

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

An organization operating with the objective of making profit from the sale of goods or services is called:

- ▶ Transaction
- ▶ **Business**
- ▶ Society
- ▶ Trust

**Question No: 2 ( 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: 3 ( 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: 4 ( 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: 5 ( 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: 6 ( 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?

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

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

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

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

- ▶ Rs. 12,000 liabilities
- ▶ Rs. 11,000 liabilities
- ▶ Rs. 1, 10,000 liabilities
- ▶ Rs. 1, 11,000 liabilities

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

Upon checking the Bank Statement against the Cash Book by Mr. A, It was discovered that an amount of Rs.120 for dividend from XYZ Co. had not been entered in the Cash Book. Which of the following entry should be recorded to rectify the mistake?

- ▶ Bank Account(Dr.) and Dividend Account (Cr.)
- ▶ XYZ Co. Account (Dr.) and Bank Account (Cr.)
- ▶ Dividend Account (Dr.) and Bank Account (Cr.)

- ▶ Bank Account (Dr.) and XYZ Co. Account (Cr.)

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

If Bad Debts written off are given in adjustment, then which of the following entry for bad debts written off is **CORRECT**?

- ▶ Bad debts a/c (Dr) and Trading a/c (Cr)
- ▶ Provision for Bad and Doubtful debts a/c (Dr) and Bad debts a/c(Cr)
- ▶ Bad debts a/c (Dr) and debtors a/c (Cr)
- ▶ Trading a/c (Dr) and Bad debts a/c (Cr)

**Question No: 11 ( 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 50%
- ▶ All of the given options 50%

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

When one or both aspects of a transaction are recorded in the wrong class or category of account, this is called:

- ▶ Error of principle
- ▶ Error of omission
- ▶ Error of commission
- ▶ Error of original entry

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

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

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

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

In which type of a business, the owner and his business are considered same in the eyes of law?

- ▶ Sole proprietorship
- ▶ Public companies
- ▶ Limited companies
- ▶ Listed companies

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

Which of the following clause/s are discussed in Memorandum of Association of Companies?

- ▶ Name of company
- ▶ Place of registered office of company
- ▶ Objective of the company
- ▶ All of the given options

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

6% Debentures Account Rs. 3, 00,000. What amount of interest on debentures should be shown in profit and loss account?

- ▶ Rs. 6,000
- ▶ Rs. 3, 00,000
- ▶ Rs. 18,000
- ▶ Rs. 3, 18,000

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

Which of the following is a type of business formed under the Companies Ordinance 1984?

- ▶ Sole-Proprietorship
- ▶ Partnership
- ▶ Joint Stock Company
- ▶ All of the given options

**Question No: 18 ( 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: 19 ( Marks: 1 ) - Please choose one**

When we close bad debts account, which of the following account is credited?

- ▶ Profit and loss account
- ▶ Bad debt account
- ▶ Debtor account
- ▶ Provision for bad debt account

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

Stock account is credited and creditors account is debited, which of the following is reflecting the statement?

- ▶ Discount received
- ▶ Goods returned
- ▶ Purchase of goods on credit
- ▶ Payment of goods

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

Which of the following justifies when profit is earned?

- ▶ Assets exceed Expenditure
- ▶ Income exceeds Expenditure
- ▶ Cash Inflow exceeds Cash Outflow
- ▶ Income exceeds Liabilities

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

In a partnership of Mr. X and Mr. Y, the share of profit of Mr. X is Rs.3,840 and the share of profit of Mr. Y is Rs. 5,760. What will be the ratio of their share?

- ▶ 1:2
- ▶ 2:3
- ▶ 3:2
- ▶ 2:1

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

Which of the following is the major benefit of a partnership over a sole proprietorship?

- ▶ Unlimited liability
- ▶ Single tax filing
- ▶ Difficult ownership resale
- ▶ Raising capital

**Question No: 24 ( 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: 25 ( Marks: 1 ) - Please choose one**

For which of the following share premium can not be utilized?

- ▶ To meet the expenses of issue of shares
- ▶ To issue bonus shares
- ▶ None of the given options
- ▶ To write off preliminary expenses

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

According to the statement of cash flows following are the examples of investing activities except:

- ▶ Sales of machinery
- ▶ Capital invested by the owners
- ▶ Purchase of building for the business use
- ▶ Cash received from the disposal of equipment

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

Which of the following is one of the major factors affecting the market value of a company's shares?

- ▶ Current ratio
- ▶ Earning per share
- ▶ Return on investment
- ▶ Return on asset

**Question No: 28 ( 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

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

Which of the following is the investment in business by the owners?

- ▶ Capital
- ▶ Liability
- ▶ Asset
- ▶ Profit

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

Which of the following is an example of revenue in business enterprises?

- ▶ Accounts payable
- ▶ Accounts receivable
- ▶ Commission received
- ▶ Commission paid

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

Which of the following system of recording transactions is based on dual aspect concept of accounting?

- ▶ Double entry system
- ▶ Cash accounting system
- ▶ Single entry system
- ▶ Management system

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

Which of the following is a book of original entry in which all the vouchers are recorded at first?

- ▶ General Journal
- ▶ General Ledger
- ▶ Trial Balance
- ▶ Balance Sheet

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

What is the treatment of Accumulated depreciation in Balance Sheet?

- ▶ Treated as an expense
- ▶ Treated as an asset
- ▶ Treated as a contra asset
- ▶ Treated as an income

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

Which of the following is/are **TRUE** about fixed assets?

- ▶ Fixed assets have a long life
- ▶ Fixed assets are used in the business for future generation of income
- ▶ Fixed assets are not bought with the main purpose of resale
- ▶ All of the given options

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

Which one of the following cost is **NOT** attributable to the fixed assets?

- ▶ Costs of site preparation
- ▶ Administration and other general overhead cost
- ▶ Initial delivery and handling charges
- ▶ Installation and assembly costs

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

Mr. B's cash book shows a credit balance of Rs.68,000. He issued a cheque of Rs.7,000 but not yet presented by the bank. What will be the balance of bank statement?

- ▶ Rs. 61,000
- ▶ Rs. 75,000
- ▶ Rs. 68,000

- ▶ Rs. 7,000

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

If cash purchase is the missing figure, it can be ascertained by the construction of:

- ▶ **Cash Account**
- ▶ None of the given options
- ▶ Creditors Control Accounts
- ▶ Debtors Control Accounts

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

Depreciation expense is charged to which of the following head?

- ▶ Administrative expenses
- ▶ Selling expenses
- ▶ Cost of sales
- ▶ **It depends on the nature of expense**

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

Which of the following is/are included in the cost of goods sold?

- ▶ Cost of materials used
- ▶ Direct labour cost
- ▶ Factory costs
- ▶ **All of the given options**

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

A firm had sales of Rs. 200,000, cost of goods available for sale Rs. 120,000, and an ending finished goods inventory of Rs. 20,000. Selling and Administrative expenses are Rs. 55,000. Which of the following would be **TRUE**?

- ▶ **Net income was 22.5% of sales**
- ▶ The cost of goods sold was Rs. 100,000
- ▶ The gross profit was Rs. 100,000
- ▶ All of the given options

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

Which of the following is **TRUE** about the Companies Limited by Shares?

- ▶ Company has limited shares to offer
- ▶ Shareholders of the Company are limited
- ▶ **Liability of the shareholders is limited**
- ▶ Liability of the shareholders is unlimited

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

Which of the following is shown on the liability side of Balance Sheet?

- ▶ Discount on issue of shares a/c only
- ▶ Share capital a/c only
- ▶ Premium on issue of shares a/c only

- ▶ Both share capital and share premium a/c

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

XYZ Company has paid up capital of 20,000 shares of Rs. 100 each. The company offers to existing shareholders the right to buy 3 shares of Rs. 100 each at Rs. 125 for every 5 shares held. What would be the number of right shares?

- ▶ 120 right shares
- ▶ 12,000 right shares
- ▶ 15,000 right shares
- ▶ 25,000 right shares

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

A company is said to have been registered when:

- ▶ It gets certificate of incorporation from registrar of Companies
- ▶ It gets certificate of commencement of business from registrar of Companies
- ▶ It actually starts its business
- ▶ It filed with the Registrar of Companies certain documents, like memorandum and articles of association

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

Which of the following is considered as Non-cash item in cash flow statement?

- ▶ Depletion
- ▶ Accrued income
- ▶ Prepaid expenses
- ▶ Cash at bank

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

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- ▶ Liquidity and Profitability is the same thing
- ▶ The importance of Liquidity > The importance of Profitability
- ▶ The importance of Liquidity < The importance of Profitability
- ▶ The liquidity and profitability is not the same thing but both have equal importance

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

If issuance of shares against cash is Rs. 2,000 and payment of dividend is Rs. 9,000 then which of the following is correct?

- ▶ Inflow of cash Rs. 11,000
- ▶ Outflow of cash Rs. 11,000
- ▶ Inflow of cash Rs. 7,000
- ▶ Outflow of cash Rs. 7,000

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

Which of the following is **CORRECT** about Gross Profit Ratio?

- ▶ **(Gross profit / Net Sales) x 100**
- ▶ (Gross profit / Operating Income) x 100
- ▶ (Gross profit / Sales Return) x 100
- ▶ (Gross profit / Net Income) x 100

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

Liabilities of the members of the \_\_\_\_\_ is only limited to the capital introduced by member/s.

▶ Partnership

▶ **Company**

- ▶ Sole proprietorship
- ▶ None of the given options

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

Fixed assets are also called:

- ▶ **Depreciable assets**
- ▶ Current assets
- ▶ Liquid assets
- ▶ Floating assets

**Question No: 3 ( 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: 4 ( Marks: 1 ) - Please choose one**

Which of the following would be deducted from Sundry Debtors in Balance Sheet?

- ▶ Bad debts (Trial balance item)
- ▶ Old provision for doubtful debts
- ▶ New provision for doubtful debts
- ▶ Both Bad debts (given in adjustment) and new provision for doubtful debts

**Question No: 5 ( 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)	800

- ▶ Rs. 400
- ▶ Rs. 800
- ▶ Rs. 2,000
- ▶ Rs. 2,400

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

Which of the following is/are the item/s of a Control Account?

- ▶ Credit sale only
- ▶ Cash sale only
- ▶ Credit purchase only
- ▶ Both Credit sales and Credit purchase

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

Transaction that has been completely forgotten to enter is called:

- ▶ Error of principle
- ▶ Error of omission
- ▶ Error of commission
- ▶ Error of original entry

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

A receipt of cash Rs. 10,000 from Mr. Bilal is recorded as Rs. 1,000. What amount will be adjusted in rectifying entry?

- ▶ Rs. 1,000
- ▶ Rs. 9,000
- ▶ Rs. 10,000
- ▶ Rs. 11,000

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

When the capitals are fixed, which of the following account will be debited for drawings made by a partner?

- ▶ Individual Partner's Current Account
- ▶ Partner's Cash Account
- ▶ Partner's Bank Account
- ▶ Partners Capital Account

**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**

Which of the following is **NOT** a cash inflow?

- ▶ Sale of fixed asset
- ▶ Issue of debentures
- ▶ Cash from business operation
- ▶ Purchase of fixed asset

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

Which of the following business publishes the Financial Statements?

- ▶ Sole-Proprietorship
- ▶ Partnership
- ▶ Trust
- ▶ Public Limited Company

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

When we close bad debt account, which of the following account is debited?

- ▶ Profit and loss account
- ▶ Bad debt account
- ▶ Debtor account
- ▶ Creditor account

**Question No: 15 ( 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: 16 ( Marks: 1 ) - Please choose one**

Which of the following indicates cash discount received?

- ▶ Discount in paying debt earlier
- ▶ Discount in receiving debt earlier
- ▶ Discount in purchasing huge goods
- ▶ Discount in selling huge goods

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

In the heading of financial statement, \_\_\_\_\_ is not required?

- ▶ Title of financial statement
- ▶ Name of the person who prepares financial statement
- ▶ Period for which financial statement is prepared
- ▶ Name of business entity

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

A and B entered in partnership in capital ratio of 2:3. They earned a profit of Rs.6,600 during the year. What will be the share of profit of Mr. A?

- ▶ Rs.1,320
- ▶ Rs.2,640
- ▶ Rs.3,960
- ▶ Rs.6,600

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

Which of the following is the major benefit of a partnership over a sole proprietorship?

- ▶ Unlimited liability
- ▶ Single tax filing
- ▶ Difficult ownership resale
- ▶ Raising capital

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

Interest expenses of Epler Corporation shows a debit balance of Rs.200 in its unadjusted trial balance and Rs.250 in adjusted trial balance. Which of the following account will be credited in adjusting entry?

- ▶ Interest expense
- ▶ Interest payable

- ▶ Prepaid interest
- ▶ Interest paid

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

For which of the following share premium can be utilized?

- ▶ To write off preliminary expenses
- ▶ To meet the expenses of issue of shares
- ▶ To issue bonus shares
- ▶ All of the given options

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

Which of the following statement is not true regarding the objective of statement of cash flows?

- ▶ It is helpful for decision making by management
- ▶ It is used for reporting the net profit of the period
- ▶ It can be used for estimations for cash flows in future
- ▶ It is used to determine the liquidity of the business

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

Which of the following can maintain the secrecy in all business matters?

- ▶ Sole-proprietorship
- ▶ Partnership
- ▶ Public Limited Company
- ▶ Private Limited Company

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

Expenditure is revenue in nature when it:

- ▶ Benefits the current period
- ▶ Benefits the future period
- ▶ Belong to the previous period
- ▶ None of the given options

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

Which of the following is a process of transferring journal entry information to ledger account?

- ▶ Journalizing
- ▶ Posting
- ▶ Balancing
- ▶ Analyzing

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

Which of the following account would be debited when the owner of business sold machinery of Rs. 10,000 on cash?

- ▶ Sales a/c
- ▶ Machinery a/c

- ▶ Owner a/c
- ▶ Cash a/c

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

Which of the following account would be credited, when goods are sold on credit?

- ▶ Stock account
- ▶ Accounts receivable account
- ▶ Accounts payable account
- ▶ Sales account

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

Which of the following account would be debited when Rs.5, 000 were paid to vendor?

- ▶ Cash
- ▶ Voucher payable-vendor payable
- ▶ Sundry debtors
- ▶ Personal account of customer

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

Which of the following is **TRUE** during the periods of deflation?

- ▶ The use of FIFO will result in greater net income than LIFO
- ▶ The use of FIFO will result in a smaller cost of goods sold than LIFO
- ▶ The use of FIFO will result in a lower net income and higher ending inventory than LIFO
- ▶ The use of FIFO will result in a lower net income and lower ending inventory than LIFO

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

Which one of the following is **TRUE** with respect to "LIFO" in inventory valuation?

- ▶ Last-In-First-Out
- ▶ Last-In-Freight-Out
- ▶ Last-In Frequent-Out
- ▶ Large inventory - First-Out

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

Which one of the following is a fixed asset?

- ▶ Cash in hand
- ▶ Advanced payment
- ▶ Closing stock
- ▶ Leasehold vehicle

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

Purpose of charging depreciation expense is the application of:

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

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

Which of the following is/are **TRUE** about fixed assets?

- ▶ Fixed assets have a long life
- ▶ Fixed assets are used in the business for future generation of income
- ▶ Fixed assets are not bought with the main purpose of resale
- ▶ All of the given options

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

If:

- Ø Cost of machine= Rs. 425,000
- Ø Useful life= 5 years
- Ø Residual value = Rs. 25,000
- Ø Sale price= Rs. 40,000

What will be book value of machine after four years using straight line method?

- ▶ Rs. 65,000
- ▶ Rs. 400,000
- ▶ Rs. 85,000
- ▶ Rs. 105,000

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

It is supposed that on 31<sup>st</sup> December, 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. Actual bad debts are Rs. 1,600 appeared in trial balance. What is amount of new provision for doubtful debts?

- ▶ Rs. 3,600
- ▶ Rs. 2,000
- ▶ Rs. 1,600
- ▶ Rs. 400

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

Which of the following statement is correct, if a company fails to record estimated bad debts expense?

- ▶ Net realizable value is understated
- ▶ Expenses are understated
- ▶ Revenues are understated
- ▶ Receivables are understated

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

Insurance paid in advance would be treated as:

- ▶ Non current asset

- ▶ Current asset
- ▶ Intangible asset
- ▶ Deferred expense

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

Which of the following is/are **NOT** included in the cost of goods sold?

- ▶ Distribution expenses
- ▶ Selling expenses
- ▶ Administrative expenses
- ▶ All of the given options

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

Which of the following would be added in purchases in order to get the value of Net purchases?

- ▶ Purchases returns
- ▶ Carriage inwards
- ▶ Trade discount and rebates
- ▶ All of the given options

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

The amount received in excess of the face value of the shares is transferred to:

- ▶ Share capital account
- ▶ Right shares
- ▶ Share premium account
- ▶ Shareholders account

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

Preliminary Expenses of the company may write off against:

- ▶ Share premium account
- ▶ Shareholders account
- ▶ Debtors control account
- ▶ Creditors control account

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

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

- ▶ Share premium
- ▶ Term finance certificates
- ▶ Bonds
- ▶ Debentures

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

Which of the following is the new name of Sources and Application of Funds?

- ▶ Income Statement
- ▶ Cash Flow Statement

- ▶ Statement of Changes in Owners Equity
- ▶ Balance Sheet

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

A corporation has retained earning of Rs. 100,000 and Rs. 150,000 for the year ended 2006 and 2007 respectively. The corporations had net profits after taxes of Rs. 80,000 in 2007. What will be the amount of dividend paid in the year 2007?

- ▶ Rs. 30,000
- ▶ Rs. 70,000
- ▶ Rs. 50,000
- ▶ Rs. 20,000

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

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- ▶ Liquidity and Profitability is the same thing
- ▶ The importance of Liquidity > The importance of Profitability
- ▶ The importance of Liquidity < The importance of Profitability
- ▶ The liquidity and profitability is not the same thing but both have equal importance

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

Which of the following is adjusted as working capital change in operating activities section of a cash flow statement?

- ▶ Decrease in trade receivable
- ▶ Repayment of dividend
- ▶ Payment of goodwill
- ▶ Investment in associated companies

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

In statement of cash flows, which of the following would not be considered as an investing activity?

- ▶ Sales of fixed assets
- ▶ Purchase of long term securities
- ▶ Purchase of fixed assets
- ▶ Payments of dividends

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

A company ABC purchased an asset for Rs. 40,000, paying Rs. 30,000 in cash and issuing a long term note payable for remaining balance. The amount will be recorded in statement of cash flows as:

- ▶ Rs. 40,000 cash outflow as an investing activity
- ▶ Rs. 30,000 cash outflow as an investing activity
- ▶ Rs. 10,000 cash inflow as an investing activity

- ▶ Rs. 70,000 cash inflow as an investing activity

**Question No: 1 ( 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

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

Sale proceeds of goods are an example of:

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

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

Consider the following data:

Provision created in 2006	Rs. 2,500
Bad debts in 2007	Rs. 1,500

Sundry debtors on 31-12- 2007 were Rs. 40,000 and provision is created @ 5%.

Which journal entry is Correct for the provision for doubtful debts for the year 2007.

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

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

Which of the following account(s) will be affected, while rectifying the error of Carriage paid Rs.50 for the newly purchased machinery mistakenly debited to carriage account?

- ▶ Only machinery account
- ▶ Only carriage account
- ▶ Both carriage and machinery account
- ▶ Only cash account

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

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- ▶ Only Cash Account
- ▶ Only P's account
- ▶ Only Q's account
- ▶ Both of Mr. P's & Mr.Q's Account

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

Which of the following accounts would be increased with a debit?

- ▶ Contributed Capital
- ▶ Retained Earnings
- ▶ Revenues
- ▶ Expenses

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

Which of the following are the owners of a company?

- ▶ Proprietors
- ▶ Partners
- ▶ Shareholders
- ▶ Managers

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

If dividend is proposed by directors of the company @ 30% for the year, it will be calculated on:

- ▶ Capital Reserve
- ▶ Authorized share capital
- ▶ Paid up share capital
- ▶ Share premium

**Question No: 11 ( 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: 12 ( Marks: 1 ) - Please choose one**

Which of the following documents contains rules and regulations for internal management of the company?

- ▶ Memorandum of Association
- ▶ Articles of Association
- ▶ Prospectus
- ▶ Statutory Declaration

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

When preparing a cash flow statement, which of the following would be classified as a financing activity?

- ▶ A new long-term loan taken out to finance the purchase of fixed assets
- ▶ Salaries paid
- ▶ Interest paid on a long-term bank loan
- ▶ The cost of purchasing a patent

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

When opening stock is Rs. 50,000, closing stock Rs. 60,000 and cost of goods sold Rs. 220,000. What will be stock turnover ratio?

- ▶ 2 times
- ▶ 3 times
- ▶ 4 times
- ▶ 5 times

**Question No: 15 ( 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: 16 ( Marks: 1 ) - Please choose one**

Net Profit + Expenses= \_\_\_\_\_

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

**Question No: 17 ( 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: 18 ( Marks: 1 ) - Please choose one**

Particulars	Rs.
Direct materials costs	80,000
Direct labor costs	50,000
Manufacturing overhead costs	60,000
Prime cost	?

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

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

"The owner of the business should be remunerated for his time spent in the business". This concept is known as:

- ▶ Inflation
- ▶ Money value of time

- ▶ Money measurement concept
- ▶ Realization concept

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

Which of the following account will be debited, when the labor cost is charged to production?

- ▶ Finished goods account
- ▶ Labor cost account
- ▶ Work in process account
- ▶ Factory over head account

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

Stock account is debited and creditors account is credited, which of the following is reflecting the statement?

- ▶ Discount received
- ▶ Goods returned
- ▶ Purchase of goods on credit
- ▶ Payment of goods

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

The financial year of Atif Brothers & Co. is closed on June 30, 2009. Total cash sales are Rs. 150,000, credit sales are Rs. 180,000 and total receipts are Rs. 250,000. Credit receipts will be:

- ▶ Rs. 150,000
- ▶ Rs. 100,000
- ▶ Rs. 220,000
- ▶ Rs. 280,000

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

Which of the following is usually not an accrued expense?

- ▶ Interest payable
- ▶ Wages payable
- ▶ Taxes payable
- ▶ Notes payable

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

Which of the following financial statements is generally prepared first?

- ▶ Income statement
- ▶ Balance sheet
- ▶ Statement of retained earnings
- ▶ Statement of cash flow

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

Which of the following is known as an asset account?

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

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

Puget Sound Co. sold marketable securities Costing Rs.80,000 for Rs.92,000 cash. In the company's income statement and statement of cash flows, respectively, this will appear as:

- ▶ A Rs.12,000 gain and a Rs.92,000 cash receipt
- ▶ A Rs.92,000 gain and a Rs.8,000 cash receipt
- ▶ A Rs.12,000 gain and a Rs.80,000 cash receipt
- ▶ A Rs.92,000 sale and a Rs.92,000 cash receipt

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

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on drawings of Mr. A is Rs.1,500 and of Mr. B is Rs.1,800. The net income for the year is Rs.85,000. What will be the profit share of Mr. B?

- ▶ Rs.42,350
- ▶ Rs.44,150
- ▶ Rs.41,600
- ▶ Rs.40,850

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

Which of the following statement is not true regarding the objective of statement of cash flows?

- ▶ It is helpful for decision making by management
- ▶ It is used for reporting the net profit of the period
- ▶ It can be used for estimations for cash flows in future
- ▶ It is used to determine the liquidity of the business

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

According to the statement of cash flows following are the examples of investing activities except:

- ▶ Sales of machinery
- ▶ Capital invested by the owners
- ▶ Purchase of building for the business use
- ▶ Cash received from the disposal of equipment

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

Which of the following account would be credited in case of loss of goods by fire?

- ▶ Purchase account

- ▶ Sales account
- ▶ Loss by fire account
- ▶ Capital account

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

Which of the following result would be shown if Gross Profit is greater than the Operating Expenses in profit and loss account?

- ▶ Net Profit
- ▶ Operating profit
- ▶ Net Loss
- ▶ Gross Loss

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

Which of the following is/are NOT the example of intangible assets?

- ▶ Copyright
- ▶ Goodwill
- ▶ Patent
- ▶ Land

**Question No: 33 ( 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 "General & administrative expenses"?

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

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

Which one of the following methods for inventory valuation is based on the assumption that the first merchandise purchased is the first merchandise sold?

- ▶ LIFO Method
- ▶ Weighted Average Method
- ▶ Specific Identification Method
- ▶ FIFO Method

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

A machine, which was bought at a cost of Rs. 4,000, is not expected to have any residual value. If it is depreciated at a rate of 10% per annum using Straight line method, its net book value after two years will be:

- ▶ Rs. 3,200
- ▶ Rs. 800
- ▶ Rs. 3,600
- ▶ Rs. 3,240

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

Particulars	Rs.
Written down value of asset at the time of sale	10,000
Original cost of asset	20,000
Depreciation expense during the year	700
Disposal value of asset	?
Loss on disposal of asset	1,000

- ▶ Rs. 9,000
- ▶ Rs. 19,000
- ▶ Rs. 8,300
- ▶ Rs.10,000

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

Accounts receivables are shown in balance sheet at:

- ▶ Net realizable value
- ▶ Total amount
- ▶ Market value
- ▶ Residual value

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

Which of the following is **NOT** included in Debtors Control Account?

- ▶ Cash sale
- ▶ Credit sale
- ▶ Bills receivable
- ▶ Discount allowed

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

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

- ▶ Bills Receivable
- ▶ Return outwards
- ▶ Credit purchases
- ▶ Discount allowed

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

Which of the following is **INCORRECT** about subsidiary account?

- ▶ It is not a summary account
- ▶ It reduces the burden of control account
- ▶ It provides detailed information about individual accounts
- ▶ It summarizes the total of related items from other accounts

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

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Which of the following would be occurred in a transaction, but will not be expensed until a future accounting period?

- ▶ Deferred cost
- ▶ Provision
- ▶ Unearned revenue
- ▶ Capital work in progress

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

Deferred revenues will become revenue when they are:

- ▶ Unearned
- ▶ Earned
- ▶ Incurred
- ▶ Paid

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

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

- ▶ Share premium
- ▶ Term finance certificates
- ▶ Bonds
- ▶ Debentures

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

Which of the following is old name of Cash Flow Statement?

- ▶ Sources and Application of Funds
- ▶ Sources and Application of Liabilities
- ▶ Sources and Application of Activities
- ▶ Sources and Application of Income

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

Which of the following is **TRUE**?

- ▶ Sale of equipment for cash is considered as inflow of cash
- ▶ Sale of equipment on account is considered as inflow of cash
- ▶ Purchases of equipment for cash is considered as inflow of cash
- ▶ Sale of equipment for cash is considered as outflow of cash

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

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- ▶ Liquidity and Profitability is the same thing
- ▶ The importance of Liquidity > The importance of Profitability
- ▶ The importance of Liquidity < The importance of Profitability
- ▶ The liquidity and profitability is not the same thing but both have equal importance

---

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

A company ABC purchased an asset for Rs. 40,000, paying Rs. 30,000 in cash and issuing a long term note payable for remaining balance. The amount will be recorded in statement of cash flows as:

- ▶ Rs. 40,000 cash outflow as an investing activity
- ▶ Rs. 30,000 cash outflow as an investing activity
- ▶ Rs. 10,000 cash inflow as an investing activity
- ▶ Rs. 70,000 cash inflow as an investing activity

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

Which of the given Asset is **Not** included in the calculation acid test ratio?

- ▶ Stock
- ▶ Cash
- ▶ Debtors
- ▶ Bills Receivable

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

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ 'T' Account
- ▶ Source document
- ▶ Day book

**Question No: 2 ( 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: 3 ( 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 5%	

**Requirement:** Identify the Total amount which will deduct from Sundry debtors.

- ▶ Rs. 460
- ▶ Rs. 2,400
- ▶ Rs. 1,540
- ▶ Rs. 3,940

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

Consider the following data:

Provision created in 2006	Rs. 2,500
Bad debts in 2007	Rs. 1,500
Sundry debtors on 31-12- 2007 were Rs. 40,000 and provision is created @ 5%.	
Which journal entry is Correct for the provision for doubtful debts for the year 2007.	

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

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

If provision is created for doubtful debts, which of the following entry will be passed to record bad debts in control account?

- ▶ Bad debts (Dr) and Debtors Control A/c (Cr)
- ▶ Provision for doubtful debts (Dr) and Debtors Control A/c (Cr)
- ▶ Provision for doubtful debts (Dr) and Debtors A/c (Cr)
- ▶ Debtors Control A/c (Dr) and Provision for doubtful debts (Cr)

**Question No: 7 ( 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: 8 ( Marks: 1 ) - Please choose one**

The Balance Sheet item that represents the resources invested by the owner is known as:

- ▶ Accounts Receivable
- ▶ Cash
- ▶ Note Payable
- ▶ Owner's Equity

**Question No: 9 ( 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 policies of the business**
- ▶ Details and explanations of items given in Balance Sheet
- ▶ All of the given options

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

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Which of the following business publishes the Financial Statements?

- ▶ Sole-Proprietorship
- ▶ Partnership
- ▶ Trust
- ▶ **Public Limited Company**

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

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When the current Ratio is 2: 5 and the amount of Current Liabilities is Rs. 25,000. What will be the amount of Current Assets?

- ▶ Rs. 62,500
- ▶ Rs. 12,500
- ▶ Rs. 10,000
- ▶ **Cannot be calculated with the help of given data**

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

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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: 13 ( Marks: 1 ) - Please choose one**

---

Which of the following fixed asset is normally appreciated with the passage of time?

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

**Question No: 14 ( 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: 15 ( Marks: 1 ) - Please choose one**

Normally the practice of Book Keeping under Single Entry System is followed by:

- ▶ **Small businesses only**
- ▶ Governments only
- ▶ Large scale businesses only
- ▶ Both small businesses and governments

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

Which of the following is **NOT** a financial statement?

- ▶ Balance sheet
- ▶ **Audit report**
- ▶ Income statement
- ▶ Cash flow statement

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

According to the rule of debit and credit for balance sheet accounts:

- ▶ Increase in asset, liability, and owners' equity accounts are recorded by debits.
- ▶ Decrease in asset and liability accounts are recorded by credits
- ▶ Increase in asset and owners' equity accounts are recorded by debits
- ▶ **Decrease in liability and owners' equity accounts are recorded by debits**

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

Failure to record \_\_\_\_\_ will result in understates net income.

- ▶ Accrued expenses
- ▶ Expenses incurred
- ▶ **Accrued revenues**
- ▶ Accounts payable

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

Income tax expense of Eden Corporation shows a debit balance of Rs.7,000 in its unadjusted trial balance and Rs.7,600 in adjusted trial balance. Which of the following account will be debited in adjusting entry?

- ▶ Income tax payable
- ▶ Prepaid income tax
- ▶ **Income tax expense**
- ▶ Income tax paid

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

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on drawings of Mr. A is Rs.1,500 and of Mr. B is Rs.1,800. The net income for the year is Rs.85,000. What will be the profit share of Mr. B?

- ▶ Rs.42,350
- ▶ Rs.44,150
- ▶ Rs.41,600

▶ **Rs.40,850**

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

Mr. A & B entered into a partnership with an equal investment and equal share in profit or loss. Markup on capital of Mr. A is Rs.2,500 and of Mr. B is Rs.2,800. The net income for the year is Rs.95,000. What will be the amount of distributable profit?

- ▶ **Rs.89,700**
- ▶ Rs.92,500
- ▶ Rs.95,000
- ▶ Rs.100,300

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

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on capital of Mr. A is Rs.2,000 and markup on drawings of Mr. B is Rs.3,000. The net income for the year is Rs.85,000. What will be the profit share of Mr. A?

- ▶ Rs.43,000
- ▶ **Rs.45,000**
- ▶ Rs.71,000
- ▶ Rs.133,000

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

Statement of cash flows helps the stakeholders to assess:

- ▶ Ability to pay cash dividends in the future
- ▶ All of the given options
- ▶ The ability to generate future cash flows
- ▶ **The liquidity of the business**

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

Primary purpose of the cash flows statement is to provide the information about:

- ▶ Errors or discrepancies between cash book and income statement
- ▶ Receipt and payment of cash in the period
- ▶ **Non cash adjustment that effect the income statement**
- ▶ Cash paid to the customers and creditors of the business

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

Which of the following ratio is widely used to measure the short-term debt-paying ability of a company?

- ▶ Acid-test ratio
- ▶ **Debt ratio**
- ▶ Current ratio
- ▶ None of the given options

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

Which of the following is also called acid-test ratio?

- ▶ Current ratio
- ▶ Debt ratio
- ▶ Quick ratio
- ▶ **Liquidity ratio**

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

Which of the following statement is **TRUE** with respect to Book-keeping?

- ▶ It does not give the complete picture of financial condition of a business unit
- ▶ It gives the complete picture of financial condition of a business unit
- ▶ **It provides information for taking managerial decision**
- ▶ It is the summarizing phase of an accounting system

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

Which one of the following statement is **FALSE** about FIFO inventory system during the period of inflation?

- ▶ **Current assets have latest marked values**
- ▶ Volume of profitability becomes higher
- ▶ Amount of taxes increases
- ▶ Stock is valued at oldest prices

**Question No: 29 ( 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: 30 ( Marks: 1 ) - Please choose one**

Depreciation of office building is charged to:

- ▶ Cost of Goods Sold
- ▶ **Administrative Expenses**
- ▶ Selling Expenses
- ▶ Financial expenses

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

If, Cost of asset is Rs. 100,000, Residual Value (RV) is Rs. 20,000 and Life of asset is 3 years, what will be the rate of depreciation under Diminishing balance method?

- ▶ 10%
- ▶ 22%
- ▶ **42%**
- ▶ 52%

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

Motor vehicles are depreciated at 20% per annum using the diminishing balance method. A motor vehicle which cost Rs. 20,000 was sold after two years. The sale resulted in

neither a profit nor a loss. What was the sale price of the motor vehicle?

- ▶ Rs. 7,200
- ▶ Rs. 12,000
- ▶ **Rs. 12,800**
- ▶ Rs. 16,000

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

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If:

- Ø Cost of machine— Rs. 200,000
- Ø Rate of depreciation – 10% p.a.
- Ø Sale price— Rs. 50,000

What will be book value of machine after two years using diminishing balance method?

- ▶ Rs. 150,000
- ▶ **Rs. 162,000**
- ▶ Rs. 160,000
- ▶ Rs. 180,000

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

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Which of the following is the unexpired portion of the cost of an asset?

- ▶ Carrying value
- ▶ Depreciable value
- ▶ Original cost
- ▶ **Residual value**

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

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Mr. B's cash book shows a credit balance of Rs.68,000. He issued a cheque of Rs.7,000 but not yet presented by the bank. What will be the balance of bank statement?

- ▶ Rs. 61,000
- ▶ **Rs. 75,000**
- ▶ Rs. 68,000
- ▶ Rs. 7,000

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

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Which of the following would be obtained from the purchase day book?

- ▶ Discount received
- ▶ Returns Inwards
- ▶ Credit purchases
- ▶ **Cash purchases**

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

---

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

- ▶ Bills Receivable
- ▶ Return outwards
- ▶ **Credit purchases**
- ▶ Discount allowed

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

If cash sale is the missing figure, it can be ascertained by the construction of:

- ▶ Creditors Control Accounts
- ▶ **Debtors Control Accounts**
- ▶ Cash Account
- ▶ None of the given options

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

General reserves are shown in:

- ▶ **Balance sheet**
- ▶ Income & expenditure account
- ▶ Cash flow statement
- ▶ Profit & loss account

**Question No: 40 ( 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: 41 ( Marks: 1 ) - Please choose one**

T Corp. had net income before taxes of Rs. 200,000 and sales of Rs. 2,000,000. If it is in the 50% tax bracket, its profit margin would be:

- ▶ 5%
- ▶ 12%
- ▶ **20%**
- ▶ 25%

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

Which of the following Legal Documents of a company contain(s) the rules and regulations framed for the internal management of the company?

- ▶ Memorandum of Association
- ▶ **Articles of Association**
- ▶ Both Memorandum of Association and Articles of Association
- ▶ Prospectus

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

Which of the following represents the total number of shares subscribed by shareholders to serve as capital?

- ▶ **Share capital**
- ▶ Share premium
- ▶ Share certificate
- ▶ Share warrant

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

Which of the following is/are the source/s for the issuance of bonus shares?

- ▶ Profit and loss appropriation account
- ▶ **Premium on issue of shares account**
- ▶ Premium on issue of debentures account
- ▶ All of the given options

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

Which of the following represents that the shares are issued at a price above the face value?

- ▶ **Share issued at premium**
- ▶ Share issued at discount
- ▶ Share issued at par
- ▶ Share issued at nominal value

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

Which of the following is old name of Cash Flow Statement?

- ▶ **Sources and Application of Funds**
- ▶ Sources and Application of Liabilities
- ▶ Sources and Application of Activities
- ▶ Sources and Application of Income

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

Which of the following is **TRUE**?

- ▶ **Sale of equipment for cash is considered as inflow of cash**
- ▶ Sale of equipment on account is considered as inflow of cash
- ▶ Purchases of equipment for cash is considered as inflow of cash
- ▶ Sale of equipment for cash is considered as outflow of cash

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

Which of the following would be the common way(s) to evaluate a company's performance?

- ▶ **Compare current year's performance of the company to a prior year's performance of the company.**
- ▶ Compare the company's performance to the industry's performance.
- ▶ Compare the company's performance to the performance of a competing company.
- ▶ All of the given options

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

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ 'T' Account
- ▶ Source document
- ▶ **Day book**

**Question No: 3 ( 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: 4 ( Marks: 1 ) - Please choose one**

Which of the following is/are the **END** product of accounting cycle?

- ▶ **Financial Statements**
- ▶ General Journal
- ▶ General Ledger
- ▶ Voucher

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

Accounts Receivable & Inventory are the examples of:

- ▶ Liquid assets
- ▶ **Current assets**
- ▶ Fixed assets

- ▶ Capital assets

**Question No: 7 ( 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: 8 ( 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: 9 ( 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: 10 ( 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: 11 ( 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: 12 ( 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: 13 ( Marks: 1 ) - Please choose one**

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

Total Assets	Rs. 34,500
Accounts payable	Rs. 1,000
Other liabilities	Rs. 11,500

- ▶ **Rs. 22,000 owner's equity**
- ▶ Rs. 23,000 owner's equity
- ▶ Rs. 24,000 owner's equity
- ▶ Rs. 46,000 owner's equity

**Question No: 14 ( 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: 15 ( Marks: 1 ) - Please choose one**

When the Bank Statement balance is more than the Cash Book balance, it is because of:

- ▶ **Unpresented cheques**

- ▶ Unrecorded bank charges
- ▶ Uncredited cheques
- ▶ None of the given options

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

Which of the following account would be credited, when the bad debts are recovered?

- ▶ Allowance for bad debts a/c
- ▶ **Bad debts recovered a/c**
- ▶ Doubtful debts a/c
- ▶ Cash a/c

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

Which of the following is/are the item/s of a Control Account?

- ▶ Credit sale only
- ▶ Cash sale only
- ▶ Credit purchase only
- ▶ **Both Credit sales and Credit purchase**

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

Which of the following is **NOT** included in Debtors Control Account?

- ▶ **Cash sales**
- ▶ Credit sales
- ▶ Bills receivable
- ▶ Discount allowed

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

Which of the following is (are) included in Creditors Control Account?

- ▶ Discount received from supplier
- ▶ Credit purchases
- ▶ Bills payable
- ▶ **All of the given options**

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

Which of the following account(s) will be affected, while rectifying the error of Sale to Mr. "A" Rs. 336 was not recorded at all?

- ▶ Only sales account
- ▶ Only A's account
- ▶ Only cash account
- ▶ **Both sales account and A's account**

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

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- ▶ Only Cash Account
- ▶ Only P's account
- ▶ Only Q's account
- ▶ **Both of Mr. P's & Mr.Q's Account**

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

Which of the following item must be recorded in the adjusted Cash Book in order to bring it in line with the entries in the Bank Statement?

- ▶ **Bank charges**
- ▶ An error on the Bank Statement
- ▶ An uncredited deposit
- ▶ An unrepresented cheque

**Question No: 23 ( 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: 24 ( Marks: 1 ) - Please choose one**

It is supposed that on 31<sup>st</sup> 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 deducted from Sundry debtors?

- ▶ Rs. 3,600
- ▶ **Rs. 4,000**
- ▶ Rs. 1,600
- ▶ Rs. 2,400

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

Which of the following is an example of operating expense?

- ▶ Purchasing operating equipment
- ▶ **Purchasing cleaning services**

- ▶ Purchasing an investment in another company
- ▶ Purchasing a computer for the accounting office

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

Which of the following is normally treated as the last expense listed in the income statement of a company?

- ▶ Interest expense
- ▶ General and administrative expenses
- ▶ Salaries and wages expense
- ▶ **Income tax expense**

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

Which of the following accounts would be increased with a debit?

- ▶ Contributed Capital
- ▶ Retained Earnings
- ▶ Revenues
- ▶ **Expenses**

**Question No: 28 ( 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: 29 ( Marks: 1 ) - Please choose one**

An asset is considered to be a current asset if:

- ▶ It has been bought recently and was bought new and not used
- ▶ **It can be realized in cash or sold or consumed in the business within one year**
- ▶ It is a piece of new machinery that is expected to last for at least ten years
- ▶ All of the given options

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

Which of the following item will be shown on debit side of capital account of sole proprietor?

- ▶ Cash
- ▶ **Drawings**
- ▶ Debtors
- ▶ Profit

**Question No: 31 ( 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: 32 ( Marks: 1 ) - Please choose one**

When closing stock is given in trial balance, then it will effect:

- ▶ Trading account only
- ▶ **Balance sheet only**
- ▶ Owner's equity only
- ▶ Both Trading account and Balance sheet

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

What will the effects on financial statements, if machinery is depreciated @ 10%?

- ▶ It will be treated as an expense in income statement only
- ▶ It will be subtracted from concerned asset only
- ▶ It will be treated as a current asset only
- ▶ **It will be treated as an expense in income statement and subtracted from concerned assets in Balance Sheet**

**Question No: 34 ( 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: 35 ( Marks: 1 ) - Please choose one**

Fixed Asset (WDV) + \_\_\_\_\_ = Total assets Employed

- ▶ **Working capital**
- ▶ Total liabilities
- ▶ Total assets
- ▶ Current assets

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

Identify the selling expenses of manufacturing concern with the help of given data.

Particulars	Rs.
Salesman's salary	70,000
Commission on sales	28,000
Carriage outward	10,000
Carriage inward	5,000

- ▶ Rs. 80,000
- ▶ Rs. 60,000
- ▶ Rs. 38,000
- ▶ **Rs. 1, 08,000**

**Question No: 37 ( 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: 38 ( Marks: 1 ) - Please choose one**

By which if the following Act/ Ordinance, a company is allowed to issue shares at a higher price than their face value.

- ▶ **Companies ordinance 1984**
- ▶ Contract act 1872
- ▶ Sales of Goods act 1930
- ▶ None of the given options

**Question No: 39 ( 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: 40 ( Marks: 1 ) - Please choose one**

Which of the following document(s) define the relation of company with outside world?

- ▶ Prospectus
- ▶ Statutory Declaration
- ▶ Memorandum of Association
- ▶ **Articles of Association**

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

What are the effects on financial statements, if provision for Income Tax to be made Rs. 12,000 is given in adjustment?

- ▶ It will be deducted in Income Statement only
- ▶ It will be treated as current liability in balance sheet only
- ▶ It will be treated as current asset in balance sheet only
- ▶ **Both it will be deducted in income statement and it will be treated as current liability in balance sheet**

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

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- ▶ it will be treated in both profit and loss appropriation account and in the balance sheet
- ▶ **It will be treated in Income Statement only**
- ▶ It will be treated as current liability in balance sheet only
- ▶ It will be treated in profit and loss appropriation account only

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

In cash flow statements, which of the following would appear as a cash outflow?

- ▶ **The payments for purchases made during the year**
- ▶ A decrease in trade debtors over the course of an accounting period
- ▶ Money received as a result of issuing new shares
- ▶ Money received as result of selling fixed assets

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

Which of the following is **CORRECT**?

- ▶ A cash inflow means increase total cash only
- ▶ A cash inflow means increase in cash equivalent only
- ▶ A cash inflow means increase in cash and decrease in cash equivalent
- ▶ **A cash inflow means increase in both cash and cash equivalent**

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

When opening stock is Rs. 50,000, closing stock Rs. 60,000 and cost of goods sold Rs. 220,000. What will be stock turnover ratio?

- ▶ 2 times
- ▶ 3 times
- ▶ **4 times**
- ▶ 5 times

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

	Rs.
Gross profit	50,000

Operating profit.	42,000
Sales	250,000
<b>What is the amount of operating expenses</b>	<b>?</b>

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

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

What types of changes (is) are made at the admission of partner in partnership?

- ▶ Assets of old business will be revalued
- ▶ Liabilities of old business will be revalued
- ▶ Good will of business will be revalued
- ▶ **All of the given options**

**Question No: 48 ( 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: 49 ( 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: 50 ( 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

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

Debenture is also named as:

- ▶ Share
- ▶ Bond

- ▶ Equity
- ▶ Reserve

**>>>confirmed Question No: 2 ( Marks: 1 ) - Please choose one(chap 35)**

What types of changes (is) are made at the admission of partner in partnership?

- ▶ Assets of old business will be revalued
- ▶ Liabilities of old business will be revalued
- ▶ Good will of business will be revalued
- ▶ **All of the given options**

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

The balance sheet reported a beginning balance of Rs. 20,000 in Accounts Receivable and an ending balance of Rs. 15,000. Credit Sales of Rs. 200,000 were made during the year. Using this information, compute cash collected from customers.

- ▶ Rs. 215,000
- ▶ Rs. 195,000
- ▶ Rs. 200,000
- ▶ **Rs. 205,000**

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

In cash flow statements, which of the following would appear as an inflow of cash?

- ▶ The repayments of a bank loan
- ▶ Dividend issue in the current year
- ▶ **Money received as result of selling fixed assets**
- ▶ The difference between the valuations of old and new fixed assets

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

Which of the following is **NOT** a cash inflow?

- ▶ **Purchase of fixed asset**
- ▶ Sale of fixed asset
- ▶ Issue of debentures
- ▶ Cash from business operation

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

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- ▶ It will be treated in Income Statement only
- ▶ It will be treated as current liability in balance sheet only
- ▶ It will be treated in profit and loss appropriation account only
- ▶ **it will be treated in both profit and loss appropriation account and in the balance sheet**

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

Which of the following is the most important document of the company?

- ▶ Memorandum of Association
- ▶ Articles of Association
- ▶ Prospectus
- ▶ **Annual Report**

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

Which of the following document(s) define the relation of company with outside world?

- ▶ Memorandum of Association
- ▶ Articles of Association
- ▶ Prospectus
- ▶ **Statutory Declaration**

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

The income statement of the Limited company is also known as:

- ▶ Manufacturing account
- ▶ **Profit and Loss account**
- ▶ Profit and Loss Appropriation account
- ▶ Current Account

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

In which of the following auditor's remuneration payable is shown?

- ▶ In balance sheet under the head of current liabilities only
- ▶ In balance sheet under the head of current assets only
- ▶ In income statement under the administrative expense only
- ▶ **In both balance sheet under the head of current liabilities and income statement under the administrative expense**

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

The charter of a company which defines the limitations and powers of the company is called:

- ▶ The memorandum of association
- ▶ **Articles of association**
- ▶ Statutory report
- ▶ Certificate of commencement

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

Which of the following represents the partnership agreement in writing?

- ▶ Partnership registration
- ▶ Partnership-at-will

- ▶ Partnership deed
- ▶ Partnership certification

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

Which of the following represents the relationship between persons who have agreed to share the profit of business carried on by all or any of them acting for all?

- ▶ Sole-ownership
- ▶ Private limited company
- ▶ Public limited company
- ▶ **Partnership**

**Question No: 14 ( 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: 15 ( Marks: 1 ) - Please choose one**

Which one of the following is **TRUE** about provisions?

- ▶ It is necessary to prepare for showing true picture of balance sheet
- ▶ It is a reduction from assets
- ▶ It is prepared for specific purposes
- ▶ **All of the given options**

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

Which financial statement show what a business owes at a particular point in time?

- ▶ A cash flow statement
- ▶ The bank statement for the business
- ▶ **A balance sheet**
- ▶ A statement of retained earnings

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

Which of the following is an example of operating expense?

- ▶ Purchasing operating equipment
- ▶ **Purchasing cleaning services**
- ▶ Purchasing an investment in another company
- ▶ Purchasing a computer for the accounting office

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

Short-term investments include all of the following **EXCEPT**:

- ▶ A bond receivable intended to be sold within one year
- ▶ Frequently traded securities
- ▶ A stock investment in the General Electric Company intended to be sold within one year
- ▶ **A shares investment in the Coca-Cola Company intended to be held for several years**

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

The figure of cash received from debtors can be located either from cash book or:

- ▶ **Debtor's Control Account**
- ▶ Balance Sheet
- ▶ Profit & Loss Account
- ▶ Bills Payable Account

**Question No: 20 ( 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: 21 ( 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: 22 ( 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: 23 ( Marks: 1 ) - Please choose one**

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- ▶ **Both of Mr. P's & Mr.Q's Account**
- ▶ Only Cash Account
- ▶ Only P's account
- ▶ Only Q's account

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

Which of the following account(s) will be affected, while rectifying the error of sales Rs.100 to Mr. "A" recorded in the purchases book?

- ▶ Sales account
- ▶ Purchase account
- ▶ A's account and Sales account
- ▶ **Sales account, purchase account and A's account**

**Question No: 25 ( 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: 26 ( Marks: 1 ) - Please choose one**

Transaction that has been completely forgotten to enter is called:

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

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

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Which of the following is (are) included in Creditors Control Account?

- ▶ Discount received from supplier
- ▶ Credit purchases
- ▶ Bills payable
- ▶ **All of the given options**

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

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Which of the following is **NOT** included in Debtors Control Account?

- ▶ **Cash sales**
- ▶ Credit sales
- ▶ Bills receivable
- ▶ Discount allowed

**Question No: 29 ( 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: 30 ( Marks: 1 ) - Please choose one**

---

Which of the following is **NOT** based on the concept of double entry book keeping system?

- ▶ Subsidiary Ledgers
- ▶ Creditors Control Accounts
- ▶ Debtors Control Accounts
- ▶ **All of the given options**

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

---

Which of the following entry will be recorded when the Bad Debts are recovered?

- ▶ **Cash account (Dr.) & Bad Debts recovered account (Cr.)**
- ▶ Accounts Receivable account (Dr.) & Bad Debts recovered account (Cr.)
- ▶ Bad debts recovered account (Dr.) and Profit & Loss account (Cr.)
- ▶ Provision for doubtful debts account (Dr.) & Cash account (Cr.)

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

---

In which of the following condition(s) **DEBT** is regarded as **BAD**.

- ▶ Bankruptcy of the debtor
- ▶ Disappearance of debtor's business
- ▶ Failure of repeated attempt to collect the debt
- ▶ **All of the given options**

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

Which of the following is **CORRECT** for Doubtful Debt?

- ▶ **It is shown in balance sheet**
- ▶ It is a definite loss to the business
- ▶ It is not shown in balance sheet
- ▶ No provision is necessary for it

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

The following balance and discrepancies were found on 31 March 2008:

Particulars	Rs.
Cash book balance (Dr)	5 000
Unpresented cheques	1 000
Uncredited cheques	500

The Bank Statement balance on 31 March 2008 should be:

- ▶ **Rs. 5 500 (Dr)**
- ▶ Rs. 5 500 (Cr)
- ▶ Rs. 4 500 (Dr)
- ▶ Rs. 4 500 (Cr)

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

A Bank Reconciliation Statement is prepared to:

- ▶ **Ascertain that the difference between the Cash Book balance and the Bank Statement balance has been accounted for**
- ▶ Correct errors in the Cash Book or errors in the Bank Statement
- ▶ Amend the balance of the Bank Statement of the firm
- ▶ Amend the balance in the Cash Book of the firm

**Question No: 36 ( 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: 37 ( Marks: 1 ) - Please choose one**

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

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

- ▶ Rs. 12,000 liabilities
- ▶ Rs. 11,000 liabilities
- ▶ **Rs. 1, 10,000 liabilities**
- ▶ Rs. 1, 11,000 liabilities

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

Which of the following essentials will be shown in the format of Cash Book?

- (1) Ledger code
- (2) Amount of Receipt
- (3) Amount of payment

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

**Question No: 39 ( 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: 40 ( 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: 41 ( Marks: 1 ) - Please choose one**

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

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

**Question No: 42 ( 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: 43 ( 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 ≤ current liabilities

**Question No: 44 ( 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: 45 ( 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: 46 ( Marks: 1 ) - Please choose one**

An asset on the balance sheet which is expected to be sold or used within one year is known as:

- ▶ Tangible asset
- ▶ **Current asset**
- ▶ Fixed asset
- ▶ Long term asset

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

Which one of the following is a type of General Ledger?

- ▶ Book of original entry
- ▶ **'T' Account**
- ▶ Source document
- ▶ Day book

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

Mr. "A" sold goods for Rs. 3, 00,000 to Mr. "B", Rs. 3, 00,000 will be treated as \_\_\_\_\_ for business.

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

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

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