

NAT IIM Management Science Finance Easy Test

Sr	Questions	Answers Choice
1	Trading account shows ----- result.	A. Net B. Gross C. Profit D. Loss
2	Endorsement is made:	A. For settlement of debts B. For settlement of income C. For settlement of profit D. None
3	Manufacturing concern cycle is ----- than trading concern cycle:	A. Shorter B. Greater C. Medium D. None of above
4	The cost flow must watch the	A. Output B. Outflow C. Inflow D. Workflow
5	Name the main accounts which are prepared in accounting?	A. Assets, liabilities, income and expenses B. Assets, liabilities, income and revenue C. Assets, owner's equity, income and expenses D. Assets, liabilities and expenses
6	Offsetting expenses against revenue is the concept of:	A. Realization B. Dual aspect C. Matching D. Conventions
7	Cost goods sold is Rs. 1650, gross profit ratio is 17.5% then sales is	A. 1800 B. 1900 C. 2000 D. 2200
8	What is accumulated depreciation?	A. Depreciation expense of the current year B. Sum of all depreciations in different accounting year C. Depreciations of previous accounting year D. None
9	Material are charged to production at actual cost under	A. Weighted average method B. FIFO method C. LIFO method D. Both ii & iii
10	Any written evidence of a business transaction is known as	A. Voucher B. Pay-in-slip C. Debit note D. Credit note
11	A cost whose magnitude will be affected by decision being made is called	A. Historical cost B. Relevant cost C. Irrelevant cost D. Sunk cost
12	Cost which cannot be conveniently identified with individual cost unit is called	A. Direct material cost B. Indirect material cost C. Indirect labour cost D. Caring cost
13	Spoiled goods cannot be	A. Sold without repairing B. Repair and sold as damaged goods C. Both A and B D. None of above
14	Profit will be lower where prices are rising under	A. FIFO method B. LIFO method

		C. Weighted average method D. All of the above
15	Costs whose consumption may be identified with specific production units in called	A. Direct labour cost B. Indirect labour cost C. Direct material cost D. Indirect material cost
16	Cash or goods taken away by owner for personal use from business are known as:	A. Capital B. Drawings C. Revenue D. Expense
17	Difference in cost of alternative choices is called	A. Total costing B. Differential costing C. Full costing D. Variable costing
18	A person is said to be insolvent when his	A. Assets are sufficient B. Assets are enough to pay his liabilities C. Assets are not enough to pay his liabilities D. None
19	Accounts which are related with properties are known as	A. Real accounts B. Nominal accounts C. Property accounts D. A and C are correct Accounting principles:
20	Sales prices is calculated as follow:-	A. Cost + operating expense B. Direct material + Direct labour + F.o.H C. Cost + operating expenses + profit D. None of above
21	Variable cost and fixed cost have been treated as product cost in	A. Absorption costing B. Direct costing C. Full costing D. All of above
22	Which one is not a functional classification?	A. Manufacturing cost B. Marketing cost C. Finance cost D. Mixed cost
23	Accounting is the	A. Art B. Science C. Both D. None
24	Assets which have to no market value are called	A. Fictitious assets B. Liquid assets C. Intangible assets D. Real assets
25	The cost flow must match the	A. Output B. Outflow C. Inflow D. Workflow
26	The stages of accounting cycle are	A. Transaction-ledger-journal-trial balance-final accounts B. Transaction-journal-ledger-trial balance-final accounts C. Transaction-journal-trial balance-ledger-final accounts D. Transaction-journal-ledger-final accounts-trial balance
27	If applied factory overhead is less than actual factory overhead, it is called	A. Applied F.o.H B. Over applied F.o.H C. Under-applied F.o.H D. None of above
28	Historical cost which is irrecoverable in a given situation is called	A. Imputed cost B. Standard cost C. Opportunity cost D. Sunk cost
29	If spoiled good are considered as abnormal part of production process then debited to	A. Work in process B. General expense C. F-o-H control D. None of above
30	Under perpetual inventory system stock taking is under taken at the	A. Start of the accounting year B. End of the accounting C. Regular bases

		<p>C. Regular bills</p> <p>D. None of above</p>
31	The objective of financial accounting is to ascertain:	<p>A. True results of profit</p> <p>B. True results of loss</p> <p>C. True results of profit or loss</p> <p>D. None</p>
32	Which ratio tells how many times in a year stock is used up and replaced?	<p>A. Gross profit ratio</p> <p>B. Net profit ratio</p> <p>C. Cost ratio</p> <p>D. None of these</p>
33	Which one of the following is not a negotiable instrument?	<p>A. Cheque</p> <p>B. Promissory note</p> <p>C. Bill of exchange</p> <p>D. None of the above</p>
34	The bills which are drawn and accepted against the sale and purchase of goods on credits are called	<p>A. Trade bills</p> <p>B. Bill of exchange</p> <p>C. In-land bills</p> <p>D. Foreign bills</p>
35	Which one is non-manufacturing costs?	<p>A. Direct material cost</p> <p>B. Labour cost</p> <p>C. Research and development cost</p> <p>D. All of above</p>
36	Office salaries are include in	<p>A. Direct material cost</p> <p>B. Indirect material cost</p> <p>C. Factory overhead cost</p> <p>D. Total payroll</p>
37	Deferred liabilities are debts which are repayable less than -----	<p>A. One month</p> <p>B. Six month</p> <p>C. One year</p> <p>D. None</p>
38	How many types of bank accounts are there?	<p>A. 4</p> <p>B. 3</p> <p>C. 5</p> <p>D. 6</p>
39	Doubtful debt are:	<p>A. Definite loss to the business</p> <p>B. Definite profit to the business</p> <p>C. Expected loss to the business</p> <p>D. Expected profit to the business</p>
40	Debentures are	<p>A. Fixed assets</p> <p>B. Fixed liabilities</p> <p>C. Capital</p> <p>D. Prepaid expenses</p>
41	In job order costing system, each job is assigned a job cost	<p>A. Unit</p> <p>B. Center</p> <p>C. Driver</p> <p>D. Sheet</p>
42	The primary object of non-profit organizations is	<p>A. Not to earn profit</p> <p>B. Work for the welfare of society</p> <p>C. Buy/sell goods</p> <p>D. A and B but not C</p>
43	A----- is an account in which those transaction are entered which cannot be placed to their accounts	<p>A. Nominal account</p> <p>B. Suspense account</p> <p>C. Personal account</p> <p>D. Debtor account</p>
44	In operating expense includes	<p>A. Marketing expense</p> <p>B. Admin expense</p> <p>C. Selling expense</p> <p>D. All of the above</p>
45	Good received note is prepared by	<p>A. Purchase department</p> <p>B. Sales department</p> <p>C. Receiving department</p> <p>D. All of the above</p>
46	What is negotiable instrument?	<p>A. A document which is not transferable</p> <p>B. A document which is transferable</p> <p>C. A document which is accepted</p> <p>D. None</p>
47	How many branches are there in accounting?	<p>A. 1</p> <p>B. 3</p> <p>C. 2</p> <p>D. 4</p>

48	Outstanding expenses are also known as	A. Prepared expenses B. Accrued expenses C. Un-earned income D. None
49	Tenor is the period of time ----- which a bill becomes payable	A. Before B. After C. Both a and b D. None
50	Loss which arises due to ----- is known as abnormal loss	A. Breakage of goods B. Leakage C. Fire D. Shrinkage
51	Work in process opening and closing inventory includes:-	A. Arterial in process B. Labour in process C. F.o.H in process D. All of the above
52	According to possible for an event or transaction which is not measurable in terms of money	A. True B. False C. May be D. None
53	Goodwill is ----- for company.	A. Intangible asset B. Fixed asset C. Current asset D. Quick asset
54	Treble column cash book has three columns of:	A. Cash, bank and discount B. Income, expense and bank C. Cash, bank and profit or loss D. None
55	Purchase Requisition is sent to	A. Accounts department B. Purchase department C. Finance department D. None of above
56	From the following statements which one is not true about over applied F.o.H	A. Less from cost of goods sold at normal B. Less from entire production if required C. Add in gross profit if required D. Less from Net profit.
57	Statement of a affairs is a sort of -----	A. Profit and loss statement B. Nominal account C. Statement of changes in equity D. Balance sheet
58	Excess of assets over liabilities is known as:	A. Capital fund B. Accumulated fund C. Surplus fund D. All options are correct
59	What are accrued expenses?	A. The expenses that have been incurred during current year and paid till the end of current year B. The expenses that have been incurred previous year and paid in the current year C. The expenses that have been incurred during current year and not paid till the end of current year D. The expenses that have been incurred previous year and not paid till the end of current year
60	Compound entry is an entry in which:	A. More than one account is debited B. More than one account is credited C. Both a and b are correct D. None of the above
61	Petty cash book is a book which record	A. Assets B. Liabilities C. Large payments D. Small payments
62	Realisation concept is the concept in which revenue is ----- at the time when goods are sold or services rendered.	A. Recognized B. Not recognized C. Paid D. Received
63	Section of the business to which cost can be charged is termed as	A. Cost driver B. Cost center C. Cost unit D. All of above

64	The ----- includes a control account entitled general ledger that shows is equity of the general office in the factory.	A. General ledger B. Head office ledger C. Factory ledger D. None of these
65	Dishonor of the bill occurs when:	A. The drawer refuse to pay B. The acceptor refuses to meet the bill on due date C. The endorsee accepts to meet the bill D. None
66	How many types of inventories are in cost of goods sold statement?	A. 1 B. 2 C. 3 D. 4
67	Doubtful debts are shown on:	A. Profit side of statement of profit and loss B. Liabilities side of balance sheet C. Asset side of balance sheet D. Not shown anywhere
68	Lead time is the time between the time on item reaches ----- and ----- of	A. Order level, dispatch of material B. Order level, maximum level C. Maximum level, minimum level D. Order level, actual receipt
69	During period of rising material prices, ----- method results in profit inflation	A. LIFO B. FIFO C. Weighted average D. All of the above
70	How many of grace are given?	A. 5 B. 4 C. 3 D. 2
71	Rebate is the ----- in the amount of bill paid	A. Premium B. Increase C. Expense D. Concession
72	In bill of exchange, the party who accepts a bill is known as:	A. Drawer B. Drawee C. Payee D. Third party
73	The technique and process of ascertaining cost is termed as	A. Costing B. Cost accounting C. Calculation of cost D. Controlling cost
74	Which one is not accounting convention?	A. Materiality B. Full disclosure C. Consistency D. Going concern
75	Per Unit cost is calculated by dividing the cost of goods sold by	A. The number of units sold B. The number of units purchase C. The number of units manufactured D. All of the above
76	Bin card is maintained by	A. Purchase manager B. Sales manager C. Store keeper D. Finance manager
77	What is amortization?	A. Decrease in the value of fixed assets B. Decrease in the value of intangible assets C. Increase in the value of fixed assets D. Increase in the value of intangible assets
78	Which one is not include in factory overhead?	A. Power hear & light B. Indirect labour cost C. Depreciation of plant D. Salary of accountant
79	What is accounting period?	A. It is a time for which business prepares its financial statements B. It is time for which business prepares its profit and loss statement C. It is a time for which business prepares its balance sheet

		D. None
80	Which one is not a classification according to the accounting period?	A. Capital expenditure B. Revenue expenditure C. Product cost D. Administrative cost
81	In payroll include the remunerations of	A. Direct labour B. Indirect labour C. Both a & b D. None of the above
82	Cost which is calculated before manufacture operation is called	A. Sunk cost B. Mixed cost C. Standard cost D. None of above
83	A credit purchases are:	A. If goods purchased and payment made at the same time B. If goods purchased and payment not made at the same time C. If goods sold and payment receive at the same time D. If goods sold and payment not receive at the same time
84	What are bad debts?	A. Debts which are irrecoverable from the debtors B. Debts which are recoverable from the debtors C. Debts which are irrecoverable from the creditors D. Debts which are recoverable from the creditors
85	If spoiled goods are considered a normal part of production process than debit to	A. Work in process B. General expense C. F.o.H control D. None of above
86	A property which is received by virtue of a will of a person after his death is known as	A. Legacy B. Donation C. Subscription D. Gift
87	The price at which assets will be sold at the end of its useful life is known as:	A. Scrap value B. Residual value C. Written down value D. All of the above
88	Depreciation expenditure is a	A. Fixed cost B. Variable cost C. Semi-variable cost D. Step fixed cost
89	Provision of doubtful debts are also known as:	A. Allowances for uncollectable B. Allowances for collectable C. Bad debts D. None
90	Quick assets are	A. Cash in hand B. Cash at bank C. Debtors D. All of the above
91	The primary objective of cost accounting is to	A. Control cost B. Calculate profit C. Avoid cost D. All of above
92	Hypothetical cost which are specially computed outside the accounting system for the purpose of decision making is called	A. Future cost B. Replacement cost C. Imputed cost D. Sunk cost
93	Depreciation is a loss due to wear and tear of an asset.	A. Correct B. Incorrent C. May be D. None
94	The cost of holding the stock in storage is called	A. Ordering cost B. Material cost C. Caring cost D. All of the above