

## ACCOUNTANCY - MCQ

Q1] which of the following is included in non-monetary items?

- A] Receivables  
B] Inventories  
C] Investments in equity shares  
D] none of the above

Q2] Two value of closing stock are given i.e. the cost is Rs.40000/- and the market value is Rs.45000/-. The lower value i.e. the cost of Rs.40000/- will be chosen in favour of the market value of Rs.45000/- so that the profit will not be over stated. Which concept is being applied?

- A] Realisation  
B] Historical cost  
C] Conservatism  
D] Consistency

Q3] A company purchased a new machine for Rs.500000/- and machine's test run was started to make sure that machine works properly. There was expense of Rs.5000/- incurred on test run, however the sale proceeds of test production were Rs.2000/-. You are required to find out the total cost of machine?

- A] Rs.500000/-  
B] Rs.505000/-  
C] Rs.503000/-  
D] Rs.495000/-

Q4] A motor van was bought for Rs.20000/- on 1<sup>st</sup> September 2013 with a residual value of Rs.2000/-. Depreciation was charged at 20% by the reducing balance method on yearly basis. It was sold for Rs.18000/- after three years of use on 31<sup>st</sup> August 2016. Compute the profit on sale of asset

- A] Rs.7760/-  
B] Rs.505  
C] Rs.5201/-  
D] Rs.990/-

Q5] how should a contingent liability be included in a firm's financial statement if the likelihood of a transfer of economic benefit to settle it is remote

- A] Disclosed by note with some provisions being made  
B] Disclosed by note with no provision being made  
C] Neither disclosure nor provision is required  
D] Adequate provision should be made

Q6] A fixed asset cost Rs.12000/- and sold for Rs.5000/-. At the date of disposal, its net book value is Rs.2000. So what is the profit or loss on disposal of this fixed asset?

- A] Rs.2000 (loss)  
B] Rs.3000(loss)  
C] Rs.2000(profit)  
D] Rs.3000(profit)

Q7] which of the following should be classified as current liabilities

- A] Sundry debtors  
B] Sales tax payable  
C] Sundry creditors  
D] Investments

Q8] the opening stock of finished goods is Rs.50000/- closing stock of finished goods is Rs.100000/- and cost of goods manufactured is Rs.200000/-. What is the cost of goods sold?

- A] Rs.250000/-                      B] Rs.100000/-                      C] Rs.350000/-                      D] Rs.150000/-

Q9] Original cost Rs.126000/- salvage value Rs.6000/- Depreciation for the second year @ 10% p.a. under WDV method

- A] Rs.10800/-                      B] Rs.11340/-                      C] Rs.15000/-                      D] Rs.14000/-

Q10] Mr. A commenced his business on 1<sup>st</sup> April 2012 with capital of Rs.200000/-. He did good business during the year and earned a handsome profit. On 31/03/2013, his financial position was, Fixed assets Rs.220000/- Bank balance Rs.33000/- and creditors Rs.17000/- what would be his profit for the financial year 2012-13

- A] Rs.70000/-                      B] Rs.36000/-                      C] Rs.33000/-                      D] None

Q11] the primary record of a credit purchase of a fixed asset is made in

- A] Purchase book                      B] Cash Book                      C] Sales book                      D] Journal proper

Q12] a bill of exchange is drawn by a

- A] Debtor                      B] Creditor                      C] Holder                      D] All of the above

Q13] when cash discount is allowed which of the accounts is debited?

- Cash A/c & Discount received A/c.                      B] Cash A/c.  
C] Discount allowed A/c.                      D] Cash A/c. & Discount allowed A/c.

Q14] Source of documents for the accounting system does not include

- A] Sales order                      B] Purchase order  
C] Invoice and credit notes                      D] Bank account details

Q15] Agreement of trial balance is not a ..... Proof of accuracy

- A] Submissive                      B] Inclusive                      C] Exhaustive                      D] Conclusive

Q16] Errors of the principle affect the agreement of the

- A] Trial balance                      B] Balance sheet                      C] Both a & b                      D] None of these

Q17] prepaid expenses are shown on the ..... Side of the balance sheet

- A] Debit                      B] Assets                      C] Liabilities                      D] Left hand side

Q18] Rs.20000/- spent as travelling expenses of the directors on trips abroad for purchase of capital asset is

- A] Capital expenditure                      B] Revenue expenditure  
C] Deferred revenue expenditure                      D] none of the above

Q19] under straight line method of charging depreciation, depreciation

A] Increases every year

B] Decreases every year

C] Is constant

D] fluctuate every year

Q20] A journal

A] Does not provide a date wise record of all transactions

B] Is accompanied by an detailed explanation

C] Is not a daily accounting record

D] none of the above

Q21] a transaction recorded on the debit side of the cash book is transferred to the ledger

A] on the debit side of the account

B] on the credit side of the account

C] Is not posted anywhere

D] none of the above

Q22] if goods sold is Rs.80700/-, opening stock Rs.5800/- and closing stock Rs.6000/- amount of purchase will be

A] Rs.80500/-

B] Rs.74900/-

C] Rs.74700/-

D] Rs.80900/-

Q23] A started business on 01<sup>st</sup> January with a capital of Rs.250000/-. Total assets and liabilities at the end of 31<sup>st</sup> December amounted to be Rs.750000/- and Rs.125000/-. During the year he withdrew Rs.75000/-. During the relevant financial year his closing capital and profit would be

A] Rs.625000 and Rs.450000

B] Rs.500000 and Rs.400000

C] Rs.700000 and Rs.475000

D] Rs.550000 and Rs.425000

Q24] Stock is

A] Included in the category of fixed assets

B] an investment

C] A part of current assets

D] an intangible fixed assets

Q25] which one of the following is correct?

A]  $\text{Gross profit} + \text{purchases} + \text{sales} = \text{net profit}$

B]  $\text{Gross profit} + \text{administrative and other expenses} = \text{net profit}$

C]  $\text{Gross profit} + \text{sales} + \text{administrative and other expense} = \text{net profit}$

D]  $\text{Gross profit} - \text{administrative and other expenses} = \text{net profit}$

Q26] which of the following is not true with regard to fixed assets?

(i) They are acquired for use in the conduct of business operation

(ii) They are not meant for resale to earn profit

(iii) They can easily be converted into cash

(iv) Depreciation at specified rates is to be charged on most of the fixed assets  
A] (i) and (ii)                      B] (i) and (iii)                      C] (iii) only                      D] All of these

Q27] the determination of the amount of provision of bad debts is an accounting  
A] Estimate                      B] Parameter                      C] Policy                      D] None of these

Q28] Credit card sales are entered in cash book  
A] Cash sales                      B] Credit sales                      C] either 'a' or 'b'                      D] sales on approval

Q29] which is the following will cause on a difference on a trial balance  
A] An invoice omitted from the sales day book  
B] An invoice for Rs.415 entered in the sales day book as Rs.451  
C] An invoice for Rs.600 entered in the sales day book not included in the monthly total  
D] A credit note entered to the sales day book

Q30] after which error will a trial balance still tally  
A] Wages paid Rs.1500/- was entered wrongly in the bank account as Rs.2500  
B] Rent receivable of Rs.200/- was debited to the rent payable account  
C] Goods returned to supplier Rs.150/- were entered in purchase return day book as Rs.105  
D] The sale day book was under reported by Rs.200/-

Q31] how is the credit card sales recorded in the books of account  
A] Recording in the sales day book as credit sales  
B] Debiting cash account and crediting sales account in the cash book  
C] Debiting bank account and crediting sales account in the cash book  
D] Debiting customer's account and crediting sales account

Q32] Machinery was purchased for a sum of Rs.1 lakh and a cheque was issued to the vendor. The entry in the books will be

A] Machinery A/c.	Dr.	B] Machinery A/c.	Dr.
	To Vendor A/c.		To Bank A/c
C] Bank A/c.	Dr.	D] Vendor A/c.	Dr.
	To Machinery A/c.		To Machinery A/c.

Q33] A bank reconciliation statement is part of the  
A] Bank Passbook                      B] Cash book                      C] Trial Balance  
D] Only a statement showing causes of difference in bank pass book and bank balance as per cash book

Q34] Excess of Assets over External liabilities is known as

- A] Drawings                      B] Purchases                      C] Capital                      D] None of the above

Q35] 100 units are sold by Mr. X to Mr. Y @ Rs.5/- per unit on credit. Mr. Y is .....  
to the business of Mr. X

- A] Trade creditor                      B] Trade debtor                      C] Mr. X is friend of Mr. Y                      D] None

Q36] which of the following statement depicts correctly the sequential steps involved in accounting cycle

A] Journal entry, posting in the ledger, Balancing, Trial Balances, Preparation of trading and profit and Loss Account, Balance Sheet

B] Preparation of Trading and Profit and Loss Account, posting in the ledger, Journal entry, Trail balance, Balancing, Balance Sheet

C] Posting Ledger, Journal entry, preparation of trading and profit and loss account, Trail Balance, Balancing, Balance sheet

D] Balance sheet, Journal entry, Trial Balance, preparation of Trading and Profit and Loss Account, Balancing, Posting ledger

Q37] Accounting is concerned with

A] Monetary Transactions                      B] Non-monetary transactions

C] Monetary and Non Monetary transactions                      D] Illegal transactions

Q38] Mr. S buys books worth of Rs.2000/- paying cash of Rs.1500/-. What is the amount of expenses as per the accrual concept?

- A] Rs.2000/-                      B] Rs.1500/-                      C] Rs.500/-                      D] None of the above

Q39] a trader purchases goods for Rs.25,00,000/- of these 70% of the goods were sold during the year. At the end of 31<sup>st</sup> December 2015, the market value of such goods were Rs.500000/-. But the trader recorded in his books for Rs.750000/-. Which of the following concept is violated?

- A] Money measurement                      B] Conservatism                      C] Consistency                      D] None

Q40] Amount spent to increasing the earning capacity is a ----- expenditure?

- A] Capital                      B] Revenue                      C] Deferred revenue                      D] capital loss

Q50] Which of the following is not a real account?

- A] Cash A/c                      B] Investment A/c                      C] Outstanding Rent A/c                      D] Purchases A/c

Q42] which of the following is not a nominal account?

- A] Outstanding salary A/c                      B] Salaries A/c                      C] Interest A/c                      D] Commission A/c

Q43] Patents, copyrights and trademarks are

A] Current Assets    B] fixed assets    C] intangible assets    D] investments

Q44] Any written evidence in support of a business transaction is called.....

A] Journal    B] ledger    C] ledger posting    D] Voucher

Q45] Income and expenditure records receipts and payments of .....

A] Revenue nature only    B] capital nature only    C] both A & B    D] None

Q46] Entrance fee of Rs.80,000/- received by Shyam Cricket Club is a

A] Capital expenditure    B] Revenue receipt    C] Capital receipt    D] Revenue expen

Q47] A purchased a computer costing Rs.40000/-. Repairing expense of Rs.4000/- and miscellaneous expenses of Rs.2000/- were incurred by him. He sold the computer at 20% margin on selling price. The sales value will be

A] Rs.55200/-    B] Rs.57500/-    C] Rs.50000/-    D] Rs.61000/-

Q48] A specific donation received for library should be recorded in the

A] Asset side of the balance sheet    B] Income and expenditure account

C] Liabilities side of the balance sheet    D] none of the above

Q49] Preliminary expenses are an example of

A] Capital Expenditure    B] Revenue expenditure

C] Deferred revenue expenditure    D] capital loss

Q50] which type of cheques is transferable by mere delivery

A] Order cheques    B] bearer cheque    C] crossed cheque    D] special crossed cheque

Q51] Capitalised expenditure shown on the

A] Debit side of Profit and Loss Account    B] Credit side of Profit and Loss Account

C] Asset side of Balance sheet    D] Debit side of trading account

Q52] Payment of rent, salary, purchase of goods, sale of goods etc. can be termed as

A] Transactions    B] Events    C] Activities    D] results

Q53] The balance in the books of X, a sole proprietor were opening stock Rs.17,000/-, purchase Rs.52,000/- wages Rs.46,500/-, fuel Rs.15,000/- sales Rs.1,51,000/- and closing stock Rs.25,000/- whose net realisable value was Rs.28,000/-. Find the gross profit

A] Rs.45500/-    B] Rs.48500/-    C] Rs.60500/-    D] Rs.63000/-

Q54] what is the cost of goods sold when the opening stock is Rs.9000/- closing stock is Rs.9800/- and purchase is Rs.76000/-

A] Rs.67000/-                      B] Rs.66200/-                      C] Rs.57200/-                      D] Rs.75200/-

Q55] for a firm, cost of goods sold is Rs.80600/- purchase is Rs.10000/- opening stock is Rs.20000/- sales is Rs.180300/- The gross profit would be

A] Rs.150300/-                      B] Rs.99700/-                      C] Rs.79700/-

D] Not ascertainable from the above figures

Q56] The manager is entitle to a commission of 10% on net profit after charging such commission. Net profit before charging such commissions Rs.2,20,000/-. Find out the commission payable to the manager.

A] Rs.20000/-                      B] Rs.22000/-                      C] Rs.2000/-                      D] None

Q57] recording of capital contributed by the owner as liability ensures the adherence of the principle of .....

A] Consistency              B] Going concern              C] Separate entity              D] materiality

Q58] Amit purchased furniture having scrap value of Rs.10000/- after 5 years. If annual depreciation is Rs.12000/- as per straight line method, what is original cost of furniture?

A] Rs.50000/-              B] Rs.70000/-              C] Rs.60000/-              D] None of the above

Q59] Amount received for sports fund Rs.6800/- and expenses incurred from the fund are Rs.3600/-. The amount to be credited to income and expenditure account will be

A] Rs.6800/-                      B] Rs.3600/-                      C] Rs.3200/-                      D] Nil

Q60] if there is credit balance, as per pass book, of Rs.40000/- on 31/03/2016 and there remains a bank charges of Rs.100/- not recorded in cash book, then what will be balance as per cash book?

A] Rs.40100/-credit              B] Rs.39900/- debit              C] Rs.40100/-debit              D] Rs.39900/- credit

Q61] A bill is accepted in lieu of amount due from Mr. X. It will appear as

A] Bills receivable on the asset side of the Balance Sheet

B] Bills payable on the liabilities side of Balance Sheet

C] Sundry creditors on the liabilities side of Balance Sheet

D] Sundry debtors on the asset side of the Balance Sheet

Q62] Bills payable account appears on

A] Asset side of Balance sheet                      B] Liabilities side of Balance Sheet

C] Credit side of P and L Account                      D] Debit side of P and L Account

Q63] Cost of goods sold includes

A] Carriage outward            B] salary                            C] Wages            D] Salesman commission

Q64] A doctor earned Rs.40,00,000/- during a financial year out of which Rs.4,00,000/- were outstanding at the end. He paid in cash expense of Rs.10,00,000/- and Rs.2,00,000/- were outstanding. Find his profit as per cash accounting system and mercantile accounting system respectively?

A] Rs.30,00,000/- and Rs.28,00,000/-                            B] Rs.26,00,000/- and Rs.28,00,000/-  
C] Rs.24,00,000/- and Rs.28,00,000/-                            B] Rs.26,00,000/- and Rs.30,00,000/-

Q65] Khan purchased a new alto car costing Rs.250000/-. He spent Rs.10000/- on accessories, Rs.20000/- on registration certificate, Rs.8000/- on insurance. What is the amount of the car shown as asset by him in his books?

A] Rs.288000/-                            B] Rs.250000/-                            C] Rs.280000/-                            D] None

Q66] Mukesh paid a sum of Rs.2700/- to Anil in full settlement after deducting discount at 10%. With how much amount Mukesh should debit Anil?

A] Rs.2700/-                            B] Rs.2970/-                            C] Rs.2430/-                            D] Rs.3000/-

Q67] Rs.5900/- subscription was received by a club during the year which included Rs.250/- for the previous year and Rs.400/- for the following year in advance. There are 600 members each paying an annual subscription of Rs.10/-. The amount to be credited to income and expenditure is?

A] Rs.5500/-                            B] Rs.6250/-                            C] Rs.5650/-                            D] None

Q68] Ram purchased goods costing Rs.4000/- and sold them at a profit of 20% sales. What was selling price?

Rs.6000/-                            B] Rs.3200/-                            C] Rs.4800/-                            D] None

Q69] Goods purchased costing Rs.14300/- wrongly recorded in the books at Rs.13400/-. Which type of error is this?

A] Error of commission                            B] Error of omission  
C] Error of principle                            D] Compensating error

Q70] Arjun started business in the beginning of the year with capital of Rs.40000/-. He withdrew during the year Rs.1000/- per month and introduced fresh capital of Rs.6000/- during the year . His closing capital was Rs.54000. How much profit or loss he earned during the year?

A] Profit Rs.2000/-    B] Loss Rs.20000/-                            C] Profit Rs.26000/-                            D] None



Q71] Which of the following is true?

- A] Increase in assets and decrease in liabilities are debited
- B] Increase in assets and decrease in liabilities are credited
- C] Decrease in assets and increase in liabilities are credited
- D] None of the above

Q72] The bank balance as per cash book is Rs.10000/-. Cheques issued but not presented amount to Rs.5000/-. Cheques sent for collection but not realised amounted to Rs.4800/-. The balance as per pass book is

- A] Rs.10200/-
- B] Rs.9800/-
- C] Rs.19800/-
- D] Rs.200/-

Q73] the balance as per passbook is the starting point. Interest charged by the banker is not entered in the cash book. The interest amount will be

- A] Added in the bank reconciliation statement
- B] No adjustment is required
- B] Subtracted in the bank reconciliation statement
- D] none of the above

Q74] the balance as per cash book is the starting point. Interest credited by the banker in the pass book but not entered in the cash book. The interest amount will be

- A] Added in the bank reconciliation statement
- B] No adjustment is required
- B] Subtracted in the bank reconciliation statement
- D] none of the above

Q75] which of the following is a real account?

- A] Land A/c
- B] Salary A/c
- C] Commission paid/received A/c
- D] None

Q76] which of the following errors is not disclosed by the trial balance?

- A] Errors of Principle
- B] Errors of omission
- C] Compensatory errors
- D] All of the above

Q77] cost of goods sold is Rs.180000/- and opening stock is Rs.10000/- more than the closing stock. Find the purchases

- A] 170000/-
- B] Rs.190000/-
- C] Rs.180000/-
- D] None of the above

Q78] which of these is an example of non-operating income?

- A] Profit from sale of assets
- B] Dividend
- C] Refund of income tax
- D] All the above

