

**Sheth T.J. Education Society's Sheth N.K.T.T. College of Commerce &
Sheth J.T.T. College of Arts, Thane.**

Subject: Accountancy and Financial Management. SEM I

Objective Questions Bank

A Fill in the blanks with correct answer.

- 1 In departmental accounts, the turnover ratio is used for allocation of _____
 - a) Income tax
 - b) Interest on loan
 - c) depreciation
 - d) bad debts
- 2 In departmental accounts lighting is allocated on the basis of _____
 - a) Number of light points
 - b) Floor area
 - c) wages
 - d) None of the above
- 3 Number of workers in each department is not used as the basis for allocation of _____
 - a) Staff salaries
 - b) carriage outward
 - c) costs of canteen
 - d) costs of personnel department
- 4 In departmental accounts power is allocated on the basis of _____
 - a) Number of points
 - b) Number of employees
 - c) Floor area
 - d) Horse power of equipment's installed
- 5 Which of the following is not debited to general profit and loss account _____
 - a) Audit fees
 - b) Interest on loan
 - c) power and fuel
 - d) None of the above
- 6 Which of the following is not debited to departmental profit and loss account _____
 - a) Carriage outward
 - b) salaries
 - c) Rent and Rates
 - d) commission received
- 7 Which of the following expenses is an indirect expenses in departmental accounting _____
 - a) Rent
 - b) Carriage inward
 - c) sales
 - d) purchasers
- 8 Which of the following expenses is a direct- expenses in departmental accounting _____
 - a) Purchase expenses
 - b) Administrative expenses
 - b) Advertising expenses
 - d) Depreciation

- 9 Which of the following is debited to general profit and loss account _____
- a) Rent b) Income tax c) Salaries d) carriage outward
- 10 _____ is the purchase price payable if full payment is made immediately.
- a) Market price b) Cash price
- c) Hire purchase price d) Down payment
- 11 The initial payment payable at the time of signing the hire purchase - agreement is _____
- a) Cash price b) down payment c) hire purchase price d) interest
- 12 Each instalment including down payment if any , is treated as hire charges by _____
- a) Buyer b) seller c) None of these
- 13 The hire purchaser can record the asset under full cash price method at its _____
- a) hire purchase price b) cash price c) None of these
- 14 Interest in hire purchase transaction is charged on the cash price _____
- a) outstanding b) full cash price c) none of these
- 15 Under hire purchase agreement the buyer agrees to pay _____
- a) cash price only b) Interest only c) cash price and interest
- 16 The last instalment paid under hire purchase comprises _____
- a) cash price only b) interest only c) cash price and interest
- 17 Buying an asset without having to make full payment immediately is known as _____
- a) Hire purchase b) cash purchase c) Gift d) online purchase
- 18 Under hire purchase sale buyer becomes the owner of the goods immediately after the _____
- a) Receipt of the goods b) down payment c) payment of last instalment

B State whether the following statements are True or False

- 1 In departmental accounting, each department is treated as a separate entity for the purpose of recording and reporting .
- 2 Rent of the building is allocated on the basis of sales of each department.
- 3 Contribution to P F is allocated on the basis of employees of each department.

- 4 Cost of the stores of the department are allocated on the basis of purchases of each department.
- 5 Costs of insuring stocks are allocated on the basis of purchases of each department.
- 6 Loss by fire in a department is treated as expenditure of that department.
- 7 Depreciation is to be apportioned on the basis of value of machinery in each department.
- 8 Management expenses are taken to the general profit and loss account.
- 9 Departmental reports can be useful to management for evaluating performance of managers.
- 10 Hire purchase price is the purchase price payable if full payment is made immediately.
- 11 Cash price is the initial payment payable at the time of signing the agreement.
- 12 Under the hire purchase system, depreciation is provided by the hire vendor.
- 13 Under the hire purchase system, the buyer has the option to return the goods.
- 14 Hire purchase price is equal to cash price.
- 15 In hire purchase transaction, hire vendor pays interest to hirer.
- 16 Hire purchase transactions have to be for a minimum duration of five years.
- 17 Generally small items like stationery are not sold on hire purchase basis.
- 18 Under hire purchase sale, the buyer does not provide depreciation on the asset till he becomes the owner.

Answers:

A

1-d	2-a	3-b	4-d	5-c	6-d	7-a	8-a	9-b	10-b
11-b	12-b	13-b	14-a	15-c	16-c	17-a	18-c		

B

True: 1 , 7 ,8 ,9 ,13 ,17 .

False: 2 ,3 ,4 ,5 ,6 ,10 ,11 ,12 ,14 ,15 ,16 ,18 .