

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

Sr	Questions	Answers Choice
1	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
2	The revenue profit should be transferred to:	A. Balance sheet B. Trading account C. Profit and loss account D. None of these
3	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
4	An error completely omitted to be entered in the journal	A. partial error B. error of posting C. error of casting D. complete error
5	Any difference in trial balance is transferred to	A. sales account B. nominal account C. purchases account D. suspense account
6	Errors which affect one account can be	A. errors of principle B. errors of posting C. errors of omission D. none of these
7	Unearned income are known as:	A. Incomes B. Expenses C. Liabilities D. Assets
8	The process of totaling the data at the end of the period is called	A. posting B. casting C. compensating D. recording
9	The outflow of funds to meet the running expenses of a business	A. Revenue loss B. Revenue expenditure C. capital expenditure D. capital loss
10	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
11	Receipts which are non-recurring by nature:	A. Capital receipts B. Revenue receipts C. Short term receipts D. Capital profit
12	A receipt is revenue in nature, if it relates to:	A. Balance sheet B. The receipt of accounting year C. Small amount D. Routine activity of the business
13	Capitalized expenditures are shown in	A. trading A/c B. profit & loss A/c C. income statement D. balance sheet
14	Suspense means	A. certainty B. uncertainty C. surly D. none of these
		A. capital loss

15	Raw material destroyed in fire represents	<p>B. revenue loss</p> <p>C. normal loss</p> <p>D. both b, c</p>
16	Any expenditure incurred to increase the earning capacity of a business	<p>A. capital expenditure</p> <p>B. capital loss</p> <p>C. revenue loss</p> <p>D. revenue expenditure</p>
17	A credit sale was wrongly passed through purchases book, the rectification of the entry will:	<p>A. Increase the net profit by, double amount</p> <p>B. Decrease the net profit</p> <p>C. Decrease the net profit by double amount</p> <p>D. Have no effect on the net profit</p>
18	A transaction has been journalized but posted wrongly in the ledger account, it is an:	<p>A. Error of positing</p> <p>B. Error of principle</p> <p>C. Error of omission</p> <p>D. Error of commission</p>
19	If the error committed in the capital account, it will affect	<p>A. trading account</p> <p>B. profit & loss account</p> <p>C. trading and profit & loss account</p> <p>D. balance sheet</p>
20	Bad debts are	<p>A. deferred expenditure</p> <p>B. revenue expenditure</p> <p>C. capital expenditure</p> <p>D. none of these</p>