

TEST

Accounts MCQ 1

QUESTIONS

SECTIONS

1. Section A - 20 Questions

Section 1 : Section A - 20 Questions

1 The document inviting offer from public to subscribe to its share is called_____

- Prospectus
- Share certificate
- Both a & b
- None of these

Correct: +1

2 The relationship between net profit before tax, interest & capital employed is known from_____

- Current ratio
- Quick ratio
- ROI
- ROCE

Correct: +1

3 On _____debenture the amount is repaid after specific period

- Redeemable
- Irredeemable
- Secure
- Non convertible

Correct: +1

4 Partner's current account is opened when fluctuating capital method is adopted.

- True
- False

Correct: +1

5. A bill of exchange must be accepted by _____

- A drawer
- A payee
- An endorsee
- A drawee

Correct: +1

6 If closing capital is ₹ 30000 & profit is ₹ 5000 opening capital was _____

- ₹ 35000
- ₹ 30000
- ₹ 25000
- ₹ 15000

Correct: +1

7 Non cash items are not recorded in _____

- Income & expenditure account
- Receipt & payment account
- Balance sheet
- Profit & loss account

Correct: +1

8 In private placement shares are issued to public through prospectus.

- True
- False

Correct: +1

9 _____ means winding up of the partnership firm.

- Dissolution
- Formation
- Retirement
- Death

Correct: +1

10 M, N & S are partners in the firm having joint life policy of Rs. 100000 on which premium has been paid by the firm. M dies & his legal representative want the whole amount of the policy whereas N & S want to distribute the amount among all the partners

- M's representative is correct
- N & S are correct
- All are wrong

Insurance company will decide

Correct: +1

11 Partnership agreement must be in written form.

True

False

Correct: +1

12 An amount received from the insurance company against the joint life policy is_____

Debited to deceased partner

Credited to deceased partner

debited to profit & loss suspense account

credited to all partners capital account in their profit sharing ratio

Correct: +1

13 _____ratio is a ratio which continuing partners are benefited on retirement of partner

New

Sacrifice

gain

Old

Correct: +1

14 Financial statement includes only balance sheet.

True

False

Correct: +1

15 Analysis of financial statement is a tool but not remedy

True

False

Correct: +1

16 The amount of irredeemable debentures is not paid in the lifetime of the company

True

False

Correct: +1

17 The debentures are known as creditorship capital of the company.

True

False

Correct: +1

18 Equity share is a guarantee of fixed rate of dividend

True

False

Correct: +1

19 Closing stock is always valued at market price

True

False

Correct: +1

20 Prepaid expenses are shown on the assets side of the balance sheet

True

False

Correct: +1

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ANSWERS

SECTIONS

1. Section A - 20 Questions

Section 1 : Section A - 20 Questions

- 1 Prospectus
- 2 ROI
- 3 Redeemable
- 4 False
- 5 A drawee
- 6 ₹ 25000
- 7 Receipt & payment account
- 8 False
- 9 Dissolution
- 10 N & S are correct
- 11 False
- 12 credited to all partners capital account in their profit sharing ratio
- 13 gain
- 14 False
- 15 True
- 16 True
- 17 True
- 18 False
- 19 False
- 20 True