QB365 Question Bank Software Study Materials

Capital and Revenue Transactions 50 Important 1 Marks Questions With Answers (Book Back and Creative)

11th Standard

Accountancy

Total Marks : 50

Multiple Choice Question

50 x 1 = 50

1) Amount spent on increasing the seating capacity in a cinema hall is _____.

   (a) Capital expenditure   (b) Revenue expenditure   (c) Deferred revenue expenditure   (d) None of the above.

2) Expenditure incurred Rs.20,000 for trial run of a newly installed machinery will be _____.

   (a) Preliminary expense   (b) Revenue expenditure   **(c) Capital expenditure**   (d) Deferred revenue expenditure

3) Interest on bank deposits is _____.

   (a) Capital receipt   **(b) Revenue receipt**   (c) Capital expenditures   (d) Revenue expenditures

4) Amount received from IDBI as a medium term loan for augmenting working capital _____.

   (a) Capital expenditures   (b) Revenue expenditures   (c) Revenue receipts   **(d) Capital receipt**

5) Revenue expenditure is intended to benefit _____.

   (a) Past period   (b) Future period   **(c) Current period**   (d) Any period

6) Pre-operative expenses are _____.

   (a) Revenue expenditure   (b) Prepaid revenue expenditure   (c) Deferred revenue expenditure   **(d) Capital expenditure**

7) In the accounting cycle _____ items are to be shown in the trading and profit and loss account.

   (a) capital   **(b) revenue**   (c) income   (d) none of these

8) _____ items are to be shown in the Balance sheet.

   (a) Capital   (b) Expense   (c) Revenue   (d) Loss

9) The benefits of _____ are available for more than one year.

   (a) Capital expenditure   (b) Revenue expenditure   (c) Referred revenue expenditure   (d) Capital profit

10) _____ is recurring in nature.

   (a) Deferred revenue expenditure   **(b) Revenue expenditure**   (c) Capital expenditure   (d) None of these

11) Depreciation on fixed asset is an example of _____

   (a) Capital expenditure   **(b) Revenue expenditure**   (c) Capital profit   (d) Revenue profit

12) _____ is received in the normal course of business

   (a) Capital receipt   (b) Capital expenditure   **(c) Revenue receipt**   (d) Revenue loss

13) The loss which is not incurred in the normal course of business is _____

   (a) Capital loss   (b) Revenue loss   (c) both 'a' and 'b'   (d) None of these

14) Transaction which provide benefit to the business for more than one year is called as _____

   (a) Capital transaction   (b) Revenue transaction   (c) Neither of the two   (d) None of these

15) Amount spent on remodelling an old car is an example of _____

(a) Deferred revenue expenditure   (b) Revenue expenditure   **(c) Capital expenditure**   (d) Revenue receipt

16) Venkatesh purchases goods worth Rs.80,000 for the purpose of selling. This amount will be treated as _____

(a) Capital expenditure   **(b) Revenue expenditure**   (c) Deferred revenue expenditure   (d) None of these

17) Expenses on advertisement will be classified under _____

(a) Capital expenditure   (b) Revenue expenditure   **(c) Deferred revenue expenditure**   (d) Capital receipt

18) A plant worth Rs.8,000 is sold for Rs.8,500 the capital receipt amounts to _____

(a) Rs.8,000   **(b) Rs.8,500**   (c) Rs.500   (d) Rs.16,500

19) Revenue expenditure is intended to benefit _____

(a) Subsequent year   (b) Previous year   **(c) Current year**   (d) None of these

20) The net loss which arises in a business is an example of _____

(a) Revenue loss   (b) Capital loss   (c) Neither of the two   (d) None of these

21) Loss on sale of fixed asset is an example of _____

(a) Revenue loss   **(b) Capital loss**   (c) Expenditure   (d) Capital profit

22) Excess of revenue receipts over revenue expenditure is _____

(a) Net receipt   (b) Net loss   **(c) Net profit**   (d) Capital profit

23) Excess of revenue expenditure over revenue receipt is _____

(a) Revenue expenditure   **(b) Net profit**   (c) Net loss   (d) Gross profit

24) Which of the following Expenditure can be converted into cash?

(a) Capital expenditure   (b) Revenue expenditure   (c) Deferred revenue expenditure   (d) None of these

25) The 'receipt' which is invested in the business for a long time is _____

(a) Capital receipt   (b) Revenue receipt   (c) Investment receipt   (d) None of these

26) Money spent Rs.10,000 as travelling expenses of the directors on trips abroad for purchase of Capital Asset is _____

(a) Capital expenditure   (b) Revenue expenditure   (c) Prepaid revenue expenditure   (d) Revenue receipt

27) Amount of Rs.5,000 spent as lawyer's fee to defend a suit claiming that the firm's factory site belonged to the plaintif's land is _____

(a) Capital expenditure   **(b) Revenue expenditure**   (c) Prepaid revenue expenditure   (d) Revenue receipt

28) Subsidy of Rs.40,000 received from the government for working capital by a manufacturing concern is _____

(a) Capital receipt   **(b) Revenue receipt**   (c) Capital expenditure   (d) Revenue receipt

29) Insurance claim received on account of machinery damaged completely by fire is _____

(a) Revenue receipt   (b) Revenue expenditures   **(c) Capital receipt**   (d) Capital expenditures

30) Interest on Investments received from UTI is _____

(a) Capital receipt   **(b) Revenue receipt**   (c) Capital expenditures   (d) Revenue expenditures

31) Revenue from sale of products, ordinarily is reported part of the earning in the period in which _____.

(a) The sale in made   (b) The Cash is collected   (c) The products are manufactured   (d) At any time

32) Premium on the issue of shares is _____

(a) **Capital receipt**   (b) Revenue receipt   (c) Capital expenditures   (d) Revenue expenditures

33)   Small repair charges incurred on a building is a _____

(a) **Revenue expenditure**   (b) Capital expenditure   (c) Deferred revenue expenditure   (d) Prepaid Revenue expenditure

34)   Deferred revenue expenditure is to be written off _____

(a) In the year in which the expenses are incurred   (b) In the year in which the benefit of expenses are exhausted

(c) **Within 3 to 5 years**   (d) Within 5 to 10 years

35)   Expenses on research and development will be classified under _____.

(a) **Preliminary expense**   (b) Revenue expenditure   (c) Capital expenditure   (d) Deferred revenue expenditure

36)   Revenue receipts are_____ in the business.

(a) non-recurring   (b) **recurring**   (c) neither of the above   (d) A AND B

37)   An plant worth Rs. 8,000 is sold for Rs. 8,500 the capital receipt amounts to _____.

(a) Rs.8,000   (b) Rs.8,500   (c) **Rs.500**   (d) Rs.165

38)   An asset worth Rs. 1,00,000 is sold for Rs. 85,000 the capital loss amounts to _____

(a) Rs.85,000   (b) Rs.1,00,000   (c) **Rs.15,000**   (d) Rs.70000

39)   An asset worth Rs. 1,00,000 is sold for Rs. 75,000 the capital loss amounts to _____

(a) Rs.1,75,000   (b) Rs.1,00,000   (c) **Rs.75,000**   (d) Rs.25,000

40)   There are _____ types of expenditure.

(a) One   (b) Two   (c) **Three**   (d) Four

41)   _____ expenditure is recurring in nature.

(a) Capital expenditure   (b) **Revenue expenditure**   (c) Capital loss   (d) Capital profit

42)   Considerable amount spent on advertising is an example of _____ expenditure.

(a) capital   (b) revenue   (c) **deferred**   (d) none of these

43)   Any expenditure resulting in the acquisition of fixed assets or contributes to the revenue earning capacity of the business is a _____

(a) **Capital expenditure**   (b) Revenue expenditure   (c) Deferred revenue expenditure   (d) none of the above

44)   Purchased goods for Rs.10,000 for resale, it is _____

(a) Capital expenditure   (b) **Revenue expenditure**   (c) Preliminery expenditure   (d) Defened revenue expenditure

45)   Which one of the following is a capital receipt?

(a) Rent received   (b) Interest on investments in shares   (c) **Proceeds of sale of fixed assets**
(d) Proceeds from the sale of goods

46)   Which one of the following is a revenue receipt?

(a) **Rent received**   (b) Proceeds from the sale of building   (c) Donations received
(d) Proceeds home the sale of long term investments

47)   Which one of the following is a revenue receipt?

(a) **Long term loan from bank**   (b) Sale proceeds of long term investments   (c) Interest on investments received
(d) Proceeds from sale of goods

48)   Which one of the following is a deferred revenue expenditure?

(a) Manufacturing expenses   (b) selling and distribution expenditure   (c) carriage paid on purchase

(d) major repairs to plant and machinery

49) Huge amount spent on advertisement by Mr. Ravi for his business promotion is _____

(a) Revenue Receipts   (b) Deferred Revenue Expenditure   (c) Capital Expenditure   (d) Revenue Expendinue

50) Choose the correct pair:

i) Capital Expenditure It increases the profit earning capacity of the business

ii) Revenue Expenditure - Tlo get benefit for certairi years

iii) Deferred revenue expenditure - It is recurring in nature

(a) (iii) correct   (b) (i), (ii), (iii) all are correct   **(c) (i) correct**   (d) (ii) correct