

FINAL ANSWER KEY

Paper: Book-keeping and Accountancy (Paper III)
Date of Test 02-11-2022

- Question1:-A business transaction is entered for the first time in a book called
A:-Journal
B:-Ledger
C:-Trial Balance
D:-None of the above
Correct Answer:- Option-A
- Question2:-_____ is the basis for recording of transaction for the first time
A:-Voucher
B:-Proforma invoice
C:-Source Document
D:-None of the above
Correct Answer:- Option-C
- Question3:-For the correct recording of a business transaction it should be
A:-Passed by the competent officer
B:-accounted by the competent officer
C:-Completed in all respects
D:-Identified properly
Correct Answer:- Option-D
- Question4:-The equation "Assets = Capital + Liabilities" is known as
A:-Double Entry Equation
B:-Dual Aspect equation
C:-Primary Equation
D:-Accounting or Balance Sheet equation
Correct Answer:- Option-D
- Question5:-Which one of the following is not to be termed as an intangible asset?
A:-Good will
B:-Patent
C:-Computer Software
D:-None of the above
Correct Answer:- Option-D
- Question6:-Capital means
A:-Claim of the owner against the fixed assets of the business
B:-Claim of the owner against the assets of the business
C:-Claim of the owner against the asset and capital of the business
D:-None of the above
Correct Answer:- Option-B
- Question7:-Sale of goods to customers is an example of
A:-Internal events
B:-Internal economic events
C:-External economic events
D:-None of the above
Correct Answer:- Option-C
- Question8:-Government and regulatory Agencies need accounting information mainly for the purpose of
A:-implementing policy initiatives
B:-Regulating business practices
C:-Compilation of statistics on industrial growth
D:-All the above
Correct Answer:- Option-D
- Question9:-Which one of the following is not to be treated as an objective of accounting?
A:-Ascertainment of profit and loss
B:-Ascertainment of financial position
C:-Providing information to users
D:-None of the above
Correct Answer:- Option-D
- Question10:-The economic changes within a business enterprises over a period of time is measurable to a certain extent, from the accounting information as it possess the qualitative characteristics of
A:-Comparability
B:-Reliability
C:-Relevance
D:-All the above
Correct Answer:- Option-A
- Question11:-Pick out the wrong statement
A:-Expenses represents the amount expended to earn revenue
B:-Expenditure represents amount consumed for the acquisition of assets
C:-The term "expenses" and "expenditures" are identical and same
D:-Expenditure is classified into capital expenditure and revenue expenditure
Correct Answer:- Option-C
- Question12:-In _____ of accounting expenses paid and payable, income received and receivable are recorded
A:-Mercantile system
B:-Cash system
C:-Both (1) and (2)
D:-None of the above
Correct Answer:- Option-A
- Question13:-According to _____ all possible losses are to be provided for but incomes can be recognized only when there is certainty
A:-Revenue recognition principle
B:-Historical cost principle
C:-Prudence or Conservatism principle
D:-None of the above
Correct Answer:- Option-C
- Question14:-Accounting equation is developed based on _____ principle

- A:-Matching
 - B:-Revenue recognition
 - C:-Materiality
 - D:-Duality
- Correct Answer:- Option-D

Question15:-The theory base of accounting is formulated on

- A:-Basic accounting assumptions
- B:-Basic accounting principles
- C:-Basic accounting standards
- D:-All the above

Correct Answer:- Option-D

Question16:-Accounting entity assumption applies to

- A:-All forms of businesses and companies
- B:-Sole proprietorship only
- C:-Partnership only
- D:-Joint stock companies only

Correct Answer:- Option-A

Question17:-Which one of the following is the main consideration of Bankers in providing finance and loans to businesses and companies?

- A:-Accounting Entity concept (Separate Entity Concept)
- B:-Going concern concept
- C:-Accounting period Assumption
- D:-None of the above

Correct Answer:- Option-B

Question18:-What is GAAP?

- A:-Globally Accepted Accounting Procedures
- B:-General Accounting and Audit Practices
- C:-Generally Accepted Accounting procedures
- D:-Generally Accepted Accounting principles and practices

Correct Answer:- Option-D

Question19:-According to the principle of prudence the stock is valued at

- A:-Market rate
- B:-Purchase rate
- C:-Market rate or cost whichever is lower
- D:-Market rate or cost whichever is higher

Correct Answer:- Option-C

Question20:-Banking Companies may sometimes deviate from GAAP as the company is liable to comply with specific format and guidelines for the preparation of final accounts as provided in

- A:-Companies Act
- B:-Banking Regulation Act
- C:-Insurance Act
- D:-None of the above

Correct Answer:- Option-B

Question21:-What is Accounting Standard?

- A:-Standards of Accounting Formats developed by professional accounting bodies
- B:-Standards of final Accounts developed by professional accounting bodies
- C:-Norms and guidelines in recording transactions and preparing final accounting statements
- D:-None of the above

Correct Answer:- Option-C

Question22:-Accounting standard 5 (AS.5) deals with

- A:-Treatment of prior period items and extra ordinary items
- B:-Treatment of depreciable assets
- C:-Treatment of Good will
- D:-Treatment of Live Stock

Correct Answer:- Option-A

Question23:-The _____ deals with the accounting for construction contracts (AS-Accounting Standard)

- A:-AS.6
- B:-AS.7
- C:-AS.8
- D:-AS.9

Correct Answer:- Option-B

Question24:-As per _____ principle, taxes on income are accrued in the same period as the revenue and expenses to which they relate

- A:-Revenue recognition principle
- B:-Matching principle
- C:-Materiality principle
- D:-Consistency principle

Correct Answer:- Option-B

Question25:-Which accounting standard is to be applied for the impairment of assets. (Depreciated Book value of a fixed asset exceeds valuation undertaken independently)

- A:-AS.26
- B:-AS.27
- C:-AS.28
- D:-AS.29

Correct Answer:- Option-C

Question26:-Accounting standards put forward by the Accounting Standard Board are applicable mainly to

- A:-Company form of businesses
- B:-Govt. Enterprises
- C:-Co-operative firms
- D:-All the above

Correct Answer:- Option-A

Question27:-When two or more business entities merge together to form a new entity, it is called

- A:-Partnership
- B:-Amalgamation
- C:-Joint venture Companies
- D:-None of the above

Correct Answer:- Option-B

Question28:-The borrowing costs incurred by an enterprise for the acquisition, construction or production of a qualified asset should be

- A:-taken as work in progress
- B:-capitalised
- C:-amortised
- D:-none of the above

Correct Answer:- Option-B

Question29:-Equity means

- A:-Capital
- B:-Total claims against the assets of the business
- C:-Claim of the owner
- D:-Claim of the outsider

Correct Answer:- Option-B

Question30:-The effect of the business transactions on the accounting equations is finally fully reflected in

- A:-Balance sheet
- B:-Receipt and payment statement
- C:-Income and Expenditure Statement
- D:-Trial Balance

Correct Answer:- Option-A

Question31:-Pick out the wrong statement

- A:-Increase in asset is debit and decrease in asset is credit
- B:-Decrease in liability is debit and increase in liability is credit
- C:-Increase in revenue is credit and decrease in revenue is debit
- D:-None of the above

Correct Answer:- Option-D

Question32:-Journal is also called

- A:-Book of Accounts
- B:-Book of Vouchers
- C:-Book of prime entry
- D:-Daily Record Book

Correct Answer:- Option-C

Question33:-The term journal has been derived from the french word "Jour" which means

- A:-Source
- B:-Cash
- C:-Day
- D:-Accounts

Correct Answer:- Option-C

Question34:-When there are two or more transactions of similar nature occurring on the same day and the journal entry for the same have more than one debit or credit it is called

- A:-Compound entry
- B:-Multiple entry
- C:-Complex entry
- D:-None of the above

Correct Answer:- Option-A

Question35:-Purchase day Book is a special purpose journal book for recording

- A:-all cash purchases
- B:-All credit purchases
- C:-All purchases
- D:-None of the above

Correct Answer:- Option-B

Question36:-Purchase returns Book is a special purpose journal book for recording

- A:-Goods returned by customers
- B:-Goods returned to suppliers
- C:-Goods returned by suppliers
- D:-Goods returned to customers

Correct Answer:- Option-B

Question37:-Pick out the wrong statement with reference to a single column cash book from the following

- A:-A cash book is just like a cash account
- B:-The opening balance of cash will always be entered on the debit side in the cash book
- C:-The debit side of cash book will always be more than or equal to the credit side
- D:-While balancing the cash book the difference between the debit and credit sides will be written in the debit side

Correct Answer:- Option-D

Question38:-Maintenance of Double Column Cash Book is necessary to record the entries when

- A:-Huge cash transactions are effected
- B:-Bank accounts are not maintained
- C:-Transactions are effected through bank accounts also
- D:-Every business transactions are effected

Correct Answer:- Option-C

Question39:-Which one of the following indicate on overdraft?

- A:-Credit balance in the bank column of cash book
- B:-Debit balance in the bank column of cash book
- C:-Debit balance in the cash column
- D:-None of the above

Correct Answer:- Option-A

Question40:-When a cheque is received and not deposited on the same day to bank for collection then

- A:-First entered on the debit side of cash book
- B:-First entered on the debit side of cash book with a remark "Contra"
- C:-Entered in cash book only on realisation of the amount
- D:-First entered on the credit side of cash book

Correct Answer:- Option-A

Question41:-Pick out the wrong statement from the following

- A:-When a cheque is issued, it will appear on the debit side of cash book in bank column
- B:-When a cheque is issued, it will appear on the credit side of cash book in bank column
- C:-When a cheque received is dishonoured the same will be entered in the bank column on the credit side of cash book
- D:-When a cheque issued is dishonoured the same will be entered in the bank column on the debit side of cash book

Correct Answer:- Option-A

Question42:-What is "Imprest"?

- A:-Fixed amount advanced by the petty cashier to main cashier for making petty payments
- B:-Fixed amount advanced by the main cashier to petty cashier for making petty payments
- C:-Amount drawn by the proprietor for making petty payments
- D:-None of the above

Correct Answer:- Option-B

Question43:-Pick out the true statement from the following

- A:-A purchase day book is used for recording only credit purchases of goods
- B:-Cash purchases are not recorded in purchase day book
- C:-Purchase of assets are not recorded in purchase day book
- D:-All the above statements are true

Correct Answer:- Option-D

Question44:-Name of _____ is recorded in the particulars column of sales day book

- A:-Supplier
- B:-Customer
- C:-Agent
- D:-Broker

Correct Answer:- Option-B

Question45:-Purchases returns Book is also known as

- A:-Debit Note Book
- B:-Credit Note Book
- C:-Returns Outward Book
- D:-Returns inward book

Correct Answer:- Option-C

Question46:-When some goods are returned by the customer and the seller accept the same without any objection usually a served to the customer

- A:-Debit note
- B:-Credit Note
- C:-Statement of claims
- D:-None of the above

Correct Answer:- Option-B

Question47:-Pick out the true statement from the following

- A:-Ledger is the principal book of account
- B:-Ledger is also known as book of second entry or final entry
- C:-A column for journal folio is necessary in ledger account
- D:-All the above statements are true

Correct Answer:- Option-D

Question48:-As the cash book plays the dual role of journal and ledger _____ of the double entry is complete in cash book itself

- A:-Cash aspect
- B:-Debit aspect
- C:-Credit aspect
- D:-None of the above

Correct Answer:- Option-A

Question49:-_____ is the base for recording entries in customers ledger accounts

- A:-Purchases day Book
- B:-Purchases return Book
- C:-Sales day Book
- D:-Common ledger

Correct Answer:- Option-C

Question50:-The entries in sales Returns Book will be routed through _____ ledger account

- A:-Sales
- B:-Purchases
- C:-Suppliers
- D:-Customers

Correct Answer:- Option-D

Question51:-Liabilities account and capital account always show

- A:-Credit balance
- B:-Debit balance
- C:-Either credit or debit balance
- D:-None of the above

Correct Answer:- Option-A

Question52:-Balances of revenue account and expenses account are transferred to

- A:-Trading account
- B:-Profit and loss account
- C:-Balance sheet
- D:-None of the above

Correct Answer:- Option-B

Question53:-Journalise Ramu Commenced business with a capital of 50 lakh

- A:-Cash account debited and Cash account credited (by Rs. 50 Lakh each)
- B:-Capital account debited and Cash account credited (by Rs. 50 Lakh each)
- C:-Ramu account debited and Cash account credited (by Rs. 50 Lakh each)
- D:-Ramu account debited and Capital account credited (by Rs. 50 Lakh each)

Correct Answer:-**Question Cancelled**

Question54:-Anitha, a sole trader withdrew Rs. 15 Lakh from her personal account out of which Rs. 5 Lakh used for her personal purpose and Rs. 10 lakh transferred to the bank account of the business for the future settlement of a credit purchase journalise

- A:-Cash account debited and Suppliers account credited (by Rs. 10 Lakh each)
- B:-Bank account debited and Capital account credited (by Rs. 10 Lakh each)
- C:-Capital account debited and Anitha account credited (by Rs. 10 Lakh each)
- D:-Purchases account debited and Anitha account credited (by Rs. 10 Lakh each)

Correct Answer:- Option-B

Question55:-Credit purchases from Harry and Sons for Rs. 5 Lakh Journalise

- A:-Purchases account debited and Harry and Sons account credited (By Rs. 5 Lakh each)
- B:-Harry and Sons account debited and purchases account credited (By Rs. 5 Lakh each)
- C:-Direct Expense account debited and purchased account credited (By Rs. 5 Lakh each)
- D:-None of the above

Correct Answer:- Option-A

Question56:-From the following journal entry, make a statement on transaction Machinery account debited and bank account credited (by Rs. 3 Lakh each)

- A:-Sale of machinery for Rs. 3 Lakh and Cheque received for the amount
- B:-Purchased machinery costing Rs. 3 Lakh by availing bank loan
- C:-Sales effected for Rs. 3 Lakh and amount received in bank account
- D:-Purchased machinery for Rs. 3 Lakh and payment made by cheque

Correct Answer:- Option-D

Question57:-From the following journal entry, make a statement on transaction. Purchases Account debited and Bank account credited (by Rs. 5 Lakh each)

- A:-Purchases of goods worth Rs. 5 Lakh made and cash paid in full settlement
- B:-Office Furniture purchased for Rs. 5 Lakh and cheque issued in full settlement
- C:-Purchases of goods worth Rs. 5 Lakh and payment made by cheque
- D:-A person who have made purchases of Rs. 5 Lakh from our shop paid the entire amount by cheque

Correct Answer:- Option-C

Question58:-Journalise Materials worth Rs. 10 Lakh purchased from Harry and Sons and Rs. 5 Lakh paid in part settlement by cheque

- A:-Purchases Account Debited by Rs. 10 Lakh and bank account credited by Rs. 10 Lakh
- B:-Bank account and Harry and Sons account debited by Rs. 5 Lakh each and purchases account credited by Rs. 10 Lakh
- C:-Material account debited by Rs. 10 Lakh and Harry and Sons account credited by Rs. 10 Lakh
- D:-Purchases account debited by Rs. 10 Lakh. Bank account and Harry and Sons account credited by Rs. 5 Lakh each

Correct Answer:- Option-D

Question59:-Journalise stationery worth Rs. 10,000/- - purchased and Rent Rs. 50,000/- - paid by a single cheque of Rs. 60,000/-

- A:-Bank account debited by Rs. 60,000 - Stationery account credited by Rs. 10,000/- Rent account credited by Rs. 50,000/-
- B:-Bank account credited by Rs. 60,000 - Stationery account credited by Rs. 10,000/- Rent account debited by Rs. 50,000/-
- C:-Stationery account debited by Rs. 10,000/- - Rent account debited by Rs. 50,000/- Bank account credited Rs. 60,000/-
- D:-Bank account debited by Rs. 60,000 - and expense account credited by R. 60,000/-

Correct Answer:- Option-C

Question60:-Journalise withdrew Rs. 25,000/- from bank account of business for personal use

- A:-Capital account debited and Drawings account credited
- B:-Drawings account debited and Cash account credited
- C:-Drawings account debited and bank account credited
- D:-None of the above

Correct Answer:- Option-C

Question61:-_____ is denoted in a separate column provided in journal as a reference

- A:-Journal Folio
- B:-Ledger Folio
- C:-Cash Book Folio
- D:-Trial Balance Folio

Correct Answer:- Option-B

Question62:-Cheque for Rs.1 Lakh received from Ramu has been dishonoured the corresponding entry will be recoded in

- A:-Debit side bank column of cash book
- B:-Credit side bank column of cash book
- C:-Credit side cash column of cash book
- D:-Debit side cash column of cash book

Correct Answer:- Option-B

Question63:-Purchased furniture from Iqbal and Co. Amount paid by bank transfer Rs.1 Lakh The corresponding entry will be recorded in

- A:-Debit side bank column of cash book
- B:-Debit side cash column of cash book
- C:-Credit side cash column of cash book
- D:-None of the above

Correct Answer:- Option-D

Question64:-Cheque for Rs. 10 lakh received from George and company Dt: 22-4-2004 credited in bank account on 29-4-2004. What should be the entry in cash book on 29-4-2004.

- A:-Entered in bank column of credit side
- B:-Entered in cash column of debit side and bank column of credit side with narration "Contra"
- C:-Entered in bank column of debit side
- D:-No entry needed

Correct Answer:- Option-D

Question65:-From the following entries in Double Column Cash Book make an inference on transactions took place 10-10-2000 Rohan and company Rs. 5 Lakh (Bank column of debit side) 20-10-2000 Rohan and Company Rs. 5 Lakh (Bank Column of credit side)

- A:-Double Entry of transaction completed on 20-10-2000
- B:-Cheque paid to Rohan and Company on 10-10-2000 encashed on 20-10-2000
- C:-Cheque Received from Rohan and company on 10-10-2000 dishonoured and entry made on 20-10-2000
- D:-None of the above

Correct Answer:- Option-C

Question66:-From the following entries in Double Column Cash Book make an inference on transactions took place 1-1-2020 Rs. 15,000/- (credit side bank column of cash book) (No corresponding entry on debit side)

- A:-Rs. 15,000/- drew from bank account on 1-1-2020 from office use
- B:-Rs. 15,000/- drew from bank account as personal drawings on 1.1.2020
- C:-Rs. 15,000/- deposited into Bank account on 1-1-2020
- D:-None of the above

Correct Answer:- Option-B

Question67:-The amount of trade discount allowed to the customers are shown in

- A:-Details column of purchases Day book
- B:-Amount column of purchases Day book
- C:-Details column of sales Day book
- D:-Amount column of sales Day book

Correct Answer:- Option-C

Question68:-The balance in machinery account as on the close of the financial year is transferred to

- A:-Trading Account
- B:-Profit and Loss Account
- C:-Depreciation Account
- D:-None of the above

Correct Answer:- Option-D

Question69:-The balance in purchases account as on the close of the financial year is transferred to

- A:-Trading Account
 - B:-Profit and Loss Account
 - C:-Balance Sheet
 - D:-Purchases Account
- Correct Answer:- Option-A

Question70:-The balance in a an indirect expense account as on the close of the financial year is transferred to

- A:-Profit and Loss Account
 - B:-Trading Account
 - C:-Balance sheet
 - D:-Suspense Account
- Correct Answer:- Option-A

Question71:-Normally all entries in the cash book relating to bank transactions would appear on pass book or bank statement as follows

- A:-Debit entries on debit side itself
 - B:-Credit entries on credit side
 - C:-Debit entries on credit side and vice versa
 - D:-None of the above
- Correct Answer:- Option-C

Question72:-Which one of the following is not a cause for the difference in bank passbook and cash book balance

- A:-Cheque issued but not presented for payment
 - B:-Cheque deposited into bank but not collected
 - C:-Amount drawn for personal purpose
 - D:-Bank Charges directly debited by bank
- Correct Answer:- Option-C

Question73:-When you start with cash book balance for bank reconciliation which one following item is added to reconcile with the bank balance

- A:-Cheque issued but not presented
 - B:-Cheques deposited but not collected
 - C:-Cheques dishonoured but not recorded in cash book
 - D:-Bank charges directly debited by bank
- Correct Answer:- Option-A

Question74:-Balance as per passbook is Rs. 70,000/- Cheques issued for Rs. 20,000/- not encashed Interest on overdraft directly debited by bank not adjusted in cash book Rs. 10,000/- Cheques for Rs. 30,000/- deposited in bank account not collected Direct payment by bank not recorded in cash book Rs. 10,000/- Find out the cash book balance as per bank column.

- A:-Rs. 1,30,000/-
 - B:-Rs. 1,20,000/-
 - C:-Rs. 1,10,000/-
 - D:-Rs. 1,00,000/-
- Correct Answer:- Option-D

Question75:-Pick out the wrong statement from the following

- A:-At the end of the financial year, the balance sheet should show the correct bank balance
 - B:-For any errors and omissions in the cash book, adjustment is required to be made before finalisation of accounts
 - C:-For any errors and omissions in the passbook necessary adjustments is required to be made based on reconciliation statement
 - D:-If an actual payment recorded in pass book is not booked in cash book necessary adjustments needed before finalisation of accounts
- Correct Answer:- Option-C

Question76:-A statement of balances of all the ledger accounts is known as

- A:-Balance sheet
 - B:-Trial balance
 - C:-Ledger balances
 - D:-Final accounts
- Correct Answer:- Option-B

Question77:-Which one of the following is not to be treated as an objective of preparing Trial Balance

- A:-To verify the financial position of the business
 - B:-To verify the arithmetical accuracy of the ledger accounts
 - C:-To find out the mistakes in posting
 - D:-To provide basis for preparing final accounts
- Correct Answer:- Option-A

Question78:-Under the total method of preparation of Trial Balance

- A:-Ledger balances are totalled and balances are carried over to respective columns of Trail Balance
 - B:-Totals of debit and credit sides of each ledger accounts carried over to respective columns of Trail Balance
 - C:-Total and Balances of each ledger worked out totals and balances are carried over to respective columns of Trial Balance
 - D:-None of the above
- Correct Answer:- Option-B

Question79:-Balance in the various provision accounts are shown in _____ column of Trail balance

- A:-Credit
 - B:-debit
 - C:-Balance
 - D:-Total
- Correct Answer:- Option-A

Question80:-Balance of Carriage inwards account is shown in the debit column of Trial balance. The balance in carriage outwards account is shown in _____ of Trial Balance

- A:-Debit column
 - B:-Credit column
 - C:-Balance column
 - D:-Total Column
- Correct Answer:- Option-A

Question81:-If a receipt of cash of Rs. 7,500/- is wrongly taken to the credit side of the cash account, the trial Balance will show a difference of

- A:-Nil as neutralised by balancing
 - B:-Rs. 7,500/-
 - C:-Rs. 15,000/-
 - D:-None of the above
- Correct Answer:- Option-C

Question82:-Wages paid for the construction of building is wrongly debited to wages account. This error is an error of

- A:-Commission
- B:-Omission
- C:-Clerical nature
- D:-Principle

Correct Answer:- Option-D

Question83:-When monthly salary of Rs. 50,000/- paid to Ms. Kripa, an employee of a firm through a cheque the following journal entry has been wrongly passed Kripa account debited and bank account credited (by Rs. 50,000/- each) what should be the rectification entry

- A:-No rectification needed
- B:-Salary account debited and Bank account credited by Rs. 50,000/- each
- C:-Salary account debited and Kripa account credited by Rs. 50,000/- each
- D:-Bank account debited and Kripa account credited by Rs. 50,000/- each

Correct Answer:-**Question Cancelled**

Question84:-In the event of opening of suspense account for unlocated errors, then balance of suspense account will be

- A:-Taken always to asset side of the balance sheet
- B:-taken always to liability side of the balance sheet
- C:-Taken to the asset side of the balance sheet if it shows a credit balance
- D:-Taken to the asset side of the balance sheet if it shows a debit balance

Correct Answer:- Option-D

Question85:-Ascertainment of which one of the following is not necessary for the preparation of final accounts

- A:-Gross profit
- B:-Operating profit
- C:-Net profit
- D:-None of the above

Correct Answer:- Option-B

Question86:-_____ is the excess of net sales over the cost of goods sold

- A:-Turn over
- B:-Gross profit
- C:-Net profit
- D:-Operating profit

Correct Answer:- Option-B

Question87:-Opening Stock + Net purchases + Direct Expenses - Closing Stock =

- A:-Sales
- B:-Gross profit
- C:-Operating profit
- D:-Cost of goods sold

Correct Answer:- Option-D

Question88:-From the following details, calculate Gross profit Opening Stock - Rs. 15,000/- Cash purchases - Rs. 50,000/-, Credit Purchases-Rs. 30,000/- Closing stock - Rs. 10,000/-, Cash sales - Rs. 55,000/-, Credit Sales Rs. 40,000/- Purchase returns - Rs. 1000/-, Sales returns - rs. 1000/-, Direct Wages - Rs. 5,000/-

- A:-Gross profit - Rs. 4000/-
- B:-Gross Loss - Rs. 4000/-
- C:-Gross profit - Rs. 5000/-
- D:-Gross Loss - Rs. 5000/-

Correct Answer:- Option-C

Question89:-Which one of the following is not be treated as direct expense

- A:-Carriage
- B:-Royalty
- C:-Primary packing materials
- D:-None of the above

Correct Answer:- Option-D

Question90:-Normally _____ is the major expense, which will be debited to trading account

- A:-Net purchases
- B:-Salaries
- C:-Wages
- D:-Fuel

Correct Answer:- Option-A

Question91:-Pick out the wrong statement from the following

- A:-Loss on sale of fixed asset is not considered for ascertaining operating profit
- B:-Distribution expense is treated as non-operating expense
- C:-Administration expense is treated as operating expense
- D:-Income accruing to a business from its normal course of action is treated as operating income

Correct Answer:- Option-B

Question92:-Which one of the following is not an example of closing entries

- A:-Salary account debited cash account credited
- B:-Trading Account debited and purchases account credited
- C:-Sales Account debited and Trading Account credited
- D:-Purchases returns account debited and purchases account credited

Correct Answer:- Option-A

Question93:-Which is the entry to close net profit?

- A:-Profit and loss account debited and capital account credited
- B:-Trading Account debited and capital account credited
- C:-Trading Account debited and profit and loss Account credited
- D:-No entry needed to close net profit

Correct Answer:- Option-A

Question94:-Which account will be credited for closing sales account?

- A:-Profit and Loss Account
- B:-Trading Account
- C:-Capital
- D:-Balance sheet

Correct Answer:- Option-B

Question95:-If assets are presented in the balance sheet in the order of liquidity which among the following will be placed as the last one

- A:-Sundry debtors
- B:-Stock of goods
- C:-Goodwill
- D:-Building

Correct Answer:- Option-C

Question96:-The balance sheet is prepared as on a particular date (as on the close of trading period) because

- A:-It is the custom followed world wide
- B:-It is financial statement

C:-It is statement of asset and liabilities

D:-Every single transaction will make difference in assets or liabilities

Correct Answer:- Option-D

Question97:-If closing stock is included in the Trail balance, it would mean that

A:-Value of opening stock is Nil (Zero)

B:-Adjusted purchases only are shown on the debit side of the trading account

C:-Adjusted sales only are shown on the credit side of the trading account

D:-None of the above

Correct Answer:- Option-B

Question98:-Pick out the true statement from the following

A:-Expenses which have been due for payment, but have not yet been paid during the accounting year is called "Outstanding expenses".

B:-Outstanding expenses are accounted by adding to the expenses concerned

C:-Outstanding expenses will be shown on the liability side of the balance sheet

D:-All the above statements are true

Correct Answer:- Option-D

Question99:-Interest on fixed deposits due but not received during the accounting year is an example of

A:-Advance income

B:-Guaranteed income

C:-Accrued income

D:-None of the above

Correct Answer:- Option-C

Question100:-Income Received in advance is

A:-a liability

B:-an asset

C:-added to the income during the current year

D:-deducted from the income of the year, concerned

Correct Answer:- Option-A