✅ **WEEK 7 – DEPRECIATION (SET 1: MAIN NOTES)**

1. Depreciation represents:
   a) Increase in asset value
   b) Permanent decline in asset value
   c) Temporary fluctuation in value
   d) Market value reduction

2. AS-6 defines depreciation as:
   a) Allocation of cost over useful life
   b) Fall in market price
   c) Change in fair value
   d) Amortisation only

3. Under Straight Line Method, depreciation is:
   a) Constant every year
   b) Decreasing every year
   c) Increasing every year
   d) Based on machine hours

4. Under WDV Method, depreciation is charged on:
   a) Original cost
   b) Residual value
   c) Written-down value
   d) Salvage value

5. Double Diminishing Balance Method is used for:
   a) Low value items
   b) Accelerated depreciation
   c) Intangible assets
   d) Inventory valuation

6. SYD Method results in:
   a) Higher depreciation in later years
   b) Uniform depreciation
   c) Higher depreciation in early years
   d) Depreciation based on usage

7. Machine Hour Rate method is suitable when:
   a) Depreciation depends on passage of time
   b) Machines work irregularly
   c) Machines are not used
   d) Assets are intangible

8. Under Income Tax Act, depreciation is generally charged on:
   a) Asset basis
   b) Block of assets

c) Entire business
d) Sales value

9. Additional depreciation u/s 32(1)(iia) applies to:
a) Trading companies
b) Manufacturing companies
c) Service sector
d) Retail shops

10. If asset is used for less than 180 days, depreciation allowed is:
a) Full
b) 75%
c) 50%
d) Nil

11. Unabsorbed depreciation can be carried forward:
a) 8 years
b) 10 years
c) Indefinitely
d) 5 years

12. Under Companies Act, useful life is prescribed in:
a) Schedule I
b) Schedule II
c) Schedule III
d) Schedule IV

13. Residual value under Companies Act is generally:
a) 1%
b) 5%
c) 10%
d) 15%

14. Change in depreciation method is treated as:
a) Error
b) Change in estimate
c) Change in accounting policy
d) Prior period item

15. PPE is defined under:
a) AS-2
b) AS-6
c) AS-10
d) AS-26

16. Depreciable amount equals:
a) Cost
b) Cost – residual value

c) Cost + salvage value
d) Market value

17. Revaluation model is permitted under:
a) AS-2
b) AS-6
c) AS-10
d) AS-3

18. Depreciation must reflect:
a) Management choice
b) Pattern of economic benefits
c) Legal requirement
d) Market fluctuations

19. Depreciation is compulsory due to:
a) Prudence
b) Matching concept
c) Consistency
d) Materiality

20. Depreciation reduces:
a) Tax liability
b) Asset cost
c) Both a & b
d) None

✅ **Answers**

1-b, 2-a, 3-a, 4-c, 5-b, 6-c, 7-b, 8-b, 9-b, 10-c, 11-c, 12-b, 13-b, 14-c, 15-c, 16-b, 17-c, 18-b, 19-b, 20-c

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✅ WEEK 7 – ADDITIONAL NOTES ON DEPRECIATION (SET 2)

1. Depreciation under IT Act is given on:
a) Individual asset
b) Block of assets
c) Working capital
d) Intangibles only

2. "Block of Assets" means:
a) All assets owned
b) Group of assets with same depreciation rate
c) Fixed assets only
d) Current assets

3. Under IT Act, method used is:
   a) SLM
   b) WDV
   c) Units of production
   d) SYD

4. Additional depreciation is allowed on:
   a) Used machinery
   b) New plant & machinery
   c) Furniture
   d) Office equipment

5. Additional depreciation rate is:
   a) 10%
   b) 20%
   c) 35% (for backward areas)
   d) Both b and c

6. Depreciation is mandatory from AY:
   a) 1997–98
   b) 2001–02
   c) 2002–03
   d) 2010–11

7. Short-term asset used <180 days gets:
   a) Full depreciation
   b) Half depreciation
   c) Nil
   d) 75%

8. Goodwill revaluation results in:
   a) Gain or loss
   b) Depreciation
   c) Impairment
   d) None

9. Intangible assets are eligible for depreciation at:
   a) 5%
   b) 10%
   c) 25%
   d) 100%

10. Depreciation is allowed only if asset is:
    a) Owned
    b) Used for business
    c) Both a & b
    d) None

11. WDV does not apply to:
    a) Power generating companies
    b) Trading companies
    c) Construction companies
    d) Retail businesses
12. Additional depreciation applies to:
    a) Office appliances
    b) Motor vehicles
    c) Manufacturing equipment
    d) Second-hand assets
13. Unabsorbed depreciation can be set off against:
    a) Salary income
    b) Capital gain
    c) Any income except salary & capital gain
    d) Only business income
14. Depreciation is a:
    a) Cash expense
    b) Non-cash expense
    c) Capital expenditure
    d) Revenue receipt
15. Asset value after depreciation is called:
    a) Market value
    b) Net realisable value
    c) Written down value
    d) Book surplus
16. Depreciation allowable when asset is:
    a) Idle
    b) Partly used
    c) Damaged
    d) All cases
17. Depreciation on computers is generally:
    a) Low
    b) High
    c) Zero
    d) Declining
18. Depreciation helps in:
    a) Tax saving
    b) Matching cost with revenue
    c) Determining profitability
    d) All

19. For tax depreciation, useful life is:
    a) Mandatory
    b) Suggested
    c) Not relevant
    d) Optional

20. Block concept was introduced to:
    a) Complicate depreciation
    b) Simplify tax system
    c) Increase tax revenue
    d) None

✅ **Answers**

1-b, 2-b, 3-b, 4-b, 5-d, 6-c, 7-b, 8-a, 9-c, 10-c, 11-a, 12-c, 13-c, 14-b, 15-c, 16-d, 17-b, 18-d, 19-c, 20-b

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✅ WEEK 8 — VALUATION OF GOODWILL ()

1. Goodwill represents:

a) Market value of business
b) Reputation and earning capacity
c) Depreciation of assets
d) Working capital

2. Goodwill is shown in accounts when:

a) Internally generated
b) Purchased
c) Estimated by management
d) Customer loyalty is high

3. Self-generated goodwill is:

a) Recorded as an asset
b) Not recorded in accounts
c) Mandatory under AS
d) Shown under liabilities

4. Purchased Goodwill appears in the balance sheet as:

a) Current asset
b) Fixed intangible asset
c) Long-term liability
d) Reserve

5. Goodwill is valued when:

a) Profit-sharing ratio changes
b) Partner retires
c) Business is sold
d) All of the above

6. Goodwill arises due to:

a) Higher profits compared to normal profits
b) Lower productivity
c) Tax benefits
d) Asset appreciation

7. Under Average Profit Method, goodwill =

a) Average profits × years of purchase
b) Super profit × years of purchase
c) Capital employed × rate of return
d) None

8. Weighted Average Profit Method is used when:

a) Profits are stable
b) Profits show trend (increasing/decreasing)
c) Loss occurs
d) Partner retires

9. Normal Profit =

a) Average profit × years
b) Capital employed × normal rate of return
c) Weighted profit ÷ sales
d) Assets – liabilities

10. Super Profit =

a) Capital employed – average profit
b) Total assets – liabilities
c) Average profit – normal profit
d) Gross profit – operating expenses

11. Under Capitalisation of Super Profit Method, goodwill =

a) Super profit × years
b) Capitalised value – capital employed
c) (Super profit × 100) ÷ normal rate
d) (Average profit × 100) ÷ capital employed

12. Goodwill is influenced by:

a) Location advantages
b) Efficient management

c) Quality products
d) All of the above

13. Goodwill decreases when:

a) Competition increases
b) Business reputation falls
c) Key employees leave
d) All

14. Goodwill is a/an:

a) Tangible asset
b) Intangible asset
c) Fictitious asset
d) Monetary asset

15. Abnormal losses are:

a) Added to profits
b) Deducted from profits
c) Ignored
d) Adjusted against assets

16. Abnormal gains are:

a) Added to profits
b) Deducted from profits
c) Ignored completely
d) Added to capital

17. Capital employed =

a) Total assets – current liabilities
b) Fixed assets – depreciation
c) Cash + accounts receivable
d) Share capital only

18. If goodwill is valued on 3 years' purchase of super profits, and super profit = ₹50,000, goodwill =

a) ₹50,000
b) ₹100,000
c) ₹150,000
d) ₹200,000

19. Goodwill exists only when:

a) Business is new
b) Average profits = normal profits

c) Average profits > normal profits
d) No profits are earned

20. When profits fluctuate widely, which method is preferred?

a) Simple Average Profit
b) Weighted Average Profit
c) Capitalisation Method
d) Realisation Method

✅ ANSWER KEY (WEEK 8 — GOODWILL)

1-b, 2-b, 3-b, 4-b, 5-d, 6-a, 7-a, 8-b,9-b, 10-c, 11-c, 12-d, 13-d, 14-b, 15-b, 16-b, 17-a, 18-c, 19-c, 20-b

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✅ WEEK 9 — VALUATION OF INVENTORY ()

1. Pricing of material issues refers to:

a) Fixing the selling price
b) Determining the price at which materials issued are valued
c) Calculating profit
d) Determining overhead absorption

2. FIFO stands for:

a) First In First Out
b) Fast In Fast Out
c) Final In Final Out
d) First in Further out

3. Under FIFO, closing stock is valued at:

a) Oldest prices
b) Latest prices
c) Average prices
d) Weighted prices

4. Under LIFO, issues are made from:

a) Oldest material
b) Latest material
c) Highest cost
d) Lowest cost

5. LIFO results in closing stock valued at:

a) Latest rates
b) Oldest rates
c) Weighted average
d) Simple average

6. When prices are rising, FIFO results in:

a) Lower closing stock
b) Higher closing stock
c) Loss
d) None

7. When prices are rising, LIFO results in:

a) Lower profit
b) Higher profit
c) No effect
d) Higher closing stock

8. Simple Average Price =

a) Total value ÷ total quantity
b) Total of rates ÷ number of rates
c) Total units ÷ total price
d) Rate × quantity

9. Weighted Average Price =

a) Total value ÷ total quantity
b) Total units × total price
c) Total price ÷ units issued
d) Total price ÷ number of lots

10. Weighted average is recalculated:

a) Monthly
b) After every purchase
c) After every issue
d) Yearly

11. FIFO is appropriate when:

a) Items are perishable
b) Prices fluctuate widely
c) Material is returned
d) LIFO is banned

12. LIFO is most suitable when:

a) Prices are rising
b) Prices are falling

c) Stock is perishable
d) Stock is obsolete

13. Simple Average Method ignores:

a) Quantities
b) Prices
c) Issues
d) Purchases

14. Inventory valuation affects:

a) Cost of goods sold
b) Gross profit
c) Net profit
d) All of these

15. In Simple Average method, lots exhausted under FIFO logic:

a) Are included
b) Are excluded
c) Are given double weight
d) Are adjusted separately

16. Under Weighted Average method, issue price is:

a) Based on latest purchase
b) Based on oldest purchase
c) Based on average weighted by quantities
d) Based on management decision

17. Inventory valuation is important in deciding:

a) Profit for the period
b) Tax liability
c) Financial position
d) All of the above

18. FIFO ledger issues stock in:

a) Chronological order
b) Reverse chronological order
c) Arbitrary order
d) Alphabetical order

19. LIFO is not suitable for:

a) Non-perishable items
b) Perishable items
c) Durable items
d) Low-cost items

20. When prices fluctuate constantly, the best method is:

a) FIFO
b) LIFO
c) Weighted Average
d) Simple Average

✅ ANSWER KEY — WEEK 9 (INVENTORY)

1-b, 2-a, 3-b, 4-b, 5-b, 6-b, 7-a, 8-b, 9-a, 10-b, 11-a, 12-a, 13-a, 14-d, 15-b, 16-c, 17-d, 18-a, 19-b, 20-c

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✅ WEEK 10 — FUNDS FLOW STATEMENT ()

1. Funds Flow Statement shows:

a) Cash inflows only
b) Cash outflows only
c) Changes in financial position (sources & uses of funds)
d) Profit for the year

2. Funds, in popular sense, refers to:

a) Cash only
b) Working capital
c) Total assets
d) Total liabilities

3. Working Capital =

a) Current Assets – Current Liabilities
b) Fixed Assets – Current Assets
c) Current Assets + Current Liabilities
d) Cash + Debtors

4. Increase in Current Asset results in:

a) Increase in Working Capital
b) Decrease in Working Capital
c) No effect
d) Increase in liabilities

5. Increase in Current Liability results in:

a) Increase in Working Capital
b) Decrease in Working Capital

c) No effect
d) Increase in assets

6. Which of the following is a source of funds?

a) Purchase of machinery
b) Issue of shares
c) Payment of dividends
d) Increase in working capital

7. Which of the following is an application of funds?

a) Sale of assets
b) Raising a loan
c) Redemption of debentures
d) Decrease in working capital

8. Funds from Operations =

a) Net Profit + non-operating expenses – non-operating incomes
b) Net Profit – depreciation
c) Gross Profit – operating expenses
d) Sales – cost of goods sold

9. Depreciation is:

a) Source of funds
b) Application of funds
c) Non-cash expense
d) Both a & c

10. Preliminary expenses written off appear in:

a) Trading Account
b) Adjusted Profit & Loss Account
c) Balance Sheet liability side
d) Profit before depreciation

11. Provision for Tax appears as a:

a) Current liability
b) Non-current liability
c) Application in Funds Flow
d) All depending on case

12. Payment of dividend is:

a) Operating activity
b) Investing activity
c) Application of funds
d) Non-cash item

13. Sale of fixed assets (book value 50,000 sold for 60,000) leads to:

a) Source of 50,000
b) Source of 60,000
c) Source of 10,000
d) Application of 50,000

14. Funds Flow Statement consists of:

a) Sources and uses
b) Profit and loss
c) Assets and liabilities
d) Revenues and expenses

15. Decrease in Working Capital is:

a) Source of funds
b) Use of funds
c) Operating loss
d) None

16. Increase in Working Capital is:

a) Source of funds
b) Use of funds
c) Cash inflow
d) Non-operating gain

17. Purchase of fixed assets appears under:

a) Profit & Loss Account
b) Statement of Changes in Working Capital
c) Application of Funds
d) Funds from Operations

18. Profit on sale of machinery is:

a) Adjusted in Funds from Operations
b) Deducted from operations
c) Non-operating income
d) All of the above

19. Issue of debentures is:

a) Operating activity
b) Source of funds
c) Application of funds
d) Non-operating expense

20. Statement of Changes in Working Capital includes:

a) Fixed Assets
b) Equity Share Capital
c) Current Assets & Current Liabilities
d) Reserves

✅ ANSWER KEY — WEEK 10 (FUNDS FLOW)

1-c, 2-b, 3-a, 4-a, 5-b, 6-b, 7-c, 8-a, 9-d, 10-b, 11-d, 12-c, 13-b, 14-a, 15-a, 16-b, 17-c, 18-d, 19-b, 20-c

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✅ WEEK 11 — CASH FLOW STATEMENT ()

1. Cash Flow Statement is prepared as per:

a) AS–2
b) AS–6
c) AS–3 (Revised) / Ind AS 7
d) AS–10

2. Cash includes:

a) Cash in hand only
b) Cash at bank only
c) Cash in hand + demand deposits
d) Marketable securities

3. Cash equivalents are:

a) Long-term investments
b) Short-term, highly liquid investments
c) Inventory
d) Notes receivable

4. Which is NOT an operating activity?

a) Cash from customers
b) Cash paid to suppliers
c) Issue of shares
d) Cash paid to employees

5. Investing activities include:

a) Sale of machinery
b) Rent received
c) Interest on debentures
d) Payment of salaries

6. Financing activities include:

a) Purchase of machinery
b) Issue of equity shares
c) Sale of investments
d) Commission received

7. Depreciation in Cash Flow Statement is:

a) Cash outflow
b) Added back to Net Profit
c) Deducted from investing activities
d) Deducted from financing activities

8. Profit on sale of assets is:

a) Operating income
b) Non-operating & deducted from operating
c) Added to operating
d) None

9. Loss on sale of assets is:

a) Deducted from net profit
b) Added back in operating activities
c) Both a & b
d) None

10. Income tax paid is shown under:

a) Financing activities
b) Investing activities
c) Operating activities
d) Cash equivalents

11. Dividend paid is classified as:

a) Operating activity
b) Financing activity
c) Investing activity
d) Not shown

12. Cash from Operating Activities begins with:

a) Gross profit
b) Net profit before tax / after tax
c) Closing stock
d) Sales

13. Increase in debtors is:

a) Added in operating activities
b) Deducted in operating activities
c) Investing activity
d) Financing activity

14. Decrease in creditors is:

a) Added in operating activities
b) Deducted in operating activities
c) Investing activity
d) Financing activity

15. Purchase of an asset appears under:

a) Operating
b) Investing
c) Financing
d) Working capital

16. Issue of debentures is:

a) Cash inflow (financing)
b) Cash outflow (financing)
c) Investing
d) Operating

17. Redemption of preference shares is:

a) Cash inflow
b) Cash outflow (financing)
c) Investing inflow
d) Dividend income

18. Opening cash balance appears in:

a) Notes only
b) Beginning of Cash Flow Statement
c) End of Cash Flow Statement
d) Not shown

19. Cash equivalents are held mainly for:

a) Long-term growth
b) Earning high profits
c) Meeting short-term obligations
d) Inventory expansion

20. Final figure in Cash Flow Statement is:

a) Net profit
b) Net change in cash & cash equivalents

c) Total assets
d) Cash from financing activities

✅ ANSWER KEY — WEEK 11 (CASH FLOW)

1-c, 2-c, 3-b, 4-c, 5-a, 6-b, 7-b, 8-b, 9-c, 10-c, 11-b, 12-b, 13-b, 14-b, 15-b, 16-a, 17-b, 18-b, 19-c, 20-b

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✅ WEEK 12 — COMPARATIVE, COMMON SIZE, TREND & DUPONT ANALYSIS ()

1. Comparative statements are also known as:

a) Vertical analysis
b) Horizontal analysis
c) Ratio analysis
d) Trend analysis

2. Comparative financial statements show:

a) Only current year data
b) Only previous year data
c) Both years + changes
d) Industry comparison only

3. Common Size Statements express each item as a percentage of:

a) Previous year's amount
b) Total of that statement
c) Industry average
d) Market trends

4. In Common Size Income Statement, the base item is:

a) Profit
b) Sales / Revenue from operations
c) Gross profit
d) Total expense

5. In Common Size Balance Sheet, base item is:

a) Total assets
b) Fixed assets
c) Current liabilities
d) Equity

6. Trend analysis compares performance:

a) For one year
b) Across multiple periods
c) Against competitors
d) Both b & c

7. Trend percentages are calculated by selecting:

a) Highest value as base
b) Lowest value as base
c) Any year as base
d) Previous year only

8. Trend % formula =

a) (Base year ÷ Current year) × 100
b) (Current year ÷ Base year) × 100
c) Current year – Base year
d) Base year – Current year

9. DuPont analysis breaks ROE into:

a) 2 components
b) 3 components
c) 4 components
d) 5 components

10. In DuPont model, Net Profit Margin measures:

a) Profitability
b) Liquidity
c) Leverage
d) Efficiency

11. Total Asset Turnover measures:

a) Use of debt
b) Use of assets to generate sales
c) Profit after tax
d) Retained earnings

12. Equity Multiplier measures:

a) Solvency
b) Leverage
c) Operating efficiency
d) Dividend policy

13. DuPont ROE formula is:

a) PAT ÷ Equity
b) NPM × Asset Turnover × Equity Multiplier

c) GP ÷ Net sales
d) Operating profit ÷ Equity

14. Comparative statements help determine:

a) Changes in financial performance
b) Company valuation
c) Dividend decision
d) Inventory turnover only

15. Common Size analysis helps mainly in:

a) Inter-firm comparison
b) Finding gross profit
c) Inventory valuation
d) Tax calculation

16. If total assets = ₹10,00,000 and equity = ₹4,00,000, the equity multiplier is:

a) 2.0
b) 2.5
c) 3.0
d) 4.0

17. If Net Profit = ₹50,000 and sales = ₹2,50,000, Net Profit Margin =

a) 10%
b) 15%
c) 20%
d) 25%

18. If sales = ₹8,00,000 and total assets = ₹4,00,000, Asset Turnover =

a) 1 time
b) 1.5 times
c) 2 times
d) 3 times

19. Trend percentage of base year is always:

a) 0%
b) 50%
c) 100%
d) Not fixed

20. Common Size Balance Sheet expresses all items as a % of:

a) Fixed Assets
b) Total Liabilities
c) Total Assets
d) Both b and c (since they are equal)

✅ ANSWER KEY — WEEK 12 (ANALYSIS TOOLS)

1-b, 2-c, 3-b, 4-b, 5-a, 6-b, 7-c, 8-b, 9-b, 10-a, 11-b, 12-b, 13-b, 14-a, 15-a, 16-a, 17-a, 18-c, 19-c, 20-d

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✅ WEEK 13 — DISCLOSURE OF ACCOUNTING STANDARDS ()

1. Accounting policies include:

a) Accounting principles
b) Methods of applying principles
c) Both (a) and (b)
d) Only assumptions

2. Fundamental Accounting Assumptions need NOT be disclosed unless:

a) They change
b) They are not followed
c) Auditor requests
d) Company is listed

3. Going Concern means:

a) Business will close soon
b) Business will continue operations
c) Business will merge
d) Business will be sold

4. Consistency assumption refers to:

a) Changing methods every year
b) Using same accounting policies year after year
c) Following IFRS
d) Recording only cash transactions

5. Accrual basis requires:

a) Recording cash only
b) Recording transactions when they occur
c) Recording only credit sales
d) Ignoring expenses

6. Significant accounting policies should be disclosed:

a) At different places in different notes
b) In one place for clarity

c) Only if auditor demands
d) Only for large firms

7. Change in accounting policy must be disclosed along with:

a) Impact on financial statements
b) Just the reason
c) Only approval from directors
d) Auditor's signature

8. Disclosure of accounting policies ensures:

a) Comparability
b) Transparency
c) Better understanding
d) All of these

9. IFRS stands for:

a) International Financial Reporting Standards
b) Indian Financial Reporting System
c) International Finance Regulatory Standards
d) None

10. IFRS is issued by:

a) ICAI
b) IASB
c) SEC
d) RBI

11. IFRS is applied in:

a) Only USA
b) Only Europe
c) Over 160 countries
d) Only India

12. Which country uses GAAP instead of IFRS?

a) India
b) USA
c) UK
d) UAE

13. Under IFRS, the Balance Sheet is called:

a) Statement of Financial Position
b) Statement of Cash Flows
c) Statement of Changes in Equity
d) Statement of Operation

14. Audit report should be:

a) Biased
b) Objective and independent
c) Delayed
d) Confidential to management only

15. Errors in accounting are:

a) Intentional
b) Unintentional
c) Fraudulent
d) Non-recordable

16. Errors of omission occur when:

a) Wrong amount is posted
b) Entire transaction is missed
c) Wrong account is debited
d) Totals are incorrect

17. Errors of principle occur when:

a) Capital item is treated as revenue
b) Wrong totals are posted
c) Wrong subsidiary book is used
d) Error compensates another error

18. Misappropriation of cash is an example of:

a) Clerical error
b) Fraud
c) Principle error
d) Window dressing

19. Window dressing aims to:

a) Improve appearance of financial statements
b) Reduce expenses genuinely
c) Increase liabilities intentionally
d) Close business operations

20. Secret reserves are created to show:

a) True and fair view
b) Better profits
c) Worse financial position
d) Higher assets

✅ ANSWER KEY — WEEK 13

1-c, 2-b, 3-b, 4-b, 5-b, 6-b, 7-a, 8-d, 9-a, 10-b, 11-c, 12-b, 13-a, 14-b, 15-b, 16-b, 17-a, 18-b, 19-a, 20-c

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✅ WEEK 14 (SET 1) — CAPITAL & REVENUE EXPENDITURE ()

Week 14 CAPITAL AND REVENUE EXP...

1. Capital expenditure provides benefits for:

a) One accounting year
b) More than one accounting year
c) Less than one month
d) Only during installation

2. Revenue expenditure is incurred for:

a) Day-to-day operations
b) Purchase of fixed assets
c) Increasing earning capacity
d) Long-term investment

3. Capital expenditure is shown in:

a) Trading Account
b) Profit & Loss Account
c) Balance Sheet
d) Cash book only

4. Revenue expenditure is shown in:

a) Balance Sheet
b) Profit & Loss Account
c) Manufacturing Account
d) Trial Balance only

5. Installation cost of machinery is:

a) Revenue expenditure
b) Deferred revenue
c) Capital expenditure
d) Operating loss

6. Wages for repairs of machinery is:

a) Capital
b) Revenue

c) Personal
d) Deferred

7. Which expenditure increases earning capacity?

a) Revenue
b) Deferred revenue
c) Capital
d) Routine expenses

8. Large expenditure is capital expenditure when:

a) Amount is large
b) Paid lump-sum
c) Benefit lasts several years
d) Paid annually

9. Preliminary expenses are:

a) Capital
b) Deferred revenue
c) Revenue
d) None

10. Brokerage on issue of shares is:

a) Revenue expenditure
b) Deferred revenue expenditure
c) Capital expenditure
d) Personal expenditure

11. Loss on sale of assets is:

a) Capital expenditure
b) Revenue expenditure
c) Deferred
d) Not recorded

12. Heavy advertisement for brand building is:

a) Capital
b) Deferred revenue
c) Revenue
d) Free sample cost

13. Which is not a feature of capital expenditure?

a) Non-recurring
b) Increases asset value
c) Maintains existing capacity
d) Heavy in volume

14. Administrative expenses are:

a) Capital
b) Deferred
c) Revenue
d) Personal

15. Expenditure for repairing existing furniture:

a) Capital
b) Revenue
c) Deferred
d) None

16. New extension to factory building:

a) Capital expenditure
b) Revenue expenditure
c) Deferred expenditure
d) Loss

17. Capital expenditure is financed through:

a) Short-term funds
b) Long-term borrowings / capital
c) Daily sales
d) Petty cash

18. Revenue expenditure is financed through:

a) Share capital
b) Long-term loans
c) Short-term funds
d) Sale of fixed assets

19. Depreciation is:

a) Capital expenditure
b) Revenue expenditure
c) Deferred revenue
d) Estimated provision only

20. Day-to-day expenses are classified as:

a) Capital
b) Revenue
c) Deferred
d) None

✅ ANSWER KEY — WEEK 14 (SET 1)

1-b, 2-a, 3-c, 4-b, 5-c, 6-b, 7-c, 8-c, 9-b, 10-b, 11-b, 12-b, 13-c, 14-c, 15-b, 16-a, 17-b, 18-c, 19-b, 20-b

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✅ WEEK 14 (SET 2) — CAPITAL & REVENUE EXPENDITURE (ADDITIONAL NOTES) ()

WEEK 14 CAPITAL AND REVNUE EXPE...

1. Capital receipts include:

a) Loan from bank
b) Rent received
c) Commission received
d) Discount received

2. Revenue receipts include:

a) Sale of fixed assets
b) Share capital received
c) Interest received
d) Loan received

3. Capital receipts are shown in:

a) Profit & Loss Account
b) Trading Account
c) Balance Sheet
d) Notes to accounts only

4. Revenue receipts are:

a) Credited to P&L Account
b) Shown in Balance Sheet
c) Kept as liability
d) Deferred for years

5. Capital receipts are usually:

a) Recurring
b) Non-recurring
c) Yearly
d) Operating

6. Revenue receipts arise from:

a) Normal business operations
b) Raising share capital

c) Obtaining loans
d) Selling fixed assets

7. Sale proceeds of fixed assets is a:

a) Revenue receipt
b) Capital receipt
c) Deferred receipt
d) None

8. Discount received is a:

a) Capital receipt
b) Revenue receipt
c) Deferred revenue
d) Capital expenditure

9. Capital receipts are credited to:

a) Profit & Loss A/c
b) Balance Sheet
c) Cash Flow Statement only
d) Trading Account

10. Revenue receipts are credited to:

a) Trading A/c
b) P&L A/c
c) Balance Sheet
d) Capital A/c

11. Capital receipts occur for:

a) Establishing or expanding business
b) Managing routine operations
c) Paying wages
d) Maintaining assets

12. Revenue receipts occur:

a) Only once
b) Regularly & frequently
c) Rarely
d) Only when assets are sold

13. Proceeds from issue of shares is:

a) Revenue receipt
b) Capital receipt
c) Deferred revenue
d) General reserve

14. Dividend received is:

a) Revenue receipt
b) Capital receipt
c) Deferred income
d) Operating expenditure

15. Capital receipts are:

a) Directly credited to P&L
b) Not credited to P&L
c) Direct tax asset
d) Working capital item

16. Revenue receipts are:

a) Non-recurring
b) Received during trading operations
c) Always capitalised
d) Long-term funds

17. Capital receipts affect:

a) Profitability
b) Financial position
c) Production
d) Working capital only

18. Revenue receipts affect:

a) Profit for the year
b) Balance sheet only
c) Directors' report
d) Auditor's qualification

19. Which is not revenue receipt?

a) Rent received
b) Commission received
c) Discount received
d) Sale of building

20. Which is not capital receipt?

a) Share capital
b) Loan from bank
c) Sale of machinery
d) Goods sold to customers

✅ **ANSWER KEY — WEEK 14 (SET 2)**

1-a, 2-c, 3-c, 4-a, 5-b, 6-a, 7-b, 8-b, 9-b, 10-b, 11-a, 12-b, 13-b, 14-a, 15-b, 16-b, 17-b, 18-a, 19-d, 20-d

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🎉 **ALL 180 MCQs (20 per PDF × 9 PDFs) HAVE BEEN COMPLETED.**