

## Principles of accounting Icom Part 1 English Medium Chapter 6 Online Test

Sr	Questions	Answers Choice
1	Any difference in trial balance is transferred to	A. sales account B. nominal account C. purchases account D. suspense account
2	Any expenditure incurred to increase the earning capacity of a business	A. capital expenditure B. capital loss C. revenue loss D. revenue expenditure
3	Error of posting effects:	A. One account B. Two accounts C. Three accounts D. Four accounts
4	Wrong allocation of capital and revenue items of expenses represents	A. error of casting B. error of principle C. compensation error D. error of commission
5	A receipt is revenue receipt because	A. the amount is small B. it relates to routine activity of business C. it is received in the accounting year D. both b, c
6	The profit which is earned during the ordinary course of business is regarded as:	A. Capital profit B. Revenue profit C. Revenue loss D. Long term profit
7	A credit sale was wrongly passed through purchases book, the rectification of the entry will:	A. Increase the net profit by, double amount B. Decrease the net profit C. Decrease the net profit by double amount D. Have no effect on the net profit
8	Goods purchased from Robin have been posted to Rahim account, it is an:	A. Error of omission B. Error of casting C. Error of posting D. Error of commission
9	Which one of the following is appeared in the balance sheet ?	A. revenue expenditure B. capital expenditure C. deferred revenue D. both b,c
10	Receipts which are non-recurring by nature:	A. Capital receipts B. Revenue receipts C. Short term receipts D. Capital profit
11	Raw material destroyed in fire represents	A. capital loss B. revenue loss C. normal loss D. both b, c
12	A receipt is revenue in nature, if it relates to:	A. Balance sheet B. The receipt of accounting year C. Small amount D. Routine activity of the business
13	Bad debts are	A. deferred expenditure B. revenue expenditure C. capital expenditure D. none of these
14	Some expenses are incurred at the time of the sale of an asset. The Amount will be debited to:	A. Assets account B. Expenses account C. Cash account D. Purchases account

15	Capital contributed by the partners is a:	A. Revenue receipt B. Capital receipt C. Current receipt D. Deferred receipt
16	A transaction has been journalized but posted wrongly in the ledger account, it is an:	A. Error of posting B. Error of principle C. Error of omission D. Error of commission
17	The process of totaling the data at the end of the period is called	A. posting B. casting C. compensating D. recording
18	An expenditure incurred in increasing the efficiency of a fixed asset is called:	A. Revenue expenditure B. Capital expenditure C. Current expenditure D. None of these
19	Unearned income are known as:	A. Incomes B. Expenses C. Liabilities D. Assets
20	Errors which affect one account can be	A. errors of principle B. errors of posting C. errors of omission D. none of these
21	The outflow of funds to meet the running expenses of a business	A. Revenue loss B. Revenue expenditure C. capital expenditure D. capital loss
22	If sales return for Rs. 3,000 were incorrectly included in sales book, gross profit will be	A. overstated by Rs. 3,000 B. understated by Rs. 6,000 C. understated by Rs. 3,000 D. overstated by Rs. 6,000
23	The capital profit should be transferred to:	A. Profit and loss account B. Trading account C. Balance Sheet D. Both Trading and profit and loss account and balance sheet
24	The revenue profit should be transferred to:	A. Balance sheet B. Trading account C. Profit and loss account D. None of these
25	Error of principle involves an incorrect allocation of expenditure or receipt between.	A. Capital and revenue B. Capital and capitalized C. Revenue and deferred revenue D. Revenue and revenue
26	Goods sold to Ali for Rs. 50,000 recorded in purchases day book will affect	A. purchases A/c B. sales account C. purchases, sales & Ali account D. purchases & sales account
27	If the error committed in the capital account, it will affect	A. trading account B. profit & loss account C. trading and profit & loss account D. balance sheet
28	Which account will be created in the presence of suspense account, if sales book is undercast by Rs. 500	A. suspense A/c B. sales A/c C. cash A/c D. none of above
29	Preliminary expenses incurred before the commencement of business	A. revenue expenditure B. capital expenditure C. deferred revenue expenditure D. capital loss
30	Receipts, which are non-recurring by nature, are called	A. revenue receipts B. current receipts C. capital receipts D. capital profit
31	Premium on issue of shares of a company represents	A. capital loss B. capital profit C. capital payment D. none of these

A. Increase the net profit

32	Acceptance to Mr. A was posted to the debit of B's account. The rectification of the entry will.	A. increase the net profit B. Decrease the net profit C. Have double effect on net profit D. Have no effect on net profit
33	Suspense means	A. certainty B. uncertainty C. surly D. none of these
34	An error completely omitted to be entered in the journal	A. partial error B. error of posting C. error of casting D. complete error
35	Capitalized expenditures are shown in	A. trading A/c B. profit & loss A/c C. income statement D. balance sheet