CHOOSE THE CORRECT ANSWER

1) Receipts and Payments account is a
   a) Nominal A/c  b) Real A/c  c) Personal A/c  d) Representative personal A/c

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 payments during the period

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) Revenue expenditure  b) Capital expenditure  c) Revenue receipt  d) Capital receipt

9) Donations received for a specific purpose is:
   a) Revenue received  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

ADDITIONAL QUESTIONS

11) The institutions, which deal in activities other than trade are called:
    a) Trading Concerns  b) Non-trading Concerns  c) Manufacturing Concern  d) None of them

12) The record of cash kept by the non-trading concerns is shown by:
    a) Receipt & Payment A/C  b) Income & Expenditure A/c  c) Profit & Loss A/c  d) Manufacturing A/c

13) The balance sheet of a hospital does not contain the item of:
    a) Cash  b) Building  c) Owner’s equity  d) Stock

14) A fee paid by the members of club at the time of becoming the member is called:
    a) Grant  b) Subscription  c) Entrance fee  d) Donation

15) Gift presented to chief guest at annual function by non-trading concern is:
    a) Gift  b) Reward  c) Honorarium  d) All of these

16) Endowment fund is:
    a) Liability  b) Asset  c) Income  d) Expenditure

17) Which of the following is generally considered as a non-profit oriented organization?
    a) Corporation  b) Charitable organization  c) Audit firm  d) Insurance companies

18) Non-profit organizations prepare all of the following accounts except the:
    a) Income and expenditure A/c  b) Balance sheet  c) Income statement  d) Receipt and payment A/c

19) Named beneficiary:
    a) Annuity  b) Loan  c) Endowment  d) Legacy

20) Income and expenditure account is based on:
21) Honorarium is a kind of remuneration paid to a person who is not the employee of a non-profit organization. Which of the following statements is true about the honorarium payment?
   a) It is not recorded in the books  
   b) It is capital expenditure  
   c) It is a Revenue expenditure  
   d) None of these

22) The capital of a non-profit organization is generally known as:
   a) Accumulated fund  
   b) Financial reserve  
   c) Cash fund  
   d) Equity

23) When cash is received for life membership, which one of the following double entries is passed?
   a) Investment debit and cash credit  
   b) Cash debit and capital credit  
   c) Cash Debit and life membership fund credit  
   d) Life membership debit and cash credit

24) XYZ club has a bar that maintains a separate trading account for its trading activities. Which of the following is the treatment of profit or loss on bar trading activities?
   a) Profit and loss is added to accumulated fund  
   b) Profit and loss is credit in income statement  
   c) Profit and loss to be presented in Income expenditure account  
   d) Profit and loss to be presented in income and expenditure account

25) Which of the following statement is false regarding receipt and payment account
   a) Give fair idea of earned position  
   b) Based on accrual basis  
   c) An assets account  
   d) Records all transactions without distinguishing among current, previous and succeeding accounting periods

26) Sale of old newspaper is ....
   a) Capital Receipt  
   b) Revenue Receipt  
   c) Asset  
   d) Profit

27) Income and Expenses related to the prize fund is shown in .....  
   a) Income and Expenditure A/c  
   b) Assets side of the Balance Sheet  
   c) Liabilities side of the Balance Sheet  
   d) Cash A/c

28) Life membership fees of non-trading concerns is .......
   a) Capital Receipt  
   b) Revenue Receipt  
   c) Both (a) & (b)  
   d) None of these

29) Legacies should be treated as .......
   a) Liability  
   b) Capital Receipt  
   c) Revenue Receipt  
   d) None of these

30) Payment of Honorarium to secretary is treated as .......
   a) Capital Expenditure  
   b) Revenue Expenditure  
   c) Cash Expenses  
   d) None of these

31) Specific donation is ....
   a) Capital Receipt  
   b) Revenue Receipt  
   c) Asset  
   d) None of these

32) Income and Expenditure Account records .......
   a) Capital items  
   b) Revenue items  
   c) Both (a) & (b)  
   d) None of these

33) Outstanding subscription is a/an .........
   a) Income  
   b) Asset  
   c) Liability  
   d) None of these

34) Entrance fee, unless otherwise stated, is treated as .......
   a) Revenue Receipt  
   b) Capital Receipt  
   c) Liability  
   d) None of these

35) Life membership received by a Club is .........
   a) Revenue Receipt  
   b) Capital Receipt  
   c) Both (a) & (b)  
   d) None of these

36) All receipts of capital nature are shown in .......
   a) Income and Expenditure A/c  
   b) Balance Sheet  
   c) Profit & Loss A/c  
   d) None of these

37) All items of revenue in nature are shown in .......
   a) Income and Expenditure A/c  
   b) Balance Sheet  
   c) Both (a) & (b)  
   d) None of these

38) Which of the following is not a not-for profit organization .......
   a) School  
   b) Hospital  
   c) Club  
   d) Partnership Firm

39) The excess of assets over liabilities in non-trading concerns is treated as .........
   a) Capital Fund  
   b) Capital  
   c) Profit  
   d) Net Profit

40) Subscription received in advance by a Club are shown on .... Side of the Balance Sheet.
   a) Asset  
   b) Liability  
   c) Debit  
   d) Credit

41) Which of the following is not an income ....
   a) Subscription  
   b) Donation  
   c) Sale of Ticket  
   d) Endowment Fund
42) Most transactions in non-trading concerns are ...........
   a) Cash                                      b) Credit                                      c) Both (a) & (b)                                      d) All of these
43) The main object of non-trading organization is ...........
   a) To earn the Profit                        b) To Serve the Society                        c) To prepare Profit & Loss A/c                      d) All of these
44) Subscription received by an organization is ...........
   a) Capital Receipt                          b) Revenue Receipt                             c) Both (a) & (b)                             d) None of these
45) Entrance fees received by a Club is treated as ...........
   a) Revenue Receipt                          b) Capital Receipt                             c) Revenue Expenditure                          d) None of these
46) Subscription received during the year Rs.50,000; Subscriptions outstanding at the end of the year Rs.8,000; Subscription outstanding at the beginning of the year Rs.6,000. Net Income from subscription will be ...........
   a) Rs.48,000                                 b) Rs.64,000                                    c) Rs.52,000                                      d) Rs.36,000
47) Subscription received during the year Rs.1,80,000; Subscriptions outstanding at the end of the year Rs.20,000; Subscriptions received in advance at the end of the year Rs.10,000; The amount of subscription to be credited to Income and Expenditure A/c will be ...........
   a) Rs.2,10,000                                b) Rs.1,90,000                                  c) Rs.1,70,000                                    d) Rs.2,00,000
48) In case specific fund is maintained, the expenses exceeding the amount of the funds, should be recorded on ..... 
49) All receipts from sale of consumable item are treated as ...........
   a) Capital Receipts                          b) Revenue Receipts                            c) Both (a) & (b)                                  d) All of the above
50) Subscriptions received in cash during the year Rs.5,000; Amount received in advance for the next year is Rs.300; Amount outstanding for current year was Rs.400. The amount to be credited to the Income and Expenditure A/c is ...............
   a) Rs.4,000                                  b) Rs.5,100                                    c) Rs.4,200                                      d) Rs.4,600
51) If income is Rs.16,000 and ‘deficit’ debited to capital fund is Rs.4,300, then expenditure is ...........
   a) Rs.16,000                                  b) Rs.4,300                                    c) Rs.20,300                                    d) None of the above
52) Balance of Income and Expenditure A/c shows ..... 
   a) Cash in hand                             b) Capital Fund                                c) Net Profit                                     d) Excess of Income over Expenditure or vice-versa
53) Property received as a result of the will of the deceased person is called ..... 
   a) Legacy                                   b) Honorarium                                  c) Donation                                       d) Subscription
54) Legacies should be treated as ...........
   a) A Liability                               b) A Revenue Receipts                          c) An Income                                      d) None of the above
55) Income and Expenditure Account is prepared .......
   a) By Business Organization                  b) By Industrial Organization                  c) By Not-for-profit Organization                 d) By All Organizations
56) Receipt and Payments Account usually indicates ...........
   a) Surplus                                   b) Capital Fund                                c) Debit Balance                                  d) Credit Balance
57) In non-trading concerns, excess of income over expenditure is called ........
   a) Profit                                    b) Surplus                                    c) Loss                                           d) Deficit
58) In not-for-profit organizations, excess of expenditure over income is called ..... 
   a) Profit                                    b) Surplus                                    c) Deficit                                       d) Loss
59) Find out the Stationery consumed. Stock of stationery on 1.4.2018 is Rs.2,600; Purchase of stationery during the year is Rs.6,500; Stock of stationery on 31.3.2019 is Rs.2,200. 
   a) Rs.6,900 (Dr.)                            b) Rs.6,900 (Cr.)                              c) Rs.2,600 (Dr.)                                 d) Rs.6,500 (Dr.)
60) Subscription received in 2018 is Rs.50,000 which includes Rs.5,000 for 2017 and Rs.7,000 for 2019. Subscription outstanding for the year 2018 is Rs.6,000. Subscription of Rs.4,000 was received in advance for 2018 in the year 2017. 
   a) Rs.58,000                                 b) Rs.50,000                                   c) Rs.48,000                                    d) Rs.38,000

***** All the Best *****
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