



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING (PAPER - 2)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	The revenues and expenses of a company are displayed in which statement?	Balance Sheet	Cash Flow Statement	Income Statement	Periodicity
2	The main Purpose of Financial Accounting is?	To Provide financial information to shareholders	To maintain Balance Sheet	To minimize taxes	To keep track of liabilities
3	Accounting provides information on :	Cost and income for managers	Company's tax liability for a particular year	Financial conditions of an institutions	All of the above
4	The determination of expenses for an accounting period is based on the concept of	Objectivity	Materiality	Matching	Periodicity
5	Accounting does not record non-financial transactions because of	Entity Concept	Accrual Concept	Cost Concept	Money Measurement Concept
6	Provision for bad debt is made as per the	Entity Concept	Conservatism Convention	Cost Concept	Going Concern Concept
7	Fixed Assets and Current Assets are categorized as per concept of	Separate Entity	Going Concern	Consistency	Time period
8	Omission of paise and showing the round figures in Financial Statements is based on	Conservatism Concept	Consistency Concept	Materiality Concept	Realization Concept
9	P & L Account is prepared for period of one year by following	Consistency Concept	Conservatism Concept	Accounting Period Concept	Cost Concept
10	An expenditure is capital in Nature when	The receiver of the amount is going to treat it	It increase the quantity of fixed assets for the purchase of fixed assets	It is paid as interests on loans for the business	It is maintains a fixed assets
11	Capital expenditures are recorded in the	Balance Sheet	Profit and Loss A/c	Trading A/c	Manufacturing A/c
12	Which of the following transaction is of capital nature	Purchases of a truck	Replacement of old trucks	Cost of repairing of truck	All of the above
13	₹ 5,000 incurred for up gradation of computer by installation of 128 MB Ram is	Capital Expenditure	Deferred Revenue Expenditure	Revenue Expenditure	None of the above
14	Entrance fee of ₹ 20,000 received by a club is a	Capital Receipts	Revenue Receipt	Capital Expenditure	Revenue Expenditure
15	Life membership fees received by a club is a	Revenue Expenditure	Capital Expenditure	Deferred Revenue Expenditure	Capital Receipt
16	Cost of goods purchased for resale is an example of	Capital Expenditure	Revenue Expenditure	Deferred Revenue Expenditure	None of These
17	Import duty of raw material purchased	Revenue Expenditure	Capital Expenditure	Deferred Revenue Expenditure	None of These



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18	Received from Solomon & co., an invoice for ₹ 1,500 for repairs to factory walls	Revenue Expenditure	Capital Expenditure	Deferred Revenue Expenditure	None of These
19	Compensation received from government for compulsory acquisition of land	Revenue Expenditure	Capital Expenditure	Deferred Revenue Expenditure	None of These
20	All revenue receipts and expenditures are shown in	Balance Sheet	Trading and Profit and Loss A/c	Cash Flow Statement	Statement of Affairs
21	A bad debt recovered during the year will be	Capital Expenditure	Revenue Expenditure	Capital Receipt	Revenue Receipt
22	Insurance claim received on account of machinery damaged completely by fire is	Capital Receipt	Revenue Receipt	Capital Expenditure	Revenue Expenditure
23	Amount of ₹ 5,000 spent as lawyers' fees to defend a suit claiming that the firm's factory site belonged to the plaintiff's land is:	Capital Expenditure	Revenue Expenditure	Deferred Revenue Expenditures	None
24	Money spent ₹ 10,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is	Capital Expenditure	Revenue Expenditure	Deferred Revenue Expenditures	None
25	Nominal Account represents	Profit & gain	Loss/Expenses	None	Both (a) and (b)
26	S.B.I Account is a ...	Nominal	Artificial Personal Account	Representative Personal Account	None
27	The process of recording business transactions in a book of original entry is known as	Journal	Balance	posting	none
28	Prepaid rent is a :	Nominal A/c	Representative Personal A/c	Tangible Assets A/c	None
29	In an Account if debit > credit side, the balance is known as the :	Negative balance	Debit balance	Positive balance	Credit balance
30	A sale of goods to Ram for cash should be debited to:	Ram	Cash	Sales	Capital
31	A withdrawal of cash from business by the proprietor should be credited to :	Drawing A/c	Capital A/c	Cash A/c	Purchase A/c
32	Rent Account is :	Personal	Real	Nominal	None
33	Ledger contains various _____ in it :	Transactions	Entries	Accounts	None
34	The process of transfer of entries from day book to ledgers is called :	Simple posting	Journal posting	Transaction	Ledger posting
35	The rent paid to landlord is credited to :	Landlord's A/c	Rent A/c	Cash A/c	None
36	Which financial statement represents the accounting equation- Assets = Liabilities + Owner's equity:	Income Statement	Statement of Cash flows	Balance Sheet	None



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37	The debts written off as bad, if recovered subsequently are	Credited to Bad Debts Recovered A/c	Credited to Trade Receivables Account	Debited to Profit and Loss Account	None
38	A trial balance will not balance if	correct entry is posted twice	The purchase on credit basis is debited to purchases and credited to cash	₹ 500 cash payment to creditors is debited to creditors for ₹ 50 and credited to cash as ₹ 500	None of the above
39	A Trial Balance shows	Honesty of accountants	Accuracy of account	Only arithmetical accuracy of accounts	None of these
40	The process of recording business transactions in a book of original entry is known as	Journal	Balance	Posting	none
41	In an Account if debit > credit side, the balance is known as the	Negative balance	Debit balance	Positive balance	Credit balance
42	Ledger contains various in it :	Transactions	Entries	Accounts	None
43	The process of transfer of entries from day book to ledgers is called :	Simple posting	Journal posting	Transaction	Ledger posting
44	A Ledger is also called :	Book of Original entry	Book of Primary entry	Book of Final entry	None of the above
45	Whenever errors are noticed in the accounting records, they should be rectified :	At the time of preparation of Trial Balance	without waiting the accounting year to end	After the preparation of Final Accounts	in the next accounting year
46	A Trial Balance will not tally if :	correct journal entry is posted twice	credit purchase debited to purchases and credited to cash	₹5,000 cash paid to creditors is debited	none of the above to creditors for ₹500 and credited to cash as ₹5,000
47	Sales of Shyam of ₹ 500 not recorded in the books would affect :	Shyam's Account	Sales Account	Sales Account and Shyam's Account	Cash Account
48	Errors of carry forward from one year to another affects :	Personal Account	Real Account	Nominal Account	both (a) and (b)
49	Goods worth ₹ 722 returned by Lala passed through the books as ₹ 722. The rectification entry is	Lala will be debited by ₹ 450	Lala will be debited by ₹ 272	Lala will be credited by ₹ 722	Lala will be credited by ₹ 272
50	If a receipt of ₹ 200 from rajesh (debtor) has not been recorded in the books the profits would show	An increase of ₹ 2,000	A decrease of ₹ 200	Neither an increase nor a decrease	None of the above



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51	A credit purchase of ₹ 950 from sudhir was recorded in purchases book as ₹ 590. The rectification entry is	purchases account will be debited by ₹ 360	sudhir will be credited by ₹ 590	purchases account will be debited by ₹ 950	sudhir will be credited by ₹950
52	Which of these errors affect only one account	errors of casting	errors of carry forward	errors of posting	All the three
53	Which of these is/are recurring (indirect expenses)?	transit insurance and freight	octroi	loading and unloading	godown rent and insurance
54	On receipt of goods the consignee debits which of these accounts :	Purchase Account	Goods Account	Consignors Account	None of these
55	X sends out goods to Y, costing ₹1,50,000. Goods are to be sold at cost +33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be :	₹ 1,20,000	₹ 1,00,000	₹ 1,50,000	None
56	Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20 % profit on cost the loading amount will be :	₹ 40,000	₹ 48,000	₹ 50,000	none
57	Goods sent on consignment account is of the nature of :	Personal Account	Nominal Account	Real Account	Sales Account
58	Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand :	packing	octroi	delivery charges	freight
59	X sends out 100 bags to Y costing ₹1,000 each. 60 bags were sold at 10% above cost price. Sale value will be :	₹ 66,000	₹ 65,000	₹ 60,000	₹ 65,500
60	The consignment accounting is made on the following basis :	accrual basis	realization basis	cash basis	all of above
61	Which of the following term is true about consignment?	sale of goods	hypothecation of	shipment of goods	mortgage of goods
62	Which of these accounts are not opened in the books of consignor?	Consignment Account	Commission Account	Goods Send on Consignment Account	Consignees Personal Account
63	For closing stock held by consignee which account must be debited :	Consignment Stock	Sales Account	Consignee Account	Consignment Account
64	X of Kanpur sends out 1000 boxes to Y Delhi costing ₹ 200 each at an invoice price of ₹ 220 each goods sent out on consignment to be credited in general trading will be :	₹ 2,00,000	₹ 2,40,000	₹ 40,000	None
65	A proforma invoice is sent by :	consignee to consignor	consignor to consignee	debtor to consignee	debtor to consignor
66	Commission will be shared by :	consignor and consignee	only consignee	only consignor	third party
67	X of Mumbai sends out certain goods at cost +25%. Invoice value of the goods is ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be :	₹ 4,800	₹ 5,200	₹ 3,200	₹ 1,600



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68	Joint venture account is of the nature of :	Personal A/c	Nominal A/c	Real A/c	Suspense A/c
69	A and B purchased a piece of land for ₹40,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture?	₹ 20,000	₹ 16,000	₹ 30,000	Nil
70	A, for joint venture with B, Purchased goods costing ₹2,00,000. B sold 80% of the goods for ₹2,50,000. Balance of goods were taken over by B at cost less 25%. Find out profit on venture?	₹ 80,000	₹ 90,000	₹ 50,000	None of these
71	If unsold goods costing ₹20,000 is taken over by venture at ₹15,000 the Joint venture A/c will be credited by :	₹ 20,000	₹ 15,000	₹ 5,000	Nil
72	Memorandum Joint Venture Account is :	Personal Account	Real Account	Nominal Account	None of the above
73	A purchased goods costing ₹42,500. B sold goods of ₹40,000 at ₹50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be :	₹ 3,125	₹ 2,500	₹ 3,000	None
74	What is the nature of joint venture with co-venture account :	Nominal Account	Real Account	Personal Account	None of these
75	'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹6,000 and spend ₹100 on various expenses. 'N' sells the entire lot for ₹7,500 meeting selling expenses amounted to ₹200 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be :	₹ 6,700	₹ 7,300	₹ 6,400	₹ 6,100
76	A and B purchased a piece of land for ₹ 20,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be :	₹ 40,000	₹ 20,000	₹ 60,000	Nil
77	A and B enter in to joint venture sharing profit and loss in the ratio 1:1 A purchased goods costing ₹20,000. B sold the goods for ₹25,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales the profit will be :	₹ 3,550	₹ 3,600	₹ 3,400	₹ 3,800
78	Goods costing ₹10,000 destroyed by an accident, insurance claim nil :	₹10,000 will be credited to joint venture account	No entry will be made in the books of joint venture	₹10,000 will be debited in Joint venture account as loss	₹ 8,000 will be credited in joint venture account



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79	Which of the following statement is true?	There is no difference between joint venture and partners	Consignment and joint venture is same	There is not separate account for joint venture	In case of joint venture, the number of third party is none only
80	Which of the following accounts are maintained in the joint venture when separate set of books are maintained :	Joint Bank A/c	Joint Venture A/c	Co-venturer A/c	All of these
81	If A coventurer takes away goods under memorandum joint venture method then he will debit these goods in his books to :	Joint Venture Account	Personal Account	Purchases Account	Sales Account
82	For opening Joint Bank Account, in case of separate sets of books :	Venture a/c will be debited and Co-ventures A/c will be credited	Joint Bank A/c is debited and Ventures Capital A/c is credited	Joint Venture A/c is debited and Joint Bank A/c will be credited	Joint Bank A/c will be debited and Joint Venture A/c will be credited
83	The person other than the original creditor to whom the amount in the bill is made payable to is known as the _____ of the bill.	holder	payee	drawer	endorser
84	Payment of Bills of exchange is received :	by drawer	by holder in due course of due date	by endorsee	by bank
85	Retirement of bill means:	making payment before the due date	cancellation of the bill	sending the bill for collection	endorsing the bill in favour of third party
86	At the time of retirement of a bill, the acceptor debits:	Bills Receivable Account	bill Payable Account	Discount	None of the above
87	The party who is ordered to pay the amount is known as :	payee	Drawer	drawee	endorsee
88	In which of these ways a bill of exchange cannot be disposed of :	discounting with bank	retain till maturity	endorsement to creditors	destroyed
89	Bills Receivable Book is a part of the :	Ledger	Balance Sheet	Journal	Profit and Loss Account
90	X Sold goods to Y for ₹30,00,00. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y .	₹ 1,50,000	₹ 3,00,000	₹ 1,00,000	₹ 1,20,000
91	A person who endorses a bill is called :	drawer	drawee	Bank	endorser
92	At the time of dishonor of an endorsed bill which one or these accounts would be credited by the drawee :	Bill Payable Account	Drawer	Bank	Bill Dishonored Account
93	Date on which the payment of the bill is to be made :	public holiday	date of grace	due date	date of bill + 3 days
94	Kuntal draws a bill on shyam for ₹ 3,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:	Kuntal	Ram	Shyam	Rahim



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95	If the due date is a public holiday what will be the due date of the bill	following day	preceding day	the same day only	one month later
96	On 1.8.23, X draws a bill on Y for 30 days after sight The date of acceptance is 8-8-23. The due date of the bill will be	8.9.2023	10.9.2023	11.9.2023	9.9.2023
97	If bill drawn on 3rd July 2023 for 40 days, payment must be made on	16th August, 2023	15th August, 2023	12th August, 2023	14th August, 2023
98	The purpose of preparing final accounts is to ascertain :	Profit & Loss A/c	Capital	The value of assets	Profit or loss and financial position
99	If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of ₹ ____ on a profit of ₹ 8,400	400	442.11	420	None of these
100	The balance of the petty cash is :	An expense	An income	An asset	A liability
101	Fixed assets are :	Kept in the business for use over a long time for earning income	Meant for resale	Meant for conversion into cash as quickly as possible	All of the above
102	The manufacturing account is prepared:	To ascertain the profit or loss on the goods produced	To ascertain the cost of the manufactured goods	To show the sale proceeds from the goods produced during the year	both (b) and(c)
103	A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?	33%	25%	20%	None of these
104	At the time of preparation of financial accounts, bad debts recovered account will be transferred to	Debtors A/c	Profit & Loss A/c	Profit & loss Adjustment A/c	Profit & loss Appropriation A/c
105	Depreciation appearing in the Trial Balance should be	Debited to P & L A/c	Shown as liability in balance sheet	reduced from related asset in balance sheet	both (a) and (c) above
106	Gross profit is equal to	sales – cost of goods sold	sales – closing stock + purchase	opening stock + purchases – closing stock	none of the above
107	The profit and loss Account shows the	financial results of the concern for a period	Financial position of the concern on particular date	financial results of the concern on a particular date	cost of goods sold during the period
108	Which of the following is not a part of financial statement?	Profit and loss account	Balance sheet	Cash flow statement	Trial balance
109	Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet?	business entity concept	money measurement concept	going concern concept	matching concept



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110	Closing stock appearing in the trial balance is shown in –	Trading A/c and Balance Sheet	Profit and Loss A/c	Balance Sheet only	Trading A/c only
111	Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars ₹ Bad debts (from trial balance) 1,600 Provision for doubtful debts (old) 2,000 Current year's provision (new) 800	₹ 400	₹ 800	₹ 2,000	₹ 2,400
112	Inventory is :	Included in the category of fixed assets	An investment	A part of current assets	An intangible fixed asset
113	Endowment fund receipt is treated as -	Capital Receipt	Revenue Receipt	Loss	Expenses
114	Which one of the following is not prepared by non-profit organizations :	Profit and Loss Account	Income & Expenditure Account	Receipts and Payments Account	Balance Sheet
115	Legacy are generally -	Capitalized	Treated Loss	Revenue Expenses	Deferred Revenue expenses
116	Any donation received for a specific purpose is a :	Assets	Revenue receipts	Capital receipts	None of the above
117	The receipts and payments account of a non-profit organization is a :	Nominal Account	Real Account	Income Statement Account	Financial Account
118	The capital of a non-profit organization is generally known as :	Equity	Accumulated Fund	Finance Reserve	Cash Fund
119	If ₹1,500 was outstanding at the beginning of the year towards subscription and ₹10,000 is received during the year, with ₹2,500 still outstanding at the end of the year the amount to be taken to receipts and payments account is	₹ 11,000	₹ 8,500	₹ 10,000	None of the above
120	Any revenue expenses for which a separate fund is available will be	Debited to the separate fund	Debited to Income and Expenditure Account	Capitalized and shown in the Balance Sheet	None of the above
121	Sale of old materials must be shown on the credit side of	Cash Book	Income and Expenditure Account	Balance Sheet	None of the above
122	The information for the preparation of receipts and payments account is taken from	Cash Book	Income and Expenditure Account	Cash Book and Balance Sheet	None
123	Any donation received for a specific purpose is a	Capital receipt	Revenue receipt	Liability	None of the above



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124	The Receipts and Payments Account shows the following details: Subscription Arrears ₹500 Current ₹10,500 Advance ₹800 There are 1,200 members each paying an annual subscription of ₹10. The amount to be credited to Income and Expenditure Account will be	₹ 11,800	₹ 11,300	₹ 12,000	None of the above
125	Any income arising from special fund will be credited to	Special Fund in the Balance Sheet	Income and Expenditure Account	General Fund in the Balance Sheet	None of the above
126	Income and Expenditure Account shows subscriptions at ₹10,000. Subscriptions accrued in the beginning of the year and at the end of the year were ₹1,000 and ₹1,500 respectively. The figure of subscriptions received appearing in Receipts and Payments Account will be	₹ 9,500	₹ 11,000	₹ 10,000	None of the above
127	Which of the following item(s) is (are) shown in the Income and Expenditure Account	Only items of capital nature	Only items of revenue nature which are received during the period of accounts	Only items of revenue nature pertaining to the period of accounts	Both the items of capital and revenue nature
128	The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as:	direct cost	Variable cost	commercial cost	conversion cost
129	Which of the following is not a relevant cost?	Replacement cost	Sunk cost	Marginal cost	standard cost
130	Process cost is very much applicable in:	construction industry	pharmaceutical industry	Air line company	none of these
131	The main purpose of cost accounting is to:	maximize profits,	help in inventory valuation	provide information to management for decision making	Aid in the fixation of selling price
132	Opportunity cost is the best example of:	sunk cost	Standard cost	relevant cost	irrelevant cost
133	Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as:	functional classification	behavioral classification	element wise classification	classification according to controllability
134	Which method of costing is used for determination of costs for printing industry?	process costing	operating costing	batch costing	job costing
135	Over which of the following costs, management is likely to have least control :	wages cost	building insurance cost	machinery breakdown cost	advertisement cost
136	Variable costs are fixed :	for a period	per unit	depends upon the entity	for a particular process of production



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137	In behavioral analysis, costs are divided into :	production and non-production costs	controllable and non-controllable costs	direct and indirect costs	fixed and variable costs
138	Prime cost plus factory overheads is known as :	factory on cost	conversion cost	factory cost	marginal cost
139	Which of the following items is excluded from cost Accounts?	Income tax	interest on debentures	cash discount	All of these
140	The following is included in financial accounts, but not in cost accounts :	carriage and freight	Excise duty	Royalty	Dividend paid
141	Advertisements are treated as :	direct expenses	cost of production	selling overheads	distribution overheads
142	Which cost system description applies to the manufacture of 20 engraved doors for the new club house at a golf course?	contract	process	Batch	service
143	Prime cost may be correctly termed as :	the sum of direct material and labour cost with all other costs excluded.	the total of all cost items which can be directly charged to product units.	The total costs incurred in producing a finished unit.	the sum of the large cost there in a product cost.
144	The guidance and regulation by executive action of the cost of operating an undertaking is said to be :	Budgetary control	cost control	cost analysis	None
145	Direct expenses are also known as :	Overhead expenses	process expenses	chargeable expenses	None
146	Indirect material cost is a part of :	Prime cost	Factory overhead	chargeable expenses	None of these
147	Which of the following is a part of both Prime cost and conversion cost :	Direct Material	Indirect Labour	Indirect Material	Direct Labour
148	Statement showing break-up of costs is known as :	cost-sheet	statement of profit	production account	Tender
149	The works cost plus administration expenses :	Total Cost	Cost of production	cost of sales	Factory cost
150	Directors remuneration and expenses form a part of :	Production overhead	Administration overhead	Selling overhead	Distribution overhead
151	Cost reduction is :	Long term phenomena	It challenges the standards	It is carried out without compromising the quality	All of the above
152	Interest on own capital is :	Cash cost	Notional cost	Sunk cost	Part of Prime Cost



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ANSWERS TO MCQ BANK

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1	The revenues and expenses of a company are displayed in which statement?	Income Statement	3
2	The main Purpose of Financial Accounting is?	To Provide financial information to shareholders	1
3	Accounting provides information on :	All of the above	4
4	The determination of expenses for an accounting period is based on the concept of	Matching	3
5	Accounting does not record non-financial transactions because of	Money Measurement Concept	4
6	Provision for bad debt is made as per the	Conservatism Convention	2
7	Fixed Assets and Current Assets are categorized as per concept of	Going Concern	2
8	Omission of paise and showing the round figures in Financial Statements is based on	Materiality Concept	3
9	P & L Account is prepared for period of one year by following	Accounting Period Concept	3
10	An expenditure is capital in Nature when	It increase the quantity of fixed assets for the purchase of fixed assets	2
11	Capital expenditures are recorded in the	Balance Sheet	1
12	Which of the following transaction is of capital nature	Purchases of a truck	1
13	₹ 5,000 incurred for up gradation of computer by installation of 128 MB Ram is	Capital Expenditure	1
14	Entrance fee of ₹ 20,000 received by a club is a	Capital Receipts	1
15	Life membership fees received by a club is a	Capital Receipt	4
16	Cost of goods purchased for resale is an example of	Revenue Expenditure	2
17	Import duty of raw material purchased	Revenue Expenditure	1
18	Received from Soloman & co., an invoice for ₹ 1,500 for repairs to factory walls	Revenue Expenditure	1
19	Compensation received from government for compulsory acquisition of land	None of These	4
20	All revenue receipts and expenditures are shown in	Trading and Profit and Loss A/c	2
21	A bad debt recovered during the year will be	Revenue Receipt	4
22	Insurance claim received on account of machinery damaged completely by fire is	Capital Receipt	1
23	Amount of ₹ 5,000 spent as lawyers' fees to defend a suit claiming that the firm's factory site belonged to the plaintiff's land is:	Revenue Expenditure	2
24	Money spent ₹ 10,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is	Capital Expenditure	1
25	Nominal Account represents	Both (a) and (b)	4
26	S.B.I Account is a ...	Artificial Personal Account	2
27	The process of recording business transactions in a book of original entry is known as	Journal	1
28	Prepaid rent is a :	Representative Personal A/c	2
29	In an Account if debit > credit side, the balance is known as the :	Debit balance	2
30	A sale of goods to Ram for cash should be debited to:	Cash	2
31	A withdrawal of cash from business by the proprietor should be credited to :	Cash A/c	3
32	Rent Account is :	Nominal	3
33	Ledger contains various _____ in it :	Accounts	3
34	The process of transfer of entries from day book to ledgers is called :	Ledger posting	4
35	The rent paid to landlord is credited to :	Cash A/c	3



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
36	Which financial statement represents the accounting equation- Assets = Liabilities + Owner's equity:	Balance Sheet	3
37	The debts written off as bad, if recovered subsequently are	Credited to Bad Debts Recovered A/c	1
38	A trial balance will not balance if	₹ 500 cash payment to creditors is debited to creditors for ₹ 50 and credited to cash as ₹ 500	3
39	A Trial Balance shows	Only arithmetical accuracy of accounts	3
40	The process of recording business transactions in a book of original entry is known as	Journal	1
41	In an Account if debit > credit side, the balance is known as the	Debit balance	2
42	Ledger contains various in it :	Accounts	3
43	The process of transfer of entries from day book to ledgers is called :	Ledger posting	4
44	A Ledger is also called :	Book of Final entry	3
45	Whenever errors are noticed in the accounting records, they should be rectified :	without waiting the accounting year to end	2
46	A Trial Balance will not tally if :	₹5,000 cash paid to creditors is debited	3
47	Sales of Shyam of ₹ 500 not recorded in the books would affect :	Sales Account and Shyam's Account	3
48	Errors of carry forward from one year to another affects :	both (a) and (b)	4
49	Goods worth ₹ 272 returned by Lala passed through the books as ₹ 722. The rectification entry is	Lala will be debited by ₹ 450	1
50	If a receipt of ₹ 200 from rajesh (debtor) has not been recorded in the books the profits would show	Neither an increase nor a decrease	3
51	A credit purchase of ₹ 950 from sudhir was recorded in purchases book as ₹ 590. The rectification entry is	purchases account will be debited by ₹ 360	1
52	Which of these errors affect only one account	All the three	4
53	Which of these is/are recurring (indirect expenses)?	godown rent and insurance	4
54	On receipt of goods the consignee debits which of these accounts :	None of these	4
55	X sends out goods to Y, costing ₹1,50,000. Goods are to be sold at cost +33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be :	₹ 1,20,000	1
56	Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20% profit on cost the loading amount will be :	₹ 40,000	1
57	Goods sent on consignment account is of the nature of :	Real Account	3
58	Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand :	delivery charges	3
59	X sends out 100 bags to Y costing ₹1,000 each. 60 bags were sold at 10% above cost price. Sale value will be :	₹ 66,000	1
60	The consignment accounting is made on the following basis :	accrual basis	1
61	Which of the following term is true about consignment?	shipment of goods	3



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62	Which of these accounts are not opened in the books of consignee?	Commission Account	2
63	For closing stock held by consignee which account must be debited :	Consignment Stock	1
64	X of Kanpur sends out 1000 boxes to Y Delhi costing ₹ 200 each at an invoice price of ₹ 220 each goods sent out on consignment to be credited in general trading will be :	₹ 2,00,000	1
65	A proforma invoice is sent by :	consignor to consignee	2
66	Commission will be shared by :	only consignee	2
67	X of Mumbai sends out certain goods at cost +25%. Invoice value of the goods is ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be :	₹ 4,800	1
68	Joint venture account is of the nature of :	Nominal A/c	2
69	A and B purchased a piece of land for ₹40,000 and sold it for ₹ 60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture?	₹ 20,000	1
70	A, for joint venture with B, Purchased goods costing ₹2,00,000. B sold 80% of the goods for ₹2,50,000. Balance of goods were taken over by B at cost less 25%. Find out profit on venture?	₹ 80,000	1
71	If unsold goods costing ₹20,000 is taken over by venture at ₹15,000 the Joint venture A/c will be credited by :	₹ 15,000	2
72	Memorandum Joint Venture Account is :	Nominal Account	3
73	A purchased goods costing ₹42,500. B sold goods of ₹40,000 at ₹50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be :	₹ 3,125	1
74	What is the nature of joint venture with co-venture account :	Personal Account	3
75	'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹6,000 and spend ₹100 on various expenses. 'N' sells the entire lot for ₹7,500 meeting selling expenses amounted to ₹200 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be :	₹ 6,700	1
76	A and B purchased a piece of land for ₹ 20,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be :	₹ 40,000	1
77	A and B enter in to joint venture sharing profit and loss in the ratio 1:1 A purchased goods costing ₹20,000. B sold the goods for ₹25,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales the profit will be :	₹ 3,550	1
78	Goods costing ₹10,000 destroyed by an accident, insurance claim nil :	No entry will be made in the books of joint venture	2
79	Which of the following statement is true?	There is not separate act for joint venture	3
80	Which of the following accounts are maintained in the joint venture when separate set of books are maintained :	All of these	4
81	If A coventurer takes away goods under memorandum joint venture method then he will debit these goods in his books to :	Purchases Account	3



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
82	For opening Joint Bank Account, in case of separate sets of books :	Joint Bank A/c is debited and Ventures Capital A/c is credited	2
83	The person other than the original creditor to whom the amount in the bill is made payable to is known as the _____ of the bill.	payee	2
84	Payment of Bills of exchange is received :	by holder in due course of due date	2
85	Retirement of bill means:	making payment before the due date	1
86	At the time of retirement of a bill, the acceptor debits:	bill Payable Account	2
87	The party who is ordered to pay the amount is known as :	drawee	3
88	In which of these ways a bill of exchange cannot be disposed of :	destroyed	4
89	Bills Receivable Book is a part of the :	Journal	3
90	X Sold goods to Y for ₹30,00,00. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y .	₹ 1,50,000	1
91	A person who endorses a bill is called :	endorser	4
92	At the time of dishonor of an endorsed bill which one or these accounts would be credited by the drawee :	Drawer	2
93	Date on which the payment of the bill is to be made :	due date	3
94	Kuntal draws a bill on shyam for ₹ 3,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:	Rahim	4
95	If the due date is a public holiday what will be the due date of the bill	preceding day	2
96	On 1.8.23, X draws a bill on Y for 30 days after sight The date of acceptance is 8-8-23. The due date of the bill will be	10.9.2023	2
97	If bill drawn on 3rd July 2023 for 40 days, payment must be made on	14th August, 2023	4
98	The purpose of preparing final accounts is to ascertain :	Profit or loss and financial position	4
99	If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of ₹ _____ on a profit of ₹ 8,400	420	3
100	The balance of the petty cash is :	An asset	3
101	Fixed assets are :	Kept in the business for use over a long time for earning income	1
102	The manufacturing account is prepared:	To ascertain the cost of the manufactured goods	2
103	A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?	25%	2
104	At the time of preparation of financial accounts, bad debts recovered account will be transferred to	Profit & Loss A/c	2
105	Depreciation appearing in the Trial Balance should be	Debited to P & L A/c	1
106	Gross profit is equal to	sales – cost of goods sold	1
107	The profit and loss Account shows the	financial results of the concern for a period	1
108	Which of the following is not a part of financial statement?	Trial balance	4
109	Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet?	business entity concept	1
110	Closing stock appearing in the trial balance is shown in –	Balance Sheet only	3



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
111	Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars ₹ Bad debts (from trial balance) 1,600 Provision for doubtful debts (old) 2,000 Current year's provision (new) 800	₹ 800	2
112	Inventory is :	A part of current assets	3
113	Endowment fund receipt is treated as -	Capital Receipt	1
114	Which one of the following is not prepared by non-profit organizations :	Profit and Loss Account	1
115	Legacy are generally -	Capitalized	1
116	Any donation received for a specific purpose is a :	Capital receipts	3
117	The receipts and payments account of a non-profit organization is a :	Real Account	2
118	The capital of a non-profit organization is generally known as :	Accumulated Fund	2
119	If ₹1,500 was outstanding at the beginning of the year towards subscription and ₹10,000 is received during the year, with ₹2,500 still outstanding at the end of the year the amount to be taken to receipts and payments account is	₹ 11,000	1
120	Any revenue expenses for which a separate fund is available will be	Debited to the separate fund	1
121	Sale of old materials must be shown on the credit side of	Income and Expenditure Account	2
122	The information for the preparation of receipts and payments account is taken from	Cash Book	1
123	Any donation received for a specific purpose is a	Liability	3
124	The Receipts and Payments Account shows the following details: Subscription Arrears ₹500 Current ₹10,500 Advance ₹800 There are 1,200 members each paying an annual subscription of ₹10. The amount to be credited to Income and Expenditure Account will be	₹ 12,000	3
125	Any income arising from special fund will be credited to	Special Fund in the Balance Sheet	1
126	Income and Expenditure Account shows subscriptions at ₹10,000. Subscriptions accrued in the beginning of the year and at the end of the year were ₹1,000 and ₹1,500 respectively. The figure of subscriptions received appearing in Receipts and Payments Account will be	₹ 9,500	1
127	Which of the following item(s) is (are) shown in the Income and Expenditure Account	Both the items of capital and revenue nature	3
128	The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as:	commercial cost	3
129	Which of the following is not a relevant cost?	Sunk cost	2
130	Process cost is very much applicable in:	pharmaceutical industry	2
131	The main purpose of cost accounting is to:	provide information to management for decision making	3
132	Opportunity cost is the best example of:	relevant cost	3
133	Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as:	behavioral classification	2
134	Which method of costing is used for determination of costs for printing industry?	job costing	4
135	Over which of the following costs, management is likely to have least control :	advertisement cost	4



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136	Variable costs are fixed :	per unit	2
137	In behavioral analysis', costs are divided into :	fixed and variable costs	4
138	Prime cost plus factory overheads is known as :	factory cost	3
139	Which of the following items is excluded from cost Accounts?	All of these	4
140	The following is included in financial accounts, but not in cost accounts :	Dividend paid	4
141	Advertisements are treated as :	selling overheads	3
142	Which cost system description applies to the manufacture of 20 engraved doors for the new club house at a golf course?	Batch	3
143	Prime cost may be correctly termed as :	the total of all cost items which can be directly charged to product units.	2
144	The guidance and regulation by executive action of the cost of operating an undertaking is said to be :	cost control	2
145	Direct expenses are also known as :	chargeable expenses	3
146	Indirect material cost is a part of :	Factory overhead	2
147	Which of the following is a part of both Prime cost and conversion cost :	Direct Labour	4
148	Statement showing break-up of costs is known as :	cost-sheet	1
149	The works cost plus administration expenses :	Cost of production	2
150	Directors remuneration and expenses form a part of :	Administration overhead	2
151	Cost reduction is :	All of the above	4
152	Interest on own capital is :	Notional cost	2