

**Sheth T.J. Education Society's Sheth N.K.T.T. College of Commerce &
Sheth J.T.T. College of Arts, Thane.**

Subject: Accountancy and Financial Management. SEM II

Objective Questions Bank

Fill in the blanks with correct answer.

A Accounting from incomplete records

- 1 In single entry system , opening capital is ascertained by preparing _____
A Total debtors account B Total creditors account
C cash account D Opening statement of affairs
- 2 In single entry system , credit sales are ascertained by preparing _____
A Total creditors account B Total debtors account
C Credit sales account D Trading account
- 3 If the books are kept under single entry system , credit purchases are ascertained by preparing _____
A Total creditors account B Total debtors account
C Credit purchases account D Bills payable account
- 4 If the books are kept under single entry system , opening stock is ascertained by preparing _____
A Opening stock account B Asset account
C Memorandum trading account D Opening statement of affairs
- 5 Cash received from debtors for construction of cash account is ascertained from _____
A Total debtors account B Balance sheet
C Pass book D Total creditors account
- 6 An estimate of assets and liabilities as on a date is called _____
A Balance sheet B Statement of Affairs
C Estimate of capital D Trial balance

- 7 When goods are sold on credit basis , debtors account is debited and _____ account is credited .
- A Purchases B Sales
- C cash D Stock
- 8 For bills receivables honoured by debtors _____ account is debited and debtors account is credited .
- A Bills Receivable B Bills Payable
- C Creditors D Bank
- 9 For bills payables accepted by creditors , creditors account debited and _____ is credited
- A Bills payable account B Debtors account
- C Bills receivables account D Cash account
- 10 When goods are returned from customers , _____ account is debited .
- A Total Debtors B Total Creditors
- C Sales Return D Cash
- 11 Opening balance of debtors is Rs 21,500 , amount received from debtors is Rs 88,600 and closing balance of debtors is Rs 28,700 , then credit sales is _____
- A Rs 1,17,300 B Rs 95,800
- C Rs 98,500 D Rs 90,200
- 12 For outstanding expenses , _____ account is debited .
- A Expenses B Outstanding expenses
- C Cash D Bank
- 13 Opening balance of creditors is Rs 18,000 , amount paid to creditors is Rs 85,600 , closing balance of creditors is Rs 20,400 , then credit purchases is _____
- A Rs 1,06,000 B Rs 98,000
- C Rs 88,000 D Rs 89,000
- 14 For prepaid expenses , _____ account is debited .
- A Expenses B Prepaid expenses
- C Bank D Profit and loss

15 Opening balance of bills receivables account is Rs 8,000, bills received is Rs 27,000 and closing balance of bills receivables is Rs 6,000 , then bills drawn on debtors is _____

- A Rs 33000 B Rs 27000
C Rs 25000 D Rs 35000

15 Cash sales Rs 38000 , credit sales Rs 72000 , sales return Rs 2000 , then net sales is _____

- A Rs 110000 B Rs 108000
C Rs Rs 100000 D Rs 99000

16 When goods are returned to suppliers _____ account is credited .

- A Creditors B Debtors
C Purchase returns D sales returns

17 When rent is received in advance _____ account is debited .

- A Rent B Cash
C Bank D Advance rent

18 Cash purchases Rs 25500 , credit purchases Rs 78500 , purchase returns Rs 1500 , then net purchases is _____

- A Rs 102500 B Rs 105000
C Rs 98500 D Rs 104000

19 When the goods are returned from customers _____ account is debited .

- A Debtors B Creditors
C Return inwards D Return outwards

20 Unrecorded sales should be _____

- A added to purchases B added to sales
C deducted from sales D deducted from purchases

21 If total assets are Rs 25,00,000 and total liabilities are Rs 10,00,000 , the capital will be _____

- A Rs 25,00,000 B Rs 15.00.000
C 10,00 ,000 D Rs 35,00,000

22 Cash purchases can be calculated from _____ account

- A Total debtors B Total creditors
C Cash D Bills payable

- 23 Opening balance of debtors Rs 50,000 , Closing balance of debtors Rs 70,000 , collection from debtors Rs 1,20,000 , sales returns Rs 10,000 , amount of credit sales will be _____
- A Rs 1,40,000 B Rs 1,20,000
C Rs 1,75,000 D Rs 1,50,000
- 24 Unrecorded purchases should be _____
- A added to purchases B added to sales
C deducted from sales D deducted from purchases
- 25 Opening balance of creditors Rs 60,000 , Closing balance of creditors Rs 70,000 , payment to creditors Rs 1,20,000 , purchase returns Rs 10,000 , amount of credit purchases will be _____
- A Rs 1,40,000 B Rs 1,20,000
C Rs 1,30,000 D Rs 1,80,000

B Consignment accounts

- 1 In consignment accounts , proforma invoice is prepared by _____
- A consigner B consignee
C seller D buyer
- 2 In consignment accounts , an account sales is prepared by _____
- A consigner B consignee
C seller D buyer
- 3 The relationship between consigner and consignee is that of _____
- A principal and agent B Agent and principal
C Principal and principal D agent and sub -agent
- 4 In consignment accounting , consigner is _____
- A principal B agent
B debtor C creditor
- 5 In consignment accounting , consignee is _____
- A principal B agent
B debtor C creditor
- 6 In consignment accounting , consignee account is _____
- A Real account B Personal Account
C Nominal Account D not an account

- 7 In consignment accounting , the balance of goods sent on consignment account is transferred to _____ -
A Profit and loss account B Trading account
C Manufacturing statement D consignment account
- 8 When consigner sends goods to consignee , he prepares _____
A Account sales B Proforma invoice
C cash memo D Credit Memo
- 9 A periodic statement prepared by the consignee to consignor is _____
A Account sales B Proforma invoice
C Credit memo D Cash memo
- 10 Extra commission paid to the consignee, for making him responsible for bad debts is _____
A Commission B Del-credere commission
C profit to consignee D over-riding commission
- 11 Del-credere commission is calculated on _____
A Total sales B Cash sales
C Credit sales D Net sales
- 12 If no Del-credere commission is paid to the consignee , _____ account should be debited for credit sales .
A consignee account B consignment account
C consignment debtors account D consignor account
- 13 If Del-credere commission is paid , then _____ should be debited for credit sales .
A consignee account B consignment account
C consignment debtors account D consignor account
- 14 Goods sent on consignment account is of the nature of _____
A personal account B nominal account
C real account D sales account
- 15 For recording closing stock held by consignee _____ account must be debited ,
A consignment stock B sales
C consignee D consignment
- 16 In consignment accounts , commission is shared by _____
A consignor and consignee B only consignee
C only consignor D consumer

- 17 Goods costing Rs 2,00,000 sent to consignee at cost + 25 % . The invoice price pf the goods will be _____
- A Rs 2,50,000 B Rs 2,40,000
C Rs 3,00,000 D Rs 2.00,000
- 18 Goods costing Rs 1,80,000 sent to consignee at 20 % profit on invoice price . The invoice price pf the goods will be _____
- A Rs 2,16,000 B Rs 2,25,000
C Rs 2,10,000 D Rs 2,00,000
- 19 The owner of consignment stock is _____
- A consignor B consignee
C debtors D creditors
- 20 In consignment accounts, if advance is paid by consignee by cheque _____ account is debited in the books of consigner
- A Cash B Bank
C Consignee D Consignor
- 21 Consignee account is prepared in the books of _____
- A consignor B consignee
C Transporter D Agency
- 22 Goods of the invoice value Rs 2,40,000 are sent to consignee at 20 % profit on cost . The loading amount will be _____
- A Rs 40,000 B Rs 48,000
C Rs 50,000 D Rs 60,000
- 23 Goods of the invoice value Rs 2,80,000 are sent to consignee at 20 % profit on invoice price . The loading amount will be _____
- A Rs 48,000 B Rs 56,000
C Rs 52,000 D Rs 70,000
- 24 Consignment account is prepared in the books of _____
- A consignor B consignee
C Transporter D Agency

- 25 _____ expenses is included in calculating consignment closing stock
- A Carriage B Go down rent
C Discount D Bad debts
- 26 _____ expenses is excluded in calculating consignment closing stock
- A Insurance B Freight
C Go down rent D Carriage
- 27 In consignment accounts, if advance is paid by consignee in cash _____ account is debited in the books of consigner
- A Cash B Bank
C Consignee D Consignor
- 28 In consignment accounts, if advance is paid by consignee in the form of bills _____ account is debited in the books of consigner
- A Cash B Bank
C Bills Receivables D Bills Payables

III Branch Accounts

- 1 Branch account under debtors method is a _____
- A personal account B nominal account
C real account D representative personal account
- 2 Branch account under stock and debtors method is a _____
- A real account B nominal account
C personal account D representative personal account
- 3 Under debtors method , goods received from another branch at cost are debited to _____ account
- A Branch B Goods sent to branch
C Branch stock D head office
- 4 Under debtors method , goods sent to branch account is closed by transferring the balance to _____
- A Trading B Profit and loss account
C Sales account D Creditors account

- 5 Under debtors method , goods returned to head office is debited to _____account
- A Branch B Goods sent to branch
C Purchases D Debtors
- 6 Under debtors method , expenses of the branch met by H O are credited to_____
- A Expenses account B cash / bank account
C Branch account D Head office account
- 7 If the goods are sent at cost + 25 % , then loading is _____ of selling price .
- A 20% B 25 %
C 30 % D 15 %
- 8 If the goods are sent at 20 % loading on cost , then loading is _____on selling price.
- A $\frac{1}{6}^{\text{th}}$ B $\frac{1}{5}^{\text{th}}$
C $\frac{1}{3}^{\text{rd}}$ D $\frac{1}{4}^{\text{th}}$
- 9 If the goods are sent at 33.3 % loading on selling price , then loading is _____on cost price .
- A $\frac{1}{2}$ B $\frac{1}{3}^{\text{rd}}$
C $\frac{1}{4}^{\text{th}}$ D $\frac{1}{5}^{\text{th}}$
- 10 Under debtors method ,when the goods are sent at invoice price , loading on opening stock is adjusted by debit to _____ account
- A Stock reserve B Branch
C profit and loss D cash
- 11 Under stock and debtor method , goods received from another branch at cost are debited to _____ account .
- A Branch stock B Expenses
C Goods sent to branch D Sales

19 17 If the goods sent to branch at invoice price is Rs 3,00,000 at 25 % profit on cost price , then loading is _____

A Rs 60,000 B Rs 75,000

C Rs 50,000 D Rs 25,000

20 Under stock and debtor method , Branch adjustment account shows _____

A Net profit B Gross Profit

C Branch Stock D Branch Expenses

21 Loading calculated ,on invoice price of goods returned to H O is adjusted by debiting to _____ account .

A Goods sent to branch account B Branch

C Stock reserve D Stock

22 If the goods sent to branch at cost price is Rs 1,90,000 at 20 % profit on cost price , then invoice price of goods sent is _____

A Rs 2,26,000 B Rs 2,00,000

C Rs 2,28,000 D Rs 1,52,000

23 Under debtor method , when the amount received by branch is remitted to H O _____ Account is debited .

A Branch B Goods sent to branch

C Cash / Bank D Stock

24 If the goods sent to branch at cost price is Rs 1,50,000 at 25 % profit on invoice price , then invoice price of goods sent is _____

A Rs 2,00,000 B Rs 1,87,500

C Rs 1,80,000 D Rs 2,10,000

IV Fire insurance claims

1 Fire insurance _____

A covers the risk of loss B Prevents loss

C increases loss D covers life insurance

- 2 In fire insurance compensation is _____
A equal to policy amount B stock on the date of fire
C actual loss incurred D more than policy amount
- 3 Salvage refers to stock _____
A destroyed by fire B saved from fire
C moving fast D moving slow
- 4 Stock for the purpose of claim should _____
A at marginal price B at market value
C at cost D at selling price
- 5 Unrecorded sales should be _____
A added to purchase B Added to sales
C added to profit D Ignored
- 6 Credit purchases should be ascertained from _____
A Creditors account B Debtors account
C Cash account D Bank Account
- 7 Total debtors account is prepared to find out _____
A Cash sales B credit sales
C cash purchases D credit purchases
- 8 Salvage is _____ stock on the date of fire
A Added to B deducted from
C ignored from D not adjusted
- 9 As per average clause , insurance company pays compensation _____
A Proportionally B More than loss
C Less than Loss D Equal to stock
- 10 Goods sent on consignment are _____ account
A debited to Memorandum trading B credited to Memorandum trading
C credited to profit and loss D debited to profit and loss
- 11 Unrecorded purchase of furniture should be _____
A added to sales B added to purchases
C added to cash D added to Furniture
- 12 The main objective of the average clause is to _____ insurance
A encourage full B encourage under
C discourage full D encourage equal

- 13 In case of average clause, the loss is suffered by both the insured and insurer _____
A in the ratio of risk covered B in equal ratio
C only by insurer D in agreed ratio
- 14 The value of closing stock on the date of fire can be ascertained by preparing _____ account
A Trading B Memorandum Trading
C Memorandum P and L D Profit and loss
- 15 Fire insurance provides cover for loss of _____
A Tangible assets B Intangible assets
C Fictitious assets D None of assets
- 16 To lodge the claim for loss of stock by fire , the value of _____ on the date fire has to be estimated .
A opening stock B closing stock
C sales D claim
- 17 The stock of goods destroyed by fire on the date of fire is Rs 78,000 , value of salvaged goods Rs 5,000 and the insurance policy is for Rs 1,00, 000, the amount of claim will be _____
A Rs 78,000 B Rs 73,000
C Rs 1,00,000 D Rs 22,000
- 18 A fire insurance policy usually includes an _____ to discourage under insurance of stock .
A Average clause B Weighted clause
C closing stock D opening stock
- 19 Goods recovered in good condition at the time of accident is called _____
A Salvaged goods B saved goods
C Damaged goods D Accident goods
- 20 If the good are sold for Rs 20,000 at 25 % profit on cost , the cost of goods sold is _____
A Rs 10,000 B Rs 16,000
C Rs 15,000 D Rs 18,000

- 21 Goods worth Rs 40,000 have been insured for Rs 30,000 , the loss on account of fire is Rs 25,000 . Th amount of claim is _____
- A Rs 30,000 B Rs 25,000
C Rs 18,750 D Rs 28,000
- 22 The loss of goods destroyed by fire on the date of fire is Rs 78,000 and the insurance policy is for Rs 1,00, 000, the amount of claim will be _____
- A Rs 100000 B Rs 78000
C Rs 50000 D Rs 22000 ,
- 23 If the sales are Rs 5,25,000 , the gross profit is Rs 1,26,000, the gross profit rate is _____ of sales .
- A 25 % B 28 %
C 24 % D 30 %
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