

PROVISIONAL ANSWER KEY

Paper: Elements of Commercial Accounts Book Keeping (Paper III)
Date of Test 07-05-2022

Question1:-According to which concept, the owners are considered to be different from the business

- A:-Accounting Period Concept
- B:-Going Concern Concept
- C:-Money Measurement Concept
- D:-Business Entity Concept

Correct Answer:- Option-D

Question2:-Assets which are acquired and held permanently and used in the business with the objective of making profits is known as

Question3:-In Funds Flow Statement, outflow of funds on account of operation is

- A:-Source of Fund
- B:-Source of Cash
- C:-Application of Cash
- D:-Application of Fund

Correct Answer:- Option-D

Question4:-The amount set apart from profits for future is known as -

- A:-Capital Account
- B:-Reserve
- C:-Depreciation Account
- D:-Cash at Bank

Correct Answer:- Option-B

Question5:-Cash payments to and on behalf of employees is an example of -

- A:-Cash Flow from operating activities
- B:-Cash Flow from Investing Activities
- C:-Cash Flow from Financing Activities
- D:-None of the above

Correct Answer:- Option-A

Question6:-Which of the following results into increase in working capital -

- A:-Decrease in Current Liabilities
- B:-Decrease in Current Assets
- C:-Goods sold on Credit
- D:-Tax paid

Correct Answer:- Option-B

Question7:-Which of the following is also known as Working Capital Ratio -

- A:-Current Ratio
- B:-Liquid Ratio
- C:-Debtors Turnover Ratio
- D:-Cash Reserve Ratio

Correct Answer:- Option-A

Question8:-According to Money Measurement Concept, which of the following will be recorded in books of accounts -

- A:-All transactions and events are recorded
- B:-All transactions and events which can be estimated in money terms
- C:-All transactions and events which can be measured in money terms
- D:-None of these

Correct Answer:- Option-C

Question9:-Liability for Bill discounted is a -

- A:-Contingent Liability
- B:-Fixed Liability
- C:-Current Liability
- D:-None of the above

Correct Answer:- Option-A

Question10:-If closing stock appearing in the Trial Balance, it will appear in the _____

- A:-Trading Account
- B:-Profit and Loss Account
- C:-Balance Sheet
- D:-In both (1) and (3)

Correct Answer:- Option-C

Question11:-Withdrawal by proprietor would reduce _____

- A:-Owner's Equity and increase liabilities
- B:-Both assets and owner's equity
- C:-Assets and increase liability
- D:-None of these

Correct Answer:- Option-B

Question12:-The balance on the debit side of Bank column in cash book indicates _____

- A:-Total amount withdrawn from bank
- B:-Total amount deposited in the bank
- C:-Cash at Bank
- D:-None of these

Correct Answer:- Option-A

Question13:-Debit balance as per cash book of ABC Co. on 31.03.2020 is Rs.15,000. Cheque deposited but not cleared amounts to Rs.1,500 and cheque issued but not presented of Rs.2,000. Balance as per pass book should be

- A:-Rs.18,500
- B:-Rs.14,500
- C:-Rs.15,500
- D:-None of these

Correct Answer:- Option-B

Question14:-Goodwill is a _____

- A:-Fictitious assets
- B:-Tangible assets
- C:-Intangible assets
- D:-Expense

Correct Answer:- Option-C

Question15:-The Manager is entitled to commission of 5% of profit before deducting the commission, the profit is 2,100, therefore the commission will be

- A:-Rs.100
- B:-Rs.105
- C:-Rs.111
- D:-Rs.115

Correct Answer:- Option-B

Question16:-Which document is issued at the time of purchase return?

- A:-Debit note
- B:-Credit note
- C:-Delivery Note
- D:-None of these

Correct Answer:- Option-A

Question17:-Which of the following is correct?

- A:-Liabilities = Assets + Capital
- B:-Assets = Liabilities – Capital
- C:-Capital = Assets – Liabilities
- D:-Capital = Assets + Liabilities

Correct Answer:- Option-C

Question18:-Arjun has the following assets and liabilities as on 31st March, 2021.

Cash Rs.50,000, Bank Rs.95,000, Debtors Rs.36,000, Creditors Rs.44,000, Plant and machinery Rs.1,60,000, Building Rs.4,00,000, Furniture Rs.48,000, Bills receivable Rs.1,13,000, Bill payable Rs.47,000.

What is the amount of Capital as on 31.03.2021?

- A:-Rs. 8,11,000
- B:-Rs. 1,50,000
- C:-Rs. 8,10,000
- D:-Rs. 9,50,000

Correct Answer:- Option-A

Question19:-When an entry is made in journal _____

- A:-Assets are listed first
- B:-Accounts to be debited listed first
- C:-Accounts to be credited listed first
- D:-Accounts may be listed in any order

Correct Answer:- Option-B

Question20:-The journal entry to record purchase of equipment for Rs.2,00,000 cash and a balance of Rs.8,00,000 due in 30 days include -

- A:-debit equipment for Rs.2,00,000 and credit cash Rs.2,00,000
- B:-debit equipment for Rs.10,00,000; credit cash Rs.2,00,000 and creditors Rs.8,00,000
- C:-debit equipment Rs.2,00,000 and credit debtors Rs.8,00,000
- D:-debit equipment Rs.10,00,000 and credit cash Rs.10,00,000

Correct Answer:- Option-B

Question21:-Cash book with cash and discount column is mostly referred as

- A:-Simple cash book
- B:-Double column cash book
- C:-Three column cash book
- D:-Petty cash book

Correct Answer:- Option-B

Question22:-A firm has interest on investment becoming due but not yet received. What will be the entry in this situation?

- A:-Debit - Income a/c and Credit - Accrued income a/c
- B:-Debit - Accrued income a/c and Credit - Assets a/c
- C:-Debit - Accrued income a/c and Credit - Purchases a/c
- D:-Debit - Accrued income a/c and Credit - Income a/c

Correct Answer:- Option-D

Question23:-Mr. X is preparing bank reconciliation statement. Debit balance as per cash book was Rs.3,72,000. One cheque deposited in bank but not collected by bank for Rs.15,400. Rs.5,000 received as dividend (no entry in cash book). What will be the balance as per pass book?

- A:-Rs.3,72,000
- B:-Rs.3,77,000
- C:-Rs.3,92,400
- D:-Rs.3,61,600

Correct Answer:- Option-D

Question24:-The Financial Statements consist of -

- A:-Trial balance
- B:-Profit and Loss account
- C:-Balance sheet
- D:-Both (2) and (3)

Correct Answer:- Option-D

Question25:-On which assumptions the expenditure is classified as capital and revenue expenditure?

- A:-Going concern assumption
- B:-Accrual assumptions
- C:-Money measurement assumptions
- D:-Consistency assumptions

Correct Answer:- Option-A

Question26:-Consider the following statement

- I. Balance sheet contains only the balances of personal and real accounts
- II. Assets side of balance sheet is always equal to capital side.
- III. Drawing are not shown in the balance sheet as it is a personal expense of the owner.

Choose the correct option -

- A:-All are correct
- B:-All are incorrect
- C:-Only I is correct
- D:-Only II and III are correct

Correct Answer:- Option-C

Question27:-Net sales during the year, 2022 is Rs.2,85,000. Gross profit is 25% on sales. Find out the cost of goods sold?

- A:-Rs.2,28,000
- B:-Rs.2,13,750
- C:-Rs.71,250

D:-None of the above

Correct Answer:- Option-B

Question28:-Match the following and find the correct option.

- | | |
|------------------------|------------------------------------------------------------------|
| I. Trading account | (i) Net purchase + Opening Stock - Closing Stock |
| II. Cost of Goods sold | (ii) Debit side of trading account |
| III. Adjusted purchase | (iii) For the year ended |
| IV. Wages | (iv) Opening stock + purchases + direct expenses - Closing Stock |
- A:-I-(iv); II-(ii); III-(iii); IV-(i)
 B:-I-(i); II-(ii); III-(iii); IV-(iv)
 C:-I-(iii); II-(iv); III-(i); IV-(ii)
 D:-I-(iii); II-(iv); III-(ii); IV-(i)

Correct Answer:- Option-C

Question29:-If the insurance premium paid Rs.1,000 and pre-paid insurance Rs.300. The amount of insurance premium shown in profit and loss account will be

- A:-Rs.1,300
 B:-Rs.1,000
 C:-Rs.300
 D:-Rs.700

Correct Answer:- Option-D

Question30:-Consider the following information :

Cost of new Machine Purchased = Rs.1,20,000
 Installation Expenses = Rs.30,000
 Estimated life of Machine = 5 years
 Residual Value after 5 years = Rs.25,000

Company started the production with this machine from 1st January, 2022.

Assuming that the firm closes its accounts in 31st March every year, find the adjusted value of machine on 31st March, 2022?

- A:-Rs.1,43,750
 B:-Rs.1,25,000
 C:-Rs.1,75,000
 D:-None of these

Correct Answer:- Option-A

Question31:-If the trial balance agrees, it implies that

- A:-there is no error in books
 B:-there may be two sided errors in the book
 C:-there may be one sided error in the book
 D:-there may be both two sided and one sided errors in the books

Correct Answer:- Option-B

Question32:-Long-term assets not having physical existence, having a value are called _____

- A:-Fixed Assets
 B:-Current Assets
 C:-Deposits
 D:-Intangible Assets

Correct Answer:- Option-D

Question33:-Gross Profit is _____

- A:-Cost of goods sold + Opening Stock
 B:-Sales - Cost of Goods sold
 C:-Sales - Purchase
 D:-Net Profit - expenses

Correct Answer:- Option-B

Question34:-The account that records expenses, gains and losses is _____

- A:-Real Account
 B:-Nominal Account
 C:-Personal Account
 D:-None of the above

Correct Answer:- Option-B

Question35:-Expenditure under dispute is a _____

- A:-Revenue Expenditure
 B:-Current Liability
 C:-Contingent liability
 D:-Current Asset

Correct Answer:- Option-C

Question36:-The principle that, expenses relative to income must be recorded for the same time period is called _____

- A:-Going concern concept
 B:-Prudence Concept
 C:-Matching Concept
 D:-Revenue Recognition principle

Correct Answer:- Option-C

Question37:-The going concern concept assumes that the entity _____

- A:-Continue running for foreseeable future
 B:-Continue running till the end of the accounting period
 C:-Continue running till the end of a specified period
 D:-None of the above

Correct Answer:- Option-A

Question38:-Receipt and payment account is a summary of _____

- A:-Income and Expenditure A/c
 B:-Profit and Loss A/c
 C:-Cash - Book
 D:-None of these

Correct Answer:- Option-C

Question39:-Match the following :

- | | |
|---------------------------|--------------------------|
| 1. Added to Expenses | (a) Interest on Capital |
| 2. Deducted from Expenses | (b) Depreciation |
| 3. Deducted from assets | (c) Outstanding expenses |
| 4. Added to Capital | (d) Pre-paid expenses |
- A:-1-(c); 2-(d); 3-(b); 4-(a)

B:-1-(a); 2-(d); 3-(b); 4-(c)

C:-1-(a); 2-(b); 3-(c); 4-(d)

D:-1-(b); 2-(c); 3-(d); 4-(a)

Correct Answer:- Option-A

Question40:-Father of Double Entry Book Keeping System _____

A:-F.W. Taylor

B:-Henry Fayol

C:-Lucas Pacioli

D:-None of the above

Correct Answer:- Option-C

Question41:-Advertisement charges paid Rs.5,000/- in cash wrongly debited to Rent payable Account. What is the rectification entry for the error?

A:-Debit-Cash A/c Rs.5,000/-; Credit - Rent payable A/c

B:-Debit-Rent payable A/c Rs.5,000/-; Credit-Advertisement Charges A/c

C:-Debit-Advertisement Charges A/c Rs.5,000/-; Credit - Cash

D:-Debit-Advertisement Charges A/c Rs.5,000/-; Credit - Rent payable A/c

Correct Answer:- Option-D

Question42:-Which of the following would be considered a Cash flow item from an "Investing" Activity?

A:-Cash inflow from Interest Income

B:-Cash inflow from Dividend Income

C:-Cash outflow to acquire fixed assets

D:-All of the above

Correct Answer:- Option-D

Question43:-When any entry in made on the both sides of cash book it is called?

A:-General Entry

B:-Double entry

C:-Compound entry

D:-Contra entry

Correct Answer:- Option-D

Question44:-What of the following item is not included in the cash book?

A:-Purchase of Rs.10,000

B:-Sale of Rs.20,000

C:-Received cash from Salman Rs.2,000

D:-Credit sale of Rs.25,000

Correct Answer:- Option-D

Question45:-Income tax paid by a sole proprietor on his business income should be _____

A:-Debited to the trading A/c

B:-Debited to the profit and Loss A/c

C:-Deducted from the Capital A/c in the Balance sheet

D:-Added to the Capita A/c in the Balance sheet

Correct Answer:- Option-C

Question46:-A bank reconciliation statement is prepared to know the causes for the difference between

A:-The balance as per cash column of the cash book and pass book

B:-The balance as per bank column of the cash book and pass book

C:-Both (1) and (2)

D:-None of above

Correct Answer:- Option-B

Question47:-Loss on sale of car is debited to

A:-Profit and loss account

B:-Car Account

C:-Depreciation Account

D:-None of these

Correct Answer:- Option-A

Question48:-Stock is value at

A:-Cash price

B:-Net Realisable value

C:-Cost or market price whichever is less

D:-None of these

Correct Answer:- Option-C

Question49:-Current liabilities are such obligation which are to be satisfied

A:-Within 2 year

B:-Within one year

C:-Within 3 year

D:-None of these

Correct Answer:- Option-B

Question50:-Depreciation is provided on

A:-Current assets

B:-Intangible assets

C:-Fixed assets

D:-All of these

Correct Answer:- Option-C

Question51:-Voucher is prepare from

A:-documentary evidence

B:-journal entry

C:-ledger account

D:-All of the above

Correct Answer:- Option-A

Question52:-"The company repays its bank loan". In the light of this statement, all the given statements are correct except one. Identify that wrong statement.

A:-There is decrease in assets

B:-There is decrease in liability

C:-There is no effect on owner's equity

D:-There is increase in equity

Correct Answer:- Option-D

Question53:-Trial balance is prepared from

- A:-Journal
 - B:-Ledger
 - C:-Ledger folio
 - D:-Journal folio
- Correct Answer:- Option-B

Question54:-Ram is the owner of a firm. He brought additional capital of Rs.1,00,000 to the firm. The receipt of money in business is

- A:-revenue receipt
 - B:-capital receipt
 - C:-revenue expenditure
 - D:-capital expenditure
- Correct Answer:- Option-B

Question55:-Bank reconciliation statement is

- A:-Part of cash book
 - B:-a part of double entry system
 - C:-a part of pass book
 - D:-An independent statement reconciling the balance as per cash book and pass book
- Correct Answer:- Option-D

Question56:-Which of the following will not require adjustment in the cash book balance?

- A:-Cheque issued but not presented for payment
 - B:-Cheque deposited but not cleared
 - C:-Cheque wrongly credited by bank
 - D:-All of above
- Correct Answer:- Option-C

Question57:-Liability which is payable on the happening of an event is

- A:-contingent liabilities
 - B:-fluctuating liabilities
 - C:-current liabilities
 - D:-None of the above
- Correct Answer:- Option-A

Question58:-Capital expenditure _____ the earning capacity or _____ the operating expenses of a business.

- A:-reduces, maintains
 - B:-reduces, increases
 - C:-maintain, reduces
 - D:-increase, reduces
- Correct Answer:- Option-D

Question59:-Depreciation of fixed assets will be

- A:-revenue expenditure
 - B:-capital expenditure
 - C:-deferred revenue expenditure
 - D:-None of the above
- Correct Answer:- Option-A

Question60:-On which assumptions the expenditure is classified as capital and revenue expenditure?

- A:-Consistency assumptions
 - B:-Accrual assumptions
 - C:-Money measurement assumptions
 - D:-Going concern assumption
- Correct Answer:- Option-D

Question61:-Which of the following is correct?

- A:-Net Sales = Cash Sales + Credit Sales – Sales Return
 - B:-Net Sales = Cash Sales + Credit Sales + Sales Return
 - C:-Net Sales = Total Sales – Credit Sales
 - D:-Net Sales = Sales + Credit Sales
- Correct Answer:- Option-A

Question62:-Arjun's Trial Balance provides you the following information -

Debtors Rs.80,000
Bad debts Rs.2,000
Provision of doubtful debts Rs.4,000

It is desired to maintain a provision for bad debts of Rs.1,000.

State the amount to be debited / credited in profit and loss account.

- A:-Rs.5,000 (Debit)
 - B:-Rs.3,000 (Debit)
 - C:-Rs.1,000 (Credit)
 - D:-None of these
- Correct Answer:- Option-C

Question63:-Match the following -

- | | |
|--------------------------|---------------------------------------------------------|
| I. Closing Stock | (i) Current Liability |
| II. Rent payable | (ii) Court Case |
| III. Depreciation | (iii) Valued at cost or market price, whichever is less |
| IV. Contingent liability | (iv) Allocation of cost |

- A:-I-(i); II-(ii); III-(iv); IV-(iii)
 - B:-I-(iii); II-(i); III-(iv); IV-(ii)
 - C:-I-(ii); II-(iv); III-(i); IV-(iii)
 - D:-I-(iii); II-(i); III-(ii); IV-(iv)
- Correct Answer:- Option-B

Question64:-What will be the effect on Trial Balance, if Rs.2,000 received as Rent and correctly entered in the cash book but not posted to Rent account?

- A:-Debit side of Trial Balance will exceed by Rs.2,000
 - B:-Debit side of Trial Balance will decrease by Rs.2,000
 - C:-Credit side of Trial Balance will decrease by Rs.2,000
 - D:-Credit side of Trial Balance will exceed by Rs.2,000
- Correct Answer:- Option-A

Question65:-Calculate the gross profit and choose the correct option, if rate of gross profit is 25% on sales and cost of goods sold is Rs.1,80,000.

- A:-Rs.30,000
- B:-Rs.36,000
- C:-Rs.45,000

D:-Rs.60,000

Correct Answer:- Option-D

Question66:-Cash withdrawn by proprietor should be credited to

A:-Drawings a/c

B:-Capital a/c

C:-Profit and Loss a/c

D:-Cash a/c

Correct Answer:- Option-A

Question67:-Which of the following is a rule for debit of nominal account?

A:-Debit the receiver

B:-Debit what comes in

C:-Debit all expenses and losses

D:-All of the above

Correct Answer:- Option-C

Question68:-On 31st March, 2022, the total assets and external liabilities were Rs.2,00,000 and Rs.6,000, respectively. During the year, the proprietor had introduced additional capital of Rs.20,000 and had withdrawn Rs.12,000 for personal use. He made a profit of Rs.20,000 during the year. Calculate the capital as on 1st April, 2021.

A:-Rs.1,66,000

B:-Rs.1,76,000

C:-Rs.1,94,000

D:-Rs.2,24,000

Correct Answer:- Option-A

Question69:-Prepaid Rent is shown as

A:-An assets

B:-A Liability

C:-An expenses

D:-Income

Correct Answer:- Option-A

Question70:-An entry of Rs.840/- being debited to Mr. Arjun's A/c as Rs.480/- would be an error of -

A:-Principle

B:-Commission

C:-Omission

D:-Negligible significance

Correct Answer:- Option-B

Question71:-Consider the following statements -

I : Personal transactions of the owners of the business are not recorded in the books.

II : According to the business entity concept, each business enterprise is considered as an accounting unit separate from owners.

Choose the correct option -

A:-Both I and II are correct and II is the correct explanation of I

B:-Both I and II are correct and II is not the correct explanation of I

C:-I is correct but II is not correct

D:-I is wrong but II is correct

Correct Answer:- Option-A

Question72:-The term "Current asset" does not include

A:-Cash

B:-Stock in Trade

C:-Furniture

D:-Advance payment

Correct Answer:- Option-C

Question73:-On 01.04.2021, ABC Limited purchased a new machinery for Rs.2,50,000/- and the installation charges were Rs.5,000/- with an estimated scrap value of Rs.10,000/- and estimated life of 5 years. What will be the depreciation for the year 2021-22 under straight line method?

A:-Rs.2,50,000/-

B:-Rs.49,000/-

C:-Rs.48,000/-

D:-Rs.50,000/-

Correct Answer:- Option-B

Question74:-Which among the following is not an Intangible asset :

A:-Trade Marks

B:-Patents

C:-License

D:-Cash in Bank

Correct Answer:- Option-D

Question75:-In a Balance Sheet, income accrued but not received is shown as -

A:-Contingent Liabilities

B:-Liabilities

C:-Assets

D:-Contingent Assets

Correct Answer:- Option-C

Question76:-On receipt of the bill, which of the following entries is made by the payee in his books of accounts -

A:-Debit - Bank A/c and Discount A/c; Credit - Bills Receivable A/c

B:-Debit - Drawee A/c; Credit - Bank A/c

C:-Debit - Drawer A/c; Credit - Bills Payable A/c

D:-Debit - Bills Receivable A/c; Credit - Drawee of the Bill

Correct Answer:- Option-D

Question77:-In the books of Mr. X, purchase of Rs.4,500/- from Rajan was wrongly entered in the Sales Day Book. What is the correction entry to be passed in the books of account?

A:-Debit - Sales A/c - Rs.4,500/- and Purchase A/c - Rs.4,500/-; Credit - Rajan A/c - Rs.9,000/-

B:-Debit - Rajan A/c Rs.4,500/- and Purchase A/c - Rs.4,500/-; Credit - Sales A/c - Rs.9,000/-

C:-Debit - Sales A/c - Rs.4,500/-; Credit - Rajan A/c - Rs.4,500/-

D:-Debit - Purchase A/c - Rs.4,500/-; Credit Rajan A/c. - Rs.4,500/-

Correct Answer:- Option-A

Question78:-Expenditure incurred for purchasing a Bus for transportation of employees is in the nature of -

A:-Revenue Expenditure

- B:-Deferred Revenue Expenditure
- C:-Capital Expenditure
- D:-None of the above

Correct Answer:- Option-C

Question79:-If the rate of Gross Profit on sales is 30% and the cost of goods sold is Rs.70,000/-, what is the amount of sales?

- A:-Rs.1,00,000/-
- B:-Rs.21,000/-
- C:-Rs.49,000/-
- D:-Rs.2,33,333/-

Correct Answer:- Option-A

Question80:-Which of the following will lead to understatement of net profit?

- A:-Transfer to General Reserve
- B:-Treating Capital Expenditure as Revenue Expenditure
- C:-Amortisation of fictitious asset
- D:-Treating Revenue Expenditure as Capital Expenditure

Correct Answer:- Option-B

Question81:-Return Inward Book is kept to record -

- A:-Return of anything sold
- B:-Return of anything purchased
- C:-Return of goods sold
- D:-Return of goods purchased

Correct Answer:- Option-C

Question82:-From the following data available, calculate the amount of cash received from customers -

- (i) Opening Debtors - Rs.12,000/-
- (ii) Closing Debtors - Rs.15,000/-
- (iii) Credit Sales - Rs.28,000/-

- A:-Rs.25,000/-
- B:-Rs.3,000/-
- C:-Rs.28,000/-
- D:-Rs.31,000/-

Correct Answer:- Option-A

Question83:-Out of the following, which error will be discovered by the preparation of Trial Balance?

- A:-Capital Expenditure treated as Revenue expenditure
- B:-Incorrect amount entered both as Debit and Credit
- C:-Complete omission of a transaction
- D:-Amount entered twice as Debit

Correct Answer:- Option-D

Question84:-The following balances are extracted at the end of the accounting period, from the books of Mr. Arjun -

- Plant and Machinery - Rs.2,00,000
- Furniture - Rs.50,000
- Building - Rs.5,00,000

Depreciation is to be charged @ 20% on Plant and Machinery, 10% on Furniture and 5% on Building. Calculate the amount of Depreciation to be charged in the Profit and Loss A/c.

- A:-Rs.45,000/-
- B:-Rs.7,000/-
- C:-Rs.70,000/-
- D:-Rs.40,000/-

Correct Answer:- Option-C

Question85:-In the diminishing method of depreciation, the depreciation amount -

- A:-will be more in the initial years
- B:-will be less in the initial years
- C:-will be the same throughout the life of the asset
- D:-will vary according to the units of production

Correct Answer:- Option-A

Question86:-Under which method, the value of assets will be zero at the end of its useful life -

- A:-Written-down value method
- B:-Straight line method
- C:-Annuity Method
- D:-Units of production depreciation

Correct Answer:- Option-B

Question87:-Mr. X sold a machine for Rs.55,000/- at a loss of Rs.5,000/- on which depreciation has been charged for Rs.12,000/-. The original cost of machine was -

- A:-Rs.62,000/-
- B:-Rs.72,000/-
- C:-Rs.55,000/-
- D:-Rs.50,000/-

Correct Answer:- Option-B

Question88:-Which among the following are true in relation to a Bill of Exchange -

- (i) It is a written order
- (ii) It is to be accepted by the Drawer
- (iii) To be signed by the maker
- (iv) It specifies the due date of the bill

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

Correct Answer:- Option-D

Question89:-A person who is ordered to pay a bill of exchange is called -

- A:-Drawer
- B:-Drawee
- C:-Creditor
- D:-Endorsee

Correct Answer:- Option-B

Question90:-Match the following :

- 1. Existence of business is separate from its owner (i) Money measurement concept
- 2. Every recorded event or transaction is (ii) Preliminary expenses

- measured in monetary terms
 3. Going concern concept
 4. Deferred revenue expenditure

- (iii) Business Entity Concept
 (iv) Continue the business for the foreseeable future

- A:-1-(i); 2-(ii); 3-(iv); 4-(iii)
 B:-1-(iii); 2-(ii); 3-(iv); 4-(i)
 C:-1-(iii); 2-(i); 3-(iv); 4-(ii)
 D:-1-(iv); 2-(ii); 3-(iii); 4-(i)

Correct Answer:- Option-C

Question91:-Balance Sheet is always prepared -

- A:-For the year ended
 B:-As on a specified date
 C:-For a month
 D:-None of these

Correct Answer:- Option-B

Question92:-Identify the correct sequence of accounting process -

- A:-Communicating > Recording > Identifying
 B:-Recording > Communicating > Identifying
 C:-Identifying > Communicating > Recording
 D:-Identifying > Recording > Communicating

Correct Answer:- Option-D

Question93:-Which liability is not included in the total of Balance Sheet?

- A:-Current Liabilities
 B:-Contingent Liabilities
 C:-Fixed liabilities
 D:-All of the above

Correct Answer:- Option-B

Question94:-Bad debts written off always affect -

- A:-Creditors A/c
 B:-Cash A/c
 C:-Debtors A/c
 D:-None of these

Correct Answer:- Option-C

Question95:-Bills receivable is a -

- A:-Intangible fixed asset
 B:-Tangible Fixed asset
 C:-Current asset
 D:-Investment

Correct Answer:- Option-C

Question96:-Noting charges are paid at the time of -

- A:-Renewal of the bill
 B:-Retirement of the bill
 C:-Dishonour of the bill
 D:-None of the above

Correct Answer:- Option-C

Question97:-The cost of a machine is Rs.6,00,000/-. The rate of depreciation is 10%. The depreciation for the 3rd year on diminishing balance method is -

- A:-Rs.60,000/-
 B:-Rs.54,000/-
 C:-Rs.43,740/-
 D:-Rs.48,600/-

Correct Answer:- Option-D

Question98:-Match the following -

- I. Closing stock valued at cost or market value whichever is less (i) Dual aspect concept
 II. Every transaction will have two aspects (ii) Money measurement concept
 III. All business events not recorded in accounting (iii) Principle of conservatism
 IV. Accounting information should be free from bias (iv) Objectivity principle

- A:-I-(i); II-(iv); III-(ii); IV-(iii)
 B:-I-(ii); II-(iii); III-(i); IV-(iv)
 C:-I-(iii); II-(ii); III-(i); IV-(iv)
 D:-I-(iii); II-(i); III-(ii); IV-(iv)

Correct Answer:- Option-D

Question99:-Which of the following cannot be a posting on the credit side of the debtors account?

- A:-Discount allowed
 B:-Bad Debts
 C:-Cash Received
 D:-Credit sales

Correct Answer:- Option-D

Question100:-_____ occurs when an amount is entered right and in the correct account; but the value is wrong -

- A:-Error of Principle
 B:-Errors of Omission
 C:-Compensating Errors
 D:-Errors of Commission

Correct Answer:- Option-D