



ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

PROJECT WORK

Project 1

1. Aruna decided to start business of fashion garments under the name of M/s Designer Wear from 1st April, 2018. She had saving ₹ 10,00,000. She invested ₹ 3,00,000 out of her saving and borrowed an equal amount from State Bank of India. She purchased a commercial space of 500sq. feet for

₹1,500,000. The space so purchased was suitably renovated to make it ready as showroom. She purchased furniture and fixtures for ₹1,75,000 plus CGST and SGST 9% each. Total amount of bank loan is to be repaid in 20 quarterly instalments beginning 30th June, 2018. Annual rate of interest is 12% p.a.

Repayment Schedule of Bank Loan in the first year is as follows :



She started business on 1st April, 2018 getting is registered under Goods and Services Tax (GST). In view of further capital requirement, she further deposited ₹2,00,000 in the bank. She paid Security Deposits of ₹5,000 for the electricity connection with BSES Rajdhani Power Ltd. and ₹2,000 plus CGST and SGST @ 9% each to MTNL for telephone connection. Furniture for ₹10,000 plus CGST and SGST @

9% each was purchased further.

All payments were to be made by cheque. All the receipts were in cash and to be deposited in the bank in the morning of next day.

At the end of the year, her results showed the following :



All its purchases and sales were intra-state transactions subject to CGST and SGST @ 9% each. Transactions marked with (*) are not subject to levy of GST and on transactions marked with (**), GST is levied but set-off is not allowed.

She withdrew ₹ 5,000 by cheque each month for her personal expenses.

Bank Loan was serviced and instalments were paid regularly.

1. Journalise the above transactions in the book of M/s Designer wear, post them into the Ledger and prepare the Trial Balances.

2. Also, prepare its Profit and Loss Accounts and Balance Sheet. Charge depreciation @ 5% on Building and 10% on Furniture and Fixtures. Closing Stock at the end of the year was ₹ 5,50,000.

3. Prepare Bar Diagrams and Pie, Charts showing the expenses.



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Project 2

1. Dr. Sanjeet Saxena started his clinic in Hamdard Nagar, New Delhi, under the name, Get Well Clinic introducing ₹ 5,50,000 as capital. He deposited the cheque in bank account opened in the name of Get well Clinic in Axis Bank. Enclosed herewith are the original papers relating to his

transactions and other information related to the profession/business of the month of August, 2018



CGST and SGST @ 6% each is levied on medicines dispensed. Cash received from Medical Consultancy Services and Sales of Medicine (except the amount of GST Collected) is deposited into bank on the next working day.

Total Salary of staff is ₹ 40,000 per month that is payable on the 3rd of the next month. Depreciation is charged on machinery @ 10% p.a. and on Furniture and Fixtures @20% p.a.

Stock of Medicine at the end of the month is ₹ 16,800.

Books are maintained following accrual basis of accounting.

All the bills were paid through cheque on the same day.

Source documents of the transactions are produced below

for processing through various stages of the book -keeping cycle.



Prepare accounting voucher for each financial transaction and enter , the transaction in the Journal, post them into Ledger, balance the accounts, prepare Bank Reconciliation Statement, draw up a Trail Balance and prepare the final accounts to assess the progress made by Dr. Sanjeet Saksena during the first month.





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Project 3

1. Rajeev & Co. Bank Reconciliation Statement

Situation

Ravi Kumar works as a cashier for Rajeev & Co. His responsibilities include recording and maintaining the firm's cash book and preparing a bank reconciliation statements at the end of the month.

The firm's cash book for July 2018 which Ravi has just completed recording and balacing for the mohnth end is shown below (Note: For the sake of clarity the cash column

has been omitted.) A copy of the firm's bank statement from the HDFC Bank Ltd. for the month of July has just been received and is also illustrated.



The numerical difference between the two is :

Bank statement balance $\text{â,}^120,030$ minus cash book balance $\text{â,}^117,420 = \text{â,}^12,610$

This is the difference which Ravi will have to 'reconcile'.

To Reconcile the Cash Book with the Bank Pass Book following four steps are taken in practical.



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1. Bank Reconciliation statement

Jogindeer Sharma works as an accountant in Ragav International . His responsibilities are maintaining and recording the day to day transactions of the firm's and preparing the Bank Reconciliation Statement at the end of the month. The firm's cash book for July 2018 which Joginder has just finished entering and balancing for the month end is shown below.(Note : For the sake of clarity the cash column has been omitted.) A copy of firm's bank statement from the Axis Bank Ltd. has just been received for July and is also given below.



You are required to prepare corrected Cash Book and also Bank Reconciliation Statement as on 31st July, 2018.

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Objective Type Questions

1. The term book keeping and Accounting can be used interchangeably.

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2. Accounting deals with quantifiable information.

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3. Accounting is the language of business.

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4. Accounting aims to communicate financial information to investors only.

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5. Transactions are posted into ledger account from Journal Book.

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6. Cost of goods manufactured is determined by management accounting.

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7. The objective of book keeping is to maintain complete record of financial transactions.

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8. Government is the internal user of accounting information.

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9. Management of the business enterprises is internal user of financial statements.

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10. Two primary qualitative characteristics of financial statements are : Understandability and Materiality.

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Fill In The Blanks With Appropriate Words

1. Scope of accountancy is _____ than that of Book Keeping.

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2. Book Keeping is a systematic record of _____ transactions.

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3. Accounting records can be produced as _____ in the court of law.

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4. Information in financial reports is based on _____ transaction and _____

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5. The process of accounting starts with _____ and end with _____

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6. Accounting measures the business transactions in term of _____ units.

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7. Identified and measured economic events should be recorded in _____ order.

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8. In every transaction, _____ aspect are involved.

 [View Text Solution](#)

9. A person to whom a firm owes money for purchase of goods is a _____

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10. Amount invested by the owner in business is termed as _____

 [View Text Solution](#)

11. Amount of debts _____ from the debtors are termed as bad debts.

 [View Text Solution](#)

12. A person who owes money to the firm for sale of goods is

a _____



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13. The nature of capital is a _____



[View Text Solution](#)

14. The nature of accrued income is _____



[View Text Solution](#)

15. Bad debts recovered is a _____ receipt.



[View Text Solution](#)

16. Purchases means purchase of goods for _____

 [View Text Solution](#)

17. Bank-Overdraft is a _____ liability.

 [View Text Solution](#)

18. Ammount at which an asset appears in the books of account is _____

 [View Text Solution](#)

19. Fall in the value of an asset due to its use is termed as _____

 [View Text Solution](#)

20. A liability arises because of _____ transactions.

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21. Business Entity Concept implies that a business unit is _____ from the person who supply capital to it.

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22. According to the _____ Concept, revenue is considered as being earned on the date on which it is earned.

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23. The _____ Concept requires that the same accounting method should be used form one

 [View Text Solution](#)

24. Transactions between owner and business are recorded due to _____ Concept.

 [View Text Solution](#)

25. Going Concept assumes that business will be carried on for _____ period.

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26. Withdrawal of money by the owner is not an expense but a reduction of _____ and _____.

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27. The _____ Concept requires that accounting transactions should be free from the bias of accountants and others.

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28. Going Concern is a _____ accounting assumption.

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29. Total of debit side and credit side of trial balance matches because of _____ principle.

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30. Ind-AS are _____ based accounting standards.

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31. There is a need for adjustment of prepaid/outstanding expenses in _____ basis of accounting.



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32. Adjustment is made for accrued income/income received in advance under _____ basis of accounting.



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33. Accrual basis of accounting is more reliable than _____ of accounting.



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34. Cash basis of accounting does not require adjustment regarding outstanding/prepaid expenses and _____



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35. The profit/loss under _____ of accounting will be different from profit/loss under Accrual Basis of Accounting.

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36. Determine the missing amounts on the basis of the Accounting Equation :

Asset	=	Liabilities	+	Capital
(a) ₹ 20,000	=	₹ 15,000	+	_____
(b) _____	=	₹ 5,000	+	₹ 10,000
(c) ₹ 10,000	=	_____	+	₹ 8,000

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37. Determine the missing amounts on the basis of the

Accounting Equation :

Asset	Liabilities	Capital
(a) _____	â,¹ 30,000	â,¹ 70,000
â,¹ 1,50,000	â,¹ 30,000	_____
(c) â,¹ 1,75,000	_____	â,¹ 1,00,000

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38. Debit the receiver, Credit the _____ is the rule for personal Accounts.

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39. Salary Outstanding A/c on the basis of classification of accounts is _____

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40. Increase in capital is credited to _____

 [View Text Solution](#)

41. Dr. stand for _____ and Cr. Stand for _____

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42. Debit what comes in and credit what goes out is the rule of _____ Account.

 [View Text Solution](#)

43. Cash or goods withdrawn by the proprietor for his personal use is debited to _____ Account.

 [View Text Solution](#)

44. Debit in relation to Asset Accounts and Expense Accounts means an _____ but in relation to Liability Accounts, Capital Accounts and Revenue Accounts means a _____

 [View Text Solution](#)

45. Debit all expenses and losses and credit all incomes and gains is the rule of _____ Accounts.

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46. Cash memo is prepared when goods are sold against



[View Text Solution](#)

47. Invoice is a source voucher for purchaser of goods on



[View Text Solution](#)

48. If purchaser of goods returns the goods, he will prepare

a _____



[View Text Solution](#)

49. Cash Memo is a _____ voucher.



[View Text Solution](#)

50. When goods are sold on credit the seller prepares an



[View Text Solution](#)

51. When goods are purchased against cash, the purchaser

will get _____



[View Text Solution](#)

52. Receiver's Account is _____

 [View Text Solution](#)

53. Sold goods to Ram-Ram's Account will be _____

 [View Text Solution](#)

54. Received interest- Interest Account will be _____

 [View Text Solution](#)

55. Trade discount is _____ in the books.

 [View Text Solution](#)

56. A journal is known as a book of _____ entry.



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57. Business transactions are recorded in the order in which they _____



[View Text Solution](#)

58. A journal entry may have more than one debit or more than one _____



[View Text Solution](#)

59. Journal provides an explanation of the _____

 [View Text Solution](#)

60. Machinery Account is neither a _____ Account nor a _____ Account.

 [View Text Solution](#)

61. _____ Discount is allowed to encourage timely payment

 [View Text Solution](#)

62. _____ Discount is allowed to encourage large purchases.

 [View Text Solution](#)

63. _____ Discount is shown separately in the books of account.

 [View Text Solution](#)

64. _____ Discount is not shown separately in the books of account.

 [View Text Solution](#)

65. _____ Discount is not reduced from the invoice price.

 [View Text Solution](#)

66. _____ Discount is reduced from the invoice price.

 [View Text Solution](#)

67. Cash Discount is allowed @ 10% on \hat{a} ,¹ 15,500, the amount paid will be _____

 [View Text Solution](#)

68. Catalogue price is ₹ 1,600. Trade Discount allowed @ 10% will be _____ and Cash Discount @5% will be _____.

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69. GST is an _____ tax.

 [View Text Solution](#)

70. GST is charged by a _____ tax payer.

 [View Text Solution](#)

71. Sale made within the state is _____ sale.

 [View Text Solution](#)

72. GST paid by the purchaser of Goods and /or Services is _____ GST

 [View Text Solution](#)

73. GST Collected by the seller of Goods and / or Services is _____ GST

 [View Text Solution](#)

74. GST pain on purchase of assets to be used in business is allowed as _____ Credit.

 [View Text Solution](#)

 [View Text Solution](#)

75. When GST is not charged by the seller of Goods and / or Services but is paid into the Government Account directly by the purchaser of Goods and / or Services, it is termed as _____

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76. GST collected is a _____

 [View Text Solution](#)

77. Ledger provides a true picture of a group of similar _____

 [View Text Solution](#)

78. Balance of Personal Account is carried _____

 [View Text Solution](#)

79. Every account has _____ sides, debit and credit.

 [View Text Solution](#)

80. Balance of nominal accounts are transferred to Trading Account or _____ Account.

 [View Text Solution](#)

81. The book in which every account is maintained is known as _____

 [View Text Solution](#)

82. Total of Purchase Book is posted to the _____ of Purchase Account.

 [View Text Solution](#)

83. Total of Sales Book is posted to the _____ of Sales Account.

 [View Text Solution](#)

84. Journal Proper records transactions of the nature for which _____ Journal is not maintained.

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85. Sales Book is prepared from the _____ Invoice.

 [View Text Solution](#)

86. Closing entries are passed at the _____ of the accounting period.

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87. In Journal Proper , only _____ discount is recorded.

 [View Text Solution](#)

88. Cheques deposited by not yet cleared are _____ when Bank Reconciliation Statement is prepared starting with debit bank balance as per Cash Book .

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89. Cheque issued but not presented are _____ to Debit Cash Book balance when Bank Reconciliation Statement is prepared.

 [View Text Solution](#)

90. Charges charged by bank and not recorded in the books of account are _____ to Credit. Cash Book balance when Bank Reconciliation Statement is prepared.

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91. Interest allowed by bank and not recorded in the books of account are _____ from Credit Cash Book balance when Bank Reconciliation Statement is prepared.

 [View Text Solution](#)

92. Interest allowed by bank and not recorded in the books of account are _____ to Debit Cash Book balance to prepare

Bank Reconciliation Statement .



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93. A Bank Reconciliation Statement is prepared to _____



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94. When bank Column of a Cash Book shows a debit balance, it means _____



[View Text Solution](#)

95. When Pass Book shows a credit balance, it means _____



[View Text Solution](#)

96. When bank Column of a Cash Book shows a credit balance, it means _____

 [View Text Solution](#)

97. When pass Book shows a debit balance, it means _____

 [View Text Solution](#)

98. Debit balances of accounts are recorded in _____ column of Trial Balance.

 [View Text Solution](#)

99. Credit balances of accounts are recorded in _____ column of Trial Balance.

 [View Text Solution](#)

100. _____ are prepared from the Trial Balance.

 [View Text Solution](#)

101. _____ and _____ balances of a Trail Balance if in agreement, proves at least the arithmetical accuracy.

 [View Text Solution](#)

102. Trial Balance is not a part of the double entry system of



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103. Trial Balance is a _____ of debit and credit balances in Ledger at a particular date.



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104. Depreciation mean _____ in the book value of fixed Assets.



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105. Depreciation is provided on _____ asset.

 [View Text Solution](#)

106. Scrap value of an asset means the _____ that will be realised on sale at the end of its _____

 [View Text Solution](#)

107. Temporary rise or fall in the price of an asset is called _____

 [View Text Solution](#)

108. Depreciation provides fund for _____

 [View Text Solution](#)

109. Reserves arising from capital receipts are _____ reserve.

 [View Text Solution](#)

110. Provisions are _____ transactions.

 [View Text Solution](#)

111. A provision is a _____ against profits.

 [View Text Solution](#)

112. If the amount of any known liability cannot be determined with substantial accuracy, _____ is created.

 [View Text Solution](#)

113. If the amount of any known liability can be determined with substantial accuracy, _____ is created.

 [View Text Solution](#)

114. A Bill of exchange has _____ parties.

 [View Text Solution](#)

115. The party which is ordered to pay the amount is known as _____

 [View Text Solution](#)

116. Three days are added for ascertaining the date of maturity. These are known as days of _____

 [View Text Solution](#)

117. A Promissory note is made by the _____

 [View Text Solution](#)

118. Acceptor of the bill is known as _____

 [View Text Solution](#)

119. Maker of the bill is known as _____

 [View Text Solution](#)

120. Undercasting of Sales Book is corrected by _____ Sales Account.

 [View Text Solution](#)

121. Rectifying entries are passed in _____.

 [View Text Solution](#)

122. Disagreement of Trial Balance indicates that an _____ has been committed.

 [View Text Solution](#)

123. Compensating error are of a _____ nature.

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124. An asset has been purchased for the firm. However, the amount was debited to Purchases Account. It is an error of _____

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125. An item of ₹153 has been debited to a personal account as 35. It is an error of _____

 [View Text Solution](#)

126. Revenue Expenditure is transferred to _____

 [View Text Solution](#)

127. Revenue is transferred to _____

 [View Text Solution](#)

128. Closing Stock in the Trial Balance is transferred to _____

 [View Text Solution](#)

129. Capital expenditure is shown in _____

 [View Text Solution](#)

130. Capital Receipt are shown in _____

 [View Text Solution](#)

131. Prepaid wages Rs. 2,500 appears in a Trial Balance . It will be shown in _____

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132. Income tax paid by proprietor of Rs. 30,000. It will be



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133. Income received in Advance is debited to _____ account and credited to Income Received in Advance Account while making adjustment entries.



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134. If outstanding salary appears in the Trial Balance, it is taken to the _____



 [View Text Solution](#)

135. If the adjustment related to bad debts is given outside the Trial Balance the it is adjusted by debiting _____ and crediting_____

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136. Unearned income means income received in _____

 [View Text Solution](#)

137. Prepaid expenses are _____ of the business.

 [View Text Solution](#)

138. Expenses incurred but not yet paid are accounted because of _____

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139. Wages paid for installation of machine is added to the cost of machine because of _____

 [View Text Solution](#)

140. Prepaid Insurance in the Trial Balance is shown in shown in the Balance Sheet on the assets side because of _____

 [View Text Solution](#)

141. Indirect Expenses are debited to _____

 [View Text Solution](#)

142. Prepaid Rent appearing in the Trial Balance is transferred to _____

 [View Text Solution](#)

143. Statement of affairs shows only the _____ financial position of the business.

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144. Capital in the beginning and capital at the end are usually ascertained as the balancing figures of _____ prepared on the relevant accounting dates.

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145. The difference of the capital at the end and the capital in the beginning will show _____ provided that there are neither drawings nor additional capital introduced during the year.

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146. The statement of Affairs in the beginning reveals

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147. Total Sales= _____ + _____

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148. Total Debtors Account show _____ + _____

 [View Text Solution](#)

149. CPU is said to be the _____ of a computer.



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150. Accounting Information System processes the data and transforms it into _____



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151. Accounting software is used to perform the _____ function.



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152. In _____ accounting , the process of posting, totalling and preparing Trial Balance are also performed, whereas in

_____ accounting, these processes are performed through
the _____



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153. AIS is the _____ department of an organisation.



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Multiple Choice Questions

1. Book Keeping is concerned with

A. recording financial data relating to business transactions.

- B. designing of system recording, classifying, and summarizing recorded data.
- C. interpreting data for internal and external users
- D. All of the above.

Answer: A



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2. The last step in accounting as a process of information is
- A. recording the transaction.
- B. preparation of financial statements.
- C. communication of information.
- D. All of these

Answer: A::C



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3. Basic function of accounting is

A. to record all business transactions.

B. to interpret financial data.

C. to assist the management in performing functions effectively.

D. None of the above.

Answer: A



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4. Which of the following will not be recorded in the books of account ?

- A. Purchased a LED TV for personal use, amount paid from personal account
- B. Purchased machinery of ₹ 1,00,000
- C. Purchased goods for ₹ 25,000
- D. Paid Salaries and Wages

Answer: A



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5. Accounting is

- A. A process concerned with summarising of the recorded transactions.
- B. Not the language of business
- C. An art of recording, classifying and summarising financial transactions in a significant manner.
- D. All of the above.

Answer: A::C

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6. Which of the following is the objective of Accounting ?

- A. Systematic Recording
- B. Comparison and Evaluation

C. Solvency Position

D. Forecasting

Answer: A

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7. Which of the following is not the user of accounting information ?

A. Short-term creditors

B. Debtors

C. Government

D. Owners

Answer: B



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8. Which one is the advantage of accounting ?

- A. Replacement of memory
- B. Shows the present value of the business
- C. Accounting does not record price level changes
- D. Accounting is not fully exact

Answer: A



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9. Out of the following which is the branch of Accounting ?

- A. Financial Accounting
- B. Cost Accounting
- C. Management Accounting
- D. All of these

Answer: D

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10. Two primary qualitative characteristics of financial statements are :

- A. Understandability and Materiality.

- B. Relevance and reliability
- C. Relevance and Materiality
- D. All of these

Answer: B

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11. Amount paid or payable against purchase of goods is

- A. revenue expenditure
- B. capital expenditure
- C. Both (a) and (b)
- D. None of these

Answer: A



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12. Expenditure of revenue nature that gives benefit for more than one accounting period is categorised as

- A. Capital expenditure
- B. Revenue Expenditure
- C. Deferred Revenue Expenditure
- D. None of these

Answer: C



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13. Which of the following is not a business transaction ?

A. Bought furniture \$25,000 for business

B. Paid for salaries of employees, \$20,000

C. Cash withdraw from personal bank account , \$10,000
for personal use

D. All of the above.

Answer: C

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14. Which of the following is not a fixed asset ?

A. Building

B. Plant and Machinery

C. Balance with Bank

D. Goodwill

Answer: C



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15. Which of the following is a business transaction ?

A. Goods purchased on credit

B. An employee being dismissed

C. Proprietor purchasing a car for own use

D. Sale of personal asset by the proprietor

Answer: A



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16. Which of the following is not a long - term liability ?

- A. Creditors
- B. Term loan
- C. Debentures
- D. Bank loan

Answer: A



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17. Income is

- A. Revenue Less Expense
- B. Expense Less Revenue.
- C. Sale Less cost of goods Sold.
- D. Purchase Less Purchase Return.

Answer: A



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18. Prepaid expense is expense

- A. Paid in advance
- B. Still to be paid.

C. Both (a) and (b)

D. None of these

Answer: A



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19. Excess of income over its related expenses which arises from its normal business activity is

A. Gain

B. Profit

C. Revenue

D. Loss.

Answer: B



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20. Liability is which obligation to pay, depends on happening of an event is

- A. Contingent liability
- B. Long term Liability.
- C. Short term Liability
- D. None of these

Answer: A



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21. Assets which have a finite life depending upon the value of natural resources extracted is

- A. Fictitious Assets
- B. Wasting Assets.
- C. Fixed Assets
- D. None of these.

Answer: B



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22. Reduction in amount payable allowed by the seller of goods after the goods have been sold is

- A. Rebate
- B. Trade Discount
- C. Cash discount
- D. None of these.

Answer: A



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23. The Concept of Conservatism takes into account

- A. all prospective profits and all prospective losses.
- B. all prospective profits and leaves all prospective losses.
- C. all prospective losses but not the prospective profits.

D. None of the above.

Answer: C



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24. According to Going Concern Concept, a business is viewed as having

A. a limited life

B. a very long life

C. an infinite life

D. None of these.

Answer: C



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25. According to which of the following concepts, in determining the net income, all costs which are applicable to earn the revenue of the period should be charged against that revenue ?

- A. Matching Concept
- B. Money Measurement Concept
- C. Cost Concept
- D. Dual Aspect Concept

Answer: A

26. Lower of cost or net reliable value is an example of

- A. consistency Concept
- B. Prudence (Conservatism) concept
- C. Realisation Concept
- D. Matching Concept.

Answer: B



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27. X Ltd. Follows the Written Down Value Method of depreciating machinery year after year due to

- A. comparability

B. convenience

C. consistency

D. All of these

Answer: C

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28. An employee of the enterprise suffers an injury at work and the enterprise decides to pay him \hat{a} ,150,000 as compensation. Should the enterprises pass an entry even though it has not paid it ?

A. Yes, because of Accrual Concept

B. No, because it is not paid.

C. No, because the employee has not accepted

D. None of these.

Answer: A

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29. Ind-AS are based on

A. Rules

B. Principles

C. Both (a) and (b)

D. None of these.

Answer: B

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30. Ind-AS apply to

- A. Companies listed on Stock Exchange
- B. Companies having net worth of â^1250 crores or more.
- C. Subsidiaries, Holding, Joint Ventures and Associates of
above two categories of Companies.
- D. All of the above.

Answer: D

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31. Under Cash Basis of Accounting, expenses are recorded

- A. on payment
- B. on being incurred
- C. Both (a) and (b)
- D. None of these

Answer: A

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32. Under Accrual Basis of Accounting, expenses are recorded

- A. on payment
- B. on being incurred
- C. Both (a) and (b)

D. None of these

Answer: B



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33. Accrual Basis of Accounting

A. does not give a true and fair view of profit and financial position.

B. gives a true and fair view of profit and financial position

C. may or may not give a true and fair view of profit and financial position.

D. None of the above.

Answer: B



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34. Accrual Basis of Accounting recognises

- A. Outstanding and Prepaid Expenses
- B. Accrued Incomes and Incomes Received in Advance
- C. Both (a) and (b)
- D. None of the above.

Answer: C



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35. Under Accrual Basis of Accounting

- A. both cash and Credit transaction are recorded
- B. only cash transactions are recorded
- C. only credit transactions are recorded
- D. None of the above.

Answer: A



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36. The correct accounting equation is

- A. $\text{Assets} = \text{Liabilities} - \text{Capital}$
- B. $\text{Assets} = \text{Liabilities} + \text{Capital}$

C. Liabilities=Assets+Capitals

D. Capital=Assets + Liabilities.

Answer: B

 [View Text Solution](#)

37. Payment of Rent to Shekhar will

A. Decrease Assets and Liabilities

B. Increase Assets but Reduce Capital

C. Decrease Assets and Capital

D. Increase Assets and Reduce Liabilities.

Answer: C

38. Harshad commenced business with capital of $\hat{a},^1 1,50,000$. At the end of the year his assets were $\hat{a},^1 2,50,000$ and creditors were $\hat{a},^1 25,000$. His closing capital and profit/loss for the year will be

- A. $\hat{a},^1 2,75,000$ and $\hat{a},^1 75,000$
- B. $\hat{a},^1 2,25,000$ and $\hat{a},^1 75,000$
- C. $\hat{a},^1 2,75,000$ and $\hat{a},^1 50,000$
- D. $\hat{a},^1 2,75,000$ and $\hat{a},^1 1,25,000$

Answer: B

39. Owner's Capital in beginning was \$ 45,000. Creditors at the end were \$ 30,000. Revenue during the period was \$ 65,000. Expenses during the period were \$ 40,000. Total equity at the year end will be

A. \$ 1,00,000

B. \$ 1,20,000

C. \$ 80,000

D. None of these.

Answer: A



[View Text Solution](#)

40. Financial position of Surbhi as on 1st April, 2018 was as under : Plant ₹ 22,000, Stock ₹ 45,000, Creditors ₹ 12,500, Bank overdraft ₹ 28,800, Cash ₹ 15,700, Debtors ₹ 27,900 , Bill Payable ₹ 9,800, Investments ₹ 30,000, Building 80,000. Her Capital at the year end will be

A. ₹ 2,57,000

B. ₹ 51,100

C. ₹ 3,08,600

D. ₹ 1,69,500.

Answer: D



[View Text Solution](#)

41. Interest on Drawing charged is ₹ 1,500. In accounting equation, it will be shown as

- A. increase capital by ₹ 1,500 and decrease cash by ₹ 1,500
- B. Increase and Decrease capital by ₹ 1,500.
- C. Increase capital and Interest on Drawing by ₹ 1,500
- D. Decrease capital and cash by ₹ 1,500.

Answer: B

 [View Text Solution](#)

42. An expansion of accounting equation is shown as

A. Profit and Loss Account

B. Trading Account

C. Manufacturing Account

D. Balance Sheet

Answer: D



[View Text Solution](#)

43. Owner's Equity is

A. Balance of Capital A/c

B. Balance of Creditors A/c

C. Balance of Cash A/c.

D. Balance Drawings A/c.

Answer: A



[View Text Solution](#)

44. Find opening capital when

Assets = ₹ 4,00,000, Profit = ₹ 25,000 and Creditors = ₹ 2,55,000

A. ₹ 1, 20, 000

B. ₹ 1, 45, 000

C. ₹ 1, 70, 000

D. ₹ 1, 3, 75, 000

Answer: A



[View Text Solution](#)

45. Books Account are written on the basis of

- A. Source Document
- B. Accounting Vouchers
- C. Both (a) and (b)
- D. None of these

Answer: B

 [View Text Solution](#)

46. Credi note is prepared

- A. when credit is given to the account.

B. when debited is given to the account.

C. Both (a) and (b)

D. None of the above.

Answer: A



View Text Solution

47. Journal is called a book of

A. primary entry.

B. secondary entry

C. final entry

D. None of these

Answer: A



[View Text Solution](#)

48. Rent paid is

- A. Personal Account
- B. Real Account
- C. Nominal Account
- D. All of these

Answer: C



[View Text Solution](#)

49. Robert's Account is a

- A. Personal Account
- B. Real Account
- C. Nominal Account
- D. All of these

Answer: A



View Text Solution

50. Business transactions are recorded

- A. in chronological order
- B. weekly

C. at the end of the month.

D. All of these

Answer: A



View Text Solution

51. A compound journal entry

A. has equal debits and credits

B. generally extends to several pages

C. does not require narration

D. All of these

Answer: A

 [View Text Solution](#)

52. Which of the following accounts will be credited on giving cash donation ?

- A. Cash A/c
- B. Donation A/C
- C. Purchase A/c
- D. None of these

Answer: A

 [View Text Solution](#)

53. Sale of goods to Ram for cash is debited

- A. Ram's A/c
- B. Cash A/c
- C. Sales A/c
- D. None of these

Answer: B



[View Text Solution](#)

54. Withdrawal of goods from business by the proprietor is credited to

- A. Drawing A/c
- B. Capital A/c
- C. Purchase A/c

D. None of these

Answer: C



[View Text Solution](#)

55. Trade discount allowed is deducted from the gross sales.

Sales is recorded in the books of account at

A. Gross Sales and Trade Discount separately

B. Net Sales Invoice

C. None of the above

D. Any of (a) and (b)

Answer: B



[View Text Solution](#)

56. Trade discount received on purchases is recorded in the books of account as follows

A. Trade Discount is credited to Discount Received Account.

B. Trade Discount is deducted from the Invoice Price and recorded at net value

C. None of the above

D. Any of (a) and (b)

Answer: B



[View Text Solution](#)

57. Cash Discount allowed is recorded in the books of account as follows:

- A. Cash Discount is debited to Discount Allowed Account.
- B. Cash Discount is reduced from the Invoice Price.
- C. None of the above
- D. Any of (a) and (b)

Answer: A



[View Text Solution](#)

58. Cash Discount received is recorded in the books of account as follows :

- A. Cash Discount is credited to Discount Received Account
- B. Cash Discount is reduced from the Invoice Price.
- C. None of the above
- D. Any of (a) and (b)

Answer: A



[View Text Solution](#)

59. Journal entry for stock left unsold at the end of the year is :

- A. Dr. Closing Stock A/c and Cr. Trading A/c
- B. Dr. Trading A/c and Cr. Closing Stock A/c

C. Dr. Profit & Loss A/c and Cr. Closing Stock A/c

D. Dr. Closing Stock A/c and Cr. Profit and Loss A/c

Answer: A

 [View Text Solution](#)

60. Cheque of ₹1,000 received from Ramesh was dishonoured. Journal entry will be :

A. Dr. Sales Return A/c and Cr. Ramesh by ₹1,000

B. Dr. Ramesh and Cr. Bank A/c by ₹1,000

C. Dr. Sale Return A/c and Cr. Suspense A/c by ₹1,000

D. None of these

Answer: B



[View Text Solution](#)

61. Journal entry for wood (goods) of \hat{a}^1 2,000 used for making office furniture is

- A. Dr. Furniture A/c and Cr. Cash A/c by \hat{a}^1 2,000
- B. Dr. Cash A/c and Cr. Furniture A/c by \hat{a}^1 2,000
- C. Dr. Furniture A/c and Cr. Purchases A/c by \hat{a}^1 2,000
- D. None of these

Answer: C



[View Text Solution](#)

62. Journal entry for payment of income Tax ₹15,000 by the proprietor is :

A. Dr. Income Tax A/c and Cr. Purchase A/c by ₹15,000

B. Dr. Purchase A/c and Cr. Drawing A/c by ₹15,000

C. Dr. Drawing A/c and Cr. Income Tax by ₹15,000

D. Dr. Drawing A/c and Cr. Cash A/c by ₹15,000

Answer: D



[View Text Solution](#)

63. Journal entry for selling old machinery with book values ₹15,000 for ₹13,500 is :

- A. Dr. Cash A/c by ₹5,000 and Cr. Profit and Loss A/c by ₹1,500 and Sales A/c by ₹3,500
- B. Dr. Sales A/c by ₹3,500 and Profit and Loss A/c by ₹1,500 and Cr. Cash A/c by ₹5,000
- C. Dr. Cash A/c and Cr. Sales A/c by ₹3,500
- D. Dr. Cash A/c by ₹5,000 and Cr. Machinery A/c by ₹3,500 and Profit and Loss A/c by ₹1,500

Answer: D



View Text Solution

64. Out of the following, which is the objective of GST?

- A. Developing Common National Market by having One Indirect Tax .
- B. Ease of Doing Business.
- C. Simplifying Compliance of Indirect Taxes.
- D. All of the above.

Answer: D



View Text Solution

65. One intra-state (i.e., within the state) purchase of goods, which of the following GST is levied

- A. CGST and IGST
- B. CGST and SGST

C. SGST and IGST

D. None of these

Answer: B

 [View Text Solution](#)

66. One intra-state (i.e., outside the state) purchase of goods, which of the following GST is levied

A. IGST

B. IGST and CGST

C. CGST and IGST

D. None of these

Answer: A



[View Text Solution](#)

67. Input Credit of GST paid directly into Government Account under Reverse charge is

- A. not allowed
- B. allowed
- C. may or may not be allowed
- D. None of the above.

Answer: B



[View Text Solution](#)

68. Ledger is called a book of

- A. primary entry.
- B. secondary entry
- C. final entry
- D. None of the above.

Answer: final entry

 [View Text Solution](#)

69. Business transactions are recorded in the order in which they _____

- A. in chronological order.

B. weekly

C. at the end of the month.

D. Any of the above.

Answer: A



[View Text Solution](#)

70. Ledger is a book in which

A. Real and Nominal Account are maintained

B. Real and Personal Accounts are maintained.

C. Real, Personal and nominal Account are maintained.

D. None of the above.

Answer: C



View Text Solution

71. Transaction posted in the ledger from two column Cash Book is

- A. Cash deposited into Bank
- B. Cash withdrawn from Bank.
- C. Cash withdraw from bank for personal use
- D. None of these

Answer: C



View Text Solution

72. Transaction not posted in the ledger from two column Cash Book is

- A. withdrawal from bank for office use
- B. withdrawal from bank for personal use
- C. cheque issued for purchased of asset
- D. None of these

Answer: A

 [View Text Solution](#)

73. If both debit and the credit aspect of a transaction are recorded in the cash book itself , it is called

- A. an opening entry
- B. a compound entry
- C. a tranfer entry
- D. a contra entry

Answer: D



[View Text Solution](#)

74. A cheque received but not deposited the same day into bank, is entered in

- A. Cash column on the debit side
- B. Bank Column on the debit side
- C. Cash column on the credit side

D. Journal Proper.

Answer: D



[View Text Solution](#)

75. Cheque returned dishonoured, it is recorded in

A. Cash Column on the credit side

B. Cash Column on the debit side

C. Bank column on the credit side

D. Journal Proper.

Answer: C



[View Text Solution](#)

76. Petty cash Book records

- A. payments of small amounts.
- B. receipts of small amounts.
- C. Both (a) and (b)
- D. All cash receipts and payments

Answer: A

 [View Text Solution](#)

77. Payments made through Petty Cash Book

- A. are not posted into Ledger Accounts

B. are posted into Ledger Accounts .

C. Both (a) and (b)

D. None of these

Answer: B

 [View Text Solution](#)

78. Petty cash Receipts are recorded in

A. petty cash book

B. Journal proper

C. cash book

D. None of these

Answer: C



View Text Solution

79. Petty cash Book will have a

- A. credit balance
- B. debit balance
- C. debit or nil balance
- D. credit on nil balance.

Answer: C



View Text Solution

80. If Shyam has sold goods to Ramesh for cash , the entry will be recorded in the

- A. Cash Book
- B. Sales Book
- C. journal
- D. Purchase Book

Answer: A



[View Text Solution](#)

81. Ram has purchased goods from Param for cash, the entry will be recorded in the

A. Cash Book

B. Sales Book

C. Journal

D. Purchase Book

Answer: A



[View Text Solution](#)

82. If Ramesh has sold goods for cash, the entry will be recorded

A. in the Cash Book

B. in the Sale Book

C. in the Journal Proper.

D. None of the above.

Answer: A

 [View Text Solution](#)

83. The cash Book recorded

A. all cash receipt and payments.

B. cash and credit sale of goods

C. Both (a) and (b)

D. None of these.

Answer: A

 [View Text Solution](#)

84. Sales Book

- A. is a part of the journal .
- B. is a part of the Ledger.
- C. is a part of the Balance Sheet.
- D. None of these

Answer: A

 [View Text Solution](#)

85. Total of the Sales Book is posted to

- A. credit of the Sales Account.

B. credit of the Purchases Account.

C. credit of the Capital Account

D. credit of Customer's Accounts.

Answer: A

 [View Text Solution](#)

86. Periodic total of Sales Return Journal is posted to the

A. Sales Account

B. Goods Account

C. Sales Return Account.

D. Any of these

Answer: C



[View Text Solution](#)

87. Param purchased goods from Dev. It will be recorded in

- A. Purchase book .
- B. Cash Book
- C. Purchase Return Book
- D. None of these

Answer: A



[View Text Solution](#)

88. Purchase of Machinery by Amit, a dealer in machinery from Yogesh for ₹ 1,00,000 is recorded in

- A. Cash Book
- B. Sales Book
- C. Purchase Book
- D. Journal Proper.

Answer: C



[View Text Solution](#)

89. Purchase of Machinery by Abhay, a dealer in stationery from Yogesh for ₹ 1,00,000 is recorded in

A. Cash Book

B. Sales Book

C. Purchase Book

D. Journal Proper.

Answer: D



[View Text Solution](#)

90. Sale of Machinery by Amit, a dealer in machinery for â^1 1,20,000 is recorded in

A. Cash Book

B. Sales Book

C. Purchase Book

D. Journal Proper.

Answer: B



[View Text Solution](#)

91. Sale of Machinery by Suresh , a dealer in stationery to Sumit for $\text{â}^1 1,20,000$ is recorded in

A. Cash Book

B. Sales Book

C. Purchase Book

D. Journal Proper.

Answer: D



[View Text Solution](#)

92. Purchase Account in the ledger shows

- A. All purchases of goods
- B. Credit purchases
- C. Cash purchases of goods
- D. Credit purchase of assets other than goods.

Answer: A

 View Text Solution

93. Sale Account in the ledger shows

- A. All Sale of goods

B. Credit sales

C. Cash sale of goods .

D. Credit sales of assets other than goods.

Answer: A

 [View Text Solution](#)

94. Closing entries are recorded in

A. Cash Book

B. Ledger

C. Journal Proper

D. Balance Sheet

Answer: C



[View Text Solution](#)

95. Debit Note for ₹ 1,000 issued to Suresh for goods returned by us is accounted in

- A. Sales Book
- B. Purchases Book
- C. Journal Proper
- D. Purchase Return Book

Answer: D



[View Text Solution](#)

96. Rectifying entry for the error of a credit purchase of goods of ₹ 10,000 recorded as credit sale to Ravi detected two months later is passed in

- A. Journal Proper
- B. Sales Book
- C. Cash Book
- D. Purchase Book

Answer: A



[View Text Solution](#)

97. Which of the following will not required adjustment in the Cash Book balance ?

- A. Error in Pass Book
- B. Cheque issued but not presented for payment
- C. Cheque deposited but not cleared
- D. All of the above.

Answer: A

 [View Text Solution](#)

98. Which of the following will not required adjustment in the Cash Book balance ?

- A. Cheque issued but not presented for payment
- B. Cheque deposited but not cleared.
- C. Cheque wrongly credited by bank

D. All of the above.

Answer: D



[View Text Solution](#)

99. A cheque of $\text{â,}^1 5,000$ received from a debtor recorded in the cash book but omitted to be banked. When balance as per cash book is the starting point

- A. $\text{â,}^1 5,000$ to be added.
- B. $\text{â,}^1 5,000$ to be subtracted.
- C. No adjustment is required
- D. None of these .

Answer: B



[View Text Solution](#)

100. A cheque of ₹ 10,000 received from a debtor deposited but omitted to be recorded in the cash book . When balance as per cash book is the starting point

- A. ₹ 10,000 to be added
- B. ₹ 10,000 to be subtracted.
- C. No adjustment is required
- D. None of these .

Answer: A



[View Text Solution](#)

101. A cheque of ₹ 1,120 received from a debtor recorded twice in the Cash Book . When balance as per Cash Book is the starting point

- A. ₹ 1,120 to be added
- B. ₹ 1,120 to be subtracted.
- C. No adjustment is require.
- D. None of these .

Answer: B



[View Text Solution](#)

102. A cheque received from a debtor for ₹ 1,032 in the column in the Cash Book . When the balance as per cash

book is the starting point

- A. ₹ 1,023 to be added
- B. ₹ 1,032 to be subtracted
- C. ₹ 9 to be subtracted
- D. ₹ 1,023 to be subtracted.

Answer: C

 [View Text Solution](#)

103. A cheque of ₹ 3,500 issued and recorded in the Cash Book but was not sent to creditor. When balance as per Cash Book is the starting point.

- A. ₹ 3,500 to be added

B. ₹ 3,500 to be subtracted

C. No adjustment is required

D. None of these

Answer: A

 [View Text Solution](#)

104. The payment side of the Cash Book (Bank Column) was overcast by ₹ 10,000. When the balance as per Cash Book is the starting point

A. ₹ 10,000 to be added

B. ₹ 10,000 to be subtracted.

C. No adjustment is require.

D. None of these

Answer: B



[View Text Solution](#)

105. The receipt side of the Cash Book (Bank Column) was overcast by $\text{â,}^1 5,000$. When the balance as per Cash Book is the starting point.

- A. $\text{â,}^1 5,000$ to be added.
- B. $\text{â,}^1 5,000$ to be subtracted.
- C. No adjustment is required.
- D. None of these

Answer: B



[View Text Solution](#)

106. Withdrawal column of the Pass Book showed a wrong entry of $\text{â}^1,200$. When the balance as per Cash Book is the starting point

- A. $\text{â}^1,200$ to be added.
- B. $\text{â}^1,200$ to be subtracted.
- C. No adjustment is required.
- D. None of these

Answer: B



[View Text Solution](#)

107. A cheque of ₹ 2,345 issued was recorded in deposit column as ₹ 2,435. To ascertain the balance as per Cash Book

A. ₹ 2,345 should be added to the balance as per Pass Book .

B. ₹ 2,435 should be subtracted from the balance as per Pass Book

C. ₹ 4,780 should be subtracted from the balance as per Pass Book

D. ₹ 10 should be added to the balance as per Pass Book

.

Answer: C



108. Cash Book showed Bank overdraft of $\text{â,}^1 3,000$. But the Pass Book made up on the same date showed that cheque of $\text{â,}^1 200$, $\text{â,}^1 100$ and $\text{â,}^1 250$ respectively had not been presented for payments, and the cheque of $\text{â,}^1 800$ paid into account had not been cleared. The balance as per the Cash Book will be

A. $\text{â,}^1 2,200$

B. $\text{â,}^1 4,350$

C. $\text{â,}^1 3,250$

D. $\text{â,}^1 2,750$.

Answer: C

 [View Text Solution](#)

109. An Asset Account shows a

- A. Credit balance
- B. debit balance
- C. Debit or Credit balance
- D. None of these .

Answer: B

 [View Text Solution](#)

110. Preparation of Trial Balance is

- A. compulsory
- B. optional
- C. compulsory of optional
- D. None of these

Answer: B



[View Text Solution](#)

111. Trial Balance shows

- A. only credit balance.
- B. only debit balance.
- C. both debit and credit balances.
- D. either debit or credit balance.

Answer: C



View Text Solution

112. Trial Balance is prepared

- A. before Journal is written
- B. after Journal is written
- C. after Journal is posted into ledger accounts.
- D. after financial statements have been prepared.

Answer: C



View Text Solution

113. Trial Balance can be prepared

- A. at any time of the year.
- B. at the end of the year
- C. in the beginning of the year
- D. None of these .

Answer: A



[View Text Solution](#)

114. If Trial Balance matches, it means

- A. arithmetical accuracy
- B. book are accurate

C. Both (a) and (b)

D. None of these .

Answer: A



View Text Solution

115. Trial balance is prepared from the balance taken from

A. Day Books

B. Journal

C. Balance sheet

D. Ledger Accounts.

Answer: D



[View Text Solution](#)

116. Discount Received has

- A. Debit balance
- B. Credit balance
- C. Both (a) and (b)
- D. None of these .

Answer: B



[View Text Solution](#)

117. If Closing Stock appears in the Trial Balance , it means

- A. purchases are adjusted against opening and closing stocks.
- B. purchase are adjusted against closing stock
- C. Both (a) and (b)
- D. None of the above.

Answer: A



[View Text Solution](#)

118. Trial Balance is prepared from

- A. Ledger
- B. Ledger and Journal Book
- C. Ledger and Cash Book.

D. None of these .

Answer: C



[View Text Solution](#)

119. Depreciation arises because of

A. Wear and Tear

B. Inflation

C. Fall in the value of the asset

D. None of these

Answer: a



[View Text Solution](#)

120. The Diminishing Value Method mean a method by which

A. the rate of Depreciation falls year by year.

B. the amount on which depreciation is calculated falls
year by year.

C. the rate as well as the Amount to which it is applied
fall year by year

D. None of these

Answer: b



View Text Solution

121. Straight Line Method of Depreciation is that method under which

- A. Depreciation is charged at a fixed percentage on the book value of the asset.
- B. Depreciation is charged at a fixed percentage on the original cost of the asset.
- C. Depreciation is charged on original cost of asset but the depreciation rate changes.
- D. None of the above.

Answer: b

 [View Text Solution](#)

122. The amount of Depreciation charged on machinery is debited to

- A. Depreciation Account
- B. Machinery Account
- C. Provision for Depreciation Account.
- D. None of these.

Answer: a

 [View Text Solution](#)

123. A Machinery which costs \hat{a}^1 2,00,000 is depreciated at 25% per year using the Written Down Value Method. At the end of three years, it will have a net book value of

A. ₹ 1,50,000

B. ₹ 84,375

C. ₹ 1,12,500

D. ₹ 1,00,000

Answer: b



[View Text Solution](#)

124. Depreciation method is adopted in the case of

A. Wasting assets like mine and quarries

B. Land and Building.

C. Goodwill

D. Plant and Machinery.

Answer: a



[View Text Solution](#)

125. The Journal entry to record a gain (profit) on the sale of fixed assets is :

If Asset Disposal Account is not maintained :

- | | | | |
|----|-------------------------|--|-------------------------|
| | Debit | | Credit |
| A. | Fixed Asset Account | | Profit and Loss Account |
| | Debit | | Credit |
| B. | Bank Account | | Profit and Loss Account |
| | Debit | | Credit |
| C. | Profit and Loss Account | | Fixed Asset Account |
| D. | | | |

Answer: a



[View Text Solution](#)

126. The Journal entry to record a gain (profit) on the sale of fixed assets is :

If Asset Disposal Account is maintained :

A.

Debit	Credit
Asset Disposal Account	Profit and Loss Account

B.

Debit	Credit
Fixed Asset Account	Profit and Loss Account

C.

Debit	Credit
Profit and Loss Account	Asset Disposal Account

D.

Answer: a



View Text Solution

127. Charging depreciation is

- A. compulsory
- B. voluntary
- C. dependent on the condition of assets.
- D. None of these

Answer: a



[View Text Solution](#)

128. Depreciation is a

- A. Reserve
- B. Provision

C. Both (a) and (b)

D. None of these

Answer: b



View Text Solution

129. Depreciation is not provided on

A. Machinery

B. Building

C. Computers

D. Land

Answer: d

 [View Text Solution](#)

130. Depreciation is

- A. revenue expenditure
- B. capital expenditure
- C. Deferred Revenue Expenditure
- D. None of these

Answer: a

 [View Text Solution](#)

131. Reserve arising from capital receipts are

- A. Capital reserve
- B. Reserve fund
- C. General Reserve
- D. None of these

Answer: A



View Text Solution

132. Reserves

- A. are part of proprietor's equity.
- B. are not part of proprietor's equity.
- C. are Liabilities of the Firm
- D. None of these

Answer: A



[View Text Solution](#)

133. Provisions are

- A. liabilities with known Amount
- B. liabilities with estimated Amount
- C. Both (a) and (b)
- D. None of these

Answer: B



[View Text Solution](#)

134. Provision is

- A. an appropriation out of Profit
- B. A charge against the profit.
- C. Both (a) and (b)
- D. None of these

Answer: B



[View Text Solution](#)

135. If amount of any known liability is not known, it is accounted in the Books of Account as

- A. a Liability

B. a provision

C. a reserve

D. None of these

Answer: B



[View Text Solution](#)

136. If amount of any known liability is known, it is accounted in the Books of Account as

A. a Liability

B. a provision

C. a reserve

D. None of these

Answer: A



View Text Solution

137. A Bill of exchange is renewed generally at the request of the

- A. drawer
- B. bank
- C. drawee
- D. Any of these

Answer: C



View Text Solution

138. If Ram's acceptance which was endorsed in favour of Saleem is dishonoured, then the amount will be debited to

A. Saleem

B. Ram

C. Bills Receivable Account.

D. Any of these

Answer: B



[View Text Solution](#)

139. A bill drawn for three months on 5th April, 2019 will mature for payment on

A. 5th July, 2019

B. 8 th July, 2019

C. 9th July, 2019

D. 10 th August, 2018

Answer: B



[View Text Solution](#)

140. A bill drawn for four months on 8th May, 2018 will mature for payments on

A. 8th September, 2018

B. 13th September, 2018

C. 11th September, 2018

D. 8th August, 2018

Answer: C



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141. The rebate on a Bill shows that the bill

A. has been paid before the date of maturity.

B. has been paid after the date of maturity

C. has been dishonoured

D. None of these

Answer: A



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142. Bills Receivable Account is

- A. an Asset Account
- B. an Expense Account
- C. a Liability Accounts
- D. an Income Account .

Answer: A



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143. Bills Payable Account is

- A. an Asset Account

B. an Expense Account

C. a Liability Accounts

D. an Income Account .

Answer: C



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144. Discounting charges are paid

A. by the drawer

B. by the drawee

C. Shared equally by the drawer and drawee

D. None of these.

Answer: A



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145. A bill of ₹ 2,00,000 drawn on 7th January, 2019, due for payment on 10th April, 2019 is discounted with bank on 10th February, 2019 at 12% p.a. The amount of discounting charge is

A. ₹ 4,800

B. ₹ 4,000

C. ₹ 48,000

D. ₹ 8,000

Answer: B

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146. Under which circumstances drawer and payee is same person. ?

- A. When drawer discounted the bill with banker
- B. When drawer endorses the bill to the third party
- C. When drawer holds the bill till maturity
- D. When drawer rejects to accept the bill.

Answer: C

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147. Rs. 2,000 paid as wages for installing a machine should be debited to

- A. Wages Account
- B. Machinery Account
- C. Capital Account
- D. Any of these

Answer: B



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148. On purchase of old furniture, the amount of Rs. 1,000 spent on its repairs should be debited to

- A. Repairs Account
- B. Furniture Account
- C. Cash Account
- D. Any of these

Answer: B

 [View Text Solution](#)

149. Goods of Rs. 500 given as charity should be credited to

- A. Charity Account
- B. Sales Account
- C. Purchase Account
- D. Any of these.

Answer: C



View Text Solution

150. Goods of Rs. 1,000 taken by the proprietor for personal use should be credited to

- A. Sales Account
- B. Proprietor's Personal Expenses Account
- C. Purchases Account
- D. Drawing Account

Answer: C



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151. Errors of complete omission permit

A. correct totalling of the Balance Sheet

B. correct totalling of the Trial balance.

C. the Trial Balance to agree

D. None of these.

Answer: C

 [View Text Solution](#)

152. The preparation of a Trial Balance helps in

A. preparation of Balance Sheet.

B. correct totalling of the Trial balance.

C. locating errors of principle

D. None of these.

Answer: A



[View Text Solution](#)

153. Rs. 200 received from Smit whose account was prviously written off as Bad Debt should be credited to

A. Bad Debts Recovered Account.

B. Simth's Account

C. Cash Account

D. Sales Account

Answer: A



[View Text Solution](#)

154. Purchase of office furniture of ₹ 1,200 has been debited to the General Expenses Account . It is

- A. a clerical error.
- B. an error of principle.
- C. an error of omission
- D. Compensating Error.

Answer: B



[View Text Solution](#)

155. Errors of Principle

- A. can be known from the Trial Balance
- B. cannot be known from the Trial Balance.
- C.
- D.

Answer: C



[View Text Solution](#)

156. Errors of Complete omission

- A. are reflected in the Trial Balance
- B. are not reflected in the Trial Balance

C. Both (a) and (b)

D. None of these .

Answer: B

 [View Text Solution](#)

157. Suspense Account appears in the Trial Balance because of

A. one sided errors

B. compensating errors.

C. errors of principle

D. None of these.

Answer: A



View Text Solution

158. Compensating errors are

- A. combination of more than one errors
- B. errors committed in one transaction.
- C. errors committed by applying incorrect accounting principles.
- D. None of the above.

Answer: A



View Text Solution

159. Suspense Account will give the

- A. Debit balance
- B. Credit balance
- C. Debit or Credit balance, as the case may be
- D. Nil balance.

Answer: C



View Text Solution

160. Rectification entries are normally passed in

- A. Journal Proper
- B. Cash Book

C. Day Books

D. None of these.

Answer: A



[View Text Solution](#)

161. In case a Trial Balance does not agree, the difference is placed in

A. Suspense Account

B. Drawing Accounts.

C. Capital Account

D. Trading Account .

Answer: A



[View Text Solution](#)

162. Return Inward in the Trial Balance are deducted from

- A. purchase
- B. sales
- C. return outward
- D. None of these

Answer: B



[View Text Solution](#)

163. Bhuvan's Trial Balance has following entries, besides other: Bad Debts Rs. 1,000, Provision for Doubtful Debts Rs. 1,500. Provision for Doubtful Debts of Rs. 2,000 should be at the end of the year. The amount to be debited to the Profit & Loss Account will be

A. Rs. 4,500

B. Rs. 5,000

C. Rs. 1,500

D. Rs. 3,500

Answer: C



View Text Solution

164. David's Trial Balance gives following information :
Discount Allowed Rs. 500, Provision for Discount on Debtor Rs. 1,100. Provision for Discount on Debtor should be Rs. 1,800 at the end year. Amount that should be debited to the Profit & Loss Account is

A. Rs. 1,200

B. Rs. 3,200

C. Rs. 700

D. Rs. 2,200

Answer: A



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165. I's Trial balance has the following information: 12% Bank loan Rs. 40,000, interest paid Rs. 40,000 interest paid Rs. 3,800 . Interest debited to the Profit & Loss Account is

- A. Rs. 4,800
- B. Rs. 5,000
- C. Rs. 5,500
- D. Rs. 1,000

Answer: A



[View Text Solution](#)

166. Opening stock Rs. 40,000, purchase Rs. 3,60,600, closing stock Rs. 1,30,000 sales Rs. 3,80,000, carriage inward Rs.

6,000, Freight inward Rs. 4,000, Wages and salaries Rs. 50,000, Return inwards Rs. 20,000, Return outward Rs. 40,000. The market value of closing stock was Rs. 1,20,000.

Gross Profit of the year is

- A. Rs. 60,000
- B. Rs. 70,000
- C. Rs. 90,000
- D. None of these.

Answer: A



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167. Adjusted purchases Rs. 6,63,600 , sales Rs. 7,44,000, Closing Stock Rs. 50,400, Freight & Cartages Inward Rs.

3,600, Wages Rs. 2,400, Freight & Cartage outward Rs. 1,800,

Gross Profit for the Year is

A. Rs. 76,200

B. Rs. 74,400

C. Rs. 1,24,800

D. None of these.

Answer: B



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168. Cost of Goods Sold Rs. 6,69,600 , Sales Rs. 7,44,000 ,
Closing Stock Rs. 50,400, Gross profit for the year is

A. Rs. 1,24,800

B. Rs. 74,400

C. Rs. 5,25,000

D. None of these.

Answer: B

 [View Text Solution](#)

169. Opening Stock Rs. 1,00,000, Sales Rs. 5,00,000, Gross Profit @25% on sale, Purchase Rs. 5,00,000. Closing stock is

A. Rs. 1,25,000

B. Rs. 2,25,000

C. Rs. 3,00,000

D. Rs. 3,25,000

Answer: B



[View Text Solution](#)

170. Opening Stock Rs. 1,00,000, Sales Rs. 5,00,000, Gross profit @25% on cost, Purchases Rs. 6,00,000. Closing Stock is

A. Rs. 1,25,000

B. Rs. 3,00,000

C. Rs. 8,00,000

D. Rs. 3,25,000

Answer: B



[View Text Solution](#)

171. Unearned income means

- A. Income received in advance
- B. Income earned but not received.
- C. Income of the firm in the year of receipt
- D. None of the above.

Answer: A

 [View Text Solution](#)

172. Wages and Salaries Account is shown in

- A. Trading Account
- B. Profit and Loss Account.

C. Balance sheet

D. None of these.

Answer: A



View Text Solution

173. Salaries and Wages Account is shown in

A. Trading Account

B. Profit and Loss Account.

C. Balance sheet

D. None of these

Answer: B

 [View Text Solution](#)

174. Outstanding income is

- A. an asset
- B. a liability
- C. an expense
- D. All of these.

Answer: A

 [View Text Solution](#)

175. The Manager is entitled to commission of 5% on profits before deducting the commission. The profit is Rs. 2,100,

therefore, the commission will be

A. Rs. 100

B. Rs. 105

C. Rs. 110.53

D. None of these.

Answer: B



[View Text Solution](#)

176. Stock is valued at

A. cost price

B. Net realisable value (market price)

C. cost or net realisable (market price) whichever is less.

D. None of these.

Answer: C



View Text Solution

177. Closing Stock given an adjustment is shown in

A. Trading Account

B. Balance Sheet

C. Profit and Loss Account

D. Both (a) and (b)

Answer: D

 [View Text Solution](#)

178. Closing Stock appearing in the Trial Balance is shown in

- A. Trading Account
- B. Balance Sheet
- C. Profit and Loss Account
- D. Both (a) and (b)

Answer: B

 [View Text Solution](#)

179. The adjustment entry passed for interest on capital is :

- A. Debit Profit and Loss Account and Credit Drawings Account
- B. Debit Profit and Loss Account and Credit Capital Account
- C. Debit Profit and Loss Account and Credit Interest on Capital Account
- D. Debit Interest on Capital Account and Credit Profit and Loss Account.

Answer: C



[View Text Solution](#)

180. The adjustment entry passed for Provision for Doubtful Debt is :

- A. Debit Provision for Doubtful Debts Account and Credit Profit and Loss Account
- B. Debit Profit and Loss Account and Credit Provision for Doubtful Debts Account
- C. Debit Debtors account and credit profit and Loss Account.
- D.

Answer: B



[View Text Solution](#)

181. Undervaluation of Closing Stock will

- A. Understate Cost of Goods manufactured
- B. Overstate Current Asset.
- C. Overstate Gross Profit.
- D. Understate Net Income.

Answer: D



[View Text Solution](#)

182. If sales are Rs. 60,000 and the rate of Gross Profit on Cost of Goods Sold is 25%, Cost of Goods Sold will be

- A. Rs. 45,000

B. Rs. 50,000

C. Rs. 48,000

D. None of these.

Answer: C

 [View Text Solution](#)

183. Which of the following statement is not correct ?

A. Provision for Doubtful Debts Account is amount payable to debtors.

B. Bad Debts can be more than the amount of Provision for Doubtful Debts.

C. Bad Debts can be less than than amount of Provision for Doubtful Debt.

D. Provision for Doubtful Debts is shown in the Balance Sheet.

Answer: A



[View Text Solution](#)

184. Sales is equal to

A. Cost of Goods sold - Gross Profit.

B. Cost of goods Sold + Gross profit

C. Gross profit - Cost of goods sold

D. Cost of Goods Sold + Net profit

Answer: A



[View Text Solution](#)

185. In case of net worth method of Single Entry System, profit is ascertained by

- A. comparing the capital in the beginning and capital at the end of the accounting period
- B. Preparing a Profit and Loss Account.
- C. Preparing a Balance Sheet.
- D. None of these.

Answer: A



[View Text Solution](#)

186. From incomplete records, it is possible to prepare.

- A. Ledger Accounts
- B. Trial Balance
- C. Statement of Affairs
- D. None of these.

Answer: C

 [View Text Solution](#)

187. Trial Balance cannot be prepared from Accounts from Incomplete Records because

- A. Dual Aspect Principle is not followed.
- B. Matching Principle is not followed
- C. Both (a) and (b)
- D. None of these.

Answer: A

 [View Text Solution](#)

188. The Capital in the beginning of the accounting year is ascertained by preparing:

- A. Debtor's Account
- B. Cash Account
- C. Opening Statement of Affairs.

D. Creditor's Account.

Answer: C



[View Text Solution](#)

189. Profit= Capital at the end + ? - Additional capital introduced - Capital in the beginning .

A. Sales

B. Drawing

C. Net Purchases

D. Expenses.

Answer: B



[View Text Solution](#)

190. Credit sales is ascertained by preparing

- A. Total Debtors Account
- B. Total Creditors Account.
- C. Cash Account
- D. None of these.

Answer: A

 [View Text Solution](#)

191. Credit purchases is ascertained by preparing

- A. Total Debtors Account

B. Total Creditors Account.

C. Cash Account

D. None of these .

Answer: B

 [View Text Solution](#)

192. Application softwares

A. can operate on its own.

B. cannot operate without Operating Software

C. Both (a) and (b)

D. None of these

Answer: B



View Text Solution

193. Accounting Software requires.

A. transaction to be entered once.

B. transactions to be entered at each stage , i.e,
recording and posting into accounts.

C. Both (a) and (b)

D. None of these

Answer: A



View Text Solution

194. Accounting softwares requires

- A. Readymade or off-the-shelf software
- B. Tailor-made software
- C. Customised software
- D. All of these

Answer: D



View Text Solution

195. Which of the following software is not an operating software ?

- A. MS DOS

B. Windows XP

C. MS word

D. None of these

Answer: C



View Text Solution

196. Which of the following is not an input device ?

A. Scanner

B. Keyboard

C. Monitor

D. None of these

Answer: C



[View Text Solution](#)

197. Which of the following is an output device?

A. Scanner

B. Printer

C. Smart Card Reader

D. None of these.

Answer: B



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2 Basic Accounting Terms Objective Type Questions

1. Goodwill is a tangible Asset.

 [View Text Solution](#)

2. A person who owes money to the firm against goods sold is debtor.

 [View Text Solution](#)

3. A person to whom money is owed by a firms for purchase of goods is a creditor .

 [View Text Solution](#)

4. Stock is valued at Cost or Net Realisable Value (Market Value), whichever is higher.

 [View Text Solution](#)

5. Machinery used in production is not a fixed asset.

 [View Text Solution](#)

6. Rent payable is a liability.

 [View Text Solution](#)

7. Purchase is a revenue.

 [View Text Solution](#)

8. Trade Discount is recorded in the books.

 [View Text Solution](#)

9. Goods taken by the owner for personal use is debited to capital account.

 [View Text Solution](#)

10. Goods' means physical item of trade.

 [View Text Solution](#)

11. Debtors, Bills Receivables, Bank Balances are examples for fictitious assets.



[View Text Solution](#)

12. A person who is not in a position to pay his debt is known as insolvent.



[View Text Solution](#)

3 Theory Base Of Accounting Accounting Standards And Ind As State Whether The Following Statements Are True Or False

1. Business Entity Concept is not applicable to sole trading concerns and partnership concerns.

 [View Text Solution](#)

2. Money Measurement Concept takes into account changes in the value of monetary unit.

 [View Text Solution](#)

3. The principle of consistency is particularly valuable when alternative accounting method is equally acceptable.

 [View Text Solution](#)

4. The essence of Conservatism Concept is to anticipate no profit and provided for all possible losses.



 [View Text Solution](#)

5. According to the Realisation Concept, revenue should be accounted only when it is received.

 [View Text Solution](#)

6. Accounting principles are rules of action or conduct which are adopted by the accountants universally while recording accounting transactions.

 [View Text Solution](#)

7. Accounting Standards are not mandatory in nature.

 [View Text Solution](#)

8. According to the Cost Concept, assets are recorded at the value paid for acquiring them .

 [View Text Solution](#)

9. According to the Going Concept, assets are recorded at realisable value and are depreciated over their estimated useful life.

 [View Text Solution](#)

10. According to the Convention of Consistency, accounting policies and practices once adopted should be consistently

followed.



[View Text Solution](#)

11. According to Principle of Conservatism, closing stock is valued at Historical cost or net realisable value (market value) whichever is higher.



[View Text Solution](#)

12. Transaction between the firm and proprietor is accounted in the books of account because of Business Entity Principle .



[View Text Solution](#)

13. Quality of manpower is not shown in the Financial Statements because of Revenue Principle.

 [View Text Solution](#)

14. The Financial statements under Ind-AS include a statement of financial position.

 [View Text Solution](#)

4 Bases Of Accounting State Whether The Following Statements Are True Or False

1. Under cash basis of accounting, entries in the books of accounts are passed when cash is received or paid.



[View Text Solution](#)

2. Cash basis of accounting is incompatible with the Matching Principle.



[View Text Solution](#)

3. Accrual basis is a more appropriate basis of determining profit as expenses are matched against revenue earned in relation thereto.



[View Text Solution](#)

4. Accrual basis of accounting gives a true or fair view of the results of operations of business and financial position of the business.

 [View Text Solution](#)

5. Cash basis considers the revenue as realised when the goods are sold.

 [View Text Solution](#)

5 Accounting Equation State Whether The Following Statement Are True Or False

1. Accrued Income will increase Assets and Capital.



[View Text Solution](#)

2. Purchasing car for personal use by proprietor will Increase Assets and Capital.



[View Text Solution](#)

3. Vinod's capital is $\hat{a},^1$ 2,30,000 and liabilities are 90,000. His fixed and current assets are in the ratio of 3:1. His fixed and current assets will be $\hat{a},^1$ 1,72,000 and $\hat{a},^1$ 57,500.



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4. If $\hat{a},^1 920$ is received from debtors of $\hat{a},^1 1,000$ in full settlement, Capital will be decreased by $\hat{a},^1 80$.

 [View Text Solution](#)

5. Outstanding expenses are shown on Assets side of Balance Sheet.

 [View Text Solution](#)

6 Accounting Procedures Rules Of Debit And Credit State Whether The Following Statements Are True And False

1. Debit means an increase in liability.

 [View Text Solution](#)

 [View Text Solution](#)

2. Credit means an increase in asset.

 [View Text Solution](#)

3. Sale of goods to Ram for cash is debited to Cash Account.

 [View Text Solution](#)

4. Withdrawal of cash from business by the proprietor is credited to Drawing Account.

 [View Text Solution](#)

5. Drawings Account is a Personal Account.

 [View Text Solution](#)

6. Goodwill account is a Real Account.

 [View Text Solution](#)

Select The Correct Alternative

1. Bank account is a

A. Personal Account

B. Real Account

C. Nominal Account

D. None of these

Answer: A



[View Text Solution](#)

2. Which of the following accounts has a credit balance ?

A. Carriage Inwards

B. Discount Received

C. Carriage Outward

D. Discount Allowed

Answer: B

 [View Text Solution](#)

3. Sundry Creditors Account is a

- A. Revenue Account
- B. Capital Account
- C. Liability Accounts
- D. None of these.

Answer: C

 [View Text Solution](#)

4. Sales Account is a

A. Revenue Account

B. Liability Accounts

C. Capital Account

D. None of these

Answer: A



[View Text Solution](#)

5. Salaries Account is

A. an Expense Account

B. an Asset Account.

C. a Liability Accounts

D. None of these

Answer: A



[View Text Solution](#)

6. Machinery Purchased' is a

- A. Real Account
- B. Nominal account
- C. Personal Account
- D. None of these

Answer: A



[View Text Solution](#)

7. Discount allowed' is classified as a

- A. Real Account
- B. Nominal account
- C. Personal Account
- D. None of the above.

Answer: B



[View Text Solution](#)

8. Patents' are classified as a

- A. Asset Account
- B. Liability Accounts

C. Capital Account

D. Revenue Account

Answer: A

 [View Text Solution](#)

9. Outstanding Expenses' are classified as

A. Liability Account

B. Asset Account.

C. Revenue Account

D. Capital Account.

Answer: A



[View Text Solution](#)

10. Interest Received is classified as

- A. Asset Account
- B. Revenue Account
- C. Capital Account
- D. Liability Account.

Answer: B



[View Text Solution](#)

11. Purchases' are classified as

A. Expense Account

B. Asset Account.

C. Capital Account

D. Revenue Account

Answer: A



[View Text Solution](#)

12. Carriage Inward' is classified as

A. Asset Account

B. Expense Account

C. Capital Account

D. Liability Account.

Answer: B



[View Text Solution](#)

7 Origin Of Transaction Source Documents And Preparation Of Vouchers State Whether The Following Statements Are True Or False

1. Cash memo is a source voucher for purchaser of goods on credit.



[View Text Solution](#)

2. Invoice is a source voucher for seller of goods on credit.



[View Text Solution](#)

3. Accounting voucher is prepared from source voucher.

 [View Text Solution](#)

4. If seller receives back the goods sold , he prepares Credit Note.

 [View Text Solution](#)

5. Accounting Voucher is prepared for cash and Credit purchases.

 [View Text Solution](#)

8 Journal State Whether The Following Statement Are True Or False

1. Sale of old furniture to Paresh for cash should be debited to Paresh's Account.



[View Text Solution](#)

2. Increase in assets are debited and decrease in assets are credited.



[View Text Solution](#)

3. Cash discount allowed to customer is an expense for business.

 [View Text Solution](#)

4. Increase in capital are credit the receiver is the rule of Personal Accounts.

 [View Text Solution](#)

5. Debit the giver and credit the receiver is the rule of Personal Accounts.

 [View Text Solution](#)

6. Some of the transactions may have only one account.

 [View Text Solution](#)

7. For every debit, there is a corresponding credit of equal amount.

 [View Text Solution](#)

8. Left hand side of an account is called the debit side.

 [View Text Solution](#)

9. Wages, when paid, are credited to Wages Accounts.

 [View Text Solution](#)

10. Narration should not be written in a Journal.

 [View Text Solution](#)

Gst State Whether The Following Statement Are True Or False

1. If the Goods are sold or supplied from Lucknow, UP to Kanpur, UP, it is Inter -State Supply.

 [View Text Solution](#)

2. If the Goods are sold or supplied from Gorakhpur, UP to Kolkata, West Bengal, it is Inter-State Supply.

 [View Text Solution](#)

3. GST paid(Input GST) can be set off against GST Collecte (Output GST). It is not a cost but an asset.

 [View Text Solution](#)

4. Input Credit of GST paid is not allowed on goods given as donation.

 [View Text Solution](#)

5. Input Credit of GST paid on Food and Beverages is allowed. It, therefore , is a cost.

 [View Text Solution](#)

6. GST is not levied on Salaries and Wages .

 [View Text Solution](#)

9 Ledger State Whether The Following Statement Are True Of False

1. If the Goods are sold or supplied from Delhi to Gurugram, it is Inter-State Supply.

 [View Text Solution](#)

2. Ledger is the principle book of account.

 [View Text Solution](#)

3. Ledger is not prepared from a Journal .

 [View Text Solution](#)

4. A Ledger is called a book of final entry.

 [View Text Solution](#)

5. Balancing a Ledger is necessary.

 [View Text Solution](#)

10 Special Purpose Books | Cash Book State Whether The Following Statement Are True Of False

1. Cash Book is both a Subsidiary Book and Principle Book .

 [View Text Solution](#)

2. Cash Column of Cash Book cannot have a debit balance

 [View Text Solution](#)

3. Payments are shown in the debit side of the cash Book

 [View Text Solution](#)

4. Receipts are shown in the credit side of the Cash Book

 [View Text Solution](#)

5. Contra entries are not posted into Ledger Accounts

 [View Text Solution](#)

6. In cash Bank Overdraft, 'Bank Column' in Cash Book will show credit Balance.

 [View Text Solution](#)

7. Cheque received but not deposited into Bank on the same day is debited to Cheques -in- Hand Account.

 [View Text Solution](#)

8. Bank Column in Cash Book may show Credit Balance.

 [View Text Solution](#)

9. In a two-column Cash Book , both Cash column and Bank Column are balanced.

 [View Text Solution](#)

10. Cash withdrawn from bank for personal use is a Contra Entry.

 [View Text Solution](#)

11. Cheque received and endorsed is entered in Journal Proper.

 [View Text Solution](#)

12. Balance of Petty Cash Book is an expense.

 [View Text Solution](#)

13. Balance in the petty cash book is an asset.

 [View Text Solution](#)

14. Sale of goods by Mohan to Sohan for ₹ 1,000 will be recorded in the Sales Book .

 [View Text Solution](#)

15. Cash Book records _____ transaction

 [View Text Solution](#)

16. Credit transactions are recorded in _____ proper

 [View Text Solution](#)

17. Cash Column in the Debit side of Cash Book shows cash

 [View Text Solution](#)

18. Cash Column in the Credit side of Cash Book shows cash

 [View Text Solution](#)

19. Balance of Cash Book means _____ .

 [View Text Solution](#)

20. Bank Column of Cash Book may have _____ or _____ balance .

 [View Text Solution](#)

21. Bank overdraft in Cash Book means _____ balance.

 [View Text Solution](#)

22. Bank Balance in Cash Book means _____ balance.

 [View Text Solution](#)

23. Cash Account is an _____ Account .

 [View Text Solution](#)

24. Bank Account may be _____ Account or _____ Account.

 [View Text Solution](#)

11 Special Purpose Book li Other Books State Whether The Following Statement Are True Of False

1. Sales Journal is used for recording cash as well as credit sales.

 [View Text Solution](#)

2. Journal Proper records purchase and sales of assets on credit.

 [View Text Solution](#)

3. Adjustment entries are passed at the end of the accounting period.

 [View Text Solution](#)

4. Closing entries are used for closing of accounts relating to expenses and revenues.

 [View Text Solution](#)

5. Sales Return Book has a debit balance.

 [View Text Solution](#)

6. Purchase Return Book has a debit balance.

 [View Text Solution](#)

12 Bank Reconciliation Statement State Whether The Following Statement Are True Or False

1. A Bank Reconciliation Statement is not a part of the Double Entry System.

 [View Text Solution](#)

2. Bank balance as per Bank Statement is shown in the Balance Sheet at the end of the year.

 [View Text Solution](#)

3. Bank Reconciliation Statement is prepared at the end of the accounting year only.

 [View Text Solution](#)

4. Cheque issued but not presented for payment will reduce the balance as per the Pass Book .

 [View Text Solution](#)

5. Pass Book is the Statement of Account of the customer maintained by the bank .

 [View Text Solution](#)

6. Bank Reconciliation Statement is prepared by the account holder and not by the bank .

 [View Text Solution](#)

7. Bank Reconciliation Statement is a part of Cash Book

 [View Text Solution](#)

8. Bank Reconciliation Statement is a part of Bank Account .

 [View Text Solution](#)

9. Bank Reconciliation Statement may be prepared at any time of the accounting period.

 [View Text Solution](#)

10. Bank Reconciliation Statement brings out the reasons for difference in the Pass Book and Cash Book balances.

 [View Text Solution](#)

13 Trial Balance State Whether The Following Statements Are True Or False

1. Trial Balance is a statement not an account.

 [View Text Solution](#)

2. Opening Stock appears in a Trial Balance.

 [View Text Solution](#)

3. Closing Stock is usually given as an additional information or adjustment outside the Trial Balance.

 [View Text Solution](#)

4. Trial Balance is not a conclusive proof of correctness of the books of account.

 [View Text Solution](#)

5. Trial Balance is prepared for a particular period.

 [View Text Solution](#)

6. Trial Balance is a part of the Ledger.

 [View Text Solution](#)

7. Trial Balance is a result of posting into Ledger accounts and its balancing.

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8. The main purpose of preparing a Trial Balance is to check the arithmetical accuracy of double entry.

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9. Trial Balance is prepared on the basis of balances in the Ledger.

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10. If the Trial Balance tallies, it is proved that there are no errors.

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11. Trial Balance is always prepared at the end of each month.

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14 Depreciation State Whether The Following Statement Are True Or False

1. Depreciation is not provided in case of loss in a financial year.

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2. Depreciation is the process of valuation of asset.

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3. The main objective of providing depreciation is to calculate the correct profit.

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4. Under Straight Line Method, the depreciation charge is constant every year.

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5. Depreciation is charged only on Tangible fixed Assets except land.

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6. Deprecation is decline in the market valyd of tangible fixed assets.

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7. Under the Diminishing Balance Method, depreciation is calculated on the original cost of the asset.

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8. Depreciation is a non-cash expense.



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9. Deprecation is charged on the amount paid for the asset, including GST paid.



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15 Provision And Reserves State Whether The Following Statement Are True Or False

1. Reserves can be specific or general



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2. Reserves appear on the liabilities side of the Balance Sheet.

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3. Capital reserves are not freely distributes as profits.

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4. Reserves are not the items of the owner's equity.

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5. Secret reserves are disclosed in the Balance Sheet.



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6. A specific reserve can be created for any purpose.

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7. General Reserve is created to meet contingent liability.

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8. Revenue reserves are created out of revenue profits of the business.

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16 Accounting For Bills Of Exchange State Whether The Following Statement Are True Of False

1. Three days are added for ascertaining the date of maturity.

These are known as days of grace.

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2. Bill of exchange cannot be endorsed.

 [View Text Solution](#)

3. Bill of Exchange is drawn by the drawer and accepted by the drawee.

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4. In case of dishonour of bill, noting changes are borne by Bank.

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5. Endorsing a bill means transferring the bill to another person by holder.

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6. The promissory note is signed by Drawer.

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17 Rectification Of Errors State Whether The Following Statements Are True Of False

1. Error of principle is not disclosed by the Trial Balance.

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2. Error of complete omission is disclosed by the Trial Balance.

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3. Compensating error is disclosed by the Trial Balance.

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4. A Trial Balance will be in agreement when a transaction is recorded on the wrong side of an account.

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5. Errors of principle effect only one account.

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6. All accounting errors affect the agreement of Trial Balance.

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7. Difference in Trial Balance is debited or credited to the Suspense Account , which is transferred to Profit and Loss Account.

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8. The errors are credited or debited to the Suspense Account in the next year and the balance, if any, is transferred to the Capital Account.

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18 Financial Statements Of Sole Proprietorships State Whether The Following Statements Are True Or False

1. Capital Expenditure and Revenue Expenditure should be distinguished to determine net profit.

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2. Capital Receipts and Revenue Receipts need not be distinguished to determine net profit.

 [View Text Solution](#)

3. Insurance claim received for loss of goods is a revenue receipt.

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4. Purchase of machinery for production is a revenue expenditure.

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5. Computer purchased for office use is a revenue expenditure.

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6. Insurance premium paid to insure the machinery is a revenue expenditure.

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7. Alok's Trial Balance shows Opening stock Rs. 20,000, it will be debited to the Profit & Loss Account.



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19 Adjustment In Preparation Of Financial Statement State Whether The Following Statements Are True Or False

1. Depreciation is debited to Profit and Loss Account and deducted from the fixed assets in the Balance Sheet.



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2. Closing stock is included in Trading Account and on the assets side of the Balance Sheet.





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3. Interest received on loan is an income for the business.



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4. Provision for doubtful debts is debited to the Bad Debts Account.



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5. Closing Stock if it appears in the Trial Balance , it is taken to Trading Account.



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6. Income tax paid on behalf of the proprietor is debited to the Profit and Loss Account.

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7. The expression depreciation at 10% and 10% p.a. convey the same meaning.

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8. Prepaid rent appearing in the Trial Balance is taken only to the Profit and Loss Account.

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9. Provision for Discount on Debtors is shown in the Balance Sheet as deducted from Debtors.

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20 Accounts From Incomplete Records Single Entry System State Whether The Following Statements Are True Of False

1. Accounts from incomplete records is an unscientific method of accounting as it does not follow Dual Aspect Concept.

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2. Under Double Entry System, one aspect of each transaction is recorded

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3. Statement of Affairs is prepared from incomplete records.

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4. Net worth of an organisation means the excess of its total assets over total liabilities.

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5. Net profit is equal to Capital at the end + Drawing - Additional capital introduced - Capital in the beginning.

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6. Credit sales can be calculated by preparing Total Debtors Account.

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7. Credit purchases can be calculated by preparing Cash Account.

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21 Computers In Accounting State Whether The Following Statements Are True Of False

1. Computer is a machine which acts on a seta of instruction.

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2. Computer processes raw data and converts it into meaningful information.

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3. Hardware and software are essential for computers, wheraas humanware is not .

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4. Application and software cannot operate without the operating software.

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5. Data cannot be shared unless the computer are networked.

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6. Computers verify the arithmetical accuracy of the transactions. All other functions of accounting are common in manual and computerised accouting system.

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7. A transaction is entered into the computer only once and the remaining functions, such as posting and totalling are performed by the computers software.



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8. AIS has relationship with all the departments within the organisation.



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9. AIS and MIS mean the same as far as computers are concerned.



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