



Accounting Practice MCQs Competitive Exams Set 11

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(1) Acid Test Ratio is calculated as under:

- (a) Current Assets/Current Liabilities
- (b) Fixed Assets/Current Liabilities
- (c) Liquid Assets/Current Liabilities
- (d) None of these

Answer. (c)

(2) Deferred cost is a:

- (a) Liability
- (b) Asset
- (c) None of these

Answer. (b)

(3) Work Sheet is:

- (a) Balance Sheet
- (b) Fund Flows Statement
- (c) A combination of Profit and Loss Account and Balance Sheet items
- (d) None of these

Answer. (c)

(4) Banks, for the preparation of financial statements, are governed under:

- (a) Banking Companies Ordinance, 1962
- (b) State Bank of Pakistan Act
- (c) None of these

Answer. (a)

(5) Return on investment is computed:

- (a) Investment/Profit x 100
- (b) Profit x 100/Investment
- (c) None of these

Answer. (b)

(1) Rent of the premises constitutes variable expenses for cost allocation:

- (a) True
- (b) False

Answer. (a)

(2) Sugar used in a sugarcane company is:

- (a) Variable cost
- (b) Fixed cost
- (c) None of these

Answer. (a)

(3) An auditor is liable under the following circumstances:

- (a) Third Party Liabilities
- (b) Fraud perpetrated in highly sophisticated circumstances
- (c) None of these

Answer. (b)

(4) Agricultural income is taxable under the Income Tax Laws of Pakistan:

- (a) True
- (b) False

Answer. (b)

(5) Principal and markup payment within one year constitutes long term liability for disclosure in the balance sheet of a company.

- (a) True
- (b) False

Answer. (b)