

# Accountancy



## Question 1

Accounting furnishes data on

- A) Income and cost for the managers
- B) Financial conditions of the institutions
- C) Company's tax liability for a particular year
- D) All the above

**Answer:** D

## Question 2

Long term assets having no physical existence but, possessing a value are called

- A) Intangible assets
- B) Fixed assets
- C) Current assets
- D) Investments

**Answer:** A

## Question 3

The assets that can be easily converted into cash within a short period, i.e., 1 year or less are known as

- A) Current assets
- B) Fixed assets
- C) Intangible assets
- D) Investments

**Answer:** A

## Question 4

Copyrights, Patents and Trademarks are,

- A) Current assets
- B) Fixed assets

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- C) Intangible assets
- D) Investments

**Answer: C**

## **Question 5**

The debts which are to be repaid within a short period (a year or less) are referred to as,

- A) Current Liabilities
- B) Fixed liabilities
- C) Contingent liabilities
- D) All the above

**Answer: A**

## **Question 6**

Gross profit is

- A) Cost of goods sold + Opening stock
- B) Excess of sales over cost of goods sold
- C) Sales fewer Purchases
- D) Net profit fewer expenses of the period

**Answer: B**

## **Question 7**

Net profit is computed in the

- A) Profit and loss account
- B) Balance sheet
- C) Trial balance
- D) Trading account

**Answer: A**

## **Question 8**

In order to find out the value of the closing stock during the end of the financial year we,

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- A) do this by stocktaking
- B) deduct the cost of goods sold from sales
- C) deduct opening stock from the cost of goods sold
- D) look in the stock account

**Answer:** A

## **Question 9**

Which of these best explains fixed assets?

- A) Are bought to be used in the business
- B) Are expensive items bought for the business
- C) Are items which will not wear out quickly
- D) Are of long life and are not purchased specifically for resale

**Answer:** D

## **Question 10**

The charges of placing commodities into a saleable condition should be charged to

- A) Trading account
- B) P & L a/c
- C) Balance Sheet
- D) None of the above

**Answer:** B

## **Question 11**

Suppliers personal a/c are seen in the

- A) Sales Ledger
- B) Nominal ledger
- C) Purchases Ledger
- D) General Ledger

**Answer:** C

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## Question 12

If you want to ensure that your money will be secured if cheques sent are wasted in the post, you should

- A) Always pay by cash
- B) Cross your Cheques 'Account Payee only, Not Negotiable.'
- C) Always get the money in person
- D) Not use the postal service in future

**Answer:** B

## Question 13

Discounts received are

- A) Deducted by us when we pay our accounts
- B) Deducted when we receive cash
- C) Given by us when we sell goods on credit
- D) None of these

**Answer:** A

## Question 14

Sales invoices are first entered in

- A) The Cash Book
- B) The Purchases Journal
- C) The Sales Journal
- D) The Sales Account

**Answer:** C

## Question 15

Entered in the Purchases Journal are

- A) Discounts received
- B) Purchases invoices

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- C) Payments to suppliers
- D) Trade discounts

**Answer: B**

## **Question 16**

At the balance sheet date, the balance on the Accumulated Provision for Depreciation Account is

- A) Transferred to Depreciation Account
- B) Transferred to the Asset Account
- C) Transferred to Profit and Loss Account
- D) Simply deducted from the asset in the Balance Sheet

**Answer: D**

## **Question 17**

If we take goods for own use we should

- A) Debit Drawings Account, Credit Purchases Account
- B) Debit Drawings Account: Credit Stock Account
- C) Debit Sales Account: Credit Stock Account
- D) Debit Purchases Account: Credit Drawings Account

**Answer: A**

## **Question 18**

When a petty cash book is kept there will be

- A) No entries made at all in the general ledger for items paid by petty cash
- B) The same number of entries in the general ledger
- C) Fewer entries made in the general ledger
- D) More entries made in the general ledger

**Answer: C**

## **Question 19**

If a trial balance totals do not agree, the difference must be entered in

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- A) The Profit and Loss Account
- B) A Nominal Account
- C) The Capital Account
- D) A Suspense Account

**Answer:** D

## **Question 20**

If it is required to maintain fixed capitals then the partners' shares of profits must be

- A) Credited to capital accounts
- B) Debited to capital accounts
- C) Debited to partners' current accounts
- D) Credited to partners' current accounts

**Answer:** D