

Accountancy

Account From Incomplete Records

Q1. Profit = capital at the end+drawings-additional capital-

1 Mark

- A Opening capital B Closing capital C Loss D None of these

Ans: A Opening capital

1. Opening capital

Q2. If Closing Capital is Rs. 50,000, Additional Capital introduced during the year Rs. 30,000; Drawings Rs. 20,000 and Profit is Rs. 30,000; then Opening Capital is:

1 Mark

- A 10,000 B 30,000 C 20,000 D 35,000

Ans: A 10,000

1. 10,000

Q3. Generally incomplete records are maintained by _____.

1 Mark

- A Trader B Company C Society D Government

Ans: A Trader

1. Trader

Explanation:

As Profit or loss under single entry system is ascertained by the difference between Closing and Opening Capitals it make convenient for small traders to follow single entry system due to following features:

Hassle free

no need for maintaining books of accounts

special knowledge of double entry system is not required.

Q4. A statement similar to balance sheet is nothing but the _____.

1 Mark

- A Statement of affairs B Statement of profit and loss C Balance sheet
D Cash flow statement

Ans: A Statement of affairs

1. Statement of affairs

Explanation:

Under single entry system to find out net profit or loss for the year opening capital is deducted from closing capital. In order to find this capital the statements of affairs are prepared were, assets are deducted from liabilities. Hence, this is similar to balance sheet.

Q5. Given the opening and closing balances of debtors and the figure of credit sales, the balancing figure of Total Debtors Account will give:

1 Mark

- A Bills received during the year. B Cash received from debtors. C Closing balance of bill receivable.
D None of these.

Ans: B Cash received from debtors.

2. Cash received from debtors.

Q6. In single entry system it is not possible to prepare _____.

1 Mark

- A Balance sheet B Receipts and payments account C Trial balance
D Account sales

Ans: C Trial balance

3. Trial balance

Explanation:

Under single entry system Books of accounts are not maintained hence, Trial Balance is not Possible to Prepare.

Q7. The excess of assets over liabilities is: **1 Mark**

- A** Loss **B** Cash **C** Capital **D** Profit

Ans: C Capital

3. Capital

Q8. From the following details estimate the capital as on 31.12.07, Capital as on 01.01.07 Rs. 205,000, **1 Mark**

Drawing Rs. 20,000, Profit during the year Rs. 25,000.

- A** Rs. 205000 **B** Rs. 225000 **C** Rs. 210000 **D** Rs. 200000

Ans: C Rs. 210000

3. Rs. 210000

Q9. Which of the following is correct? **1 Mark**

- A** Closing Capital = Opening Capital + Additional Capital - Profit - Drawings
B Closing Capital = Opening Capital + Additional Capital - Drawings + Profit
C Closing Capital = Opening Capital - Additional Capital - Drawings - Loss **D** None of these

Ans: B Closing Capital = Opening Capital + Additional Capital - Drawings + Profit

2. Closing Capital = Opening Capital + Additional Capital - Drawings + Profit

Q10. Closing balance of trade creditors can be ascertained from _____. **1 Mark**

- A** Total Creditors Account **B** Balance Sheet **C** Bills Payable Account **D** Cash Book

Ans: A Total Creditors Account

1. Total Creditors Account

Q11. Accounts which are maintained under single entry system: **1 Mark**

- A** Personal accounts **B** Impersonal accounts **C** (a) & (b) both **D** None of these.

Ans: A Personal accounts

1. Personal accounts

Q12. Closing balance of creditors is determined by preparing B: **1 Mark**

- A** Total Debtors Account. **B** Total Creditors Account. **C** Bills Receivable Account.
D Bills Payable Account.

Ans: B Total Creditors Account.

2. Total Creditors Account.

Q13. Bills Payable honoured during the year will be debited to: **1 Mark**

- A** Cash Account. **B** Bills Payable Account. **C** Creditors Account. **D** None of these.

Ans: B Bills Payable Account.

2. Bills Payable Account.

Q14. The balancing figure in the above account is likely to indicate: **1 Mark**

- A** Sales returns **B** Credit sales **C** Bills receivable drawn **D** Discount allowed

Ans: B Credit sales

2. Credit sales

Q15. Given the opening and closing balances of debtors and the figure of credit sales, the balancing figure of Total Debtors Account will give: **1 Mark**

- A** Bills received during the year. **B** Cash received from debtors. **C** Closing balance of bill receivable.
D None of these.

Ans: B Cash received from debtors.

2. Cash received from debtors.

Q16. If Closing Capital Rs. 40,000, with Additional Capital during the year of Rs. 30,000, Drawings of Rs. 20,000, and a loss of Rs. 60,000, so Opening Capital was: **1 Mark**

A 90,000 B 80,000 C 70,000 D 10,000

Ans: A 90,000

1. 90,000

Q17. Single Entry System can be adopted by:

1 Mark

A Small firms. B Joint Stock Companies. C Co-operative Societies. D None of these.

Ans: A Small firms.

1. Small firms.

Q18. An estimate of assets and liabilities as on a date is called _____.

1 Mark

A Balance Sheet B Statement of Affairs C Statement of Capital D Trial Balance

Ans: B Statement of Affairs

2. Statement of Affairs

Q19. Bills Receivable endorsed dishonoured are debited to:

1 Mark

A Debtors Account. B Bills Receivable Account. C Creditors Account.
D Bank Account.

Ans: A Debtors Account.

1. Debtors Account.

Q20. If capital at the end of the year is 50,000; capital introduced during the year Rs. 30,000; drawings 20,000 and profit for the year is 30,000; then Capital at the beginning of the year:

1 Mark

A 10,000 B 30,000 C 20,000 D 35,000

Ans: A 10,000

1. 10,000

Q21. The amount of credit sales can be computed from:

1 Mark

A Total debtors account B Total creditors account C Bills receivable account D Bills payable account

Ans: A Total debtors account

1. Total debtors account

Q22. Following are the Limitations of Incomplete Records except:

1 Mark

A Under this system no real and nominal accounts are maintained.
B His method is highly flexible because it can be adjusted according to the need of the organization.
C It is not possible to prepare a balance sheet showing the true financial position of the business.
D Incomplete method of maintaining the accounting records.

Ans: B His method is highly flexible because it can be adjusted according to the need of the organization.

2. His method is highly flexible because it can be adjusted according to the need of the organization.

Q23. If any unrecorded liability is paid on dissolution of the firm _____ is debited.

1 Mark

A Cash / Bank Account B Realization Account C Partners Capital Account
D Partners Loan Account

Ans: B Realization Account

2. Realization Account

Explanation:

In case of payment of unrecorded liability Realisation account would be debited and Cash/bank a/c credited.

Q24. If books are kept under single entry system, credit sales are ascertained by preparing:

1 Mark

A Total Creditors Account B Total Debtors Account C Credit Sales Account D Trading Account

Ans: B Total Debtors Account

2. Total Debtors Account

Q25. A Balance sheet is prepared exclusively on the basis of _____

1 Mark

- A** None of these **B** Nominal and Personal Account **C** Ledger Account
D Nominal and Real Account

Ans: C Ledger Account

3. Ledger Account

Q26. A single entry system it: **1 Mark**

- A** Incomplete and unscientific **B** None **C** Complete and scientific system
D Complete and unscientific

Ans: A Incomplete and unscientific

1. Incomplete and unscientific

Q27. Single-entry systems are regularly updated by: **1 Mark**

- A** Income tax authorities **B** Company **C** Sole trader **D** Government

Ans: C Sole trader

3. Sole trader

Q28. Profit = Capital at the end + ? - Capital introduced - Capital in the beginning: **1 Mark**

- A** Sales. **B** Drawings. **C** Net Purchases. **D** None of these.

Ans: B Drawings.

2. Drawings.

Q29. If opening capital is Rs. 40000, closing capital is Rs. 90000, withdrawal is Rs. 5000 and additional capital brought in is Rs. 10000, profit is Rs. _____. **1 Mark**

- A** 45000 **B** 55000 **C** 35000 **D** 50000

Ans: A 45000

1. 45000

Explanation:

Profit/loss = Closing capital + drawings & interest on drawings - opening capital - additional capital & interest on capital.

Q30. In cash accounting system _____. **1 Mark**

- A** Revenues of assets are shown only when cash is received irrespective of the period.
B Revenues of assets are shown only of the cash received for the transactions of the financial year.
C Revenues of assets are shown only of the cash received for the current year. **D** None of the above.

Ans: A Revenues of assets are shown only when cash is received irrespective of the period.

1. Revenues of assets are shown only when cash is received irrespective of the period.

Explanation:

There are two system of accounting i.e. accrual system and cash system.

As per the accrual system of accounting, transactions of incomes and expenses are recorded in the period in which actually occurred, irrespective of their payment status.

Cash system of accounting is just opposite to the accrual system. Here the transactions are recorded when cash is received irrespective of the period.

Q31. When closing capital is less than opening capital, it denotes: **1 Mark**

- A** Profit **B** Loss **C** Loss, if there is no drawing
D None of the above

Ans: C Loss, if there is no drawing

3. Loss, if there is no drawing

Q32. Excess of opening capital over closing capital of proprietor under single entry system is called _____ **1 Mark**

- A** Profit **B** Loss **C** No profit No loss **D** Revenue

Ans: B Loss

2. Loss

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its opening and closing capital.

Hence, if the sum of capital from which the trader starts the year is less than closing capital on the last day of the financial year than it is considered a loss.

e.g. if the opening capital is Rs. 1,00,000 and closing capital is Rs. 90,000 then Closing capital - Opening capital will give a negative Rs.10,000 resulting a Loss.

Q33. F's capital on January 1, 20 X 2 is Rs. 45,000, Interest on drawing is Rs. 5,000, Interest on Capital is Rs. 2,000. Drawings is Rs. 14,000, Profit for the year is Rs. 15,000. His capital as on 31.12.20 X 2 is: **1 Mark**

- A** Rs. 67,000 **B** Rs. 43,000 **C** Rs. 47,000 **D** Rs. 69,000

Ans: B Rs. 43,000

2. Rs. 43,000

Q34. Credit purchase, during the year is ascertained by preparing: **1 Mark**

- A** Total creditor's account **B** Total debtor's account **C** Cash account
D Opening statement of affairs

Ans: A Total creditor's account

1. Total creditor's account

Q35. Further capital introduced during the year is _____ from closing capital in order to find out the correct profit. **1 Mark**

- A** Added **B** Deducted **C** Divided **D** Ignored

Ans: B Deducted

2. Deducted

Explanation:

Additional capital during the year is a result of working capital requirements and closing capital is the composition of profit or loss along with some capital contribution.

Hence, to remove the capital effect additional capital is deducted from closing capital in order to derive the correct profit or loss earned by the company.

Q36. If Capital at the beginning is Rs. 24,000, Closing capital is Rs. 40,000, drawing is Rs. 7,000, and additional capital is Rs. 8,000. Make a benefit or loss calculation. **1 Mark**

- A** Loss 15,000 **B** Profit 15,000 **C** Profit 20,000 **D** Loss 20,000

Ans: B Profit 15,000

2. Profit 15,000

Q37. Generally, incomplete records are maintained by _____. **1 Mark**

- A** Trader **B** Society **C** Company **D** Government

Ans: A Trader

1. Trader

Q38. A system of accounting which is not based on double entry system is called: **1 Mark**

- A** Cash system **B** Mahajani system of accounting **C** Incomplete accounting system
D None of these.

Ans: C Incomplete accounting system

3. Incomplete accounting system

Q39. In Single Entry System, profit is ascertained as follows: **1 Mark**

- A** Opening Capital + Drawings + New Capital introduced – Closing Capital.
B Closing Capital + Drawings + New Capital introduced – Opening Capital.
C Closing Capital + Drawings – New Capital introduced – Opening Capital.

Ans: C Closing Capital + Drawings – New Capital introduced – Opening Capital.

3. Closing Capital + Drawings – New Capital introduced – Opening Capital.

Q40. If closing capital is > opening capital, it denotes: **1 Mark**

- A** Loss **B** Profit **C** No profit no loss

D Profit, if there is no introduction of fresh capital

Ans: D Profit, if there is no introduction of fresh capital

4. Profit, if there is no introduction of fresh capital

Q41. Excess of closing capital over opening capital of proprietor under single entry system.

1 Mark

A Profit

B Loss

C No Profit No Loss

D Capital

Ans: A Profit

1. Profit

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its opening and closing capital.

Hence, if the sum of capital on the last day of the financial year is more than opening capital on the first day of financial year then it is considered as a Profit.

eg. if the opening capital is Rs . 1,00,000 and closing capital is Rs. 1,30,000 then Closing capital - Opening capital will give a Positive Rs.30,000 resulting a Profit.

Q42. If opening capital is 24,000; closing capital 40,000; drawing 7,000; fresh capital 8,000. Calculate profit or loss.

1 Mark

A Profit 15,000

B Loss 15,000

C Profit 20,000

D Loss 20,000

Ans: A Profit 15,000

1. Profit 15,000

Q43. Some small size business entities do not follow the double entry system of maintaining the accounting records because:

1 Mark

A It requires expert staff to adhere the principles and accounting standards of this system.

B It is a time consuming method, and

C All of these

D It is very costly system.

Ans: D It is very costly system.

4. It is very costly system.

Q44. The capital in the beginning of the accounting year is ascertained by preparing _____.

1 Mark

A Closing statement of affairs

B Cash account

C Statement of profit or loss

D Opening statement of affairs

Ans: D Opening statement of affairs

4. Opening statement of affairs

Explanation:

We need to prepare the opening statement of affairs which contains the opening balances of the assets and liabilities. It is usually prepared where the books of accounts are kept as per the single entry system. It is prepared in the same manner as a Balance Sheet is prepared.

Q45. Single Entry System is most suitable where:

1 Mark

A Cash transactions are not numerous

B Credit transactions are numerous

C Where both cash and credit transactions are numerous.

Ans: A Cash transactions are not numerous

1. Cash transactions are not numerous

Q46. Single entry system is most popular for _____.

1 Mark

A Sole trader

B Government

C Company

D All of the above

Ans: A Sole trader

1. Sole trader

Explanation:

Normally Single entry system is maintained by small traders as it do not require special set of book-keeping and expert accounting knowledge. Hence, it becomes hassle free for traders to ascertain their profit or loss earned by the business through single entry system.

Q47. The Receipts and Payments A/c would begin with _____ balance.

1 Mark

A No

B Debit

C Credit

D Either debit or credit

Ans: D Either debit or credit

4. Either debit or credit

Explanation:

Account receivable account having debit balance. Account receivable are normally collected within a short period, such as 30 or 60 days. They are classified on the balance sheet as a current assets. The most common transaction creating a receivable is selling merchandise or services on credit.

Q48. Under single entry system "profit" = closing capital - _____ . **1 Mark**

- A** Opening capital **B** Opening assets **C** Opening liabilities **D** Drawings

Ans: A Opening capital

1. Opening capital

Explanation:

Suppose Opening Capital (i.e capital on the 1st day of financial year) is Rs. 50,000 and Closing Capital (i.e capital on the last day of financial year) is Rs. 70,000. the resulting difference is more by Rs. 20000 indicating a positive increment in capital called Profit.

Q49. If books are kept under single entry system, credit purchases are ascertained by preparing: **1 Mark**

- A** Total Creditors Account **B** Total Debtors Account **C** Credit Purchases Account
D Bills Payable Account

Ans: A Total Creditors Account

1. Total Creditors Account

Q50. Find the total at assets at the end of the year if the net profit, drawing during the year and assets at the beginning of the year were 12,000, 7,000 and 15,000 respectively. **1 Mark**

- A** 20,000 **B** 10,000 **C** 9,000 **D** 8,000

Ans: A 20,000

1. 20,000

Explanation:

Calculation of total assets at the end of the year:

Assets in the beginning of the year = Rs 15000

Less: Drawing made during the year (7000)

Add: Net profit for the year 12000

= Rs 20000

Q51. Trading and Profit and Loss Account cannot be prepared from books maintained on single entry basis because : **1 Mark**

- A** Nominal accounts are not maintained in the ledger. **B** Real accounts are not maintained in the ledger.
C Personal accounts are not maintained in the ledger. **D** All of the above

Ans: A Nominal accounts are not maintained in the ledger.

1. Nominal accounts are not maintained in the ledger.

Q52. The difference between capital at the end of year and capital at the beginning of year is called _____ . **1 Mark**

- A** Profit **B** Income **C** Drawings **D** Expenses

Ans: A Profit

1. Profit

Explanation:

An increment of closing capital is a result of excess revenue earned during the year against the opening capital at the beginning thus representing Profit.

Q53. If closing capital is < opening capital, it denotes that: **1 Mark**

- A** Loss **B** Profit **C** No profit no loss
D Loss, if there is no introduction of fresh capital

Ans: D Loss, if there is no introduction of fresh capital

4. Loss, if there is no introduction of fresh capital

Q54. Which of the following items relating to bills payable is transferred to total creditors account?

1 Mark

- A** Opening balance of bills payable **B** Opening balance of bills payable
C Bills payable accepted during the year **D** Cash paid for bills payable

Ans: A Opening balance of bills payable

1. Opening balance of bills payable

Q55. Rs. 19,500 debited to building repairs on 31 st Dec. 1993 inclined Rs. 9,500 as the cost of building a small room for the watch man. A bill of Rs. 800 for colour wash of the whole building during the year was not received till Dec. 1993. The amount to be debited to profit and loss account would be _____.

1 Mark

- A** Rs. 20,300 **B** Rs. 19,500 **C** Rs. 10,800 **D** Rs. 9,500

Ans: C Rs. 10,800

3. Rs. 10,800

Q56. Incomplete records are generally maintained by:

1 Mark

- A** A company **B** Government **C** Small sized sole trader business
D Multinational enterprises

Ans: C Small sized sole trader business

3. Small sized sole trader business

Q57. Balance of interest on calls-on-advance account is transferred to the _____ at the end of the year.

1 Mark

- A** Share capital account **B** Calls in advance account **C** Securities premium account
D Profit & loss account

Ans: D Profit & loss account

4. Profit & loss account

Explanation:

Sometimes a shareholder pays a portion or whole on the unpaid amount on the shares held by him in advance. In such a case, money so received in advance is transferred to Calls-in- advance account. It is important to note that calls-in-advance does not form part of share capital. In-spite of this, according to Section 93 dividend may be paid on calls in advance, if authorized by the Articles.

Disclosure in Balance Sheet:

Calls in advance is shown separately, in the Balance Sheet as liability of the company under the heading 'Current Liabilities' until the calls are made and the amount actually becomes payable by the shareholder.

Interest on Calls-in-advance:

Since the amount received as calls-in-advance is a liability of the company, it is liable to pay interest on the calls-in-advance from the date of receipt of the amount till the date when the call becomes due for payment. If the Articles of the Company are silent about the rate of interest on calls-in-advance, then rate of interest is 6% p.a. Such an interest is a charge on profits and has to be paid to the concerned shareholder even if there is no profit.

The accounting treatemt for interest on calls in advance is as follows:

For interest due

Interest on calls in advance A/c Dr.

To sundry shareholder's A/c

For interest paid

Sundry shareholder A/c Dr.

To Bank A/c

For transfer of balance of interest to profit and loss A/c

Profit and Loss A/c Dr.

To Interest on calls in advance A/c

Q58. Profit = Closing Capital + Drawings – Additional Capital –

1 Mark

- A** Opening capital **B** Closing capital **C** Loss **D** None of these

Ans: A Opening capital

1. Opening capital

Q59. Books according to Incomplete records system can be maintained only by those small entities in the form of:

1 Mark

Q68. Which of the following transactions are false regarding Accounting from Incomplete records system:

1 Mark

- A** Accounting Principles and Accounting Standards are not followed properly under this system.
- B** Two aspects of all transactions are recorded.
- C** Some financial events are not recorded at all
- D** Original vouchers provide base for preparing the accounts.

Ans: **B** Two aspects of all transactions are recorded.

2. Two aspects of all transactions are recorded

Q69. When Statement of affairs is prepared _____ is not prepared.

1 Mark

- A** Trial balance
- B** None of these
- C** Personal Account
- D** Cash book

Ans: **A** Trial balance

1. Trial balance

Q70. In case of net worth method of Single Entry System, profit is ascertained by:

1 Mark

- A**
Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.
- B** Preparing a Profit and Loss Account.
- C** Preparing a Balance Sheet.
- D** None of these.

Ans: **A** Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

1. Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

Q71. An excess of assets over liabilities is called as _____.

1 Mark

- A** Profit
- B** Loss
- C** Capital
- D** No profit No loss

Ans: **C** Capital

3. Capital

Explanation:

Total assets are either created or purchased through funds raised by business through internal and external sources.

when businessman invests his own money into business it is termed as capital.

when business borrows money from external sources like Bank, Lenders etc an obligation is raised for repayment in future called Liability .

Therefore, Capital + Liabilities = Assets

Hence, Asset - Liabilities = Capital.

Q72. Accounts are usually held using a single entry scheme by:

1 Mark

- A** Society
- B** Company
- C** Sole Trader
- D** Government

Ans: **C** Sole Trader

3. Sole Trader

Q73. When closing capital exceeds opening capital, this means:

1 Mark

- A** Profit
- B** Profit, if there is no introduction of fresh capital
- C** No Profit no Loss
- D** Loss

Ans: **B** Profit, if there is no introduction of fresh capital

2. Profit, if there is no introduction of fresh capital

Q74. When the amount of closing capital (after adjusting drawings) is less than that of opening capital the difference will be treated as:

1 Mark

- A** Loss
- B** Profit
- C** Additional capital
- D** None of them

Ans: **A** Loss

1. Loss

Q75. Statement of affairs is just like _____.

1 Mark

- A** Balance sheet
- B** Profit and loss account
- C** Real account
- D** Trading account

Ans: **A** Balance sheet

1. Balance sheet

Explanation:

Under Single entry system Opening Capital is ascertained from the Accounting equation "CAPITAL = ASSET - LIABILITIES"

Such statement which makes use of equation is called opening statement of affairs.

Balance sheet is the statement which comprises of the assets, liabilities and the capital which also satisfies the accounting equation.

Therefore, statement of affairs is considered similar to the balance sheet.

Q76. The capital at the end of the accounting year is ascertained by preparing _____ . **1 Mark**

- A** Cash Account **B** Closing statement of affairs **C** Total debtors account
D Opening statement of affairs

Ans: B Closing statement of affairs

2. Closing statement of affairs

Explanation:

Statement of Affairs is Based under Accounting Equation " Assets = Capital + Liabilities" thus to ascertain the Closing Capital at the end of the year Closing Liabilities are deducted from closing assets.

Q77. If closing capital is Rs.30000 and profit is Rs.5000; opening capital was Rs. _____ . **1 Mark**

- A** 35000 **B** 30000 **C** 25000 **D** 15000

Ans: C 25000

3. 25000

Explanation:

Profit = Closing capital - Opening capital

i.e 5,000 = 30,000 - Opening capital

i.e Opening Capital = 30000 - 5000 = 25,000

Q78. The difference between assets and liabilities is called as _____ . **1 Mark**

- A** Capital **B** Drawings **C** Incomes **D** Expenses

Ans: A Capital

1. Capital

Explanation:

As assets represents the total funds applied in the business from capital (owners fund) and liabilities(external funds e.g bank loan, creditors etc).

therefore the difference between Assets and Liabilities will represent Capital.

Q79. When capital in the beginning is Rs 10,000, drawings during the year is Rs. 6,000, profit made during **1 Mark**

the year is Rs 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end:

- A** 9,000 **B** 11,000 **C** 21,000 **D** 3,000

Ans: A 9,000

1. 9,000

Q80. To find out the profit, closing capital is to be adjusted by _____ drawings and _____ introduction of fresh capital: **1 Mark**

- A** Adding and Deducting **B** Deducting and Deducting **C** Deducting and Adding
D Adding and Adding

Ans: A Adding and Deducting

1. Adding and Deducting

Q81. From incomplete records, it is possible to prepare: **1 Mark**

- A** Ledger Accounts. **B** Trial Balance. **C** Statement of Affairs. **D** None of these.

Ans: C Statement of Affairs.

3. Statement of Affairs.

Q82. Statement of affairs is prepared to: **1 Mark**

- A** Know about assets **B** Know about liabilities **C** Calculate capital
D Know financial position.

Ans: C Calculate capital

3. Calculate capital

Q83. Opening capital Rs. 20,000, Closing Capital Rs. 10,000, Profit during the year Rs. 5,000, Additional Capital introduced Rs. 1,000, Drawings will be _____.

- A** Rs. 16,000 **B** Rs. 18,000 **C** Rs. 23,000 **D** Rs. 25,000

Ans: A Rs. 16,000

1. Rs. 16,000

Q84. When closing capital is less than opening capital, it means: **1 Mark**

- A** Profit. **B** Loss. **C** Loss if there is no drawing.
D None of these.

Ans: C Loss if there is no drawing.

3. Loss if there is no drawing.

Q85. Incomplete record mechanism of book keeping is _____.

- A** Scientific **B** Unscientific **C** Unsystematic **D** Both (b) and (c)

Ans: C Unsystematic

3. Unsystematic

Explanation:

Book keeping is an unsystematic method of recording transactions. It is observed, that many businessmen keep incomplete records because of the following reasons:

This system can be adopted by people who do not have the proper knowledge of accounting principles;

It is an inexpensive mode of maintaining records.

Q86. Fixed Assets = Rs. 5,50,000, Current assets = Rs. 2,25,000, Current liabilities = Rs. 1,50,000, bank loan = Rs. 1,75,000. Capital =? **1 Mark**

- A** 3,50,000 **B** 5,50,000 **C** 4,50,000 **D** 6,50,000

Ans: C 4,50,000

3. 4,50,000

Q87. An accounting system where debit and credit rule is not followed. **1 Mark**

- A** Double entry system **B** Single entry system **C** Financial accounting
D Book keeping accountancy

Ans: B Single entry system

2. Single entry system

Explanation:

A system where Profit or loss earned by the business is based on the difference between its Opening and closing capital. is called Single entry system.

In order to find the capitals, Statement of affairs are prepared which are based on an equation Capital = Assets - Liabilities

Hence, basic accounting aspects of debit and credit are not followed.

Q88. The entry involving Total Creditors Accounts may be for _____.

- A** Bills receivable collected **B** Bills receivable dishonoured **C** Bills receivable endorsed
D Bills receivable discounted

Ans: C Bills receivable endorsed

3. Bills receivable endorsed

Q89. Normally single entry system is suitable for: **1 Mark**

- A** Small scale business **B** Large scale business **C** Both of them **D** None of them

Ans: A Small scale business

1. Small scale business

Q90. A single-entry bookkeeping scheme is used: **1 Mark**

- A** Simple **B** Unauthorized by tax authorities **C** Unscientific
D All of these

Ans: D All of these

4. All of these

Q91. Which of the following is correct?

1 Mark

- A** Opening capital = Closing capital + Additional capital - Drawings - Profit
B Opening capital = Closing capital + Drawings - Additional capital - Loss
C Opening capital = Closing capital + Drawings - Additional capital - Profit **D** None of these

Ans: C Opening capital = Closing capital + Drawings - Additional capital - Profit

3. Opening capital = Closing capital + Drawings - Additional capital - Profit

Q92. Generally accounts under single entry system are maintained by:

1 Mark

- A** Sole Trader **B** Company **C** Society **D** Government

Ans: A Sole Trader

1. Sole Trader

Q93. Profit under single entry system of Book Keeping means _____.

1 Mark

- A** The difference between opening and closing cash balances and reduced by fresh capital introduced.
B
The difference between opening net assets and closing net assets as increased by drawings and reduced by new capital introduced.
C Profit shown by Trading and Profit and Loss Account and Balance sheet.
D The amount of closing cash balance as reduced by expenses.

Ans: B

The difference between opening net assets and closing net assets as increased by drawings and reduced by new capital introduced.

2. The difference between opening net assets and closing net assets as increased by drawings and reduced by new capital introduced.

Explanation:

When there is no double entry system of accounting is followed, the profits are calculated on the basis of comparing the opening and closing of capital/assets by giving the effect of drawings.

This can be represented as:

Closing Capital → xxxxx
Add: Drawings → xxxxx
Less: Fresh capital → xxxxx
Less: Opening Capital → xxxxx
Balance will be Profit → xxxxx

Q94. Closing balance of cash is obtained by preparing:

1 Mark

- A** Balance Sheet **B** Debtors Account **C** Creditors Account **D** Cash Account

Ans: D Cash Account

4. Cash Account

Q95. If we want to calculate opening capital, what should be added in closing capital _____.

1 Mark

- A** Loss **B** Profit **C** Profit and drawing **D** Loss and drawing

Ans: D Loss and drawing

4. Loss and drawing

Q96. In Single Entry only:

1 Mark

- A** Debtors and Creditors accounts are maintained
B Assets accounts, Expenses and Revenue are maintained **C** All accounts are maintained

Ans: A Debtors and Creditors accounts are maintained

1. Debtors and Creditors accounts are maintained

Q97. What is the amount of capital of the proprietor, if his assets are ₹85,000 and liabilities are ₹21,000?

1 Mark

- A** Rs.85,000 **B** Rs.1,06,000 **C** Rs.21,000 **D** Rs.64,000

Ans:

A Rs.85,000

1. Rs.85,000

Q98. Profit as per accounts from incomplete records may be constructed as equivalent of _____.

1 Mark

- A Excess of assets over liabilities at the close of the period.
- B Excess of capital at the end over the capital at the beginning.
- C Excess of assets over liabilities at the commencement of the period.
- D Excess of capital at the beginning over the capital at the end.

Ans: B Excess of capital at the end over the capital at the beginning.

2. Excess of capital at the end over the capital at the beginning.

Explanation:

Incomplete records - Accounting records, which are not strictly kept according to double entry system are known as incomplete records. Many authors describe it as single entry system. However, single entry system is a misnomer because there is no such system of maintaining accounting records. It is also not a 'short cut' method as an alternative to double entry system.

In this system of accounting, profit is ascertained as:

Profit = Capital at the end + Drawings - Capital in the beginning.

Q99. When closing capital is more than opening capital, it denotes:

1 Mark

- A Profit
- B Loss
- C No Profit no loss
- D Profit, if there is no introduction of fresh capital.

Ans: D Profit, if there is no introduction of fresh capital.

4. Profit, if there is no introduction of fresh capital.

Q100. In case of net worth method of Single Entry System, profit is ascertained by:

1 Mark

- A Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.
- B Preparing a Profit and Loss Account.
- C Preparing a Balance Sheet.
- D None of these.

Ans: A Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

1. Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

Q101. Profit can be ascertained from the incomplete records under single entry by using _____.

1 Mark

- A Statement of affairs
- B Conversion method
- C Either A or B
- D None of the above

Ans: C Either A or B

3. Either A or B

Explanation:

The Statement of Affairs Method: takes the difference of opening and closing capitals for calculation of profit or loss under Single Entry System.

The Conversion Method of single entry system: tries to convert the records from single entry to double entry system to find the Profit or loss earned by the business.

Q102. Liabilities and assets amount to Rs. 50,000 and Rs. 78,000 respectively. The difference amount will represent:

1 Mark

- A Creditors
- B Debentures
- C Profit
- D Capital.

Ans: D Capital.

4. Capital.

Q103. When only closing and opening capital is given and closing capital is greater than opening capital it denotes:

1 Mark

- A Loss
- B None
- C Profit
- D Profit if there is no introduction of fresh capital

Ans: D Profit if there is no introduction of fresh capital

4. Profit if there is no introduction of fresh capital

Q104.

1 Mark

A statement of book-keeping which records only one aspect of business transactions and ignores other aspects is known as _____.

- A** Double Entry System **B** Single Entry System **C** Final Accounts **D** Partnership Accounts

Ans: B Single Entry System

2. Single Entry System

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its Opening and closing capital. Hence, such capitals are a result of Statement of affairs which is based on an equation $\text{Capital} = \text{Assets} - \text{Liabilities}$. Hence, basic accounting aspects of debit and credit are not followed.

Q105. Capital at the beginning of the year is ascertained by preparing:

1 Mark

- A** Cash Account **B** Opening Statement of Affairs **C** Total Creditors Account.

Ans: B Opening Statement of Affairs

2. Opening Statement of Affairs

Q106. When closing capital is less than opening capital, it means:

1 Mark

- A** Profit. **B** Loss. **C** Loss if there is no drawing.
D None of these.

Ans: C Loss if there is no drawing.

3. Loss if there is no drawing.

Q107. If the opening capital is Rs. 60,000, drawings Rs. 5,000, capital introduced during the period Rs. 10,000, closing capital Rs. 90,000. The value of profit earned during the period will be _____.

1 Mark

- A** Rs. 20,000 **B** Rs. 25,000 **C** Rs. 30,000 **D** Rs. 40,000

Ans: B Rs. 25,000

2. Rs. 25,000

Q108. If the rate of gross profit is 25% of sales and Cost of Goods sold is ₹ 1,00,000; the amount of gross profit will be:

1 Mark

- A** ₹ 25,000 **B** ₹ 33,333 **C** ₹ 20,000 **D** None of these.

Ans: A ₹ 25,000

2. ₹ 33,333

Q109. Single entry systems are maintained by:

1 Mark

- A** Company **B** Income tax authorities **C** Government **D** Sole trader

Ans: D Sole trader

4. Sole trader

Q110. The statement of affairs is planned in order to:

1 Mark

- A** Calculation of assets **B** Calculate of capital **C** Calculate liabilities
D Calculation of financial position

Ans: B Calculate of capital

2. Calculate of capital

Q111. If books are kept under single entry system, credit sales are ascertained by preparing:

1 Mark

- A** Total Creditors Account **B** Total Debtors Account **C** Credit Sales Account **D** Trading Account

Ans: B Total Debtors Account

2. Total Debtors Account

Q112. Sales are calculated by adding:

1 Mark

- A** Cash sales and cash received from debtors. **B** Credit sales and cash received from debtors.
C Cash sales and credit sales. **D** None of the above.

Ans: C Cash sales and credit sales.

3. Cash sales and credit sales.

Q113. In statement of profit and loss interest on capital is shown as _____.

1 Mark

- A** Addition **B** Subtraction **C** Ignored **D** Multiplied

Ans: B Subtraction

2. Subtraction

Explanation:

Allowing interest on capital is an indirect expense for the business, an increase in expenses will lower the profit for the year. Hence, Interest on capital is deducted.

Q114. Cash received from debtors needed for the construction of cash account can be ascertained from _____.

1 Mark

- A** Total Debtors Account **B** Balance Sheet **C** Analysis of Cash Book **D** Pass Book

Ans: A Total Debtors Account

1. Total Debtors Account

Q115. In order to find out the correct profit, drawings are _____ to the closing capital.

1 Mark

- A** Deducted **B** Added **C** Divided **D** Multiplied

Ans: B Added

2. Added

Explanation:

As Drawing refers to withdrawal of capital, Due to drawings, closing capital is decreased resulting a reduced Profit. Hence, to ascertain correct profit Drawings are added back to closing capital.

Q116. Sales are calculated by adding:

1 Mark

- A** Cash sales and cash received from debtors. **B** Credit sales and cash received from debtors.
C Cash sales and credit sales. **D** None of the above.

Ans: C Cash sales and credit sales.

3. Cash sales and credit sales.

Q117. If opening capital is Rs.10,000 & closing capital is Rs.15,000 then profit or loss:

1 Mark

- A** Loss of Rs.5,000 **B** Profit of Rs.2,500 **C** Profit of Rs.5,000 **D** None of these

Ans: C Profit of Rs.5,000

3. Profit of Rs.5,000

Q118. A statement of _____ is to be prepared in order to find out the profit and loss under a single entry system.

1 Mark

- A** Income **B** Affairs **C** Revenue **D** Profit and loss

Ans: B Affairs

2. Affairs

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its Opening and closing capital. To ascertain this capital Statement of affairs are prepared.

Q119. Assets and Liabilities amount to Rs. 80,000 and Rs. 58,000 respectively, then the difference amount will represent:

1 Mark

- A** Capital **B** Creditors **C** Profit **D** Loss

Ans: A Capital

1. Capital

Q120. The opening capital is ascertained by preparing:

1 Mark

- A** Cash book **B** Debtors **C** Opening statement of affairs
D Creditors

Ans: C Opening statement of affairs

3. Opening statement of affairs

Q121. What should be added in closing capital for calculating opening capital?

1 Mark

- A** Loss and drawing **B** Profit and drawing **C** Profit only **D** Loss only

Ans: A Loss and drawing

1. Loss and drawing

Q122. Single entry system cannot be maintained by:

1 Mark

- A** Sole proprietorship business **B** Partnership business **C** Companies
D All of the above

Ans: C Companies

3. Companies

Q123. In Single entry mostly:

1 Mark

- A** Personal aspects of transaction are recorded. **B** Nominal aspects of transaction are recorded.
C Real aspects of transaction are recorded. **D** All of the above

Ans: A Personal aspects of transaction are recorded.

1. Personal aspects of transaction are recorded.

Q124. From the following find out the total drawing during the year.

1 Mark

Total assets at the beginning of the year Rs.20,000, total assets at the end of the year 15,000, net profit during the year Rs.7000.

- A** Rs. 7000 **B** Rs.12,000 **C** Rs. 8000 **D** Rs.80000

Ans: B Rs.12,000

2. Rs.12,000

Explanation:

Calculation of total assets at the end of the year:

Assets in the beginning of the year = Rs 20000

Add: Net profit for the year 7000

Less: Assets at the end of the year (15000)

= Rs 12000

Q125. If the gross profit is 20% of cost of goods sold and sales are Rs. 1,00,000; the amount of gross profit will be:

1 Mark

- A** Rs. 20,000. **B** Rs. 25,000. **C** Rs. 16,667. **D** None of these.

Ans: C Rs. 16,667.

3. Rs. 16,667.

Q126. Capital in the beginning of the accounting year is ascertained by preparing:

1 Mark

- A** Debtors' Account. **B** Cash Account. **C** Opening Statement of Affairs.
D None of these.

Ans: C Opening Statement of Affairs.

3. Opening Statement of Affairs.

Q127. Statement of affairs is a:

1 Mark

- A** Statement of income and expenditure **B** Statement of assets and liabilities
C Summary of cash transactions **D** Summary of credit transactions

Ans: B Statement of assets and liabilities

2. Statement of assets and liabilities

Q128. If opening capital is 24,000; closing capital 40,000; drawing 7,000; fresh capital 8,000. Calculate profit or loss.

1 Mark

- A** Profit 15,000 **B** Loss 15,000 **C** Profit 20,000 **D** Loss 20,000

Ans: A Profit 15,000

1. Profit 15,000

Q129. If capital at the end of the year is 40,000: capital introduced during the year Rs. 30,000; drawings 20,000 and loss for the year is 60,000; then Capital at the beginning of the year was: **1 Mark**

- A** 90,000 **B** 80,000 **C** 70,000 **D** 10,000

Ans: A 90,000

1. 90,000

Q130. The ending balance of owner's equity is Rs.21,000. During the year, the owner contributed Rs.6,000 and withdrew Rs.4000. If the firm had Rs.8,000 net income for the year what was the owner's equity at the beginning? **1 Mark**

- A** Rs.23,000 **B** Rs.21,000 **C** Rs.19,000 **D** Rs.11,000

Ans: D Rs.11,000

4. Rs.11,000

Explanation:

Owner's equity at the beginning = ending balance of owner's equity - net income + withdrawal amount - contributed amount = 21000 - 8000 + 4000 - 6000 = 11000.

Q131. Income -tax of the sole trader paid is shown _____. **1 Mark**

- A** Debited to profit and Loss A/c **B** Debited to Trading A/c **C** Debited to his Capital A/c
D None of the above

Ans: C Debited to his Capital A/c

3. Debited to his Capital A/c

Explanation:

For a Sole Proprietor, income tax is not an expense incurred to generate revenue hence it is not treated as an expense to be paid out of profits. In this case, income tax is treated as a personal expense resulting in drawings from the business concluding to a reduction of capital.

Q132. Closing balance of creditors is determined by preparing: **1 Mark**

- A** Total Debits Account. **B** Total Creditors Account. **C** Bills Receivable Account.
D Bills Payable Account.

Ans: B Total Creditors Account.

2. Total Creditors Account.

Q133. The balancing figure in the above account is likely to indicate _____. **1 Mark**

- A** Bills Payable Dishonoured **B** Bank (Cheque Dishonoured) **C** Endorsed Bills Receivable Dishonoured
D Purchase Returns

Ans: D Purchase Returns

4. Purchase Returns

Q134. If books are kept under single entry system, opening stock is ascertained by preparing: **1 Mark**

- A** Opening Stock Account **B** Stock Register **C** Memorandum Trading Account
D Opening Statement of Affairs

Ans: C Memorandum Trading Account

3. Memorandum Trading Account

Q135. Which one of the following statements is not true in relation to incomplete records? **1 Mark**

- A** It is an unscientific method of recording transactions.
B Records are maintained only for cash and personal accounts.
C It is suitable for all types of organisations. **D** Tax authorities do not accept.

Ans: C It is suitable for all types of organisations.

3. It is suitable for all types of organisations.

Q136. Bills Payable honoured during the year will be debited to: **1 Mark**

- A** Cash Account. **B** Bills Payable Account. **C** Creditors Account. **D** None of these.

Ans: B Bills Payable Account.

2. Bills Payable Account.

Q137. How DOUBLE ENTRY SYSTEM is differ from INCOMPLETE RECORDS:

1 Mark

A As True and fair financial position can not be maintained.

B Arithmetic accuracy can not be checked in it.

C Only personal account is maintained in it.

D Both aspects of every transaction are recorded.

Ans: D Both aspects of every transaction are recorded.

4. Both aspects of every transaction are recorded.

Q138. Single Entry System of book keeping is:

1 Mark

A Unscientific

B Unsystematic

C Inaccurate

D All of these

Ans: D All of these

4. All of these

Q139. A and B enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. A provides biscuits from stock Rs. 10,000. He pays expenses amounting to Rs. 1,000. B incurs further expenses on carriage Rs. 1,000. He receives cash for sales Rs. 15,000. He also takes over goods to the value of Rs. 2,000. What will be the amount to be remitted by B to A?

1 Mark

A Rs. 13,500

B Rs. 15,000

C Rs. 11,000

D Rs. 10,000

Ans: A Rs. 13,500

1. Rs. 13,500

Q140. Credit purchase can be ascertained as the balancing figure in the ___ account.

1 Mark

A Creditors

B Debtors

C None

D Both

Ans: A Creditors

1. Creditors

Q141. Opening balance of debtors is Rs. 35,000 cash received from Debtors is Rs. 30,000 cash sales Rs. 20,000 which is 20% of total sales. B/R Received for Rs. 40,000 and discount allowed is 1% of cash collection. Find the net debtor balance.

1 Mark

A Rs. 15,300

B Rs. 44,700

C Rs. 64,700

D Rs. 35,700

Ans: B Rs. 44,700

2. Rs. 44,700

Explanation:

The calculation is as under:

Opening balance - cash collection + Credit sales - Bills Receivable received - discount allowed.

Rs.35,000 - Rs.30,000 + Rs.80,000 - Rs.40,000-Rs.300 = Rs.44,700

Note 1: If cash sales is Rs.20,000 which is 20% of total sales, hence 80% is credit sales i.e Rs.80,000.

Note 2: Discount allowed is 1% of cash collection , cash collected is Rs.30,000 , 1% of which is Rs.300.

Q142. How statement of affairs is differ from balance sheet:

1 Mark

A As it is maintained under double entry system.

B As it is prepared to ascertain capital amount at a certain point of time.

C Does not prove the arithmetical accuracy.

D Based on incomplete records and estimates.

Ans: A As it is maintained under double entry system.

1. As it is maintained under double entry system.

Q143. Profit = Capital at the end +..... – Capital introduced – Capital in the beginning.

1 Mark

A Sales.

B Drawings.

C Net Purchases.

D None of these.

Ans: B Drawings.

2. Drawings.

Q144. Statement of affairs is a:

1 Mark

A Statement of income and expenditure

B Statement of assets and liabilities

C Summary of cash transactions

D Summary of credit transactions

Ans: **C** Summary of cash transactions

3. Summary of cash transactions

Q145. The capital balances are ascertained by preparing _____.

1 Mark

A Statement of affairs

B Cash accounts

C Drawings account

D Debtors account

Ans: **A** Statement of affairs

1. Statement of affairs

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its Opening and closing capital.

To ascertain this capitals Statements of affairs are prepared.

capital = Assets - Liabilities.

Q146. A statement similar to balance sheet prepared to find out the amount of opening capital is _____.

1 Mark

A Opening statement of affairs

B Balance sheet

C Profit and loss accounts

D Cash flow statement

Ans: **A** Opening statement of affairs

1. Opening statement of affairs

Explanation:

Under Single entry system Opening Capital is ascertained from the Accounting equation "CAPITAL = ASSET - LIABILITIES"

Such statement which makes use of equation is called opening statement of affairs.

Balance sheet is the statement which comprises of the assets, liabilities and the capital which also satisfies the accounting equation.

Therefore, statement of affairs is considered similar to the balance sheet.

Q147. From incomplete records, it is possible to prepare:

1 Mark

A Ledger Accounts.

B Trial Balance.

C Statement of Affairs.

D None of these.

Ans: **C** Statement of Affairs.

3. Statement of Affairs.

Q148. Bills Receivable endorsed dishonoured are debited to:

1 Mark

A Debtors Account.

B Bills Receivable Account.

C Creditors Account.

D Bank Account.

Ans: **A** Debtors Account.

1. Debtors Account.

Q149. If the rate of gross profit is 25% of sales and Cost of Goods sold is Rs. 1,00,000; the amount of gross profit will be:

1 Mark

A Rs. 25,000.

B Rs. 33,333.

C Rs. 20,000.

D None of these.

Ans: **B** Rs. 33,333.

2. Rs. 33,333

Q150. If the gross profit is 20% of cost of goods sold and sales are ₹ 1,00,000; the amount of gross profit will be:

1 Mark

A ₹ 20,000

B ₹ 25,000

C ₹ 16,667

D None of these.

Ans: **C** ₹ 16,667

3. ₹ 16,667

Q151. Find the total assets at the end of the year if net profit, drawing during the year and assets at the of beginning of the year were 12,000, 7000 and 20,000 respectively.

1 Mark

A 25,000

B 15,000

C 9,000

D 8,000

Ans: **A** 25,000

1. 25,000

Explanation:

Calculation of total assets at the end of the year:

Assets in the beginning of the year = Rs 20000

Less : Drawing made during the year (7000)

Add : Net profit for the year 2000

= Rs 25000

Q152. Under the net worth method, the basis for ascertaining profit or loss is the difference between_____.

1 Mark

- A** Gross assets on two dates **B** Net assets on two dates **C** Capital on two dates
D Liabilities on two dates

Ans: C Capital on two dates

3. Capital on two dates

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its Opening and closing capital.

Opening Capital is the capital on 1st Day of financial year

Closing Capital is the capital on last Day of financial year

if Closing capital is More it indicates Profit and vice-versa

hence to ascertain Profit or loss under this method difference if two dates are taken.

Q153. Kumar and Shanu-entered into a joint venture to purchase and sell new year gifts. They agreed to share the profit and losses equally. Kumar purchased goods worth Rs. 1,00,000 and spent' Rs. 10,000 in sending the goods to Shanu. He also paid Rs. 5,000 for insurance. Shanu spent Rs. 10,000 as selling expenses and sold goods for 2,00,000. Remaining goods Were taken over by him at Rs. 5,000. What will be the amount to be remitted by Shanu to Kumar as final settlement?

1 Mark

- A** Rs. 1,55,000 **B** Rs. 1,50,000 **C** Rs. 1,15,000 **D** Rs. 80,000

Ans: A Rs. 1,55,000

1. Rs. 1,55,000

Q154. When closing capital (after changing drawings) is less than opening capital, the difference is considered as:

1 Mark

- A** Loss **B** Profit **C** Additional capital **D** None of them

Ans: A Loss

1. Loss

Q155. If opening capital is Rs.0 and closing capital is Rs.5,000, then profit or loss is _____.

1 Mark

- A** Loss of Rs.5,000 **B** Profit of Rs.2,500 **C** Profit of Rs.5,000 **D** None of these

Ans: C Profit of Rs.5,000

3. Profit of Rs.5,000

Q156. If the opening capital is Rs.80000, closing capital is Rs.180000, withdrawals are Rs.10000 and additional capital brought in is Rs.20000 the profit will be Rs._____.

1 Mark

- A** 90000 **B** 110000 **C** 70000 **D** 150000

Ans: A 90000

1. 90000

Explanation:

Profit/loss = Closing capital + Drawings - (opening capital + additional capital)

Q157. Method of accounting in which nominal accounts are not maintained is _____.

1 Mark

- A** Single entry system **B** Double entry system **C** Financial accounting
D Book keeping and accountancy

Ans: A Single entry system

1. Single entry system

Explanation:

Profit or loss earned by the business under single entry system is based on the difference between its opening and closing capital.

Hence, such capitals are a result of Statement of affairs which is based on an equation $\text{Capital} = \text{Assets} - \text{Liabilities}$ this equation comprises of only personal and real accounts.

Hence, nominal accounts are not maintained under single entry system.

Q158. In Single Entry System, it is possible to prepare: **1 Mark**

- A** A Trial Balance **B** A Trading and Profit and Loss Account **C** A Receipts and Payments Account.

Ans: C A Receipts and Payments Account.

3. A Receipts and Payments Account.

Q159. Opening balance of debtors: Rs 30,000, cash received:Rs 1,00,000, credit sales: Rs90,000; closing balance of debtors is: **1 Mark**

- A** Rs.30,000 **B** Rs.1,30,000 **C** Rs.40,000 **D** Rs.20,000

Ans: D Rs.20,000

4. Rs.20,000

Q160. Which method is used under single entry system to find out the profit or loss? **1 Mark**

- A** Double Entry System **B** Statement of affairs method **C** Cash book
D All of these

Ans: B Statement of affairs method

2. Statement of affairs method

Q161. Opening statement of affairs is usually prepared to find out the: **1 Mark**

- A** Capital in the beginning of the year **B** Capital at the end of the year **C** Profit made during the year
D Loss occurred during the year

Ans: A Capital in the beginning of the year

1. Capital in the beginning of the year

Q162. Profit = Capital at the end+_____ - Capital introduced - Capital in the beginning. **1 Mark**

- A** Sales **B** Drawings **C** Loan **D** Net Purchases

Ans: B Drawings

2. Drawings

Explanation:

Profit is calculated by the taking into account the fluctuations of the capital at the beginning and at the end of the year, by adding the drawings, and deducting the capital introduced to the capital at the end of the year.

Q163. Closing capital Rs. 20,000, Loss during the year Rs. 1,000, Drawings Rs. 3,000, Additional capital introduced Rs. 4,000, Opening Capital will be _____. **1 Mark**

- A** Rs. 20,000 **B** Rs. 22,000 **C** Rs. 26,000 **D** Rs. 28,000

Ans: A Rs. 20,000

1. Rs. 20,000

Q164. A statement of affairs is a summarised statement of an estimated _____. **1 Mark**

- A** Financial position **B** Profit **C** Income **D** Loss

Ans: A Financial position

1. Financial position

Explanation:

To ascertain the Capital, Statements of affairs are prepared.

$\text{Capital} = \text{Assets} - \text{Liabilities}$

The above equation under which statement of affairs are prepared reflects the financial position of the business.

Q165. If the capital at the end of the year is Rs. 40,000, the capital introduced during the year is Rs. 30,000, the year's drawings are Rs. 20,000, and the year's loss is Rs. 60,000, so the capital at the start of the year was: **1 Mark**

- A** 10,000 **B** 80,000 **C** 70,000 **D** 90,000

Ans: D 90,000

4. 90,000

Q166. Under Accounting from Incomplete records system two accounts are maintained:

1 Mark

A Cash book and Income statement account.

B Cash book and personal accounts.

C Personal accounts and receipt and payment account.

D Personal accounts and trading account.

Ans: B Cash book and personal accounts.

2. Cash book and personal accounts.