



## Accounting Practice MCQs Competitive Exams Set 18

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(11) Both the accounts for depreciation expense and accumulated depreciation:

- (a) Are closed at the end of the period
- (b) Appear in the Adjusted Trial Balance Columns of the worksheet
- (c) Appear in the Trial Balance Columns of the worksheet
- (d) None of these

Answer. (c)

(12) When a partnership is liquidated:

- (a) Any cash distribution to partners is allocated according to the profit and loss sharing ratio.
- (b) Cash is distributed to each partner according to his or her capital account balance before the sale of partnership assets.
- (c) Any gain or loss on disposal of partnership assets is divided among the partners according to their relative account balances.
- (d) None of these

Answer. (c)

(13) In projecting the future profitability of a trading company, investors will be least concerned with changes in:

- (a) The gross profit rate
- (b) The quick ratio
- (c) Sales volume
- (d) None of these

Answer. (b)

(14) Revenue is most commonly recognized at the time when:

- (a) Cash is collected
- (b) The order is received from customers

- (c) The sale is made
- (d) None of these

Answer. (c)

(15) Which of the following list of accounts is used to compute the cost of goods sold?

- (a) Purchases, inventory, and sales returns.
- (b) Gross profit, purchase returns and carriage inward.
- (c) Inventory, net sales and purchases
- (d) none of these

Answer. (c)

(16) which of the following is ascertained by drawing up an income and expenditure account?

- (a) Cash in hand
- (b) Surplus or Deficiency
- (c) Capital Fund
- (d) none of these

Answer. (b)

(17) On April 1, Hassan & Company received and paid a Rs.700 bill for the advertising done in March. In addition to this bill the company paid Rs. 6,100 during April for expenses incurred in that month. Hassan & Company paid Rs.3,600 as salary to employees for work done in April. Based on these facts, total expenses for the month of April were:

- (a) Rs.6,100
- (b) Rs.6,800
- (c) Rs.10,700
- (d) None of these (Bill of march Rs 6100 + Salary exp Rs 3600= Rs 9700 )

Answer. (d)

(18) Which of the following categories of accounts are closed at the end of an accounting period?

- (a) Temporary accounts
- (b) Permanent accounts
- (c) Personal accounts
- (d) None of these

Answer. (a)

(19) A retail store had current assets of Rs.72,000 and a current ratio of 2 to 1. The amount of working capital must have been:

- (a) Rs.144,000
- (b) Rs.108,000
- (c) Rs.72,000
- (d) None of these

Answer. (b)

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