

PROVISIONAL ANSWER KEY

Paper: Book-keeping (Theory and Practical) (Paper III)
Date of Test 29-04-2022

Question1:-Outstanding expenses means

- A:-Expenses which are not due
- B:-Expenses which are due for payment in one accounting year but actually paid in future accounting years
- C:-Expenses paid in advance
- D:-Expenses which are fully paid in concerned accounting year itself

Correct Answer:- Option-B

Question2:-_____ is a long term liability

- A:-Debentures
- B:-Overdraft
- C:-Sundry Creditors
- D:-Bank deposits

Correct Answer:- Option-A

Question3:-Closing stock is included in

- A:-Balance sheet
- B:-Receipts and Payments account
- C:-Income and Expenditure account
- D:-Trial balance

Correct Answer:- Option-A

Question4:-The rule Debit what comes in and Credit what goes out is related to

- A:-Personal account
- B:-Nominal account
- C:-Manufacturing account
- D:-Real account

Correct Answer:- Option-D

Question5:-Assets = _____

- A:-Expenses + depreciation
- B:-Shares + building
- C:-Liabilities + capital
- D:-None of the above

Correct Answer:- Option-C

Question6:-A person to whom money is owing or payable is called a _____

- A:-Creditor
- B:-Debtor
- C:-Manufacturer
- D:-Retailer

Correct Answer:- Option-A

Question7:-Any physical thing tangible or rights (intangible) owned that has a money value is termed as

- A:-Asset
- B:-Liability
- C:-Capital
- D:-Closing stock

Correct Answer:- Option-A

Question8:-_____ is a book of original entry

- A:-Ledger
- B:-Journal
- C:-Trial balance
- D:-None of the above

Correct Answer:- Option-B

Question9:-A _____ is any documentary evidence in support of a transaction that is entered in a book of account

- A:-Cash book
- B:-Bills receivable
- C:-Bills payable
- D:-Voucher

Correct Answer:- Option-D

Question10:-All payments are entered in _____ cash book

- A:-Credit side
- B:-Debit side
- C:-Capital related credit side and debit side minor expenses
- D:-None of the sides in

Correct Answer:- Option-A

Question11:-Minor receipts and payments in cash are usually recorded in

- A:-Bank reconciliation statement
- B:-Petty cash book
- C:-Sales returns ledger book
- D:-Pass book

Correct Answer:- Option-B

Question12:-_____ is a tabulated statement of the balances standing at the debits and credits of the various accounts as on a particular date

- A:-Consignment account
- B:-Bill receivable account
- C:-Profit and Loss account
- D:-Trial balance

Correct Answer:- Option-D

Question13:-On 30th June, 2015, my cash book shows a debit balance of Rs, 639/- On comparing the cash Book with the Pass Book, I find that cheques worth Rs. 250 and Rs. 100 issued in favour of Surinder and Gurinder respectively were not presented for payment upto 30th June, 2015. Cheques worth Rs. 500 paid, by me in the month of June have been credited in the Pass Book on 22nd July, 2015. Bank Reconciliation Statement as on 30th June 2015 shows ____

- A:-Overdraft as per passbook Rs. 978
- B:-Balance as per passbook Rs. 489
- C:-Balance as per passbook Rs. 978
- D:-Overdraft as per passbook Rs 489

Correct Answer:- Option-B

Question14:-Find out the gross profit from the following:

- i. Opening stock Rs. 60,220
- ii. Purchases Rs. 1,97,630
- iii. Sales Rs. 2,79,630
- iv. carriage inwards Rs. 5,170
- v. Closing stock Rs. 70,000

- A:-Rs. 43,305
- B:-Rs. 60,100
- C:-Rs. 86,610
- D:-Rs. 75,170

Correct Answer:- Option-C

Question15:-Find out the closing stock from the following:

- i. Opening stock Rs. 11,678
- ii. Purchases Rs. 1,31,224
- iii. Sales Rs. 2,05,444
- iv. Carriage inwards Rs. 7,858
- v. Gross profit Rs.68,384
- vi. Sales return Rs. 1,000

- A:-Rs. 29,400
- B:-Rs. 52,300
- C:-Rs. 22,558
- D:-Rs. 14,700

Correct Answer:- Option-D

Question16:-From the following particulars, prepare a Bank Reconciliation Statement as on 31st march, 2010 and find out the balance/overdraft as per pass book

- i. Bank Overdraft as per Cash Book on 31st March, 2010 Rs. 8919
- ii. Cheques issued during the month of March but not yet presented for payment Rs. 1517
- iii. Out of cheques deposited, cheques worth Rs. 700 were cleared in the month of April
- iv. Interest on overdraft charged in the Pass Book Rs. 40
- v. Interest on Investments collected by the bank appeared in the Pass Book Rs. 250
- vi. Insurance premium paid by the bank on our behalf Rs. 100

- A:-Overdraft as per pass book Rs. 7,992
- B:-Balance as per pass book Rs. 7,992
- C:-Balance as per pass book Rs.7,852
- D:-Overdraft as per pass book Rs. 7,252

Correct Answer:- Option-A

Question17:-_____ are those which are obtained during the course of trading and operations, chiefly by sale of goods and services.

- A:-Capital receipts
- B:-Assets
- C:-Liabilities
- D:-Revenue receipts

Correct Answer:- Option-D

Question18:-_____ is an example of deferred revenue expenditure

- A:-Amount spent for the purchase of land and building
- B:-Amount paid for advertisement under a contract extending over a term of five years
- C:-Amount incurred to pay salary
- D:-Amount incurred to pay for fuel

Correct Answer:- Option-B

Question19:-_____ is an allowance granted by the recipient of an amount to the giver of that amount usually for prompt and timely payment

- A:-Depreciation
- B:-Cash discount
- C:-Trade discount
- D:-Interest

Correct Answer:- Option-B

Question20:-_____ is given by the consignor to the consignee for bearing the risk of bad debts

- A:-Del credere commission
- B:-Cash bill
- C:-Bill of Exchange
- D:-Debit note

Correct Answer:- Option-A

Question21:-Freight and such other charges being direct expenses are _____ the price of the goods purchased

- A:-Deducted from
- B:-Added with
- C:-Not deducted
- D:-Not added with

Correct Answer:- Option-B

Question22:-_____ is a Current Asset or Circulating Asset

- A:-Land and building
- B:-Stock in trade
- C:-Furniture and fixtures
- D:-Secured loan

Correct Answer:- Option-B

Question23:-_____ is a temporary special account to place the difference in trial balance if any

- A:-Current account
- B:-Nominal account
- C:-Consignment account
- D:-Suspense account

Correct Answer:- Option-D

Question24:-What is meant by retiring a bill under rebate?

- A:-Making its payment before maturity at a discount
- B:-Bills get dishonoured at the date of maturity
- C:-Bills getting paid only on the date of maturity
- D:-Bills getting paid only after a month from the date of maturity

Correct Answer:- Option-A

Question25:-Assets are shown in the _____ Side of a trial balance

- A:-Debit side
 - B:-Credit side
 - C:-Some in debit side and some other in credit side
 - D:-Not shown in trial balance
- Correct Answer:- Option-A

Question26:-What is the main objective of financial accounting?

- A:-Profit and Loss account only
 - B:-Trial balance only
 - C:-Both profit and loss account and balance sheet
 - D:-Balance sheet only
- Correct Answer:- Option-C

Question27:-According to which concept the owners are considered to be different from the business?

- A:-Business entity concept
 - B:-Going concern concept
 - C:-Money measurement concept
 - D:-Accounting period concept
- Correct Answer:- Option-A

Question28:-According to which concept all the transactions are measurable in the terms of money are recorded in accounts

- A:-Business entity concepts
 - B:-Going concern concept
 - C:-Money measurement concept
 - D:-Accounting period concept
- Correct Answer:- Option-C

Question29:-Which of the following is related to scientific system of maintaining account?

- A:-Single entry system
 - B:-Double entry system
 - C:-Self balancing system
 - D:-Making error rectification only
- Correct Answer:- Option-B

Question30:-Profit and loss account starts with

- A:-Net profit
 - B:-Net loss
 - C:-Gross profit/gross loss
 - D:-None of the above
- Correct Answer:- Option-C

Question31:-All revenue incomes are credited to

- A:-Manufacturing account
 - B:-Trading account
 - C:-Profit and Loss account
 - D:-Balance sheet
- Correct Answer:- Option-C

Question32:-Assets which are acquired and held permanently for use in the business with the objective of making profit is known as

- A:-Current assets
 - B:-Intangible assets
 - C:-Quick assets
 - D:-Fixed assets
- Correct Answer:- Option-D

Question33:-In the Profit and Loss account, if total of debit is more than the total of credit, the difference is

- A:-Net loss
 - B:-Gross profit
 - C:-Net profit
 - D:-Gross loss
- Correct Answer:- Option-A

Question34:-_____ assets have definite physical identity and existence

- A:-Fictitious assets
 - B:-Intangible assets
 - C:-Tangible assets
 - D:-Good will
- Correct Answer:- Option-C

Question35:-Interest on capital in a business is treated as

- A:-Income
 - B:-Expense
 - C:-Liability
 - D:-Asset
- Correct Answer:- Option-B

Question36:-Which of the following is not a business transaction?

- A:-Bought furniture of Rs. 26,000 for business
 - B:-Paid Rs. 2,000 for salaries of employees
 - C:-Paid Rs. 5,000 from personal Bank a/c for domestic use
 - D:-All of the above
- Correct Answer:- Option-C

Question37:-Which of the following expenses will be shown in the Profit and Loss Account?

- A:-Wages
 - B:-Carriage outwards
 - C:-Fuel for manufacturing
 - D:-All of the above
- Correct Answer:- Option-B

Question38:-Profit on sale of fixed assets is

- A:-Trading income
 - B:-Operating income
 - C:-Non-trading gains
 - D:-Dividend
- Correct Answer:- Option-C

Question39:-Profit volume ratio is an indicator of

- A:-The rate at which the goods are sold
- B:-The volume of sales
- C:-The volume of profit
- D:-The rate of profit

Correct Answer:- Option-C

Question40:-Cash flow analysis is based on

- A:-Capital
- B:-Depreciation
- C:-Cash concept of funds
- D:-Market value of goods

Correct Answer:- Option-C

Question41:-In funds flow statement, outflow of funds on account of operations is

- A:-Application of fund
- B:-Source of loan
- C:-Source of cash
- D:-Source of fund

Correct Answer:- Option-A

Question42:-patent, copyrights and trademarks are

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

Correct Answer:- Option-C

Question43:-Outstanding salary account is a

- A:-Real account
- B:-Artificial personal account
- C:-Representative personal account
- D:-None of the above

Correct Answer:- Option-C

Question44:-Interest on capital is added with

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

Correct Answer:- Option-B

Question45:-Low turnover of stock ration indicates

- A:-Solvency position
- B:-Monopoly situation
- C:-Over-investment in inventory
- D:-Liquidity position

Correct Answer:- Option-C

Question46:-Which of the following is not an asset?

- A:-Buildings
- B:-Debtors
- C:-Loan from Harris
- D:-Cash balance

Correct Answer:- Option-C

Question47:-Which of the following is a liability?

- A:-Motor vehicles
- B:-Creditors for goods
- C:-Machinery
- D:-Cash in hand

Correct Answer:- Option-B

Question48:-_____ is a specialized branch of accounting that keeps track of financial transactions of business

- A:-Cost accounting
- B:-Management accounting
- C:-Financial accounting
- D:-Corporate accounting

Correct Answer:- Option-C

Question49:-_____ is the scope of financial accounting

- A:-Processing of data and publishing the same only
- B:-Verifying and auditing of data only
- C:-Collection of data only
- D:-All of the above

Correct Answer:- Option-D

Question50:-Financial accounting reports include

- A:-Profit and Loss account
- B:-Director's report
- C:-Balance sheet and auditor's report
- D:-All of the above

Correct Answer:- Option-D

Question51:-Financial accounting statements are subject to

- A:-Statutory audit
- B:-Forensic audit
- C:-Cost audit
- D:-Non-statutory audit

Correct Answer:- Option-A

Question52:-_____ explains the financial position of the reporting entity at the end of the accounting period

- A:-Income statement
- B:-Balance sheet
- C:-Ledger
- D:-Journal

Correct Answer:- Option-B

Question53:-_____ helps to find out the profit made or loss sustained in a particular accounting period through transactions and events

- A:-Income statement
 - B:-Trading account
 - C:-Manufacturing account
 - D:-Profit and Loss account
- Correct Answer:- Option-D

Question54:- _____ is used to present supplementary information explaining different items of financial statements

- A:-Balance sheet
 - B:-Profit and Loss account
 - C:-Fund flow statement
 - D:-Notes and schedules
- Correct Answer:- Option-D

Question55:-Out of the following, direct expense is

- A:-Salaries
 - B:-Rent of office
 - C:-Fuel for production
 - D:-Repairs of furniture
- Correct Answer:- Option-C

Question56:-Goodwill is a

- A:-Fixed asset
 - B:-Current asset
 - C:-Intangible asset
 - D:-Fictitious asset
- Correct Answer:- Option-C

Question57:-Income received in advance is

- A:-A profit in the current year
 - B:-A liability
 - C:-An asset
 - D:-A loss
- Correct Answer:- Option-B

Question58:-Sales are equal to

- A:-Cost of goods sold plus profit
 - B:-Cost of goods sold minus gross profit
 - C:-Gross profit minus cost of goods sold
 - D:-None of these
- Correct Answer:- Option-A

Question59:-Which of the following is not a fixed asset?

- A:-Motor cycles
 - B:-Furniture
 - C:-Inventory
 - D:-Free hold property
- Correct Answer:- Option-C

Question60:-Which of the following is a current liability?

- A:-A five year bank loan
 - B:-Workmen compensation fund
 - C:-Bank overdraft
 - D:-Dividend equalization
- Correct Answer:- Option-C

Question61:-Which of the following is not an intangible asset?

- A:-Stock
 - B:-Goodwill
 - C:-Trade mark
 - D:-Patents
- Correct Answer:- Option-A

Question62:-The customer's account with the bank is called

- A:-Bank Statement/Passbook
 - B:-Consignment account
 - C:-Interest account
 - D:-Cash credit
- Correct Answer:- Option-A

Question63:-In the bank column of the cash book, the cheques deposited are entered on the _____

- A:-Credit side
 - B:-Debit side
 - C:-Discount column
 - D:-None of the above
- Correct Answer:- Option-B

Question64:-Bank Reconciliation statement is prepared to _____ the bank balance as shown by the cash book and the bank statement

- A:-Reconcile
 - B:-Rectify
 - C:-Adjust
 - D:-Close
- Correct Answer:- Option-A

Question65:-Which of the following transaction is not of financial character?

- A:-Purchase of asset on credit
 - B:-Purchase of asset for cash
 - C:-Withdrew cash for personal use
 - D:-Strike by employees
- Correct Answer:- Option-D

Question66:-A liability arises because of

- A:-Cash transaction
 - B:-Credit transaction
 - C:-Both 1 and 2
 - D:-None of these
- Correct Answer:- Option-B

Question67:-The amount invested by the proprietor in a business is termed as

- A:-Capital
- B:-Cash
- C:-Revenue
- D:-All of these

Correct Answer:- Option-A

Question68:-Bank overdraft is a

- A:-Short term liability
- B:-Long term liability
- C:-Income
- D:-None of these

Correct Answer:- Option-A

Question69:-Purchase refers to the buying of

- A:-Stationary for office use
- B:-Assets of factory
- C:-Goods for resale
- D:-Investment

Correct Answer:- Option-C

Question70:-Revenue from operation refers to

- A:-Revenue earned from operating activities
- B:-Revenue earned from activities that are not operating activities
- C:-Both 1 and 2
- D:-None of these

Correct Answer:- Option-A

Question71:-_____ deals with explaining the significance of those data in a manner that the end-users of the financial statement can make a meaningful judgement about the profitability and financial position of the business

- A:-Interpreting
- B:-Summarizing
- C:-Analysing
- D:-Communicating

Correct Answer:- Option-A

Question72:-A bank pass book is a copy of

- A:-A customer's account in the bank's book
- B:-Cash book relating to bank column
- C:-Cash book relating to each column
- D:-None of these

Correct Answer:- Option-A

Question73:-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

Question74:-Calculate the value of machinery as on 31 March 2013 which was purchased for Rs 20,000 on 1 April 2010. The firm is providing depreciation at the rate of 10% on written down value method

- A:-Rs. 14,000
- B:-Rs. 16,000
- C:-Rs. 16,200
- D:-Rs. 14,580

Correct Answer:- Option-D

Question75:-Calculate the provision for bad debts at 5% from the following data

- i. Capital Rs. 5,00,000
- ii. Drawings Rs. 20,000
- iii. Closing stock Rs. 35,000
- iv. Debtors Rs. 50,000
- v. Creditors Rs. 35,000

- A:-Rs. 25,000
- B:-Rs. 2,500
- C:-Rs. 1,750
- D:-Rs. 1,000

Correct Answer:- Option-B

Question76:-Total insurance paid is Rs. 600 out of which Rs. 85 is prepaid. Calculate the amount to be shown in profit and loss account and balance sheet

- A:-Profit and loss account debit side Rs 515 and balance sheet asset side Rs 85
- B:-Profit and loss account credit side Rs 515 and balance sheet liability side Rs 85
- C:-Profit and loss account debit side Rs 685 and balance sheet asset side Rs 85
- D:-Profit and loss account credit side Rs 685 and balance sheet liability side Rs 600

Correct Answer:- Option-A

Question77:-A bank reconciliation statement is prepared by

- A:-Bank
- B:-Debtor
- C:-Creditor
- D:-Account holder

Correct Answer:- Option-D

Question78:-Who draws Bills of Exchange?

- A:-Debtor
- B:-Bank
- C:-Fixed asset
- D:-Creditor

Correct Answer:- Option-D

Question79:-Outstanding wages A/c is _____ A/c

- A:-Personal
- B:-Real
- C:-Nominal
- D:-None

Correct Answer:- Option-A

Question80:- _____ is a brief explanation to a journal entry, given below the journal entry, within brackets

- A:-Narration
- B:-Ledger
- C:-Credit
- D:-Debit

Correct Answer:- Option-A

Question81:- _____ method of depreciation is more suitable for mining industry

- A:-Fixed instalment
- B:-Depletion
- C:-Sinking Fund
- D:-Written down value

Correct Answer:- Option-B

Question82:-When cash is withdrawn from the bank the customer account is _____

- A:-Debited
- B:-Credited
- C:-Charged with interest
- D:-Paid interest

Correct Answer:- Option-A

Question83:-Depreciation arises because of

- A:-Fall in market value of asset
- B:-Wear and tear
- C:-Recession
- D:-None of these

Correct Answer:- Option-B

Question84:-Overdraft means _____ balance

- A:-Negative
- B:-Positive
- C:-Favourable
- D:-No change in

Correct Answer:- Option-A

Question85:-Cheques issued but not encashed will _____ the overdraft as per Pass Book.

- A:-Decrease
- B:-Increase
- C:-Not change
- D:-Charge interest

Correct Answer:- Option-A

Question86:-A bill of exchange is an instrument, in writing, containing an _____ signed by the maker

- A:-Assurance
- B:-Endorsement always
- C:-Unconditional Order
- D:-None of the above

Correct Answer:- Option-C

Question87:-The person who draws the bill is called _____ and the person who accepts the bill is called

- A:-Drawer; Drawee
- B:-Payer; Payee
- C:-Endorser; Endorsee
- D:-Payee; Maker

Correct Answer:- Option-A

Question88:-The person to whom the bill is endorsed is called

- A:-Drawer
- B:-Payer
- C:-Maker
- D:-Endorsee

Correct Answer:- Option-D

Question89:-A bill of exchange is a

- A:-Negotiable instrument
- B:-Not a negotiable instrument
- C:-Kind of solvency certificate
- D:-Invoice for the purchase made

Correct Answer:- Option-A

Question90:-A bill duly met on the due date is called _____

- A:-Discounting the bill
- B:-Honouring/Payment/Discharge of Bill
- C:-Dishonouring the bill
- D:-Payment under rebate

Correct Answer:- Option-B

Question91:-A draw a bill on B and later endorses the bill to C. On the due date, to whom B has to pay the money if the same is not discounted?

- A:-C
- B:-A
- C:-Bank
- D:-To none

Correct Answer:- Option-A

Question92:-What is the process of collecting money from the bank after surrendering the bill by the drawer for a less amount before the due date?

- A:-Endorsing
- B:-Discounting
- C:-Honouring
- D:-Surrender

Correct Answer:- Option-B

Question93:-From the following balances taken from the books of Aaratii and Vishal Ltd. for the year ending March 31,2014, calculate the gross profit

	Rs.
i. Closing Stock	2,00,000
ii. Net sales during the year	39,00,000
iii. Net purchases during the year	15,00,000
iv. Opening stock	15,00,000
v. Direct expenses	1,00,000

- A:-Gross profit 5,00,000
- B:-Gross profit 20,00,000
- C:-Gross profit 10,00,000
- D:-Gross profit 2,50,000

Correct Answer:- Option-C

Question94:-Ashok started his business on April 1, 2012 with a capital of Rs. 3,75,000. On March 31, 2013, his position was as under

- | | |
|-----------------------|----------|
| | Rs. |
| i. Cash | 69,000 |
| ii. Bills Receivable | 75,000 |
| iii. Plant | 39,000 |
| iv. Land and Building | 1,70,000 |
| v. Furniture | 50,000 |

He owned Rs. 39,000 to his friend Robert on that date. He withdrew Rs. 7,000 per month for his household purposes. Ascertain his profit or loss for this year ended March 31,2013

- A:-Profit Rs. 73,000
- B:-Profit Rs. 36,500
- C:-Loss Rs. 73,000
- D:-Loss Rs. 36,500

Correct Answer:- Option-A

Question95:-The following information is given:

- | | |
|----------------------------|--------|
| | Rs. |
| i. Opening creditors | 60,000 |
| ii. Cash paid to creditors | 30,000 |
| iii. Closing creditors | 36,000 |
| iv. Returns inward | 13,000 |
| v. Bill matured | 27,000 |
| vi. Bill dishonoured | 8,000 |
| vii. Purchases return | 12,000 |
| viii. Discount allowed | 5,000 |

Calculate credit purchases during the year

- A:-Rs. 74,000
- B:-Rs. 37,000
- C:-Rs. 18,500
- D:-Rs. 1,48,000

Correct Answer:- Option-B

Question96:-Calculate the amount of Bills Receivable during the year:

- | | |
|--|----------|
| | Rs. |
| i. Opening bills of Bills Receivable | 75,000 |
| ii. Bill dishonoured | 25,000 |
| iii. Bills collected (honoured) | 1,30,000 |
| iv. Bills Receivable endorsed to creditors | 15,000 |
| v. Closing balance of Bills Receivable | 65,000 |

- A:-Rs. 80,000
- B:-Rs. 1,45,000
- C:-Rs. 1,00,000
- D:-Rs. 1,60,000

Correct Answer:- Option-D

Question97:-Rs. 500 spent for the repairs was wrongly debited to building account. This is

- A:-Error of Omission
- B:-Error of Commission
- C:-A compensating error
- D:-Error of principle

Correct Answer:- Option-D

Question98:-Revenue is said to be realized when

- A:-The sale is made
- B:-Goods are manufactured
- C:-Cash is received
- D:-Carriage outwards is paid

Correct Answer:- Option-C

Question99:-Initial repair incurred for using a second-hand machinery purchased recently

- A:-Capital expenditure
- B:-Revenue expenditure
- C:-Capital loss
- D:-Deferred revenue expenditure

Correct Answer:- Option-A

Question100:-Which is the last step of accounting as a process of information?

- A:-Communication of information
- B:-Recording the transaction
- C:-Journalising the transaction
- D:-Checking the balances in accounts

Correct Answer:- Option-A