

Accounting Test Easy Mode

Sr	Questions	Answers Choice
1	Written below each entry is the	A. Transaction B. Voucher no C. Narration D. Date
2	The Amount of salary paid to Sohail should be debited to	A. Sohail's a/c B. Cash Account C. Salaries a/c D. Both a & c
3	Allowance for doubtful debts normally has a	A. Debit balance B. Credit balance C. Both debit & credit balance D. None of these
4	An expenditure, incurred to improve the position of the business is known as	A. Deferred expenditure B. Revenue expenditure C. Capital expenditure D. Recurring expenditure
5	Interest on renewal of a bill is the expense of	A. Drawer B. Drawee C. Holder D. Endorsee
6	Trading account is the account which is prepared to determine the:	A. Only gross profit of the business B. Only gross loss of the business C. Gross profit or the gross loss of the business D. None of the above
7	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
8	It is prepared to determine the net profit or net loss	A. Trading account B. Profit or loss account C. Cash book D. Balance sheet
9	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
10	If a liability is recorded as income, it will be considered as	A. Error of commission B. Error of omission C. Error of Principle D. None of these
11	The gross amount of goods sold or services performed during an accounting period is known as	A. Purchase B. Sale C. Gross profit D. Net profit
12	The amount invested by the owner in the business to produce revenue is known as	A. Income B. Asset C. Capital D. Liability
13	Bad debts are business	A. Expenses B. Liabilities C. Assets D. Revenue
14	All the bills given to the creditors are recorded in	A. Creditor's book B. Bills payable book C. Bills receivable book D. Bank book

15	Bookkeeping provides the	B. secondary information C. final information D. insufficient information
16	When ban column of a cash book shows a debit balance it means:	A. Overdraft as per bank B. Unfavourable balance as per cash book C. Favourable balance as per cash book D. Favourable balance as per pass book
17	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
18	Transaction, having short-term effects are known as	A. Revenue transaction B. Capital transaction C. Non-monetary transaction D. Paper transaction
19	Adjusted _____ is used to prepare the income statement and balance sheet	A. Trail balance B. Ledger C. Balance sheet D. Bank statement
20	An expenditure, which is temporarily increase the profit making capacity of the business is called	A. Deferred expenditure B. Capital expenditure C. Revenue expenditure D. Non-recurring expenditure