

Accounting Test Easy Mode

Sr	Questions	Answers Choice
1	In journalizing the page numbers of the ledgers are written in:	A. The first column of journal B. The second column of journal C. The third column of journal D. The fourth column of journal
2	If sales are Rs. 12000 Gross profit is 10% of sales and net profit is 5% of sales then the expenses will be	A. 1200 B. 600 C. 1800 D. 2400
3	Disagreement in balances may arise owing to mistake or mistakes in the:	A. Cash book only B. Bank statement C. Cash book or bank statement D. Bank column of the cash book only
4	_____ must be prepaid for testing ledger accounts, adjusting entries and financial statement	A. Work sheet B. Balance sheet C. Bank statement D. Trail balance
5	Premium on issue of shares of a company represents	A. capital loss B. capital profit C. capital payment D. none of these
6	A transaction is recorded on the same days as its takes place, so journal is also called:	A. A day book B. A history book C. An entry book D. Ledger book
7	The effect of drawing on accounting equation is	A. decrease in assets and decrease in liabilities B. increase in both assets & liabilities C. decrease in assets and increase in capital D. none of these
8	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
9	A bill of exchange is a / an	A. Promise B. Unconditional Order C. Request D. Conditional Order
10	When boan statement shown a debit total balance it means:	A. Overdraft as per cash book B. Unfavourable balance as per cash book C. Favourable balance as per cash book D. Overdraft as per bank statement
11	Bank account is a:	A. Personal account B. Real account C. Nominal account D. None of these
12	The book which is used to record all goods returned to us by our customers is called	A. Returns outwards book B. Returns inwards book C. Sales book D. Cash book
13	Accounting records of a business enterprise are required by	A. management of the business B. outsiders C. all of the above D. none of the above
14	Raw material destroyed in fire represents	A. capital loss B. revenue loss C. ...

		C. normal loss D. both b, c
15	An expenditure, which is incurred to increase to profit earning capacity of a business concern, is called	A. Deferred expenditure B. Current expenditure C. Capital expenditure D. Recurring expenditure
16	Error due to wrong allocation as expenditure between capital and revenue is regarded as:	A. Error of omission B. Error of principle C. Compensating errors D. Error of Commission
17	According to accounting equation, capital is equal to	A. assets + liabilities B. expenses-incomes C. liabilities - assets D. assets - liabilities
18	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
19	Interest on renewal of a bill is the expense of	A. Drawer B. Drawee C. Holder D. Endorsee
20	At the time of drawing a bill the drawer credits:	A. Debtors account B. Creditors account C. bill receivable account D. Suppliers account