

Accounting Test Easy Mode

Sr	Questions	Answers Choice
1	The excess of gross profit on sale over total operating expenses is called:	A. Cost of goods sold B. Gross profit C. Net profit D. None-operating income
2	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
3	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 a recurring expenditure
4	In adjusting the cash balance one of the following is not taken into account:	A. Mistakes in the cash book B. Mistake in the bank statement C. Interest and dividends credited in the bank statement D. None of the above
5	A prepaid expense is	A. An asset B. A liability C. An expense D. An income
6	Bad debts are	A. deferred expenditure B. revenue expenditure C. capital expenditure D. none of these
7	Assets which have no market value are called	A. Wasting assets B. Fictitious assets C. Intangible assets D. Tangible assets
8	The rules of the debiting the receiving and crediting the giver is applicable to:	A. Persona account B. Real account C. Nominal account D. Expense account
9	Contra Refers to	A. Same Side B. Parallel Side C. Opposite Side D. None of these
10	Journal is prepared in	A. Columnar form B. Vertical form C. Horizontal form D. Row form
11	When is a drawee is declared insolvent which account is to be debited in the books of drawer	A. Deficiency a/c B. Bad Debts a/c C. Solvency a/c D. None of these
12	Errors is casting of subsidiary books are called as	A. Error of omission B. Compensating error C. Error of posting D. Clerical errors
13	The periodical total of purchases book is posted to the	A. Debit of purchases account B. Credit of purchases account C. Credit of cash account D. Debit of sales account
14	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

15	Octori duty paid on machinery, is an example of	A. Revenue expenditure B. Recurring expenditure C. Capital expenditure D. Both a & b
16	The capital profit should be transferred to:	A. Profit and loss account B. Trading account C. Balance Sheet D. Both Trading and profit and loss account and balance sheet
17	A double column cash book is used to record	A. Cash transactions only B. Cash and bank transaction C. Cash, bank and discount transaction D. None of these
18	Financial accounting is mainly confined to preparation of:	A. Manufacturing statement B. Financial statements C. Production statement D. Sale statement
19	Wages paid for installing a machine should be debited to	A. Wages a/c B. Cash a/c C. Machinery a/c D. none of these
20	When an acceptor refuses to pay the amount of bill to the holder on its maturity date it is called	A. Honoured Bill B. Retired Bill C. Dishonoured Bill D. Endorsed Bill