



## BRAINWARE UNIVERSITY

### Term End Examination 2020 - 21

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Financial Accounting

Course Code - BCMC101

Semester / Year - Semester I

Time allotted : 75 Minutes

Full Marks : 60

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group-A

(Multiple Choice Type Question)

1 x 60=60

1. (Answer any Sixty )

(i) Double entry system involves atleast:

- |                 |                |
|-----------------|----------------|
| a) Oneaccount   | b) Twoaccount  |
| c) Threeaccount | d) Fouraccount |

(ii) Which group only contains fixedassets?

- |                                       |                                     |
|---------------------------------------|-------------------------------------|
| a) Land, Machinery, Premises&Debtors  | b) Land, Machinery, Premises &Stock |
| c) Land, Machinery, Premises&Vehicles | d) Land, Machinery, Premises &Cash  |

(iii) 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 |

(iv) In order to find out the value of the closing stock during the end of the financial year we

- |   |   |
|---|---|
| a) Do this by stocktaking                           | b) Deduct the cost of goods sold from sales |
| c) Deduct opening stock from the cost of goods sold | d) Look in the stock account                |

(v) The charges of placing commodities into a saleable condition should be charged to

- |                    |              |
|--------------------|--------------|
| a) Trading account | b) P & L a/c |
|--------------------|--------------|

c) Balance Sheet

d) None of these

(vi) Discounts received are

a) Deducted by us when we pay our accounts

b) Deducted when we receive cash

c) Given by us when we sell goods on credit

d) None of these

(vii) Sales invoices are first entered in

a) The Cash Book

b) The Purchases Journal

c) The Sales Journal

d) The Sales Account

(viii) When a petty cash book is kept there will be

a) No entries made at all in the general ledger for items paid by petty cash

b) The same number of entries in the general ledger

c) Fewer entries made in the general ledger

d) More entries made in the general ledger

(ix) Journal means:

a) Monthly

b) Yearly

c) Half-yearly

d) Daily

(x) In three column cash book, contra entry means:

a) Balance

b) Parallelside

c) Sameside

d) Opposite Side

(xi) A cash discount always shows:

a) Zero balance

b) Equal balance

c) Credit balance

d) Debit balance

(xii) Interest paid on loan is a:

a) Financial expense

b) Selling expense

c) Management expenses

d) Loss

(xiii) Expenses increasing the earning capacity of business are:

a) Deferred expense

b) Capital loss

c) Abnormal loss

d) Capital Expenditure

(xiv) A trial balance is a:

a) Income statement

b) Opening balance

c) Balance sheet

d) List of ledger balances

(xv) A promissory note is made by:

a) Creditor

b) Debtor

c) Seller

d) Banker

(xvi) Carriage paid for a new plant purchased if debited to carriage account would effect:

a) Carriage account

b) Agents

c) Plant account

d) Plant & carriage account

(xvii) Pre-received income is shown in:

a) Assets

b) Liability

c) Revenues

d) None

(xviii) A person who owes money is:

a) A Creditor

b) An Owner

c) A Debtor

d) Agent

(xix) The arithmetical accuracy of books of accounts is verified through:

a) Journal

b) Ledger

c) Trial balance

d) Cashbook

(xx) Transaction which is omitted from the records is called:

- a) Error of principle
- b) Error of Commission
- c) Compensating error
- d) Error of Omission

(xxi) Carriage inward is:

- a) Direct expense
- b) Indirect expense
- c) Operating expense
- d) Selling expense

(xxii) Personal accounts are related to:

- a) Assets & Liabilities
- b) Goodwill
- c) Equity & Drawings
- d) Income & Expenses

(xxiii) Excess of debit over credit is called:

- a) Credit balance
- b) Debit balance
- c) Opening balance
- d) Closing balance

(xxiv) Which of these is not included as a separate item in the basic accounting equation?

- a) Assets
- b) Revenues
- c) Liabilities
- d) Stockholder's equity

(xxv) The account format that displays debits, credits, balances, and headings.

- a) General journal
- b) General ledger
- c) T-account
- d) Ledger account

(xxvi) Asset accounts have what type of balance?

- a) Debit
- b) Credit
- c) Contra
- d) All of these

(xxvii) The accounting principle that states companies and owners should be accounted for separately.

- a) Business entity concept
- b) Going concern concept
- c) Monetary unit assumption
- d) Periodicity assumption

(xxviii) The assumption that states that businesses can divide up their activities into artificial time periods.

- a) Business entity concept
- b) Going concern concept
- c) Monetary unit assumption
- d) Periodicity assumption

(xxix) When estimating unearned revenues, what principle applies?

- a) Conservatism principle
- b) Historical cost principle
- c) Full disclosure principle
- d) Consistency principle

(xxx) What is not a value of accounting relevance?

- a) Predictive value
- b) Feedback value
- c) Timeliness
- d) Reliability

(xxxi) Switching accounting principles every year would violate the:

- a) Conservatism principle
- b) Historical cost principle
- c) Full disclosure principle
- d) Consistency principle

(xxxii) Recording expenses and revenues in the same period in which they occur.

- a) Objectivity principle
- b) Matching principle
- c) Historical cost principle
- d) Industry practices constraint

(xxxiii) Reports that can be prepared from the adjusted trial balance.

- a) General purpose financial statements
- b) Expense reports
- c) Inventory reports
- d) Payroll spending reports

(xxxiv) Entries made to transfer temporary account balances to permanent accounts.

- a) Journal entries
- b) Adjusting entries
- c) Reversing entries
- d) Closing entries

(xxxv) What balance sheet format is vertical?

- a) Standard
- b) Report
- c) Account
- d) Inverted

(xxxvi) Net income equals:

- a) Total revenues minus cost of goods sold
- b) Total revenues minus total expenses
- c) Operating revenues minus operating expenses
- d) Revenues minus expenses plus income taxes

(xxxvii) What financial ratio helps management evaluate profits available for dividends?

- a) Retention rate
- b) Debt ratio
- c) Debt service coverage ratio
- d) Cash ratio

(xxxviii) The days' sales in inventory ratio formula uses which of the following:

- a) Current year sales
- b) Beginning inventory
- c) Prior year sales
- d) Ending inventory

(xxxix) The dividend payout ratio is calculated by dividing total dividends by:

- a) Operating income
- b) Income before taxes
- c) Income before interest and taxes
- d) Net income

(xl) Subsidiary books are called books of:

- a) Secondary entry
- b) Original entry
- c) Final entry
- d) Temporary entry

(xli) Bank accounts:

- a) Realaccount
- b) Nominal account
- c) Personalaccount
- d) None ofthese

(xlii) The accounting equation is:

- a)  $\text{Assets} = \text{Capital} + \text{Liabilities}$
- b)  $\text{Liabilities} = \text{Assets} + \text{Capital}$
- c)  $\text{Capital} = \text{Assets} + \text{Liabilities}$
- d)  $\text{Assets} = \text{Capital} - \text{Liabilities}$

(xliii) The main objective of providing depreciation is

- a) To calculate true profit
- b) To calculate financial position
- c) To reduce tax burden
- d) To reduce profit

(xliv) Under the diminishing balance method depreciation is calculated on

- a) Original value
- b) Written down value
- c) Scrap value
- d) Market value

(xlv) Loss on the sale of machinery should be written off against

- a) Share premium account
- b) Sales account
- c) Depreciation fund account
- d) General reserve account

(xlvi) Depreciation is provided on

- a) Current asset
- b) Fixed assets
- c) Fictitious assets
- d) Investment

(xlvii) The permanent, continuing and gradual shrinkage in the book value of a fixed asset is called

- a) Depreciation
- b) Appreciation
- c) Reduction
- d) Computation

(xlviii) Depreciation is charged on

- a) Continuous basis
- b) Temporary basis
- c) Daily basis
- d) Monthly basis

(xlix) Loss of usefulness occasioned by improved production methods is known as

- a) Physical deterioration
- b) Obsolescence
- c) Disuse
- d) Inadequacy

(l) Mines, quarries, oilfields and forests are examples of

- a) Fixed assets
- b) Wasting assets
- c) Current assets
- d) Intangible assets

(li) Depletion applies to

- a) Current assets
- b) Wasting assets
- c) Intangible assets
- d) Fixed assets

(lii) Amortization applies to

- a) Current assets
- b) Wasting assets
- c) Intangible assets
- d) Fixed assets

(liii) Estimated sale value of the asset at the end of its economic life is known as

- a) Purchase value
- b) Market value
- c) Written down value
- d) Residual value

(liv) Provision for depreciation account appears on the

- a) Assets side
- b) Liability side
- c) P & L account debit side
- d) P & L account credit side

(lv) Income tax authorities recognize this method

- a) Straight line method
- b) Written down value method
- c) Annuity method
- d) Depreciation fund method

(lvi) Under depreciation fund method depreciation is charged to

- a) Profit and loss account
- b) Trading account



c) Balancesheet

d) P & I appropriation account

(lvii) The long term assets that have no physical existence but, possess a value is known as,

a) Current assets

b) Fixed assets

c) Intangible assets

d) Investments

(lviii) The assets that can be 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

(lix) Patents, Copyrights and Trademarks are

a) Current assets

b) Fixed assets

c) Intangible assets

d) Investments

(lx) 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