



## Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

II BBA[2016-2019]

SEMESTER-III

CORE:FINANCIAL ACCOUNTING-316B

Multiple Choice Questions.

1. Outstanding expenditure is a \_\_\_\_\_ account.

- A. Nominal
- B. Real
- C. Personnel
- D. Current

ANSWER: C

2. The meaning of transaction is \_\_\_\_\_

- A. goods transaction of monetary/financial nature.
- B. accounting transaction of monetary/financial nature
- C. business transaction of monetary/financial nature.
- D. non business transaction of monetary/financial nature.

ANSWER: C

3. Accounting records only those transactions which are expressed in terms of money is \_\_\_\_\_.

- A. accounting concept.
- B. money Measurement concept.
- C. cost Concept.
- D. revenue Realization concept.

ANSWER: B

4. According to which concept, proprietor of a business is treated as a creditors to the extent of his capital

- A. Money measurement
- B. .Cost
- C. Dual aspect
- D. Business Entity

ANSWER: D

5. Modern method of Accounting was introduced by \_\_\_\_\_.

- A. R.N.Carter.
- B. Luco Pacioli.
- C. J.R.Batlibai.
- D. M.S.Gosav.

ANSWER: B

6. The aim of financial accounting is ascertaining the \_\_\_\_\_.
- A. cost of products manufactured.
  - B. cost of services produced.
  - C. profit and loss of the concern over a specific period.
  - D. providing necessary accounting information to the management.

ANSWER: C

7. Which is a book of original entry
- A. Ledger.
  - B. Journal.
  - C. Book keeping.
  - D. Non.

ANSWER: B

8. The accounts maintained by Government are based on\_\_\_\_\_.
- A. cash basis.
  - B. accrual basis.
  - C. mercantile basis.
  - D. single entry system.

ANSWER: A

9. The accounting system that is followed by the lawyers and professionals is \_\_\_\_\_.
- A. cash basis.
  - B. accrual basis.
  - C. mercantile basis.
  - D. single entry system.

ANSWER: A

10. Transaction showing name of the account to be debited and credited and the amount of each transaction is\_\_\_\_\_.
- A. ledger.
  - B. journal.
  - C. financial statement.
  - D. balance sheet.

ANSWER: B

11. Ramu's Capital account is an example of \_\_\_\_\_
- A. Fictitious account
  - B. Personal account
  - C. Liability account
  - D. Nominal account

ANSWER: B

12. The \_\_\_\_\_ system records only the actual cash receipts and payments.
- A. cash basis.
  - B. accrual basis.
  - C. mercantile basis.

D. single entry system.

ANSWER: A

13. A small explanation written in the particular column after each entry providing detail about the transaction with in bracket is called \_\_\_\_\_.

- A. ledger Folio
- B. transaction
- C. journal
- D. narration

ANSWER: D

14. Accounts are meant for recording transaction with persons or firms will come under \_\_\_\_\_.

- A. real Account.
- B. personal Accounts.
- C. sales Accounts.
- D. purchase Accounts.

ANSWER: B

15. Which of the following is true under Single entry system .

- A. only the cash book and personal accounts of debtors and creditors are maintained.
- B. both the aspects in a transaction are recorded.
- C. all the personal, real and nominal accounts are recorded.
- D. trial balance can be prepared and business results can be ascertained accurately.

ANSWER: A

16. Fictitious Account is another name of \_\_\_\_\_.

- A. personal account.
- B. nominal account.
- C. ledger account.
- D. capital account.

ANSWER: B

17. The fundamental accounting equation  $\text{Assets} = \text{liabilities}$  is the formal expression of

- A. Matching concept
- B. Entity concept
- C. Going concern concept.
- D. Dual aspect concept

ANSWER: D

18.  $\text{Assets} - \text{Liabilities} =$  \_\_\_\_\_.

- A. Drawings
- B. Profit
- C. Loss
- D. Capital

ANSWER: D

19. The difference is entered on the side which is smaller and this difference is the closing balance shown by the account and this will be carried forward to the next year as the opening balance in the account. This

process is known as \_\_\_\_\_.

- A. posting in ledger.
- B. balancing of an account.
- C. journalizing.
- D. summary of statement.

ANSWER: B

20. The person who start the business is called as \_\_\_\_\_.

- A. proprietor.
- B. creditor.
- C. debtor.
- D. investor.

ANSWER: A

21. The amount or goods taken by the proprietor for his personal use is \_\_\_\_\_.

- A. additional capital.
- B. fresh capital.
- C. drawings.
- D. personal expenses.

ANSWER: C

22. Assets which already in the form of cash or readily convertible into cash is called \_\_\_\_\_.

- A. current asset.
- B. liquid asset.
- C. wasting asset.
- D. tangible asset.

ANSWER: B

23. Goodwill is an example for \_\_\_\_\_ assets.

- A. tangible.
- B. intangible.
- C. current.
- D. liquid.

ANSWER: B

24. Mines and quarries are the examples of \_\_\_\_\_ assets.

- A. current.
- B. liquid.
- C. wasting.
- D. intangible.

ANSWER: C

25. A person who receives a benefit without giving money or moneys worth immediately but liable to pay in future it is termed as \_\_\_\_\_.

- A. debtors.
- B. creditors.
- C. liabilities.
- D. assets.

ANSWER: A

26. Preliminary expenses are one of the best examples of \_\_\_\_\_ assets.

- A. current.
- B. tangible.
- C. liquid.
- D. fictitious.

ANSWER: D

27. Accounts which relate to artificial person like firms, institutions, association of persons etc are called as \_\_\_\_\_.

- A. natural Persons A/c.
- B. artificial Persons A/c.
- C. representative Persons A/c.
- D. impersonal Persons A/c.

ANSWER: B

28. Bank overdraft is an example of \_\_\_\_\_ liabilities.

- A. current.
- B. long term.
- C. fixed.
- D. non current liability.

ANSWER: A

29. When two or more transaction of similar nature occurs on a particular day, such transactions can be called as \_\_\_\_\_.

- A. opening entry.
- B. compound entry.
- C. closing entry.
- D. none of the above.

ANSWER: B

30. Drawings from the firm will \_\_\_\_\_.

- A. increase the capital.
- B. reduce the capital.
- C. increase the profit.
- D. reduce the profit.

ANSWER: B

31. Depreciation is \_\_\_\_\_

- A. An accounting necessity only
- B. Tax necessity only
- C. Tax and accounting necessity
- D. Tax, account and audit necessity

ANSWER: D

32. \_\_\_\_\_ means money spent for running day to day affairs of the organization.

- A. Income.

- B. Expenses.
- C. Liabilities.
- D. Capital.

ANSWER: B

33. Consider the following. i. interest on capital is an expense to the business. ii. interest on capital is an income to the business.

- A. only (i) is correct.
- B. only (ii) is correct.
- C. both are correct.
- D. both are wrong.

ANSWER: A

34. \_\_\_\_\_ is prepared on base of rule that for every debit there is a corresponding and equal credit.

- A. ledger.
- B. trial Balance.
- C. profit and loss account.
- D. balance sheet.

ANSWER: B

35. Day book, Journal, Ledger, and Trial Balance all falls under \_\_\_\_\_ category.

- A. single entry.
- B. double entry.
- C. final Accounts.
- D. none of the above.

ANSWER: B

36. A person who gives a benefit without receiving money or moneys worth immediately is known as a \_\_\_\_\_.

- A. creditor.
- B. debtors.
- C. investor.
- D. customer.

ANSWER: A

37. The amount of goods lying unsold in the business at the end of the period is called\_\_\_\_\_.

- A. old stock.
- B. opening stock.
- C. closing stock.
- D. stock in the beginning.

ANSWER: C

38. When the goods are returned to the supplier, \_\_\_\_\_ notes is sent to him indicating that his account has been debited.

- A. credit note.
- B. debit note.
- C. sales.
- D. purchase.

ANSWER: B

39. Bank loan account is an example for \_\_\_\_\_

- A. Real account
- B. Nominal account
- C. Personal account
- D. Current account

ANSWER: C

40. Wages is one of the examples for \_\_\_\_\_ expenses.

- A. direct.
- B. indirect.
- C. capital.
- D. non cash.

ANSWER: A

41. Depreciation is a \_\_\_\_\_ expenses.

- A. non cash.
- B. capital.
- C. non recurring.
- D. direct.

ANSWER: A

42. Bad debts recovered will be taken to the\_\_\_\_\_.

- A. debit side of the trading account.
- B. credit side of the trading account.
- C. debit side of the profit and loss account.
- D. credit side of the profit and loss account.

ANSWER: D

43. The irrecoverable portion of the stock of goods destroyed by fire should be taken to the\_\_\_\_\_.

- A. debit side of the trading account.
- B. debit side of the profit and loss account.
- C. assets side of the balance sheet.
- D. liabilities side of the balance sheet.

ANSWER: B

44. The amount of goods purchased by the concern for resale or for use in the production is known as\_\_\_\_\_.

- A. sales.
- B. purchases.
- C. return inwards.
- D. return outwards.

ANSWER: B

45. When a trader returns the defective goods to the supplier, it is known as\_\_\_\_\_.

- A. sales.
- B. purchase returns.

- C. sales returns.
- D. return inwards.

ANSWER: B

46. The goods that are returned by the customer is known as\_\_\_\_\_.

- A. return inwards.
- B. purchases.
- C. purchase returns.
- D. return outwards.

ANSWER: A

47. Return inwards are entered through\_\_\_\_\_.

- A. purchase day book.
- B. sales day book.
- C. purchase returns book.
- D. sales returns book.

ANSWER: D

48. Return outwards are entered through\_\_\_\_\_.

- A. purchase day book.
- B. sales day book.
- C. purchase returns book
- D. sales returns book.

ANSWER: C

49. Process of ascertaining expenditure incurred on a particular process, product or service is called\_\_\_\_\_.

- A. financial accounting.
- B. cost accounting.
- C. management accounting.
- D. inflation accounting.

ANSWER: B

50. The system of recording transactions is based on dual aspect concept is called\_\_\_\_\_.

- A. single entry system.
- B. double entry system.
- C. double account system.
- D. integral accounting system.

ANSWER: B

51. In income & Expenditure accounts, we record \_\_\_\_\_

- A. Items of capital nature alone
- B. Items of revenue nature alone
- C. Both
- D. Items of expenditure

ANSWER: B

52. Outstanding salary account belongs to\_\_\_\_\_.



- A. nominal account.
- B. real account.
- C. artificial persons account.
- D. representative persons account.

ANSWER: D

53. Capital account belongs to \_\_\_\_\_.

- A. nominal account.
- B. real account.
- C. artificial persons account.
- D. representative persons account.

ANSWER: D

54. Drawings account belongs to \_\_\_\_\_.

- A. nominal account.
- B. real account.
- C. artificial persons account.
- D. representative persons account.

ANSWER: D

55. The process of recording transactions in a journal is known as \_\_\_\_\_

- A. Journalizing.
- B. Journal.
- C. Posting.
- D. Journal entry.

ANSWER: A

56. \_\_\_\_\_ is the assumptions or ideas or conditions upon which the science of accounting is based.

- A. accounting conventions.
- B. accounting concepts.
- C. accounting rules.
- D. accounting regulations.

ANSWER: B

57. \_\_\_\_\_ denotes customs or traditions or usages which guide the accountant for the preparation of accounting statements.

- A. Accounting conventions.
- B. Accounting concepts.
- C. Accounting rules.
- D. Accounting regulations.

ANSWER: A

58. Business is treated as a separate one from its owners, creditors and other. This is known as \_\_\_\_\_ concept.

- A. going concern concept.
- B. equality concept.
- C. money measurement concept.
- D. business entity concept

ANSWER: D

59. Based on \_\_\_\_\_, accounting records the transactions of financial nature only.

- A. business entity concept.
- B. cost concept.
- C. money measurement concept.
- D. matching concept.

ANSWER: C

60. The assets and liabilities are revalued at the end of the year is based on \_\_\_\_\_.

- A. money measurement concept
- B. going concern concept.
- C. matching concept.
- D. cost concept.

ANSWER: B

61. According to \_\_\_\_\_, the fixed assets are recorded at the price at which at which they are acquired and not at the market value.

- A. matching concept.
- B. cost concept.
- C. dual aspect concept.
- D. revenue realization concept.

ANSWER: B

62. Based on \_\_\_\_\_, revenue is considered or the income earned on the date when it is realized.

- A. revenue realization concept.
- B. cost concept.
- C. matching concept.
- D. money measurement concept.

ANSWER: A

63. Expenditure incurred by a publisher for acquiring copyright is a \_\_\_\_\_

- A. Deferred revenue expenditure
- B. Capital expenditure
- C. Revenue expenditure
- D. Assets

ANSWER: B

64. According to the convention of \_\_\_\_\_, accounting statements should be honestly prepared and it should disclose fully and completely all the significant information.

- A. consistency.
- B. full disclosure.
- C. conservatism.
- D. materiality.

ANSWER: B

65. Based on the convention of \_\_\_\_\_, rules and practices and principles of accounting should

be continuously observed and applied year after year.

- A. consistency.
- B. full disclosure.
- C. conservatism.
- D. materiality.

ANSWER: B

66. The date wise record of transactions is known as \_\_\_\_\_.

- A. journal.
- B. ledger.
- C. trial balance.
- D. balance sheet.

ANSWER: A

67. When an entry appears on both the side of the cash book, it is known as \_\_\_\_\_.

- A. opening entry.
- B. closing entry.
- C. compound entry.
- D. contra entry.

ANSWER: D

68. When two or more transactions of similar nature occur on a particular day, such transaction can be entered in the journal by means of a \_\_\_\_\_.

- A. opening entry.
- B. closing entry.
- C. compound entry.
- D. contra entry.

ANSWER: C

69. The entry passed in the books of account to bring forward the closing balance of one year to the next year is known as \_\_\_\_\_.

- A. opening entry.
- B. closing entry.
- C. compound entry.
- D. contra entry.

ANSWER: A

70. The entry passed in the books of account to transfer the closing balances of ledgers while preparing the final accounts at the end of the year is known as \_\_\_\_\_.

- A. opening entry.
- B. closing entry.
- C. compound entry.
- D. contra entry.

ANSWER: B

71. All the transactions pertaining to an account are collected at one place in the \_\_\_\_\_.

- A. Journal.
- B. ledger.

- C. trial balance.
- D. balance sheet.

ANSWER: B

72. \_\_\_\_\_ is a statement of all ledger accounts, prepared to find out the arithmetical accuracy of the ledger balances.

- A. Journal.
- B. Ledger.
- C. Trial balance.
- D. Balance sheet.

ANSWER: C

73. \_\_\_\_\_ is a summary of all transactions relating to a particular account.

- A. Balance sheet.
- B. Trial balance.
- C. Ledger.
- D. Journal.

ANSWER: C

74. \_\_\_\_\_ is the basis for mercantile system of accounting.

- A. Matching concept.
- B. Accrual concept.
- C. Cost concept.
- D. Revenue realization concept.

ANSWER: B

75. Under which concept 52 weeks or one year has been accepted as the accounting period?

- A. business entity concept.
- B. matching concept.
- C. accounting period concept.
- D. cost concept.

ANSWER: C

76. Treatment of capital expenditure as revenue expenditure is \_\_\_\_\_

- A. fErrors of principle
- B. Compensating errors
- C. Errors of commission
- D. Errors of omission

ANSWER: A

77. Cost incurred should be matched with the revenues of the particular period is based on\_\_\_\_\_.

- A. matching concept.
- B. historical cost concept.
- C. full disclosure concept.
- D. accrual concept.

ANSWER: A

78. Recording both the aspects in a transaction is based on\_\_\_\_\_.

- A. money measurement concept.
- B. dual aspect concept.
- C. matching concept.
- D. accrual concept.

ANSWER: B

79. Two or more transactions of similar nature can be entered as \_\_\_\_\_.

- A. opening entry.
- B. closing entry.
- C. compound entry.
- D. contra entry.

ANSWER: C

80. Trademark is an example for \_\_\_\_\_.

- A. current asset.
- B. tangible asset.
- C. intangible asset.
- D. liquid asset.

ANSWER: C

81. Which of the following account will have a debit side balance?

- A. Capital account.
- B. Drawings account.
- C. Sales account.
- D. Purchase returns account.

ANSWER: B

82. Which of the following account will have a credit side balance?

- A. debtors account.
- B. prepaid expenses account.
- C. outstanding expenses account.
- D. outstanding income account.

ANSWER: C

83. Discount allowed will appear on \_\_\_\_\_.

- A. debit side of trading account.
- B. credit side of trading account.
- C. debit side of profit and loss account.
- D. credit side of profit and loss account.

ANSWER: C

84. Direct expenses appear on the \_\_\_\_\_.

- A. debit side of the trading account.
- B. debit side of the profit and loss account.
- C. liability side of the balance sheet.
- D. asset side of the balance sheet.

ANSWER: A

85. Wages is an example of \_\_\_\_\_.

- A. Direct expenses.
- B. Indirect expenses.
- C. Capital expenditure.
- D. Selling expenses.

ANSWER: A

86. By preparing manufacturing account, we can find out \_\_\_\_\_.

- A. gross profit.
- B. gross loss.
- C. net profit.
- D. cost of production.

ANSWER: D

87. Preliminary expenses will be taken to the \_\_\_\_\_.

- A. debit side of manufacturing account
- B. debit side of trading account.
- C. debit side of Profit and loss account.
- D. asset side of balance sheet.

ANSWER: D

88. Bank charges is an example of \_\_\_\_\_.

- A. office expenses.
- B. administrative expenses.
- C. financial expenses.
- D. selling & distribution expenses.

ANSWER: C

89. When adjusted purchases is given, closing stock will appear only in the \_\_\_\_\_.

- A. manufacturing account.
- B. trading account.
- C. profit and loss account.
- D. balance sheet.

ANSWER: D

90. Marshalling of balance sheet refers to \_\_\_\_\_. i. arranging the assets and liabilities in the order of liquidity. ii. arranging the assets and liabilities in the order of performance.

- A. only i is correct.
- B. only ii is correct.
- C. both i & ii are correct.
- D. both i. & ii. are not correct.

ANSWER: C

91. Prepaid Insurance is one of the \_\_\_\_\_.

- A. outstanding income.
- B. outstanding expenses.
- C. income received in advance.
- D. expenses paid in advance.

ANSWER: D

92. A fixed percentage on the original cost of the asset is provided as depreciation under \_\_\_\_\_ method

- A. straight line method.
- B. written down value method.
- C. sum of the digits method.
- D. annuity method.

ANSWER: A

93. A fixed percentage on the diminishing balance of the asset is provided as depreciation under \_\_\_\_\_.

- A. fixed installment method.
- B. written down value method.
- C. sum of the digits method.
- D. annuity method.

ANSWER: B

94. The \_\_\_\_\_ technique is used to make inter firm comparison.

- A. common size statement.
- B. fund flow statement.
- C. cash flow statement.
- D. break even analysis.

ANSWER: A

95. Gross profit ratio explains the relationship between Gross profit and \_\_\_\_\_.

- A. capital.
- B. Net profit.
- C. sales.
- D. total assets.

ANSWER: C

96. Net profit ratio explains the relationship between Net profit and \_\_\_\_\_.

- A. capital.
- B. gross profit.
- C. sales.
- D. total assets.

ANSWER: C

97. The short term solvency can be ascertained from \_\_\_\_\_.

- A. proprietary ratio.
- B. capital gearing ratio.
- C. operating ratio.
- D. current ratio.

ANSWER: D

98. The long term solvency of a concern can ascertained with the help of \_\_\_\_\_.

- A. proprietary ratio.

- B. current ratio.
- C. gross profit ratio.
- D. working capital turnover ratio.

ANSWER: A

99. Donation of Rs 5000 is \_\_\_\_\_.

- A. Income.
- B. Capital.
- C. Liability.
- D. Asset.

ANSWER: A

100. Sales return account is a \_\_\_\_\_ account

- A. Personal
- B. Nominal
- C. Real
- D. Current

ANSWER: B

101. \_\_\_\_\_ is not a source of fund.

- A. Sale of Fixed Assets.
- B. Sale of Investments.
- C. Income from long term investment.
- D. Redemption of Debentures.

ANSWER: D

102. \_\_\_\_\_ is not an application of fund.

- A. purchase of fixed assets.
- B. issue of shares.
- C. payment of tax.
- D. payment of dividend.

ANSWER: B

103. \_\_\_\_\_ the current asset from the following.

- A. Bills Receivable.
- B. Investments.
- C. Furniture.
- D. Plant.

ANSWER: A

104. \_\_\_\_\_ is the current liability from the following.

- A. bank Loan.
- B. bank overdraft.
- C. deposits.
- D. debentures.

ANSWER: A

105. The working capital will increase when there is an increase \_\_\_\_\_.



- A. debtors.
- B. creditors.
- C. capital.
- D. equity shares.

ANSWER: A

106. The working capital will decrease when there is an increase in\_\_\_\_\_.

- A. creditors.
- B. debentures.
- C. machinery.
- D. building.

ANSWER: A

107. The working capital will increase when there is a decrease in\_\_\_\_\_.

- A. bills payable.
- B. bills Receivable.
- C. debtors.
- D. debentures.

ANSWER: A

108. The working capital will decrease when there is a decrease in\_\_\_\_\_.

- A. bills payable.
- B. creditors.
- C. stock.
- D. outstanding expenses.

ANSWER: C

109. Which of the \_\_\_\_\_ will result in no flow of funds.

- A. issue of shares for cash.
- B. issue of debentures.
- C. raising of long-term loans.
- D. cash collected from debtors.

ANSWER: D

110. Which of the \_\_\_\_\_ will result in flow of funds.

- A. redemption of preference shares.
- B. purchase of new assets in exchange of existing assets.
- C. conversion of debentures into shares.
- D. redemption of preference shares in exchange of debentures.

ANSWER: A

111. There will be a flow of fund, when the transactions occur between\_\_\_\_\_. i. one current item and another non-current item. ii. one current item and another current item. iii. one non-current item and another non-current item.

- A. only i is correct.
- B. only ii is correct.
- C. only iii. is correct.
- D. all the three are correct.

ANSWER: A

112. State which of the following is a non current asset?.

- A. furniture and fitting.
- B. trade inventory.
- C. cash in hand.
- D. cash at bank.

ANSWER: A

113. . Consider the following statements. i. decrease in Current Assets result in Inflow of cash. ii. increase in Current Assets result in Outflow of cash.

- A. only i is correct.
- B. only ii is correct.
- C. both are correct.
- D. both are wrong.

ANSWER: C

114. Consider the following statements. i. decrease in Current Liabilities refers to Outflow of cash. ii. increase in Current Liabilities refers to Inflow of cash.

- A. only i is correct.
- B. only ii is correct.
- C. both are correct.
- D. both are wrong.

ANSWER: C

115. Which of the following equations properly represents a derivation of the fundamental accounting equation?

- A.  $\text{assets} + \text{liabilities} = \text{owners equity}$ .
- B.  $\text{assets} = \text{owners equity}$ .
- C.  $\text{cash} = \text{assets}$ .
- D.  $\text{assets} - \text{liabilities} = \text{owners equity}$ .

ANSWER: D

116. Goods which is sold on credit will be entered in the

- A. Sales account
- B. Sales book
- C. Customers account
- D. Creditors account

ANSWER: B

117. Which of the following would not be included on a balance sheet?

- A. accounts receivable.
- B. accounts payable.
- C. sales.
- D. cash.

ANSWER: C

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

- A. for any given journal entry, debits must exceed credits.
  - B. it is customary to record credits on the left and debits on the right.
  - C. the chart of accounts reveals the amount to debit and credit to the affected accounts.
  - D. journalization is the process of converting transactions and events into debit/credit format.
- ANSWER: D

119. Receipts and payment accounts, I & E account and balance sheet are the financial statement of

- 
- A. Company
  - B. Partnership firm
  - C. Sole trader concern
  - D. Nonprofit organization

ANSWER: D

120. Educational institutions is an example for \_\_\_\_\_

- A. Profit organizations.
- B. Non profit organizations.
- C. Wealth organization
- D. Social organization credited.

ANSWER: B

121. The basic sequence in the accounting process can best be described as \_\_\_\_\_.

- A. transaction, journal entry, source document, ledger account, trial balance.
- B. source document, transaction, ledger account, journal entry, trial balance.
- C. transaction, source document, journal entry, trial balance, ledger account.
- D. transaction, source document, journal entry, ledger account, trial balance.

ANSWER: D

122. For purposes of measuring business income, the life of a business is \_\_\_\_\_.

- A. divided into specific points in time.
- B. divided into irregular cycles.
- C. divided into discrete accounting periods.
- D. considered to be a continuous cycle.

ANSWER: C

123. Adjusting entries at the end of an accounting period would not be required for \_\_\_\_\_ of the following.

- A. multi period costs that must be split among two or more accounting periods.
- B. multi period revenues that must be split among two or more accounting periods
- C. expenses that have been incurred in a given period but not as yet recorded in the accounts.
- D. revenue that has been earned and recorded in the accounting records.

ANSWER: D

124. Income and expenditure account is the \_\_\_\_\_ account of a non trading concern

- A. Balance sheet
- B. P & L account
- C. Ledger
- D. General

ANSWER: B

125. Net sales = \_\_\_\_\_ - Sales returns.

- A. Sales.
- B. Sales discounts.
- C. Sales returns and allowances.
- D. Sales returns and allowances and sales discounts.

ANSWER: A

126. Which is the accounting concept that requires the practice of crediting closing stock to the trading account?

- A. going concern.
- B. cost.
- C. realization.
- D. matching.

ANSWER: D

127. Assets in the balance sheet are shown at cost less depreciation rather than their replacement cost because of the following convention.

- A. going concern.
- B. matching
- C. realization.
- D. money measurement.

ANSWER: A

128. According to money measurement concept, which one of the following will be recorded in the books of accounts?

- A. excellent morale of workers.
- B. quality control in the business.
- C. managing ability of the manager.
- D. cost of machinery.

ANSWER: D

129. Contingent liability appears as a footnote in the balance sheet. This is in accordance with the following accounting principle.

- A. consistency.
- B. disclosure.
- C. conservatism.
- D. materiality.

ANSWER: B

130. Non profit organizations trial balance shows\_\_\_\_\_

- A. Debit
- B. Credit
- C. Equal balance
- D. Suspense account

ANSWER: C

131. \_\_\_\_\_ is the output of financial accounting.

- A. Measurement of accounting income.
- B. Measurement of taxable income.
- C. Measurement of financial statements.
- D. Measurement of financial position.

ANSWER: C

132. The Purchase of assets are entered in nonprofit organization's book is called

- A. Stock register.
- B. Purchase register
- C. Asset register
- D. Cash register.

ANSWER: A

133. Income of an enterprise is \_\_\_\_\_.

- A. can be measured objectively to give an accurate figure.
- B. is subjective and influenced by the policies followed by the accountant
- C. is measured as per the Articles of Association.
- D. is measured as per the requirements of Tax authorities.

ANSWER: B

134. Information about performance is disclosed by\_\_\_\_\_.

- A. balance sheet.
- B. statement of cash flow.
- C. both balance sheet and statement of cash flow.
- D. profit and loss account.

ANSWER: D

135. Special purpose financial statements are prepared by\_\_\_\_\_.

- A. management accountant.
- B. cost accountant.
- C. financial accountant.
- D. both management accountant and financial accountant.

ANSWER: A

136. The most acceptable method of measuring income is\_\_\_\_\_.

- A. to match the costs with revenue.
- B. to find out the difference in net worth as on two dates.
- C. to apply normal rate of return on capital invested.
- D. to apply the average return in industry on capital employed.

ANSWER: A

137. Assets are shown in the balance sheet at\_\_\_\_\_.

- A. unexpired cost.
- B. replacement cost.
- C. revalued cost.
- D. net realizable cost.

ANSWER: A

138. The unexpired cost carried forward will be more under\_\_\_\_\_.

- A. straight line method.
- B. diminishing balance method.
- C. sum of digits method.
- D. annuity method.

ANSWER: A

139. Depreciation charge will be heavy in the earlier years under\_\_\_\_\_.

- A. straight line method.
- B. diminishing balance method.
- C. sinking fund method.
- D. annuity method.

ANSWER: B

140. Balance of receipts and payments account represents \_\_\_\_\_

- A. Cash in hand or at bank
- B. Surplus
- C. Deficit .
- D. Reserve

ANSWER: A

141. Profit is made only after maintaining the physical capital of the business under\_\_\_\_\_.

- A. current purchasing power method.
- B. historic cost method.
- C. current value method.
- D. future value method.

ANSWER: C

142. Which one of the following arrangements represents the order of liquidity?

- A. cash, bills receivable, stock, debtors.
- B. bills receivable, debtors, and cash, stock.
- C. cash, bills receivable, debtors, stock.
- D. cash, debtors, bills receivable, stock.

ANSWER: C

143. Balance sheet is prepared primarily with the \_\_\_\_\_ group in view.

- A. owners.
- B. creditors.
- C. government.
- D. management.

ANSWER: A

144. Example of current asset is\_\_\_\_\_

- A. Land and Building.
- B. motor car.
- C. copy rights.
- D. prepaid expenses.

ANSWER: D

145. Which one of the following is an example current liability?

- A. 12% Debentures.
- B. bank overdraft.
- C. workmens Compensation fund.
- D. share Premium account.

ANSWER: B

146. Unexpired income as on the Balance Sheet date is shown as\_\_\_\_\_.

- A. an asset.
- B. a liability.
- C. a revenue.
- D. an expense.

ANSWER: B

147. Which one of the following is an example of an intangible asset?

- A. preliminary expenses.
- B. discount on issue of shares.
- C. investments.
- D. copyrights.

ANSWER: D

148. Building is an example of\_\_\_\_\_.

- A. a current asset.
- B. a fictitious asset.
- C. a fixed asset.
- D. an intangible asset.

ANSWER: C

149. Both assets and owners equity is increased by\_\_\_\_\_.

- A. capital brought in.
- B. purchase of an asset on credit.
- C. payment of creditors
- D. proprietors drawings.

ANSWER: A

150. Income and expenditure account is a \_\_\_\_\_

- A. Real.
- B. Nominal.
- C. Personal.
- D. None of these.

ANSWER: B

151. Balance sheet represents \_\_\_\_\_.

- A. a statement of financial position.
- B. a statement of income.
- C. a statement of expenditure.

D. a statement of fund flow.

ANSWER: A

152. If a company's tangible net worth is a positive amount, it indicates \_\_\_\_\_.

- A. the profitability of the company.
- B. the liquidity of the company.
- C. the solvency of the company
- D. the managerial ability of the company.

ANSWER: C

153. The discount column of a triple-column cash book records \_\_\_\_\_.

- A. trade discount.
- B. cash discount.
- C. quality discount.
- D. seasonal discount.

ANSWER: D

154. Journal proper issued is to record \_\_\_\_\_.

- A. all purchases of goods.
- B. all sales of goods.
- C. all business expenses paid in cash.
- D. all adjusting and rectification entries.

ANSWER: D

155. Which one of the following entry is not recorded in the residuary journal?

- A. opening entry.
- B. closing entry.
- C. adjustment entry.
- D. credit sales.

ANSWER: D

156. When furniture is sold for cash, the entry should be made in\_\_\_\_\_.

- A. sales book.
- B. cash book.
- C. journal.
- D. petty cash book.

ANSWER: B

157. Which one of the following is an example of personal account?

- A. capital account.
- B. building account.
- C. cash account.
- D. investment account.

ANSWER: A

158. The purchase book is to record\_\_\_\_\_.

- A. cash and credit purchases.
- B. credit purchases of assets.



- C. all credit transactions.
- D. credit purchase of merchandise only.

ANSWER: D

159. The appropriate book to record credit purchase of plant and machinery is\_\_\_\_\_.

- A. . purchases book.
- B. journal.
- C. cash book.
- D. petty cash book.

ANSWER: B

160. Bills payable book is a\_\_\_\_\_.

- A. subsidiary book.
- B. principal book.
- C. ledger.
- D. memorandum book.

ANSWER: A

161. The balance of the petty cash book is\_\_\_\_\_.

- A. an asset.
- B. a liability.
- C. an income.
- D. an expenditure.

ANSWER: A

162. Sales a/c Dr. xxx To trading a/c xxx is an example of :

- A. closing entry.
- B. adjusting entry.
- C. opening entry.
- D. transaction entry.

ANSWER: A

163. Posting is done from\_\_\_\_\_.

- A. one subsidiary to another.
- B. ledger to subsidiary book.
- C. subsidiary to ledger.
- D. ledger to ledger.

ANSWER: C

164. The balance of cash account indicates\_\_\_\_\_.

- A. net income for the period.
- B. net loss for the period.
- C. net cash on hand.
- D. net worth of the business.

ANSWER: C

165. Ledger is a principle book in which\_\_\_\_\_.

- A. all accounts are kept.

- B. only personal accounts are kept.
- C. only real accounts are kept.
- D. only nominal accounts are kept.

ANSWER: A

166. The process of transferring the credit and debit items from journal to their respective account in the ledger is termed as \_\_\_\_\_.

- A. balancing.
- B. invoicing.
- C. double entry.
- D. posting.

ANSWER: D

167. Cash discounts are first recorded in \_\_\_\_\_.

- A. journal.
- B. cash book.
- C. purchases book.
- D. sales book.

ANSWER: B

168. Drawings taken by the owner would \_\_\_\_\_.

- A. reduce both assets and owners equity.
- B. reduce assets and increase liabilities.
- C. reduce owners equity and increase liabilities.
- D. increase owners equity and liabilities as well.

ANSWER: A

169. The Trial balance is a \_\_\_\_\_.

- A. real account.
- B. personal account.
- C. nominal account.
- D. statement of ledger balances.

ANSWER: D

170. A Trial balance is prepared in order to know \_\_\_\_\_.

- A. the capital employed.
- B. the financial position.
- C. the arithmetical accuracy of books.
- D. the errors of all kinds.

ANSWER: C

171. Purchase of furniture for cash would \_\_\_\_\_.

- A. increase total assets.
- B. reduce current assets.
- C. increase fixed assets and reduce current assets.
- D. increase current assets and reduce fixed assets.

ANSWER: C

172. Cost of goods sold is equal to\_\_\_\_\_.
- A. sales minus gross profit.
  - B. opening stock plus purchases minus closing stock.
  - C. sales minus closing stock minus purchases.
  - D. purchases minus closing stock plus opening stock.

ANSWER: B

173. Sales = \_\_\_\_\_.
- A. net income plus closing stock minus opening stock.
  - B. net income plus cost of goods sold.
  - C. gross profit plus cost of goods sold plus expenses.
  - D. cost of goods sold plus opening stock.

ANSWER: C

174. Which one of the following satisfy the accounting equation.
- A. Assets plus Liabilities = Owners equity.
  - B. Owners equity plus Liabilities = Assets
  - C. Assets = Owners equity.
  - D. Liabilities = Owners equity.

ANSWER: B

175. An accrued expense can best be described as an amount\_\_\_\_\_.
- A. paid and currently matched with the revenue.
  - B. paid and not currently matched with the revenue
  - C. not paid and not currently matched with the revenue.
  - D. not paid and currently matched with the revenue.

ANSWER: D

176. The term reserve in financial statements signifies\_\_\_\_\_.
- A. the amount of provision for bad debts.
  - B. the amount set apart for contingent liabilities
  - C. profit set apart for specific or general purpose
  - D. none of the above.

ANSWER: C

177. If total assets increased by Rs.30, 000 during a period of time and total liabilities increased by Rs.12, 000 during the same period, the amount and direction increase or decrease of the periods change in capital is\_\_\_\_\_.
- A. Rs.30, 000 increase.
  - B. Rs.42, 000 increase.
  - C. Rs.18, 000 increase.
  - D. Rs.12, 000 decrease.

ANSWER: C

178. Outstanding expenses appearing in the trial balance are shown in\_\_\_\_\_.
- A. profit and loss account only.
  - B. balance sheet only.
  - C. both in profit and loss account and in balance sheet.

D. neither in profit and loss account nor in balance sheet.

ANSWER: B

179. Purchases are equal to\_\_\_\_\_.

- A. cost of goods sold plus opening stock minus closing stock.
- B. cost of goods sold plus closing stock minus opening stock.
- C. cost of goods sold plus closing stock
- D. cost of goods sold plus opening stock.

ANSWER: B

180. Which account is generally used for rectification of errors?

- A. memorandum account.
- B. suspense account.
- C. rectification account.
- D. adjustment account.

ANSWER: B

181. Which one of the following error is an error of principle?

- A. debiting repairs account instead of furniture account.
- B. sale of Rs.200 entered in the book as Rs.2, 000.
- C. cash sale of Rs.500 wrongly entered in the sales book.
- D. purchase Rs.3, 000 entered in the purchase returns book.

ANSWER: A

182. Which one of the following errors will affect the agreement of the trial balance?

- A. a sale of Rs.400 to Somu entered in the sales book as Rs.4, 000.
- B. purchase of Rs.2500 credited to Baby instead of Balu.
- C. sales return of Rs.1, 000 correctly entered in the sales returns book but posted to the debit of Sunder.
- D. cash sale of furniture credited to sales account.

ANSWER: C

183. Errors of principle arise when \_\_\_\_\_.

- A. proper distinction is not made between capital and revenue.
- B. there is an omission of transaction.
- C. wrong amounts are entered in the subsidiary books.
- D. transactions are entered in the wrong subsidiary books.

ANSWER: A

184. Goods worth Rs.500 returned by Muthu were taken into stock, but no entry was passed is an error of\_\_\_\_\_.

- A. commission.
- B. principle.
- C. omission.
- D. compensatory.

ANSWER: C

185. Trial balance is prepared to find the deduction of\_\_\_\_\_.

- A. error of principle.

- B. compensating errors.
- C. errors or whole omission.
- D. clerical errors.

ANSWER: D

186. Furniture which stood in the books of Rs.500 was sold for Rs.275 in part exchange of new furniture costing Rs.875 and the net invoice of Rs.600 was passed through the purchases book. The rectification of this error would result in\_\_\_\_\_

- A. increase in the profit by Rs.375.
- B. decrease in the profit by Rs.375.
- C. decrease in the profit by Rs.225.
- D. increase in the profit by Rs.600.

ANSWER: A

187. The total of the discount column on the debit side of the cash book was under cast by Rs.100 the correct total being Rs.175.and the same was wrongly posted to the credit of discount. The error would result in overstatement of profit by\_\_\_\_\_.

- A. Rs.100.
- B. Rs.175.
- C. Rs.275.
- D. Rs.350.

ANSWER: B

188. The main purpose of preparing a bank reconciliation statement is\_\_\_\_\_.

- A. to know the bank balance.
- B. to compare the entries in the cash and pass books.
- C. to correct the cash after comparing with pass book.
- D. to reconcile cash balance as per pass book with the balance in cash book.

ANSWER: D

189. Bank reconciliation statement is\_\_\_\_\_.

- A. a ledger account.
- B. part of the cash book.
- C. a separate statement.
- D. a subdivision of the journal.

ANSWER: C

190. Commission to write the banks collection charges in the cash book would increase\_\_\_\_\_.

- A. the overdraft as per pass book.
- B. the overdraft as per cash book.
- C. the debit balance as per cash book.
- D. the credit balance as per pass book.

ANSWER: C

191. A Cheque received and paid into the bank on the same day is recorded in the\_\_\_\_\_.

- A. cash column of the cash book
- B. bank column of the cash book.
- C. both cash and bank columns of the cash book.

D. none of the above.

ANSWER: B

192. Unfavorable bank balance means\_\_\_\_\_.

- A. credit balance in the cash book.
- B. credit balance in the pass book.
- C. debit balance in the cash book.
- D. debit balance in the petty cash book.

ANSWER: A

193. The payment side of the cash book is under cast by Rs.200. When overdraft as per the pass book is the starting point, to get the overdraft as per cash book\_\_\_\_\_.

- A. Rs.200 will be deducted.
- B. Rs.200 will be added.
- C. Rs.400 will be added.
- D. Rs.400 will be deducted.

ANSWER: A

194. Which one of the following is not taken into account in adjusting the cash balance?

- A. mistakes in the cash book.
- B. mistakes in the pass book.
- C. bank charges debited to pass book.
- D. interest and dividends credited in pass book.

ANSWER: B

195. An amount of Rs.1, 00 is debited twice in the pass book. When overdraft as per the cash book is the starting point\_\_\_\_\_.

- A. Rs.1, 000 will be deducted.
- B. Rs.1, 000 will be added.
- C. Rs.2, 000 will be deducted.
- D. Rs.2, 000 will be added.

ANSWER: B

196. Bills receivable account is an example for \_\_\_\_\_.

- A. real account.
- B. personal account.
- C. nominal account.
- D. representative personal account.

ANSWER: A

197. On the acceptance of a bill the acceptor debits\_\_\_\_\_.

- A. payees account.
- B. creditors account.
- C. bills payable account.
- D. bills receivable account.

ANSWER: B

198. When a bill is endorsed, credit is given to\_\_\_\_\_.

- A. bills receivable account.
- B. endorsees account.
- C. acceptors account.
- D. bank account.

ANSWER: A

199. Noting charges account is debited by\_\_\_\_\_.

- A. the presenter of bill.
- B. the discounting banker.
- C. the acceptor.
- D. the endorser.

ANSWER: C

200. When a bill discounted is dishonored, the drawer gives credit to\_\_\_\_\_.

- A. bills receivable account.
- B. bank account.
- C. discount account.
- D. acceptors account.

ANSWER: B

201. When a bill endorsed is dishonored, the drawer gives credit to\_\_\_\_\_.

- A. Bills receivable account.
- B. Endorsee or creditor account.
- C. Bank account.
- D. Acceptors account.

ANSWER: B

202. On the dishonor of a bill received through endorsement, debit is given to\_\_\_\_\_.

- A. Acceptors account.
- B. Endorsers account.
- C. Payees account.
- D. Bills receivable account.

ANSWER: B

203. Amount spent on advertisement campaign, the benefit of which is likely to last for three years is\_\_\_\_\_.

- A. Capital expenditure.
- B. Deferred revenue expenditure.
- C. Revenue expenditure.
- D. Deferred capital expenditure.

ANSWER: B

204. Revenue expenditure is intended to benefit\_\_\_\_\_.

- A. Current period.
- B. Future period.
- C. Past period.
- D. Current and future period.

ANSWER: A

205. The distinction between capital and revenue is necessary for the preparation of\_\_\_\_\_.

- A. Fund flow statement
- B. Receipts and payments account.
- C. Final accounts.
- D. Cash flow statements.

ANSWER: C

206. An expenditure incurred in order to reduce the operating expenses is\_\_\_\_\_.

- A. Capital expenditure.
- B. Revenue expenditure.
- C. Deferred revenue expenditure.
- D. Promotional expenditure.

ANSWER: A

207. Wages paid for erection of machinery are debited to\_\_\_\_\_.

- A. Wages account.
- B. Machinery account.
- C. Profit and loss account.
- D. Deferred wages account.

ANSWER: B

208. Premium received on issue of shares is a\_\_\_\_\_.

- A. Capital receipt.
- B. Revenue receipt.
- C. Deferred capital receipt.
- D. Deferred revenue receipt.

ANSWER: A

209. Amount paid for acquiring goodwill is\_\_\_\_\_.

- A. Revenue expenditure.
- B. Deferred revenue expenditure.
- C. Capital expenditure.
- D. Deferred capital expenditure.

ANSWER: C

210. The profit transferred to general profit and loss account from manufacturing account is adjusted for unsold goods through\_\_\_\_\_.

- A. Stock reserve account.
- B. Profit and loss adjustment account.
- C. Trading account.
- D. Suspense account.

ANSWER: A

211. \_\_\_\_\_ is a permanent continuing and graduals shrinkage in the book of a fixed asset.

- A. Depreciation.
- B. Charged against asset.
- C. Erection charges.



D. Acquisition cost.

ANSWER: A

212. \_\_\_\_\_ means costs incurred in acquiring the asset and all other incidental costs involved in bringing the asset into working condition.

- A. Value of an asset.
- B. Cost of an asset.
- C. Replacing the asset.
- D. Expenses.

ANSWER: B

213. As depreciation amount remains fixed throughout the life of the asset, it has a tendency to place unequal burden on profit and loss. It is a \_\_\_\_\_ of Depreciation fund method.

- A. Advantage.
- B. Disadvantages.
- C. Objective.
- D. Need.

ANSWER: B

214. Cost of the asset Rs. 50,000 Scrap value Rs. 10,000 life of the asset=5 years Depreciation=?

- A. 7000.
- B. 9000.
- C. 8000.
- D. 10000.

ANSWER: C

215. \_\_\_\_\_ is the defensive accounting mechanism against uncertainty.

- A. Full disclosure.
- B. Conservatism.
- C. Consistency.
- D. None of the above.

ANSWER: B

216. The liabilities which are repayable after a long period of time is known as \_\_\_\_\_.

- A. Fixed liabilities.
- B. Current liabilities.
- C. Liabilities.
- D. None of the above.

ANSWER: C

217. Annuity factor can be obtained from \_\_\_\_\_.

- A. Annuity table.
- B. Annuity rate.
- C. Annuity value.
- D. None of the above.

ANSWER: A

218. Which method is especially suitable for wasting asset like mines, quarries, etc?

- A. Sinking fund method.
- B. Annuity method.
- C. Depletion method.
- D. Revaluation method.

ANSWER: C

219. Which method is useful for calculating the work life of a machine is estimated in terms of hours

\_\_\_\_\_.

- A. straight line method.
- B. revaluation method.
- C. machine hour rate method.
- D. none of the above.

ANSWER: C

220. Which method is resorted to in case of assets which call for special consideration such as live stock, loose tools, patents, copy right, etc.?

- A. out put method.
- B. sinking fund method.
- C. revaluation method.
- D. none of the above.

ANSWER: C

221. Which items appearing on credit side of profit and loss account?

- A. financial expenses.
- B. extra ordinary expenses.
- C. non operating income.
- D. selling and distribution.

ANSWER: C

222. When a claim against debtors becomes irrecoverable it is called?

- A. bad debts.
- B. insolvent.
- C. liabilities.
- D. none of the above.

ANSWER: A

223. When cash deposited into bank, it is debited in bank column on debit side and credited in cash column on the credit side this entry is called?

- A. reverse entry.
- B. contra entry.
- C. cash column will enter but not bank.
- D. bank column will entry but not in cash.

ANSWER: B

224. Where we will show the entry for cheque received?

- A. bank column on debit side of the cash book.
- B. cash column on the debit side of the cash book.
- C. both the side of the column of cash book.

D. will omit the transaction.

ANSWER: B

225. Cheque dishonored is entered on \_\_\_\_\_ side of the cash book.

- A. will not enter the transaction.
- B. will omit the transaction.
- C. debit side.
- D. credit side.

ANSWER: D

226. Unclassified petty cash payment may lead to \_\_\_\_\_ expenses.

- A. uncontrolled expenses.
- B. controlled expenses.
- C. organized expenses.
- D. none of the above.

ANSWER: A

227. The amount which may be needed during a specific period for small payment is estimated and fixed as \_\_\_\_\_.

- A. petty cash.
- B. imprest amount.
- C. both petty cash imprest amount.
- D. none of the above.

ANSWER: B

228. Which is the indicator for the various items that causes difference in bank balance and cash balance?

- A. pass book.
- B. cash book.
- C. bank reconciliation statement.
- D. both cash book and pass book.

ANSWER: C

229. Unpresented cheque will \_\_\_\_\_ in bank reconciliation statement.

- A. add.
- B. subtract.
- C. will omit the transaction.
- D. none of the above.

ANSWER: A

230. Immediate transaction takes place in case of \_\_\_\_\_.

- A. credit transaction.
- B. cash transaction.
- C. both credit and cash.
- D. none of the above.

ANSWER: B

231. The person who writes out the bill of exchange is known as \_\_\_\_\_.

- A. drawee.

- B. drawer.
- C. payee.
- D. none of the above.

ANSWER: B

232. The drawee is other way called as\_\_\_\_\_.

- A. giver.
- B. receiver.
- C. acceptor.
- D. maker.

ANSWER: C

233. Where a bill of exchange is drawn and accepted for mutual help it is called as\_\_\_\_\_.

- A. trade bill.
- B. promissory note.
- C. accommodation bill.
- D. none of the above.

ANSWER: C

234. There are \_\_\_\_\_ bill of exchange

- A. 5.
- B. 4.
- C. 3.
- D. 2.

ANSWER: D

235. Where a bill of exchange is drawn and accepted for a genuine trade transaction it is called\_\_\_\_\_.

- A. trade bill.
- B. accommodation bill.
- C. promissory note.
- D. none of the above.

ANSWER: A

236. Promissory note will come under \_\_\_\_\_ section of negotiable instrument Act.

- A. Section 8 of negotiable instrument act
- B. Section 4 of negotiable instrument act
- C. Section 22 of negotiable instrument act.
- D. Section 100 of negotiable instrument act.

ANSWER: B

237. Notary public is an officer appointed by \_\_\_\_\_.

- A. central government.
- B. state government.
- C. central or state government.
- D. none of the above.

ANSWER: C

238. Promissory note has been dishonored by non acceptance the holder may within a reasonable time cause dishonor to be noted and certified by a notary public. Such certificate is called \_\_\_\_\_.

- A. noting.
- B. protest.
- C. days of grace.
- D. none of the above.

ANSWER: B

239. Noting will come under \_\_\_\_\_ section of negotiable instrument act.

- A. Section 8 of negotiable instrument act
- B. Section 4 of negotiable instrument act
- C. Section 22 of negotiable instrument act.
- D. Section 99 of negotiable instrument act.

ANSWER: D

240. The person who is legally entitled to receive the money due due on the instrument is called \_\_\_\_\_.

- A. hundi.
- B. holder.
- C. holder in due course.
- D. notary public.

ANSWER: B

241. Mistakes occur due to improper application of principles of accounts. Is known as \_\_\_\_\_.

- A. error of commission.
- B. error of principle.
- C. error of omission.
- D. compensating errors.

ANSWER: B

242. Rectification of errors is done in \_\_\_\_\_ stages.

- A. 4.
- B. 3.
- C. 2.
- D. 5.

ANSWER: B

243. Over casting of purchase book will effects in \_\_\_\_\_.

- A. under Credit.
- B. excess Credit.
- C. both under and excess.
- D. none of the above.

ANSWER: B

244. Carrying forward lower amount in purchase book \_\_\_\_\_.

- A. under Credit.
- B. excess Credit.
- C. both under and excess.

D. none of the above.

ANSWER: A

245. Carrying forward higher amount in purchase returns book\_\_\_\_\_.

- A. under Credit.
- B. excess Credit.
- C. both under and excess.
- D. none of the above.

ANSWER: B

246. All errors of commission are usually disclosed by \_\_\_\_\_.

- A. trail balance.
- B. suspense accounts.
- C. balance sheet.
- D. will not disclose.

ANSWER: A

247. Valuation of investment and stocks against the recognized practices is \_\_\_\_\_.

- A. improper valuation.
- B. capital items.
- C. erratic provisioning.
- D. none of the above.

ANSWER: A

248. Providing insufficient or excess provisions for depreciation, provision for doubtful debts etc creates \_\_\_\_\_.

- A. improper valuation.
- B. capital items.
- C. erratic provisioning.
- D. none of the above.

ANSWER: C

249. Single sided error or errors will effect in \_\_\_\_\_ accounts.

- A. 2.
- B. 1.
- C. both 1 & 2.
- D. none of the above.

ANSWER: B

250. Double sided error or errors which affects \_\_\_\_\_ number of account.

- A. above 2.
- B. below 2.
- C. both 1 & 2.
- D. none of the above.

ANSWER: A

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