



# Entry Test

Academic Session 2019-20

**ACCOUNTS**

Total Marks **40**

45 min

Class: IG-III(X)

**Write in block letters:**

Candidate Name

Date

**Kindly read the instructions carefully;**

- 1 Answers must be written in ink.**
- 2 Write the number of question distinctly before each answer.**

**FOR OFFICIAL USE ONLY**

Total Marks		Marks Obtained		Percentage	

**1) We can say that the business is in profit, when:**

- A) Assets exceed Expenditure
- B) Income exceeds Liabilities
- C) Income exceeds Expenditure
- D) Income exceeds Liabilities

**2) According to the double entry system of accounting, an account that obtains benefit is:**

- A) Credit
- B) Debit
- C) Income
- D) No need to show as accounting record

**3) Term "Credit" means \_\_\_\_\_ by the business.**

- A) Receiving of benefits
- B) It has no effect on business
- C) Providing of benefits
- D) It depends upon items

**4) When a Liability is reduced or decreased, it is recorded on the:**

- A) Left or credit side of the account
- B) Right or debit side of the account
- C) Right or credit side of the account
- D) Left or debit side of the account

**5) When Capital is increased by an amount, it is recorded on the:**

- A) Right or debit side of the account
- B) Left or credit side of the account
- C) Left or debit side of the account
- D) Right or credit side of the account

**6) What type of expenses are paid out of Gross Profit?**

- A) General Expenses
- B) Financial Expenses
- C) Selling Expenses
- D) All of the given options

**7) Which of the following shows summary of a company's financial position at a specific date?**

- A) Profit & Loss Account
- B) Cash Flow Statement
- C) Balance Sheet
- D) Income & Expenditure Account

**8) Which of the following is NOT an example of intangible assets?**

- A) Franchise rights
- B) Goodwill
- C) Patents
- D) Land

**9) Which of the following is an example of business liability?**

- A) Land
- B) Building
- C) Cash
- D) Creditors

**10) The unfavorable balance of Profit and Loss account should be:**

- A) Added in liabilities
- B) Subtracted from current assets
- C) Subtracted from capital
- D) Subtracted from liabilities

1. The following was an extract trial balance from Mr. B's Company as at 31 December 2001 :

Heat and light	\$ 800 Dr.
Insurance	\$ 3 200 Dr.

**Additional information:**

- a. Heat and light expenses outstanding at the year-end totaled \$200.
- b. Insurance prepaid at year end \$600.
- c. Rental income earned but not received amounted to \$100 and rental income received but not earned was \$65.

- Prepare the year-end adjustments in the ledger accounts showing all the balances carried down and brought down. [20]
- Prepare the journal entries for the year-end adjustments. [10]

**Good Luck**