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Barrow, Kolkata - 700125

## BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Business Administration

Course Name – Business Accounting

Course Code - BBAC202

( Semester II )

Time allotted : 1 Hrs.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) The science and art of correctly recording business dealing in a set of books is called
  - a) Bookkeeping
  - b) Accounting
  - c) Auditing
  - d) Recording
- (3) The long term assets that have no physical existence but are rights that have value is known as
  - a) Current Assets
  - b) Fixed Assets
  - c) Intangible Assets
  - d) Investments
- (4) Outstanding wages of Rs.5000 is an example of
  - a) Asset
  - b) Liability
  - c) Expense
  - d) Income
- (5) Advance rent payment of Rs.500 is recorded as
  - a) Prepaid Rent A/C Debit, Cash A/C Credit
  - b) Rent A/C Debit, Cash A/C Credit
  - c) Rent A/C Debit, Outstanding Rent A/C Credit
  - d) None of the above
- (6) Rabin introduces his cash into his business. Which parts of the business accounting equation will change?
  - a) Capital and Liability
  - b) Liabilities and Assets
  - c) Capital and Profit
  - d) Assets and Capital
- (7) If the capital of the firm is Rs.100000 and creditor is Rs.50000. Find out the total assets
  - a) Rs.200000
  - b) Rs,100000
  - c) Rs.150000
  - d) None of the above

- (8) A business borrowed Rs.60000 from its bank and the owner used the cash to buy a new computer. How is accounting equation affected by these transaction?
- a) Assets unchanged, Liabilities decreased      b) Assets unchanged, Liabilities increased  
c) Assets increased, Liabilities increased      d) Assets increased, Liabilities decreased
- (9) 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
- (10) Journal records all the transactions in
- a) Alphabetical order      b) Random manner  
c) Chronological order      d) None of the above
- (11) Which concept represents the assumption of long period existence of a business
- a) Dual Aspect Concept      b) Materiality Concept  
c) Going Concern Concept      d) Matching Concept
- (12) 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      b) Buyer's Account Debit, Asset account Credit  
c) Asset Account Debit, Cash Account Credit      d) Cash Account Debit, Asset Account Credit
- (13) A credit entry in the sales account is matched by a debit entry in ITC Ltd account. What do these entries record?
- a) Sold goods to ITC Ltd on credit      b) Purchased goods on credit from ITC Ltd  
c) Purchase Returns to ITC Ltd      d) None of the above
- (14) Inward Invoice Number is a required column to prepare
- a) Sales Day Book      b) Purchase Day Book  
c) Purchase Return Book      d) Sales Return Book
- (15) Debit the receiver and credit the giver is the rule for \_\_\_\_\_.
- a) Nominal      b) Accounting  
c) Real      d) Liability
- (16) In a trial balance, which one of the following items would be correctly shown as a credit balance?
- a) Returns inwards      b) Carriage outwards  
c) Commission received      d) Discount allowed
- (17) A company does not include the value of skills gained by its employees from training programmes in its financial statements. Which concept is being applied?
- a) Consistency      b) Materiality  
c) Money measurement      d) Substance over form
- (18) 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
- (19) 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
- (20) ..... could be converted into cash within 1 year or less time.
- a) Current assets      b) Fixed assets

c) Intangible assets

d) Investments

(21) The difference between an income statement and an income and expenditure account is that:

- a) An income and expenditure account is an international term for an Income statement.
- b) An income statement is prepared for a business and an income and expenditure account is prepared for a not-for-profit making organization.
- c) An income statement is prepared on an accruals basis and an income and expenditure account is prepared on a cash flow basis.
- d) An income statement is prepared for a manufacturing business and an income and expenditure account is prepared for a non-manufacturing business.

(22) Which of the following transactions have no effect on proprietor equity

- a) Purchase of land on credit
- b) Dividends to stock holders
- c) Net Loss
- d) Investment in cash by stockholders

(23) 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

(24) Net profit is calculated in the:

- a) Profit and Loss account
- b) Trial Balance
- c) Balance sheet
- d) Trading Account

(25) The cost of putting goods into a saleable condition should be charged to

- a) Trading account
- b) Balance sheet
- c) Profit and loss account
- d) None of these

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

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

(27) Change in the capital A/c of proprietor may occur due to \_\_\_\_\_

- a) Profit earned
- b) Loss incurred
- c) Capital Introduced
- d) All of these

(28) Generally company liability is

- a) Limited
- b) Unlimited
- c) Restricted
- d) None of these

(29) Accounting consists of information on

- a) Cost and income for managers
- b) Company's tax liability for a particular year
- c) Financial conditions of an institution
- d) All of the above

(30) An accounting system is used by a business to:

- a) Analyze Transactions
- b) Handle routine book keeping tasks
- c) Interpret the Final Statements
- d) All of the Above

(31) Accounting is the language of

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

(32) Double entry system of bookkeeping involves at least

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

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- (33) The process of recording financial data up to trial balance is
- a) Book keeping
  - b) Classifying
  - c) Summarizing
  - d) Analyzing
- (34) 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.
- (35) Which accounting concept specifies the practice of crediting closing stock to the trading account
- a) Cost
  - b) Realization
  - c) Going concern
  - d) Matching
- (36) \_\_\_\_\_ states that assets equal liabilities plus capital.
- a) Accounting equation
  - b) Financial equation
  - c) Statements
  - d) None of these
- (37) \_\_\_\_\_ deals with accounting for investments.
- a) AS 11
  - b) AS 12
  - c) AS 13
  - d) AS 14
- (38) Which one of the following concepts states that the publication or presentation financial statements should not be delayed
- a) Objectivity
  - b) Timing
  - c) Timeliness
  - d) Reliability
- (39) Showing purchased office equipments in financial statements is the application of which accounting concept
- a) Historical cost
  - b) Materiality
  - c) Prudence
  - d) Matching
- (40) The matching concept matches which of the following
- a) Assets - liabilities
  - b) Capital - income
  - c) Revenue - expenses
  - d) Expenses-capital
- (41) 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
- (42) 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
- (43) The account that records expenses, gains and losses is
- a) Personal account
  - b) Real account
  - c) Nominal account
  - d) None of the above
- (44) 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
- (45) All events of business are measured in terms of
- a) Money
  - b) Ethical Value

c) Units

d) Goods

(46) A company includes in inventory goods received before the year end, but for which invoices are not received until after the year end. This is in accordance with

a) The historical cost convention.

b) The accruals concept.

c) The consistency concept.

d) The materiality concept.

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

a) Personal accounts

b) Real Accounts

c) Nominal accounts

d) None of the above

(48) X, received an invoice from an advertising agency for ₹4,000 plus sales tax. The rate of sales tax on the goods was 20%. What would the correct ledger entries be

a) Advertising expense 4,000 (dr.) Payables 4,000 (cr.)

b) Advertising expense 4,800 (dr.) Payables 4,800 (cr.)

c) Advertising expense 4,800 (dr.) Payables 4,000, Sales tax account 800 (cr.)

d) Advertising expense 4,000 (dr.) Payables 4,800, Sales tax account 800 (cr.)

(49) A voucher does not contain

a) Transaction details

b) Reason of payment

c) Details of payment

d) Currency note serial no

(50) Which of the following account will be credited in the books of ABC Co. Ltd., if furniture is purchased on cash

a) Furniture

b) Cash

c) Business

d) Bank

(51) A debit in a nominal account denotes an .....

a) Income

b) Gain

c) Revenue

d) Expense

(52) The receiver of goods returned will send a ..... note to the returner.

a) Debit

b) Credit

c) Revenue

d) None of these

(53) 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

(54) The discount calculated on list price of goods is called

a) Cash Discount

b) Rebate

c) Trade Discount

d) None of these

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

a) Cash memo

b) Voucher

c) Invoice

d) None of these

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

a) Tangible Assets

b) Intangible Assets

c) Quick Assets

d) Current Assets

(57) The discount allowed by the wholesaler to the retailer on the immediate payment of cash

a) Trade Discount

b) Cash Discount

c) Discount Allowed

d) Discount Received

(58) Cash invested by the owner is called

a) Asset

b) Liabilities

c) Capital

d) Loan

(59) Management accounting provides valuable services to management in performing

a) Proprietorship

b) Ownership

c) Industrialist

d) Proprietor

(60) The goods which are purchased for the purpose of resale are called

a) Purchases

b) Merchandise

c) Goods/Inventory

d) All of the above

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