



Question Bank - Multiple Choice Questions (MCQs)

Unit 1: Financial Accounting

- 1) Accounting furnishes data on
 - a) Income and cost for the managers
 - b) Financial conditions of the institutions
 - c) Company's tax liability for a particular year
 - d) All the above
- 2) Long term assets having no physical existence but, possessing a value are called
 - a) Intangible assets
 - b) Fixed assets
 - c) Current assets
 - d) Investments
- 3) The assets that can be easily 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
- 4) The debts which are to be repaid within a short period (a year or less) are referred to as,
 - a) Current Liabilities
 - b) Fixed liabilities
 - c) Contingent liabilities
 - d) All the above
- 5) 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
- 6) The following is not a type of liability
 - a) Short term
 - b) Current
 - c) Fixed
 - d) Contingent
- 7) Any written evidence in support of a business transaction is called
 - a) Journal
 - b) Ledger



- c) Ledger posting
 - d) Voucher
- 8) The accounts that records expenses, gains and losses are
- a) Personal accounts
 - b) Real accounts
 - c) Nominal accounts
 - d) None of the above
- 9) Real accounts records
- a) Dealings with creditors or debtors
 - b) Dealings in commodities
 - c) Gains and losses
 - d) All of the above
- 10) Which accounting concept satisfy the valuation criteria?
- a) Going concern, Realisation, Cost
 - b) Going concern, Cost, Dual aspect
 - c) Cost, Dual aspect, Conservatism
 - d) Realisation, Conservatism, Going concern.
- 11) A trader has made a sale of Rs.75,500 out of which cash sales amounted to Rs.25,500. He showed trade receivables on 31-3-2014 at Rs.25,500. Which concept is followed by him?
- a) Going concern
 - b) Cost
 - c) Accrual
 - d) Money measurement
- 12) A trader purchases goods for Rs. 2500000, of these 70% of goods were sold during the year. At the end of 31st December 2009, the market value of such goods were Rs. 500000. But the trader recorded in his books for Rs. 750000. Which of the following concept is violated.
- a) Money measurement
 - b) Conservatism
 - c) Consistency
 - d) None of these
- 13) The proprietor of the business is treated as creditor for the capital introduced by him due to_____ concept.
- a) Money measurement
 - b) Cost
 - c) Entity
 - d) Dual aspect



- 14) Fixed assets are held by business for _____.
a) Converting into cash
b) Generating revenue
c) Resale
d) None of the above
- 15) Which of the following is not a Real Account?
a) Cash A/c
b) Investments A/c
c) Outstanding rent A/c
d) Purchases A/c
- 16) Small items like, pencils, pens, files, etc. are written off within a year according to _____ concept.
a) Materiality
b) consistency
c) Conservatism
d) Realisation
- 17) Business enterprise is separate from its owner according to _____ concept.
a) Money measurement concept
b) Matching concept
c) Entity concept
d) Dual aspect concept
- 18) Debit the receiver & credit the giver is _____ account.
a) Personal
b) Real
c) Nominal
d) All the above
- 19) Cash a/c is a _____.
a) Real a/c
b) Nominal
c) Personal
d) None
- 20) As per the Matching concept, Revenue – ? = Profit
a) Expenses
b) Liabilities
c) Losses
d) Assets



- 21) Which of the following is not a nominal Account?
- a) Outstanding salaries Account
 - b) Salaries account
 - c) Interest paid
 - d) Commission received
- 22) Historical cost concept requires the valuation of an asset at
- a) Original cost
 - b) Replacement value
 - c) Net realizable value
 - d) Market value
- 23) Profit and loss is calculated at the stage of
- a) Recording
 - b) Posting
 - c) Classifying
 - d) Summarising
- 24) The rule debit all expenses and losses and credit all income and gains relates to
- a) Personal account
 - b) Real account
 - c) Nominal accounts
 - d) All
- 25) Which of the following is not the main objective of accounting?
- a) Systematic recording of transactions
 - b) Ascertaining profit or loss
 - c) Ascertainment of financial position
 - d) Solving tax disputes with tax authorities
- 26) The comparison of financial statement of one year with that of another is possible only when -----
---concept is followed
- a) Going concern
 - b) Accrual
 - c) Consistency
 - d) Materiality
- 27) For every debit there will be an equal credit according to
- a) Matching concept
 - b) Cost concept
 - c) Money measurement concept
 - d) Dual aspect concept



- 28) A trader calculated his profit as Rs.150000 on 31/03/2014. It is an
- Transaction
 - Event
 - Transaction as well as event
 - Neither transaction nor event
- 29) Which of the following is a Real A/c?
- Building A/c
 - Capital A/c
 - Shyam A/c
 - Rent A/c
- 30) Cost concept basically recognises ____.
- Fair Market value
 - Historical cost
 - Realisable value
 - Replacement cost
- 31) Which of the following is not an internal user of management information?
- Creditor
 - Department manager
 - Controller
 - Treasurer
- 32) Double entry system is used in which type of accounting?
- Cost
 - Financial
 - Management
 - All
- 33) An accounting that deals with the accounting and reporting of information to management regarding the detail information is
- Financial accounting
 - Management accounting
 - Cost accounting
 - Real Accounting
- 34) Identify which is wrong rule
- Nominal account- debit all expenses & losses
 - Real account- credit what comes in
 - Nominal account- credit all incomes & gains
 - Personal account- debit the receiver



- 35) Financial accounting is concerned with –
- a) Recording of business expenses and revenue
 - b) Recording of costs of products and services
 - c) Recording of day to day business transactions
 - d) None of the above
- 36) The nature of financial accounting is:
- a) Historical
 - b) Forward looking
 - c) Analytical
 - d) Social
- 37) The main object of cost accounting is:
- a) To record day to day transactions of the business
 - b) To reveal managerial efficiency
 - c) To ascertain true cost of products and services
 - d) To determine tender price
- 38) Accounting principles are generally based upon:
- a) Practicability
 - b) Subjectivity
 - c) Convenience in recording
 - d) None of the above
- 39) The system of recording based on dual aspect concept is called:
- a) Double account system
 - b) Double entry system
 - c) Single entry system
 - d) All the above
- 40) P & L a/c is prepared for a period of one year by following:
- a) Consistency concept
 - b) Conservatism concept
 - c) Accounting period concept
 - d) Cost Concept
- 41) All those to whom business owes money are:
- a) Debtors
 - b) Investors
 - c) Creditors
 - d) Shareholders concept



- 42) Bookkeeping is a/an.....of correctly recording of business transaction.
- a) Art and Science
 - b) Art
 - c) Science
 - d) Art or Science
- 43) The purpose of financial accounts is reporting to
- a) Management only
 - b) Government only
 - c) Investor only
 - d) All of these
- 44) Accounting principles are divided into two types. These are ---
- a) Accounting Concepts
 - b) Accounting Conventions
 - c) Accounting Standards
 - d) Accounting Concepts & Accounting Conventions
- 45) Which one of the following items would fall under the definition of a liability?
- a) Cash
 - b) Debtor
 - c) Owner's equity
 - d) None of these
- 46) A statement containing the various ledgers balances on particular date
- a) Compound Journal
 - b) Ledger
 - c) Trial balance
 - d) None of the above
- 47) The transferring of debit and credit items from journal to the respective accounts in the ledger is called as
- a) Ledger
 - b) Posting
 - c) Forward journal
 - d) None of these one of these
- 48) The basic sequence in the accounting process can best be described as:
- a) Transaction, journal entry, source document, ledger account, trial balance.
 - b) Source document, transaction, ledger account, journal entry, trial balance.
 - c) Transaction, source document, journal entry, trial balance, ledger account.
 - d) Transaction, source document, journal entry, ledger account, trial balance.

- 49) Debit the receiver credit the giver rule for



- a) Real a/c
- b) Personal a/c
- c) Nominal a/c
- d) None of these

50) What comes in is to be debited, what goes out is to be credited.

- a) Rules of Personal
- b) Rules of Real
- c) Rules of Nominal
- d) All of these

Answer Key:

1 - d	2 - a	3 - a	4 - a	5 - d	6 - a	7 - d	8 - c	9 - b	10 - a
11 - c	12 - b	13 - c	14 - b	15 - c	16 - a	17 - c	18 - a	19 - a	20 - a
21 - a	22 - a	23 - d	24 - c	25 - d	26 - c	27 - d	28 - b	29 - a	30 - b
31 - a	32 - b	33 - b	34 - b	35 - c	36 - a	37 - c	38 - a	39 - b	40 - c
41 - c	42 - b	43 - d	44 - d	45 - c	46 - c	47 - b	48 - d	49 - b	50 - b



Unit 2: Accounting Transactions and Final Accounts

- 1) Gross profit is
 - a) Cost of goods sold + Opening stock
 - b) Excess of sales over cost of goods sold
 - c) Sales fewer Purchases
 - d) Net profit fewer expenses of the period
- 2) Net profit is computed in the
 - a) Profit and loss account
 - b) Balance sheet
 - c) Trial balance
 - d) Trading account
- 3) 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
- 4) 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
- 5) Any written evidence in support of a business transaction is called
 - a) Journal
 - b) Ledger
 - c) Ledger posting
 - d) Voucher
- 6) Sales made to Mahesh for cash should be debited to_____.
 - a) Cash account
 - b) Mahesh Account
 - c) Sales account
 - d) Purchase account
- 7) Rent paid to landlord should be credited to_____.
 - a) Landlords account
 - b) Rent account



- c) Cash account
 - d) Expense account
- 8) All direct & indirect expenses related to business are charged:
- a) Profit and loss account
 - b) Trading account
 - c) Trading account & Profit and Loss account
 - d) Directly to Balance sheet
- 9) Purchases of goods on credit from A is recorded as:
- a) Debit purchases a/c; credit cash a/c
 - b) Debit A a/c ;credit purchases a/c
 - c) Debit purchases a/c ; credit A a/c
 - d) Debit A a/c ; credit stock a/c
- 10) Transferring the debit and credit item from the journal to the respective accounts is called
- a) Compound Journal
 - b) Ledger
 - c) Trial balance
 - d) None of these
- 11) A statement containing the various ledgers balances on particular date.
- a) Compound Journal
 - b) Ledger
 - c) Trial balance
 - d) None of the above
- 12) The transferring of debit and credit items from journal to the respective accounts in the ledger is called as
- a) Ledger
 - b) Posting
 - c) Forward journal
 - d) None of these
- 13) The following comments each relate to the recording of journal entries. Which statement is true?
- a) For any given journal entry, debits must exceed credits.
 - b) It is customary to record credits on the left and debits on the right.
 - c) The chart of accounts reveals the amount to debit and credit to the affected accounts.
 - d) Journalization is the process of converting transactions and events into Debit / credit format.



- 14) The basic sequence in the accounting process can best be described as:
- Transaction, journal entry, source document, ledger account, trial balance.
 - Source document, transaction, ledger account, journal entry, trial balance.
 - Transaction, source document, journal entry, trial balance, ledger account.
 - Transaction, source document, journal entry, ledger account, trial balance.
- 15) A firm has reported a profit of Rs.1,47,000 for the year ended 31-3-2014 after taking into consideration the following items.
- The cost of an asset Rs.23,000 has been taken as an expense
 - The firm anticipated a profit of Rs.12,000 on the sale of an old furniture
 - Salary of Rs.7,000 outstanding for the year has not been taken into account.
 - An asset of Rs.85,000 was purchased for Rs.75,000 and was recorded in the books at Rs.85,000. What is the correct amount of profit to be reported in the books?
- Rs.1,47,000
 - Rs. 1,51,000
 - Rs.1,63,000
 - Rs.1,41,000
- 16) If one of the cars purchased by a car dealer is used for business purpose, instead of resale, then it should be recorded by_____.
- Dr Drawing A/c & Cr Purchases A/c
 - Dr Office Expenses A/c & Cr Motor Car A/c
 - Dr Motor Car A/c & Cr Purchases A/c
 - Dr Motor Car & Cr Sales A/c
- 17) If wages are paid for construction of business premises _____ A/c is credited and _____ A/c is debited.
- Wages, Cash
 - Premises, Cash
 - Cash, Wages
 - Cash, Premises
- 18) Provision for discount on debtors is calculated on the amount of debtors.
- Before deducting provision for doubtful debts.
 - After deducting provision for doubtful debts.
 - Before deducting actual debts and provision for doubtful debts.
 - After adding actual bad and doubtful debts.
- 19) Which of the following is not a Real Account?
- Cash A/c
 - Investments A/c
 - Outstanding rent A/c
 - Purchases A/c



- 20) Value of goods withdrawn by the proprietor for his personal use should be credited to ____.
- a) Capital A/c
 - b) Sales A/c
 - c) Drawings A/c
 - d) Purchases A/c
- 21) Which of the following is incorrect?
- a) Goodwill - intangible asset
 - b) Sundry debtors - current asset
 - c) Loose tools - tangible fixed asset
 - d) Outstanding expenses - current asset.
- 22) M/s Stationery Mart will debit the purchase of stationery to ____.
- a) Purchases A/c
 - b) General Expenses A/c
 - c) Stationery A/c
 - d) None
- 23) Fixed assets are double the current assets and half the capital. The current assets are Rs.3,00,000 and investments are Rs.4,00,000. Then the current liabilities recorded in balance sheet will be
- a) 2,00,000
 - b) 1,00,000
 - c) 3,00,000
 - d) 4,00,000
- 24) Sales – Gross Profit = ____.
- a) Cost of goods sold
 - b) Net sales
 - c) Gross Sales
 - d) Liabilities
- 25) Valuation of stock in accounting follows the principle of cost price or ____ whichever is lower.
- a) Market Price
 - b) Average Price
 - c) Net realizable Value
 - d) None of these.
- 26) Mr. X is a dealer in electronic goods (refrigerator, washing machine, air conditioners, televisions, etc.) He purchased two air conditioners and installed in his showroom. In the books of X the cost two air conditioners will be debited to
- a) Drawing account
 - b) Capital Account
 - c) Fixed assets



- d) Purchases account
- 27) An asset was purchased for Rs.1000000 with the down payment of Rs.200000 and bills accepted for Rs.800000/-. What would be the effect on the total asset and total liabilities in the balance sheet?
- a) Assets increased by Rs.800000 and liabilities decreased by Rs.800000
 - b) Assets decreased by Rs.800000 and liabilities increased by Rs.800000
 - c) Assets increased by Rs.1000000 and liabilities increased by Rs.800000
 - d) Assets increased by Rs.800000 and liabilities increased by Rs.800000
- 28) Trial balance is used to check the accuracy of
- a) Balance sheet balances
 - b) Ledger accounts balances
 - c) Cash flow statement balances
 - d) Income statement balances
- 29) In the books of account if a transaction is completely deleted, will it affect the trial balance?
- a) No
 - b) Yes
 - c) A transaction cannot be omitted
- 30) What is used in preparing trial balance?
- a) Specialised Journals
 - b) Balance Sheet
 - c) Ledger Accounts
 - d) General Journal
- 31) What is the trial balance used?
- a) It is a financial statement
 - b) It records balances of a balance sheet
 - c) It doesn't contribute to the accounting cycle
 - d) It records balances of accounts
- 32) When debit balance is equal to credit balance then the trial balance means
- a) Account balances are correct
 - b) Mathematically $\text{Capital} + \text{Liabilities} = \text{Assets}$
 - c) No mistake in recording transactions
 - d) No mistake in posting entries to ledger accounts
- 33) When is trial balance prepared?



- a) At the end of an accounting period
 - b) At the end of a year
 - c) Frequently during the year
 - d) At the end of a month
- 34) Which of the following may have both Dr and Cr balance?
- a) Only cash column of the cash book
 - b) Only bank column of the cash book
 - c) Both cash and bank column
 - d) Neither cash or bank balance
- 35) Salary due for the month of March will appear in side of the cash book.
- a) Receipt
 - b) Payment
 - c) Contra
 - d) None of the above.
- 36) is not a subsidiary book.
- a) Purchase book
 - b) Purchases return book
 - c) Sales book
 - d) Ledger
- 37) Recording is made in journal proper of
- a) Opening entries
 - b) Closing entries
 - c) Adjustment entries
 - d) All of the above
- 38) A Is sent to a supplier when we return goods.
- a) Debit note
 - b) Credit note
 - c) Proforma invoice
 - d) None of these
- 39) Personal accounts are related to:
- a) Assets and liabilities
 - b) Expenses, losses and incomes



c) Debtors and creditors

40) Goods worth Rs 7,000 were given away as charity would be credited to :

- a) Sales a/c
- b) Purchases a/c
- c) Charity a/c
- d) Trustee a/c

41) Loss of goods by fire should be credited to

- a) Sales a/c
- b) Loss a/c
- c) Profit and loss a/c
- d) Purchases a/c

42) Pick out a source voucher / document from the following:

- a) Debit voucher
- b) Credit voucher
- c) Cash voucher
- d) Transfer voucher

43) Credit purchase of furniture will be recorded through which voucher?

- a) Debit voucher
- b) Credit voucher
- c) Cash voucher
- d) Transfer voucher

44) Statements prepared to know profit or loss and financial position of the business are called:

- a) Financial Statement
- b) Bank Reconciliation Statement
- c) Trial Balance
- d) All of these

45) Business is said to be in a profit when

- a) Expenditure exceeds income
- b) Income exceeds expenditure
- c) Income exceeds liability
- d) Assets exceed expenditure



- 46) As per the accounting double-entry system, an account that receives the benefit is
- No need to show as an accounting record
 - Income
 - Debit
 - Credit
- 47) When there is an increase in capital by an amount, it is registered on the
- Credit or right side of the account
 - Debit or left side of the account
 - Credit or left side of the account
 - Debit or right side of the account
- 48) Which option gives a review report on the firm's financial status at a specified date?
- Income & Expenditure Account
 - Balance Sheet
 - Cash Flow Statement
 - Profit & Loss Account
- 49) Which of the options is not an intangible asset?
- Land
 - Patents
 - Goodwill
 - Franchise rights
- 50) The unfavourable balance of Profit and Loss account should be
- Subtracted from liabilities
 - Subtracted from capital
 - Subtracted from current assets
 - Added in liabilities

Answer Key:

1 - b	2 - a	3 - d	4 - c	5 - d	6 - a	7 - c	8 - c	9 - c	10 - b
11 - c	12 - b	13 - d	14 - d	15 - b	16 - c	17 - d	18 - b	19 - c	20 - d
21 - d	22 - a	23 - b	24 - a	25 - c	26 - c	27 - d	28 - b	29 - a	30 - c
31 - d	32 - b	33 - a	34 - b	35 - d	36 - d	37 - d	38 - a	39 - c	40 - b
41 - d	42 - d	43 - d	44 - a	45 - b	46 - d	47 - a	48 - b	49 - a	50 - b



Unit 3: Bank Reconciliation Statement

- 1) A Bank Reconciliation Statement is:
 - a) A part of cash book
 - b) A part of pass book
 - c) A statement prepared by bank
 - d) A statement prepared by a customer
- 2) A pass book is a copy of
 - a) A customer's account in the bank's books
 - b) Cash book relating to bank column
 - c) Cash book relating to cash column
 - d) Firm's receipts and payments
- 3) A bank reconciliation statement is prepared with the balance of:
 - a) Cash book
 - b) Pass book
 - c) Either cash book or pass book
 - d) Neither cash book nor pass book
- 4) Unfavourable bank balances means:
 - a) Credit balance in the cash book
 - b) debit balance in the pass book
 - c) Debit balance in the cash book
 - d) Favourable balance in the cash book
- 5) The main purpose of preparing a bank reconciliation statement is?
 - a) To know the bank balance
 - b) To know the balance of bank statement
 - c) To correct the cash book
 - d) To identify causes of difference between cash book and bank statement
- 6) Uncollected checks are also known as?
 - a) Outstanding checks
 - b) Uncleared checks
 - c) Outstation checks



- d) Both b & c
- 7) When check is not paid by the bank, it is called?
- a) Honored
 - b) Endorsed
 - c) Dishonored
 - d) a & b
- 8) Bank reconciliation is not a?
- a) Reconcile records
 - b) Memorandum statement
 - c) Ledger account
 - d) Procedure to provide cash book adjustments
- 9) Bank statement also called?
- a) Pass book
 - b) Cash book
 - c) Credit book
 - d) Debit book
- 10) The balance on the debit side of the bank column of cash book indicates?
- a) The total amount has drawn from the bank
 - b) Cash at bank
 - c) The total amount overdraft in the bank
 - d) None of above
- 11) In cash book, the favourable balance indicates
- a) Credit Balance
 - b) Debit Balance
 - c) Bank Overdraft
 - d) Adjusted Balance
- 12) On the bank statement, cash deposited by the company is known as
- a) Credit
 - b) Debit
 - c) Liability
 - d) Expenses



13) Bank reconciliation statement compares a bank statement with _____.

- a) Cash payment journal
- b) Cash receipt journal
- c) Financial statements
- d) Cashbook

14) What is “Deposit in transit” in bank reconciliation?

- a) Added to Bank Balance
- b) Subtracted From Bank Balance
- c) Subtracted From the Cash Book Balance
- d) Added to Cashbook Balance

15) NSF’ marked in cheque sent back by the bank indicates

- a) Cheque has been forged
- b) A bank couldn’t verify the identity
- c) No sufficient money
- d) A cheque cannot be cashed because it’s illegal

16) Bank reconciliation description is composed of

- a) Bank Accountant
- b) Business Manager
- c) Business Accountant
- d) Controller of the bank

17) An unadjusted balance in cash book is because of the result of which error?

- a) Deposit in transit
- b) The omission of Bank charges
- c) Outstanding checks
- d) Unpresented checks

18) Unpresented checks also referred to as

- a) Bounced checks
- b) Outstanding checks
- c) Uncredited checks
- d) Uncollected checks



19) In cash book, bank charges of ₹5,000 was not recorded. Name the correct cash book adjustment.

- a) It will be credited in cash book
- b) It will be debited in cash book
- c) No adjustment needed in the cash book
- d) Charges will be added to the cash book balance

20) What type of cheques is that which is issued by a firm but not deposited to the bank.

- a) Uncredited cheques
- b) Outstanding cheques
- c) Uncollected cheques
- d) Bounced cheques

21) A bank reconciliation statement is prepared by?

- a) Banker
- b) Accountant of the business
- c) Auditors
- d) Registrar

22) Bank reconciliation statement is?

- a) Part of bank statement
- b) Part of the cash book
- c) A separate statement
- d) a sub-division of journal

23) Favorable balance means?

- a) Credit balance in the cash book
- b) Credit balance in Bank statement
- c) Debit balance in cash book
- d) both b and c

24) Unfavorable balance means?

- a) Credit balance in the cash book
- b) Credit balance in Bank statement
- c) Debit balance in cash book
- d) Debit balance in petty cash book



- 25) Farkhanda Jabeen Ltd. receives a check for Rs. 100 records it in cash book and deposits it on the same day. A statement sent by the bank that day does not show this Rs. 100. How is this shown on the bank reconciliation statement?
- a) As an uncredited deposits added to the bank statement balance
 - b) As an uncredited deposits deducted from the bank statement balance
 - c) As an Unpresented check added to the bank statement balance
 - d) As an Unpresented check deducted from the bank statement balance
- 26) A bank reconciliation statement is prepared by?
- a) Internal auditor
 - b) Business accountant
 - c) Businessman
 - d) All of These
- 27) Which of the following items is not a reason for difference between bank balance as per cash book and pass book?
- a) Dishonored check
 - b) Cheques deposited but not yet cleared
 - c) Credit sales
 - d) Cheques issued but not yet presented for payment
- 28) Credit balance in bank pass book means?
- a) Bank overdraft
 - b) Bank balance
 - c) Balance as per cash book
 - d) None
- 29) A check that bears a date latter than date of issue is called?
- a) Anti dated check
 - b) Post-dated check
 - c) Dishonored check
 - d) Outdated check
- 30) When a cheque is returned by the bank showing some technical reason is known as?
- a) Honor of the cheque
 - b) Balance of account
 - c) Dishonor of the cheque
 - d) None of these



- 31) The outstanding check is the missing entry of?
- a) Cash book
 - b) Passbook
 - c) Both
 - d) None
- 32) Directly collections of bank are to be _____ in cash book?
- a) Dr
 - b) Cr
 - c) Both
 - d) None
- 33) The cheque which is issued to creditor but is not presented for payment is called?
- a) Uncredited cheque
 - b) Outstanding cheque
 - c) Omitted cheque
 - d) Dishonored cheque
- 34) Overdraft means _____ balance of Cash Book.
- a) closing
 - b) debit
 - c) opening
 - d) credit
- 35) When a cheque is deposited and collected by bank Pass Book is _____.
- a) dishonoured
 - b) debited
 - c) credited
 - d) Written
- 36) A _____ is a summary of financial transactions that take place over a period of time on a bank account.
- a) withdrawal slip
 - b) bank advice
 - c) bank statement
 - d) Pay-in-slip



- 37) Debiting an entry in Cash Book _____ cash balance.
- a) increases
 - b) decreases
 - c) nullifies
 - d) none of the above
- 38) Bank Reconciliation Statement is prepared by _____.
- a) student
 - b) businessman
 - c) bank
 - d) none of the above
- 39) Bank balance as per Pass Book means _____ balance of Pass Book.
- a) credit
 - b) opening
 - c) debit
 - d) closing
- 40) Bank gives overdraft facility to _____ account holder.
- a) savings
 - b) recurring
 - c) current
 - d) fixed
- 41) Debit balance as per Cash Book is also known as _____ balance.
- a) favourable
 - b) overdraft
 - c) abnormal
 - d) unfavourable
- 42) When extracts of Cash Book and Pass Book are given for uncommon periods, only _____ items are considered for preparation of Bank Reconciliation Statement.
- a) uncommon
 - b) normal
 - c) favourable
 - d) common



- 43) When extract of Cash Book and Pass Book are given for common period, only _____ items are considered for preparation of Bank Reconciliation Statement.
- a) uncommon
 - b) common
 - c) favourable
 - d) unfavourable
- 44) A bank pass book is a copy of
- a) A customer's account in the bank's book
 - b) Cash book relating to bank column
 - c) Cash book relating to each column
 - d) None of these
- 45) A bank reconciliation statement is prepared to know the causes for the difference between
- a) The balance as per cash column of the cash book and pass book.
 - b) The balance as per bank column of the cash book and pass book
 - c) Both (a) and (b)
 - d) None of above
- 46) Bank reconciliation statement is prepared by matching.
- a) Entries in pass book with entries in bank column of cash book.
 - b) Entries in pass book with entries in cash column of cash book.
 - c) Entries in pass book with entries in bank column and cash column of cash book.
 - d) None of these
- 47) Which of the following will not require 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 above
- 48) Bank reconciliation statement is a
- a) Part of cash book
 - b) Part of bank account
 - c) part of cash account
 - d) None of the above



- 49) A bank reconciliation statement is prepared with the help of
- a) Bank statement and bank column of cash book
 - b) Bank statement and cash column of cash book
 - c) Bank column of cash book and cash column of cash book
 - d) None of these
- 50) Debit balance as per cash book of ABC Co. on 31.03.2020 is Rs. 1500. Cheque deposited but not cleared amounts to Rs. 100 and cheque issued but not presented of Rs. 150. Balance as per pass book should be
- a) 1750
 - b) 1550
 - c) 1650
 - d) None of these

Answer Key:

1 - d	2 - a	3 - c	4 - b	5 - d	6 - d	7 - c	8 - c	9 - a	10 - b
11 - b	12 - a	13 - d	14 - a	15 - c	16 - c	17 - b	18 - b	19 - a	20 - b
21 - b	22 - c	23 - d	24 - a	25 - a	26 - d	27 - c	28 - b	29 - b	30 - c
31 - b	32 - a	33 - b	34 - d	35 - c	36 - c	37 - a	38 - b	39 - a	40 - c
41 - a	42 - d	43 - a	44 - a	45 - b	46 - a	47 - c	48 - d	49 - a	50 - b



Unit 4: Computerized Accounting

- 1) What are the features of a computerized accounting system?
 - a) It facilitates off-line input and storage of accounting data
 - b) This system never fails
 - c) It generates a print-out of purchase and sale invoices
 - d) None of the above
- 2) What is not an advantage of a computerized accounting system.
 - a) High Speed
 - b) High Reliability
 - c) Reduced training cost
 - d) None of the above
- 3) What are the types of a computerized accounting system?
 - a) Ready to use Software
 - b) Customized Software
 - c) Tailor-made Software
 - d) All of the above
- 4) What are the advantages of tailor-made software?
 - a) These are ready made softwares
 - b) Low cost
 - c) High secrecy of data
 - d) None of the above
- 5) What are the factors to be considered while source accounting software?
 - a) Flexibility
 - b) Adaptability
 - c) Interest of management
 - d) Both a & b
- 6) Ram want to install a computerised accounting system but his budget is low. Which software he should opt for
 - a) Ready to use Software
 - b) Customized Software



- c) Tailor-made Software
 - d) He can buy any of above, all cost same
- 7) If an organisation want to develop a computerised accounting system according to its need as the business of organisation is complex. Which software it should opt for
- a) Ready to use Software
 - b) Customized Software
 - c) Tailor-made Software
 - d) Any of above
- 8) What are the features of computerized accounting software?
- a) storage of accounting data and on-line input
 - b) instantly produces different reports
 - c) group different account
 - d) All of the above
- 9) Theof a vendor is also an important factor to consider while opting for a computerized accounting software.
- a) Level of profit
 - b) Honesty
 - c) Capability
 - d) None of the above
- 10) Software must be easy to.....
- a) Install
 - b) Adapt
 - c) Understand
 - d) All of the above
- 11) Accounting Packages are developed on the basis of
- a) Accounting concepts
 - b) Accounting conventions
 - c) Both Accounting concepts and Conventions
 - d) None of the above
- 12) What type of Software is an Accounting Package?
- a) System Software



- b) Application Software
- c) Utility Software
- d) Basic

13) The components of computerised accounting system are

- a) Data, Report, Ledger, software, Hardware
- b) Software, Hardware, People, Procedure, Data
- c) Data, Coding, Procedure, Objective, Output
- d) People, Procedure, Hard ware, software

14) Grouping of Accounts means the classification of data from:

- a) Assets, Capital, and Liabilities
- b) Assets, Capital, Liabilities, Revenues & Expenses
- c) Assets, Owners equity, Revenue & Expenses
- d) Capital, Liabilities, Revenues, & Expenses

15) Codification of Accounts required for the purpose of:

- a) Hierarchical relationship between groups and components
- b) Data processing faster and preparing of final accounts
- c) Keeping data and information secured
- d) None of the above

16) Method of codification should be

- a) Such that it leads to grouping of accounts
- b) An identification mark
- c) Easy to understand and leads to grouping of accounts
- d) None of the above

17) Final account subsystem in Accounting Information System (AIS) deals with

- a) Preparation of budgets
- b) Preparation of Pay Roll
- c) Preparation of Final Accounts
- d) None of the above



- 18) Pick the odd one out
- a) Password security
 - b) Data Audit
 - c) Data Bank
 - d) Data vault
- 19) Which among the following is an example of mnemonic codes?
- a) AS03, AS04, AS05
 - b) 1925, 1926, 1927, 1928
 - c) ACC, ECO, ENG, MAL
 - d) 001-100, 101-200, 201-300, 301-400
- 20) Which among the following deals with generation of reports that are vital for management decision making?
- a) Costing sub system
 - b) Pay Roll Accounting Sub system
 - c) Budget Sub System
 - d) Management Information System
- 21) The need of codification is
- a) Easy to process data
 - b) Keeping proper records
 - c) The generation of block codes
 - d) The encryption of data
- 22) Choose the correct pair
- a) Cash and Bank sub system – Deals with receipts and payments of cash
 - b) Inventory subsystem – deals with recording of sales
 - c) Payroll Accounting sub system – deals with the preparation of final accounts
 - d) Accounts receivable sub system – deals with expenses
- 23) It refers to the system of recording, organising, summarising, analysing, interpreting and communicating the financial data of a business.
- a) Manual Accounting
 - b) Computerised Accounting
 - c) Auditing
 - d) Human Resource Accounting



24) Following businesses generally require customised software:

- a) Banking
- b) Medical
- c) Retail or point of Sale
- d) All of the above

25) Features of computerised accounting system

- a) Complete visibility
- b) Fast, powerful, simple and integrated
- c) Accuracy and speed
- d) All of the above

26) When different accounts are clubbed on the basis of some common characteristics that are shared by them, the concept is known as _____.

- a) Asset
- b) Liability
- c) Income
- d) Grouping

27) _____ is the systematic assignment of number to items to classify and organise them.

- a) Codification
- b) Coding
- c) Grouping
- d) Recording

28) Most organisations use _____ for coding their accounts.

- a) Block code
- b) Block number
- c) Block group
- d) Block section

29) Computers can be used in accounting in different number of ways:

- a) Utility in batch processing
- b) Utility in Online/Interactive Processing
- c) Utility in Wage/Payroll System
- d) All of the above



- 30) Such systems also generate reports which allow the accounting professionals to have a proper view of different transactions in a comprehensive manner.
- a) Enterprise Resource Planning software
 - b) Pre-packaged accounting software
 - c) Spreadsheet software
 - d) Customised accounting packages
- 31) This software is a package which is used for managing the entire organisation in a comprehensive.
- a) Enterprise Resource Planning software
 - b) Pre-packaged accounting software
 - c) Spreadsheet software
 - d) Customised accounting packages
- 32) The individual field in the sheet is known as a _____.
- a) Row
 - b) Cell
 - c) Column
 - d) Group
- 33) Such kind of software offers various functionalities such as cell content, pivot table, formulas and macros.
- a) Enterprise Resource Planning software
 - b) Pre-packaged accounting software
 - c) Spreadsheet software
 - d) Customised accounting packages
- 34) The software may also allow for graphical rendering of data, which is useful for carrying out analysis.
- a) Enterprise Resource Planning software
 - b) Spreadsheet software
 - c) Pre-packaged accounting software
 - d) Customised accounting packages
- 35) This is the kind of software which is specifically designed for meeting the requirements of a particular business.
- a) Enterprise Resource Planning software
 - b) Customised accounting packages
 - c) Pre-packaged accounting software
 - d) Spreadsheet software



36) The components of Computerised Accounting System are :

- a) Data, Report, Ledger, Hardware, Software
- b) Data, People, Procedure, Hardware, Software
- c) People, Procedure, Ledger, Data, Chart of Accounts
- d) Data, Coding, Procedure, Rules, Output

37) The Computerised Accounting System refers to :

- a) Printing of Balance Sheet and Profit and Loss Accounts using computer
- b) Processing of accounting transaction through computer and produce records and reports
- c) Processing of accounting related data and printing reports
- d) None of the above

38) The components of Computerised Accounting System refers to :

- a) Business transactions are analysed, transactions recorded, prepare trial balance, preparation of balance sheet and profit and loss account
- b) From data entry to preparation of final statements
- c) Transformation of manual accounting system to CAS
- d) None of the above

39) The CAS should be

- a) Simple and integrated, transparent, accurate, scalability, reliability
- b) Complex, Accurate, Transparent, Faster to work
- c) Able to transform the manual accounting system to computerised accounting system
- d) None of the above.

40) A computer is an electric device

- a) True
- b) False

41) Control unit works as _____ of the computer.

- a) Monitor
- b) Brain
- c) Component
- d) Part



- 42) Accounting standards issued by ICAI are mandatory in India.
- a) True
 - b) False
- 43) Computer Accounting System is used for recording the financial transaction.
- a) True
 - b) False
- 44) Which of the following is true statement for computerised accounting system?
- a. the computer accounting system is based on the concept of database.
 - b. Computer accounting system does not away with the concept of creating and maintaining journals, ledger etc.
- a) Only a
 - b) Only b
 - c) Both a and b
 - d) None of the above
- 45) Opening an account in a computerized accounting system is entirely different from opening an account in a manual system.
- a) True
 - b) False
- 46) Creation of company is the first step in Computerized Accounting process.
- a) True
 - b) False
- 47) Application softwares
- a) Can operate on its own
 - b) Cannot operate without Operating Software
 - c) Both a and b
 - d) None of these
- 48) Accounting software requires
- a) Transactions 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 the above



49) Accounting softwares available are

- a) Readymade or off-the-shelf software
- b) Tailor-made software
- c) Customised Software
- d) All of these

50) Which of the following software is not operating software?

- a) MS DOS
- b) Windows XP
- c) MS Word
- d) None of these

Answer Key:

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41 - b	42 - a	43 - a	44 - a	45 - b	46 - a	47 - b	48 - a	49 - d	50 - c