

Examrace

Competitive Exams: Commerce MCQs (Practice_Test 76 of 99)

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1. If the operating expenses exceed gross profit, the excess is referred to as
 - a. operating income
 - b. operating loss
 - c. non-operating expenses
 - d. non-operating income
2. On using reducing balance method on an asset of ₹ 20,000 at the rate of 10 % per annum, depreciation after three years will be.
 - a. ₹ 6,000
 - b. ₹ 1,800
 - c. ₹ 1,620
 - d. ₹ 2,000
3. Owner's equity stands for
 - a. Fixed Assets minus Fixed Liabilities
 - b. Fixed Assets minus Current Liabilities
 - c. Current Assets minus Fixed Liabilities
 - d. Total Assets minus Total Liabilities
4. Accounting is
 - a. the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in the at part at best financial in character, and interpreting thereof.
 - b. a systematic and regular record of events affecting a firm with a view to obtaining a clear financial picture.
 - c. preparation of various financial statements over a period of time of a firm to measure its performance in monetary terms.
 - d. nothing but book-keeping

5. Aush started business on 1st April, 1995 with a capital of ₹ 25,000 and a loan of ₹ 12,500. Total assets and liabilities at the end of 31st March, 1996 amounted to ₹ 75,000 and ₹ 12,500 respectively. He invested a further capital of ₹ 12,500 during the year and withdrew ₹ 7,500 during the relevant financial period. His closing capital and profits would be respectively
- ₹ 62,500 and ₹ 32,500
 - ₹ 50,000 and ₹ 40,000
 - ₹ 70,000 and ₹ 47,500
 - ₹ 55,000 and ₹ 42,500
6. A person started business with a cash of ₹ 22,000 and stock of ₹ 3,000 on 1st January, 1996. During the year, he made a profit of ₹ 6,000. His creditors were paid ₹ 4,500 for the office furniture supplied. He took goods worth ₹ 3,500 for his daughter's wedding on 30th June, 1996. The gross assets of his business on 31st December, 1996 was
- ₹ 27,500
 - ₹ 26,500
 - ₹ 23,500
 - ₹ 20,500
7. Match List I with List II and select the correct answer:

List-I (Item)	List-II (Type of asset)
A. Brand equity	1. Tangible
B. Plant and Machinery	2. current
C. Advances to suppliers	3. Intangible
D. Deferred revenue expenditure	4. Fictitious

A B C D

- 3 1 4 2
- 3 1 2 4
- 1 3 2 4
- 1 3 4 2

8. In stock valuation, application of the principle ‘at cost price or market price whichever is lower’ will result in the valuation of stock sometimes at cost price and at other times at market price. This is an application of the principle of

- a. Consistency
- b. Materiality
- c. Conservatism
- d. Disclosure

9. Match List I with List II and select the correct answer:

List-I	List-II
A. Heavy amount of	1. Capital expenditure premium on redemption of preference shares.
B. Excess of sale proceeds	2. Deferred revenue expenditure fixed assets over their original cost
C. Cost of installation	3. Capital gain of an old machine
D. Freight paid on purchase	4. Revenue of raw material expenditure

A B C D

- a. 2 3 4 1
- b. 3 2 4 1
- c. 2 3 1 4
- d. 3 2 1 4

10. Amount spent on an advertisement campaign, the benefit of which is likely to last for three years is a

- a. capital expenditure
- b. revenue expenditure
- c. deferred revenue expenditure
- d. contingent expenditure

11. Match List I with List II and select the correct answer:

List-I	List-II
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<p>A. Preliminary expenses</p> <p>B. Traveling expenses of</p> <p>C. Profit on sale of a part</p> <p>D. Nazarene paid on the</p>	<p>1. Capital expenditure</p> <p>2. Revenue expenditure r the salesman</p> <p>3. Capital gain of the business building</p> <p>4. Deferred revenue purchase of Land for expenditure business</p>
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A B C D

a. 4 2 3 1

b. 4 2 1 3

c. 2 4 3 1

d. 2 4 1 3

12. Revenue is generally recognized as being earned at that point of time when
- sale is effected
 - cash is received
 - production is completed
 - debts are collected
13. Which one of the following will be treated as revenue expenditure?
- Cost incurred for a new exit as required under the local bodies ' bye laws
 - Interest paid on loan during the construction of works
 - Cost of pulling down an old building as also the payment made to the architect for the plan of a new building
 - A dealer in sewing machines purchases sewing machines and spends some money on the repair of ten machines damaged while in transit.
14. Which one of the following is capital expenditure?
- Cost of advertisement
 - Purchase of a delivery van

- c. Purchase of raw material
 - d. Purchase of machine oil
15. Which one of the following is an intangible asset?
- a. Furniture
 - b. Patent Right
 - c. Investment in shares
 - d. Loose tools

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