

Sample Questions

Financial Accounting

1. HGF Ltd. bought furniture worth \$ 400,000. There has been depreciation at the rate of 20% since 5 years. What will be the amount of depreciation at the end of year one?

- a. \$ 80,000
- b. \$ 40,000
- c. \$ 20,000
- d. \$ 10,000

2. Debt-Equity ratio helps to study_____.

- a. Solvency
- b. Liquidity
- c. Profitability
- d. Turnover

3. Complete the formula.

Prime cost + work overhead + opening work in progress - closing work in progress =

- a. Material cost
- b. Works cost
- c. Period cost
- d. Cost of production

4. Which of the following transactions has contra entries?

- A) Paid to bank – \$ 6,000.
- B) Paid salaries by check – \$ 9,500.
- C) Received check from -Nicholas – \$ 16,000.
- D) Drew from bank for shop use - \$ 1,300.

- a. Only 1
- b. 1, 3 and 4
- c. 1 and 4
- d. 1, 2, 3 and 4

5. Which of the following is development expenditure for a tea industry?

- a. Capital expenditure
- b. Deferred revenue expenditure
- c. Revenue expenditure

6. _____ is an example of simultaneous increase in liabilities and decrease in capital.
- Outstanding salaries
 - Payment made to creditors by taking loan from bank
 - Conversion of loan into capital
 - Interest on capital
7. The balance as per pass book- bank overdraft is \$ 34,200. What will be the balance after treating this item: 'Interest on investment collected by the banker shown in pass book - \$ 1,400'?
- \$ 38,600
 - \$ 32,800
 - \$ 1,400
 - \$ 30,200
8. CM Company sold 80,000 units of one of its products. The selling price per unit is \$ 15 per unit. The Variable cost is \$ 5 and the fixed cost is \$ 80,000. Calculate the break-even number of units.
- 2,667 units
 - 8,000 units
 - 4,000 units
 - 1,600 units
9. In 2014, the cost of goods available for sale for Y2K Ltd. was \$ 100,000. The gross profit rate was 30% and sales for the year were \$ 80,000. What would be the amount during the year ending inventory?
- \$ 44,000
 - \$ 34,000
 - \$ 40,000
 - \$ 42,500