

Principles of accounting Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	A dealing between two persons is called a	A. business B. transaction C. purchases D. sales
2	Goods returned by customers are	A. purchases B. purchases returns C. sales returns D. sales
3	A basis of business languages	A. accounting B. bookkeeping C. transaction D. cost accounting
4	Modern system of bookkeeping is	A. single entry system B. double entry system C. modern system D. none of these
5	Bookkeeping provides the	A. primary information B. secondary information C. final information D. insufficient information
6	Double entry means	A. entry in two sets of books B. entry at two dates C. entry for two aspects of a transaction D. recording twice in journal
7	Accounting principles can be classified in	A. three types B. two types C. five types D. six types
8	For every debit, there is a credit	A. going concern concept B. dual aspect concept C. matching concept D. cost concept
9	Accounting records of a business enterprise are required by	A. management of the business B. outsiders C. all of the above D. none of the above
10	According to accounting equation, capital is equal to	A. assets + liabilities B. expenses-incomes C. liabilities - assets D. assets - liabilities
11	Expenses paid by a business decrease	A. cash B. capital C. cash & capital D. none of these
12	Purchased goods on credit and for cash will affect	A. cash & goods B. cash & creditors C. cash creditors & owner's equity D. cash goods and creditors
13	When cash is paid to creditors it will decrease	A. cash B. capital C. debtor D. cash & creditors
14	The effect of drawing on accounting equation is	A. decrease in assets and decrease in liabilities B. increase in both assets & liabilities C. decrease in assets and increase in capital D. none of these

15	Cash paid to Naeem will affect	A. cash & capital B. cash & creditor C. cash and debtors D. cash & goods
16	The accounts of expenses, incomes, losses and gains	A. real accounts B. valuation accounts C. nominal accounts D. personal accounts
17	The accounts of assets and properties	A. nominal accounts B. real accounts C. personal accounts D. valuation accounts
18	Carriage account is a/an	A. asset account B. revenue account C. expenditure A/c D. withdrawal account
19	Ahmad's account is an example of	A. real account B. personal A/c C. nominal account D. none of these
20	How many categories of accounts are	A. two B. three C. four D. five
21	The process of recording business transaction in the journal is called	A. Posting B. Journalizing C. Classifying D. Entry
22	Record of business transaction in the journal is called	A. Detail B. Summary C. Narration D. Entry
23	Journal is prepared in	A. Columnar form B. Vertical form C. Horizontal form D. Row form
24	The first successful step of Double Entry System is	A. Leger B. Journal C. Final Account D. Trial Balance
25	Written below each entry is the	A. Transaction B. Voucher no C. Narration D. Date
26	Journal means	A. Weekly B. Monthly C. Yearly D. Daily
27	The Amount of salary paid to Sohail should be debited to	A. Sohail's a/c B. Cash Account C. Salaries a/c D. Both a & c
28	In case of a debt becoming bad, the amount should be credited to	A. Debtor's a/c B. Bad Debts a/c C. Sales a/c D. cash a/c
29	A table lost by fire should be debited to	A. Table a/c B. Furniture a/c C. Loss by Fire a/c D. Purchases a/c
30	Payment of Rs. 50 to Raheel as wages for repairing machine should be debited to	A. Machinery a/c B. Repair a/c C. Wages a/c D. Raheel a/c
31	Debit Signifies	A. Increase in Asset Account B. Decrease in Liability Account C. Decrease in Capital Account D. All of the Above
32	The Principle book of accounts is	A. Journal B. Ledger C. Trial Balance D. Balance Sheet

		D. Balance Sheet
33	Contain all residual account	A. Debtors Ledger B. Creditors Ledger C. General Ledger D. Cash Ledger
34	If the total of the credit side of an account exceeds that of debit side of the same account, it is called	A. Credit Balance B. Debit Balance C. Balancing D. Zero Balance
35	A Ledger is a book in which	A. Only Personal & Cash Accounts are Opened B. Only Real Accounts are Opened C. Only Nominal Accounts are Opened D. All Real, Nominal and Personal Accounts are Opened
36	Which of the following normally has a credit balance	A. Machinery a/c B. Purchases a/c C. Stock a/c D. Sales a/c
37	Ledger Records Transaction in a/an	A. Chronological Order B. Daily order C. Arithmetical Order D. Analytical Order
38	Left hand side of an account is called	A. Debit Side B. Credit Side C. Both a & b D. None of these
39	A schedule of balances of all accounts is called	A. Journal B. Ledger C. Balance Sheet D. Trial Balance
40	A trial balance can be constructed by	A. Three Methods B. Two Methods C. Four Methods D. Five Methods
41	A bill of exchange is a method of payment on	A. Cash Basis B. Credit Basis C. Reserve Basis D. Accommodation Basis
42	A bill of exchange is drawn by	A. Debtor B. Creditor C. Endorser D. Endorsee
43	A bill which is both drawn and payable within the geographical boundaries of a country	A. Foreign Bill B. Local Bill C. Municipal Bill D. Inland Bill
44	When a drawer discounts a bill, he debits	A. Bank Account B. Interest Account C. Drawee Account D. Bill Receivable Account
45	The time after which the bill is to be paid	A. Grace Days B. Tenor C. Due Date D. Extra Days
46	Bank for collection is a	A. Permanent Account B. Fixed Account C. Current Account D. Temporary Account
47	How many parties are involved in case of Discounting of a bill ?	A. Two B. Three C. Four D. None of these
48	A bill of exchange is a / an	A. Promise B. Unconditional Order C. Request D. Conditional Order
49	A bill from the point of view of a debtor is called	A. Bill Acceptable B. Bill Receivable C. Bill Payable D. None of these

50	The person to whom bill is transferred will become	A. Endorser B. Creditor C. Debtor D. Endorsee
51	When a drawee honours his acceptance, he will credit	A. Capital Account B. Drawer Account C. Bill Payable Account D. Cash Account
52	The act of withdrawing a bill of exchange from circulation when it had been paid before the due date	A. Renewal of a Bill B. Discounting of a Bill C. Endorsement of a Bill D. Retiring of a Bill
53	When a bill is transferred by the drawer to his creditor, for settlement of his debts, it is called	A. Retirement of Bill B. Endorsement of a Bill C. Discounting of a Bill D. Settlement of a Bill
54	When an acceptor refuses to pay the amount of bill to the holder on its maturity date it is called	A. Honoured Bill B. Retired Bill C. Dishonoured Bill D. Endorsed Bill
55	When a Bill is dishonoured, the holder of the bill goes to an official called	A. Inspector B. Notary Public C. Drawer D. Manager
56	The Legal tenor of a bill is	A. Sixty Days B. One Month C. Eighty Days D. Ninety Days
57	Interest on renewal of a bill is the expense of	A. Drawer B. Drawee C. Holder D. Endorsee
58	Retiring a bill under rebate means	A. Payment of Bill Before Due Date B. Payment of Bill After due date C. Discounting of a Bill D. Dishonouring of a Bill
59	When is a drawee is declared insolvent which account is to be debited in the books of drawer	A. Deficiency a/c B. Bad Debts a/c C. Solvency a/c D. None of these
60	Accommodation bills are drawn accepted and endorsed	A. Without any Consideration B. for some Consideration C. for Quarter Consideration D. none of the above
61	A cash account always shows	A. Debit Balance B. Credit Balance C. Both a and b D. Nil Balance
62	The cash book is a	A. Subsidiary Journal B. Ledger Account C. Subsidiary Journal and Ledger D. Trial Balance
63	Book used to record petty expenses and receipts	A. Single Column Cash Book B. Petty Cash Book C. Double Column Cash Book D. Treble Column Cash Book
64	Contra Refers to	A. Same Side B. Parallel Side C. Opposite Side D. None of these
65	The most exhaustive cash book is	A. Petty Cash Book B. Single Column Cash Book C. Double Column Cash Book D. Treble Column Cash Book
66	Which column is prepared in single column cash book?	A. Bank Column B. Cash Column C. Discount Column D. All of the Above
67	How many columns are drawn on one side of three column cash book ?	A. Five Columns B. Six Columns C. Seven Columns

		D. Eight Columns
68	In three column cash book, discount column is	A. Totaled B. Balanced C. Carry Forward D. Both a and b
69	An Entry which is recorded on the both sides of cash book is called	A. Simple Entry B. Compound Entry C. Combined Entry D. Contra Entry
70	Petty cash book is a branch of	A. Pass Book B. Cash Book C. Journal D. Ledger
71	Our cheque to Babar & Bros, returned dishonoured should be credited to	A. Cheque Account B. Cash Account C. Bank Account D. Babar & Bros A/c
72	The book in which all cash transactions are primarily recorded is called	A. Cheque Book B. Pass Book C. Cash Book D. Finance Book
73	Bank reconciliation statement is prepared by	A. Banker B. Customers Accountant C. Auditor D. Manager
74	Unfavourable balance means	A. Credit Balance in the Pass Book B. Credit Balance in the Cash Book C. Debit Balance in Bank Statement D. Both b and c
75	The favourable balance of bank statement is	A. Credit Balance B. Debit Balance C. Zero Balance D. Both b and c
76	Cheques issued to a creditor but not presented for payment are called	A. Un Credited Cheques B. Uncollected Cheques C. Un Presented Cheques D. Dishonoured Cheques
77	Pass book is prepared by	A. Debtor B. Creditor C. Banker D. Customer
78	Credit Balance of pass book must be equal to debit balance of	A. Cash Book B. Bank Ledger C. Clients other Account D. None of these
79	Bank Reconciliation represents	A. A Journal B. A Ledger C. A Statement D. both a and c
80	The balance of petty cash book is a/an	A. Asset B. Liability C. Expense D. Income
81	Gross profit is derived from	A. Trading a/c B. Profit & Loss a/c C. Trial Balance D. Balance Sheet
82	Profit & Loss a/c is prepared to ascertain	A. Gross Profit B. Net Profit C. Gross Loss D. Real Profit
83	Net Profit is transferred to	A. Trading Account B. Balance Sheet C. Capital a/c D. Trial Balance
84	Office rent is a	A. Financial Expense B. Abnormal Loss C. Management Expense D. Maintenance Expense

A. Abnormal Loss

85	Interest paid on loan is	B. Financial Expenses C. Management Expenses D. Maintenance Expenses
86	Net Sales represent	A. Sales - return outwards B. Sales - return inwards C. Sales - return to supplier D. both b and c
87	Gross profit represents	A. Opening stock + purchases B. closing stock + direct expenses - sales C. closing stock-purchases-direct expenses + sales D. purchases - sales
88	Goodwill, patent, copyright are classified as	A. Current Assets B. Fixed Assets C. Tangible Assets D. Wasting Assets
89	Assets having some market value	A. Fictitious Assets B. Real Assets C. Unreal Assets D. None of these
90	Income received in advance during the year is	A. Prepaid Expenses B. Accrued Income C. Advance Expenses D. Advance Income
91	The account of depreciation of building of Rs. 30,000 at 5% p.a. will be	A. Rs. 20,00 B. Rs. 15,00 C. Rs. 25,00 D. Rs. 5,00
92	From business point of view, interest on capital is considered as	A. An income B. An Expense C. A Profit D. A Liability
93	Net profit is always	A. Equal to gross profit B. more than gross profit C. Less than gross profit D. None of these
94	Income tax paid is a	A. Business Expense B. Business Revenue C. Business Liability D. Personal Expense
95	Interest on drawing is debited to	A. Capital B. Drawings C. Sundry Creditors D. Outstanding expense
96	Goods withdrawn by the proprietor for personal use should be credited to	A. Purchase a/c B. Drawings a/c C. Expenses a/c D. Revenue a/c
97	Wages paid for installing a machine should be debited to	A. Wages a/c B. Cash a/c C. Machinery a/c D. none of these
98	The bad debts which are showed in the trial balance are called	A. new bad debts B. old bad debts C. further bad debts D. additional bad debts
99	Bad debts recovered should be credited to	A. Balance Sheet B. Trading a/c C. Profit & Loss a/c D. None of these
100	The debts, the recovery of which is uncertain are called	A. Unbelievable debts B. unrealized debts C. doubtful debts D. both b and c
101	The outflow of funds to meet the running expenses of a business	A. Revenue loss B. Revenue expenditure C. capital expenditure D. capital loss
102	Preliminary expenses incurred before the commencement of business	A. revenue expenditure B. capital expenditure C. deferred revenue expenditure

		C. deferred revenue expenditure D. capital loss
103	Any expenditure incurred to increase the earning capacity of a business	A. capital expenditure B. capital loss C. revenue loss D. revenue expenditure
104	Which one of the following is appeared in the balance sheet ?	A. revenue expenditure B. capital expenditure C. deferred revenue D. both b,c
105	Bad debts are	A. deferred expenditure B. revenue expenditure C. capital expenditure D. none of these
106	Receipts, which are non-recurring by nature, are called	A. revenue receipts B. current receipts C. capital receipts D. capital profit
107	Capitalized expenditures are shown in	A. trading A/c B. profit & loss A/c C. income statement D. balance sheet
108	A receipt is revenue receipt because	A. the amount is small B. it relates to routine activity of business C. it is received in the accounting year D. both b, c
109	Raw material destroyed in fire represents	A. capital loss B. revenue loss C. normal loss D. both b, c
110	Premium on issue of shares of a company represents	A. capital loss B. capital profit C. capital payment D. none of these
111	Errors which affect one account can be	A. errors of principle B. errors of posting C. errors of omission D. none of these
112	An error completely omitted to be entered in the journal	A. partial error B. error of posting C. error of casting D. complete error
113	Wrong allocation of capital and revenue items of expenses represents	A. error of casting B. error of principle C. compensation error D. error of commission
114	Suspense means	A. certainty B. uncertainty C. surly D. none of these
115	The process of totaling the data at the end of the period is called	A. posting B. casting C. compensating D. recording
116	Goods sold to Ali for Rs. 50,000 recorded in purchases day book will affect	A. purchases A/c B. sales account C. purchases, sales & Ali account D. purchases & sales account
117	Any difference in trial balance is transferred to	A. sales account B. nominal account C. purchases account D. suspense account
118	If the error committed in the capital account, it will affect	A. trading account B. profit & loss account C. trading and profit & loss account D. balance sheet
119	Which account will be created in the presence of suspense account, if sales book is undercast by Rs. 500	A. suspense A/c B. sales A/c C. cash A/c

		summarizing the recorded data C. Interpreting the recorded data D. None of the above
137	In double entry system of bookkeeping every business transaction affects:	A. Debit or credit side of the same account B. Two accounts C. The same side of the same account D. None of the above
138	Salary outstanding account relevant to:	A. Representative personal account B. Artificial person's account C. Natural persons account
139	Personal account are related to:	D. Nominal accounts A. Assets and liabilities B. Expenses, losses C. Customers, creditors etc. D. Incomes
140	Transaction are recorded data wise, so journal is also called:	A. Entry book B. Transaction book C. Chronological book D. Voucher
141	A transaction is recorded on the same days as its takes place, so journal is also called:	A. A day book B. A history book C. An entry book D. Ledger book
142	The book use to record all credit purchases is called:	A. Purchases book B. Purchase return book C. Cash book D. Creditor book
143	All the transactions recorded to credit sales are recorded in:	A. Sale return book B. Sales book C. Cash book D. Debtor's book
144	The statement which contains the explanation of different in cash book and bank statement is known as:	A. Bank statement B. Cash statement C. Balance statement D. Bank reconciliation statement
145	Bank account is a:	A. Personal account B. Real account C. Nominal account D. None of these
146	A bill of exchange is drawn by:	A. A debtor B. A creditor C. A holder D. Endorsee
147	Bill receivable account is a:	A. Nominal account B. Personal account C. Real account D. Expenses account
148	Trading account is the account which is prepared to determine the:	A. Only gross profit of the business B. Only gross loss of the business C. Gross profit or the gross loss of the business D. None of the above
149	The balance of the trading account is the transferred to:	A. Profit and loss account B. Balance sheet C. Work sheet D. Position statement
150	The expenditures which reduce revenue (profit) of the business are:	A. Revenue expenditures B. Capital expenditure C. Fixed expenditures D. Future expenditures
151	Which cash is paid or received in an exchange the transaction is called:	A. Sale transaction B. Cash transaction C. Credit transaction D. None of the above
152	Any activity undertaken for the purpose of earning profit is called:	A. Performance B. Dealing C. Business D. Duties
153	The concept of conservation will have the effect of:	A. Understatement of assets B. Under statement of liabilities C. Overstatement of assets D. Overstatement of liabilities

		C. Overstatement of assets D. None of the above
154	Real accounts are related to:	A. Assets B. Expenses, losses and incomes C. Customers, creditors D. Incomes
155	Nominal account are related to:	A. Assets and liabilities B. Expenses, losses and incomes C. Customers, creditors etc D. Capital account
156	Narration is always written:	A. Above each entry B. Below each entry C. Between of each entry D. None of these
157	A Journal is generally kept on:	A. A columnar basis B. A row basis C. A single line basis D. Vertical basis
158	The transaction for which non separate book is maintained are recorded in:	A. Journal proper B. Bills receivable book C. Bills payable book D. Cash book
159	Subsidiary books are called the book of:	A. Original entry B. Secondary entry C. Temporary entry D. Basic entry
160	A bank reconciliation statement is prepared by:	A. banker B. Accountant of the business C. Statutory auditors D. Rigistar
161	When bank column of a cash book shows a credit balance, it means:	A. Cash balance B. Bank balance C. Under draft D. Over draft
162	At the time of drawing a bill the drawer credits:	A. Debtors account B. Creditors account C. bill receivable account D. Suppliers account
163	When a bill is discharged the acceptor debits:	A. Creditors account B. Cash account C. Bill payable account D. Bill receivable account
164	A many buy Rs. 40,000 worth good and sells them for Rs. 50,000. His gross profit is:	A. Rs.10,000 B. Rs.20,000 C. Rs,30,000 D. Rs. 40,000
165	All those expenses which are incurred to convert raw-materials into finished goods are called:	A. Direct expenses B. Indirect expenses C. Administrative expenses D. Sales expenses
166	The owner of the business is known as:	A. Sale man B. Agent C. Proprietor D. Employee
167	When saleable goods are bought in a business are called:	A. Sales B. Purchase C. Assets D. Goods
168	In accounting all business transactions are recorded which have:	A. Dual aspect B. Single aspect C. None of the above D. Economic aspect
169	The rules of the debiting the receiving and crediting the giver is applicable to:	A. Persona account B. Real account C. Nominal account D. Expense account
170	Cash account is concerned with:	A. Real account B. Personal account C. Nominal account D. Capital account

171	In form journal, the first column represents:	A. Ledger Folio B. Data C. Amount D. Debit
172	In journalizing the page numbers of the ledgers are written in:	A. The first column of journal B. The second column of journal C. The third column of journal D. The fourth column of journal
173	The document evidencing cash receipts and payments and forming the basis for making entries in the cash book is called:	A. Receipt voucher B. Payment voucher C. Cash voucher D. Cash memo
174	Discount deducted from the catalogue or list price is called:	A. Trade discount B. Cash discount C. Catalogue discount D. Credit discount
175	When ban column of a cash book shows a debit balance it means:	A. Overdraft as per bank B. Unfavourable balance as per cash book C. Favourable balance as per cash book D. Favourable balance as per pass book
176	When boan statement shown a debit total balance it means:	A. Overdraft as per cash book B. Unfavourable balance as per cash book C. Favourable balance as per cash book D. Overdraft as per bank statement
177	All the time of endorsement of a bill the drawer credits:	A. The drawee account B. The endorser's personal account C. Bill receivable account D. Endorser's account
178	Retiring a bill under rebate means:	A. Making payment for the bill before the due date B. Making payment for the bill after the due date C. Dishonouring bill D. None of the above
179	All the direct expenses are charged to:	A. Balance sheet B. Profit and loss account C. Trading account D. None of these
180	The excess of gross profit on sale over total operating expenses is called:	A. Cost of goods sold B. Gross profit C. Net profit D. None-operating income
181	The concession given by the supplier to the buyer on purchases of good is known as:	A. Sales discount B. Trade discount C. Purchase discount D. Discount received
182	Financial accounting is mainly confined to preparation of:	A. Manufacturing statement B. Financial statements C. Production statement D. Sale statement
183	The const concept applied only to the assets and not to:	A. Expenses B. Liabilities C. Incomes D. None of these
184	The creditor of the business are called:	A. Assets B. Liabilities C. Capital D. Income
185	Rent account' is a kind of:	A. Real account B. Personal account C. Nominal account D. Capital account
186	The money with which business is started is known as:	A. Capital B. Creditor C. Income D. Debtor

A. Journal

187	Any mistake in ledger can be easily detected with the help of:	A. Cash balance sheet B. Balance sheet C. Trial balance D. Financial statement
188	Loss of good by fire should be credited to:	A. Purchase account B. Sales account C. Loss by goods by fire account D. Capital account
189	The balance of the 'Caha Column' in cash book is always:	A. Debit balance B. Credit balance C. Both debit and credit balance D. None of the above
190	Cash account is a:	A. Personal account B. Real account C. Nominal account D. Both real and personal account
191	In adjusting the cash balance one of the following is not taken into account:	A. Mistakes in the cash book B. Mistake in the bank statement C. Interest and dividends credited in the bank statement D. None of the above
192	The payments side of the cash book is undercast by Rs. 200, when overdraft as per bank statement is the starting points:	A. Rs. 200 will be deducted B. Rs. 200 will be added C. Rs. 400 will be added D. Rs. 400 will be deducted
193	The person to whom a bill is addressed is the:	A. Debtor B. Creditor C. Holder D. Agent
194	A bill from the point of view of a creditor is called a:	A. Bill payable B. Bill receivable C. Bil acceptable D. Bill rejectable
195	Assets come into existence upon the happening of a certain event, are called:	A. Fixed assets B. Fictitious assets C. Floating assets D. Contingent assets
196	An expenditure incurred in increasing the efficiency of a fixed asset is called:	A. Revenue expenditure B. Capital expenditure C. Current expenditure D. None of these
197	A transaction has been journalized but posted wrongly in the ledger account, it is an:	A. Error of positing B. Error of principle C. Error of omission D. Error of commission
198	Goods purchased from Robin have been posted to Rahim account, it is an:	A. Error of omission B. Error of casting C. Error of posting D. Error of commission
199	Receipts which are non-recurring by nature:	A. Capital receipts B. Revenue receipts C. Short term receipts D. Capital profit
200	A receipt is revenue in nature, if it relates to:	A. Balance sheet B. The receipt of accounting year C. Small amount D. Routine activity of the business
201	Error of principle involves an incorrect allocation of expenditure or receipt between.	A. Capital and revenue B. Capital and capitalized C. Revenue and deferred revenue D. Revenue and revenue
202	Error of posting effects:	A. One account B. Two accounts C. Three accounts D. Four accounts
203	Capital contributed by the partners is a:	A. Revenue receipt B. Capital receipt C. Current receipt D. Deferred receipt
204	The profit which is earned during the ordinary course of business is regarded as:	A. Capital profit B. Revenue profit C. Revenue loss D. Long term profit

		B. Long term profit
205	Some expenses are incurred at the time of the sale of an asset. The Amount will be debited to:	A. Assets account B. Expenses account C. Cash account D. Purchases account
206	A credit sale was wrongly passed through purchases book, the rectification of the entry will:	A. Increase the net profit by, double amount B. Decrease the net profit C. Decrease the net profit by double amount D. Have no effect on the net profit
207	Unearned income are known as:	A. Incomes B. Expenses C. Liabilities D. Assets
208	The capital profit should be transferred to:	A. Profit and loss account B. Trading account C. Balance Sheet D. Both Trading and profit and loss account and balance sheet
209	The revenue profit should be transferred to:	A. Balance sheet B. Trading account C. Profit and loss account D. None of these
210	Acceptance to Mr. A was posted to the debit of B's account. The rectification of the entry will.	A. Increase the net profit B. Decrease the net profit C. Have double effect on net profit D. Have no effect on net profit
211	Subsidiary books are called books of	A. Original entry B. Secondary entry C. Final entry D. Basic entry
212	Which book is used to record all cash receipts and cash payments?	A. Sale book B. Purchase book C. Cash book D. Petty cash book
213	Which book is used to record all credit purchases?	A. Purchases book B. Purchases book return C. Cash book D. Debit note book
214	All the transactions related to credit sales are recorded in	A. Sales returns book B. Sales book C. Cash book D. Credit note book
215	The book which is used to record all goods returned by us to our supplier is called	A. Returns inwards book B. Purchases book C. Return outwards book D. Sales book
216	The book which is used to record all goods returned to us by our customers is called	A. Returns outwards book B. Returns inwards book C. Sales book D. Cash book
217	All the acceptances received from the debtors are recorded in	A. Cash book B. Bills payable book C. Debtor's book D. Bills receivable book
218	All the bills given to the creditors are recorded in	A. Creditor's book B. Bills payable book C. Bills receivable book D. Bank book
219	Bill receivable book represents	A. Ledger B. Journal C. Trial balance D. All of above
220	A book which is used to record small expenses is called	A. Expenses book B. Cash book C. Petty cash book D. Purchases book
221	When the goods are returned to the suppliers, an intimation is sent to them is called	A. Currency note B. Invoice C. Debit note D. Credit note

222	A document is sent to customer when he returns the goods is called	A. Promissory note B. Debit note C. Currency note D. Credit note
223	The cash book is a book of	A. Compound entry B. Original entry C. Final entry D. Simple entry
224	The periodical total of purchases book is posted to the	A. Debit of purchases account B. Credit of purchases account C. Credit of cash account D. Debit of sales account
225	Both cash purchases as well as credit purchases are recorded in	A. Cash book B. Purchase book C. Purchases account D. None of these
226	Sales returns book periodical total is posted to	A. Debit of returns inwards account B. Credit of returns inwards account C. Debit of returns outwards account D. Credit of returns outwards account
227	The periodical total of purchases returns book is posted to	A. Debit of returns outwards account B. Credit of returns inwards account C. Debit of returns inwards accounts D. Credit of returns outwards account
228	A document given by the seller to the buyer for credit sale of goods or assets is called	A. Cash memo B. Invoice C. Voucher D. None of these
229	The book in which all cash transaction are primarily recorded is called	A. Pass book B. Cheque book C. Finance book D. Cash book
230	When cash is received from debtor or customer, generally a receipt is issued to the debtor which is called	A. Payment voucher B. Receipt voucher C. Cash voucher D. None of these
231	When money is paid to a creditor or supplier a receipt is obtained from him which is called	A. Cash voucher B. Cash payment C. Receipt voucher D. Payment voucher
232	A document evidencing cash receipts and payments and forming the basis for making entries in the cash book is called	A. Receipt voucher B. Cash voucher C. payment voucher D. Cash memo
233	All cash purchases and cash sales are recorded in	A. Cash book B. Purchases book C. Sales book D. Purchases and sales book
234	A cash account always shows	A. Debit balance B. Credit balance C. Both debit and credit balance D. Nil balance
235	Credit purchases are recorded in	A. Purchases book B. Creditors book C. Cash book D. Purchases returns book
236	.The cash book is a	A. Subsidiary journal B. Ledger account C. Subsidiary journal and ledger D. Trial balance
237	It is used to record only cash receipts and payments	A. Single column cash book B. Double column cash book C. Treble column cash book D. Sales book
238	A double column cash book is used to record	A. Cash transactions only B. Cash and bank transaction C. Cash, bank and discount transaction D. None of these

A. Single column cash book

239	It is used to record cash, bank and discount transactions on debit and credit side	B. Petty cash book C. Double column cash book D. Treble column cash book
240	An entry which is recorded on the both sides of cash book is called	A. Simple entry B. Compound entry C. Combined entry D. Contra entry
241	The money can be deposited into bank by means of	A. Cash book B. Cheque book C. Pay-in-slip book D. Pass book
242	When cheque received, and deposited into bank, bank account must be	A. Credited B. Debited C. Both debited & credited D. None of these
243	When cash is withdrawn from the bank for the personal use of the owner, must be debited to	A. Cash account B. Bank account C. Drawings account D. Capital account
244	Our cheque to Ali & Bros, returned dishonored should be credited to	A. Cheque account B. Cash account C. Bank account D. Ali & Bros account
245	Ahmed's cheque endorse to Akbar should be debited to	A. Cash account B. Cheque account C. Akbar's account D. Ahmed account
246	Received a cheque from Bilal Rs. 1900 in full settlement of his debt Rs. 2000 should be debited to	A. Cash account B. Discount allowed account C. Bank account D. Both a & b
247	paid to Nadeem cash Rs. 5000 and a cheque for Rs. 4800 in full settlement of his due Rs. 10000 should be credited to	A. Cash account B. Bank account C. Discount received account D. All of these
248	Cash account is a	A. Personal account B. Nominal account C. Real account D. Both personal and real account
249	A statement which is used to reconcile the bank balance as per cash book with the balance as per pass book is called	A. Bank statement B. Income statement C. Bank reconciliation statement D. Financial statements
250	Bank reconciliation statement is prepared by	A. Banker B. Customer's accountant C. Auditors D. Manager
251	The favorable balance of cash book bank column is	A. Credit balance B. Debit balance C. Both debit and credit balance D. None of these
252	The favorable balance of bank statement is	A. Credit balance B. Debit balance C. Zero balance D. All of these
253	Unfavorable balances mean	A. Credit balance in the pass book B. Credit balance in the cash book C. Debit balance in bank statement D. Both b & c
254	It is prepared to determine the gross profit or gross loss	A. Trading account B. Profit or loss account C. Balance sheet D. None of these
255	It is prepared to determine the net profit or net loss	A. Trading account B. Profit or loss account C. Cash book D. Balance sheet
256	Which of the following discloses the financial position of the business	A. Trading account B. Profit or loss account C. Profit or loss appropriation account D. Balance sheet

B. Balance sheet

257	Gross profit equals to	A. Net profit minus expenses B. Sales minus closing stock C. Purchases minus closing stock D. Sales minus cost of goods sold
258	Cash of sales is equal to	A. Sales - purchases B. Purchases - return + closing stock C. Opening stock + Purchases (Net) - Closing stock D. Sales + Opening stock - (Purchases + Closing stock)
259	Net profit is equal to	A. Gross profit - expenses B. Sales - Cost of goods sold C. Sales - expenses D. Capital - expenses
260	The price of goods sold or services rendered to the customers is called	A. Sale B. Profit C. Expense D. Revenue
261	Profit or loss appropriation account is not prepared in the case of	A. Partnership B. Joint stock company C. Sole tradership D. Partnership at will
262	Excise duty is a	A. Direct revenue B. Indirect revenue C. Direct expense D. Indirect expense
263	The valuation of closing stock is at	A. Cost price B. Market price C. Cost or market price whichever is lower D. Cost or market price whichever is higher
264	Which account is a summary of direct expenses and direct revenues	A. Trading and profit or loss account B. Profit or loss account C. Balance sheet D. Trading account
265	Net profit plus expenses is equal to	A. purchases B. Cost of goods sold C. Capital D. Gross profit
266	If the gross profit is Rs. 5000 and the net profit is 35% of the gross profit then the expenses must be	A. 3250 B. 1250 C. 3750 D. 1750
267	Position statement is similar to a	A. Trial balance B. Balance sheet C. Financial statement D. Bank reconciliation statement
268	If sales are Rs. 12000 Gross profit is 10% of sales and net profit is 5% of sales then the expenses will be	A. 1200 B. 600 C. 1800 D. 2400
269	Drawings are deducted from	A. Sales B. Income C. Capital D. Expenses
270	Assets which have no physical existence are called	A. Tangible assets B. Fictitious assets C. Liquid assets D. Intangible assets
271	An operating statement is similar to a	A. Balance sheet B. bank reconciliation statement C. Financial statement D. Profit or loss statement
272	Stock in trade is a	A. Current asset B. Non-current asset C. Quick asset D. Intangible asset
273	Assets which have no market value are called	A. Wasting assets B. Fictitious assets C. Intangible assets D. Tangible assets

274	Net sales are equal to sales minus	A. Returns inwards B. Returns outwards C. Cost of goods sold D. carriage on sales
275	Goodwill, patent, copyright and trade mark are	A. Wasting assets B. Intangible assets C. Fictitious assets D. Liquid assets
276	Debts which are repayable in the course of less than one year but more than one month are called	A. Quick liabilities B. Deferred liabilities C. Contingent liabilities D. Liquid liabilities
277	Expenses related to sale of goods are shown in	A. Trading account B. Profit or loss account C. Balance sheet D. Sales account
278	A balance sheet is a	A. Statement of income and expenditure B. Statement of debtors and creditors C. Financial statement of a business on a particular date D. Statement of profit earned by a business
279	The system of accounting in which accounting entries are made only when cash received or paid is known as	A. Cash system B. Accrual system C. Mercantile system D. Single system
280	All those expenses which have become due but not paid are called	A. Accrued revenue B. Prepaid revenue C. Outstanding expenses D. Advance expenses
281	The accounting system in which accounting entries are made on the basis of amount having become due for payment or receipt, is called	A. Cash system B. Accrual or mercantile system C. Outstanding system D. None of these
282	All those expenses which have not become due but paid in advance are called	A. Accrued expenses B. Outstanding expenses C. Prepaid expenses D. Payable expenses
283	An income which has earned but not received is called	A. Unearned income B. Accrued revenue C. Revenue received in advance D. None of these
284	The revenue that has not become due, but received in cash in current year is known as	A. Revenue received in advance B. Accrued revenue C. Unearned revenue D. Both a & c
285	A prepaid expense is	A. An asset B. A liability C. An expense D. An income
286	The accrued income or outstanding income will appear in the balance sheet as	A. An expense B. A liability C. An asset D. Both a & b
287	Outstanding expense given in adjustment is called	A. An asset B. A gain C. An expense D. A liability
288	A gradual decrease in the value of fixed assets is called	A. Reduction B. Revaluation C. Depreciation D. None of these
289	Depreciation is	A. A Liability B. A loss C. An expense D. Both b & c
290	From business point of view, Interest on capital is considered as	A. An income B. An expense C. A profit D. A liability

291	Interest due but not received is an	A. Outstanding expense B. Accrued income C. Prepaid expense D. Unearned income
292	Interest on drawings is	A. An asset B. A liability C. An expense D. A revenue
293	Net profit is always	A. Equal to gross profit B. More than gross profit C. Less than gross profit D. None of these
294	Wages paid of installing a machine should be debited to	A. Wages a/c B. cash a/c C. Machinery a/c D. None of these
295	Net loss is always	A. Equal to gross loss B. More than gross loss C. Less than gross loss D. None of these
296	Income tax paid is a	A. Business expense B. Revenue for business C. Liability of business D. Personal expense
297	Patent is an example of	A. Assets B. Liabilities C. Income D. Expense
298	The amount becomes due from the customers is called	A. Allowance B. Loan C. Debts D. Doubtful debts
299	The debts, which are irrecoverable from the debtors, are called	A. Debts B. Doubtful debts C. Bad debts D. Good debts
300	Bad debts are business	A. Expenses B. Liabilities C. Assets D. Revenue
301	Bad debts recovered from debtors should be credited to	A. Debtors a/c B. Bad debts a/c C. Bad debts recovered a/c D. Cash a/c
302	The debts, the recovery or realization of which is uncertain are known as	A. Bad bets B. Doubtful debts C. Provision for doubtful debts D. Loan
303	Provision for the doubtful debts is debited to	A. Debtors a/c B. Provision for bad debts a/c C. Profit or loss a/c D. Bad debts recovered a/c
304	_____ simplifies work to be done at the end of the period	A. Work sheet B. Ledger C. Trail balance D. Balance sheet
305	Usually every _____ entry affect both income statement and balance sheet	A. Adjusting B. Work sheet C. Balance sheet D. Ledger
306	_____ is prepared to avoid errors in the permanent records of accounting	A. Work sheet B. Ledger C. Bank statement D. Balance sheet
307	Work sheet is also used as a source to prepare _____	A. Financial statement B. Income statement C. Position statement D. Bank reconciliation statement
308	_____ must be prepaid for testing ledger accounts, adjusting entries and financial statement	A. Work sheet B. Balance sheet C. Bank statement

		D. Trail balance
309	In the preparation of worksheet the amounts in the trail balance are taken directly form the _____	A. Ledger B. Trail balance C. Balance sheet D. None of these
310	Worksheet contains _____ pairs of money columns	A. Five B. Four C. Three D. Two
311	A _____ is a large columnar sheet of paper	A. Worksheet B. Balance sheet C. Journal D. None of these
312	The _____ is not a part of the permanent accounting record	A. worksheet B. Journal C. Ledger D. Trail balance
313	Adjusted _____ is used to prepare the income statement and balance sheet	A. Trail balance B. Ledger C. Balance sheet D. Bank statement
314	Worksheet provides complete information for preparing	A. Income statement B. Position statement C. Financial statement D. Bank reconciliation statement
315	One way of avoiding errors in the permanent accounting records is to use a form which is called	A. Bank statement B. Trail balance C. Balance sheet D. Work sheet
316	Adjusting entries affect	A. Balance sheet B. Income statement C. Work sheet D. All of them
317	Which one of the following is not considered the permanent part of the accounting record?	A. Journal B. Trail balance C. Ledger D. Work sheet
318	The body of worksheet contains	A. Two pairs of money column B. Three pairs of money column C. Four pairs of money column D. Five pairs of money column
319	In the preparation of the worksheet the amounts on the trail balance columns are taken directly from	A. Journal B. Ledger C. Trail balance D. Transaction
320	Expired cost of fixed assets means	A. Appreciation B. Amortization C. Depreciation D. None of these
321	A sheet which minimizes the chances of errors to the maximum possible extent is called	A. Balance sheet B. Work sheet C. Paper sheet D. Income statement
322	Which one of the following in used to simplify work, to be done at the end of period	A. Balance sheet B. Income sheet C. Bank statement D. Work sheet
323	Financial statement is prepared from the amount given in	A. Trail balance columns B. Adjustments columns C. Cash columns D. Adjusted trail balance columns
324	The amount of assets, liabilities, capital and drawings are extended form adjusted trail balance to the	A. Balance sheet columns B. Income statement columns C. Cash columns D. Bank columns
325	The excess of credit column over debit column in income statement is called	A. Net loss B. Net profit C. Cash balance D. Gross profit
	A statement which i prepared to ascertain the net income or net loss for a specific	A. Position statement B. Statement of condition

326	A statement which is prepared to ascertain the net income or net loss for a specific accounting period is called	B. Statement of condition C. Financial statement D. Bank reconciliation statement
327	A statement which is prepared to know the financial position of a business on a particular date, is called	A. Balance sheet B. Statement of condition C. Position statement D. All of above
328	The inflow of assets in return for services performed or products delivered during a period is	A. Asset B. Revenue C. Non current asset D. None of these
329	Cost incurred to generate revenue is called	A. Revenue B. Cost C. Expense D. Liability
330	The amount by which the revenue for a particular period of time exceed from expenses incurred to generate them is called	A. Gross income B. Net income C. Revenue D. Expenses
331	Sales are equal to	A. Cost of goods sold + Profit B. Gross profit - cost of goods sold C. Cost of goods sold - gross profit D. None of these
332	Cost of goods sold is equal to	A. sales - purchases B. purchases + closing stock - returns outwards C. Opening stock - closing stock + purchase + returns inwards D. Opening stock + purchases - returns outwards - closing stock
333	The gross amount of goods sold or services performed during an accounting period is known as	A. Purchase B. Sale C. Gross profit D. Net profit
334	Net purchases are equal to	A. Sales - returns outwards B. Purchases + returns inwards C. Purchases - returns outwards D. Purchases + returns outwards
335	Net sales equal to	A. Sales - Returns outwards B. Sales + Returns inwards C. Sales - Returns inwards D. Purchases - Returns inwards
336	Which one of the following is a direct expense?	A. Custom duty B. Carriage C. Wages D. All of above
337	The margin that is available to cover the other expenses for a period and to yield net income is known as	A. Net profit B. Gross profit C. Net sales D. Cost of goods sold
338	The expenses which are incurred for the generation of revenues from the sales of goods are called	A. Non-operating expenses B. Selling expenses C. Operation expenses D. Administrative expenses
339	All expenses connected with the office and its conduct are called	A. Selling expenses B. Marketing expenses C. Service expenses D. Administrative expenses
340	Net sales - cost of goods sold - operating expenses = ?	A. Net purchases B. Cost of goods sold available for sale C. Net operating income D. Gross Profit
341	Income statement is prepared to ascertain the net result of the business concern under	A. British accounting system B. American accounting system C. Cash system of accounting D. None of these
342	Which one of the following is a direct expense?	A. Packing expense B. Advertisement expense C. Manufacturing expense D. Traveling expense
		A. Before deducting the allowance for doubtful debts

343	Allowance for discount on account receivable is calculated on the amount of account receivable	<p>Correct answer: B</p> <p>B. Left after deducting the allowance for doubtful debts</p> <p>C. Before deducting the actual bad debts</p> <p>D. None of these</p>
344	Allowance for doubtful debts normally has a	<p>A. Debit balance</p> <p>B. Credit balance</p> <p>C. Both debit & credit balance</p> <p>D. None of these</p>
345	From the business point of view, interest on drawings is	<p>A. An asset</p> <p>B. An expense</p> <p>C. A liability</p> <p>D. A revenue</p>
346	The amount invested by the owner in the business to produce revenue is known as	<p>A. Income</p> <p>B. Asset</p> <p>C. Capital</p> <p>D. Liability</p>
347	It is the price of goods sold or services provided by a business to its customers	<p>A. Asset</p> <p>B. Cost</p> <p>C. Capital</p> <p>D. Revenue</p>
348	The transactions, the effect of which is not exhausted with in the current accounting year are called	<p>A. Revenue transaction</p> <p>B. Capital transaction</p> <p>C. Current transaction</p> <p>D. Monetary transaction</p>
349	Transaction, having short-term effects are known as	<p>A. Revenue transaction</p> <p>B. Capital transaction</p> <p>C. Non-monetary transaction</p> <p>D. Paper transaction</p>
350	An expenditure, which is non-recurring and irregular is called	<p>A. Capital expenditure</p> <p>B. Revenue expenditure</p> <p>C. Short-term expenditure</p> <p>D. Current expenditure</p>
351	An expenditure, which is incurred to increase to profit earning capacity of a business concern, is called	<p>A. Deferred expenditure</p> <p>B. Current expenditure</p> <p>C. Capital expenditure</p> <p>D. Recurring expenditure</p>
352	Wages paid for the construction of building is an example of	<p>A. Revenue expenditure</p> <p>B. Capital expenditure</p> <p>C. Recurring expenditure</p> <p>D. Short-term expenditure</p>
353	An expenditure, which is completely exhausted with in the current accounting period is known as	<p>A. Deferred expenditure</p> <p>B. Revenue expenditure</p> <p>C. Future expenditure</p> <p>D. Non-recurring expenditure</p>
354	An expenditure, which is temporarily increase the profit making capacity of the business is called	<p>A. Deferred expenditure</p> <p>B. Capital expenditure</p> <p>C. Revenue expenditure</p> <p>D. Non-recurring expenditure</p>
355	Expenditure is a capital expenditure because	<p>A. The amount involved is heavy</p> <p>B. It is the personal expenditure of the owner out of his capital</p> <p>C. It is intended to benefit the future period</p> <p>D. It is a recurring expenditure</p>
356	Expenditure is revenue expenditure because	<p>A. It is intended to benefit the current period</p> <p>B. The amount involved is small</p> <p>C. It is deducted from the gross sale proceeds</p> <p>D. None of these</p>
357	Expenditure, which helps to maintain the business efficiency is called	<p>A. Revenue expenditure</p> <p>B. Deferred expenditure</p> <p>C. Capital expenditure</p> <p>D. Future expenditure</p>
358	Which one of the following is appeared in the balance sheet	<p>A. Revenue expenditure</p> <p>B. Capital expenditure</p> <p>C. Deferred expenditure</p> <p>D. Both b & c</p>
359	Depreciation of fixed assets used in the business is an example of	<p>A. capital expenditure</p> <p>B. Revenue expenditure</p> <p>C. Deferred expenditure</p> <p>D. None of these</p>

		D. None of these
360	All revenue expenditure are taken to	A. Trading a/c B. Trading & profit or Loss a/c C. Profit or loss a/c D. Balance sheet
361	An expenditure, incurred to improve the position of the business is known as	A. Deferred expenditure B. Revenue expenditure C. Capital expenditure D. Recurring expenditure
362	Bad debts are	A. Deferred expenditure B. Revenue expenditure C. Capital expenditure D. None of these
363	Octroi duty paid on machinery, is an example of	A. Revenue expenditure B. Recurring expenditure C. Capital expenditure D. Both a & b
364	Cost of redecorating a cinema hall is a	A. Capital expenditure B. Capital loss C. Revenue expenditure D. None of these
365	A revenue expenditure, the benefit of which is not confined to one accounting year is called	A. Non-current expenditure B. Revenue expenditure C. Future expenditure D. Deferred expenditure
366	An expenditure, which increases the utility or productive capacity of an asset is treated as	A. Revenue expenditure B. Capital expenditure C. Deferred expenditure D. None of these
367	Heavy expenditure on advertisement for making a new product is a	A. Revenue expenditure B. Deferred expenditure C. Capital loss D. Non-recurring expenditure
368	Distinction between capital and revenue items is important for the preparation	A. Balance sheet B. Trading and profit or loss a/c C. Bank reconciliation statement D. Both a & b
369	Capitalized expenditure are shown in	A. Trading a/c B. Profit or loss a/c C. Income statement D. Balance sheet
370	Preliminary expenses paid in the formation of a company is a	A. Capital expenditure B. Deferred expenditure C. Revenue expenditure D. Capital loss
371	Errors of affect one account can be	A. Errors of principle B. Errors of posting C. Errors of omission D. None of these
372	Error of principle arises when	A. Any transaction is incorrectly recorded, either wholly or partially B. Any transaction is left wholly or partially C. Any transaction is affects one account D. Any transaction is recorded in fundamentally incorrect manner
373	If a transaction has been completely omitted from the Journal it will be considered	A. Error of commission B. Error of principle C. Error of omission D. None of these
374	If goods purchased from Rahim for Rs. 499, credited to Rehman's account for Rs. 499. this is an	A. Error of commission B. Error of principle C. Compensating error D. Error of principle
375	Trade expenses of Rs. 180 posted in the ledger as Rs. 810, it will be considered as	A. Error of principle B. Error of omission C. Error of casting D. Error of transposition
376	When two or more than two error occurred on the opposite side of the account and cancelled the affect of each are called	A. Errors of omission B. Compensating errors C. Errors of commission

		D. Errors of principle
377	The process of totaling the data at the end of the period is called	A. Posting B. Casting C. Compensating D. Recording
378	If a liability is recorded as income, it will be considered as	A. Error of commission B. Error of omission C. Error of Principle D. None of these
379	Errors is casting of subsidiary books are called as	A. Error of omission B. Compensating error C. Error of posting D. Clerical errors
380	Errors of omission affects	A. One account B. Two account C. Three account D. None of these
381	Transportation cost paid for the purchases of Machinery must be debited to	A. Transportation cost account B. Purchases account C. Machinery account D. Cash account
382	Error of carry forward will affect	A. Personal accounts B. Nominal accounts C. Impersonal accounts D. None of these
383	The credit purchases were wrongly recorded in sales book, the rectification of entry	A. Increase the net profit by double amount B. Decrease the net profit by double amount C. Decrease the net profit D. Increase the net profit
384	If there is any error in Bank account it will affect	A. Trading and profit and loss account B. Profit and loss account C. Trading account D. Balance sheet
385	If any expense omitted to be recorded it will	A. Overstate the profit B. Understate the profit C. Both a & b D. No effect on profit
386	If any income omitted to be recorded it will	A. Overstate the profit B. Understate the profit C. Both a & b D. having no effect on profit
387	A sale of Rs. 1000 to Farid, was credited to his account, it will affect	A. Sales account B. Farid account C. Cash account D. Both a & b
388	.If the error committed in the capital account, it will affect	A. Trading account B. Profit and loss account C. Trading and profit and loss account D. Balance sheet
389	Wages paid for the erection of machine debited to wages account is an example of	A. Error of omission B. Error of commission C. Error of principle D. None of these
390	Error which affects profit and loss account relates to	A. Nominal account B. Property account C. Personal account D. None of these
391	Errors, which do not affect on profit calculation, will have an effect only on	A. Trail balance B. Balance sheet C. Profit or loss account D. Trading account
392	Any difference in trail balance, is transferred to	A. Sales account B. Nominal account C. Purchases account D. Suspense account
393	When balance of suspense account has debit balance it will be shown in balance sheet on	A. Liability side B. Capital side C. Asset side

		D. Credit side
394	If amount for Rs. 554 recovered from Ali, previously written off as bad debts we should	A. Debited to bad debts recovered account B. Credited to Ali account C. Debited to bad debts account D. Credited to bad debts recovered account
395	If the balance of suspense account is credit then it will be shown in balance sheet on	A. Asset side B. Asset and liability side C. Asset and capital side D. Capital and liability side
396	کسی شے کے مسلسل اور لگاتار استعمال سے مختتم افادہ میں کمی آتی جاتی ہے بشرطیکہ دیگر امور بنستور ہیں اس قانون کو کہتے ہیں	A. قانون تقلیل افادہ مختتم B. قانون مساوی افادہ مختتم C. قانون طلب D. قانون تقلیل حاصل