1) Purpose of Financial Accounting is to provide financial information to
   a) Shareholders
   b) Board Of Directors
   c) Tax Authorities
   d) All Of these.

2) According to the Money Measurement concept, the following will be recorded in the books of accounts
   a) Quality Control in Business
   b) **Commission Payable to salesmen**
   c) Extra profits made due to introduction of Budgetary Control System
   d) All of these.

3) A provision is a
   a) General Reserve
   b) **Specific Reserve**
   c) Capital Reserve
   d) None of these.

4) Market value of Investments is shown as a Footnote to Balance Sheet as per
   a) Consistency concept
   b) **Disclosure concept**
   c) Materiality concept
   d) Going Concern

5) Which of the followings is Operating Expense?
   a) Bad debts
   b) Salary of General Manager
   c) Expired Insurance
   d) **All of the above.**

6) A business has assets Rs.55826/- & Owner’s Equity Rs.14150/- What is the amt. of Liabilities?
   a) Rs.41676/-
   b) Rs.57522/-
   c) Rs.44312/-
   d) None of these.
7) Liabilities of business are Rs.11220/-&Owner’s Equity Rs.15000/- What will be the assets of the business?

   a) Rs.11220  
   b) Rs.3780  
   c) Rs.15000  
   d) **Rs.26220**

8) Contengent Liability is shown due to

   a) **Convention of full Disclosure**
   b) Convention of Convertism
   c) Convention of Materiality
   d) Dual aspect Concept.

9) Cartage paid on purchase of a new machine is debited to

   a) Cartage a/c  
   b) P& L a/c  
   c) **Machine a/c**  
   d) Trading a/c

10) Rs.15000/- Custom duty paid on import of a machinery for modernization of a factory production during the current year & Rs.5000/- paid as import duty on purchase of raw material. What is the amt. of capital expenditure?

   a) **Rs.15000/-**  
   b) Rs.5000/-  
   c) NIL  
   d) Rs.20000/-

11) Amt. received from subletting a part of the office building is a revenue receipt, What is the receipt of Govt. Grant for construction?

   a) Misc. Receipt  
   b) Trade Receipt  
   c) Cash Receipt  
   d) **Capital Receipt**

12) Huge Sales promotion expenditure is a Deffered Revenue Expenditure, What can be the realization from the sale of Govt. Securities?

   a) Misc. Receipt  
   b) Trade Receipt  
   c) Cash Receipt  
   d) **Capital Receipt**
13) Revenue arising from the use by others of enterprise resources yielding interest should be recognized on

a) **Time proportion basis**
b) Accrual basis
c) Actual Receipt basis
d) When the right to revenue payment is established.

14) In the case of sale on the consignment basis, revenue should be recognized on

a) When goods are received by the consignee
b) When advance payment is received against the consignment
**c) When goods are sold by consignee to third party**
d) When consignee has settled full & final payment relating to consignment.

15) In the case of service transactions, When performance consists of the execution of a single act, Revenue recognition takes place by

A ) Accrual
**B) Proportionate Completion**
c) Consistency
d) Completed Service Contract Method.

16) Total of the Sales Book for March indicates

a) Total sales for the month
**b) Total credit sales for the month**
c) Total cash sales for the month
d) Total sales less sales returns.

17) The debts W/off as Bad, if subsequently recovered are credited to

a) Debtors a/c
b) Sales a/c
c) P&L a/c
d) **Bad Debts a/c**

18) Ramlal a Debtor of Rs. 2000 became insolvent & a dividend of 50% is declared by the official receiver for which accounting entry can be

**a) Bad Debts a/c Dr. Rs. 1000**
b) Cash a/c Dr. Rs. 1000
**To Debtors a/c Rs. 1000** To Debtors a/c Rs. 1000
c) Cash a/c Dr. Rs. 1000
d) Bad Debts a/c Dr. Rs. 1000
**To BadDebts a/c Rs. 1000** To P&L a/c Rs. 1000
19) Bank Reconciliation Statement is prepared by

   a) **Customers of the Bank**
   b) Bank
   c) Proprietors of the business
   d) Tax Authorities.

20) An Entry of Rs.500/- was wrongly posted to wages a/c instead of Machinery a/c which is an error of

   a) Error of Omission
   b) Commission Error
   c) **Error of Principle**
   d) Compensating

21) Purchase of Office Furniture on a/c is to be recorded in

   a) Purchase Book
   b) **Journal Proper**
   c) Cash Book
   d) Bills Payable Book

22) Returns Inword from Rahim is entered in

   a) **Sales Return Book**
   b) Purchases Return Book
   c) Petty Cash Book
   d) Journal.

23) Which of the following errors is revealed by Trial Bal.?

   a) Testing an expense as an asset
   b) Posting an amt. on the correct side but in the wrong a/c
   c) Compensating Errors
   d) **None of the above.**

24) LIFO Inventory Method was used in 1st year, FIFO in 2nd year, Weighted Average Method in 3rd year, Which accounting principle is violated?

   a) Cost
   b) **Consistency**
   c) Materiality
   d) None.
25) What do you mean by the concept/principle of Materiality?
   a) Application of same accounting method from one period to another
   b) **Relative size & importance of items**
   c) Inappropriate assumption of firm undergoing Bankruptcy
   d) Normal basis of accounting of Assets

26) What do you mean by the concept/principle of Consistency?
   a) **Application of same accounting method from one period to another**
   b) Relative size & importance of items
   c) Inappropriate assumption of firm undergoing Bankruptcy
   d) Normal basis of accounting of Assets

27) Owner’s Equity stands for
   a) Fixed Assets Less Fixed Liabilities
   b) Fixed Assets Less Current Liabilities
   c) Current Assets Less Fixed Liabilities
   d) **Total Assets Less Outside Liabilities.**

28) X started business with capital of Rs.20000/- & purchased goods worth Rs.2000/- on credit. It can be expressed in Accounting Equation as
   a) **Rs.22000=Rs.20000+Rs.2000**
   b) Rs.20000=Rs.22000-Rs.2000
   c) Rs.22000=Rs.22000+0
   d) Rs.2000=Rs.22000-Rs.20000.

29) Gross Book value of Fixed Asset is its
   a) Cost Less Depreciation
   b) **Historical Cost**
   c) Wear & Tear Cost
   d) Fair Market Value.

30) Revenue from the sale of goods should be recognized when
   a) Goods sold have been actually delivered
   b) Payment for goods sold have been received
   c) **Property in the Goods has been transferred to the buyer & it is not unreasonable to expect collection**
   d) Any of the above.
31) A business has assets of Rs.44312 & Owner's equity 12310, What is the amt. of Liabilities?
   a) Rs.31102
   b) Rs.57522
   c) Rs.44312
   d) None of these.

32) Income earned, to be collected results in
   a) Increase in capital & decrease in liability
   b) **Increase in capital & increase in liability**
   c) Increase in capital & increase in asset
   d) Increase in capital, decrease in asset.

33) Net assets of the business on 1st Jan. & 31st Jan. are Rs.24000 & Rs.25500 respectively. If additional investment by owner during Jan. are Rs.1000, What is the amt. of net income for Jan.?
   a) Rs.1500
   b) Rs.Rs.2500
   c) **Rs.500**
   d) None of these.

34) What is the meaning of Inflation?
   a) Down strain in the economy
   b) Downward changes in the prices of goods & services of the general consumption
   c) **Upward changes in the prices of goods & services of the general consumption**
   d) All of these.

35) In which method current costs are matched with the current revenues to derive profit?
   a) Cost Accounting
   b) Financial Accounting
   c) **Historical Cost Accounting**
   d) None of these.

36) Which capital maintenance can be measured with consideration of the monetary units or constant purchasing power?
   a) **Financial Capital**
   b) Physical Capital
   c) Working Capital
   d) Both(a) & (b).
37) Multiple Irregularities are observed in the Corporate Greed in US.
   a) **True**
   b) False
   c) 50% True, 50% False
   d) 30% False, 70% True.

38) How many Dollars are spent by Kmart on new corporate airplanes?
   a) $40 Million
   b) $20 Million
   c) $27 Million
   d) **$12 Million**.

39) How many subsidiaries are covered in tax haven countries?
   a) 250
   b) 150
   c) **100**
   d) 50

40) Interest earned by the subsidiary co. in US was taxed at the special rates.
   a) True
   b) **False**
   c) Sometimes
   d) Partly

41) Which was one of the major system of the computerization?
   a) Cost Accounting
   b) **Financial Accounting**
   c) Tax Accounting
   d) Management Accounting.

42) What can be the financial accounting in the EDP revolution?
   a) Trustee
   b) **Natural Beneficiary**
   c) Co-trustee
   d) Co-Beneficiary.
43) Which type of transactions are tackled by Computerized Environment?

a) Different  
b) **Repetitive**  
c) Interceptive  
d) Contradictory

44) What is our meaningful try to find out in accounting system?

a) Prominent Common Features  
b) Same Entries  
c) Exact nature of transactions  
d) None of these

45) Which programming language can be used to write accounting programmes?

a) COBOL  
b) PASCAL  
c) FOXPRO  
d) **NO SUCH NEED.**

46) Who was the Tyco’s CEO?

a) Peter Drucker  
b) **Dennis Kozlowski**  
c) Jeorge Wellington  
d) John Shroff

47) How many subsidiaries are covered in tax heaven countries?

a) 250  
b) 150  
c) 100  
d) 50

48) How is the Temptation in the corporate world?

a) Delicious  
b) Malicious  
c) **Ubiquitous**  
d) Any of these.
49) In which method current costs are matched with the current revenues to derive profit?
   a) Cost Accounting
   b) Financial Accounting
   c) Historical Cost Accounting
   d) None of these.

50) When excessive Dividends are distributed to shareholders, there is
   a) Capital Appreciation
   b) Capital Erosion
   c) Capitalization
   d) Capital Subscription.