
Multiple Choice Questions

- 1) Value of Output minus Value of Input is.....
 - a) Net Output
 - b) Net Input
 - c) **Value Added**
 - d) None

- 2) Minimum components of Interim Financial Report include
 - a) Condensed Balance Sheet
 - b) Condensed Cash Flow Statement
 - c) Condensed Profit & Loss Account
 - d) **All the three**

- 3) How many Insolvency Act are applicable in India?
 - a) Only One
 - b) **Two**
 - c) Three
 - d) Four

- 4) Presidency Town Insolvency Act not applicable to
 - a) Mumbai
 - b) **Delhi**
 - c) Chennai
 - d) Kolkata

- 5) Provincial Insolvency Act not applicable in
 - a) **Mumbai**
 - b) Agra
 - c) Hyderabad
 - d) Nagpur

- 6) Statement of Affairs is Statement of
 - a) Profitability
 - b) Liquidity
 - c) **Assets & Liability**
 - d) None

- 7) Statement of Affairs is prepared at
- a) Book Value
 - b) **Net Realizable Value**
 - c) Cost
 - d) Other
- 8) Balance Sheet is prepared at
- a) **Book Value**
 - b) Net Realizable Value
 - c) Cost
 - d) Other
- 9) Which of the following item not included in statement of Affairs
- a) Fixed Assets
 - b) Investment
 - c) Current Assets
 - d) **Fictitious Assets**
- 10) Deficiency Account explains
- a) Financial Position
 - b) **Causes of Insolvency**
 - c) Other
 - d) None
- 11) Which of the following item is preferential under both presidency Town & Provincial Insolvency Act.....?
- a) Salaries to Clerk
 - b) Wages to Worker
 - c) Rent
 - d) **Rates & Taxes**
- 12) The Monetary limit of salary per clerk as presential, under presidency Town Insolvency Actis.....
- a) Rs. 100
 - b) Rs. 200
 - c) **Rs. 300**
 - d) Rs. 400

13) The monetary limit of wages per worker as preferential, under Presidency Town Insolvency Act is.....

- a) **Rs. 100**
- b) Rs. 200
- c) Rs. 300
- d) Rs. 400

14) The monetary limit for salary & wages per head as preferential, under provincial Insolvency Act is

- a) Rs. 10
- b) **Rs. 20**
- c) Rs. 50
- d) Rs. 100

15) Which of the following item is not preferential under provincial Insolvency Act is

- a) Rates & Taxes
- b) Salary to Clerk
- c) Wages to Worker
- d) **Rent to Landlord**

16) Creditors are basically classified as

- a) Fully Secured – Partly Secured
- b) Preferential – Non-Preferential
- c) **Secured – Unsecured**
- d) None

17) If realizable value of assets is more than liability creditors are classified as

- a) **Fully Secured**
- b) Partly Secured
- c) Preferential
- d) Unsecured

18) If realizable value of assets is less than liability creditor is classified as

- a) Fully Secured
- b) **Partly Secured**
- c) Preferential
- d) Unsecured

19) If realizable value of security is nothing (0) the creditors are classified as

- a) Fully Secured
- b) Partly Secured

- c) Preferential
- d) **Unsecured**

20) Which of the following creditors have priority but no security

- a) Fully Secured
- b) Partly Secured
- c) **Preferential**
- d) Unsecured

21) Creditors on personal guarantee is classified as

- a) Fully Secured
- b) Partly Secured
- c) Preferential
- d) **Unsecured**

22) Under Insolvency proceeding which of assets & liabilities are considered

- a) Only Business Assets – Liabilities
- b) **Both Business & Personal Assets & Liabilities**
- c) Only personal Assets & Liabilities
- d) None

23) Contingent liabilities are classified as, in statement of affairs under insolvency proceeding

- a) **Unsecured Creditors**
- b) Partly Secured Creditors
- c) Fully Secured
- d) Debtors

24) List “E” of Assets & property in statement of affairs under insolvency proceeding includes

- a) All Assets
- b) Charged Assets
- c) **Uncharged Assets**
- d) None

25) Book debts are classified as, in statement of affairs under insolvency proceeding

- a) Short Term – Long Term
- b) **Good -- Doubtful – Bad**
- c) Secured – Unsecured
- d) Other

26) Municipal Tax payable on personal House Property is recorded in statement of affairs under insolvency proceeding

- a) List “A”

- b) List "B"
- c) List "C"
- d) **List "D"**

27) If any assets realized nothing it is recorded in

- a) List "E"
- b) List "F"
- c) List "G"
- d) **No Where**

28) Bills of exchange are recorded in statement of affairs is

- a) List "A"
- b) List "E"
- c) List "F"
- d) **List "G"**

29) Bills discounted likely to be dishonor are recorded in statement of affairs

- a) **List "A"**
- b) List "B"
- c) List "C"
- d) List "D"

30) Preferential creditors are deducted as per contra & transfer to contra side to make payment

- a) **Prior to unsecured creditors**
- b) prior to secured creditors
- c) Other Reason
- d) None

31) The realizable value of revocable gift article is recorded in statement of affairs under insolvency proceeding

- a) List "B" – "C"
- b) List "D"
- c) **List "E"**
- d) List "F"

32) The realizable value of cash is always

- a) More than Book Value
- b) Less than Book Value
- c) **Equal to Book Value**
- d) None

- 33) The realizable value of Good Debts is always
- a) More than Book Value
 - b) **Equal to Book Value**
 - c) Other
 - d) None
- 34) The realizable of doubtful Debts is always
- a) Book Value
 - b) **Less than Book Value**
 - c) Nil
 - d) Other
- 35) The realizable value of Bad Debts is always
- a) Book Value
 - b) More than Book Value
 - c) **Nil**
 - d) Less than Book Value
- 36) Which of the following item increases deficiency?
- a) Trading Profit
 - b) Other Profit
 - c) Interest on Capital
 - d) **Interest on Drawing**
- 37) Which of the following item decreases deficiency?
- a) Drawing
 - b) Interest on Drawing
 - c) **Interest on Capital**
 - d) Trading Loss
- 38) The effect of surrendered value life policy
- a) **Decrease in Deficiency**
 - b) Increase in Deficiency
 - c) Other
 - d) None
- 39) For assessing effective utilization of manpower, the system accounting useful is
- a) **Human Resource Accounting**
 - b) Forensic Accounting
 - c) Environmental Accounting
 - d) Inflation Accounting

40) Inflation accounting is a system of accounting to deal with

- e) Labor Turnover
- f) **Price Level Changes**
- g) Environmental Changes
- h) Others

41) The deficiency shown by deficiency account will be equal to the deficiency revealed by

- a) Liquidator final statement of account
- b) Liquidator report
- c) **Statement of affairs**
- d) None

42) Insolvent Companies Can Be Liquidated

- a) Compulsory
- b) **Optional**
- c) Order
- d) All the Above

43) The company has to submit the statement of affairs to the official liquidator within

- a) **14days**
- b) 21 days
- c) 30 days
- d) 45 days

44) The remaining cash of a partnership (after creditors have been paid) upon liquidation is divided among partners according to them

- a) **Capital balances**
- b) Contribution of assets
- c) Drawing balances
- d) Income Sharing Ratio

45) The final account of banking company is prepared according to provisions of

- a) Company A/c
- b) **Banking Regulation A/c**
- c) Banking Insolvency A/c
- d) Other

46) The revised format of bank final account is given in

- a) **The Third Schedule**
- b) In the Sixth Schedule
- c) Booklet
- d) Other

47) Call in arrears are deducted from

- a) Authorized Capital
- b) **Called-up Capital**
- c) Paid-up Capital
- d) Subscribed Capital

48) Forfeited shares are added in

- a) Subscribed Capital
- b) Issued Capital
- c) **Called-up Capital**
- d) Reserve Capital

49) Investment fluctuation reserve is recorded under

- a) **Reserve & Surplus**
- b) Current Liability
- c) Investment
- d) Other

50) Every Banking company should transfer the following % of annual net profit to Statutory Reserve

- a) 10%
- b) **20%**
- c) 25%
- d) None

51) In Bank Final Account Current Deposit balance is recorded as

- a) **Demand Deposit**
- b) Term Deposit
- c) Separately

d) None

52) In Bank Final Account Recurring Deposit is recorded as

- a) Demand Deposit
- b) **Term Deposit**
- c) Separately
- d) None

53) In Bank Final Account Security Deposit from employee is recorded as

- a) Deposit
- b) **Current Liability**
- c) Other
- d) None

54) In Bank Final Account loan form L.I.C. is recorded under

- a) Schedule 4 borrowing from other bank
- b) Schedule 5 Other Liability
- c) **Schedule 4 borrowing from other**
- d) None

55) In Bank Final Account Bills payables means

- a) Accepted against B/R
- b) **Unpaid D.D./M.T./T. T**
- c) Other
- d) None

56) In Bank Final Account Provident Fund is recorded in schedule

- a) Reserve & Surplus
- b) **Other Liability**
- c) Borrowing
- d) Other Assets

57) In Bank Final Account branch adjust / inter office Adjust having debit balance in recorded in

- a) Schedule No. 5
- b) **Schedule No. 11**
- c) Schedule No. 8
- d) Schedule No. 12

58) In Bank Final Account branch adjust / inter office Adjust having credit balance in recorded in

- a) **Schedule No. 5**
- b) Schedule No. 11

- c) Schedule No. 8
- d) Schedule No. 12

59) In Bank Final Account balance with RBI is recorded in

- a) **Schedule No. 6**
- b) Schedule No. 7
- c) Schedule No. 8
- d) Schedule No. 11

60) In Bank Final Account balance with banks other than RBI is recorded in

- a) Schedule No. 6
- b) **Schedule No. 7**
- c) Schedule No. 8
- d) None

61) In Bank Final Account Gold Bullions are recorded as

- a) **Investment**
- b) Other Assets
- c) Fixed Assets
- d) Other

62) In Bank Final Account Silver Bullions are recorded as

- a) Investment
- b) **Other Assets**
- c) Fixed Assets
- d) Other

63) In Bank Final Account Investment in shares if shares are partly paid, uncalled amount is shown as -----

- a) Investment
- b) **Contingent Liability**
- c) Other
- d) None

64) In Bank Final Account Computer System is recorded in schedule of

- a) **Fixed Assets**
- b) Other Assets
- c) Investments
- d) None

65) In Bank Final Account sundry debtors are received in schedule of

- a) Fixed Assets
- b) **Other Assets**

- c) Investments
- d) None

66) In Bank Final Account letter of credit issued is recorded in

- a) Other Liability
- b) **Contingent Liability**
- c) Other Assets
- d) Foot None

67) In Bank Final Account Bills for Collection is recorded in

- a) Other Liability
- b) Contingent Liability
- c) **Foot none**
- d) Other

68) In Bank Final Account Interest on Advances is recorded in schedule.....

- a) **Income in Sch. 13**
- b) Expenses in Sch. 15
- c) Other
- d) None

69) In Bank Final Account Interest on Deposit is recorded in schedule

- a) Income in Sch. 13
- b) **Expenses in Sch. 15**
- c) Other
- d) None

70) In Bank Final Account Dividend received is recorded in schedule

- a) Operating Expenses Sch. 16
- b) **Other Income Sch. 14**
- c) Appropriation of Profit
- d) Other

71) In case of Bank Final Account dividend declared / proposed dividend is recorded as

- a) Other Income Sch. 14
- b) Operating Expenses Sch. 16
- c) **Appropriation of Profit**
- d) Other

72) In case of Bank Final Account R.D.D. is recorded under

- a) **Contingencies & Provision**
- b) Operating Expenses

- c) Other
- d) None

73) In Bank Final Account Taxation Provision is adjusted in

- a) **Contingencies & Provision**
- b) Operating Expenses
- c) Other
- d) None

74) Rebate on Bills discounted is

- a) Unexpired Discount
- b) Income received in Advances
- c) Pre-received Income
- d) **All the Three**

75) In Bank Final Account Income Tax paid is recorded as

- a) **Contingencies & Provision**
- b) Operating Expenses
- c) Other Income
- d) None

76) In Bank Final Account R.D.D. is deducted secretly from

- a) Sundry Debtors
- b) **Advances**
- c) Other Assets
- d) Other Liability

77) Interest on Doubtful Debts is transfer to

- a) Internal Earned
- b) **Interest Suspense A/c**
- c) Interest Expenditure
- d) Other

78) In bank final account taxation provision is adjusted under

- a) Sundry creditors
- b) Advances
- c) Other Assets
- d) **Other Liability**

79) Claims against bank not acknowledge as debt is recorded as

- a) Other Liability
- b) **Contingent Liability**
- c) Foot none
- d) Other

80) What is Royalty?

- a) A payment is made use for fixed asset
- b) A fixed payment for use of fixed asset
- c) A payment paid by owner
- d) None of the above

81) Mining of royalty is based on ----

- a) **Production**
- b) Sales
- c) Purchases
- d) None of above

82) Copyright Royalties based on -----

- a) **Production**
- b) Sales
- c) Purchases
- d) None of above

83) Lessor is the -----

- a) **Owner**
- b) User
- c) a and b both
- d) None of above

84) lessee is the -----

- a) Owner
- b) **User**
- c) a and b both
- d) None of above

85) What is minimum rent

- a) It is payment for the use of land on the basis of output
- b) **Payment of use of land which is fixed**
- c) Payment paid by owner
- d) None of above

86) Minimum rent is also called

- a) Dead rent
- b) Rock rent
- c) Fixed rent
- d) **All of above**

87) Short working is equal to ---- less Royalty payable

- a) Capital
- b) Cash paid
- c) **Minimum rent**

d) None of above

88) Royalty account is ---- account

- a) Real account
- b) Personal account
- c) **Nominal account**
- d) None of above

89) If royalty is less than minimum rent the balance of royalty account at the end of the year transfer to

- a) Capital reserve account
- b) Reserve capital account
- c) **Profit and loss account**
- d) Minimum rent account

90) Crop are valued at ----

- a) **Market price**
- b) Cost price
- c) Economic price
- d) None of above

91) Grain consumed by live stock will figure -----

- a) **Crop account**
- b) Livestock account
- c) a and b both
- d) None of above

92) Live stock purchase will be figure in -----

- a) Balance Sheet
- b) **Trading account**
- c) Profit and loss account
- d) None of above

93) Final accounts of Farmer can be preparing under

- a) Single entry
- b) Double entry
- c) **Both a and b**
- d) None of above

94) Work done by family of farmer should treated as ---

- a) As free work
- b) **As Labor**
- c) Both a and b
- d) None of above

95) Account of animals of farmer is known as

- a) Dead stock
- b) Live stock
- c) Both a and b

d) None of above

96) Depreciation is not charged on ---

- a) **Agricultural land**
- b) Nonagricultural land
- c) a and b Both
- d) None of above

97) Hire purchase system is governed by ---

- a) **Hire purchase act 1972**
- b) Sales of goods act
- c) Instalment act
- d) None of above

98) Under hire purchase system the agreement can be ----- anytime

- a) Renewed
- b) Registered
- c) **Terminated**
- d) Endorsed

99) When asset is acquiring on hire purchase system the asset account is Debited with ---- of the asset in the books of the hire purchaser

- a) Hire purchase price
- b) **cash price**
- c) Instalment price
- d) None of above

100) The ownership of goods under hire purchases agreement is transferred at the time of

- a) Payment of down payment
- b) Payment of first instalment
- c) **Full and final payment**
- d) None of above