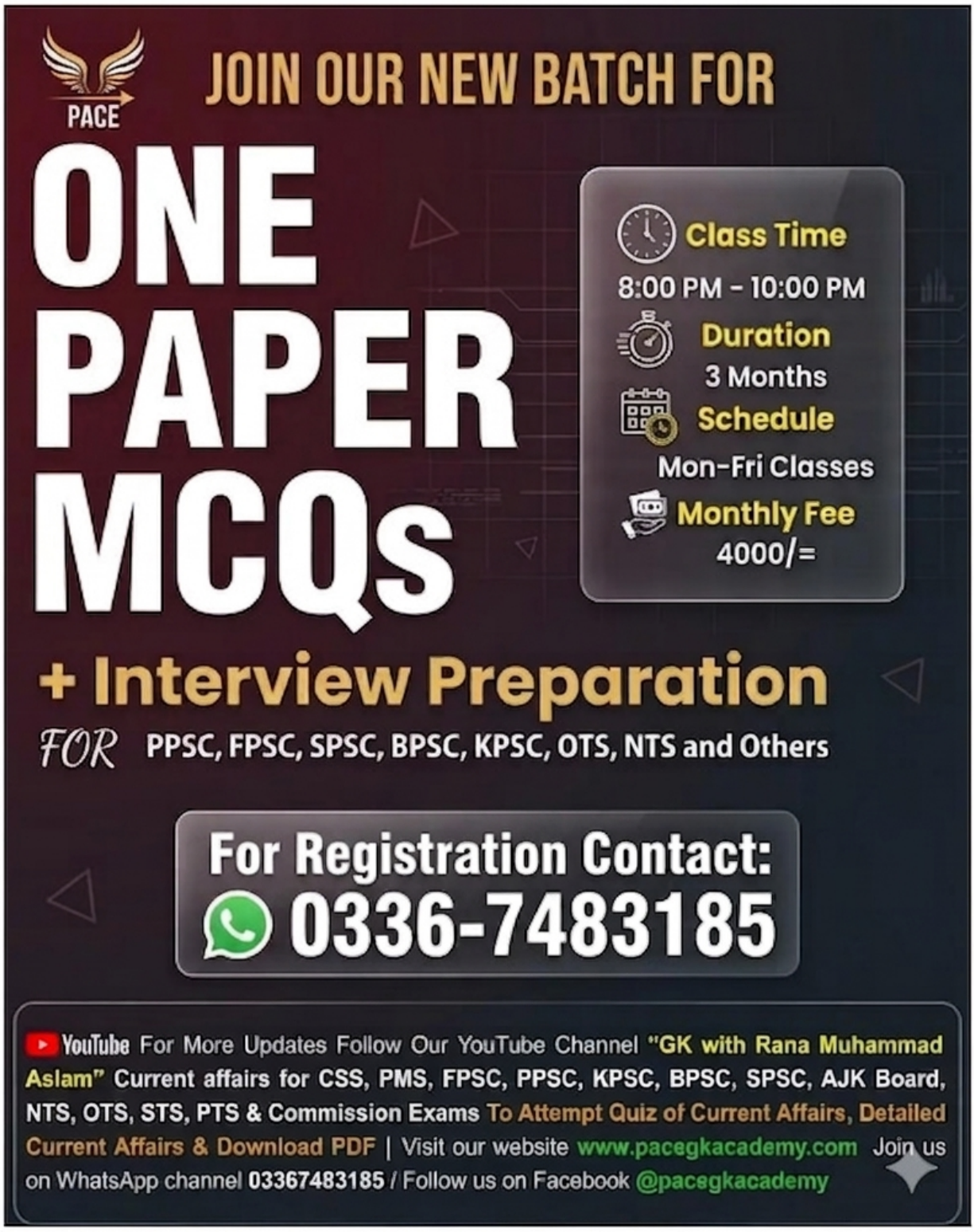
Accounting and Finance



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Q.1: A higher inventory ratio indicates
A. Better inventory management
B. Quicker turnover
C. **Both 'A' and 'B'**
D. None of the above

Q.2: Lower the Debt Equity ratio
A. Lower the protection to creditors
B. **Higher the protection to creditors**
C. It does not affect creditors
D. None of the above

Q.3: The following is also known as External Internal Equity ratio
A. Current ratio
B. Acid test ratio
C. **Debt Equity ratio**
D. Debt service coverage ratio

Q.4: A current ratio of _____ and above indicates that the availability of sufficient net working capital and the ability of the firm to meet current liabilities.
A. **1.33:1**
B. 1.44:1
C. 1.55:1
D. 1.66:1

Q.5: The following is (are) the current liability (ies)
A. Bills payable
B. Outstanding expenses
C. Bank overdraft
D. **All of the above**

Q.6: The measure of how efficiently the assets resources are employed by the firm is called
A. Liquidity ratio
B. Leverage ratios
C. **Activity ratios**
D. Profitability ratios

Q.7: The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources
A. **Liquidity ratio**
B. Leverage ratios
C. Activity ratios
D. Profitability ratios

Q.8: Balance sheets are prepared
A. Daily
B. Weekly
C. Monthly
D. **Annually**

Q.9: Balance sheet is a statement of
A. Assets
B. Liability
C. Capital
D. **All of the above**

Q.10: The following is a statement showing the financial status of the company at any given time
A. TRADING ACCOUNT
B. Profit and Loss statements
C. **Balance sheet**
D. Cash book

Q.11: The process of entering all transactions from the journal to ledger is called
A. **Posting**
B. Entry
C. Accounting
D. None of the above

Q.12: The following is (are) the type(s) of Journal
A. Purchase journal
B. Sales journal
C. Cash journal
D. **All of the above**

Q.13: In journal, the business transaction is recorded
A. **Same day**
B. Next day
C. Once in a week
D. Once in a month

Q.14: Real accounts records
A. Dealings with creditors or debtors
B. **Dealings in commodities**
C. Gains and losses
D. All of the above

Q.15: The accounts that records expenses, gains and losses are
A. Personal accounts
B. REAL ACCOUNTS
C. **Nominal accounts**
D. None of the above

Q.16: Any written evidence in support of a business transaction is called
A. Journal
B. Ledger
C. Ledger posting
D. **Voucher**

Q.17: The sales income (Credit and Cash) of a business during a given period is called
A. Transactions
B. Sales returns
C. **Turnover**
D. Purchase returns

Q.18: The debts, which are to be repaid within a short period (year or less) are known as
A. **Current liabilities**
B. Fixed liabilities
C. Contingent liabilities
D. All of the above

Q.19: The liabilities that are payable in more than a year and are not be liquidated from current assets
A. Current liabilities
B. **Fixed liabilities**
C. Contingent liabilities
D. All of the above

Q.20: The following is not a type of liability
A. **Short term**
B. Current
C. Fixed
D. Contingent

Q.21: Patents, Copyrights and Trademarks are
A. Current assets
B. Fixed assets
C. **Intangible assets**
D. Investments

Q.22: The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as
A. **Current assets**
B. Fixed assets
C. Intangible assets
D. Investments

Q.23: The long term assets that have no physical existence but are rights that have value is known as
A. Current assets
B. Fixed assets
C. **Intangible assets**
D. Investments

Q.24: Accounting provides information on
A. Cost and income for managers
B. Company's tax liability for a particular year
C. Financial conditions of an institution
D. **All of the above**

Q.25: In profit and loss account, if credit is more than the debit, the difference is
A. **net profit**
B. net loss
C. gross profit
D. gross loss

Q.26: All revenue incomes are credited to
A. manufacturing account
B. trading account
C. **profit and loss account**
D. balance sheet

Q.27: Profit and loss account is a
A. personal account
B. real account
C. **nominal account**
D. representative personal account

Q.28: Trading account is a
A. personal account
B. real account
C. **nominal account**
D. representative personal account

Q.29: Commission paid is a
A. personal account
B. real account
C. **nominal account**
D. representative personal account

Q.30: Interest earned is a
A. personal account
B. real account
C. **nominal account**
D. representative personal account

Q.31: Outstanding salary account is a
A. natural personal account
B. artificial personal account
C. **representative personal account**
D. real account

Q.32: Co-operative societies is an example of
A. **personal account**
B. real account
C. nominal account
D. representative personal account

Q.33: While putting the value or price of an entity in financial records the lowest price is recorded not the current price or current market value. This is known as
A. Business Entity Concept
B. **Conservatism**
C. Cost Concept
D. Money Measurement Concept

Q.34: Dividing the expenditure into capital and revenue is according to
A. business entity concept
B. going concern concept
C. money measurement concept
D. **accounting period concept**

Q.35: All the transactions measurable in the terms of money are recorded in accounts is according to
A. business entity concept
B. going concern concept
C. **money measurement concept**
D. Accounting period concept

Q.36: Outstanding expenses appearing in the Trial Balance are shown in the _____.
A. Profit and Loss A/c
B. **Balance sheet**
C. Trading A/c
D. Outstanding Expenses A/c

Q.37: A document which authenticates transaction takes place in an organization.
A. Bank Statement
B. **Cashbook**
C. Voucher
D. Pass Book

Q.38: The rule of debit and credit as regards ---------- should be 'debit the debtor and credit the creditor'.
A. Nominal Account
B. **Personal Account**
C. Real Account
D. Impersonal Account

Q.39: Why is the Trading Account made?
A. To find the total assets & liabilities
B. To find the total Cash in the business
C. **To find the gross profit**
D. To find the net profit

Q.40: Which one of the following is used to record financial transactions in date wise order?
A. Account
B. Voucher
C. **Journal Entry**
D. Ledger

Q.41: Which one of the following accounts would usually have a debit balance?
A. Account Payable
B. **Cash**
C. Capital
D. Bank Loan

Q.42: Which one of the following assets could be described as a current asset?
A. Machinery to manufacture goods for resale
B. **Stock of goods for resale**
C. Buildings to house the machinery
D. Land on which the buildings stand

Q.43: 'Debit the receiver and credit the giver- this rule is applicable to_____
A. **Personal Account**
B. Real account
C. Nominal account
D. Both (a) and (c)

Q.44: Sales are equal to_____.
A. Net Income + Expenses + Cost of goods sold
B. Net Income + Cost of goods sold
C. Gross profit + Cost of sales + Expenses
D. **Cost of goods sold + Expenses**

Q.45: In every transaction at least _____parties are involved.
A. Three
B. Five
C. **Two**
D. One

Q.46: Wages paid to Rajesh Rs. 12,000. Which account will be credited after the payment of wages?
A. Wages
B. **Cash**
C. Rajesh A/c
D. Drawing A/c

Q.47: Mr. "A" borrowed Rs.20,000 from the bank; this transaction involves which one of the following accounts?
A. Cash & Bank Loan
B. Bank & Debtors
C. Drawing & Cash
D. **Cash & Bank**

Q.48: For nominal accounts, the fundamental rule of debit and credit is, debit expenses and losses and credit_____.
A. What goes out
B. The giver
C. **Income and gains**
D. What comes in

Q.49: The art of recording business transactions in a systematic and regular manner refers to_____.
A. Accounting
B. **Book-Keeping**
C. Cost accounting
D. Financial accounting

Q.50: Profit is the difference between?
A. Assets and liabilities
B. Assets and equities
C. The assets purchased with cash contributed by the owner and the cash spent to operate the business
D. **The amount received for goods and services and the amounts used to provide the goods and services**

Q.51: Which account shall be debited on the purchase of furniture of cash from M/s Yoga Ltd.?
A. Cash a/c
B. Yoga Ltd.
C. Purchase a/c
D. **Furniture a/c**

Q.52: Essential characteristics of accounting is _____.
A. **Identification, measurement, recording, classification, analysing and communication.**
B. Tracking methods that allows control of operations
C. To satisfy the Wishes of the management
D. To act as a co-ordinator among different financial departments

Q.53: The purpose of financial accounting is to provide information for _____
A. Fixing prices
B. Controlling cost
C. Locating factory leading to wastages and losses
D. **Assessing the profitability and financial position of the firm**

Q.54: The amount brought in by the proprietor in the business should be credited to_____.
A. **Capital Account**
B. Cash Account
C. Drawing Account
D. Creditors Account

Q.55: Which item will appear on the credit side of ledger account?
A. Cash received
B. Purchases
C. **Discount received**
D. Rent Expenses

Q.56: Which of the following concepts assumes that a business will last indefinitely?
A. Business entity
B. **Going concern**
C. Periodicity
D. Conservatism

Q.57: The asset which is purchased for the use of the business but not for resale is known as _____.
A. Current assets
B. **Fixed assets**
C. Fictitious assets
D. Intangible Asset

Q.58: If a trial balance totals do not agree, the difference must be entered in_____
A. The Profit and Loss Account
B. A Nominal Account
C. The Capital Account
D. **A Suspense Account**

Q.59: Interest on drawing____.
A. Increase assets and decrease capital
B. **Increases and decreases capital**
C. Increase expense and decreases liability
D. Increases liability and decreases capital

Q.60: The basic function of financial accounting is to_____.
A. **Record all business transactions**
B. Interpret the financial data
C. Assist the management in performing functions effectively
D. Verification of assets of the business

Q.61: As per the accounting double-entry system, an account that receives the benefit is_____.
A. No need to show as an accounting record
B. Income
C. **Debit**
D. Credit

Q.62: Which of the following is not appear in the Profit and Loss Account of a business?
A. **Drawings**
B. Bad debts
C. Provision for doubtful debts
D. Reserve for discount on sundry creditors

Q.63: Contra entries are related to _____.
A. Cash
B. Bank
C. **Both cash and bank**
D. None of the above

Q.64: A person who brings capital in the business is called_____.
A. A debtor
B. A Creditor
C. **Proprietor**
D. Broker

Q.65: The balance of Purchase Return book is always _____
A. Debit
B. **Credit**
C. Debit or credit
D. Neither debit nor credit

Q.66: Which of the following account will be credited in the books of XYZ Co. Ltd, if the business purchased a Car by cheque of Rs. 4,00,000?
A. Car account
B. Cash account
C. Business account
D. **Bank account**

Accounting and Finance (Answer Key)

1. **C**	2. **B**	3. **C**	4. **A**	5. **D**	6. **C**	7. **A**	8. **D**	9. **D**	10. **C**
11. **A**	12. **D**	13. **A**	14. **B**	15. **C**	16. **D**	17. **C**	18. **A**	19. **B**	20. **A**
21. **C**	22. **A**	23. **C**	24. **D**	25. **A**	26. **C**	27. **C**	28. **C**	29. **C**	30. **C**
31. **C**	32. **A**	33. **B**	34. **D**	35. **C**	36. **B**	37. **B**	38. **B**	39. **C**	40. **C**
41. **B**	42. **B**	43. **A**	44. **D**	45. **C**	46. **B**	47. **D**	48. **C**	49. **B**	50. **D**
51. **D**	52. **A**	53. **D**	54. **A**	55. **C**	56. **B**	57. **B**	58. **D**	59. **B**	60. **A**
61. **C**	62. **A**	63. **C**	64. **C**	65. **B**	66. **D**				