

**MCQs: [101] – [ACCOUNTING FOR BUSINESS DECISION]**

Q. no	Question	Answer
1.	<p>Managerial accounting information is generally prepared for .....</p> <ul style="list-style-type: none"> <li>a. Shareholders</li> <li>b. Creditors</li> <li>c. Managers</li> <li>d. Regulatory agencies</li> </ul>	C
2.	<p>Which of the following is not an internal user of management information?</p> <ul style="list-style-type: none"> <li>a. Creditor</li> <li>b. Department manager</li> <li>c. Controller</li> <li>d. Treasurer</li> </ul>	A
3.	<p>Management accounting is applicable to-</p> <ul style="list-style-type: none"> <li>a. Service entities</li> <li>b. Manufacturing entities</li> <li>c. Non profit entities</li> <li>d. All of these</li> </ul>	D
4.	<p>Creating Provision against fluctuation in the price of investment is an example of which accounting convention</p> <ul style="list-style-type: none"> <li>a. Convention of conservatism</li> <li>b. Convention of full disclosure</li> <li>c. Convention of materiality</li> <li>d. Convention of consistency</li> </ul>	A

5.	The work of factory employees that can be physically associated with converting rawmaterial into finished goods is classified as- a. Manufacturing overhead b. Indirect materials c. Indirect labour d. Direct labour	D
6.	Double entry system is used in which type of accounting. a. Cost b. Financial c. Management d. All	
7.	Management accounting concentrates on _ a. Opening books of account b. Preparation of financial statements c. Control of business activities d. None of these	C
8	Which type of asset class includes those assets which have only definite use and become valueless when the yield is over? a. Fixed asset b. Current asset c. Fictitious asset d. Wasting asset	D
9	An accounting that deals with the accounting and reporting of information to management regarding the detail information is a. Financial accounting b. Management accounting c. Cost accounting d. Real Accounting	B
10		

	<p>The primary objective of management accounting is</p> <ol style="list-style-type: none"> <li>Prepare final a/c</li> <li>Provide management complete and true information</li> <li>Both (a) &amp; (b)</li> <li>None of these</li> </ol>	B
11.	<p>Bad debt amount should be credited to</p> <ol style="list-style-type: none"> <li>Debtors account</li> <li>Bad debts account</li> <li>Sales account</li> <li>Creditors account</li> </ol>	A
12.	<p>Identify which is wrong rule</p> <ol style="list-style-type: none"> <li>Nominal account- debit all expenses &amp; losses</li> <li>Real account- credit what comes in</li> <li>Nominal account- credit all incomes &amp; gains</li> <li>Personal account- debit the receiver</li> </ol>	B
13.	<p>Cost of goods sold= opening stock+ net purchases+ expenses on Purchases – sales Which part of formula is wrong?</p> <ol style="list-style-type: none"> <li>opening stock</li> <li>net purchases</li> <li>expenses on Purchases</li> <li>sales</li> </ol>	D
14.	<p>Return of goods by a customer should be debited to</p> <ol style="list-style-type: none"> <li>Customer's account</li> <li>Sales return account</li> <li>Goods account</li> <li>Purchase account</li> </ol>	B

15.	Sales made to Mahesh for cash should be debited to a. Cash account b. Mahesh Account c. Sales account d. Purchase account	A
16.	Rent paid to landlord should be credited to a. Landlords account b. Rent account c. Cash account d. Expense account	C
17.	Cash discount allowed to a debtor should be credited to a. Discount account b. Customer's account c. Sales account d. Cash account	B
18.	Opening stock + _____ + Direct Expenses (Carriage on Raw material)-Closing Stock = ..... a. Sales, Purchases b. Sales, Sales return c. Purchases, Cost of goods produced d. Purchases, Cost of goods sold	C
19.	Financial accounting is concerned with – a. Recording of business expenses and revenue b. Recording of costs of products and services c. Recording of day to day business transactions d. None of the above	C
20.	The nature of financial accounting is: a. Historical b. Forward looking c. Analytical d. Social	A
21.	The main object of cost accounting is: a. To record day to day transactions of the business b. To reveal managerial efficiency c. To ascertain true cost of products and services d. To determine tender price	C
22.	Cost accounting emerged mainly on account of: a. Statutory requirements b. Competition in the market c. Labour unrest d. Limitations of financial accounting	D

23.	Advantages of cost accounting accrue : a. Only to workers b. Only to government c. Only to consumers d. To management, workers, consumers and government	D
24.	Cost accounting is applied to : a. Public undertakings only b. Large business enterprise only c. Small business concerns only d. Manufacturing and service concern	D
25.	Marginal costing is concerned with: a. Fixed cost b. Variable cost c. Semi variable cost d. None of the above	B
26.	Is a person or item for which cost may be ascertained? a. Cost unit b. Cost Centre c. Cost object d. Cost estimation	B
27	Salary paid to factory manager is an item of: a. Prime cost b. Factory overhead c. Selling overhead d. Office overhead	B
28	cost refers to those cost which have already been incurred and cannot be altered by any decision in the future. a. Opportunity cost b. Sunk Cost c. Incremental cost d. Decremental cost	B
29	Amortization of intangible Asset Such as Goodwill which has indefinite life is an example of accounting concept a. Conservatism Concept b. Continuity Concept c. Realisation Concept d. Measurement Concept	A

30	If loan have been guaranteed by managers and directors is called as a. Loan b. Unsecured Loan c. Secured Loan d. Advance by Manager & director	C
31.	Cost will still be incurred although a plant is shut down temporarily. a. Cost of raw material b. Advertising c. Depreciation d. Carriage	C
32	Accounting principles are generally based upon: a. Practicability b. Subjectivity c. Convenience in recording d. None of the above	A
33	The system of recording based on dual aspect concept is called: a. Double account system b. Double entry system c. Single entry system d. All the above	B
34	The practice of appending notes regarding contingent liabilities in accounting statements is in pursuance to: a. Convention of consistency b. Money measurement concept c. Convention of conservatism d. Convention of disclosure	D
35	Sales are equal to: a. Cost of goods sold + gross profit b. Cost of goods sold - gross profit c. Gross profit- Cost of goods sold d. None of the above	A
36	Interest on drawings is: a. Expenditure for the business b. Cost for the business c. Gain for the business d. None of the above	C
37	Goods given as samples should be credited to: a. Advertisement account b. Sales account c. Purchase account d. None of the above	C
38.	Outstanding salaries are shown as: a. Added to Salaries while preparing P & La/c b. Shown in liability side of Balance sheet under current Liability. c. (a) &(b) above d. None of the above	C

39	Income tax paid by a sole proprietor on his business income should be: a. Debited to trading account b. Debited to profit and loss account c. Deducted from capital account in the balance sheet d. None of the above	C
40.	All direct & indirect expenses related to business are charged: a. Profit and loss account b. Trading account c. Trading account Profit and Loss account d. Directly to Balance sheet	C
41	According to schedule VI Companies Act which item is not shown on Asset side of Balance sheet a. Investment b. Current Loan & Advances c. Provision d. Lease Holds	C
42	Trade Payables are recorded in..... a. Asset side of B/S b. Liability side of B/S c. P & L a/c d. None of the above	B
43	Investment of X company profit in shares of other company PQR Pvt. Ltd are recorded in..... a. Asset side of Balance Sheet b. Liability side of Balance Sheet c. Profit & Loss a/c d. Not recorded in Balance Sheet	A
44	Preliminary expenses are recorded in..... a. Equity and liabilities-Liability side of B/S b. Current liabilities- Liability side of B/S c. Fixed assets- Asset side of B/S d. Asset side of B/S	D
45	Variable cost per unit a. Remains fixed b. Fluctuates with volume of production c. Varies in consideration with the volume of sales d. None of the above	B

56	The books to be compulsorily maintained by a company are:  a. Cash book and ledger b. Sales and purchase book c. Journal d. Both a and b e. All of a, b, c above	E
	Carriage outward is charged to  a. Debit side Profit & Loss a/c b. Debit side Trading a/c c. Credit side of Profit & Loss a/c d. Credit side of trading a/c	B
58	Cash Purchases:  a. Increases assets b. Results in no change in the total assets c. Decreases assets d. Increases liability	C
59	Purchases of goods on credit from A is recorded as:  a. Debit purchases a/c; credit cash a/c b. Debit A a/c ;credit purchases a/c c. Debit purchases a/c ; credit A a/c d. Debit A a/c ; credit stock a/c	C
60	Which of the following is not an example of real a/c:  a. Machinery b. Building c. Cash d. Creditor	D
61	Payment received from debtor:  a. Decreases the total assets b. Increases the total assets c. Results in no change in total assets d. Increase the total liabilities	C
62	Payment of salary is recorded by:  a. Debiting salary a/c; crediting cash a/c b. Debiting cash a/c; crediting salary a/c c. Debiting employee a/c ; crediting cash a/c  d. Debiting employee a/c ; crediting salary a/c	A



63	<p>Cost of asset should always be equal to the cost of the liabilities. This concept is</p> <ol style="list-style-type: none"> <li>Double Entry Bookkeeping</li> <li>Matching Concept</li> <li>Consistency</li> <li>Money measurement Concept</li> </ol>	B
64	<p>Which of the following is not a fixed asset?</p> <ol style="list-style-type: none"> <li>Building</li> <li>Bank Balance</li> <li>Plant Patents</li> <li>Goodwill</li> </ol>	B
65	<p>The basic concepts related to p&amp; l a/c are:</p> <ol style="list-style-type: none"> <li>Realization Concept</li> <li>Matching Concept</li> <li>Cost Concept</li> <li>Both a and b above</li> </ol>	D
66	<p>P&amp; l a/c is prepared for a period of one year by following:</p> <ol style="list-style-type: none"> <li>Consistency concept</li> <li>Conservatism concept</li> <li>Accounting period concept</li> <li>Cost Concept</li> </ol>	C
67	<p>Insurance prepaid is shown as:</p> <ol style="list-style-type: none"> <li>Current assets</li> <li>Current liabilities</li> <li>Fixed asset</li> <li>Fixed liability</li> </ol>	A
68	<p>Outstanding salary is shown as:</p> <ol style="list-style-type: none"> <li>An asset in the balance sheet</li> <li>A liability</li> <li>By adjusting it in the P &amp; L a/c</li> <li>Both a and c above</li> <li>Both b and c above</li> </ol>	E

69	Reserve for doubtful debts appearing in the trial balance should be:  a. credited to P & L a/c b. Shown as liability side in balance sheet c. Reduced from related asset in the balance sheet d. Both a and b e. Both a and c	E
70	All those to whom business owes money are:  a. Debtors b. Investors c. Creditors d. Shareholders	C
71	According to which concept business is treated as a unit apart from owner  a. Dual concept b. Divider concept c. Entity concept d. Landlord concept	C
72	Authorized capital, also known as a. Nominal capital b. Paid up capital c. Issues capital d. None of these	A
73	True & fair profit and loss a/c of a company know by a. Preparing trial balance b. Preparing respective ledger of account c. Preparing trading a/c d. Preparing trading & profit & loss a/c	D
74	Credit balance of profit & loss a/c shown on a. Asset side of balance sheet b. Liability side of balance sheet c. Not shown in balance sheet d. Half on asset side and half on liability side	B
75	Under which concept it is assumed that the enterprises has neither the intention nor the necessity of liquidation or of curtailing materiality the scale of operation a. Revenue realization concept b. Matching cost concept c. Going concern concept d. None of these	C
76	Making the provision for doubtful debts and discount on debtors in anticipation of actual bad debts and discount is an example for which concept a. Conservatism concept b. Continuity concept c. Realization concept d. All of these	A

77	Financial accounting use data a. Projected data b. External data only c. Historic data d. Manager data only	C
78	Payment received from Debtor a. Decreases the Total Assets b. Increases the Total Assets c. Results in no change in the Total Assets d. Increases the Total Liabilities	C
79	Bookkeeping is an .....of correctly recording of business transition. a. Art and Science b. Art c. Science d. Art or Science	B
80	Journal Entries are known as book of Entry. a. Original b. Duplicate c. Personal d. Nominal	A
81	What comes in is to be debited, what goes out is to be credited. a. Rules of Personal b. Rules of Real c. Rules of Nominal d. All of these	B
82	Which of the following account balance will be shown on debit side of Trial Balance? a. Outstanding expenses b. Cash a/c c. Short term loan d. creditors	D
83	The reduction in the value of the fixed assets which can arise due to time factor is a. Discount b. Depreciation c. Reduction d. None of the above	B

84	<p>If closing stock appears in the trial balance, it should be</p> <ol style="list-style-type: none"> <li>Credited to the trading account</li> <li>Credited to the profit and loss account</li> <li>Deducted from the purchases in the trading account</li> <li>Shown on the liability side of the Balance sheet</li> </ol>	A
85	<p>Outstanding expenses are charged to</p> <ol style="list-style-type: none"> <li>Asset side of balance sheet</li> <li>Liability side of balance sheet</li> <li>Not charged to balance sheet</li> <li>None of these</li> </ol>	B
86	<p>liabilities in balance sheet include the following items</p> <ol style="list-style-type: none"> <li>Long term loan</li> <li>Short term loan</li> <li>Owner's fund</li> <li>All of these</li> </ol>	D
87	<p>prepaid expense is treated as</p> <ol style="list-style-type: none"> <li>Current asset</li> <li>Current liability</li> <li>Short term liability</li> <li>None of these</li> </ol>	A
88	<p>Cost accounting aims at ascertain.....of product</p> <ol style="list-style-type: none"> <li>Cost</li> <li>Net profit</li> <li>Gross profit</li> <li>Selling price</li> </ol>	A
89	<p>The purpose of financial accounts is reporting to</p> <ol style="list-style-type: none"> <li>Management only</li> <li>Government only</li> <li>Investor only</li> <li>All of these</li> </ol>	C

90	Accounting does not record non-financial transactions because of: a. Accrual concept b. Cost concept c. Continuity concept d. Money measurement concept	D
91	Proposed dividends" is shown in the Balance Sheet of a company under the head: a. Provisions b. Reserves and Surplus c. Current Liabilities d. Other Liabilities	A
92	Fixed assets and current assets are categorized as per concept of: a. Separate entity b. Going concern c. Consistency d. Time period	B
93	Proprietor (owner) is treated as creditor of business due to: a. Periodicity concept b. Materiality Principle c. Entity Concept d. Consistency concept	C
94	Which financial statement represents the accounting equation ASSETS = LIABILITIES + OWNER'S EQUITY a. Income Statement b. Cash Flow Statement c. Balance Sheet d. Fund Flow Statement	C
95	Which of the following is a liability? a. Loan from Mr.Y b. loan to Mr.y c. Both (a) (b) d. None of these	A
96	Accounting does not record non-financial transactions because of: a. Accrual concept b. Cost concept c. Continuity concept d. Money measurement concept	D

90	Accounting does not record non-financial transactions because of: e. Accrual concept f. Cost concept g. Continuity concept h. Money measurement concept	D
91	Proposed dividends" is shown in the Balance Sheet of a company under the head: e. Provisions f. Reserves and Surplus g. Current Liabilities h. Other Liabilities	A
92	Fixed assets and current assets are categorized as per concept of: e. Separate entity f. Going concern g. Consistency h. Time period	B
93	Proprietor (owner) is treated as creditor of business due to: e. Periodicity concept f. Materiality Principle g. Entity Concept h. Consistency concept	C
94	Which financial statement represents the accounting equation $ASSETS = LIABILITIES + OWNER'S EQUITY$ e. Income Statement f. Cash Flow Statement g. Balance Sheet h. Fund Flow Statement	C
95	Which of the following is a liability? e. Loan from Mr.Y f. loan to Mr.y g. Both (a) (b) h. None of these	A
96	Accounting does not record non-financial transactions because of: e. Accrual concept f. Cost concept g. Continuity concept h. Money measurement concept	D

97	<p>Fixed assets and current assets are categorized as per concept of:</p> <ul style="list-style-type: none"> <li>a. Separate entity</li> <li>b. Going concern</li> <li>c. Consistency</li> <li>d. Time period</li> </ul>	B
98	<p>Which of the following is correct</p> <ul style="list-style-type: none"> <li>a. Profit does not alter capital</li> <li>b. Capital can only come from profit</li> <li>c. Profit reduces capital</li> <li>d. Profit increases capital</li> </ul>	D
99	<p>Which of the following best describes a trial balance?</p> <ul style="list-style-type: none"> <li>a. It is a list of balances on the books</li> <li>b. It is a special account</li> <li>c. Shows the financial position of a business</li> <li>d. Shows all the entries in the books</li> </ul>	A
100	<p>Net profit is calculated in</p> <ul style="list-style-type: none"> <li>a. Trading a/c</li> <li>b. Balance sheet</li> <li>c. Profit &amp; loss a/c</li> <li>d. Trial balance.</li> </ul>	C
101	<p>The concept of separate entity is applicable to which of following types of businesses?</p> <ul style="list-style-type: none"> <li>a. Sole proprietorship</li> <li>b. Corporation</li> <li>c. Partnership</li> <li>d. All of them</li> </ul>	D
102	<p>Which of the following is time span into which the total life of a business is divided for the purpose of preparing financial statements?</p> <ul style="list-style-type: none"> <li>a. Fiscal year</li> <li>b. Calendar year</li> <li>c. Accounting period</li> <li>d. Accrual period</li> </ul>	C

103	Interest , rent, electricity bill are types of account a. Personal a/c b. Impersonal a/c c. Real a/c d. Nominal a/c	D
104	Which of the following should not be called sales? a. Good sold on credit b. Office fixtures sold c. Sale of item previously included in purchase d. Good sold for cash	B
105	Material concept tell about a. Disclosure of loss b. Disclosure of profit c. Disclosure of all information which are important for investor d. Disclosure of all information which are important for management	C
106	Which of the following is not regarded as the fundamental accounting concept? a. The going concern concept b. The separate entity concept c. The prudence (conservatism) concept d. Correction concept	D
107	Using "lower of cost and net realisable value(Market Value)" for the purpose of inventory valuation is the implementation of which of the following concepts? a. The going concern concept b. The separate entity concept c. The prudence concept d. Matching concept	C
108	The concept of separate entity is applicable to which of following types of businesses? a. Sole proprietorship b. Corporation c. Partnership d. All of them	D
109	The revenue recognition principal dictates that all types of incomes should be recorded or recognized when  a. Cash is received b. At the end of accounting period c. When they are earned d. When interest is paid	C



110	The allocation of owner's private expenses to his/her business violates which of the following? a. Accrual concept b. Matching concept c. Separate business entity concept d. Consistency concept	C
111	The going concern concept assumes that a. The entity continue running for foreseeable future b. The entity continue running until the end of accounting period c. The entity will close its operating in 10 years d. The entity can't be liquidated	A
112	Which of the following is time span into which the total life of a business is divided for the purpose of preparing financial statements? a. Fiscal year b. Calendar year c. Accounting period d. Accrual period	C
113	Showing purchased office equipments in financial statements is the application of which accounting concept? a. Historical cost convention b. Materiality c. Prudence d. Matching concept	B
114	Information about an item is _____ if its omission or misstatement might influence the financial decision of the users taken on the basis of that information a. Concrete b. Complete c. Immaterial d. Material	D
115	"Financial information should be neutral and bias free" is the dictation of which one of the following? a. Completeness concept b. Faithful representation Concept c. Objectivity Concept d. Duality Concept	C

116	Accounting principles are divided into two types. These are --- a. Accounting Concepts b. Accounting Conventions c. Accounting Standards d. Accounting Concepts & Accounting Conventions	D
117	Which of the following is not related with Money Measurement Concept ? a. All business transaction should be expressed only in money b. The transactions which cannot be expressed in money, will not be recorded in accounting books c. Business is treated as separate from the proprietor d. None of These	B
118	Which of the following equation is related with Dual Aspect Concept ? a. Total Assets = Total Liabilities b. Total Assets = Capital + Outsider's Liabilities c. Capital = Total Assets - Outsider's Liabilities d. All of the above	D
119	If the total assets of the company amount to Rs 1,50,000 and owner's equity is Rs 70,000, the amount of liabilities will be – a. Rs 70,000 b. Rs 80,000 c. Rs 90,000 d. Rs 1,00,000	B
120	Profit from sale of assets is example for – a. Revenue Profit b. Capital Profit c. Loss d. None of these	B
121	Depreciation is a charge against – a. Profit b. Assets c. Company d. Books of A/c	A

122	Which expenses is a Capital Nature? a. Depreciation b. Wages c. Salary d. Stationary	A
123	Balance Sheet is a statement of..... a. Assets b. Liabilities c. Capital d. All of these	D
124	Accounting is the process of matching..... a. Benefits & Costs b. Revenues & Costs c. Cash Inflow & Cash Outflow d. Potential & Real Performance	B
125	Which one of the following is not an example of Intangible Assets? a. Patents b. Trade Marks c. Copyright d. Land	D
126	The prime function of accounting is to a. To record economic data b. Provide the information basis of action. c. Classifying and recording business transaction d. Attainment of economic goal	C
127	The basic function of financial accounting is to a. Record all business transaction b. Interpret financial data c. Assist the management in performing function effectively	B
128	Management Accounting provides invaluable services to management in performing a. All management function b. Interpret financial data c. Controlling function d. None of these	A

129	<p>Book keeping is mainly concerned with</p> <ol style="list-style-type: none"> <li>Recording of financial data relating to business operation</li> <li>Designing the systems in recording classifying, summarizing the recorded data</li> <li>Interpreting the data for internal and external users</li> </ol>	A
130	<p>According to the money measurement concept the following will be recorded in the books of accounts of the business</p> <ol style="list-style-type: none"> <li>Health of the managing director of the company</li> <li>Quality of company goods</li> <li>Value of plant and machinery</li> <li>Health of labour in factory</li> </ol>	C
131	<p>The convention of conservatism when applied to the balance sheet result in.</p> <ol style="list-style-type: none"> <li>Understand the asset</li> <li>Understand the liabilities</li> <li>Overstatement of capital</li> <li>None of these</li> </ol>	A
132	<p>The convention of conservatism is applicable a)</p> <ol style="list-style-type: none"> <li>In providing for discount on creditors</li> <li>In making provision for bad doubtful debts</li> <li>Providing depreciation</li> <li>None of these</li> </ol>	B
133	<p>The amount brought in by the proprietor in the business should be credited to</p> <ol style="list-style-type: none"> <li>Cash a/c</li> <li>Capital a/c</li> <li>Drawing a/c</li> <li>Bank a/c</li> </ol>	B
134	<p>The amount of salary paid to Suresh should be debited to</p> <ol style="list-style-type: none"> <li>The account of Suresh</li> <li>Salaries a/c</li> <li>Cash a/c</li> <li>Bank a/c</li> </ol>	B
135	<p>The return of goods by the customer should be debited to</p> <ol style="list-style-type: none"> <li>Customer a/c</li> <li>Sales return a/c</li> <li>Goods a/c</li> <li>Purchase return a/c</li> </ol>	B

136	sales made by Mahesh for cash should be debited to a. Cash a/c b. Mahesh a/c c. Sales a/c d. Sales return a/c	A
137	The rent paid to land lord to be credited to a. Land lord a/c b. Rent a/c c. Cash a/c d. Tenant a/c	C
138	To make simulation more popular, we need to avoid a. Large cost over runs b. Prolonged delays c. User dissatisfaction with simulation results d. All of the above	D
139	The cash discount allowed to a debtor should be credited to a. Discount a/c b. Customer a/c c. Sales a/c d. None of these	B
140	The primary objective of cost accounting is a. Ascertain the cost of goods and services b. Ascertain the profit c. Presentation of all data d. None of these	A
141	The convention of disclosure implies that all material information should be a. Disclosed in the account b. Disclosed in the accounts which is required to owner c. Not disclosed d. None of these	A

142	In accounting all business transaction are recorded as having a. Single aspect b. Dual aspect c. Triple aspect d. None of these	B
143	Custom and traditions which guide the accountant while preparing the accounting statements a. Accounting convention b. Accounting concepts c. Accounting principles d. None of these	C
144	Rules of action or conduct adopted by the accountants universally while recording accounting transaction a. Accounting convention b. Accounting concepts c. Accounting principles d. None of these	C
145	system in which accounting entries are made on the basis of amounts having become due for payment or receipt is called a. Cash concept b. Accrual concept c. Matching concept d. On-going concept	B
146	Debit the receiver credit the giver rule for a. Real a/c b. Personal a/c c. Nominal a/c d. None of these	B
147	Debit what come in Credit what goes out rule for a. Real a/c b. Personal a/c c. Nominal a/c d. None of these	A

148	Debit all expenses and losses Credit all gains and income. a. Real a/c b. Personal a/c c. Nominal a/c d. None of these	C
149	A book containing a chronological record of business transaction & original record a. Journal b. Ledger c. Trial balance d. None of these	A
150	Transferring the debit and credit item from the journal to the respective accounts is called a. Compound Journal b. Ledger c. Trial balance d. None of these	B
151	A statement containing the various ledgers balances on particular date a. Compound Journal b. Ledger c. Trial balance d. None of these	C
152	The transferring of debit and credit items from journal to the respective accounts in the ledger is called as a. Ledger b. Posting c. Forward journal d. None of these	B
153	Which of the following items would not fall under the definition of an asset? a. Land b. Machine c. Cash d. Owner Equity	D

154	Which one of the following items would fall under the definition of a liability a. Cash b. Debtor c. Owner's equity d. None of these	C
155	Which of the following statements are false? a. All liability is a debt for your business b. Debtor are a asset for business c. The accounting equation shows how much of your assets belong to the owner, and how much belong to people outside business d. None of the above	D
156	A business has the following items in it: Land Rs.1,000,000 Machinery Rs.20,000 Cash Rs.10,000 Debt Rs.0 Owner's equity ? What is the value of owner's equity? a. Rs.1020000 b. Rs.1010000 c. Rs.1030000 d. None of the above	C
157	A business has the following items in it: Owners' equity Rs.6,00,000 Liabilities Rs.14,00,000. What is the value of Assets..... a. 600,000 b. 1,400,000 c. 2,000,000 d. None of these	C
158	A business has the following items in it: Land Rs.1,500,000 Machinery Rs.80,000 Cash Rs.20,000 Owners equity Rs.900,000 Loan Rs.500,000 Creditors?  a. Rs.200,000 b. Rs.700,000 c. Rs.800,000 d. Rs1,100,000	A



159	<p>A business has following items in it Land ? Vehicles Rs.600,000 Debtors Rs. 1,20,000 Cash Rs.30,000 Owners' Equity Rs.1,000,000 Loan 5,00,000</p> <p>Creditors Rs.50,000 What is the value of the land.....</p> <p>a. 1,000,000 b. 1,550,000 c. 800,000 d. None of these</p>	C
160	<p>Which of the following equations properly represents a derivation of the fundamental accounting equation?</p> <p>a) Assets + liabilities = Owner Equity b) Asset = OwnerEquity c) Cash = Assets d) Assets – Liabilities = Owner Equity</p> <p>a. Only (a) b. Both (a) (b) c. All (a)(b)(c)(d) d. d) None of these</p>	D
161	<p>Retained earnings will change over time because of several factors. Which of the following factors would explain an increase in retained earnings?</p> <p>a. Net Loss b. Net income c. Dividend d. Investment by share holder.</p>	B
162	<p>Which of these items would be accounted for as an expense?</p> <p>a. Repayment of bank Loan b. Dividend to stock holders c. The purchase of land d. Payment of current period rent</p>	D
163	<p>Which of the following would not be included on a balance sheet?</p> <p>a. Accounts payable b. Accounts receivable c. Sales d. Cash</p>	C

164	<p>XYZltd.has provided the following information about its balance sheet: Cash Rs.100</p> <p>Accounts Receivable Rs.500 Stock holder equity Rs.700 Accounts Payable Rs.200 Bank Loan Rs.1,000</p> <p>Based on the information provided, how much are XYZ Ltd.Totalliabilities?</p> <p>a. Rs.200 b. Rs.1900 c. Rs.1200 d. Rs.1700</p>	B
165	<p>The full disclosure principle, as adopted by the accounting profession, is best described by which of the following?</p> <p>a. All information related to an entity's business and operating objectives is required to be disclosed in the financial statements. b. Information about each account balance appearing in the financial statements is to be included in the notes to the financial statements. c. Enough information should be disclosed in the financial statements so a person wishing to invest in the stock of the company can make a profitable decision. d. Disclosure of any financial facts significant enough to influence the judgment of an informed reader</p>	D
166	<p>Which of the following is a real (permanent) account?</p> <p>a. Goodwill b. Sales c. Accounts Receivable d. Both Goodwill and Accounts Receivable</p>	D
167	<p>Which of the following statements is not an objective of financial reporting?</p> <p>a. Provide information that is useful in investment and credit decisions. b. Provide information regarding policy of organization c. Provide information that is useful in assessing cash flow prospective d. None of theses</p>	B
168	<p>The Cash account on the balance sheet should not include which of the following items?</p> <p>a. Travel advances to employees b. Currency c. Money orders d. Deposits in transit</p>	A

169	Of the following account types, which would be increased by a debit? a. Liabilities and expenses. b. Assets and equity. c. Assets and expenses. d. Equity and revenues	C
170	The following comments all relate to the recording process. Which of these statements is correct? a. The general ledger is a chronological record of transactions. b. The general ledger is posted from transactions recorded in the general journal. c. The trial balance provides the primary source document for recording transactions into the general journal. d. Transposition is the transfer of information from the general journal to the general ledger.	B
171	The following comments each relate to the recording of journal entries. Which statement is true? a. For any given journal entry, debits must exceed credits. b. It is customary to record credits on the left and debits on the right. c. The chart of accounts reveals the amount to debit and credit to the affected accounts. d. Journalization is the process of converting transactions and events into debit/credit format.	D
172	The trial balance is ..... a. Is a formal financial statement. b. Is used to prove that there are no errors in the journal or ledger. c. Provides a listing of every account in the chart of accounts. d. Provides a listing of the balance of each account in active use.	D
173	Which of the following errors will be disclosed in the preparation of a trial balance? a. Recording transactions in the wrong account. b. Duplication of a transaction in the accounting records. c. Posting only the debit portion of a particular journal entry. d. Recording the wrong amount for a transaction to both the account debited and the account credited.	C

174	<p>The basic sequence in the accounting process can best be described as:</p> <ol style="list-style-type: none"> <li>Transaction, journal entry, source document, ledger account, trial balance.</li> <li>Source document, transaction, ledger account, journal entry, trial balance.</li> <li>Transaction, source document, journal entry, trial balance, ledger account.</li> <li>d. Transaction, source document, journal entry, ledger account, trial balance.</li> </ol>	D
175	<p>Inventory accounts should be classified in which section of a balance sheet?</p> <ol style="list-style-type: none"> <li>Current assets</li> <li>Investments</li> <li>Property, plant, and equipment</li> <li>Intangible assets</li> </ol>	A
176	<p>Investment in Bonds should be disclosed on the balance sheet.</p> <ol style="list-style-type: none"> <li>On liability side of balance sheet</li> <li>On Assets side of balance sheet</li> <li>On both side of Balance sheet</li> <li>None of these</li> </ol>	B
177	<p>Contingent liabilities should be recorded in the accounts when:</p> <ol style="list-style-type: none"> <li>It is probable that the future event will occur.</li> <li>The amount of the liability can be reasonably estimated.</li> <li>Both (a) and (b).</li> <li>Either (a) or (b).</li> </ol>	C
178	<p>Which of the following functions is managerial accounting intended to facilitate?</p> <ol style="list-style-type: none"> <li>Planning</li> <li>Decision making</li> <li>Control</li> <li>All of these</li> </ol>	D

179	<p>Which of the following statements about differences between financial and managerial accounting is incorrect?</p> <p>a. Managerial accounting information is prepared primarily for external parties such as stockholders and creditors; financial accounting is directed at internal users.</p> <p>b. Financial accounting is aggregated; managerial accounting is focused on products and departments.</p> <p>c. Managerial accounting pertains to both past and future items; financial accounting focuses primarily on past transactions and events.</p> <p>d. Financial accounting is based on generally accepted accounting practices; managerial accounting faces no similar constraining factors.</p>	A
180	<p>Cost accounting information can be used for:</p> <p>a. Budget control and evaluation.</p> <p>b. Determining standard costs and variances.</p> <p>c. Pricing and inventory valuation decisions.</p> <p>d. All of these</p>	D
181	<p>Manufacturing costs are also known as product costs. Which of the following best describes those costs which are considered to be manufacturing costs?</p> <p>a. Direct materials, direct labor, and factory overhead.</p> <p>b. Direct materials and direct labor only.</p> <p>c. Direct materials, direct labor, factory overhead, and administrative overhead.</p> <p>d. Direct labor and factory overhead.</p>	C
182	<p>A company's telephone bill consisting of a Rs.200 monthly base amount, plus long distance charges, would be classified as a:</p> <p>a. Variable cost</p> <p>b. Committed fixed cost</p> <p>c. Direct cost</p> <p>d. Semi variable cost</p>	D
183	<p>Accounting principles are</p> <p>a. As definite as principles of physics and chemistry</p> <p>b. Unlike principles of physical sciences.</p> <p>c. Verifiable through observations and records</p> <p>d. Thoughts of accountant</p>	B

184	Accounting concepts are based on a. Certain assumptions b. Certain facts and figures c. Certain accounting records d. Practice experience	B
185	Business entity concept distinguishes between: a. Individual and business b. Business and business c. Owners d. Debtors and creditors	A
186	The cost concept records the figures at a. Market values b. Actual amount paid c. Actual amount or market values whichever is less. d. MRP maximum retail price	B
187	Going concern concept assumes a. Business as a dissolving concern b. Business on relishing values c. Business as a going concern d. Asset = liability	C
188	Financial account provide summary of: a. Asset b. Liability c. Accounts	C
189	Financial statements are: a. Estimates of facets b. Anticipated facts c. recorded facts	C
190	Retained earnings statement depicts: a. Appropriation of profits b. Estimates of profits c. Estimates of costs	A
191	User of financial statement is: a. Management b. Creditors c. Bankers d. All of the above	D

192	Current liability does not include a. Sundry creditors b. Acceptances c. Unclaimed dividend d. Short term investment	D
193	Financial accounting deals with: a. Determination of cost b. Determination of profit c. Determination of price d. Determination of selling price	B
194	Financial account record only a. Actual figures b. Budgeted figures c. Standard figures d. Management Figure	A
195	The term Management Accounting was first used in a. 1910 b. 1939 c. 1950 d. 1960	C
196	Management Accounting relates to a. Recording of accounting data b. Recording of cost data c. Presentation of account data d. None of the above	C
197	Content of income statement a. Trading account b. Profit and loss account c. Balance sheet d. All of the above	D
198	Which does not comes under the head of asset: a. Fixed asset b. Investment c. Current asset d. Owners equity	D
199	Which items does not come under the balance sheet a. sales b. Share capital c. Reserves and surplus d. Unsecured loan	A
200	The word accounting can be classified in to: a. Financial accounting and management accounting b. Financial accounting and cost accounting c. Financial accounting, management accounting and cost accounting d. Cannot be classified	C

201	<p>If a company has contingent liabilities, they appear in the .....</p> <p>a. Balance Sheet b. Director's Report c. Foot note down the balance sheet d. Chairman's report</p>	A
202	<p>Modern Method of Accounting was introduced by</p> <p>a. M. S. Gosav b. Wheldon <b>c. Luco Pacioli</b> d. R. N. Carter</p>	C
203	<p>A budget is a plan of action expressed in...</p> <p>a. Financial terms b. Non-financial terms c. Both d. Subjective matter</p>	C
204	<p>Budget is prepared for a...</p> <p>a. Indefinite period b. Definite period c. Period of one year d. Six months</p>	B
205	<p>A budget is tool which helps the management in planning and control of...</p> <p>a. All business activities b. Production activities c. Purchase activities d. Sales activities</p>	A
206	<p>Budgetary control system acts as a friend, philosopher and guide to the...</p> <p>a. Management b. Share holders c. Creditors d. Employees</p>	A
207	<p>Budgetary control system defines the objectives and policies of the...</p> <p>a. Production department b. Finance department c. Marketing department d. All</p>	D
208	<p>Budgetary control system facilitates centralized control with...</p> <p>a. Decentralized activity b. Centralized activity c. Both d. None</p>	C



209	Budgetary control facilitates easy introduction of the... a. Marginal costing b. Ratio analysis c. Standard costing d. Subjective matter	C
210	Budgetary control helps the management in... a. Obtaining bank credit b. Issue of shares c. Getting grants from government d. All of these	A
211	Budgetary control system helps the management to eliminate... a. Undercapitalization b. Overcapitalization c. Both d. Subjective matter	C
212	Budgetary control provides a basis for... a. Bonus shares b. Rights shares c. Remuneration plans d. None	C
213	Budgetary control helps to introduce a suitable incentive and remuneration based on... a. Changes in government policies b. Inflationary conditions c. Both d. None	B
214	Budgetary control _____ replace management in decision-making. a. Can b. Cannot c. Sometimes d. Inadequate data	B
215	The success of budgetary control system depends upon the willing cooperation of... a. Shareholders b. Management c. Creditors d. All the functional areas of management	D
216	Recording of actual performance is.... a. An advantage of budgetary control b. A step in budgetary control c. A limitation of budgetary control d. None	B

217	Revision of budgets is... a. Unnecessary b. Can't determine c. Necessary d. Inadequate data	C
218	Frequent revision of budgets will... a. Affects its reliability b. Increase the accuracy c. Both d. Subjective matter	A
219	Usually the production budget is stated in terms of... a. Money b. Quantity c. Both d. None	C
220	.Budget period is the... a. Period of budget committee b. Period of budget centres c. Period for which a budget is prepared d. Period of budget officer	C
221	Budget period depends upon... a. The type of budget b. The nature of business c. The length of trade cycles d. All of these	D
222	A key factor is one which restricts... a. The volume of production b. The volume of sales c. The volume of purchase d. All of the above	A
223	.....plan serving as a pattern for and a control over future operations is known as budget. a. Operational b. Financial c. Functional	B
224	..... control is the most useful technique in implementing the objectives of the company with minimum possible cost and maximum possible efficiency. a. Budgetary b. Inventory c. Capability	A

225	.....Co-ordination and control are three basis aspects concerned with budgetary control. a. Centralizing b. De-centralizing c. Planning	C
226	.....is a section of the organisation of an undertaking defined for the purpose of budgetary control. a. Cost centre b. Budget centre c. Cost Unit	B
227	A document which sets out the responsibilities of the persons engaged in the routine of and the forms and records required for budgetary control is known as _____. a. Budget Policy b. Budget Book c. Budget Manual	C
228	On the basis of _____, budget is classified into long term budget, short term budget and current budget. a. Functions b. Control c. Time	C
229	On the basis of flexibility budget is classified into two types such as fixed budget and _____ budget. a. variable b. Semi-variable c. Constant	A
230	Variable budget is also known as _____ budget. a. Fixed b. Semi-variable c. Flexible	C
231	The budget prepared according to _____ is known as functional budgets. a. Period b. Controls c. Functions	C
232	..... budget is a budget which is designed to remain unchanged irrespective of the volume of output or turnover achieved. a. Flexible b. Cash c. Fixed	C

233	<p>A Flexible budget is one which permits the change in accordance with the changes in the level of activity.</p> <p>a. Fixed b. Flexible c. Sales</p>	B
234	<p>Flexible budgets are more useful in actual practice because it is more realistic and has great practical utility in the business.</p> <p>a. realistic b. non-realistic c. Predictable</p>	A
235	<p>A _____ budget is the budget which shows the quantity and value of goods to be purchased during the budget period to meet the day-to-day needs of the business.</p> <p>a. Sales b. Cash c. Purchase</p>	C
236	<p>One of the basic purpose to prepare _____ budget is to estimate the cash requirements for the purchases to be made during the budgeted period.</p> <p>a. purchase b. cash c. sales</p>	A
237	<p>Purchase budget is prepared by the _____ manager.</p> <p>a. Finance b. Stores c. Purchase</p>	C
238	<p>Plant utilization budget and Manufacturing overhead budgets are types of</p> <p>a. Production budget b. Sales budget c. Cost budget d. None of the above</p>	A
239	<p>A factory produces two types of articles Y and Z. Article Y takes 8 hours to make and Z takes 16 hours. In a month ( 25 days * 8 hours) 600 units of X and 400 units of Z are produced. Given budgeted hours 8000 per month and men employed are 50.</p> <p>Determine Activity ratio, Capacity ratio and efficiency ratio.</p> <p>a. 112%, 140%, 140% b. 140%, 112%, 140% c. 140%, 140%, 112% d. None of the above</p>	C

240	R&D budget and Capital expenditure budget are examples of a. Short-term budget b. Current budget c. Long-term budget d. None of the above	C
241	Capacity ratio * Efficiency ratio = Activity ratio. a. True b. False	A
242	The scare factors is also known as a. Key factor b. Abnormal factor c. Linking factor d. None of the above	A
243	A budgeting process which demands each manager to justify his entire budget in detail from beginning is a. Functional budget b. Master budget c. Zero base budgeting d. None of the above	C
244	Activity Ratio -----i) (Actual hours worked / Budgeted hours) * 100 B) Capacity Ratio ----- ii) (Standard hours of actual production / Actual hours worked) * 100 C) Efficiency Ratio-----iii) (Standard hours for actual output / BBudgeted hours) * 100 A-ii, B-iii, C-i b. A-i, B-ii, C-iii c. A-iii, B-i, C-ii d. None of the above	C
245	Given Production at 60% activity, 600 units, Material Rs 50 per unit, Labour Rs 20 per unit, Direct expenses Rs 5 per unit, Factory overheads Rs 20,000 ( 60% variable) and Administration expenses Rs 15,000 ( 60% fixed). What will be the total cost per unit for production at 80% capacity? a. Rs 1,01,000 b. Rs 126.25 c. Rs 122 d. Rs 1,22,000	B

246	In fixed budgets costs are classified according to their nature. a. True b. False	B
247	Given the budgeted output in second quarter is 8,000 units. In the first quarter, Fixed overheads were Rs 40,000 Variable overheads were Rs 5 per unit ( Rs40,000) and semi variable were 20,000 ( 60% varying @ Rs 3 per unit). Determinethe total manufacturing overhead budget for the second quarter. a. Rs 1,12,000 b. 1,12,000 units c. Insufficient data d. None of the above	A
248	Budgetary control system defines the objectives and policies of the... a. Production department b. Finance department c. Marketing department d. All	D
249	Budgetary control system facilitates centralized control with... a. Decentralized activity b. Centralized activity c. Both d. None	C
250	Budgetary control system helps the management to eliminate... a. Undercapitalization b. Overcapitalization c. Both d. Subjective matter	C