



## 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 transaction 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)  $\text{Opening capital} - \text{drawings} + \text{capital introduced} - \text{closing capital}$
- b)  $\text{Closing Capital} + \text{Drawings} - \text{Capital Introduced} - \text{Opening Capital}$
- c)  $\text{Opening capital} + \text{drawings} - \text{capital introduced} - \text{closing capital}$
- d)  $\text{Closing Capital} - \text{Drawings} + \text{Capital Introduced} - \text{Opening Capital}$

(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  
 c) Financial conditions of an institution
- (30) An accounting system is used by a business to:  
 a) Analyze Transactions  
 c) Interpret the Final Statements
- (31) Accounting is the language of  
 a) Government  
 c) Trade
- (32) Double entry system of bookkeeping involves at least  
 a) One accounts  
 c) Three Accounts
- (33) The process of recording financial data up to trial balance is  
 a) Book keeping  
 c) Summarizing
- (34) Interpretation means  
 a) Explanation of meaning and significance of the data in Financial Statements  
 c) Systematic analysis of recorded data
- (35) Which accounting concept specifies the practice of crediting closing stock to the trading account  
 a) Cost  
 c) Going concern
- (36) \_\_\_\_\_ states that assets equal liabilities plus capital.  
 a) Accounting equation  
 c) Statements
- (37) \_\_\_\_\_ deals with accounting for investments.  
 a) AS 11  
 c) AS 13
- (38) Which one of the following concepts states that the publication or presentation financial statements should not be delayed  
 a) Objectivity  
 c) Timeliness
- (39) Showing purchased office equipments in financial statements is the application of which accounting concept  
 a) Historical cost  
 c) Prudence
- (40) The matching concept matches which of the following  
 a) Assets - liabilities  
 c) Revenue – expenses
- (41) The allocation of owner's private expenses to his/her business violates which of the following  
 a) Accrual  
 c) Separate entity
- b) Company's tax liability for a particular year  
 d) All of the above
- b) Handle routine book keeping tasks  
 d) All of the Above
- b) Public  
 d) Business
- b) Two accounts  
 d) None of these
- b) Classifying  
 d) Analyzing
- b) Concerned with preparation and presentation of classified data  
 d) Methodical classification of data given in Financial Statements.
- b) Realization  
 d) Matching
- b) Financial equation  
 d) None of these
- b) AS 12  
 d) AS 14
- b) Timing  
 d) Reliability
- b) Materiality  
 d) Matching
- b) Capital – income  
 d) Expenses-capital
- b) Matching  
 d) Consistency

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- (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.
- (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.

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- 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