

PROVISIONAL ANSWER KEY

Paper: Book-keeping and Accountancy (Paper III)
Date of Test 28-04-2022

Question1:-Financial statements are a part of

- A:-Accounting
- B:-Book keeping
- C:-Both
- D:-None

Correct Answer:- Option-A

Question2:-Which of these is not available in the financial statements of a company?

- A:-Total sales
- B:-Total profit and loss
- C:-Capital
- D:-Cost of production

Correct Answer:- Option-D

Question3:-If owner's capital is Rs. 50,000/-, liability is Rs. 30,000/- and fixed assets is Rs. 70,000/-, then what is the value of current assets?

- A:-Rs. 10,000
- B:-Rs. 40,000
- C:-Rs. 80,000
- D:-Rs. 1,00,000

Correct Answer:- Option-A

Question4:-Net profit or loss will be derived at _____ stage of accounting.

- A:-Classifying
- B:-Interpretation
- C:-Recording
- D:-Summarizing

Correct Answer:- Option-D

Question5:-Cost of machinery Rs. 10,00,000/-. Installation charges Rs. 1,00,000/-. Market value 31/03/2021 Rs. 12,00,000/- while finalizing the accounts, if the company values the machinery at Rs. 12,00,000/- which concept is violated by the company?

- A:-Cost
- B:-Matching
- C:-Realization
- D:-Periodicity

Correct Answer:- Option-A

Question6:-The owner of a company included his personal medical expenses in the company's income statements. Indicate the principle that is violated.

- A:-Cost principle
- B:-Conservatism
- C:-Disclosure
- D:-Entity concept

Correct Answer:- Option-D

Question7:-Capital as on 1/04/2020 Rs. 90,000/-, capital introduced Rs. 25,000/-, drawings made Rs. 35,000/-, capital as on 31/03/2021 Rs. 1,25,000/-. What is the amount of profit added to the capital?

- A:-Rs. 50,000/-
- B:-Rs. 60,000/-
- C:-Rs. 75,000/-
- D:-Rs. 45,000/-

Correct Answer:- Option-D

Question8:-Withdraw dressing of accounts means

- A:-Presenting accounts in beautiful manner
- B:-Showing more losses to avoid Income Tax
- C:-Showing more profits to attract investments
- D:-All of the above

Correct Answer:- Option-C

Question9:-Omission of pause and showing the round figures in financial statements is based on

- A:-Materiality concept
- B:-Consistency concept
- C:-Conservatism concept
- D:-Realization concept

Correct Answer:- Option-A

Question10:-A purchased a car for Rs. 10,000/-. Paid Rs. 3,000/- as cash and balance amount will be paid in three equal installments. Due to this.

- A:-Assets will increase by Rs. 7,000/- with corresponding increase in liability by Rs. 7,000/-
- B:-Total assets increase by Rs. 10,000/-
- C:-Total liabilities increased by Rs. 3,000/-
- D:-Both (2) and (3)

Correct Answer:- Option-A

Question11:-According to which concept outstanding expenses is included in profit and loss account at the year end?

- A:-Matching
- B:-Full disclosure
- C:-Accrual
- D:-Going concern

Correct Answer:- Option-C

Question12:-What is the objective of conservatism?

- A:-Take all incomes and losses
- B:-Anticipate losses but not profits
- C:-Take all losses
- D:-None of the above

Correct Answer:- Option-B

Question13:-P shows profit of Rs. 6,00,000/-. For the year ended 31/03/2020. The figure has been arrived at after charging following against revenue:

- (i) Purchase of car on 20/03/2020 for use in business Rs. 1,30,000/- and treated as vehicle expenses
- (ii) Omitting to record unpaid electricity bills for January and February 2020 @ Rs. 10,000/- per month

The correct profit for the year ended 31/03/2020 will be

- A:-Rs. 6,40,000/-

B:-Rs. 7,80,000/-

C:-Rs. 7,10,000/-

D:-Rs. 5,10,000/-

Correct Answer:- Option-C

Question14:-X Started a business on 01/01/2020 with capital of Rs. 5,00,000/-. On 31/12/2020 his books shows total assets and total liabilities Rs. 8,50,000/- and Rs. 75,000/- respectively. He withdraw Rs. 1,20,000/- during the year. His closing capital and profit would be

A:-Rs. 8,50,000/- and Rs. 3,80,000/-

B:-Rs. 7,75,000 and Rs. 3,95,000/-

C:-Rs. 7,75,000 and Rs. 1,55,000/-

D:-Rs. 8,50,000/- and Rs. 4,70,000/-

Correct Answer:- Option-B

Question15:-If an asset is increased, there will be a corresponding :

A:-Decrease of specific liability or decrease of capital

B:-Increase of another asset or increase of capital

C:-Decrease of another asset or increase of liability

D:-Increase of drawings and liability

Correct Answer:- Option-C

Question16:-Which of the following is revenue expenditure?

A:-Freight paid on purchase of machinery

B:-Legal expenses paid to acquire a property

C:-Annual white wash of the factory building

D:-Expenses incurred to reduce working capital requirement

Correct Answer:- Option-C

Question17:-If wages are paid for construction of business premises, _____ account is credited and _____ account is debited.

A:-Wages, cash

B:-Premises, cash

C:-Cash, Wages

D:-Cash, Premises

Correct Answer:- Option-D

Question18:-The value of furniture on 01/04/2020 is 80,000/-. Furniture purchased during the year was Rs. 40,000. During the year some furniture was sold at Rs. 15,000/- and a loss of Rs. 5,000/- occurred. The value of furniture on 31/03/2021 was Rs. 70,000. Depreciation charged for the year 2020-21 will be

A:-Rs. 50,000/-

B:-Rs. 20,000/-

C:-Rs. 30,000/-

D:-Rs. 40,000/-

Correct Answer:- Option-C

Question19:-Revenue expenditure wrongly recorded as Capital Expenditure will result in

A:-Overstatement of net profit and understatement of assets

B:-Overstatement of net profit and overstatement of assets

C:-Understatement of net profit and overstatement of assets

D:-Understatement of net profit and understatement of assets

Correct Answer:- Option-B

Question20:-Onam advances given to employees is

A:-Capital Expenditure

B:-Revenue Expenditure

C:-Deferred revenue expenditure

D:-Not an expenditure

Correct Answer:- Option-D

Question21:-Accounting for fixed assets

A:-AS 6

B:-AS 10

C:-AS 3

D:-AS 2

Correct Answer:- Option-B

Question22:-AS 2 is on

A:-Disclosure of accounting policies

B:-Valuation of inventories

C:-Revenue recognition

D:-Depreciation accounting

Correct Answer:- Option-B

Question23:-The Rule 'Debit all expenses and losses and Credit all incomes and gains' related to

A:-Personal Account

B:-Real Account

C:-Nominal Account

D:-None of these

Correct Answer:- Option-C

Question24:-Recovery of bad debts written off previously will be

A:-Credited to debtors A/c

B:-Adjusted against provision for doubtful debts

C:-Debited to debtors A/c

D:-Credited to Profit and loss A/c

Correct Answer:- Option-D

Question25:-Discount Account will always have

A:-Only debit balance

B:-Nil balance

C:-Only credit balance

D:-Debit or Credit balance

Correct Answer:- Option-D

Question26:-Which of these Account is debited?

A:-Income received in advance

B:-Bank loan

C:-Prepaid Insurance premium

D:-Reserve for doubtful debts

Correct Answer:- Option-C

Question27:-The Trial Balance shown closing stock of Rs. 50,000. It will be recorded in

- A:-Trading account
- B:-Profit and loss account
- C:-Balance sheet
- D:-Both (1) and (3)

Correct Answer:- Option-C

Question28:-Difference of totals of both debit and credit side of Trial Balance is transferred to

- A:-Trading Account
- B:-Suspense Account
- C:-Difference Account
- D:-Miscellaneous Account

Correct Answer:- Option-B

Question29:-Opening and closing balance of Debtors A/c were Rs. 30,000 and 40,000 respectively. Cash collected from the debtors during the year was Rs. 2,40,000. Discount allowed to debtors Rs. 15,000 and bad debts written off Rs. 10,000. Goods sold on credit were

- A:-Rs. 2,55,000
- B:-Rs. 2,45,000
- C:-Rs. 2,95,000
- D:-Rs. 2,75,000

Correct Answer:- Option-D

Question30:-Which of the following errors is not revealed by the Trial Balance?

- A:-Wrong amount entered in the books of original entry
- B:-Wrong amount entered in the sales bill
- C:-Complete omission of an entry from the books of original entry
- D:-All of them

Correct Answer:- Option-D

Question31:-Find out the total of Debit side of the Trial Balance from the following list of balances as on 31/03/2021.

Particulars	Amount	Particulars	Amount
Capital	2,00,000	Discount Allowed	820
Debtors	15,200	Discount Received	1030
Creditors	12,960	Rent	14,670
Purchases	92,670	Opening stock	12,060
Sales	1,16,850	Loan payable	56,000
Interest paid	2,310	Return Inward	27,430

- A:-Rs. 1,65,160
- B:-Rs. 1,65,370
- C:-Rs. 1,37,730
- D:-None of the above

Correct Answer:- Option-A

Question32:-If the debit and credit aspects of a transaction are recorded in the cash book, it is a

- A:-Contra entry
- B:-Simple entry
- C:-Double entry
- D:-Single entry

Correct Answer:- Option-A

Question33:-The beginning stock of the current year is overstated by Rs. 500 and closing stock is overstated by Rs. 1,200. Effect on profit

- A:-Rs. 1,700 (overstated)
- B:-Rs. 1,200 (understated)
- C:-Rs. 1,700 (understated)
- D:-Rs. 700 (overstated)

Correct Answer:- Option-D

Question34:-A charges 10% depreciation on machinery. On 01/04/2020 he debited Rs. 7,520 paid on installation of machinery to profit and loss account. At the time of preparing final accounts on 31/03/2021 due to this error.

- A:-Net profit will decrease by Rs. 6,768
- B:-Net profit will decrease by Rs. 7,520
- C:-Net profit will decrease by Rs. 8,272
- D:-Net profit will increase by Rs. 6,768

Correct Answer:- Option-A

Question35:-Salaries shown by cash book Rs. 10,000. Cheque issued but not presented for payment Rs. 4,000. Cheques deposited but not yet collected Rs. 3,000. Balance as per pass book will be

- A:-Rs. 9,000
- B:-Rs. 10,000
- C:-Rs. 11,000
- D:-None of these

Correct Answer:- Option-C

Question36:-Calculate the value of purchases from the following details

Opening Stock Rs. 20,000
Sales Rs. 1,50,000
Gross profit margin 20% of sales
Closing stock Rs. 30,000

- A:-Rs. 1,30,000
- B:-Rs. 1,40,000
- C:-Rs. 1,50,000
- D:-Rs. 1,60,000

Correct Answer:- Option-A

Question37:-A bank Reconciliation Statement is a

- A:-Part of financial statements
- B:-Part of Bank Accounts
- C:-Part of Cash Book
- D:-None of the above

Correct Answer:- Option-D

Question38:-Closing stock is generally valued at

- A:-Cost price
- B:-Market price
- C:-Cost price or Market price whichever is lower
- D:-Cost price or Market Price whichever is higher

Correct Answer:- Option-C

Question39:-If average stock is Rs. 20,000, closing stock is Rs. 4,000 more than the value of opening stock. Closing stock will be

- A:-Rs. 16,000
- B:-Rs. 18,000
- C:-Rs. 20,000
- D:-Rs. 22,000

Correct Answer:- Option-D

Question40:-Calculate closing stock using FIFO method

Particulars	Units	Rate
Opening stock	100	@ Rs. 50
Purchases	50	@ Rs. 40
Issue	125	

- A:-Rs. 5,000
- B:-Rs. 1,000
- C:-Rs. 1,250
- D:-Rs. 6,250

Correct Answer:- Option-B

Question41:-Calculate the amount of gross profit

Opening Stock Rs. 24,000
Closing Stock Rs. 15,000
Sales Rs. 6,00,000
Cost of goods sold Rs. 4,55,000

- A:-Rs. 1,30,000
- B:-Rs. 1,45,000
- C:-Rs. 1,54,000
- D:-Rs. 1,06,000

Correct Answer:- Option-B

Question42:-Amortization refers to writing off

- A:-Depleting assets
- B:-Wasting assets
- C:-Intangible assets
- D:-Fictitious assets

Correct Answer:- Option-C

Question43:-A machine is purchased for Rs. 1,00,000. Installation charges of Rs. 10,000 were incurred. Depreciation @ 10% was provided on straight line basis. The machine was sold for Rs. 60,000 after 5 years. Calculate the profit or loss on sale of machine.

- A:-Rs. 5,000 loss
- B:-Rs. 5,000 profit
- C:-Rs. 60,000 profit
- D:-Rs. 40,000 loss

Correct Answer:- Option-B

Question44:-In case of reducing balance method of charging depreciation, depreciation is charged on the

- A:-Original cost
- B:-Original cost less scrap value
- C:-Market value
- D:-Written down value

Correct Answer:- Option-D

Question45:-B Ltd is in the business of extracting coal from mines. It should charge depreciation as per

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

Correct Answer:- Option-D

Question46:-Cost of machinery Rs. 60,000. They charged depreciation @ 20% on straight line method. In 2nd year they decided to change method and adopt written down value method @ 20%. If machine was sold for Rs. 30,000 at the end of 3rd year. Calculate the amount of loss

- A:-loss Rs. 4,720
- B:-loss Rs. 4,560
- C:-loss Rs. 720
- D:-loss Rs. 560

Correct Answer:- Option-C

Question47:-The purpose of Accommodation bill is

- A:-To finance actual purchase or sale of goods
- B:-To facilitate trade transaction
- C:-When both parties are in need of funds
- D:-None of above

Correct Answer:- Option-C

Question48:-How long is the period of days of grace in case of a bill?

- A:-Three days
- B:-Two days
- C:-Four days
- D:-One day

Correct Answer:- Option-A

Question49:-Bill was drawn for Rs. 10,000 on 12th May. term of the bill was 3 months. The due date of the bill will be

- A:-12th August
- B:-14th August
- C:-15th August
- D:-16th August

Correct Answer:- Option-B

Question50:-P sold goods to Q for Rs. 2,00,000. Q paid cash Rs. 60,000. P allowed 2% discount on balance and Q requested to draw a bill for the balance amount. The amount of the bill will be

- A:-Rs. 1,40,000
- B:-Rs. 1,37,200
- C:-Rs. 1,96,000
- D:-Rs. 1,36,00

Correct Answer:- Option-B

Question51:-Prepaid rent is shown as

- A:-Current asset

- B:-Current liability
- C:-Fixed asset
- D:-Income

Correct Answer:- Option-A

Question52:-A company wishes to earn 20% profit margin on selling price. _____ is the profit marks upon cost, which will achieve the required profit.

- A:-33%
- B:-25%
- C:-20%
- D:-None of these

Correct Answer:- Option-B

Question53:-If closing stock appears outside the trial balance, then it is included in

- A:-Trading account and balance sheet
- B:-Trading account
- C:-Balance sheet
- D:-Profit and loss account

Correct Answer:- Option-A

Question54:-Bills receivable discounted, but not due till date of final accounts is shown as

- A:-Liabilities
- B:-Assets
- C:-Income
- D:-Foot notes

Correct Answer:- Option-D

Question55:-Capital introduced in the beginning by C Rs. 40,000. Further capital introduced during the year Rs. 1,000. Drawings Rs. 200 per month and closing capital is Rs. 53,600. The amount of profit or loss for the year is

- A:-Rs. 15,000 profit
- B:-Rs. 5,000 loss
- C:-Rs. 20,000 profit
- D:-None of these

Correct Answer:- Option-A

Question56:-Only Personal and Real accounts are shown in

- A:-Trial balance
- B:-Balance sheet
- C:-Trading account
- D:-Profit and loss account

Correct Answer:- Option-B

Question57:-Salaries paid in cash Rs. 2,00,000. It includes previous year's outstanding Rs. 10,000 and salary paid in advance for the next year Rs. 20,000. Salary outstanding for the year is Rs. 15,000. Salary of _____ shall be debited in profit and loss account.

- A:-Rs. 2,25,000
- B:-Rs. 1,85,000
- C:-Rs. 2,05,000
- D:-Rs. 1,75,000

Correct Answer:- Option-B

Question58:-What will be the treatment of 'accrued income' if appearing in the Trial balance?

- A:-Shown as current asset in the balance sheet
- B:-Shown as current liability in the balance sheet
- C:-Shown on the debit side of the profit and loss account as an expense
- D:-Shown on the credit side of the profit and loss account as an income

Correct Answer:- Option-A

Question59:-Working capital means

- A:-Current assets - current liabilities
- B:-Fixed assets - current assets
- C:-Fixed assets - fixed liabilities
- D:-Fixed liabilities - current liabilities

Correct Answer:- Option-A

Question60:-Outstanding expenses shown in Trial Balance will appear in

- A:-Liability side of balance sheet
- B:-Debit side of profit and loss account
- C:-Credit side of profit and loss account
- D:-Asset side of balance sheet

Correct Answer:- Option-A

Question61:-Work in progress is shown in the Balance Sheet under which head?

- A:-Share capital
- B:-Current asset
- C:-Fixed assets
- D:-Current liability

Correct Answer:- Option-B

Question62:-Profit or loss on sale of fixed assets is transferred to

- A:-Profit and loss account
- B:-Fixed assets account
- C:-Revaluation reserve account
- D:-Capital account

Correct Answer:- Option-A

Question63:-The provision for discount on debtors is calculated on debtors

- A:-Before deducting the provision for doubtful debts
- B:-After deducting the provision for doubtful debts
- C:-Before deducting the actual bad debts and the provision
- D:-After adding the actual bad debts

Correct Answer:- Option-B

Question64:-A Trial Balance shows sundry debtors as Rs. 80,000. Information outside the trial balance

(i) Bad debts Rs. 2,000

(ii) Make a provision for doubtful debts on debtor @5%. The amount of provision for doubtful debts will be

- A:-Rs. 4,100
- B:-Rs. 4,000
- C:-Rs. 3,900

D:-Rs. 4,200

Correct Answer:- Option-C

Question65:-An increase in the provision for doubtful debts would result in _____ in working capital and _____ in net profit.

A:-increase, decrease

B:-increase, increase

C:-decrease, increase

D:-decrease, decrease

Correct Answer:- Option-D

Question66:-State which of the following statement is false:

A:-Assets can be arranged in accordance with their liquidity

B:-Balance sheet is prepared on a particular date

C:-Intangible assets is not on asset

D:-Trading account discloses gross profit

Correct Answer:- Option-C

Question67:-In journal, the entries which pertain to outstanding expenses, prepaid expenses or depreciation are called

A:-Adjusting entries

B:-Rectification entries

C:-Transfer entries

D:-Closing entries

Correct Answer:- Option-A

Question68:-A invest Rs. 10,00,000 to start a business on 01/04/2020. During the year he purchases goods of Rs. 7,10,000 and sales for the year was Rs. 8,42,000. Shop rent for the year 2020-21 Rs. 20,000 and other expenses Rs. 75,000. Goods worth Rs. 45,000 in hand on 31/03/2021. What would be the gross profit for the year ended 31/03/2021?

A:-Rs. 1,02,000

B:-Rs. 82,000

C:-Rs. 1,77,000

D:-Rs. 1,57,000

Correct Answer:- Option-C

Question69:-Which of the following statement is incorrect?

A:-Reserve is an appropriation of profits

B:-Reserves are of two types : capital and revenue

C:-"An appropriation made for payment of taxes still to be assessed" is an example of reserve

D:-Provisions that ultimately prove to be in excess of amounts required are reserve

Correct Answer:- Option-C

Question70:-On first January 2021 provision for doubtful debts existed at Rs. 17,500. Trade receivable on 31/12/2021 were Rs. 3,50,000. Bad debts Rs. 20,000. It is required to write off bad debts and create a provision equal to 5%. Compute the amount to be debited to the profit and loss account.

A:-Rs. 17,500

B:-Rs. 16,500

C:-Rs. 20,000

D:-Rs. 19,000

Correct Answer:- Option-D

Question71:-Income tax paid by the sole proprietor from business bank account is debited to

A:-Income tax account

B:-Bank account

C:-Capital account

D:-None of these

Correct Answer:- Option-C

Question72:-Trade discount allowed at the time of sale of goods is

A:-Recorded in cash book

B:-Not recorded in books of accounts

C:-Recorded in journal

D:-Recorded in sales book

Correct Answer:- Option-B

Question73:-Calculate the amount of wages debited to Trading account for the year ending 31/03/2021. Wages outstanding as on 31/03/2020 Rs. 25,000. Wages outstanding as on 31/03/2021 Rs. 10,000. Prepaid wages as on 31/03/2020 Rs. 10,000. Wages paid in cash during the year Rs. 3,00,000

A:-Rs. 3,00,000

B:-Rs. 3,05,000

C:-Rs. 2,95,000

D:-Rs. 3,10,000

Correct Answer:- Option-C

Question74:-Stock of Rs. 50,000 is damaged by fire. It was fully covered by insurance. Accounting entry is

A:-Stock account Dr. Rs. 50,000
To Trading account Rs. 50,000

B:-P and L A/c Dr. Rs. 50,000
To Trading Account Rs. 50,000

C:-Trading account Dr. Rs. 50,000
To insurance claim account Rs. 50,000

D:-Insurance claim account Dr. 50,000
To Trading account Rs. 50,000

Correct Answer:- Option-D

Question75:-Fixed assets are twice the current assets and half the capital. The current assets are Rs. 3,00,000 and investments are Rs. 4,00,000. Then the current liability recorded in Balance sheet will be

A:-Rs. 2,00,000

B:-Rs. 1,00,000

C:-Rs. 3,00,000

D:-Rs. 4,00,000

Correct Answer:- Option-B

Question76:-Journal entry for goods worth Rs. 2,000 distributed by way of free samples in the market will be

A:-Drawing A/c Dr. Rs.2,000

To purchase A/c Rs. 2,000

B:-Sales A/c Dr. Rs. 2,000

To cash A/c Rs. 2,000

C:-Advertisement expenses A/c Dr. Rs. 2,000

To purchase A/c Rs. 2,000

D:-No entry is required

Correct Answer:- Option-C

Question77:-A purchased goods worth Rs. 5,000 for cash less 20% trade discount and 5% cash discount. How much amount is to be debited in purchase account?

- A:-Rs. 3,300
- B:-Rs. 5,000
- C:-Rs. 3,750
- D:-Rs. 4,000

Correct Answer:- Option-D

Question78:-The main objectives of Book keeping are

- A:-Complete recording of transactions
- B:-Ascertainment of financial effect on the business
- C:-Analysis and interpretation of data
- D:-Both (1) and (2)

Correct Answer:- Option-D

Question79:-Which of the following is correct ?Owner's equity is

- A:- $(\text{Current asset} + \text{Fixed asset}) + (\text{Current liabilities} + \text{Long term liabilities})$
- B:- $(\text{Current asset} + \text{Fixed asset}) - (\text{Current liabilities} + \text{Long term liabilities})$
- C:- $(\text{Current asset} - \text{Fixed asset}) - (\text{Current liabilities} + \text{Long term liabilities})$
- D:-None of the above

Correct Answer:- Option-B

Question80:-Interpreting financial statements means

- A:-Methodical classification of the data given in the financial statements
- B:-Preparation and presentation of the classified data in a manner useful to the users of financial statements
- C:-Systematic analysis of the recorded data so as to put information usable form
- D:-Explaining the meaning and significance of the relationship of analysis of the accounting data

Correct Answer:- Option-D

Question81:-GAAP's are

- A:-Generally Accepted Accounting Policies
- B:-Generally Accepted Accounting Principles
- C:-Generally Accepted Accounting Provisions
- D:-None of these

Correct Answer:- Option-B

Question82:-Fundamental Accounting Assumptions are

- A:-Going Concerns, Conservatism, Accrual
- B:-Going Concerns, Matching, Consistency
- C:-Going Concerns, Consistency, Accrual
- D:-Going Concerns, Entity, Periodicity

Correct Answer:- Option-C

Question83:-Fixed assets and Current Assets are categorized as per concept of

- A:-Separate entity
- B:-Going Concern
- C:-Consistency
- D:-Time period

Correct Answer:- Option-B

Question84:-What is the effect on the Net Assets if cash is received from debtors of Rs. 50,000?

- A:-Increase
- B:-Decrease
- C:-No change
- D:-None of these

Correct Answer:- Option-C

Question85:-If market value of closing inventory is reduced below cost prices, which of the following concepts will play a role?

- A:-Materiality concept
- B:-Business entity concept
- C:-Realisation concept
- D:-Consistency concept

Correct Answer:- Option-C

Question86:-Which accounting concept makes a distinction between the receipt of cash and the right to receive the cash?

- A:-Money measurement concept
- B:-Going concern concept
- C:-Realisation concept
- D:-Accrual concept

Correct Answer:- Option-D

Question87:-The unexpired portion of capital expenditure is shown in the financial statements.

- A:-As an asset
- B:-As an income
- C:-As a liability
- D:-As an expense

Correct Answer:- Option-A

Question88:-Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation, is termed as :

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

Correct Answer:- Option-A

Question89:-Income tax demand, disputed by a company is

- A:-Contingent liability
- B:-Current liability
- C:-Long term liability
- D:-None of these

Correct Answer:- Option-A

Question90:-A change in Accounting Policy is justified to

- A:-Comply with Accounting Standard
- B:-Comply with law
- C:-Ensure more appropriate presentation of financial statements

D:-All of the above

Correct Answer:- Option-D

Question91:-Purchase Return Account always shows _____ balance.

A:-Debit

B:-Credit

C:-Either (1) or (2)

D:-None of these

Correct Answer:- Option-B

Question92:-Trial Balance is a

A:-Statement

B:-Account

C:-Summary

D:-Ledger

Correct Answer:- Option-A

Question93:-Rectification in next financial year is done through

A:-Profit and Loss A/c

B:-Profit and Loss Appropriation A/c

C:-Profit and loss Adjustment A/c

D:-None of these

Correct Answer:- Option-C

Question94:-A new machine was purchased for Rs. 1,00,000/- but the amount was wrongly posted to Furniture account as Rs. 10,000/- and cash received from debtors Rs. 11,200 was omitted to be posted to ledger. The difference in trial balance due to such error will be

A:-Rs. 90,000

B:-Rs. 78,800

C:-Rs. 1,01,200

D:-Rs. 1,11,200

Correct Answer:- Option-B

Question95:-Which type of error occurs when credit sale is wrongly posted to purchases book?

A:-Error of Commission

B:-Error of omission

C:-Compensatory error

D:-Error of principle

Correct Answer:- Option-A

Question96:-Under annuity method, the amount of depreciation is

A:-Increasing every year

B:-Decreasing every year

C:-Revalued every year

D:-Remains fixed for all the year

Correct Answer:- Option-D

Question97:-The gross profit for the year ending 31/03/2021 is Rs. 1,750. Carriage inward is Rs. 150, bad debts is Rs. 120, Proprietors personal expense is Rs. 750, carriage outward is Rs. 175. The amount of net profit will be

A:-Rs. 1305

B:-Rs. 1455

C:-Rs. 555

D:-Rs. 705

Correct Answer:- Option-B

Question98:-As per AS 1 disclosure should form part of

A:-The final accounts

B:-The Auditor's Report

C:-The Director's Report

D:-The Books of Accounts

Correct Answer:- Option-A

Question99:-Discount is allowed by Arun to Varun. Which of the following should be the course of action in the books of Arun?

A:-Credit Varun A/c and Debit Discount Allowed A/c

B:-Debit Varun A/c and Credit Discount Allowed A/c

C:-Credit Arun A/c and Debit Discount Allowed A/c

D:-Debit Arun A/c and Credit Discount Received A/c

Correct Answer:- Option-A

Question100:-Journal records the transactions of the firm in

A:-Analytical manner

B:-Chronological manner

C:-Periodical manner

D:-Summarized manner

Correct Answer:- Option-B