will be the cost of Goods sold? Net sales= Rs 2,85,000/-, Gross Profit = 25% on sales
- Rs. 210750
  - Rs. 213750
  - Rs. 71250
  - Rs. 1,42,500
77. The purpose of preparing Final Account is to ascertain:
- Profit and loss Account
  - Capital employed
  - Value of assets utilised
  - Profit or loss and financial position
78. Which one of the following is not a current asset?
- Prepaid expense
  - Sundry Debtors
  - Copy right
  - Stock
79. A manager will get 10% commission of the net profit, Rs 22000 remaining after charging his commission. The Commission will be :
- Rs 2200
  - Rs 2000
  - Rs 1980
  - Rs 1500
80. "Commission earned but not received-Rs 3000".  
The adjustment entry will be:
- Accrued Commission A/C—Dr Rs 3000  
to Commission Received A/C--- Rs 3000
  - Commission Earned A/C – Dr Rs 3000  
to Commission Received A/C--- Rs 3000
  - Commission receivable A/C Dr Rs 3000  
to Commission A/C Rs 3000
  - Cash A/C --- Dr Rs 3000, to  
Commission receivable A/C Rs 3000

81. Profit before the following adjustments is Rs 80,000/- outstanding expenses Rs 10,000, Prepaid insurance = Rs 13,000. The profit after adjustment will be:
- Rs. 83,000/-
  - Rs 77,000/-
  - Rs 1,03,000/-
  - Rs 87,000/-
82. Operating profit earned : Rs 170000/--  
Non-Operating Income: Rs.15000/-  
Non-Operating expense: Rs 37,500/-  
What is the amount of Net Profit?
- Rs 1,92,500/-
  - Rs 1,55,000/-
  - Rs 1,47,500/-
  - Rs 1,85,000/-
83. Which one of the following is not a Capital Expenditure?
- Extension of a room
  - Carrying change of a machine
  - White Washing of a building
  - Construction of seats of a Cinema Hall
84. If the debit and credit aspects of a transaction are recorded in the cashbook, it is called:
- Compound Entry
  - Closing Entry
  - Adjustment Entry
  - Contra Entry
85. Which account will be debited in the books of acceptor at the time of discharge of a bill?
- Bill payable account
  - Cash account
  - Drawer's Account
  - Endorsee's Account.
86. Calculate Net Sales:  
Cost of Goods Sold: Rs 4,50,000,  
Gross profit: 25% on sales
- Rs. 540000
  - Rs. 550000
  - Rs. 600000
  - Rs. 650000
87. Adjustment entry for: "Prepaid Insurance Amounted to Rs 5000" will be:
- Insurance Account Dr Rs 5000 To Prepaid Insurance – Rs 5000
  - Prepaid Insurance Dr 5000 To Insurance Payable –Rs 5000
  - Prepaid Insurance Dr 5000 To Insurance Account Rs 5000
  - Insurance Account Dr Rs 5000 To Cash Account –Rs 5000.
88. Closing stock is shown in the financial statement at:
- Cost Price
  - Market Price
  - Cost Price or realisable value whichever is higher.
  - Cost price or market price whichever is lower.
89. Heavy amount spent for advertisement of a new product is:
- Revenue expenditure
  - Capital expenditure
  - Deferred Revenue expenditure
  - Capitalised revenue expenditure.
90. Profit after Commission is Rs. 94, before Commission is Rs. 100, Profit after Commission is Rs 470000, then profit before Commission will be:
- Rs 5,00,000
  - Rs 5,20,000
  - Rs 6,00,000
  - Rs 7,20,000
91. Goods sold at M.P.=Rs20000,  
T.D. is 10%,  
C.D. is 5%.  
The Amount to be paid on the day is:
- Rs. 18,000/-
  - Rs.17,100/-
  - Rs 19,000/-
  - Rs. 17,000/-
92. Charged Interest on Drawings of the proprietor Rs.250. What will be the Correct Entry?
- Interest on Drawings A/C Dr Rs250 To Drawing A/C-Rs.250
  - Cash A/C Dr - - Rs 250 To Interest on Drawings A/C- Rs 250.
  - Drawing A/C Dr - - Rs 250 To Interest on Drawings A/C—Rs 250
  - Interest on drawings A/C Dr Rs 250 To Cash A/C - - - Rs 250.
93. A firm shows  
C.P. Rs 12000,  
N.L. Rs 28000.  
Depreciation during the year : Rs 2000.  
Calculate Indirect expenses debited on P.L. A/C:
- Rs 39,000/-
  - Rs 38,000/-
  - Rs 40,000/-
  - Rs 42,000/-
94. A Court declares Raju insolvent for a sum of Rs 25,000/-. Only 65 paise could have been collected per Re. Show how much amount be debited in Bad Debt Account:
- Rs. 16,250/-
  - Rs. 8,750/-
  - Rs. 8,125/-
  - Rs. 11,250/-
95. Under which accounting concept provision is made for doubtful debts?
- Consistency Concept
  - Money measurement concepts
  - Principle of conservatism
  - Cost Principle.
96. Cost of obtaining licence to carry out a business is to be included in:
- Capital Expenditure
  - Revenue Expenditure
  - Deferred Revenue Expenditure
  - Capitalised Revenue Expenditure.
97. Given: Debtors- Rs 80,000/-, Bad Debts – Rs 6,000/-, Provision for doubtful Debts – Rs 7,000/-. Further it is desired to make new provision for doubtful debts at 10% on debtor. How much is to be debited to profit and loss A/C?
- Rs 8,000/-
  - Rs 10,000/-
  - Rs 13,000/-
  - Rs 7,000/-
98. If a bill is accepted and the payment is made before the due date of maturity, the difference between the paid amount and bill amount will be called as :
- Interest
  - Discount
  - Debate
  - Commission.
99. Biren draws a 40 days bill on Rohan on 20<sup>th</sup> January, 2010. The Bill matures on
- March 4, 2010
  - February 28, 2010
  - March 1, 2010
  - March 3, 2010.
100. On 13-07-2009, A draws a bill on B for Rs 25,000/- for 30 days. The due date of the bill will be:
- 15<sup>th</sup> August, 2009
  - 14<sup>th</sup> August, 2009
  - 17<sup>th</sup> August, 2009
  - 16<sup>th</sup> August,2009.

**Question Ends.**