Financial Accounting MGT101
Mid term papers

Question No: 1 (Marks: 1) - Please choose one

The expenses that give benefit for a period of more than twelve months are called _____.

- ► Capital expenses
- ► **Revenue expenses**
- ► Preliminary expenses
- ► None of the given options

Question No: 2 (Marks: 1) - Please choose one

An expense incurred by the business for the purchase of land & building is an example of:

- ► **Capital Expense**
- ► Revenue Expense
- ► Deferred Expense
- ► Preliminary Expense

Question No: 3 (Marks: 1) - Please choose one

Income of the business includes:

- ► Cash sales only
- ► Credit sales only
- ► Credit purchases only
- ► **Both cash sales and credit sales**

Question No: 4 (Marks: 1) - Please choose one

The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:

- ► **Separate Entity Concept**
- ► Matching Concept
- ► Going Concern Concept
- ► Materiality Concept

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Question No: 5 (Marks: 1) - Please choose one

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Commercial Accounting is based on:

- Single entry book keeping
- **Double entry book keeping**
- Both single and double entry book keeping
- Cash basis of book keeping

Question No: 6 (Marks: 1) - Please choose one

Obligations to pay cash or un-earned incomes by the business are the:

- Expenses
- Assets
- **Liabilities**
- Equities

Question No: 7 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- Increase in cash and decrease in equity
- Increase in cash and increase in goods
- **Increase in goods and decrease in cash**
- Increase in equipment and increase in equity

Question No: 8 (Marks: 1) - Please choose one

When Capital is increased by an amount, it is recorded on the:

- **Left or credit side of the account**
- Right or debit side of the account
- Left or debit side of the account
- Right or credit side of the account

Question No: 9 (Marks: 1) - Please choose one

Which of the following is also called "The original book of entry"?

- **General Journal**
- General Ledger
- Trial Balance
- Profit and Loss Account

Question No: 10 (Marks: 1) - Please choose one

An informal accounting statement that lists the ledger account balances at a point in time and compares the total of debit balances with the total of

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credit balances is known as:

- ► Income Statement
- ► Balance Sheet

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► **Trial Balance**
► Cash Book

Question No: 11 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Trading account?

► **It inculdes cost of goods sold and all the direct expenses related to sales**
► It inculdes cost of goods sold and all the indirect expenses related to sales
► It inculdes cost of goods sold and all the direct and indirect expenses
► It inculdes cost of goods sold and all the direct and selling, administrative expenses

Question No: 12 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

► **Profit & Loss account**
► Income & Expenditure account
► Receipts & Payments account
► Balance Sheet

Question No: 13 (Marks: 1) - Please choose one

Which of the following is an example of a Current liability?

► Closing inventory
► Opening inventory
► Petty cash
► **Bank overdraft**

Question No: 14 (Marks: 1) - Please choose one

Identify the business transaction for given entry below.

Vehicle Account	XXX	(Dr.)	
Bank Account		XXX	(Cr.)

► **Paid for vehicle through cheque**
► Paid for vehicle through cash
► Purchased vehicle on credit
► None of the given options

Question No: 15 (Marks: 1) - Please choose one

"Mr. “A” collected cash from debtors", the journal entry for this transaction is:

► Mr. "A" a/c Dr. and debtors a/c Cr.
► Mr. "A" a/c Dr. and cash a/c Cr.

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- ► Cash a/c Dr. and debtors a/c Cr.
- ► **None of the given options**

Question No: 16 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for “Capital”?

- ► Liability
- ► **Owner’s net worth**
- ► Working capital
- ► Asset

Question No: 17 (Marks: 1) - Please choose one

Which of the following organization converts raw material into finished goods?

- ► Trading concern
- ► **Manufacturing concern**
- ► Merchandising concern
- ► Service concern

Question No: 18 (Marks: 1) - Please choose one

The stock of manufacturing concern consists of:

- ► Work in Process Inventory
- ► Raw Materials Inventory
- ► Finished Goods Inventory
- ► **All of the given options**

Question No: 19 (Marks: 1) - Please choose one

Direct materials costs	Rs.70,000
Direct labor costs	30,000
Manufacturing overhead costs	60,000
conversion cost	**?**

- ► Rs. 20,000
- ► Rs.40, 000
- ► Rs.90, 000
- ► **Rs.160, 000**

Question No: 20 (Marks: 1) - Please choose one

In balance sheet fixed assets are shown at:

- Cost price
- Market value
- Fair value

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► **Written down value (WDV)**

Question No: 21 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5th year	Rs.75,000
profit or loss on disposal of fixed assets	?

► **Rs.25, 000 loss**
► Rs. 75,000 loss
► Rs. 15,000 profit
► Rs. 1, 00,000 profit

Question No: 22 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	**?**

► **Rs.25, 000**
► Rs. 75,000
► Rs. 15,000
► Rs. 1, 00,000

Question No: 23 (Marks: 1) - Please choose one

If you start with cash book balance (Dr.), which of the following item will be deducted in Bank Reconciliation Statement?

► **Any cheque drawn to creditor but not paid by bank**
► Interest credited by the bank in pass book
► Cheque deposited but not credited by the bank
► Dividend collected by bank on behalf of the customer

Question No: 24 (Marks: 1) - Please choose one

If you start with cash book favorable balance in Bank Reconciliation Statement, which item will be added?

► **Cheque deposited but not credited by the bank**
► Cheques omitted to be deposited into bank
► Any amount directly collected by bank on behalf of customer but not

recorded in cash book

► Debit side of cash book was overcast

Question No: 25 (Marks: 1) - Please choose one

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Bank Reconciliation Statement is:

- **A memorandum statement**
- A ledger account
- A part of cash book
- A part of journal

Question No: 26 (Marks: 1) - Please choose one

Bank Reconciliation Statement is prepared by:

- Bankers
- **Accountant of the business**
- Statutory auditor
- Manger

Question No: 27 (Marks: 1) - Please choose one

Stock of Trading concern consists of:

- Raw material
- Work in process
- Merchandise inventory
- **All of the given options**

Question No: 28 (Marks: 1) - Please choose one

When the process of production is completed, all the costs must be charged to:

- Raw material account
- Work in process account
- **Finished goods account**
- Merchandise account

Question No: 29 (Marks: 1) - Please choose one

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- **Capital account**

Question No: 30 (Marks: 1) - Please choose one

If a business pays rent in advance for 12 months, it will be treated as:

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- **Prepaid expenses of business**
- Long term liability of business
- Fixed assets of business

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► Current liability of business

Question No: 31 (Marks: 1) - Please choose one

Accountancy covers which of the following area(s):

► Book-keeping
► Accounting
► Auditing
► **All of the given options**

Question No: 32 (Marks: 1) - Please choose one

The assets which have a limited useful life are termed as:

► Limited assets
► **Depreciateable assets**
► Unlimited assets
► None of the given options

Question No: 33 (Marks: 1) - Please choose one

Depreciable value of an asset is equal to:

► Cost + scrap value
► Cost + market price
► Cost – scrap value
► **None of the given options**

Question No: 34 (Marks: 1) - Please choose one

Which one of the following is equal to the carrying cost of an asset?

► **Original cost minus Accumulated depreciation**
► Original cost plus Accumulated depreciation
► Original cost minus Residual value
► Written down value minus Accumulated depreciation

Question No: 35 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

► **Book Value**
► Residual Value
► Fair Value
► Break up Value

Question No: 36 (Marks: 1) - Please choose one

Which of the following fixed asset is shown at cost rather than book value?

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- Machinery
- Furniture
- Vehicles
- **Land**

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Question No: 37 (Marks: 1) - Please choose one

Which of the following statement is the detail of transaction in one's account provided by the bank?

- ► Bank statement
- ► **Bank reconciliation statement**
- ► Income statement
- ► Financial statement

Question No: 38 (Marks: 1) - Please choose one

When income exceeds expenses in a specific time period is known as:

- ► Savings
- ► Net profit
- ► **Gross profit**
- ► Operating profit

Question No: 39 (Marks: 1) - Please choose one

An asset cost Rs. 50,000, has an estimated residual value of Rs.1, 500, and an estimated useful life of 8 years. What is the depreciation rate under reducing balance method?

- ► 11.5%
- ► 20.0%
- ► **25.0%**
- ► 35.5%

Question No: 40 (Marks: 1) - Please choose one

Mr." A" sold goods for Rs. 300,000 to Mr. "B", Rs. 300,000 will be treated as _____ for business of Mr. "A".

- ► **Revenue**
- ► Net profit
- ► Gross profit
- ► Operating profit

Question No: 41 (Marks: 10)

Differentiate between capital and revenue expenditure.

The best difference can be described as follows :

No business can run without money or resources being invested therein. Whatever money or resources from ones' own pocket are put in a business is

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referred to as capital. Capital is the investment of the Owner in the business. This capital or investment must earn a return or profit on its use even if it is coming out of ones' pocket. This return is also known as profit. So no capital should be without a profit or a return. Also, no Capital even if coming from the

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business owner can be without cost. It is the day to day expenses whose benefit is drawn immediately. For example, salary of the employee, rent of the building,.

Revenue Expenditure is the cost of resources consumed or used up in the process of generating revenue,generally referred to as expenses.

Question No: 1 (Marks: 1) - Please choose one

An organization operating with the objective of making profit from the sale of goods or services is called:

- Transaction
- ***Business***
- Society
- Trust

Question No: 2 (Marks: 1) - Please choose one

We can say that the business is in profit, when:

- Assets exceed Expenditure
- Assets exceed Liabilities
- ***Income exceeds Expenditure***
- Income exceeds Liabilities

Question No: 3 (Marks: 1) - Please choose one

An expense incurred by the business for the purchase of land & building is an example of:

- ***Capital Expense***
- Revenue Expense
- Deferred Expense
- Preliminary Expense

Question No: 4 (Marks: 1) - Please choose one

Income of the business includes:

- Cash sales only
- Credit sales only
- Credit purchases only
- ***Both cash sales and credit sales***

Question No: 5 (Marks: 1) - Please choose one

Commercial Accounting is based on:

- Single entry book keeping
- ***Double entry book keeping***
- Both single and double entry book keeping

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- Cash basis of book keeping

Question No: 6 (Marks: 1) - Please choose one

Which of the following is **NOT** true about Double Entry System?

- Both credit and debit transactions are recorded
- Accurate profit and loss is calculated
- Financial statements can be made directly from the accounts
- ***Non cash transaction are not recorded under this system***

Question No: 7 (Marks: 1) - Please choose one

Economic resources owned by a business and expected to benefit for the future operations are called:

- Expenses
- Assets
- Capital
- Liabilities

Question No: 8 (Marks: 1) - Please choose one

When Capital is increased by an amount, it is recorded on the:

- Left or credit side of the account
- Right or debit side of the account
- Left or debit side of the account
- ***Right or credit side of the account***

Question No: 9 (Marks: 1) - Please choose one

A summarized record of transactions related to individuals or things is called a/an _____.

- ***Account***
- Voucher
- Journal
- Trial balance

Question No: 10 (Marks: 1) - Please choose one

Documentary evidence, in a specific format used to record the details of a transaction is known as:

- Account

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- ***Voucher***
- Journal
- Ledger

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Question No: 11 (Marks: 1) - Please choose one

The original book of entry, in which all vouchers are first recorded, is called:

- ***General Journal***
- General Ledger
- Trial Balance
- Balance Sheet

Question No: 12 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization for a particular period?

- Balance Sheet
- ***Trading and Profit & Loss account***
- Cash Flow Statement
- Statement of Retained Earnings

Question No: 13 (Marks: 1) - Please choose one

Which of the following statement is **NOT TRUE** about Current liabilities?

- These are due within one year
- These are short-term loans
- ***These are consist of all debts, payable after 12 months***
- In working capital, these are deducted from current assets

Question No: 14 (Marks: 1) - Please choose one

Which of the following account will be credited, if business purchased a vehicle on cash?

- Vehicle account
- ***Cash account***
- Business account
- Bank account

Question No: 15 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- ***All of the given options***

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Question No: 16 (Marks: 1) - Please choose one

If the cost of sales is Rs. 95,000, sales are Rs. 100,000 and operating expenses are Rs. 200,000 during the year, what would be the net result?

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- ***Loss of Rs. 1, 95,000***
- Profit of Rs. 1, 95,000
- Profit of Rs 5,000
- Loss of Rs 5,000

Question No: 17 (Marks: 1) - Please choose one

Which of the following is **NOT** a type of voucher?

- Journal Voucher
- Receipt Voucher
- Payment Voucher
- ***Drawings Voucher***

Question No: 18 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern **EXCEPT**:

- Raw material
- Work in process
- Finished goods
- ***Merchandise inventory***

Question No: 19 (Marks: 1) - Please choose one

Which one of the following is **CORRECT** about the closing stock?

- It appears in the assets side of a balance sheet
- ***It decreases the value of cost of goods sold***
- It becomes opening stock of next year
- All of the given option

Question No: 20 (Marks: 1) - Please choose one

WhicWhich of the following is an example of direct materials cost?

- Polish and finishing material for chair
- ***A piece of wood for the production of chair***
- Production worker's wages
- Depreciation expenses

Question No: 21 (Marks: 1) - Please choose one

In the cost of goods sold statement, the sum of labor cost and the factory over head is known as:

- Conversion cost(these heads come in this)
- Prime cost

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- ***Total factory cost (After Added)***
- Cost of goods manufactured

Question No: 22 (Marks: 1) - Please choose one

In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- Total factory cost + Opening work in process + Ending work in process
- ***Total factory cost + Opening work in process – Ending work in process***
- Total factory cost - Opening work in process + Ending work in process
- Ending work in process +Total factory cost – Opening work in process

Question No: 23 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5th year	Rs.75,000
profit or loss on disposal of fixed assets	?

- ***Rs.25, 000 loss***
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 24 (Marks: 1) - Please choose one

The amount of depreciation charged on machinery will be debited to:

- Machinery account
- ***Depreciation account***
- Cash account
- Capital account

Question No: 25 (Marks: 1) - Please choose one

Particulars	Rs.
Opening stock of raw material	100,000
Closing stock of raw material	85,000
Purchases of raw material during the period	200, 000
Cost of Material Consumed	?

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► Rs. 205,000
► ***Rs. 215,000***
► Rs. 220,000
► Rs. 225,000

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Question No: 26 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ***Rs.260***
- Rs.232
- Rs.284
- Rs.268

Question No: 27 (Marks: 1) - Please choose one

The cost of moving plant and machinery to a new site will be treated as:

- Revenue expense
- ***Capital expense***
- Administrative expense
- Operating expense

Question No: 28 (Marks: 1) - Please choose one

Interest on loan paid by business is an example of :

- ***Deferred expense(not Confirm)***
- Revenue expense
- Capital expense
- None of the given options

Question No: 29 (Marks: 1) - Please choose one

A form that allow individuals to compare their personal bank account records to the bank's records of the individual's account balance in order to uncover any possible discrepancies is known as:

- Bank statement
- Income statement
- Financial statement
- ***Bank Reconciliation statement***

Question No: 30 (Marks: 1) - Please choose one

Bank Reconciliation Statement is prepared by:

- Bankers
- ***Accountant of the business***
- Statutory auditor

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- Manger

Question No: 31 (Marks: 1) - Please choose one

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- ***Capital account***

Question No: 32 (Marks: 1) - Please choose one

If a business pays rent in advance for 12 months, it will be treated as:

- ***Prepaid expenses of business***
- Long term liability of business
- Fixed assets of business
- Current liability of business

Question No: 33 (Marks: 1) - Please choose one

Consider the following data:

Particulars	Rs.
Assets	8,20,000
Owner's equity	3,80,000
Liabilities	?

- Rs. 1, 98,000
- Rs. 49,000
- Rs. 55,000
- ***Rs. 4, 40,000***

Question No: 34 (Marks: 1) - Please choose one

In accounting accumulated depreciation is:

- Treated as a reserve
- Treated as a contra asset
- Treated as a surplus

► ***Treated as an expense***

Question No: 35 (Marks: 1) - Please choose one

Which of the following is **CORRECT** regarding depreciation?

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- It refers to the end life of an asset
- It refers to the increase in value of asset
- It is another name of Impairment
- ***It is a systematic allocation of depreciable amount of an asset over its estimated useful life***

Question No: 36 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	Rs. 2,00,000
Cost of new machine purchased during the year	Rs. 50,000
Depreciation during the year	Rs. 25,000
Closing written down value (WDV) of machines	?

- ***Rs. 2, 25,000***
- Rs. 2, 50,000
- Rs. 2, 75,000
- Rs. 75,000

Question No: 37 (Marks: 1) - Please choose one

Which of the following statement is the detail of transaction in one's account provided by the bank?

- ***Bank statement***
- Bank reconciliation statement
- Income statement
- Financial statement

Question No: 38 (Marks: 1) - Please choose one

Net Profit + Expenses= _____

- Liabilities
- Assets
- Capital
- ***Income***

Question No: 39 (Marks: 1) - Please choose one

If Cost of asset=Rs. 100,000, Residual Value (RV) = Rs. 20,000 and Life = 3 years, what is the depreciation rate under reducing balance method?

- 10%
- 22%

► *42%*
► 52%

Question No: 40 (Marks: 1) - Please choose one

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What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- ***Rs. 5,500***
- Rs. 8,000
- Rs. 4,500
- Rs. 8,500

Question No: 41 (Marks: 10)

How the double entry book keeping is different from single entry book keeping?

Question No: 1 (Marks: 1) - Please choose one

We can say that the business is in profit, when:

- Assets exceed Expenditure
- Assets exceed Liabilities
- **Income exceeds Expenditure**
- Income exceeds Liabilities

Question No: 2 (Marks: 1) - Please choose one

Cost incurred for the maintenance of shop is considered as _____.

- Deferred expense
- Capital expense
- **Revenue expense**
- Preliminary expense

Question No: 3 (Marks: 1) - Please choose one

If a business purchases machinery for Rs. 30,000 on 31st January 2008 having life of 10 years, this expense will be realized _____ under the concept of accrual accounting.

- For the year 2008 only
- For the last day of 10th year only
- Over 10 years
- **Nothing can be said about it**

Question No: 4 (Marks: 1) - Please choose one

Word “Credit” is derived from _____ language.

- **Latin**

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- English
- French
- Chinese

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Question No: 5 (Marks: 1) - Please choose one

According to the double entry system of accounting, an account that obtains benefit is:

- ► **Debit**
- ► Credit
- ► Income
- ► No need to show as accounting record

Question No: 6 (Marks: 1) - Please choose one

An Asset that is **NOT** physical in nature is called _____.

- ► **Intangible Asset**
- ► Liquid Asset
- ► Current Asset
- ► Fixed Asset

Question No: 7 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- ► Increase in cash and decrease in equity
- ► Increase in cash and increase in goods
- ► **Increase in goods and decrease in cash**
- ► Increase in equipment and increase in equity

Question No: 8 (Marks: 1) - Please choose one

Which of the following is **CORRECT** about the flow of recording a transaction?

► **Occurrence of event – voucher—Journal—Ledger—Trial Balance—profit and loss account—Balance Sheet**

► Occurrence of event—Journal – voucher —Ledger—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Ledger – voucher—Journal—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Trial Balance – voucher—Journal—Ledger—profit and loss account—Balance Sheet

Question No: 9 (Marks: 1) - Please choose one

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In an account, if credit side < debit side then the balance is known as:

- ► Negative Balance
- ► Debit Balance

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- Positive Balance
- **Credit Balance**

Question No: 10 (Marks: 1) - Please choose one

Bank book is part of:

- Voucher
- General Journal
- **General Ledger**
- Trial Balance

Question No: 11 (Marks: 1) - Please choose one

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

- **Profit**
- Loss
- Surplus
- Deficit

Question No: 12 (Marks: 1) - Please choose one

Gross Profit > Operating Expenses=?

- **Net Profit**
- Cost of Goods Sold
- Net Loss
- Gross Loss

Question No: 13 (Marks: 1) - Please choose one

Accrued expenses are the example of:

- **Current liabilities**
- Long term liabilities
- Deferred costs
- Capital expenses

Question No: 14 (Marks: 1) - Please choose one

The favorable balance of Profit and Loss account should be:

- Added in liabilities
- Subtracted from current assets
- Subtracted from liabilities
- **Added in capital**

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Question No: 15 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

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- Capital account
- Sundry creditors account
- Accounts payable account
- **Cash account**

Question No: 16 (Marks: 1) - Please choose one

Which of the following financial statement **DO NOT** show the financial health of a business at a specific date?

- **Profit and loss account**
- Balance sheet
- Statement of financial position
- All of the given options

Question No: 17 (Marks: 1) - Please choose one

In which of the following condition a company will have positive working capital?

- **If current assets > current liabilities**
- If current Assets < current Liabilities
- If current assets = current liabilities
- If current assets ≤ current liabilities

Question No: 18 (Marks: 1) - Please choose one

Which of the following particular is **NOT** included in the specimen of a payment voucher?

- Name of organization
- Cash payment amount
- Date of transaction
- **Bank receipt**

Question No: 19 (Marks: 1) - Please choose one

The stock of manufacturing concern consists of:

- Work in Process Inventory
- Raw Materials Inventory
- Finished Goods Inventory
- **All of the given options**

Question No: 20 (Marks: 1) - Please choose one

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Following are the inventories of Manufacturing Concern **EXCEPT**:

- ► Raw material
- ► Work in process

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► Finished goods
► **Merchandise inventory**

Question No: 21 (Marks: 1) - Please choose one

The products that are ready for sale are known as:

► Raw material
► Work in process
► **Finished goods**
► Closing stock

Question No: 22 (Marks: 1) - Please choose one

Which of the following is an example of direct materials cost?

► Polish and finishing material for chair
► **A piece of wood for the production of chair**
► Production worker's wages
► Depreciation expenses

Question No: 23 (Marks: 1) - Please choose one

The total of all costs incurred to convert raw material into finished goods is known as:

► Prime cost
► **Conversion cost**
► Sunk cost
► Opportunity cost

Question No: 24 (Marks: 1) - Please choose one

In balance sheet fixed assets are shown at:

► Cost price
► Market value
► Fair value
► **Written down value (WDV)**

Question No: 25 (Marks: 1) - Please choose one

A decrease in value of a fixed asset due to age, wear and tear is known as:

► **Depreciation**

- ► Accumulated Depreciation
- ► Appreciation
- ► Written Down Value

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Question No: 26 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Written down value of asset at the end of 5th year	Rs.25,000
Profit or loss on disposal of fixed assets	?

- **Rs.25, 000 profit**
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 27 (Marks: 1) - Please choose one

All the costs incurred on the incomplete assets up to the balance sheet date must be transferred to:

- Capital account
- Capital work in progress account
- **Relevant asset account**
- Owner's equity account

Question No: 28 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225

80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- **Rs. 965**
- Rs. 905

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Question No: 29 (Marks: 1) - Please choose one

Consider the following inventory record:

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Date	Item	Quantity	Cost/Unit	Total
2007Jan. 2	Opening inventory	100	Rs.18.00	Rs.1,800
Mar. 4	Purchase	400	19.00	7,600
May 8	Purchase	800	20.00	16,000
Nov. 3	Purchase	500	21.00	10,500

Four hundred units are unsold, Use the FIFO method of inventory costing and determine the value assigned to the 400 units on hand at the end of the period.

- ► **Rs.7, 500**
- ► Rs.7, 978
- ► Rs.8, 000
- ► Rs.8, 400

Question No: 30 (Marks: 1) - Please choose one

Bank Reconciliation Statement is:

- ► **A memorandum statement**
- ► A ledger account
- ► A part of cash book
- ► A part of journal

Question No: 31 (Marks: 1) - Please choose one

Which of the following asset is **NOT** depreciated?

- ► Factory Buildings
- ► Office Equipment
- ► Plant & Machinery
- ► **Land**

Question No: 32 (Marks: 1) - Please choose one

The basic purpose of depreciation is to achieve the:

- ► **Matching principle**
- ► Dual aspect principle
- ► Separate entity concept
- ► Money measurement concept

Question No: 33 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80, 385
Accounts payable	Rs. 1,000

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Total liabilities	Rs. 20,000

► **Rs. 82,385 owner's equity**
► Rs. 61,385 owner's equity
► Rs. 99,885 owner's equity
► Rs. 99,385 owner's equity

Question No: 34 (Marks: 1) - Please choose one

Firms charge depreciation each year:

► To ensure there is enough money in the firm to replace the asset
► **To spread the cost of the asset over its working life**
► To reduce the profit and thus reduce the dividends they can pay to share holders
► Because the law states they must be reduced

Question No: 35 (Marks: 1) - Please choose one

Consider the following data:

Particulars	Rs.
Assets	8,20,000
Owner's equity	3,80,000
Liabilities	?

► Rs. 1, 98,000
► Rs. 49,000
► Rs. 55,000
► **Rs. 4, 40,000**

Question No: 36 (Marks: 1) - Please choose one

Which one of the following is equal to the carrying cost of an asset?

► **Original cost minus Accumulated depreciation**
► Original cost plus Accumulated depreciation
► Original cost minus Residual value
► Written down value minus Accumulated depreciation

Question No: 37 (Marks: 1) - Please choose one

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An estimate of the income and expenses needed to carry out business plans for a fiscal year is known as:

► **Budgeting**

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- ► Costing
- ► Management
- ► Auditing

Question No: 38 (Marks: 1) - Please choose one

Unfavorable balance of the cash book means:

- ► **Credit balance in cash book**
- ► Credit balance in pass book
- ► Debit balance in cash book
- ► All of the given options

Question No: 39 (Marks: 1) - Please choose one

Net Profit + Expenses= _____

- ► Liabilities
- ► Assets
- ► Capital
- ► **Income**

Question No: 40 (Marks: 1) - Please choose one

What would be the value of conversion cost, if the cost of material consumed during the month is Rs. 5,000, labor cost incurred is Rs. 2,000 and the factory over head cost is Rs. 1,000?

- ► Rs. 3,000
- ► **Rs. 8,000**
- ► Rs. 7,000
- ► Rs. 5,000

Question No: 41 (Marks: 10)

The following are some of the causes of difference between the Cash Book and the Pass Book balances. If you start with the Cash Book (Dr.) balance in Bank Reconciliation Statement, will you add them or deduct?

Particulars	Add/Less
1. Cheques issued but yet not paid by bank.	less
2. Cheques deposited but not credited by bank.	less
3. Amount directly deposited into bank by a customer but not recorded in the	

Cash Book.	add
4. Dividend collected by bank but not entered in Cash Book.	add
5. Insurance premium paid by bank but not recorded in Cash Book.	less

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6. Cheque deposited but no entry was made in Cash Book.	add
7. Bank charges debited by bank but not credited in the Cash Book	less
8. Interest on overdraft debited by bank but not recorded in Cash Book.	less
9. Cheque issued but wrongly debited in Cash Book	less
10. Interest credited by bank but not recorded in cash book	add

Question No: 1 (Marks: 1) - Please choose one

Double entry accounting system includes:

- Accrual accounting only
- Cash accounting only
- Both cash and accrual accounting
- None of the given options

Question No: 2 (Marks: 1) - Please choose one

What will be the effect on accounting equation, when payment is made to the creditor of the business?

- Increase in an asset, increase in owner's equity
- Increase in an asset, increase in a liability
- Decrease in an asset, decrease in owner's equity
- Decrease in an asset, decrease in a liability

Question No: 3 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization for a particular period?

- Balance Sheet
- Trading and Profit & Loss account
- Cash Flow Statement
- Statement of Retained Earnings

Question No: 4 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account

► Vehicle account
► All of the given options

Question No: 5 (Marks: 1) - Please choose one

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Which of the following is **NOT** a type of voucher?

- Journal Voucher
- Receipt Voucher
- Payment Voucher
- Drawings Voucher

Question No: 6 (Marks: 1) - Please choose one

What would be the value of total factory cost, if the cost of material consumed during the month is Rs. 6,000, labor cost incurred is Rs. 2,000 and the factory over head cost is Rs. 2,500?

- Rs. 6,000
- Rs. 8,000
- Rs. 4,500
- Rs. 10,500

Question No: 7 (Marks: 1) - Please choose one

All the costs incurred on the incomplete assets up to the balance sheet date must be transferred to:

- Capital account
- Capital work in progress account
- Relevant asset account
- Owner's equity account

Question No: 8 (Marks: 1) - Please choose one

Accounting is the language of:

- Business
- School
- Proprietor
- Management

Question No: 9 (Marks: 1) - Please choose one

An accounting system is used by a business to:

- Analyze transactions
- Handle routine book-keeping tasks
- Classify and summarize financial information
- All of the given options

Question No: 10 (Marks: 1) - Please choose one

Mr.” A” sold goods for Rs. 300,000 to Mr. “B”, Rs. 300,000 will be treated as _____ for business of Mr. "A".

► Revenue

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- Net profit
- Gross profit
- Operating profit

Question No: 11 (Marks: 1) - Please choose one

Normally the practice of Book Keeping under Single Entry System is followed by:

- Small businesses only
- Governments only
- Large scale businesses only
- Both small businesses and governments

Question No: 12 (Marks: 1) - Please choose one

The amount brought by the proprietor in the business should be credited to:

- Cash account
- Capital account
- Drawings account
- Assets account

Question No: 13 (Marks: 1) - Please choose one

Which of the following shows a debit balance under normal circumstances?

- Asset
- Capital
- Liability
- Profit

Question No: 14 (Marks: 1) - Please choose one

Which of the following is/are **TRUE** with respect to the rules of Debit & Credit?

- Increase in capital is Credit
- Decrease in capital is Debit
- Increase in expense is Debit
- All of the given options

Question No: 15 (Marks: 1) - Please choose one

Wages of workmen employed for setting up new machinery should be debited to:

- Expenses account
- Wages account
- Salaries account
- Machinery account

Question No: 16 (Marks: 1) - Please choose one

Which of the following account would be debited in case of goods given away as charity?

- Charity account

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- Purchases account
- Sales account
- Assets account

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Question No: 17 (Marks: 1) - Please choose one

Which of the following is the process of equalizing two sides of an account?

- Balancing
- Posting
- Journalizing
- None of the given options

Question No: 18 (Marks: 1) - Please choose one

Trial balance shows:

- Both debit and credit balance
- Only debit balance
- Only credit balance
- Debit or Credit balance

Question No: 19 (Marks: 1) - Please choose one

What is the objective of a Balance sheet?

- To ascertain the true profit or loss of business
- To ascertain the true financial position of business
- To make the SWOT analysis of business
- To check the arithmetic accuracy for books of accounts

Question No: 20 (Marks: 1) - Please choose one

Which of the following account would be debited when the owner of business sold machinery of Rs. 10,000 on cash?

- Sales a/c
- Machinery a/c
- Owner a/c
- Cash a/c

Question No: 21 (Marks: 1) - Please choose one

Which of the following is **TRUE** for Company's negative working capital?

- Current Asset > Current Liability
- Current Asset = Current Liability
- Current Asset < Current Liability
- None of the given options

Question No: 22 (Marks: 1) - Please choose one

What will be the effect of decrease in closing stock on gross profit?

- Gross profit increased
- Gross profit decreased
- No effect on Gross profit
- Gross profit will become positive

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Question No: 23 (Marks: 1) - Please choose one

What is the value of closing raw material inventory based on the following information?

- Opening stock Rs. 1,000
- Cost of material used Rs. Rs. 9,500

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≡ Cost of material available for use Rs. 10,000
Rs. 9,000
Rs. 500
Rs.11,500
Rs. 8,500

Question No: 24 (Marks: 1) - Please choose one

If:

- Direct Material Cost is Rs. 15,000
- Factory overhead is Rs. 5,000
- Manufacturing Cost is Rs. 30,000

Then:

What is the amount of Prime Cost?

▶ Rs. 25,000
▶ Rs. 20,000
▶ Rs. 35,000
▶ Rs. 45,000

Question No: 25 (Marks: 1) - Please choose one

If:

- Direct Material Cost is Rs. 15,000
- Factory overhead is Rs. 5,000
- Prime Cost is Rs. 30,000

Then:

What is the amount of Manufacturing Cost?

▶ Rs. 20,000
▶ Rs. 10,000
▶ Rs. 35,000
▶ Rs. 45,000

Question No: 26 (Marks: 1) - Please choose one

If:

- Manufacturing Cost is Rs. 30,000
- Closing Work in Process Inventory is Rs. 10,000
- Cost of Goods Manufactured is Rs. 35,000

Then:

What is the amount of opening Work in Process inventory?

▶ Rs. 40,000
▶ Rs. 15,000
▶ Rs. 25,000
▶ Rs. 20,000

Question No: 27 (Marks: 1) - Please choose one

Which of the following would be required for the calculation of depreciation under Reducing Balance method?

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- Cost of asset
- Expected Life of asset
- Depreciation rate
- All of the given options

Question No: 28 (Marks: 1) - Please choose one

Firms charge depreciation each year:

- To ensure that there is enough money in the firm to replace the asset
- To spread the cost of the asset over its working life
- To reduce the profit and thus reduce the dividends they can pay to shareholders
- Because the law states they must be reduced

Question No: 29 (Marks: 1) - Please choose one

Which of the following is another name of salvage value?

- Face value
- Fair value
- Break up value
- Book value

Question No: 30 (Marks: 1) - Please choose one

What is the treatment of Depreciation in accounting?

- Written in balance sheet under the head of fixed assets
- Charged to profit and loss account
- Written in balance sheet under the head of current assets
- Written in balance sheet under the head of liabilities

Question No: 31 (Marks: 1) - Please choose one

If:

- Cost of machine = Rs. 400,000
- Useful life = 5 years
- Sale price at the end of 4th year = Rs. 40,000

What will be the profit or loss on disposal of machine using straight line method?

- Loss of Rs. 40,000
- Profit of Rs. 40,000
- Profit of Rs. 80,000
- Loss of Rs. 80,000

Question No: 32 (Marks: 1) - Please choose one

Which one of the following is **NOT** the component of cost?

- Import duty
- Installation cost
- Cost of site preparation
- Transportation outwards

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Question No: 33 (Marks: 1) - Please choose one

Which of the following is **TRUE** about the revaluation of fixed assets? ► Revaluation should be carried out at a regular interval

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- Revaluation should be carried out at irregular interval
- Revaluation should be carried out by stakeholders
- Revaluation should be carried out by stockholders

Question No: 34 (Marks: 1) - Please choose one

When Pass Book shoes a debit balance it means:

- Favourable balance as per cash book
- Unfavorable balance as per bank statement
- Debit balance as per cash book
- Favourable balance as per bank statement

Question No: 35 (Marks: 3)

Calculate the rate of depreciation for the asset with the help of given data.

Cost of the asset	Rs. 1,20,000
Residual Value	Rs. 40,000
Expected Life	5 years

Solution:

120,000-40,000= 80,000

80,000/5 = 16000
Rate= 16,000/80,000= 20%

Question No: 36 (Marks: 5)

How the stock valuation is made under the following methods?

- FIFO
- LIFO

Under FIFO we assumed that stock purchased first is used out first so the closing stock consist of stock purchased last the rate shows approximately the latest of last purchases price .

Under LIFO bases : stock purchase last is used first so the items present in the stock are the item old once and thus it represent older prices , lifo is not used in industry now and accounting standards prohibit using them.

Question No: 37 (Marks: 5)

If:

- Original cost of fixed asset Rs. 500,000

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- Accumulated Depreciation Rs. 166,667
- Revalued amount of fixed asset Rs. 600,000

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Required:

Calculate the Written down value and Surplus on revaluation of fixed asset

Solution :

- Revalued amount 600,000-(500000-166667)=266667

WDV= 500,000-166667=**333333**

Question No: 1 (Marks: 1) - Please choose one

Mr. "A" sold goods to Mr. "B" for Rs. 3,000 on October 8, 2008 and Mr. "B" paid at the same time. It will be case of _____ sales.

- **Cash**
- Credit
- Accrual based
- None of the given options

Question No: 2 (Marks: 1) - Please choose one

Which of the following is non- profit organization?

- Sole proprietorship
- Partnership
- Limited company
- **Trust**

Question No: 3 (Marks: 1) - Please choose one

Cost incurred for the maintenance of shop is considered as _____.

- Deferred expense
- Capital expense
- **Revenue expense**
- Preliminary expense

Question No: 4 (Marks: 1) - Please choose one

Which of the following is correct according to the double entry system of book-keeping?

- **Debit = Credit**

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- ► Debit > Credit
- ► Debit < Credit
- ► All of the given options

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Question No: 5 (Marks: 1) - Please choose one

Which of the following is **NOT** true about Double Entry System?

- ► Both credit and debit transactions are recorded
- ► Accurate profit and loss is calculated
- ► Financial statements can be made directly from the accounts
- ► **Non cash transaction are not recorded under this system**

Question No: 6 (Marks: 1) - Please choose one

An Asset that is **NOT** physical in nature is called _____.

- ► **Intangible Asset**
- ► Liquid Asset
- ► Current Asset
- ► Fixed Asset

Question No: 7 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- ► Increase in cash and decrease in equity
- ► Increase in cash and increase in goods
- ► **Increase in goods and decrease in cash**
- ► Increase in equipment and increase in equity

Question No: 8 (Marks: 1) - Please choose one

When Capital is increased by an amount, it is recorded on the:

- ► Left or credit side of the account
- ► Right or debit side of the account
- ► Left or debit side of the account
- ► **Right or credit side of the account**

Question No: 9 (Marks: 1) - Please choose one

Which of the following is also called "The original book of entry"?

- ► **General Journal**
- ► General Ledger
- ► Trial Balance
- ► Profit and Loss Account

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Question No: 10 (Marks: 1) - Please choose one

An informal accounting statement that lists the ledger account balances at a point in time and compares the total of debit balances with the total of credit balances is known as:

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- Income Statement
- Balance Sheet
- **Trial Balance**
- Cash Book

Question No: 11 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

- **Profit & Loss account**
- Income & Expenditure account
- Receipts & Payments account
- Balance Sheet

Question No: 12 (Marks: 1) - Please choose one

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

- **Profit**
- Loss
- Surplus
- Deficit

Question No: 13 (Marks: 1) - Please choose one

An asset on the balance sheet which is expected to be sold or used within one year is known as:

- Tangible asset
- **Current asset**
- Fixed asset
- Long term asset

Question No: 14 (Marks: 1) - Please choose one

Accounts Receivable & Inventory are the examples of:

- Liquid assets
- **Current assets**
- Fixed assets
- Capital assets

Question No: 15 (Marks: 1) - Please choose one

Which of the following shows the categories of assets in a Balance Sheet?

► **Current assets, Long term assets and Accounts payable**
► Current assets, Long term assets and Fixed assets
► Current assets, Quick assets and Business debts

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► Current assets, Fixed assets and Deferred cost

Question No: 16 (Marks: 1) - Please choose one

If the cost of sales is Rs. 95,000, sales are Rs. 100,000 and operating expenses are Rs. 200,000 during the year, what would be the net result?

► **Loss of Rs. 1, 95,000**
► Profit of Rs. 1, 95,000
► Profit of Rs 5,000
► Loss of Rs 5,000

Question No: 17 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

► Liability
► **Owner's net worth**
► Working capital
► Asset

Question No: 18 (Marks: 1) - Please choose one

Partially completed products that are not yet ready for sale are known as:

► Raw material
► **Work in process**
► Finished goods
► Closing stock

Question No: 19 (Marks: 1) - Please choose one

WhicWhich of the following is an example of direct materials cost?

► Polish and finishing material for chair
► **A piece of wood for the production of chair**
► Production worker's wages
► Depreciation expenses

Question No: 20 (Marks: 1) - Please choose one

Direct materials costs	Rs.70,000

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Direct labor costs	30,000
Manufacturing overhead costs	60,000
conversion cost	**?**

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- Rs. 20,000
- Rs.40, 000
- Rs.90, 000
- **Rs.160, 000**

Question No: 21 (Marks: 1) - Please choose one

In the cost of goods sold statement, the sum of labor cost and the factory over head is known as:

- Conversion cost
- Prime cost
- **Total factory cost**
- Cost of goods manufactured

Question No: 22 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

- **Opening raw material inventory + Purchases – Ending raw material inventory**
- Opening raw material inventory - Purchases + Ending raw material inventory
- Ending raw material inventory + Opening raw material inventory - Purchases
- Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 23 (Marks: 1) - Please choose one

In cost of goods sold statement the 'total factory cost' is equal to:

- Cost of material consumed + Labor cost
- **Cost of material consumed + Conversion cost**
- Cost of material consumed + Total factory cost
- Cost of material consumed + Factory overhead

Question No: 24 (Marks: 1) - Please choose one

In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- Total factory cost + Opening work in process + Ending work in process
- **Total factory cost + Opening work in process – Ending work in process**
- Total factory cost - Opening work in process + Ending work in process
- Ending work in process +Total factory cost – Opening work in process

Question No: 25 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000

Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5^{th} year	Rs.75,000

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profit or loss on disposal of fixed assets	**?**

- **Rs.25, 000 loss**
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 26 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	**?**

- **Rs.25, 000**
- Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 27 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	**Item**	**Quantity**	**Cost/Unit Rs.**	**Total Rs.**
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225

85 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- **Rs. 965**
- Rs. 992

Question No: 28 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit

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Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- **Rs.260**
- Rs.232
- Rs.284
- Rs.268

Question No: 29 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about revenue expenditure?

- These are the running expenses of the business
- **They improve the financial position of the business**
- They reduce the profit of the concern
- They do not appear in the balance sheet

Question No: 30 (Marks: 1) - Please choose one

Interest on loan paid by business is an example of :

- Deferred expense
- Revenue expense
- **Capital expense**
- None of the given options

Question No: 31 (Marks: 1) - Please choose one

Cash book is a part of:

- Voucher
- **General Journal**
- General Ledger
- Trial Balance

Question No: 32 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000

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Owner's equity	Rs. 1, 000

► Rs. 12,000 liabilities

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- Rs. 11,000 liabilities
- **Rs. 1, 10,000 liabilities**
- Rs. 1, 11,000 liabilities

Question No: 33 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Total Assets	Rs. 34,500
Accounts payable	Rs. 1, 000
Other liabilities	Rs. 11,500

- **Rs. 22,000 owner's equity**
- Rs. 23, 000 owner's equity
- Rs. 24,000 owner's equity
- Rs. 46,000 owner's equity

Question No: 34 (Marks: 1) - Please choose one

The basic purpose of depreciation is to achieve the:

- **Matching principle**
- Dual aspect principle
- Separate entity concept
- Money measurement concept

Question No: 35 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Owner's equity	Rs. 22,500
Total Liabilities	Rs. 80, 385
Cash in hand	Rs. 1,000
Cash at bank	Rs. 2,000
Debtors	Rs. 500

- Rs. 1, 02,885 other assets
- Rs. 1, 02,885 other liabilities
- Rs. 99,885 current liabilities
- **Rs. 99,385 other assets**

Question No: 36 (Marks: 1) - Please choose one

Total depreciation of an asset can not exceed its:

- **Scrap value**
- Residual value

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- ► Market value
- ► Depreciable value

Question No: 37 (Marks: 1) - Please choose one

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Which of the following is **CORRECT** regarding depreciation?

- ► It refers to the end life of an asset
- ► It refers to the increase in value of asset
- ► It is another name of Impairment
- ► **It is a systematic allocation of depreciable amount of an asset over its estimated useful life**

Question No: 38 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

- ► **Book Value**
- ► Residual Value
- ► Fair Value
- ► Break up Value

Question No: 39 (Marks: 1) - Please choose one

Unfavorable balance of the cash book means:

- ► Credit balance in cash book
- ► Credit balance in pass book
- ► Debit balance in cash book
- ► **All of the given options**

Question No: 40 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- ► **Rs. 5,500**
- ► Rs. 8,000
- ► Rs. 4,500
- ► Rs. 8,500

Question No: 41 (Marks: 10)

Following information of Ahmad & Company is given for the year ended 2007.

Particulars	Units	Cost (Rs.)
Sales during the year	8,000	80,000
Opening Inventories:		

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Work in process	------	------
Finished goods	1,800	13,500
Closing Inventories:		

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Work in process	100	4,500
Finished goods	2,000	15,000
Manufacturing Cost:		
Direct Material		30,000
Direct Labor		20,000
Factory Overhead		16,000

Required:

1. Conversion Cost
2. Total Factory Cost
3. Cost of Goods Manufactured
4. Cost of Good Sold statement

CONVERSION COST:

Conversion cost = labor cost + FOH

= 20,000 + 16,000

= 36,000 Rs.

TOTAL FACTORY COST:

Total factory cost= cost of material consumed + conversion cost

= 30,000 + 36,000

= 66,000 Rs.

COSTS OF GOOD MANUFACTURED:

= total FOH + Opening Stock WIP – Closing Stock WIP

= 16,000 + 0 – 4,500

= 11,500 Rs.

COST OF GOODS SOLD:

= total factory cost + cost of good manufactured + opening stock of finished goods – closing stock of finished goods

= 66,000 + 11,500 + 13,500 – 15,000

= 76,000 Rs.

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Question No: 1 (Marks: 1) - Please choose one

Depreciation arises because of:

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- Fall in the market value of an asset
- Fall in the value of money
- Physical wear and tear
- ***All of the given options***

Question No: 2 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ***Rs.260***
- Rs.232
- Rs.284
- Rs.268

Question No: 3 (Marks: 1) - Please choose one

Which of the following is **NOT** an example of Current Asset?

- ***Bank Overdraft***
- Accounts Receivable
- Notes Receivable
- Prepaid Expenses

Question No: 4 (Marks: 1) - Please choose one

Which of the following statement is **NOT TRUE** about Current liabilities?

- These are due within one year
- These are short-term loans
- ***These are consist of all debts, payable after 12 months***
- In working capital, these are deducted from current assets

Question No: 5 (Marks: 1) - Please choose one

Which of the following essentials are shown in Bank Book?
(1) Date of transaction
(2) Narration of transaction
(3) Cheque number

- (1) & (2) only
- (2) & (3) only
- (1) & (3) only
- ***(1), (2) & (3)***

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Question No: 6 (Marks: 1) - Please choose one

Income of the business includes:

► Cash sales only

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- Credit sales only
- Credit purchases only
- ***Both cash sales and credit sales***

Question No: 7 (Marks: 1) - Please choose one

Particulars	Rs.
Opening stock of raw material	100,000
Closing stock of raw material	80,000
Purchases of raw material during the period	200, 000
Cost of Material Consumed	?

- Rs. 205,000
- Rs. 215,000
- ***Rs. 220,000***
- Rs. 225,000

Question No: 8 (Marks: 1) - Please choose one

Which of the following account will be credited, when the goods are purchased on cash?

- Stock account
- **Cash account**
- Supplier account
- Work in process account

Question No: 9 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs.20,000 during the year. What would be the Net Profit?

- **Rs.15,000**
- Rs. 35,000
- Rs. 55,000
- Rs. 60,000

Question No: 10 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- Capital account
- Sundry creditors account
- Accounts payable account
- **Cash account**

Question No: 11 (Marks: 1) - Please choose one

Which of the following account will be credited, if business bought goods on credit from Mr. Ali?

- Purchases account
- **Mr. Ali account**

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- Cash account
- Sales account

Question No: 12 (Marks: 1) - Please choose one

A summarized record of transactions related to individuals or things is called a/an _____.

- **Account**
- Voucher
- Journal
- Trial balance

Question No: 13 (Marks: 1) - Please choose one

When a Liability is reduced or decreased, it is recorded on the:

- Right or debit side of the account
- **Left or debit side of the account**
- Left or credit side of the account
- Right or credit side of the account

Question No: 14 (Marks: 1) - Please choose one

Cost incurred for the maintenance of shop is considered as _____.

- Deferred expense
- Capital expense
- **Revenue expense**
- Preliminary expense

Question No: 15 (Marks: 1) - Please choose one

Double entry accounting system includes:

- Accrual accounting only
- Cash accounting only
- **Both cash and accrual accounting**
- None of the given options

Question No: 16 (Marks: 1) - Please choose one

The allocation of the cost of a tangible plant asset to expense in the periods, in which services are received from the asset, is termed as:

- Appreciation
- ***Depreciation***
- Fluctuation
- None of the given options

Question No: 17 (Marks: 1) - Please choose one

Under the reducing balance method of depreciation:

- Amount of depreciation increases every year
- Amount of depreciation remains constant for every year
- ***Amount of depreciation decreases every year***
- None of the given options

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Question No: 18 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ***Rs.260***
- Rs.232
- Rs.284
- Rs.320

Question No: 19 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

- Rs.25, 000
- ***Rs. 75,000***
- Rs. 15,000
- Rs. 1, 00,000

Question No: 20 (Marks: 1) - Please choose one

In cost of goods sold statement the 'total factory cost' is equal to:

- Cost of material consumed + Labor cost
- ***Cost of material consumed + Conversion cost***
- Cost of material consumed + Total factory cost
- Cost of material consumed + Factory overhead

Question No: 21 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- Cash Account
- Furniture Account
- Motor Account
- ***All of the above***

Question No: 22 (Marks: 1) - Please choose

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one

Which of the following account will be credited, if business sold goods for Rs.10,000 on credit?

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- Cash account
- ***Sales account***
- Accounts receivable account
- Purchases account

Question No: 23 (Marks: 1) - Please choose one

Which of the following account will be credited, if business purchased a vehicle on cash?

- Vehicle account
- ***Cash account***
- Business account
- Bank account

Question No: 24 (Marks: 1) - Please choose one

Which of the following essentials are shown in Bank Book?
(1) Date of transaction
(2) Narration of transaction
(3) Cheque number

- (1) & (2) only
- (2) & (3) only
- (1) & (3) only
- ***(1), (2) & (3)***

Question No: 25 (Marks: 1) - Please choose one

Commercial Accounting is based on:

- Single entry book keeping
- ***Double entry book keeping***
- Both single and double entry book keeping
- Cash basis of book keeping

Question No: 26 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	Rs. 2,00,000
Cost of new machine purchased during the year	Rs. 50,000
Depreciation during the year	Rs. 25,000
Closing written down value (WDV) of machines	?

- ***Rs. 2, 25,000***
- Rs. 2, 50,000
- Rs. 2, 75,000
- Rs. 75,000

Question No: 27 (Marks: 1) - Please choose one

Which of the following is an example of direct materials cost?

► Polish and finishing material for chair

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- ***A piece of wood for the production of chair***
- Production worker's wages
- Depreciation expenses

Question No: 28 (Marks: 1) - Please choose one

Which of the following account will be credited, when the goods are purchased on cash?

- Stock account
- ***Cash account***
- Supplier account
- Work in process account

Question No: 29 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern EXCEPT:

- Raw material
- Work in process
- Finished goods
- ***Merchandise inventory***

Question No: 30 (Marks: 1) - Please choose one

Word "Credit" is derived from _____ language.

- ***Latin***
- English
- French
- Chinese

Question No: 31 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225

85 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- ***Rs. 965***

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► Rs. 905

Question No: 32 (Marks: 1) - Please choose one

The assets which have a limited useful life are termed as:

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- Limited assets
- ***Depreciateable assets***
- Unlimited assets
- None of the given options

The cost of moving plant and machinery to a new site will be treated as:

- ***Revenue expense***
- Capital expense
- Administrative expense
- Operating expense

Question No: 33 (Marks: 1) - Please choose one

A decrease in value of a fixed asset due to age, wear and tear is known as:

- ***Depreciation***
- Accumulated Depreciation
- Appreciation
- Written Down Value

Question No: 34 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- ***Rs. 5,500***
- Rs. 8,000
- Rs. 4,500
- Rs. 8,500

Question No: 35 (Marks: 1) - Please choose one

The area of accounting concerned with reporting financial information to the interested parties is called:

- Cost Accounting
- ***Financial Accounting***
- Management Accounting
- Tax Accounting

Question No: 36 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80, 385
Accounts payable	Rs. 1,000
Total liabilities	Rs. 20,000

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- ***Rs. 60,385 owner's equity***
- Rs. 61,385 owner's equity
- Rs. 99,885 owner's equity

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► Rs. 99,385 owner's equity

Question No: 41 (Marks: 10)

Show the effect of the following transactions upon the Accounting Equation.

2007 June1,	Mr. Salman started business with cash Rs. 1,00,000
5,	Purchased furniture for cash Rs. 4,000
6,	Purchased goods for cash Rs. 25,000
10,	Paid transportation on goods purchased Rs.1,000
12,	Sold goods for cash Rs. 15,000, costing 11,000
15,	Purchased goods on credit basis for Rs. 15,000
19,	Sold goods to Rashid on credit basis for Rs. 8,000, costing Rs. 6,500
25,	Received cash from Rashid Rs. 4,000
28,	Cash paid to creditor Rs. 9,000
30,	Paid rent and salaries for the month Rs. 4,000

Question No: 1 (Marks: 1) - Please choose one

An accounting system is used by a business to:

► Analyze transactions
► Handle routine book-keeping tasks
► Classify and summarize financial information
► **All of the given options**

Question No: 2 (Marks: 1) - Please choose one

The assets which have a limited useful life are termed as:

► Limited assets
► **Depreciateable assets**
► Unlimited assets
► None of the given options

Question No: 3 (Marks: 1) - Please choose one

Accountancy covers which of the following area(s):

► Book-keeping
► Accounting
► Auditing
► **All of the given options**

Question No: 4 (Marks: 1) - Please choose one

If a business pays rent in advance for 12 months, it will be treated as:

► **Prepaid expenses of business**

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- Long term liability of business
- Fixed assets of business
- Current liability of business

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Question No: 5 (Marks: 1) - Please choose one

Which of the following transaction have **NO** affect on stockholders' equity?

- **Purchase of land on credit**
- Dividends to stockholders
- Net loss
- Investment in cash by stockholders

Question No: 6 (Marks: 1) - Please choose one

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- **Capital account**

Question No: 7 (Marks: 1) - Please choose one

If you start with cash book balance (Dr.), which of the following item will be deducted in Bank Reconciliation Statement?

- Any cheque drawn to creditor but not paid by bank
- Interest credited by the bank in pass book
- Cheque deposited but not credited by the bank
- Dividend collected by bank on behalf of the customer

Question No: 8 (Marks: 1) - Please choose one

The cost of moving plant and machinery to a new site will be treated as:

- Revenue expense
- Capital expense
- Administrative expense
- Operating expense

Question No: 9 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about Capital Expenditure?

- Creates future benefits
- Incurred to acquire fixed assets
- Incurred to increase the economic life of existing fixed assets
- **Reduce the profit of the concern**

Question No: 10 (Marks: 1) - Please choose one

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Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit

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First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit
Sold	10 units @ 10 35 units @ 11 40 units @ 12

Balance
20 units @ 13 = 260

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- **Rs.260**
- Rs.232
- Rs.284
- Rs.268

Question No: 11 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225
	Opening Stock			100
	Add purchases			1125
	Total material available for sale			1225
	Less closing **			320
	Cost of good sold			905

Detail of 80 units sold

10 @ 10
35 @ 11
35 @ 12
now remaining are

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5 units @ 12 = 60
20 units@ 13 =260
closing stock = 25 units and value = 320

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80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- Rs. 965
- **Rs. 905**

Question No: 12 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000
Useful life = 5 years
Residual value = Rs.25, 000
The depreciation of machine per year using straight line method is?

= 400,000-25000 / 5 = 75000

- Rs. 160,000
- Rs. 96,000
- **Rs. 75,000**
- Rs. 57,600

Question No: 13 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

Asset year 1 = 100,000 - 15000 = 85000
Year 2 = 85000 - 15000 = 70000
Year 3 = 70000 – 15000 = 55000
Year 4 = 55000 – 15000 = 40000
Book value after year 5 = 40000 – 15000 = 25000

- **Rs.25, 000**
- Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 14 (Marks: 1) - Please choose one

A decrease in value of a fixed asset due to age, wear and tear is known as:

- **Depreciation**
- Accumulated Depreciation

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- Appreciation
- Written Down Value

Question No: 15 (Marks: 1) - Please choose one

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In balance sheet fixed assets are shown at:

- Cost price
- Market value
- Fair value
- Written down value (WDV)

Question No: 16 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

- **Opening raw material inventory + Purchases – Ending raw material inventory**
- Opening raw material inventory - Purchases + Ending raw material inventory
- Ending raw material inventory + Opening raw material inventory - Purchases
- Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 17 (Marks: 1) - Please choose one

Particulars	Rs.
Direct materials costs	80,000
Direct labor costs	50,000
Manufacturing overhead costs	60,000
Prime cost = dm + dl	**130000**

- **Rs.130, 000**
- Rs.110, 000
- Rs.140, 000
- Rs.190, 000

Question No: 18 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- **Rs. 5,500**
- Rs. 8,000
- Rs. 4,500
- Rs. 8,500

Question No: 19 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern **EXCEPT**:

- Raw material
- Work in process
- Finished goods

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► Merchandise inventory

Question No: 20 (Marks: 1) - Please choose one

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If cost of sales is Rs. 95,000, sales are Rs. 200,000 and operating expenses are Rs. 100,000. What will be the net result?

- Rs. 5,000 Loss
- **Rs. 5, 000 Profit**
- Rs.1, 95,000 Profit
- Rs.1, 95,000 Loss

Question No: 21 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- **All of the given options**

Question No: 22 (Marks: 1) - Please choose one

The return of goods by a customer should be debited to:

- Customer's account
- **Sales return account**
- Goods account
- Accounts receivable

Question No: 23 (Marks: 1) - Please choose one

Which of the following account will be credited in the books of ABC Co. Ltd., if furniture is purchased on cash?

- Furniture account
- **Cash account**
- Business account
- Bank account

Question No: 24 (Marks: 1) - Please choose one

Which of the following account will be credited, If Mr. "A" started business with cash Rs. 2, 00,000?

- **Capital account**
- Cash account
- Mr. A's account
- Business account

Question No: 25 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the goods are sold on credit to Mr. 'B'?

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- Mr. "B" / Accounts Receivable account (Dr) and Sales account (Cr)
- Cash account (Dr) and sales account (Cr)
- Sales account (Dr) and Mr. B / Accounts Receivable account (Cr)
- Goods Sold account (Dr) and Mr. B / Accounts Receivable account (Cr)

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **NOT** an item of a Balance Sheet?

- Accounts Receivable
- Accounts Payable
- **Sales Revenue**
- Marketable Securities

Question No: 27 (Marks: 1) - Please choose one

Accounts Receivable & Inventory are the examples of:

- Liquid assets
- **Current assets**
- Fixed assets
- Capital assets

Question No: 28 (Marks: 1) - Please choose one

Which of the following shows summary of a company's financial position at a specific date?

- Profit & Loss Account
- Cash Flow Statement
- **Balance Sheet**
- Income & Expenditure Account

Question No: 29 (Marks: 1) - Please choose one

Which of the following summarizes the cash movements during a specified period?

- Trading account
- Profit & Loss account
- **Receipts & Payments account**
- Balance Sheet

Question No: 30 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization

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for a particular period?

- Balance Sheet

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► **Trading and Profit & Loss account**
► Cash Flow Statement
► Statement of Retained Earnings

Question No: 31 (Marks: 1) - Please choose one

In an account, if credit side < debit side then the balance is known as:

► Negative Balance
► **Debit Balance**
► Positive Balance
► Credit Balance

100%sure Question No: 32 (Marks: 1) - Please choose one

Which of the following is **CORRECT** about the flow of recording a transaction?

► Occurrence of event – voucher—Journal—Ledger—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Journal – voucher —Ledger—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Ledger – voucher—Journal—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Trial Balance – voucher—Journal—Ledger—profit and loss account—Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

Which of the following is used to record financial transactions in chronological (day-to-day) order?

► Voucher
► **General Journal**
► General Ledger
► Trial balance

Question No: 34 (Marks: 1) - Please choose one

When a Liability is reduced or decreased, it is recorded on the:

► **Right or debit side of the account**
► Left or debit side of the account
► Left or credit side of the account
► Right or credit side of the account

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Question No: 35 (Marks: 1) - Please choose one

What is the nature of an expense account?

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► **Debit**
► Credit
► Revenue
► None of the given options

Question No: 36 (Marks: 1) - Please choose one

Economic resources owned by a business and expected to benefit for the future operations are called:

► Expenses
► **Assets**
► Capital
► Liabilities

Question No: 37 (Marks: 1) - Please choose one

Assets total Rs.50, 000 and Liabilities total Rs.10, 000. What is the equity of the business?

► **Rs. 40, 000**
► Rs. 60, 000
► Rs. 10,000
► Rs. 50,000

Question No: 38 (Marks: 1) - Please choose one

An expense incurred by the business for the purchase of land & building is an example of:

► **Capital Expense**
► Revenue Expense
► Deferred Expense
► Preliminary Expense

Question No: 39 (Marks: 1) - Please choose one

Which of the following is non- profit organization?

► Sole proprietorship
► Partnership
► Limited company
► **Trust**

Question No: 40 (Marks: 1) - Please choose one

The area of accounting concerned with reporting financial information to the interested parties is called:

► Cost Accounting
► **Financial Accounting**

- Management Accounting
- Tax Accounting

Question No: 41 (Marks: 10)

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Prepare Cash and Capital Accounts with the help of given Journal entries.

journal			
Date	**Particulars**	**(Dr.)**	**(Cr.)**
		Rs.	Rs.
2008 jan1	Cash account	50,000	
	Capital account		50,000
	(owner invested cash)		
jan.2	Furniture account	10,000	
	Cash account		10,000
	(purchased furniture for cash)		
Jan.3	Purchases account	30,000	
	Cash account		30,000
	(goods purchased for cash)		
Jan.5	Cash account	40,000	
	Sales account		40,000
	(sold goods for cash)		
Jan. 6	Salaries account	5,000	
	Cash account		5,000
	(Salaried paid)		

CASH A/C (IN STATEMENT FORM)

Date	V. No	Detail	Ref	Debit	Credit	Balance
01/01/08		CAPITAL A/C		50000	0	50000 DR
02/01/08		FURNITURE A/C		0	10000	40000 DR
03/01/08		PURCHASES A/C		0	30000	10000 DR
05/01/08		SALES A/C		40000	0	50000 DR
06/01/08		SALARIES A/C		0	5000	45000 DR
		TOTAL		90000	45000	45000 DR

Time Left 84 sec(s)

Question # 1 of 20 (Start time: 11:55:17 AM) **Total Marks:** 1

Assets are divided in which of the following categories in balance sheet.

Select correct option:

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- Current assets, Long term assets and capital assets
- Current assets, Long term assets and fixed assets
- Current assets, Quick assets and business debts
- Current assets, Fixed assets and deferred cost

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Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 2 of 20 (Start time: 11:56:15 AM) **Total Marks:** 1

Which of the following is a FIRST product of accounting cycle?

Select correct option:

- Voucher
- General Journal
- General Ledger
- Financial Statements

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 3 of 20 (Start time: 11:56:33 AM) **Total Marks:** 1

In an account if debit side > credit side, the balance is known as the:

Select correct option:

- Negative Balance
- Debit balance
- Positive Balance
- Credit balance

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Quiz Start Time: 11:55 AM

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Question # 4 of 20 (Start time: 11:57:16 AM)

Time Left

Total Marks: 1

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While making Profit & Loss account, Excess of expenses over income in a specified accounting period is called:

Select correct option:

- Profit
- Loss
- Surplus
- Deficit

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 5 of 20 (Start time: 11:57:52 AM) **Total Marks:** 1

In an account if credit side > debit side, the balance is known as:

Select correct option:

- Negative Balance
- Debit Balance
- Credit Balance
- Positive Balance

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 6 of 20 (Start time: 11:58:29 AM) **Total Marks:** 1

In case of Income and Expenditure account, Excess of income over expenses in a specified accounting period is called:

Select correct option:

- Profit

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Loss

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Surplus

Deficit

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 7 of 20 (Start time: 11:59:04 AM) **Total Marks:** 1

Budget is a plan of income, expenses & other financial operations for:

Select correct option:

Current period

Future period

Past period

None of the given options

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 8 of 20 (Start time: 11:59:22 AM) **Total Marks:** 1

What will be debited, if Mohsin commenced business with cash?

Select correct option:

Cash account

Capital account

Drawings account

Proprietor account

Click here to Save Answer & Move to Next Question

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MC090400680 : Muhammad Zubair

Time Left

Quiz Start Time: 11:55 AM

Question # 9 of 20 (Start time: 12:00:16 PM) **Total Marks:** 1

Which of the following is / are the particular/s of a cash book? (1) Date of transaction (2) Account title (3) Amount

Select correct option:

- 1 only
- 1 & 2 only
- 1 & 3 only
- 1, 2 & 3

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 10 of 20 (Start time: 12:01:16 PM) **Total Marks:** 1

Which one of the following statement is CORRECT about Long term liabilities?

Select correct option:

- These are due within one year
- These are short-term loans
- Consist of all bank debts payable more than 12 months
- In working capital, these are deducted from assets

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left

Quiz Start Time: 11:55 AM

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Question # 11 of 20 (Start time: 12:01:49 PM) **Total Marks:** 1

What will be debited, If Mr. "A" started business with Rs. 2, 00,000.

Select correct option:

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Capital account

Cash account

Mr. A's account

Business account

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 13 of 20 (Start time: 12:04:55 PM) **Total Marks:** 1

Cash book is a part of _____ .

Select correct option:

Voucher

General Journal

General Ledger

Trial Balance

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 14 of 20 (Start time: 12:05:28 PM) **Total Marks:** 1

Normally single entry book keeping is followed by the:

Select correct option:

Small businesses only

Governments only

Large scale businesses only

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- Both Small businesses and Governments

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Click here to Save Answer & Move to Next Question

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Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 15 of 20 (Start time: 12:05:59 PM) **Total Marks:** 1

What should be credited, if salary is paid to Sohail?

Select correct option:

- Sohail account
- Salaries account
- Cash account
- Drawings account

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left sec(s)

Quiz Start Time: 11:55 AM

Question # 16 of 20 (Start time: 12:06:45 PM) **Total Marks:** 1

Find out the missing value of an Accounting Equation with the help of given data: Cash Rs.100, 000 Debtors Rs.10, 000 Other Assets Rs. 1,000 Owner's equity Rs. 1, 000 Liabilities ?

Select correct option:

- Rs. 12,000
- Rs. 11,000
- Rs. 110,000
- Rs. 111,000

Click here to Save Answer & Move to Next Question

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Zubair

Quiz Start Time: 11:55 AM

Time Left

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Question # 17 of 20 (Start time: 12:08:17 PM) **Total Marks:** 1

Amount generated from sales in a business is called:

Select correct option:

- Income
- Net Income
- Gross Profit
- Operating profit

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left 60 sec(s)

Quiz Start Time: 11:55 AM

Question # 18 of 20 (Start time: 12:08:41 PM) **Total Marks:** 1

Following information is extracted from Mr. A's balance sheet: Cash Rs.100 Accounts Receivable 500 Accounts Payable 2 00 Bank Loans 1,000 Based on the information provided, what are Mr. A's assets?

Select correct option:

- Rs.200
- Rs. 600
- Rs. 900
- Rs. 1700

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left 60 sec(s)

Quiz Start Time: 11:55 AM

Question # 19 of 20 (Start time: 12:09:34 PM) **Total Marks:** 1

Consider the following data: Particulars Rs. Assets 99,500 Owner's equity 50,500 Liabilities ?

Select correct option:

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- Rs. 49,000
- Rs. 55,000

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Rs. 125,000

Rs. 115,700

Click here to Save Answer & Move to Next Question

MC090400680 : Muhammad Zubair

Time Left 60 sec(s)

Quiz Start Time: 11:55 AM

Question # 20 of 20 (Start time: 12:10:35 PM) **Total Marks:** 1

Increase in an expense is recorded on the:

Select correct option:

Left or credit side of the account

Right or debit side of the account

Left or debit side of the account

Right or credit side of the account

Click here to Save Answer & Move to Next Question

1. If business purchases goods for resale purposes, such purchases are charged to _____

   1) Expenses account
   2) Purchases account
   3) Sales account
   4) None of the given options

2. The amount of resources supplied by the owner in business is called:

   1) Investments
   2) Assets

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3) Capital

4) Reserves

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3. Excess of sales over cost of goods sold in an accounting period is termed as:

   1) Net Profit
   2) Gross Profit
   3) Retained earnings
   4) None of the given options

4. At the end of the year, goods that are unsold are deducted from:

   1) Finished goods
   2) Closing stock
   3) Cost of goods sold
   4) Opening stock

5. Conversion cost is:

   1) Total factory cost
   2) The cost incurred in converting raw material into finished goods
   3) The cost incurred in converting raw material into work in process
   4) None of the given options

6. The cost of the asset after the expiry of its useful life is called_____

   1) Written down value
   2) Residual value
   3) Expired value
   4) None of the given options

When bank statement shows a debit balance, it means:

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1) Overdraft balance as per cash book
2) Favorable balance as per cash book

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3) **Un Favorable balance as per bank book**
4) None of the above

7. Closing stock is credited in the:

1) Balance sheet
2) **Profit & Loss account**
3) Cost of good sold statement
4) None of the given option

8. Depreciation of machinery will be shown in the profit & loss account under the head of:

1) Selling expense
2) **Administrative Expenses**
3) Marketing expense
4) Financial expense

9. Assets and liabilities are presented in the balance sheet in the order of their:

1) Life
2) Classification
3) **Maturity**
4) None of the above

Question No: 1 (Marks: 1) - Please choose one

The expenses that give benefit for a period of more than twelve months are called _____.

- ► Capital expenses
- ► **Revenue expenses**
- ► Preliminary expenses
- ► None of the given options

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Question No: 2 (Marks: 1) - Please choose one

An expense incurred by the business for the purchase of land & building is an example of:

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- **Capital Expense**
- Revenue Expense
- Deferred Expense
- Preliminary Expense

Question No: 3 (Marks: 1) - Please choose one

Income of the business includes:

- Cash sales only
- Credit sales only
- Credit purchases only
- **Both cash sales and credit sales**

Question No: 4 (Marks: 1) - Please choose one

The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:

- **Separate Entity Concept**
- Matching Concept
- Going Concern Concept
- Materiality Concept

Question No: 5 (Marks: 1) - Please choose one

Commercial Accounting is based on:

- Single entry book keeping
- **Double entry book keeping**
- Both single and double entry book keeping
- Cash basis of book keeping

Question No: 6 (Marks: 1) - Please choose one

Obligations to pay cash or un-earned incomes by the business are the:

- Expenses
- Assets
- **Liabilities**
- Equities

Question No: 7 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

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- Increase in cash and decrease in equity
- Increase in cash and increase in goods
- **Increase in goods and decrease in cash**

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► Increase in equipment and increase in equity

Question No: 8 (Marks: 1) - Please choose one

When Capital is increased by an amount, it is recorded on the:

► **Left or credit side of the account**
► Right or debit side of the account
► Left or debit side of the account
► Right or credit side of the account

Question No: 9 (Marks: 1) - Please choose one

Which of the following is also called "The original book of entry"?

► **General Journal**
► General Ledger
► Trial Balance
► Profit and Loss Account

Question No: 10 (Marks: 1) - Please choose one

An informal accounting statement that lists the ledger account balances at a point in time and compares the total of debit balances with the total of credit balances is known as:

► Income Statement
► Balance Sheet
► **Trial Balance**
► Cash Book

Question No: 11 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Trading account?

► **It inculdes cost of goods sold and all the direct expenses related to sales**
► It includes cost of goods sold and all the indirect expenses related to sales
► It includes cost of goods sold and all the direct and indirect expenses
► It includes cost of goods sold and all the direct and selling, administrative expenses

Question No: 12 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

- **Profit & Loss account**
- Income & Expenditure account
- Receipts & Payments account
- Balance Sheet

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Question No: 13 (Marks: 1) - Please choose one

Which of the following is an example of a Current liability?

- ► Closing inventory
- ► Opening inventory
- ► Petty cash
- ► **Bank overdraft**

Question No: 14 (Marks: 1) - Please choose one

Identify the business transaction for given entry below.

Vehicle Account	XXX	(Dr.)	
Bank Account		XXX	(Cr.)

- ► **Paid for vehicle through cheque**
- ► Paid for vehicle through cash
- ► Purchased vehicle on credit
- ► None of the given options

Question No: 15 (Marks: 1) - Please choose one

"Mr. “A” collected cash from debtors", the journal entry for this transaction is:

- ► Mr. "A" a/c Dr. and debtors a/c Cr.
- ► Mr. "A" a/c Dr. and cash a/c Cr.
- ► Cash a/c Dr. and debtors a/c Cr.
- ► **None of the given options**

Question No: 16 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for “Capital”?

- ► Liability
- ► **Owner’s net worth**
- ► Working capital
- ► Asset

Question No: 17 (Marks: 1) - Please choose one

Which of the following organization converts raw material into finished goods?

- ► Trading concern
- ► **Manufacturing concern**

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- ► Merchandising concern
- ► Service concern

Question No: 18 (Marks: 1) - Please choose one

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The stock of manufacturing concern consists of:

- ► Work in Process Inventory
- ► Raw Materials Inventory
- ► Finished Goods Inventory
- ► **All of the given options**

Question No: 19 (Marks: 1) - Please choose one

Direct materials costs	Rs.70,000
Direct labor costs	30,000
Manufacturing overhead costs	60,000
conversion cost	?

- ► Rs. 20,000
- ► Rs.40, 000
- ► Rs.90, 000
- ► **Rs.160, 000**

Question No: 20 (Marks: 1) - Please choose one

In balance sheet fixed assets are shown at:

- ► Cost price
- ► Market value
- ► Fair value
- ► **Written down value (WDV)**

Question No: 21 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5th year	Rs.75,000
profit or loss on disposal of fixed assets	?

- ► **Rs.25, 000 loss**
- ► Rs. 75,000 loss
- ► Rs. 15,000 profit
- ► Rs. 1, 00,000 profit

Question No: 22 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000

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Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	**?**

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- **Rs.25, 000**
- Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 23 (Marks: 1) - Please choose one

If you start with cash book balance (Dr.), which of the following item will be deducted in Bank Reconciliation Statement?

- **Any cheque drawn to creditor but not paid by bank**
- Interest credited by the bank in pass book
- Cheque deposited but not credited by the bank
- Dividend collected by bank on behalf of the customer

Question No: 24 (Marks: 1) - Please choose one

If you start with cash book favorable balance in Bank Reconciliation Statement, which item will be added?

- **Cheque deposited but not credited by the bank**
- Cheques omitted to be deposited into bank
- Any amount directly collected by bank on behalf of customer but not recorded in cash book
- Debit side of cash book was overcast

Question No: 25 (Marks: 1) - Please choose one

Bank Reconciliation Statement is:

- **A memorandum statement**
- A ledger account
- A part of cash book
- A part of journal

Question No: 26 (Marks: 1) - Please choose one

Bank Reconciliation Statement is prepared by:

- Bankers
- **Accountant of the business**
- Statutory auditor
- Manger

Question No: 27 (Marks: 1) - Please choose one

Stock of Trading concern consists of:

- Raw material
- Work in process
- Merchandise inventory

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► **All of the given options**

Question No: 28 (Marks: 1) - Please choose one

When the process of production is completed, all the costs must be charged to:

► Raw material account
► Work in process account
► **Finished goods account**
► Merchandise account

Question No: 29 (Marks: 1) - Please choose one

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

► Cash account
► Furniture account
► Vehicle account
► **Capital account**

Question No: 30 (Marks: 1) - Please choose one

If a business pays rent in advance for 12 months, it will be treated as:

► **Prepaid expenses of business**
► Long term liability of business
► Fixed assets of business
► Current liability of business

Question No: 31 (Marks: 1) - Please choose one

Accountancy covers which of the following area(s):

► Book-keeping
► Accounting
► Auditing
► **All of the given options**

Question No: 32 (Marks: 1) - Please choose one

The assets which have a limited useful life are termed as:

► Limited assets
► **Depreciateable assets**
► Unlimited assets
► None of the given options

Question No: 33 (Marks: 1) - Please choose one

Depreciable value of an asset is equal to:

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- ► Cost + scrap value
- ► Cost + market price
- ► Cost – scrap value
- ► **None of the given options**

Question No: 34 (Marks: 1) - Please choose one

Which one of the following is equal to the carrying cost of an asset?

- ► **Original cost minus Accumulated depreciation**
- ► Original cost plus Accumulated depreciation
- ► Original cost minus Residual value
- ► Written down value minus Accumulated depreciation

Question No: 35 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

- ► **Book Value**
- ► Residual Value
- ► Fair Value
- ► Break up Value

Question No: 36 (Marks: 1) - Please choose one

Which of the following fixed asset is shown at cost rather than book value?

- ► Machinery
- ► Furniture
- ► Vehicles
- ► **Land**

Question No: 37 (Marks: 1) - Please choose one

Which of the following statement is the detail of transaction in one's account provided by the bank?

- ► Bank statement
- ► **Bank reconciliation statement**
- ► Income statement
- ► Financial statement

Question No: 38 (Marks: 1) - Please choose one

When income exceeds expenses in a specific time period is known as:

- ► Savings
- ► Net profit
- ► **Gross profit**
- ► Operating profit

Question No: 39 (Marks: 1) - Please choose one

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An asset cost Rs. 50,000, has an estimated residual value of Rs.1, 500, and an estimated useful life of 8 years. What is the depreciation rate under reducing balance method?

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- ► 11.5%
- ► 20.0%
- ► **25.0%**
- ► 35.5%

Question No: 40 (Marks: 1) - Please choose one

Mr." A" sold goods for Rs. 300,000 to Mr. "B", Rs. 300,000 will be treated as _____ for business of Mr. "A".

- ► **Revenue**
- ► Net profit
- ► Gross profit
- ► Operating profit

Question No: 41 (Marks: 10)

Differentiate between capital and revenue expenditure.

The best difference can be described as follows :

No business can run without money or resources being invested therein. Whatever money or resources from ones' own pocket are put in a business is referred to as capital. Capital is the investment of the Owner in the business. This capital or investment must earn a return or profit on its use even if it is coming out of ones' pocket. This return is also known as profit. So no capital should be without a profit or a return. Also, no Capital even if coming from the business owner can be without cost. It is the day to day expenses whose benefit is drawn immediately. For example, salary of the employee, rent of the building,.

Revenue Expenditure is the cost of resources consumed or used up in the process of generating revenue,generally referred to as expenses.

Question No: 1 (Marks: 1) - Please choose one

Mr. "A" sold goods to Mr. "B" for Rs. 3,000 on October 8, 2008 and Mr. "B" paid at the same time. It will be case of _____ sales.

- ► Cash
- ► Credit
- ► Accrual based
- ► None of the given options

Question No: 2 (Marks: 1) - Please choose one

Which of the following is non- profit organization?

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- Sole proprietorship
- Partnership
- Limited company

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► Trust

Question No: 3 (Marks: 1) - Please choose one

Cost incurred for the maintenance of shop is considered as _____.

► Deferred expense
► Capital expense
► Revenue expense
► Preliminary expense

Question No: 4 (Marks: 1) - Please choose one

Which of the following is correct according to the double entry system of book-keeping?

► Debit = Credit
► Debit > Credit
► Debit < Credit
► All of the given options

Question No: 5 (Marks: 1) - Please choose one

Which of the following is **NOT** true about Double Entry System?

► Both credit and debit transactions are recorded
► Accurate profit and loss is calculated
► Financial statements can be made directly from the accounts
► Non cash transaction are not recorded under this system

Question No: 6 (Marks: 1) - Please choose one

An Asset that is **NOT** physical in nature is called _____.

► Intangible Asset
► Liquid Asset
► Current Asset
► Fixed Asset

Question No: 7 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

► Increase in cash and decrease in equity
► Increase in cash and increase in goods
► Increase in goods and decrease in cash
► Increase in equipment and increase in equity

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Question No: 8 (Marks: 1) - Please choose one

When Capital is increased by an amount, it is recorded on the:

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- ▶ Left or credit side of the account
- ▶ Right or debit side of the account
- ▶ Left or debit side of the account
- ▶ Right or credit side of the account

Question No: 9 (Marks: 1) - Please choose one

Which of the following is also called "The original book of entry"?

- ▶ General Journal
- ▶ General Ledger
- ▶ Trial Balance
- ▶ Profit and Loss Account

Question No: 10 (Marks: 1) - Please choose one

An informal accounting statement that lists the ledger account balances at a point in time and compares the total of debit balances with the total of credit balances is known as:

- ▶ Income Statement
- ▶ Balance Sheet
- ▶ Trial Balance
- ▶ Cash Book

Question No: 11 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

- ▶ Profit & Loss account
- ▶ Income & Expenditure account
- ▶ Receipts & Payments account
- ▶ Balance Sheet

Question No: 12 (Marks: 1) - Please choose one

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

- ▶ Profit
- ▶ Loss
- ▶ Surplus
- ▶ Deficit

Question No: 13 (Marks: 1) - Please choose one

An asset on the balance sheet which is expected to be sold or used within one year is known as:

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- Tangible asset
- Current asset
- Fixed asset

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- Long term asset

Question No: 14 (Marks: 1) - Please choose one

Accounts Receivable & Inventory are the examples of:

- Liquid assets
- Current assets
- Fixed assets
- Capital assets

Question No: 15 (Marks: 1) - Please choose one

Which of the following shows the categories of assets in a Balance Sheet?

- Current assets, Long term assets and Accounts payable
- Current assets, Long term assets and Fixed assets
- Current assets, Quick assets and Business debts
- Current assets, Fixed assets and Deferred cost

Question No: 16 (Marks: 1) - Please choose one

If the cost of sales is Rs. 95,000, sales are Rs. 100,000 and operating expenses are Rs. 200,000 during the year, what would be the net result?

- Loss of Rs. 1, 95,000
- Profit of Rs. 1, 95,000
- Profit of Rs 5,000
- Loss of Rs 5,000

Question No: 17 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- Liability
- Owner's net worth
- Working capital
- Asset

Question No: 18 (Marks: 1) - Please choose one

Partially completed products that are not yet ready for sale are known as:

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- Raw material
- Work in process
- Finished goods
- Closing stock

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Question No: 19 (Marks: 1) - Please choose one

WhicWhich of the following is an example of direct materials cost?

- ► Polish and finishing material for chair
- ► A piece of wood for the production of chair
- ► Production worker's wages
- ► Depreciation expenses

Question No: 20 (Marks: 1) - Please choose one

Direct materials costs	Rs.70,000
Direct labor costs	30,000
Manufacturing overhead costs	60,000
conversion cost	**?**

- ► Rs. 20,000
- ► Rs.40, 000
- ► Rs.90, 000
- ► Rs.160, 000

Question No: 21 (Marks: 1) - Please choose one

In the cost of goods sold statement, the sum of labor cost and the factory over head is known as:

- ► Conversion cost
- ► Prime cost
- ► Total factory cost
- ► Cost of goods manufactured

Question No: 22 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

- ► Opening raw material inventory + Purchases – Ending raw material inventory
- ► Opening raw material inventory - Purchases + Ending raw material inventory
- ► Ending raw material inventory + Opening raw material inventory - Purchases
- ► Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 23 (Marks: 1) - Please choose one

In cost of goods sold statement the 'total factory cost' is equal to:

- Cost of material consumed + Labor cost
- Cost of material consumed + Conversion cost
- Cost of material consumed + Total factory cost
- Cost of material consumed + Factory overhead

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Question No: 24 (Marks: 1) - Please choose one

In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- Total factory cost + Opening work in process + Ending work in process
- Total factory cost + Opening work in process – Ending work in process
- Total factory cost - Opening work in process + Ending work in process
- Ending work in process +Total factory cost – Opening work in process

Question No: 25 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5th year	Rs.75,000
profit or loss on disposal of fixed assets	**?**

- Rs.25, 000 loss
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 26 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	**?**

- Rs.25, 000
- Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 27 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100

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Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260

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De31	Merchandise available	105		1,225

85 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- Rs. 965
- Rs. 992

Question No: 28 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- Rs.260
- Rs.232
- Rs.284
- Rs.268

Question No: 29 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about revenue expenditure?

- These are the running expenses of the business
- They improve the financial position of the business
- They reduce the profit of the concern
- They do not appear in the balance sheet

Question No: 30 (Marks: 1) - Please choose one

Interest on loan paid by business is an example of :

- Deferred expense
- Revenue expense
- Capital expense
- None of the given options

Question No: 31 (Marks: 1) - Please choose one

Cash book is a part of:

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- ► Voucher
- ► General Journal
- ► General Ledger
- ► Trial Balance

Question No: 32 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 1, 000

- ► Rs. 12,000 liabilities
- ► Rs. 11,000 liabilities
- ► Rs. 1, 10,000 liabilities
- ► Rs. 1, 11,000 liabilities

Question No: 33 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Total Assets	Rs. 34,500
Accounts payable	Rs. 1, 000
Other liabilities	Rs. 11,500

- ► Rs. 22,000 owner's equity
- ► Rs. 23, 000 owner's equity
- ► Rs. 24,000 owner's equity
- ► Rs. 46,000 owner's equity

Question No: 34 (Marks: 1) - Please choose one

The basic purpose of depreciation is to achieve the:

- ► Matching principle
- ► Dual aspect principle
- ► Separate entity concept
- ► Money measurement concept

Question No: 35 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Owner's equity	Rs. 22,500
Total Liabilities	Rs. 80, 385
Cash in hand	Rs. 1,000
Cash at bank	Rs. 2,000

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Debtors	Rs. 500

- Rs. 1, 02,885 other assets
- Rs. 1, 02,885 other liabilities
- Rs. 99,885 current liabilities
- Rs. 99,385 other assets

Question No: 36 (Marks: 1) - Please choose one

Total depreciation of an asset can not exceed its:

- Scrap value
- Residual value
- Market value
- Depreciable value

Question No: 37 (Marks: 1) - Please choose one

Which of the following is **CORRECT** regarding depreciation?

- It refers to the end life of an asset
- It refers to the increase in value of asset
- It is another name of Impairment
- It is a systematic allocation of depreciable amount of an asset over its estimated useful life

Question No: 38 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

- Book Value
- Residual Value
- Fair Value
- Break up Value

Question No: 39 (Marks: 1) - Please choose one

Unfavorable balance of the cash book means:

- Credit balance in cash book
- Credit balance in pass book
- Debit balance in cash book
- All of the given options

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Question No: 40 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

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- ► Rs. 5,500
- ► Rs. 8,000
- ► Rs. 4,500
- ► Rs. 8,500

Question No: 41 (Marks: 10)

Following information of Ahmad & Company is given for the year ended 2007.

Particulars	Units	Cost (Rs.)
Sales during the year	8,000	80,000
Opening Inventories:		
Work in process	-----	------
Finished goods	1,800	13,500
Closing Inventories:		
Work in process	100	4,500
Finished goods	2,000	15,000
Manufacturing Cost:		
Direct Material		30,000
Direct Labor		20,000
Factory Overhead		16,000

Required:

5. Conversion Cost
6. Total Factory Cost
7. Cost of Goods Manufactured
8. Cost of Good Sold statement

Question No: 1 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	3,00,000
Cost of machine purchased during the year	50,000
Depreciation during the year	9,000
closing written down value (WDV) of the Machine	?

Opening+expenditure – depreciation
3, 00,000+50,000 – 9,000 =

- ► Rs. 3, 41,000

- Rs. 3, 50,000
- Rs. 3, 59,000
- Rs. 59,000

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Question No: 2 (Marks: 1) - Please choose one

Particulars	Rs.
Opening written down value of machine	Rs. 2,00,000
Cost of new machine purchased during the year	Rs. 50,000
Depreciation during the year	Rs. 25,000
Closing written down value (WDV) of machines	?

- **Rs. 2, 25,000**
- Rs. 2, 50,000
- Rs. 2, 75,000
- Rs. 75,000

100%Sure **Question No: 3 (Marks: 1) - Please choose one**

Consider the following data:

Particulars	Rs.
Assets	1,98,000
Owner's equity	95,000
Liabilities	?

- Rs. 49,000
- Rs. 55,000
- Rs. 1, 25,000
- Rs. 1, 03,000

Question No: 4 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80, 385
Accounts payable	Rs. 1,000
Total liabilities	Rs. 20,000

- **Rs. 60,385 owner's equity**
- Rs. 61,385 owner's equity
- Rs. 99,885 owner's equity
- Rs. 99,385 owner's equity

Question No: 5 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

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Furniture	Rs. 90,000
Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000

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Owner's equity	Rs. 90, 000

- Rs. 2, 01,000 liabilities
- **Rs. 1, 11, 000 liabilities**
- Rs. 2, 90, 000 liabilities
- Rs. 2, 91, 000 liabilities

Question No: 6 (Marks: 1) - Please choose one

When the process of production is completed, all the costs must be charged to:

- Raw material account
- Work in process account
- **Finished goods account**
- Merchandise account

Question No: 7 (Marks: 1) - Please choose one

Which of the following assets are shown at written down value in balance sheet?

- Current assets
- Liquid assets
- Floating assets
- **Fixed assets**

Question No: 8 (Marks: 1) - Please choose one

Which of the following asset is **NOT** depreciated?

- Factory Buildings
- Office Equipment
- Plant & Machinery
- **Land**

Question No: 9 (Marks: 1) - Please choose one

The main goal of Bank Reconciliation Statement is to determine:

- **If the discrepancy is due to error rather than timing**
- If the discrepancy is due to timing rather than error
- If the discrepancy is due to error rather than amount
- If the discrepancy is due to amount rather than timing

Question No: 10 (Marks: 1) - Please choose one

Sale proceeds of goods are an example of:

- Revenue expense

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- Capital expense
- Capital receipt
- **Revenue receipt**

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Question No: 11 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about revenue expenditure?

- These are the running expenses of the business
- They improve the financial position of the business
- They reduce the profit of the concern
- **They do not appear in the balance sheet**

Question No: 12 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- Rs.260
- Rs.232
- Rs.284
- **Rs.320**

Question No: 13 (Marks: 1) - Please choose one

Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225

80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- Rs. 965
- **Rs. 905**

Question No: 14 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000
Useful life = 5 years

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Rate of depreciation= 40%
The book value of machine after one years using diminishing balance method is ?

- Rs.86, 400
- Rs. 1, 44,000
- **Rs. 2, 40,000**
- Rs. 51,840

Question No: 15 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

- Rs.25, 000
- **Rs. 75,000**
- Rs. 15,000
- Rs. 1, 00,000

Question No: 16 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Written down value of asset on 5th year	Rs.75,000
profit or loss on disposal of fixed assets	?

- **Rs.25, 000 loss**
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 17 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for the each year	Rs. 5,000
Sale price after 5 years	Rs.15,000
Written Down Value of Asset on 5th year	Rs. 75,000
Profit or loss on disposal of fixed asset	?

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- **Rs. 60,000 loss**
- Rs. 75,000 profit
- Rs. 25,000 loss

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- Rs. 1, 00,000 profit

Question No: 18 (Marks: 1) - Please choose one

The total of all costs incurred to convert raw material into finished goods is known as:

- Prime cost
- **Conversion cost**
- Sunk cost
- Opportunity cost

Question No: 19 (Marks: 1) - Please choose one

WhicWhich of the following is an example of direct materials cost?

- Polish and finishing material for chair
- **A piece of wood for the production of chair**
- Production worker's wages
- Depreciation expenses

Question No: 20 (Marks: 1) - Please choose one

If the working capital and the current assets of company XYZ are Rs. 5,000 and Rs.15,000 respectively, calculate the current liabilities.

- Rs. 5,000
- **Rs. 10,000**
- Rs. 15,000
- Rs. 20,000

Question No: 21 (Marks: 1) - Please choose one

Which of the following item appears in Trading Account of a business?

- Interest expenses
- **Wages and salaries**
- Depreciation expenses
- Discount Allowed

Question No: 22 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- Liability
- **Owner's net worth**
- Working capital
- Asset

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Question No: 23 (Marks: 1) - Please choose one

Which of the following financial statement **DO NOT** show the financial health of a business at a specific date?

- **Profit and loss account**
- Balance sheet
- Statement of financial position
- All of the given options

Question No: 24 (Marks: 1) - Please choose one

If cost of sales is Rs. 95,000, sales are Rs. 200,000 and operating expenses are Rs. 100,000. What will be the net result?

- Rs. 5,000 Loss
- **Rs. 5, 000 Profit**
- Rs.1, 95,000 Profit
- Rs.1, 95,000 Loss

Question No: 25 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account
- Vehicle account
- **All of the given options**

Question No: 26 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- Capital account
- Sundry creditors account
- Accounts payable account
- **Cash account**

Question No: 27 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the payment of furniture purchased is made through cheque?

- **Furniture account (Dr) and Bank account (Cr)**
- Furniture account (Dr) and Profit & Loss account (Cr)

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- Furniture account (Dr) and Cash account (Cr)
- Cash account (Dr) and Furniture account (Cr)

Question No: 28 (Marks: 1) - Please choose one

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Which one of the following statement is **CORRECT** about Long term liabilities?

- These are due within one year
- **These are consist of all debts, payable after 12 months**
- In working capital, these are deducted from current assets
- All of the given options

Question No: 29 (Marks: 1) - Please choose one

What type of expenses are paid out of Gross Profit?

- Selling Expenses
- General Expenses
- Financial Expenses
- **All of the given options**

Question No: 30 (Marks: 1) - Please choose one

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

- Deficit
- Surplus
- **Profit**
- Loss

Question No: 31 (Marks: 1) - Please choose one

Which one of the following is **NOT** prepared by Non profit organizations?

- **Profit & Loss account**
- Income & Expenditure account
- Receipts & Payments account
- Balance Sheet

Question No: 32 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization for a particular period?

- Trading and Profit & Loss account
- Cash Flow Statement
- Statement of Retained Earnings
- Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

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Which of the following period is known as a fiscal Year of the Government of Pakistan?

► 1st January to 31st December

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- 1st June to 31st May
- **1st July to 30th June**
- 1st October to 30th September

Question No: 34 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- Increase in cash and decrease in equity
- Increase in cash and increase in goods
- **Increase in goods and decrease in cash**
- Increase in equipment and increase in equity

Question No: 35 (Marks: 1) - Please choose one

Obligations to pay cash or un-earned incomes by the business are the:

- Assets
- **Liabilities**
- Equities
- Expenses

Question No: 36 (Marks: 1) - Please choose one

Commercial Accounting is based on:

- Single entry book keeping
- **Double entry book keeping**
- Both single and double entry book keeping
- Cash basis of book keeping

Question No: 37 (Marks: 1) - Please choose one

Word "Credit" is derived from _____ language.

- **Latin**
- English
- French
- Chinese

Question No: 38 (Marks: 1) - Please choose one

The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:

- **Separate Entity Concept**
- Matching Concept
- Going Concern Concept

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► Materiality Concept

Question No: 39 (Marks: 1) - Please choose one

Double entry accounting system includes:

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- Accrual accounting only
- Cash accounting only
- Both cash and accrual accounting
- None of the given options

Question No: 40 (Marks: 1) - Please choose one

An accounting system is used by a business to:

- Analyze transactions
- Handle routine book-keeping tasks
- Structure information
- All of the given options

Question No: 41 (Marks: 10)

Record the following transactions in the General Journal.

Date:	Transactions
Jan 1, 2007	Mr. Asghar started business with cash Rs. 1, 00,000.
Jan 2, 2007	Opened bank account with amount Rs. 50,000.
Jan 4, 2007	Purchased goods for cash Rs. 15,000.
Jan 9, 2007	Payment made to Karachi store (Creditor) Rs. 15,000 by cheque.
Jan14, 2007	Goods returned to Karachi store worth Rs. 1,500.
Jan22, 2007	Goods sold for cash Rs. 2,000.

DR
Bank account 50,000
Purchased goods for cash Rs. 15,000
Payment made to Karachi store (Creditor) Rs. 15,000 by cheque
Goods returned to Karachi store worth Rs. 1,500
Credit balance 20500

Cr
Mr. Asghar started business with cash Rs. 1, 00,000
Goods sold for cash Rs. 2,000.

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Question No: 1 (Marks: 1) - Please choose one

An accounting system is used by a business to: ► Analyze transactions

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- Handle routine book-keeping tasks
- Classify and summarize financial information
- **All of the given options**

Question No: 2 (Marks: 1) - Please choose one

The assets which have a limited useful life are termed as:

- Limited assets
- **Depreciateable assets**
- Unlimited assets
- None of the given options

Question No: 3 (Marks: 1) - Please choose one

Accountancy covers which of the following area(s):

- Book-keeping
- Accounting
- Auditing
- **All of the given options**

Question No: 4 (Marks: 1) - Please choose one

If a business pays rent in advance for 12 months, it will be treated as:

- **Prepaid expenses of business**
- Long term liability of business
- Fixed assets of business
- Current liability of business

Question No: 5 (Marks: 1) - Please choose one

Which of the following transaction have **NO** affect on stockholders' equity?

- **Purchase of land on credit**
- Dividends to stockholders
- Net loss
- Investment in cash by stockholders

Question No: 6 (Marks: 1) - Please choose one

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account
- Furniture account

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► Vehicle account
► Capital account

Question No: 7 (Marks: 1) - Please choose one

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If you start with cash book balance (Dr.), which of the following item will be deducted in Bank Reconciliation Statement?

- ▶ Any cheque drawn to creditor but not paid by bank
- ▶ Interest credited by the bank in pass book
- ▶ Cheque deposited but not credited by the bank
- ▶ Dividend collected by bank on behalf of the customer

Question No: 8 (Marks: 1) - Please choose one

The cost of moving plant and machinery to a new site will be treated as:

- ▶ Revenue expense
- ▶ Capital expense
- ▶ Administrative expense
- ▶ Operating expense

Question No: 9 (Marks: 1) - Please choose one

Which one of the following is **NOT** true about Capital Expenditure?

- ▶ Creates future benefits
- ▶ Incurred to acquire fixed assets
- ▶ Incurred to increase the economic life of existing fixed assets
- ▶ **Reduce the profit of the concern**

Question No: 10 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit
Sold	10 units @ 10 35 units @ 11 40 units @ 12 Balance 20 units @ 13 = 260

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- ▶ **Rs.260**
- ▶ Rs.232
- ▶ Rs.284

► Rs.268

Question No: 11 (Marks: 1) - Please choose one

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Consider the following inventory record:

Date	Item	Quantity	Cost/Unit Rs.	Total Rs.
Jan. 2	Beginning inventory	10	10	100
Mar. 4	Purchase	35	11	385
May 8	Purchase	40	12	480
Nov. 3	Purchase	20	13	260
De31	Merchandise available	105		1,225
	Opening Stock			100
	Add purchases			1125
	Total material available for sale			1225
	Less closing **			320
	Cost of good sold			905

Detail of 80 units sold

10 @ 10
35 @ 11
35 @ 12
now remaining are

5 units @ 12 = 60
20 units@ 13 =260
closing stock = 25 units and value = 320

80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

- Rs. 1,225
- Rs. 1,015
- Rs. 965
- **Rs. 905**

Question No: 12 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000
Useful life = 5 years
Residual value = Rs.25, 000
The depreciation of machine per year using straight line method is?

= 400,000-25000 / 5 = 75000

- Rs. 160,000

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- Rs. 96,000
- **Rs. 75,000**
- Rs. 57,600

Question No: 13 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Book value of Asset after 5 years	?

Asset year 1 = 100,000 - 15000 = 85000
Year 2 = 85000 - 15000 = 70000
Year 3 = 70000 – 15000 = 55000
Year 4 = 55000 – 15000 = 40000
Book value after year 5 = 40000 – 15000 = 25000

- **Rs.25, 000**
- Rs. 75,000
- Rs. 15,000
- Rs. 1, 00,000

Question No: 14 (Marks: 1) - Please choose one

A decrease in value of a fixed asset due to age, wear and tear is known as:

- **Depreciation**
- Accumulated Depreciation
- Appreciation
- Written Down Value

Question No: 15 (Marks: 1) - Please choose one

In balance sheet fixed assets are shown at:

- Cost price
- Market value
- Fair value
- Written down value (WDV)

Question No: 16 (Marks: 1) - Please choose one

In cost of goods sold statement, the 'cost of material consumed' is equal to:

- **Opening raw material inventory + Purchases – Ending raw material inventory**
- Opening raw material inventory - Purchases + Ending raw material inventory
- Ending raw material inventory + Opening raw material inventory - Purchases

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► Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 17 (Marks: 1) - Please choose one

	Rs.

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Particulars	
Direct materials costs	80,000
Direct labor costs	50,000
Manufacturing overhead costs	60,000
Prime cost = dm + dl	**130000**

- **Rs.130, 000**
- Rs.110, 000
- Rs.140, 000
- Rs.190, 000

Question No: 18 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- **Rs. 5,500**
- Rs. 8,000
- Rs. 4,500
- Rs. 8,500

Question No: 19 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern **EXCEPT**:

- Raw material
- Work in process
- Finished goods
- **Merchandise inventory**

Question No: 20 (Marks: 1) - Please choose one

If cost of sales is Rs. 95,000, sales are Rs. 200,000 and operating expenses are Rs. 100,000. What will be the net result?

- Rs. 5,000 Loss
- **Rs. 5, 000 Profit**
- Rs.1, 95,000 Profit
- Rs.1, 95,000 Loss

Question No: 21 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

- Cash account

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- Furniture account
- Vehicle account
- **All of the given options**

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Question No: 22 (Marks: 1) - Please choose one

The return of goods by a customer should be debited to:

- Customer's account
- **Sales return account**
- Goods account
- Accounts receivable

Question No: 23 (Marks: 1) - Please choose one

Which of the following account will be credited in the books of ABC Co. Ltd., if furniture is purchased on cash?

- Furniture account
- **Cash account**
- Business account
- Bank account

Question No: 24 (Marks: 1) - Please choose one

Which of the following account will be credited, If Mr. "A" started business with cash Rs. 2, 00,000?

- **Capital account**
- Cash account
- Mr. A's account
- Business account

Question No: 25 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the goods are sold on credit to Mr. 'B'?

- Mr. "B" / Accounts Receivable account (Dr) and Sales account (Cr)
- Cash account (Dr) and sales account (Cr)
- Sales account (Dr) and Mr. B / Accounts Receivable account (Cr)
- Goods Sold account (Dr) and Mr. B / Accounts Receivable account (Cr)

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **NOT** an item of a Balance Sheet?

- Accounts Receivable
- Accounts Payable
- **Sales Revenue**
- Marketable Securities

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Question No: 27 (Marks: 1) - Please choose one

Accounts Receivable & Inventory are the examples of:

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- Liquid assets
- **Current assets**
- Fixed assets
- Capital assets

Question No: 28 (Marks: 1) - Please choose one

Which of the following shows summary of a company's financial position at a specific date?

- Profit & Loss Account
- Cash Flow Statement
- **Balance Sheet**
- Income & Expenditure Account

Question No: 29 (Marks: 1) - Please choose one

Which of the following summarizes the cash movements during a specified period?

- Trading account
- Profit & Loss account
- **Receipts & Payments account**
- Balance Sheet

Question No: 30 (Marks: 1) - Please choose one

Which of the following financial statement summarizes the profitability of an organization for a particular period?

- Balance Sheet
- **Trading and Profit & Loss account**
- Cash Flow Statement
- Statement of Retained Earnings

Question No: 31 (Marks: 1) - Please choose one

In an account, if credit side < debit side then the balance is known as:

- Negative Balance
- **Debit Balance**
- Positive Balance
- Credit Balance

100%sure Question No: 32 (Marks: 1) - Please choose one

Which of the following is **CORRECT** about the flow of recording a transaction?

► Occurrence of event – voucher—Journal—Ledger—Trial Balance—profit and loss account—Balance Sheet

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► Occurrence of event—Journal – voucher —Ledger—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Ledger – voucher—Journal—Trial Balance—profit and loss account—Balance Sheet

► Occurrence of event—Trial Balance – voucher—Journal—Ledger—profit and loss account—Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

Which of the following is used to record financial transactions in chronological (day-to-day) order?

► Voucher
► **General Journal**
► General Ledger
► Trial balance

Question No: 34 (Marks: 1) - Please choose one

When a Liability is reduced or decreased, it is recorded on the:

► **Right or debit side of the account**
► Left or debit side of the account
► Left or credit side of the account
► Right or credit side of the account

Question No: 35 (Marks: 1) - Please choose one

What is the nature of an expense account?

► **Debit**
► Credit
► Revenue
► None of the given options

Question No: 36 (Marks: 1) - Please choose one

Economic resources owned by a business and expected to benefit for the future operations are called:

► Expenses
► **Assets**
► Capital
► Liabilities

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Question No: 37 (Marks: 1) - Please choose one

Assets total Rs.50, 000 and Liabilities total Rs.10, 000. What is the equity of the business?

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journal			
Date	**Particulars**	**(Dr.)**	**(Cr.)**
		Rs.	Rs.
2008 jan1	Cash account	50,000	
	Capital account		50,000
	(owner invested cash)		
jan.2	Furniture account	10,000	
	Cash account		10,000
	(purchased furniture for cash)		
Jan.3	Purchases account	30,000	
	Cash account		30,000
	(goods purchased for cash)		
Jan.5	Cash account	40,000	
	Sales account		40,000
	(sold goods for cash)		
Jan. 6	Salaries account	5,000	
	Cash account		5,000
	(Salaried paid)		

- ► **Rs. 40, 000**
- ► Rs. 60, 000
- ► Rs. 10,000
- ► Rs. 50,000

Question No: 38 (Marks: 1) - Please choose one

An expense incurred by the business for the purchase of land & building is an example of:

- ► **Capital Expense**
- ► Revenue Expense
- ► Deferred Expense
- ► Preliminary Expense

Question No: 39 (Marks: 1) - Please choose one

Which of the following is non- profit organization?

- ► Sole proprietorship
- ► Partnership
- ► Limited company
- ► **Trust**

Question No: 40 (Marks: 1) - Please choose one

The area of accounting concerned with reporting financial information to the interested parties is called:

- ► Cost Accounting
- ► **Financial Accounting**
- ► Management Accounting
- ► Tax Accounting

Question No: 41 (Marks: 10)

Prepare Cash and Capital Accounts with the help of given Journal entries.

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CASH A/C (IN STATEMENT FORM)

Date	V. No	Detail	Ref	Debit	Credit	Balance
01/01/08		CAPITAL A/C		50000	0	50000 DR
02/01/08		FURNITURE A/C		0	10000	40000 DR
03/01/08		PURCHASES A/C		0	30000	10000 DR
05/01/08		SALES A/C		40000	0	50000 DR
06/01/08		SALARIES A/C		0	5000	45000 DR
		TOTAL		90000	45000	45000 DR

1. If Accumulated profit brought forward has credit nature, what will be its treatment?

a. It will be added in net profit for the year
b. It will be subtracted from the net profit for the year
c. It will be deducted from current Assets
d. It will be added in current assets

2. Fixed Assets at WDV + working capital =?

a. Total shareholders equity
b. Net capital employed
c. Long term loan
d. Current liability

3. Keeping in view the following data, what will be Net Cash Flow from Investing Activities?

Particulars Rs.
Purchases from short term borrowing 45,000
Purchases of marketable securities (65,000)
Proceeds from marketable securities 40,000

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Loans made to borrowers (17,000)
Cash paid acquire plant assets (160,000)
Proceeds from sales of sales of plant Assets 75,000

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Collection on loans 12,000
a. Rs. (115,000)
b. Rs. 100,000
c. Rs. 55,000
d. None of the given options

4. Keeping in view the following data, what will be Net cash provided by operating activities?

Particulars Rs.
Net income 65,000
Depreciation expenses 40,000
Decrease in accrued interest receivable 1,000
Increase in accounts payable 15,000 Increase in accrued liabilities 7,000
Non operating loss on sales of marketable securities 4,000 Increase in accounts receivable 30,000
Increase in inventory 10,000
Decrease in accrued liabilities 8,000
Increase in prepayments 3,000
Non operating gain on sales of plant assets 31,000 Net cash provided by operating activities?

a. Rs. 115,000
b. Rs. 100,000
c. Rs. 50,000
d. None of the given options

5. Advances from customers are shown in which of the following heads in Balance Sheet?

a. Current Assets
b. Current liabilities
c. Fixed Assets
d. Long term liabilities

6. While preparing cash flow statements, the repayments of a loan during the year should be included under the heading of:

a. Operating activities
b. Financing activities
c. Investing activities

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d. None of the given options

7. Which of the following statement is also known as a source

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and use statements?

a. Income Statements
b. Statement of Cash Flows
c. Balance Sheet
d. Statement of Retained Earnings

8. Calculate depreciation for the year.

Building at cost = Rs. 1, 00,000
Depreciation rate = 10%

a. Rs. 10,000
b. Rs. 1,000
c. Rs. 500
d. Rs. 0

9. Mr. A, Mr. B and Mr. C are three partners of a partnership firm. The profit sharing ratio is 2:3:5. If company has distributable profit of Rs. 4, 90,000, determine the profit of Mr. A.

a. Rs. 98,000
b. Rs. 1, 47,000
c. Rs. 2, 45,000
d. Rs. 3, 43,000

10. An example of financing activities in the context of cash flow statement is:

a. Fixed capital expenditure
b. Long-term deposit
c. Financial charges paid
d. Dividend paid

Consider the following data:

- A machine costs Rs. 10,00,000
- Its useful life is Five years

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- At the end of fourth year the machine was sold for Rs. 300,000

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- For Written down value assume depreciation rate to be 25%

Required:

a. Show the calculations of depreciation for the four years using "Reducing Balance Method".

b. Calculate the profit / loss on disposal.

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Depreciation Schedule

Year	Written Down Value Method	Rs
1	Cost	10,00,000
	Depreciation @ 25 %... 10,00,000 x 0.25	250,000

	Written Down Value (10,00,000-250,000)	750,000

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2	Depreciation @ 25 %... 750,000 x 0.25	187,500
	Written Down Value (750,000-187,500)	562,500
3	Depreciation @ 25 %... 562,500 x 0.25	140,625
	Written Down Value (562,500-140,625)	421,875
4	Depreciation @ 25 %... 421,875x 0.25	105,468.75
	Written Down Value (421,875-105,468.75)	316,406.25
	Selling Price	300,000
	Loss on Disposal	16,406.25

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