Accounting for Business Decision (MCQs)

1) XYZ limited purchased goods of Rs.25 Lakhs & sold 80% of such goods during the year. The market value of remaining goods was Rs. 4 Lakhs. The company valued the closing stock at cost. They violated the concept of …….

i) Money measurement

ii) Periodicity

iii) Cost

iv) Conservatism

2) Profit & Loss a/c is prepared for period of one year by following…… concept

i) periodicity concept,

ii) business entity concept,

iii) accrual concept,

iv) none of the above.

3) The basic concepts related to balance sheet are …..

i) Conservatism concept

ii) Business entity concept

iii) Going concern concept

iv) Both (ii) & (iii)

4) Fundamental accounting assumption are ……

i) Consistency concept

ii) Going concern concept

iii) Accrual concept

iv) All the above

5) Kanika Enterprises follows written down value method of depreciating machinery year after year due to …..

i) Comparability iii) **consistency**

ii) Convenience iv) All the above

6) It is on the basis of business entity concept that money brought by proprietor into the business is credited to…… account.

i) Proprietors Personal A/c

ii) Proprietors Capital A/c

iii) Cash A/c

iv) Bank A/c

7) As per Going Concern concept unless & until the business has entered into the state of liquidation, it is viewed as having ……life.

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i) Definite
ii) Indefinite
iii) Stand steel
iv) None of the above

8) According to conservatism, stock is valued at market price of cost price whichever is …**(Less)**

9) The principle of accountancy, which recognizes double aspect of business transaction, is known as …….concept. **(Dual Aspect Concept)**

10) Which of the following is not manufacturing or production cost category.

i) Cost of goods sold
ii) Direct material
iii) Direct labour
iv) Manufacturing overheads

11) Lubricants used irregularly in Production process are classified as

i) Misc. Expenses
ii) Direct material
iii) Indirect material
iv) Immaterial Items

12) Because of Automaton, which component of product cost is declining?

i) Advertising
ii) Manufacturing overheads
iii) Direct material
iv) Direct labour

13) A direct cost is one which

v) Is not worth the effort of tracing to a specific cost object.
vi) Remains constant no matter the activity level
vii) Can easily & conveniently traced to a specific cost object
viii) Always sunk

14) Which is the following is correct?

i) Assets = Liabilities – Capital
ii) Assets = Capital - Liabilities
iii) Assets = Liabilities + Capital
iv) Assets = External equities

15) During the lifetime of an entity, accountant produce financial statements at arbitrary (randomly) point in time in accordance with ……

i) Cost & benefit

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ii) Periodicity

iii) Conservation

iv) Matching

16) The assumption that business will not be sold or liquidated in the near future is known as …… concept. **(Going Concern Concept)**

17) Ledger is the books of …….

i) original entry ii) **secondary entry** iii) all cash transactions, iv) all non cash transactions

18) L.F. (L.F.Column) in the journal is filled at the time of

i) Journalizing

ii) Balancing

iii) Posting

iv) Casting

19) Which of the following is credit transaction?

i) Sold goods

ii) Sold goods for cash

iii) Sold goods to Ram for cash

iv) Sold goods to Ram

20) Goodwill is …….

i) Current Asset

ii) Fictitious Asset

iii) Tangible Asset

iv) Intangible Asset

21) Drawings are deducted from…….A/c **(Capital A/ c)**

22) Preliminary expenses is ……kind of assets

i) Current

ii) Fictitious

iii) Tangible

iv) Intangible

23) A's trial balance shows opening stock of Rs.20000. It will be

i) Credited to trading A/c

ii) Debited to P/L A/C

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iii) Deducted from closing stock on balance sheet

iv) Debited to trading A/c

24) Which of the following is not the convention of financial accounting?

i) Consistency

ii) Full disclosure

iii) Non- materiality

iv) Conservatism

25) The basic function of financial accounting is to …..

i) Record all the business transactions

ii) Interpret the financial data

iii) Assist the management in performing function effectively

iv) None of the above.

26) A …….. Costs remain unchanged in total for all level of production. **(Fixed Cost)**

27) ……..cost per unit always changes according to the changes in the output. **(Fixed Cost)**

28) The work of book keeper is ……..in nature

i) Analytical

ii) Clerical

iii) Executive

iv) Non- recurring

29) Internal users of accounting information are

i) Owners

ii) Creditors

iii) Management

iv) Government

30) Which of the following is not internal user of financial management?

i) Owners

ii) Lenders

iii) Managers

iv)employees

31) Current Asset includes

i) Bills receivables

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ii) Cash

iii) Prepaid expenses

iv) All the above

32) A person who receives a benefit without giving money or money's worth immediately is known as …….**(Debtor)**

33) Depreciation is one of the ……..expenses

i) Non- recurring

ii) Capital

iii) Direct

iv) Non cash

34) Salary is one of the …….expenses

i) Non cash

ii) Revenue

iii) Capital

iv) Direct

35) The date wise record of transaction is known as ……. **(Journal)**

36) ……..is the list of balances of various ledger accounts. **(Trial Balance)**

37) Under …….concept 52 weeks has been accepted as accounting period. **(Periodicity Concept)**

38) Which of the following will have debit side balance?

i) Capital A/c

ii) Sales A/c

iii) Drawings A/c

iv) Purchase return A/c

39) ……is the summary of all the transaction related to particular a/c. **(Ledger)**

40) Which of the following is not financial statement?

i) P/L a/c

ii) P/L appropriation a/c

iii) Balance sheet

iv) Trial balance

41) All intangible assets are ……

i) Current assets

ii) Fixed assets

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iii) Closing stock

iv) Fictitious assets

42) Gross profit is transferred to…….a/c and …….side **(P & L A/C and Credit)**

43) Preparation of Financial statements is governed by

i) Company's Act
ii) Partnership Act
iii) Generally accepted accounting principle
iv) All the above

44) Which of the following practices is not in accordance with the convention of Conservatism?

i) Creating provision for bad debts
ii) Creating provision for discount on creditors
iii) Creating provision for discount on debtors
iv) Creating provision for tax
(Anticipating no profit but provide for all possible losses)

45) Accounting does not record non financial transactions because of ……. Concept. **(Money Measurement)**

46) Fixed assets & current assets are categorized as per ……concept.

i) Separate entity
ii) Going concern
iii) Consistency
iv) Periodicity

47) Amount realized from the sale of long term investments purchased earlier, is an example of

i) Revenue expenditure
ii) Capital receipts
iii) Deferred revenue expenditure
iv) Capital expenditure

48) When number of daily transactions are more, a journal is divided into various sub journals which are called as …….. **(Subsidiary books)**

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49) Schedule VI part II of the companies act, deals with

i) Format of balance sheet

ii) Format of P/L a/c.

iii) Format of cash flow statement

iv) Format of trading a/c

(schedule VI– I gives format of balance sheet schedule VI- II format of P/C a/c)

50) Users of accounting information includes ……

i) Creditors

ii) Lenders

iii) Customers

iv) All the above

51) Which of the following a/c is odd one out?

i) Good will a/c

ii) Patents a/c

iii) Technical knowhow a/c

iv) Work in progress a/c

52) Which of the following a/c is odd one out?

v) Bad debts a/c

vi) Bad debts recovered a/c

vii) Goods destroyed by fire a/c

viii) Embezzlement a/c

Remaining 3 are eg. Of looses

53) Creating provision is …….

i) Appropriation of profit

ii) A charge against the profits

iii) Reserved

iv) None of this

54) Depreciation ……

i) Can be provided only in case of profits

ii) Can be provided only in case of losses

iii) Is to be provided irrespective of the fact whether there are profits or losses

iv) Need not be provided if market value of assets exceeds the cost of the assets.

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55) A trial balance is……

i) Reflects the true financial position of the firm
ii) Is accepted by the court as documentary evidence.
iii) Is prepared annually or half yearly iv**) None of these**

56) That portion of expenses, the benefit of which will be received during the next accounting year is known as …….

i) Prepaid expenses
ii) Outstanding expenses
iii) Depreciation
iv) Bad debts

57) In case the manufacturing a/c is not prepared wages are debited to…..

i) Trading a/c
ii) Purchase a/c
iii) Sale a/c
iv) P/L a/c

58) ……type of discount is recorded in books of accounts while …… type of discount is not recorded in books of accounts. **(Cash and Trade)**

59) Which of the following is **not** example of fixed asset?

i) Plant & Machinery
ii) Land & Building
iii) Royalty
iv) Patents

60) A partner act as ……for the firm.

i) An agent
ii) Third party
iii) Employee
iv) None of these

61) Cost accounting is related to ……

i) Recording of financial transaction
ii) Ascertaining cost of goods produced & services rendered
iii) Management information system
iv) None of the above.

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62) Management accounting is ……

i) Extension of financial accounting

ii) Extension of financial management

iii) Accounting for management

iv) Concern with provision of information to the people within the organization to help them to make decisions.

63) Management accounting & cost accounting are

i) Supplementary to each other

ii) Complementary to each other

iii) Independent to each other

iv) Opposite to each other

64) Historical nature of financial accounting takes into account ….

i) The transactions which have already taken place

ii) Futuristic transactions

iii) Transactions taking place

iv) Both (A) and (B)

65) While preparing final accounts closing stock given in adjustments has following effects

i) Trading account credit side and Balance sheet asset side

ii) Trading account debit side and Balance sheet liability side

iii) Trading account debit side and Profit and Loss account credit side

66) A balance sheet…….

i) Helps in assessment of financial position of the organization

ii) Tells about current assets and current liabilities

iii) Is affected by accounting policies relating to inventory valuation

iv) All the above

67) ……account is prepared to find out gross profit or gross loss in the business during year. **(Trading)**

68) On the debit side of Profit and Loss account …..

i) All expenses and losses are recorded

ii) All incomes and gains are recorded

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iii) Only losses are recorded

iv) All the above

69) Which of the following is correct?

i) Balance sheet for the year ended 31st March 2016

ii) Balance during the year 31st March 2016

iii) Balance sheet as on 31st March 2016

iv) All the above

70) While preparing final accounts outstanding expenses given in adjustments has following effects

i) Add in respective income and show on liability side of balance sheet

ii) Add in respective expenses and show on liability side of balance sheet

iii) Deduct from respective expenses and show on asset side of balance sheet

iv) Deduct from respective expenses and show on liability side of balance sheet

71) Preparation of Financial Statement is governed by…..

i) Income Tax Act

ii) Companies Act and Partnership Act

iii) Generally Accepted Accounting Principles (GAAP)

iv) All the above

72) The main purpose of cost accounting is ….

i) To maximize profits

ii) To Minimize losses

iii) To help management in taking decisions by providing information

iv) None of the above

73) Prime cost + Factory overheads =

i) Works cost

ii) Cost of goods sold

iii) Cost of production

iv) Total cost

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74) Direct Material + Direct Labour + Direct Expenses =

i) Factory Cost
ii) Prime Cost
iii) Cost of Production
iv) None of the above

75) Selling Price – Profit =

i) Prime cost
ii) Works Cost
iii) Direct Cost
iv) Total Cost

76) Fixed Costs are also known as ….

i) Specific Cost
ii) Period Cost
iii) Annual Cost
iv) None of the above

77) Variable cost per unit……

i) Remains fixed
ii) Fluctuates with the volume of production
iii) Varies in sympathy with volume of sales
iv) All the above

78) Welfare expenses are shown in the cost sheet under…..

i) Selling overheads
ii) Administrative overheads
iii) Office overheads
iv) Works overheads

79) ……forms substantial and significant part of finished product which is capable of easy identification

i) Indirect Material

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ii) Direct Material

iii) Capital

iv) Indirect labour

80) Classification of cots according to behavior is ……

i) Material cost, Labour cost and Other Expenses

ii) Fixed cost, Variable cost and Semi-variable cost

iii) Production cost, Office cost and Selling & Distribution cost

iv) Historical cost and Predetermined cost

81) Hiring of special purpose plant is posted under …….in cost sheet

i) Direct Expenses

ii) Factory Overheads

iii) Office overheads

iv) Distribution expenses

82) Cost ascertainment refers to the methods used and process of finding…….

i) Fixed cost

ii) Variable cost

iii) Semi variable cost

iv) Actual Cost

83) Relevant costs include …

i) Opportunity cost

ii) Out-of-pocket cost

iii) Differential or incremental cost

iv) All the above

84) Which of the following is excluded from cost sheet

i) Donations

ii) Capital losses

iii) Provision for Income Tax

iv) All the above

85) Sunk costs are irrelevant for …..

i) Standard costing

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ii) Marginal costing

iii) Budgetary control

iv) Decision making

86) The cost which cannot be influenced by the action of a specific member of an organization is called as ….

i) Non-controllable costs

ii) Common costs

iii) Joint costs

iv) None of the above

87) Subscription to technical journal will be posted under ……..in cost sheet

i) Administrative overheads

ii) Selling overheads

iii) Factory overheads

iv) Distribution overheads

88) ……per unit always changes according to change in output.

i) Fixed cost

ii) Variable cost

iii) Joint cost

iv) Sunk cost

89) The storekeeper should initiate a purchase requisition when stock reaches ……..

i) Minimum level

ii) Maximum level

iii) Re-order level

iv) Average level

90) Which of the following is considered to be a normal loss of the material?

i) Loss due to accident

ii) Pilferage

iii) Loss due to breaking the bulk

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iv) Loss due to careless handling of materials

91) ……represents that quantity of material which is normally ordered when the materials reach ordering level

i) Minimum quantity

ii) Reorder quantity

iii) Replacement quantity

iv) None of the above

92) Goods Received Note is prepared by the …..

i) Receiving department

ii) Purchase department

iii) Inspection department

iv) All the above

93) Two important opposing factors in fixing the economic ordering quantity are …….. and …….

i) Ordering cost and cost of holding stock

ii) Direct cost and indirect cost

iii) Material cost and labour cost

iv) Factory cost and administrative cost

94) …… level is generally fixed below minimum level

i) Average level

ii) Reorder level

iii) Economic level

iv) Danger Level

95) …….. refers to the order size which minimizes the total costs of ordering plus inventory carrying

i) Average quantity

ii) Economic ordering quantity

iii) Reorder quantity

iv) None of the above

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96) …… is the price obtained by dividing the total cost of materials in stock by total quantity of material in stock and the issues are priced accordingly.

i) Weighted average cost

ii) Simple average cost

iii) Average cost

iv) None of the above

97) Material losses in manufacturing concerns takes place in the following forms

i) Wastage of material

ii) Scrap

iii) Spoilage

iv) All the above

98) The EOQ inventory model attempts to minimize ….

i) The number of items ordered

ii) The number of orders placed

iii) Total inventory cost

iv) The safety stock

99) Pricing of the material issues closely resembles the current market value under……

i) Last-in-first-out

ii) First-in-first-out

iii) Simple average

iv) Weighted average

100) As the order quantity increases, this will reduce ….

i) Ordering cost

ii) Insurance cost

iii) Inventory carrying cost

iv) None of the above

101) …….. is the process of recording the time spent by workers on different jobs

i) Time keeping

ii) Time booking

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iii) Time noting

iv) Observation

102) …….. is concerned with recording of time for attendance and calculation of wages

i) Time keeping

ii) Time booking

iii) Time noting

iv) Observation

103) …….. is the allotment of proportions of items of costs to cost centre or cost allotment

i) Classification

ii) Allocation

iii) Absorption

iv) Apportionment

104) While doing primary distribution of overheads, rent is apportioned by taking base of …..

i) KWH

ii) Direct wages

iii) Area

iv) Number of workers

105) Bad debt is an example of ……

i) Production overheads

ii) Administration overheads

iii) Selling overheads

iv) Distribution overheads

106) Which of the following is not a selling overhead?

i) Insurance to cover sold goods while in transit

ii) Royalty on sales

iii) Legal costs for debt realization

iv) Distribution samples

107) Cost apportionment involves …..

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i) The sharing out of costs to the products

ii) The sharing out of overheads to the service departments

iii) The sharing out of common costs to the departments

iv) The allocation of direct costs to the departments

108) A factor which influences all other budgets is called ……..factor

i) Crucial

ii) Key

iii) Variable

iv) Logical

109) The basic difference between a fixed budget and flexible budget is that a fixed budget ……

i) Is concerned with fixed expenses whereas flexible budget deals with variable expenses

ii) Cannot be changed whereas flexible budget can be easily changed

iii) Is a budget for single measure activity whereas flexible budget is on different activity levels

iv) None of the above

110) A flexible budget requires careful study and classification of expenses into ….

i) Past and current expenses

ii) Fixed, semi-variable and variable expenses

iii) Administrative , selling and factory expenses

iv) Direct and indirect expenses

111) A budget is ……

i) An aid to the management

ii) A postmortem analysis

iii) A substitute of management

iv) Critical analysis

112) The document which describes the budgeting organization, procedures, etc is known as …..

i) Budget centre

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ii) Principal budget factor

iii) Budget manual

iv) Blue print

113) …… is a detailed plan of receipts and disbursements of cash during the budget period

i) Cash budget

ii) Financial budget

iii) Budget of advance

iv) Master budget

114) In cost accounting marginal cost does not include……

i) Variable cost

ii) Fixed cost

iii) Contribution

iv) Profit

115) Sales minus variable cost = fixed cost plus ……

i) Profit

ii) Contribution

iii) Additional cost

iv) Indirect cost

116) At break- even point, ……..is equal to fixed cost.

i) Variable cost

ii) Revenue

iii) Sales

iv) Contribution

117) Angle of incidence is …….

i) The angle between the sales line and the Y- axis

ii) The angle between the sales line and the X- axis

iii) The angle between the sales line and the total cost line

iv) None of the above

118) The large margin of safety indicates…..

i) Overcapitalization

ii) The soundness of business

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iii) Overproduction

iv) The unsoundness of business

119) Managers in manufacturing companies are often faced with the problem whether to manufacture a component, sub-assembly a product or to purchase from outside suppliers. This decision is known as….

i) Optimizing product mix

ii) Pricing decision

iii) Make or Buy

iv) Costing decision

120) In marginal costing, managerial decisions are guided by …..

i) Profit

ii) Contribution margin

iii) Sales

iv) All the above

121) Marginal costing is …….

i) A system of costing

ii) A method of costing

iii) A distinct technique of costing

iv) None of these

122) Contribution means …..

i) Amount contributed towards the sales of the organization

ii) Amount donated

iii) Difference between sales value and the marginal cost of sales

iv) Amount received for the survival of the organization

123) Key factor is also known as ……

i) Limiting factor

ii) Marginal factor

iii) Principal budget factor

iv) None of the above

124) Cash budget is a part of ….

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i) Operational budget

ii) Production budget

iii) Financial budget

iv) Functional budget

125) Margin of safety is equal to ……

i) Total cost minus sales at BEP

ii) Total profit minus total sales

iii) Total sales minus sales at BEP

iv) Cost at BEP minus total sales

126) Cost variance is the difference between ….

i) The standard cost and the marginal cost

ii) The standard cost and the budgeted cost

iii) The standard cost and the actual cost

iv) The standard cost and the fixed cost

127) Standard cost is used ……

i) As a basis for price fixation and cost control through variance analysis

ii) To ascertain the break-even point

iii) To establish cost-volume-profit relationship

iv) None of the above

128) Idle time variance is always …..

i) Favorable

ii) Unfavorable

iii) Both (A) and (B)

iv) None of these

129) …… is the part of material usage variance

i) Material yield variance

ii) Material price variance

iii) Material cost variance

iv) None of the above

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130) …… is the difference between standard labour hours specified for the activity achieved and the actual hours expended

i) Labour efficiency variance

ii) Labour rate variance

iii) Labour mix variance

iv) Idle time variance

131) The Language of any business is:

i) **Accounting** ii) Selling iii) Purchasing iv) Profit Making

132) A field of accounting that provides economic and financial information for managers and other internal users is:

i) **Management Accounting** ii) Cost Accounting
iii) Financial Accounting iv) Environmental Accounting

133) The techniques and process of ascertaining the cost is:

i) **Costing** ii) Cost Calculation iii) Cost Accounting iv) Cost Accountancy

134)The accounting information specifically prepared to aid managers is called……information. **(Management Accounting)**

135) While financial accounting relates to the business as a……., management accounting focuses on……of business. **(Whole and part)**

136) Historical cost is used in…….accounting. **(Financial Accounting)**

137) ……is the process to ensure that employee perform properly. **(Control)**

138) Management accounting is…….. (Compulsory or **Optional**)

139) …….provides data both for financial accounting and management accounting. **(Cost Accounting)**

140) Financial accounting has a……..structure. **(Unified)**

141) The highest level of management accountant is called the……. **(Controller)**

142) The preparation of financial accounts is a……. **(Statutory obligation)**

143) In management accounting the business is divided into different responsibility cost, profit and…….. **(investment)**

144) …….are cost directly traced of goods/services. **(Direct Costs)**

145) ……. is a process of identifying, measuring and communicating economic information to

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permit informed judgment and decisions by users of information. **(Accounting)**

146) …….accounting lacks a single unified structure. **(Management Accounting)**

147) Management accounting caters …… requirement of management (**Internal** or External)

148) For short run decisions only_____ costs are relevant**.(Direct Costs)**

149) …….accounting is used in decision making. **(Management Accounting)**

150) Accounting helps in the calculation of …..&…….. of a firm. **(Profit & Loss)**

151) Obligations or debts that the enterprise must pay in money or a service at some time in the future is…

i) Assets ii) Capital iii)**Liabilities** iv)Revenue

152) The stock on hand is the amount of goods which have not been sold on the date on which the balance sheet is prepared is:

i) WIP
ii) Opening Stock
iii) Closing Stock
iv) Finished Goods

153) Who owe to an enterprise an amount for receiving goods and services on credit is called as…

i) Creditor
ii) Drawer
iii) Debtor
iv) Shareholder

154) Corporate business in India is governed by Companies Act:

i) 1984
ii) 1968
iii) 2013
iv) 1998

155) Goods withdrawn by Proprietor from Business is called as…..

i) **Drawings**
ii) Investment
iii) Capital
iv) Withdrawal

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156) Sole-trade organization is also called as…….

i) individual proprietorship.

ii) Partnership.

iii) joint stock company.

iv) co-operative society.

157) Managerial accounting information is generally prepared for ……

i) Shareholders

ii) Creditors

iii) Managers

iv) Regulatory agencies

158) Which of the following is not an internal user of management information?

i) Creditor

ii) Department manager

iii) Controller

iv) Treasurer

159) Management accounting is applicable to

i) Service entities

ii) Manufacturing entities

iii) Nonprofit entities

iv) All of these

160) Creating Provision against fluctuation in the price of investment is an example of …..

i) Convention of conservatism

ii) Convention of full disclosure

iii) Convention of materiality

iv) Convention of consistency

161) The work of factory employees that can be physically associated with converting raw material into finished goods is classified as…

i) Manufacturing overhead

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ii) Indirect materials

iii) Indirect labour

iv) Direct labour

162) Double entry system is used in which type of accounting

i) Cost

ii) Financial

iii) Management

iv) All

163) Management accounting concentrates on……..

i) Opening books of account

ii) Preparation of financial statements

iii) Control of business activities

iv) None of these

164) Which type of asset class includes those assets which have only definite use and become Valueless when the yield is over?

i) Fixed asset

ii) Current asset

iii) Fictitious asset

iv) Wasting asset

165) An accounting that deals with the accounting and reporting of information to management regarding the detail information is

i) Financial accounting

ii) Management accounting

iii) Cost accounting

iv) Real Accounting

166) The primary objective of management accounting is

i) Prepare final a/c

ii) Provide management complete and true information

iii) Both (a) & (b)

iv) None of these

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167) Bad debt amount should be credited to……

i) Debtors account

ii) Bad debts account

iii) Sales account

iv) Creditors account

168) Identify which is wrong rule

i) Nominal account- debit all expenses & losses

ii) Real account- credit what comes in

iii) Nominal account- credit all incomes & gains

iv) Personal account- debit the receiver

169) Cost of goods sold= opening stock+ net purchases+ expenses on Purchases – sales

Which part of formula is wrong?

i) Opening stock

ii) Net purchases

iii) Expenses on Purchases

iv) Sales

170) Return of goods by a customer should be debited to……..

i) Customers account

ii) Sales return account

iii) Goods account

iv) Purchase account

171) Sales made to Mahesh for cash should be debited to…….

i) Cash account

ii) Mahesh Account

iii) Sales account

iv) Purchase account

172) Rent paid to landlord should be credited to…..

i) Landlords account

ii) Rent account

iii) Cash account

iv) Expense account

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173) Cash discount allowed to a debtor should be credited to…..

i) Discount account

ii) Customer's account

iii) Sales account

iv) Cash account

174) Opening stock + …….+ Direct Expenses (Carriage on Raw material) - Closing Stock = ……

i) Sales, Purchases

ii) Sales, Sales return

iii) Purchases, Cost of goods produced

iv) Purchases, Cost of goods sold

175) Financial accounting is concerned with ….

i) Recording of business expenses and revenue

ii) Recording of costs of products and services

iii) Recording of day to day business transactions

iv) None of the above

176) The nature of financial accounting is:

i) Historical

ii) Forward looking

iii) Analytical

iv) Social

177) The main object of cost accounting is:

i) To record day to day transactions of the business

ii) To reveal managerial efficiency

iii) To ascertain true cost of products and services

iv) To determine tender price

178) Cost accounting emerged mainly on account of:

i) Statutory requirements

ii) Competition in the market

iii) Labour unrest

iv) Limitations of financial accounting

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179) Advantages of cost accounting accrue:

i) Only to workers

ii) Only to government

iii) Only to consumers

iv) To management, workers, consumers and government

180) Cost accounting is applied to:

i) Public undertakings only

ii) Large business enterprise only

iii) Small business concerns only

iv) Manufacturing and service concern

181) Marginal costing is concerned with:

i) Fixed cost

ii) Variable cost

iii) Semi variable cost

iv) None of the above

182) ……is a person or item for which cost may be ascertained.

i) Cost unit

ii) Cost centre

iii) Cost object

iv) Cost estimation

183) Salary paid to factory manager is an item of:

i) Prime cost

ii) Factory overhead

iii) Selling overhead

iv) Office overhead

184)……cost refers to those cost which have already been incurred and cannot be altered by any decision in the future.

i) Opportunity cost

ii) Sunk Cost

iii) Incremental cost

iv) Decremental cost

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185) Amortization of intangible Asset Such as Goodwill which has indefinite life is an example of accounting concept

i) Conservatism Concept

ii) Continuity Concept

iii) Realization Concept

iv) Measurement Concept

186) If loan have been guaranteed by managers and directors is called as

i) Loan

ii) Unsecured Loan

iii) Secured Loan

iv) Advance by Manager & director

187) **.** ……cost will still be incurred although a plant is shut down temporarily.

i) Cost of raw material

ii) Advertising

iii) Depreciation

iv) Carriage

188) Accounting principles are generally based upon:

i) Practicability

ii) Subjectivity

iii) Convenience in recording

iv) None of the above

189) The system of recording based on dual aspect concept is called:

i) Double account system

ii) Double entry system

iii) Single entry system

iv) All the above

190) The practice of appending notes regarding contingent liabilities in accounting statements is in pursuance to:

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i) Convention of consistency

ii) Money measurement concept

iii) Convention of conservatism

iv) Convention of disclosure

191) Sales are equal to:

i) Cost of goods sold + gross profit

ii) Cost of goods sold - gross profit

iii) Gross profit- Cost of goods sold

iv) None of the above

192) Interest on drawings is:

i) Expenditure for the business

ii) Cost for the business

iii) Gain for the business

iv) None of the above

193) Goods given as samples should be credited to:

i) Advertisement account

ii) Sales account

iii) Purchase account

iv) None of the above

194) Outstanding salaries are shown as:

i) Added to Salaries while preparing P & L a/c

ii) Shown in liability side of Balance sheet under current Liability

iii) (i) & (ii) above

iv) None of the above

195) Income tax paid by a sole proprietor on his business income should be:

i) Debited to trading account

ii) Debited to profit and loss account

iii) Deducted from capital account in the balance sheet

iv) None of the above

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196) All direct & indirect expenses related to business are charged:

i) Profit and loss account

ii) Trading account

iii) Trading account Profit and Loss account

iv)Directly to Balance sheet

197) Trade Payables are recorded in…….

i) Asset side of B/S

ii) Liability side of B/S

iii) P & L a/c

iv) None of the above

198) Investment of X company's profit in shares of other company PQR Pvt. ltd are recorded in……

i) Asset side of Balance Sheet

ii) Liability side of Balance Sheet

iii) Profit & Loss a/c

iv) Not recorded in Balance Sheet

199) Preliminary expenses are recorded in……

i) Equity and liabilities-Liability side of B/S

ii) Current liabilities- Liability side of B/S

iii) Fixed assets- Asset side of B/S

iv)Asset side of B/S

200) The books to be compulsorily maintained by a company are:

i) Cash book and ledger

ii) Sales and purchase book

iii) Journal

iv) Both a and b

v) All of a, b, c above

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201) Carriage outward is charged to

i) Debit side Profit & Loss a/c

ii) Debit side Trading a/c

iii) Credit side of Profit & Loss a/c

iv) Credit side of trading a/c

202) Cash Purchases:

i) Increases assets

ii) Results in no change in the total assets

iii) Decreases assets

iv) Increases liability

203) Purchases of goods on credit from A is recorded as:

i) Debit purchases a/c; credit cash a/c

ii) Debit A a/c ;credit purchases a/c

iii) Debit purchases a/c ; credit A a/c

iv) Debit A a/c ; credit stock a/c

204) Which of the following is not an example of real a/c:

i) Machinery

ii) Building

iii) Cash

iv)Creditor

205) Payment received from debtor:

i) Decreases the total assets

ii) Increases the total assets

iii) Results in no change in total assets

iv) Increase the total liabilities

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206) Payment of salary is recorded by:

i) Debiting salary a/c; crediting cash a/c

ii) Debiting cash a/c; crediting salary a/c

iii) Debiting employee a/c ; crediting cash a/c

iv) Debiting employee a/c ; crediting salary a/c

207) Cost of asset should always be equal to the cost of the liabilities. This concept is….

i) Double Entry Bookkeeping

ii) Matching Concept

iii) Consistency

iv) Money measurement Concept

208) Which of the following is <u>not</u> a fixed asset?

i) Building

ii) Bank Balance

iii) Plant Patents

iv) Goodwill

209) The basic concepts related to P & L a/c are:

i) Realization Concept

ii) Matching Concept

iii) Cost Concept

iv) Both a and b above

210) P& L a/c is prepared for a period of one year by following:

i) Consistency concept

ii) Conservatism concept

iii) Accounting period concept

iv) Cost Concept

211) Insurance prepaid is shown as:

i) Current assets

ii) Current liabilities

iii) Fixed asset

iv) Fixed liability

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212) Outstanding salary is shown as:

i) An asset in the balance sheet
ii) A liability
iii) By adjusting it in the P & L a/c
iv) Both a and c above
v) Both b and c above

213) Reserve for doubtful debts appearing in the trial balance should be:

i) credited to P & L a/c
ii) Shown as liability side in balance sheet
iii) Reduced from related asset in the balance sheet
iv) Both a and b
v) Both a and c

214) All those to whom business owes money are:

i) Debtors
ii) Investors
iii) Creditors
iv) Shareholders

215) According to which concept business is treated as a unit apart from owner

i) Dual concept
ii) Divider concept
iii) Entity concept
iv) Landlord concept

216) Authorized capital, also known as

i) Nominal capital
ii) Paid up capital
iii) Issues capital
iv) None of these

217) True & fair profit and loss a/c of a company know by

i) Preparing trial balance
ii) Preparing respective ledger of account
iii) Preparing trading a/c

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iv) Preparing trading & profit & loss a/c

218) Credit balance of profit & loss a/c shown on

i) Asset side of balance sheet

ii) Liability side of balance sheet

iii) Not shown in balance sheet

iv) Half on asset side and half on liability side

219) Under which concept it is assumed that the enterprises has neither the intention nor the necessity of liquidation or of curtailing materiality the scale of operation

i) Revenue realization concept

ii) Matching cost concept

iii) Going concern concept

iv) None of these

220) Payment received from Debtor

i) Decreases the Total Assets

ii) Increases the Total Assets

iii) Results in no change in the Total Assets

iv) Increases the Total Liabilities

221) Bookkeeping is an……of correctly recording of business transition.

i) Art and Science

ii) Art

iii) Science

iv) Art or Science

222) Which of the following account balance will be shown on debit side of Trial Balance?

i) Outstanding expenses

ii) Cash a/c

iii) Short term loan

iv) creditors

223) The reduction in the value of the fixed assets which can arise due to time factor is

i) Discount

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ii) Depreciation

iii) Reduction

iv)None of the above

224) If closing stock appears in the trial balance, it should be

i) Credited to the trading account

ii) Credited to the profit and loss account

iii) Deducted from the purchases in the trading account

iv) Shown on the liability side of the Balance sheet

225) Outstanding expenses are charged to

i) Asset side of balance sheet

ii) Liability side of balance sheet

iii) Not charged to balance sheet

iv) None of these

226) Liabilities in balance sheet include the following items

i) Long term loan

ii) Short term loan

iii) Owner's fund

iv) All of these

228) Prepaid expense is treated as

i) Current asset

ii) Current liability

iii) Short term liability

iv) None of these

229) Cost accounting aims at ascertain ……of product

i) Cost

ii) Net profit

iii) Gross profit

iv) Selling price

230) Accounting does not record non-financial transactions because of:

i) Accrual concept

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ii) Cost concept

iii) Continuity concept

iv) Money measurement concept

231) Fixed assets and current assets are categorized as per concept of:

i) Separate entity

ii) Going concern

iii) Consistency

iv) Time period

232) Proprietor (owner) is treated as creditor of business due to:

i) Periodicity concept

ii) Materiality Principle

iii) Entity Concept

iv) Consistency concept

233) Which financial statement represents the accounting equation

"ASSETS = LIABILITIES + OWNER'S EQUITY"

i) Income Statement

ii) Cash Flow Statement

iii) Balance Sheet

iv) Fund Flow Statement

234) Which of the following is a liability?

i) Loan from Mr. Y

ii) Loan to Mr. Y

iii) Both (i) (ii)

iv) None of these

235) Which of the following is correct

i) Profit does not alter capital

ii) Capital can only come from profit

iii) Profit reduces capital

iv) Profit increases capital

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236) Which of the following best describes a trial balance?

i) It is a list of balances on the books

ii) It is a special account

iii) Shows the financial position of a business

iv) Shows all the entries in the books

237) Net profit is calculated in

i) Trading a/c

ii) Balance sheet

iii) Profit & loss a/c

iv) Trial balance.

238) The concept of separate entity is applicable to which of following types of businesses?

i) Sole proprietorship

ii) Corporation

iii) Partnership

iv) All of them

239) Which of the following is time span into which the total life of a business is divided for the purpose of preparing financial statements?

i) Fiscal year

ii) Calendar year

iii) Accounting period

iv) Accrual period

240) Interest , rent, electricity bill are types of account

i) Personal a/c

ii) Impersonal a/c

iii) Real a/c

iv) Nominal a/c

241) Which of the following should not be called sales?

i) Good sold on credit

ii) Office fixtures sold

iii) Sale of item previously included in purchase

iv) Good sold for cash

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242) Material concept tells about

i) Disclosure of loss
ii) Disclosure of profit
iii) Disclosure of all information which are important for investor
iv) Disclosure of all information which are important for management

243) Which of the following is **not** regarded as the fundamental accounting concept?

i) The going concern concept
ii) The separate entity concept
iii) The prudence (conservatism) concept
iv) Correction concept

244) Using "lower of cost and net realizable value (Market Value)" for the purpose of inventory valuation is the implementation of which of the following concepts?

i) The going concern concept
ii) The separate entity concept
iii) The prudence concept
iv) Matching concept

245) The revenue recognition principal dictates that all types of incomes should be recorded or recognized when

i) Cash is received
ii) At the end of accounting period
iii) When they are earned
iv) When interest is paid

246) The allocation of owner's private expenses to his/her business violates which of the following?

i) Accrual concept
ii) Matching concept
iii) Separate business entity concept
iv) Consistency concept

247) The going concern concept assumes that

i) The entity continue running for foreseeable future

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ii) The entity continue running until the end of accounting period

iii) The entity will close its operating in 10 years

iv) The entity can't be liquidated

248) Information about an item is _____ if its omission or misstatement might influence the financial decision of the users taken on the basis of that information

i) Concrete

ii) Complete

iii) Immaterial

iv) Material

249) "Financial information should be neutral and bias free" is the dictation of which one of the following?

i) Completeness concept

ii) Faithful representation Concept

iii) Objectivity Concept

iv) Duality Concept

250) Accounting principles are divided into two types. These are ---

i) Accounting Concepts

ii) Accounting Conventions

iii) Accounting Standards

iv) Accounting Concepts &Accounting Conventions

251) Which of the following is <u>not</u> related with Money Measurement Concept?

i) All business transaction should be expressed only in money

ii) The transactions which cannot be expressed in money, will not be recorded in accounting books

iii) Business is treated as separate from the proprietor

iv) None of These

252) Which of the following equation is related with Dual Aspect Concept?

i) Total Assets = Total Liabilities

ii) Total Assets = Capital + Outsider's Liabilities

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iii) Capital = Total Assets - Outsider's Liabilities

iv) All of the above

253) If the total assets of the company amount to Rs 1,50,000 and owner's equity is Rs 70,000,the amount of liabilities will be –

i) Rs 70,000

ii) Rs 80,000

iii) Rs 90,000

iv) Rs 1,00,000

254) Profit from sale of assets is example for –

i) Revenue Profit

ii) Capital Profit

iii) Loss

iv) None of these

255) Depreciation is a charge against –

i) Profit

ii) Assets

iii) Company

iv) Books of A/c

256) Which expenses is a Capital Nature? **(wrong options)**

i) Depreciation

ii) Wages

iii) Salary

iv) Stationary

257) Balance Sheet is a statement of…….

i) Assets

ii) Liabilities

iii) Capital

iv) All of these

260) Accounting is the process of matching……..

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i) Benefits & Costs

ii) Revenues & Costs

iii) Cash Inflow & Cash Outflow

iv) Potential & Real Performance

261) Which one of the following is **not** an example of Intangible Assets?

i) Patents

ii) Trade Marks

iii) Copyright

iv) Land

262) The prime function of accounting is to

i) To record economic data

ii) Provide the information basis of action

iii) Classifying and recording business transaction

iv) Attainment of economic goal

263) Management Accounting provides invaluable services to management in performing

i) All management function

ii) Interpret financial data

iii) Controlling function

iv) None of these

264) Book keeping is mainly concerned with

i) Recording of financial data relating to business operation

ii) Designing the systems in recording classifying, summarizing the recorded data

iii) Interpreting the data for internal and external users

265) Accounting principles are generally based on

i) Practicability

ii) Subjectivity

iii) Convenience in recording

iv) None of these

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266) According to the money measurement concept the following will be recorded in the books of accounts of the business

i) Health of the managing director of the company
ii) Quality of company goods
iii) Value of plant and machinery
iv) Health of labour in factory

267) The convention of conservatism when applied to the balance sheet result in.

i) Understand the asset
ii) Understand the liabilities
iii) Overstatement of capital
iv) None of these

268) The convention of conservatism is applicable

i) In providing for discount on creditors
ii) In making provision for bad doubtful debts
iii) Providing depreciation
iv) None of these

269) The return of goods by the customer should be debited to

i) Customer a/c
ii) Sales return a/c
iii) Goods a/c
iv) Purchase return a/c

270) Sales made by Mahesh for cash should be debited to

i) Cash a/c
ii) Mahesh a/c
iii) Sales a/c
iv) Sales return a/c

271) The rent paid to land lord to be credited to

i) Land lord a/c
ii) Rent a/c
iii) Cash a/c
iv) Tenant a/c

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272) The cash discount allowed to a debtor should be credited to

i) Discount a/c

ii) Customer a/c

iii) Sales a/c

iv) None of these

273) In case of a debt becoming bad, the amount should be credited to

i) Debtors Accounts

ii) Bad debts a/c

iii) Sales a/c

274) Creating provision against fluctuation in the price of investment is application of accounting concept

i) Convention of conservatism

ii) Convention of full disclosure

iii) Convention of consistency

iv) None of these

275) Accountant should follow the same principles of accounting continuously is as per which accounting convention

i) Convention of conservatism

ii) Convention of full disclosure

iii) Convention of consistency

iv) None of these

276) Accounting principles are …….which are adopted by the accountant universally while recording accounting transaction.

i) Rules of action or conduct

ii) Which u can change as per accountant

iii) Which keep changing every year

iv) None of these

277) The convention of disclosure implies that all material information should be

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i) Disclosed in the account

ii) Disclosed in the accounts which is required to owner

iii) Not disclosed

iv) None of these

278) Custom and traditions which guide the accountant while preparing the accounting statements

i) Accounting convention

ii) Accounting concepts

iii) Accounting principles

iv) None of these

279) Basic assumptions or conditions upon which the science of accounting is based

i) Accounting convention

ii) Accounting concepts

iii) Accounting principles

iv) None of these.

280) A system in which accounting entries are made on the basis of amounts having become due for payment or receipt is called

i) Cash concept

ii) Accrual concept

iii) Matching concept

iv) On-going concept

281) A book containing a chronological record of business transaction & original record

i) Journal

ii) Ledger

iii) Trial balance

iv) None of these

282) Transferring the debit and credit item from the journal to the respective accounts is called

i) Compound Journal

ii) Ledger

iii) Trial balance

iv) None of these

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283) A statement containing the various ledgers balances on particular date

i) Compound Journal

ii) Ledger

iii) Trial balance

iv) None of these

284) Which of the following items would not fall under the definition of an asset?

i) Land

ii) Machine

iii) Cash

iv) Owner Equity

285) Which one of the following items would fall under the definition of a liability

i) Cash

ii) Debtor

iii) Owner's equity

iv) None of these

286) Which of the following statements are ***false?***

i) All liability is a debt for your business

ii) Debtor are a asset for business

iii) The accounting equation shows how much of your assets belong to the owner, and how much belong to people outside business

iv)None of the above

287) A business has the following items in it:

Land Rs.10,00,000, Machinery Rs.20,000, Cash Rs.10,000, Debt Rs.0, Owner's equity ?

What is the valve of owner's equity?

i) Rs.1020000

ii) Rs.1010000

iii) Rs.1030000

iv) None of the above

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288) A business has the following items in it: Owners' equity Rs.6,00, 000, Liabilities Rs.14,00,000.What is the value of Assets……

i) 600,000
ii) 1,400,000
iii) 2,000,000
iv) None of these

289) A business has the following items in it:
Land Rs.15,00,000 , Machinery Rs.80, 000 , Cash Rs.20, 000 , Owners equity Rs.900, 000
Loan Rs.500,000 Creditors?

i) Rs.200, 000
ii) Rs.700, 000
iii) Rs.800, 000
iv) Rs11,00,000

290) A business has following items in it
Land ?, Vehicles Rs.600,000 , Debtors Rs. 1,20,000, Cash Rs.30,000 , Owners' Equity Rs.1,000,000
Loan 5,00,000, Creditors Rs.50,000
What is the value of the land……..

i) 1,000,000
ii) 1,550,000
iii) 800,000
iv) None of these

291) Retained earnings will change over time because of several factors. Which of the following factors would explain an increase in retained earnings?

i) Net Loss
ii) Net income
iii) Dividend
iv) Investment by share holder.

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292) Which of these items would be accounted for as an expense?

i) Repayment of bank Loan

ii) Dividend to stock holders

iii) The purchase of land

iv) Payment of current period rent

293) Which of the following would not be included on a balance sheet?

i) Accounts payable

ii) Accounts receivable

iii) Sales

iv) Cash

294) XYZ ltd. has provided the following information about its balance sheet:

Cash Rs.100, Accounts Receivable Rs.500, Stock holder equity Rs.700, Accounts Payable Rs.200 Bank Loan Rs.1,000. Based on the information provided, how much are XYZ ltd. Total liabilities?

i) Rs.200

ii) Rs.**1900**

iii) Rs.1200

iv) Rs.1700

295) The full disclosure principle, as adopted by the accounting profession, is best described by which of the following?

i) All information related to an entity's business and operating objectives is required to be disclosed in the financial statements.

ii) Information about each account balance appearing in the financial statements is to be included in the notes to the financial statements.

iii)Enough information should be disclosed in the financial statements so a person wishing to invest in the stock of the company can make a profitable decision.

iv)Disclosure of any financial facts significant enough to influence the judgment of an informed reader

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296) Which of the following is a real (permanent) account?

i. Goodwill
ii. sales
iii. Accounts Receivable
iv. Both Goodwill and Accounts Receivable

297) Which of the following statements is *not* an objective of financial reporting?

i) Provide information that is useful in investment and credit decisions.
ii) Provide information regarding policy of organization
iii) Provide information that is useful in assessing cash flow prospective
iv) None of theses

298) The Cash account on the balance sheet should not include which of the following items?

i) Travel advances to employees
ii) Currency
iii) Money orders
iv) Deposits in transit

299) Of the following account types, which would be increased by a debit?

i) Liabilities and expenses.
ii) Assets and equity.
iii) Assets and expenses.
iv) Equity and revenues.
v)

300) The following comments all relate to the recording process. Which of these statements is Correct?

i) The general ledger is a chronological record of transactions.
ii) The general ledger is posted from transactions recorded in the general journal.
iii)The trial balance provides the primary source document for recording transactions into the general journal.
iv) Transposition is the transfer of information from the general journal to the general ledger.

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301) The following comments each relate to the recording of journal entries. Which statement is true?

i) For any given journal entry, debits must exceed credits.

ii) It is customary to record credits on the left and debits on the right.

iii) The chart of accounts reveals the amount to debit and credit to the affected accounts.

iv) Journalization is the process of converting transactions and events into debit/credit format.

302) The trial balance is ……

i) Is a formal financial statement.

ii) Is used to prove that there are no errors in the journal or ledger.

iii) Provides a listing of every account in the chart of accounts.

iv) Provides a listing of the balance of each account in active use

303) Which of the following errors will be disclosed in the preparation of a trial balance?

i) Recording transactions in the wrong account.

ii) Duplication of a transaction in the accounting records.

iii) Posting only the debit portion of a particular journal entry.

iv) Recording the wrong amount for a transaction to both the account debited and the account credited.

304) The basic sequence in the accounting process can best be described as:

i) Transaction, journal entry, source document, ledger account, trial balance.

ii) Source document, transaction, ledger account, journal entry, trial balance.

iii) Transaction, source document, journal entry, trial balance, ledger account.

iv) Transaction, source document, journal entry, ledger account, trial balance.

305) Inventory accounts should be classified in which section of a balance sheet?

i) Current assets

ii) Investments

iii) Property, plant, and equipment

iv) Intangible assets

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306) Investment in Bonds should be disclosed on the balance sheet.

i) On liability side of balance sheet

ii) On Assets side of balance sheet

iii) On both side of Balance sheet

iv) None of these

307) Contingent liabilities should be recorded in the accounts when:

i) It is probable that the future event will occur.

ii) The amount of the liability can be reasonably estimated.

iii) Both (a) and (b).

iv) Either (a) or (b).

308) Which of the following functions is managerial accounting intended to facilitate?

i) Planning

ii) Decision making

iii) Control

iv) All of these

309) Which of the following statements about differences between financial and managerial accounting is **incorrect**?

i) Managerial accounting information is prepared primarily for external parties such as stockholders and creditors; financial accounting is directed at internal users.

ii) Financial accounting is aggregated; managerial accounting is focused on products and departments.

iii) Managerial accounting pertains to both past and future items; financial accounting focuses primarily on past transactions and events.

iv) Financial accounting is based on generally accepted accounting practices; managerial accounting faces no similar constraining factors.

310) Cost accounting information can be used for:

i) Budget control and evaluation.

ii) Determining standard costs and variances.

iii) Pricing and inventory valuation decisions.

iv) All of these

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311) Manufacturing costs are also known as product costs. Which of the following best describes those costs which are considered to be manufacturing costs?

i) Direct materials, direct labor, and factory overhead.
ii) Direct materials and direct labor only.
iii) Direct materials, direct labor, factory overhead, and administrative overhead.
iv) Direct labor and factory overhead.

312) A company's telephone bill consisting of a Rs.200 monthly base amount, plus long distance charges, would be classified as a:

i) Variable cost
ii) Committed fixed cost
iii) Direct cost
iv) Semi variable cost

313) Accounting principles are

i) As definite as principles of physics and chemistry
ii) Unlike principles of physical sciences.
iii) Verifiable through observations and records
iv) Thoughts of accountant

314) Accounting concepts are based on

i) Certain assumptions
ii) Certain facts and figures
iii) Certain accounting records
iv) Practice experience

315) Business entity concept distinguishes between:

i) Individual and business
ii) Business and business
iii) Owners
iv) Debtors and creditors

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316) The cost concept records the figures at

i) Market values

ii) Actual amount paid

iii) Actual amount or market values whichever is less.

iv) MRP maximum retail price

317) Going concern concept assumes

i) Business as a dissolving concern

ii) Business on relishing values

iii) Business as a going concern

iv) Asset = liability

318) Financial account provide summary of…

i) Asset

ii) Liability

iii) Accounts

319) Financial statements are:

i) Estimates of facets

ii) Anticipated facts

iii) recorded facts

320) Retained earnings statement depicts:

i) Appropriation of profits

ii) Estimates of profits

iii) Estimates of costs

321) Current liability does not include

i) Sundry creditors

ii) Acceptances

iii) Unclaimed dividend

iv) Short term investment

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322) Financial accounting deals with:

i) Determination of cost

ii) Determination of profit

iii) Determination of price

iv) Determination of selling price

323) Financial account record only

i) Actual figures

ii) Budgeted figures

iii) Standard figures

iv) Management Figure

324) Management Accounting relates to

i) Recording of accounting data

ii) Recording of cost data

iii) Presentation of account data

iv) None of the above

325) The use of management accounting is

i) Compulsory

ii) Optional

iii) Obligation

iv) Statutory requirement

326) Content of income statement **(Wrong question)**

i) Trading account

ii) Profit and loss account

iii) Balance sheet

iv) All of the above

327) Which does not comes under the head of asset:

i) Fixed asset

ii) Investment

iii) Current asset

iv) Owners equity

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328) Financial account state the……..position of a concern.

i) Financial

ii) Economic

iii) Non financial

iv) None of these

329) Which items does not come under the balance sheet

i) sales

ii) Share capital

iii) Reserves and surplus

iv) Unsecured loan

330) The word accounting can be classified in to:

i) Financial accounting and management accounting

ii) Financial accounting and cost accounting

iii) Financial accounting, management accounting and cost accounting

iv) Cannot be classified

331) If a company has contingent liabilities, they appear in the ……

i) Balance Sheet

ii) Director's Report

iii) Foot note down the balance sheet

iv) Chairman's report

332) The work of a book keeper is …….in nature.

i) Analytical

ii) Clerical

iii) Executive

iv) Non- executive

333) Depreciation is a ……

i) Cash operating expenditure

ii) Non cash operating expenditure

iii) Cash non-operating expenditure

iv) Non cash non-operating expenditure

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334) …….system records only actual cash receipts and payments

i) Cash basis

ii) Accrual basis

iii) Mercantile basis

iv) Single entry basis

335) Which of the following is true for: -"In accounts recording is done of ……."

i) only financial transaction

ii) only non- financial transaction

iii) Both

iv) Personal transaction of Proprietor

336) Salary is one of the ……expenses

i) Capital

ii) Revenue

iii) Direct

iv) Non- cash

337) Outstanding salary account is a account

i) Nominal account

ii) Real Account

iii) Artificial person's account

iv) Representative personal account

338) ……..is a summary of all transactions relating to particular account.

i) Balance sheet

ii) Trial Balance

iii) Ledger

iv) Journal

339) All costs other than direct materials cost, direct labour cost and direct expenses are known……

i) Indirect material cost

ii) Overhead

iii) Indirect labour cost

iv) Indirect expenses

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340) The work of factory employees that can be physically associated with converting raw material into finished goods is classified as

i) Manufacturing overhead
ii) Indirect materials
iii) Indirect labour
iv)Direct labour

341) Which one of the following would not be classified as manufacturing overhead?

i) Indirect labour
ii) Direct materials
iii) Insurance on factory building
iv) Indirect materials

342) In manufacturing a product, prime costs are:

i) Raw materials and manufacturing overhead
ii) Indirect materials and manufacturing overhead
iii) Indirect labour and manufacturing overhead
iv) Direct materials and direct labour

343) A manufacturing process requires small amounts of glue. The glue used in the process is classified as

i) A prime cost
ii) An indirect material
iii) A direct material
iv) Miscellaneous expense

344) Lubricants, used regularly in a production process, are classified as

i) Miscellaneous expense
ii) Direct materials
iii) Indirect materials
iv) Immaterial items

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345) Conversion cost includes cost of converting…….into……..

i) Raw material, WIP

ii) Raw material, Finished goods

iii) WIP, Finished goods

iv) Finished goods, Saleable goods

346) Sunk costs are:

i) relevant for decision making

ii) Not relevant for decision making

iii) cost to be incurred in future

iv) future costs

347) Calculate the prime cost from the following information:

Direct material purchased: Rs. 1,00,000 Direct material consumed: Rs. 90,000 Direct labour: Rs. 60,000 Direct expenses: Rs. 20,000 Manufacturing overheads: Rs. 30,000

i) Rs. 1,80,000

ii) Rs. 2,00,000

iii) Rs. 1,70,000

iv) Rs. 2,10,000

348) Which principle/guideline directs a company to show all the expenses related to its revenues of a specified period even if the expenses were not paid in that period?

i) Matching

ii) Cost

iii) Periodicity

iv) Dual Aspect

349) Which principle/guideline is associated with the assumption that the company will continue on long enough to carry out its objectives and commitments?

i) Conservatism

ii) Full Disclosure

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iii) Going Concern

iv) Cost

350) Which principle/guideline justifies a company violating an accounting principle because the amounts are immaterial?

i) Materiality

ii) Conservatism

iii) Full Disclosure

iv) Cost

351) Any expense that gives benefit for a period of less than twelve months is called …..

i) Capital Expense

ii) Revenue Expense

iii) Revenue Receipt

iv) Deferred Expense

352) Money spent to acquire or upgrade physical assets is known as….

i) Revenue Expense

ii) Capital Expense

iii) Administrative Expense

iv) Operating Expense

353) Capital increases if …….increases

i) Expenses

ii) Drawings

iii) Interest on capital

iv) Revenue

354) Capital of a business decreases if there is an increase in

i) Drawings

ii) Income

iii) Gains

iv) Fresh capital

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355) If the business's owner withdraws cash for his/her personal use what will be the effect on capital?

i) Increase in capital
ii) Remain the same
iii) Decrease in capital
iv) No effect on capital

356) Net income equal to Revenues minus

i) Gains
ii) Depreciation
iii) Expenses
iv) Capital expenditures

357) Collection of account receivable will…..

i) Increase assets and decrease assets
ii) Increase assets and decrease liabilities
iii) Increase assets and increase capital
iv) Increase assets and increase cash

358) Fresh capital introduction will increase …..

i) Assets and liabilities
ii) Assets and equity
iii) Liabilities and equity and bank balance
iv) Capital and liabilities

359) Depreciation decreases ….

i) Liabilities
ii) Cash
iii) Bank
iv) Capital

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360) An increase in provision for bad debt will …..

i) Decrease net income

ii) Decrease liabilities

iii) Increase net income

iv) Increase liabilities

361) What is the minimum number of partners required to commence a partnership business?

i) 20

ii) 10

iii) 2

iv) 4

362) Discount allowed is ……

i) Expense of business

ii) Income of business

iii) Loss of business

iv) Abnormal loss of business

363) The other name of journal is ……

i) Ledger

ii) T account

iii) Day book

iv) Cash book

364) Office equipment is a ……..asset for a computer manufacturer and the same office equipment is a ……asset for a company that deals in these equipments

i) Current, Fixed

ii) Fixed, intangible

iii) Tangible, intangible

iv) Fixed, current

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365) Net profit is computed in which of the following?

i) Balance sheet

ii) Income statement

iii) Cash flow statement

iv) Statement of changes in equity

366) Depreciation is charged on fixed asset to comply with which of the following accounting principles or concepts?

i) Matching concept

ii) Prudence concept

iii) Timeliness concept

iv)Reliability concept

367) A business was commenced on 1st January and it purchased 5 vehicles, each costing $5000. During the year the business managed to sell 2 vehicles at the price of $12000. How should the remaining 3 vehicles be valued if the business is going to continue its operations in the next year?

i) At the breakup value

ii) On the basis of going concern

iii) Liquidation value

iv) More than market value

368) The process of recording is done…….

A) Two times a year B) once a year C) **Frequently during the accounting period** D) At the end of a accounting period

369)Which of the following is known as the value addition to a business because of business reputation, customers' loyalty, brand name etc

A) Assets B) Market capitalization C) **Goodwill** D) Market penetration

370) Assets - Liabilities=? A) Cash B) **Equity** C) Net income D) Net expenses

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371) Payment of expenses will ……the assets
A) Increase B) **Reduce** C) apportion D) Overstate

372) ……..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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