



EXAMINATION MATERIAL ZUEB - 2022

ACCOUNTING XI (COMMERCE).

SECTION "A" MULTIPLE CHOICE QUESTION (MCQ'S)

CHAPTERS NAME	MCQs (Multiple Choice Question
CHAPTER 1 INTRODUCTION TO ACCOUNTING	<ol style="list-style-type: none">Which of the following is earned the title 'Father of Accounting'?<ol style="list-style-type: none">Adam Smith.Luca PacioliHenry FayolLeonardo DaVinciThe term Management Accounting was first used in<ol style="list-style-type: none">1910193919501960The full abbreviation of 'AICPA' is;<ol style="list-style-type: none">American Institute of Certified Public Accountants.American Intellectual of Corporative Public Accounts.Accounting Institutions of Conventions Public Account.Associate Institution of Chartered Public Accountants.GAAP stands for:<ol style="list-style-type: none">Generally Accepted Accounting ProvisionsGenerally Accepted Accounting PoliciesGenerally Accepted Accounting Principles.General Associate Accounting Public.Term Capital refers to:<ol style="list-style-type: none">Rent.Sales.Prepaid AccountInvestment by proprietor.Which of the following is a current asset?<ol style="list-style-type: none">Land.Building.Equipment.Merchandise.Which of the following is not expense?<ol style="list-style-type: none">Salaries Expense.Prepaid Expense.Rent Expense.Insurance Expense.

	<p>8. All debts which are payable within a fiscal year are called</p> <ol style="list-style-type: none"> Internal liabilities. External liabilities. Long term liabilities. Short term liabilities. <p>9. Accounting is often referred to as the language of the:</p> <ol style="list-style-type: none"> Business. Schools Daily life. Information technology. <p>10. Any activity undertaken for the purpose of earning profit is called:</p> <ol style="list-style-type: none"> Performance. Dealing. Business. Duties. <p>11. The cash or goods taken away by the proprietor from the business for his personal use are called his;</p> <ol style="list-style-type: none"> Cash. Capital. Drawing. Purchases. <p>12. Debtors are also known as:</p> <ol style="list-style-type: none"> Account receivable. Account payable. Bills payable. Proprietor.
<p>CHAPTER 2</p> <p>ACCOUNTING EQUATION AND ITS CONCEPTS:</p>	<p>13. Transaction is only possible when there are</p> <ol style="list-style-type: none"> At least one party. At least two party Maximum two parties. Not more than three parties <p>14. Which of the following describe an accounting equation?</p> <ol style="list-style-type: none"> Assets = Capital – Liability Liability = Assets + Capital. Assets = Capital + Liabilities. Liabilities = Assets + Capital. <p>15. Expenses of a business are Rs.80,000 while net loss is Rs. 30,000 then the revenue is</p> <ol style="list-style-type: none"> 110, 000. 60,000 50,000. 40,000

16. Expenses of business are Rs.50,000 while net income is Rs.15,000 then the revenue is
- 65,000.**
 - 30,000
 - 55,000.
 - 20,000
17. Proprietor (owner) is treated as creditor of business due to:
- Periodicity concept.
 - Materiality Principle
 - Entity Concept.**
 - Consistency concept
18. Interest, rent, electricity bill are types of account.
- Personal a/c.
 - Impersonal a/c
 - Real a/c.
 - Nominal a/c**
19. Which of the following is not an example of real a/c?
- Machinery.
 - Building.
 - Cash.
 - Creditor.**
20. Total assets are equal to:
- Total liabilities.
 - Equities.**
 - Income and Expenses.
 - Capital.
21. If profit is zero and expenses are Rs. 10,000; then revenue will be:
- Rs. 12,000.
 - Rs. 11,000.
 - Rs. 10,000.**
 - Rs. 9000.
22. If total assets are Rs.50,000 and liabilities are 20% of assets, then capital is:
- Rs.10,000.
 - Rs.40,000.**
 - Rs.50,000.
 - Rs.60,000.
23. The following does not affect the owner's equity:
- Profit.
 - Additional investment.
 - Drawings.
 - Purchase of fixed assets.**

	<p>24. If the proprietorship is $\frac{3}{5}$ of total assets Rs.300,000, then the amount of liabilities is:</p> <ol style="list-style-type: none"> Rs. 120,000. Rs.160,000 Rs.140,000. Rs.180,000
<p>CHAPTER 3</p> <p>JOURNALIZING:</p>	<p>25. The system of recording business transaction having two effects in books of accounts is known as;</p> <ol style="list-style-type: none"> Single entry System. British accounting system. Double entry system. Compound entry. <p>26. A journal entry that requires more than two accounts is called</p> <ol style="list-style-type: none"> Double entry. Single Entry Compound Entry. Adjusting Entry. <p>27. The process of recording transaction in chronological order is called</p> <ol style="list-style-type: none"> Posting. Journalizing Balancing. Transferring <p>28. Narration is always written</p> <ol style="list-style-type: none"> In between entry. Above entry. Below entry. Anywhere. <p>29. The Term "Journal" is taken from.</p> <ol style="list-style-type: none"> English word. German word. French word. Latin work. <p>30. Journals are also called.</p> <ol style="list-style-type: none"> Ledgers. Books of final entry. Books of prime entry. Financial statement. <p>31. Each record in journal is called</p> <ol style="list-style-type: none"> Entry. C/F. Balance. Footing.

	<p>32. The word "Jour" means:</p> <ol style="list-style-type: none"> Month. Day. Year. Week. <p>33. Journal Entries are known as book of.</p> <ol style="list-style-type: none"> Original. Duplicate. Personal. Nominal. <p>34. The specimen ruling of a journal is divided into;</p> <ol style="list-style-type: none"> Two columns. Four columns. Five columns. One column. <p>35. The ruling that the firm should not change its accounting system as policy is known as.</p> <ol style="list-style-type: none"> Going concern. Full disclosure. Consistency. Conservatism. <p>36. The process of recording entries in journal is called</p> <ol style="list-style-type: none"> Posting. Carry Forwarding. Footing. Journalizing.
<p>CHAPTER 4</p> <p>GENERAL LEDGER AND TRIAL BALANCE:</p>	<p>37. Which of the following is incorrect?</p> <ol style="list-style-type: none"> Journal is French word. Each record in journal is called entry. Ledgers are prepared before journal. The word "jour" means day. <p>38. Which of the following is correct;</p> <ol style="list-style-type: none"> Recording in journal is called Posting. Posting is done in ledgers. Ledger also called books of original entry. Posting is done before journalizing. <p>39. Posting means:</p> <ol style="list-style-type: none"> Making an entry in general journal. Making an entry in special journal. Transferring an entry from a journal to ledger account. Determining balance of an account.

40. Footing is made just:
- After recording**
 - After balancing.
 - Before balancing
 - Before recording.
41. Trial balance is used to check the accuracy of
- Balance sheet balances.
 - Ledger accounts balances.**
 - Cash flow statement balances.
 - Income statement balances.
42. The arithmetic accuracy of accounts is verified by;
- Balance Sheet.
 - Income Statement.
 - Journal.
 - Trial Balance.**
43. Right hand side of every ledger is called.
- Credit side.**
 - Debit side.
 - Either on debit side or credit side.
 - Neither on debit side and credit side.
44. Left hand side of every ledger is called.
- Credit side.
 - Debit Side.**
 - Either on debit side or credit side.
 - Neither on debit side and credit side.
45. Which of the following best describes a "Ledger"?
- Book of original entry or prime entry.
 - Book of final entry.**
 - Trail Balance.
 - Journal.
46. Sales of old office furniture should be credited to
- Sales a/c.
 - Cash a/c.
 - Furniture a/c.**
 - Purchases a/c.
47. Which of the following is correct;
- Recording in journal is called Posting.
 - Posting is done in ledgers.**
 - Ledger also called books of original entry.
 - Posting is done before journalizing.

	<p>48. The full abbreviation of balance "c/d" is?</p> <ol style="list-style-type: none"> Cross down. Cash debit. Cash discount. Credit discount.
<p>CHAPTER 5</p> <p>CASH BOOK & PETTY CASH BOOK</p>	<p>49. All cash receipts and cash payments are recorded in:</p> <ol style="list-style-type: none"> Sales book Purchase book. Cash book Pass book. <p>50. The Cash Book is also known as:</p> <ol style="list-style-type: none"> Ledger Subsidiary Journal Statement Financial Statement. <p>51. Purchase discount is shown on</p> <ol style="list-style-type: none"> Receipt Side of Cash Book Payment Side of Cash Book Petty Cash Book Trail Balance <p>52. In preparing cash book "C" is written in P/R column for</p> <ol style="list-style-type: none"> Compound Entry Contra Entry Combined Entry Closing Entry. <p>53. Sales discount column is shown on</p> <ol style="list-style-type: none"> Receipt Side of Cash Book Payment side of cash book Petty Cash Trail Balance. <p>54. Credit Balance of bank column of cash book shown</p> <ol style="list-style-type: none"> Bank Balance Under draft Overdraft Cash Balance. <p>55. Cash Book maintains records about</p> <ol style="list-style-type: none"> All receipts only All payments only All types of sales and purchases All receipts and payments.

	<p>56. Contra entries are recorded on:</p> <ol style="list-style-type: none"> Receipt side of a cash book Both sides of a cash book Payment side of a cash book Receipt side of a petty cash book. <p>57. A cash book may be called a three-column cash book due to the three columns of:</p> <ol style="list-style-type: none"> Date, Particulars, P/R. Discount, Cash, Bank Sales discount, Purchase discount, Cash. Date, Cash, Bank. <p>58. Petty cash book is a branch of:</p> <ol style="list-style-type: none"> Pass book Sales bank Cash book Purchase book <p>59. Under the imprest system, petty cash fund is periodically;</p> <ol style="list-style-type: none"> Closed Opened Replenished Reduced <p>60. The balance of petty cash book is:</p> <ol style="list-style-type: none"> A liability An expense A gain An asset
<p>CHAPTER 6 SPECIAL JOURNAL:</p>	<p>61. Subsidiary ledgers are also called.</p> <ol style="list-style-type: none"> Two column accounts. Control accounts. Three column accounts. Main accounts. <p>62. Credit sales of merchandise is recorded in</p> <ol style="list-style-type: none"> Cash Book. General Journal. Purchase Journal. Sales Journal. <p>63. Which of the following is the main source for recording sales journal?</p> <ol style="list-style-type: none"> Money received from customers Sales invoices. Purchase invoices. Credit note issued to customers.

64. Which of the following is the main source for recording purchase journal?

- a. Money paid to suppliers.
- b. **Purchase invoices.**
- c. Debit note issued to suppliers.
- d. Sales invoices.

65. An alternative name of Purchase journal is

- a. Invoices Book.
- b. Credit note book.
- c. Debit note book.
- d. **Purchase day book.**

66. An alternative name of Sales journal is

- a. Invoices Book.
- b. Credit note book.
- c. **Sales day book.**
- d. Debit note book

67. Debit note is

- a. Issued by a customer to a supplier.
- b. **Issued by a supplier to a customer.**
- c. Issued by the employee to employer
- d. Issued by the employer to employee

68. Credit note is

- a. **Issued by a seller to a buyer.**
- b. Issued by a buyer to a seller.
- c. Issued by the employee to employer.
- d. Issued by the employer to employee

69. Which of the following is returns outwards?

- a. Goods returned by customers.
- b. Goods purchased from suppliers.
- c. Goods taken by customers.
- d. **Goods returns to suppliers.**

70. Which of the following is return inwards?

- a. Office fixtures returned
- b. **Goods returned by customers.**
- c. Goods takes by customers.
- d. Goods returns to suppliers.

71. The nature of sales discount is a/an:

- a. **Contra revenue.**
- b. Non-current asset.
- c. Liabilities.
- d. Owner's equity.

	<p>72. This is not a book of original entry</p> <ol style="list-style-type: none"> General journal. Cash receipt journal. Purchase journal. Subsidiary ledger.
<p>CHAPTER 7</p> <p>BANK RECONCILIATION:</p>	<p>73. Bank Reconciliation statement is prepared to</p> <ol style="list-style-type: none"> Record receipts and payments Record banking transactions Equalize the cash book and Pass book Both a and b. <p>74. Bank Statement is maintained by</p> <ol style="list-style-type: none"> Government Customer Banks Auditors <p>75. Which item will be recorded in Pass Book Column:</p> <ol style="list-style-type: none"> Bank Services Charges Interest deducted by bank Direct Deposit by Customer Late deposit. <p>76. Dishonored Cheque of customers are recorded in</p> <ol style="list-style-type: none"> Petty Cash Book Sales journal Cash Book Purchase journal <p>77. Reconciliation helps us to tally company's records with:</p> <ol style="list-style-type: none"> Suppliers Bank Statement Customers Income Statement <p>78. Bank Reconciliation Statement is prepared at the end of:</p> <ol style="list-style-type: none"> Each Month Every Three Months Every Six Months Every Year. <p>79. Dishonored cheques of customers are recorded in:</p> <ol style="list-style-type: none"> Petty Cash Book Sales Journal Cash Book Purchase Journal.

	<p>80. N.S. F. stands for:</p> <ol style="list-style-type: none"> National Studies Federation Net Sufficient Fund New Study Federation Non-Sufficient Fund. <p>81. Bank overdraft means the business:</p> <ol style="list-style-type: none"> Cash Over Cash Short Temporary Loan Deposit <p>82. A Cheque which bears future date is called:</p> <ol style="list-style-type: none"> Order Cheque Postdated Cheque Bearer Cheque Dishonored Cheque <p>83. Differences arises between cash book (bank column) and bank statement due to:</p> <ol style="list-style-type: none"> Timing differences Errors in recording Profit credited & charges debited Cheques deposited & paid. <p>84. Term dishonor refers;</p> <ol style="list-style-type: none"> Late payment Direct payment Refusal of payment Early payment
<p>CHAPTER 8</p> <p>ADJUSTING ENTRIES AND CLOSING ENTRIES:</p>	<p>85. Expenses paid in advance before they have fallen due are called:</p> <ol style="list-style-type: none"> Prepaid expenses. Outstanding expenses. Accrued expenses. Expenses payable. <p>86. The outstanding income or accrued income will appear in the balance sheet as:</p> <ol style="list-style-type: none"> A liability. An income An expense An asset

87. Income received in advance but not earned is called:

- a. **Unearned income**
- b. Prepaid revenue
- c. Outstanding income
- d. Accrued income

88. The gradual and permanent decrease in the value of an asset is known as:

- a. Reduction of assets
- b. Revaluation of assets
- c. Realization of assets
- d. **Depreciation**

89. Unpaid salaries are to be considering as:

- a. **Outstanding expenses**
- b. Accrued income.
- c. Prepaid expenses
- d. Unearned income

90. The entries which are prepared to adjust certain accounts or entries, are known as:

- a. Closing entries
- b. Reversing entries
- c. Opening entries
- d. **Adjusting entries**

91. Each adjusting entry has an effect on:

- a. Balance sheet.
- b. Income statement.
- c. Trial balance.
- d. **Income statement and Balance sheet both.**

92. Adjusting and Closing entries are recorded in:

- a. **General journal.**
- b. Special journal.
- c. General ledger.
- d. Trial Balance.

93. Closing entries are recorded;

- a. At start of an accounting period.
- b. At quarter of an accounting period.
- c. At middle of an accounting period.
- d. **At end of an accounting period.**

94. Closing entries are generally passed:

- a. At the time of opening new books of account.
- b. **At the time of closing the accounts.**
- c. During the course of accounting period any time.
- d. After certification of accounts.

	<p>95. In closing entry, the drawing account is closed against:</p> <ol style="list-style-type: none"> Capital account. Cash account. Commission account. Copyrights account. <p>96. Closing entries are made to close;</p> <ol style="list-style-type: none"> Assets and Liabilities account. Assets and Equities account. Equities and Revenues account. Revenues and Expenses account.
<p>CHAPTER 9</p> <p>FINANCIAL STATEMENT:</p>	<p>97. Net profit is always:</p> <ol style="list-style-type: none"> Equal to gross profit More than gross profit Less than gross profit Parallel to gross profit <p>98. Net loss is always:</p> <ol style="list-style-type: none"> More than gross loss Less than gross loss Equal to gross loss Parallel to gross loss <p>99. Which of the following shows financial position of a business;</p> <ol style="list-style-type: none"> Income Statement Cash Book Balance Sheet Bank Statement. <p>100. Allowance for bad debts is an;</p> <ol style="list-style-type: none"> Current assets. Fixed assets. Contra assets. Intangible assets. <p>101. Statements prepared by business to analysis financial position and financial performance of business are called;</p> <ol style="list-style-type: none"> Bank statement Bank reconciliation statement Financial statements Retained Earning Statement. <p>102. A systematic decrease in value of fixed assets is called;</p> <ol style="list-style-type: none"> Amortization Depreciation Loss Appreciation

103. Net profit equals:

- a. **Gross profit minus expenses**
- b. Sales minus cost of sales
- c. Sales minus expenses
- d. Capital minus expenses

104. The unsold stock at the end of the year represents the:

- a. Opening Inventory.
- b. Opening purchases
- c. **Closing Inventory.**
- d. Closing purchases

105. Financial accounting deals with:

- a. Determination of cost
- b. **Determination of profit**
- c. Determination of price
- d. Determination of selling price

106. Which of the following statement is correct?

- a. Drawing results in net loss of a business
- b. **Profit increases capital**
- c. A loss has no impact on capital
- d. Capital is also called net profit

107. Owner's equity is shown in;

- a. Income statement
- b. Bank statement
- c. Bank reconciliation statement
- d. **Balance Sheet**

108. The debts which cannot recovered from the debtors, are called:

- a. Debts
- b. Loans
- c. **Bad debts.**
- d. Allowances