

PROVISIONAL ANSWER KEY

Paper: 107 - Elements of Commercial Accounts Book Keeping KSEBL
Date of Test 18-05-2023

Question1:- _____ is a book of Prime entry or Book of original entry.

- A:-Ledger
- B:-Journal
- C:-Trial Balance
- D:-None of these

Correct Answer:- Option-B

Question2:-Which accounting concept deals a business separately from its owner?

- A:-Dual Aspect Concept
- B:-Money Measurement Concept
- C:-Accounting Entity Concept
- D:-Going Concern Concept

Correct Answer:- Option-C

Question3:-Which accounting principle/concept is also known as Accounting Equivalence Concept?

- A:-Matching Principle
- B:-Revenue Recognition concept
- C:-Historical Cost concept
- D:-Dual Aspect concept

Correct Answer:- Option-D

Question4:-The amount set apart from profit for future is called:

- A:-Revenue
- B:-Reserve
- C:-Appropriation
- D:-Provision

Correct Answer:- Option-B

Question5:-Expenses which have become due during the accounting period for which the final accounts have been prepared, but have not been paid is called:

- A:-Deferred expenses
- B:-Revenue expenses
- C:-Outstanding expenses
- D:-Prepaid expenses

Correct Answer:- Option-C

Question6:-ESOS means:

- A:-Employees Stock Option Scheme
- B:-Employers Stock Option Scheme
- C:-Emergency Stock Operation Scheme
- D:-Essential Stock Option Scheme

Correct Answer:- Option-A

Question7:-The liability of every share holder of a company is/are _____

- A:-Unlimited
- B:-Limited
- C:-Both (1) and (2)
- D:-None of these

Correct Answer:- Option-B

Question8:- _____ is the maximum amount of capital that can be raised by a company by the issue of shares?

- A:-Subscribed Capital
- B:-Issued Capital
- C:-Called-Up Capital
- D:-Authorized Capital

Correct Answer:- Option-D

Question9:- _____ is the summary of all receipts and payments recorded in the cash book.

- A:-Receipt and Payment Account
- B:-Income and Expenditure Account
- C:-Balance Sheet
- D:-None of these

Correct Answer:- Option-A

Question10:-The main users of financial statement(s) is/are:

- A:-Regulators
- B:-Creditors
- C:-Investors
- D:-All of the above

Correct Answer:- Option-D

Question11:-Errors committed when transactions are incorrectly recorded are called:

- A:-Errors of Commission
- B:-Compensating Errors
- C:-Errors of Principle
- D:-None of these

Correct Answer:- Option-A

Question12:-Goodwill is an example of _____ assets.

- A:-Tangible Asset
- B:-Intangible Asset
- C:-Obsolescence Asset
- D:-None of these

Correct Answer:- Option-B

Question13:-The process of keeping separate books of original entry to record the transactions of similar character, is known as _____.

- A:-Subdivision of Journal
- B:-Subdivision of Ledger
- C:-Subdivision of Accounts
- D:-None of these

Correct Answer:- Option-A

Question14:-Balance sheet is prepared to find out _____.

- A:-Gross profit
- B:-Financial position
- C:-Net profit
- D:-Net loss

Correct Answer:- Option-B

Question15:-Closing stock is always valued at

- A:-Cost price or market price whichever is lower
- B:-Cost price or market price whichever is higher
- C:-Market price only
- D:-None of these

Correct Answer:- Option-A

Question16:-_____ means share in the share capital of a company and its stock.

- A:-Debenture
- B:-Masala bond
- C:-Share
- D:-None of these

Correct Answer:- Option-C

Question17:-Which schedule of the Companies Act 2013, deals with the Preparation of balance sheet?

- A:-Schedule I
- B:-Schedule II
- C:-Schedule III
- D:-Schedule IV

Correct Answer:- Option-C

Question18:-Which among the following shares have no fixed rate of dividend?

- A:-Equity Shares
- B:-Preference Shares
- C:-Debentures
- D:-Bonds

Correct Answer:- Option-A

Question19:-Which one of the following is not true regarding Balance sheet?

- A:-Balance sheet is prepared to reflect the true financial position of the firm
- B:-Preparation of balance sheet is not compulsory
- C:-Balance sheet has assets and liability side
- D:-Balance sheet can be produced as documentary evidence in a court of law

Correct Answer:- Option-B

Question20:-The extra commission offered by the consignor to the consignee for guaranteeing the entire amount of sales effected on consignment is called?

- A:-Overriding Commission
- B:-Pro rata Commission
- C:-Del credere Commission
- D:-None of these

Correct Answer:- Option-C

Question21:-"The methods of accounting are equal in different financial years" arises due to:

- A:-Convention of Disclosure
- B:-Convention of Materiality
- C:-Convention of Conservation
- D:-Convention of Consistency

Correct Answer:- Option-D

Question22:-The rule "Debit the Receiver and Credit the Giver" is _____ Account.

- A:-Personal
- B:-Nominal
- C:-Real
- D:-Intrapersonal

Correct Answer:- Option-A

Question23:-Assets that can be converted into cash within one year are known as:

- A:-Fixed Assets
- B:-Current Assets
- C:-Tangible Assets
- D:-Intangible Assets

Correct Answer:- Option-B

Question24:-Which among the following is Basic Accounting Equation?

- A:-Liability - Capital = Asset
- B:-Capital + Asset + Drawings = Liability
- C:-Asset + Liability = Capital
- D:-Capital + Liability = Asset

Correct Answer:- Option-D

Question25:-Who is considered as the father of double entry system of accounting?

- A:-Luca D Bargo Pacioli
- B:-F.W. Taylor
- C:-Henry Fayol
- D:-Paul Strathearn

Correct Answer:- Option-A

Question26:-_____ means cancellation of shares.

- A:-Calls in advance of shares
- B:-Calls in arrears of shares
- C:-Forfeiture of shares
- D:-Discount on issue of shares

Correct Answer:- Option-C

Question27:-What is SEBI?

- A:-Securities Enterprise Board of India
- B:-Securities Efficacy Board of India
- C:-Securities and Exchange Board of India
- D:-Securities and Exchange Bank of India

Correct Answer:- Option-C

Question28:- _____ is an expenditure of revenue nature, the benefit of which last for more than one accounting year.

- A:-Revenue Expenditure
- B:-Capital Expenditure
- C:-Fixed Expenditure
- D:-Deferred Revenue Expenditure

Correct Answer:- Option-D

Question29:-If an outstanding expense appears only inside the Trial balance, it should be shown only as:

- A:-Income
- B:-Expenditure
- C:-Liability
- D:-Asset

Correct Answer:- Option-C

Question30:-The surplus or deficit in Income and Expenditure Account is transferred to _____.

- A:-Capital Fund
- B:-General Fund
- C:-Revenue Fund
- D:-Reserve Fund

Correct Answer:- Option-A

Question31:-Finished goods (Inventories) are _____ assets.

- A:-Tangible
- B:-Intangible
- C:-Fixed
- D:-Current

Correct Answer:- Option-D

Question32:-Equity shareholders are known as _____ of the company.

- A:-Debtors
- B:-Owners
- C:-Creditors
- D:-None of these

Correct Answer:- Option-B

Question33:-Net Asset minus Capital Reserve is _____.

- A:-Purchase Consideration
- B:-Sales Consideration
- C:-Goodwill
- D:-None of these

Correct Answer:- Option-A

Question34:-Provision for Discount to creditors, Discount on issue of shares, Preliminary expenses, Accumulated losses etc. are example of _____.

- A:-Fixed Assets
- B:-Current Assets
- C:-Wasting Assets
- D:-Fictitious Assets

Correct Answer:- Option-D

Question35:-Credit transactions that cannot be entered in any other subsidiary book are recorded in _____.

- A:-Ledger Proper
- B:-Journal Proper
- C:-Return Inward book
- D:-Return Outward book

Correct Answer:- Option-B

Question36:-The periodical statement sent by the consignee showing the amount of gross sales, amount of commission, advance remitted, balance amount due, stock position etc. is called _____.

- A:-Account Purchase
- B:-Account Sales
- C:-Both (1) and (2)
- D:-None of these

Correct Answer:- Option-B

Question37:-From the following, calculate profit/loss during the year 2021?

Capital at the beginning of the year	-	Rs. 13400/-
Capital at the end of the year	-	Rs. 18500/-
Drawings during the year	-	Rs. 3200/-
Addition to capital during the year	-	Rs. 2400/-

- A:-Loss Rs. 4300/-
- B:-Profit Rs. 31300/-
- C:-Loss Rs. 800/-
- D:-Profit Rs. 5900/-

Correct Answer:- Option-D

Question38:-From the following calculate closing stock?

Opening stock	-	Rs. 50,000/-
Sales	-	Rs. 25,000/-
Return Inwards	-	Rs. 1,000/-
Return outwards	-	Rs. 2,000/-
Purchase	-	Rs. 10,000/-
Profit	-	Rs. 5,000/-

- A:-38,000/-
- B:-40,000/-
- C:-39,000/-
- D:-41,000/-

Correct Answer:- Option-C

Question39:-Which among the following is not a fundamental accounting assumption?

- A:-Consistency
- B:-Going concern
- C:-Materiality
- D:-Accrual

Correct Answer:- Option-C

Question40:-Any irrecoverable portion of sundry debtors is known as?

- A:-Bad debts

- B:-Depreciation
 - C:-Non-Performing Liability
 - D:-Discount on sales
- Correct Answer:- Option-A

Question41:-Which among the following is prepared to examine the arithmetical accuracy of books of accounts?

- A:-Ledger Account
 - B:-Journal Account
 - C:-Trial Balance
 - D:-Balance Sheet
- Correct Answer:- Option-C

Question42:-The distinction between capital and revenue is necessary for the preparation of:

- A:-Receipt and Payment account
 - B:-Final account
 - C:-Balance sheet
 - D:-Cash/Fund flow statement
- Correct Answer:- Option-A

Question43:-Employees gain under ESOP is :

- A:-Market price of shares — Exercise price
 - B:-Market price of shares + Exercise price
 - C:-Market price of shares + Discount on issue of shares
 - D:-Face value of shares — Discount on issue of shares
- Correct Answer:- Option-A

Question44:-Which among the following is not a current asset?

- A:-Prepaid expenses
 - B:-Trade Receivables
 - C:-Cash and Cash equivalents
 - D:-Deferred Tax Assets
- Correct Answer:- Option-D

Question45:-_____ is used to record credit purchase.

- A:-Sales daybook
 - B:-Bills Payable book
 - C:-Purchase daybook
 - D:-Purchase return book
- Correct Answer:- Option-C

Question46:-Double entry system of Book-keeping means:

- A:-Two entries in one account
 - B:-Two entries in one book
 - C:-Entry in both side of one transaction
 - D:-Two entries in two books
- Correct Answer:- Option-C

Question47:-The salary paid to a Clerk - Shyam, should be debited to :

- A:-Shyam's Account
 - B:-Cash Account
 - C:-Debtors Account
 - D:-Salary Account
- Correct Answer:- Option-D

Question48:-A person who owes money against sale of goods to a firm is called _____.

- A:-Investor
 - B:-Debtor
 - C:-Creditor
 - D:-None of these
- Correct Answer:- Option-B

Question49:-Bank overdraft is a :

- A:-Long term liability
 - B:-Short term asset
 - C:-Contingent liability
 - D:-Short term liability
- Correct Answer:- Option-D

Question50:-The person who appoints and send goods to the agent to sell on a commission basis is called _____.

- A:-Consignee
 - B:-Consignor
 - C:-Agent on commission
 - D:-None of these
- Correct Answer:- Option-B

Question51:-If the cost of an asset is Rs. 20,000/-, estimated scrap value Rs. 2,000/- and its expected life is 10 years. What will be the amount of depreciation?

- A:-Rs. 1,800/-
 - B:-Rs. 2,000/-
 - C:-Rs. 2,200/-
 - D:-Rs. 1,900/-
- Correct Answer:- Option-A

Question52:-Which among the following is not a feature of 'reserve'?

- A:-It is an appropriation of profit
 - B:-It is shown on liability side of Balance sheet
 - C:-It is a sum set aside for an unknown liability
 - D:-It is a charge on profit
- Correct Answer:- Option-D

Question53:-In which year Double entry system was introduced?

- A:-1497
 - B:-1496
 - C:-1495
 - D:-1494
- Correct Answer:- Option-D

Question54:-_____ is both a Journal and a Ledger.

- A:-Income and Expenditure Account
 - B:-Balance sheet
 - C:-Cash book
 - D:-Compound Journal
- Correct Answer:- Option-C

Question55:-Which among the following is not a method of preparation of Trial balance?

- A:-Total method or Gross trial balance
 - B:-Balance method or Net trial balance
 - C:-Compound method
 - D:-Fair value method
- Correct Answer:- Option-D

Question56:-Book value = cost minus _____?

- A:-Residual value
 - B:-Current liabilities
 - C:-Sales value
 - D:-Accumulated depreciation
- Correct Answer:- Option-D

Question57:-Depreciation amount charged on plant and machinery will be debited to:

- A:-Plant and Machinery Account
 - B:-Depreciation Account
 - C:-Repair and Maintenance Account
 - D:-Cash Account
- Correct Answer:- Option-B

Question58:-Opening stock is?

- A:-Debited in Profit and Loss account
 - B:-Debited in Trading account
 - C:-Credited in Profit and Loss account
 - D:-Credited in Trading account
- Correct Answer:- Option-B

Question59:-'A' draws a bill on 'B' and later on endorses the bill to 'C'. On the due date, to whom 'B' has to pay the money?

- A:-D
 - B:-C
 - C:-B
 - D:-A
- Correct Answer:- Option-B

Question60:-The credit column of passbook should be equal to _____ column of cash book and debit column of passbook should be equal to _____ column of cashbook, if there are no differences.

- A:-Debit, Credit
 - B:-Credit, Debit
 - C:-Credit, Credit
 - D:-None of these
- Correct Answer:- Option-A

Question61:-Cheque issued are posted on the _____ side of bank column of cashbook.

- A:-Debit
 - B:-Credit
 - C:-Both (1) and (2)
 - D:-None of these
- Correct Answer:- Option-B

Question62:-A bill is drawn on 1st November 2021 at three months. What will be the maturity date?

- A:-February 1, 2022
 - B:-April 1, 2022
 - C:-February 4, 2022
 - D:-April 4, 2022
- Correct Answer:- Option-C

Question63:-Loss by Fire account is:

- A:-Nominal account
 - B:-Real account
 - C:-Personal account
 - D:-None of these
- Correct Answer:- Option-A

Question64:-Accounting grossly lacks _____ element.

- A:-Quantitative
 - B:-Qualitative
 - C:-Both (1) and (2)
 - D:-None of these
- Correct Answer:- Option-B

Question65:-Plant and Machinery is bought for Rs.10,00,000 and its market value is Rs.8,00,000. Which of these values do you consider to mention in the balance sheet according to cost principle?

- A:-8,00,000
 - B:-10,00,000
 - C:-2,00,000
 - D:-Cannot determine
- Correct Answer:- Option-B

Question66:-Biological asset includes :

- A:-Building
 - B:-Plant and Machinery
 - C:-Living animal
 - D:-All of the above
- Correct Answer:- Option-C

Question67:-The discount which is not recorded in books of account?

- A:-Cash discount
 - B:-Trade discount
 - C:-Both (1) and (2)
 - D:-None of these
- Correct Answer:- Option-B

- Question68:-Machinery purchased for cash Rs. 50,000/- is not recorded in Journal. Mention the type of error?
A:-Error of Commission
B:-Compensating Error
C:-Error of Omission
D:-Error of Principle
Correct Answer:- Option-C
- Question69:-Amount paid to Raghu Rs. 5,000 is credited to Raghuvaran's account. What type of error has occurred?
A:-Error of principle
B:-Compensating Error
C:-Error of Omission
D:-Error of Commission
Correct Answer:- Option-D
- Question70:-What rectification entry will be passed, if sales book was undercast by 2000/-?
A:-Suspense A/c Dr. (2,000)
To Sales Account (2,000)
B:-Sales Account Dr. (2,000)
To Suspense Account (2,000)
C:-Suspense account Dr. (2,000)
To Sales Return Account (2,000)
D:-None of these
Correct Answer:- Option-A
- Question71:-Documentary charges regarding the purchase of a building is _____.
A:-Revenue Expenditure
B:-Deferred Revenue Expenditure
C:-Capital Expenditure
D:-Operating Expenditure
Correct Answer:- Option-C
- Question72:-Amount spent on uniform of workers of a company is _____.
A:-Capital Expenditure
B:-Revenue Expenditure
C:-Deferred Revenue Expenditure
D:-None of these
Correct Answer:- Option-B
- Question73:-Profit or loss on sale of asset is transferred to _____ account.
A:-Balance sheet
B:-Profit and Loss Account
C:-Both (1) and (2)
D:-None of these
Correct Answer:- Option-B
- Question74:-Interest on drawing is _____.
A:-Debited to Profit and Loss Account
B:-Credited to Profit and Loss Account
C:-Debited to capital account
D:-Credited to capital account
Correct Answer:- Option-C
- Question75:-The cost of fixed asset of a business has to be written off over its:
A:-Physical life
B:-Accounting life
C:-Natural life
D:-Estimated Economic life
Correct Answer:- Option-D
- Question76:-The following account has a credit balance.
A:-Purchase Account
B:-Purchase Return Account
C:-Plant and Machinery Account
D:-None of these
Correct Answer:- Option-B
- Question77:-Bad debts recovered Rs.1000, it will be
A:-Debited to creditor's personal account
B:-Credited to bad debts account
C:-Debited to bad debts account
D:-Credited to bad debts recovered account
Correct Answer:- Option-D
- Question78:-Which of the following cash book (s) is/are treated as a 'Cash Account'?
A:-Single column cash book
B:-Double column cash book
C:-Triple column cash book
D:-Both (1) and (2)
Correct Answer:- Option-A
- Question79:-GAAP stands for;
A:-Generally Allowable Accounting Principle
B:-Generally Accepted Accounting Practice
C:-Generally Allowable Accounting Practice
D:-Generally Accepted Accounting Principle
Correct Answer:- Option-D
- Question80:-Outward invoice issued is a source of document for :
A:-Sales book
B:-Return inward book
C:-Return outward book
D:-Purchase book
Correct Answer:- Option-A
- Question81:-Which one of the following errors do not affect the agreement of trial balance?
A:-Omission of an entry into ledger
B:-Recording of asset as expenses
C:-Casting and posting errors

D:-Amount omitted from trial balance

Correct Answer:- Option-B

Question82:-In double entry system of accounting when expenses increase, it is _____.

A:-Debited

B:-Credited

C:-Both (1) and (2)

D:-It is shown only in foot notes

Correct Answer:- Option-A

Question83:-Balance sheet shows financial position of a concern :

A:-For a given period

B:-For the year ended

C:-As on a particular date

D:-All of the above

Correct Answer:- Option-C

Question84:-The Policy of "anticipate no profit and provide for all possible losses" arises due to the convention of:

A:-consistency

B:-conservation

C:-disclosure

D:-materiality

Correct Answer:- Option-B

Question85:-Petty cash book usually be maintained under _____ system of petty cash

A:-Imprest

B:-Petty cash balance

C:-Improper

D:-Proper

Correct Answer:- Option-A

Question86:-Depletion unit method of depreciation is adopted in the case of :

A:-Fixed asset

B:-Current asset

C:-Washing asset

D:-Fictitious asset

Correct Answer:- Option-C

Question87:-_____ is the base for recording a transaction in purchase return book.

A:-Contra note

B:-Extra note

C:-Credit note

D:-Debit note

Correct Answer:- Option-D

Question88:-Interest on overdraft is _____ by the bank in the passbook.

A:-Credited

B:-Debited

C:-Both (1) and (2)

D:-Neither (1) nor (2)

Correct Answer:- Option-B

Question89:-Which among the following is/are the needs for depreciation?

A:-To ascertain true profit or loss

B:-To show true financial position

C:-To make provision for replacement of fixed assets

D:-All of the above

Correct Answer:- Option-D

Question90:-In any method of depreciation, depreciation is charged on _____ of the asset in first year.

A:-Cost price

B:-Market price

C:-Current price

D:-None of these

Correct Answer:- Option-A

Question91:-What is the result of over valuing closing stock on the current year's profit?

A:-Decrease the gross profit and increase net profit

B:-Decrease the gross profit and the net profit

C:-Increase the gross profit and decrease the net profit

D:-Increase the gross profit and the net profit

Correct Answer:- Option-D

Question92:-An entry which has more than one debit and or credit is called?

A:-Multiple entries

B:-Single entries

C:-Compound entries

D:-Double entries

Correct Answer:- Option-C

Question93:-Which of the following asset does not come under the preview of depreciation?

A:-Plant and Machinery

B:-Loose tools

C:-Land

D:-Furniture

Correct Answer:- Option-C

Question94:-A customer's cheque returned and dishonoured is recorded in _____.

A:-Cash book

B:-Sales return book

C:-Petty cash book

D:-Purchase return book

Correct Answer:- Option-A

Question95:-Decrease in the amount of creditors result in:

A:-No change in asset

B:-Increase in cash

C:-Decrease in cash

D:-Increase in asset

Correct Answer:- Option-C

Question96:-In financial accounting, ledger posting is a process of:

A:-Recording

B:-Interpreting

C:-Summarizing

D:-Classifying

Correct Answer:- Option-D

Question97:-Goods returned from 'X' is entered/recorded as :

A:-Debit 'X' account; Credit cash account

B:-Debit 'X' account; Credit sales account

C:-Debit 'X' account; Credit purchase return account

D:-Debit sales return account; Credit 'X' account

Correct Answer:- Option-D

Question98:-Goods worth Rs. 10,000 were distributed as free sample. The journal entry will be:

A:-Advertisement A/c Dr (10,000)

To Purchase A/c (10,000)

B:-Sales A/c Dr (10,000)

To cash A/c (10,000)

C:-Drawings A/c Dr (10,000)

To Purchase A/c (10,000)

D:-Sales A/c Dr (10,000)

To Advertisement A/c (10,000)

Correct Answer:- Option-A

Question99:-Which one of the following will not appear in Profit and Loss account of a business?

A:-Bad debts

B:-Accrued expenses

C:-Drawings

D:-Depreciation

Correct Answer:- Option-C

Question100:-Loss of goods in transit is borne by _____

A:-Consignor

B:-Consignee

C:-Both (1) and (2) equally

D:-Neither (1) nor (2)

Correct Answer:- Option-A