MGT101 solved past papers midterm

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**Question No: 1    ( M - 1 )**

Which of the following is **CORRECT** regarding depreciation?

       ► It refers to the end life of an asset

       ► It refers to the increase in value of asset

       ► It is another name of Impairment

       ► **It is a systematic allocation of depreciable amount of an asset over its estimated useful life**

**Question No: 2    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Consider the following data:

|  |  |
| --- | --- |
| **Particulars** | **Rs.** |
| Assets | ? |
| Owner's equity | 1,50,000 |
| Liabilities | 1,00,000 |

       ► Rs. 49,000

       ► Rs. 55,000

       ► Rs. 50,000

**► Rs. 2, 50,000**

**Question No: 3    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Find out the missing value of an Accounting Equation with the help of given data:

|  |  |
| --- | --- |
| Cash | Rs. 22,500 |
| Debtors | Rs. 500 |
| Total Assets | Rs. 80, 385 |
| Accounts payable | Rs. 1,000 |
| Total liabilities | Rs. 20,000 |

**► Rs. 60,385 owner’s equity**

       ► Rs. 61,385 owner’s equity

       ► Rs. 99,885 owner’s equity

       ► Rs.  99,385 owner’s equity

**Question No: 4    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

When the process of production is completed, all the costs must be charged to:

       ► Raw material account

       ► Work in process account

**► Finished goods account**

       ► Merchandise account

**Question No: 5    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Stock of Trading concern consists of:

       ► Raw material

       ► Work in process

       ► Merchandise inventory

**► All of the given options**

**Question No: 6    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following asset is **NOT** depreciated?

       ► Factory Buildings

       ► Office Equipment

       ► Plant & Machinery

**► Land**

**Question No: 7    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Bank Reconciliation Statement is prepared by:

       ► Bankers

**► Accountant of the business**

       ► Statutory auditor

       ► Manger

**Question No: 8    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A form that allow individuals to compare their personal bank account records to the bank's records of the individual's account balance in order to uncover any possible discrepancies is known as:

       ► Bank statement

       ► Income statement

       ► Financial statement

**► Bank Reconciliation statement**

|  |
| --- |
|  |
|  |
| http://vustudents.ning.com/ |

**Question No: 9    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

\_\_\_\_\_\_\_\_\_ is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction.

       ► Present value

       ► Fair value

       ► Book value

       ► Residual value

**Question No: 10    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| **Particulars** | **Rs.** |
| Opening stock of raw material | 100,000 |
| Closing stock of raw material | 85,000 |
| Purchases of raw material during the period | 200, 000 |
| Cost of Material Consumed | **?** |

       ► Rs. 205,000

**► Rs. 215,000**

       ► Rs. 220,000

       ► Rs. 225,000

**Question No: 11    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The amount of depreciation charged on machinery will be debited to:

       ► Machinery account

       ► Depreciation account

       ► Cash account

**► Capital account(not sure)**

**Question No: 12    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An asset cost Rs. 50,000, has an estimated residual value of Rs.1, 500, and an estimated useful life of 8 years. What is the depreciation rate?

       ► 12.5%

       ► 20.0%

       ► 25.0%

       ► 35.5%

**Question No: 13    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A decrease in value of a fixed asset due to age, wear and tear is known as:

       ► Depreciation

       ► Accumulated Depreciation

       ► Appreciation

       ► Written Down Value

**Question No: 14    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In cost of goods sold statement the ‘total factory cost’ is equal to:

       ► Cost of material consumed + Labor cost

**► Cost of material consumed + Conversion cost**

       ► Cost of material consumed + Total factory cost

       ► Cost of material consumed + Factory overhead

**Question No: 15    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In the cost of goods sold statement, the sum of labor cost and the factory over head is known as:

**► Conversion cost**

       ► Prime cost

       ► Total factory cost

       ► Cost of goods manufactured

**Question No: 16    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

**► Rs. 5,500**

       ► Rs. 8,000

       ► Rs. 4,500

       ► Rs. 8,500

**Question No: 17    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited, when the goods are purchased on cash?

       ► Stock account

**► Cash account**

       ► Supplier account

       ► Work in process account

**Question No: 18    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The stock of manufacturing concern consists of:

       ► Work in Process Inventory

       ► Raw Materials Inventory

       ► Finished Goods Inventory

**► All of the given options**

|  |
| --- |
|  |
|  |

**Question No: 19    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Partially completed products that are not yet ready for sale are known as:

       ► Raw material

**► Work in process**

       ► Finished goods

       ► Closing stock

**Question No: 20    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following item appears in Trading Account of a business?

       ► Interest expenses

       ► Wages and salaries

       ► Depreciation expenses

       ► Discount Allowed

**Question No: 21    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The difference between current Assets and current liabilities is known as:

**► Working capital**

       ► Opening stock

       ► Closing stock

       ► Owner’s equity

**Question No: 22    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In which of the following condition a company will have positive working capital?

       ► If current assets > current liabilities

       ► If current Assets < current Liabilities

**► If current assets = current liabilities (not sure)**

       ► If current assets < current liabilities

**Question No: 23    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited in the books of ABC Co. Ltd., if furniture is purchased on cash?

       ► Furniture account

**► Cash account**

       ► Business account

       ► Bank account

**Question No: 24    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited in the books of XYZ Co. Ltd, if the business purchased a vehicle though cheque?

       ► Vehicle account

**► Cash account**

       ► Business account

       ► Bank account

**Question No: 25    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited, If Mr. “A” started business with cash

Rs. 2, 00,000?

       ► Capital account

       ► Cash account

**► Mr. A’s account**

       ► Business account

**Question No: 26    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Identify the business transaction for given entry below.

                        Vehicle Account     XXX   (Dr.)

                                       Bank Account         XXX  (Cr.)

       ► Paid for vehicle through cheque

       ► Paid for vehicle through cash

**► Purchased vehicle on credit**

       ► None of the given options

**Question No: 27    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Mr. A provided the following information from his books of accounts at the end of the month.

|  |  |
| --- | --- |
| **Particulars** | **Rs.** |
| Cash | 100 |
| Accounts Receivable | 500 |
| Accounts Payable | 200 |
| Bank Loans | 1,000 |

**Based on the information provided, what are Mr. A’s total liabilities?**

       ► Rs.200

       ► Rs. 900

       ► Rs. 1200

**► Rs. 1700**

**Question No: 28    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is an example of business liability?

       ► Land

       ► Building

       ► Cash

**► Capitaluestion No: 29    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is/are the **END** product of accounting cycle?

**► Financial Statements**

       ► General Journal

       ► General Ledger

       ► Voucher

**Question No: 30    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which one of the following is **NOT**prepared by Non profit organizations?

**► Profit & Loss account**

       ► Income & Expenditure account

       ► Receipts & Payments account

       ► Balance Sheet

**Question No: 31    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The process of transferring journal entry information to the ledger is called:

       ► Journalizing

**► Posting**

       ► Balancing

       ► Analyzing

**Question No: 32    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What is the nature of an expense account?

       ► Debit

**► Credit**

       ► Revenue

       ► None of the given options

**Question No: 33    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Obligations to pay cash or un-earned incomes by the business are the:

       ► Expenses

                ► Assets

**► Liabilities**

       ► Equities

**Question No: 34    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

**► Cash & Capital Account**

       ► Cash & Expense Account

       ► Capital & Revenue Account

       ► Capital & Expense Account

**Question No: 35    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Assets total Rs.50, 000 and Liabilities total Rs.10, 000. What is the equity of the business?

**► Rs. 40, 000**

       ► Rs. 60, 000

       ► Rs**.**10,000

       ► Rs. 50,000

**Question No: 36    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is correct according to the double entry system of book-keeping?

**► Debit = Credit**

       ► Debit > Credit

       ► Debit < Credit

       ► All of the given options

**Question No: 37    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Income of the business includes:

       ► Cash sales only

       ► Credit sales only

       ► Credit purchases only

       ► Both cash sales and credit sales

**Question No: 38    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

If a business purchases machinery for Rs. 30,000 on 31st January 2008 having life of 10 years, this expense will be realized \_\_\_\_\_\_\_\_\_\_\_ under the concept of accrual accounting.

► For the year 2008 only

**► For the last day of 10th year only**

       ► Over 10 years

       ► Nothing can be said about it

**Question No: 39    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The area of accounting concerned with reporting financial information to the interested parties is called:

       ► Cost Accounting

       ► Financial Accounting

       ► Management Accounting

       ► Tax Accounting

**Question No: 40    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A business event which can be measured in terms of money and must be recorded in books of accounts is called:

       ► Condition

**► Transaction**

       ► Record

       ► Information

**Question No: 1    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

We can say that the business is in profit, when:

|  |
| --- |
|  |
|  |

       ► Assets exceed Expenditure

       ► Assets exceed Liabilities

       ► **Income exceeds Expenditure**

       ► Income exceeds Liabilities

**Question No: 2    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Cost incurred for the maintenance of shop is considered as \_\_\_\_\_\_\_\_\_.

       ► Deferred expense

       ► Capital expense

       ► **Revenue expense**

       ► Preliminary expense

**Question No: 3    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

If a business purchases machinery for Rs. 30,000 on 31st January 2008 having life of 10 years, this expense will be realized \_\_\_\_\_\_\_\_\_\_\_ under the concept of accrual accounting.

       ► For the year 2008 only

       ► For the last day of 10**th** year only

       ► Over 10 years

       ► **Nothing can be said about it**

**Question No: 4    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Word “Credit” is derived from \_\_\_\_\_\_ language.

**► Latin**

       ► English

       ► French

       ► Chinese

**Question No: 5    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

According to the double entry system of accounting, an account that obtains benefit is:

       ► **Debit**

       ► Credit

       ► Income

       ► No need to show as accounting record

**Question No: 6    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An Asset that is **NOT** physical in nature is called \_\_\_\_\_\_\_\_\_.

       ► **Intangible Asset**

       ► Liquid Asset

       ► Current Asset

       ► Fixed Asset

**Question No: 7    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

       ► Increase in cash and decrease in equity

       ► Increase in cash and increase in goods

**► Increase in goods and decrease in cash**

       ► Increase in equipment and increase in equity

**Question No: 8    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is **CORRECT** about the flow of recording a transaction?

**► Occurrence of event – voucher—Journal—Ledger—Trial Balance—profit and loss account—Balance Sheet**

       ► Occurrence of event—Journal – voucher —Ledger—Trial Balance—profit and loss account—Balance Sheet

       ► Occurrence of event—Ledger – voucher—Journal—Trial Balance—profit and loss account—Balance Sheet

       ► Occurrence of event—Trial Balance – voucher—Journal—Ledger—profit and loss account—Balance Sheet

**Question No: 9    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In an account, if credit side < debit side then the balance is known as:

       ► Negative Balance

       ► Debit Balance

       ► Positive Balance

       ► **Credit Balance**

**Question No: 10    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Bank book is part of:

       ► Voucher

       ► General Journal

       ► **General Ledger**

       ► Trial Balance

**Question No: 11    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

While making Income & Expenditure account, Excess of income over expenses in a specified accounting period is called:

**► Profit**

       ► Loss

       ► Surplus

       ► Deficit

**Question No: 12    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Gross Profit > Operating Expenses=?

       ► **Net Profit**

       ► Cost of Goods Sold

       ► Net Loss

       ► Gross Loss

**Question No: 13    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Accrued expenses are the example of:

       ► **Current liabilities**

       ► Long term liabilities

       ► Deferred costs

       ► Capital expenses

|  |
| --- |
|  |

**Question No: 14    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The favorable balance of Profit and Loss account should be:

       ► Added in liabilities

       ► Subtracted from current assets

       ► Subtracted from liabilities

       ► **Added in capital**

**Question No: 15    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

       ► Capital account

       ► Sundry creditors account

       ► Accounts payable account

       ► **Cash account**

**Question No: 16    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following financial statement **DO NOT** show the financial health of a business at a specific date?

**► Profit and loss account**

       ► Balance sheet

       ► Statement of financial position

       ► All of the given options

**Question No: 17    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In which of the following condition a company will have positive working capital?

**► If current assets > current liabilities**

       ► If current Assets < current Liabilities

       ► If current assets = current liabilities

       ► If current assets < current liabilities

**Question No: 18    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following particular is **NOT** included in the specimen of a payment voucher?

       ► Name of organization

       ► Cash payment amount

       ► Date of transaction

       ► **Bank receipt**

**Question No: 19    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The stock of manufacturing concern consists of:

       ► Work in Process Inventory

       ► Raw Materials Inventory

       ► Finished Goods Inventory

       ► **All of the given options**

**Question No: 20    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Following are the inventories of Manufacturing Concern**EXCEPT**:

       ► Raw material

       ► Work in process

       ► Finished goods

       ► **Merchandise inventory**

**Question No: 21    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The products that are ready for sale are known as:

       ► Raw material

       ► Work in process

       ► **Finished goods**

       ► Closing stock

**Question No: 22    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is an example of direct materials cost?

       ► Polish and finishing material for chair

       ► **A piece of wood for the production of chair**

  ► Production worker’s wages

       ► Depreciation expenses

**Question No: 23    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The total of all costs incurred to convert raw material into finished goods is known as:

       ► Prime cost

**► Conversion cost**

       ► Sunk cost

       ► Opportunity cost

**Question No: 24    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In balance sheet fixed assets are shown at:

       ► Cost price

       ► Market value

       ► Fair value

       ► **Written down value (WDV)**

**Question No: 25    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A decrease in value of a fixed asset due to age, wear and tear is known as:

**► Depreciation**

       ► Accumulated Depreciation

       ► Appreciation

       ► Written Down Value

**Question No: 26    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Cost of asset | Rs. 1,00,000 |
| Life of asset | 5 years |
| Depreciation for each year | Rs. 15,000 |
| Sale price after 5 years | Rs.50,000 |
| Written down value of asset at the end of 5**th** year | Rs.25,000 |
| Profit or loss on disposal of fixed assets | **?** |

**► Rs.25, 000 profit**

       ► Rs. 75,000 loss

       ► Rs. 15,000 profit

       ► Rs. 1, 00,000 profit

**Question No: 27    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

All the costs incurred on the incomplete assets up to the balance sheet date must be transferred to:

       ► Capital account

       ► Capital work in progress account

**► Relevant asset account**

       ► Owner's equity account

**Question No: 28    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

   Consider the following inventory record:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Item** | **Quantity** | **Cost/Unit**  **Rs.** | **Total**  **Rs.** |
| Jan. 2 | Beginning inventory | 10 | 10 | 100 |
| Mar. 4 | Purchase | 35 | 11 | 385 |
| May 8 | Purchase | 40 | 12 | 480 |
| Nov. 3 | Purchase | 20 | 13 | 260 |
| De31 | Merchandise available | 105 |  | 1,225 |

80 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

       ► Rs. 1,225

       ► Rs. 1,015

**► Rs. 965**

       ► Rs. 905

**Question No: 29    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

         Consider the following inventory record:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Item** | **Quantity** | **Cost/Unit** | **Total** |
| 2007Jan. 2 | Opening inventory | 100 | Rs.18.00 | Rs.1,800 |
| Mar. 4 | Purchase | 400 | 19.00 | 7,600 |
| May 8 | Purchase | 800 | 20.00 | 16,000 |
| Nov. 3 | Purchase | 500 | 21.00 | 10,500 |

Four hundred units are unsold, Use the FIFO method of inventory costing and determine the value assigned to the 400 units on hand at the end of the period.

**► Rs.7, 500**

       ► Rs.7, 978

       ► Rs.8, 000

       ► Rs.8, 400

**Question No: 30    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Bank Reconciliation Statement is:

**► A memorandum statement**

       ► A ledger account

       ► A part of cash book

       ► A part of journal

**Question No: 31    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following asset is **NOT** depreciated?

       ► Factory Buildings

       ► Office Equipment

       ► Plant & Machinery

**► Land**

**Question No: 32    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The basic purpose of depreciation is to achieve the:

**► Matching principle**

       ► Dual aspect principle

       ► Separate entity concept

       ► Money measurement concept

**Question No: 33    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Find out the missing value of an Accounting Equation with the help of given data:

|  |  |
| --- | --- |
| Cash | Rs. 22,500 |
| Debtors | Rs. 500 |
| Total Assets | Rs. 80, 385 |
| Accounts payable | Rs. 1,000 |
| Total liabilities | Rs. 20,000 |

**► Rs. 82,385 owner’s equity**

       ► Rs. 61,385 owner’s equity

       ► Rs. 99,885 owner’s equity

       ► Rs.  99,385 owner’s equity

**Question No: 34    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Firms charge depreciation each year:

       ► To ensure there is enough money in the firm to replace the asset

**► To spread the cost of the asset over its working life**

       ► To reduce the profit and thus reduce the dividends they can pay to share holders

       ► Because the law states they must be reduced

**Question No: 35    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Consider the following data:

|  |  |
| --- | --- |
| **Particulars** | **Rs.** |
| Assets | 8,20,000 |
| Owner's equity | 3,80,000 |
| Liabilities | ? |

       ► Rs. 1, 98,000

       ► Rs. 49,000

       ► Rs. 55,000

**► Rs. 4, 40,000**

**Question No: 36    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which one of the following is equal to the carrying cost of an asset?

**► Original cost minus Accumulated depreciation**

       ► Original cost plus Accumulated depreciation

       ► Original cost minus Residual value

       ► Written down value minus Accumulated depreciation

**Question No: 37    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An estimate of the income and expenses needed to carry out business plans for a fiscal year is known as:

**► Budgeting**

       ► Costing

       ► Management

       ► Auditing

**Question No: 38    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Unfavorable balance of the cash book means:

       ► **Credit balance in cash book**

       ► Credit balance in pass book

**►**Debit balance in cash book

       ► All of the given options

**Question No: 39    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Net Profit + Expenses= \_\_\_\_\_\_\_\_\_

       ► Liabilities

       ► Assets

       ► Capital

**► Income**

**Question No: 40    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What would be the value of conversion cost, if the cost of material consumed during the month is Rs. 5,000, labor cost incurred is Rs. 2,000 and the factory over head cost is Rs. 1,000?

       ► Rs. 3,000

**► Rs. 8,000**

       ► Rs. 7,000

       ► Rs. 5,000

**Question No: 41    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The expenses that give benefit for a period of more than twelve months are called \_\_\_\_\_\_\_\_.

**► Capital expenses**

**►** Revenue expenses

       ► Preliminary expenses

       ► None of the given options

**Question No42    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An expense incurred by the business for the purchase of land & building is an example of:

**► Capital Expense**

       ► Revenue Expense

       ► Deferred Expense

       ► Preliminary Expense

**Question No:43    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Income of the business includes:

       ► Cash sales only

       ► Credit sales only

       ► Credit purchases only

**► Both cash sales and credit sales**

**Question No: 44    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:

       ► **Separate Entity Concept**

       ► Matching Concept

       ► Going Concern Concept

       ► Materiality Concept

**Question No: 45    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Commercial Accounting is based on:

       ► Single entry book keeping

       ► **Double entry book keeping**

       ► Both single and double entry book keeping

       ► Cash basis of book keeping

**Question No: 46    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Obligations to pay cash or un-earned incomes by the business are the:

       ► Expenses

       ► Assets

**► Liabilities**

       ► Equities

**Question No: 47    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

       ► Increase in cash and decrease in equity

       ► Increase in cash and increase in goods

       ► **Increase in goods and decrease in cash**

       ► Increase in equipment and increase in equity

**Question No:48    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

When Capital is increased by an amount, it is recorded on the:

       ► Left or credit side of the account

       ► Right or debit side of the account

       ► Left or debit side of the account

       ►**Right or credit side of the account**

**Question No:49    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is also called "The original book of entry"?

       ► **General Journal**

       ► General Ledger

       ► Trial Balance

       ► Profit and Loss Account

**Question No: 50( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An informal accounting statement that lists the ledger account balances at a point in time and compares the total of debit balances with the total of credit balances is known as:

       ► Income Statement

       ► Balance Sheet

       ► **Trial Balance**

       ► Cash Book

**Question No: 51    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/) (not sure)

Which of the following is **CORRECT** for Trading account?

       ►It inculdes cost of goods sold and all the direct expenses related to sales

       ► It inculdes cost of goods sold and all the indirect expenses related to sales

       ► It inculdes cost of goods sold and all the direct and indirect expenses

       ►**It inculdes cost of goods sold and all the direct and selling, administrative expenses**

**Question No: 52    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which one of the following is **NOT**prepared by Non profit organizations?

       ► **Profit & Loss account**

**►**Income & Expenditure account

       ► Receipts & Payments account

       ► Balance Sheet

**Question No: 53    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is an example of a Current liability?

       ► Closing inventory

       ► Opening inventory

       ► Petty cash

       ► **Bank overdraft**

**Question No: 54    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Identify the business transaction for given entry below.

                        Vehicle Account     XXX   (Dr.)

                                       Bank Account         XXX  (Cr.)

       ► **Paid for vehicle through cheque**

       ► Paid for vehicle through cash

       ► Purchased vehicle on credit

       ► None of the given options

**Question No: 55    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

"Mr. “A” collected cash from debtors", the journal entry for this transaction is:

       ► Mr. "A" a/c Dr. and debtors a/c Cr.

       ► Mr. "A" a/c Dr.  and cash a/c Cr.

       ► Cash a/c Dr. and debtors a/c Cr.

**► None of the given options**

**Question No: 56    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is an alternate term which can be used for “Capital”?

       ► Liability

       ► **Owner’s net worth**

       ► Working capital

       ► Asset

**Question No: 57    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following organization converts raw material into finished goods?

       ► Trading concern

       ► **Manufacturing concern**

       ► Merchandising concern

       ► Service concern

**Question No: 58    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The stock of manufacturing concern consists of:

       ► Work in Process Inventory

       ► Raw Materials Inventory

       ► Finished Goods Inventory

       ► **All of the given options**

**Question No: 59    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Direct materials costs | Rs.70,000 |
| Direct labor costs | 30,000 |
| Manufacturing overhead costs | 60,000 |
| conversion cost | **?** |

       ► Rs. 20,000

       ► Rs.40, 000

       ► Rs.90, 000

       ► Rs.160, 000

**NOTE:-  Conversion Cost = Direct Labor Cost + Manufacturing Overhead Cost**

**Question No: 60    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In balance sheet fixed assets are shown at:

       ► Cost price

       ► Market value

       ► Fair value

       ► **Written down value (WDV)**

**NOTE:-   Because WDV is a value of fixed asset after deducting the depriciation**

**Question No: 61   ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Cost of asset | Rs. 1,00,000 |
| Life of asset | 5 years |
| Depreciation for each year | Rs. 5,000 |
| Sale price after 5 years | Rs.50,000 |
| Written down value of asset on 5**th** year | Rs.75,000 |
| profit or loss on disposal of fixed assets | **?** |

       ► **Rs.25, 000 loss**

       ► Rs. 75,000 loss

       ► Rs. 15,000 profit

       ► Rs. 1, 00,000 profit

**Question No: 62    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Cost of asset | Rs. 1,00,000 |
| Life of asset | 5 years |
| Depreciation for each year | Rs. 15,000 |
| Sale price after 5 years | Rs.50,000 |
| Book value of Asset after 5 years | **?** |

       ► **Rs.25, 000**

       ► Rs. 75,000

       ► Rs. 15,000

       ► Rs. 1, 00,000

**Question No: 63    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

If you start with cash book balance (Dr.), which of the following  item will be deducted in Bank Reconciliation Statement?

       ► **Any cheque drawn to creditor but not paid by bank**

       ► Interest credited by the bank in pass book

       ► Cheque deposited but not credited by the bank

       ► Dividend collected by bank on behalf of the customer

**Question No: 64    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

If you start with cash book favorable balance in Bank Reconciliation Statement, which item will be added?

       ► Cheque deposited but not credited by the bank

       ► Cheques omitted to be deposited into bank

       ► **Any amount directly collected by bank on behalf of customer but not recorded in cash book**

       ► Debit side of cash book was overcast

**Question No: 65    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Bank Reconciliation Statement is:

**► A memorandum statement**

       ► A ledger account

       ► A part of cash book

       ► A part of journal

**Question No: 66    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Bank Reconciliation Statement is prepared by:

       ► Bankers

       ► **Accountant of the business**

       ► Statutory auditor

       ► Manger

**Question No: 67    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Stock of Trading concern consists of:

       ► Raw material

       ► Work in process

       ► Merchandise inventory

       ► **All of the given options**

**Question No: 68    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

When the process of production is completed, all the costs must be charged to:

       ► Raw material account

       ► Work in process account

       ► **Finished goods account**

       ► Merchandise account

**Question No: 69    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account balance is shown on credit side of Trial Balance? (It is assumed that all account balances are shown on normal balance)

       ► Cash account

       ► Furniture account

       ► Vehicle account

       ► **Capital account**

**Question No: 70    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

If a business pays rent in advance for 12 months, it will be treated as:

**► Prepaid expenses of business**

       ► Long term liability of business

       ► Fixed assets of business

       ► Current liability of business

**Question No: 71    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Accountancy covers which of the following area(s):

       ► Book-keeping

       ► Accounting

       ► Auditing

       ► **All of the given options**

**Question No: 72    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The assets which have a limited useful life are termed as:

       ► Limited assets

**► Depreciateable assets**

       ► Unlimited assets

       ► None of the given options

**Question No: 73    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Depreciable value of an asset is equal to:

       ► Cost + scrap value

       ► Cost + market price

       ► Cost – scrap value

       ► **None of the given options**

The **depreciable value of an asset is equal to** its **purchase price** minus **installation costs**

**Question No: 74    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which one of the following is equal to the carrying cost of an asset?

**► Original cost minus Accumulated depreciation**

       ► Original cost plus Accumulated depreciation

       ► Original cost minus Residual value

       ► Written down value minus Accumulated depreciation

**Question No: 75    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which one of the following is another name of carrying cost of an asset?

       ► **Book Value**

       ► Residual Value

       ► Fair Value

       ► Break up Value

**Question No: 76    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following fixed asset is shown at cost rather than book value?

       ► Machinery

       ► Furniture

       ► Vehicles

**► Land**

**Question No: 77    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following statement is the detail of transaction in one’s account provided by the bank?

       ► Bank statement

       ► **Bank reconciliation statement**

       ► Income statement

       ► Financial statement

**Question No: 78    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

When income exceeds expenses in a specific time period is known as:

       ► Savings

       ► Net profit

**► Gross profit**

       ► Operating profit

**Question No: 39    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

An asset cost Rs. 50,000, has an estimated residual value of Rs.1, 500, and an estimated useful life of 8 years. What is the depreciation rate under reducing balance method? 

       ► 11.5%

       ► 20.0%

       ► 25.0%

**► 35.5%**

**To calculate depreciation rate under reducing balance method  we use formula:**

**Depreciation rate= 1- (residual value/ cost) 1/n**

**Question No: 80    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Mr.” A” sold goods for Rs. 300,000 to Mr. “B”,   Rs. 300,000 will be treated as \_\_\_\_\_\_\_\_\_\_\_\_\_ for business of Mr. "A".

       ► **Revenue**

       ► Net profit

       ► Gross profit

       ► Operating profil

**Question No: 81    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Depreciation arises because of:

       ► Fall in the market value of an asset

       ► Fall in the value of money

       ► Physical wear and tear

***► All of the given options***

**Question No: 82    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

         Consider the following:

|  |  |
| --- | --- |
| Beginning inventory | 10 units @ Rs. 10 per unit |
| First purchase | 35 units @ Rs. 11 per unit |
| Second purchase | 40 units @ Rs. 12 per unit |
| Third purchase | 20 units @ Rs. 13 per unit |

Eighty-five units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

***► Rs.260***

       ► Rs.232

       ► Rs.284

       ► Rs.268

**Question No: 83    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following is**NOT** an example of Current Asset?

***► Bank Overdraft***

       ► Accounts Receivable

       ► Notes Receivable

       ► Prepaid Expenses

**Question No: 84    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following statement is **NOT TRUE** about Current liabilities?

|  |
| --- |
| **for more contents visit** |

       ► These are due within one year

       ► These are short-term loans

***► These are consist of all debts, payable after 12 months***

       ► In working capital, these are deducted from current assets

**Question No: 85   ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following essentials are shown in Bank Book?

(1) Date of transaction

(2) Narration of transaction

(3) Cheque number

       ► (1) & (2) only

       ► (2) & (3) only

       ► (1) & (3) only

***► (1), (2) & (3)***

**Question No: 86    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Income of the business includes:

       ► Cash sales only

       ► Credit sales only

       ► Credit purchases only

***► Both cash sales and credit sales***

**Question No:87    ( M - 1 )**

[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| **Particulars** | **Rs.** |
| Opening stock of raw material | 100,000 |
| Closing stock of raw material | 80,000 |
| Purchases of raw material during the period | 200, 000 |
| Cost of Material Consumed | **?** |

       ► Rs. 205,000

**►**Rs. 215,000

***► Rs. 220,000***

       ► Rs. 225,000

**Question No: 88    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

 Which of the following account will be credited, when the goods are purchased on cash?

       ► Stock account

       ► **Cash account**

       ► Supplier account

       ► Work in process account

**Question No: 89    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

 If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs.20,000 during the year. What would be the Net Profit?

       ► **Rs.15,000**

       ► Rs. 35,000

       ► Rs. 55,000

       ► Rs. 60,000

**Question No: 90    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

       ► Capital account

       ► Sundry creditors account

       ► Accounts payable account

       ► **Cash account**

**Question No: 91    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited, if business bought goods on credit from Mr. Ali?

       ► Purchases account

**► Mr. Ali account**

       ► Cash account

       ► Sales account

**Question No: 92    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A summarized record of transactions related to individuals or things is called a/an  \_\_\_\_\_\_\_\_\_\_\_.

       ►**Account**

       ► Voucher

       ► Journal

       ► Trial balance

**Question No: 93    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

When a Liability is reduced or decreased, it is recorded on the:

       ► Right or debit side of the account

       ► **Left or debit side of the account**

       ► Left or credit side of the account

       ► Right or credit side of the account

**Question No: 94    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Cost incurred for the maintenance of shop is considered as \_\_\_\_\_\_\_\_\_.

       ► Deferred expense

       ► Capital expense

**► Revenue expense**

       ► Preliminary expense

**Question No: 95    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

 Double entry accounting system includes:

       ► Accrual accounting only

       ► Cash accounting only

       ► **Both cash and accrual accounting**

       ► None of the given options

**Question No: 96    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The allocation of the cost of a tangible plant asset to expense in the periods, in which services are received from the asset, is termed as:

       ► Appreciation

***► Depreciation***

       ► Fluctuation

       ► None of the given options

**Question No: 97    ( M - 1 )    .**

Under the reducing balance method of depreciation:

       ► Amount of depreciation increases every year

       ► Amount of depreciation remains constant for every year

***► Amount of depreciation decreases every year***

       ► None of the given options

**Question No: 98    ( M - 1 )    - Please chose one**

Consider the following:

|  |  |
| --- | --- |
| Beginning inventory | 10 units @ Rs. 10 per unit |
| First purchase | 35 units @ Rs. 11 per unit |
| Second purchase | 40 units @ Rs. 12 per unit |
| Third purchase | 20 units @ Rs. 13 per unit |

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

***► Rs.260***

       ► Rs.232

       ► Rs.284

       ► Rs.320

**Question No: 99    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Cost of asset | Rs. 1,00,000 |
| Life of asset | 5 years |
| Depreciation for each year | Rs. 5,000 |
| Sale price after 5 years | Rs.50,000 |
| Book value of Asset after 5 years | **?** |

       ► Rs.25, 000

***► Rs. 75,000***

       ► Rs. 15,000

       ► Rs. 1, 00,000

**Question No: 1oo    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

In cost of goods sold statement the ‘total factory cost’ is equal to:

       ► Cost of material consumed + Labor cost

***► Cost of material consumed + Conversion cost***

       ► Cost of material consumed + Total factory cost

       ► Cost of material consumed + Factory overhead

**Question No: 101    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

       ► Cash Account

       ► Furniture Account

       ► Motor Account

***► All of the above***

**Question No: 102    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited, if business sold goods for Rs.10,000 on credit?

       ► Cash account

***► Sales account***

       ► Accounts receivable account

       ► Purchases account

**Question No: 103    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following account will be credited, if business purchased a vehicle on cash?

       ► Vehicle account

***► Cash account***

       ► Business account

       ► Bank account

**Question No: 104    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Which of the following essentials are shown in Bank Book?

(1) Date of transaction

(2) Narration of transaction

(3) Cheque number

       ► (1) & (2) only

       ► (2) & (3) only

       ► (1) & (3) only

***► (1), (2) & (3)***

**Question No: 105    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Commercial Accounting is based on:

       ► Single entry book keeping

***► Double entry book keeping***

       ► Both single and double entry book keeping

       ► Cash basis of book keeping

Question No: 106    ( M - 1 )    [.](http://www.vuzs.net/undefined/)

|  |  |
| --- | --- |
| Particulars | Rs. |
| Opening written down value of machine | Rs. 2,00,000 |
| Cost of  new machine purchased during the year | Rs. 50,000 |
| Depreciation during the year | Rs. 25,000 |
| Closing written down value (WDV) of machines | ? |

***► Rs. 2, 25,000***

       ► Rs. 2, 50,000

       ► Rs. 2, 75,000

       ► Rs. 75,000

**Question No: 107    ( M - 1** )    [.](http://www.vuzs.net/undefined/)

Which of the following is an example of direct materials cost?

       ► Polish and finishing material for chair

***► A piece of wood for the production of chair***

  ► Production worker’s wages

       ► Depreciation expenses

Question No: 108    ( M - 1 )    [.](http://www.vuzs.net/undefined/)

Which of the following account will be credited, when the goods are purchased on cash?

       ► Stock account

       ► ***Cash account***

       ► Supplier account

       ► Work in process account

Question No: 109    ( M - 1 )    [.](http://www.vuzs.net/undefined/)

Following are the inventories of Manufacturing Concern EXCEPT:

       ► Raw material

       ► Work in process

       ► Finished goods

***► Merchandise inventory***

Question No: 11o   ( M - 1 )    [.](http://www.vuzs.net/undefined/)

 Word “Credit” is derived from \_\_\_\_\_\_ language.

       ► ***Latin***

       ► English

       ► French

       ► Chinese

**Question No: 111    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

  Consider the following inventory record:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Item** | **Quantity** | **Cost/Unit**  **Rs.** | **Total**  **Rs.** |
| Jan. 2 | Beginning inventory | 10 | 10 | 100 |
| Mar. 4 | Purchase | 35 | 11 | 385 |
| May 8 | Purchase | 40 | 12 | 480 |
| Nov. 3 | Purchase | 20 | 13 | 260 |
| De31 | Merchandise available | 105 |  | 1,225 |

85 units were sold, Use the FIFO method of inventory costing and determine the cost of goods sold.

       ► Rs. 1,225

       ► Rs. 1,015

***► Rs. 965***

       ► Rs. 905

**Question No: 112    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The assets which have a limited useful life are termed as:

       ► Limited assets

       ► ***Depreciateable assets***

       ► Unlimited assets

       ► None of the given options

The cost of moving plant and machinery to a new site will be treated as:

***► Revenue expense***

**►**Capital expense

       ► Administrative expense

       ► Operating expense

**Question No:113    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

A decrease in value of a fixed asset due to age, wear and tear is known as:

***► Depreciation***

       ► Accumulated Depreciation

       ► Appreciation

       ► Written Down Value

**Question No: 114    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

***► Rs. 5,500***

       ►          Rs. 8,000

       ► Rs. 4,500

       ► Rs. 8,500

**Question No: 115    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

The area of accounting concerned with reporting financial information to the interested parties is called:

       ► Cost Accounting

***► Financial Accounting***

       ► Management Accounting

       ► Tax Accounting

**Question No: 116    ( M - 1 )**[**.**](http://www.vuzs.net/undefined/)

Find out the missing value of an Accounting Equation with the help of given data:

|  |  |
| --- | --- |
| Cash | Rs. 22,500 |
| Debtors | Rs. 500 |
| Total Assets | Rs. 80, 385 |
| Accounts payable | Rs. 1,000 |
| Total liabilities | Rs. 20,000 |

***► Rs. 60,385 owner’s equity***

       ► Rs. 61,385 owner’s equity

       ► Rs. 99,885 owner’s equity

       ► Rs.  99,385 owner’s equity

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