

OBJECTIVE TYPE QUESTIONS

1) _____ is the art of recording, classifying and summarizing the transactions and events of a business and interpreting the results thereof.

A] Book keeping	B] Accounting	C] Management	D] Auditing
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2) What will be debited, if Mohsin commenced business with cash?

A] Cash Account	B] Capital Account	C] Drawing Account	D] Proprietor Account
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3) Economic life of an enterprise is split into the periodic interval as per

A] Matching concept	B] Accrual Concept	C] Periodicity concept	D] Materiality concept
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4) Quality or caliber of management team is not directly disclosed on the financial statement based

A] Matching concept	B] Accrual Concept	C] Periodicity concept	D] Money measurement concept
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5) A BMW car purchased for office purpose during the year 2010 at a cost of Rs.50 lakh. Now during 2012, its value after charging depreciation is 40 lakh whereas the market price is Rs.30 lakh. At what price the car should be shown in the book and what is the concept to be followed?

A] 40 lakh, Cost concept	B] 30 lakh, Cost concept	C] 50 lakh, Historical concept	D] 30 lakh, Historical concept
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6) Arjun started business on 01/04/2012, the transactions are recorded in the books in the name of ----- and the concept followed is

A] Arjun, Reliability concept	B] Business, Reliability concept	C] Arjun, Business entity concept	D] Business, Business entity concept
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Classify the following items

7] Salaries paid

A] assets	B] liabilities	C] expenses	D] revenue
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8] Machinery purchased

A] assets	B] liabilities	C] expenses	D] revenue
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9] Commission earned

A] assets	B] liabilities	C] expenses	D] revenue
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10] Loan taken from bank

A] assets	B] liabilities	C] expenses	D] revenue
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11. Goods worth Rs.100000/- purchased for cash from Sarvesh should be credited to

A] Cash account	B] Sarvesh account	C] Purchase account	D] Goods account
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12. The Rent paid to landlord is credited to

A] Rent account	B] Cash account	C] Landlord account	D] No account should be credited
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13. A withdrawal of cash from Business by the proprietor should be debited to

A] Cash Account	B] Capital Account	C] Drawings Account	D] No account should be debited
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14. In Double entry system of accounting, each business transaction affects

A] Two accounts	B] Two persons	C] two objects	D] None
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15] Who is considered as father of accounting?

A] Benedetto cotrugli	B] Kowdilyer	C] Luco Pacioli	D] Confucious
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16] Journal is called as book of

A] Secondary entry	B] Original entry	C] Subsidiary	D] None
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17] The process of transferring the debit and credit items from a Journal to their respective accounts in the ledger is termed as

A] Purchase	B] Balancing of account	C] Arithmetic check	D] Posting
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18] The technique of finding the net balance of an account after considering the totals of both debits and credits appearing in the account is known as

A] Purchase	B] Balancing of account	C] Arithmetic check	D] Posting
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19] Ledger book is popularly known as

A] Secondary books of accounts	B] subsidiary books of accounts	C] Principal books of accounts	D] None
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20] Sale of machinery should be credited to

A] Sales account	B] Cash account	C] Machinery account	D] No account should be credited
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21] Capital expenditure is any expenditure benefitingperiod

A] current	B]future	C] past	D] more than one accounting period
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22]. The cost of housing plot purchased for sale is a..... expenditure

A] Capital	B] revenue	C] deferred revenue	D] miscellaneous
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23] After the preparation of ledgers accounts, the next step is the preparation of

A] Trading Accounts	B] Profit and loss Account	C] Trial Balance	D] Balance sheet
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24] The object of preparation of trial balance is

A] To Check arithmetic accuracy	B] To adjust all accounts	C] To conceal the mistakes	D] none
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25] Which of the following is a liability?

A] Cash at bank	B] Motor vehicle	C] creditors for goods	D] Machinery
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26] Which of the following best describes the meaning of purchases?

A] Goods bought on credit	B] Goods bought for resale	C] Goods given for wages	D] items purchased for office
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27] Which of the following should not called as sales?

A] Goods sold on credit	B] Goods sold for cash	C] Office furniture sold	D] sale of item included in purchase
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28] Gross profit is

A] Cost of goods sold + opening stock	B] Sales less purchase	C] Net profit less expenses	D] Excess of sales over cost of goods sold
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29] Net profit calculated in the

A] Trading account	B] Profit and loss Account	C] Trial balance	D] Balance sheet
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30] Land purchased for office use shall be considered as

A] Fixed assets	B] Current Assets	C] Liquid asset	D] Intangible asset
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31] Goodwill is considered as

A] Fixed assets	B] Current Assets	C] Liquid asset	D] Intangible asset
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32] Heavy advertising to launch a new product is a

A]Capital Expenditure	B]Revenue Expenditure	C] Deferred Revenue Expenditure	D] none
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33] What is the order in which the accounting transactions and events are recorded in the books?

A]Journal, Ledger, Subsidiary books, B/sheet, & P and L	B] Ledger, Journal, Balance sheet, P and L A/c.	C] Journal, ledger, P and L A/c. and Balance sheet	D] P and L A/c. , Balance sheet, Ledger, Journal
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34] If the capital of the Business is Rs.140000 and liabilities are of Rs.80000, What is the amount of total assets?

A] 60000	B] 220000	C] 300000	D] 280000
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35] A started a business and Invests Rs.50000 on 1st April 2010. On 31st March 2011 his assets are Rs.65000 and liabilities Rs.6000. What is the amount of capital on 31st March 2011?

A] 71000	B] 15000	C] 59000	D] 9000
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36] In the above case, what is the amount of profit earned during the year?

A] 71000	B] 15000	C] 59000	D] 9000
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37] Bad Debts is a

A] Real Account	B] Personal Account	C] Nominal Account	D] None
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38] Cash is a

A] Real Account	B] Personal Account	C] Nominal Account	D] None
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39] Proprietor's Account is a

A] Real Account	B] Personal Account	C] Nominal Account	D] None
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40] Any expense that gives benefit for a period of less than twelve months is called

A] Capital Expenditure	B] revenue Expenditure	C] deferred revenue expenditure	D] miscellaneous
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41] Ascertain the cost of goods sold from the following

Opening stock Rs.8500, Purchases Rs.31500, Direct Expenses Rs.5000, Indirect expenses 10000 and closing stock Rs.5000

A] 50000	B] 40000	C] 45000	D] 55000
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42] Cash sales of a business in a year were Rs.29000 and credit sale Rs.41000. The cost of goods sold works out to be Rs.50000. Find out the Gross profit

A] 20000	B] 120000	C] loss 9000	D] loss 21000
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43] You can anticipate your future loss but not future profit is based on

A] convention of	B] convention of	C] convention of	D] None
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Consistency	conservatism	full disclosure	
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44] Trade discount is given to promote

A] Higher sales	B] to encourage credit	C] to give bogus account	D] None
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45] Cash discount is given to promote

A] sales	B] more customers	C] to make prompt payment	D] none
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46] Stock should be valued at

A] cost price	B] Market price	C] cost or market price whichever is less	D] None
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47] Machinery worth Rs. 100000 purchased by paying cash, this will

A] affect the total asset	B] doesn't affect the total assets	C] Affect the liabilities	D] None
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48] Capital is the difference between

A] Sales and purchases	B] Assets and liabilities	C] sales and closing stock	D] None
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49] Trial balance shows

A] all types of errors	B] only the arithmetic accuracy	C] only the clerical errors	D] No errors
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50] If the trial balance doesn't agree and you are not able to find the reason, then

A] the difference can be ignored	B] cannot prepare final accounts	C] put the difference in suspense account	D] None
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1] B	2] A	3] C	4] D	5] A	6] D	7] C	8] A	9] D	10] B
11] A	12] B	13] C	14] A	15] C	16] B	17] D	18] B	19] C	20] C
21] D	22] B	23] C	24] A	25] C	26] B	27] C	28] D	29] B	30] A
31] D	32] C	33] C	34] B	35] C	36] D	37] C	38] A	39] B	40] B
41] B	42] A	43] B	44] A	45] C	46] C	47] B	48] B	49] B	50] C