

**FINAL ANSWER KEY**

Paper: 076 - Book-keeping and Accountancy State Audit  
Date of Test 02-05-2023

Question1:-Procedure of Accounting can be basically into two parts. Which among the following is correct?

- (i) Recording of transactions and using the financial information.
- (ii) Generating financial information and using the financial information.
- (iii) Recording of transaction and analyzing the financial statement.
- (iv) Recording and classifying the financial transaction.

- A:-(i) only
- B:-(ii) only
- C:-All of the above
- D:-(i), (iii) and (iv)

Correct Answer:- Option-B

Question2:-The procedure of preparation and presentation of the classified data in a manner useful to the internal as well as the external users of financial statements is:

- A:-Summarising
- B:-Analysing
- C:-Interpreting
- D:-All of these

Correct Answer:- Option-A

Question3:-The final function of Accounting is \_\_\_\_\_.

- A:-Analysing
- B:-Communicating
- C:-Interpreting
- D:-Tabulation

Correct Answer:- Option-C

Question4:-Which among the following is false about book keeping?

- (i) It is a process concerned with recording of transaction
- (ii) It constitute as a base for Accounting
- (iii) It helps management to take decisions on the basis of records
- (iv) Financial position of the business cannot be ascertained through book keeping records

- A:-(ii) and (iii) only
- B:-(iv) only
- C:-(ii) only
- D:-(iii) only

Correct Answer:- Option-D

Question5:-Read the following statements and choose the correct statement/s about Financial Accounting:

- (i) It covers the preparation and interpretation of financial statements and communications to the users
- (ii) It is historical in nature as it records transactions which had already been occurred.
- (iii) The final step is the preparation of Profit and Loss Account and Balance Sheet.
- (iv) It helps in determination of the net result for an accounting period and the financial position for the Accounting Year.

- A:-(i), (ii), (iii) only
- B:-All of the above
- C:-(i) and (iv) only
- D:-(i), (iii) and (iv) only

Correct Answer:- Option-A

Question6:-All of the following are functions of Accounting except:

- A:-Decision making
- B:-Forecasting
- C:-Ledger posting
- D:-Control

Correct Answer:- Option-C

Question7:-Financial statements are part of -

- A:-Book keeping
- B:-Accounting
- C:-Management Accounting
- D:-Cost Accounting

Correct Answer:- Option-B

Question8:-Users of accounting information includes:

- A:-Govt./management
- B:-Creditors/suppliers
- C:-Lenders/customers
- D:-All of these

Correct Answer:- Option-D

Question9:-On 31.01.2023 A One trading company sold goods worth Rs.10,00,000. The company left with closing inventory of Rs. 1,00,000. This can be classified as \_\_\_\_\_.

- A:-An event
- B:-A transaction
- C:-A transaction as well as an event
- D:-None of these

Correct Answer:- Option-A

Question10:-B company purchased a motor car worth Rs. 10,00,000 making a down payment of Rs.2 lakhs and Signing a bill for Rs.8,00,000 payable due in 90 days. Result of this transaction:

- A:-Total assets increased by Rs. 10 lakhs
- B:-Total liabilities increased by Rs. 8 lakhs
- C:-Assets increased by Rs.8 lakhs with corresponding liability by Rs.8 lakhs
- D:-Assets increased by Rs.8 lakhs and liability increased by Rs.8 lakhs

Correct Answer:- Option-C

Question11:-A. Ltd purchased goods of Rs. 25,00,000 and sold 80% of such goods during the A/c year ended 31st March 2022. The market value of the remaining goods was Rs. 4,00,000. Company valued the closing inventory of cost and thus violated the concept of \_\_\_\_\_.

- A:-Money measurement
- B:-Conservatism
- C:-Cost
- D:-Realization

Correct Answer:- Option-B

Question12:-The determination of expenses for an accounting period is based on the principle of \_\_\_\_\_.

- A:-Objectivity
- B:-Materiality
- C:-Periodicity
- D:-Matching

Correct Answer:- Option-D

Question13:-If an individual asset is increased, there will be a corresponding \_\_\_\_\_.

- A:-Increase of another asset or increase of capital
- B:-Decrease of another asset or increase of liability
- C:-Decrease of liability or decrease of capital
- D:-None of these

Correct Answer:- Option-B

Question14:-A. Ltd purchased machinery costing Rs.5,00,000 on 01.04.2021 and incurred installation charges of Rs.50,000. Market value of the machinery as on 31.03.2022 is Rs.6,00,000. Company valued the machinery at Rs.6,00,000. Which of the following concept is violated by the company?

- A:-Cost
- B:-Matching
- C:-Money measurement
- D:-Realisation

Correct Answer:- Option-A

Question15:-Which among the following is false?

- (i) The total to date of the periodic depletion charges on fixed assets is called Accumulated Depletion.
- (ii) The total to date of the periodic depreciation charges on depreciable assets is called Accumulated Depreciation.
- (iii) Amortised Value means the amortizable amount less any portion already provided by way of amortization.

- A:-All of the above
- B:-(i) and (ii) only
- C:-(i) only
- D:-(ii) and (iii) only

Correct Answer:- Option-C

Question16:-Which among the following is false?

- (i) Overhaul expenses of second hand machinery purchased are Revenue expenditure.
- (ii) Legal fees incurred in connection with acquisition of land is capital expenditure.
- (iii) Amount spend for construction of temporary huts which were necessary for construction of factory building and were demolished when the building was ready is capital expenditure.

- A:-All of the above
- B:-(ii) and (iii) only
- C:-(i) and (iii) only
- D:-(i) only

Correct Answer:- Option-D

Question17:-Which among the following is false?

- (i) Expenditure incurred Rs.25,000 for obtaining license to start a factory is capital expenditure.
- (ii) Money deposited with BSNL for installation of telephone in office is not a revenue expenditure.
- (iii) Rs.10,000 paid for removal of inventory to a new site is revenue expenditure.

- A:-(i) only
- B:-None of these
- C:-All of the above
- D:-(ii) and (iii) only

Correct Answer:- Option-B

Question18:-Which among the following is correct?

- (i) Rs.50,000 spend as travel expense of the directors for purchase of capital assets is revenue expenditure.
- (ii) Amount received from trade receivables during the year is revenue receipt.
- (iii) Amount spend on demolition of building to construct a bigger building on the same site is capital expenditure.
- (iv) Insurance claim received on account of a machinery damaged by fire is capital receipt.

- A:-All of the above
- B:-(i), (ii) and (iii) only
- C:-(ii), (iii) and (iv)
- D:-(ii) and (iv)

Correct Answer:- Option-C

Question19:-In the case of \_\_\_\_\_ either outflow of resources to settle the obligation is not probable or the amount expected to be paid to settle the liability cannot be measured with sufficient reliability.

- A:-Contingent Liability
- B:-Liability
- C:-Provision
- D:-Contingent Expenses

Correct Answer:- Option-A

Question20:-Present liability of uncertain amount which can be measured reliably by using a substantial Degree of estimation is termed as \_\_\_\_\_.

- A:-Reserve
- B:-Liability
- C:-Contingent liability
- D:-Provision

Correct Answer:- Option-D

Question21:-A change in Accounting Policy is justified:

- A:-To comply with Accounting Standards
- B:-To comply with relevant Rules
- C:-To ensure more appropriate presentation of the financial statement of the institution
- D:-All of the above

Correct Answer:- Option-C

Question22:-The areas where in different Accounting Policies can be adopted are:

- A:-Providing depreciation
- B:-Valuation of inventory
- C:-Both (A) and (B)

D:-None of these

Correct Answer:- Option-C

Question23:-All of the following are Valuation Principles except;

A:-Historical Cost

B:-Present Value

C:-Current cost

D:-Future Value

Correct Answer:- Option-D

Question24:-Accounting Standards for non-corporate entities in India are issued by;

A:-Central Govt.

B:-State Govt.

C:-Reserve Bank of India

D:-Institute of Chartered Accountants of India

Correct Answer:- Option-D

Question25:-It is essential to standardize the accounting principles and policies in order to ensure;

A:-Transparency, Consistency and Comparability

B:-Transparency

C:-Consistency

D:-Comparability

Correct Answer:- Option-A

Question26:-Profit earned during the year Rs.5000. Liabilities at the beginning of the year Rs.12,000. Closing capital Rs.35,000. Total liabilities including Capital at the end of the year Rs.50,000. Find out;

(i) Assets at the beginning of the year

(ii) Assets at the end of the year

(iii) Liabilities at the end of the year

A:-Rs.47,000, Rs.35,000, Rs.15,000

B:-Rs.42,000, Rs.50,000, Rs.15,000

C:-Rs.35,000, Rs.47,000, Rs.15,000

D:-None of these

Correct Answer:- Option-B

Question27:-The rent paid to Land Lord is credited to:

A:-Land Lord Account

B:-Cash Account

C:-Rent Account

D:-None of these

Correct Answer:- Option-B

Question28:-In case of a debt becoming bad, the amount should be credited to:

A:-Capital Account

B:-Bad debt Account

C:-Cash Account

D:-Trade receivables Account

Correct Answer:- Option-D

Question29:-Which account is the odd one out?

A:-Office furniture and machinery

B:-Inventory of materials

C:-Land and building

D:-Good Will and Patent

Correct Answer:- Option-B

Question30:-Which account is the odd one out?

A:-Bad debts recovered

B:-Discount allowed

C:-Rent paid

D:-Depreciation

Correct Answer:- Option-A

Question31:-At the end of the accounting year all the nominal accounts of the ledger book are:

A:-Balanced but not transferred to P & L A/c.

B:-Not balanced and also the balance is not transferred to P & L A/c.

C:-Not balanced and their balance is transferred to P & L A/c.

D:-None of these

Correct Answer:- Option-C

Question32:-Ledger is known as:

A:-Secondary Book of A/cs

B:-Principal Book of A/cs

C:-Subsidiary Book of A/cs

D:-Book of original entry

Correct Answer:- Option-B

Question33:-Which among the following is/are correct about the 'Trial Balance'?

(i) Trial Balance contains various ledger balances on a particular date.

(ii) Financial statements are normally prepared on the basis of agreed Trial Balance.

(iii) Trial Balance serves as a summary of what is contained in the ledger.

(iv) Agreement of Trial Balance is a conclusive proof of accuracy.

A:-(i), (ii) and (iii) only

B:-(ii), (iii) and (iv) only

C:-(i), (iii) and (iv) only

D:-All of the above

Correct Answer:- Option-A

Question34:-Which among the following is/are correct about the limitations of Trial Balance?

(i) Transaction not entered at all in the journal do not affect the Trial Balance.

(ii) Amount wrongly written in both columns of the journal do not affect the Trial Balance.

(iii) Entry not at all posted in the ledger do not affect the Trial Balance.

(iv) Entry posted twice in the ledger do not affect the Trial Balance.

A:-All of the above

B:-(ii) and (iii) only

C:-(iii) and (iv) only

D:-(i), (ii) and (iii) only

Correct Answer:- Option-A

Question35:-Find out the total of Trial Balance from the following ledger balance figures:

Cash A/c - Rs.7500, Furniture A/c - Rs.3000, Salaries A/c - Rs.2500, Creditors A/c - Rs.3500, Purchase A/c - Rs.25,500, Sales A/c - Rs.25,500, Capital A/c - Rs.9500.

- A:-Rs.40,000
- B:-Rs.43,500
- C:-Rs.38,500
- D:-Rs.42,000

Correct Answer:- Option-C

Question36:-Which among the following is/are correct about preparation of Trial Balance?

- (i) The balance of all assets account, expenditure account and losses are placed in the debit column.
- (ii) The balance of all cash and bank are placed in the debit column.
- (iii) Liabilities account, Income account, Capital account and profits account placed in the credit column.
- (iv) Balance of drawings account is placed in the credit column.

- A:-(i), (iii) and (iv) is correct
- B:-(i), (ii) and (iii) is correct
- C:-All of the above
- D:-None of the above

Correct Answer:- Option-B

Question37:-Which among the following is/are incorrect?

- (i) Due from customers - its balance will be a debit balance
- (ii) Purchase return account always shows a debit balance
- (iii) Opening inventory shows a debit balance

- A:-All of the above
- B:-(i) and (iii)
- C:-(ii) and (iii)
- D:-Only (ii)

Correct Answer:- Option-D

Question38:-Rs.1500 received from sub tenant for rent and entered correctly in the cash book is posted to the debit of the Rent account in the Trial Balance. The effect of this:

- A:-The debit total will be greater by Rs.3000 than the credit total
- B:-The debit total will be greater by Rs.1500 than the credit total
- C:-There will be no differences in the total
- D:-None of these

Correct Answer:- Option-C

Question39:-After preparation of ledgers, the next step is the preparation of \_\_\_\_\_.

- A:-Trial Balance
- B:-Trading account
- C:-Manufacturing account
- D:-Profit and Loss account

Correct Answer:- Option-A

Question40:-After preparing the Trial Balance the Accountant finds that the total of debit side is short by Rs.10000. This difference will be:

- A:-Credited to suspense account
- B:-Adjusted to any of the debit balance account
- C:-Debited to Suspense account
- D:-Booked as Miscellaneous expenditure

Correct Answer:- Option-C

Question41:-Which among the following is incorrect?

- (i) Cash book: To record proceeds and payments of cash
- (ii) Purchase book: To record all cash/credit purchases
- (iii) Bills payable book: To record the issue of promissory notes

- A:-All of the above
- B:-(ii) and (iii)
- C:-(i) and (iii)
- D:-Only (ii)

Correct Answer:- Option-D

Question42:-If A has sold goods worth Rs.10,000 for cash, the entry will be recorded \_\_\_\_\_.

- A:-In the sales book
- B:-In the cash book
- C:-In the journal
- D:-None of these

Correct Answer:- Option-B

Question43:-The main cash book may be of \_\_\_\_\_ types.

- A:-One
- B:-Two
- C:-Four
- D:-Three

Correct Answer:- Option-D

Question44:-Which among the following is correct about errors that do not affect Trial Balance?

- (i) Omitting an entry altogether from the subsidiary book
- (ii) Making an entry with the wrong amount in the subsidiary book
- (iii) Posting an amount in the wrong account, but on the correct side
- (iv) Omitting to post an amount from a subsidiary book

- A:-All of the above
- B:-(ii), (iii) and (iv) only
- C:-(i), (ii) and (iii) only
- D:-(iii) and (iv) only

Correct Answer:- Option-C

Question45:-Types of errors that may happen at the stage of posting the entries in Ledger:

- A:-Error of omission and error of commission
- B:-Error of principle and error of commission
- C:-Error of commission and compensating errors
- D:-Error of principle and error of omission

Correct Answer:- Option-A

Question46:-Goods purchased from A for Rs. 50,000 passed through sales book. The error will result in:

- A:-Increase in working capital
  - B:-Decrease in gross profit
  - C:-No effect on gross profit
  - D:-Increase in gross profit
- Correct Answer:- Option-D

Question47:-If the amount is posted in the wrong account or it is written on the wrong side of the account, it is called -

- A:-Error of omission
  - B:-Error of commission
  - C:-Error of principle
  - D:-None of these
- Correct Answer:- Option-B

Question48:-Goods worth Rs.15,000 taken by proprietor for domestic use should be credited to:

- A:-Sales account
  - B:-Capital account
  - C:-Proprietor's personal expenditure
  - D:-Purchase account
- Correct Answer:- Option-D

Question49:-The preparation of Trial balance is for:

- A:-Locating error of omission
  - B:-Locating clerical errors
  - C:-Locating error of commission
  - D:-Locating error of principle
- Correct Answer:- Option-B

Question50:-Rs.5,000 received from A whose account was written off as a bad debt should be credited to:

- A:-A's account
  - B:-Cash account
  - C:-Bad debts recovered account
  - D:-None of these
- Correct Answer:- Option-C

Question51:-Find out the balance as per pass book from the following:

Balance as per cash book Rs. 2,40,000. Cheque deposited but not cleared Rs.90,000.  
Interest Credited by bank Rs. 1250. Bank charges Rs.300. Cheque issued but not presented in bank Rs. 1,36,000.

- A:-1,94,950
  - B:-2,87,550
  - C:-2,84,450
  - D:-2,86,950
- Correct Answer:- Option-D

Question52:-On 31/03/2022 the bank pass book showed a credit balance of Rs.15,65,000. But the pass book balance was different for the following reasons:

- (i) Cheque issued to B for Rs.60,000 not yet presented
  - (ii) Bank charged Rs.350 for bank charges
  - (iii) C directly deposited Rs.1816 into the bank account not entered in the cash book
  - (iv) Cheque from D for Rs.12500 were collected on 10/04/2022, though they were banked on 20/03/2022
- Debit balance as per cash book is
- A:-Rs.15,16,034
  - B:-Rs.16,13,966
  - C:-Rs.16,10,334
  - D:-None of these
- Correct Answer:- Option-A

Question53:-Bank reconciliation statement is prepared with the help of:

- A:-Bank statement and cash column of cash book
  - B:-Bank column cash book and cash column of cash book
  - C:-Bank column of cash book and journal book
  - D:-Bank statement and bank column of the cash book
- Correct Answer:- Option-D

Question54:-A Limited purchased the following raw materials for manufacturing

03/04/2021 - 900 units @ Rs.50  
07/08/2021 - 1400 units @ Rs.60  
01/11/2021 - 600 units @ Rs.62

1900 units were issued during 2021-2022. The value of closing stock inventory under FIFO method is \_\_\_\_\_.

- A:-Rs.62,000
  - B:-Rs.60,000
  - C:-Rs.56,000
  - D:-Rs.61,200
- Correct Answer:- Option-D

Question55:-From among the following inventory Valuation Techniques under Historical cost method, which is the odd one?

- A:-FIFO Method
  - B:-Standard Cost Method
  - C:-Average Price Method
  - D:-LIFO Method
- Correct Answer:- Option-B

Question56:-The amount of purchase if -

Cost of goods sold is Rs.80,700, Opening stock Rs.5,800 and closing stock Rs.6,000

- A:-Rs.80,500
  - B:-Rs.68,900
  - C:-Rs.80,900
  - D:-Rs.74,900
- Correct Answer:- Option-C

Question57:-If the profit is 25% of the cost price, then it is \_\_\_\_\_.

- A:-25% of sales price
- B:-33 1/3%
- C:-27.5% of sales price
- D:-20% of sales price

Correct Answer:- Option-D

Question58:-Find out the value of closing inventory from the following:

Purchase during the year Rs.1,00,000. Sales during the year Rs.90,000. Profit margin 20% on cost.

- A:-Rs.25,000
- B:-Rs.10,000
- C:-Rs.18,000
- D:-None of these

Correct Answer:- Option-A

Question59:-In financial statements, cost of inventory is disclosed under

- A:-Fixed assets
- B:-Floating assets
- C:-Current assets
- D:-None of these

Correct Answer:- Option-C

Question60:-A Limited acquired a machine on 01/07/2021 at a cost of Rs.14,00,000 and Rs.1,00,000 spent as erection charge. Depreciation is provided @ 10% under straight line method. Find the value of machinery on 31/12/2022.

- A:-Rs.13,50,000
- B:-Rs.14,25,000
- C:-Rs.11,90,000
- D:-None of these

Correct Answer:- Option-B

Question61:-A machine costing Rs.12,00,000 is depreciated straight line assuming 10 year working life and zero Residual value for 3 years. At the end of third year, the machine was revalued upward by Rs.60,000. The remaining useful life was reassessed at 9 years. Depreciation for the fourth year is \_\_\_\_\_.

- A:-Rs.90,000
- B:-Rs.84,000
- C:-Rs.1,26,000
- D:-Rs.1,00,000

Correct Answer:- Option-D

Question62:-From the following particulars find out the balance under Provision for Repairs account on 31/03/2022.

Balance in provision for repair account 31/03/2021 Rs.11,50,000

Actual repairs incurred during -

2020-2021 - Rs.7,50,000

2021-2022 - Rs.3,20,000

Company makes annual provision on repairs Rs.4,00,000.

- A:-Rs.12,30,000
- B:-Rs.11,50,000
- C:-Rs.12,50,000
- D:-Rs.13,20,000

Correct Answer:- Option-A

Question63:-If original cost of an asset is Rs.12,60,000, scrap value is Nil and life of the asset is 6 years, Depreciation for the first year under 'Sum of years digits method' is \_\_\_\_\_.

- A:-Rs.2,10,000
- B:-Rs.3,60,000
- C:-Rs.1,80,000
- D:-None of these

Correct Answer:- Option-B

Question64:-Obsolescence of a depreciable asset may be caused by:

- (i) Technological change
- (ii) Improvement in production method
- (iii) Change in market demand or service output
- (iv) Legal or other restriction

- A:-(i), (ii) and (iii) is correct
- B:-(i), (iii) and (iv) is correct
- C:-All of the above is incorrect
- D:-All of the above is correct

Correct Answer:- Option-D

Question65:-Which among the following is incorrect?

- (i) In case of Bill of Exchange the drawer and payee may be the same person.
- (ii) In promissory note maker and payee cannot be same person.
- (iii) Notice of dishonor is not required in case of Bill of Exchange.

- A:-Only (iii)
- B:-Only (i)
- C:-Only (ii)
- D:-None of these

Correct Answer:- Option-A

Question66:-Every instrument payable otherwise than on demand is entitled to \_\_\_\_\_ days of grace.

- A:-three
- B:-seven
- C:-ten
- D:-fifteen

Correct Answer:- Option-A

Question67:-On 01.03.2022, A draws a Bill on B for Rs.4,00,000 for three months, maturity date of Bill will be:

- A:-04/06/2022
- B:-01/06/2022
- C:-03/06/2022
- D:-None of these

Correct Answer:- Option-A

Question68:-On 01/01/2022 A draws a Bill on B for Rs.5,00,000 for three months. A got the Bill discounted on 04/01/2022 at 12% rate. The amount of discount on Bill will be:

- A:-60,000
- B:-20,000
- C:-15,000
- D:-None of these

Correct Answer:- Option-C

Question69:-Value of closing stock appears in Trial Balance is \_\_\_\_\_.

- A:-credited to Trading A/c
- B:-shown in Balance Sheet
- C:-credited to Trading A/c and shown in Balance sheet
- D:-credited to P & L A/c

Correct Answer:- Option-B

Question70:-Profit on sale of machinery is credited to:

- A:-Manufacturing A/c
- B:-Trading A/c
- C:-Machinery A/c
- D:-Profit & Loss A/c

Correct Answer:- Option-D

Question71:-Which among the following is the odd one?

- A:-Trade receivables
- B:-Patent Rights
- C:-Designs and Brand Names
- D:-Good Will

Correct Answer:- Option-A

Question72:-Which among the following is the odd one about the sequence of Accounting?

- (i) Journalising
- (ii) Posting into the ledger
- (iii) Taking out the Trial Balance
- (iv) Preparing Trading & P&L A/c
- (v) Preparing cash flow and fund flow statements

A:-(iv)

B:-(v)

C:-(iii)

D:-(ii)

Correct Answer:- Option-B

Question73:-"Provisions" are a charge against \_\_\_\_\_.

- A:-Expense
- B:-Receipt
- C:-Profits
- D:-Bad debts

Correct Answer:- Option-C

Question74:-State which of the following statement is/are incorrect, in case of adjustment entries are not given in trial balance:

- (i) Outstanding expenses; Add to concerned expenses in P & L A/c Debit side and as Liability in Balance sheet
- (ii) Provision for Discount on debtors; P&L A/c debit side and Balance sheet Assets side-deduct from debtors.
- (iii) Interest on borrowing P&L A/c - Credit side and Balance sheet - Liability side (deduct from Capital).
- (iv) Goods distributed as free samples; Trading A/c - Credit side or deduct from purchases and balance sheet Liability side (deduct from capital).

A:-All of the above

B:-(ii), (iii) and (iv) only

C:-(i), (iii) and (iv) only

D:-(i), (ii) and (iii) only

Correct Answer:- Option-D

Question75:-Trace out the correct one. A Debit to an Account may;

- A:-Decrease an asset
- B:-Increase an expense
- C:-Increase a liability
- D:-Increase income

Correct Answer:- Option-B

Question76:-Payment made to a creditor subject to cash discount will;

- A:-reduce an asset, reduce a liability and add to revenue
- B:-reduce a liability, reduce an asset and add to expense
- C:-reduce a liability, add to an asset and add to revenue
- D:-reduce a liability, reduce an asset and decrease expense

Correct Answer:- Option-A

Question77:-A decrease in the provision for doubtful debts would results in;

- A:-An increase in liability
- B:-A decrease in working capital
- C:-A decrease in current assets
- D:-An increase in net profit

Correct Answer:- Option-D

Question78:-Indirect manufacturing expenses are also called;

- A:-Manufacturing overhead
- B:-Production overhead
- C:-Works overhead
- D:-All the three

Correct Answer:- Option-D

Question79:-Sale value of the by-product is credited to;

- A:-Capital account
- B:-Manufacturing account
- C:-Trading account
- D:-Overheads account

Correct Answer:- Option-B

Question80:-In case of non profit organizations, excess of total assets over liabilities is known as;

- A:-Profits
- B:-Surplus
- C:-Capital fund
- D:-Accumulated fund

Correct Answer:- Option-C

Question81:- \_\_\_\_\_ ratio indicates the firm's ability of generating sales per rupee of long term investment.

- A:-Capital Turn over Ratio
  - B:-Fixed Assets Turnover Ratio
  - C:-Inventory Turnover Ratio
  - D:-Interest Coverage Ratio
- Correct Answer:- Option-A

Question82:-Cash Ratio is also known as \_\_\_\_\_.

- A:-Acid Test Ratio
  - B:-Coverage Ratio
  - C:-Absolute Liquidity Ratio
  - D:-Working Capital Turnover Ratio
- Correct Answer:- Option-C

Question83:-Working capital = \_\_\_\_\_.

- A:-Current Assets --- Quick liabilities
  - B:-Current Assets --- Current liabilities
  - C:-Quick Assets --- Quick liabilities
  - D:-Quick Assets --- Current liability
- Correct Answer:- Option-B

Question84:-Which ratio is the best known measure of financial strength?

- A:-Cash Ratio
  - B:-Acid Test Ratio
  - C:-Working Capital Turnover Ratio
  - D:-Current Ratio
- Correct Answer:- Option-D

Question85:-Two primary qualitative characteristics of Financial Statements are;

- A:-Understandability and Materiality
  - B:-Materiality and Reliability
  - C:-Relevance and Reliability
  - D:-Relevance and Understandability
- Correct Answer:- Option-C

Question86:-\_\_\_\_\_ refers to the general agreement on the usage and practices in social or Economic life.

- A:-Accounting Conventions
  - B:-Accounting Assumptions
  - C:-Accounting Principles
  - D:-Accounting Policies
- Correct Answer:- Option-A

Question87:-Accounting does not record non-financial transactions because of \_\_\_\_\_.

- A:-Accrual Concept
  - B:-Cost Concept
  - C:-Continuing Concept
  - D:-Money Measurement Concept
- Correct Answer:- Option-D

Question88:-Cost Concept basically recognize;

- A:-Fair market value
  - B:-Historical Cost
  - C:-Realisable Value
  - D:-Replacement Cost
- Correct Answer:- Option-B

Question89:-From the following information find out the closing balance of debtors.

Opening balance of debtors; Rs.32,600, Sales Rs.1,03,000, cash collected from debtors Rs.70,000, Sales return Rs.1,500, Discount on purchases Rs.1,200, Cash sales Rs.43,000, Bad debts Rs.700.

- A:-Rs.19,200
  - B:-Rs.21,900
  - C:-Rs.20,400
  - D:-Rs.63,400
- Correct Answer:- Option-C

Question90:-Damaged inventory should be valued at;

- A:-Net Realizable Value
  - B:-Market Value
  - C:-Current Cost
  - D:-None of these
- Correct Answer:- Option-A

Question91:-If cost goods sold is Rs.80,700, opening stock Rs.5,800, closing stock Rs.6,000, the purchase will be;

- A:-Rs.81,100
  - B:-Rs.86,700
  - C:-Rs.80,900
  - D:-None of these
- Correct Answer:- Option-C

Question92:-If closing stock is undervalued by Rs.10,000 and opening stock is overvalued by Rs.10,000, then the impact on the gross profit of the business would be;

- A:-Gross profit undervalued by Rs.10,000
  - B:-Gross profit overvalued by Rs.10,000
  - C:-Gross profit undervalued by Rs.20,000
  - D:-No impact on gross profit
- Correct Answer:- Option-C

Question93:-The written down value of an asset after 3 years of depreciation on the reducing balance method @ 10% is Rs.36,450. What was its original value?

- A:-Rs.52,000
  - B:-Rs.50,000
  - C:-Rs.45,000
  - D:-None of these
- Correct Answer:- Option-B

Question94:-Depletion method of depreciation is normally applied in case of \_\_\_\_\_.

- A:-All fixed assets
- B:-Wasting assets



C:-Intangible assets

D:-Current assets

Correct Answer:- Option-B

Question95:-\_\_\_\_\_ method of depreciation takes into account the element of interest on capital outlay and seeks to write off the value of the assets as well as the interest cost over the life of the Asset.

A:-Annuity

B:-Sum of years digit method

C:-Sinking fund

D:-Straight line

Correct Answer:- Option-A

Question96:-Noting charges is an expense to be born by;

A:-Drawer

B:-Payee

C:-Drawee

D:-Bank

Correct Answer:- Option-C

Question97:-The assets that can be converted into cash within a year are known as \_\_\_\_\_.

A:-Investments

B:-Current assets

C:-Fixed assets

D:-Intangible assets

Correct Answer:- Option-B

Question98:-Valuation of inventory is dealt with; (Accounting Standard);

A:-AS.10

B:-AS.4

C:-AS.2

D:-AS.5

Correct Answer:- Option-C

Question99:-Which among the following is correct about Income and Expenditure Account?

(i) It is prepared by non-profit organizations.

(ii) Capital and revenue items of current accounting period are recorded in this account.

(iii) It is based on accrual basis of accounting.

A:-(i) and (iii) only

B:-(ii) and (iii) only

C:-(i) and (ii) only

D:-All of the above

Correct Answer:- Option-A

Question100:-Omission of paise and showing the round figures in Financial statements is based on \_\_\_\_\_.

A:-Materiality Concept

B:-Consistency Concept

C:-Conservatism Concept

D:-Realization Concept

Correct Answer:- Option-A