

DE-7/2021/79

Question Booklet
Alpha Code

A

Question Booklet
Serial Number

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Name:		Reg.No.		Signature:	
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DEPARTMENTAL TESTS — JULY, 2021

Total Number of Questions : 100

[Time : 1½ hours

(Maximum Marks : 100)

INSTRUCTIONS TO CANDIDATES

1. The question paper will be given in the form of a Question Booklet. There will be four versions of question booklets with question booklet alpha code viz. A, B, C & D.
2. The Question Booklet Alpha Code will be printed on the top left margin of the facing sheet of the question booklet.
3. The Question Booklet Alpha Code allotted to you will be noted in your seating position in the Examination Hall.
4. If you get a question booklet where the alpha code does not match to the allotted alpha code in the seating position, please draw the attention of the Invigilator IMMEDIATELY.
5. The Question Booklet Serial Number is printed on the top right margin of the facing sheet. If your question booklet is un-numbered, please get it replaced by new question booklet with same alpha code.
6. The Question Booklet will be sealed at the middle of the right margin. Candidate should not open the question booklet, until the indication is given to start answering.
7. Immediately after the commencement of the examination, the candidate should check that the question booklet supplied contains all the 100 questions in serial order. The question booklet does not have unprinted or torn or missing pages and if so the fact should be brought to the notice of the Invigilator and get it replaced by a complete booklet with same alpha code. This is most important.
8. A blank sheet of paper is attached to the question booklet. This may be used for rough work.
9. **Please read carefully all the instructions on the reverse of the Answer Sheet before marking your answers.**
10. Each question is provided with four choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and darken the bubble corresponding to the question number using Blue or Black Ball-Point Pen in the OMR Answer Sheet.
11. **Each correct answer carries 1 mark and for each wrong answer 1/3 mark will be deducted. No negative marks for unattended questions.**
12. No candidate will be allowed to leave the examination hall till the end of the session and without handing over the Answer Sheet to the Invigilator. Candidates should ensure that the Invigilator has verified all the entries in the Register Number Coding Sheet and that the Invigilator has affixed his/her signature in the space provided.
13. Strict compliance of instructions is essential. Any malpractice or attempt to commit any kind of malpractice in the Examination will result in the disqualification of the candidate.
14. **If any candidates make a marking of answer in the question paper and exchange with other candidate during the course of the examination, the answer script will be invalidated and the candidates will be debarred for a minimum period of 2 years from appearing the Departmental Tests.**

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Maximum : 100 marks

Time : 1½ hours

1. _____ is an example of deterred Revenue Expenditure.
(A) Rent paid (B) Telephone charge
(C) Salaries (D) Advertising
2. Signing on the back at the instrument for negotiation is called :
(A) Endorsement (B) Signing
(C) Crossing (D) Exchange
3. Credit in a liability means :
(A) Increase (B) Decrease
(C) Stable (D) No Change
4. Income tax paid for the proprietor from the business is :
(A) Debited in the Income Account (B) Debited in Trading Account
(C) Deducted from Profit (D) Deducted from Capital
5. The relationship between the consignor and the consignee is that of :
(A) Buyer and Seller (B) Creditor and Debitor
(C) Principle and Agent (D) Owner and Customer
6. Price Fluctuation is related to change in the value of :
(A) Tangible Assets (B) Current Assets
(C) Intangible assets (D) Fixed Assets
7. _____ indicates the point at which the profit or loss to a firm is zero.
(A) Internal Rate of Return (B) Net Present Value
(C) Break-Even point (D) None of these
8. The total amount of goods procured by a business concern for cash or credit for the purpose of sale or use is known as :
(A) Purchase (B) Sales
(C) Capital (D) Assets

9. An income and expenditure account is a _____ account prepared by a non- profit making organization in order to ascertain the surplus or deficit by recording revenue item of the particular period.
- (A) Real (B) Nominal
(C) Personal (D) None of these
10. The person appointed by the court or Government for the purpose of recording the fact of dishonour of bill is called :
- (A) Liquidator (B) Administrator
(C) Arbitrator (D) Notary Public
11. Sales day book is used to record :
- (A) Credit Sales (B) Cash Sales
(C) Both Cash and Credit sales (D) Credit Purchase
12. If the rate of gross profit is 20% on the cost of goods sold and the sales are Rs 1,50,000/-then the total gross profit is Rs. :
- (A) 25,000 (B) 30,000
(C) 35,000 (D) 37,000
13. Profit on sale of land and building is a _____ Profit.
- (A) Capital (B) Revenue
(C) Future (D) Gross
14. _____ is a commission which is paid by the consigner to the Consignee.
- (A) Freight (B) Noting charge
(C) Del-Credere commission (D) Fee
15. Super profit is the excess of profit actually earned by an enterprise over and above the _____ on investment in similar class of business.
- (A) Earned Profit (B) Average Profit
(C) Net Profit (D) Normal Profit
16. The part of called up capital of a company is actually paid by the share holders is known as :
- (A) Issued capital (B) Paid up capital
(C) Called up capital (D) Subscribed capital
17. A book containing a chronological record of transactions originally entered under double entry system known as :
- (A) Account (B) Record
(C) Journal (D) Journal proper

18. ABC Ltd to furnish their trading account for the year 2009

Trading Account			
Particulars	Rs.	Particulars	Rs.
To Opening Stock	60,000/-	By Sales	5,00,000/-
To Purchases	200,000/-	Closing Stock	50,000/-
To Wages	60,000/-		
To Carriage	30,000/-		
To Gross Profit C/d	2,00,000		
	<u>5,50,000</u>		<u>5,50,000</u>

The Gross Profit ratio is :

- (A) 20% (B) 50%
- (C) 30% (D) 40%
19. Income earned during the current accounting year, but have not been actually received by the end of the same year known as outstanding or accrued incomes. Accrued income is a :
- (A) Liability (B) Asset
- (C) Income (D) Expense
20. M/S Shankar and Co. were spend Rs. 36,000 on repair of a second hand machinery which was purchased on 31st January 2008 and Rs. 3,000 was paid on Fright in connection with its acquisition. What is the amount of capital expenditure?
- (A) 30,000 (B) 36,000
- (C) 39,000 (D) 33,000
21. Accumulated profit at the time of admission of a partner is _____ to capital accounts of old partners.
- (A) Debited (B) Omitted
- (C) Credited (D) Closed
22. The person who has the right to receive the amount of the bill is called the :
- (A) Drawer (B) Drawee
- (C) Payee (D) Banker
23. The purchase day book record :
- (A) Cash purchase (B) Credit purchase
- (C) Credit sales (D) Both cash and credit purchase

24. If a share of Rs. 10 on which Rs. 8 has been called up and Rs. 6 paid up is forfeited the share capital account should be debited with :
- (A) 2 (B) 6
(C) 8 (D) 10
25. _____ is generally termed as owner's equity or net worth in a business.
- (A) Asset (B) Liability
(C) Profit (D) Capital
26. Scarp value can also be called as _____ value.
- (A) Realizable (B) Resale
(C) Annuity (D) Break-up
27. Debiting wages account with the amount of wages paid on correction of machinery is :
- (A) Error of Principle (B) Error of Omission
(C) Error of Commission (D) Compensating Error
28. _____ is a statement prepared and sent by the purchaser of goods to the supplier informing him that his account is debited with the amount of goods returned, damages claimed.
- (A) Cash book (B) Debit note
(C) Credit note (D) Trial Balance
29. Shares are issued for cash consideration payable in installments known as :
- (A) Discount (B) Premium
(C) Rebate (D) Calls
30. What do you mean by GAAP?
- (A) General Accounting Assumptions and Principles
(B) General Accounts for Annual Periods
(C) Generally Accepted Accounting Principles
(D) Government Accounts and Audit Principles
31. _____ is the amount received by the non-trading concern as per the will of a deceased person.
- (A) Donation (B) Entrance fee
(C) Legacy (D) Subscription
32. Dual aspect principle is also known as :
- (A) Cost benefit principle (B) Money measurement
(C) Matching principle (D) Accounting equivalence concept

33. Sree Ram and Co. Furnishes the following data for the period 31.12.2004.
- | | |
|-------------------------|-----------|
| Opening stock | Rs.35,000 |
| Purchases | Rs.55,000 |
| Fright carriage cartage | Rs.6,000 |
| Sales | Rs.33,000 |
| Closing Stock | Rs.26,000 |
- What is the amount of Gross Profit?
- (A) 11,000 (B) 63,000
(C) 1,07,000 (D) 7,000
34. _____ is the written agreement by which a partnership is formed.
- (A) Partnership deed (B) Memorandum of association
(C) Prospectus (D) Articles of association
35. _____ are the payments made to a patentee author, or landlord for the right to use his patent, copyright or land.
- (A) Wages (B) Commission
(C) Interest (D) Royalties
36. A contra entry is passed in a :
- (A) Double column cash book (B) Three column cash book
(C) Petty cash book (D) Cash account
37. A promissory note is made by :
- (A) Drawee (B) Debtor
(C) Creditor (D) Payee
38. Withdrawal of goods or cash from the business by the owner for personal use is called :
- (A) Closing Stock (B) Gross Profit
(C) Drawings (D) Capital
39. Polester Electronics Ltd. Purchased a machinery worth Rs. 3,00,000/- on 1st January 2009 and spent Rs. 50,000/- on its creation. The machinery is depreciated @ 10% per annum. The amount of depreciation under diminishing balance method is :
- (A) 40,000 (B) 5,000
(C) 30,000 (D) 35,000
40. A bank reconciliation statement is prepared :
- (A) Customer (B) Banker
(C) Agent (D) Government

41. Cash discount is allowed by the _____ to the _____ on making prompt payment.
- (A) Creditor, Debtor (B) Retailer, Consumer
(C) Debtor, Creditor (D) Wholesaler, Consumer
42. Premium paid is first debited to joint life policy account and credited to _____ account.
- (A) Cash (B) Capital
(C) Bank (D) Drawings
43. A sole traders business, in its balance sheet assets are arranged in the order of :
- (A) Alphabetical (B) Liquidity
(C) Flexibility (D) Priority
44. Debentures come under _____ head of balance sheet.
- (A) Provision (B) Reserves
(C) Secured Loans (D) Unsecured Loans
45. The letter 'C' in the ledger folio of cash book indicates :
- (A) Cash transaction (B) Credit transaction
(C) Closing Cash Balance (D) Contra entries
46. A non-profit organization does not prepare _____ account.
- (A) Profit and Loss account (B) Receipt and Payments account
(C) Income and Expenditure (D) Balance Sheet
47. The Amount deducted by the parties on discounting the bill is called :
- (A) Rebate (B) Discount
(C) Bonus (D) Commission
48. Closing Stock is valued at :
- (A) Market Price
(B) Cost Price of Market Price whichever is higher
(C) Cost Price
(D) Cost Price of Market Price whichever is lower.
49. Journalize the transaction — for Cheque received from a customer paid into bank for collection returned dishonoured :
- (A) Customer Dr to Bank (B) Cash Dr to Customer
(C) Bank Dr to Cash (D) Bank Dr to Customer

50. Veena and Sreena are partners sharing profits and losses in the ratio 2:3. They admit Geetha for $\frac{2}{5}$ share which she acquired equally from Veena and Sreena. Then the new ratio is :
- (A) 2 : 1 : 2 (B) 2 : 2 : 1
(C) 1 : 2 : 2 (D) 5 : 2 : 23
51. Rectifying entries are passed in the :
- (A) Journal Proper (B) Rectification Proper
(C) Ledger Accounts (D) Book of Original Entry
52. _____ ratio establishes the relationship between the cost of Sales and the Sales Revenue.
- (A) Stock Turnover Ratio (B) Operating Ratio
(C) Financial Ratio (D) Net Profit Ratio
53. Bank Charge is an _____ to the Customer.
- (A) Asset (B) Expense
(C) Capital (D) Income
54. A Fire occurred in the premises of Apollo Tyres on 25th March 2010 and goods of the cost of Rs.6,00,000/- were lost, For which insurance company admitted a claim of Rs.5,00,000/- on the 30th March 2010. The goods lost by Fire is :
- (A) Rs.11,00,000/- (B) Rs.6,00,000/-
(C) Rs.5,00,000/- (D) Rs.1,00,000/-
55. The ratio in which the continuing partners decide to share the outgoing partner's share in the profit is called :
- (A) Sacrificing Ratio (B) Profit Sharing
(C) Gaining Ratio (D) Credit Ratio
56. Calls in advance is _____ to the company.
- (A) Asset (B) Capital
(C) Liability (D) Expenditure
57. According to dual aspect concept each and every business transaction has two aspects _____ a giving aspect and a receiving aspect.
- (A) Accounting Equivalence Concept
(B) Money Measurement
(C) Matching Concept
(D) Materiality Concept

58. The revenue account prepared by non-profit making organizations is :
- (A) Profit and Loss account (B) Capital Account
(C) Balance Sheet (D) Income and Expenditure Account
59. Closing Stock appearing in the trial balance is taken only to the :
- (A) Trading Account
(B) Balance Sheet
(C) Trading Account and Balance Sheet
(D) Profit and Loss Account
60. On 1st January, a machinery of the cost of Rs,6,00,000/- is bought by X Ltd Co. Estimated Scrap value is Rs.50,000/- and its expected life is 5 years, The amount of Depreciation under fixed instalment method is :
- (A) 1,10,000 (B) 6,50,000
(C) 50,000 (D) 5,50,000
61. A statement of debit and credit balance of accounts is called a :
- (A) Journal (B) Balance Sheet
(C) Capital Account (D) Trial Balance
62. Current Ratio =:
- (A) $\frac{\text{Current Assets}}{\text{Curent Liabilities}}$ (B) $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$
(C) $\frac{\text{Cash + Market Securities}}{\text{Current Liabilities}}$ (D) None of these
63. Three extra days over the nominal due date legally given to the acceptor of a bill to make payment are called :
- (A) Time Period (B) Days of Grace
(C) Post Period (D) Maturity
64. Retiring partners share of goodwill is debited to the continuing partners capital in the :
- (A) Old Ratio (B) New Ratio
(C) Gaining Ratio (D) Profit Sharing Ratio
65. _____ Forms the Source document for sales return.
- (A) Cash Book (B) Trial Balance
(C) Debit Note (D) Credit Note

66. On dissolution of partnership firm, assets are transferred to the side of :
 (A) Capital Account (B) Realization Account
 (C) Revaluation Account (D) Goodwill Account
67. When transactions are incorrectly recorded such as wrong posting, wrong balancing are called :
 (A) Errors of Principle (B) Compensating Errors
 (C) Errors of Commission (D) Errors of Omission
68. The current ratio is 4 : 1 and the amount of current liabilities is Rs.12,000/-, what is the amount of current assets?
 (A) 12,000/- (B) 4,000/-
 (C) 48,000/- (D) 60,000/-
69. _____ method of depreciation is applied to wasting assets such as mines, queries etc.
 (A) Depletion (B) Annuity
 (C) Diminishing Balance (D) Revaluation
70. A banking company is required to prepare its _____ according to 'Form B' in the third schedule to the Banking Regulation Act 1949.
 (A) Profit and Loss Account (B) Capital Account
 (C) Balance Sheet (D) Liability Account
71. A petty cash book is usually maintained under :
 (A) Imprest System (B) Banking System
 (C) Single Entry (D) Double Entry
72. Excess of opening capital over closing capital denotes :
 (A) Additional Capital (B) Asset
 (C) Profit (D) Loss
73. On 1st January 2008, reserve for doubtful debts account had a balance of Rs. 3,000/- on 31st December, 2008 sundry debtors amounted to Rs. 80,000/-. During the year had debts written off were Rs. 2,000/-. A provision of 5% was requested for next year, the amount of provision charged in the P&L Account is :
 (A) Rs.6,000/- (B) Rs.3,000/-
 (C) Rs.4,000/- (D) Rs.5,000/-
74. _____ is the value of goods remaining unsold at the end of an accounting period.
 (A) Opening Stock (B) Unsold Stock
 (C) Closing Stock (D) Raw Material

75. On admission of a partner goodwill brought in cash has to be credited to the existing partners in the ratio :
- (A) Sacrificing (B) Profit Sharing
(C) New (D) No such share
76. _____ is given at a fixed rate to the debenture holder.
- (A) Wages (B) Dividend
(C) Premium (D) Interest
77. Cheque issued but not presented for payment is usually added to the balance as per :
- (A) Pass Book (B) Cheque
(C) Cash book (D) Bank
78. Royalties may be debited to :
- (A) Trading A/c (B) Cash A/c
(C) Profit and Loss A/c (D) None of these
79. A share of Rs.10/- forfeited on non- payment of Final Calls of Rs.4/- can be re-issued at a maximum discount of :
- (A) Rs.4/- (B) Rs.10/-
(C) Rs.5/- (D) Rs.6/-
80. Expenses which have become due during the accounting period for which the final accounts have been prepared, but have not yet been paid is called :
- (A) Outstanding (B) Accrued
(C) Prepaid (D) Arrear
81. On dissolution of a firm the balance of the general reserve account will be credited to _____ accounts.
- (A) Realisation (B) Partners Capital
(C) Revaluation (D) Partners Cash
82. A Financial year may be less or more than a calendar year, but it shall not exceed _____ months.
- (A) 8 (B) 12
(C) 15 (D) 16
83. Journal entries passed to correct errors are called :
- (A) Rectifying entries (B) Opening Entries
(C) Closing Entries (D) None of these

84. _____ are the two parties in the hire purchase agreement.
- (A) Banker and Customer (B) Principal and agent
(C) Debtor and Creditor (D) Buyer and Seller
85. Bata is reputed firm in India, their Goodwill is a/an _____ asset.
- (A) Tangible (B) Fixed
(C) Intangible (D) None of these
86. Stock destroyed by Fire or Accidents is _____ to the trading account or purchase account in order to know the normal gross profit or gross loss for the period.
- (A) Debited (B) Credited
(C) Avoided (D) None of these
87. Cancellation of Shares are called :
- (A) Re-Issue (B) Surrender
(C) Forfeiture (D) Transfer
88. Interest on Capital is to be credited to :
- (A) Capital A/c (B) Profit and Loss A/c
(C) Interest A/c (D) Drawings A/c
89. At the end of an accounting period, every business concern will prepare a statement, which reveals the true Financial position is called :
- (A) Trading Account (B) Profit and Loss Account
(C) Capital Account (D) Balance Account
90. _____ is allowed by wholesaler to retailers on bulk purchase of goods.
- (A) Commission (B) Trade Discount
(C) Cash Discount (D) None
91. The Outstanding salaries in the trial balance is a :
- (A) Asset (B) Capital
(C) Liability (D) Both Asset and Capital
92. Final Accounts of a company are prepared according to _____ of the Companies Act.
- (A) Schedule V (B) Schedule VI
(C) Schedule IV (D) Schedule IX

93. If profit is Rs.88,000/- and rate of Commission is 10% on the profit before charging such commission, the amount of commission is :
- (A) 8,800/- (B) 79,200/-
(C) 80,000/- (D) 88,000/-
94. Which Capital of a company cannot be called up except at the time of winding up?
- (A) Reserve Capital (B) Fixed Capital
(C) General Capital (D) Issued Capital
95. The decrease in the value efficiency and utility of fixed assets by constant use is termed as depreciation by :
- (A) Wear and Tear (B) Obsolescence
(C) Accident (D) Depletion
96. A, B and C were sharing profit and losses in the ratio of 3:2:1. B retired from the business, A and B agreed to share future profits in the ratio of 2:1. The gaining ratio of A and B is :
- (A) 1:2 (B) 3:1
(C) 2:1 (D) 1:1
97. Revaluation Account is a _____ prepared to bring the assets and liabilities of the firm to their true values and to find out the profit or loss arising there from.
- (A) Real Account (B) Nominal Account
(C) Personal Account (D) Both real and personal account
98. Signing on the back of the instrument for negotiation is called :
- (A) Crossing (B) Signing
(C) Endorsement (D) Exchange
99. The process of transferring entries from books of original entry to the ledger is :
- (A) Posting (B) Journalising
(C) Balancing (D) Recording
100. A person who owes money to the Firm is a :
- (A) Owner (B) Creditor
(C) Debtor (D) None of these

SPACE FOR ROUGH WORK

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