

NEMANI CLASSES

A PREMIER INSTITUTE OF COMMERCE

ACCOUNTANCY	ECONOMICS	BUSINESS STUDIES	I.P
XI & XII	B.COM	B.B.A & M.B.A	QT & F.M

Name.....
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Class.....
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**SPECIAL CLASSES OF
QT AND FM
BY NEMANI SIR**

DIRECTOR

Dr.PIYUSH NEMANI

M.COM, (ABST, EAFM), DIM, PGDIM, PGDFM, M MBA,
B.ED, CMA, SET AND NET QUALIFIED
MEMBER OF ALL INDIA ACCOUNTING ASSOCIATION & ALL INDIA COMMERCE
ASSOCIATION.

**ADDRESS: 97 PARK VIEW APARTMENT, NEAR
NURSERY CIRCLE, VAISHALI NAGAR, JAIPUR**

CONTACT

www.nemanisir.com

E-Mail:- piyush88jaihuman@yahoo.com

Mob:- 94149-90222, 99830-44580

NEMANI CLASSES

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Class XI Theory Notes

XI –Accountancy
Objective Type Question Bank

Index/Contents

	Page No.
1. Introduction To Accounting & Basic Accounting Terms	2 to 18
2. Theory Base of Accounting & Accounting Standards and Bases of Accounting	19 to 34
3. Accounting Equation & Rules of Debit & Credit	35 to 58
4. Origin of Transaction – Source Documents and Preparation of Vouchers	59 to 69
5. Journal and Ledger	70 to 88
6. Cash Book and Other Subsidiary Books	89 to 112
7. Bank Reconciliation Statement	113 to 126
8. Trial Balance	127 to 137
9. Depreciation	138 to 153
10. Provisions & Reserves	154 to 158
11. Bill of Exchange	159 to 178
12. Rectification of Errors	179 to 194
13. Financial Statements of Sole Proprietorship (With Adjustments)	195 to 215
14. Accounts from Incomplete Records (Single Entry System) Computer in Accounting	216 to 223 224 to 227

CHAPTER :11

BILL OF EXCHANGE

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

Fill in the Blanks

<u>REMEMBRING</u>		
Q.1	A charge collected by the bank on dishonoured bill is known as.....	Noting Charge
Q.2	A person who draws the bill is known as.....	Drawer
Q.3	Bills of exchange are drawn by.....	Seller/Drawer
Q.4	Transferring the right of bills receivable is called as.....	Endorsement
Q.5	Bills of exchange are accepted by	Buyer/ Drawee
Q.6	Bills of exchange are governed by.....act	Negotiable instrument act 1881
Q.7	Drawer is the.....of bills of exchange.	Maker
Q.8	Liability to pay Noting Charges is taken by.....	Drawee
Q.9	Bill payable on demand is called	Time bill
Q.10include Creditors and Bills Payables.	Trade Payables
Q.11	Drawee may have to payto drawer for the extended period	Interest

Q.12	Discount offered by the holder of bill to get payment prior to maturity date is known as.....?	Rebate
<u>UNDERSTANDING</u>		
Q.13	In case the bill gets dishonoured.....a/c is debited.	Debtors
Q.14	If maturity date of bill is national holiday then due date will be	Previous working day
Q.15	If maturity date of bill is unforeseen holiday then maturity date will be.....	Next working day
Q.16	Bills receivable account comes underAssets in balance sheet.	Current
Q.17	Drawers can.....the bill to get instant payment of bill.	Discount
Q.18	Bill is kept by drawer till maturity the payment will go to.....	Drawer
<u>APPLICATION</u>		
Q.19	Ram makes a promise to pay Rs.20,000 to Mohan after 1 month through(Negotiable instrument).	Promissory note
Q.20	If the bill is endorsed in the favour of creditor then there will.....in the books of drawer.	No entry
Q.21	Due to acceptance of Bill of Rs.5000 from Ram such transaction not affected.....position of Ram.	Financial
Q.22	There is contingent liability of Mr. Mohan towards bank because he gets the bill.....	Discounted
Q.23a/c is debited for Noting charges.	Acceptor's
Q.24	Purchases a/c Dr. To Bank a/c To.....a/c (Bought goods from Mohan and half payment made through cheque and bill accepted for remaining balance)	Bills payable
Q.25	Sold goods to Rani Rs.5000 ,Trade Discount @10%, cash discount @2%, a bill drawn for one month for dues of Rs.....	Rs.4,500

Q.26	Bill of Rs.5,000 receivable after two months discounted @ 6% p.a., after discounting bank will pay Rs.	4550
Q.27	A bill was drawn on 12 th of July for one month then maturity date will be	14 th august
Q.28	A bill was drawn on Aug 21, 2018 for one month, if maturity date is declared emergency holiday then due date will be.....	25 th September
<u>ANALYSIS & EVALUATION</u>		
Q.29	Mr. X sold goods to Mr. Y @10% trade discount on Jan 1, 2019 and accepted a bill of Rs. 9,000 for 2 months on Feb 1, 2017. Y returns goods of Rs. 3000 and requested to draw a new bill for 2 months with interest @6% p.a. amount of interest will be Rs.....	31.5
Q.30	Vandna shows inability to pay her acceptance of Rs.....and accepted a new bill of Rs. 11,165 along with interest @6% (due after 3 months)	11,000
Q.31	Mr. Rahul bought goods of Rs. 40,000 and accepted 4 numbers of bills with equal amount payable after 1 month, 2 months, 3months and 4 months with interest @10% p.a. total interest of Rs..... is paid immediately on all bills.	833.33
Q.32	Neha failed to pay her acceptance of rs.12000 (noting charges rs.100) and requited for new bill of rs.....with interest @6% for 3 months.	12285.5

REMEMBRING

- | | |
|---|-------|
| 1. A person who draws the bill is called drawee. | False |
| 2. A charge collected by bank on dishonoured is known as rebate. | False |
| 3. Drawee may have to pay interest to the drawer for the extended period of credit. | True |
| 4. A bill of exchange must be accepted by the payee. | True |
| 5. A bill payable on demand is called bill at sight. | False |

- | | |
|--|-------|
| 6. Negotiable instrument Act 1981 govern the transactions of bill of exchange. | False |
| 7. Bill of exchange may be in oral or written form. | False |
| 8. Single entry system is not approved by company's Act 2013. | True |
| 9. Signing and transferring the bill is called endorsement of bill. | True |
| 10. Acceptor of bill is known as drawer. | False |
| 11. Maker is also known as Drawer. | True |
| 12. A liability to pay the noting charges is always associated with drawee. | True |

UNDERSTANDING

- | | |
|--|-------|
| 13. When discounted bill is dishonoured debtor is debited in the book of drawer. | True |
| 14. If on maturity date of bill is national holiday then maturity date will be next working day. | False |
| 15. If maturity date of bill is unforeseen holiday then maturity date will be next working day. | True |
| 16. The holder allows some discount called noting charges. | False |

APPLICATION

- | | |
|---|-------|
| 17. 'A' draws a bill on 'B', here A is drawer. | True |
| 18. 'B' accepted a bill from 'A' now in any case payer can be change. | False |
| 19. 'A' requested to 'B' draw a new bill & if 'B' charges extra amount from A then such amount is called interest. | True |
| 20. Ram says Shyam to pay particular sum of money to him. In this oral transaction negotiable instrument Act applied. | False |
| 21. Ram draws a bill on Kamal and Kamal accepted a bill, now Kamal became drawer of the bill. | False |
| 22. Dharma transfer a Rs.5,000 bill to his creditor is called endorsement. | True |

23. Dharma draws a bill on Hema. Hema failed to pay amount, now the burden of noting charges will be on Dharam. False
24. Bill of exchange is a convenient way of credit. True
25. Anand draws a bill on Vijay & maturity date is 15 August now he has to pay amount to Anand on 16 August. False
26. Maturity date of a particular bill is 27th September and on that date strike on such state. So due date will be 28 September of next working day. True
27. B/P A/c Dr
 Noting charges A/c Dr
 To Drawer
28. This entry is passed in the book of acceptor on dishonoured of bill. True

ANALYSIS & EVALUATION

29. Bill draws on 1 January for 20 days then due date will be 24 January. True
30. Bill draws on 1 January for 22 days then due date will be 26 January False
31. Bill draws on 28 January for 3 months then due date will be 1 May. True
32. On 1st July, 2016 Rupesh sold goods to Dinesh of the list price of Rs.50,000 at 20% trade discount and on the same day drew a bill on Dinesh for the amount due payable after three months. Dinesh accepted the bill. On 4 September 2016, dinesh retires his acceptance, receiveing a rebate of 15% p.a. following entry will be pass in the book of Rupesh on September 4.
- | | | | | |
|----------------|-----|----|--------|--|
| B/P | A/c | Dr | 39,500 | |
| Rebate on bill | A/c | Dr | 500 | |
| To Drawer | | | 40,000 | |
33. The promise to make payment must be unconditional. For example, " I promise to pay Rs. 10,000 as soon as possible". False
34. Payee can be change in a bill of exchange but payer cannot be change in any case. True
35. Maturity date for a bill written on 28 Nov 2015 for three months and 28 January 2016 for one month will be same i.e.2nd March. True
36. Ram draws a bill on Shyam which is 'bill at sight' on 28 March and pay as soon as possible. Then days of grace will be added for computing due date. False
37. On the due date, when the intimation of actual realisation of the bill is received from the bank:-
 Following entry will be passed.
- | | | | |
|------|-----|----|--|
| Bank | A/c | Dr | |
|------|-----|----|--|

- c. Customer
 - d. None of the Above (A)
4. A bill of exchange must be accepted by
- a. Drawer
 - b. Drawee
 - c. Payee
 - d. Holder of bill (B)
5. A bill payable on demand is called
- a. Time Bill
 - b. Sight Bill
 - c. Endorsement of bill
 - d. Retiring of the bill (B)
6. If Drawee paid the bill before maturity is known
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill (C)
7. If Drawer transfer the bill before maturity date is known
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill (D)
8. If on due date Drawee unable to pay bill
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill (B)
9. Noting charges are borne by
- a. Drawee
 - b. Drawer
 - c. Holder of bill
 - d. Notary Public (A)
10. Noting charges are paid by
- a. Drawee

- b. Drawer
- c. Holder of bill
- d. Notary Public (C)

11. Who is Payee of the bill on Due date of bill

- a. Drawee
- b. Drawer
- c. Holder of bill
- d. Notary Public (C)

12. Bill at sight has a grace period of

- a. One day
- b. Two days
- c. Three days
- d. None of the above (D)

13. Noting charges are incurred

- a. On Renewal of a bill
- b. On Dishonour of a bill
- c. On Retirement of a bill
- d. On Endorsement of a bill (B)

14. Days of grace will be added to ascertain the due date of term bill

- a. One day
- b. Two days
- c. Three days
- d. None of the above (C)

UNDERSTANDING

15. Liability for a discounted bill is a

- a. Contingent liability
- b. Current liability
- c. Non-current Liability
- d. None of the Above (A)

16. A bill of exchange must be in

- a. Writing
- b. Orel
- c. Registered

- d. All of the above (A)
17. At the time of renewal of the bill interest is charged for the period of
- a. Three month
 - b. Six Month
 - c. Original bill
 - d. Fresh bill (D)
18. When rebate on a Bill allowed
- a. On Renewal of a bill
 - b. On Dishonour of a bill
 - c. On Retirement of a bill
 - d. On Endorsement of a bill (C)
19. The Bills Receivable book is part of
- a. Journal
 - b. Ledger
 - c. Trial balance
 - d. Balance sheet (A)
20. The bills payable book is part of
- a. Journal
 - b. Ledger
 - c. Trial balance
 - d. Balance sheet (A)
21. Noting charges Account is debited by
- a. Drawer
 - b. Drawee
 - c. Payee
 - d. Notary public (B)
22. If due date of bill falls on a holiday then the maturity date is on
- a. Next day of the Maturity date
 - b. A day before the Maturity date
 - c. On maturity date
 - d. After three days (A)
23. If due date of bill falls on a Public holiday then the maturity date is on
- a. Next day of the Maturity date
 - b. A day before the Maturity date

- c. On maturity date
- d. After three days (B)

24. The rebate on a Bill Shown that

- a. It has been paid before the date of maturity
- b. It has been paid After the date of maturity
- c. It has been paid On the date of maturity
- d. It has been dishonoured (A)

APPLICATION

25. If Pankaj's acceptance which was discounted from bank is dishonoured then the amount will be debited in our books

- a. Pankaj
- b. Bank
- c. Bills Receivable account
- d. None of the above (A)

26. If Pankaj's acceptance which was endorsed to Mrs Jivika is dishonoured then the amount will be debited in our books

- a. Pankaj
- b. Jivika
- c. Bills Receivable account
- d. None of the above (A)

27. If Sohan's acceptance which was discounted from bank is dishonoured then the amount will be credited in our books

- a. Sohan
- b. Bank
- c. Bills Receivable account
- d. None of the above (B)

28. If Mohan's acceptance which was endorsed to Mrs Jivika is dishonoured then the amount will be Credited in our books

- a. Mohan
- b. Jivika
- c. Bills Receivable account
- d. None of the above (B)

29. Rebate is calculate for the period of

- a. Drawing date to Maturity day
- b. Payment day to Maturity day
- c. Drawing date to Payment date

- d. None of the above (B)
30. Which one is Negotiable instruments
- a. Bill of exchange
 - b. Promissory Note
 - c. Bankers cheque
 - d. All of the these (D)
31. Bill draw on 23rd Oct.2018 for three months due date is
- a. 23rd Jan.2019
 - b. 24th Jan.2019
 - c. 25th jan.2019
 - d. 26th jan.2019 (C)
32. A bill draw on 27th Dec.2015 for two months due date is
- a. 27th Feb. 2016
 - b. 1st Mar. 2016
 - c. 2nd Mar. 2016
 - d. None of above (A)
33. A bill draw on 27th Dec.2018 for two months due date is
- a. 27th Feb. 2019
 - b. 1st Mar. 2019
 - c. 2nd Mar. 2019
 - d. None of above (C)
34. A Bill draw on 10 July 2018 for 90 Days due date is
- a. 9th Oct. 2018
 - b. 10th Oct. 2018
 - c. 11th Oct. 2018
 - d. 12th Oct. 2018 (C)
35. A Bill drew on 14th May 2018 for 90 Days due date is
- a. 12th Aug. 2018
 - b. 13th Aug. 2018
 - c. 14th Aug 2018
 - d. 15th Aug 2018 (C)

36. A bill drew on 31 May 2018 for one month due date is

- a. 1st July 2018
- b. 2nd July 2018
- c. 3rd July 2018
- d. 4th July 2018

(C)

ANALYSIS & EVALUATION

37. Mr. X sold goods to Mr. Y on Apr 1, 2019 and accepted a bill of Rs. 18,000 for 3 months on Same Day. On 2nd July, 2019 Y requested to draw a new bill for 2 months with interest @6% p.a. amount of interest will be

- a. 1080
- b. 270
- c. 180
- d. 90

(C)

38. Ram failed to pay his acceptance of Rs.20000 (noting charges rs.200) and required for new bill with interest @6% for 3 months. New bill drew for

- a. Rs.20000
- b. Rs.20200
- c. Rs.20500
- d. None of the Above

(D)

REMEMBRING

1. Identify-

(i) The person upon whom the bill of exchange is drawn	a) Drawee
(ii) Person in whose favour the bill of exchange is transferred	b) Payee
	c) Endorsee

Ans- A & C

2. Identify the terms-

i) The bill kept till maturity	a) Dishonoured
ii) The bill is transferred to creditor	b) Retirement of bill
iii) Payment of bill before due date	c) Bill is retained
	d) Endorsement

Ans- C, D & B

3. Identify-

i) A draws bill	a) C is Drawee
ii) B accepts the bill	b) A is Drawer
iii) A endorsed bill to C	c) B is Drawer
	d) C is Creditor
	e) B is Acceptors

Ans- B, E & D

4. Identify-

i) Charge Deducted by Notary Public	a) Bank Charges
ii) Charges deducted by bank at the time of discount of bill	b) Noting Charges
	c) Discounting Charges
	d) SMS Charges

Ans- B & C

5. For A and B the bill is-

i) A draws bills of exchange and gets it back after acceptance	a) Bills Payable
ii) B accepts the bill and returned it back	b) Debtor
	c) Creditor
	d) Bills Receivables

Ans- D & A

6. Identify the act-

i) Bills of exchange is governed by	a) Indian contract act 1872
ii) Single entry system is prohibited by	b) Negotiable instrument act 1881
	c) Companies act 2013

Ans- B & C

7. Drawee will pay or receive-

i) On Pre - payment of bill amount	a) Noting charges
ii) On dishonour of bill	b) Interest

iii) On extending the period of bill	c) Rebate
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Ans- C, A & B

8. Match the terms-

i) Request for new bill	a) Retiring of bill
ii) Non- payment of bill amount on maturity	b) Dishonour of bill
	c) Renewal of Bill

Ans- C, B

9. Following is paid to whom-

i) Noting Charges	a) Drawer
ii) Discounting charges on dishonour of bill	b) Drawee
iii) Interest on renewal of bill	c) Notary Public
	d) Bank

Ans- C, B & A

10. Bill draws on

Maturity Date

i) 1 st July (for Two month)	a) 4 th Sep.
ii) 15 th July (for Three months)	b) 4 th Dec.
iii) 1 st August (for four months)	c) 18 th Oct.

Ans- A, C, & B

11. Identify-

i) Authenticates the fact of dishonour	a) Drawee
ii) Authenticates the fact that bill is accepted	b) Drawer
	c) Notary Public

Ans- C & B

12. Identify-

i) B/R endorsed dishonoured are debited to	a) Bank A/C
ii) Bill honoured during the year will be debited to	b) B/P A/C

	c) Debtors A/C
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Ans- C & B

UNDERSTANDING

13. Identify-

i) Noting charges is paid when the bill of exchange is	a) got discounted from bank
ii) The rebate on the bill is received by the drawee when the bill is	b) Paid before maturity
	c) dishonoured on date of maturity

Ans- C & B

14. Identify-

i) Drawer is also known as	a) Endorser
ii) Endorsee is also known as	b) Holder of the bill
	c) Both a & b

Ans- A & B

15. Identify-

i) Days of grace are not allowed when	a) It is a bill payable on demand
ii) Days of grace are allowed when	b) It is a bill after sight
	c) It is a national holiday

Ans- A & B

16. Identify-

i) On the basis of place, type of bill of exchange is	a) Foreign bill
ii) On the basis of time, type of bill of exchange is	b) Trade bill
	c) On demand
	d) Accommodation bill

Ans- A & C

17. Identify-

i) Due date of a bill is calculated from the date of acceptance	a) Term bill
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ii) Due date of a bill is calculated from the date of drawing the bill	b) Inland bill
	c) Bill after sight
	d) Bill after date

Ans- C & D

18. Identify-

i) When bill is encashed before date of maturity is known as	a) Endorsement of bill
ii) when bill is transferred to 3 rd party before date of maturity is	b) Dishonour of bill
	c) Discounting of bill

Ans- C & A

19. Identify-

i) The lawyer performing the work of noting the bill is called	a) Notary Public
ii) The Lawyer performing the work of noting the bill is officially appointed by	b) Government
	c) Holder of the bill
	d) Govt. Lawyer

Ans- A & B

20. Identify-

i) The process of cancelling the one bill & issuing a another bill is known as	a) Renewal of bill
ii) The process of encashing the one bill before the date of maturity is known as	b) Rebate of bill
	c) Discounted of Bill

Ans- A & B

21. Identify-

i) An order to make a payment is called	a) Promissory Note
ii) An promise to pay the payment is called	b) Bills of Exchange
	c) Neither A or B

Ans- B & A

APPLICATION

22. Match the due dates of bill of exchange

i) 1 st March for two months	a) 3 rd November
ii) 12 th July for one month	b) 4 th May
	c) 14 th August

Ans- B & C

23. What will be the correct journal entry?

i) If bill is retained by drawer till due date and realised on maturity	a) Dr. Bank and Discounted a/c Cr. Bills receivable a/c
	b) Dr. Cash a/c and Cr. Bills Receivable a/c
	c) Dr. Bills payable a/c and Cr. Cash a/c

Ans- B

24. Identify the correct discounting charges-

A bill of Rs. 15000 is drawn for 3 months and discounted by bank on same day –

i) @ 12% P.A	a) Rs. 2250
ii) @ 15%	b) Rs. 563
iii) @ 12%	c) Rs. 450
iv) @15% P.A.	d) Rs. 1800

Ans- C, A, D & B

Ans- C & A

25. Identify the correct one –

Ram is a drawee to Ramesh for Rs. 10000 he-

i) is unable to pay on maturity date	a) Discounted the bill
ii) has paid before the maturity date	b) Renewal of bill
	c) Rebate on bill

Ans- B & C

26. Identify the correct one-

A drew four bills on B respectively on 31st January, 28th February, 31st March and 30th April, but all are payable after one month. What will be the correct due dates-

i) 3 rd March	a) i,ii, iii, iv
ii) 3 rd April	b) ii, iv, i, iii
iii) 3 rd May	c) iii, i, iv, ii
iv) 3 rd June	d) iv, iii, ii, i

Ans- A

27. Identify-

i) On dishonour of bill the entry in the books of drawee is	a) Dr. Debtors a/c and Cr. B/R a/c
ii) On dishonour of bill the entry in the books of holder of bill (endorsee)	b) Dr. Bank a/c and Cr. B/P a/c
	c) Dr. Debtors a/c and Cr. B/P a/c

Ans- C & A

28. Identify-

i) Sold goods to Ram Rs 5000 at 10% trade discount and 2% cash discount, a bill is drawn for one month for the same. The final amount of bill will be	a) Rs 4,550
ii) Bill of Rs 5000 receivable after two months discounted @6% p.a., after discounting bank will pay	b) Rs 4,500
	c) Rs 4,410

Ans- B & A

29. identify-

i) A bill was drawn on 12 th June for two months then the maturity will be	a) 15 th August
ii) A bill was drawn on 21 st August for one month, if maturity date is Sunday, then the due date will be	b) 26 th September
	c) 14 th August
	d) 24 th September

Ans- C & D

30. Identify-

i) Which a/c is debited for recording of noting charges	a) Drawer a/c
ii) Which a/c is credited for the balance amount if goods are purchased and half amount is paid by cheque and for half we gave our acceptance	b) Acceptor's a/c
	c) Bills Payable a/c

Ans- B & C

31. Identify-

i) Sales are calculated by adding	a) cash sales and received from debtors
ii) From incomplete records it is possible to prepare	b) cash sales + credit sales
	c) Ledger account
	d) Statement of affairs

Ans- B & D

32. Identify-

i) Bill accept by drawee can transferred to	a) Endorsee
ii) The amount of bill dishonoured will be ultimately paid by	b) Bank
	c) Drawee

ANS. A & C

33. Identify-

i) If bill is endorsed in the favour of creditor by drawer then	a) no entry in the books
---	--------------------------

the entry in the books of drawee will be	of endorsee
ii) If bill is discounted by drawer from bank then the journal entry in the books of endorsee will be	b) no entry in the books of drawee

ANS. B & A

ANALYSIS & EVALUATION

34. Match the journal entries of bill endorsed by drawer in favour of creditor-
Transactions In books of Drawer

i) Endorsing the bill	a) Dr. Debtors A/c (Cr) Sales A/C
ii) On maturity of bill	b) Dr.Creditors A/C(Cr.) B/R A/C
	c) Dr. B/R A/C (Cr.) Debtors A/C
	d) No Entry

Ans- B & D

35. Bill draws on _____ Maturity Date

i) 1 st July (for Two month)	a) 4 th Sep.
ii) 15 th July (for Three months)	b) 4 th Dec.
iii) 1 st August (for four months)	c) 18 th Oct.

Ans- A & C & B

36. Match the amount of renewed bill-

i) Bill of 2,000 renewed for two months @ 10% p.a. interest	a) Rs. 5,500
ii) Bill of 5,000 Renewed for 3 months @ 10% p.a. interest	b) Rs. 2,023
	c) Rs. 2,200
	d) Rs. 5,125

Ans- B & D

38. Match the amount of renewed bill-

i) Bill of 2,000 renewed for two months @ 10% interest	a) Rs. 5,500
ii) Bill of 5,000 Renewed for 3 months @ 10% interest	b) Rs. 2,023
	c) Rs. 2,200
	d) Rs. 5,125

Ans- C & A

CHAPTER : 12

RECTIFICATION OF ERRORS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

1. When an error effect two or more accounts is known as.....(double side error)
2. When an error effect only one account & also incurred difference in trial balance is known as
(single side or arithmetical error)
3. All the errors can be classified into categories. (four)
4. Difference in trial balance arise due to error. (single side error)
5. Error incurred due to transaction not recorded in journal is.....error.
(omission error)
6. An amount wrongly recorded in journal is an error of (commission)
7. Transaction recorded in journal without using proper rules of accounting is known as error. (principal)
8. When two or more errors are committed in such a way that the net effect of the errors is nil, such errors are known as error. (compensating)
9. Omission error can be further classified into category. (two)
10. It is easy to detect errors than to (fraud)

UNDERSTANDING:-

11. Suspense account appeared in the trial balance shown side error. (Single)
12. Rent paid correctly posted in rent account but not recorded in cash account is an example ofside error. (partial omission)

13. If we have not posted an individual account in related ledger account is aerror. (partial omission)
14. Purchase of office furniture for Rs. 5000 has been debited to purchase account. It iserror. (principal error)
15. In rectification entry suspense account used when rectification is done after preparing (Trial balance)
16. Ram account recorded instead of Shyam account is a.....error. (commission)
17. Wages paid for building construction recorded in wages account is a.....error. (principal)
18. Sold goods were not recorded anywhere in the books is a.....omission error. (Complete)
19. Salary paid were not posted to salary account arise difference in trial balance.....side. (debit)

APPLICATION:-

20. In rectification entry purchase account..... if purchased goods were not posted in purchase account. (debit)
21. Commission account debited by Rs. 500 instead of rent account, so in rectification entry rent account will (debit Rs. 500)
22. Ajay a debtor not included in the list of sundry debtors list. To rectifying this error Ajay account will (debit)
23. Cash sale Rs 16000 were posted to sales account as Rs. 6000. In rectification entry sale account will credit by Rs..... (10000)
24. Sales return book over cast by Rs. 1000. For rectify this mistake sale return account will..... by Rs..... (Credit , Rs. 1000)
25. Purchase book under cast by Rs. 500. For rectify this mistake purchase account will by Rs..... (debit , Rs 500)
26. Goods withdrawn by kailash for personal use Rs. 500 were not recorded in the book. In rectification entry account credited. (purchase)
27. Goods sold to Mohan Rs. 10,000 was posted to his account as Rs. 1000. To rectify error Mohan account will debit by Rs..... (9000)
28. Furniture purchased for Rs. 5000 wrongly debited to purchase account. To rectify error furniture account will..... (debit Rs 5000)
29. account will Debit in rectify entry if bad debts Rs 2000 were not entered in the books. (bad debts 2000)

ANALYSIS, EVALUATION & CREATING:-

30. Interest paid Rs..700 were credited in interest account. To rectify error interest account will debit by Rs. (1400)
31. Received Rs. 1500 from Dev was posted to Anand account by Rs.1000. In rectification entry Suspense account will debit by Rs..... (Rs. 500)
32. Brokerages Rs 800 paid were posted to travelling expense account Rs. 500. To rectify error suspense account will Credited by Rs. (Rs. 300)
33. Cash received from Ramesh Rs. 2000 is correctly recorded in cash book but debited to his account. To rectify mistake Ramesh account will credit by Rs..... (Rs.4000)
34. Sale to Mukul 2300 on credit was recorded twice in the sales book. In rectification entry.....account will be debited by 2300. (sales)
35. Goods return to Manoj Rs. 2000 was credited in ashok account as Rs. 1500. To rectify error account will credit byRs. (suspense account, Rs. 3500)
36. Credit purchased from Rohan Rs. 9000 was posted to the debit of his account as Rs. 6000. To rectify mistake rohan account will be by Rs..... (credit , Rs. 15000)
37. Old furniture was sold for Rs. 450 but amount has been entered in the sales day book as Rs. 540. To correct this mistake suspense account will be credited by Rs.....(Rs. 90)
38. Rs. 5000 paid as a rent to Gopal the owner of shop was debited to Gopal's personal account so difference arise in trial balance. This statement is (not correct)
39. Sale of Rs. 10,000 to Raman was recorded in purchase book while Suspense account will be debited byamount. (Rs 20,000)

REMEMBERING:-

1. On the basis of nature of errors, all the error can be classified into four categories. (True)
2. The errors of omission may be committed at the time of recording the transaction in the books of original entry. (True)
3. Accounting entries are NOT recorded as per the GAAP. (False)
4. When two or more errors are committed in such a way that net effect of these errors on the debits and credits of account is NIL, such errors are called compensatory errors. (True)
5. Errors of omission can be of two types. (True)
6. Errors are committed in two or more accounts, such errors are also known as one sided errors. (False)

APPLICATION:-

7. Credit purchase from Mr. Kamal Rs.10,000, This transaction is not recorded in the book of account. This type of errors is "error of omission". (True)
8. Purchase of furniture, debited to purchase a/c. It is an "errors of principle". (True)

9. Mr. Sun is businessman deals in furniture, purchase of furniture debited to furniture a/c. It is errors of principle. (True)
10. Wages paid for installation of machinery, debited to wages a/c. It is an example of error of omission. (False)
11. Remuneration paid Rs20,000 was debited to employee's personal account. Rectification entry of above problem is: Remuneration/Salary A/c Dr.
To Employee's personal A/c (True)
12. Dividend received on non-trade investment Rs.500, credited to Investment A/c. (False)

UNDERSTANDING:-

13. Old plant sold to Mr. Happy at its book value of Rs.5,000 was recorded in sales book. The rectification entry is :
Sales A/c Dr.
To Machinery A/c (True)
14. Amount spent on additions to the buildings should be treated as capital expenditure. (True)
15. If purchase book has been overcast by Rs.10,000 resulting in excess debit of Rs.10,000 in purchase account and return inward book is undercast by Rs.10,000 resulting in short debit to return inward account is a case of compensating errors. (True)
16. Credit sales to Mr. Day Rs.50,000 were not recorded in sales book. This is an error which do not affect the trial balance. (True)
17. Old furniture sold recorded as sale of goods is example of one sided error. (False)
18. Goods were sold to Mr. Aman for Rs.40,000 and to Mr. Harsh for Rs.30,000. The transactions were recorded properly in the sales book, but Rs.30,000 was posted to Mr. Aman, while Rs.40,000 was posted to Mr. Harsh. This type of error is "Error of commission". (False)
19. If the total of debit side of trial balance is short, SUSPENSE ACCOUNT will shown credit balance. (False)
20. If a mistake is committed in carrying forward a total of page no.14 to the page no.15 in sales book. The type of error is "Error of commission". (True)
21. An amount of Rs.15,000 withdrawn by the proprietor for his paying income tax debited to the Trade Expenses Account. The rectification entry is :
Drawings A/c Dr. 15,000
To Trade Expenses A/c 15,000 (True)
22. Mr. Chhajer an amount Rs.10,000 deposited into fixed deposit through cheque of saving a/c. Accountant instead of crediting Capital A/c , Bank A/c credited. This type of error is "Error of commission". However, fixed deposit a/c is correctly recorded. (True)
23. Rectification of error is part of an accounting. (True)
24. Error may be rectified after preparing final accounts. (True)

REMEMBERING:-

1. Errors of Commission do not permit
 - a) The trial balance to agree
 - b) Correct total of Balance sheet
 - c) Correct totaling of Trial Balance
 - d) None of the above.(A)

2. Error of omission arises when:
 - a) Any transactions is incorrectly recorded, either wholly or partially
 - b) Any transaction is left either wholly or partially
 - c) Any transaction Is recorded in a fundamentally incorrect manner
 - d) None of these(B)

3. Suspense Account in The Trial balance will be entered in the
 - a) Manufacturing A/c b) Trading a/c
 - c) Profit & Loss A/c d) Balance Sheet(D)

4. Error of commission arises when
 - a) Any transaction is recorded in a fundamentally incorrect manner.
 - b) Any transaction is incorrectly recorded; either wholly or partially
 - c) Any transaction is omitted to be recorded
 - d) Wrong rule is applied.(B)

5. Error of principle arises when
 - a) Any transaction is recorded in a fundamentally incorrect manner
 - b) Any transaction is left to be recorded either wholly or Partially
 - c) Any transaction recorded with double amount
 - d) None of these(A)

6. The preparation of a Trial balance is for:
 - a) Locating errors of omission
 - b) Locating errors of principle
 - c) Locating clerical errors
 - d) All of the above(D)

7. Wrong totaling of account is
 - a) Error of Principle b) Error of omission
 - c) Error of Commission d) Compensating Error(C)

17. Error of principle is

- a) Credit purchase of machinery is recorded in purchase book
- b) Credit purchase of machinery is recorded in journal proper
- c) Credit purchase of goods recorded in purchase book
- d) None of the above

(A)

18. The amount of the dishonoured bill has been wrongly debited to the general expenses account. Which type of error has been committed?

- a) Error of principle
- b) Compensating error
- c) Error of complete omission
- d) All of these

(A)

APPLICATION:-

19. After providing the trial balance the accountant finds that the total of debit side is short by Rs 2,500. This difference will be

- a) Credited to suspense account
- b) Debited to suspense account
- c) Adjusted to any of the debit balance accounts
- d) Adjusted to any of the credit balance accounts

(B)

20. Rs 3,000 received from sub-tenant for rent and entered correctly in the cash book is posted to the debit of the rent account, in the trial balance

- a) The debit total will be greater by Rs 6000 than the credit total
- b) The debit total will be greater by Rs 3000 than the credit total.
- c) Subject to other entries being correct the total will agree.
- d) None of the above

(A)

21. Sales to Shyam of Rs500 not recorded in the books would affect

- a) Shyam's Account
- b) Sales Account
- c) Sales Account and Shyam's Account
- d) Cash Account

(C)

22. Sales to Ram, Rs 336 posted to his account as Rs 363 will affect:

- a) Sales account
- b) Ram's account
- c) Cash Account
- d) All accounts

(B)

23. Purchase of office furniture for Rs 20,000 has been debited to Purchase A/c it is:
- a) An error of omission
 - b) An error of commission
 - c) Compensating Error
 - d) An error of Principle
- (D)
24. Rs 1500 received from Bahadur, whose account was previously written off as bad debt should be credited to
- a) Bahadur's A/c
 - b) Bad Debts Recovered A/c
 - c) Suspense A/c
 - d) Cash A/c
- (B)
25. A briefcase purchased for Rs 800 for the son of a partner was debited to General Exp. A/c with Rs 80. In the rectifying entry, Drawing a/c should be debited with
- a) Rs 880
 - b) Rs 720
 - c) Rs 800
 - d) Rs 80.
- (C)
26. Purchase of office furniture RS 1200 has been debited to General Expenses Account. It is:
- a) A clerical error
 - b) An error of principle
 - c) An error of omission
 - d) A compensating error
- (B)
27. Goods purchased from A for Rs 30,000 passed through the sales book. The error will result in
- a) Increase in gross profit
 - b) Decrease in gross profit
 - c) No effect on gross profit
 - d) Either a) or b)
- (A)
28. Discount allowed Rs 93 to Mohan has been credited to his account by Rs 39 the error will be rectified by :
- a) Crediting Mohan by Rs 54.
 - b) Debiting Mohan by Rs 54.
 - c) Debiting discount by Rs 54.
 - d) Crediting discount by Rs.54
- (A)

29. Which of the following error is an error of principle?
- a) Rs.600 received from X has been debited to his account
 - b) Purchase of Rs.2000 has been entered in the same journal
 - c) Repairs for the building have been debited to building account
 - d) None of these
- (C)

30. Purchased goods from X for Rs.2400 but was recorded as Rs.4200 to the debit of X. In the rectifying entry , X A/c will be credited with
- a) Rs.4800
 - b) Rs.6600
 - c) Rs.8400
 - d) Rs.2400
- (B)

ANALYSIS & EVALUATION:-

31. Rent paid to landlord amounting to Rs 500 was credited to Rent A/c with Rs 5000. In the rectifying entry, Rent A/c will be debited with
- a) Rs 5,000
 - b) Rs 500
 - c) Rs 5,500
 - d) Rs 4,500
- (C)

32. Purchased goods form Gopal for Rs 3,600 but was recorded in Gopal's A/c as RS 6300. In the rectifying entry Gopal's A/c will be debited with
- a) 9,900
 - b) 2,700
 - c) 2,600
 - d) 6,300
- (B)

33. Credit sales to Mahesh Rs.200 was posted to Mahesh's a/c by Rs.2000. Mahesh's a/c will credited by :
- a) Rs 2200
 - b) Rs 200
 - c) Rs 2000
 - d) Rs 1800
- (D)

34. Sohan returned goods to us amounting Rs 4200 but was recorded as Rs 2400 in his account, in the rectifying entry Sohan's A/c will be credited with
- a) Rs 1800
 - b) Rs 4,200
 - c) RS 2,400

d) Rs 6,600 (A)

35. Goods sold to Sethi for Rs 640 was recorded in his account as Rs 460. In the rectifying entry, Sethi's A/c will be debited with

- a) Rs 180
- b) Rs 460
- c) Rs 640
- d) Rs1100 (A)

36. If a purchase return of Rs 2000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers account the total to the:

- a) Trial balance would show the debit side to be Rs 2000 more than the credit
- b) Trial balance would show the credit side to be Rs 2000 more than the debit
- c) Debit side of the Trial balance will be Rs 4000 more than the credit side
- d) Credit side of the trial balance will be Rs 4000 more than the debit side (C)

37. Goods worth RS 24000 were returned by X. the accountant however, credited the sales returns account by Rs 42,000. In order to rectify this error, what should be done?

- a) Debit the sales return account by Rs 42,000.
- b) Credit the sales return account by Rs 24,000
- c) Debit the sales return account by Rs 66,000
- d) Debit the sales return account by Rs 18,000 (C)

38. A bill receivable of Rs 500 was dishonoured and credited as Rs 50 in B/R A/c. the error will be rectified by:

- a) Crediting debtor by Rs 450
- b) Crediting bills receivable by Rs 450
- c) Debiting bills receivable by Rs 450
- d) Debiting debtors A/c by Rs 550 (B)

39. Purchase book was carried forward as Rs.125 instead of Rs.225

- a) Profit will decrease by Rs.100
- b) Profit will increase by Rs.100
- c) No change
- d) Profit will decrease by Rs.200 (B)

40. Goods costing Rs.10000 taken by the proprietor for personal use were credited to Sales Account. While passing rectifying entry :

- a) Drawing Account to be debited and Purchase Account to be credited.
- b) Sales Account to be debited and Drawings Account to be credited
- c) Sales Account to be debited and Purchases Account to be credited

d) Sales Account to be debited and Suspense Account to be credited. (C)

41. Credit Sales to X of Rs.3000 recorded in purchase book. This came to notice after preparing the final accounts. The rectification entry is :

- a) X a/c debit to Sales a/c
- b) X a/c debit to Suspense a/c
- c) Purchase a/c debit to Sales a/c
- d) None of these (D)

42. An amount of Rs.286 due from Bimla , written off as bad debt in a previous year, was recovered and credited to the personal account of Bimla. The rectifying entry is :

- a) Bank a/c debit to Bimla's a/c
- b) Bimla's a/c debit to Bank a/c
- c) Bank a/c debit to Bad debt Recovered a/c
- d) Bimla's a/c debit to Bad debt Recovered a/c (D)

MATCH THE FOLLOWING

1. Match the following (Remembering)

Statement	Type of error
1. Errors which are committed due to wrong posting of transaction.	a. Error of Principle
2. Errors committed due to missing an entry.	b. Error of omission
	c. Compensating Error
	d. Error of commission

(Ans. 1-d ; 2-b)

2. Match the following

Statement	Type of error
1. Errors occurred due to ignorance of principles of accounting	a. Error of Principle
2. Errors happening due to committing two or more errors eliminating their mutual effect	b. Error of omission
	c. Compensating Error
	d. Error of commission

(Ans.1-a ; 2-c)

3. Match the following (Analzing)

Statement	Options
1. Goods given away as charity Rs. 5,000 omitted to be recorded	a. will not affect the Trial Balance

2. Cash paid Rs. 10,000 to Ram omitted to be recorded in his A/c	b. will affect the Trial Balance
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(Ans. 1-a; 2-a)

4. Match the following

Statement	Options
1. Sold goods Rs. 2,000 to Ravi, debited in Ravish's A/c	a. will not affect the Trial Balance
2. Cash Book debited in excess Rs. 1,000	b. will affect the Trial Balance

(Ans.1-a ; 2-b)

5. Match the following (application)

Error	Rectification Entry
1. Credit sales Rs. 10,000 to Sohan were Recorded as 12,000	a. Sohan's A/c Dr. 2,000 To Sales A/c 2,000
2. Credit sales Rs. 10,000 to Sohan were Recorded as Rs. 8,000	b. Sales A/c Dr. 2,000 To Sohan 2,000
	c. Sohan Dr. 10,000 To Suspense A/c 10,000
	d. Suspense A/c Dr. 10,000 To Sales A/c 10,000

(Ans.1-b ; 2- a)

6. Match the following

Error	Rectification Entry
1. Credit sales Rs. 10,000 to Sohan were omitted to passed through Sales Account	a. Sohan's A/c Dr. 2,000 To Sales A/c 2,000
2. Credit sales Rs. 10,000 to Sohan were Omitted to be written in Sohan's A/c	b. Sales A/c Dr. 2,000 To Sohan 2,000
	c. Sohan Dr. 10,000 To Suspense A/c 10,000
	d. Suspense A/c Dr. 10,000 To Sales A/c 10,000

(Ans. 1-d; 2-c)

7. Match the following (understanding)

Rectification Entry	Type of Error
1. Drawings A/c Dr. 500 To Purchases A/c 500 (Goods drawn for personal use Omitted to be recorded, now rectified)	a. Single-sided Error
2. Suspense A/c Dr. 900 To Rakesh 900 (cash received from Rakesh Rs. 1,000 wrongly posted as Rs. 100, now rectified)	b. Double-sided Error

(Ans.1-b ; 2-a)

8. Match the following

Rectification Entry	Type of Error
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1. Purchases A/c Dr. 5,000 To suspense A/c 5,000 (Bought goods for cash omitted to be recorded in Purchases A/c, now rectified)	a. Single-sided Error
2. Rohan's A/c Dr. 300 To Discount received A/c 300 (Discount received from Rohan not recorded, now corrected)	b. Double-sided Error

(Ans.1-a ; 2-b)

9. Match the following (understanding)

Statement	Type of Error
1. Sales book overcast by Rs. 700	a. Error of Principle
2. Goods purchased Rs. 3,000 omitted to be recorded	b. Error of omission
	c. Compensating Error
	d. Single sided error

(Ans.1-b ; 2-b)

10. Match the following (understanding)

Statement	Type of Error
1. Paid cash Rs. 1,500 to Usha, debited in Uma's A/c	a. Error of Principle
2. Paid wages Rs. 500 on purchases of a Machine Debited in WagesA/c	b. Error of omission
	c. Compensating Error
	d. Error of commission

11. Match the following (Remembering)

(Ans.1- d; 2-a)

Statement	affected account to be
1. For cancelling the effect of excess Debit :	a. Debit
2. For cancelling the effect of short Debit :	b. Credit
	c. None of the above

(Ans.1-b; 2-a)

12. Match the following

1. Rent paid Rs 500 was credited to Rent account .what amount will be debited in Rent account	a. 5,000
2. Rent paid Rs 500 was credited to Rent account with Rs 5,000 .what amount will be debited in Rent account	b. 500
	c. 1,000
	d. 5,500

(Ans.1-c ; 2-d)

13. Match the following

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1. Purchased goods form Gopal Rs 3,600 was posted to the debit of Gopal Rs 6,300.what amount will be credited to gopal .	a. 3,600
2. Purchased goods form Gopal Rs 3,600 was posted to the credit of Gopal Rs 6,300.what amount will be Debited to gopal .	b. 9,900
	c. 2,700
	d. 6,300

(Ans.1-b; 2-c)

14. Match the following

1. Sold Goods to Ram Rs 50,000 was wrongly credited to Ram account. To rectify Ram Account will be :	a. Debited
2. Purchased Goods From Ram Rs 50,000 was wrongly Debited to Ram account. To rectify Ram Account will be :	b. Credited
	c. No debit
	d. No credit

(Ans.1- a; 2-b)

15. Match the following

1. A sum of Rs 375 owed by Ravi has been included in the list of Sundry creditors .Then the Total amount of sundry debtors Is :	a. Overcast
2. A sum of Rs 375 owed by Ravi has been included in the list of Sundry creditors .Then the Total amount of sundry Creditors Is :	b. Under cast
	c. Correctly cast

(Ans.1-b; 2- a)

16. Match the following

1. Errors which do not affect the trial balance .	a. Credit Purchase from raj Rs 10,000 were recorded in sales book
2. Errors which do not affect the trial balance .	b. Credit purchase from raj Rs 10,000were recorded in sales book but raj account was credited
	c. Both
	d. None of these

(Ans.1-a; 2-b)

17. Match the following

1. Amount payable to ram for Repairs done to furniture Rs 1,500 and furniture supplied Rs 9,500 were recorded in purchase book as 10,000. In this to rectify Ram account will be credited with amount :	a.10,000
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2. Amount payable to ram for Repairs done to furniture Rs 1,500 and furniture supplied Rs 9,500 were recorded in purchase book. In this to rectify Purchase account will be credited with amount :	b.9,500
	c.1,000
	d.1,500

(Ans.1-c; 2-a)

18. Match the following

1. Discount allowed to customer Rs 500 has been posted to the credit of Discount Received account , then the total amount of discount Received account is :	a. overcast
2. Discount allowed to customer Rs 500 has been posted to the credit of Discount Received account , then the total amount of discount allowed account is :	b. undercast
	c. Correctly cast
	d. None of these

(Ans.1-a; 2b)

19. Match the following

1. Double – sided Errors	a. Credit sale to amit Rs 7,000 were recorded as Rs 7,200
2. Single – Sided errors	b. Credit sales to Arun Rs 7,000 was posted to credit side of Arun account

(Ans. 1- a; 2-b)

CHAPTER : 13

FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP

(WITH ADJUSTMENTS)

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

1. type of assets comes first in Assets side of Balance sheet as per liquidity order. (Current assets)
2. type of assets comes first in Assets side of Balance Sheet in order of permanency. (Fixed Assets)
3. type of liability comes last in Liabilities side of Balance Sheet as per liquidity order. (Non-Current Liability)
4. type of liability comes last in Liabilities side of Balance Sheet as per order of permanency. (Current Liability)
5. Direct expenses are a Debited to Account. (Trading)
6. Indirect expenses are a Debited to Account. (Profit & Loss)
7. Assets & Liabilities of business are shown in (balance sheet)
8. Assets & Liabilities arranged in a proper order is known as (Marshalling of Assets)
9. Goodwill is an Assets. (Intangible)
10. Statement of balances prepared from ledger is known as.....(Trial balance)
11. Profit and loss account is prepared onbasis. (Accrual)
12. When expenses of an accounting year remain unpaid, it is known as (Outstanding expenses)
13. Credit balance of profit & loss A/C represents (Net Profit)
14. Debit balance of profit and loss A/C represents (Net Loss)
15. Financial position is determined by (Balance Sheet)

UNDERSTANDING:-

16. Unearned commission mentioned in Trial balance will be transferred to (Balance Sheet)
17. Indirect expenses consists of.....&(Operating & Non-Operating expenses)
18. Closing stock appearing in Trial balance is transferred to.....(Balance Sheet)
19. If closing stock is not appearing in, it will appear in Trading account and balance Sheet. (Trial balance)
20. Wages & Salaries are debited to Account. (Trading)
21. Salaries & Wages are debited toAccount. (Profit & Loss)
22. Rent Account is shown in Account. (Profit & Loss)
23. In case of adjusted purchase, closing stock is shown in..... (Balance Sheet)
24. Written off part of Deferred Revenue Expenditure is shown in (Profit & Loss Account)
25. Amortization is used forassets. (Intangible)
26. Gross profit is obtained by deducting.....from Net sales. (Cost of Goods Sold)
27. Discount on purchase is shown inside of.....Account. (Credit, Profit & loss)
28. Carriage on sales is shown inAccount. (profit and loss)

APPLICATION:-

29. Under..... concept, provision for doubtful debts is made. (Prudence or Conservatism)
30. Closing stock is valued at or.....whichever is lower. (Cost price or market price)
31. While making final accounts, prepaid expenses is subtracted from respective expenses in order to show..... year expenses. (Current)
32. Motor car of Rs. 1,00,000 was purchased on 1st October, 2018. Rate of Depreciation is 10%. Amount of depreciation to be shown in profit & Loss Account is Rs..... (Rs. 5,000)
33. Withdrawal of Goods by proprietor will be from Purchases in trading account. (Deducted)
34. Annual Insurance premium paid Rs. 10,000 on 1st October, 2017. Amount of insurance premium to be shown in profit & Loss account for the year ended 31st March, 2018 is Rs..... (5,000)
35. Outstanding salary is Shown in balance sheet Side. (Liabilities)
36. Debtors of Rs. 8,60,000; Provision is to be created for doubtful debts @10%. Amount of provision in profit & Loss account will be Rs..... (86,000)

37. Goods lost by theft will be deducted from (Purchase)
38. A manager is entitled for a commission of 8% on net profit before charging such commission. Net profit before charging commission is Rs. 5,00,000. Amount of manager's commission debited to profit & loss account is Rs..... . (40,000)
39. Sales is Rs. 1,20,000; Profit is $33 \frac{1}{3}$ on cost. Amount of cost of goods sold will be Rs. (90,000)
40. Gross profit is Rs. 1,50,000. Selling expenses Rs. 10,000, commission paid Rs. 5,000, office expenses Rs. 20,000. Operating profit will be Rs (1,15,000)

ANALYSIS & EVALUATION:-

41. Gross profit is Rs. 9,00,000 , Advertisement is Rs. 15,000. Salary Rs. 2,00,000, office expenses Rs. 40,000, Interest on long term loan Rs 25,000 , the amount of operating profit is Rs (6,45,000)
42. Net sales Rs. 8,00,000, Gross profit 25% on cost. Amount of cost of goods sold is Rs (6,40,000)
43. If value of cost of sales is Rs. 1,20,000 & Rate of Gross profit is 20% on Sales. The amount of Sales Rs (1,50,000)
44. Loan of Rs. 10,000 @ 12% p.a has been taken from bank on 1st July, 2018, the amount of Interest paid for the year ending 31st March, 2019 is Rs..... . (900)
45. Trial balance shows debtor of Rs. 10,000, bad debts of Rs. 500. Provision for doubtful debts Rs. 1200. Adjustment shows further bad debts Rs. 600 & new provision for bad & doubtful debts @2%. Amount of debtors to be shown in balance sheet is Rs (9212)
46. A manager is entitled to a commission of 12% on net profit after charging such commission. Net profit before charging commission is Rs. 67,200. The commission payable to manager is Rs. (7200)
47. Goods given as charity costing Rs. 5,000, Sales price Rs. 5,500. The amount to be debited to profit & Loss account is Rs..... . (5,000)
48. If the opening capital is Rs. 90,000 as on 1st April, 2018 and additional capital introduced Rs. 30,000 on 30th November, 2018. Interest to be charged on capital is 10% p.a.. The amount to be debited in profit & loss account as interest on capital on 31st March, 2019 will be Rs (10000)
49. If net loss is Rs. 60,000, operating expenses are Rs. 90,000. The amount of gross profit will be Rs (30,000)
50. If opening stock is Rs. 4,000, purchases Rs. 20,000, direct expenses Rs. 3,000. Rent paid Rs. 6,000, closing stock Rs. 7,000. The amount of cost of goods sold is Rs... (20,000)

51. If opening stock is Rs. 12,000, Adjusted purchases Rs. 40,000, purchase return is Rs. 10,000 and closing stock is Rs. 9,000. The amount to be shown in debit side of Trading Account will be Rs (40000)
52. If gross profit is Rs. 20,000, commission paid is Rs. 2,000. Commission received Rs. 3,000. The amount of operating profit will be Rs (Rs. 21000)
53. Trial balance shows total purchases Rs. 30,000, goods distributed as charity costing Rs. 3,000 (sales price Rs. 4,500), goods given as samples costing Rs. 2,000 (sale price Rs. 2,200), goods given as gifts to employees costing Rs. 7,000 (sales price Rs. 8000) The amount of purchase to be shown in Trading account will be Rs (18000)
54. Trial balance shows debtor of Rs. 10,000, bad debts of Rs. 500. Provision for doubtful debts Rs. 1200. Adjustment shows further bad debts Rs. 600 & new provision for bad & doubtful debts @5%. Amount to be shown on the Debit side of Profit & Loss Account for Bad Debts Adjustment is Rs (370)

REMEMBERING:-

1. Net profit is calculated from trading accounts profit. (False)
2. Gross profit is calculated from trading accounts. (True)
3. Purchase return is also known as return inward. (False)
4. Sales return is always deducted from sales. (True)
5. Apprentice premium is always debited to P&L a/c (False)
6. Unearned income is added to its concerned expense. (False)
7. Trial balance is a part of final accounts. (False)
8. GST paid is debited to P&L account. (False)
9. Trading account is also known as manufacturing account. (False)
10. Interest paid is shown on credit side of Profit & Loss account. (False)
11. Profit & Loss a/c is also known as Factory A/c. (False)
12. Printing charges are always debited to P&L A/c. (True)
13. Goods given away as charity is deducted from purchase a/c. (True)

UNDERSTANDING:-

14. Cost of goods sold can be calculated by deducting adjusted purchase from value of sales. (True)
15. Gross profit is calculated by adding the cost to the value of sales. (False)
16. Depreciation has an impact on balance of cash. (False)
17. Octroi is shown on the credit side of Profit & Loss account. (False)
18. Provision for doubtful debt have a credit balance. (True)
19. While passing adjustment entry Interest on capital is credited to capital a/c. (True)

20. To calculate gross profit it is necessary to have opening stock. (False)
21. Income tax paid is also known as Drawing . (True)
22. Net profit is always calculated for an accounting year. (True)
23. The provision for discount on debtors is calculated first and after that provision for doubtful debt is made. (False)
24. Income tax paid is debited to P&L a/c. (False)
25. Wages paid for erection of machinery is debited to P&L a/c. (False)

APPLICATION:-

26. Insurance premium paid is Rs.1,000 and outstanding premium is Rs. 300 . The amount of insurance debited to P&L a/c is 700. (False)
27. The manager is entitled for a commission of 10% on net profit after charging his commission . The net profit for the year ended is Rs.66,000. the commission payable to him is Rs 6000. (True)
28. The net profit of a firm is Rs. 44,000 before charging his commission. The commission payable to manager before charging at 5% is Rs 2,200. (True)
29. The balance of debtor in balance sheet shows Rs 40,000, the provision is to be maintained at 10% . The amount of provision will be Rs 4,000 . (True)
30. The balance of salary in trial balance was Rs 6,600. The unpaid salary was of one month. The amount of unpaid salary to be shown in balance sheet is Rs 660 . (False)
31. The credit balance of commission a/c in trial balance was Rs 10,000. The advance commission amounted to Rs. 1,500. The amount of commission to be credited to P&L a/c will be Rs 8,500. (True)
32. The balance of insurance premium paid by the firm amounted to Rs. 7200 which was paid on 1 Nov. 2018. The amount of insurance debited to P&L a/c on 31st March 2019 is Rs 3000. (True)
33. Wages a/c has a balance of Rs. 9,000 in the trial balance. In the adjustment it was given that wages has to be paid Rs 700 per month, the amount of prepaid wages shown in the balance sheet is Rs 700. (False)
34. The net profit before charging depreciation was Rs 1,89,000. The amount of depreciation was Rs 19,000. The net profit after depreciation is Rs 2,08,000. (False)
35. The amount of net purchases is 1,21,000. Amount of return outward is 6,000. The purchases debited to trading account is. Rs 1,27,000. (False)

ANALYSIS & EVALUATION:-

36. Loan of Rs 1,10,000 was taken on 1 November 2019. At 10%. The amount of interest on loan to be debited to P&L a/c is Rs 11000. (True)
37. Investment amounted to Rs. 50000 was done at a rate of 4% p.a. interest received during the year was 1700. The amount of interest credited to P&L a/c is Rs. 1800. (False)

38. The value of opening stock is Rs. 25000, net purchases amounted to Rs. 1 40, 000. The salary paid during the year was 10,000 and value of sales is Rs. 1 70,000. The value of gross profit is 1,55,000. (False)
39. The value of cost of goods sold is 9,000 if sales is 15,000 and gross profit is 24000. (False)
40. The formulae for calculating cost of goods sold opening stock + net purchases – closing stock. (False)
41. The value of gross profit is 2,40,000 and cost of goods sold is 9,60,000. The rate of gross profit is 25% on cost. (True)
42. The formula for calculating adjusted purchase is opening stock + net purchases + direct expenses – closing stock. (False)
43. The value of gross profit will be 12,500 if the value of purchases is 2,00,000, returns is 5000, and 2/3rd of the goods are sold for 1,52,500. (False)
44. Net sales for year ended 31st march 2016 is. Rs 4,00,000 the rate of gross profit is 25% on sales the amount of gross profit is 1,00,000 (True)
45. If closing and opening stock is Rs. 60,000 each. Purchases are Rs. 1,40,000, manufacturing expenses are Rs. 40,000 and sales are 2 50,000 in that case gross profit is 70,000. (True)
46. Credit sale for the year ended was 2,52,000. Cost of goods sold was Rs. 2,80,000 and gross profit as shown by trading account was 1,12,000. The amount of cash sales will be 1,40,000. (True)
47. Cash purchases is Rs. 50,000 . credit purchases is Rs. 30000. Returns outward is Rs.5,000. closing stock was Rs. 20,000 more than that of opening stock. The value of adjusted purchases will be 1,30,000. (False)
48. Legal charges, general expenses, dividend on shares, miscellaneous receipts are the part of trading a/c. (False)
49. Gross profit is amounted to Rs. 45 000 and the selling expenses are 20,000 and commission received is 2000 and commission paid is Rs. 3000. The amount of operating profit is 24,000. (True)
50. The net profit is Rs. 55,000. Non operating expenses amounted to Rs 78,000 and non operating income is 10,000 the value of operating loss is 13,000. (False)
51. Place them in the order of permanency ;
- outstanding expenses
 - bills payable
 - bank overdraft
 - drawings
 - capital
 - creditors

Ans. Capital –drawings . , outstanding expenses , bank overdraft , bills payable , creditors

52. Arrange them in the order of liquidity ;

- a. goodwill
- b. land and building.
- c. patents .
- d. debtors.
- e. accrued income.
- f. short term investment
- g. fixtures.

Ans. Debtors, short term investment, accrued income, fixtures, land and building, patents, goodwill

REMEMBERING:-

1. Types of account to be shown in balance sheet
 - a. Real & Personal
 - b. Nominal & Real
 - c. Nominal & Personal
 - d. None of these(A)
2. Is the arrangement of various assets and liabilities in a proper order
 - a. Balancing
 - b. Grouping
 - c. Marshalling
 - d. All of these(C)
3. Revenue Expenditure is intended to benefit
 - a. Past period
 - b. Current period
 - c. Future period
 - d. None of these(B)
4. Closing stock is valued at
 - a. Cost price
 - b. Cost price or market price whichever is less
 - c. Market price
 - d. Cost price or market price whichever is higher(B)
5. Carriage inward is shown in
 - a. Balance Sheet
 - b. Trading Account
 - c. Profit & Loss Account

- d. None of these (B)
6. The loss of sale of old machinery should be debited to :
a. Profit & Loss Account
b. Trading Account
c. Machinery Account
d. None of these (A)
7. Land & building owned by a firm should be classified as:
a. Fixed Assets
b. Current Assets
c. Fictitious Assets
d. None of these (A)
8. Which statement tells us about the financial position of the business?
a. Trading Account
b. Profit & Loss Account
c. Trial Balance
d. Balance Sheet (D)
9. Patents fall under which category
a. Current Assets
b. Fictitious Assets
c. Intangible Assets
d. None of these (C)
10. Return inward appearing in Trial balance are deducted from
a. Sales
b. Purchase
c. Return outward
d. Capital (A)
11. Return outward appearing in Trial balance are deducted from
a. Sales
b. Purchase
c. Return outward
d. Capital (B)
12. Depreciation for current year given in Trial balance. Its treatment will be
a. Debited to Trading Account
b. Deducted from Fixed Assets in Balance Sheet
c. Debited to Profit & Loss Account
d. Debited to Profit & Loss Account and Deducted from Fixed Assets in Balance Sheet (D)

UNDERSTANDING:-

13. Which of the following is another name of Earning before Income Tax (EBIT)
- a. Operating Profit
 - b. Gross Profit
 - c. Net Profit
 - d. None of these
- (C)
14. Which of the following account is affected from the Drawing of Cash in Sole proprietorship?
- a. Shareholder's Account
 - b. Capital Account
 - c. Liabilities Account
 - d. Expense Account
- (B)
15. According to Principle of Conservatism
- a. Provision is made for bad and doubtful debts
 - b. Depreciation is charged on assets
 - c. Recording is made for outstanding expenses
 - d. Profit & Loss account is made for full year
- (A)
16. Closing Stock given inside the Trial balance is shown only in.....
- a. Balance Sheet
 - b. Trading Account
 - c. Profit & Loss Account
 - d. None of these
- (A)
17. Which type of expenses is written in Profit & Loss Account?
- a. Direct
 - b. Indirect
 - c. Direct & Indirect
 - d. None of these
- (B)
18. Which type of expenses are written in Trading Account?
- a. Direct
 - b. Indirect
 - c. Direct & Indirect
 - d. None of these
- (A)
19. Carriage of Rs. 8,000 paid on purchase of Second hand Machinery is treated as
- a. Revenue Expenditure
 - b. Capital Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these
- (B)
20. Manufacturing expenses are treated as.....
- a. Capital Expenditure
 - b. Direct Expenses
 - c. Indirect Expenses
 - d. None of these
- (B)

21. If Commission received in advance Rs. 3000 given in Trial balance. It will be shown in
a. Liabilities
b. Assets
c. Profit & Loss Account (Credit)
d. Trading Account (debit) (A)
22. If Rent paid in advance Rs. 7000 given in Trial balance. It will be shown in
a. Liabilities
b. Assets
c. Profit & Loss Account (Debit)
d. Trading Account (debit) (B)
23. If Salary payable Rs. 9000 given in Trial balance. It will be shown in
a. Liabilities
b. Assets
c. Profit & Loss Account (Debit)
d. Trading Account (debit) (A)
24. If Accrued Interest Rs. 2000 given in Trial balance. It will be shown in
a. Liabilities
b. Assets
c. Profit & Loss Account (Credit)
d. Trading Account (Credit) (B)
25. Which is the position statement?
a. Trading Account
b. Profit & Loss Account
c. Balance Sheet
d. None of these (C)

APPLICATION:-

26. Calculation of Operating profit
a. Gross profit –(Office & Administration exp. + Selling & Distribution Exp.)
b. Gross profit – (Office & Administration exp. – Selling & Distribution Exp.)
c. Gross profit – (Factory exp. + Office & Administration exp. + Selling & Distribution Exp.)
d. Gross profit –(Office & Administration exp.+ Selling & Distribution Exp+ Direct Exp.) (A)
27. Loss of goods by fire should be credited to
a. Sales Account
b. Loss Account
c. Profit & Loss Account
d. Purchases Account (D)
28. Any expenditure incurred in installation of Machinery
a. Deferred Revenue Expenditure

- b. Promotional Exp. (D)
 c. Revenue Exp.
 d. Capital Exp.
29. Wages paid for erection of Machinery are debited to
 a. Deferred wages account
 b. Machinery Account
 c. Profit & Loss Account
 d. Wages Account (B)
30. Preliminary exp. fall in which category
 a. Revenue Receipt
 b. Deferred Revenue expenditure
 c. Intangible assets
 d. Deferred Capital receipts (B)
31. If opening stock is Rs. 30000, closing stock is Rs. 40000, Purchases are Rs. 80000, Direct Expenses Rs. 30000. What will be the value of Cost of Goods sold
 a. 100000 b. 120000 c. 90000 d. 80000 (A)
32. If insurance premium paid Rs. 2000 and prepaid insurance is Rs. 300. The amount of insurance premium shown in profit & Loss Account will be...
 a. Rs. 2300 b. Rs. 2000 c. 1700 d. 300 (C)
33. The manager is entitled to a commission of 10% on Net Profit after charging such commission. If Net profit is Rs. 110000, then manager's commission will be :
 a. Rs. 11000 b. Rs. 20000 c. 10000 d. None of these (C)
34. If the wages paid Rs. 4000 and outstanding wages Rs. 500. The amount of wages shown in Trading account will be:
 a. Rs. 4500 b. Rs. 3500 c. 500 d. None of these (A)
35. What is the treatment of Discount on purchase?
 a. Debited to Trading Account
 b. Credited to Profit & Loss Account
 c. Debited to Profit & Loss Account
 d. None of these (B)
36. Goods given as samples is debited to
 a. General Expenses
 b. Sales promotion exp.
 c. Staff welfare expenses
 d. None of these (B)
37. Bad debts mentioned in Trial balance will be shown in
 a. Trading Account
 b. Assets
 c. Profit & Loss Account
 d. None of these (C)

38. Wages and Salaries account is shown in

- a. Profit & loss Account
- b. Assets
- c. Trading Account
- d. None of these

(C)

ANALYSIS & EVALUATION:-

39. If outstanding salary is appearing in the trial balance, it means.....

- a. Salary of entire period is debited as expenses
- b. Salary for some period is to be added to the salary account
- c. No liability incurred for payment of salary
- d. None of above

(A)

40. Rent paid during the year amounted to Rs. 300000, which includes Rs. 20000 relating to the previous year and Rs. 20000 relating to the next year. Rs. 30000 relating to the current year is still outstanding. How much rent will be debited to the profit & Loss account of the current year?

- a. Rs. 200000
- b. Rs. 2,90,000
- c. Rs. 2,15,000
- d. Rs. 2,80,000

(B)

41. The Trial balance of a firm shows Debtor Rs. 30000, Bad debts Rs. 200 and Provision for doubtful debts at Rs. 1400. A 10% provision for doubtful debts is to be created on debtors. The profit and loss account for the current year is to be debited by

- a. Rs. 3200
- b. Rs. 3000
- c. 4600
- d. 1800

(D)

42. If Gross profit is Rs. 10000 and the net profit is 25% of Gross profit. The Indirect expenses will be

- a. 2500
- b. 3500
- c. Rs. 7500
- d. Rs. 9000

(C)

43. Calculate Gross profit if rate of gross profit is 10% on sales and cost of goods sold is Rs. 90000.

- a. 10000
- b. 8000
- c. Rs. 9000
- d. None of these

(A)

44. Calculate Gross profit if rate of gross profit is 10% on sales and Sales is Rs. 90000

- a. 8500
- b. 9000
- c. Rs. 10000
- d. None of these

(B)

45. Calculate Gross profit if rate of gross profit is 20% on cost of goods sold and cost of goods sold is Rs. 120000.

- a. 24000
- b. 15000
- c. Rs. 10000
- d. None of these

(A)

46. Calculate Gross profit if rate of gross profit is 20% on cost of goods sold and Sales is Rs. 120000

- a. 20000
- b. 24000
- c. Rs. 30000
- d. Rs. None of these

(A)

47. Heavy amount spent by Airtel on Advertisement for brand positioning in the market will fall under which category
 a. Revenue Expenditure
 b. Capital Expenditure
 c. Deferred Revenue Expenditure
 d. None of these (C)
48. The Trial balance of a firm shows Debtor Rs. 40000, Bad debts Rs. 200 and Provision for doubtful debts at Rs. 1400. A 5% provision for doubtful debts is to be created on debtors. The amount of Debtors to be shown in Assets
 a. Rs. 38000 b. Rs. 36400 c. 41200 d. None of these (A)
49. Trial Balance shows the Value of Machinery is Rs. 20000 purchased on 1st January, 2018. Rate of Depreciation is 10%. What is the amount of machinery to be shown in balance sheet as on 31st March, 2019?
 a. Rs. 19500 b. Rs. 18000 c. 22000 d. None of these (D)
50. Trial Balance shows the Value of Machinery is Rs. 40000 purchased on 1st April 2018. Rate of Depreciation is 10% p.a. What is the amount of Depreciation to be shown in Profit & Loss Account for the year ending 31st March, 2019?
 a. Rs. 4000 b. Rs. 36000 c.3600 d. None of these (A)

REMEMBERING:-

1. Match the activity with their respective heads:

Activity	Heading
1. Recording	A. Profit and Loss A/c and Balance sheet
2. Classifying	B. Trial Balance
3. Summarizing	C. Ledger
4. Interpretation	D. Journal

Ans: 1-D, 2-c, 3-B, 4-A

2. Match the below expenses with their respective expense head:

Expense	Expense Type
1. Salaries And wages	A. Direct Expenses
2. Interest on Loan	B. Operating Expenses
3. Wages and salaries	C. Non-operating Expenses

Answers:1-B,2-C,3-A

3. Match the below expenses with their respective expense head:

Expense	Expense Type
1. Non-Cash expenses	A. Payment of salaries
2. Cash expenses	B. Depreciation and amortization

Answers: 1-B, 2-A

4. Match the below items with respective A/c where it transferred:

1. Opening stock is debited to	A. Trading A/c
2. Closing stock is credited to	B. Profit and Loss A/c
3. Discount on purchase is credited	
4. Carriage on purchase debited to	

Answers: 1,2,4-A, 3-B

5. Match the following account with their respective accounts:

Items	Account
1. Profit on sale of fixed assets	A. Trading A/c
2. Bad debts recovered	B. Profit and Loss A/c
3. Carriage on sales	
4. Carriage on purchase	

Answers: 1, 2 & 3-B; 4-A

6. Match the below items:

Items	Types
1. Final Accounts	A. Ledger
2. Books of final Entry	B. Cash Book
3. Subsidiary and principal Book	C. Purchase book
4. Principal Book	D. Profit and Loss A/c and Balance sheet

Answers: 1-D,2-A,3-B,4-A

7. Match the following:

1. Profit and Loss A/c	A. Position statement
2. Balance sheet	B. Reconciliation statement
3. Bank reconciliation statement	C. Income statement

Answers 1-C, 2-A, 3-B

8. Match the following:

1. Accrued Income	A. Expense
2. Rent	B. Assets
3. Out-standing salary	C. Income
4. Discount received	D. Liability

Answers: 1-B, 2-A, 3-D, 4-C

9. Match the type of entries with purpose:

Entries	Purpose
1. Journal Entry	A. Entry in which cash A/c and Bank A/c are

	used in opposite
2. Adjustment entry	B. For transferring of balance to next year set of books
3. Contra entry	C. For closing the accounts of current year
4. Opening Entry	D. For recording a transaction
5. Closing Entry	E. Entry for adjustment purpose.

Answers: 1-D, 2-E, 3-A, 4-B, 5-C

10. Match the following

Expenditure	Definition
1. Revenue Expenditure	A. Expenditure incurred on purchase of fixed assets or increasing the value of fixed assets
2. Capital Expenditure	B. Expenditure benefit of which derived over the years.
3. Deferred Revenue Expenditure	C. Expenditure benefit of which exhausted within the accounting period

Answers: 1-C, 2-A, 3-B

11. Match the following with their format

1. Trading and profit and loss A/c	A. As on
2. Balance sheet	B. for the year ended.....
3. Trail Balance	C. As at.....

Answers: 1-B, 2-C, 3-A

12. Match the following terms with their methods of diminishing value

1. Depreciation	A. Wasting Assets
2. Amortization	B. Tangible Assets
3. Depletion	C. Intangible Assets

Answers : 1-B,2-C, 3-A

UNDERSTANDING:-

13. Match the following with Revenue Receipts and capital receipts:

Receipts	Heading
1. Contribution towards capital	Revenue Receipts
2. Loan Received by the business	Capital Receipts
3. Sales of goods	
4. Interest received	

Ans: Revenue Receipts – 3&4 Capital Receipts -1&2

14. Match the following:

Account Type	Transferred to
1. Real A/c	A. Closed by transferring to Profit and Loss A/C

2. Personal A/c	B. Balance carried to next year by Transferring to Balance sheet
3. Nominal A/c	

Answers: 1&2-B; 3-A

15. Match the below expenses with their respective expense head:

Expense	Expense Type
1. White wash Expense	A. Deferred Revenue Expenditure
2. Purchase of second hand Machine	B. Revenue Expenditure
3. Advertisement Expenses	C. Capital Expenditure

Answers 1-B, 2-C, 3-A

16. Match the following assets with their respective Assets account

Assets	Categories
1. Debtors	A. Intangible Assets
2. Furniture	B. Current Assets
3. Patent	C. Current Liabilities
4. Short term Loan	D. Tangible Assets

Answers: 1-B, 2-D, 3-A, 4-C

17. Match the below items

1. Commission	A. Expense
2. Commission (Cr.)	B. Income
3. Rent	
4. Rent (Cr.)	

Answers: 1&3-A; 2&4-B

18. Match the below expense with business expense and Personal expenses:

1. Insurance premium	
2. Life insurance premium of owner	A. Business Expenses
3. Rent	B. personal expenses
4. Rent of House of proprietor	

Answers: 1&3-A, 2&4-B

19. Match the item from their source of calculate:

Item	calculate from
1. Gross profit	A. Profit and Loss A/c
2. Net Profit	B. Balance sheet
3. Capital	C. Trading Account

Answers: 1-c, 2-A, 3-B

20. Match the following:

1. Trial Balance	a. Both sides may or may not be tallied
2. Profit and Loss A/c	b. Both side should always be tallied

3. Balance sheet	c. For checking Arithmetical accuracy both side should be tallied
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Answers: 1-C, 2-A, 3-B

21. Match the following items with account where it is appeared:

1. Outstanding salary	A. Income side of Profit and loss A/c
2. Salary A/c	B. Liability side of Balance sheet
3. Rent A/c	C. Assets side of Balance sheet
4. Prepaid Rent A/c	D. Expense side of Profit and loss A/c

Answers: 1-B, 2-D, 3-D, 4-C

22. Match the items according to:

1. Order of Permanence cash in hand	cash at bank	goodwill
2. Order of Liquidity Goodwill	cash at bank	cash in hand.

Answer: 1-b; 2-a

23. Match the following

1. Grouping	A. arrangement of assets and liabilities in a particular order.
2. Marshalling	B. Putting items of a similar nature under a common accounting head

Answers: 1-B, 2-A

24. Match the following expenses with their clarification

Expenses	Definition
1. Outstanding expenses	A. part of expenses paid if relates to next accounting year
2. Prepaid expenses	B. Income received before it becomes due.
3. Accrued Income	C. Expenses related to current year but have not been paid.
4. Unearned income	D. income earned but not received.

Answers: 1-C, 2-A, 3-D, 4-B

25. Match the items in their respective category:

1. Bill receivable discounted from bank but not matured	A. Current Assets
2. Bills receivable	B. Contingent Liability

3. Bills Payable	c. Current Liability
4. Guarantee given by the firm	d. Non Current Liabilities

Answers: 1-B, 2-A, 3-C 4-B

APPLICATION:-

26. Match the following transaction with their treatment in accounts:

Transactions	Treatment
1. Machinery purchased for sale purpose	A. added to machinery A/c
2. Machinery purchased for production purpose	B. Added to purchases A/c
3. Installation paid on machinery	C. Debit side of P&L A/c

Answers: 1-B, 2&3-A

27. Match the following:

1. Cost of goods sold	A. Sales 5,00,000 – cost of goods sold 3,00,000
2. Gross Profit 2,00,000	B. Gross profit 8, 00, 000 – Operating Expenses
3. Net Profit	C. Opening stock 2,00,000 + net purchases 50,000 + direct expenses 10,000 – Closing stock 6,000
4. Operating Profit	D. Gross profit 30,000 – Indirect Expenses 10,000

Answers: 1-C, 2-A, 3-D, 4-B

28. Match the following:

1. Closing stock in Trial Balance	A. Trading A/C
2. Closing stock given as an adjustment	B. Balance sheet
3. Purchase in Trial Balance	C. Trading and profit and loss account
4. Salary as an adjustment in Trial Balance	D. Profit and loss A/c and Balance sheet

Answers: 1-B, 2-a&B 3-A, 4-D

29. Match the taxes levied on type of sales:

1. Input IGST	A. on sales within state
2. Output IGST	B. On purchase within State
3. Input CGST	C. on sales outside state
4. Output CGST	D. On Purchase from Outside state.

Answers: 1-D, 2-C, 3-B, 4-A

30. Match the effect of transaction on net profit:

Transaction	Effect on Net profit
1. General donation	A. No effect on net profit
2. Bad debts recovered	B. Decrease in net profit
3. Drawing in cash	C. Increase in net
4. profit	

Answers: 1-B, 2- C, 3-A

31. Match the following account with their Nature of Account

Account	Nature of Account
1. Rent A/C	Personal A/c
2. Outstanding rent A/c	Nominal A/c
3. Furniture	Real A/c

Answers: 1-B, 2-A, 3-C

32. Match the following:

1. Net Profit	A. Excess of debit side of P&L over credit side.
2. Gross profit	B. Excess of credit side of P&L over Debit side.
3. Net Loss	C. Excess of debit side of Trading A/c over credit side.
4. Gross Loss	D. Excess of credit side of Trading A/c over Debit side.

Answer: 1-B, 2-D, 3-B, 4-C

33. Match the following

1. Adjusted purchase	A. Purchases <i>Less</i> purchase returns
2. Net Purchases	B. Opening stock plus purchases less closing stock
3. Cost of goods available for sale	C. Sales less sale returns
4. Net sales	D. openings stock plus purchases

Answers: 1-B, 2-A, 3-D, 4-C

34. Match the following transaction with their treatment:

Transaction	Treatment
1. Life insurance premium	A. Added into capital
2. Income tax	B. Debited to Profit & Loss A/c
3. Fire insurance premium	C. Deducted from capital
4. Interest on capital	

Answers: 1&2-C,3-B,4-A

35. Match the following items on the basis of sides of the balance sheet:

1. Bank Loan	
2. Advance to harish	A. Liability side of the balance sheet
3. Advance from Sunil	B. Assets side of the balance sheet
4. Bank Overdraft	

Answers: 1-A, 2-B, 3-A, 4-A

36. Match the following expenses

Expenses	transferred to

1. Carriage inward	
2. Freight inward	A. profit and loss A/c
3. Carriage outward	B. Trading A/c
4. Freight outward	

Answers: 1&2-B, 3&4-A

37. Match the following:

1. Provision for bad and doubtful debts tear and wear	A. Fall in the value of fixed assets due to
2. Depreciation of the year	B. stock of goods remaining unsold at the end
3. Bad debts	C. provision against amount due from debtors
4. Closing stock	D. debtors which cannot be recovered.

Answers: 1-C, 2-A, 3-D, 4-B

APPLICATION & EVALUATION:-

38. Purchase 75,000 ; wages 8,000 ; Sales 1,25,000 ; Salaries 25,000 ; rent of Building 13,000 ; Bad Debts 4,500 ; Commission received 5,000.

On the basis of above information match the following:

1. Gross Profit	A. Rs.42500
2. Net Profit	B. Rs.42000

Answers: 1-B, 2-A

39. Net sales Rs.8, 00,000; Gross Profit 20% on Sales

On the basis of above information match the following:

1. Gross profit	A. 6,40,000
2. Cost of goods sold	B.1,60,000

Answers: 1-B,2-A

40. Rahul is a manager of a firm, who received the salary of Rs.5, 000 P.M in addition to a commission of 10% on net profit after charging such commission and salary. Profit for the year is Rs.6, 10,000 before charging such salary and commission. Bases on the above information match the following.

1. Commission	A. 60000
2. Salary	B. 50000

Answers: 1-B, 2-A

41. Opening Stock Rs. 50,000; purchases Rs. 2,00,000; sales Rs. 1,00,000 ; profit @25% on Cost. Based on the above information match the following:

1. Profit	A. 80,000
2. COGS	B. 1,70,000
3. Closing Stock	C. 20,000

Ans : 1-C, 2-A, 3-B

42. Opening Stock Rs. 30,000; purchases Rs.2,10,000; Sales Rs.60,000; profit 33.33% on cost; goods lost by fire Rs. 10,000, Insurance claim of Rs. 6,000 has been accepted by insurance company.

On the basis of above information match the following:

1. Profit	A. Rs.1, 85,000
2. COGs	B. Rs.15,000
3. Closing Stock	C. Rs.45,000

Answer : 1-B, 2- C, 3-A

43. Match the following equation with their respective Cost of goods sold

1. Opening stock Rs.18,000; Direct expenses Rs. 15,000; Net purchases :Rs.70,000; Closing stock Rs. 8,000	A.4,37,000
2. Opening stock Rs.60,000; Direct expenses Rs. 40,000; Net purchases :Rs.2,00,000; Closing stock Rs. 30,000	B.95,000
3. Opening stock Rs.65,000; Direct expenses Rs.45,000; Net purchases :Rs.3,45,000; Closing stock Rs. 18,000	C.2,70,000

Answers: 1-B,2-C,3-A

44. Match the following with their sales:

1. COGS 60,000; GP 20% on sales	A.2,00,000
2. COGS 1,60,000; GP 25% on COGS	B 75,000
3. COGS 90,000; GP 20% on COGS	C. 1,08,000

Answers: 1-B, 2-A,3-C

45. Match the following:

1. Matching principal	A. provision for doubtful debts is created
2. Conservatism	B. Profit and Loss A/c is made for full year
3. Accounting Period	C. Outstanding expenses are added in respective expense

Answers:1-C,2-A,3-B

46. Match the following items with their treatment in accounts

Transaction	Treatment
1. Goods given as Charity	A. Deducted from purchases
2. Goods given as sample	B. Added to sales A/C
3. Goods given as gift to employees	
4. Goods given as a gift to friend	

Answers 1, 2, 3, 4-A

47. Match the following items with respective Gross Profit

1. Cost of goods sold Rs. 80000, G.P. is 20% on Sales	A. Rs. 15000
2. Sales- Rs. 70000, G.P. is 20% on Sales	B. Rs.20000
3. Cost of Goods sold Rs. 80000, G.P. is 20% on Cost	C. Rs. 14000
4. Sales – Rs. 90,000, G.P. is 20% on cost	D. Rs.16000

Answers: 1-B, 2-C, 3-D, 4-A

CHAPTER : 14
ACCOUNTS FROM INCOMPLETE RECORDS (SINGLE ENTRY SYSTEM)

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. Single entry system is not supported by.....act	Companies act 2013
2. Single entry system is generally followed by	Individuals
3. Total credit purchases can be ascertained from.....a/c (Part of Current liabilities)	Trade Payables a/c
4. Small business generally use.....method for accounting because it is.	Single entry
5. Single entry system gives.....Profit & loss/ financial position of firm.	Inaccurate/Incorrect
6system does not present actual financial position of business	Single entry
7. Total credit sales can be ascertained from.....a/c (Part of Current Assets)	Trade receivable
8.principle is followed by single entry system.	Money measurement
9. Single entry system of accounting is comparatively expensive.	Less
10. Trade payable account is ofnature.	Personal
11. Capital 6,00,000 ,Liability is rs.235000 then Assets=.....	835000
12. Credit sales during the year is Rs. 5000 , balance of opening trade receivables was Rs.3000 ,goods of Rs. 500 returned by customer as defective, closing trade receivables will be	7,500
13. Total Purchases during the year is Rs.....if - cash purchases is 150% of credit purchases, - Payment made to creditors during the year Rs.50,000 Balance of opening creditors a is Rs.50,000 more than closing creditors.	2,50,000
14. Opening and closing balance of Mr. X's capital a/c is Rs.3 lacs and Rs. 5 lacs respectively. Total profit of Rs. 2.5 lacs earned and	50,000

Rs.....was withdrawn during the year.	
15. Rupesh started business with cash rs.10,000,on 1 st july he borrowed rs,5000 from his friend, additional capital introduced by him rs.6000 during the year and he earn profit of rs. 4000 during the year then total assets at the end of the year is.....	25,000
16. Gross profit of Mahesh is rs.35000 and cost of goods sold is rs. 65000, cash is 2/3 of credit sales then credit sales is rs.....	60,000
17. On March 31, 2018 assets and liabilities of Mr. Shyam were 10,00,000 and Rs. 1,50,000 respectively . On March 31, 2019 assets and liabilities are Rs.12,00,000 and Rs.50,000 respectively, Total Drawing during the year 2018-19 were Rs. 40,000 .Profit earned by shyam during the year is	3,40,000

TRUE & FALSE

REMEMBERING :-

1. Dual aspect is completely follow in single entry system. False
2. In single entry system a firm has fully control on assets. False

UNDERSTANDING:-

3. Prepare financial statement by putting the accounting records I proper order is called conversion method. True
4. To compute capital amount in single entry system statement of affair is to be prepared. True
5. In single entry system accounting principles are perfectly followed. False
6. Total debtor account prepare for ascertaining credit purchase. False
7. Accurate profit and loss can be ascertained by single entry system. False

APPLICATION:-

8. Credit purchase can be ascertained as the as the balancing figure in total debtor account. False
9. Big business houses usually use single entry system. False
10. Single entry system is a unsystematic method of recording. True
11. Money measurement concept is followed in single entry system. True
12. Accrual concept is strictly followed in single entry system. False

Analysis & evaluation

13. Xy & co is a firm, following single entry system and company rule 2013 apply on such firm. False

14. In x & co. single accounting system is follow, 2 packets out of 500 packets were lost by theft. But x & co can easily find the lost unit. False
15. XY & Co is a big firm and single entry system will be the best option for accounting. False
16. Ram keep his book on single entry system & he pays tax on the basis of his books and income Tax accepted his calculation. False
17. Drawing is added in the opening capital while computing closing capital. False

Capital closing	6,00,000
Drawings	75,000
Fresh capital	2,10,000
Profit	1,40,000

Capital opening will be 324000.

False

MATCH THE FOLLOWING

REMEMBRING

1. Which Act Doesn't supported Accounting from Incomplete Records is not supported
 - a. Negotiable Instrument Act 1881
 - b. Partnership Act 1932
 - c. Contract Act 1872
 - d. Companies act 2013 (D)
2. Generally accounts under single entry system maintained by
 - a. Sole trader
 - b. Company
 - c. Firm
 - d. H.U.F (A)
3. Single entry system of book keeping is
 - a. Inaccurate
 - b. Unscientific
 - c. Unsystematic
 - d. All of the above (D)

UNDERSTANDING:-

4. Credit purchase can be ascertained as the balancing figure of accounts
 - a. Total creditors account
 - b. Total debtors accounts
 - c. Cash account
 - d. Statement of affair (A)
5. What is the reason behind using single entry system

- a. Less expensive
b. Suitable for small concern
c. Simple method
d. All of the above (D)
6. What is the feature of single entry system
a. Lack of uniformity
b. Suitability
c. Depends on original voucher
d. All of the above. (D)
7. Credit sale can be ascertained as the balancing figure of accounts
a. Total creditors account
b. Total debtors accounts
c. Cash account
d. Statement of affair (B)
8. Limitation of accounting from incomplete records
a. Unscientific system
b. Difficulty in preparing final account
c. Preparation of trial balance is not possible
d. All of the above (D)
9. When closing capital is less than opening capital then result will be:
a. Profit
b. Loss
c. No profit no loss
d. Loss if there is no drawings (D)
10. When closing capital is more than opening capital then result will be:
a. Profit
b. Loss
c. No profit no loss
d. Profit if there no additional capital is introduced (D)
11. Single entry system is less expensive system as compared to double entry system.
a. True
b. False
c. Both a and b are true
d. Both a and b are false. (A)
12. Which principle is not followed by the single entry system
a. Dual aspects
b. Matching concept
c. Revenue recognition
d. All of the above (D)

APPLICATION:-

13. Accounting equation is
- a. Assets = Liabilities +Capital
 - b. Assets = Liabilities - Capital
 - c. Liabilities = Assets –Capital
 - d. Capital = Assets + Liabilities (A)
14. Capital 6,00,00 Liability is rs.23500 then Assets=.....
- a. Rs.83,500
 - b. Rs. 36,500
 - c. Rs. 60,000
 - d. Rs. 23500 (A)
15. In the single entry which method is used to ascertain profit and loss.
- a. Statement of affairs method
 - b. Conversion method
 - c. A and B both
 - d. None of the above (C)
16. Which accounting principle is certainly followed under single entry system as well as double entry system
- a. Money measurement system
 - b. Dual aspect
 - c. Matching
 - d. None of the above (A)
17. Which one of the following is the correct formula of COGS.
- a. Opening stock+ purchase + direct expenses - closing stock
 - b. Opening stock - purchase+ direct expenses - closing stock
 - c. Opening stock + purchase + direct expenses + closing stock
 - d. All of the above. (A)
18. Which one of the following is the correct formula of ascertaining profit or loss.
- a. Closing capital + Drawing + additional capital – opening capital
 - b. Closing capital + Drawing - additional capital – opening capital
 - c. Closing capital - Drawing + additional capital – opening capital
 - d. Closing capital + Drawing + additional capital + opening capital (B)
19. Ram started business with cash rs.10, 000,on 1st July he borrowed Rs.5000 from his friend additional capital introduced by him Rs.6000 during the year and he earn profit of Rs.4,000 during the year then total assets at the end of the year is
- a. Rs.10,000

- b. Rs.15,000
c. Rs.20,000
d. Rs.25000
20. On March 31, 2018 assets and liabilities of Mr. Shyam were Rs.10, 00,000 and Rs.1,50,000 respectively . On March 31, 2019 assets and liabilities are Rs.12,00,000 and Rs.50,000 respectively , Total Drawing during the year 2018-19 were Rs. 40,000 .Profit earned by shyam during the year is
- a. 3,40,000
b. 3,50,000
c. 3,00,000
d. None of the above (A)
21. Opening and closing balance of Mr. X's capital a/c is Rs.6, 00,000 and Rs.10, 00,000 respectively. Total profit of Rs.5,00,000 earned, Drawings during the year were
- a. Rs.50,000
b. Rs.1,00,000
c. Rs.4,00,000
d. Rs.5,00,000 (B)
22. If cash purchases is 150% of credit purchases, Payment made to creditors during the year Rs.50, 000 Balance of opening creditors is Rs.50, 000 more than closing creditors. Total purchase during the year is....
- a. Rs.1, 50,000
b. Rs.2, 00,000
c. Rs.2,50,000
d. Rs.3,00,000 (C)

MATCH THE FOLLOWING

REMEMBERING:-

1.

1. Credit purchase, during the year is ascertained by preparing	a) Total asset A/C
2. Credit sales during the year is ascertained by preparing	b) Total debtors A/C
3. Opening capital is ascertained by preparing	c) Total liabilities A/C d) Total creditors A/C
	e) Opening statement of affairs

Ans- D,B& E

2.

i) In single entry system only such transactions are properly maintained	a) Real A/C
ii) In double entry system the accounts are properly maintained	b) Nominal A/C
	c) Personal A/C
	d) All the above

Ans- C & D

UNDERSTANDING:-

3.

i) Single entry system is generally used by	a) Company
ii) Principle is not followed by single entry system	b) Matching principle
	c) Dual aspect principle
	d) Small traders

Ans- D & C

4.

i) Single entry system does not reflect	a) Proper rules and principles
ii) Single entry system does not follow	b) True financial position
	c) Internal Check System

Ans- B & A

5.

i) In single entry system which accounts are not prepared	a) Real Account
ii) In single entry system the accounts are not accepted by	b) Personal Account
	c) Court of Law

Ans- A & C

APPLICATION:-

6.

i) From single entry system it is not always possible to prepare	a) Balance sheet
ii) From incomplete records we cannot find	b) Trial Balance
	c) Correct P & L
	d) Capital A/C

Ans- B & C

7.

i) Incomplete records follow one GAAP	a) Forecasting
ii) Incomplete records does not suitable for	b) Money measurement
	c) Dual Aspect

Ans- B & A

8.

i) Companies registered under the companies act does not follow	a) Accounting principles
ii) Sole trader are not required to follow	b) Incomplete records
	c) Partnership Rules

Ans- B & A

9. Capital Rs 6,00,000 Creditors Rs 2,00,000 Outstanding Rent Rs 35,000 what will be the Assets if-

i) there is cash balance of Rs 35000	a) Rs 3,65,000
ii) if there is no other information	b) Rs 8,35,000
	c) Rs 8,00,000

Ans C & B

ANALYSIS & EVALUATION:-

10.

i) If the rate of gross profit is 25% of sales and COGS is Rs. 1,00,000	a) 16,667
ii) If the rate of gross profit is 20% of COGS and sales are Rs. 1,00,000	b) 1,20,000
	c) 33,333

Ans- C & A

11.

i) Gross profit of Mahesh is rs.35000 and cost of goods sold is rs.65000, cash is 2/3 of credit sales then credit sales is rs.....	a) 50,000
ii) Vandna shows inability to pay her acceptance of Rs.....and accepted a new bill of rs. 11,165 along with interest @6% (due after 3 months)	b) 60,000
	c) 11,000

Ans- B & C

12.

i) Sales are calculated by adding	a) cash sales and received from debtors
ii) From incomplete records it is possible to prepare	b) cash sales + credit sales
	c) Ledger account
	d) Statement of affairs

Ans- B & D

CHAPTER : 15
COMPUTER IN ACCOUNTING

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. A.....is an electric device, which is capable of performing a variety of operations as directed by a set of instructions. (Computer)
2. Printer of computer consists of components. (Physical)
3. A set of programmes, which is used to work with hardware is called..... (Software)
4. CPU is the of the computer. (Brain)
5. A computer system is a combination of elements. (Six)
6. Keyboard, mouse, monitor and processor are known as (Hardware)
7. Keyboard & mouse are used to entering data into the computer system that why they are device. (Input)
8. Live ware of the computer system are also known as..... (People)
9. A machine used to withdraw cash from the bank in anywhere outside the bank is known.....(ATM)
10. are user oriented programmes designed and developed for performing certain specified tasks like payroll accounting, inventory accounting etc. (Application software)
11. In computer addition, subtraction, division, multiplication are doing with the help of (ALU)
12. Controlling and coordinating the activities of all other units of the computer system is the responsibility of (Control unit)

TRUE & FALSE

REMEMBERING:-

1. In Computer system, software is a one of the combination of element. (True)
2. In Computer system, a set sequence of instructions is called a program and set of programs is called Hardware. (False)
3. System analysts are the people who design data processing systems. (True)
4. Operators are the people who write programmes to implement the data processing system design. (False)

5. Central Processing Unit (CPU) is the main part of computer hardware that actually processes data according to the instructions it receives. (True)
6. Operators are the people who participate in operating the computers. (True)

APPLICATION: -

7. Transaction processing system (TPS) is a system that provides the information necessary to take decisions and manage an organization effectively. (False)
8. Accounting reports must be relevant, timeliness, accuracy, completeness and summarization of information. (True)
9. The reports generated by the accounting system are disseminated to the various external users also like the proprietors, investors, creditors, financiers etc. (True)
10. Data when processed becomes information. When the related information is summarized to meet a particular need, it is called as a report. (True)
11. MIS is a system that provides the information necessary to take decisions and manage an organization effectively. (True)
12. Every accounting system is essentially a part of the Accounting Information System (AIS) which, in turn is a part of organization's Management Information System (MIS). (True)

MULTIPLE CHOICE QUESTIONS

- 1) An Electronic device which is capable of performing a variety of operations as directed by a set of instructions :
 - a. Computer
 - b. Radio
 - c. Typewriter
 - d. Television(A)
- 2) Which one is not capability of computer system
 - a. Speed
 - b. Accuracy
 - c. Reliability
 - d. Hardwork(D)
- 3) How many components are there of that of a CPU?
 - a. 1
 - b. 2
 - c. 3
 - d. 4(C)
- 4) Binary includes :
 - a. 1, 2
 - b. 2, 0

- c. 2,1
- d. 1, 0

(D)

5) 1 micro second is equal to :

- a. 1/10,00,000 of one second
- b. 1/1,00,000 of one second
- c. 1/10,000 of one second
- d. 1/1,000 of one second

(B)

6) What is the IQ level of computer :

- a. 130
- b. 90
- c. 0
- d. 100

(C)

7) Accounting is the element of :

- a. MIS
- b. AIS
- c. PIS
- d. BIS

(A)

MATCH THE FOLLOWING

1. Match the following (Remembering)

a)	Computer system combination	Elements
b)	Keyboard, mouse	Data
c)	System analyst	Connectivity
d)	Operating system	People
e)	Number, texts etc.	Hardware
f)	Microwave transmission, telephone lines	Software

Ans – 1-d; 2-c; 3-e; 4-b; 5-a

2. Match the following (Understanding)

a)	Characteristics of a computer	Capability type
b)	Amount of time taken to complete a task	Versatility
c)	Degree of exactness of performing actions	Storage
d)	Amount of data stored in a computer	Accuracy
e)	Performing variety of tasks at one time	Speed.

Ans – 1-c; 2-d; 3-b; 4-a

3. Match the following (Application)

a)	MIS characteristics	Type of report
b)	Writing all activities of the organisation in precise form	Demand report
c)	Reports prepared only when the management request for than	Exception report
d)	Report which is prepared to the specification of the management	Summary report
e)	Such report is prepared according to the situation	Customer/supplier report

Ans – 1-c; 2-a; 3-d; 4-b

4. Match the following (analysis)

a)	Name of activity	Name of AIS
b)	Preparation of plans and schedule	Manufacturing information system
c)	Billing to customers	Marketing and sales
d)	Issue of inventory	None of the above

Ans – 1-b; 2-a; 3-c

5. Match the following (Remembering)

a)	Characteristic of software	Software name
b)	In integrated set of specialised programme that are meant to manage the resource of a computer	Utility programme
c)	Set of computer programmes, which are designed to perform certain supporting operations	Operating system
d)	User oriented programmes designed and developed for performing certain specified tasks	Language processor
	The software, which check for language syntax and eventually translate the source programme into machine language	Application software

Ans – 1-b; 2-d; 3-a; 4-c