



MIDTERM EXAMINATION
MGT101- Financial Accounting

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

An accounting system is used by a business to:

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

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

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

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

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

Accountancy covers which of the following area(s):

- ▶ Book-keeping
- ▶ Accounting
- ▶ Auditing
- ▶ All of the given options

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

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

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

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

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

- ▶ Purchase of land on credit
- ▶ Dividends to stockholders
- ▶ Net loss

- ▶ Investment in cash by stockholders

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

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

- ▶ Cash account
- ▶ Furniture account
- ▶ Vehicle account
- ▶ Capital account

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

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

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

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

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

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

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

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

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

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

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit
Sold	10 units @ 10 35 units @ 11 40 units @ 12
	Balance 20 units @ 13 = 260

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

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ▶ Rs.268

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

Consider the following inventory record:

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

Detail of 80 units sold

10 @ 10
35 @ 11
35 @ 12

now remaining are

5 units @ 12 = 60

20 units @ 13 = 260

closing stock = 25 units and value = 320

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

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

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

If, Cost of machine = Rs.400, 000

Useful life = 5 years

Residual value = Rs.25, 000

The depreciation of machine per year using straight line method is?

$$= 400,000 - 25000 / 5 = 75000$$

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

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

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

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

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

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

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

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

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

In balance sheet fixed assets are shown at:

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

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

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

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

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

Particulars	Rs.
Direct materials costs	80,000
Direct labor costs	50,000
Manufacturing overhead costs	60,000
Prime cost = dm + dl	130,000

- ▶ Rs.1 Rs.130,000
- ▶ Rs.110,000
- ▶ Rs.140,000
- ▶ Rs.190,000

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

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

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

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

Following are the inventories of Manufacturing Concern EXCEPT:

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

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

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

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


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

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

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

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

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

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

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

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

- ▶ Furniture account
- ▶ Cash account
- ▶ Business account
- ▶ Bank account

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

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

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

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

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

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

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

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

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

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

Accounts Receivable & Inventory are the examples of:

- ▶ Liquid assets
- ▶ Current assets
- ▶ Fixed assets
- ▶ Capital assets

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

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

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

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

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

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

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

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

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

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

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

- ▶ Negative Balance
- ▶ **Debit Balance**
- ▶ Positive Balance
- ▶ Credit Balance

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

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

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

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

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

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

- ▶ Voucher
- ▶ General Journal
- ▶ General Ledger
- ▶ Trial balance

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

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

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

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

What is the nature of an expense account?

- ▶ Debit
- ▶ Credit
- ▶ Revenue
- ▶ None of the given options

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

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

- ▶ Expenses
- ▶ Assets
- ▶ Capital
- ▶ Liabilities

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

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

- ▶ Rs. 40, 000
- ▶ Rs. 60, 000
- ▶ Rs. 10,000
- ▶ Rs. 50,000

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

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

- ▶ Capital Expense
- ▶ Revenue Expense
- ▶ Deferred Expense

- ▶ Preliminary Expense

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

Which of the following is non- profit organization?

- ▶ Sole proprietorship
- ▶ Partnership
- ▶ Limited company
- ▶ Trust

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

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

- ▶ Cost Accounting
- ▶ Financial Accounting
- ▶ Management Accounting
- ▶ Tax Accounting

Question No: 41 (Marks: 10)

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

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

CASH A/C (IN STATEMENT FORM)

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

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

Particulars	Rs.
Opening written down value of machine	3,00,000
Cost of machine purchased during the year	50,000
Depreciation during the year	9,000
closing written down value (WDV) of the Machine	?

- ▶ Rs. 3, 41,000
- ▶ Rs. 3, 50,000
- ▶ Rs. 3, 59,000
- ▶ Rs. 59,000

<http://groups.google.com/group/vuZs>

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

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

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

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

Consider the following data:

Particulars	Rs.
Assets	1,98,000
Owner's equity	95,000
Liabilities	?

- ▶ Rs. 49,000
- ▶ Rs. 55,000
- ▶ Rs. 1, 25,000
- ▶ Rs. 1, 03,000

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

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

Cash	Rs. 22,500
Debtors	Rs. 500
Total Assets	Rs. 80,385

Accounts payable	Rs. 1,000
Total liabilities	Rs. 20,000

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

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

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

Furniture	Rs. 90,000
Cash	Rs. 1, 00, 000
Debtors	Rs. 10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 90, 000

- ▶ Rs. 2, 01,000 liabilities
- ▶ Rs. 1, 11, 000 liabilities
- ▶ Rs. 2, 90, 000 liabilities
- ▶ Rs. 2, 91, 000 liabilities

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

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

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

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

Which of the following assets are shown at written down value in balance sheet?

- ▶ Current assets
- ▶ Liquid assets
- ▶ Floating assets
- ▶ Fixed assets

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

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

- ▶ Factory Buildings
- ▶ Office Equipment
- ▶ Plant & Machinery
- ▶ Land

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

The main goal of Bank Reconciliation Statement is to determine:

- ▶ If the discrepancy is due to error rather than timing

- ▶ If the discrepancy is due to timing rather than error
- ▶ If the discrepancy is due to error rather than amount
- ▶ If the discrepancy is due to amount rather than timing

Question No: 10 (Marks: 1) - Please choose one
Sale proceeds of goods are an example of:

- ▶ Revenue expense
- ▶ Capital expense
- ▶ Capital receipt
- ▶ Revenue receipt

Question No: 11 (Marks: 1) - Please choose one
Which one of the following is **NOT** true about revenue expenditure?

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

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

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

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

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ▶ Rs.320

Question No: 13 (Marks: 1) - Please choose one
Consider the following inventory record:

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

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

- ▶ Rs. 1,225

- ▶ Rs. 1,015
- ▶ Rs. 965
- ▶ Rs. 905

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

If, Cost of machine = Rs.400, 000

Useful life = 5 years

Rate of depreciation= 40%

The book value of machine after one years using diminishing balance method is ?

- ▶ Rs.86, 400
- ▶ Rs. 1, 44,000
- ▶ Rs. 2, 40,000
- ▶ Rs. 51,840

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

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

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


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

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

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

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

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for the each year	Rs. 5,000
Sale price after 5 years	Rs.15,000
Written Down Value of Asset on 5 th year	Rs. 75,000
Profit or loss on disposal of fixed asset	?

- 
- ▶ Rs. 60,000 loss
 - ▶ Rs. 75,000 profit
 - ▶ Rs. 25,000 loss
 - ▶ Rs. 1, 00,000 profit

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

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

- ▶ Prime cost
- ▶ Conversion cost
- ▶ Sunk cost
- ▶ Opportunity cost

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

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

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

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

Which of the following journal entry will be recorded, if the payment of furniture purchased is made through cheque?

- ▶ Furniture account (Dr) and Bank account (Cr)
- ▶ Furniture account (Dr) and Profit & Loss account (Cr)
- ▶ Furniture account (Dr) and Cash account (Cr)
- ▶ Cash account (Dr) and Furniture account (Cr)

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

Which one of the following statement is **CORRECT** about Long term liabilities?

- ▶ These are due within one year
- ▶ These are consist of all debts, payable after 12 months
- ▶ In working capital, these are deducted from current assets
- ▶ All of the given options


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

What type of expenses are paid out of Gross Profit?

- ▶ Selling Expenses
- ▶ General Expenses
- ▶ Financial Expenses
- ▶ All of the given options

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

While making Income & Expenditure account, Excess of income over expenses in a



specified accounting period is called:

- ▶ Deficit
- ▶ Surplus
- ▶ Profit
- ▶ Loss

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

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

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

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

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

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

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

Which of the following period is known as a fiscal Year of the Government of Pakistan?

- ▶ 1st January to 31st December
- ▶ 1st June to 31st May
- ▶ 1st July to 30th June
- ▶ 1st October to 30th September

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

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

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

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

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

- ▶ Assets
 - ▶ Liabilities
 - ▶ Equities
 - ▶ Expenses

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

Commercial Accounting is based on:

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

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

Word "Credit" is derived from _____ language.

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

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

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

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

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

Double entry accounting system includes:

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

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

An accounting system is used by a business to:

- ▶ Analyze transactions
- ▶ Handle routine book-keeping tasks
- ▶ Structure information
- ▶ **All of the given options**

Question No: 41 (Marks: 10)

Record the following transactions in the General Journal.

Date:	Transactions
Jan 1, 2007	Mr. Asghar started business with cash Rs. 1, 00,000.
Jan 2, 2007	Opened bank account with amount Rs. 50,000.
Jan 4, 2007	Purchased goods for cash Rs. 15,000.
Jan 9, 2007	Payment made to Karachi store (Creditor) Rs. 15,000 by cheque.
Jan14, 2007	Goods returned to Karachi store worth Rs. 1,500.
Jan22, 2007	Goods sold for cash Rs. 2,000.

DR

Bank account 50,000

Purchased goods for cash Rs. 15,000

Payment made to Karachi store (Creditor) Rs. 15,000 by cheque

Goods returned to Karachi store worth Rs. 1,500

Credit balance 20500

Cr

Mr. Asghar started business with cash Rs. 1, 00,000

Goods sold for cash Rs. 2,000.

MGT101- Financial Accounting

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

Income of the business includes:

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

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

Consider the following:

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

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

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

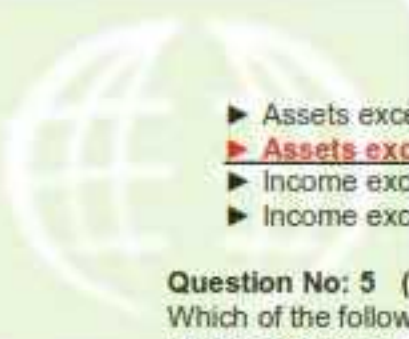
Question No: 3 (Marks: 1) - Please choose one

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

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

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

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

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

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

Which of the following essentials are shown in Cash Book?

- (1) Date of transaction
- (2) Narration of transaction
- (3) Cheque number

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

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

Income of the business includes:

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

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

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

- ▶ Expenses
- ▶ **Assets**
- ▶ Capital
- ▶ Liabilities

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

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

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

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

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

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

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

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

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

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

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

▶ **Purchases account**

- ▶ Mr. Ali account
- ▶ Cash account
- ▶ Sales account

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

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

▶ **Account**

- ▶ Voucher
- ▶ Journal
- ▶ Trial balance

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

When a assets is increased, it is recorded on the:

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

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

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

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

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

Double entry accounting system includes:

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

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

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

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

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

Under the reducing balance method of depreciation:

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

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

Consider the following:

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

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

- ▶ Rs.260

- ▶ Rs.232
- ▶ Rs.284
- ▶ **Rs.320**

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

	Rs. 1,00,000
Cost of asset	
Life of asset	5 years
Depreciation for each year	Rs. 5,000
Sale price after 5 years	Rs.50,000
Profit or Loss	?

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

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

In accounting accumulated depreciation is:

- ▶ Treated as a reserve
- ▶ Treated as a contra asset
- ▶ Treated as a surplus
- ▶ **Treated as an expense**

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

Cash book is a part of:

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

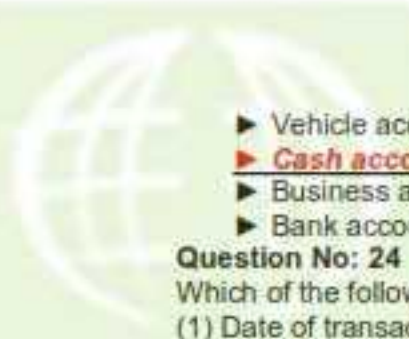
Question No: 22 (Marks: 1) - Please choose one

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

- ▶ Trading concern
- ▶ **Manufacturing concern**
- ▶ Merchandising concern
- ▶ Service concern

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

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

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

Question No: 24 (Marks: 1) - Please choose one
Which of the following essentials are shown in Bank Book?

- (1) Date of transaction
- (2) Narration of transaction
- (3) Cheque number

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

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

Commercial Accounting is based on:

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

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

A book, in which receipts and payments are recorded, is known as:

- ▶ Pass Book
- ▶ **Cash Book**
- ▶ Purchase Book
- ▶ Sales Book

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

Commercial Accounting is based on:

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

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

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

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

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

Following are the inventories of Trading Concern EXCEPT:

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

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

Word "Credit" is derived from _____ language.

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

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



علم دُنْيَا

www.ilmkidunya.com

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

- ▶ Mr. "A" a/c Dr. and debtors a/c Cr.
- ▶ Mr. "A" a/c Dr. and cash a/c Cr.
- ▶ **Cash a/c Dr. and debtors a/c Cr.**
- ▶ None of the given options

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

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

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

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

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

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

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

Depreciable value of an asset is equal to:

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

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

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

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

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

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

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

Question No: 41 (Marks: 10)

How you can distinguish between Sole proprietorship, Partnership and Joint Stock company?

Answer:-

Sole Proprietorship:-

A sole proprietorship also known as a sole trader, or simply proprietorship is a type of [business entity](#) which is owned and run by one individual and where there is no legal distinction between the owner and the business. All profits and all losses accrue to the owner (subject to taxation). All assets of the business are owned by the proprietor and all debts of the business are their debts and they must pay them from their personal resources. This means that the owner has unlimited liability. It is a "sole" proprietorship in the sense that the owner has no partners ([partnership](#)).

A sole proprietor may do business with a [trade name](#) other than his or her legal name. This also allows the proprietor to open a business account with banking institutions.

Partnership:-

A partnership is a type of [business entity](#) in which partners (owners) share with each other the profits or losses of the business. Partnerships are often favored over [corporations](#) for taxation purposes, as the partnership structure does not generally incur a tax on profits before it is distributed to the partners (i.e. there is no [dividend tax](#) levied). However, depending on the partnership structure and the [jurisdiction](#) in which it operates, owners of a partnership may be exposed to greater personal liability than they would as [shareholders](#) of a corporation.

Joint Stock Company:-

A joint stock company (JSC) is a type of business entity: it is a type of [corporation](#) or [partnership](#) involving two or more legal persons. Certificates of ownership (or [stocks](#)) are issued by the company in return for each financial contribution, and the shareholders are free to transfer their [ownership](#) interest at any time by selling their stockholding to others. In most countries, a joint stock company offers the protection of limited liability; a shareholder is not liable for any of the company's debt beyond the face value of their shareholding.

There are two kinds of joint stock company : private and public companies. The shares of the former are usually only held by the directors and Company Secretary. The shares of the latter are bought and sold on the open market

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

Depreciation arises because of:

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

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

Consider the following:

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

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

- ▶ Rs.260
- ▶ Rs.232
- ▶ Rs.284
- ▶ Rs.268

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

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

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

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

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

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

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

Which of the following essentials are shown in Bank Book?

- (1) Date of transaction
- (2) Narration of transaction
- (3) Cheque number

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

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

Income of the business includes:

- ▶ Cash sales only
- ▶ Credit sales only
- ▶ Credit purchases only

▶ **Both cash sales and credit sales**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ▶ Purchases account
- ▶ **Mr. Ali account**
- ▶ Cash account
- ▶ Sales account

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

A summarized record of transactions related to individuals or things is called

a/an _____.

- ▶ Account
- ▶ Voucher
- ▶ Journal
- ▶ Trial balance

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

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

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

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

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

- ▶ Deferred expense.
- ▶ Capital expense
- ▶ **Revenue expense**
- ▶ Preliminary expense

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

Double entry accounting system includes:

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

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

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

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

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

Under the reducing balance method of depreciation:

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

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

Consider the following:

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

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

of inventory costing?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ▶ Vehicle account
- ▶ **Cash account**

- ▶ Business account
- ▶ Bank account

Question No: 24 (Marks: 1) - Please choose one
Which of the following essentials are shown in Bank Book?

- (1) Date of transaction
- (2) Narration of transaction
- (3) Cheque number

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

Question No: 25 (Marks: 1) - Please choose one
Commercial Accounting is based on:

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

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

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

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

Question No: 27 (Marks: 1) - Please choose one
Which of the following is an example of direct materials cost?

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

Question No: 28 (Marks: 1) - Please choose one
Which of the following account will be credited, when the goods are purchased on cash?

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

Question No: 29 (Marks: 1) - Please choose one
Following are the inventories of Manufacturing Concern EXCEPT:

- ▶ Raw material
- ▶ Work in process

- ▶ Finished goods
- ▶ **Merchandise inventory**

Question No: 30 (Marks: 1) - Please choose one
Word "Credit" is derived from _____ language.

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

Question No: 31 (Marks: 1) - Please choose one
Consider the following inventory record:

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

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

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

Question No: 32 (Marks: 1) - Please choose one
The assets which have a limited useful life are termed as:

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

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

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

Question No: 33 (Marks: 1) - Please choose one
A decrease in value of a fixed asset due to age, wear and tear is known as:

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

Question No: 34 (Marks: 1) - Please choose one
What would be the value of 'cost of goods manufactured' if the total factory cost of the

month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

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

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

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

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

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

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

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

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

Question No: 41 (Marks: 10)

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

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

Time: 60 min

Marks: 50

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

Net Profit + Expenses= _____

- ▶ Liabilities
- ▶ Assets
- ▶ Capital
- ▶ Income

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

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

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

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

The basic purpose of depreciation is to achieve the:

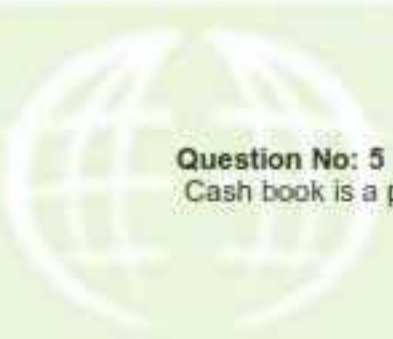
- ▶ Matching principle
- ▶ Dual aspect principle

- ▶ Separate entity concept
- ▶ Money measurement concept

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

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

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



Question No: 5 (Marks: 1) - Please choose one
Cash book is a part of:

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

Question No: 6 (Marks: 1) - Please choose one
Bank Reconciliation Statement is:

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

Question No: 7 (Marks: 1) - Please choose one
If you start with cash book balance (Dr.), which of the following item will be deducted in Bank Reconciliation Statement?

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

Question No: 8 (Marks: 1) - Please choose one
The main goal of Bank Reconciliation Statement is to determine:

- ▶ **If the discrepancy is due to error rather than timing**
- ▶ If the discrepancy is due to timing rather than error
- ▶ If the discrepancy is due to error rather than amount
- ▶ If the discrepancy is due to amount rather than timing

Question No: 9 (Marks: 1) - Please choose one
Which one of the following is **NOT** true about revenue expenditure?

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

Question No: 10 (Marks: 1) - Please choose one
Under the reducing balance method of depreciation:

- ▶ Amount of depreciation increases every year
- ▶ Amount of depreciation remains constant for every year
- ▶ **Amount of depreciation decreases every year**

- ▶ None of the given options

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

Consider the following inventory record:

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

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

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

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

Consider the following:

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

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

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

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

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

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

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

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

- ▶ Machinery account

- ▶ Depreciation account
- ▶ Cash account
- ▶ Capital account

Question No: 15 (Marks: 1) - Please choose one
Under the straight line method of depreciation:

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

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

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

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

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


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

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

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

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for the each year	Rs. 5,000
Sale price after 5 years	Rs.15,000
Written Down Value of Asset on 5 th year	Rs. 75,000
Profit or loss on disposal of fixed asset	?

- ▶ Rs. 60,000 loss
- ▶ Rs. 75,000 profit
- ▶ Rs. 25,000 loss
- ▶ Rs. 1, 00,000 profit



Question No: 19 (Marks: 1) - Please choose one
In cost of goods sold statement the 'total factory cost' is equal to:

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

Question No: 20 (Marks: 1) - Please choose one
Which of the following organization converts raw material into finished goods?

- ▶ Trading concern
- ▶ **Manufacturing concern**
- ▶ Merchandising concern
- ▶ Service concern

Question No: 21 (Marks: 1) - Please choose one
Which of the following item appears in Trading Account of a business?

- ▶ Interest expenses
- ▶ **Wages and salaries**
- ▶ Depreciation expenses
- ▶ Discount Allowed

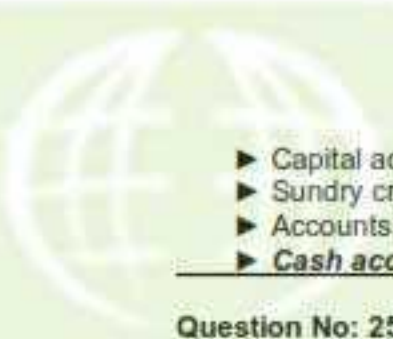
Question No: 22 (Marks: 1) - Please choose one
Which of the following is an alternate term which can be used for "Capital"?

- ▶ Liability
- ▶ **Owner's net worth**
- ▶ Working capital
- ▶ Asset

Question No: 23 (Marks: 1) - Please choose one
If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total of "general & administrative expenses"?

- ▶ Rs. 300
- ▶ Rs. 2,500
- ▶ **Rs. 2,800**
- ▶ Rs.18, 800

Question No: 24 (Marks: 1) - Please choose one
Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

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

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

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

- ▶ Cash account
- ▶ Capital account
- ▶ **Drawings account**
- ▶ Proprietor account

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

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

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

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

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

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

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


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

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

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

Accrued expenses are the example of:

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

- 
- ▶ Pass Book
 - ▶ **Cash Book**
 - ▶ Purchase Book
 - ▶ Sales Book

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

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

- ▶ Negative Balance
- ▶ **Debit Balance**
- ▶ Positive Balance
- ▶ Credit Balance

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

Commercial Accounting is based on:

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

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

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

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

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

Which of the following is non-profit organization?

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

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

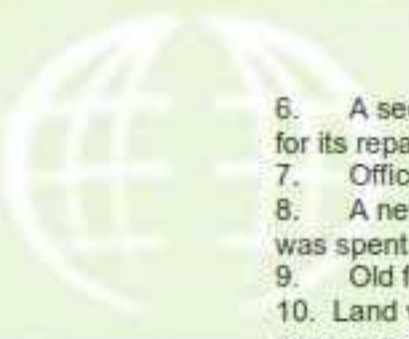
Mr. "A" sold goods to Mr. "B" for Rs. 3,000 on October 8, 2008 and Mr. "B" paid at the same time. It will be case of _____ sales.

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

Question No: 41 (Marks: 10)

State with reasons whether the following items of expenditure are capital or revenue in nature.

1. Wages paid on the purchase of goods.
2. Carriage paid on goods purchased.
3. Transportation paid on purchase of machinery.
4. Octroi duty paid on machinery.
5. Octroi duty paid on goods.

- 
6. A second hand car was purchased for Rs. 7,000 and Rs. 5,000 were spent for its repair and overhauling.
 7. Office building was whitewashed at a cost of Rs. 3,000.
 8. A new machinery was purchased for Rs. 80,000 and a sum of Rs. 1,000 was spent on its installation and erection
 9. Old furniture was repaired at a cost of Rs. 500.
 10. Land was purchased for Rs. 1, 00,000 and Rs. 5,000 was paid for legal expenses.

Time: 60 min

Marks: 50

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

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

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

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

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

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

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

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

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

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

Word "Credit" is derived from _____ language.

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

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

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

- ▶ Debit
- ▶ Credit
- ▶ Income
- ▶ No need to show as accounting record

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

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

- ▶ Intangible Asset
- ▶ Liquid Asset
- ▶ Current Asset
- ▶ Fixed Asset

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

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

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

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

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

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

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

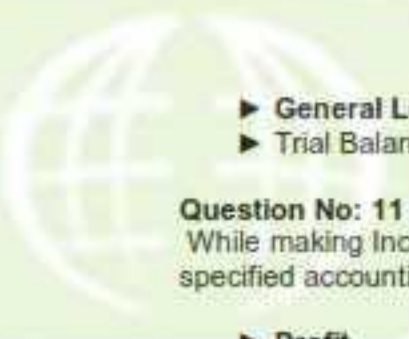
In an account, if credit side < debit side then the balance is known as:

- ▶ Negative Balance
- ▶ Debit Balance
- ▶ Positive Balance
- ▶ **Credit Balance**

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

Bank book is part of:

- ▶ Voucher
- ▶ General Journal

- 
- ▶ General Ledger
 - ▶ Trial Balance

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

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

- ▶ Profit
- ▶ Loss
- ▶ Surplus
- ▶ Deficit

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

Gross Profit > Operating Expenses=?

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

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

Accrued expenses are the example of:

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

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

The favorable balance of Profit and Loss account should be:

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

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

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

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

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

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

- ▶ Profit and loss account
- ▶ Balance sheet
- ▶ Statement of financial position

- ▶ All of the given options

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

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

- ▶ **If current assets > current liabilities**
- ▶ If current Assets < current Liabilities
- ▶ If current assets = current liabilities
- ▶ If current assets \leq current liabilities

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

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

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

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

The stock of manufacturing concern consists of:

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

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

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

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

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

The products that are ready for sale are known as:

- ▶ Raw material
- ▶ Work in process
- ▶ **Finished goods**
- ▶ Closing stock

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

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

- ▶ Polish and finishing material for chair
- ▶ **A piece of wood for the production of chair**

- ▶ Production worker's wages
- ▶ Depreciation expenses

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

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

- ▶ Prime cost
- ▶ **Conversion cost**
- ▶ Sunk cost
- ▶ Opportunity cost

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

In balance sheet fixed assets are shown at:

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

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

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

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

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

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

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

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

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

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

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

Consider the following inventory record:

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

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

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

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

Consider the following inventory record:

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

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

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

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

Bank Reconciliation Statement is:

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

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

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

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

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

The basic purpose of depreciation is to achieve the:

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

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

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

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

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

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

Firms charge depreciation each year:

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

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

Consider the following data:

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

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

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

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

- ▶ **Original cost minus Accumulated depreciation**

- ▶ Original cost plus Accumulated depreciation
- ▶ Original cost minus Residual value
- ▶ Written down value minus Accumulated depreciation

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

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

- ▶ **Budgeting**
- ▶ Costing
- ▶ Management
- ▶ Auditing

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

Unfavorable balance of the cash book means:

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

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

Net Profit + Expenses = _____

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

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

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

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

Question No: 41 (Marks: 10)

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

Particulars	Add/Less
1. Cheques issued but yet not paid by bank.	less
2. Cheques deposited but not credited by bank.	less

3. Amount directly deposited into bank by a customer but not recorded in the Cash Book.	add
4. Dividend collected by bank but not entered in Cash Book.	add
5. Insurance premium paid by bank but not recorded in Cash Book.	less
6. Cheque deposited but no entry was made in Cash Book.	add
7. Bank charges debited by bank but not credited in the Cash Book	less
8. Interest on overdraft debited by bank but not recorded in Cash Book.	less
9. Cheque issued but wrongly debited in Cash Book	less
10. Interest credited by bank but not recorded in cash book	add

MIDTERM EXAMINATION
Spring 2009
MGT101- Financial Accounting

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

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

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

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

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

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


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

Income of the business includes:

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

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

The basic accounting principle/concept according to which Business is independent



from its owner(s) is known as:

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

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

Commercial Accounting is based on:

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

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

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

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

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

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

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

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

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

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

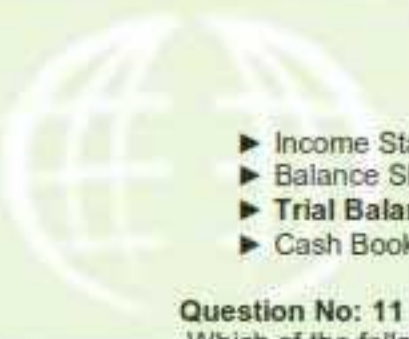
Question No: 9 (Marks: 1) - Please choose one

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

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

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

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

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

Question No: 11 (Marks: 1) - Please choose one (not sure)
Which of the following is **CORRECT** for Trading account?

- ▶ It includes cost of goods sold and all the direct expenses related to sales
- ▶ It includes cost of goods sold and all the indirect expenses related to sales
- ▶ It includes cost of goods sold and all the direct and indirect expenses
- ▶ **It includes cost of goods sold and all the direct and selling, administrative expenses**

Question No: 12 (Marks: 1) - Please choose one
Which one of the following is **NOT** prepared by Non profit organizations?

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

Question No: 13 (Marks: 1) - Please choose one
Which of the following is an example of a Current liability?

- ▶ Closing inventory
- ▶ Opening inventory
- ▶ Petty cash
- ▶ **Bank overdraft**

Question No: 14 (Marks: 1) - Please choose one
Identify the business transaction for given entry below.

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

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

Question No: 15 (Marks: 1) - Please choose one
"Mr. "A" collected cash from debtors", the journal entry for this transaction is:

- ▶ Mr. "A" a/c Dr. and debtors a/c Cr.
- ▶ Mr. "A" a/c Dr. and cash a/c Cr.
- ▶ **Cash a/c Dr. and debtors a/c Cr.**
- ▶ None of the given options

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

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

- ▶ Liability
- ▶ **Owner's net worth**
- ▶ Working capital
- ▶ Asset

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

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

- ▶ Trading concern
- ▶ **Manufacturing concern**
- ▶ Merchandising concern
- ▶ Service concern

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

The stock of manufacturing concern consists of:

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

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

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

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

NOTE:- Conversion Cost = Direct Labor Cost + Manufacturing Overhead Cost

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

In balance sheet fixed assets are shown at:

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

NOTE:- Because WDV is a value of fixed asset after deducting the depreciation

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

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 5,000

Sale price after 5 years	Rs.50,000
Written down value of asset on 5 th year	Rs.75,000
profit or loss on disposal of fixed assets	?

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

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

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

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

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

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

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

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

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

- ▶ Cheque deposited but not credited by the bank
- ▶ Cheques omitted to be deposited into bank
- ▶ **Any amount directly collected by bank on behalf of customer but not recorded in cash book**
- ▶ Debit side of cash book was overcast

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

Bank Reconciliation Statement is:

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

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

Bank Reconciliation Statement is prepared by:



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

Question No: 27 (Marks: 1) - Please choose one
 Stock of Trading concern consists of:

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

Question No: 28 (Marks: 1) - Please choose one
 When the process of production is completed, all the costs must be charged to:

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

Question No: 29 (Marks: 1) - Please choose one
 Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

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

Question No: 30 (Marks: 1) - Please choose one
 If a business pays rent in advance for 12 months, it will be treated as:

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

Question No: 31 (Marks: 1) - Please choose one
 Accountancy covers which of the following area(s):

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

Question No: 32 (Marks: 1) - Please choose one
 The assets which have a limited useful life are termed as:

- ▶ Limited assets
- ▶ **Depreciateable assets**

- ▶ Unlimited assets
- ▶ None of the given options

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

Depreciable value of an asset is equal to:

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

The depreciable value of an asset is equal to its purchase price minus installation costs.

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

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

- ▶ **Original cost minus Accumulated depreciation**
- ▶ Original cost plus Accumulated depreciation
- ▶ Original cost minus Residual value
- ▶ Written down value minus Accumulated depreciation

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

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

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

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

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

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

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

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

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


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

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

- ▶ Savings
- ▶ Net profit
- ▶ **Gross profit**
- ▶ Operating profit

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

javascript:void(0): An asset cost Rs. 50,000, has an estimated residual value of Rs.1,



500, and an estimated useful life of 8 years. What is the depreciation rate under reducing balance method?

- ▶ 11.5%
- ▶ 20.0%
- ▶ 25.0%
- ▶ 35.5%

To calculate depreciation rate under reducing balance method we use formula:

$$\text{Depreciation rate} = 1 - (\text{residual value} / \text{cost})^{1/n}$$

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

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

- ▶ Revenue
- ▶ Net profit
- ▶ Gross profit
- ▶ Operating profit

Question No: 41 (Marks: 10)

Differentiate between capital and revenue expenditure.

CAPITAL: -

The value invested in the business by the owner in whatever form is called capital. The owner may introduce a capital of Rs. 250,000 which may be in the form of Rs. 200,000 cash and a machinery of Rs. 50,000. The capital of Rs. 250,000 is shown in Balance sheet as credit balance whereas cash and machinery being assets are shown in balance sheet as debit balance.

CAPITAL EXPENDITURE:-

These are expenses whose benefits last for a longer period or the benefits are yet to be enjoyed by the business. For example when a vehicle is purchased by the business, it will benefit the business for the current period and for the years to come. Capital expenditure always results in increase in assets. Therefore amount expended on vehicle is our capital expenditure and vehicle is shown in the balance sheet as an asset.

REVENUE EXPENDITURE:-

These are expenses whose benefits do not last for longer period and are restricted to current period only and no more benefits are to be enjoyed by the business in the coming periods. For example Salaries, utility bills, fuel bills paid, against which the organization enjoyed benefits for only current period