

**Question Paper Name:** Accounts and Audit 21st Feb Shift 2 Actual  
**Subject Name:** Accounts and Audit  
**Creation Date:** 2016-02-20 20:14:26  
**Duration:** 150  
**Total Marks:** 300

Accounts & Audit

Group Number : 1  
Group Id : 68067910  
Group Maximum Duration : 0  
Group Minimum Duration : 150  
Revisit allowed for view? : No  
Revisit allowed for edit? : No  
Break time: 0  
Mandatory Break time: No  
Group Marks: 300

Section Id : 68067910  
Section Number : 1  
Section type : Online  
Mandatory or Optional: Mandatory  
Number of Questions: 150  
Number of Questions to be attempted: 150  
Section Marks: 300

Sub-Section Number: 1  
Sub-Section Id: 68067910

**Question Number : 1 Question Id : 6806791351 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Discount column in the Cash book are ..... and their totals are entered in the ..... in the ledger.

**Options :**

1. Balanced; Cash A/c
2. Balanced; discount A/c
3. Not balanced; discount A/c
4. Not balanced; Cash A/c

**Question Number : 2 Question Id : 6806791352 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In Three column Cash book ..... columns are memorandum columns

**Options :**

1. Cash
2. Bank

3. Discount
4. Overdraft

**Question Number : 3 Question Id : 6806791353 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Double entry of which of the following transactions is completed in the Cash Book itself

**Options :**

1. Paid rent by cheque
2. Withdraw from bank for personal use
3. A Cheque received from a customer deposited into bank on the same day
4. Cash deposited into the bank

**Question Number : 4 Question Id : 6806791354 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following will be recorded as Contra Entry -

**Options :**

1. Withdraw from bank for personal use
2. A cheque received from X lodged into Bank on the same day
3. A cheque received from Y a week earlier lodged into bank
4. A customer directly deposited the money in our bank account

**Question Number : 5 Question Id : 6806791355 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Bank column of the Cash Book has

**Options :**

1. Debit balance
2. Credit balance
3. Either debit or credit
4. Neither debit nor credit

**Question Number : 6 Question Id : 6806791356 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Salaries due for the month will appear

**Options :**

1. On the receipt side of cash book
2. On the payment side of the cash book
3. As a contra entry
4. Nowhere in the cash book

**Question Number : 7 Question Id : 6806791357 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The balance in the petty cash book is

**Options :**

1. An expenses
2. A profit
3. An Asset
4. A liability

**Question Number : 8 Question Id : 6806791358 Question Type : MCQ**

**Correct : 2 Wrong : 0**

An account having ..... balance is not shown in the Trial Balance

**Options :**

1. Negative
2. Debit
3. NIL
4. High Amount

**Question Number : 9 Question Id : 6806791359 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Mohan Stationers will debit stationery purchase in -

**Options :**

1. Stationary account
2. General expenses account
3. Purchases account
4. Asset account

**Question Number : 10 Question Id : 6806791360 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The miscellaneous Expenses A/c is likely to have

**Options :**

1. Only debit entries
2. Only credit entries
3. Both debit and credit entries
4. Initially only debit entries and subsequently only credit entries

**Question Number : 11 Question Id : 6806791361 Question Type : MCQ**

**Correct : 2 Wrong : 0**

What kind of entries is the professional Fees (Earning) A/c likely to have?

**Options :**

1. Only debit entries
2. Only credit entries
3. Both debit and credit entries.
4. Periodic debit and credit entries.

**Question Number : 12 Question Id : 6806791362 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Trade discount allowed by the seller is recorded in purchase book as

**Options :**

1. Purchase A/c Dr.
2. Cash Book A/c Dr.
3. Discount A/c Cr.
4. Drawing A/c Cr.

**Question Number : 13 Question Id : 6806791363 Question Type : MCQ**

**Correct : 2 Wrong : 0**

If the total of debit side of an account exceeds the total of its credit side, it indicates -

**Options :**

1. Debit balance
2. Credit balance
3. Either debit or credit
4. Neither debit nor credit

**Question Number : 14 Question Id : 6806791364 Question Type : MCQ**

**Correct : 2 Wrong : 0**

If the total of credit side of an account exceeds the total of its debit side, it indicates -

**Options :**

1. Debit balance
2. Income
3. Losses
4. Credit balance

**Question Number : 15 Question Id : 6806791365 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A contra entry is one which

**Options :**

1. Affects both the sides of the same A/c
2. Affects both the sides of the Trial Balance
3. Affects one side of a real A/c and other side of a personal A/c
4. Affects both the sided of the same types of A/c

**Question Number : 16 Question Id : 6806791366 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Discount A/c will always have

**Options :**

1. Only debit balance
2. Only credit balance
3. Debit or credit balance
4. Nil Balance

**Question Number : 17 Question Id : 6806791367 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Personal A/c credit balance indicates -

**Options :**

1. Assets
2. Expense
3. Debtor
4. Creditor

**Question Number : 18 Question Id : 6806791368 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A bill of exchange is \_\_\_\_\_ in writing given by creditors to the debtors

**Options :**

1. An unconditional Order
2. An unconditional Promise

3. A conditional order
4. A qualified promise

**Question Number : 19 Question Id : 6806791369 Question Type : MCQ**

**Correct : 2 Wrong : 0**

\_\_\_\_\_ is payable by the debtor to the creditor when a bill is renewed

**Options :**

1. Noting charges
2. Interest
3. Discounting charges
4. Endorsement charges

**Question Number : 20 Question Id : 6806791370 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The \_\_\_ of a bill and the \_\_\_\_\_ of a promissory note are the persons primarily liable to the bill and the note respectively

**Options :**

1. Acceptor, Maker
2. Drawer, Payee
3. Acceptor, Promise
4. Endorser, Maker

**Question Number : 21 Question Id : 6806791371 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a bill sought to be paid before its date of maturity, the holder allows \_\_\_\_\_ to the acceptor

**Options :**

1. Rebate
2. Nothing charges
3. Interest
4. Endorsing charges

**Question Number : 22 Question Id : 6806791372 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a Bill drawn and accepted on 23<sup>rd</sup> October, 2006 for three months will due date for payment on \_\_\_\_\_ -

**Options :**

1. 26<sup>th</sup> January, 2007
2. 23<sup>rd</sup> January, 2007
3. 25<sup>th</sup> January, 2007
4. 27<sup>th</sup> January, 2007

**Question Number : 23 Question Id : 6806791373 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a Bill drawn and accepted on 23<sup>rd</sup> October, 2006 for three months will due date for payment on \_\_\_\_\_ -

**Options :**

1. 26<sup>th</sup> January, 2007
2. 23<sup>rd</sup> January, 2007
3. 25<sup>th</sup> January, 2007
4. 27<sup>th</sup> January, 2007

**Question Number : 24 Question Id : 6806791374 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a Bill of Exchange is drawn on 20.1.2006 stating that "60 Days after date", pay to ABC, the sum of Rupees 10,000, the due date of a Bill is

**Options :**

1. 24.3.2006
2. 20.3.2006
3. 21.3.2006
4. 23.3.2006

**Question Number : 25 Question Id : 6806791375 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a Bill Exchange is drawn on 28.1.2006 stating that "one months after date", pay ABC the sum of Rupees 10,000, the due date of Bill is

**Options :**

1. 28.2.2006
2. 2.3.2006
3. 1.3.2006
4. 3.3.2006

**Question Number : 26 Question Id : 6806791376 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The drawee becomes an \_\_\_\_\_ on acceptance of a bill

**Options :**

1. The drawer
2. An acceptor
3. The endorser
4. The Payee

**Question Number : 27 Question Id : 6806791377 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Bank had credited Rs. 500 for interest in the pass- book. In the BRS starting with cash book balance, this items will be

**Options :**

1. Added to cash book balance
2. Deducted from cash book balance
3. Added to ledger balance
4. Ignore

**Question Number : 28 Question Id : 6806791378 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following items is not a reason for difference between bank balance as per cash book and pass book

**Options :**

1. Omission of a contra entry in cash book
2. Cheques deposited but not yet cleared
3. Omission of an entry in cash column of cash book
4. Cheques issued but not yet presented for payment

**Question Number : 29 Question Id : 6806791379 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The amount of the undercasting of the credit side of the bank column of the cash book will be deducted from the overdraft as per \_\_\_\_\_

**Options :**

1. Cash book
2. Pass book
3. Bank's O/D statement
4. Ledger

**Question Number : 30 Question Id : 6806791380 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Taking the favourable balance as per pass book as the starting point, the amount in respect of dividends (received directly) will be \_\_\_\_\_ the pass book balance.

**Options :**

1. Deducted from
2. Added
3. Adjust
4. Ignore

**Question Number : 31 Question Id : 6806791381 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Cheques issued but not presented for payment will be added when favourable balance as per \_\_\_\_\_ is the starting point

**Options :**

1. Cash book
2. Pass book
3. Bank of O/D statement
4. Ledger

**Question Number : 32 Question Id : 6806791382 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When overdraft as per pass book is the starting point, bank charges of Rs. 100 recorded twice will be

**Options :**

1. Added by Rs. 100
2. Added by Rs. 200
3. Deducted by Rs 100
4. Deducted by Rs 1,000

**Question Number : 33 Question Id : 6806791383 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When the overdraft as per cash book is the starting point, a cheque of Rs 1,500 deposited into bank but not recorded in cash book will be

**Options :**

1. Added by Rs. 1,500
2. Added Rs. 1,500
3. Deducted by Rs 3,000
4. Deducted Rs 3,000

**Question Number : 34 Question Id : 6806791384 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Of the cheques of Rs. 17,500 sent for collection, cheques worth Rs. 5,000 were not credited in the pass book. In the bank reconciliation statement starting with pass book balance

**Options :**

1. Rs. 5,000 will be added to pass book balance
2. Rs. 17,500 will be added to pass book balance
3. Rs. 5,000 will be deducted to pass book balance
4. Rs. 17,500 will be deducted from pass book balance

**Question Number : 35 Question Id : 6806791385 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A customer had paid Rs. 750 directly into the bank account. In the BRS starting with cash book overdraft

**Options :**

1. Rs. 750 will be deducted from cash book
2. Rs. 1,500 will be added to cash book overdraft
3. Rs. 750 will be added to cash book overdraft
4. This amount will be ignored

**Question Number : 36 Question Id : 6806791386 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The credit balance of Rs. 2,000 in the bank column of the cash book was carried forward as its debit balance. When overdraft as per pass book is the starting point

**Options :**

1. Rs. 2,000 will be deducted
2. Rs. 2,000 will be added
3. Rs. 4,000 will be deducted
4. Rs. 4,000 will be added

**Question Number : 37 Question Id : 6806791387 Question Type : MCQ**

**Correct : 2 Wrong : 0**

As per AS-1 Disclosure should form part of

**Options :**

1. The final accounts
2. The Auditor's report
3. The Director's report
4. The Book of Accounts

**Question Number : 38 Question Id : 6806791388 Question Type : MCQ**

**Correct : 2 Wrong : 0**



A note to final accounts reads : "Leave encashment and export incentives are accounted for only when actually paid." This disclosure is in respect of not following the

**Options :**

1. Money Measurement Concept
2. Cost Concept
3. Consistency Concept
4. Fundamental accounting assumption of Accrual

**Question Number : 39 Question Id : 6806791389 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Where depreciation assets are revalued, then according to Accounting Standard - 6 depreciation amount should be based on

**Options :**

1. Historical cost and profit on revaluation should be transferred to P & L A/c
2. Revalued amount
3. Depreciation value of the asset
4. Accounting Standard - 6 does not specify anything in this regard

**Question Number : 40 Question Id : 6806791390 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Goodwill is recorded in the books when

**Options :**

1. Super profit is earned by the enterprise
2. Money or money's worth is paid for acquiring goodwill
3. Management of the enterprise decides to record goodwill
4. Low profit is earned by the enterprise

**Question Number : 41 Question Id : 6806791391 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Leasehold property is generally depreciated by

**Options :**

1. Annuity method
2. SLM
3. Reducing balance method
4. Insurance policy method

**Question Number : 42 Question Id : 6806791392 Question Type : MCQ**

**Correct : 2 Wrong : 0**

According to Accounting Standard - 10, gross book value of a fixed asset may be

**Options :**

1. Fair market value
2. Historical cost
3. Revaluation amount
4. Historical cost or revaluation amount

**Question Number : 43 Question Id : 6806791393 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Depreciation, as the term is used in accounting means

**Options :**

1. Physical deterioration of a fixed asset
2. Decline in the market value of an asset
3. Allocation of the cost of fixed asset over its useful life
4. Making a provision for the replacement of the fixed asset

**Question Number : 44 Question Id : 6806791394 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Cost of conversion is made up of

**Options :**

1. Direct material + direct wages + production overhead
2. Direct wages + All types of overhead
3. Direct wages + Production overhead + direct expenses
4. Direct wages + Administrative overhead

**Question Number : 45 Question Id : 6806791395 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Net realizable value means

**Options :**

1. Sales less sales return
2. Sales less cost incurred necessarily to make the sale
3. Sales less gross profit margin
4. Sales less cost of purchase

**Question Number : 46 Question Id : 6806791396 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Prepayment penalty on loan :

**Options :**

1. Revenue expenditure
2. Deferred revenue expenditure
3. Capital expenditure
4. Legal expenditure

**Question Number : 47 Question Id : 6806791397 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Festival Advance to employee is:

**Options :**

1. Revenue expenditure
2. Deferred revenue expenditure
3. Capital expenditure
4. Prepaid expenses

**Question Number : 48 Question Id : 6806791398 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Renewal fee for patents is a

**Options :**

1. Capital expenditure
2. Deferred revenue expenditure

3. Revenue expenditure
4. Development expenditure

**Question Number : 49 Question Id : 6806791399 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which item of the following illustrates deferred revenue expenditure

**Options :**

1. Purchase of fixed asset
2. Wages to labour
3. Managerial remuneration
4. Discount on issue of shares and debentures

**Question Number : 50 Question Id : 6806791400 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Failure to clearly distinguish between capital and revenue items will result in

**Options :**

1. Over trading
2. Under trading
3. A misleading Receipts and Payments A/c
4. The final accounts being false and misleading

**Question Number : 51 Question Id : 6806791401 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Damages paid on account of breach of contract to supply certain goods is a

**Options :**

1. Capital expenditure
2. Revenue expenditure
3. Deferred revenue expenditure
4. Capital Receipt

**Question Number : 52 Question Id : 6806791402 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Any expenditure incurred in order to lower the operating cost or expenses denotes

**Options :**

1. Capital expenditure
2. Revenue expenditure
3. Deferred revenue expenditure
4. Capital Receipt

**Question Number : 53 Question Id : 6806791403 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Mark out the usual item(s) of deferred revenue expenditure

**Options :**

1. Administrative expenses
2. Plant Purchase
3. Repairs
4. Heavy Advertisement Expenses

**Question Number : 54 Question Id : 6806791404 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Expenses incurred on trial run of a newly purchased machine will be debited to

**Options :**

1. Trail run account
2. Machinery account
3. Miscellaneous expenses account
4. Profit and Loss account

**Question Number : 55 Question Id : 6806791405 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The revaluation method of depreciation is generally used in the case of

**Options :**

1. Land and building
2. Stock
3. Loose tools
4. Plant

**Question Number : 56 Question Id : 6806791406 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Under the annuity method, the amount of total depreciation is determined by

**Options :**

1. Adding the cost of asset and interest thereon
2. Adding the cost of asset and expected cost of maintenance
3. Deducting the scrap value interest from the asset cost
4. Deducting the amount of interest from the asset cost

**Question Number : 57 Question Id : 6806791407 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In the sinking fund method of depreciation, The entry that would transfer profit on the sale of sinking fund investments is

**Options :**

1. Dr. Sinking Fund A/c; To Sinking Fund Investment A/c
2. Dr. Sinking Fund Investment A/c; To Sinking Fund
3. Dr. Sinking Fund Investment A/c ; To P & L A/c
4. Dr. Sinking Fund Investment A/c; To P & L Appropriation A/c

**Question Number : 58 Question Id : 6806791408 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The Accounting entry for maintaining the Accumulated Depreciations A/c is

**Options :**

1. Dr. Accumulated Depreciation A/c; To Depreciation A/c
2. Dr. Depreciation A/c ; To Accumulated Depreciation A/c
3. Dr. Accumulated Depreciation A/c ; To Asset A/c
4. Dr. P & L A/c; To Accumulated Depreciation A/c

**Question Number : 59 Question Id : 6806791409 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not applied in capital budgeting?

**Options :**

1. Cash flows be calculated in incremental terms
2. All costs and benefits are measured on cash basis
3. All accrued costs and revenues be incorporated
4. All benefits are measured on after-tax basis

**Question Number : 60 Question Id : 6806791410 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A proposal is not a Capital Budgeting proposal if it:

**Options :**

1. is related to Fixed Assets
2. brings long-term benefits
3. brings short-term benefits only
4. has very large investment

**Question Number : 61 Question Id : 6806791411 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Savings in respect of a cost is treated in capital budgeting as:

**Options :**

1. An Inflow
2. An Outflow
3. Nil
4. Asset

**Question Number : 62 Question Id : 6806791412 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In capital budgeting, the term Capital Rationing implies:

**Options :**

1. That no retained earnings available
2. That limited funds are available for investment
3. That no external funds can be raised
4. That no fresh investment is required in current year

**Question Number : 63 Question Id : 6806791413 Question Type : MCQ**

**Correct : 2 Wrong : 0**

If there is no inflation during a period, then the Money Cashflow would be equal to:

**Options :**

1. Present Value
2. Real Cashflow
3. Real Cashflow + Present Value
4. Real Cashflow - Present Value

**Question Number : 64 Question Id : 6806791414 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The Real Cashflows must be discounted to get the present value at a rate equal to:

**Options :**

1. Money Discount Rate
2. Inflation Rate

3. Real Discount Rate
4. Risk free rate of interest

**Question Number : 65 Question Id : 6806791415 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Real rate of return is equal to:

**Options :**

1. Nominal Rate  $\times$  Inflation Rate
2. Nominal Rate  $\div$  Inflation Rate
3. Nominal Rate - Inflation Rate
4. Nominal Rate + Inflation Rate

**Question Number : 66 Question Id : 6806791416 Question Type : MCQ**

**Correct : 2 Wrong : 0**

EAV should be used in case of:

**Options :**

1. Divisible Projects
2. Repetitive Projects
3. One-off Investments
4. Indivisible Projects

**Question Number : 67 Question Id : 6806791417 Question Type : MCQ**

**Correct : 2 Wrong : 0**

EAV is Equal to:

**Options :**

1.  $NPV \times PVA_{F(x,n)}$
2.  $NPV + PVA_{F(x,n)}$
3.  $NPV \div PVA_{F(x,n)}$
4.  $NPV - PVA_{F(x,n)}$

**Question Number : 68 Question Id : 6806791418 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Two mutually exclusive projects with different economic lives can be compared on the basis of

**Options :**

1. Internal Rate of Return
2. Profitability Index
3. Net Present Value
4. Equivalent

**Question Number : 69 Question Id : 6806791419 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Cost of Equity Share Capital is more than cost of debt because:

**Options :**

1. Face value of debentures is more than face value of shares
2. Equity shares have higher risk than debt

3. Equity shares are easily saleable
4. debentures are easily saleable

**Question Number : 70 Question Id : 6806791420 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a generally accepted ap-proach for Calculation of Cost of Equity?

**Options :**

1. CAPM
2. Dividend Discount Model
3. Rate of Pref. Dividend Plus Risk
4. Price-Earnings Ratio

**Question Number : 71 Question Id : 6806791421 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Cash Budget does not include

**Options :**

1. Dividend Payable
2. Postal Expenditure
3. Issue of Capital
4. Total Sales Figure

**Question Number : 72 Question Id : 6806791422 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Cheques deposited in bank may not be available for immediate use due to

**Options :**

1. Payment Float
2. Recceipt Float
3. Net Float
4. Playing the Float

**Question Number : 73 Question Id : 6806791423 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Concentration Banking helps in

**Options :**

1. Reducing Idle Bank Balance
2. Increasing Collection
3. Increasing Creditors
4. Reducing Bank Transactions

**Question Number : 74 Question Id : 6806791424 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The Transaction Motive for holding cash is for

**Options :**

1. Safety Cushion
2. Daily Operations
3. Purchase of Assets
4. Payment of Dividends

**Question Number : 75 Question Id : 6806791425 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Miller-Orr Model deals with

**Options :**

1. Optimum Cash Balance
2. Optimum Finished goods
3. Optimum Receivables
4. Optimum assets

**Question Number : 76 Question Id : 6806791426 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Float management is related to

**Options :**

1. Cash Management
2. Inventory Management
3. Receivables Management
4. Raw Materials Management

**Question Number : 77 Question Id : 6806791427 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not true of cash budget ?

**Options :**

1. Cash budget indicates timings of short-term borrowing
2. Cash budget is based on accrual concept
3. Cash budget is based on cash flow concept
4. Repayment of principal amount of loan is shown in cash budget

**Question Number : 78 Question Id : 6806791428 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Baumol's Model of Cash Management attempts to:

**Options :**

1. Minimise the holding cost
2. Minimization of transaction cost
3. Minimization of total cost
4. Minimization of cash balance

**Question Number : 79 Question Id : 6806791429 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is a liability of a bank?

**Options :**

1. Treasury Bills
2. Commercial papers
3. Certificate of Deposits
4. Junk Bonds

**Question Number : 80 Question Id : 6806791430 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Commercial paper is a type of



**Options :**

1. Fixed coupon Bond
2. Unsecured short-term debt
3. Equity share capital
4. Government Bond

**Question Number : 81 Question Id : 6806791431 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Concept of Maximum Permissible Bank finance was introduced by

**Options :**

1. Kannan Committee
2. Chore Committee
3. Nayak Committee
4. Tandon Committee

**Question Number : 82 Question Id : 6806791432 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In India, Commercial Papers are issued as per the Guide lines issued by

**Options :**

1. Securities and Exchange Board of India
2. Reserve Bank of India
3. Forward Market Commission
4. Central Government

**Question Number : 83 Question Id : 6806791433 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Commercial papers are generally issued at a pries

**Options :**

1. Equal to face value
2. More than face value
3. Less than face value
4. Equal to redemption value

**Question Number : 84 Question Id : 6806791434 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The basic objective of Tandon Committee recommendations is that the dependence of industry on bank should gradually

**Options :**

1. Increase
2. Remain Stable
3. Decrease
4. Fluctuates

**Question Number : 85 Question Id : 6806791435 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In lease system, interest is calculated on

**Options :**

1. Cash down payment
2. Cash price outstanding

3. Hire purchase price
4. Minimum Lease Rent

**Question Number : 86 Question Id : 6806791436 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A short-term lease which is often cancellable is known as

**Options :**

1. Finance Lease
2. Net Lease
3. Operating Lease
4. Leverage Lease

**Question Number : 87 Question Id : 6806791437 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a usual type of lease arrangement?

**Options :**

1. Sale & leaseback
2. Goods on Approval
3. Leverage Lease
4. Direct Lease

**Question Number : 88 Question Id : 6806791438 Question Type : MCQ**

**Correct : 2 Wrong : 0**

At time to maturity comes closer, than market price of a bond approaches

**Options :**

1. Face Value
2. Redemption Value
3. Issue Price
4. Zero Value

**Question Number : 89 Question Id : 6806791439 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is a feature of zero-coupon bonds?

**Options :**

1. Sold at Par
2. Sold at premium
3. Pays no Interest
4. Not Redeemable

**Question Number : 90 Question Id : 6806791440 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Bonds that are covered by specific collaterals are called

**Options :**

1. Junk Bond
2. Floating Rate Bonds
3. Secured Bonds
4. Deep Discount Bonds

**Question Number : 91 Question Id : 6806791441 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following do not consistute "Inventories"

**Options :**

1. Stock for sale in ordinary business
2. Stock for production
3. Stock for rendering services
4. Stock for share trading

**Question Number : 92 Question Id : 6806791442 Question Type : MCQ**

**Correct : 2 Wrong : 0**

According to the AS-2 on inventories, the retail inventory method for the determination of historical cost of inventories may be used only

**Options :**

1. For inventories of items that are not ordinarily inter changeable
2. For goods manufactured and earmarked for a specific purpose
3. Where the use of such a method would approximate the results obtained throught LIFO, FIFO or average cost methods
4. Where inventory comprises of items, for which individual costs are not readily ascertainable

**Question Number : 93 Question Id : 6806791443 Question Type : MCQ**

**Correct : 2 Wrong : 0**

If the opening inventory of a business is undercast, it will

**Options :**

1. Increase gross profit and decrease net profit
2. Decrease gross profit as well as net profit
3. Increase value of assets
4. Increase gross profit as well as net profit

**Question Number : 94 Question Id : 6806791444 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following method of inventory valuation proceeds on the assumption that a minimum quantity of stock must be held at all time to carry of business

**Options :**

1. FIFO
2. Specific identification
3. Latest purchase price
4. Base stock

**Question Number : 95 Question Id : 6806791445 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Valuation of closing stock at market price or cost whichever is lower, is an example of which principle

**Options :**

1. Going concern
2. Conservatism
3. Materiality
4. Consistency

**Question Number : 96 Question Id : 6806791446 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When inventory declines in value below original (historical) cost, and this decline is considered other than temporary, what is the maximum amount that the inventory can be valued at

**Options :**

1. Sales price net of conversion costs
2. Net realizable value
3. Historical cost
4. Net realizable value reduced by a normal profit margin

**Question Number : 97 Question Id : 6806791447 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a part of inventory

**Options :**

1. Finished goods
2. Raw material, components, consumables and supplies
3. Spare parts of Plant and Machinery
4. Work in progress

**Question Number : 98 Question Id : 6806791448 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of these is not one of the objectives of inventory valuation

**Options :**

1. To determine true profit and loss
2. To show true financial position of the business
3. To properly value closing stock
4. To evade tax liability

**Question Number : 99 Question Id : 6806791449 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Loss on sale of investment is \_\_\_\_\_

**Options :**

1. debited to Investment A/c
2. debited to Profit and Loss A/c
3. credited to Profit and Loss A/c
4. debited to Fixed Asset A/c

**Question Number : 100 Question Id : 6806791450 Question Type : MCQ**

**Correct : 2 Wrong : 0**

On sale of equity shares the equity shares A/c is credited by \_\_\_\_\_

**Options :**

1. cost price
2. Net selling price
3. M.V.
4. Nominal value

**Question Number : 101 Question Id : 6806791451 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Bonus shares received increases \_\_\_\_\_

**Options :**

1. Nominal value of shares held
2. Cost of shares held
3. M.V. of shares held
4. Net worth of the entity

**Question Number : 102 Question Id : 6806791452 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Development expenditure is shown under \_\_\_\_\_

**Options :**

1. Miscellaneous expenditure
2. Capital W.I.P.
3. Debit side of Profit and Loss A/c
4. Loans and advances

**Question Number : 103 Question Id : 6806791453 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Unexecuted contracts on capital A/c is shown under \_\_\_\_\_

**Options :**

1. a note to Balance sheet as contingent liabilities
2. capital work in progress
3. share capital
4. current liabilities

**Question Number : 104 Question Id : 6806791454 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Net Block is \_\_\_\_\_

**Options :**

1. Current Assets - Current Liabilities
2. Gross Block - Accumulated depreciation
3. Net Block + Depreciation accumulated
4. Gross Block + Accumulated depreciation

**Question Number : 105 Question Id : 6806791455 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In a fixed asset schedule Gross Block Closing is equal to \_\_\_\_\_

**Options :**

1. Opening Gross Block+ purchases
2. Opening WDV + purchases
3. Opening WDV + sales - purchases
4. Closing WDV + depreciation

**Question Number : 106 Question Id : 6806791456 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In a schedule of fixed assets closing depreciation is equal to \_\_\_\_\_

**Options :**

1. opening depreciation + depreciation provided during the year - depreciation on asset sold
2. opening depreciation + closing WDV

3. closing WDV + opening WDV

4. cost - depreciation

**Question Number : 107 Question Id : 6806791457 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When demand for tax is raised by the Income tax department \_\_\_\_\_

**Options :**

1. no entry is passed
2. it is shown as a contingent liability
3. it is debited to profit and loss A/c
4. it is debited to tax paid A/c

**Question Number : 108 Question Id : 6806791458 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is (are) treated as expense(s) by not-for-profit colleges and universities?

**Options :**

1. tuition waivers and student aid
2. tuition waivers and estimated bad debts
3. estimated bad debts and student aid
4. tuition waivers, student aid and estimated bad debts

**Question Number : 109 Question Id : 6806791459 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Not-for-profit college and university student unions, dormitories, and residence halls are considered

**Options :**

1. educational and general services
2. auxiliary enterprises
3. independent operations
4. restricted enterprises

**Question Number : 110 Question Id : 6806791460 Question Type : MCQ**

**Correct : 2 Wrong : 0**

An alumnus made a donation of adjoining land to a university. The university would record the gift as

**Options :**

1. an endowment asset
2. a restricted revenue
3. an unrestricted revenue
4. an exchange transaction

**Question Number : 111 Question Id : 6806791461 Question Type : MCQ**

**Correct : 2 Wrong : 0**

In a not-for-profit university, the federal grant funds given directly to students are an example of

**Options :**

1. a bequest
2. an agency transaction
3. unrestricted revenue
4. a restricted contribution

**Question Number : 112 Question Id : 6806791462 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not true of a trail balance

**Options :**

1. It proves that the total debits equal total credits, if it balances
2. It facilitates preparation of financial statements
3. It proves that no errors have been made in recording transactions, if it balances
4. It will not detect an error where the accounts debited and credited are reversed to recording a particular transaction.

**Question Number : 113 Question Id : 6806791463 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following describes the proper sequence of actions in the accounting cycle

**Options :**

1. Post, enter, Analyse, prepare, close, adjust
2. Analyse, enter, post, adjust, prepare, close
3. Prepare, enter, post, adjust, analyse, close
4. Enter, post, close, prepare, adjust, Analyse

**Question Number : 114 Question Id : 6806791464 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Errors of recording do not allow

**Options :**

1. Correct totaling of the Balance Sheet
2. Correct totaling of the Trail Balance
3. The Trail Balance to agree
4. Profit & Loss A/c will not correct

**Question Number : 115 Question Id : 6806791465 Question Type : MCQ**

**Correct : 2 Wrong : 0**

When a jewelry store locks its merchandise in a vault at the end of the day, it is practicing

**Options :**

1. risk reduction
2. risk avoidance
3. risk assumption
4. risk shifting

**Question Number : 116 Question Id : 6806791466 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Risks that insurance firms will not assume are called

**Options :**

1. uninsurable risks
2. insurable risks
3. endorsements
4. pure risks

**Question Number : 117 Question Id : 6806791467 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Costs for injury or death due to hazards at the work place are covered under \_\_\_\_\_ insurance

**Options :**

1. product liability
2. life
3. malpractice
4. public liability

**Question Number : 118 Question Id : 6806791468 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Insurance that provides protection for a stated period of time is defined as \_\_\_\_\_ insurance

**Options :**

1. straight life
2. single-payment
3. term
4. limited-payment

**Question Number : 119 Question Id : 6806791469 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A state law requires individuals suffering injury or loss from an automobile accident to be reimbursed by their own insurance companies. What type of insurance is this?

**Options :**

1. No-fault auto insurance
2. Public liability insurance
3. Automobile physical damage insurance
4. Automobile liability insurance

**Question Number : 120 Question Id : 6806791470 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a condition for an insurable loss?

**Options :**

1. Using accurate and effective accounting and financial controls to protect the firm's inventories and cash from pilfering
2. Establishing a self-insurance health program that covers all employees
3. Installing burglar alarms, security guards, and even guard dogs to protect warehouses from burglary
4. Purchasing and using safety equipment, from hand guards on machinery to goggles and safety shoes for individuals

**Question Number : 121 Question Id : 6806791471 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which one of the following is not a condition for an insurable loss?

**Options :**

1. Losses must be under the control of the insured
2. The insured hazard must be geographically widespread
3. The probability of a loss should be predictable
4. Losses must result from an intentional action by the insured person

**Question Number : 122 Question Id : 6806791472 Question Type : MCQ**

**Correct : 2 Wrong : 0**

How much fire insurance must be carried on a \$50,000 building to satisfy the 80 percent coinsurance clause?

**Options :**

1. \$50,000



2. \$40,000
3. \$20,000
4. \$10,000

**Question Number : 123 Question Id : 6806791473 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A method for reducing the cost of health care by offering the services of doctors and hospitals at discount rates or giving breaks in co-payments and deductibles is offered by

**Options :**

1. a health maintenance organization
2. a major medical plan
3. health-care insurance
4. a preferred provider organization

**Question Number : 124 Question Id : 6806791474 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which risk-management technique does self-insurance satisfy?

**Options :**

1. Risk reduction
2. Risk assumption
3. Risk avoidance
4. Shifting risks

**Question Number : 125 Question Id : 6806791475 Question Type : MCQ**

**Correct : 2 Wrong : 0**

'Goods sent on approval basis' have been recorded as 'Credit sales'. This is an example of \_

**Options :**

1. Error of principle
2. Error of commission
3. Error of omission
4. Error of duplication

**Question Number : 126 Question Id : 6806791476 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The risk of management fraud increases in the presence of :

**Options :**

1. Frequent changes in suppliers
2. Improved internal control system
3. Substantial increases in sales
4. Management incentive system based on sales done in a quarter

**Question Number : 127 Question Id : 6806791477 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Auditing standards differ from audit procedures in that procedures relate to

**Options :**

1. Audit assumptions
2. acts to be performed

3. quality criterion
4. methods of work

**Question Number : 128 Question Id : 6806791478 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The most difficult type of misstatement to detect fraud is based on:

**Options :**

1. Related party purchases
2. Related party sales
3. The restatement of sales
4. Omission of a sales transaction from being recorded

**Question Number : 129 Question Id : 6806791479 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following statements is correct concerning the required documentation in working papers of fraud risk assessment undertaken by the auditor?

**Options :**

1. All risk factors as mentioned in audit standards, should be considered and documented along with response to them
2. Document the identification of fraud risk factors along with response to them
3. Document material fraud, risk factors and response to them
4. No documentation is required

**Question Number : 130 Question Id : 6806791480 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is the most appropriate potential reaction of the auditor to his assessment that the risk of material misstatement due to fraud is high in relation to existence of inventory?

**Options :**

1. Visit location on surprise basis to observe test counts
2. Request inventory count at a date close to year end
3. Vouch goods sent on approval very carefully
4. Perform analytical procedures

**Question Number : 131 Question Id : 6806791481 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not likely to be a fraud risk factor relating to management's characteristics

**Options :**

1. Tax evasion
2. Failure to correct known weakness in internal control system
3. Adoption of conservative accounting principles
4. High management turnover

**Question Number : 132 Question Id : 6806791482 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Professional skepticism requires that the auditor assume that management is

**Options :**

1. Reasonably honest
2. Neither honest nor dishonest
3. Not necessarily honest

4. Dishonest unless proved otherwise

**Question Number : 133 Question Id : 6806791483 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The nature, timing and extent of substantive procedures is related to assessed level of control risk

**Options :**

1. Randomly
2. disproportionately
3. Directly
4. inversely

**Question Number : 134 Question Id : 6806791484 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following factors is most important in determining the appropriations of audit evidence?

**Options :**

1. The reliability of audit evidence and its relevance in meeting the audit objective
2. The objectivity and integrity of the auditor
3. The quantity of audit evidence
4. The independence of the source of evidence

**Question Number : 135 Question Id : 6806791485 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The auditor's permanent working paper file should not normally, include

**Options :**

1. extracts from client's bank statements
2. past year's financial statements
3. attorney's letters
4. debt agreements

**Question Number : 136 Question Id : 6806791486 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following statement is true regarding an auditor's working papers?

**Options :**

1. They document the level of independence maintained by the auditor
2. They should be considered as the principle support for the auditor's report
3. They should not contain details regarding weaknesses in the internal control system
4. They help the auditor to monitor the effectiveness of the audit firm's quality control

**Question Number : 137 Question Id : 6806791487 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following statement best describes the understanding with respect to ownership and custody of working papers prepared by an auditor?

**Options :**

1. The working papers may be obtained by third parties when they appear to be relevant to issues raised in litigation
2. The safe custody of working papers is the responsibility of client, if kept at his premises
3. The working papers must be retained by an audit firm for a period of 10 years
4. Successor auditors may have access to working papers of the predecessor auditors. The approval of client is not required.

**Question Number : 138 Question Id : 6806791488 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a revenue expense?

**Options :**

1. Cost of raising a loan
2. Cost of accessories of motor vehicles spent at the time of purchase
3. Expenses incurred for laying of sewers on land purchased
4. Insurance premium paid at the time of registration of the ship

**Question Number : 139 Question Id : 6806791489 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Depreciation does not arise from \_\_\_\_\_

**Options :**

1. effluxion of time
2. use
3. obsolescence through technology by market changes
4. market expectation

**Question Number : 140 Question Id : 6806791490 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is a revenue reserve?

**Options :**

1. Capital redemption reserve
2. Security premium account
3. Debenture redemption reserve
4. Capital reserve

**Question Number : 141 Question Id : 6806791491 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following will not lead to creation of secret reserve?

**Options :**

1. Undervaluation of closing stock
2. Charging capital expenditure to revenue
3. Goods sent on consignment being shown as actual sales
4. Charging higher rates of depreciation on fixed assets than actually required

**Question Number : 142 Question Id : 6806791492 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following expenses should not be treated as capital expenditure?

**Options :**

1. Expenses paid on installation of a plant
2. Cost of dismantling a building in case a new building is to be constructed on the land
3. Legal expenses incurred to defend a suit related to title of patent. The suit has been lost
4. The fees paid to engineer who constructed the plant

**Question Number : 143 Question Id : 6806791493 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Which of the following is not a revenue expense?

**Options :**

1. Cost of raising a loan
2. Cost of accessories of motor vehicles spent at the time of purchase
3. Expenses incurred for laying of sewers on land purchased
4. Insurance premium paid at the time of registration of the ship

**Question Number : 144 Question Id : 6806791494 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The part of Government Audit which is concerned with examining whether the money has been spent for the purpose specified in Appropriation Act is called.

**Options :**

1. audit of sanctions
2. audit of provision of funds
3. audit of rules and orders
4. audit of financial propriety

**Question Number : 145 Question Id : 6806791495 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Audit of debt, deposits and remittances does not cover

**Options :**

1. audit of borrowings
2. audit of amortization of debt
3. audit of sanctions
4. remittance audit

**Question Number : 146 Question Id : 6806791496 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The Regulation on Audit and Accounts were made by C&AG of India in the year

**Options :**

1. 2005
2. 2007
3. 2008
4. 2009

**Question Number : 147 Question Id : 6806791497 Question Type : MCQ**

**Correct : 2 Wrong : 0**

The C&AG of India undertakes audit which are broadly categorised as

**Options :**

1. Financial audit, compliance audit and Performance audit
2. Civil audit, commercial audit, railway audit and P&T audit
3. Receipt audit, expenditure audit and grant audit
4. Statutory Audit

**Question Number : 148 Question Id : 6806791498 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Audit will be conducted (i) In the Audit Office (ii) In the office of the Auditable entity (iii) At the site where the relevant records for audit are available (iv) At such place as may be decided by audit.

**Options :**

1. (i) & (ii)
2. (i) ,(ii) & (iii)
3. (ii), (iii) & (iv)
4. (i) to (iv)

**Question Number : 149 Question Id : 6806791499 Question Type : MCQ**

**Correct : 2 Wrong : 0**

A request for the special Audit shall be given due consideration by C&AG or any other Officer so authorised if the request for such audit of a programme , project or organisation is made with the approval of the

**Options :**

1. Cabinet secretary
2. Secretary of the concerned department
3. Minister concerned
4. Finance Minister

**Question Number : 150 Question Id : 6806791500 Question Type : MCQ**

**Correct : 2 Wrong : 0**

Auditing standards will apply to (i) the individual auditor (ii)the audit department (iii) the auditee organization (iv) the head of the auditee organisation

**Options :**

1. (i)
2. (i) &(ii)
3. (i), (ii) & (iii)
4. (i), (ii) and (iv)