

F.Y.B.Com.

Accountancy and Financial Management I
SEMESTER I (AY 2020-21)

Chapter 1: A-S issued by ICAI and Inventory Valuation

1. Valuation of inventories is governed by -----
Companies Act
Income Tax Act
AS-2
AS-6
2. Accounting Standard 1 is -----
Mandatory
Optional
Recommendatory
No longer valid
3. Under periodic Inventory System, inventory is valued -----
Periodically
Yearly
Continuously
Monthly
4. Trade discount should be -----
Added to income
Deducted from revenue
Ignored
Added to cost
5. Following is not an inventory-----

Spare part

Finished good

Raw material

WIP

6. Significant accounting policies are disclosed-----

In the books of accounts

In the accounting software

Along with balance sheet

Along with financial statement

7. AS-2 states that, inventory should be valued at -----

FIFO or weighted average basis

LIFO

Retail price of standard cost

Current replacement cost

8. GAAP are included in -----

Accounting rules

Framework of accounting

Accounting standard

Guidance notes

9. What does FIFO means.....

Finished stock in finished stock out

Fabrications Inward Fabrications Outward

Final Input Final Output

First In First Out

10. Regardless of how long it takes to produce and sell inventory, inventory is always considered to be a -----

Current liabilities

Current asset

Long term asset

Stockholder's equity

11. Following is not covered by AS-9 -----

Dividend

Interest

Royalty

Lease rent

12. Retail method of inventory valuation is -----

Sales plus gross profit

Sales less gross profit

Cost plus net profit

Sales less net profit

13. Following factors should be considered in selection of accounting policies -----

Consistency

Prudence

Dual aspects

Cost

14. Disclosure should from part of -----

Directors report

Auditor's report

Final accounts

Books of accounts

15. Revenue means -----

Sales

Income

Gains

Gross inflow of benefits from ordinary activities

16. AS-2 defines inventory as -----

Current assets

Current liabilities

Fixed assets

Assets held for sale in the ordinary course of business

17. Current year's profit is overstated when -----

Closing stock is overvalued

Closing stock is undervalued

When opening stock is undervalued

Both (a) and (b)

18. As per AS-2, inventory covers -----

Machinery spare

WIP in case of service providers

Materials or suppliers used in production

Stock of material oil

20. In case of conflict between Accounting Standards and law-----

Accounts should be prepared as per law

Accounts should be prepared as per Accounting Standards

Either law or AS should be followed

Both should be followed

21. Following is an example of accounting policy

Realization

Valuation of fixed assets

Accrual

Entity

22. An increase in inventories indicates that -----

More merchandise was purchased than the amount sold to the customers

Less merchandised was purchased then sold to the customers

Not all purchased were cash

Cash payment were more than purchased on accounts

23. The factors to be considered while selecting accounting policies include -----

Morale of staff

Liquidity

Materiality

Inflation

24. Under periodic inventory system, closing stock is valued-----

From the store ledger

By actually counting the stock on a particular date

By deducting value of sales from value of purchased

On estimate basis

25. The AS deals with revenue recognition is -----

AS-1

AS-3

AS-9

AS-10

27. Market value is -----

- Discounted present value
- Net realizable value
- Net realizable value less profit
- Net realizable value add profit \

28. Revenue from installment sale is recognized when -----

- An agreement is signed
- Good are delivered
- Initial payment is received
- Last installment is paid

29. As per AS-2 cost of inventory should not include -----

- Interest on loan
- Direct material
- Direct labour
- Overheads

30. Dividend is recognized revenue when -----

- It is recommended
- It is declared
- It is appropriated
- It is paid

31. The purpose of AS 1 is to establish a standard as to -----

- The preparation of final statements
- Fundamental accounting assumptions
- Desirable accounting policies
- Disclosure of accounting policies

32. Accounting policies are -----

- Prescribed by AS-1
- Same for all the organizations
- Change from concern to concern
- Laid down by law

33. The concept is applicable for stock valuation is -----

- Consistency
- Realization
- Conservatism
- Cost

34. Valuation of inventory should be done at-----

- Present value
- Fair market value
- Net realizable value
- Replacement value

35. As per AS 1 significant accounting policies-----

- Need not be disclosed at one place
- May be disclosed as per the choice of the management
- Should not be disclosed in public accounts
- Should be disclosed at one place

36. Revenue from Hire Purchased sales is recognized when -----

- Goods are delivered
- An agreement is signed
- Initial payment is received
- Last installment is paid

37. Under perpetual inventory system inventory is valued -----

- Continuously
- Periodically \
- Annually
- Quarterly

38. Stock is valued at cost or at market valued whichever is lower as per -----

- Realization concept
- Cost concept
- Matching concept
- Entity cost

40. AS-9 does not deal with revenue arising from -----
Sales of goods
Interest
Service contract
Construction contract
41. Cost of inventory should include -----
Freight only
Purchased price only
Purchased price and cost incurred to bring the inventory to present location
Cost of conversion only
42. The standard which governs inventory valuation is -----
AS-3
AS-2
AS-10
AS-6
43. As per AS-2, inventory should be valued -----
Cost
Retail price
Realizable value
Lower of cost and net realizable value
44. As per AS 1, disclosed should be made -----
Significant accounting policies
Assumption in accounting
Accounting principles
Accounting policies
45. Which type of inventory system is updated inventory system
LIFO
Periodic inventory system
Perpetual inventory system
Contingency inventory system

46. As per AS-1 disclosure is needed if the following concept is recognized :

- Realization
- Matching
- Going concern
- Cost

47. Revenue from consignment is recognized when -----

- Goods are sent on consignment
- Goods are sold by consignee
- When account sale is received from the consignee
- When Performa invoice is sent by the consignor

48. As per AS-2, cost of inventories should exclude -----

- Direct labour
- Factory overheads
- Cost of designing the product
- Interest on loan

49. Revenue from interest is recognized when -----

- Loan is repaid
- Interest is received
- Interest accrues on timed basis
- When loan is taken

50. As per AS-1, disclosure of accounting policies should be made -----

- In profit & loss accounts
- In the balance sheet
- At one place
- At all relevant

51. The purpose of AS 1 is to establish a Standard as to -----

- The preparation of final statements
- Fundamental accounting assumptions
- Desirable accounting policies

Disclosure of accounting policies

52. As per AS, goods and services produced and kept aside for specific project should be valued at -----

Identified individual cost

Replacement cost

Net realizable value

Contract price

53. Concept applicable for inventory valuation is -----

Consistency

Realization

Conservatism

Matching

54. As per AS 1, any change in accounting policy -----

Requires permission from ICAI

Requires permission from the government

Should not be disclosed

Should be disclosed

55. As per AS 2, inventory covers -----

Live stock

Goods purchased for resale

Investment held as stock in trade

WIP in construction contracts

56. Revenue from dividend is recognized when -----

Dividend is received

Right to receive dividend is established

Amount is credited to Bank Account

Dividend warrant is dispatched by the company

57. Inventories are assets -----

Held for sale in the ordinary course of business

Held for long term capital appreciation

Held for production of goods

(a) & (c)

58. Under perpetual inventory system, inventory is valued -----

Quarterly

Yearly

Half yearly

Continuously

59. AS-2 is on :

Disclosure of Accounting Policies

Valuation of inventories

Revenue recognition

Depreciation accounting

60. Accounting Standard in India are issued by -----

Central government

State government

Institution of chartered Accountants of India

Reserve Bank of India

61. Accounting for fixed Assets :

AS 10

AS 6

AS 3

AS 2

62. Which of the following is not an inventory.....

Machines

Raw material

Finished products

Consumable tools

63. How many Accounting Standard have been issued by ICAI.....

25

20

32

2

64. An example of purchasing costs include -----

Incoming freight

Storage costs

Insurance

Spoilage

65. As per AS 1 the effect of any change in accounting policy on the value of any item in the final accounts should -----

Be reported to CEO

Be reported to directors

Be ignored

Be disclosed

66. Revenue from Hire Purchased sale is recognized when -----

An agreement is signed

Goods are delivered

Goods are cancelled

When last installment is received

67. The time period between placing an order its receipt in stock is known as -----

Lead time

Carrying time

Shortage time

Overtime

68. Trade discount should be -----

Added to revenue

Deducted to revenue

Multiply by revenue

Ignored

Chapter 2:- Final Accounts

69. Return Outwards in Trial Balance are deducted from.....
- a. Sales
 - b. Purchases
 - c. Stock
 - d. Capital
70. Sales Return in Trial Balance is deducted from
- a. Purchases
 - b. Sales
 - c. Wages
 - d. Salary
71. Salaries and wages appear in
- a. Trading Account
 - b. Profit & Loss Account
 - c. Balance sheet
 - d. Trial Balance
72. Wages and Salaries appear in.....
- a. Trading Account
 - b. Profit & Loss Account
 - c. Balance sheet
 - d. Trial Balance
73. Outstanding wages in Trial Balance should be shown in
- a. Trading Account
 - b. Profit & Loss Account
 - c. Balance Sheet
 - d. Manufacturing Account

74. Carriage inward should be shown in

- a. Trading Account
- b. Profit & Loss Account
- c. Balance Sheet
- d. Trial Balance

75. Carriage outwards appearing in Trial Balance should be shown in.....

- a. Trading Account
- b. Profit & Loss Account
- c. Balance Sheet
- d. Manufacturing Account

76. Closing stock appearing in Trial Balance should be shown in.....

- a. Trading Account
- b. Profit & Loss Account
- c. Balance Sheet
- d. Manufacturing Account

77. Trade mark is a.....

- a. Current asset
- b. Fixed asset
- c. Fictitious asset
- d. Liability

78. Drawings are deducted from.....

- a. Sales
- b. Purchases
- c. Capital
- d. Discount

79. For a plastic company plastic is a

- a. Raw material
- b. WIP
- c. Finished goods
- d. Liability

80. Manufacturing Account shows.....

- a. Cost of production
- b. Gross Profit
- c. Net Profit
- d. Net Loss

81. Discount allowed is shown on

- a. Debit side of Profit & Loss Account
- b. Debit side of Trading Account
- c. Asset side of Balance Sheet
- d. Liability side

82. WIP indicates

- a. Partly finished goods
- b. Partly finished repairs
- c. Partly constructed factory
- d. Raw material

83. Manufacturing Account always shows:

- a. Debit balance
- b. Credit balance
- c. No balance
- d. Trial Balance

84. Opening stock of finished goods is shown on debit side of

- a. Trading Account
- b. Profit & Loss Account
- c. Balance Sheet
- d. Manufacturing Account

85. Goodwill is shown on

- a. Asset side of Balance Sheet
- b. Credit side of Trading Account
- c. Credit side of Profit & Loss Account
- d. Debit side of P & L A/c

86. Sale of scrap is shown on
- a. Credit side of Trading Account
 - b. Credit side of Manufacturing Account
 - c. Credit side of Profit & Loss Account
 - d. Debit side of P & L Account
87. Livestock is.....
- a. Current asset
 - b. Fixed asset
 - c. Fictitious asset
 - d. Intangible asset
88. Drawing reduces.....
- a. Capital
 - b. Profit
 - c. Income
 - d. Purchases
89. For a sugar mill, sugarcane is a.....
- a. Raw material
 - b. WIP
 - c. Finished goods
 - d. Asset
90. For a sugar mill, sugar is a
- a. Raw material
 - b. WIP
 - c. Finished goods
 - d. Assets
91. WIP in the books of a manufacturer is
- a. Partly finished goods
 - b. Finished goods
 - c. Raw material

- d. Partly constructed factory

92. Opening stock of WIP is shown on

- a. Debit side of Trading Account
- b. Debit side of Manufacturing Account
- c. Credit side of Profit & Loss Account
- d. Balance Sheet asset side

93. Closing stock of finished goods is shown on.....

- a. Credit side of Manufacturing Account
- b. Credit side of Trading Account
- c. Credit side of Profit & Loss Account
- d. Debit side of Profit & Loss Account

94. Discount represents.....

- a. Discount allowed
- b. Discount received
- c. Asset
- d. Liability

95. Productive wages are.....

- a. Debited to Trading Account
- b. Debited to Profit & Loss Account
- c. Shown as asset
- d. Shown as Liability

96. Closing stock appearing in the Trial Balance is shown on.....

- a. Asset side of Balance Sheet
- b. Liability side of Balance Sheet
- c. Credit side of Trading Account
- d. Debit side of Trading Account

97. Income received in advance is shown on

- a. Liability side
- b. Asset side

- c. Debit side of Profit & Loss Account
 - d. Debit side of Trading Account
98. Which of the following account is not closed
- a. Expenses
 - b. Interest Received
 - c. Prepaid insurance
 - d. Drawings
99. Classification of assets and liabilities as current or long term depends on:
- a. Order of listing in the ledger
 - b. Whether they appear on Balance Sheet or the income statement)
 - c. Relative liquidity of the items)
 - d. Format of balance sheet
100. Cost of goods sold can be computed by adding opening inventory and net purchases and subtracting:
- a. Net Sales
 - b. Sales Discount
 - c. Closing Stock
 - d. Net Purchases
101. Which income statement format reports income from operations.....
- a. Account format
 - b. Single step format
 - c. Multiple step format
 - d. Horizontal format
102. Balance Sheet gives information regarding:
- a. Result of operations
 - b. Financial position on a particular date
 - c. Operating efficiency of the firm
 - d. Gross Profit
103. Closing stock is shown in the Balance Sheet under:.....

- a. Fixed assets
 - b. Current assets
 - c. Current liabilities
 - d. Fictitious assets
104. Sales are equal to
- a. Cost of goods sold + Profit
 - b. Cost of goods sold - Gross profit
 - c. Gross profit - Cost of goods sold
 - d. Cost of goods sold – Net profit
105. Interest on drawings is
- a. Expenditure for the business
 - b. Expense for the business
 - c. Gain for the business
 - d. Loss for the business
106. Goods given as sample should be credited to.....
- a. Advertisement A/c
 - b. Sales A/c
 - c. Purchase A/c
 - d. Sales Return A/c
107. Outstanding salaries are shown as
- a. An expense
 - b. A liability
 - c. An asset
 - d. An income
108. Income tax paid by a sole trader on his business income should be.....
- a. Debited to trading A/c
 - b. Debited to P & LA/c
 - c. Deducted from capital A/c in the balance sheet
 - d. Credited to trading Account

109. Goodwill is
- a. Contingent Asset
 - b. Intangible Asset
 - c. Current Asset
 - d. Fictitious asset
110. Rent Received is shown on.....
- a. Credit side of Trading Account
 - b. Credit side of Profit & Loss Account
 - c. Asset side of Balance Sheet
 - d. Liability side of Balance Sheet
111. Gross profit is transferred to
- a. Trading Account
 - b. Profit & Loss Account
 - c. Balance Sheet
 - d. Manufacturing Account
112. Prepaid insurance is shown onSide of the Balance Sheet
- a. Asset
 - b. Liability
 - c. Debit
 - d. Credit
113. In Profit & Loss Account, the excess of credit side total amount over debit side total amount is.....
- a. Gross profit
 - b. Net Loss
 - c. Net Profit
 - d. Gross Loss
114. In manufacturing organization, depreciation on machinery will appear on the debit side of
- a. Trading Account
 - b. Profit & Loss Account
 - c. Manufacturing Account

- d. Balance Sheet
- 115. Interest on Capital is
 - a. Debited to Profit & Loss Account
 - b. Credited to Profit & Loss Account
 - c. Debited to Trading Account
 - d. Credited to Trading Account
- 116. Unwritten off deferred revenue expenses are shown in the
 - a. Trading Account debit side
 - b. Profit & Loss Account credit side
 - c. Balance Sheet on Asset side
 - d. Trading Account credit side
- 117. All indirect expenses are debited to
 - a. Profit & Loss Account
 - b. Trading Account
 - c. Manufacturing Account
 - d. Balance Sheet
- 118. Opening stock of material is Rs 30,000; purchases Rs. 1,50,000; carriage is Rs. 10,000 and closing stock of material is Rs. 35,000) Find out the cost of material consumed)
 - a. Rs. 1,55,000
 - b. Rs. 1,50,000
 - c. Rs. 1,40,000
 - d. Rs. 1,35,000

120. Gross profit is Rs. 80,000 and sales are Rs. 3,20,000) What is the rate of gross profit.....
- a. 20%
 - b. 25%
 - c. 35%
 - d. 33%
121. Sales are Rs. 6,00,000 and gross profit is Rs. 1,20,000) How much is the cost of goods sold.....
- a. Rs. 2,00,000
 - b. Rs. 2,40,000
 - c. Rs. 3,00,000
 - d. Rs. 4,80,000
122. Sales are Rs. 5,80,000, and cost of goods sold is Rs. 3,80,000) How much is the amount of gross profit
- a. Rs. 1,00,000
 - b. Rs. 1,20,000
 - c. Rs. 2,00,000
 - d. Rs. 1,10,000
123. Sales are Rs. 3,50,000 and net profit is Rs. 35,000) What is the rate of net profit.....
- a. 10%
 - b. 20%
 - c. 25%
 - d. 35%
124. Debtors are Rs. 60,000, Bad debts written off is Rs. 5,000 Old bad debts reserve is Rs. 3,500 Policy of the proprietor is to provide for bad debts reserve at 10% How much should be the amount of New Reserve for bad debts
- a. Rs 12,000
 - b. Rs. 6,000
 - c. Rs. 18,000
 - d. Rs. 10,000

125. If capital in the beginning of the year is Rs 1,50,000; net profit earned during the year is
126. Rs 60,000; drawings are Rs 20,000 and interest on capital is Rs 12,000 How much is the capital at the end of the year.....
- a. Rs. 2,05,000
 - b. Rs. 2,50,000
 - c. Rs. 2,02,000
 - d. Rs. 3,00,000
127. If total assets are Rs 25,00,000 and current and long term liabilities are Rs 10,00,000) How much is the amount of capital.....
- a. Rs 12,00,000
 - b. Rs 20,00,000
 - c. Rs. 17,00,000
 - d. Rs. 15,00,000
128. If capital is Rs. 10,50,000; reserves are Rs. 5,50,000; basic loan is Rs. 4,00,000 and current liabilities are Rs. 1,50,000) How much will be the total assets.....
- a. Rs. 21,50,000
 - b. Rs. 21,00,000
 - c. Rs. 19,00,000
 - d. Rs. 20,50,000
129. Sales are Rs. 1,30,000 and cost of goods sold is Rs 70,000) Calculate gross profit)
- a. 75,000
 - b. 60,000
 - c. 50,000
 - d. 40,000
130. 126) Opening stock is Rs. 7,000; Purchases are Rs. 20,000 and closing stock is Rs. 5,000 Calculate cost of goods sold.
- a. Rs. 22,000
 - b. Rs. 25,000
 - c. Rs. 27,000

- d. Rs. 30,000
131. If loan is taken at 10% from SBI for Rs. 10,00,000 and interest paid for Rs. 50,000 How much should be the outstanding interest on loan.....
- a. Rs. 60,000
- b. Rs. 55,000
- c. Rs. 65,000
- d. Rs. 50,000
132. Rs. 5,60,000; rate of interest is 10% How much should be the accrued interest on investments.....
- Rs. 15,000
- Rs. 25,000
- Rs) 20,000
- Rs. 22,000
133. If gross profit is Rs. 20,000 and net profit is 60% of gross profit How much is the amount of expenses.....
- a. Rs. 4,000
- b. Rs. 8,000
- c. Rs. 12,000
- d. Rs. 16,000
134. Capital of Ms. Deepika as on 1st January,2019 is Rs. 90,000 interest on drawing Rs. 10,000; interest on capital Rs. 4,000; drawing Rs. 15,000; profit Rs. 30,000 What will be his capital on 31st December,2019.....
- a. Rs. 99,000
- b. Rs. 1,00,000
- c. Rs. 1,10,000
- d. Rs. 1,20,000

Chapter - 3: Departmental Accounts

135. Items of expenses not connected with any department are.....
- a) Charged to departments on the basis of total sales
 - b) Charged to the General Profit & Loss Account
 - c) Charged to departments on the basis of fixed assets employed
 - d) charged to trading account
136. Repairs and maintenance charges relating to Plant & Machinery are apportioned over different Departments according to
- a. The number of machines in each department
 - b. Book value of machines
 - c. Area occupied by each machine
 - d. Depreciation on machinery
137. Lighting charges are apportioned over the departments on the basis of :
- a. Number of light points
 - b. Cost of machines
 - c. Sales
 - d. Purchases
138. Cost of electric power should be apportioned over different departments according to :
- a) H.P. of motors
 - b) No. of light points
 - c) Cost of machines
 - d) Exp. of machinery

140. Supervision charges should be apportioned over the different departments on the basis of

- a) Time devoted for supervision
- b) Area occupied
- c) Sales of each department Area occupied by each department
- d) No. of lighting

141. Sales of each department is the basis of allocation of

- a) Selling Expenses
- b) Advertising Expenses
- c) Area occupied
- d) (a) and (b)

142. Rent and rates are apportioned to different departments on the basis of

- a) Area
- b) Number of employees
- c) Sales of each department
- d) Advertising Expenses

143. Sales ratio is used for allocation of

- a) Income tax
- b) Bad debts
- c) Depreciation
- d) Expenses

144. Power is allocated on the basis of

- a) HP
- b) No of light points
- c) No of employees

146. Depreciation is allocated on the basis of
- a) Value of Assets
 - b) Area
 - c) Light points
 - d) No of workers
147. Following is not debited to General P & L AC
- a) Power
 - b) Audit fees
 - c) Interest on bank loan
 - d) None of the above
148. Following is debited to General P & L AC
- a) Power
 - b) Rent
 - c) Audit fees
 - d) None of the above
149. Following is not debited to departmental P & L A / C
- a) Carriage
 - b) Rent
 - c) Salaries
 - d) Interest received
150. Following is not allocated on the basis of hum over
- a) Carriage on purchases
 - b) Carriage on sales
 - c) Advertising
 - d) Bad Debts
151. Following is not debited to Departmental P & L Ac
- a) Rent
 - b) Salaries
 - c) Lighting charges
 - d) Carriage on purchases

152. Following is not allocated in the ratio of employees
- a) Bonus
 - b) Salaries
 - c) Rent
 - d) Expenses
153. Following is allocated in the ratio of number of employees
- a) Welfare expenses
 - b) Rent
 - c) Carriage
 - d) Advertising
154. Advertising expenses are allocated on the basis of
- a) Purchases
 - b) Sales
 - c) HP
 - d) Light Points
155. Following is a direct expense in departmental accounting
- a) Advertising
 - b) Office expenses
 - c) Depreciation
 - d) Purchases
156. Following items are used to calculate departmental profit except
- a) Debtors
 - b) Sales
 - c) Purchases
 - d) Sales Turn
157. Direct expenses are assigned to departments on the basis of .
- a) Actual expenses incurred
 - b) Estimated expenses
 - c) Percentage of purchases
 - d) Percentage of sales

158. Non departmental items of expenses are
- a) Charged to general P & L
 - b) Charged to departments on the basis of sales
 - c) Charged to departments on the basis of fixed assets
 - d) Charged to trading ac
159. Repairs to machinery is apportioned over department accounting to
- a. No. of Machine
 - b. Value of plant
 - c. area occupied
 - d. H.P. Of machine
160. Cost of electric power should be apportioned over different departments on the basis of
- a. H.P. of machine
 - b. No. of Lights
 - c. HP / Machine hours
 - d. Machine hour rate
161. Management expenses charged toaccount
- a. General P & L Account
 - b. Trading account
 - c. P & L Account
 - d. P & L Account appropriation account
162. Fright inward is allocated on the basis of
- a. Sales
 - b. Purchases
 - c. Credit sales
 - d. Area Occupied.

163. Items of expenses not connected with any department are.....
- a) Charged to departments on the basis of total sales
 - b) Charged to the General Profit & Loss Account
 - c) Charged to departments on the basis of fixed assets employed
 - d) charged to trading account
164. Repairs and maintenance charges relating to Plant & Machinery are apportioned over different Departments according to
- The number of machines in each department
 - Book value of machines
 - Area occupied by each machine
 - Depreciation on machinery
165. Lighting charges are apportioned over the departments on the basis of :
.....
- a. Number of light points
 - b. Cost of machines
 - c. Sales
 - d. Purchases
166. Cost of electric power should be apportioned over different departments according to :
- a) H.P. of motors
 - b) No. of light points
 - c) Cost of machines
 - d) Exp. of machinery
167. Supervision charges should be apportioned over the different departments on the basis of
- a) Time devoted for supervision
 - b) Area occupied
 - c) Sales of each department Area occupied by each department
 - d) No. of lighting
168. Sales of each department is the basis of allocation of
- a) Selling Expenses
 - b) Advertising Expenses

- c) Area occupied
- d) (a) and (b)

169. Accounts show department wise profit / loss.

- a.Departmental
- b.General profit & Loss A/c
- c. Balance Sheet
- d. light

170. Carriage inward is allocated on the basis of of each department.

- a.sales
- b.purchases
- c. Expenses
- d. Income

171. Staff welfare expenses are allocated on the basis of _____ of departments.

- a. Sale of each Department
- b. Area of each Department
- c. number of workers
- d. on wages

172. Cost of H.R. Department is allocated on the basis of
.....

- a. Area of each Department
- b.Sale of each Department
- c. number of workers
- d. None of the above

173. Rates and taxes are allocated on the basis of of each department.

- a. Sale
- b.purchases
- c. None of the above
- d. area

174. Expenses regarding purchases are allocated on the basis of

- a. Sales
 - b. Area
 - c. Purchases
 - d. Time
175. Expenses traceable with the departments are called
- a. Direct Income
 - b. welfare Expenses
 - c. Direct Expenses
 - d. None of the above
176. Departmental Net loss is transferred to _____.
- a. Trading A/c
 - b. Balance Sheet
 - c. None of the above
 - d. General P & L A/c
177. Departmental expenses may be or
- a. Direct or Indirect
 - b. Office or Factory
 - c. fixed or flexible
 - d. None of the above
178. Rent and rates are apportioned to different departments on the basis of
- a) Area
 - b) Number of employees
 - c) Sales of each department
 - d) Advertising Expenses
179. Sales ratio is used for allocation of
- a) Income tax
 - b) Bad debts
 - c) Depreciation
 - d) Expenses
180. Power is allocated on the basis of

- a) HP
- b) No of light points
- c) DP
- d) No of employees

181. Depreciation is allocated on the basis of

- a) Value of Assets
- b) Area
- c) Light points
- d) No of workers

182. Following is not debited to General P & L AC

- a) Power
- b) Audit fees
- c) Interest on bank loan
- d) Area occupied

183. Following is debited to General P & L AC

- a) Power
- b) Rent
- c) Audit fees
- d) Area occupied

184. Following is not debited to departmental P & L A / C

- a) Carriage
- b) Rent
- c) Salaries
- d) Interest received

185. Following is not allocated on the basis of turn over

- a) Carriage on purchases
- b) Carriage on sales
- c) Advertising
- d) Bad Debts

186. Following is not debited to Departmental P & L Ac

- a) Rent
- b) Salaries
- c) Lighting charges
- d) Carriage on purchases

187. Following is not allocated in the ratio of employees

- a) Bonus
- b) Salaries
- c) Rent
- d) Expenses

188. Following is allocated in the ratio of number of employees

- a) Welfare expenses
- b) Rent
- c) Carriage
- d) Advertising

189. Advertising expenses are allocated on the basis of

- a) Purchases
- b) Sales
- c) HP
- d) Light Points

190. Following is a direct expense in departmental accounting

- a. Advertising
- b) Office expenses
- c) Depreciation
- d) Purchases

191. Following items are used to calculate departmental profit except

- a) Debtors
- b) Sales
- c) Purchases
- d) Sales Turn

192. Direct expenses are assigned to departments on the basis of .

- a. Actual expenses incurred

- b) Estimated expenses
 - c) Percentage of purchases
 - d) Percentage of sales
193. Non departmental items of expenses are
- a) Charged to general P & L
 - b) Charged to departments on the basis of sales
 - c) Charged to departments on the basis of fixed assets
 - d) Charged to trading ac
194. Repairs to machinery is apportioned over department accounting to
- a. No. of Machine
 - b. Value of plant
 - c. area occupied
 - d. H.P. Of machine
195. Cost of electric power should be apportioned over different departments on the basis of
- a. H.P. of machine
 - b. No. of Lights
 - c. HP / Machine hours
 - d. Machine hour rate
196. Management expenses charged toaccount
- a. General P & L Account
 - b. Trading account
 - c. P & L Account
 - d. P & L Account appropriation account
197. Fright inward is allocated on the basis of
- a. Sales
 - b. Purchases
 - c. Credit sales
 - d. Area Occupied.

Chapter 4: Accounting For Hire Purchase.

198. On hire purchase the ownership is transferred on payment of ----- installation
First
Last
Down payment
Agreement is signed
199. The seller gets the right to take back ---- of goods in case of default in payment
Replacement
Possession
Settlement
Amount
200. Initial payment made on signing the agreement is
Down payment
Cash
Hire purchase
Interest
201. Possession of goods is transferred on ---- the agreement.
Cancelling
Making
Signing
Receiving
202. The buyer of goods on hire purchase basis is -----
customer
buyer
creditor
Hirer
203. The seller of goods on hire purchase is -----
Buyer
Seller
Customer
Hire vendors

204. ----- is the price at which goods purchase today for full payment
Cash price
H.P price
Outstanding price
Down payment
205. Excess of hire purchase price over cash price is ----
Interest
Down payment
Cash payment
Credit payment
206. Depreciation is charge at certain rate on ----- of the interest
Down payment
Cash price
Principal
Interest
207. ----- is initial payment
Cash price
Down payment
Interest
H.P price
208. Hire purchase price include --- and ----
Principal ,interest
Down payment ,interest
Cash price ,interest
H.P interest
209. Depreciation is provide on .
Principle
Down payment
Cash price
H.p price

210. Hire purchase price is equal to----
- Down payment, interest
 - Principal ,interest
 - Cash price, interest
 - H.P price, interest
211. Generally ----- items are sold on hire purchase basis -----
- Costly
 - Factory
 - Office
 - Low price
212. Hire purchase price is ---- than cash price.
- Lower
 - Higher
 - Fixed
 - Flexible
213. Buyer of goods under hire purchase is called as -----
- Hirer
 - Buyer
 - Customer
 - Seller
214. Amount paid at the time of taking delivery of goods is –
- Cash payment
 - Down payment
 - Advance payment
 - Interest
215. Installment is equal to ---
- Principle, interest
 - Principle – interest
 - Cash price + interest
 - Cash price –interest

216. Hire purchase installment consist of ---
Cash price
Interest
Part payment of cash price + interest
Down payment
217. Under full cash price method the assets is recorded at ----
Hire purchase price
Cash price
Down payment
Interest
218. Interest in hire purchase transaction is charged on cash price which is-----
Full cash price
Outstanding cash price
Down payment
Interest
219. Under hire purchase system purchaser become the owner of goods on payment of

Down payment
Last installment
Interest
Machine
220. Under installment system purchaser becomes the owner of goods on -----
Signing the agreement
Payment of last installment
Payment of cash price
Interest
221. The last installment in hire purchase include -----
Cash price only
Interest only
Cash price and interest
Only interest

222. Purchase of machinery without making full payment immediately is called as -----
Cash price
Online purchase
Hire purchase
Interest
223. The feature of hire purchase is ----
User ultimately become the owner
Installment include principle only
Hire purchase
Seller
224. Hire purchase price is equal to –
Cash price
Cash price –interest
Cash price + interest
None of the above
225. Under full cash price method the asset is recorded at ____
Hire purchase price
Cash price
Down payment
Interest
226. Cash price method is also known as ----- method
Net asset method
Net payment method
Assets accrued method
Lump sum method
227. Amount paid at the time of taking delivery of goods is ----
Cash payment
Down payment
Advance payment
Credit payment

228. Under hire purchase agreement interest is charged on ----- cash price
Prepaid
Actual
Outstanding
All of the above
229. Hire purchase price means amount payable by the hirer which consist of
Cash price + interest
Cash price – interest
Cash price + down payment
Interest + principle
230. Hire purchase installment consist of -----
Cash price
Interest
Part payment of cash price plus interest
Credit payment
231. X ltd purchase a car from Y ltd .on hire purchase basis. Cash price is Rs 50,000
initial payment Rs 100,000 balance in four installment with 10 % interest the Hirer is-----
X ltd
Y ltd
X and Y ltd
None of them
232. X ltd purchase a car from Y ltd .on hire purchase basis. Cash price is Rs 50,000
initial payment Rs 100,000 balance in four installment with 10 % interest the vendor is---
X ltd
Y ltd
X and Y ltd
None of them
233. X ltd purchase a car from Y ltd .on hire purchase basis. Cash price is Rs 50,000
initial payment Rs 100,000 balance in four installment with 10 % interest the cash price is
Rs 50,000
Rs 10000

Rs 60,000

Rs 5000

234. X ltd purchase a car from Y ltd .on hire purchase basis. Cash price is Rs 50,000
initial payment Rs 100,000 balance in four installment with 10 % interest the initial
payment is -----

Rs 10,000

Rs 20,000

Rs 40,000

Rs 60,000

235. X ltd purchase a car from Y ltd .on hire purchase basis. Cash price is Rs 50,000
initial payment Rs 100,000 balance in four installment with 10 % interest the interest for
first installment is ----

Rs 4000

Rs 5000

Rs 9000

RS 15,000

236. -----Is the price payable if full payment is made immediately

Market price

Cash price

Hire purchase price

Down payment

237. Hire purchase price means the total amount payable by the hirer ,made up of ----

The cash price of the article and interest

The cash price of the article less interest

The cash price of the article and the down payment

The installment and interest

238. Total installment in which the balance amount is payable is equal to the ----

The cash price of article and interest

Hire purchase price and down payment

Hire purchase price less down payment

Hire purchase price less interest

239. As soon as the ----- payment is made, the hirer gets possession of the article and can start using it immediately
- Down
 - Full
 - Cash
 - Last
240. Each HP installment amount is made up of -----
- Part payment toward cash price only
 - Part payment towards interest only
 - Part payment toward cash price and interest
 - Part Down payment
241. Under hire purchase system, depreciation is provided -----
- By the hire purchaser ,on hire purchase price
 - By the hire vendor, on hire purchase price
 - By the hire purchaser on sash price
 - By the hire vendor, on cash price
242. A hire purchase trader, desiring to prepare a separate hire purchase trading account, will follow-----
- Sale method
 - Full cash price method
 - Stock method
 - Asset accrual method
243. Under this method ,entries are made as if asset is purchased for full price on credit on the date of HP agreement itself-----
- Actual cash price method
 - Full cash price method
 - Asset accrued method
 - Net payment method
244. Each installment including down payment is treated as hire charges by the ----
- Buyer
 - Seller

- Vendor
Own
245. The hire purchase can record the assets under full cash method at its-----
Hire purchase price
Cash price
Buyer
Vendor
246. Interest in a hire purchase transaction is charged on the ----- cash price
Outstanding
Cash price
Selling price
Buying price
247. For each period interest is to be calculated on the balance of -----
Cash price remaining unpaid
Installment price remaining unpaid
Cash price minus the installment paid
Hire purchase
248. Under hire purchase agreement ,the buyer agrees to pay-----
Cash price only
Interest only
Cash price and interest
Cash
249. The last installment paid under hire purchase comprise-----
Cash price only
Interest only
Cash price and interest
Interest
250. More of hire purchase price over cash price is ----
Interest
Down payment
Cash payment

Credit payment

251. A dealer having very few hire purchase transaction will follow the method ---
Purchase
Sales
Interest
Assets
252. ----- is the purchase price payable if full payment is made immediately
Cash price
Interest
Down payment
Hirer
253. The sales price excluding the interest portion of an items being sold under hire purchase system is known as ----
Cash price
Down payment
Hire purchase price
Interest
254. Total of all installment and down payment paid to the hire vendor under hire purchase system is known as -----
Cash price
Down payment
Hire purchase price
Interest
255. Assets accrued method is also known as ----- method
Net asset method
Net payment method
Cash price method
Lump sum method

256. ----- pertaining to each accounting period of credited to profit & loss Account of the year of the hire vendors

Price

Interest

Down payment

Profit

257. The entry for depreciation under hire purchase agreement is passed in the books of -----

Hirer

Vendor

Profit & loss account

Both a & b
