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IFTM University, Moradabad, Uttar Pradesh
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MCQs (BCOM H 205)

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Financial Accounting II [BCOM (H) 205]
MULTIPLE CHOICE QUESTIONS *[SET 1]*
[for End Semester Theory Examination]

1. When an asset is acquired on hire purchase system, the asset account is debited with _____ of the assets in the books of the hire purchaser.
 - A. Hire purchase price
 - B. Cash price
 - C. Instalment price
 - D. None of these
2. If the firm stops making repayments and the goods or assets are taken away from them as a result, this is known as:
 - A. Cancellation
 - B. Forfeiture
 - C. Repossession
 - D. Annulment
3. Which of the following would not make a distinction between a hire purchase and a 'normal' purchase?
 - A. Trade discounts cannot be offered on hire purchase
 - B. Purchaser pays for item by instalments over a period of time
 - C. Cost to buyer is likely to be higher than it would be for a normal purchase
 - D. Asset does not belong to purchaser when delivery is received from supplier
4. On the balance sheet of a company, the value of the asset bought through hire purchase will appear as:
 - A. Cost less depreciation to date less amount owing on hire purchase less interest owing
 - B. Cost less amounts owing on hire purchase
 - C. Cost less depreciation to date less amount owing on hire purchase
 - D. Cost less depreciation to date
5. The depreciation on an asset purchased through hire purchase should be:
 - A. Should be straight line only
 - B. Based on the cost price of the asset only
 - C. Based on the total cost including interest
 - D. No depreciation should be provide until the final payment is made
6. The interest charged on the hire purchase should appear in the profit and loss account in what manner?

- A. The total interest levied should be divided equally over the total period the for purchase agreement
 - B. The interest charged in that period only should be included
 - C. Interest should instead be capitalised on the balance sheet
 - D. Interest should be apportioned in proportion to the repayment totals
7. Ownership of goods under hire purchase agreement is transferred at the time of:
- A. Payment of down payment
 - B. Payment of first instalment
 - C. Payment of last instalment
 - D. None of the above
8. Which of the following does not give a difference between a hire purchase and a normal purchase?
- A. Timing of payment for asset.
 - B. Legal ownership of asset.
 - C. Quality of asset purchased.
 - D. Total cost of asset.
9. The act of buying an asset without having to make full payment in the immediate future is known as:
- A. Hire purchase
 - B. Finance lease
 - C. Operating lease
 - D. Sale and leaseback
10. The amount of interest is credited by the buyer to.....
- A. Hire purchase Account
 - B. Hire Vendor Account
 - C. Interest Account
 - D. Cash Account
11. The depreciation in the books of buyer is charged on.....
- A. Hire Purchase Price
 - B. Market price
 - C. Total Instalment amount
 - D. Cash Price
12. Hirer charges depreciation on:
- A. Hire purchase price
 - B. Cash price.
 - C. Lower of the two
 - D. None of these
13. What is transferred to Hirer under hire purchase system :
- A. Ownership of assets
 - B. Possession of asset
 - C. Ownership and possession of asset
 - D. None of these
14. Hire Purchase Act is passed in the year
- A. 1932
 - B. 1956
 - C. 1972
 - D. 1872
15. The Sale of Goods Act is applicable in:
- A. Credit Purchases

- B. Cash Purchases
 - C. Cash Sales
 - D. None of these
16. Under which system, ownership is transferred on payment of final installment
- A. Installment system.
 - B. Credit system.
 - C. Hire purchase system.
 - D. Cash system.
17. Under hire purchase system the buyer is called _____.
- A. Buyer.
 - B. Hirer.
 - C. Hire vendor.
 - D. Debtor.
18. Under hire purchase system who has the right of sell _____.
- A. Buyer.
 - B. Hirer
 - C. Hire Vendor.
 - D. Debtor
19. Under hire purchase system, the agreement can be _____.
- A. Renewed.
 - B. Registered.
 - C. Terminated.
 - D. Endorsed.
20. Installment system is governed by _____
- A. Hire Purchase Act.
 - B. Sale of Goods Act
 - C. Installment Act.
 - D. Properties Registration Act.
21. Under hire purchase system, the retail price of the articles is called _____.
- A. MRP.
 - B. Wholesale Price
 - C. Retail Price.
 - D. Cash Price.
22. Cash price plus interest is _____.
- A. Installment Price.
 - B. Hire Purchase Price
 - C. Maximum Retail Price.
 - D. Retail Price.
23. The advance amount under hire purchase system is called _____.
- A. Cash Price.
 - B. Retail Price.
 - C. Interest
 - D. Down Payment
24. Under hire purchase system, interest is calculated on _____.
- A. Cash Price.
 - B. Hire Purchase Price
 - C. MRP.
 - D. Outstanding Balance.
25. If the hire purchaser fails to make payment of any installment, it is called

- _____.
- A. Default.
 - B. Repossession.
 - C. Sale.
 - D. Purchase.
26. If the hire vendor may take away all the goods on which there is default of installment it is called _____.
- A. Repossession .
 - B. Partial Repossession.
 - C. Complete Repossession.
 - D. Purchase.
27. The hire vendor takes away only a portion of the goods on which there is default of Installments it is called _____.
- A. Repossession
 - B. Partial Repossession
 - C. Complete Repossession.
 - D. Purchase.
28. In the books of hirer, for payment of installment hire vendor account will be _____.
- A. Debited.
 - B. Credited.
 - C. Rectified
 - D. Reversed.
29. In the books of hirer, for interest due at the end of the year hire vendor account will be _____.
- A. Debited.
 - B. Credited.
 - C. Rectified.
 - D. Reversed.
30. In the books of Hirer, the interest and depreciation account will be transferred to _____.
- A. Trading account
 - B. P & L account
 - C. P & L appropriation account
 - D. Balance sheet.
31. . In the books of hirer, when the asset is repossessed hire vendor account will be _____.
- A. Debited.
 - B. Credited.
 - C. Rectified.
 - D. Reversed.
32. In the books of hirer, when the asset is repossessed, asset account will be _____.
- A. Debited.
 - B. Credited.
 - C. Rectified.
 - D. Reversed.
33. In the books of hire vendor, when down payment is received, the hirer accounts will be _____.

- A. Debited
 - B. Credited
 - C. Rectified.
 - D. Reversed.
34. Under hire purchase system interest is calculated on _____.
- A. Outstanding Balance .
 - B. Hire Purchase Price
 - C. Cash Price.
 - D. Down Payment.
35. Nature of hire purchase agreement is _____.
- A. Agreement of sale
 - B. Option to transfer.
 - C. Option to buy.
 - D. Option to sell.
36. In case of Hire-Purchase the total sum payable by the hire-purchaser as per terms in order to complete the transactions is
- A. Net Cash Price
 - B. Net Hire-Purchase Charges
 - C. Hire-Purchase Price
 - D. Cash Price Instalment
37. Under _____ system the buyer does not get ownership of goods immediately
- A. Installment
 - B. HP
 - C. Installment and HP
 - D. None of these
38. _____ means the price at which the goods can be purchased by the hirer for ready cash.
- A. HP price
 - B. Installment price
 - C. Cash price
 - D. Down payment
39. _____ is the initial payment made at the time of signing the hire purchase agreement
- A. HP price
 - B. Installment price
 - C. Cash price
 - D. Down payment
40. The difference between hire purchase price and the cash price is called _____
- A. Hire charges
 - B. Cost of the asset
 - C. Installment price
 - D. Cash price
41. In order to deal with the re possession the hire vendor operates an account called _____
- A. Asset account
 - B. Goods account
 - C. Goods repossessed account
 - D. None of these
42. Hire Purchase price =

- A. Cash price + Down payment
 - B. Cash price + Total interest
 - C. Cash price
 - D. Sum of total instalments
43. Cash Price =
- A. Hire purchase price – total interest
 - B. Down payment in cash
 - C. Down payment + Interest
 - D. None of the above
44. The system of keeping accounts generally adopted by small size branches are:
- a) Debtors system
 - b) Stock & Debtors system
 - c) Wholesale branch system
 - d) Final account system
45. Goods are supplied by the head office to dependent branches are at:
- a) Cost price
 - b) Invoice price
 - c) Market price
 - d) Cost or invoice price
46. Under debtors system which account is prepared by head office to calculate profit or loss of each branch:
- a) capital account
 - b) debtors account
 - c) branch account
 - d) branch adjustment account
47. Under debtors system depreciation on fixed asset is _____
- a) credited to branch A/c
 - b) debited to branch A/c
 - c) not shown in branch A/c
 - d) shown in debtors A/c
48. Branch Trading & Profit & Loss A/c is only a _____ account not forming part of the full accounting system.
- a) Single
 - b) Memorandum
 - c) Capital
 - d) Double
49. In final account system branch Trading & Profit & Loss A/c is prepared at _____.
- a) invoice price
 - b) cost price
 - c) cost & invoice price
 - d) market price
50. Under Final A/c system, the profit or loss made by the branch is determined by preparing.

- a) Branch stock A/c
 - b) Branch Debtors A/c
 - c) Branch Adjustment A/c
 - d) Branch Trading & Profit & Loss A/c
51. The Branch Account prepared under Final Account System is the nature of:
- a) Nominal Account
 - b) Real Account
 - c) Personal Account
 - d) General Account
52. Branch which doesnot maintain its own set of books is _____.
- a) Dependent branch
 - b) Independent branch
 - c) Foreign branch
 - d) Local branch
53. Dependent branch makes :
- a) Cash sales only
 - b) Credit sales only
 - c) Cash & Credit sales
 - d) Instalment sales
54. All branch expenses such as rent, salary are paid by H.O in case of:
- a) independent branch
 - b) local branch
 - c) dependent branch**
 - d) foreign branch
55. Under Stock & Debtors system _____ account is prepare by H.O to ascertain the Gross Profit earned by the branch.
- a) Branch stock A/c
 - b) Branch Adjustment A/c**
 - c) Branch expenses A/c
 - d) Branch P&L A/c
56. In branch Account ,goods sent by branch P to branch Q will be debited to;
- a) branch X
 - b) branch P
 - c) branch Q**
 - d) branch Y
57. Under stock & debtors system _____ account is prepared by H.O to ascertain the Net Profit.
- a) Branch stock A/c
 - b) Branch Adjustment A/c
 - c) Branch expenses A/c
 - d) Branch P&L A/c**
58. Branch Trading & Profit & Loss A/c is prepared to incorporate all _____.

a) Revenue items

- b) Capital items
- c) Asset items
- d) Past items

59. Under Stock and Debtors system of branch Account branch adjustment account is opened when goods sent to branch is at:

- a) Cost price
- b) Invoice price
- c) Market price
- d) Normal price

60. Under debtors system ,the cash sales are

- a) Debited to branch account
- b) Credited to branch account
- c) Debited to debtors account
- d) Credited to creditors account

61. Under stock & debtors system of branch A/c the account prepared to record all the transactions relating to branch debtors is recorded in ____.

- a) Branch Account
- b) Branch adjustment account
- c) Branch debtors account
- d) Branch expenses account

62. Under debtors system of branch account ,both cash and credit sales are :

- a) Shown in debit side
- b) Shown in credit side
- c) Shown in asset side

d) Not shown

63. The difference between goods sent by H.O and received by branch is known as _____

- a) Goods in transit
- b) Goods in warehouse
- c) Goods in production
- d) Goods in godown

64. Which account is used for recording transactions relating to H.O supplying resources to the branch?

- a) Capital account
- b) Branch account
- c) Current account
- d) Joint venture account

65. If a branch has purchased fixed asset on credit basis the liability from such purchase is _____ branch account.

- a) Debited to
- b) Credited to
- c) Not shown in
- d) Decreased from fixed asset in

66. In case of H.O having many branches , transactions among the branches are called.

- a) Branch-H.O transaction
- b) H.O- Branch Transaction
- c) Inter-branch transaction**
- d) Intra branch transaction

67. The stock reserve for unrealised profit will be _____ to the H.O profit & Loss A/C

- a) Debited
- b) Credited
- c) First credited then debited
- d) Not shown

68. When a bill is drawn by Branch X on Branch Y, then the books of Branch X is debited by:

- a) Bills receivable
- b) Head Office
- c) Bills Payable
- d) Branch Y

69. When goods are supplied by branch X to Branch Y, the Head Office books is debited by:

- a) Branch X
- b) Branch Y
- c) Goods supplied to other branches
- d) Goods received from other branches

70. When branch has paid some cash on behalf of the Head Office, for purchases made by H.O, the books of head office is debited by:

- a) Cash account
- b) Sales account
- c) Purchases account
- d) Branch account

71. When branch has collected some cash on behalf of H.O, the books of branch is credited by:

- a) Cash account
- b) H.O account
- c) Calls in arrear account
- d) Purchases account

72. In case of goods in transit the H.O will make an adjusting entry by debiting _____ at the end of the accounting period.

- a) Branch account
- b) Purchases account
- c) Goods in transit account
- d) Sales account

73. In case of cash in transit the books of branch _____ account is debited to reconcile the difference.

- a) Head office
- b) Cash in transit
- c) Bank
- d) Branch

74. When an asset is purchased if payment is made by branch the H.O books is debited by _____ account:

- a) Branch fixed asset
- b) Branch
- c) Cash
- d) P&L

75. _____ account is prepared to adjust the loads included in the value of opening stock and closing stock.

- a) Branch stock
- b) Branch adjustment
- c) Stock reserve
- d) Branch P&L

76. The balance of goods sent to branch account is transferred to _____ account

- a) Trading
- b) Stock
- c) Sales
- d) Branch expenses

77. _____ account shows the shortage or surplus of stock.

- a) Branch adjustment
- b) Branch stock
- c) Goods sent to branch
- d) Branch P&L

78. The profit included in surplus or shortage of stock is transferred to _____ account

- a) Branch stock
- b) Branch expenses
- c) Branch adjustment
- d) Branch P&L

79. The balance of branch adjustment account is transferred to _____ account

- a) Branch stock
- b) Branch P&L
- c) Branch Debtors
- d) Branch expenses

80. Under debtors system the opening balance of assets are _____ to branch account.

- a) Debited
- b) Credited
- c) First debited then credited

d) First credited then debited

81. Under debtors system the opening balance of liabilities are _____ to branch account.

a) Debited

b) Credited

c) First debited then credited

d) First credited then debited

82. Under debtors system the closing balance of assets are _____ to branch account.

a) Debited

b) Credited

c) First debited then credited

d) First credited then debited

83. Under debtors system the closing balance of liabilities are _____ to branch account.

a) Debited

b) Credited

c) First debited then credited

d) First credited then debited.

84. Departments are located in

a) same place

b) next city

c) outside state

d) in a foreign country

85. Departmental Accounts are prepared to ascertain

a) departmental efficiency

b) workers efficiency

c) sales income

d) share value

86. which of the following is a method of departmental accounting?

a) debtors system

b) stock and debtors system

c) Independent method

d) single entry system

87. In departmental accounting, Advertisement is apportioned on the basis of

a) sales

b) goods manufactured

c) purchases

d) value of plant

88. in departmental accounting canteen expenses are apportioned on the basis of

a) food items purchased

b) food items sold

c) no. of employees

d) average stock

89. Work Managers salary is apportioned on the basis of

- a)purchases of each dept
- b)sales of each department
- c)value of plant and machinery
- d)time spent in each department

90. In departmental accounting,where separate books are kept for each Department, it is commonly referred to as

- a) Independent accounting
- b)columnar accounting
- b) Consolidated accounting
- d) single entry system

91. Selling expenses are apportioned on the basis of

- a)sales
- b)purchases
- c) no of customers
- d) no.of employees

92. Group Insurance premium is apportioned on the basis of

- a)no.of employees
- b) no.of Managers
- c) no.of supervisors
- d)Direct wages

93.Depreciation is apportioned on the basis of

- a)purchases
- b)sales
- c)advertisement
- d) none of these

94. Sales is the basis of apportionment in the case of

- a)travelling salesman's commission
- b)freight outwards
- c)after sales service
- d)all of the above

95. Find the Loading which is 20% of the invoice price of goods if the cost price of goods is 20,000

- a)2000
- b)3000
- c)4000
- d)6000

96. If the Invoice price of Closing stock is Rs3,60000 what amount should be transferred to Stock Reserve given Loading is 20% of

Invoice price

- a)60,000
- b) 1,20,000
- c)40,000
- d)10,000

97. Departmental Accounting facilitates
- a.comparison of trading results
 - b.intelligent planning and control
 - c.evaluating departmental performance
 - d.all of the above
98. such items of expenditure and income which cannot be reasonably allocated to any particular department are taken in
- a.debtors book
 - b.creditors book
 - c.Balance sheet
 - d.General Profit and Loss Account
99. When the accounts of all departments are maintained together, in columnar form, it is known as -----
- a.Unitary method
 - b.Independent form
 - c.single entry
 - d.columnar form
100. Insurance on stock is apportioned on the basis of
- a.purchases
 - b.sales
 - c.average stock carried
 - d.average stock sold
101. Rent rates and taxes are apportioned on the basis of
- a.area
 - b.sales
 - c.purchases
 - d.no.of employees
- 102.Discount allowed is apportioned on the basis of
- a.purchases
 - b.sales
 - c.goods manufactured
 - d.no of customers
103. how many methods are there in recording departmental transactions?
- a.4
 - b.3
 - c.2
 - d.1
- 104.Retirement and death of a partner:
- a.is dissolution of partnership agreement
 - b. is dissolution of a firm
 - c.may or may not be a dissolution of partnership agreement
 - d.None of these
- 105.The partnership may come to an end due to the:

- a. Death of a partner
- b. Insolvency of a partner
- c. Both of above
- d. None of these

106. If all the partners, but one are insolvent it is:

- a. Dissolution of an agreement
- b. Dissolution of a firm
- c. May or may not cause dissolution
- d. all

107. At the time of dissolution:

- a. all the assets are transferred to realization account
- b. Only current assets are transferred to realization account
- c. Non-cash assets are transferred to realization account
- d. All the above must be done.

108. At the time of dissolution non-cash assets are credited with:

- a. Market value
- b. Book value
- c. As the agreed amount among partners
- d. None of these

109. If a partner takes over an asset of the firm, his capital account:

- a. will be debited with the amount as agreed
- b. will be credited with the market value of the asset
- c. will be debited with book value of asset
- d. None of these

110. If a liability is settled at higher value than shown on the balance sheet and a partner takes the responsibility to pay that:

- a. It causes a loss on realization
- b. It causes gain on realization
- c. It is loss for the partner
- d. None of these

111. Loss on realization is distributed among partners:

- a. According to income sharing ratio
- b. According to capital ratio
- c. As decided among them
- d. according to equal ratio

112. Loss on realization is:

- a. Debited to partners capital account
- b. Credited to partners capital account
- c. Debited to realisation account
- d. Credited to realisation account

113. When all the partners are insolvent accounts payable will be:

- a. Paid fully
- b. Paid rateably
- c. Taken over by partner

d. paid equally

114. All the time of admission, partnership firm is dissolved if business is

a. Discontinued

b. Suffering loss

c. Not to the liking of new partner

d. None of these

115. All the accounts are settled among partners and creditors at the time of of a business.

a. dissolution

b. commencement

c. admission

d. retirement

116. First of all of the firms will be settled out of sources of the business:

a. Liabilities

b. Assets

c. Capital

d. all

117. Admission of a partner is termination of and not a dissolution of firm

a. Business

b. Agreement

c. Dissolution

d. None of these

118. Court may also dissolve a firm, if a partner files a suit, that one of the partners is

a. Not active partner

b. Not willing to share responsibilities

c. Of unsound mind

d. sleeping partner

119. Partners are liable to settle the account of accounts payable even from their, if they are solvent.

a. Private sources

b. Capital portion

c. Profit share

d. out of salary

120. of partner will be paid off, before the settlement of partner's capital.

a. Capital

b. Profit share

c. loan

d. salary

121. On dissolution partner's capital balance will be

a. paid to them rateably

b.forfeited

c.withheld

d.None of these

122. Retirement/death of a partner will not be dissolution if :

a.remaining partners are agreed on continuing it

b.there is no consensus on future

c.deed does not specify anything on it.

d.None of these

123.If all partners mutually decide for the dissolution, it will be

a.dissolution of the firm

b.dissolution of deed

c.dissolution of business activity

d.None of the above

124. A dissolution of a partnership take place due to any of the following causes:

a.By the mutual agreement between the partners to dissolve

b.At the death of a partner

c.Both of the above

d.None of the above

125. On the dissolution of the firm following steps are necessary:

a.Pay off the debts and liabilities of the firm

b.Pay the loan of the partner

c.both of the above

d. pay off capital

126. The process of disposing off the assets and paying off the liabilities is called:

a.Realization

b.Disinvestment

c.reconciliation

d.None of these

127.If one partner become insolvent, in what ratio solvent partners bear the deficiency?

a.New ratio is decided

b.In the ratio of their capital as it stood just before the liquidation

c.Solvent partners do not bear deficiency

d.All the above

128. What will be passed, for creditor's liabilities at the time of dissolution, when all partners are insolvent?

a.Liabilities a/c debited, Cash a/c credited, Deficiency a/c credited

b.Liabilities a/c credited, Cash a/c credited, Deficiency a/c credited

c.Liabilities a/c debited, Cash a/c debited, Deficiency a/c credited

d. None of the above

129. In Garner VS Murray, insolvency loss on borne by solvent partners in:

a.Capital ratio

b.Profit sharing ratio

c.Final claims ratio

d. None of the above

130.A firm is unable to pay debts when:

a.Partner is insolvent

b.Partner has debit balance

c.Firm is insolvent

d.All the above

131.Realization account is a:

a.Real account

b.Nominal account

c.Personal account

d.Capitalaccount

132. When realization expenses are borne by partner, it is credited to:

a.Partners capital account

b.Cash account

c.Profit and loss account

d.Profit and loss appropriation account

133. At the time of dissolution of firm, the assets taken over by partner should be:

a.Credit to realization account

b.Debited to realization account

c.Nothing happens to realization account

d.Debited to drawings account

134. An unrecorded asset realized at the time of realization is credit to:

a.Capital account

b.Realization account

c.No accounting entry is made

d. drawings account

135. An unrecorded liability paid at the time of realization is debited to:

a.Capital account

b.Realization account

c.No accounting entry is made

d.drawings account

136. Profit or loss on realization should be divided among partners in the:

a.Profit sharing ratio

b.Capital ratio

c.equally

d.None of these

137. Provision for doubtful debts at the time of dissolution is transferred to :

a.Debtors account

b.Realization account

c.Cash account

d.capital account

138. General reserve account at the time of dissolution is transferred to:

- a.Bank account
- b.Realization account
- c.Capital account
- d.drawings account

139. Goodwill account is closed at the time of dissolution by transferring it to :

- a.Realization account
- b.capital account
- c.Liability account
- d.drawings account

140. Realization made in part is called:

- a.Distribution of capital
- b.Piece meal distribution
- c.Equal share
- d.All of the above

141. At the time of dissolution, assets are transferred to realization account at:

- a.Book value
- b.Market value
- c.Replacement value
- d.None of these

142. The first step in dissolution is:

- a.Prepare balance sheet on date of dissolution
- b.Distribute cash to partners
- c.None of these

143. After the dissolution of a firm, the authority of a partner to bind the firm:

- a.Does not continue at all.
- b.Continues so far as may be necessary to wind up the affairs of the firm .
- c. New agreement created
- d. None of these

144. Loss arising out of partner's insolvency can be recouped from:

- a.Solvent partners
- b.The firm itself
- c.Partner's estate
- d.Partner's Legal Heirs

145. _____ is a selected set of accounting policies or broad guidelines regarding the principles and methods to be chosen out of several alternatives.

- a.Accounting Rules
- b. Accounting Policies
- c.Accounting Standards
- d. Accounting Laws

146.ASB stands for _____

- a.American Standard Board
- b.Accounting Standard Board

- c. American Standard Books
- d. Accounting System Books
- 147. ASB was constituted by _____
 - a. ICAI
 - b. ICWAI
 - c. ICSI
 - d. NOTA
- 148. AS-10 deals with _____
 - a. Accounting for Fixed Assets
 - b. Accounting for Current Assets
 - c. Accounting for Inventory
 - d. Accounting for Govt Grants
- 149. As per AS-2 inventories consist of _____
 - a. Finished goods
 - b. Work in progress
 - c. Stores, Spares, Consumables
 - d. All of the above
- 150. As-9 is not applicable to
 - a. Revenue from construction contract
 - b. Revenue from hire purchase
 - c. Revenue from govt grants
 - d. All of the above
- 151. AS-19 deals with _____
 - a. Revenue realization
 - b. Accounting policies
 - c. Lease
 - d. NOTA
- 152. AS-1 deals with-----
 - a. Cash flow Statement
 - b. Lease
 - c. Valuation of inventory
 - d. Disclosure of Accounting Policies
- 153. AS-2 deals with----
 - a. Fixed Assets
 - b. Valuation of inventory
 - c. Revenue realization
 - d. NOTA

ANSWER KEY TO MCQs [SET 1]

1 B 26 C 51 A 76 A 101 A 126 A 151 C

2 C 27 B 52 A 77 B 102 B 127 B 152 D
 3 A 28 A 53 C 78 C 103 C 128 A 153 B
 4 D 29 B 54 C 79 B 104 A 129 A
 5 B 30 B 55 B 80 A 105 C 130 C
 6 B 31 A 56 C 81 B 106 C 131 B
 7 C 32 B 57 D 82 B 107 C 132 A
 8 C 33 B 58 A 83 A 108 B 133 A
 9 A 34 C 59 B 84 A 109 A 134 B
 10 B 35 C 60 B 85 A 110 A 135 B
 11 D 36 C 61 C 86 C 111 A 136 A
 12 B 37 B 62 D 87 A 112 A 137 B
 13 B 38 C 63 A 88 C 113 B 138 C
 14 C 39 D 64 B 89 D 114 C 139 A
 15 A 40 A 65 A 90 A 115 A 140 B
 16 A 41 C 66 C 91 A 116 A 141 A
 17 C 42 B 67 D 92 D 117 B 142 A
 18 C 43 A 68 A 93 D 118 B 143 B
 19 C 44 A 69 B 94 D 119 A 144 A
 20 B 45 D 70 D 95 C 120 C 145 C
 21 C 46 C 71 B 96 A 121 A 146 B
 22 B 47 C 72 C 97 D 122 A 147 A
 23 D 48 B 73 B 98 D 123 A 148 A
 24 D 49 C 74 A 99 D 124 C 149 D
 25 A 50 D 75 B 100 C 125 c 150 D

MCQs - SET 2 -

- (a) Current ratio is:
- (i) Short term solvency ratio
 - (ii) Long term solvency ratio
 - (iii) Turnover ratio
 - (iv) Profitability ratio
- (b) Turnover ratios are expressed in:
- (i) Percentage
 - (ii) Times
 - (iii) Numbers
- (c) None of these
- Under stock & debtors system _____ account is prepared by H.O to ascertain the Net Profit.
- (i) Branch stock A/c
 - (ii) Branch Adjustment A/c
 - (iii) Branch expenses A/c
 - (iv) Branch P&L A/c
- (d) Branch Trading & Profit & Loss A/c is prepared to incorporate all ____.
- (i) Revenue items
 - (ii) Capital items

- (iii) Asset items
- (iv) Past items
- (e) The act of buying an asset without having to make full payment in the immediate future is known as:
 - (i) Hire purchase
 - (ii) Finance lease
 - (iii) Operating lease
 - (iv) Sale and leaseback
- (f) The amount of interest is credited by the buyer to.....
 - (i) Hire purchase Account
 - (ii) Hire Vendor Account
 - (iii) Interest Account
 - (iv) Cash Account
- (g) The depreciation in the books of buyer is charged on.....
 - (i) Hire Purchase Price
 - (ii) Market price
 - (iii) Total Instalment amount
 - (iv) Cash Price
- (h) Cash Price is equals to:
 - (i) Hire purchase price – total interest
 - (ii) Down payment in cash
 - (iii) Down payment + Interest
 - (iv) None of the above
- (i) Which of the following is non-current liability?
 - (i) Mortgage loan
 - (ii) Bank overdraft
 - (iii) Outstanding wages
 - (iv) Bills payable
- (j) Depreciation on Machinery is:
 - (i) Use of fund
 - (ii) Sources of fund
 - (iii) No flow of fund
 - (iv) None of these
- (k) Which of the following will increase working capital?
 - (i) Paying cash to Debtors
 - (ii) Payment to the creditors by cheque
 - (iii) Writing off goodwill
 - (iv) Sale of old furniture for cash
- (l) Which of the following will not change working capital?
 - (i) Purchase of goods for cash
 - (ii) Purchase of machinery for cash
 - (iii) Purchase of machinery against cheque
 - (iv) Sale of old machine against cheque
- (m) Which of the following is an application of fund?
 - (i) Payment of salaries
 - (ii) Writing off depreciation
 - (iii) Sale of fixed assets
 - (iv) Payment of dividend
- (n) Cash from operations and cash flow from operating activities is equal to:
 - (i) Net Profit + Increase in current assets
 - (ii) Net Profit + Decrease in Current Liabilities
 - (iii) Operating Profit +/- Adjustment in Current Assets and Current LiabilitiesNet Profit after Tax
- (o) Which of the following is not a Cash Inflow?

- (i) Purchase of fixed assets
 - (ii) Sale of goods
 - (iii) Issue of Debentures
 - (iv) Sale of Fixed Assets
- (p) According to AS-3 (Revised), purchase of fixed assets is treated as:
- (i) Operating activity
 - (ii) Investing activity
 - (iii) Financing activity
 - (iv) None of these
- (q) Which of the following is an example of non cash expenses?
- (i) Depreciation
 - (ii) Wages and salaries
 - (iii) Telephone expenses
 - (iv) None of these
- (r) Cash flow statement helps in which form of financial planning?
- (i) Short term
 - (ii) Long term
 - (iii) Very short term
 - (iv) Very long term
- (s) In common size statement of profit and loss, percentage is calculated on:
- (i) Revenue from operations
 - (ii) Total revenue
 - (iii) Cost of goods sold
 - (iv) None of these
- (t) Accounting records only:
- (i) Monetary transactions
 - (ii) Non monetary transactions
 - (iii) Monetary events
 - (iv) Both (i) and (iii)

KEY TO MCQs [SET 2]

Question No.	Answer
(a)	(i) Short term solvency ratio
(b)	(ii) Times
(c)	(iv) Branch P&L A/c
(d)	(i) Revenue items
(e)	(i) Hire purchase
(f)	(ii) Hire Vendor Account
(g)	(iv) Cash Price
(h)	(i) Hire purchase price – total interest
(i)	(i) Mortgage loan
(j)	(ii) Sources of fund
(k)	(iv) Sale of old furniture for cash
(l)	(i) Purchase of goods for cash
(m)	(iii) Sale of fixed assets
(n)	(iii) Operating Profit +- Adjustment in Current Assets and Current Liabilities

(o)	(i) Purchase of fixed assets
(p)	(ii) Investing activity
(q)	(i) Depreciation
(r)	(iii) Very short term
(s)	(i) Revenue from operations
(t)	(iv) Both (i) and (iii)



Chirag 29 July 2021 at 16:01

Kumar Publication?????

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