

Time Allowed: 2 HoursMax.Marks: 70

## Instructions for the Students

1. The question paper shall consist of 70 Multiple Choice questions.
2. All questions are compulsory. Each question carries 1 mark.
3. There will be no negative marking.

1. Assets = Liabilities + + (Revenue – \_\_). Choose the correct options for filling the blanks respectively.

- a) Capital, Expenses
- b) Profit, Expenses
- c) Expenses, Capital
- d) Loss, Expenses

2. If a company borrows money from a bank, how would this transaction affect the accounting equation?

- a) Increase assets and increase equity
- b) Increase assets and increase liabilities
- c) Decrease assets and decrease liabilities
- d) Decrease assets and decrease equity

3. The convention of full disclosure in financial reporting implies:

- a) Disclosing all details of personal transactions of management
- b) Providing complete information in financial statements and footnotes
- c) Reporting only material transactions
- d) Disclosing information only to the tax authorities

4. The account which decreases equity is known as?

- a) Debit Account
- b) Credit Account
- c) Expenses
- d) Treasury Stock

5. When are balance sheets prepared?

- a) Quarterly
- b) Yearly
- c) Monthly
- d) None of the above

6. What type of balance do liability accounts have?

- a) Contra
- b) Credit
- c) Debit
- d) None of the above

7. How are intangible assets typically amortized on the financial statements?

- a) Straight-line basis over a specific period
- b) Double-declining balance method
- c) No amortization is allowed
- d) Amortization is only done if the asset's fair value decreases

8. In accounting, where are individual transactions initially recorded before being transferred to the general ledger?

- a) Journal
- b) Ledger
- c) Trial Balance
- d) Balance Sheet

9. In which financial statement would you find the net income or net loss of a business?

- a) Balance Sheet
- b) Income Statement
- c) Cash Flow Statement
- d) Statement of Changes in Equity

10. What is the term for the document that outlines the specific terms and conditions under which a credit sale is made, including the payment terms and any applicable discounts?

- a) Invoice
- b) Debit Note
- c) Purchase Order
- d) Credit Terms

11. The kind of debts which are needed to be repaid in a short term is known as?

- a) Fixed Liabilities
- b) Current Liabilities
- c) Depreciating Assets
- d) Intangible Assets

12. Copyrights, Patents and Trademarks are examples of

- A) Current assets
- B) Fixed assets
- C) Intangible assets
- D) Investments

13. Which of the following is considered a long-term liability?

- a) Accounts Payable
- b) Accrued Liabilities

- c) Long-term Debt
- d) Short-term Notes Payable

14. What is the purpose of calculating the operating cycle in business?

- a) To measure the company's overall profitability
- b) To assess the efficiency of the company's production process
- c) To evaluate the effectiveness of the company's marketing strategies
- d) To understand the time it takes to convert resources into cash flows from sales

15. The main Purpose of Financial Accounting is?

- a) To Provide financial information to shareholders
- b) To maintain balance sheet
- c) To minimize taxes.
- d) To keep track of liabilities

16. What is Bank Overdraft?

- a) A document used by a company's accounts payable department containing the supporting documents for an invoice.
- b) A negotiable instrument where payment is guaranteed by the issuing bank.
- c) A negotiable instrument similar to a bill of exchange.
- d) A line of credit that covers your transactions if your bank account balance drops below zero.

17. What is the term for a document sent by a seller to a buyer indicating the products, quantities, and agreed prices for products or services?

- a) Bill of Lading
- b) Invoice
- c) Purchase Order
- d) Credit Note

18. What type of financial statement primarily presents the revenues and expenses of a company for a specific period?

- a) Balance Sheet
- b) Income Statement
- c) Cash Flow Statement
- d) Statement of Retained Earnings

19. If you want to ensure that your money will be secured if cheques sent are wasted in the post, you should

- A) Always pay by cash
- B) Cross your Cheques 'Account Payee only, Not Negotiable.'
- C) Always get the money in person

D) Not use the postal service in future

20. The assets that can be easily converted into cash within a short period, i.e., 1 year or less are known as

A) Current assets

B) Fixed assets

C) Intangible assets

D) Investments

21. When any manual accounting system is transformed into a computerised accounting system, what do the employees of an organisation undertake?

(a) Resist the change

(b) Accept the change

(c) Do nothing

(d) Take training

22. What are obligations that are uncertain and depend on a future event?

A) Current Assets

B) Fixed Liabilities

C) Contingent Liabilities

D) All of the above

23. The criterion fulfilled by an effective accounting report is \_\_\_\_\_.

(a) Relevance, Timeliness, Accuracy, Completeness, and Summarisation

(b) Relevance, Timeliness, Accuracy, Completeness, and Globalisation

(c) Relevance, Legibility, Speed, Automation

(d) Reliability, Accuracy, Scalability, Efficiency, and Quality

24. Where would you find the total assets and total liabilities of a company?

A) Profit and loss account

B) Balance sheet

- C) Trial balance
- D) Trading account

25. What are the factors to be considered while using source accounting software?

- (a) Flexibility
- (b) Adaptability
- (c) Interest in management
- (d) Both a and b

26. What is the primary purpose of acquiring fixed assets in a business?

- A) Immediate resale
- B) Long-term use in the business
- C) Short-term investment
- D) Daily operational expenses

27. Where should the expenses related to the general administration of a business be recorded?

- A) Trading account
- B) Profit and Loss account
- C) Balance Sheet
- D) None of the above

28. Where would you find the account for Rent Expense?

- A) Sales Ledger
- B) Nominal Ledger
- C) Purchases Ledger
- D) General Ledger

29. Long-term assets without any physical existence but, possessing a value are called

- A) Intangible assets
- B) Fixed assets

C) Current assets

D) Investments

30. What is the purpose of recording "depreciation" in accounting?

A) To increase assets

B) To reduce liabilities

C) To allocate the cost of fixed assets over their useful life

D) None of these

31. Where are credit purchases recorded in the accounting system?

A) The Cash Book

B) The Purchases Journal

C) The Sales Journal

D) The Sales Account

32. What is recorded in the Sales Journal?

A) Trade discounts

B) Sales invoices

C) Payments from customers

D) Discounts received

33. How many users can open the Excel file at the same time?

a) 64 users

b) 128 users

c) 256 users

d) 512 users

34. The data storage system which remains hidden from the user and responds to the requirement of the user to the extent the user is authorised to access is known as \_\_\_\_\_.

(a) Back-end database

(b) Front-end database

(c) Data processing

(d) Reporting system

35. The \_\_\_\_\_ of a vendor is also an important factor to consider while opting for computerised accounting software.
- (a) Level of profit
  - (b) Honesty
  - (c) Capability
  - (d) None of the above
36. Excel is a \_\_\_\_ program developed by Microsoft.
- a) Spreadsheet
  - b) Document
  - c) Data management
  - d) All of the above
37. If it is required to maintain fixed capitals then the partners' shares of profits must be
- A) Credited to capital accounts
  - B) Debited to capital accounts
  - C) Debited to partners' current accounts
  - D) Credited to partners' current accounts
38. What is a characteristic of computerized accounting software?
- (a) Requires manual data entry only
  - (b) Limited storage capacity
  - (c) Provides real-time access to financial information
  - (d) None of the above
39. What is the column width in a worksheet?
- a) 26 characters
  - b) 128 characters
  - c) 255 characters
  - d) 256 characters
40. Among the following, which ready-to-use accounting software package is available in today's market?
- (a) Tally
  - (b) E.X.
  - (c) Busy

(d) All of the above

41. When a petty cash book is kept there will be

- A) No entries made at all in the general ledger for items paid by petty cash
- B) The same number of entries in the general ledger
- C) Fewer entries made in the general ledger
- D) More entries made in the general ledger

42. In order to find out the value of the closing stock during the end of the financial year we,

- A) do this by stocktaking
- B) deduct the cost of goods sold from sales
- C) deduct opening stock from the cost of goods sold
- D) look in the stock account

43. What is a potential advantage of off-the-shelf software?

- (a) Customized for specific business needs
- (b) Lower initial cost
- (c) Requires significant development time
- (d) Provides high secrecy of data

44. Which of the following is a potential disadvantage of a computerized accounting system?

- (a) Reduced errors
- (b) Increased efficiency
- (c) Initial setup cost
- (d) Enhanced data security

45. The fill function can be \_\_\_\_\_ to complete formulas in a range.



- a) Single clicked
- b) Double-clicked
- c) Triple clicked
- d) Right clicked

46. The total number of columns in a worksheet?

- a) 26
- b) 256
- c) 12,834
- d) 16,384

47. If an organisation wants to develop a computerised accounting system according to its need as the business of the organisation is complex. Which software should opt for?

- (a) Ready to use software
- (b) Customised software
- (c) Tailor-made software
- (d) All of the above

48. An accounting information system processes financial transactions and events based on \_\_\_\_\_.

- (a) Governing principles
- (b) Management principles
- (c) Accepted principles
- (d) Generally accepted accounting principles

49. If we take goods for own use we should

- A) Debit Drawings Account, Credit Purchases Account
- B) Debit Drawings Account: Credit Stock Account
- C) Debit Sales Account: Credit Stock Account
- D) Debit Purchases Account: Credit Drawings Account

50. Gross profit is

- A) Cost of goods sold + Opening stock

- B) Sales – cost of goods sold
- C) Sales – Purchases
- D) Net profit – expenses

51. If a trial balance totals do not agree, the difference must be entered in

- A) The Profit and Loss Account
- B) A Nominal Account
- C) The Capital Account
- D) A Suspense Account

52. What is the file extension for a Microsoft Word document?

- a) .docx
- b) .txt
- c) .pdf
- d) .xls

53. When you save a new presentation in Microsoft PowerPoint, what is the default file extension?

- a) .ppt
- b) .pptx
- c) .pps
- d) .ppsx

54. What does the shortcut key CTRL + B do in Microsoft Excel?

- a) Bold the selected text
- b) Italicize the selected text
- c) Underline the selected text
- d) Center-align the selected text

55. Which of the following functions does Microsoft Excel primarily serve?

- a) Word Processing
- b) Graphic Design
- c) Data Analysis
- d) Video Editing

56. In Microsoft Excel, what is a single spreadsheet within a workbook called?

- a) Document
- b) Page
- c) Sheet
- d) Record

57. The total number of rows in a worksheet?

- a) Unlimited
- b) 65,535
- c) 1,048,576
- d) 1,068,576

58. Which among these is not an example of system utility software?

- (a) Anti-virus utility to scan a computer for viruses
- (b) Microsoft-office package
- (c) Disk compression utility to compress contents of a disk for increasing the capacity of a disk
- (d) Disk partitioning to divide a single drive into multiple logical drives

59. A software must be easy to \_\_\_\_\_.

- (a) Install
- (b) Adapt
- (c) Understand
- (d) All of the above

60. What is the maximum number of rows in an Excel worksheet?

- a) 1,048,576 rows
- b) 524,288 rows
- c) 256 rows
- d) 32,768 rows

61. How many characters can a cell in Excel contain?

- a) 32,767
- b) 65,530

- c) 65,535
- d) 65,536

62. How many times can you redo actions in Excel?

- a) 25
- b) 50
- c) 75
- d) 100

63. At the balance sheet date, the balance on the Accumulated Provision for Depreciation Account is

- A) Simply deducted from the asset in the Balance Sheet
- B) Transferred to Profit and Loss Account
- C) Transferred to the Asset Account
- D) Transferred to Depreciation Account

64. What is the term for a group of cells in a rectangular block in a worksheet?

- a) Box
- b) Range
- c) Cell Group
- d) Row-Column Junction

65. What are the features of a computerised accounting system?

- (a) It facilitates off-line input and storage of accounting data
- (b) This system never fails
- (c) It generates a print-out of purchase and sale invoices
- (d) None of the above

66. Which logical function returns TRUE if one or more arguments evaluate TRUE; FALSE if none of the arguments evaluate to TRUE?

- a) OR
- b) AND
- c) NOT
- d) XOR

67. Which logical function returns TRUE if all arguments evaluate to TRUE; FALSE if one or more arguments evaluate to FALSE?

- a) OR
- b) AND
- c) IF
- d) NAND

68. The Excel function that returns the Boolean value TRUE is:

- a) TRUE()
- b) FALSE()
- c) BOOLEAN(TRUE)
- d) There is no such function

69. What is the keyboard shortcut to autosum a column or row in MS Excel?

- a) CTRL + =
- b) ALT + =
- c) ALT + S
- d) CTRL + SHIFT + =

70. Which of the following is not typically considered a limitation of computerized accounting systems?

- a) Security concerns
- b) Staff resistance to change
- c) Real-time reporting capabilities
- d) Cost of software and hardware upgrades