Sample Questions

Financial Accounting

1. HGF Ltd. bought furniture worth $400,000. There has been depreciation at the rate of 20% since 5 years. What will be the amount of depreciation at the end of year one?
   
   a. $80,000  
   b. $40,000  
   c. $20,000  
   d. $10,000

2. Debt-Equity ratio helps to study______________.
   
   a. Solvency  
   b. Liquidity  
   c. Profitability  
   d. Turnover

3. Complete the formula.
   Prime cost + work overhead + opening work in progress - closing work in progress =
   
   a. Material cost  
   b. Works cost  
   c. Period cost  
   d. Cost of production

4. Which of the following transactions has contra entries?
   A) Paid to bank – $6,000.
   B) Paid salaries by check – $9,500.
   C) Received check from -Nicholas – $16,000.
   D) Drew from bank for shop use – $1,300.
   
   a. Only 1  
   b. 1, 3 and 4  
   c. 1 and 4  
   d. 1, 2, 3 and 4

5. Which of the following is development expenditure for a tea industry?
   
   a. Capital expenditure  
   b. Deferred revenue expenditure  
   c. Revenue expenditure
6. ________ is an example of simultaneous increase in liabilities and decrease in capital.
   
   a. Outstanding salaries  
   b. Payment made to creditors by taking loan from bank  
   c. Conversion of loan into capital  
   d. Interest on capital

7. The balance as per pass book - bank overdraft is $34,200. What will be the balance after treating this item: 'Interest on investment collected by the banker shown in pass book - $1,400'?
   
   a. $.38,600  
   b. $.32,800  
   c. $.1,400  
   d. $.30,200

8. CM Company sold 80,000 units of one of its products. The selling price per unit is $15 per unit. The Variable cost is $5 and the fixed cost is $80,000. Calculate the break-even number of units.
   
   a. 2,667 units  
   b. 8,000 units  
   c. 4,000 units  
   d. 1,600 units

9. In 2014, the cost of goods available for sale for Y2K Ltd. was $100,000. The gross profit rate was 30% and sales for the year were $80,000. What would be the amount during the year ending inventory?
   
   a. $44,000  
   b. $34,000  
   c. $40,000  
   d. $42,500

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