

Principles of accounting Icom Part 1 English Medium Chapter 6 Online Test

Sr	Questions	Answers Choice
1	Raw material destroyed in fire represents	A. capital loss B. revenue loss C. normal loss D. both b, c
2	Preliminary expenses incurred before the commencement of business	A. revenue expenditure B. capital expenditure C. deferred revenue expenditure D. capital loss
3	An expenditure incurred in increasing the efficiency of a fixed asset is called:	A. Revenue expenditure B. Capital expenditure C. Current expenditure D. None of these
4	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
5	Capital contributed by the partners is a:	A. Revenue receipt B. Capital receipt C. Current receipt D. Deferred receipt
6	Any difference in trial balance is transferred to	A. sales account B. nominal account C. purchases account D. suspense account
7	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
8	Some expenses are incurred at the time of the sale of an asset. The Amount will be debited to:	A. Assets account B. Expenses account C. Cash account D. Purchases account
9	Goods purchased from Robin have been posted to Rahim account, it is an:	A. Error of omission B. Error of casting C. Error of posting D. Error of commission
10	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
11	Premium on issue of shares of a company represents	A. capital loss B. capital profit C. capital payment D. none of these
12	Bad debts are	A. deferred expenditure B. revenue expenditure C. capital expenditure D. none of these
13	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
14	Acceptance to Mr. A was posted to the debit of B's account. The rectification of the entry will.	A. Increase the net profit B. Decrease the net profit C. Have double effect on net profit D. Have no effect on net profit

15 If sales return for Rs. 3,000 were incorrectly included in sales book, gross profit will be
A. overstated by Rs. 3,000
B. understated by Rs. 6,000
C. understated by Rs. 3,000
D. overstated by Rs. 6,000

16 Which account will be created in the presence of suspense account, if sales book is undercast by Rs. 500
A. suspense A/c
B. sales A/c
C. cash A/c
D. none of above

17 A transaction has been journalized but posted wrongly in the ledger account, it is an:
A. Error of posting
B. Error of principle
C. Error of omission
D. Error of commission

18 Suspense means
A. certainty
B. uncertainty
C. surly
D. none of these

19 Capitalized expenditures are shown in
A. trading A/c
B. profit & loss A/c
C. income statement
D. balance sheet

20 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
