

FINAL ANSWER KEY

Paper: Book-keeping (Theory and Practical) (Paper III)
Date of Test 17-10-2022

- Question1:-Under diminishing balance method, depreciation is calculated on
A:-Original cost
B:-Written down value
C:-Scrap value
D:-Market value
Correct Answer:- Option-B
- Question2:-Current liabilities are such obligation which are to be satisfied
A:-Within 2 years
B:-Within one year
C:-Within 3 years
D:-None of these
Correct Answer:- Option-B
- Question3:-Expense paid for sale trade is shown
A:-On the debit side of trading account
B:-On the debit side of profit and loss account
C:-On deduction from capital in the balance sheet
D:-On addition to capital in the balance sheet
Correct Answer:- Option-A
- Question4:-Goodwill is a
A:-Current asset
B:-Tangible asset
C:-Intangible asset
D:-Expense
Correct Answer:- Option-C
- Question5:-Return inwards appearing in the trial balance is deducted from
A:-Purchases
B:-Sales
C:-Return outward
D:-None of these
Correct Answer:- Option-B
- Question6:-Depreciation is provided on
A:-Current assets
B:-Intangible assets
C:-Fixed assets
D:-None of the above
Correct Answer:- Option-C
- Question7:-Outstanding income is
A:-An asset
B:-A liability
C:-An expense
D:-None of the above
Correct Answer:- Option-A
- Question8:-Prepaid rent is shown as
A:-An asset
B:-A Liability
C:-An expense
D:-Income
Correct Answer:- Option-A
- Question9:-Goods withdrawn for personal use are called
A:-Cash
B:-Drawings
C:-Capital
D:-None of these
Correct Answer:- Option-B
- Question10:-A person to whom money is owed by a firm against purchase of goods is known as
A:-Creditor
B:-Debtor
C:-Both (1) and (2)
D:-None of these
Correct Answer:- Option-A
- Question11:-The assets that can be converted into cash within a short period are known as
A:-Current Assets
B:-Fixed Assets
C:-Intangible Assets
D:-Investment
Correct Answer:- Option-A
- Question12:-Patent, copyrights and trademarks are
A:-Current Assets
B:-Fixed Assets
C:-Intangible Assets
D:-Investment
Correct Answer:- Option-C
- Question13:-The debts which are to be fixed within a year are known as
A:-Fixed liabilities
B:-Current liabilities
C:-Contingent liabilities
D:-All of above
Correct Answer:- Option-B
- Question14:-The sales are also called as
A:-Transaction

- B:-Sales returns
 - C:-Turnover
 - D:-Purchase returns
- Correct Answer:- Option-C

Question15:-Which of the following is not a business transaction?

- A:-Bought furniture of Rs. 26,000 for business
- B:-Paid Rs. 2,000 for salaries of employees
- C:-Paid Rs. 5,000 from personal Bank a/c for domestic use
- D:-All of above

Correct Answer:- Option-C

Question16:-Which of following is not a fixed asset?

- A:-Building
- B:-Land and Machinery
- C:-Balance with bank
- D:-All of these

Correct Answer:- Option-C

Question17:-Which of the following transaction is not of financial character?

- A:-Purchase of asset on credit
- B:-Purchase of asset for cash
- C:-Withdrew cash for personal use
- D:-Strike by employees

Correct Answer:- Option-D

Question18:-A liability arises because of

- A:-Cash transaction
- B:-Credit transaction
- C:-Both (1) and (2)
- D:-None of these

Correct Answer:- Option-B

Question19:-The amount invested by the proprietor in a business is termed as

- A:-Capital
- B:-Cash
- C:-Revenue
- D:-All of these

Correct Answer:- Option-A

Question20:-Bank overdraft is a

- A:-Short term liability
- B:-Long term liability
- C:-Income
- D:-None of these

Correct Answer:- Option-A

Question21:-Purchase refers to the buying of

- A:-Stationary for office use
- B:-Assets of factory
- C:-Goods for resale
- D:-Investment

Correct Answer:- Option-C

Question22:-Revenue from operation refers to

- A:-Revenue earned from operating activities
- B:-Revenue earned from activities that are not operating activities
- C:-Both (1) and (2)
- D:-None of these

Correct Answer:- Option-A

Question23:-Which of following will not be recorded in the book of Account?

- A:-Sales of goods
- B:-Payment of salary
- C:-Quality of staff
- D:-Purchases of goods

Correct Answer:- Option-C

Question24:-Book keeping is mainly concerned with

- A:-Recording financial data reality to business
- B:-Designing for systems recording classifying and summarizing records data
- C:-Interpreting data for internal and external users
- D:-All of above

Correct Answer:- Option-D

Question25:-Book keeping provides the

- A:-Primary information relating to a business
- B:-Personal information of the Proprietor
- C:-Annual information from the financial institution only
- D:-Tax related information of the business only

Correct Answer:- Option-A

Question26:-Modern system of book keeping is

- A:-Single entry systems
- B:-Double entry system
- C:-British system of accounting
- D:-None of the above

Correct Answer:- Option-B

Question27:-Supply of goods and services in exchange of money between two parties is known as

- A:-Goods transaction
- B:-Service transaction
- C:-Business transaction
- D:-Credit transactions

Correct Answer:- Option-C

Question28:-Which is the last step of accounting as process of information?

- A:-Recording the transaction

- B:-Preparation of financial statements
 - C:-Communication of information
 - D:-Analysis and interpretation of information
- Correct Answer:- Option-C

Question29:-Which of following is not an internal user of financial statements?

- A:-Board of Director
- B:-Managers
- C:-Employees
- D:-Lenders

Correct Answer:- Option-D

Question30:-The goods which are purchased for purposes of resale are called

- A:-Assets
- B:-Goodwill
- C:-Goods/Inventory
- D:-Debentures

Correct Answer:- Option-C

Question31:-Factory fuel expense will be shown in the _____

- A:-Debit side of trading account
- B:-Credit side of trading account
- C:-Balance sheet asset side
- D:-Balance sheet liability side

Correct Answer:- Option-A

Question32:-Any written evidence in support of business transaction is called

- A:-Cash Memo
- B:-Invoice
- C:-Voucher
- D:-None of these

Correct Answer:- Option-C

Question33:-Book keeping is a systematic record of all _____ transaction.

- A:-Personal
- B:-Financial
- C:-Non-Financial
- D:-All of these

Correct Answer:- Option-B

Question34:-Which of the following will be recorded in the books of account?

- A:-Sales of goods
- B:-Payment of salary
- C:-Purchases of goods
- D:-All of the above

Correct Answer:- Option-D

Question35:-Which is the first step of accounting as a process of information?

- A:-Recording the transaction
- B:-Preparation of financial statement
- C:-Identification of information
- D:-Analysis and Interpretation of information

Correct Answer:- Option-C

Question36:-Transactions are posted into ledger account from

- A:-Vouchers
- B:-Journal
- C:-Bank Statement
- D:-None of these

Correct Answer:- Option-B

Question37:-Which of the following is an internal user of financial statement?

- A:-Board of Directors
- B:-Managers
- C:-Employees
- D:-All of the above

Correct Answer:- Option-D

Question38:-Any form of accounting which enables a business to be conducted more efficiently can be regarded as _____ accounting.

- A:-Financial
- B:-Management
- C:-Cost
- D:-None

Correct Answer:- Option-B

Question39:-A process of accounting that recognizes the impact of transactions on the financial statements in the time periods when revenues and expenses occur instead of when cash is received or disbursed is called _____ basis.

- A:-Accrual
- B:-Cash
- C:-None
- D:- (1) and (2)

Correct Answer:- Option-A

Question40:-_____ are the present obligations arising from past events. It also arises when an asset is created or acquired.

- A:-Asset
- B:-Liabilities
- C:-Equity
- D:-All

Correct Answer:- Option-B

Question41:-_____ is an increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or a decrease in liabilities, there by increases equity and net worth.

- A:-Income
- B:-Equity
- C:-Expense
- D:-None

Correct Answer:- Option-A

Question42:-_____ concept implies that each transaction and event must be expressible in monetary terms.

- A:-Money measurement
- B:-Business Entity
- C:-Going Concerned
- D:-None

Correct Answer:- Option-A

Question43:-_____ implies that a business unit is separate and distinct from the person who owns or controls it.

- A:-Money measurement
- B:-Business Entity
- C:-Going Concerned
- D:-None

Correct Answer:- Option-B

Question44:-Outstanding wages A/c is _____ A/c.

- A:-Personal
- B:-Real
- C:-Nominal
- D:-None

Correct Answer:- Option-A

Question45:-Bad Debts A/C is _____ A/c.

- A:-Real
- B:-Personal
- C:-Nominal
- D:-None

Correct Answer:- Option-C

Question46:-The _____ accounting system provides a system of checks and balances.

- A:-Single Entry
- B:-Financial Entry
- C:-Double Entry
- D:-Triple Entry

Correct Answer:- Option-C

Question47:-_____ is a brief explanation to a journal entry, given below the journal entry, within brackets.

- A:-Narration
- B:-Ledger
- C:-Credit
- D:-Debit

Correct Answer:- Option-A

Question48:-A cashbook, which is used to record both cash and bank transactions, is referred to as a _____ column cash book.

- A:-1
- B:-2
- C:-3
- D:-4

Correct Answer:- Option-B

Question49:-Which of the following accounts is prepared to find out the cost of production?

- A:-Manufacturing account
- B:-Trading account
- C:-Profit and Loss account
- D:-Balance Sheet

Correct Answer:- Option-A

Question50:-Preliminary expenses are an example of

- A:-Capital expenditure
- B:-Revenue expenditure
- C:-Deferred Revenue expenditure
- D:-Capital loss

Correct Answer:- Option-C

Question51:-Who draws Bills of Exchange?

- A:-Debtor
- B:-Bank
- C:-Fixed asset
- D:-Creditor

Correct Answer:- Option-D

Question52:-Commerce is _____

- A:-Industry and trade
- B:-Trade and aids to trade
- C:-Industry and business
- D:-Industry and aids to trade

Correct Answer:- Option-B

Question53:-In the double-entry system, every business transaction affects

- A:-To sides of the same account
- B:-The same side of two accounts
- C:-Two accounts
- D:-Cash account only

Correct Answer:- Option-C

Question54:-The concept of conservatism takes into account

- A:-All expected income and losses
- B:-All expected income but no losses
- C:-All expected losses but no expected income
- D:-None

Correct Answer:- Option-C

Question55:-Financial position of the business means

- A:-Position about profits and losses
- B:-Position about incomes and expenses
- C:-Position about liquid funds
- D:-What the business owes to others and what it owns at a given point of time

Correct Answer:- Option-D

Question56:-A Bank Reconciliation Statement is a

- A:-Part of Pass Book
 - B:-Part of Cash Book
 - C:-Statement prepared by the bank
 - D:-Statement prepared by the customer
- Correct Answer:- Option-D

Question57:-Income from the sales of scrap is usually shown in

- A:-Profit and Loss account
- B:-Trading account
- C:-Manufacturing account
- D:-All of the above

Correct Answer:- Option-A

Question58:-The book value of old furniture was Rs. 2,000. It was sold for Rs. 1,000. The difference is a _____

- A:-Revenue expenditure
- B:-Revenue loss
- C:-Deferred revenue expenditure
- D:-Capital loss

Correct Answer:- Option-D

Question59:-Which of the following expenses will be shown in the Profit and Loss Account?

- A:-Wages
- B:-Carriage outwards
- C:-Fuel for manufacturing
- D:-All of the above

Correct Answer:- Option-B

Question60:-Salary paid to Rehman was recorded in the Cashbook as payment to Rehman. This is an error of

- A:-Omission
- B:-Commission
- C:-Compensating error
- D:-Principle

Correct Answer:- Option-D

Question61:-Revenue is said to be realized when

- A:-The sale is made
- B:-Goods are manufactured
- C:-Cash is received
- D:-Carriage outwards is paid

Correct Answer:- Option-C

Question62:-Initial repair incurred for using a second-hand car purchased recently

- A:-Capital expenditure
- B:-Revenue expenditure
- C:-Capital loss
- D:-Deferred revenue expenditure

Correct Answer:- Option-A

Question63:-Sales are equal to

- A:-Cost of Goods Sold + Gross Profit
- B:-Cost of Goods Sold - Gross Profit
- C:-Gross Profit - Cost of Goods Sold
- D:-Cost of Goods Sold - Stock

Correct Answer:- Option-A

Question64:-Depletion method of depreciation is more suitable for

- A:-Service industry
- B:-Mining industry
- C:-Intangible assets
- D:-All of the above

Correct Answer:- Option-B

Question65:-Operating profit earned by M/s Mohan and Pandey in 2011-12 was Rs. 16,00,000. Its non-operating incomes were Rs. 1,50,000 and non-operating expenses were Rs. 3,75,000. Calculate the amount of net profit earned by the firm

- A:-Net profit Rs. 13,75,000
- B:-Net loss Rs. 14,75,000
- C:-Net profit Rs. 7,50,000
- D:-Net loss Rs. 7,37,500

Correct Answer:- Option-A

Question66:-From the following information, calculate capital at the beginning :

	Rs.
Capital at the end of the year	4,00,000
Drawings made during the year	60,000
Fresh capital introduced during the year	1,00,000
Profit of the current year	80,000

- A:-1,30,000
- B:-2,60,000
- C:-4,80,000
- D:-4,60,000

Correct Answer:- Option-B

Question67:-From the information given below, ascertain the profit for the year :

	Rs.
Capital at the beginning of the year	70,000
Additional capital introduced during the year	17,500
Stock	59,500
Sundry debtors	25,900
Business premises	8,600
Machinery	2,100
Sundry creditors	33,400
Drawing made during the year	26,400

- A:-Profit Rs. 3,200
- B:-Profit Rs. 800
- C:-Profit Rs. 1,600
- D:-Profit Rs. 4,200

Correct Answer:- Option-C

Question68:-From the following information, calculate total purchases for the year ended 31.03.2017 :

	Rs.
Creditors April 01, 2016	30,000
Creditors March 31, 2017	20,000
Opening balance of Bills Payable	25,000
Closing balance of Bills Payable	35,000
Cash paid to creditors	1,51,000
Bills discharged	44,500
Cash purchases	1,29,000
Return outwards	6,000

A:-Total purchases : Rs. 3,30,500

B:-Total purchases : Rs. 2,90,000

C:-Total purchases : Rs. 2,50,000

D:-Total purchases : Rs. 2,06,000

Correct Answer:- Option-A

Question69:-Calculate the amount of Bills Receivable dishonoured from the following information :

	Rs.
Opening balance of Bills Receivable	1,20,000
Bills collected (honoured)	1,85,000
Bills Receivable endorsed	22,800
Closing balance of Bills Receivable	50,700
Bills Receivable received	1,50,000

A:-Rs. 23,000

B:-Rs. 5,750

C:-Rs. 87,800

D:-Rs. 11,500

Correct Answer:- Option-D

Question70:-The minimum number of persons required to form the partnership firms is _____

A:-Two

B:-Five

C:-Three

D:-One

Correct Answer:- Option-A

Question71:-The written form of agreement of a partnership is called _____

A:-Memorandum

B:-Partnership Deed

C:-License deed

D:-Articles of Association

Correct Answer:- Option-B

Question72:-Whenever a new partner is joined, the partnership firm will be _____

A:-Reconstituted

B:-Converted to Company

C:-Converted to Proprietorship

D:-None of the above

Correct Answer:- Option-A

Question73:-If Veer and Trisha are partners sharing profits in the ratio of 5:3. What will be their sacrificing ratio if Rahul is admitted for 1/8 share of profit in the firm?

A:-5:3

B:-1:8

C:-2:4

D:-2:1

Correct Answer:- Option-A

Question74:-What entry to be made when goodwill is paid to an outgoing partner privately?

A:-Added to Existing partners capital

B:-No entry

C:-Only shown as liability in Balance Sheet

D:-Shown in Profit and Loss account as expense

Correct Answer:- Option-B

Question75:-The ratio gained by the existing partners due to the retirement of a partner is called as _____

A:-Liquidity ratio

B:-Capital ratio

C:-Gaining ratio

D:-Sacrificing ratio

Correct Answer:- Option-C

Question76:-Calculate the closing stock from the following :

	Rs.
I. Opening stock	8,000
II. Purchases during the year	24,000
III. Freight inwards	2,000
IV. Sales during the year	45,000
V. Wages	3,000
VI. Gross profit	20,000

A:-6,000

B:-15,000

C:-24,000

D:-12,000

Correct Answer:- Option-D

Question77:-Depreciation is treated as a/an _____ in the Profit and Loss account.

A:-Income

B:-Expense

C:-Drawings

D:-Not recorded

Correct Answer:- Option-B

Question78:-The trading profit and loss account of Mr. Tharun for the year ended 31 March 2018 shows the following. Calculate his gross Profit/gross loss

	Rs.
I. Purchases	75,000

II. Wages	8,500
III. Sales	1,30,000
IV. Sales returns	5,000
V. Closing stock	18,500
A:-55,000	
B:-65,000	
C:-68,500	
D:-60,000	

Correct Answer:- Option-D

Question79:-Cash or goods taken away by proprietor is called

- A:-Drawing
- B:-Scale
- C:-Charity
- D:-Expense

Correct Answer:- Option-A

Question80:-Calculate the net sales from the following :

	Rs.
I. Cash Sales	65,000
II. Credit sales	75,000
III. Sales return	10,000
IV. Cash received from Credit sales above	2,000
A:-1,30,000	
B:-1,28,000	
C:-1,32,000	
D:-1,40,000	

Correct Answer:- Option-A

Question81:-_____ is a residual interest in the assets after deducting liabilities.

- A:-Income
- B:-Equity
- C:-Expenses
- D:-None

Correct Answer:- Option-B

Question82:-_____ concept tells that to recognize revenue it has to be realized.

- A:-Accrual concept
- B:-Matching concept
- C:-Realization concept
- D:-None

Correct Answer:- Option-C

Question83:-According to the money measurement concept, which transaction will be recorded in the books of the account?

- A:-Health of manager
- B:-Quality of goods
- C:-Value of building
- D:-Qualifications of employees

Correct Answer:- Option-C

Question84:-The _____ extra days given for the bill of exchange is known as grace days.

- A:-Three
- B:-Five
- C:-Thirty
- D:-Fifteen

Correct Answer:- Option-A

Question85:-_____ acceptance is a bill that is accepted without any conditions.

- A:-Conditional
- B:-Qualified
- C:-General
- D:-Future

Correct Answer:- Option-C

Question86:-A bill which is not paid by drawee on the due date is called _____

- A:-Dishonour of bill
- B:-Retiring of bill
- C:-Discounting of bill
- D:-Payment of bill

Correct Answer:- Option-A

Question87:-Unclaimed dividend is shown in the balance sheet under the head

- A:-Current liability
- B:-Unsecured loan
- C:-Reserve and surplus
- D:-Provision

Correct Answer:- Option-A

Question88:-Advance payment of tax is in the nature of

- A:-Capital expenditure
- B:-Prepaid expenses
- C:-Outstanding expenses
- D:-Revenue expenditure

Correct Answer:- Option-B

Question89:-The due date of a bill drawn for two months on 1st October 2020 is _____

- A:-1 December 2020
- B:-4 December 2020
- C:-30 November 2020
- D:-1 January 2021

Correct Answer:- Option-B

Question90:-Furniture was purchased for Rs. 10,000 during the year 2011-12. The firm writes off depreciation at the rate of 10% by diminishing balance method. The book value of furniture at the end of 2014-15 is _____

- A:-Rs. 7,000
- B:-Rs. 8,100
- C:-Rs. 6,000

D:-Rs. 6,561

Correct Answer:- Option-D

Question91:-Closing stock is included in

A:-Balance sheet

B:-Receipts and Payments account

C:-Income and Expenditure account

D:-Trial balance

Correct Answer:- Option-A

Question92:-The rule Debit what comes in and Credit what goes out is related to _____

A:-Personal account

B:-Nominal account

C:-Manufacturing account

D:-Real account

Correct Answer:- Option-D

Question93:-Assets = _____

A:-Expenses + depreciation

B:-Shares + building

C:-Liabilities + capital

D:-None of the above

Correct Answer:- Option-C

Question94:-A person to whom money is owing or payable is called a _____

A:-Creditor

B:-Debtor

C:-Manufacturer

D:-Retailer

Correct Answer:- Option-A

Question95:-Any physical thing tangible or rights (intangible) owned that has a money value is termed as _____

A:-Asset

B:-Liability

C:-Capital

D:-Closing stock

Correct Answer:- Option-A

Question96:-_____ is a book of original entry.

A:-Ledger

B:-Journal

C:-Trial balance

D:-None of the above

Correct Answer:- Option-B

Question97:-_____ is given by the consignor to the consignee for bearing the risk of bad debts.

A:-Del credere commission

B:-Cash bill

C:-Bill of Exchange

D:-Debit note

Correct Answer:- Option-A

Question98:-Freight and such other charges being direct expenses are _____ the price of the goods purchased.

A:-Deducted from

B:-Added with

C:-Not deducted

D:-Not added with

Correct Answer:- Option-B

Question99:-_____ is a Current Asset or Circulating Asset.

A:-Land and building

B:-Stock in trade

C:-Furniture and fixtures

D:-Secured loan

Correct Answer:- Option-B

Question100:-From the following information find out the profit or loss :

	Rs.
Capital at the end of the year	5,00,000
Capital in the beginning of the year	7,50,000
Drawings made during the year	3,75,000
Additional capital introduced during the year	50,000

A:-Profit 1,50,000

B:-Loss 75,000

C:-Profit 75,000

D:-Loss 1,50,000

Correct Answer:- Option-C