

# National Testing Agency

**Question Paper Name:** Financial Accounting 01st Dec Shift 2  
**Subject Name:** Financial Accounting  
**Creation Date:** 2018-12-01 17:21:18  
**Duration:** 180  
**Total Marks:** 50  
**Display Marks:** Yes  
**Share Answer Key With Delivery Engine:** Yes  
**Actual Answer Key:** Yes

## Financial Accounting

**Group Number :** 1  
**Group Id :** 41652962  
**Group Maximum Duration :** 0  
**Group Minimum Duration :** 120  
**Revisit allowed for view? :** No  
**Revisit allowed for edit? :** No  
**Break time:** 0  
**Group Marks:** 50

## Financial Accounting

**Section Id :** 41652962  
**Section Number :** 1  
**Section type :** Online  
**Mandatory or Optional:** Mandatory  
**Number of Questions:** 50  
**Number of Questions to be attempted:** 50  
**Section Marks:** 50  
**Display Number Panel:** Yes  
**Group All Questions:** No

**Sub-Section Number:** 1  
**Sub-Section Id:** 41652963  
**Question Shuffling Allowed :** Yes

**Question Number : 1 Question Id : 4165295136 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Cash flow statement helps in \_\_\_\_\_ liquidity in future

- a. Projecting
- b. Highlighting
- c. Selling
- d. Stopping

**Question Number : 2 Question Id : 4165295137 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Interest on debentures result in.....

- a. Cash inflow
- b. Cash outflow
- c. Increase in liability
- d. Decrease in liability

**Question Number : 3 Question Id : 4165295138 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Comparative Balance- Sheet compares----

- a. Assets and Liabilities of current year with previous year
- b. Assets with liabilities of the current year
- c. Liabilities of current year with assets of previous year
- d. Assets of current year with assets of previous year

**Question Number : 4 Question Id : 4165295139 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Lenders are interested in financial statement analysis because

- a. They want to know whether they will receive regular interest
- b. They are interested to know about long term solvency of the company
- c. They can make decision whether it is save to lend more
- d. All the above

**Question Number : 5 Question Id : 4165295140 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Tax authorities look into ratio analysis from the point of view of.....

- a. Knowing solvency of the company
- b. Knowing liquidity of the company
- c. Knowing tax liability of the company
- d. All the above

**Question Number : 6 Question Id : 4165295141 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Trade union is interested in FSA because

- a. They want to know whether the company can afford to increase wages of the labour
- b. They want to form a new trade union
- c. They want to dissolve the trade union
- d. They want to expand their trade union

**Question Number : 7 Question Id : 4165295142 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

. Inter-firm financial analysis is done by

- a. Comparing financial performance of the company over the period of time
- b. Comparing financial performance of two similar companies in same industry
- c. Comparing financial performance with international companies
- d. Comparing financial performance with government organization

**Question Number : 8 Question Id : 4165295143 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Head Office sends goods to its branch at cost plus 25%. If the cost of the goods is Rs. 1,00,000, the invoice price will be

- a. Rs. 1,25,000
- b. Rs. 1,00,000
- c. Rs. 25,000
- d. None of these

**Question Number : 9 Question Id : 4165295144 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

A consignee is \_\_\_\_\_ of a consignor

- a. Debtor
- b. Creditor
- c. Friend
- d. Agent

**Question Number : 10 Question Id : 4165295145 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

When separate books are not opened, each party to the joint venture opens a Joint Venture Account and

- a. Profit and Loss A/c
- b. Other co-venturer's A/c
- c. Trading A/c
- d. Capital A/c

**Question Number : 11 Question Id : 4165295146 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Interest is charged on the amount

- a. Outstanding
- b. Part
- c. Debit
- d. None of these

**Question Number : 12 Question Id : 4165295147 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

There is no provision in the partnership deed regarding the duration of partnership. This is.....

- a. partnership for an indefinite period
- b. partnership by estoppel
- c. partnership at will
- d. partnership not recognized by law

**Question Number : 13 Question Id : 4165295148 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

In case of partner taking over the asset on dissolution:

- a. Realisation account is credited and partner's capital account is debited
- b. Realisation account is debited and partner's capital account is credited
- c. Both the accounts are credited
- d. Both the accounts are debited

**Question Number : 14 Question Id : 4165295149 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Common-size statements are designed to primarily address the problems encountered when comparing firms of varying.....

- a. Industries
- b. Accounting standards
- c. Management structures
- d. Sizes

**Question Number : 15 Question Id : 4165295150 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

. Price Earnings Ratio = Market Price per equity share/ \_\_\_\_

- a. Equity dividend
- b. Dividend per equity share
- c. Earnings per share
- d. Profitability Ratio

**Question Number : 16 Question Id : 4165295151 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Corporate finance means

- a. Company's finance
- b. Corporated finance
- c. Govt finance for corporate
- d. Finance from a bank

**Question Number : 17 Question Id : 4165295152 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

NGO means:

- a. newly government owned organization
- b. newly government objected organization
- c. non government organization
- d. new government objective

**Question Number : 18 Question Id : 4165295153 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Money value or reputation of the business is known as :

- a. Goodwill
- b. Copyright
- c. Trademarks
- d. Patent

**Question Number : 19 Question Id : 4165295154 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Errors of principle \_\_\_\_\_ the Trial Balance.

- a. Affect
- b. Do not affect
- c. Affect balance sheet
- d. Affect Profit and Loss statement

**Question Number : 20 Question Id : 4165295155 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Purchases return entry in books of account is \_\_\_\_\_ that of Purchases entry

- a. Contra
- b. Compounded
- c. Reverse
- d. Adjustment

**Question Number : 21 Question Id : 4165295156 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Any business transaction while recording in books of accounts have \_\_\_\_ fold effect.

- a. Six
- b. Three
- c. Single
- d. Two

**Question Number : 22 Question Id : 4165295157 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

The underlying assumption that presumes a company will continue indefinitely is \_\_\_\_\_

- a. Periodicity
- b. Going concern
- c. Economic entity
- d. Monetary unit

**Question Number : 23 Question Id : 4165295158 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

The two primary decision-specific qualities that make accounting information useful are:

- a. Verifiability and representational faithfulness
- b. Predictive value and feedback value
- c. Cost effectiveness and materiality
- d. Relevance and reliability

**Question Number : 24 Question Id : 4165295159 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Balance sheet consists of \_\_\_\_\_, liabilities and equity capital.

- a. Current Assets
- b. Good will
- c. Assets
- d. Contingent liabilities

**Question Number : 25 Question Id : 4165295160 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Components in balance sheet can be either written in \_\_\_\_ order or liquidity order.

- a. Permanency
- b. Ascending
- c. Descending
- d. Nil

**Question Number : 26 Question Id : 4165295161 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Land and Building, Plant and Machinery are \_\_\_\_\_ asset for organisation.

- a) Current
- b) Fixed
- c) Rotating
- d) Divided

**Question Number : 27 Question Id : 4165295162 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Under common size statement which of the following are given the value of 100%?

- a. Total assets
- b. Total liabilities
- c. Total sales
- d. All the above

**Question Number : 28 Question Id : 4165295163 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which of the following is not the source of cash inflow?

- a. Sale of goods
- b. Sale of assets
- c. Increase in asset
- d. Increase in liability

**Question Number : 29 Question Id : 4165295164 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which of the following cannot be classified under cash and cash equivalents?

- a. Bank balance
- b. Stock
- c. Marketable securities
- d. Demand deposits

**Question Number : 30 Question Id : 4165295165 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Working capital includes

- a. Increase in sundry debtors
- b. Increase in furniture
- c. Increase in equity
- d. All the above

**Question Number : 31 Question Id : 4165295166 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Financial statements does not include

- a. Profit and loss account
- b. Balance sheet
- c. Ledger
- d. Cash flow statement

**Question Number : 32 Question Id : 4165295167 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

If purchase of 1st year is Rs.800 lakhs and second year is Rs.2000 lakhs then percentage change is of.....

- Decrease of 15%
- Increase of 150%
- Increase of 160%
- None of the above

**Question Number : 33 Question Id : 4165295168 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Comparative balance sheet does not compare.....

- a. Equity of two periods
- b. Inventory of two periods
- c. Debts of two periods
- d. Cost of goods of two periods

**Question Number : 34 Question Id : 4165295169 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Common size statement is prepared for....

- a. Horizontal analysis of statements
- b. Vertical analysis of Ledger
- c. Vertical analysis of Financial statement
- d. Vertical analysis of two companies

**Question Number : 35 Question Id : 4165295170 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Trend analysis of financial statement is possible only when.....

- a. Company is in profit
- b. Company has existence of many years
- c. Company has efficient accountant
- d. Company is newly established

**Question Number : 36 Question Id : 4165295171 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Who among the following is interested in analysis of financial statement?

- a. Manager
- b. Owner
- c. Creditors
- d. All the above

**Question Number : 37 Question Id : 4165295172 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Tax authorities look into ratio analysis from the point of view of.....

- a. Knowing solvency of the company
- b. Knowing liquidity of the company
- c. Knowing tax liability of the company
- d. All the above

**Question Number : 38 Question Id : 4165295173 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Why are investors interested in financial statement analysis?

- a. To understand the year of establishment
- b. To understand when will the company repay their amount
- c. Whether the company is profitable and solvent
- d. All the above

**Question Number : 39 Question Id : 4165295174 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Intra- firm analysis means.....

- a. Comparing financial performance of the company over the period of time
- b. Comparing financial performance of two similar companies in same industry
- c. Comparing financial performance with international companies
- d. Comparing financial performance with government organization

**Question Number : 40 Question Id : 4165295175 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Management is interested in FSA because they want to know....

- a. Their date of retirement
- b. Overall performance of the business during the year
- c. Number of employees working in organization
- d. Whether the financial entries are properly passed.

**Question Number : 41 Question Id : 4165295176 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which of the following is not a liquidity ratio?

- a. Debt/ Equity ratio
- b. Current ratio
- c. Acid test ratio
- d. Absolute liquidity ratio

**Question Number : 42 Question Id : 4165295177 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

If current assets are of Rs.20000 and Current liabilities of Rs.5000; then what is its current ratio

- a. 2:1
- b. 3:1
- c. 4:1
- d. 5:1

**Question Number : 43 Question Id : 4165295178 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which of the following is not a profitability ratio?

- a. Gross Profit ratio
- b. Stock turnover ratio
- c. Operating ratio
- d. Return on investment ratio

**Question Number : 44 Question Id : 4165295179 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

What is G/P ratio when gross profit is Rs.300 and total sales are Rs1500?

- a. 20%
- b. 10%
- c. 5%
- d. 30%

**Question Number : 45 Question Id : 4165295180 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which account needs to be prepared in case of dissolution of firm?

- a. Revaluation A/c.
- b. Reserve A/c.
- c. Profit & Loss A/c.
- d. Realisation A/c.

**Question Number : 46 Question Id : 4165295181 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**



Realisation expenses if paid by partner should be:

- a. Debited to Partner's Capital A/c.
- b. Credited to to Partner's Capital A/c.
- c. Debited to Realisation A/c.
- d. Credited to Realisation A/c.

**Question Number : 47 Question Id : 4165295182 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Retirement or death of a partner.

- a. Is dissolution of a firm
- b. May or may not be a dissolution of partnership agreement
- c. Is dissolution of partnership agreement
- d. None of above

**Question Number : 48 Question Id : 4165295183 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Which of the following statement is false

- a. Public notice can be given by the retiring partner
- b. Public notice is mandatory in case of retirement
- c. Public notice can be given by the existing partner
- d. A retiring partner cannot be held liable for acts of the firm after the date of issue of public notice

**Question Number : 49 Question Id : 4165295184 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Registration of a firm under the Indian Partnership Act, 1932 is .....

- a. Compulsory
- b. Not optional
- c. Not necessary
- d. Inevitable

**Question Number : 50 Question Id : 4165295185 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Assets are generally repossessed at actually agreed

- a. Value
- b. Current Price
- c. Old Price
- d. None of These