

## NAT I Commerce Accounting

Sr	Questions	Answers Choice
1	The expenses incurred in purchasing land property represent	A. Capital expenditures B. Revenue loss C. Revenue expenditures D. Deferred revenue expenditures
2	Sales return is also called	A. Return inward B. Return to seller C. Return outward D. Return inward and return to seller both
3	Balance sheet is a statement of	A. Assets B. Both first C. Liabilities D. None of these
4	Discount received is a	A. Asset B. Revenue C. Liability D. Expenses
5	Petty cash book is a branch of	A. Pass book B. Journal C. Cash book D. Ledger
6	In accounting equation assets are equal to	A. Capital B. Liabilities C. Capital + Liabilities D. Capital + Liabilities
7	Modern system of book keeping is	A. Single entry system B. Double entry system C. Modern system D. None of these
8	Freight paid on machinery purchased is a	A. Revenue expenditure B. Capital expenditure C. Capital loss D. Revenue loss
9	The person who draws a bill of exchange is known as	A. Drawer B. Payee C. Drawee D. Bank
10	Any physical that has money value is	A. Transaction B. Asset C. Intangible asset D. Goodwill
11	Which of these is a fixed asset:	A. Cash B. Plant C. Stock D. Prepaid expenses
12	Which of theses assets is an intangible asset	A. Building B. Cash C. Furniture D. Good will
13	The person to whom goods are sold on credit is called	A. Seller B. Creditor C. Debtor D. Buyer
14	Business debts are known as	A. Liabilities B. Expenses C. Assets D. Owner's
15	The process of recording business transactions in the journal is called	A. Posting B. Classifying C. Journalising D. Filing

		D. Entry
16	Operating expenses represent	A. G.P- Operative Exp B. Selling + General Exp C. Selling administrative Exp.D) D. All of these
17	Bad debt arises from	A. Sale on account B. Account receivable C. Cash sales D. Account payable
18	Accounting is called of business:	A. Heart B. Ear C. Tongue D. Eye
19	Prepaid expenses are	A. Expense B. Liability C. Asset D. None of these
20	Bill receivable and debtor are	A. Long term assets B. Fictitious assets C. Fixed assets D. Current assets
21	Any activity undertaken for the purpose of earning profit is called	A. Dealing B. Business C. Performance D. Duties
22	Net loss is transferred in balance sheet to	A. Capital B. Losses C. Assets D. Deferred losses
23	Cash purchases are recorded in large organizations in	A. Purchase day book B. General journal C. Purchase journal D. Cash book
24	Bank reconciliation represents	A. Ledger B. Statement C. Journal D. Both ledger and statement
25	Furniture and machinery represent	A. Fixed assets B. Fictitious assets C. Current assets D. Intangible assets
26	Bad debts are shown in the	A. Trading A/c B. None of these C. Profit & Loss A/c D. Both first
27	The errors which cancel themselves out are called	A. Errors of omission B. Compensating errors C. Errors of commission D. None of these
28	Goods returned by a customer should be debited to	A. Sales A/c B. Customer A/c C. Purchase A/c D. Sales return A/c
29	Expenses paid in advance are called	A. Prepaid expenses B. Deferred expenses C. Expired expenses D. Both prepaid & expired expenses
30	Noting charges are paid when bill is	A. Honoured B. Discounted C. Dishonoured D. None of these
31	Debit balance of cash book is also called	A. Unfavourable balance B. Favourable balance C. Negative balance D. Both un favourable and favourable balance
32	Payment for freight on raw material purchased is called	A. Capital payment B. Deferred revenue payment C. Revenue payment D. None of these

33	Carriage paid on goods sold is a	A. Direct expense B. Operating expense C. General expense D. Selling expense
34	Stationary is classified into	A. Factory supplies B. Sales supplies C. Office supplies D. Trade supplies
35	The cheque which is returned by the bank unpaid is called	A. Cross cheque B. Dishonour cheque C. Bearer cheque D. Order cheque
36	Which of the following account is increased by debit entries	A. Capital A/c B. Building A/c C. Sales A/c D. Purchase return A/c
37	The amount of salaries paid to javed should be credited to	A. Javed A/c B. Cash A/c C. Salaries A/c D. None of these
38	Transaction which is omitted from record is known as	A. Errors of omission B. Errors of principle C. Errors of commission D. Compensating errors
39	Unearned income is shown as	A. Assets B. Expenses C. Liabilities D. Income
40	A bill of exchange is accepted by	A. Debtor B. Holder C. Creditor D. Seller
41	If more than two accounts are involved in one transaction the journal entry is called	A. Simple entry B. Skeleton entry C. Compound entry D. Double entry
42	Cash and goods invested by the proprietor in business is called	A. Investment B. Capital C. Drawings D. None of these
43	If more than two accounts are involved in a journal entry it is called	A. Double entry B. Contra entry C. Compound entry D. Single entry
44	Which of the following books is called book of original entry:	A. Cash book B. Journal C. Ledger D. Sales book
45	Important types of ledger are	A. General ledger B. Proprietor ledger C. Creditors ledger D. General ledger & creditor ledger bot
46	The science and art of correctly recording business dealing in a set of books is called	A. Book keeping B. Auditing C. Accounting D. Recording
47	Pass book is prepared in the book of	A. Bank B. Guarantor C. Customer D. None of these
48	The purchase of machinery on account would:	A. Increase one asset and decrease another asset B. Increase an asset and decrease liability C. Increase an asset and increase capital D. Increase an asset and increase a liability
49	Accounting is the language of	A. Govt B. Trade C. Business D. Commerce

50	Credit sales are recorded in	A. Cash book B. Purchase book C. Sales book D. Pass book
51	A bill of exchange is drawn by a	A. Debtor B. Holder C. Creditor D. None of these
52	Business debts are also called is	A. Capital B. Liabilities C. Drawing D. Assets
53	To any business bad debts is	A. An asset B. An Income C. A loss D. A liability
54	Errors which affect income statement belong to	A. Real A/c B. Personal A/c C. Nominal A/c D. None of these
55	Preliminary Exp.Incurred for formation of Joint Stock Company represent.	A. Capital loss B. Capital Exp. C. Revenue loss D. Deferred Revenue Exp
56	Carriage paid on goods purchased is a	A. Direct expense B. Opening expense C. Indirect expense D. General expense
57	For payment of bill of exchange grace days are	A. 2 days B. 3 days C. 5 days D. 4 days
58	Assets which come into existence upon the happening of a certain event are called	A. Fictitious assets B. Floating assets C. Contingent assets D. Dependent assets
59	Favourable bank balances means	A. Credit balance of cash book B. Debit balance of cash book C. Debit balance of pass book D. None of these
60	Cheque received but not deposited recorded in cash book is	A. Cash column B. Discount column C. Bank column D. None of these
61	A bill of exchange is accepted by:	A. Drawer B. Payee C. Drawee D. Bank
62	Journal is prepared in	A. Columnar form B. Vertical form C. Horizontal form D. Raw form
63	The discount which is calculated on list price of goods is called	A. Trade discount B. Rebate C. Cash discount D. None of these
64	Bank reconciliation is prepared by	A. Bank B. Creditors C. Auditor D. Accountant
65	The book in which small payments like refreshment tissues etc are recorded is called	A. Main cash book B. Cash account C. Petty cash book D. Both main cash book & petty cash book
66	Goods returned to supplier should be credited to:	A. Supplier A/c B. Purchase return A/c C. Sales return A/c D. Purchases A/c
		A. Sales book B. Purchase book

67	Cash sales are recorded in	B. Purchase book <b>C. Cash book</b> D. Pass book
68	Carriage paid on purchase of furniture is a	A. Revenue expenditure <b>B. Capital expenditure</b> C. Revenue Loss D. Capital loss
69	Accounting principle are generally based on	A. Theory B. Subjectively <b>C. Practicability</b> D. None of these
70	Trial balance is prepared to detect	<b>A. Errors of omission</b> B. Compensating errors C. Errors of commission D. Errors of principles
71	Which of these accounts is increased by credit entries:	A. Machinery A/c B. Rent A/c <b>C. Sales A/c</b> D. Purchase A/c
72	Trail balance shows	A. Complete accuracy <b>B. Arithmetical accuracy</b> C. Whole accuracy D. Full accuracy
73	The entry which is recorded on the both sides of three column cash book is called	A. Single entry B. Compound entry C. Double entry <b>D. Contra entry</b>
74	The book meant for recording all cash transactions is called	A. Purchase book <b>B. Cash book</b> C. Sales book D. Pass book
75	Nominal accounts are related to:	A. Assets B. Creditors C. Liabilities <b>D. Expenses + Income</b>
76	The amount of cash or goods with drawn by the proprietor for personal use is called:	A. Expenses B. Revenue C. Capital <b>D. Drawings</b>
77	The modern system of book keeping is based on:	<b>A. Double account system</b> B. Single entry system C. Single account system D. Double entry system
78	Compound entry affected at least	A. Two account B. One account <b>C. Three account</b> D. Four account