Accounting Test Easy Mode

Sr	Questions	Answers Choice
1	When a bill is transferred by the drawer to his creditor, for settlement of his debts, it is called	A. Retirement of Bill **B. Endorsement of a Bill** C. Discounting of a Bill D. Settlement of a Bill
2	Interest on drawing is debited to	A. Capital **B. Drawings** C. Sundry Creditors D. Outstanding expense
3	Written below each entry is the	A. Transaction B. Voucher no **C. Narration** D. Date
4	Cost incurred to generate revenue is called	A. Revenue B. Cost **C. Expense** D. Liability
5	The owner of the business is known as:	A. Sale man B. Agent **C. Proprietor** D. Employee
6	Unfavourable balance means	A. Credit Balance in the Pass Book B. Credit Balance in the Cash Book C. Debit Balance in Bank Statement **D. Both b and c**
7	The revenue profit should be transferred to:	A. Balance sheet B. Trading account **C. Profit and loss account** D. None of these
8	Profit or loss appropriation account is not prepared in the case of	A. Partnership B. Joint stock company **C. Sole tradership** D. Partnership at will
9	Allowance for doubtful debts normally has a	A. Debit balance **B. Credit balance** C. Both debit & credit balance D. None of these
10	Expenditure, which helps to maintain the business efficiency is called	**A. Revenue expenditure** B. Deferred expenditure C. Capital expenditure D. Future expenditure
11	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
12	All revenue expenditure are taken to	A. Trading a/c **B. Trading & profit or Loss a/c** C. Profit or loss a/c D. Balance sheet
13	The amount invested by the owner in the business to produce revenue is known as	A. Income B. Asset **C. Capital** D. Liability
14	Accounting principles can be classified in	A. three types **B. two types** C. five types D. six types
15	Preliminary expenses incurred before the commencement of business	A. revenue expenditure B. capital expenditure **C. deferred revenue expenditure** D. capital loss

16	Some expenses are incurred at the time of the sate of an asset. The Amount will be debited to:	A. Assets account B. Expenses account C. Cash account D. Purchases account
17	Adjusting entries affect	A. Balance sheet B. Income statement C. Work sheet D. All of them
18	The book use to record all credit purchases is called:	A. Purchases book B. Purchase return book C. Cash book D. Creditor book
19	From business point of view, interest on capital is considered as	A. An income B. An Expense C. A Profit D. A Liability
20	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