

Accounting Test Easy Mode

Sr	Questions	Answers Choice
1	Income received in advance during the year is	A. Prepaid Expenses B. Accrued Income C. Advance Expenses D. Advance Income
2	The valuation of closing stock is at	A. Cost price B. Market price C. Cost or market price whichever is lower D. Cost or market price whichever is higher
3	Real accounts are related to:	A. Assets B. Expenses, losses and incomes C. Customers, creditors D. Incomes
4	The book in which all cash transaction are primarily recorded is called	A. Pass book B. Cheque book C. Finance book D. Cash book
5	A man buys Rs. 40,000 worth goods and sells them for Rs. 50,000. His gross profit is:	A. Rs.10,000 B. Rs.20,000 C. Rs.30,000 D. Rs. 40,000
6	An expenditure, which is non-recurring and irregular is called	A. Capital expenditure B. Revenue expenditure C. Short-term expenditure D. Current expenditure
7	Credit purchases are recorded in	A. Purchases book B. Creditors book C. Cash book D. Purchases returns book
8	Cost of goods sold is equal to	A. sales - purchases B. purchases + closing stock - returns outwards C. Opening stock - closing stock + purchase + returns inwards D. Opening stock + purchases - returns outwards - closing stock
9	Double entry means	A. entry in two sets of books B. entry at two dates C. entry for two aspects of a transaction D. recording twice in journal
10	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
11	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
12	Goodwill, patent, copyright are classified as	A. Current Assets B. Fixed Assets C. Tangible Assets D. Wasting Assets
13	Expenditure is a capital expenditure because	A. The amount involved is heavy B. It is the personal expenditure of the owner out of his capital C. It is intended to benefit the future period D. It is incurred for the purchase of fixed assets

		D. It is a recurring expenditure
14	If a transaction has been completely omitted from the Journal it will be considered	A. Error of commission B. Error of principle C. Error of omission D. None of these
15	The debts, the recovery or realization of which is uncertain are known as	A. Bad bets B. Doubtful debts C. Provision for doubtful debts D. Loan
16	A copy of the customer's account in the bank's ledger is called:	A. Deposit statement B. Balance statement C. Bank statement D. Customer
17	Which of the following normally has a credit balance	A. Machinery a/c B. Purchases a/c C. Stock a/c D. Sales a/c
18	The inflow of assets in return for services performed or products delivered during a period is	A. Asset B. Revenue C. Non current asset D. None of these
19	Both cash purchases as well as credit purchases are recorded in	A. Cash book B. Purchase book C. Purchases account D. None of these
20	Net profit is always	A. Equal to gross profit B. more than gross profit C. Less than gross profit D. None of these