

Principles of accounting Icom Part 1 English Medium Online Test

| Sr | Questions | Answers Choice |
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| 1 | An expenditure, which is incurred to increase to profit earning capacity of a business concern, is called | A. Deferred expenditure B. Current expenditure C. Capital expenditure D. Recurring expenditure |
| 2 | An expenditure, which is non-recurring and irregular is called | A. Capital expenditure B. Revenue expenditure C. Short-term expenditure D. Current expenditure |
| 3 | Transaction, having short-term effects are known as | A. Revenue transaction B. Capital transaction C. Non-monetary transaction D. Paper transaction |
| 4 | The transactions, the effect of which is not exhausted with in the current accounting year are called | A. Revenue transaction B. Capital transaction C. Current transaction D. Monetary transaction |
| 5 | It is the price of goods sold or services provided by a business to its customers | A. Asset B. Cost C. Capital D. Revenue |
| 6 | The amount invested by the owner in the business to produce revenue is known as | A. Income B. Asset C. Capital D. Liability |
| 7 | From the business point of view, interest on drawings is | A. An asset B. An expense C. A liability D. A revenue |
| 8 | Allowance for doubtful debts normally has a | A. Debit balance B. Credit balance C. Both debit & credit balance D. None of these |
| 9 | Allowance for discount on account receivable is calculated on the amount of account receivable | A. Before deducting the allowance for doubtful debts B. Left after deducting the allowance for doubtful debts C. Before deducting the actual bad debts D. None of these |
| 10 | Which one of the following is a direct expense? | A. Packing expense B. Advertisement expense C. Manufacturing expense D. Traveling expense |
| 11 | 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 |
| 12 | 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 |
| 13 | All expenses connected with the office and its conduct are called | A. Selling expenses B. Marketing expenses C. Service expenses D. Administrative expenses |
| 14 | 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 |

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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
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