

Questions	A	B	C	D	Answer
If standards are not followed, the _____ has to make a disclosure in the accounting report in case of failure.	Manager	Employee	auditor	Creditors	c
The _____ statements are prepared from the books of accounts and other records maintained by the enterprise.	Legal	Non-Legal	None of the above	financial	d
There is _____ to establish accounting standards.	No need	Important	Unnecessary	need	d
There is need of _____ to accounts.	Report	Data	notes	None of the above	c
There is need to _____ change in accounting policies	Accrual	Realisation	disclose	All of the above	c
Inventories may be valued by the methods.	different	Written down	Stright	None of the above	a
It is difficult to follow a _____ accounting policy in all the circumstances.	uniform	Transperancy		None of the above	a
AS _____ deals with disclosure of accounting policies.	GAAP	AS 1	ASB	AS-5	b
AS 1 is _____.	Optional	Recommendatory	Mandatory	Unnecessary	c
Materiality has to be considered in selection of _____.	Final Statements	Fundamental accounting assumptions	Accounting Policies	None of the above	c
Compliance of Accounting Standard is _____.	Recommendatory	Optional	None of the above	Mandatory	d
Disclosure of Accounting Policies should form part of _____.	Directors report	Auditor's report	Final Accounts	Books of accounts	c
Different firms follow _____ policies.	Same	leagal	None of the above	Different	d
_____ are laid down by law.	Auditor's report	Directors report	Accounting Standards	None of the above	c
Accounting policies are not _____ for all organisations.	Compulsory	Different	None of the above	Same	d
Accounts must be prepared as per _____.	Organisation	All of the above	Law	None of the above	c
Accounting standards are issued by _____.	CEO	Director	Employee	ICAI	d
Standardisation of accounting policies is necessary to ensure.	Comparability	Transperancy	All of the above	Consistency	d
Significant accounting policies are disclosed	Along with financial statementss	In the books of accounts	Along with balance sheet	In the accounting software	a
Accounting Standard 1 is	Mandatory	Optional	Recommendatory	No longer valid	a

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	d
Following is an example of an accounting policy	Consistency	Depreciation	Accrual	Going concern	b
Following is an example of an accounting policy	Going concern	Entity	Conservatism	Conversion of foreign currency items	d
Following is an example of accounting policy	Realisation	Accrual	Entity	Valuation of fixed assets	d
Factors to be considered while selecting accounting policies	Consistency	Prudence	Dual aspect	Cost	b
Disclosure should form part of	Directors report	Auditor's report	Final accounts	Books of accounts	c
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 directors	Be reported to CEO	Be disclosed	Be ignored	c
Inventories are valued at _____ of cost and net realisable value.	lower	Upper	Exact	Zero	a
Inventory consists of finished goods held for sale in the _____ course of business.	ordinary	Legal	optional	Compulsory	a
Inventories do _____ include machinery.	Partially	not	Mostly	None of the above	b
Inventories are defined as _____ (AS-2 (Revise)).	Current Liability	Assets held for sale in the ordinary course of business	asset	Non of the above	c
As per AS-2 (Revised) _____ approach for costing inventories has been eliminated.	Direct labour	Factory overheads	Direct, costing,	All of the above	c
By-products, wastes and spares are to be valued at net realisable price if their value is not _____.	Spare Parts	Finished Goods	None of the above	material	d
AS-2 (Revised) is applicable to enterprise.	not all	Selective	None of the above	all	d
Main product is the target product of _____ value.	Inventory	Net realisable	All of the above	significant	d
AS-2 is not applicable to _____.	Mineral Oils	Machinery Spares	Live stock	None of the above	a
Overvaluation of stock _____ profits.	Minimise	Inflates	Reduces	Deflates	b
Undervaluation of stock _____ profits.	Inflates	Deflates	All of the above	Maximise	b
_____ method is recognised by AS-2.	LIFO	None of the above	Both (a) and (d)	FIFO	d

AS-9 is applicable to _____ enterprises.	all	selective	some	None of the above	a
AS-9 explains when the _____ should be recognised in the Profit & Loss Account.	All of the above	revenue	Divident	Royalty	b
As per AS-9 revenue from sale of goods is recognised when the seller _____ the goods to the buyer for a consideration.	consideration	transfers,	receive	use	b
The AS deals with revenue recognition is	AS-1	AS-9	AS-3	AS-10	b
AS-9 does not deal with revenue arising from	Sale of goods	Interest	Service contracts	Construction contracts	d
Revenue from interest is recognised when	Interest is received	Loan is repaid	Interest accrues on time basis	When loan is taken	c
Revenue from dividend is recognised when	Dividend is received	Right to receive dividend is established	Amount is credited to Bank Account	Dividend warrant is despatched by the company	b
In consignment revenue is recognised when	Goods are sent on consignment	Goods are received by the consignee	Goods are sold out by the consignee	All of the above	c
Following is not covered by AS 9	Dividend	Interest	Royalty	Lease Rent	d
Trade discount should be	Added to revenue	Ignored	Deducted from revenue	Added to cost	b
Revenue from sale of goods arises when	Goods are sold out	Goods are delivered	Goods are depatched	None of the above	a
Revenue means	Sales	Income	Gains	Gross inflow of benefits from ordinary activities	d
Revenue from sale of goods is recognised when	Sale is made	Collection is made from debtors	Goods are produced	None of the above	a
Revenue from cosignment is recognised when	Goods are sent on consignment	Goods are sold by consignee	When account sale is received from the consignee	When proforma invoice is sent by the consignor	c
_____ method assumes that stock received first is issued first.	LIFO	FIFO	Weighted Average	Simple Average	b
_____ method assumes that stock received last is issued first.	Simple Average	LIFO	FIFO	Weighted Average	b

In _____ method, stock is valued at oldest rate.	FIFO	LIFO	Weighted Average	Simple Average	b
In _____ method, stock is valued at current rate.	LIFO	Simple Average	FIFO	Weighted Average	c
In _____ method, stock is over valued when the prices are rising.	Weighted Average	Simple Average	LIFO	FIFO	d
_____ method is suitable for perishable goods.	LIFO	Simple Average	Weighted Average	FIFO	d
_____ method is applied when the lots of goods are not identifiable.	FIFO	Weighted Average	LIFO	any	b
In _____ method, Balance Sheet shows current cost of stock.	LIFO	FIFO	None of the above	Weighted Average	b
Under _____ inventory system, stock is valued by physical stock taking.	Perpetual	None of the above	both (a) & (d)	Periodic	d
Under _____ inventory system, stock is valued on the basis of stores ledger.	both (b) & (d)	Periodic	None of the above	Perpetual	d
Under _____ method, fluctuations in prices are overcome.	FIFO	LIFO	All of the above	Weighted Average	d
_____ expenditure is recurring.	Revenue	Capital	Extra Ordinary	deferred revenue expenditure	a
_____ expenditure is non-recurring.	Capital	deferred revenue expenditure	Revenue	Extra Ordinary	a
_____ expenditure is shown in the Balance Sheet on asset side.	deferred revenue expenditure	Capital	Extra Ordinary	Revenue	b
_____ expenditure is shown in Profit & Loss Account.	Capital	None of the above	Revenue	deferred revenue expenditure	c
_____ receipts are shown as income in Profit & Loss Account.	deferred revenue expenditure	Capital	Revenue	Extra Ordinary	c
_____ receipts are shown in Balance Sheet.	Revenue	deferred revenue expenditure	None of the above	Capital	d
_____ is expenditure on asset held for generation of interest / dividend.	Dividend	Revenue	None of the above	Investment	d
_____ expenditure does not give any future benefits.	Capital	Revenue	deferred revenue expenditure	None of the above	b
Wages paid for installation of machinery is a _____ expenditure.	revenue	capital	None of the above	deferred revenue expenditure	b

Carriage on purchase of furniture is _____ expenditure.	None of the above	capital	revenue	deferred revenue expenditure	b
Repairs of machinery is a _____ expenditure.	capital	deferred revenue expenditure	revenue	None of the above	c
Payment of penalty is a _____ expenditure.	deferred revenue expenditure	None of the above	revenue	capital	c
Documentation charges regarding purchase of building is a _____ expenditure.	revenue	deferred revenue expenditure	capital	None of the above	c
Depreciation is _____ in nature.	capital	None of the above	deferred revenue expenditure	revenue	d
Advertising is a _____ expenditure.	deferred revenue expenditure	capital	None of the above	revenue	d
Demolition cost of old building is a _____ .	Capital expenditure	Revenue expenditure	None of the above	deferred revenue expenditure	d
Overhauling of machinery is a _____ expenditure.	capital	revenue	deferred revenue expenditure	None of the above	b
Amount received on sale of goods is a _____ receipt.	deferred revenue expenditure	revenue	capital	None of the above	b
Commission received is a _____ receipt.	capital	revenue	deferred revenue expenditure	None of the above	b
Heavy legal expenses are _____ .	capital	deferred revenue expenditure	revenue	None of the above	d
Bad debt recovery is a _____ receipt.	capital	deferred revenue expenditure	None of the above	revenue	d
Carriage inward is shown in _____ Account.	Profit & Loss Account	Balance Sheet	Trading	Capital	c
Factory expenses are shown in _____ Account.	Balance Sheet	Profit & Loss Account	Trading	Capital	c
Net profit is _____ to capital.	deducted	Divided	added	Capital	c
Net loss is _____ from capital.	added	Divided	deducted	Capital	c
Closing stock appearing in the Trial Balance is shown in _____ .	Balance Sheet	Profit & Loss Account	Capital	Current A/c	a
Gross profit is transferred to _____ Account.	Profit & Loss Account	Balance Sheet	Trading	Capital	a
Prepaid insurance is shown on _____ side of the Balance Sheet.	Liability	asset	Trading A/c debit	Profit & Loss A/c credit	b
Interest on capital is debited to _____ Account.	Trading	Balance Sheet	Profit & Loss	Capital	c

Interest on drawings is credited to _____ Account.	Balance Sheet	Trading	Profit & Loss	Capital	c
Unwritten off deferred revenue expenses are shown in the Balance Sheet on _____ side.	liability	Current Liability	asset	Capital	c
Salary payable is shown in the Balance Sheet on _____ side.	asset	Current assets	Income	liability	d
Income receivable is shown in the Balance Sheet on _____ side.	asset	Current Liability	liability	None of the above	a
All indirect expenses are debited to _____ Account.	Profit & Loss	Trading	Balance Sheet	None of the above	a
Drawings are debited to _____ Account.	Interest	Investment	Capital	None of the above	c
Drawings Account shows _____ balance.	debit	credit	None of the above	Opening	a
Interest on investment is shown on credit side of _____ Account.	Profit & Loss	Trading	Balance Sheet	None of the above	a
Goodwill is not a _____ asset.	fictitious	fixed	current	None of the above	a
Bank overdraft is a _____.	Assets	Expenses	liability	All of the above	c
Carriage inward is shown in _____ A/c.	Profit & Loss	Balance Sheet	Trading A/c	All of the above	c
Carriage outward is shown in _____ A/c.	P & L A/c	Trading A/c	Balance Sheet	None of the above	a
Net loss is transferred to _____ A/c.	Capital A/c	Sales A/c	Purchase A/c	None of the above	a
Gross profit is transferred to _____ A/c.	P & L A/c	Capital A/c	Sales A/c	Purchase A/c	a
Prepaid expenses are shown in balance sheet on _____ side.	Current Liability	None of the above	Assets	fictitious liability	c
Interest accrued on investment is shown in balance sheet on _____ side.	Current Liability	fictitious liability	Assets	None of the above	c
Salary payable is shown in balance sheet on _____ side.	Liability	Fixed asset	Current Assets	Fictitious assets	a
Goods distributed as free sample are credited to _____ A/c.	Trading	P & L A/c	Balance Sheet	None of the above	a
_____ Accounts show department wise profit / loss.	Departmental	General profit & Loss A/c	Balance Sheet	None of the above	a
Freight outward is allocated on the basis of _____ of each department.	purchases	sales	Income	Expenses	b
Carriage inward is allocated on the basis of _____ of each department.	sales	purchases	Expenses	Income	b
Staff welfare expenses are allocated on the basis of _____ of departments.	Sale of each Department	Area of each Department	number of workers	Income	c

Cost of H.R. Department is allocated on the basis of ____.	Area of each Department	Sale of each Department	number of workers	Income	c
Rent, rates and taxes are allocated on the basis of ____ of each department.	Sale	purchases	None of the above	area	d
Freight inward is allocated on the basis of ____.	Sale	Advertising Expenses	Income	Purchases	d
Freight outward is allocated on the basis of ____.	Sales	Purchases	Rent	Depreciation	a
Rent is allocated on the basis of ____.	Area	Time	Purchase	Sales	a
Expenses regarding purchases are allocated on the basis of ____.	Sales	Area	Purchases	Time	c
Expenses traceable with the departments are called ____.	Direct Income	Welfare Expenses	Direct Expenses	None of the above	c
Departmental Net Profit is transferred to ____.	Trading A/c	Balance Sheet	None of the above	General P & L A/c	d
Depreciation is allocated on the basis of ____.	Area of each Department	light points	No. of worker	Asset Value	d
Welfare expenses are allocated on the basis of ____.	Employees	purchases	Sales	Rent	a
On Hire Purchase the ownership is transferred on payment of instalment.	First	Last	Down payment is made	Agreement is signed	b
The seller gets the right to take back ____ of goods in case of default in payment.	Replacement	Possession	None of the above	Amount	b
Initial amount paid on signing the agreement is called ____.	Cash Price	H. P. Price	Down Payment	interest	c
Possession of goods is transferred on ____ the agreement.	Cancelling	Making	Signing	Reading	c
The buyer of goods on H.P. basis is ____.	Customer	Buyer	None of the above	Hirer	d
The seller of goods on H.P. is ____.	Buyer	None of the above	Customer	Hire vendor	d
____ is the price at which goods are purchased today for full payment.	Cash Price	H. P. Price	Outstanding price	interest	a
Excess of H.P. price over cash price is ____.	Interest	Down Payment	Cash Payment	H. P. Price	a
Depreciation is charged at a certain rate on ____ of the asset.	Down Payment	Cash Price	Principal	None of the above	b
____ is initial payment.	Cash Price	Down Payment	Interest	H. P. Price	b

Hire purchase price includes _____ and _____.	Principal, Interest	Down Payment, Interest	Cash Price, Interest	None of the above	c
Depreciation is provided on _____.	Principal	Down Payment	Cash Price	None of the above	c
_____ method is known as credit purchase method.				Cash Price	d
Hire purchase price = _____.	Down Payment, Interest	Principal, Interest	None of the above	Cash Price, Interest	d
In hire purchase ownership is transferred on payment of _____.	Last Instalment	first Instalment	Agreement is signed	Downpayment is made	a
Generally _____ items are sold on hire purchase basis.	Costly	Factory	Office	None of the above	a
Hire purchase price is _____ than cash price.	Lower	Higher	None of the above	Flexible	b
Interest = Hire purchase price – _____.	Down Payment	Cash Price	Advance payment	None of the above	b
Cash price method is known as _____ method.			Asset Accrual Method	None of the above	c
Under hire purchase agreement interest is charged on _____ cash price.	Prepaid	Actual	Outstanding	All of the above	c
Amount paid at the time of taking delivery of goods is	Cash payment	Down payment	Advance payment	None of the above	b
Hire purchase price is equal to	Cash price	Cash Price – Interest	Cash price + Interest	Advance payment	c
Instalment is equal to	Principal + Interest	Principal – Interest	Cash Price + Interest	Advance payment	a
Depreciation is charged on asset at a certain rate on	Down Payment	Cash price	Principal	None of the above	b
Under hire purchase agreement right of ownership is not passed on to the purchaser unless.	Agreement is signed	Last instalment is paid	Down payment is made	None of the above	b