

UNIVERSITY OF CALICUT
SCHOOL OF DISTANCE EDUCATION

V Semester

(2011 Admission Onwards)

OPEN COURSE

(For the UG candidates with core course other than B Com)

BASIC ACCOUNTING

QUESTION BANK

1. The prime function of accounting is to
 - (a) record economic data
 - (b) provide the informational basis for action
 - (c) classifying and recording business transactions
 - (d) attain non-economic goals.

2. The basic function of financial accounting is to
 - (a) record all business transactions
 - (b) interpret financial data
 - (c) assist the management in performing functions,
 - (d) none of the above.

3. A person who brings capital in the business is called
 - (a) debtor
 - (b) creditor
 - (c) proprietor
 - (d) none of the above.

4. A person who owes money to the firm is known as
 - (a) debtor
 - (b) creditor
 - (c) supplier
 - (d) none of the above

5. Accounting principles are generally based on
- (a) objectivity
 - (b) subjectivity
 - (c) convenience and personal interpretation
 - (d) none of the above.
6. The policy 'anticipate the profit and provide for all possible losses' arises due to
- (a) convention of consistency
 - (b) convention of conservatism
 - (c) convention of full disclosure
 - (d) convention of materiality.
7. Revenue is generally recognized as being earned at the point of time
- (a) sale is made and ownership of goods transferred
 - (b) cash is received
 - (c) production is completed
 - (d) sales are effected or cash is received, whichever is earlier.
8. The system of recording transactions based on dual aspect is called
- (a) dual account system
 - (b) double entry system
 - (c) cash accounting
 - (d) single entry system.
9. According to which of the following accounting concept even the proprietor of business treated as a creditor of the business to the extent of his capital
- (a) money measurement concept
 - (b) dual entry concept
 - (c) going concern concept
 - (d) separate entity concept.
10. According to going concern concept, a business is viewed as having
- (a) a limited life
 - (b) going to be liquidated after 100 years
 - (c) an indefinite life
 - (d) none of the above.
11. According to concept of conservatism, stock in trade is valued at
- (a) cost price
 - (b) market price
 - (c) cost price or market price whichever is less
 - (d) cost price or market price whichever is higher.
12. Recording of capital contributed by the owner as liability ensures adherence to the principle of
- (a) double entry
 - (b) going concern
 - (c) separate entity
 - (d) materiality.
13. The basic concepts related to balance sheet are
- (a) cost concept
 - (b) business entity concept
 - (c) accounting period concept
 - (d) all of the above.

14. The double entry concept is that
- (a) assets + liabilities = capital
 - (b) capital – liability = asset
 - (c) capital = assets – liabilities
 - (d) none of the above.
15. Only the events that affect the business must be recorded, as per the principle of
- (a) separate entity
 - (b) accrual
 - (c) materiality
 - (d) none of the above.
16. The accounting measurement that is not consistent with the going concern concept is
- (a) historical concept
 - (b) realization
 - (c) transaction approach
 - (d) liquidation value.
- 17.** Accounting does not record non-financial transactions because of the concept of
- (a) entity
 - (b) cost
 - (c) accrual
 - (d) measurement.
18. Fixed assets and current assets are categorized as per the concept of
- (a) separate entity
 - (b) going concern
 - (c) time period
 - (d) consistency.
19. If the total assets of the firm are Rs. 1,00,000, outside liabilities are Rs. 40,000, the capital contributed by the owner is
- (a) Rs. 1,00,000
 - (b) Rs. 40,000
 - (c) Rs. 20,000
 - (d) Rs. 60,000.
20. A business owes money to
- (a) debtors
 - (b) creditors
 - (c) investors
 - (d) shareholders
- 21.** Creditors account is a
- (a) Personal account
 - (b) Real account
 - (c) Nominal account
 - (d) None of the above.
22. Which of the following accounts is not a real account
- (a) Building account
 - (b) Bank account
 - (c) Closing stock account
 - (d) Goodwill account.
23. Which of the following is a real account?
- (a) Drawings account
 - (b) Outstanding rent account
 - (c) Bank account
 - (d) Closing stock account.
24. Which of the following is a nominal account?
- (a) Drawings account
 - (b) Outstanding interest account
 - (c) Salary account
 - (d) Machinery account.

25. Sale of goods to Rani for cash shall be debited to
(a) Rani account (b) Cash account
(c) Sales account (d) None of these
26. Cash account normally has
(a) Debit balance or credit balance (b) Credit balance
(c) Debit balance (d) None of these
27. Entries in the journal are made with the help of
(a) Cash book (b) Ledger
(c) Memorandum book (d) None of these
28. Account to be debited by the proprietor of business for purchasing furniture for his private use for cash from Furniture House will be
(a) Purchase account (b) Furniture account
(c) Drawing account (d) Furniture House account
29. Ledger is a set of
(a) Balance (b) Accounts
(c) Rules (d) None of these
30. Purchase book records
(a) All purchases of goods (b) All cash purchases of goods
(c) All credit purchases of goods (d) None of these
31. Purchase journal is a job division of
(a) Journal (b) Ledger
(c) Balance sheet (d) None of these
32. Sale of old furniture will be recorded in
(a) Purchase journal (b) Sales journal
(c) Journal proper (d) nowhere
33. Cash book is
(a) Principal book (b) Subsidiary book
(c) Both (a) and (b), (d) None of these
34. Contra entries are related to
(a) Cash (b) Bank
(c) Both cash and bank (d) None of these
35. Cash discount is recorded in
(a) Journal proper (b) Purchase Journal
(c) Sales account (d) Cash book
36. Trial balance is
(a) Account (b) A statement
(c) Both (a) and (b), (d) None of these
37. Trial balance is prepared from

- (a) Journal
(c) Cash book
- (b) Ledger
(d) None of these
38. When a firm maintains a cash book, it need not maintain
(a) Sales journal
(c) General journal
- (b) Purchase journal
(d) Cash account in the ledger
39. The credit balance of bank account indicates
(a) Balance in bank
(c) Amount payable to the bank
- (b) Amount payable by the bank
(d) None of these
40. The debit balance in a nominal account shows
a) Gains
(c) Assets
- (b) Expenses
(d) None of these
41. The amount brought in by the proprietor in the business shall be credited to
(a) Cash account
(c) Drawings account
- (b) Capital account
(d) None of these
42. The return of goods by a customer should be debited to
(a) Customer account
(c) Returns outward account
- (b) Return inward account
(d) Goods account
43. The amount of salary paid to Madhu should be debited to
(a) Madhu
(c) Salary account
- (b) Cash account
(d) None of these
44. The rent paid to the landlord should be credited to
(a) Rent account
(c) Cash account
- (b) Landlord account
(d) None of these
45. The cash discount allowed to a debtor should be credited to
(a) Debtor account
(c) Cash account
- (b) Discount account
(d) None of these
46. In case of a debt becoming bad, the amount should be credited to
(a) Bad debt account
(c) debtors account
- (b) Sales account
(d) Provision for bad debt account.
47. Payment of LIC premium of the proprietor is debited to
(a) Capital account
(c) LIC premium account
- (b) Drawings account
(d) None of these
48. Classification of accounts is made in
(a) Journal
(c) Subsidiary book
- (b) Ledger
(d) Balance Sheet.

49. ----- is prepared to find the financial position of business
(a) Trial balance (b) trading account
(c) P/L account (d) Balance Sheet
50. An expenditure is a capital expenditure because
(a) The amount is large
(b) It is intended to benefit the current period
(c) it is intended to benefit the future period
(d) All of these.
51. An expenditure is a revenue expenditure because
(a) The amount is small
(b) It is intended to benefit the current period
(c) It is deducted from the gross sale proceeds
(d) None of these.
52. A receipt is a revenue receipt because
(a) The amount is small
(b) It is received in the accounting year
(c) It related to the routine activity of business,
(d) All of these.
53. A receipt is a capital receipt because
(a) The amount is heavy
(b) It is credited to capital account
(c) It relates to fixed assets
(d) It is received not in the regular course of business.
54. A loss is a capital loss because
(a) it arises due to abnormal reasons
(b) it means withdrawal of capital
(c) It relates to current assets
(d) None of these.
55. A loss is a revenue loss because
(a) It is incurred to reduce the tax liability
(b) It arises due to normal reasons
(c) It relates to current assets
(d) None of these.
56. An expenditure is treated as that of a capital nature, when
(a) the receiver of the amount is going to use it for the purchase of fixed assets,
(b) it increases the quantity of fixed assets,
(c) it is paid for meeting the normal expenses of the business,
(d) none of these.
57. Rs. 5,000 spent on replacement of worn-out part of the machine will be charged as
(a) capital expenditure (b) Revenue expenditure

- (c) The operating efficiency of the firm,
(d) Financial position on a particular date.
68. Goodwill is a
(a) fixed asset, (b) current asset
(c) intangible asset, (d) fictitious asset
69. Income received in advance is
(a) an income, (b) a liability,
(c) an asset, (d) a loss.
70. Sales are equal to
(a) Cost of goods sold plus profit
(b) Cost of goods sold minus gross profit,
(c) Gross profit minus cost of goods sold,
(d) none of these.
71. Interest on drawings is
(a) expenditure for the business, (b) expense for the business,
(c) gain for the business (d) loss for the business
72. Goods given as samples should be credited to
(a) advertisement account, (b) sales account
(c) purchase account, (d) none of the above.
73. Outstanding salaries are shown as
(a) an expense, (b) a liability,
(c) an income, (d) an asset
74. Income tax paid by a sole proprietor on his business income should be
(a) debited to trading account,
(b) debited to profit and loss account,
(c) credited to profit and loss account
(d) deducted from the capital account in the balance sheet.
75. Capital is shown under liabilities because of the
(a) entity concept, (b) accrual concept,
(c) dual aspect concept, (d) going concern concept.
76. Which of the following is true
(a) $\text{Asset} + \text{equity} = \text{liabilities}$,
(b) $\text{asset} - \text{liability} = \text{owner's fund}$,
(c) $\text{outside liability} + \text{reserve} = \text{equity}$,
(d) $\text{asset} + \text{reserve} = \text{equity}$.
77. Provision for bad debt is made to
(a) prevent debts arising
(b) obtain a debtor's figure for the balance sheet
(c) even out actual bad debts incurring,
(d) encourage prompt payment of debts by debtors.

78. The provision for bad debts account represents
(a) Some of the profit
(b) some of the credit withheld
(c) the total of actual bad debts,
(d) the total amount owing to the business
79. Which of the following is not a fixed asset
(a) motor vehicles, (b) furniture,
(c) inventory, (d) freehold property
80. Which of the following is a current liability
(a) five year bank loan (b) workmen compensation fund,
(c) bank overdraft, (d) dividend equalisation reserve.
81. Added in opening balance of capital is
(a) net profit, (b) drawings,
(c) net loss, (d) operating expenses
82. From income statement we find out
(a) gross profit, (b) financial position of business,
(c) net profit, (d) all of the above.
83. Which of the following is not an intangible asset
(a) stock, (b) goodwill,
(c) trade mark, (d) patents.
84. Which of the following is correct
(a) opening stock + Purchases + Closing stock = Cost of goods sold,
(b) Cost of goods sold - closing stock - purchase = opening stock
(c) Cost of goods sold + Closing stock - opening stock = purchase,
(d) opening stock + cost of goods sold - purchase = closing stock.
85. Which of the following is a fictitious asset
(a) goodwill, (b) copyright,
(c) patents, (d) discount on issue of securities
86. Which transaction results in increase in assets and increase in liabilities
(a) goodwill written off
(b) issue of bonus shares in the ratio 2:1,
(c) credit purchase of machine,
(d) none of these.
87. Returns outward appearing in trial balance is to be deducted from
(a) sales, (b) purchases,
(c) returns outward, (d) closing stock.
88. Returns inward appearing in trial balance is to be deducted from
(a) purchases, (b) sales,
(c) returns outward, (d) closing stock.

89. Carriage outward is shown on the
(a) debit side of trading account,
(b) debit side of profit and loss account,
(c) credit side of profit and loss account,
(d) liability side of the balance sheet.
90. Opening stock was shown at Rs. 9000, which was three - fourth of its actual cost. What is the effect of this ?
(a) gross profit will increase by Rs. 3000,
(b) Gross profit will decrease by Rs. 3000,
(c) gross profit will be more by Rs. 9000,
(d) there will be no effect on gross profit.
91. If sales returns are Rs. 25,000, sales are Rs. 1,25,000, net purchases are Rs. 84,000, and gross profit is Rs. 21,000, then the cost of goods sold will be
(a) Rs. 84000, (b) Rs, 64,000
(c) Rs. 79,000 (d) Rs. 92,000.
92. If opening stock Rs. 10,000, closing stock Rs. 11,000, purchases Rs, 70,000 and goods sold @ 30% profit on cost, the amount of sales will be
(a) Rs. 86,000, (b) Rs. 89,700
(c) Rs. 21,000 (d) Rs. 91,000.
93. If sales are Rs. 60,000 gross profit is 1/3 of cost, purchases are Rs, 49,000 and closing stock is Rs. 9,000, then opening stock will be
(a) Rs. 5,000, (b) Rs. 20,000
(c) Rs. 15,000 (d) Nil.
94. Raju has a capital of Rs. 60,000 on 31-12-09. During the year, he has made a profit of Rs. 24,000. If his drawings had amounted to Rs. 18,000, his capital on 01-01-09 will be
(a) Rs. 72,000 (b) Rs. 54,000
(c) Rs. 36,000, (d) Rs. 18,000
95. If opening stock is Rs. 8,800, closing stock is Rs. 5,280 and cost of goods sold is Rs. 91,520, the amount of purchase will be
(a) Rs. 77,440, (b) Rs. 82,720,
(c) Rs. 88,000, (d) Rs. 72,160.
96. Madhu purchased goods costing Rs. 20,000 at 5% trade discount and 2% cash discount. Madhu will immediately pay for the goods
(a) Rs. 18,620 (b) Rs. 18,660,
(c) 18,360, (d) Rs. 18,600.
97. Contingent liability is shown
(a) on the liability side of the balance sheet
(b) on the asset side of the balance sheet
(c) in the profit and loss account
(d) below the balance sheet as a foot note.

98. In double entry system every business transaction affects
- (a) debit and credit side of the same account
 - (b) two accounts
 - (c) the same side of the same account
 - (d) none of the these.
99. In accounting debit means
- (a) an entry on the left hand side of an account
 - (b) decrease in asset
 - (c) increase in liability
 - (d) none of these.
100. In accounting credit means
- (a) an entry on the right hand side of an account
 - (b) increase in asset
 - (c) decrease in liability
 - (d) none of these.
101. Double entry system refers to
- (a) entry in two sets of books
 - (b) entry for two aspects of the transaction
 - (c) entry at two dates
 - (d) none these.
- 102.** Withdrawals by the proprietor would
- (a) reduce both assets and owner's equity
 - (b) reduce assets and increase liabilities
 - (c) reduce owner's equity and increase liability
 - (d) no change.
103. Which of the following changes would constitute valid accounting transactions
- (a) increase in a liability, increase in an asset
 - (b) increase in an asset decrease in proprietorship
 - (c) increase in a liability, decrease in an asset
 - (d) all of the above.
104. A business transaction affects
- (a) at least one account
 - (b) at least two account
 - (c) maximum of two accounts
 - (d) maximum of three accounts.
- 105 . Credit signifies
- (a) increase in assets
 - (b) increase in liabilities
 - (c) decrease in capital
 - (d) none of these.
106. In accounting, transactions and events which are of _____ are recorded.
- (a) Financial nature
 - (b) Quantitative nature
 - (c) Qualitative nature
 - (d) None of these

107. The objective of accounting information is to provide —— review of the business.
- (a) correct (b) true and fair
(c) fair only (d) none of these
108. Where —— ends —— begins.
- (a) book-keeping and accounting
(b) accounting and book-keeping
(c) transaction and accounting
(d) none of these
109. The person to whom goods are sold on credit is known as ——.
- (a) creditor (b) debtor
(c) borrower (d) none of these
110. The person from who goods are bought on credit is known as ——.
- (a) creditor (b) debtor
(c) borrower (d) none of these
111. Accounting is a substitute of ——.
- (a) recording (b) book-keeping
(c) memory (d) none of these
112. The objective of financial accounting is to ascertain —— for a particular period.
- (a) profit (b) loss
(c) profit or loss (d) transactions
113. Accounting is a language of ——.
- (a) business (b) commerce
(c) economics (d) none of these
114. Outstanding expenditure is a —— account.
- (a) nominal (b) personal
(c) real (d) liability
115. Under —— basis both cash and accrual basis are taken into account.
- (a) single entry (b) mixed
(c) combined (d) cash
116. Debit the receiver and credit the giver is the rule for ——..
- (a) nominal (b) personal
(c) real (d) liability
117. —— states that assets equal liabilities plus capital.
- (a) accounting equation (b) financial equation
(c) statements (d) none of these

118. Accounting Standard 2 deals with valuation of _____.
(a) fixed assets (b) inventory
(c) cash flow statement (d) none of these
119. Accounting Standard 10 deals with accounting for _____.
(a) fixed assets (b) inventory
(c) cash flow statement (d) none of these
120. _____deals with accounting for investments.
(a) AS 11 (b) AS 12
(c) AS 13 (d) AS 14
121. _____deals with depreciation account.
(a)AS 3 (b) AS 4
(c)AS5 (d) AS6
122. Journal is a book of entry
(a) original (b) secondary
(c) subsidiary (d) none of these
123. A furniture account will indicate a balance
(a) debit (b) credit
(c) no balance
124. The process of recording transactions in a journal is known as
(a) recording (b) journalizing
(c) posting (d) balancing
125. is a process of entering in the ledger the information given in the journal
(a) recording (b) journalizing
(c) posting (d) balancing
126. An entry which has more than one debit and or credit is called
(a) single (b) multiple
(c) compound (d) none of these
127. Is the principal book of account
(a) journal (b) ledger
(c) trial balance (d) none of these
128. An asset account shows a balance
(a) debit (b) credit (c) no balance
129. An is an amount which is incurred in return for some benefit and the benefit is enjoyed immediately
(a) income (b) loss
(c) revenue (d) expense

130. is a special term indicating the recording of entries in the ledger.
(a) recording (b) journalizing
(c) posting (d) balancing
131. Cash purchases are entered in the
(a) cash account (b) cash book
(c) purchases book (d) sales book
132. Supplier's account will be when goods are received on credit.
(a) debited (b) credited
(c) closed (d) none of these
133. Balance of real and personal accounts are to the next period
(a) carried forward (b) brought down
(c) recorded (d) none of these
134. Withdrawal of goods by the proprietor are generally recorded in the
(a) journal proper (b) ledger
(c) general journal (d) none of these
135. The main book of account is
(a) journal (b) ledger
(c) trial balance (d) none of these
136. If there are 15 credit purchases during a given month, then there will be posting from the purchase book at the end of the month
(a) 15 (b) 16
(c) 14 (d) 17
137. Subsidiary journals are all books of entry.
(a) original (b) subsidiary
(c) secondary (d) none of these
138. The ledger is a book of entry .
(a) original (b) subsidiary
(c) secondary (d) final
139. The column in a ledger account shown the location of each entry in the journal
(a) JF (b) LF
(c) FJ (d) FL
140. Purchase account will always have balance
(a) debit (b) credit (c) no balance

141. An allowance of Rs. 1000 given to Mr. Devan for prompt payment will be debited to the account
(a) discount received (b) discount allowed
(c) devan's (d) none of these
142. Cash discount allowed will appear on the side of the buyer's account in the books of the seller.
(a) debit (b) credit (c) none of these
143. A debit in a nominal account denotes an
(a) income (b) loss
(c) revenue (d) expense
144. The receiver of goods returned will send a note to the returner.
(a) debit (b) credit (c) none of these
145. A balance in a personal account shows that the account concerned is a creditor's account
(a) debit (b) credit (c) none of these
146. The entries in the purchase returns book are based on issued by the concern.
(a) debit note (b) credit note
(c) goods returned note (d) none of these
147. An aspect that is debited in the journal entry will be given a in the ledger account.
(a) debit (b) credit (c) none of these
148. Non-Cash transactions are generally recorded through
(a) journal proper (b) ledger
(c) general journal (d) none of these
149. Summary of balances of ledger account is called
(a) trial balance (b) balance sheet
(c) cash flow statement (d) none of these
150. The subdivision of the journals into various books recording transactions of similar nature is called.....
(a) ledger (b) journal proper
(c) trial balance (d) subsidiary book
151. A purchase book is used to record allmade by the business from its suppliers.
(a) purchases (b) credit purchases
(c) cash purchases (d) none of these
152.is an allowance or deduction made from the invoice price of goods sold.

- (a) trade discount (b) cash discount
(c) commission (d) none of these
153.represents a note sent to the supplier for the value of goods returned by the business.
(a) debit note (b) credit note
(c) goods returned note (d) none of these
154. Recording of transactions in the books of original entry isunder subsidiary books
(a) simplified (b) complicated
(c) modified (d) none of these
155. A statement showing particulars of the goods bought by a trader on credit is known as
(a) bill (b) invoice
(c) voucher (d) none of these
156. Ais used for recording all residual transactions which cannot find place in any of the subsidiary books.
(a) journal proper (b) ledger
(c) general journal (d) none of these
157. When goods are taken back from or an allowance is granted to a customer, the note is known as
(a) debit note (b) credit note
(c) goods returned note (d) none of these
158. The statement containing various ledger balances on a particular date is known as
(a) trial balance (b) balance sheet
(c) cash flow statement (d) none of these
159. If the two sides of the trial balance tally, it is an indication of the fact that the books of account areaccurate
(a) logically (b) recordically
(c) arithmetically (d) none of these
160. Sales Journal records allsale of goods
(a) debit (b) credit (c) none of these
161.give item-wise information about the goods purchased, sold or returned during a particular period
(a) columnar journal (b) journal proper
(c) general journal (d) none of these
162. Total purchases are posted to theat the end of a week or a month.
(a) journal (b) general account
(c) purchase account (d) none of these

163. Total of the discount column on the receipt side of the cash book is to Discount A/c.
(a) debited (b) credited
(c) deducted (d) none of these
164. Total of the total payment column in the petty cash book isto petty cash account. .
(a) debited (b) credited
(c) deducted (d) none of these
165. Journal proper is used for recording only those transactions as cannot be recorded in any of the other books.
(a) ledger (b) journal proper
(c) trial balance (d) subsidiary book
- 166..... give a concise idea about the profitability and financial position of the business.
(a) final accounts (b) balance sheet
(c) trial balance (d) none of these
167. The expenses and incomes in the business can be classified into and
(a) capital and revenue
(b) reserve and appropriation
(c) none of these
168. Changing the accounting policy to show the rosy picture of business is called.....
(a) manipulation (b) conservatism
(c) window dressing (d) none of these
169. Excess of debit over credit in the trading account means.....
(a) gross loss (b) gross profit
(c) cost of goods sold (d) none of these
170. The amount of money owed by a business to outsiders is known as
(a) assets (b) liabilities
(c) profit (d) loss
171. An estimate of future bad debt is called.....
(a) provision for doubtful debts (b) debtors
(c) uncollected debts (d) none of these
172. Expenses paid in advance is
(a) assets (b) liabilities
(c) profit (d) loss
173. Outstanding expense is.....
(a) assets (b) liabilities
(c) profit (d) loss

174. Abalance in the suspense account will appear on the asset side of the balance sheet.
(a) debit (b) credit (c) none of these
175.is an expenditure which is incurred to meet the day to day expenses of the business.
(a) capital expenditure
(b) revenue expenditure
(c) deferred revenue expenditure
(d) none of these
176. Gross profit is made when the sales proceeds exceed the
(a) purchases (b) revenue
(c) cost of goods sold (d) none of these
177.wage incurred for the current period are shown as a liability in the balance sheet unless it is paid.
(a) accrued (b) outstanding
(c) nominal (d) current
178. A is a statement of affairs of a business, which reveals the financial position of a business as on a particular date.
(a) trial balance (b) balance sheet
(c) cash flow statement (d) none of these
179. Showing the assets and liabilities in the order of convertibility or solvency is called.....
(a) marshalling (b) balancing
(c) carry forwarding (d) none of these
180. The assets whose existence or value is dependent on the happening or non-happening of a certain event which is not definite is known as.....
(a) fixed assets (b) current assets
(c) tangible assets (d) contingent assets
181. The capital of the proprietor increases when the business makes.....
(a) revenue (b) income
(c) loss (d) profit
182. The balance sheet is and not
(a) statement and account (b) account and statement
(c) document and account (d) none of these
183. All expenses incurred by the proprietor which are not related to business are treated as
(a) withdrawal (b) drawings
(c) remittances (d) none of these

184. Excess of debit over credit in the profit and loss account represents a
(a) N/P (b) N/L
(c) gross profit (d) gross loss
185. Properties and possessions of a business are termed as
(a) assets (b) liabilities
(c) profit (d) loss
186. Carriage inward is transferred to theaccount whereas carriage outward is transferred toaccount
(a) trading and P/L account
(b) P/L account and trading account
(c) carriage account and P/L
(d) none of these
187. An expense payable account will show a balance and will be shown on theside of the balance sheet.
(a) credit and liability (b) debit and assets
(c) credit and assets (d) none of these
188. Prepaid expenses appearing in trial balance will appear in
(a) trading a/c (b) profit and loss a/c
(c) balance sheet (d) prepaid exp. a/c
189. A gross profit is transferred to theside of the P/L A/c.
(a) debit (b) credit (c) none of these
190. If the opening and closing stock is Rs. 20,000 each, purchases are Rs. 50,000, manufacturing expenses are Rs. 10,000 and sales Rs. 90,000, the gross profit will be
(a) 10,000 (b) 20,000
(c) 30,000 (d) 40,000
191. If the gross profit is Rs. 11,000, administrative expenses are Rs. 3,000 and miscellaneous income is Rs. 700, the net profit will be
(a) 8700 (b) 11000
(c) 8300 (d) 11300
192. The capital of a firm whose assets are Rs. 53,000 and liabilities are Rs. 19,000 is Rs.
(a) 40000 (b) 42000
(c) 43000 (d) 44000
193. The assets are Rs. 48,000 and liabilities are Rs, 18,000. The total of the liability side of the balance sheet will be.....
(a) 48000 (b) 44000
(c) 45000 (d) 46000
194. Amount of is deducted from the value of respective assets in the balance sheet.

- (a) depreciation (b) gross value
(c) net value (d) none of these
195.include cash and assets that can be normally converted into cash during the operating cycle of the business.
(a) Current liability (b) current assets
(c) contingent assets (d) none of these
196. Net profit / loss is transferred to theaccount.
(a) assets (b) liability
(c) revenue (d) capital
197. Assets are usually listed on a balance sheet under two main groups namely and
(a) fixed and current (b) current and fixed
(c) tangible and intangible (d) none of these
198. All expenses are recorded in the Trading A/c.
(a) direct (b) indirect (c) none of these
199. expenses are shown in the P/L A/c.
(a) direct (b) indirect (c) none of these
200. Accrued income is a/an
(a) liability (b) assets
(c) revenue (d) none of these
201. Packing expenses are charged to in final account.
(a) trading a/c (b) profit and loss a/c
(c) balance sheet (d) prepaid exp. a/c

ANSWER KEY

| Questions | Answers | Questions | Answers | Questions | Answers | Questions | Answers |
|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| 1 | a | 41 | b | 81 | a | 121 | d |
| 2 | a | 42 | b | 82 | c | 122 | a |
| 3 | c | 43 | c | 83 | a | 123 | a |
| 4 | a | 44 | c | 84 | c | 124 | b |
| 5 | a | 45 | a | 85 | d | 125 | c |
| 6 | b | 46 | c | 86 | c | 126 | c |
| 7 | a | 47 | b | 87 | b | 127 | b |
| 8 | b | 48 | b | 88 | b | 128 | a |
| 9 | d | 49 | d | 89 | b | 129 | d |
| 10 | c | 50 | c | 90 | a | 130 | c |
| 11 | c | 51 | b | 91 | c | 131 | b |
| 12 | c | 52 | c | 92 | b | 132 | a |
| 13 | d | 53 | d | 93 | a | 133 | a |
| 14 | c | 54 | a | 94 | b | 134 | c |
| 15 | d | 55 | b | 95 | c | 135 | b |
| 16 | b | 56 | b | 96 | a | 136 | b |
| 17 | d | 57 | b | 97 | d | 137 | a |
| 18 | c | 58 | a | 98 | b | 138 | d |
| 19 | d | 59 | d | 99 | a | 139 | a |
| 20 | b | 60 | a | 100 | a | 140 | a |
| 21 | a | 61 | c | 101 | b | 141 | b |
| 22 | b | 62 | c | 102 | a | 142 | b |
| 23 | d | 63 | b | 103 | a | 143 | d |
| 24 | c | 64 | a | 104 | b | 144 | b |
| 25 | b | 65 | b | 105 | b | 145 | b |
| 26 | c | 66 | d | 106 | a | 146 | a |
| 27 | c | 67 | d | 107 | b | 147 | a |
| 28 | c | 68 | c | 108 | a | 148 | c |
| 29 | b | 69 | b | 109 | b | 149 | a |
| 30 | c | 70 | a | 110 | a | 150 | d |
| 31 | a | 71 | c | 111 | c | 151 | b |
| 32 | c | 72 | c | 112 | c | 152 | a |
| 33 | b | 73 | b | 113 | a | 153 | a |
| 34 | c | 74 | d | 114 | b | 154 | a |
| 35 | d | 75 | a | 115 | b | 155 | b |
| 36 | b | 76 | b | 116 | b | 156 | a |
| 37 | b | 77 | c | 117 | a | 157 | b |
| 38 | d | 78 | b | 118 | b | 158 | a |
| 39 | c | 79 | c | 119 | a | 159 | c |
| 40 | b | 80 | c | 120 | c | 160 | b |

| Questions | Answers | Questions | Answers | Questions | Answers |
|-----------|---------|-----------|---------|-----------|---------|
| 161 | a | 176 | c | 191 | a |
| 162 | c | 177 | b | 192 | d |
| 163 | a | 178 | b | 193 | a |
| 164 | b | 179 | a | 194 | a |
| 165 | d | 180 | d | 195 | b |
| 166 | a | 181 | d | 196 | d |
| 167 | a | 182 | a | 197 | a |
| 168 | c | 183 | b | 198 | a |
| 169 | a | 184 | b | 199 | b |
| 170 | b | 185 | a | 200 | b |
| 171 | a | 186 | a | 201 | b |
| 172 | a | 187 | a | | |
| 173 | b | 188 | c | | |
| 174 | a | 189 | b | | |
| 175 | b | 190 | c | | |

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