**Questions on Financial Accounting**

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| Question No. |  | |
| 1 | **Accounting** | |
| **Ans** | **A** | **Includes Book Keeping** |
|  | B | Does not include Book Keeping |
|  | C | May or may not include Book Keeping |
|  | D | Note of these |
| 2 | **Which is last step of accounting as a process of Information?** | |
|  | A | Recording the transaction |
|  | B | Preparation of financial statement |
| **Ans** | **C** | **Communication of Information** |
|  | D | Analysis and interpretation of Information |
| **3** | **Which of the following is not a business transaction?** | |
|  | A | Purchase of goods for resale amounted to Rs.50,000/- |
|  | B | Paid salaries and wages amounted to Rs.10,000/- |
|  | C | Paid rent for office premises Rs. 5000/- |
| **Ans** | **D** | **Purchased a LCD for personnel use.** |
| **4** | **Which of the following is not a characteristic of accounting?** | |
| **Ans** | **A** | **Recording non-monetary transactions.** |
|  | B | Classify |
|  | C | Analysis |
|  | D | Summarising |
| **5** | **Cost of goods manufactured is determined by** | |
|  | A | Financial Accounting |
| **Ans.** | **B** | **Cost Accounting** |
|  | C | Management Accounting |
|  | D | Human Resource Accounting |
| **6** | **Capital is** | |
| **Ans** | **A** | **Internal Liability** |
|  | B | External Liability |
|  | C | Internal as well as external liability |
|  | D | None of these |
| **7** | **Amount received or receivable against sale of goods is** | |
| **Ans** | **A** | **Revenue receipt** |
|  | B | Capital receipt |
|  | C | Sometimes revenue receipt and some times capital receipt |
|  | D | None of these |
| **8** | **A person to whom money is owed by a firm for purchase of goods is called as** | |
| **Ans** | **A** | **Creditor** |
|  | B | Debtor |
|  | C | Both a and b |
|  | D | None of these |
| **9** | **Which of the following is not a fixed assets** | |
|  | A | Building |
|  | B | Plant and Machinery |
| **Ans** | **C** | **Balance with Bank** |
|  | D | Goodwill |
| **10** | **Which of the following is a liability** | |
|  | A | Furniture |
| **Ans** | **B** | **Rent payable** |
|  | C | Interest received |
|  | D | Stock |
| **11** | **The nature of accrued income is** | |
|  | A | Revenue |
|  | B | Liability |
|  | C | expenses |
| **Ans** | **D** | **assets** |
| **12** | **Revenue from operations refers to** | |
| **Ans** | **A** | **Revenue earned from operating activities** |
|  | B | Revenue earned from activities that are not operating activities |
|  | C | Both a and b |
|  | D | None of the above |
| **13** | **According to the Money measurement concept** | |
|  | A | All transactions and events are recorded |
|  | B | All transactions and events which can be estimated in money terms are recorded in the books of account. |
| **Ans** | **C** | **All transactions and events which can be measured in money terms are recorded in the books of account.** |
|  | D | None of the above |
| **14** | **Accounting to the Going concern concept** | |
| **Ans** | **A** | **Assets are recorded at cost and are depreciated over their useful life** |
|  | B | Assets are valued at their market value at the year end and are recorded in the books of accounts |
|  | C | Assets are valued at their market value, recorded in the books and depreciation is charged on the market value |
|  | D | None of the above |
| **15** | **According to the accrual concept** | |
|  | A | Transactions and events are recorded in the books at the time of their settlement in cash |
| **Ans** | **B** | **Transactions and events are recorded in the books at the time when they are entered into** |
|  | C | Transections and events may be recorded either at the time of the settlement or when they are entered into |
|  | D | None of the above |
| **16** | **IFRS are based on** | |
|  | A | Historical cost |
| **Ans** | **B** | **Fair value** |
|  | C | Both historical cost and fair value |
|  | D | None of these |
| **17** | **Ind As are** | |
|  | A | rule based accounting standard |
| **Ans** | **B** | **Principal based accounting standards** |
|  | C | Partially rule based and partially principle based accounting standards |
|  | D | None of the above |
| **18** | **The liability of a firm are Rs.3000 and the capital of the proprietor is Rs.7000. The total assets are** | |
|  | A | Rs.7000 |
| **Ans** | **B** | **Rs.10000** |
|  | C | Rs.4000 |
|  | D | None of the above |
| **19** | **Payment to a creditor means** | |
|  | A | Increase in assets in and decease in liability |
| **Ans** | **B** | **Decrease in assets and decrease in liability** |
|  | C | Decrease in assets and increase in liability |
|  | D | Increase in assets and increase in liability |
| **20** | **Cash memo is prepared when goods are sold** | |
|  | A | On credit |
| **Ans** | **B** | **On cash** |
|  | C | Both a and b |
|  | D | None of above |
| **21** | **Voucher is prepared for** | |
|  | A | Cash and credit purchase |
|  | B | Cash and credit sales |
|  | C | Cash received and paid |
| **Ans** | **D** | **All of these** |
| **22** | **Cash memo is** | |
| **Ans** | **A** | **A source of voucher** |
|  | B | An accounting voucher |
|  | C | Neither a nor b |
|  | D | Both a and b |
| **23** | **Credit note is prepared** | |
| **Ans** | **A** | **When credit is given to the account** |
|  | B | When debit is given to the account |
|  | C | Bothe a and b |
|  | D | None of the above |
| **24** | **Credit purchase of furniture is recorded through** | |
| **Ans** | **A** | **Transfer voucher** |
|  | B | Cash voucher |
|  | C | Debit voucher |
|  | D | Credit voucher |
| **25** | **Transfer vouchers are prepared to record** | |
|  | A | Cash transactions |
| **Ans** | **B** | **Non-cash transactions** |
|  | C | A and b |
|  | D | None of these |