

**CENTURY FOUNDATION MATRIC. HR.SEC.SCHOOL, TIRUPUR
XII - ACCOUNTANCY**

UNIT -02 – INSIDE QUESTIONS WITH ANSWER

I CHOOSE THE CORRECT ANSWER

60 x 1 = 60

1. Receipts and payments account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
2. Receipts and payments account records receipts and payments of
(a) Revenue nature only (b) Capital nature only
(c) Both revenue and capital nature (d) None of the above
3. Balance of receipts and payments account indicates the
(a) Loss incurred during the period (b) Excess of income over expenditure of the period
(c) Total cash payments during the period (d) Cash and bank balance as on the date
4. Income and expenditure account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
5. Income and Expenditure Account is prepared to find out
(a) Profit or loss (b) Cash and bank balance (c) Surplus or deficit (d) Financial position
6. Which of the following should not be recorded in the income and expenditure account?
(a) Sale of old newspapers (b) Loss on sale of asset
(c) Honorarium paid to the secretary (d) Sale proceeds of furniture
7. Subscription due but not received for the current year is
(a) An asset (b) A liability (c) An expense (d) An item to be ignored
8. Legacy is a
(a) Revenue expenditure (b) Capital expenditure (c) Revenue receipt (d) Capital receipt
9. Donations received for a specific purpose is
(a) Revenue receipt (b) Capital receipt (c) Revenue expenditure (d) Capital expenditure
10. There are 500 members in a club each paying Rs. 100 as annual subscription. Subscription due but not received for the current year is Rs. 200; Subscription received in advance is Rs. 300. Find out the amount of subscription to be shown in the income and expenditure account
(a) Rs. 50,000 (b) Rs. 50,200 (c) Rs. 49,900 (d) Rs. 49,800
11. An advance receipt of subscription from a member of the non - profit organization is considered as an
(a) Expense (b) Liability (c) Equity (d) Asset
12. Income and Expenditure account is based on _____
(a) Cash accounting (b) Government accounting
(c) Management accounting (d) Accrual accounting
13. Which of the following is to be recorded in an income and expenditure account?
(a) Purchase of a fixed asset (b) Capital expenditure incurred on a fixed asset
(c) Profit on the sale of a fixed asset (d) Sale of a fixed asset
14. Subscription received but not yet earned is considered as a /an _____
(a) Asset (b) Liability (c) Income (d) Expenditure
15. Rs. 10,000 received as to annual membership subscription. Out of this Rs. 2,000 is pertaining to the previous accounting period whereas Rs. 1000 is receivable at the end of the current accounting period. Calculate the amount of subscription that will be shown in the income and expenditure account for this accounting.
(a) Rs. 10,000 (b) Rs. 9,000 (c) Rs. 12,000 (d) Rs. 8,000
16. Income and Expenditure accounts show
(a) cash available to an organization (b) dosing capital of an organization
(c) cash available in the bank account (d) surplus or deficit for the current accounting period.
17. On what basis the receipts and payments account is prepared?
(a) Cash basis (b) Credit basis (c) Both (d) None of these
18. The amount or property received by a non - profit organization as stated by the will of a deceased person is commonly referred to as _____
(a) Donation (b) Honorarium (c) Legacy (d) Endowment
19. In non - profit organization, the sale of old newspapers is generally considered as an _____

- (a) Revenue receipt (b) Expenditure (c) Income (d) Capital receipt
20. Some organisations are established for the purpose of rendering services to the public without
(a) any profit motive (b) any service motive (c) both (d) none of these
21. Charitable institutions and educational institutions are the examples of _____
(a) profit organisation (b) not-for-profit organisation (c) both (d) none of these
22. If the donation is received without any specific condition, then it is a _____
(a) general donation (b) specific donation (c) donation fund (d) none of these
23. Capital fund also called as _____
(a) accumulated fund (b) special fund (c) donation fund (d) none of these
24. Which of the following is generally considered as a non-profit organisation?
(a) Charitable organisation (b) Corporation (c) Audit firms (d) Insurance companies
25. The receipts and payments account of a non-profit organisation is a _____
(a) Nominal account (b) Real account
(c) Income statement account (d) Financial statement
26. Non- profit organizations prepare all of the following accounts except the _____
(a) Receipts and Payments accounts (b) Income and Expenditure accounts
(c) Balance sheet (d) Income statement
27. Expenditures greater than incomes of a non-profit organization give rise to a _____
(a) Loss (b) Profit (c) Surplus (d) Deficit
28. Rent expenses of a non-profit organization paid in advance. Which of the following is the correct classification of rent _____
(a) Expense (b) Liabilities (c) Equity (d) Asset
29. Receipts and Payment accounts is a _____ account in nature.
(a) real (b) personal (c) nominal (d) all of these
30. _____ items will be recorded in income and expenditure account
(a) Capital (b) Nominal (c) Expense (d) Revenue
31. _____ Items will be recorded in the balance sheet
(a) Revenue (b) Capital (c) Expense (d) None of these
32. _____ are the amounts received by not for- profit organisations as a gift
(a) Legacy (b) Donations (c) Subscription (d) Entrance fee
33. A gift made to a not-for-profit organization by a will, is called _____
(a) Subscription (b) Life membership fee (c) Legacy (d) Donations
34. _____ is a fee collection from every member only once at the time of his or her admission into the organisation.
(a) Entrance fee (b) Legacy (c) Donations (d) None of these
35. _____ is the remuneration paid to a person who is not a regular employee of the organization
(a) Purchase of sports materials (b) Purchase of sports equipment
(c) Honorarium (d) Legacy
36. _____ is a revenue expenditure
(a) Specific donation (b) Honorarium (c) Legacy (d) Interest on investment
37. _____ is prepared to find out the surplus or deficit pertaining to a particular year.
(a) Income and Expenditure account (b) Receipts and Payment account
(c) Trading and Profit and loss account (d) Balance sheet
38. List I List II
- | | | |
|----------------------------|----|---------------------|
| (i) Subscription | 1. | Balls, bats |
| (ii) Investments | 2. | Time of admission |
| (iii) Old sports materials | 3. | Receive interest |
| (iv) Admission fee | 4. | Tennis or billiards |
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
1 2 3 4 (b) 4 3 1 2
(c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
2 3 4 1 2 3 4 1
39. List I List II

- (i) Subscription 1. Revenue expenditure
(ii) Life membership fee 2. Capital expenditure
(iii) Honorarium 3. Capital receipts
(iv) Purchase of sports equipment 4. Revenue receipts
- (a) (i) (ii) (iii) (iv) (b) (i) (ii) (iii) (iv)
1 2 3 4 2 3 4 1
- (c) (i) (ii) (iii) (iv) (d) (i) (ii) (iii) (iv)
1 4 2 1 4 3 1 2
40. State the primary motive of not for profit organisation _____
(a) Producing good (b) Provide service (c) Both (d) None of these
41. State the nature of life membership subscription _____.
(a) Cash payments (b) Cash receipts (c) Capital Receipt (d) None of these
42. Which basis Receipt and payment Account is prepared?
(a) Cash basis (b) Credit basis (c) Accrual Basis (d) None of these
43. Classify the subscription received during the year of not for profit organisation.
(a) Capital Receipt (b) Capital expenditure (c) Revenue Receipt (d) both
44. State the nature of Receipt and Payment A/c for not for profit organisation?
(a) Real Account (b) Personal A/c (c) Nominal A/c (d) Representative personal A/c
45. Subscription received in advance is an income or a liability _____
(a) An asset (b) Income (c) A liability (d) Expenditure
46. Not-for-profit organisation prepare _____
(a) Income and Expenditure Account (b) Trading and Profit and loss Account
(c) Only the Trading Account (d) Cash Budget
47. The Receipts and Payment account is a summary of _____
(a) Debit and Credit balances of Ledger Account (b) Cash receipts and payments
(c) Income and Expenses (d) Balance Sheet
48. Subscription received in advance by a club are shown _____
(a) On the credit side of the Income and Expenditure A/c
(b) On the assets side of the Balance sheet
(c) On the liabilities side of the Balance sheet
(d) On the debit side of the Income & Expenses A/c
49. Donations received for a special purpose are a _____
(a) Liability (b) Revenue Receipt (c) Capital Receipt (d) capital reserve
50. The Receipts and Payment A/c is a _____
(a) Nominal Account (b) Real Account (c) Personal Account (d) None of these
51. The Income and Expenditure Account reveals _____.
(a) Cash in hand (b) Surplus or deficiency (c) Capital A/c (d) Reserve
52. Subscription received in advance during the current year is _____
(a) an income (b) an asset (c) a liabilities (d) none of these
53. If there is "Match Fund" then match expenses and incomes one transferred to _____.
(a) Income and Expenditure A/c (b) Assets side of B/S
(c) Liabilities side of Balance sheet (d) Both Income and Expenditure A/c and Balance Sheet
54. (a) Sale of old newspapers 1. Opening Asset - Opening liabilities
(b) Legacy 2. Gift
(c) Donations 3. Capital receipt
(d) Capital fund 4. Revenue receipt
- (a) a b c d (b) a b c d
1 2 3 4 4 3 2 1
- (c) a b c d (d) a b c d
2 3 4 1 4 2 3 1
55. (a) Subscription 1. Capital Receipt
(b) Honorarium 2. Capital expenditure
(c) Life membership fees 3. Revenue expenditure

- (d) Purchase of library books
- | | | | | | | | | | |
|-----|---|---|---|---|-----|---------------|---|---|---|
| (a) | a | b | c | d | (b) | a | b | c | d |
| | 4 | 3 | 1 | 2 | | 1 | 2 | 3 | 4 |
| (c) | a | b | c | d | (d) | None of these | | | |
| | 2 | 1 | 3 | 4 | | | | | |

4. Revenue Receipt
56. Assertion : Life membership fee : Amount received towards life membership fee from the members is a capital Receipt.
Reason : It is non-recurring nature
(a) Assertion & Reason is correct (b) Assertion is incorrect Reason is correct
(c) Assertion is correct (d) Both are incorrect.
57. Specific Donation: Assertion: Donation is received with a specific condition for a particular Purpose like sports fluid is a specific donation.
Reason: It is a capital Receipt.
(a) Assertion & Reason is incorrect (b) Assertion & Reason is correct
(c) Assertion is correct & Reason is incorrect (d) Assertion is incorrect & Reason is correct
58. Identify wrong statement about Entrance fees.
(a) Is a amount paid by a person at the time of becoming a member
(b) Is a income of Not-for-profit organisation
(c) It is a revenue receipt of organisation
(d) Is debited to Income and expenditure Account
59. Choose the incorrect pair.
(a) Sale of old sports materials - Capital receipt (b) General donation - Revenue receipt
(c) Subscription for billiards - Revenue receipt (d) Specific donation Capital receipt
60. Assertion (A) : The receipts and payments account begins with the opening balances of cash and bank and ends with closing balances of cash and bank.
Reason (R) : Non-cash items such as depreciation, outstanding expenses and accrued income are shown in receipts and payments account.
(a) Both (A) and (R) are true, and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true, and (R) is not the correct explanation of (A)
(c) (A) is true but (R) is false
(d) (A) is false but (R) is true
61. Assertion (A): Life membership fee is nonrecurring in nature.
Reason (R): Admission fee is a fee collected from every member only once at the time of his or her Admission into the organization.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true but (R) is false.
(d) (A) is false but (R) is true.
62. Specific fund is to be shown on the liabilities side and specific fund investments account is to be shown on the assets side of the balance sheet.
(i) Incomes and expenses relating to the specific fund account should not be recorded in income and expenditure account.
(ii) Balance sheet is a statement showing the financial position of an organisation.
(a) (i) is correct (b) (ii) is correct
(c) (i) and (ii) are correct (d) (i), (ii) and (iii) are correct
63. Capital fund also called as general fund or accumulated fund is taken to the assets side.
(i) The total of debit balances will be equal to the total of credit balances.
(ii) Revenues, gains and liabilities will have credit balance.
(a) (i) is correct (b) (ii) and (iii) are correct
(c) (ii) is correct (d) (i), (ii) and (iii) are correct
64. (a) Not-for-profit organisation - Educational institutions
(b) Receipts and payment accounts - Real account
(c) Income and expenditure account - Indian companies Act 2013
(d) Balance sheet - Schedule IV
65. (a) Subscription - Revenue receipts

- | | | | |
|---------|------------------------|---|------------------|
| (b) | Dividend | - | Revenue payments |
| (c) | Legacies | - | Capital receipts |
| (d) | Rent paid | - | Revenue payments |
| 66. (a) | Entrance fees | - | Capital payments |
| (b) | Sale of fixed assets | - | Revenue receipts |
| (c) | Entertainment expenses | - | Revenue payments |
| (d) | Investment | - | Capital receipts |

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UNIT - 02 inside answer key

- (b) Real A/c
- (c) Both revenue and capital nature
- (d) Cash and bank balance as on the date
- (a) Nominal A/c
- (c) Surplus or deficit
- (d) Sale proceeds of furniture
- (a) An asset
- (d) Capital receipt
- (b) Capital receipt
- (a) Rs. 50,000
- (b) Liability
- (d) Accrual accounting
- (c) Profit on the sale of a fixed asset
- (b) Liability
- (b) Rs. 9,000
- (d) surplus or deficit for the current accounting period.
- (a) Cash basis
- (c) Legacy
- (c) Income
- (a) any profit motive
- (b) not-for-profit organisation
- (a) general donation
- (a) accumulated fund
- (a) Charitable organisation
- (b) Real account
- (d) Income statement
- (d) Deficit
- (d) Asset

(a) real

(d) Revenue

(b) Capital

(b) Donations

(c) Legacy

(a) Entrance fee

(c) Honorarium

(b) Honorarium

(a) Income and Expenditure account

(a) (i) (ii) (iii) (iv)

1 2 3 4

(d) (i) (ii) (iii) (iv)

4 3 1 2

(b) Provide service

(b) Cash receipts

(a) Cash basis

(c) Revenue Receipt

(a) Real Account

(c) A liability

(a) Income and Expenditure Account

(b) Cash receipts and payments

(c) On the liabilities side of the Balance sheet

(d) capital reserve

(a) Nominal Account

(a) Cash in hand

(a) an income

(a) Income and Expenditure A/c

(a) a b c d

1 2 3 4

(a) a b c d

4 3 1 2

(a) Assertion & Reason is correct

(b) Assertion & Reason is correct

(d) Is debited to Income and expenditure Account

(a) Sale of old sports materials - Capital receipt

(A) is true but (R) is false

Both (A) and (R) are true and (R) is not the correct explanation of (A)

(i), (ii) and (iii) are correct

(ii) and (hi) are correct

Balance sheet - Schedule IV

Dividend - Revenue payments

Entertainment expenses - Revenue payments

Depreciation - Expenditure Account

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