



BRAINWARE UNIVERSITY

Term End Examination 2020 - 21

Programme – Master of Business Administration

Course Name – Financial Reporting, Statements and Analysis

Course Code - MBA104

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) Analyzing Transactions | d) All of these |

(ii) The science and art of correctly recording business dealing in a set of books is called

- | | |
|----------------|---------------|
| a) Bookkeeping | b) Accounting |
| c) Auditing | d) Recording |

(iii) Accounting is the language of

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

(iv) Modern system of bookkeeping is

- | | |
|------------------------|------------------------|
| a) Single entry system | b) Double entry system |
| c) British system | d) None of these |

(v) Double entry system of bookkeeping involves at least

- | | |
|-------------------|------------------|
| a) One accounts | b) Two accounts |
| c) Three Accounts | d) None of these |

(vi) Interpretation means

- | | |
|--|---|
| a) Explanation of meaning and significance of the data in Financial Statements | b) Concerned with preparation and presentation of classified data |
| c) Systematic analysis of recorded data | d) Methodical classification of data given in Financial Statements. |

(vii) 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 |

(viii) Amount spent to increasing the earning capacity is a _____ expenditure

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

(ix) Double Entry means:

- | | |
|--|-----------------------|
| a) Entry for the two aspects of books | b) Entry at two dates |
| c) Entry in two aspects of transaction | d) All of these |

(x) Exercising a degree of caution in the case of judgments needed under the condition of uncertainty is assumption of which of the following accounting concepts

- | | |
|---------------|-------------|
| a) Matching | b) Accrual |
| c) Timeliness | d) Prudence |

(xi) Which of the following is time span into which the total life of a business is divided for the purpose of preparing financial statements

- | | |
|----------------------|-------------------|
| a) Fiscal year | b) Calendar year |
| c) Accounting period | d) Accrual period |

(xii) The allocation of owner's private expenses to his/her business violates

which of the following

- a) Accrual
- b) Matching
- c) Separate entity
- d) Consistency

(xiii) The going concern concept assumes that

- a) The business runs for a foreseeable future
- b) Business runs till end of accounting period
- c) The entity will close its operating in 10 years
- d) The entity can't be liquidated

(xiv) The concept of separate entity is applicable to which of following types of businesses

- a) Sole proprietorship
- b) Corporation
- c) Partnership
- d) All of them

(xv) A trader has made a sale of Rs.75,500 out of which cash sales amounted to Rs.25,500. He showed trade receivables on 31-3-2014 at Rs.25,500. Which concept is followed by him

- a) Going concern
- b) Cost
- c) Accrual
- d) Money measurement

(xvi) In Accounting, Owners and business are

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

(xvii) All events of business are measured in terms of

- a) Money
- b) Ethical Value
- c) Units
- d) Goods

(xviii) The accounts that records expenses, gains and losses are

- a) Personal accounts
- b) Real Accounts

c) Nominal accounts

d) None of these

(xix) A voucher does not contain

a) Transaction details

b) Reason of payment

c) Details of payment

d) Currency note serial no

(xx) Which of the following should not be considered as “sales”

a) Goods for sales

b) Sale of item previously included in purchases

c) Office fixtures sold

d) Goods sold on credit

(xxi) Errors are corrected by:

a) Journal

b) Profit and Loss statement

c) Ledger

d) Cash flow statements

(xxii) When the owner withdraws goods for his own use it will be considered as the:

a) drawing

b) loss

c) capital

d) bonus

(xxiii) Debit the receiver and credit the giver is the rule for ————..

a) nominal

b) accounting

c) real

d) liability

(xxiv) Cash discount allowed will appear on which side of the buyer’s account in the books of the seller.

a) debit

b) credit

c) cost

d) none of these

(xxv) The entries in the purchase returns book are based on issued by the concern.

- a) debit note
- b) credit note
- c) goods returned note
- d) none of these

(xxvi) A document given by the seller to buyer for credit sales is called

- a) Cash memo
- b) Voucher
- c) Invoice
- d) None of these

(xxvii) Promise to pay a certain amount is called

- a) Account Payable
- b) Notes Payable
- c) Amount Payable
- d) Discount Payable

(xxviii) Cash invested by the owner is called

- a) Asset
- b) Liabilities
- c) Capital
- d) Loan

(xxix) The accounts in which the credit sale of merchandise or services are placed is known as

- a) Notes Receivable
- b) Accounts Receivable
- c) Amount Receivable
- d) Discount Receivable

(xxx) If wages are paid for construction of business premises _____ A/c is credited and _____ A/c is debited.

- a) Wages, Cash
- b) Premises, Cash
- c) Cash, Wages
- d) Cash, Premises

(xxxii) Under which method the depreciation remains the same throughout the life of the asset

- a) Straight line
- b) Reducing balance
- c) Sinking fund
- d) None of these

(xxxiii) In annuity method of depreciation the depreciation is re-invested at

which rate

- a) Internal rate of return
- b) Compound interest
- c) Simple interest
- d) None of these

(xxxiii) Which of the following is not based on estimates

- a) Useful life
- b) Salvage value
- c) Historical cost
- d) Works cost

(xxxiv) A piece of machinery held for continued use in the business would usually be stated in the balance sheet at

- a) its current value to the business
- b) a realistic second hand or scrap value
- c) its current replacement cost
- d) its net book value (historical cost less depreciation)

(xxxv) A firm bought a new vehicle for Rs10, 000. It is expected to be used for 5 years and then sold for Rs 2,000. What is the annual amount of depreciation if the straight line method is used

- a) 2000
- b) 1600
- c) 2400
- d) 2334

(xxxvi) Which accounting concept forms the basis for recognizing expense of bad and doubtful debts

- a) Going concern
- b) Prudence
- c) Accrual
- d) Consistency

(xxxvii) Which of the following is the effect on net profit if a business decreases allowance for doubtful debts

- a) It will increase gross profit and net profit
- b) It will increase net profit
- c) It will decrease net profit
- d) No effect

(xxxviii) Which of the following is the most common cause of bad debt

- a) Debtor refusal to repayment
- b) Debtor committed a crime

c) Debtor left the country

d) Debtor declared bankrupt

(xxxix) Which of the following Receivables have highest probability to default on trade debts

a) Over 90 days old receivables

b) 60 to 90 days old receivables

c) Current month receivables

d) 30 to 60 days old receivables

(xl) The sales income (Credit and Cash) of a business during a given period is called

a) Transactions

b) Sales Return

c) Turnover

d) Purchase returns

(xli) Cost of moving Plant and machinery to a new site will be treated as

a) Revenue Expenses

b) Capital Expenses

c) Administrative Expenses

d) Operating Expenses

(xlii) Which of the following is not an item of a Balance Sheet

a) Accounts Receivable

b) Accounts Payable

c) Sales Revenue

d) Marketable Securities

(xliii) Net profit is calculated in the:

a) Profit and Loss account

b) Trial Balance

c) Balance sheet

d) Trading Account

(xliv) Gross profit could be defined as :

a) Cost of goods sold + Opening stock

b) Sales - purchase

c) Excess of sales over cost of goods sold

d) Net profit - expenses of the period

(xlv) Closing stock could be calculated by:

a) By stock taking

b) deducting opening stock from cost of goods sold

- c) Deducting cost of goods sold from the sales d) revaluation of stock account

(xlvi) In the trial balance the balance on the provision for depreciation account:

- a) shown as the credit item b) shown as the debit item
c) not shown at all d) Both shown as the credit item and shown as the debit item could be applied

(xlvii) The difference of the trial balance total could be adjusted by the :

- a) Nominal Account b) The suspense account
c) The Capital Account d) The profit and Loss account

(xlviii) When there is no agreement between people doing business then both profit and losses would shared

- a) Based on the portion of the capital invested by each of the partners. b) None of these
c) Equally d) Equally after adjusting the interest on capital

(xlix) Summary of balances of ledger account is called

- a) trial balance b) balance sheet
c) cash flow statement d) none of these

(l) The subdivision of the journals into various books recording transactions of similar nature is called.....

- a) ledger b) journal proper
c) trial balance d) subsidiary book

(li) The things of value possessed by the trader is called

- a) Merchandise b) Assets
c) Stock d) Purchases

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

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

(liii) 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.

(liv) Fixed assets are held by business for _____

- a) Converting into cash
- b) Generating revenue
- c) Resale
- d) None of these

(lv) Deewali advance given to an employee is-

- a) Revenue Expenditure
- b) Capital Expenditure
- c) Deferred Revenue Expenditure
- d) Not an Expenditure

(lvi) What are Interim Financial Statements

- a) Financial statements which are made and presented for an accounting period of more than one year.
- b) Financial statements which are made and presented for an accounting period of less than one year
- c) Financial statements which are made and presented foran a day.
- d) Financial statements which are made and presented for an accounting period of one year.

(lvii) Independent Branch meant when separate account are maintained by :

- a) H. O.
- b) Branch
- c) Both
- d) None of these

(lviii) Under the stock and debtor system, Branch A/c is treated as

- a) Joint a/c
- b) Nominal a/c
- c) Personal a/c
- d) Real A/c

(lix) When Branch assets a/c is kept in the books of H.O.,the H.O. will debit following a/c for its depreciation-

- a) Branch P & L a/c
- b) Depreciation a/c
- c) Branch a/c
- d) None of these

(lx) On an equity share of Rs 20, the company has called up Rs 16 but actually received Rs 18, the difference of 2 will be

- a) Debited to calls in advance A/c
- b) Credited to calls in advance A/c
- c) Credited to calls in Suspense A/c
- d) Debited to calls in Doubt A/c