

## PROVISIONAL ANSWER KEY

Paper: Elements of Commercial Accounts Book Keeping (Paper III)  
Medium of Question: English  
Date of Examination: 14-03-2019

Question1:-If an individual asset is increased, there will be a corresponding

- A:-Increase of another asset or increase of capital
- B:-Decrease of specific liability or decrease of capital
- C:-Decrease of another asset or increase of liability
- D:-increase of drawings and liability

Correct Answer:- Option-C

Question2:-Onam advance given to an employee is \_\_\_\_\_.

- A:-Revenue Expenditure
- B:-Deferred Revenue Expenditure
- C:-Not an Expenditure
- D:-Capital Expenditure

Correct Answer:- Option-C

Question3:-Decrease in the balance of trade receivables results in \_\_\_\_\_.

- A:-Increase in Loan
- B:-Increase in liabilities
- C:-Increase in capital
- D:-Increase in cash

Correct Answer:- Option-D

Question4:-Which of the following are not miscellaneous expenses?

- A:-Amount spent for research & development
- B:-Preliminary expense
- C:-Brokerage on issue of shares & Debentures
- D:-Goodwill yet to be written off

Correct Answer:- Option-A

Question5:-Which of the following statements is false?

- A:-Reserve is an appropriation of profits
- B:-Provision for tax still not paid is a reserve
- C:-Capital reserve is created out of capital profits
- D:-None of the above

Correct Answer:- Option-B

Question6:-Which of the following is wrong?

- A:-All real and personal accounts are transferred to balance sheet
- B:-Nominal accounts are transferred to P & L account
- C:-Each account is opened separately in ledger
- D:-Rent is a personal account, outstanding rent is nominal account

Correct Answer:- Option-D

Question7:-Inventory is valued either at cost or market price whichever is lower, according to the principle of \_\_\_\_\_.

- A:-Conservatism
- B:-Matching
- C:-Accrual
- D:-None of these

Correct Answer:- Option-A

Question8:-In Profit & Loss a/c, Selling & Distribution expenses does not include \_\_\_\_\_.

- A:-Commission on sale
- B:-Packing expenses
- C:-Advertisement expenses
- D:-Legal expenses

Correct Answer:- Option-D

Question9:-1,500 boxes costing Rs.20 each were sent on consignment. Rs. 24,000 spent on freight. A loss of 10% is unavoidable. Calculate the cost of each box.

- A:-Rs. 30
- B:-Rs. 20
- C:-Rs. 36
- D:-Rs. 40

Correct Answer:- Option-D

Question10:-Which of the following statements is false?

- A:-accounting principle should be changed year after year
- B:-accounting principle must be simple understandable and explanatory
- C:-Accounting Principles should be based on real assumptions
- D:-Accounting Principles should be informational for the users

Correct Answer:- Option-A

Question11:-When the two aspects of a transaction are posted in the Cash Book itself, such an entry is called as \_\_\_\_\_.

- A:-Double Entry
- B:-Debit Entry
- C:-Single Entry
- D:-Contra Entry

Correct Answer:- Option-D

Question12:-The proprietor of the business is treated as creditor for the capital introduced by him due to \_\_\_\_\_ concept.

- A:-Money measurement
- B:-Cost
- C:-Entity
- D:-Dual aspect

Correct Answer:- Option-C

Question13:-In Journal Entries which pertain to outstanding entries, prepaid entries, depreciation entries are called

- A:-Rectification Entries
- B:-Adjustment Entries
- C:-Transfer Entries
- D:-Closing Entries

Correct Answer:- Option-B

Question14:-Where a machine produces products of uniform size, the method of depreciation to be applied \_\_\_\_\_.

- A:-Machine Hour method
- B:-Annuity method
- C:-Production units
- D:-Sinking fund method

Correct Answer:- Option-C

Question15:-If del-credere commission is allowed for bad debts, consignee will debit the bad debts amount to

- A:-Commission Earned A/c
- B:-Consignor's A/c
- C:-Trade receivables (Customers) A/c
- D:-General Trading A/c

Correct Answer:- Option-A

Question16:-Which of the following errors are not revealed by the trial balance?

- A:-Wrong amount entered in the book of original entry
- B:-Wrong amount entered in the sales book
- C:-Complete omission of a transaction in the book of original entry
- D:-All of the above

Correct Answer:- Option-D

Question17:-The trial balance of swapna shows the opening inventory of Rs.2,00,000 which will be

- A:-Credited to trading account
- B:-Debited to trading account

- C:-Deducted from closing inventory in the Balance Sheet
- D:-Added to closing inventory in the Balance Sheet

Correct Answer:- Option-B

Question18:-The credit balance as per pass book of Akhil enterprises was Rs.65,000. Cheques issued but not paid Rs.75,800. Cheques deposited by one of the customers of bank but wrongly credited in Akhil enterprises account Rs.20,600. The balance as per cash book is \_\_\_\_\_.

- A:-Rs.31,400 Debit
- B:-Rs.10,400 Overdraft
- C:-Rs.1,20,000
- D:-Rs.31,400 Overdraft

Correct Answer:- Option-D

Question19:-Ram & Company follows perpetual inventory system. On March 31 of every year, the company undertakes physical Inventory verification. On March 31, 2019, the value of Inventories as per the records differed from the value as per the physical Inventory. On scrutiny, the following differences were noticed: Goods purchased for Rs. 10,000 were received and included in the physical Inventory but no entry was made in the books. Goods costing Rs.30,000 were sold and entered in the books but the Inventory is yet to be delivered. Goods worth Rs.5,000 are returned to the suppliers but is omitted to be recorded. If the inventory is valued in the books at Rs.1,50,000, the value of the physical inventory

- A:-Rs.1,85,000
- B:-Rs.1,89,000
- C:-Rs.1,11,000
- D:-Rs.1,59,000

Correct Answer:- Option-A

Question20:-Financial position of a business concern is ascertained on the basis of \_\_\_\_\_.

- A:-Records prepared under book — keeping process
- B:-Trial balance
- C:-Accounting Reports
- D:-None of these

Correct Answer:- Option-C

Question21:-In a three column cash book the discount columns area

- A:-Totalled but not adjusted
- B:-Totalled and adjusted
- C:-Totalled but not balanced
- D:-None of the above

Correct Answer:- Option-C

Question22:-Cash Book O.D. Balance Rs.20,000. It was found that cheques of Rs.1,000, Rs.1,500, Rs.1,750 which are issued but not presented till the date and the cheque of Rs.6,000 deposited but have not been cleared, then O.D. Balance as per passbook is

- A:-Rs.21,500
- B:-Rs.21,750
- C:-Rs.14,750
- D:-Rs.19,750

Correct Answer:- Option-B

Question23:-A Bill of Exchange, before its acceptance is called as \_\_\_\_\_.

- A:-Draft
- B:-Bills Receivable
- C:-Bills Payable
- D:-None of these

Correct Answer:- Option-A

Question24:-Rent paid Rs.25,000 is shown on credit side of Trial Balance. The Debit side of Trial Balance will be \_\_\_\_\_.

- A:-Short by Rs.25,000
- B:-Excess by Rs.25,000
- C:-Short by Rs.50,000
- D:-Excess by Rs.50,000

Correct Answer:- Option-C

Question25:-In case of loss of goods by fire accident, such loss is debited to

- A:-normal loss account
- B:-abnormal loss account
- C:-inventory account
- D:-purchase account

Correct Answer:- Option-B

Question26:-Which of the following is not disclosed or recognized in the financial statements?

- A:-Contingent Liability
- B:-Contingent Asset
- C:-Provision
- D:-None of the above

Correct Answer:- Option-B

Question27:-Which Accounts are used to prepare Bank Reconciliation Statement?

- A:-Cash column & Bank statement
- B:-Cash column & Bank Balance
- C:-Bank column & Bank Statement
- D:-None of the above

Correct Answer:- Option-C

Question28:-Capital - Rs.2,00,000 Interest paid - Rs.23,500 Debtors - Rs.52,000 Discount allowed Rs. 8,200 Creditors -Rs.20,600 Discount received - Rs.10,300 Purchases - Rs.1,12,000 Rent - Rs.44,600 Sales - Rs.2,32,900 Loan - Rs. 20,600 Opening stock Rs. 1,56,000 Sales returns Rs. 28,500. Debit total of trial balance will be

- A:-Rs.3,96,300
- B:-Rs.4,16,600
- C:-Rs.4,24,800
- D:-None of these

Correct Answer:- Option-C

Question29:-\_\_\_\_\_ A/c shows a debit balance.

- A:-Contingency reserve
- B:-General reserve
- C:-Provision for Discount on Creditors
- D:-Bank overdraft

Correct Answer:- Option-C

Question30:-Fixed assets are held by business for \_\_\_\_\_.

- A:-Generating revenue
- B:-Converting into cash
- C:-Resale
- D:-None of the above

Correct Answer:- Option-A

Question31:-Which of the following statements is/are false?

- I. The term 'depreciation', 'depletion' and 'amortization' convey the same meaning.
- II. Provision for depreciation A/c is debited when provision for depreciation A/c is created.
- III. The main purpose of charging the profit and loss A/c with the amount of depreciation is to spread the cost of an asset over its useful life for the purpose of income determination.

- A:-Only I above
- B:-Only II above
- C:-Only III above
- D:-All I, II & III above

Correct Answer:- Option-B

Question32:-Which of the following statements are true about discount columns of cashbook?

- A:-Not balanced
- B:-Not an account
- C:-They are totalled and transferred to respective discount paid / received A/cs.
- D:-All of the above

Correct Answer:- Option-D

Question33:-Amount spent to increasing the earning capacity is a \_\_\_\_\_ expenditure.

- A:-Capital
- B:-Revenue
- C:-Deferred revenue
- D:-Capital Loss

Correct Answer:- Option-A

Question34:-If depreciation is charged at a fixed rate, then depreciation in SLM method, when compared to WDV is

- A:-More in the first year & Less in subsequent years
- B:-Equal in the first year & More in subsequent years
- C:-Equal in the first year & Less in subsequent years
- D:-Less in the first year & More in subsequent years

Correct Answer:- Option-B

Question35:-Wages paid Rs.50,000 for Installation of new machinery wrongly debited to wages A/c instead of machinery A/c. It is an error of

- A:-Omission
- B:-Principle
- C:-Commission
- D:-Clerical errors

Correct Answer:- Option-B

Question36:-Which of the following is not a foreign bill?

- A:-A bill drawn outside India and payable in India
- B:-A bill drawn in India and payable outside India
- C:-A bill drawn by a person resident outside India and payable outside India
- D:-None of the above

Correct Answer:- Option-D

Question37:-The nature of Consignment A/c and Consignee's A/c will be \_\_\_\_\_.

- A:-Nominal, Personal
- B:-Real, Nominal
- C:-Personal, Real
- D:-Nominal, Real

Correct Answer:- Option-A

Question38:-As on 31.03.2018, the details of three materials A, B & C are as follows :

Item	Cost (Rs.)	Net Realisable Value (Rs.)
Material A	28,400	23,200
Material B	24,400	26,600
Material C	16,600	13,900

The value stock recorded in the Balance Sheet will be \_\_\_\_\_.

- A:-Rs.69,400
- B:-Rs.63,700
- C:-Rs.61,500
- D:-Rs.71,600

Correct Answer:- Option-C

Question39:-Credit balance of bank pass book will be \_\_\_\_\_ to the account.

- A:-An asset
- B:-A liability
- C:-A provision
- D:-None of these

Correct Answer:- Option-A

Question40:- \_\_\_\_\_ is prepared to ascertain the arithmetical accuracy of posting & balancing of accounts.

- A:-Cash book
- B:-Bank Reconciliation statement
- C:-Journal
- D:-Trial Balance

Correct Answer:- Option-D

Question41:-The balances of M/s Abbaz Traders are as follows: Capital Rs.10,00,000; Computers Rs.1,30,000; Machinery Rs.4,50,000; Furniture Rs.1,50,000; Investments Rs.4,00,000;Salaries Rs.2,10,000; Sales Rs.16,00,000; Patents Rs.1,20,000; Freight Rs.1,21,000; Purchases Rs.9,15,000; Rent Rs.28,000; Cash in hand Rs.48,000; Bank overdraft Rs.20,000; Creditors Rs.1,00,000; Debtors Rs.1,48,000; the total of trial balance is \_\_\_\_\_.

- A:-Rs.27,40,000
- B:-Rs.27,20,000
- C:-Rs.25,99,000
- D:-Rs.26,12,000

Correct Answer:- Option-B

Question42:-Syam's acceptance to Anoop of Rs.24,000 is retired two months before the due date at discount of 10% p.a. In the books of Anoop the journal entry will be \_\_\_\_\_.

- A:-Cash A/c Dr. 21,600  
Discount A/c Dr. 2,400  
    To B/R A/c 24,000
- B:-Syam's A/c Dr. 10,800  
Discount A/c Dr. 1,200  
    To B/R A/c 12,000
- C:-Cash A/c Dr. 23,600  
Discount A/c Dr. 400  
    To B/R A/c 24,000
- D:-Syam's A/c Dr. 23,600  
Discount A/c Dr. 400  
    To B/R A/c 24,000

Correct Answer:- Option-C

Question43:-A bill drawn and accepted for mutual help is known as \_\_\_\_\_ bill.

- A:-Ordinary
- B:-Trade
- C:-Accommodation
- D:-Retired

Correct Answer:- Option-C

Question44:-A Bill is Discounted Rs.10,000. Where is it shown at the time of preparation of balance sheet?

- A:-Foot note to Balance sheet
- B:-Liability side of balance sheet
- C:-Debit side of profit & loss Account
- D:-Assets side of balance sheet

Correct Answer:- Option-A

Question45:-Rita sold goods for Rs.80,000 on 1.04.18 on a credit of 3 months to Nisha. Out of that 40% only could be received from her estate as she became insolvent. What is the amount of bad debt?

- A:-Rs.60,000
- B:-Rs. 48,000
- C:-Rs.56,000
- D:-Rs.50,000

Correct Answer:- Option-B

Question46:-What is the meaning of the following entry recorded in the machinery Account?

Machinery Account					
Dr.					Cr.
Date	Particulars	Amount	Date	Particulars	Amount
			31.12.2019	By P & L account	10,000

- A:-Portion of sale of machinery transferred to Profit & Loss Account
- B:-Machinery of Rs.5,000 sold
- C:-Loss on sale of machinery transferred to Profit & Loss Account
- D:-Machinery of Rs.5,000 purchased

Correct Answer:- Option-C

Question47:-Ankit carrying on real estate business sold a piece of land for Rs.5,00,00,000 (cost Rs.4,50,00,000) then the type of receipt is \_\_\_\_\_ nature and profit on sale is \_\_\_\_\_.

- A:-Capital & transferred to capital reserve
- B:-Revenue & transferred to P & L a/c
- C:-Capital & transferred to P & L a/c
- D:-Revenue & transferred to general reserve

Correct Answer:- Option-B

Question48:-Average profit = Rs.3,72,000 Normal rate of return = 12% Total assets = Rs.68,00,000 Outside liabilities = Rs.42,00,000. Calculate the value of goodwill under capitalisation method.

- A:-Rs.5,00,000
- B:-Rs.6,00,000
- C:-Rs.26,00,000
- D:-Rs.8,00,000

Correct Answer:- Option-A

Question49:-Decrease in the provision for doubtful debts amounts to \_\_\_\_\_.

- A:-Increase in Net profit
- B:-Decrease in Net Profit
- C:-Increase in Fixed Assets
- D:-Decrease in Fixed Assets

Correct Answer:- Option-A

Question50:-Calculate the profit for the year ended 31-03-2018.

Particulars	31-03-2017	31-03-2018
Capital	2,50,000	?
Unsecured loan	40,000	30,000
Sundry creditors	15,000	13,000
Fixed assets	1,80,000	2,10,000
Debtors	18,000	12,000
Stock	55,000	26,000
Cash and Bank	52,000	18,000

- A:-Rs.8,000 Profit
- B:-Rs.22,000 Profit
- C:-Rs.27,000 Loss
- D:-Rs.21,000 Profit

Correct Answer:- Option-C

Question51:-A firm has reported a profit of Rs.1,47,000 for the year ended 31-3-2018 after taking into consideration the following items.

(i) The cost of machinery Rs.23,000 has been taken as an expense (ii) The firm anticipated a profit of Rs. 12,000 on the sale of an old Computer (iii) Salary of Rs.7,000 outstanding for the year has not been taken into account. (iv) Furniture of Rs.85,000 was purchased for Rs.75,000 and was recorded in the books at Rs.85,000. What is the correct amount of profit to be reported in the books?

- A:-Rs.1,47,000
- B:-Rs.1,63,000
- C:-Rs.1,51,000
- D:-Rs.1,41,000

Correct Answer:- Option-C

Question52:-A bill receivable of Rs.10,000 is received from a customer in full settlement of Rs.10,800. On dishonor of this bill, the entry will be passed in \_\_\_\_\_

- A:-Journal proper
- B:-Bills receivable book
- C:-Purchases book
- D:-None of the above

Correct Answer:- Option-A

Question53:-On 27-03-2018 four cheques of Rs.20,000, Rs.18,000, Rs.36,000 and Rs.27,000 were deposited in bank, out of which cheque of Rs.20,000 only was collected upto 31st March. Two cheques of Rs.27,000 and Rs.36,000 were collected on 4th April. An other cheque was not signed properly and was returned. What are the items to be taken in the B.R.S?

- A:-Rs.36,000, Rs.27,000
- B:-Rs.18,000, Rs.36,000, Rs.27,000, Rs.20,000
- C:-Rs.18,000, Rs.36,000, Rs. 27,000
- D:-Rs.18,000

Correct Answer:- Option-C

Question54:-In Joint Venture the minimum number of co-venturers

- A:-7
- B:-2
- C:-4
- D:-5

Correct Answer:- Option-B

Question55:-BRS is a part of \_\_\_\_\_.

- A:-Financial statements
- B:-Bank Book
- C:-Cash Book
- D:-None of these

Correct Answer:- Option-D

Question56:-Retirement of a Bill means \_\_\_\_\_.

- A:-Payment made before due date
- B:-Dishonour of a bill
- C:-Discounting a Bill
- D:-Renewal of a bill

Correct Answer:- Option-A

Question57:-Goods costing Rs. 1,00,000 were stolen. Insurance company accepted a claim of Rs. 80,000. The appropriate journal entry is \_\_\_\_\_.

- A:-Loss by theft a/c Dr. 1,00,000  
To Sales a/c 1,00,000
- B:-Outstanding insurance claim Dr. 80,000  
Profit & Loss a/c Dr. 20,000  
To purchases a/c 1,00,000
- C:-Loss by theft a/c Dr. 80,000  
To purchases a/c 80,000
- D:-Profit & Loss a/c Dr. 20,000  
To Purchases a/c 20,000

Correct Answer:- Option-B

Question58:-Which is not the procedural aspect of accounting?

- A:-Generating financial information
- B:-Classification
- C:-Using financial information
- D:-None of the above

Correct Answer:- Option-D

Question59:-Anil sold goods to Ravi at an invoice price of Rs.6,00,000 at cost plus 25%. 1/4th of the goods are lost in transit. Insurance claim of Rs.72,000 is received. What is the amount of abnormal loss to be debited to P & L a/c?

- A:-Rs.1,20,000
- B:-Rs.48,000
- C:-Rs.72,000
- D:-Rs.1,50,000

Correct Answer:- Option-B

Question60:-Consistency with reference to application of accounting procedures means

- A:-Any accounting method can be followed as per convenience
- B:-All entities in the same Industry should use identical accounting procedures
- C:-Income & assets have not been overstated
- D:-Uniform Accounting methods & procedures shall be followed year after year

Correct Answer:- Option-D

Question61:-Change in the capital A/c of proprietor may occur due to

- A:-Profit earned

- B:-Loss incurred
- C:-Capital Infused
- D:-All of the above

Correct Answer:- Option-D

Question62:-If nothing is given in the financial statements about the three accounting assumptions, then it is to be treated as

- A:-Is assumed that it is not followed
- B:-Is assumed to be followed to some extent
- C:-Is assumed to be followed
- D:-None of the above

Correct Answer:- Option-C

Question63:-Net realizable value is \_\_\_\_\_.

- A:-Estimated selling price
- B:-Estimated cost price plus marketing cost
- C:-Estimated selling price less cost incurred in order to make sale
- D:-Estimated selling price plus cost incurred in order to make sale

Correct Answer:- Option-C

Question64:-The overdraft balance as per the cashbook of Anil is Rs.13,200. An amount of Rs.5,200 was deposited by a customer direct into the account of Anil. A cheque of Rs.2,000 deposited by Anil was bounced. Anil is unaware of these two transactions. The balance as per passbook will be \_\_\_\_\_.

- A:-Rs.10,000 (Deposit)
- B:-Rs.10,000(O.D)
- C:-Rs.8,000 (O.D.)
- D:-Rs.10,200(O.D.)

Correct Answer:- Option-B

Question65:-If the goods sent on approval, two vehicles of Rs.55,000 each, are recorded as Rs.75,000 each, then the cost of goods lying with customers.

- A:-Rs.1,50,000
- B:-Rs.55,000
- C:-Rs.75,000
- D:-Rs.1,10,000

Correct Answer:- Option-D

Question66:-The opening stock is overstated by Rs.10,000 and closing stock is understated by Rs.15,000. The impact on the net profit of the current year is

- A:-Rs.25,000 understated
- B:-Rs.25,000 overstated
- C:-Rs.5,000 overstated
- D:-Rs.5,000 understated

Correct Answer:- Option-A

Question67:-When outflow of economic resources to settle an obligation is not probable or the amount expected to be paid to settle the liability cannot be measured with sufficient reliability, it is called \_\_\_\_\_.

- A:-Provision
- B:-Contingent liability
- C:-Secured Loan
- D:-Unsecured Loan

Correct Answer:- Option-B

Question68:-Trial balance is a statement which shows \_\_\_\_\_ of all accounts.

- A:-Opening and Closing balances
- B:-Balances and Totals
- C:-Positive and Negative balances
- D:-Debit or Credit balances

Correct Answer:- Option-D

Question69:-Provision for depreciation A/c is created by debiting to \_\_\_\_\_.

- A:-Machinery Account
- B:-Profit & Loss Account
- C:-Profit & Loss Appropriation A/c
- D:-None of these

Correct Answer:- Option-B

Question70:-Correct sequence of the following as per the order of permanency?

- (i) Trade Receivables
- (ii) Patents
- (iii) Machinery
- (iv) Cash in hand

- A:-(i), (ii), (iii), (iv)
- B:-(i), (iii), (iv), (ii)
- C:-(ii), (iii), (i), (iv)
- D:-(iii), (ii), (i), (iv)

Correct Answer:- Option-C

Question71:-An Asset purchased for Rs.60,000 and paid Rs.10,000 and remaining amount is payable in instalments. This effect leads to \_\_\_\_\_.

- A:-Both assets & Liabilities increased by Rs.50,000
- B:-Both assets & Liabilities Decreased by Rs.50,000
- C:-Assets Increased by Rs.50,000 & Liabilities Decreased by Rs.50,000
- D:-Assets Increased by Rs.10,000 & Liabilities Decreased by Rs. 10,000

Correct Answer:- Option-A

Question72:-On 31-03-2019 balance of Day book is Rs.27,050 (Credit), balance as per bank statement is Rs.23,100 (Debit). On scrutiny it was found that, it was due to cheques issued but not yet presented.

Bank balance on 31-03-2019 to be shown in Balance sheet is \_\_\_\_\_.

- A:-Bank O.D. Rs.23,100
- B:-Cash at Bank Rs.27,050
- C:-Bank O.D. Rs.27,050
- D:-Cash at Bank Rs.23,100

Correct Answer:- Option-C

Question73:-Which accounting concept satisfy the valuation criteria \_\_\_\_\_.

- A:-Going concern, Cost, Dual aspect
- B:-Going concern, Realisation, Cost
- C:-Cost, Dual aspect, Conservation
- D:-Realisation, Conservatism, Going concern

Correct Answer:- Option-B

Question74:-The cost of an Asset is Rs.1,20,000. The scrap value will be 25% at end of 10 years. If straight line method of depreciation is followed, the rate of depreciation is \_\_\_\_\_.

- A:-10%
- B:-9%
- C:-8.5%
- D:-7.5%

Correct Answer:- Option-D

Question75:-Machinery was purchased for Rs.20,00,000/-. Market value as on 31.03.2019 is

Rs. 24,00,000/-. If the firm values the machinery at Rs.24,00,000/-, which of the following valuation principle is being followed

- A:-Historical cost
- B:-Present value
- C:-Current cost
- D:-Realizable value

Correct Answer:- Option-D

Question76:-A company installed a machinery on 01-04-2010 at a cost of Rs. 10,00,000. Useful life of the machine is estimated at 10 years. Depreciation is charged under straight line method. In March, 2017, they found that the machine became obsolete and could not be used. It was sold for Rs. 1,00,000. There will be \_\_\_\_\_.

- A:-Capital loss of Rs.3,00,000
- B:-Revenue loss of Rs.2,00,000
- C:-Capital loss of Rs.2,00,000
- D:-Revenue loss of Rs.3,00,000

Correct Answer:- Option-B

Question77:-The amount of depreciation charged under Annuity method \_\_\_\_\_.

- A:-Remains Fixed for all the years

- B:-Decreases every year
- C:-Increases every year
- D:-Recalculated every year

Correct Answer:- Option-A

Question78:-On 1st April, Anoop sold goods of Rs.10,000 to Rema and drew a bill for 3 months. Anoop discounted the bill with bank at 15%. Amount of discount will be?

- A:-Rs.125
- B:-Rs.250
- C:-Rs.375
- D:-None of the above

Correct Answer:- Option-C

Question79:-What are the options available to the holder of a bill in the bills of exchange (Besides retaining the bill, till the due date)?

- A:-Discount with bank
- B:-Sent to bank for collection
- C:-Endorse it to his creditor
- D:-All of these

Correct Answer:- Option-D

Question80:-Expenditure spend for increasing the cinema hall seats is in the nature of \_\_\_\_\_.

- A:-Capital expenditure
- B:-Revenue expenditure
- C:-Deferred revenue expenditure
- D:-None of the above

Correct Answer:- Option-A

Question81:-If the goods are sent on Sale or Return basis frequently, the trader prepares \_\_\_\_\_.

- A:-Cash book
- B:-Sale or return Journal with 2 main columns
- C:-Sale or Return Journal with 4 main columns
- D:-Sale or Return ledger

Correct Answer:- Option-C

Question82:-Trial balance is prepared to locate \_\_\_\_\_.

- A:-Clerical errors
- B:-Omission errors
- C:-Principle errors
- D:-All of the above

Correct Answer:- Option-A

Question83:-Renewal fee of patents is a \_\_\_\_\_ expenditure.

- A:-Capital
- B:-Deferred revenue
- C:-Revenue
- D:-Development

Correct Answer:- Option-C

Question84:-Which of the following are current assets?

1. Accounts receivables
2. Salaries paid-in-advance
3. Bank Loan for 3 years
4. Preliminary expenses

- A:-1 & 2
- B:-2 & 3
- C:-3 & 4
- D:-All the above

Correct Answer:- Option-A

Question85:-Sukumar purchased goods Rs.2,00,000 and paid 1% commission on purchases. He sold goods for Rs.2,50,000 and paid 5% commission on sales. His profit will be \_\_\_\_\_.

- A:-Rs.38,000
- B:-Rs.34,000
- C:-Rs.36,000
- D:-Rs.35,500

Correct Answer:- Option-D

Question86:-\_\_\_\_\_ method of depreciation is used when repairs and Maintenance goes on increase.

- A:-SLM method
- B:-WDV method
- C:-Machine hours method
- D:-Production units method

Correct Answer:- Option-B

Question87:-On 1st April, 2018, Mohammed started business with Rs.60,000 and took a loan Rs.25,000 from Subin. During the year earned a profit of Rs.10,000 and introduced further capital of Rs.15,000. His drawings during the year amounted to Rs.5,000. He paid Rs.5,000 to Subin during the year as part payment of loan on 31st March, 2014 his total assets amounted to Rs.1,15,000. Find out the amount of outside liabilities.

- A:-Rs.35,000
- B:-Rs.40,000
- C:-Rs.15,000
- D:-Rs.20,000

Correct Answer:- Option-A

Question88:-In which of the following cases, accounting estimates are needed?

- A:-Employs benefit schemes
- B:-Inventory obsolescence
- C:-Impairment of losses
- D:-All of the above

Correct Answer:- Option-D

Question89:-A bill is drawn for Rs.40,000 for 3 months. It is paid 1 month before the due date at 6% discount. The amount of discount is \_\_\_\_\_.

- A:-Rs. 800
- B:-Rs. 400
- C:-Rs. 600
- D:-Rs. 200

Correct Answer:- Option-D

Question90:-Goods purchased costing Rs.60,000 and cash paid Rs.45,000 after receipt of a cash discount Rs.9,000. What is the percentage of trade discount got \_\_\_\_\_.

- A:-10%
- B:-15%
- C:- 7(1)/(2)%
- D:-25%

Correct Answer:- Option-A

Question91:-Debentures are shown under the heading \_\_\_\_\_.

- A:-Reserves & surplus
- B:-Capital Reserve
- C:-Current liabilities
- D:-Secured loans

Correct Answer:- Option-D

Question92:-Salesman earned a commission of Rs.35,000, which is based on 10% of Net profit. If sales is Rs.4,50,000 is more than purchases. No opening & closing stock. Find Direct & Indirect expenses?

- A:-Rs.75,000
- B:-Rs.1,00,000
- C:-Rs.2,50,000
- D:-Not attainable

Correct Answer:- Option-B

Question93:-The process of recording financial data up to trial balance is \_\_\_\_\_.

- A:-Book keeping
- B:-Classifying
- C:-Summarising
- D:-Analysing

Correct Answer:- Option-A

Question94:-For a depreciable assets, obsolescence is due to

- A:-Passage of time
- B:-Technological Changes
- C:-Wear & Tear
- D:-None of the above

Correct Answer:- Option-B

Question95:-A trader has credited certain items of sales on approval aggregating Rs.90,000 to Sales Account. Of these, goods of the value of Rs.25,000 have been returned and taken into inventories at cost Rs. 12,000 though the record of return was omitted in the accounts. In respect of another parcel of Rs.18,000 cost being Rs.9,000 the period of approval did not expire on the closing date. Cost of goods lying with customers should be

- A:-Rs.18,000
- B:-Rs.81,000
- C:-Rs.9,000
- D:-None of the above

Correct Answer:- Option-C

Question96:-Which of the following account will have a debit balance?

- A:-Reserve for doubtful debts account
- B:-Outstanding wages
- C:-Capital account (Machinery brought in business)
- D:-Loan to Contractor

Correct Answer:- Option-D

Question97:-Drawings are deducted from

- A:-Capital
- B:-Sales
- C:-Purchase
- D:-None of the above

Correct Answer:- Option-A

Question98:-The debit balance in the bank columns of cash book indicates \_\_\_\_\_.

- A:-Total amount withdrawn from bank
- B:-Cash at bank
- C:-Total amount deposited in bank
- D:-Bank overdraft

Correct Answer:- Option-B

Question99:-Double column cash book records

- A:-Only credit transactions
- B:-All transactions
- C:-Cash purchase and credit sale transactions
- D:-Cash and Bank transactions

Correct Answer:- Option-D

Question100:-When money is withdrawn from the Bank, the bank \_\_\_\_\_ the account of the customer.

- A:-Credits
- B:-Debits
- C:-Either credit/Debits
- D:-None of the above

Correct Answer:- Option-B