



Accounting Practice MCQs Competitive Exams Set 16

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(16) Loss on sale of an asset should be written off against:

- (a) Share premium account
- (b) Sales account
- (c) Depreciation fund account
- (d) None of these (P & L A/C Dr and Fixed Asset Cr)

Answer. (d)

(17) Income and expenditure account reveals

- (a) Cash in hand
- (b) Surplus or deficiency
- (c) Capital account
- (d) None of these

Answer. (b)

(18) Which of the following is true regarding the work sheet.

- (a) It is the form, which an accountant uses for his own aid and convenience.
- (b) It assists in the orderly preparation of the adjustments and financial statements at the end of the account period.
- (c) It can substitute for Journal and ledger
- (d) Only a & b are true

Answer. (d)

(19) The post-closing trial balance will:

- (a) Contain only income statement accounts
- (b) Contain only balance sheet accounts
- (c) Contain both income statement and balance sheet accounts

(d) Be prepared before closing entries are posted to the ledger

Answer. (b)

(20) The cost of goods and services used up in the process of obtaining revenue are called:

- (a) Net income
- (b) Revenue
- (c) Expenses
- (d) Liabilities

Answer. (c)

(1) There is no difference between Financial Report and Financial statement. (True/False)

Answer. False

(2) Calculating number of days uncollected of sales is known as Collection Index. (True/False)
(No such a word exist in accounting lexicon)

Answer. False

(3) Wages paid for construction of a plant is revenue expenditure. (True/False)

Answer. False

(4) Times interest earned is a great interest for a banker. (True/False)

Answer. False

(5) Budgeted Profits are always high when pessimistic approach for preparing budget is followed. (True/False)

Answer. False

(6) Work Sheet only presents Balance Sheet figures. (True/False)

Answer. False

(7) Trial Balance is prepared from ledger. (True/False)

Answer. True

(8) Banks are governed under the Companies Ordinance, 1984 only for preparation of their financial statements. (True/False)

Answer. False

(9) Suspense Account is a clear account with no question to be asked. (True/False)

Answer. False

(10) Ledgers are prepared from vouches much before transections are recorded in the Journal.
(True/False)

Answer. False

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