

## CA CPT Capital & Revenue Expenditures And Receipts

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### Instruction for Qusetion 1 To 60 MCQ

- Qn.1) When an accommodation bill is discounted and the amount received is shared by the two parties, the discount is borne by the- [1]  
A. Drawee only B. Drawer only C. Drawer and Drawee equally D. Drawer and Drawee in agreed ratio
- Qn.2) If bill drawn on 3rd July, 2006 for 40 days, payment must be made on \_\_\_\_\_ [1]  
A. 16th. Aug. 2006 B. 15th. Aug. 2006 C. 12th. Aug. 2006 D. 14th. Aug. 2006
- Qn.3) A cheque is a [1]  
A. promissory note B. cash C. bills of exchange D. None of these
- Qn.4) A bill of Rs. 12,500 drawn by Shyam is accepted by Ram & Shyam gets its discounted @ 12% p.a. due 3 months hence. The discounting charges borne by Shyam is: [1]  
A. Rs. 375 B. Rs. 1,500 C. Rs. 250 D. Rs. 1,000
- Qn.5) If a bill of Exchange is drawn on 5.1.2005, stating that 20 days after date, pay to ABC, the sum of Rupees XXXX, the due date of the bill is – [1]  
A. 21.1.2005 B. 28.1.2005 C. 20.1.2005 D. None of the above
- Qn.6) A draws bill on B for Rs. 30,000. A wants to endorse it to C in settlement of Rs. 35,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to C? [1]  
A. 4300 B. 4000 C. 4100 D. 5000
- Qn.7) On 15.08.05 X draws a bill on Y for 3 months for Rs. 20,000. 18th Nov was a sudden holiday, due date of the bill will be [1]  
A. 17th Nov B. 18th Nov C. 19th Nov D. 15th Nov
- Qn.8) Mr. Rex accepted a bill drawn by Mr. Robin. Mr. Robin endorsed the bill to Mr. Shekar. On the due date, the bill is dishonoured as Mr. Rex became insolvent. To record the dishonour of the bill in the books of Mr. Robin, which of the following accounts should be credited? [1]  
A. Mr. Rex's account B. Bills Receivable account C. Mr. Shekar's account D. Bills payable account
- Qn.9) Till the discounted bill is paid by the acceptor, it remains [1]  
A. a contingent liability B. a liability C. an expense D. an asset
- Qn.10) Which of the following instrument is not a negotiable instrument: [1]  
A. Bearer cheque B. Promissory note C. Bill of exchange D. Crossed cheque
- Qn.11) For mutual accommodation of A and B, B accepted a bill drawn on him by A for 2 months Rs. 6000. The said bill is discounted at 12% pa and remitted 1/3rd of the proceeds to B. The amount remitted by A to B will be: [1]  
A. 2000 B. 1960 C. 1920 D. 1900
- Qn.12) The promissory note should be signed by: [1]  
A. Drawer B. Drawee C. Payee D. Promiser
- Qn.13) Out of the following bills, bill at sight is [1]  
A. Pay B Rs. 500 on presentment B. Pay B Rs. 500 after sight C. Pay B Rs. 500 after 3 months D. None of these
- Qn.14) If a bill of exchange is drawn on 31.1.2005, stating that one month after date, pay to ABC, the sum of Rupees XXXX, the due date of the bill is – [1]  
A. 28.2.2005 B. 2.3.2005 C. 1.3.2005 D. 3.3.2005
- Qn.15) S draws 2 bills of exchange on 1.1.06 for Rs. 3,000 and Rs. 5,000 respectively. The bill of exchange for Rs. 3,000 is for 2 months, while the bill of exchange for Rs. 5,000 is for 3 months. These bills are accepted by K. On 4.3.06 K requests S to renew the first bill with interest at 18% p.a for a period of 2 months. S agrees to this proposal. On 20.03.06 K retires the acceptance for Rs. 5000 the interest rebate i.e. discount being Rs. 50 Before the due date of the renewed bill K becomes insolvent and [1]

only 60 paise in a rupee can be recovered from his estate. How much bad debt will be recorded in the books of S.

A. 1236 B. 1854 C. 3090 D. 3000

- Qn.16)** Mr. A draws a bill on Mr. Y for Rs. 30,000 on 1.1.06 for 3 months. On 4.2.06 X got the bill discounted at 12% rate. The amount of discount will be: [1]  
A. 900 B. 600 C. 300 D. 650
- Qn.17)** X's acceptance to Y for Rs. 1,50,000 renewed at 3 months on the condition that Rs. 75,000 be paid in cash immediately and the remaining amount will carry interest @ 12% pa. The amount of interest will be [1]  
A. Rs. 2,250 B. Rs. 2,000 C. Rs. 2,300 D. Rs. 2,400
- Qn.18)** The term of a Bill after sight commences- [1]  
A. From the date of acceptance of the bill B. From the date of drawing a bill C. From the date of receipt of the accepted bill D. From the date of receipt of drawn bill
- Qn.19)** If a firm usually receives a number of promissory notes, it would be convenient to record the transaction in a separate book called \_\_\_\_\_ [1]  
A. Bills Receivable Book B. Journal C. Purchase Book D. Sales book.
- Qn.20)** Bills received discounted by the drawer will be recorded by the drawee in \_\_\_\_ [1]  
A. Journal B. Ledger C. Trial Balance D. No where
- Qn.21)** A bill of one month duration is accepted on 12th July, 2006, its due date will be \_\_\_\_\_ [1]  
A. 16th Aug. 2006 B. 14th Aug. 2006 C. 12th Aug. 2006 D. 15th Aug. 2006
- Qn.22)** Pankaj renews his acceptance to Maharaja for Rs. 1200 by paying Rs. 400 in cash and accepting a fresh bill for balance plus interest at 12% p.a. for 3 months. In the books of Maharaja, the entry will be – [1]  
A. Pankaj Dr. 1224; To Bills receivable A/c 824; To Cash 400 B. Cash A/c Dr. 400; Bills receivable Dr. 824; To Pankaj A/c 1224 C. Cash A/c Dr. 400; Bill receivable A/c Dr. 800; To Pankaj A/c 1200 D. Cash A/c Dr. 400; Bills receivable A/c Dr. 824; To Pankaj A/c 1200; To Discount A/c 24
- Qn.23)** On 1.1.05 X draws a bill on Y for Rs. 20,000. At maturity, Y requests X to renew the bill for 2 months @ 12% p.a. interest. Amount of interest will be [1]  
A. Rs. 400 B. Rs. 300 C. Rs. 360 D. Rs. 380
- Qn.24)** If a bill of Exchange is drawn on 20.1.2005, stating that 60 days after date, pay to ABC, the sum of Rupees XXXX, the due date of the bill is – [1]  
A. 24.3.2005 B. 20.3.2005 C. 21.3.2005 D. 23.3.2005
- Qn.25)** Preeti accepted a 90 days bill of Rs. 10,000 drawn by Jeet on 5.2.2006. On 13.3.2006 Preeti wished to retire the bill. Jeet offered @ 12% p.a. What is the amount of rebate: [1]  
A. Rs. 150 B. Rs. 187 C. Rs. 184 D. None
- Qn.26)** A draws a bill on B for Rs. 4500 for mutual accommodation in the ratio 2:1. A got it discounted at 4230 and remitted 1/3rd of the proceeds to B. At the time of maturity how much amount A should remit to B such that B can pay off the bill? [1]  
A. 3000 B. 2880 C. 2920 D. 3010
- Qn.27)** On 1st January 2006, Vimal sold goods worth Rs. 20,000 to Renu and drew a bill on Renu for 3 months. Renu accepted the bill and returned it to Vimal who discounted the bill with bank on 4th February 2006 @ 15% p.a. The discounting charges will be: [1]  
A. Rs. 3,000 B. Rs. 750 C. Rs. 500 D. None
- Qn.28)** Under which circumstances drawer and payee is same person [1]  
A. When drawer discounted the bill with banker B. When drawer endorse the bill to the third party C. When drawer held the bill till maturity D. When drawee rejects to accept the bill
- Qn.29)** Which of the following statement is true: [1]  
A. Noting charge is an expense to be borne by drawer B. Noting charges is an expense to be borne by drawee C. Noting charges is an expense to be borne by payee D. Noting charges is an expense to be borne by bank

- Qn.30)** In each of the following, one is correct. Indicate the correct answer. On 1.4.09, X drew bill of Rs. 1,00,000 after sight for 3 months on Y who accepted the bill on 1.5.09. On 4.6.09, the bill was discounted at 12% pa. At maturity, the bill returned dishonoured, due to Y's insolvency, noting charges Rs. 500 and 40 paise in a rupee is recovered from Y's estate. The amount of deficiency in Y's books will be [1]  
A. Rs. 60,000 B. Rs. 40,000 C. Rs. 60,300 D. Rs. 40,200
- Qn.31)** Bills receivable discounted is entered in [1]  
A. Journal B. Ledger C. Cash Book (Bank) D. No Where
- Qn.32)** Neelam sold goods to Dhiman for Rs. 4,000 on 1.5.06. On the same day, he drew on Dhiman a bill for the amount for 3 months, which Dhiman duly accepted. Neelam got the bill discounted with her bank before the due date Dhiman became insolvent. Later, her estate could pay only 40% of the amount due. What will be the amount of deficiency in the books of Dhiman. [1]  
A. 3200 B. 2200 C. 2400 D. 2000
- Qn.33)** On 1.1.05 X draws a bill on Y for Rs. 50,000 for 3 months. X got the bill discounted on 4.4.05 at 12% [1]  
rate. The amount of discount on bill will be:  
A. 1500 B. 1600 C. 1800 D. 1450
- Qn.34)** Kumar draws a bill on Rajat for Rs.50,000 and they agree to share the proceeds in the ratio of 3:2. [1]  
Kumar got it discounted for Rs. 47,500. What will be the amount remitted to Rajat by Kumar  
A. 28,500 B. 19,000 C. 30,000 D. 20,000
- Qn.35)** X sold goods to Y for Rs. 1,00,000. Y paid cash Rs. 30,000. X will grant 2% discount on balance, and [1]  
Y request X to draw a bill for balance, the amount of bill will be:  
A. 98,000 B. 68,000 C. 68,600 D. 70,000
- Qn.36)** Suman drew a bill on Sonu for Rs. 4500 for mutual accommodation in the ratio 2:1. Sonu accepted [1]  
the bill and returned to Suman. Suman discounted the bill for Rs. 4230 and remitted 1/3rd  
proceeds to Sonu. Before the due date, not having funds to meet the bill, Sonu drew a bill on  
Suman for Rs. 6,300 on the same terms as to mutual accommodation. The second bill was  
discounted for Rs. 6120. The first bill was honored on the due date and a net amount of Rs. 1080  
was remitted to Suman by Sonu. The proportionate discount charge on both the bills is to be  
borne by Suman is:  
A. 180 B. 150 C. 300 D. 120
- Qn.37)** On 1st January, 2012 Mohan draws upon Sohan a bill of exchange at three months of Rs.2,000 for [1]  
mutual accommodation. On 4th January , 2012 Mohan discounts the bill @ 6% per annum and  
sends half of the proceeds to sohan. The amount of proceeds sent to sohan will be:  
A. Rs.1,000 B. RS.970 C. Rs.985 D. Rs.2,000
- Qn.38)** A bill of exchange is drawn on 1st April 2003 payable after 3 months. The due date of the bill is: [1]  
A. 1st April 2003 B. 30th June 2003 C. 1st July 2003 D. 4th July 2003
- Qn.39)** In case of sudden holiday, maturity date falls on: [1]  
A. Next following day B. Previous day C. On the same day D. None of the above
- Qn.40)** How many days are added as days of grace for calculating the date of maturity of a term bill? [1]  
A. 4 days B. 3 days C. 2 days D. None of these
- Qn.41)** A draws a bill on B on 12th May 2008 for Rs.20,000 for 3 months. What will be the due date? [1]  
A. 13th Aug 2008 B. 14th Aug 2008 C. 12th Aug 2008 D. 15th Aug 2008
- Qn.42)** A draws a bill for Rs. 10,000 on B for 2 months. He gets it discounted from bank @ 12%. They [1]  
agreed to share the proceeds equally. How much amount is received by A?  
A. Rs. 5,000 B. Rs. 4,900 C. Rs. 4,000 D. None of the above
- Qn.43)** A bills of exchange is [1]  
A. drawn on specified banker B. an unconditional undertaking signed by the maker C. an unconditional  
order signed by the maker D.
- Qn.44)** Which of the following is not a foreign bill: [1]  
A. A bill drawn in India, on a person resident outside India and made payable outside India B. A bill drawn  
outside India, on a person resident outside India C. A bill drawn outside India, made payable in India D.  
A bill drawn on a person resident in India made payable in India

- Qn.45)** On 1.1.05 X drew a bill on Y for Rs. 50,000. At maturity, the bill returned dishonoured as Y become insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is [1]  
A. 20,000 B. Nil C. 30,000 D. 40 Paise
- Qn.46)** The purpose of accommodation bill is: [1]  
A. To finance actual purchase or sale of goods B. To facilitate trade transmission C. When both parties are in need of funds D. At will
- Qn.47)** A draws a bill for Rs. 15,000 which is accepted by B. They agree to share the proceeds in the ratio of 3 : 2. A discounts the bill with the bank at 10% p.a., maturity 2 months. What amount will be remitted by A to B after discounting the bill? [1]  
A. Rs. 6,000 B. Rs. 7,500 C. Rs. 5,900 D. Rs. 7,375
- Qn.48)** From the following information, find out who can draw the bill if Mr. A sold goods to B: [1]  
A. A will draw a bill on B B. B will draw a bill on A C. None D. Third party will draw a bill on A
- Qn.49)** B drew a bill of Rs. 10,000 for 2 months on A for mutual accommodation. It was decided that the proceeds will be shared equally amongst them. How much amount will be received by A if the bill was discounted @ 12% p.a.? [1]  
A. 9,800 B. 5,000 C. 5,100 D. 4,900
- Qn.50)** A bill is drawn on 29th Jan' 06 for one month after date. The date of acceptance is 2nd Feb 06. The bill is drawn on one month after date basis. The due date of the bill will be: [1]  
A. 28th Feb B. 1st March C. 2nd March D. 3rd March
- Qn.51)** Mr. A draws a bill on Mr. B for Rs. 1000. Mr. B accepts and returns to Mr. A. Mr. A discounted the bill for Rs. 960. Mr. A remitted half of the proceeds to Mr. B. i.e. Rs. 480 (i.e. 500 – 20, B's share of discount). Before the due date, both were still in need of money and hence could not manage own share of amount. But to honour the first bill and for further accommodation, Mr. B draws a new bill on Mr. A for Rs. 1500. Mr. A accepts the new bill and returns to Mr. B. Mr. B discounts the new bill with his bank at Rs. 1440 (Discount Rs. 60). Out of the proceeds of 2nd bill, Mr. B honours the 1st bill. From the balance amount Mr. B remits ½ to Mr. A after deducting proportionate discount. B remits [1]  
A. Rs. 500 B. Rs. 480 C. Rs. 720 D. Rs. 220
- Qn.52)** Nanda informs Kamesh that Shanti's acceptance for Rs. 4000 endorsed to Nanda has been dishonoured. Noting charges Rs. 100. In the books of Kamesh, the following entry will be passed – [1]  
A. Nanda Dr. 4100; To Shanti 4100 B. Bills payable Dr. 4100; To bills receivable 4100 C. Shanti Dr. 4100; To Nanda 4100 D. Shanti Dr. 4000; Noting charges Dr. 100; To Nanda 4100
- Qn.53)** Kuntal draws a bill on Shyam for Rs. 3000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be: [1]  
A. Kuntal B. Ram C. Shyam D. Rahim
- Qn.54)** X draws a bill on Y for Rs. 5,000 for 3 months. Before the due date Y sends 1/5th of the amount to X. Y requested X to draw a new bill for the balance amount plus interest @ 12% p.a. for 3 months. Find the amount of the new bill? [1]  
A. Rs. 5,150 B. Rs. 4,140 C. Rs. 4,120 D. Rs. 5,440
- Qn.55)** X sold goods to Y for Rs. 3,00,000. ½ of the amount will be received in cash and balance in B/R. For what amount X should draw the bill on Y. [1]  
A. 1,50,000 B. 3,00,000 C. 1,00,000 D. 1,20,000
- Qn.56)** Mr. Bobby sold goods worth Rs. 25,000 to Mr. Bonny. Bonny immediately accepted a bill on 1.11.01, payable after 2 months. Bobby discounted this bill @ 18% p.a. on 15.11.01. On the due date Bonny failed to discharge the bill. Later on Bonny become insolvent and 50 paise is recovered from Bonny's estate. How much amount of bad debts will be recorded in the books of Bobby: [1]  
A. 12,500 B. 9,437 C. 11,687 D. 13,650
- Qn.57)** Out of the following bills, bill after date is [1]  
A. Pay B Rs. 500 at sight B. Pay B Rs. 500 after sight C. Pay B Rs. 500 on presentment D. None of these
- Qn.58)** A draws a bill on 'B', but 'B' did not accept the same. Which of the following journal entry should be passed in the books of 'A'. [1]

A. Bills Receivable A/c Dr. To B B. B Dr. To Bills payable A/c C. B Dr. To Bills Receivable A/c D. No entry will be required/passed

**Qn.59) If the due date is a public holiday, what will be the due date of the bill:** [1]  
A. Following day B. Preceding day C. The same day only D. One month later

**Qn.60) A cheque of Rs.35,000 received by M/s Nandini was endorsed to M/s Chandini on account of full settlement of rs.35,500 on 1st October 2012. Chandini deposited the same into the bank on 4th October 2012. In the books of m/s Chandini, the amount to be debited on 1st October 2012 will be:** [1]  
A. Cash account rs.35,000 and discount account Rs.500 B. Bank account Rs.35,000 and Discount account Rs.500 C. Cash account Rs.35,500 D. Bank account Rs.35500

**Instruction for Qusetion 61 To 120 MCQ**

**Qn.61) A contingent liability is a possible obligation that arises from ".....and the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the enterprise. It is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be determined".** [1]  
A. Past events B. Future events C. Probable events D. None of the above

**Qn.62) Money spent to reduce working expenses is:** [1]  
A. Capital Expenditure B. Revenue Expenditure C. Deferred Revenue Expenditure D. Prepaid Expenses

**Qn.63) Expenses for removal of stock to a new site is:** [1]  
A. Capital Expenditure B. Revenue Expenditure C. Deferred Revenue Expenditure D. Prepaid Expenses

**Qn.64) Subsidy of Rs. 40,000 received from the government by a manufacturing concern** [1]  
A. Capital receipt B. Revenue receipt C. Capital expenditures D. Revenue expenditures

**Qn.65) A receipt in substitution of an income is a.....** [1]  
A. Deferred revenue receipts B. Revenue receipts C. Capital receipts D. None of the above

**Qn.66) X Limited spent Rs 10,00,000 towards construction of office building. It also spent Rs 50,000 towards construction of temporary store and used the store for building construction purpose. On completion of building construction the store was dismantled an** [1]  
A. Rs 10,00,000 B. Rs 11,10,000 C. Rs 10,90,000 D. Rs 10,70,000

**Qn.67) Amount realized by the sale of fixed assets or by issue of shares or debentures is a .....while amount realized by sale of goods or rendering services is always.....** [1]  
A. Revenue receipts, Capital receipt B. Capital receipt, Revenue receipts C. Capital receipt, Capital receipt D. Revenue receipts, Revenue receipts

**Qn.68) Share Premium is a :** [1]  
A. Capital Receipt B. Revenue Receipt C. Deferred Revenue Receipt D. None of these

**Qn.69) Capital profits are.....** [1]  
A. Capitalized B. Transferred to capital account C. May be utilized for meeting capital losses D. Any of the above

**Qn.70) Medium term loan obtained from bank for augmenting working capital is :** [1]  
A. Revenue Expenditure B. Capital Expenditure C. Revenue Receipt D. Capital Receipt.

**Qn.71) .....is that expenditure which results in acquisition of an asset or which results in an increase in the earning capacity of a business** [1]  
A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above

**Qn.72) Which of the following expenditures is /are capital expenditures.** [1]  
A. Custom duty of Rs. 1,000 paid on importing machinery costing Rs, 10,00,000. B. Amount spend to overhaul a motor truck-purchased second-hand. C. Wages paid to workers for setting up new machinery. D. All of the above

**Qn.73) Costs incurred to acquire an asset are.....but costs incurred to keep them in working condition** [1]

or to defend their ownership are.....

A. Capital expenditure, Revenue expenditure B. Revenue expenditure, Revenue expenditure C. Deferred revenue expenditure, Revenue expenditure D. Revenue expenditure, Capital expenditure

- Qn.74) Revenue from sale of products ordinarily is reported as part of the earning in the period** [1]  
A. The sale is made B. The cash is collected C. The products are manufactured D. The planning takes place
- Qn.75) A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.** [1]  
A. Occurrence B. Non-occurrence C. Both (a) & (b) D. (a) or (b)
- Qn.76) Fee paid to a lawyer for checking whether all the papers are in order before land is purchased is.....But if later a suit is filed against the purchaser, the legal costs will be.....** [1]  
A. Capital expenditure, Revenue expenditure B. Revenue expenditure, Revenue expenditure C. Deferred revenue expenditure, Revenue expenditure D. Revenue expenditure, Capital expenditure
- Qn.77) Select the false statement.** [1]  
A. Capital expenditure is that expenditure which results in acquisition of an asset or which results in an increase in the earning capacity of a business. B. Heavy loss such as loss due to earthquake is treated as revenue expenditure. C. Both (a) & (b) D. Neither (a) nor (b)
- Qn.78) Machinery was purchased for Rs 10,000 and Rs 500 paid as wages for erection of machinery ? The account that should be debited is:** [1]  
A. Wages A/c B. Machinery A/c C. Repairs A/c D. None
- Qn.79) An old machinery is purchased for Rs 10,000. Installation charges of Rs 1,000 were incurred. Repairs to the old machinery = Rs 7,000 Repairs Account will be debited by:** [1]  
A. Rs 7,000 B. Rs 8,000 C. Nil D. None of the above
- Qn.80) Revenue expenditure are balanced and is transferred to.....** [1]  
A. Liability side in balance sheet B. Cr. side to profit & loss account C. Dr. side to Profit and loss account D. Asset side in balance sheet
- Qn.81) Which of the following is /are not usually capable of being reconverted into cash?** [1]  
A. Capital expenditure B. Revenue expenditure on purchase of goods C. Deferred revenue expenditure D. All of the above
- Qn.82) ..... appear in the profit and loss account and are available for distribution as profit, or for creating reserves and funds, or for being used in the business.** [1]  
A. Capital profit B. Revenue profits C. Capital loss D. All of the above
- Qn.83) .....is the outcome of a firm's activity in the accounting period, part of its rewards for offering goods or services to the public** [1]  
A. Deferred revenue receipts B. Revenue receipts C. Capital receipts D. None of the above
- Qn.84) Paper purchased for use as stationery.** [1]  
A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.85) Discount on issue of debentures is a.....** [1]  
A. Revenue loss to be charged in the year of issue B. Capital loss to be written off from capital reserve C. Capital loss to be written off over the tenure of the debentures D. Capital loss to be shown as goodwill
- Qn.86) Interest on loans taken to acquire fixed assets only for the period before the asset becomes operational is.....** [1]  
A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.87) Brokerage on the issue of shares and debentures is a expenditure :** [1]  
A. Revenue B. Capital C. Deferred Revenue D. Partly capital partly revenue
- Qn.88) A building purchased for Rs. 1,50,000 was subsequently sold for Rs. 1,75,000; difference Rs. 25, 000 will be.....** [1]  
A. Capital profit B. Revenue profits C. Capital loss D. Revenue loss

- Qn.89) Which of the following expenditure is/are not revenue expenditure.** [1]  
 A. M/s XYZ, property dealers, purchased ten flats @ Rs. 7,00,000 each. B. Rs. 20,000 spend for the trial run of newly installed machinery. C. Damages paid on account of breach of contract to supply certain goods. D. All of the above
- Qn.90) Amount received from IDBI as a medium term loan for augmenting working capital** [1]  
 A. Capital expenditures B. Revenue expenditures C. Capital receipt D. Revenue receipt
- Qn.91) Wages paid for installation of assets should be debited to** [1]  
 A. wages account B. assets account C. trading account D. profit and loss account
- Qn.92) When company issues its shares of the face value Rs. 100 for Rs. 105 each, it is said that shares have been issued at a premium, which is.....** [1]  
 A. Capital profit B. Revenue profits C. Capital loss D. Revenue loss
- Qn.93) Loss caused by theft of cash by cashier after business hours is a :** [1]  
 A. Revenue loss B. Deferred revenue loss C. Capital loss D. None of the above
- Qn.94) Expenses whose benefit expires within the year of expenditure and which are incurred to maintain the earning capacity of existing assets are termed as** [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.95) Which of the following is/are not capital receipt?** [1]  
 A. Receipts from sales B. Fees received for services C. Interest on investment D. All of the above
- Qn.96) If capital losses are negligible, they are.....of the year in which they occur.** [1]  
 A. Debited to profit & loss account B. Shown in balance sheet on the assets side C. Shown in balance sheet on the liability side D. None of the above
- Qn.97) Preliminary Expenses are an example of:** [1]  
 A. Revenue Expenditure B. Capital Expenditure C. Deferred Revenue Expenditure D. All of these
- Qn.98) Annual renewal fee of license for next year is:** [1]  
 A. Capital Expenditure B. Revenue Expenditure C. Deferred Revenue Expenditure D. Prepaid Expenses
- Qn.99) Which of the following is/are recurring in nature?** [1]  
 A. Capital expenditure B. Revenue expenditure C. Capital receipts D. All of the above
- Qn.100) Which of the following is/are not revenue receipt?** [1]  
 A. Contributions into the business by the proprietor B. Loans taken from banks C. Amount received on issue of share capital D. All of the above
- Qn.101) Paper purchased for use as stationery.** [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.102) Amount received as compensation under an agreement for the loss of future profits is a.....** [1]  
 A. Deferred revenue receipts B. Capital receipts C. Revenue receipts D. None of the above
- Qn.103) Deferred revenue expenditure also results in a benefit which will accrue in future period but generally for.....** [1]  
 A. 3 or 5 months B. 3 or 5 years C. 1 year D. 10 or 11 months
- Qn.104) The main purpose of the incurring capital expenditure is to..... of the business. The main purpose of incurring revenue expenditures is to .....of the business.** [1]  
 A. Maintain earning capacity, improve the earning capacity B. Improve the earning capacity, maintain the earning capacity C. Maintain the earning capacity, maintain the earning capacity D. Improve the earning capacity, improve the earning capacity
- Qn.105) Which of the following expenditure is differed revenue expenditure.** [1]  
 A. 30,000 were spend on heavy advertising in connection with the introduction of a new product. B. Rs. 2,000 were paid as municipal tax in connection with a building which was purchased last year. C. A temporary room constructed for Rs. 25,000 for storing raw material for the construction of a big building. D. All of the above

- Qn.106)** ..... and..... have no bearing on the profit or loss for the accounting period. [1]  
 A. Capital receipts, Capital expenditure B. Capital expenditure, Capital receipts C. Capital receipts, Regular receipts D. None of the above
- Qn.107)** Which of the following is a revenue expenditure? [1]  
 A. Freight paid on purchase of plant and machinery B. Legal expenses paid to acquire a property C. Annual white wash of the factory building D. Expenses incurred to reduce working capital requirement
- Qn.108)** Payment into the business by proprietor is.....receipt. [1]  
 A. Revenue receipts B. Capital receipt C. Deferred revenue receipt D. None of the above
- Qn.109)** Which of the following is / are not example of capital expenditure? [1]  
 A. Money spent to reduce working expenses like conversion of hand-driven machinery to power-driven machinery B. Money paid for goodwill (like the right to use the established name of an outgoing firm) C. Expenditure which does not result in an increase in capacity or in reduction of day-to-day expenses D. All of the above
- Qn.110)** Which of the following is not a Capital Expenditure? [1]  
 A. Rs. 10,000 spent on overhauling of a second hand car purchased B. Rs. 10,000 paid as Excise duty on New Capital Equipment C. Rs. 15,000 spent on construction of temporary structure for storing building material D. Rs. 10,000 paid for removal of old waste and scrap
- Qn.111)** All sums spent up to the point an asset is ready for use should also be treated as ..... [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.112)** Secondhand machine was purchased for Rs 1,00,000 through a broker who charged 1%. It was brought to factory after incurring transportation cost of Rs 2000 and then was repaired at a cost of Rs 3000 and then installed at a cost of Rs 4000 to take trial run production which cost Rs 5000. The commercial production begun and continued up to 11 months at the end of which, this machine was again repaired at a cost of Rs. 6,000. The amount debited to Machinery Account will be- [1]  
 A. Rs. 100,000 B. Rs. 101,000 C. Rs. 115,000 D. Rs. 121,000
- Qn.113)** Amounts paid for wages, salary, carriage of goods, repairs, rent and interest, etc., are items of..... [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.114)** Which of the following expenditures is /are deferred revenue expenditures. [1]  
 A. Heavy expenditure incurred on advertising a new product B. Preliminary expenses incurred in setting up a joint stock company C. Both (a) & (b) D. Neither (a) nor (b)
- Qn.115)** Money spent Rs. 10,000 as traveling expenses of the directors on trips abroad for purchase of capital assets is [1]  
 A. Capital expenditures B. Revenue expenditures C. Deferred revenue expenditures D. None of the above
- Qn.116)** Which of the following is not a Capital Expenditure? [1]  
 A. Rs. 10,000 spent on overhauling of a second hand car purchased B. Rs. 10,000 paid as Excise duty on New Capital Equipment C. Rs. 15,000 spent on construction of temporary structure for storing building material D. Rs. 10,000 paid for removal of old waste and scrap
- Qn.117)** Capital expenditure provide ..... benefit: [1]  
 A. Short period B. Long period C. Very short period D. None
- Qn.118)** Rs. 1,200 spent on the repairs of machine. [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.119)** There are certain expenses which may be in the nature of revenue but their benefit may not be consumed in the year in which such expenditure has.....been incurred; rather the benefit may extend over a number of years are termed as..... [1]  
 A. Capital expenditure B. Revenue expenditure C. Deferred revenue expenditure D. None of the above
- Qn.120)** Machinery was purchased for Rs 10,000 and Rs 500 paid as wages for erection of machinery ? The account that should be debited is: [1]

A. Wages A/c B. Machinery A/c C. Repairs A/c D. None