## TELANGANA UNIVERSITY S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029) I SEMESTER INTERNAL ASSESSMENT II EXAMINATIONS FINANCIAL ACCOUNTING QUESTION BANK

| I. Fill in the blanks                            |   |              |           |
|--|---|--------------|-----------|
| 1. In case of bank overdraft                     |   | [            | ]         |
| a. Cash book shows debit balance                 | b. Cash books shows credit ba             | alance       |           |
| c. Pass book shows credit balance                | d. None of the above                      |              |           |
| 2. Bank reconciliation statement is prepared b   | by  | [            | ]         |
| a. Account holder b. Bank                        | c. Income tax officer d.None              | of the abov  | е         |
| 3. While preparing bank reconciliation if start  | ing point is balance as per cash book, di | rect deposit | by        |
| customer are                                     |   | [            | ]         |
| a. Added b. Deducted                             | c. Not required to be adjusted            | d. None of t | he above  |
| 4. While preparing bank reconciliation if we st  | tart with a debit balance as per pass bo  | ok cheques i | ssued but |
| not presented should be                          |   |              | ]         |
| a. Deducted b. Added                             | c. Not required to be adjusted            | d. None of t | the above |
| 5. When balance as per pass book is the starti   |   | 1            | 1         |
| a. added b. subtracted                           |   | d. None of t | he above  |
| 6. When balance as per cash book is the start    | , ,                                       |              |           |
|  |   | [            | 1         |
| a. Added b. subtracted                           | c. Not required to be adjusted            | d. None of t | he above  |
| 7. If an amount is written on the wrong side o   |   |              | 1         |
| a. Error of Omission                             | b. Error of commission                    | L            | 1         |
| c. Error of principle                            | d. compensating error                     |              |           |
| 8. Salary paid to Deepak has been debited to     |   | 1            | 1         |
| a. Error of omission                             | b. Error of commission                    | L            | 1         |
| c. Error of principle                            | d. Not an error                           |              |           |
| 9. Purchase of office furniture is debited to Ge |   | г            | 1         |
| a. Error of omission                             | b. Error of Principle                     | L            | 1         |
| c. Error of commission                           | d. Not an error                           |              |           |
| 10. Goods taken by proprietor for personal us    |   | r            | 1         |
| a. Purchases account                             |   | L            | ]         |
|  | b. Drawings accounts                      |              |           |
| c. General expenses account                      | d. charity account                        | r            | 1         |
| 11. Wages Rs.1000 paid for erecting a machin     |   | L            | ]         |
| a. Wages account                                 | b. Machenery account                      |              |           |
| c. General expenses account                      | d. Capital account                        |              |           |
| 12. Rs.5000 received from sarat whose account    | nt was written off as Bad debits should   | ve created t | 10        |
| a Dad dabte accounts                             | b Dod dobte receiver d                    | l            | ]         |
| a. Bad debts accounts                            | b. Bad debts recovered                    |              |           |
| c. Sarat account                                 | d. sales                                  | r            | 1         |
| 13. Sale of office furniture should be credited  |   | l            | ]         |
| a. Sales account                                 | b. Furniture account                      |              |           |
| c. Miscellaneous income                          | d. Purchases account                      |              |           |
| 14. Goods worth Rs. 2000 given as charity sho    |   | l            | ]         |
| a. Charity account                               | b. Sales account                          |              |           |
| c. Purchases account                             | d. General expenses account               | _            |           |
| 15. Capital expenditure is incurred to           |   | [            | ]         |
| a. Improve the efficiency of the assets          | b. Reduce the liability of the business   | 5            |           |
| c. Maintain the efficiency of the asset          | d. None of the above                      |              |           |
|  |   |              |           |

| 16. Fixed assets are kept in business<br>a. For earning income  | b. For re-sale                            | [            | ]         |  |  |  |
|---|---|--------------|-----------|--|--|--|
| c. For conversion into cash as early as possible<br>17. Trading account is prepared to calculate  | c. For elepreciation purpose              | [            | ]         |  |  |  |
| a. Cost of the goods sold   | b. Net profit                             |              |           |  |  |  |
| c. Opening stock  | c. Gross profit                           |              |           |  |  |  |
| 18. Manufacturing account is prepared to ascen  |   | ]            | ]         |  |  |  |
| a. Cost of semi-finished goods  | b. Profit or loss on the sale of finished | d goods      |           |  |  |  |
| c. Cost of the goods manufactured   | d. Cost of goods sold                     |              |           |  |  |  |
| 19. Good will is  |   | ]<br>        | ]         |  |  |  |
| a. Current asset b. Tangible asset  | c. An investment                          | d. Intangib  | le asset  |  |  |  |
| 20. Closing stock is valued at  |   | l            | ]         |  |  |  |
| a. Cost price<br>b. Market price  |   |              |           |  |  |  |
| c. Replacement price  |   |              |           |  |  |  |
| d. Cost or market price whichever is less   |   |              |           |  |  |  |
| 21. Prepaid rent is an item of  |   | 1            | 1         |  |  |  |
| a. Liability b. an asset  | c. Deferred revenue expenditure           | d. None of   | the above |  |  |  |
| 22. Wages and salaries given in trail balance wi  | •   | ]            | ]         |  |  |  |
| a. Profit & Loss account  | b. Trading account                        | L            | ,         |  |  |  |
| c. Balance sheet  | d. Half in trading account and half in    | profit & los | ss A/c    |  |  |  |
| <ul> <li>II. Fill in the blanks</li> <li>1. In case of bank overdraft, cash book shows balance and passbook</li> <li>2. Statement prepared for reconciling the cash book balance and pass book balance is called</li> </ul> |   |              |           |  |  |  |
| 3. If all entries are made in cash book and pass book then the two balance will be  |   |              |           |  |  |  |
| 4. Dividends and interest on investments collected by bank are in pass book and in cash book  |   |              |           |  |  |  |
| (A) Error discovered before preparation of Trial Balance  |   |              |           |  |  |  |
| 5. Purchases book is under cast by Rs. 1500 is rectified by   |   |              |           |  |  |  |
| 6. A sum of Rs. 5000 written off depreciation on Machinery has not been debited to depreciation account is rectified by   |   |              |           |  |  |  |
| 7. An amount of Rs. 251 fro credit sale of Hari Krishna although correctly entered in sale book, has been   |   |              |           |  |  |  |
| posted as Rs.521 in his personal account is rectified by  |   |              |           |  |  |  |
| (B) Error discovered after preparation of Trial balance   |   |              |           |  |  |  |
| 8. Rs. 1000 paid for furniture purchased has been charged to purchases account  |   |              |           |  |  |  |
| 9. Rent paid Rs.2000 to Landlord has been debited to Landlord A/c   |   |              |           |  |  |  |
| 10. Purchase of goods from Desai amounting to Rs.600 has been wrongly entered through sales book<br>11.A credit sale of goods amounting to Rs. 450 to Rajesh has been wrongly passed in purchases book                      |   |              |           |  |  |  |
|   |   |              |           |  |  |  |
| 13. Purchases account was overcast by Rs.5000   |   |              |           |  |  |  |
| <ol> <li>Sale of Goods to Tukaram for Rs.5000 was omitted to be recorded in sales book</li> <li>Trading and profit and loss account and balance sheet prepared at the end of the trading period are</li> </ol>              |   |              |           |  |  |  |
| called  | ance sheet prepared at the end of the     | trauing pe   |           |  |  |  |
| 16. Expenditure which results in the acquisition  | is of an assets is called                 |              |           |  |  |  |
| 17. An expenditure which is incurred for running the business is called   |   |              |           |  |  |  |
| 18. Heavy expenditure of revenue nature for getting benefit over a period is called   |   |              |           |  |  |  |
| 19. Amount realized by sale of an asset is called   |   |              |           |  |  |  |
| 20. Excess of sales over cost of the goods sold is called   |   |              |           |  |  |  |
| 21. Statement prepared to know the financial position of business on a particular date is called  |   |              |           |  |  |  |
| 22. Marshalling of Assets and liabilities can be o  | done either                               |              |           |  |  |  |

III. Short Answers.

- 1. Depriciation.
- 2. Error of Commission.
- 3. Error of Omission.
- 4. Outstanding expenses.
- 5. Prepaid Expenses.