



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Business Administration

Course Name – Business Accounting

Course Code - BBAC202

(Semester II)

Time : 1 Hr.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) Accounting can be classified into two broad categories, viz,
 - a) Financial Accounting and cost accounting
 - b) Financial Accounting and Management Accounting
 - c) cost accounting and Management Accounting
 - d) None of these
- (2) This not a characteristic of book keeping used to record financial transactions
 - a) Identify
 - b) Measure
 - c) Record
 - d) Summarize
- (3) Outstanding wages of Rs.5000 is an example of
 - a) Asset
 - b) Liability
 - c) Expense
 - d) Income
- (4) The process of entering all transactions from journal to ledger is called
 - a) Posting
 - b) Entry
 - c) Accounting
 - d) None of the above
- (5) A business has total assets of Rs.80000 and capital is Rs.25000. What is the amount of liability?
 - a) Rs.60000
 - b) Rs.120000
 - c) Rs.50000
 - d) None of these
- (6) Purchased goods from Ram for Rs.35000. It is a
 - a) Cash Transaction
 - b) Credit Transaction
 - c) Not a transaction
 - d) None of the above
- (7) As per modern concept all the accounts can be sub grouped under

- a) 5 heads
c) 4 heads
- (8) Journal records all the transactions in
a) Alphabetical order
c) Chronological order
- (9) Compound journal entry contains
a) More than one debit entry only
c) More than one debit entry only and more than one credit entry only or both
- (10) Cash sale of old asset (without profit or loss) is recorded in the journal by passing the following entry
a) Cash Account Debit, Sales Account Credit
c) Asset Account Debit, Cash Account Credit
- (11) A cheque is issued but not deposited in the bank yet. What will be the effect in passbook and cash book
a) Amount in the cash book will be reduced but amount in the passbook would remain enhanced
c) Amount in the cash book will be increased but amount in the passbook will be decreased
- (12) Debit the receiver and credit the giver is the rule for _____..
a) Nominal
c) Real
- (13) In a trial balance, which one of the following items would be correctly shown as a credit balance?
a) Returns inwards
c) Commission received
- (14) In a trial balance, which one of the following items would be correctly shown as a debit balance?
a) Returns outwards
c) Returns inward
- (15) Promise to pay a certain amount is called
a) Account Payable
c) Amount Payable
- (16) If one of the cars purchased by a car dealer is used for business purpose, instead of resale, then it should be recorded by _____
a) Dr Drawing A/c & Cr Purchases A/c
c) Dr Motor Car A/c & Cr Cash A/c
- (17) Assets, which does not have physical existence, are called
a) Tangible Assets
c) Quick Assets
- (18) Depreciation is charged on fixed asset to comply with which of the following accounting principles or concepts
a) Matching concept
- b) 6 heads
d) None of the above
- b) Random manner
d) None of the above
- b) More than one credit entry only
d) No narration
- b) Buyer's Account Debit, Asset account Credit
d) Cash Account Debit, Asset Account Credit
- b) Amount in both the book will remain unchanged
d) Amount in both the books will be reduced
- b) Accounting
d) Liability
- b) Carriage outwards
d) Discount allowed
- b) Discount received
d) Bank overdraft
- b) Notes Payable
d) Discount Payable
- b) Dr Office Expenses A/c & Cr Motor Car A/c
d) Dr Motor Car & Cr Sales A/c
- b) Intangible Assets
d) Current Assets
- b) Prudence concept

- c) Timeliness concept
d) Reliability concept
- (19) What is accumulated depreciation?
a) Sum of all depreciation expenses of a fixed asset
b) Depletion cost of asset
c) Depreciation expenses
d) None of these
- (20) What is cost of fixed asset less salvage value
a) Market value
b) Book value
c) Depreciable cost
d) None of these
- (21) If the estimated life span of an asset is 10 years, the straight line depreciation rate would be
a) 1%
b) 5%
c) 10%
d) None of these
- (22) Which of the following errors will cause the trial balance totals to be unequal
a) Errors of transposition.
b) Errors of principle.
c) Errors of omission.
d) None of these
- (23) An increase in inventories of Rs.500 and a decrease in the bank balance of Rs.600 and an increase in payables of Rs.1,400 results in:
a) A decrease in Current Assets of Rs 1,500
b) An increase in Current Assets of Rs.1,500
c) A decrease in Current Assets of Rs.1,300
d) An increase in Current Liabilities of Rs.1,300
- (24) 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
- (25) In which of the following cases, accounting estimates are needed
a) Employs benefit schemes
b) Impairment of losses
c) Inventory obsolescence
d) All of these
- (26) 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
- (27) Generally company liability is
a) Limited
b) Unlimited
c) Restricted
d) None of these
- (28) Accounting can be classified into two broad categories, viz,
a) Financial Accounting and cost accounting
b) Financial Accounting and Management Accounting
c) Cost accounting and Management Accounting
d) None of the above
- (29) One of these are not external users of financial information
a) Creditors
b) Investors
c) Managers
d) Government
- (30) Double entry system of bookkeeping involves at least
a) One accounts
b) Two accounts
c) Three Accounts
d) None of these

- (31) The process of recording financial data up to trial balance is
- a) Book keeping
 - b) Classifying
 - c) Summarizing
 - d) Analyzing
- (32) In income measurement & recognition of assets & liabilities which of the following concepts goes together
- a) Periodicity, accrual, matching
 - b) Cost, accrual, matching
 - c) Going concern, cost, Realization
 - d) Going concern, periodicity, reliability
- (33) Which accounting concept specifies the practice of crediting closing stock to the trading account
- a) Cost
 - b) Realization
 - c) Going concern
 - d) Matching
- (34) _____ states that assets equal liabilities plus capital.
- a) Accounting equation
 - b) Financial equation
 - c) Statements
 - d) None of these
- (35) 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
- (36) 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
- (37) Showing purchased office equipments in financial statements is the application of which accounting concept
- a) Historical cost
 - b) Materiality
 - c) Prudence
 - d) Matching
- (38) 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
- (39) 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
- (40) The first book in which the transactions of a business are recorded is called
- a) A journal
 - b) A ledger
 - c) A trial balance
 - d) None of the above
- (41) 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
- (42) In Accounting, Owners and business are
- a) Similar entities
 - b) Separate entities

c) Dependent entities

d) None of these

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

a) Money

b) Ethical Value

c) Units

d) Goods

(44) 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

(45) Which of the following are used in a coding system for accounting transactions

a) Department code

b) Nominal ledger code.

c) Product code.

d) All of the above

(46) Which one of the following attributes is the most important for any code to possess in order to be of use in an accounting system

a) Easy to change the code number.

b) Each code is a unique number

c) A combination of letters and digits to ensure input accuracy.

d) Linked to assets, liabilities, income, expenditure and capital.

(47) A voucher does not contain

a) Transaction details

b) Reason of payment

c) Details of payment

d) Currency note serial no

(48) 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

(49) Discount received means:

a) Deduction during cash receive

b) deduction allowed by creditors during the time of payment

c) Deduction allowed during sales

d) None of these

(50) Sales day book is also known as:

a) Sales ledger

b) sales journal

c) sales invoice

d) Daily sales

(51) Errors are corrected by

a) Journal

b) Profit and Loss statement

c) Ledger

d) Cash flow statements

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

a) Drawing

b) Loss

c) Capital

d) Bonus

(53) Discount allowed means

a) Deduction during cash receive

b) deduction paid to debtors during receipt of payment

c) Deduction allowed during sales

d) Both (A) and (B)

(54) Bank reconciliation statement is a statement:

a) Sent by the bank when we have made an error

b) Sent by the bank when the account is overdrawn

c) Drawn up by the bank to verify the cash book

d) Drawn up by the business to verify cashbook balance with the bank statement balance

- (55) Transferring entries from journal to ledger account is commonly known as
- a) Recording
 - b) Transferring
 - c) Posting
 - d) Entry making
- (56) An allowance of Rs. 1000 given to Mr. Devan for prompt payment will be debited to the account
- a) Discount received
 - b) Discount allowed
 - c) Devan's
 - d) None of these
- (57) A balance in a personal account shows that the account concerned is a creditor's account
- a) Debit
 - b) Credit
 - c) Revenue
 - d) None of these
- (58) Cash discount allowed will appear on the side of the buyer's account in the books of the seller.
- a) Debit
 - b) Credit
 - c) Cost
 - d) None of these
- (59) A debit in a nominal account denotes an
- a) Income
 - b) Loss
 - c) Revenue
 - d) Gain
- (60) An aspect that is debited in the journal entry will be given a in the ledger account.
- a) Debit
 - b) Credit
 - c) Cost
 - d) None of these