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

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

Prepaid interest given in the Trial Balance will be treated as a (an):

- Asset
- Liability
- Revenue
- Deferred expense

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

The net income calculated in the income statement for the accounting period is reported on:

- Bank Statement
- Statement of retained earnings
- Statement of cash flows
- None of the given options

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

If the Capitals of partners are fixed then, at the end of financial year a partner's drawings are transferred to the:

- Credit side of the partner's capital account
- Credit side of the partner's current account
- Debit side of partnership bank account
- Debit side of the partner's current account

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

If one partner receives a salary which is credited to him at the end of the year, the share of profit available for distribution will be:

- Increased
- Decreased
- Unchanged
- Changed and become negative

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

In which situation(s) Partnership is dissolved?

- ► In case of death of partner
- ► At the admission of new partner
- ► If any partner resigned from partnership
- ► All of the given options

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

| | **Rs.** |
|---|---|
| Gross profit | 50,000 |
| Operating profit | 42,000 |
| Sales | 250, 000 |
| **What is the amount of operating expenses** | **?** |

- ► **Rs. 8,000**
- ► Rs. 92,000
- ► Rs. 62,500
- ► Rs. 300,000

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

Current ratio may be increased by:

- ► **Overstating current Assets**
- ► Overstating current Liabilities
- ► Understating current Assets
- ► Understating current assets and overstating current liabilities

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

In which of the following interim dividend is treated?

- ► In profit and Loss account
- ► **In profit and Loss appropriation account**
- ► On the asset side of the Balance Sheet
- ► In trading account

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

The statement of changes in equity basically shows the movement of:

- ► **share capital during the year**
- ► Capital reserves during the year
- ► Revenue Reserves during the year
- ► All of the given options

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

Which of the following can offer its share to general public at large?

- ► A private limited company
- ► **A listed company**
- ► A partnership firm
- ► A trust

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

The Joint Stock Company is formed under the Companies Ordinance:

- ► **1984**
- ► 1884
- ► 1948
- ► 1965

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

In case of fixed capital accounts, other transactions such as Drawings and Profit etc. are recorded in a separate account that is called ___________.

- ► Fixed Capital Account
- ► **Current Account**
- ► Fluctuating Capital Account
- ► Floating Capital Account

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

Which of the following account will be debited when the interest on drawings is charged?

- ► Partner's capital account
- ► Interest account
- ► **Partner's current account**
- ► Profit & Loss account

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

Which of the following account will be credited when interest on capital is charged against the distribution of profit?

- ► Interest account
- ► **Partner's capital account**
- ► Profit and Loss account
- ► Profit and loss appropriation account

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

Which of the following statement is **TRUE** about the partnership form of business?

- ► Partners must have to share their profits in equal proportion
- ► Partners are personally liable for the liabilities of the business

- ► Partnerships must make their accounts available to the general public
- ► **Partnership agreement in writing is called Partnership deed**

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

Which of the following statements is **NOT TRUE** about the partnership form of business?

► A partnership is a business run by two or more persons
► A partnership business is easy to set up
► **Each partner is liable under the law for the actions of other partners**
► In the absence of agreement, partners will be paid salaries

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

Which of the following is **TRUE** about the treatment of insurance paid in advance Rs. 13,000?

► It will be treated as an other income in Profit & Loss Account
► **It will be treated as a current asset in Balance Sheet**
► It will be treated as a current liability in Balance Sheet
► It will be treated as an accrued expense in Balance Sheet

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

Which of the following is/are **NOT** shown in balance sheet of sole proprietor?

► Fixed assets
► Current liabilities
► **Profit sharing ratio**
► Long term assets



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

Which of the following appears in both the Income Statement debit column and the Balance Sheet credit?

► Net income
► **Net loss**
► Dividends
► Retained earnings

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

Which of the following is a selling expense?

► Any tax/freight is paid on purchases
► General salaries paid to laborers
► **Tax & freight paid on sale**
► Interest on deposits

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

Which of the following is **NOT** an operating expense?

- ► Salaries and wages expense
- ► Rent expense
- ► **Interest expense**
- ► Depreciation expense

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

Consider the following table:

| | Financial statement item | Classification |
|---|---|---|
| A. | Inventory | Current asset |
| B. | Tangible assets | Non-current asset |
| C. | Accrued expenses | Current asset |
| D. | Bonds payable | Long-term liabilities |

Identify the row above, showing an **INCORRECT** financial-statement classification?

- ► Row A
- ► Row B
- ► **Row C**
- ► Row D

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

Which of the following is the first phase of the typical operating cycle?

- ► Receive cash from customers
- ► Pay cash to suppliers
- ► Sell goods and services to customers
- ► **Purchase goods and services**

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

Following information are extracted from books of Mr. XYZ

| Particulars | Rs. |
|---|---|
| Closing value of stock | 40,000 |
| Write off Bad debts (given in adjustments) | 2,400 |
| Sundry Debtors (given in trial balance) | 33,200 |
| Provision is created on Debtors at 10% | |

Identify the Total amount deducted from Sundry debtors.

- ► Rs. 460
- ► **Rs. 2,400**
- ► Rs. 3,080

► Rs. 5,480

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

It is supposed that on 31st December, 2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 10% of the sundry debtors are doubtful. Actual bad debts are Rs. 1600. What amount of new provision for doubtful debts will be credited in profit & loss account

► Rs. 3,600
► Rs. 4,000
► Rs. 1,600
► **Rs. 2, 400**

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

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

| Particulars | Rs. |
|---|---|
| Bad debts (from trial balance) | 1,600 |
| Provision for doubtful debts (old) | 2,000 |
| Current year's provision (new) | 1,000 |

► Rs. 600
► Rs. 1,000
► **Rs. 2,000**
► Rs. 2,600

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

Which of the following account(s) will be affected, while rectifying the error of a purchase return of Rs.200 to Mr. "A" entered in sales book instead of purchase return book?

► A's account only
► Sales account only
► **Purchase returns account and sales account**
► Purchases account only

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

"Goods sold to Mr. Salman for Rs. 6,000 have been forgotten to enter in books of accounts", is an example of:

► Error of principle
► **Error of omission**
► Error of commission
► Error of original entry

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

_____ are committed in those cases where proper distinction between revenue and capital items is not made.

- ► **Error of principle**
- ► Error of omission
- ► Error of commission
- ► Error of original entry

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

Which of the following account(s) will be affected, while rectifying the error of carriage charges, paid for a new plant purchased mistakenly debited to carriage account?

- ► Plant account
- ► Carriage account
- ► **Both plant account and carriage account**
- ► Trading account

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

Which of the following entry will be passed to record discount received in control account?

- ► Discount Received (Dr) and Creditors Control A/c (Cr)
- ► Discount Received (Dr) and Creditors A/c (Cr)
- ► **Creditors Control A/c (Dr) and Discount Received (Cr)**
- ► Creditors A/c (Dr) and Discount Received (Cr)



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

Which of the following is shown on credit side of creditors control account?

- ► Bills Receivable
- ► Return inwards
- ► **Credit purchases**
- ► Discount allowed

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

It is supposed that on 31-12-2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 5 % of the sundry debtors are doubtful. What entry will pass to transfer the bad debts to provision for doubtful debts?

- ► Profit & Loss a/c Rs. 1,600 (Dr) & Provision for doubtful debts a/c Rs. 1,600 (Cr)
- ► **Profit & Loss a/c Rs. 2,000 (Dr) & Provision for doubtful debts a/c Rs. 2,000 (Cr)**
- ► Provision for doubtful debts a/c Rs. 2,000 (Dr) & Profit & Loss a/c Rs. 2,000 (Cr)

► Provision for doubtful debts a/c Rs. 1,600 (Dr) & Bad Debts a/c Rs. 1,600 (Cr)

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

Following information are extracted from books of Mr. XYZ

| Particulars | Rs. |
|---|---|
| Bad Debts (Given in trial balance) | 500 |
| Old provisions (Given in trial balance) | 800 |
| Sundry Debtors (Given in trial balance) | 44,500 |
| Provision for doubtful debts @ 5% | |
| What will be the amount of new provision | ? |

► **Rs. 2,225**
► Rs. 2,525
► Rs. 1,925
► Rs. 3,025

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

An overdraft will appear as:

► a debit balance in the both the bank statement and the cash book.
► a credit balance in the bank statement but as a debit balance in the cash book.
► **a credit balance in the cash book but as a debit balance in the bank statement.**
► a credit balance in both the bank statement and the cash book.



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

Which one of the following is **NOT** true for Profit & Loss Account?

► It shows whether a business has made a profit or loss over a financial year
► It shows the financial performance of a business for the period
► It shows revenues and expenses for the period
► **It is used to calculate surplus/deficit for a particular period**

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

Which of the following is **CORRECT** regarding depreciation?

► **It is a systematic allocation of depreciable amount of an asset over its estimated useful life**
► It refers to the end life of an asset
► It refers to the increase in value of asset
► It is another name of Impairment

**Question No: 38 ( 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: 39 ( Marks: 1 ) - Please choose one**

If the cost of sales is Rs. 60,000, sales are Rs. 90,000 and operating expenses are Rs. 25,000 during the year. What would be the Net Profit?

- ► **Rs. 5,000**
- ► Rs. 25,000
- ► Rs. 55,000
- ► Rs. 60,000

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

"Electricity bill for the month is paid by Mr. Imran Rs. 325". What is the journal entry to record this transaction?

- ► Cash a/c Rs. 325 (Dr.) , Utilities Expense a/c Rs. 325 (Cr.)
- ► **Utilities Expense a/c Rs. 325 (Dr.), Cash a/c Rs. 325 (Cr.)**
- ► Accounts Receivable a/c Rs. 325 (Dr.), Utilities Expense a/c Rs. 325 (Cr.)
- ► Utilities Expense a/c Rs. 325 (Dr.), Accounts Receivable a/c Rs. 325 (Cr.)

**Question No: 41 ( Marks: 1 ) - Please choose one**

Which of the following journal entry will be recorded, if the cash is deposited in the bank?

- ► **Bank account (Dr) and Cash account (Cr)**
- ► Cash account (Dr) and Bank account (Cr)
- ► Bank account (Dr) and Profit & Loss account (Cr)
- ► Cost of goods Sold account (Dr) and Bank account (Cr)

**Question No: 42 ( 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: 43 ( 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: 44 ( 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: 45 ( Marks: 1 ) - Please choose one**

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

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

**Question No: 46 ( 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: 47 ( Marks: 1 ) - Please choose one**

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

- **Cash & Capital Account**

- ► Cash & Expense Account
- ► Capital & Revenue Account
- ► Capital & Expense Account

**Question No: 48 ( 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: 49 ( 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: 50 ( 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: 1 ( 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: 2 ( 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: 3 ( Marks: 1 ) - Please choose one**

What will be the effect on accounting equation, when payment is made to the creditor of the business?

- Increase in an asset, increase in owner's equity
- Increase in an asset, increase in a liability
- Decrease in an asset, decrease in owner's equity
- Decrease in an asset, decrease in a liability

**Question No: 4 ( 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: 5 ( 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: 6 ( 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: 7 ( Marks: 1 ) - Please choose one**

Which of the following is **CORRECT** for Trading account?

- It inculdes cost of goods sold and all the direct expenses related to sales

► It inculdes cost of goods sold and all the indirect expenses related to sales
► It inculdes cost of goods sold and all the direct and indirect expenses
► It inculdes cost of goods sold and all the direct and selling, administrative expenses

**Question No: 8 ( 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: 9 ( 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: 10 ( 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: 11 ( Marks: 1 ) - Please choose one**

What would be the value of total factory cost, if the cost of material consumed during the month is Rs. 6,000, labor cost incurred is Rs. 2,000 and the factory over head cost is Rs. 2,500?

5500

► Rs. 6,000
► Rs. 8,000
► Rs. 4,500
► Rs. 10,500

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

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

- ► Total factory cost + Opening work in process + Ending work in process
- ► Total factory cost + Opening work in process – Ending work in process
- ► Total factory cost - Opening work in process + Ending work in process
- ► Ending work in process +Total factory cost – Opening work in process

**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 |
| Written down value of asset at the end of 5th 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: 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**

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: 16 ( 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: 17 ( Marks: 1 ) - Please choose one**

Which one of the following transactions will cause the balance in Mr. Terry's Cash Book to be greater than his Bank Statement balance?

- A cheque is drawn but not yet presented at the bank for payment
- The bank has not yet notified to Mr. Terry about a dishonoured cheque
- A credit transfer into Terry's Bank Account
- A cheque payment of Rs.101 is recorded in the Cash Book as Rs.110

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

Which of the following account will be debited, when the bad debts are recovered?

- Bad debt recovered a/c
- Cash a/c
- Doubtful debts a/c
- Bad debts a/c

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

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book
- Sales Return
- Debtors Ledger
- All of the given options

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

Which of the following is (are) benefit/s of subsidiary ledger accounts to business?

- It tells about customer attitude of payments
- It can be checked against the control account to pick up recording errors
- It tells about the complete history of transactions of business client
- All of the given options

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

Which of the following account(s) will be affected, while rectifying the error of sales to Rahim Rs. 336 posted to his account as Rs. 363?

- Sales account
- Rahim's account
- Cash account
- Both sales and Rahim's Account

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

Which of the following account(s) will be affected, while rectifying the error of sales to Rahim of Rs. 500 were omitted to record in books of accounts?

- Sales account
- Rahim's account
- Cash account
- Both sales and Rahim's Account



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

Which of the following account(s) will be affected, while rectifying the error of carriage charges, paid for a new plant purchased mistakenly debited to carriage account?

- Plant account
- Carriage account
- Both plant account and carriage account
- Trading account

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

Goods purchased from "Mr. A" for Rs. 2,000 passed through the sales book. The rectification of error will result in:

- Increase of gross profit
- Decrease of gross profit
- Remains constant and no effect on net profit
- There is no relation between goods purchased and gross profit

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

Which of the following entry will be recorded, if a cheque deposited is dishonored by bank?

- ► Bank Account (Dr.) and Debtor's Account (Cr.)
- ► Debtor's Account (Dr.) and Bank Account (Cr.)
- ► Dishonored Cheque Account (Dr.) and Bank Account (Cr.)
- ► Creditor's Account (Dr.) and Bank Account (Cr.)

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

Consider the following data and identify the amount which will be shown in profit & loss account.

| Particulars | Rs. |
|---|---|
| Bad debts | 3,500 |
| Provision for doubtful debts (old) | 6,000 |
| Current year's provision (new) | 1,500 |

- ► Rs. (1,000)
- ► Rs. 1,000
- ► Rs. (5,000)
- ► Rs. 5,000

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

The main objective of financial reporting is to provide:

- ► Essential information to internal users of financial reports.
- ► Useful economic information about the business to the external parties for sound financial decisions.
- ► Information to internal users about the cash position of the business.
- ► Information to the Securities Exchange Commission (SEC).

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

Wages paid to laborers working in the manufacturing department is treated as an expense of:

- ► Administrative expenses
- ► Selling expenses
- ► Marketing expenses
- ► Cost of goods sold

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

Which of the following would **NOT** be considered as a component of 'cost' of stock?

- ▶ Salaries of selling staff
- ▶ Transportation inward costs
- ▶ Import duties
- ▶ Purchase price

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

General office expenses are charged to which of the following head:

- ▶ Administrative expenses
- ▶ Marketing expenses
- ▶ Selling expenses
- ▶ Financial expenses

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

Which of the following is (are) characteristic(s) of Reserve?

- ▶ Its amount is generally determined by the management on the basis of the amount of profit earned.
- ▶ It is shown on liabilities side of balance sheet
- ▶ It does not affect profit or loss, since it is created after ascertaining net profit
- ▶ All of the given options

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

Which of the following is **TRUE** about the treatment of insurance paid in advance Rs. 13,000?

- ▶ It will be treated as an other income in Profit & Loss Account
- ▶ It will be treated as a current asset in Balance Sheet
- ▶ It will be treated as a current liability in Balance Sheet
- ▶ It will be treated as an accrued expense in Balance Sheet

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

Which of the following statement is **TRUE** about the Accounts receivable?

- ▶ Accounts receivable arises when a company buys goods or services from another party on credit
- ▶ Accounts receivable is a miscellaneous category that may include loans to employees
- ▶ Accounts receivable are more formal than notes receivable
- ▶ Accounts receivable are often called trade receivables

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

Which of the following is(are) type(s) of capital account in partnership?

- ► Fixed Capital
- ► Current Capital
- ► Fluctuating Capital
- ► Both Fixed Capital and Fluctuating Capital

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

Preliminary Expenses of the company may write off against:

- ► Share premium account
- ► Share holder account
- ► Debtors control account
- ► Creditor control account

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

Which of the following is (are) shown as notes to the accounts.

- ► Nature of the business of the company
- ► Accounting polices of the business
- ► Details and explanations of items given in Balance Sheet
- ► All of the given options

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

An example of financing activities in the context of cash flow statement is:

- ► Capital expenditures on purchase of fixed assets
- ► Long-term deposit
- ► Financial charges paid
- ► Dividend paid



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

What does a credit balance in a partner's current account represent to a business?

- ► Current Assets
- ► Current Liability
- ► Long-term liability
- ► Share of profit

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

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. B in distributable profit.

- ► Rs. 98,000
- ► Rs. 1, 47,000

- Rs. 2, 45,000
- Rs. 3, 43,000

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

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. C in distributable profit.

- Rs. 98,000
- Rs. 1, 47,000
- Rs. 2, 45,000
- Rs. 3, 43,000

**Question No: 41 ( Marks: 1 ) - Please choose one**

ABC Company received discount on its credit purchases, which of the following will be credited while entering in journal?

- Cash
- Discount received
- Creditors
- Bank

**Question No: 42 ( Marks: 1 ) - Please choose one**

Suppose a firm has 200 debtors, and each of them owes exactly Rs. 150 at the start of June. What is the total amount owed by all debtors?

- Rs. 2,000
- Rs. 3,000
- Rs. 30,000
- Rs. 150,000



**Question No: 43 ( Marks: 1 ) - Please choose one**

Suppose a firm has 100 debtors, and each of them owes exactly Rs.150 at the start of June. During June each debtor has paid-off exactly Rs.100 on their account, either by cash or by cheque. What should be the revised total debtors figure?

- Rs. 5,000
- Rs. 9,850
- Rs. 25,000
- Rs. 14,900

**Question No: 44 ( Marks: 1 ) - Please choose one**

The total credit sales for the period will be obtained from:

- Sales returns day book
- Cash book
- Journal
- Sales day book

**Question No: 45 ( Marks: 1 ) - Please choose one**

Stockholder's equity would not be affected by:

- ► Dividends to stockholders
- ► Net loss
- ► Purchase of land from the proceeds of bank loan
- ► Investments of cash by stockholders

**Question No: 46 ( Marks: 1 ) - Please choose one**

Which of the following is known as an asset account?

- ► Gains
- ► Prepaid insurance
- ► Unearned revenue
- ► Accounts payable

**Question No: 47 ( Marks: 1 ) - Please choose one**

Dillon Company sold marketable securities Costing Rs.60,000 for Rs.72,000 cash. In the company's income statement and statement of cash flows, respectively, this will appear as:

- ► A Rs.72,000 gain and a Rs.6,000 cash receipt
- ► A Rs.12,000 gain and a Rs.72,000 cash receipt
- ► A Rs.12,000 gain and a Rs.60,000 cash receipt
- ► A Rs.72,000 sale and a Rs.72,000 cash receipt

**Question No: 48 ( Marks: 1 ) - Please choose one**

Profits earned by partnerships compensate the owners for which of the following?

- ► Personal services rendered to the business
- ► Capital invested in the business
- ► Assuming the risks of ownership
- ► All of the given options

**Question No: 49 ( Marks: 1 ) - Please choose one**

Mr. A & B entered into a partnership with an equal share in profit or loss. The agreement provides that Mr. A will receive Rs.10,000 and Mr. B will receive Rs.8,000 as salary allowance. The net income for the year is Rs.85,000. What will be the total share of Mr. A?

- ► Rs.52,500
- ► Rs.42,500
- ► Rs.43,500
- ► Rs.50,500

**Question No: 50 ( Marks: 1 ) - Please choose one**

How many members can subscribe their names in memorandum of association for registration of public limited company?

- 2
- 3
- 5
- 7

**Question No: 51 ( Marks: 1 ) - Please choose one**

Which of the following can be utilized to issue bonus shares?

- Reserves
- Debentures
- Share premium
- Term finance certificate

**Question No: 52 ( Marks: 1 ) - Please choose one**

Which of the following financial statement is helpful for the investors and creditors to assess the cash and non cash aspects of operating, investing and financing transactions on an entity's financial position?

- Balance Sheet
- Income Statement
- Statement of cash flows
- Statement of changes in equity

**Question No: 53 ( Marks: 1 ) - Please choose one**

Which of the following is measured by debt ratio?

- Short-term liquidity
- Creditors' long term risk
- Short-term risk of the company
- All of the given options

**Question No: 54 ( Marks: 1 ) - Please choose one**

In statement of cash flows, a payment of cash dividends is related to:

- Investing activity
- Financing activity
- Operating activity
- Cash flows from operations