

HERAMB PROFESSIONAL INSTITUTE

CA-CPT / ACCOUNTS

MARKS: 20

DURATION: 30 MIN

1. Amount spent as lawyer's fee to defend a suit Claiming that the firm's factory site belonged to the plaintiff's land is _____
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

2. Heavy advertising to introduce a new product or to explore a new market is _____
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

3. A factory shed was constructed at a cost of Rs. 1,00,000. A sum of Rs.5,000 had been incurred in the construction of temporary huts for storing building material is _____
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

4. Diwali advance to employees
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

5. Money spent Rs.10,000 as travelling expenses of the directors on trips abroad for purchase of capital asset is _____.
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

6. Subsidy of Rs. 40,000 received from the government for working capital by a manufacturing concern is _____.
 - a. Capital receipts
 - b. Revenue receipts
 - c. Capital expenditure
 - d. Revenue expenditure

7. Whitewashing expenditure are
 - a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these

8. Insignificant events are not recorded in the books of accounts due to _____.
 - a. Materiality Concept
 - b. Cost Concept
 - c. Business Entity Concept
 - d. Verifiable Objective Concept

9. Goods or Money withdrawn by the Proprietor is recorded in the books of the firm, on the basis of _____.
 - a. Business Entity Concept
 - b. Conservatism Concept
 - c. Going Concern Concept
 - d. Full Disclosure Concept

10. Provision for Bad and Doubtful Debts is created in anticipation of actual bad debts on the basis of _____.
 - a. Business Entity Concept
 - b. Conservatism Concept
 - c. Going Concern Concept
 - d. Full Disclosure Concept

11. The policy of 'anticipate no profit and provide for all possible losses' is followed due to _____.
- | | |
|-------------------------|------------------------|
| a. Conservatism Concept | b. Consistency Concept |
| c. Materiality Concept | d. Cost Concept |
12. Accounting Statements of different periods of an entity and those of different entities of a period should be based on the same accounting principles and procedures. This is on the basis of _____ principle.
- | | |
|-----------------|--------------------|
| a. Consistency | b. Comparability |
| c. Conservatism | d. Full Disclosure |
13. All the following items are classified as fundamental accounting assumptions except _____.
- | | |
|------------------|--------------------|
| a. Consistency | b. Business Entity |
| c. Going Concern | d. accrual |
14. Two primary qualitative characteristics of financial statements are _____.
- | | |
|--------------------------------------|--------------------------------|
| a. Understandability and materiality | b. relevance and reliability |
| c. relevance and understandability | d. materiality and reliability |
15. Decrease in the amount of creditors results in _____.
- | | |
|----------------------|-----------------------|
| a. Increase in cash | b. Decrease in cash |
| c. Increase in asset | d. No change in asset |
16. Purchase of machinery for cash _____.
- | | |
|----------------------------------|--------------------------------|
| a. Decreases total assets | b. Increase total asset |
| c. Retains total asset unchanged | d. Decreases total liabilities |
17. In the financial statement, contingent liability is _____.
- | | |
|---------------|----------------------|
| a. Recognised | b. Not recognized |
| c. Adjusted | d. None of the above |
18. Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation is termed as _____.
- | | |
|-------------------------|----------------------|
| a. Provision | b. Liability |
| c. Contingent liability | d. None of the above |
19. In the case of _____, either outflow of resources to settle the obligation is not probable or the amount expected to be paid to settle the liability cannot be measured with sufficient reliability.
- | | |
|-------------------------|----------------------|
| a. Liability | b. Provision |
| c. Contingent liability | d. Contingent assets |
20. Economic life of an enterprise is split into the periodic interval as per _____.
- | | |
|------------------|-------------|
| a. Periodicity | b. Matching |
| c. Going Concern | d. Accrual |