



## BRAINWARE UNIVERSITY

### Term End Examination 2020 - 21

Programme – Bachelor of Business Administration & Bachelor of Law

Course Name – Accountancy & Finance

Course Code - BBALLB102

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) An accounting system is used by a business to:

- |   |                                      |
|---|--------------------------------------|
| a) Analyze Transactions                 | b) Handle routine book keeping tasks |
| c) keep track of Liabilities and Assets | d) All of these                      |

(ii) Accounting is the language of

- |               |             |
|---------------|-------------|
| a) Government | b) Public   |
| c) Trade      | d) Business |

(iii) The terms accounting and book keeping are classified as

- |             |                  |
|-------------|------------------|
| a) Same     | b) Different     |
| c) Opposite | d) None of these |

(iv) Which of the following is not an example of Real A/c :

- |              |             |
|--------------|-------------|
| a) Machinery | b) Building |
| c) Cash      | d) Creditor |

(v) 'Posting' the transaction in bookkeeping means:

- |  |   |
|--|---|
| a) Making the second entry of a double entry transaction | b) making the first entry of a double entry transaction |
| c) entering items in a cash book                         | d) None of these  |

(vi) The main function of Accounting is to

- a) Record economic data
- b) Provide informational basis for action
- c) Classify and record business transactions
- d) All of these

(vii) The following is not a type of liability

- a) Short term
- b) Current
- c) Fixed
- d) All of these

(viii) 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

(ix) In journal, the business transaction is recorded

- a) Same day
- b) Next day
- c) Once in a week
- d) Once in a month

(x) All of following are Assets except

- a) Prepaid Rent
- b) Goods
- c) Unearned Income
- d) All of these

(xi) Which of the following statement is correct

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

(xii) Consistency with reference to application of accounting procedures means

- a) All companies in the same Industry should use identical accounting procedures
- b) Income & assets have not been overstated
- c) Accounting methods & procedures shall be followed uniform basis year after year
- d) Any accounting method can be followed as per convenience

(xiii) Amount spent to increasing the earning capacity is a \_\_\_\_\_ expenditure

- a) Capital
- b) Revenue
- c) Deferred revenue
- d) Capital Loss

(xiv) The proprietor of the business is treated as creditor for the capital introduced by him due to \_\_\_\_\_ concept

- a) Money measurement
- b) Cost
- c) Entity
- d) Dual aspect

(xv) Indian companies prepare their their financial statement in rupees whereas Japanese companies produce financial statements in yens. This is an example of:

- a) Stable money unit
- b) Unit of measure
- c) Money value
- d) Current swap

(xvi) Information about an item is \_\_\_\_\_ if its omission or misstatement might influence the financial decision of the users taken on the basis of that information

- a) Concrete
- b) Complete
- c) Immaterial
- d) Material

(xvii) A business was commenced on 1st January and it purchased 5 vehicles, each costing Rs 5,000. During the year the business managed to sell 2 vehicles at the price of Rs12,000. How should the remaining 3 vehicles be valued if the business is going to continue its operations in the next year

- a) At the breakup value
- b) On the basis of going concern
- c) Liquidation value
- d) More than market value

(xviii) In Accounting, Owners and business are

- a) Similar entities
- b) Separate entities
- c) Dependent entities
- d) None of these

(xix) Journals are

- a) Primary entry
- b) Secondary entry
- c) Tertiary entry
- d) None of these

(xx) Valuation of stock in accounting follows the principle of cost price or \_\_\_\_\_ which ever is lower.

- a) Market Price
- b) Average Price
- c) Net realizable value
- d) None of these

(xxi) Profit and loss is calculated at the stage of

- a) Recording
- b) Posting
- c) Classifying
- d) Summarizing

(xxii) Payment of salary is recorded by :

- a) Debiting Salary A/c; Crediting Cash A/c
- b) Debiting Cash A/c; Crediting Salary A/c
- c) Debiting Employee A/c; Crediting Cash A/c
- d) Debiting Employee A/c; Crediting Salary A/c

(xxiii) Human resources will not appear in the balance sheet according to \_\_\_\_\_ concept.

- a) Accrual
- b) Going concern
- c) Money measurement concept
- d) None of the above

(xxiv) Provision for discount on debtors is calculated on the amount of debtors.

- a) Before deducting provision for doubtful debts.
- b) After deducting provision for doubtful debts
- c) Before deducting actual debts and provision for doubtful debts.
- d) After adding actual bad and doubtful debts.

(xxv) Depreciation is not charged on \_\_\_\_\_.

- a) New Asset
- b) Land

c) Building

d) None of these

(xxvi) Business ventures, which are started for a predefined period, are known as \_\_\_\_\_ ventures

a) Joint

b) Terminal

c) Terminable

d) All of these

(xxvii) Economic resources of business that expected to be of benefit in future time referred as

a) Owners Equity

b) Liabilities

c) Withdrawals

d) Assets

(xxviii) The liabilities that are payable in more than a year and are not be liquidated from current assets

a) Current liabilities

b) Fixed liabilities

c) Contingent liabilities

d) All of these

(xxix) Sales day books is best described as :

a) Containing customers' account

b) Part of double entry system

c) Containing real account

d) A list of credit sales

(xxx) Assets, which have physical existence, are called

a) Tangible Assets

b) Intangible Assets

c) Quick Assets

d) Current Assets

(xxxi) A cash book with cash, bank and discount column is known as \_\_\_\_\_ column cash book

a) Single

b) Double

c) Triple

d) Quadruple

(xxxii) Payment of rent expenses is recorded on which side of cash book

- a) Receipts
- b) Payments
- c) Income
- d) Expense

(xxxiii) What is used in preparing trial balance

- a) Specialized Journals
- b) Balance Sheet
- c) Ledger Accounts
- d) General Journal

(xxxiv) What type of wages are paid out of Gross profits

- a) General
- b) Financial
- c) Selling
- d) All of these

(xxxv) Net Realizable Value of an asset means

- a) The historical cost of the asset
- b) Its sale value as on a particular date
- c) Its written down value as on a particular date
- d) None of these

(xxxvi) Transfer to General Reserve is a charge against

- a) Trading Account
- b) Profit and Loss Account
- c) Profit and Loss Appropriation Account
- d) Balance Sheet

(xxxvii) A part of the profit distributed to the shareholders is known as

- a) Reserve & Surplus
- b) Retained Earnings
- c) Dividend
- d) None of these

(xxxviii) Which one of the following should be accounted for as capital expenditure

- a) Cost of painting a building
- b) The replacement of windows in a building.
- c) The purchase of a car by a garage for re-sale
- d) Legal fees incurred on the purchase of a building.

(xxxix) The profit of a business may be calculated by using which one of the following formulae

- |  |  |
|--|--|
| a) Opening capital - drawings + capital introduced - closing capital | b) Closing Capital + Drawings - Capital Introduced - Opening Capital |
| c) Opening capital + drawings - capital introduced - closing capital | d) Closing Capital - Drawings + Capital Introduced - Opening Capital |

(xl) The current assets are arranged in the following manner in the balance sheet.

- |                               |                               |
|-------------------------------|-------------------------------|
| a) debtors, bank, cash, stock | b) stock, debtors, cash, bank |
| c) bank, cash, stock, debtors | d) stock, debtors, bank, cash |

(xli) The unsold merchandise of business on particular day is called

- |                    |                      |
|--------------------|----------------------|
| a) Purchase Return | b) Stock / Inventory |
| c) Bad Debts       | d) Sales Return      |

(xlii) Which of the following is incorrect

- |                                     |  |
|-------------------------------------|--|
| a) Good are intangible asset        | b) Sundry creditors is current liabilities |
| c) Loose tools tangible fixed asset | d) Capital is current asset.               |

(xliii) The objective of wealth maximization takes into account

- |  |                                  |
|--|----------------------------------|
| a) Amount of returns expected                  | b) Timing of anticipated returns |
| c) Risk associated with uncertainty of returns | d) All of these                  |

(xliv) The profit of an undertaking is affected by

- |  |                    |
|--|--------------------|
| a) Selling price of the products               | b) Volume of sales |
| c) Variable cost per unit and total fixed cost | d) All of these    |

(xlv) The only feasible purpose of financial management is

- |                       |                        |
|-----------------------|------------------------|
| a) Sales Maximization | b) Wealth Maximization |
|-----------------------|------------------------|

c) Profit Maximization

d) Assets maximization

(xlvi) Which of the following statements are true A) External analysis depends entirely on issued financial statements. B) Interpretation and analysis both are different. C) Financial analysis covers interpretation.

a) Both A and B

b) Both A and C

c) Both B and C

d) A, B, C

(xlvii) Comparison of financial statements highlights the trend of the \_\_\_\_\_ of the business.

a) Financial position

b) Performance

c) Profitability

d) All of these

(xlviii) Which of the following statements are true A) Funds Flow statement is one of the ways to analyse & interpret financial statements. B) Cash Flow Statement is one of the ways to analyse & interprets financial statements. C) Common-size statement is one of the ways to analyse & interpret financial statements.

a) ) Funds Flow statement is one of the ways to analyse & interpret financial statements and Cash Flow Statement is one of the ways to analyse & interprets financial statements

b) Funds Flow statement is one of the ways to analyse & interpret financial statements. And Common-size statement is one of the ways to analyse & interpret financial statements.

c) Both B and C

d) Funds Flow statement is one of the ways to analyse & interpret financial statements, Cash Flow Statement is one of the ways to analyse & interprets financial statements, Common-size statement is one of the ways to analyse & interpret financial statements.

(xlix) Which of the following statements are true? A) Vertical Analysis is also termed as dynamic analysis. B) Horizontal analysis is also termed as dynamic analysis. C) Static Analysis is not extremely useful for the long-term financial



planning.

- |   |   |
|---|---|
| a) Vertical Analysis is also termed as dynamic analysis.and Horizontal analysis is also termed as dynamic analysis.                         | b) both Vertical Analysis is also termed as dynamic analysis.and Static Analysis is not extremely useful for the long-term financial planning   |
| c) Horizontal analysis is also termed as dynamic analysis.and Static Analysis is not extremely useful for the long-term financial planning. | d) Vertical Analysis is also termed as dynamic analysis,Horizontal analysis is also termed as dynamic analysis.,Static Analysis is not extremely useful for the long-term financial planning. |

(l) ARR is

- |                      |                           |
|----------------------|---------------------------|
| a) All rate received | b) Average rate of return |
| c) List              | d) Fund                   |

(li) Which of the following is not a part of Working Capital

- |                       |                     |
|-----------------------|---------------------|
| a) Raw Materials      | b) Buildings        |
| c) Operating Expenses | d) Work-in-Progress |

(lii) Investment whose cash flows are sufficient to repay capital invested for rate of return then net present value will be

- |                |             |
|----------------|-------------|
| a) Independent | b) Negative |
| c) Positive    | d) Zero     |

(liii) Which of the following statements about NPV is not True.

- |  |  |
|--|--|
| a) When considering 2 or more projects the one with highest positive NPV is considered | b) Projects with Negative NPV are not selected                               |
| c) NPV can be negative, zero or positive   | d) When considering 2 or more projects the one with lowest NPV is considered |

(liv) Which one of the following is not a part of PV

- a) NPV
- b) PI
- c) Payback
- d) IRR

(lv) Profitability Index (PI) Acceptance involves the following rule

- a)  $PI = 0$
- b)  $PI < 1$
- c)  $PI < 0$
- d)  $PI > 1$

(lvi) Accounting Rate of Return (ARR) is accepted only when

- a)  $ARR < \text{Minimum Rate}$
- b)  $ARR > \text{Minimum Rate}$
- c)  $ARR = \text{Minimum Rate}$
- d) None of the Above

(lvii) Projects with \_\_\_\_\_ are preferred

- a) Lower payback period
- b) Normal payback period
- c) Higher payback period
- d) Any of the above

(lviii) The cost of equity capital is all of the following EXCEPT

- a) the minimum rate that a firm should earn on the equity-financed part of an investment
- b) a return on the equity-financed portion of an investment that, at worst, leaves the market price of the stock unchanged
- c) by far the most difficult component cost to estimate
- d) generally lower than the before-tax cost of debt

(lix) The term "capital structure" refers to

- a) Long-term debt, preferred stock, and common stock equity
- b) Current assets and current liabilities
- c) total assets minus liabilities
- d) shareholders' equity

(lx) Current ratio

- a) Quick assets / Current liabilities
- b) Current assets / Current liabilities
- c) Debt. / Equity
- d) Current assets / Equity