

## Basic Accounting with Tally

### Note:

- These questions are given only to indicate the nature of questions for the Final Examination.
- The Final examination questions will not be confined to the ones in this question bank.
- The ATCs may prepare the Question Paper for the Model examination with the questions from this Question Bank.

### Part- I Choose the correct answer

(1 mark each)

1. In Tally, ..... key is used to select receipt voucher.  
a) F6                      b) F5                      c) F4                      d) F3
2. An expenditure incurred to derive long term advantage is .....  
a) Capital expenditure      b) Revenue expenditure  
c) Expense                      d) None of these
3. Debit all .....  
a) Expenses and losses                      b) Income and gains  
c) Liabilities                      d) None of these
4. Debts which cannot be recovered are called .....  
a) Debtors                      b) Bad debt  
c) Expense                      d) Irrecoverables
5. .... is a statement of ledger account balance at a particular instance.  
a) Balance Sheet                      b) Trial Balance  
c) Trading Account                      d) None of these
6. Goodwill is a ..... asset.  
a) Tangible                      b) Fixed                      c) Intangible                      d) Valuable
7. .... assets is used for selling purpose.  
a) Fixed Asset                      b) Intangible Asset  
c) Current Asset      d) Wasting Asset
8. Direct expenses are shown in ..... account.  
a) Trading                      b) P&L                      c) Balance sheet                      d) None of these
9. .... is prepared to ascertain the gross profit or gross loss.  
a) Balance sheet                      b) Trail Balance  
c) Trading account                      d) Cash book
10. A Bank Reconciliation statement is prepared by .....  
a) Customer                      b) Banker                      c) Debtor                      d) None of these
11. Journal is the book of .....  
a) Secondary Entry                      b) Primary Entry  
c) Original Entry                      d) Principle Entry
12. The expenses paid in advance and also the amount that should be shown on the asset side of Balance Sheet .....  
a) Unexpired expense                      b) Outstanding Expense  
c) Trade Expense                      d) None of these
13. Wages paid to Ramesh by cash should be debited to .....  
a) Ramesh a/c                      b) Cash a/c  
c) Wages a/c                      d) None of these
14. .... is a statement of ledger account balance at a particular instance.

- a) Balance sheet                      b) Trial balance  
c) Trading account.                  d) P&L a/c
15. Profit and loss account can be displayed through .....menu in Tally.  
a) File                      b) Display              c) Gateway of Tally              d) Account Info.
16. All outstanding comes under..... group in Tally.  
a) Current Asset                      b) Current liabilities  
c) Fixed asset                      d) Both a & b
17. The first side of Receipt Voucher is ..... in Tally.  
a) Debit                      b) Expense              c) Credit                      d) Income.
18. Who introduced the important concept of Profit and Loss Account.  
a) Jericho                      b) Luca Pacioli  
c) William Cooper                      d) Richard Bowett.
19. .... key used is for Stock Journal Voucher.  
a) F7                      b) Alt+ F7              c) Ctrl + F7              d) F5.
20. .... is Called Stock items in Tally.  
a) Product Name                      b) Billing name              c) Voucher                      d) None of these.
21. Owner's draw is called.....  
a) Capital                      b) Drawings              c) Stock                      d) Payment.
22. Cash comes under ..... Group in Tally.  
a) Cash – in- hand                      b) Cash                      c) Bank                      d) Current Asset
23. The main window of Tally is called .....  
a) Menu Page                      b) Main                      c) Gateway of Tally                      d) None of these
24. .... voucher is used for adjustment entries in Tally.  
a) Memorandum                      b) Receipt                      c) Journal                      d) None of these
25. Ramesh withdraws Rs.2000 cash from his SBT Bank Current Account. In the books of Ramesh, it is a case of:  
a) Increase in one Asset and decrease in another Asset  
b) Increase in one Liability and increase in one Asset.  
c) Increase in one Liability and Decrease in one Asset.
26. The person who owes money to us is called .....  
a) Debtor                      b) Creditor                      c) Owner                      d) None of these
27. Gross Profit is the difference between .....  
a) Sales & Purchase                      b) Sales & Cost of Goods sold  
c) Sales and Total cost                      d) None of these
28. The difference in the trial balance is transferred to.....  
a) Capital account                      b) Suspense account  
c) Difference account                      d) Balance sheet
29. Ram purchased furniture for Rs.10,000 on credit from Modern Furniture. It is a case of :  
a) Modern Furniture Cr 10,000  
b) Modern Furniture Dr 10,000  
c) Furniture's Cr 10,000  
d) None of these
30. In Tally to Email the report, .....key combination is used.  
a) ALT+Mb) ALT+L                      c) ALT+R                      d) ALT+E
31. .... is prepared to check the arithmetical accuracy of books of account.  
a) Balance Sheet                      b) Trial Balance  
c) Trading Account                      d) None of these
32. .... Key is used for payment in Tally.  
a) F3                      b) F1                      c) F5                      d) F2
33. Assets that have a physical existence are called ..... asset.  
a) Intangible                      b) Tangible                      c) Wasting                      d) None of these

34. The amount invested by the proprietor is called .....  
 a) Capital                      b) Drawings                      c) Assets                      d) Fund
35. In Tally the short cut key to access calculator is.....  
 a) ctrl+n                      b)ctrl+m                      c) ctrl+c                      d) None
36. In Tally you can delete a ledger from the alteration mode by using the .....shortcut key.  
 a) Alt+D                      b) Alt+Y                      c) Alt+Del                      d) None
37. Depreciation is the decrease in the value of assets due to.....  
 a) Wear& Tear                      b) Passage of time  
 c) Obsolescence                      d) All of these
38. The goods available with the business for the sale on a particular date is termed as.....  
 a) Purchase                      b) Stock                      c) Work- in –progress                      d) Investment
39. The assumption that a business enterprise will not sold or liquidated in the near future is known as the.....  
 a) Periodicity                      b) Going concern  
 c) Conservatism                      d) Economic entity
40. Recognition of expenses in the same period as associated revenue is known as the.....principle.  
 a) Monetary unit                      b) Cost-benefit                      c) Matching                      d) Consistency
41. Accounting standards are issued by.....  
 a) ICAI                      b) IASC                      c) ICWA                      d) Accounting Standard Board
42. The business is treated as a unit or entity separate from the.....  
 a) Debenture holder                      b) Creditors  
 c) Person who control it                      d) Government
43. Which of the following is the accounting equation  
 a) Asset=Capital                      b) Asset= Capital- Liabilities  
 c) Asset= Capital + Liability                      d) None
44. Revenue is generally deemed to have been earned at the point of time  
 a) When the cash received                      b) When sale is effected  
 c) When production is completed                      d) When unproductive assets are sold
45. A statement of debit and credit balance of account is called a.....  
 a) Journal                      b) Cash –book                      c) Trial –balance                      d) Ledger
46. Bank Reconciliation Statement is .....  
 a) Ledger a/c                      b) Part of cash book  
 c) Separate statement                      d) None
47. A.....is both journal and ledger.  
 a) Cash book                      b) Bank account  
 c) Cash account                      d) Petty cash account
48. Goods sold for cash Rs.20,000/- is the example of .....  
 a) Revenue                      b) Expenses                      c)Profit                      d) Loss
49. Pass book is.....  
 a) The Copy of banking transaction entered in the cash book  
 b) A copy of the customers ledger account maintained by the bank  
 c) The record of all cash transactions

50. Over Draft facility is available only in.....
  - a. Current Account
  - b. Savings account
  - c. FD Account
  - d. RD Account
51. ....account is opened when the trial balance does not agree.
  - a. Cash account
  - b. Bank account
  - c. Suspense account
  - d. Realization account
52. The Bank over Draft is treated as a.....
  - a. Current Asset
  - b. Fixed Asset
  - c. Current Liability
  - d. Fixed Liability
53. ....is the main source of preparing final accounts.
  - a. Journal
  - b. Cash book
  - c. Trial balance
  - d. ledger
54. ....is an account prepared to find out the result of buying and selling of goods and services.
  - a. Cash account
  - b. Trading account
  - c. P&L Account
  - d. Sales account
55. Any irrecoverable portion of sundry debtors is termed as.....
  - a. Pre-paid expense
  - b. Outstanding Expense
  - c. Bad-debt
  - d. Debtors
56. Expenditure which is incurred in the administration of business or in making sales is termed as.....
  - a. Capital Expenditure
  - b. Revenue Expenditure
  - c. Deferred Revenue Expenditure
  - d. None
57. The preparation of Trial Balance help in locating .....
  - a. Error of principle
  - b. Error of omission
  - c. Error of commission
  - d. None of these
58. Wrong totaling is an error of.....
  - a. Commission
  - b. Omission
  - c. Principle
  - d. None
59. In Trial Balance the amount stated for cash represents.....
  - a. Cash at the beginning of the period
  - b. Cash receipts during the period
  - c. Cash disbursement during the period
  - d. The cash balance on the date of
60. The cost of pulling down a building to raise a new one is .....
  - a. Revenue Expenditure
  - b. Capital Expenditure
  - c. Deferred Revenue Expenditure
  - d. None
61. Income is the excess of .....over.....
  - a. Revenue,expenses
  - b. Assets, Liabilities
  - c. Expenses, Revenue
  - d. Profit, Loss
62. Preparation of Trial Balance helps deduction of.....
  - a. Errors of principle
  - b. Compensating errors
  - c. Errors of whole omission
  - d. Clerical Errors
63. ....is allowed by the creditor to debtor for prompt payment..
  - a. Trade discount
  - b. Cash discount
  - c. Rebate
  - d. None

**(1 Mark each)**

64. Expenses which are incurred as routine business expense are called.....
65. Recording of transactions in the journal is called.....
66. .... is an indirect method of tax collection.
67. The shortcut key to close a company is .....
68. .... Key is used for payment in Tally.
69. Properties of the business are called.....
70. Balance sheet is a .....
71. .... key is used to delete the company.
72. Tally follows..... accounting system.
73. The function key to activate sales order Voucher is..... .
74. TDS comes under..... group in Tally.
75. When reject goods are returned to Vendor, it is recorded through .....
76. Goodwill comes under..... group in Tally.
77. .... key is used for journal Voucher.
78. .... Voucher is used for hide outstanding report.
79. .... function key is used to create secondary ledgers.
80. Income statement is known as .....
81. Liabilities which are expected to be payable within one year are called .....
82. The expenses related to current year but remain unpaid is called.....
83. Cash book always shows .....balance.
84. The object of preparing income statement is to ascertain .....
85. Financial Statement is collectively called .....
86. Double entry system was invented by .....
87. .... keystroke is used to change the period of entire Tally screen.
88. Bills Receivable are shown on the.....side of Balance Sheet.
89. Ledger accounts are prepared in .....form having two equal sides.
90. Errors of omission can be committed at the time of.....
91. L/F stands for .....
92. ....is the Balance Sheet classification that reports the obligations of the company.
93. A.....is the actual account head which you identify a transaction.
94. The two ledgers which are automatically created by tally are .....and.....
95. Create more than one ledger under single account group is called.....
96. Cash and cheque payment transactions are entered through.....voucher.
97. Tax paid on purchase is known as.....
98. Any irrecoverable portion of sundry debtors is termed as.....
99. Interest paid on proprietors capital is debited to.....A/c.
100. ....is a type of expenditure, the benefit of which is last for more than one year.
101. If the total of credit side of P&L account is morethan the total of debit side, the difference is.....
102. ....is the term used to describe assets without physical characteristics.
103. Every transaction will affect a minimum of ..... accounts.
104. Sales minus cost of goods sold equals ..... profit.
105. Net sales minus the cost of goods sold equals ..... profit.
106. ....is a long-term asset used in a business that does not get depreciated.
107. A check bearing a date in the future is referred to as a ..... check.
108. The time interval between the writing of a cheque and the point when the cheque reaches the bank on which it is drawn is known as.....

**Part - III. Match the following****(1 Mark each)**

<b>A</b>	<b>B</b>
116. Bank a/c	Book of first entry
117. Trial balance	Proprietors claim
118. Cash book	Subsidiary book
119. Capital	Statement
120. Journal	Personal a/c
121. Stock	Accounts Receivable
122. Debtors	Unsold Goods
123. Drawings	Goods for sale
124. Purchases	Long-term use
125. Fixed Assets	Withdrawals by owners

**Part - IV. State whether the following are True or False****(1 Mark each)**

126. The preparation of trial balance is based on the fundamental principle of double entry book keeping.
127. Cash or valuables owned by a business are a liability.
128. Interest on drawings is income.
129. Sundry debtor is connected to credit purchase.
130. In real account debit what comes in credit what goes out.
131. Customers come under accounts receivable group in Peachtree.
132. Recording of transactions in the journal is called journalizing.
133. The cash book represents the true position of cash transactions.
134. Revenues are amounts earned by selling the products of a concern.
135. Ctrl + F8 key is used to activate debit note voucher in Tally.
136. Credit note is used for purchase return in tally.
137. Salary comes under direct expenses in tally.
138. Opening stock are shown on the asset side of the b/s.
139. Receipt Voucher is used for Fixed Asset Sales.
140. Depreciation comes under current liabilities group in Tally.
141. Real account affects only properties of the business.
142. All Trading expenses are called indirect expenses.
143. Closing Stock is valued at cost price or market price whichever is less.
144. An employer is any person hired by an employee to do a specific job.
145. The sellers of goods on credit to the firm are known as its creditors for goods.
146. Preparation of trial balance is compulsory.
147. On payment of salary to employees, salary account is credited.
148. Cash book is the most important subsidiary book.
149. The outstanding expenses are related to the current year but remain unpaid.
150. Rent, Rates, and taxes are credited to trading account.
151. Tally is the worlds first concurrent multi lingual business accounting and inventory management software.
152. Preparation of Trial Balance is not Compulsory.
153. The business is treated as a unit or entity separate from the person who control it
154. A ledger account is treated in ' T ' form.
155. Errors of principle do not affect the Trial Balance.
156. Reserve means accumulated or undistributed profit.
157. Cash discount received from creditors is an expense.
158. The customer to whom the goods are sold on credit becomes a debtor to the business

**Part - V. Answer the following****(3 Marks each)**

159. What are Financial Statements?
160. Explain the structure of Tally screen.
161. What is meant by Trial balance and specify its objects?

162. Explain the difference between Journal and Ledger.
163. What is an asset? What are the differences between fixed asset and current asset.
164. What is meant by trading account? Give a Performa of trading account.
165. Explain Bank Reconciliation Statement and Pass book.
166. What is meant by double entry system of Book-Keeping?
167. Explain Capital expenditure and Revenue expenditure.
168. Explain Types of Accounts and Debit and Credit Rules of these Accounts.
169. Explain four accounting voucher's in Tally.
170. Explain outstanding or accrued incomes, give an adjusting entry.
171. What is meant by trading account? Give a Performa of trading account.
172. Explain Bank Reconciliation Statement and Pass book.
173. What is capital? Write a journal entry to commence business with cash Rs.10000.
174. What is the difference between profit & loss a/c and balance sheet?
175. Inventory information of Tally?
176. Two inventory features of Tally?
177. Purchase Return and Sales Return with examples?
178. Direct expense and Indirect expenses?
179. Accounting and types of Accounts?
180. Balance Sheet? Draw form of a Balance sheet?
181. Debtors and creditors?
182. Receipt Note and Delivery Note?
183. Journalize the following Transactions: -
  1. 01-04-2007 Commenced business with cash Rs. 50000 and cash at SBT Rs. 10000
  2. 02-04-2007 Paid salary Rs. 2000/- by cash.
  3. 03-04-2007 paid insurance Rs.1000/- by cash
  4. 04-04 2007 Salary out standing Rs. 200/-
184. Explain the term accrued income and also give the adjusting entry for the same.
185. Explain the matching principle of Accounting.
186. Explain the features of Tally.
187. Descibe the functions of accounting.
188. Name five direct expenses and explain each.
189. Interest received during 2007 amounts to Rs.3000/-. On closing date interest accrued on investment amounts to Rs.500. Give adjusting entry and also show how it would appear in the P&L A/c and Balance Sheet?

**Part - VI. Answer the following**

**(20 Marks each)**

190. Journalise the following transactions

**2008**

- Dec 1. Ramesh Commenced business with cash Rs.4,00,000/-
- Dec 2. Bought furniture for Rs.10,000/-
- Dec 2. Purchased goods for cash 7,000/-
- Dec 13. Cash sales Rs.7, 500/-
- Dec 14. Sold goods to Ram on credit 2,750/-
- Dec 15. Bought goods on credit from Mohan 15,000/-
- Dec 18. Paid wages Rs.3, 000/-
- Dec 19. Paid commission to salesman for the month 1,500/-
- Dec 20. Paid rent of the building Rs, 1000/-
- Dec 21. Commission received for Rs.800/-
- Dec 24. Introduced further capital by Rajeev Rs.50, 000/-
- Dec 27. Cash sales Rs.25, 000/-
- Dec 28. Paid for carriage Rs.500/-
- Dec 29. Paid cash to Ram Rs.1, 400/-
- Dec 30. Paid Sundry expenses Rs.1, 200/-
- Dec 31. Ramesh has withdrawn cash Rs.5, 000/- for his personal use.

191. The following balances were extracted from the books of Super Traders on 31<sup>st</sup> December, 2008. Prepare Trading and profit and Loss Account and Balance Sheet. The closing stock amounted to Rs.14, 220.

Particulars	LF	Dr.Amount	Cr.Amount
Debtors		12,000	
Creditors			7,900
Capital			30,000
Drawings		2,900	
Rent and Rates		250	
Trade Expenses		670	
Purchases		8,640	
Sales			14,290
Returns Outwards			280
Return Inwards		190	
Carriage Inwards		250	
Wages		2,920	
Salaries		1,200	
Stock(opening)		3,100	
Discount received			240
Discount allowed		180	
Bad Debts		200	
Plant and Machinery		2,510	
Furniture and Fittings		1,800	
Cash in hand		500	
Cash at Bank		15,400	
Total		52,710	52,710

192. The following balances were extracted from the books of Raj on 31<sup>st</sup> December, 2004. Prepare Trading and profit and Loss Account and Balance Sheet.

Particulars	LF	Dr.Amount	Cr.Amount
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Capital			46000
Drawings		3000	
Purchase and Sales		90000	130000
Return		2000	3000
Cash in hand		4000	
Bank overdraft			6000
Debtors and Creditors		40000	22000
Bad debts		1000	
Scooter		8000	
Interest		3500	
Commission		5000	4000
Furniture		22000	
Opening Stock		2000	
Advertising		3500	
Taxes and Insurance		20000	
Machinery		1000	
Discount allowed		2500	
General Expenses		3500	
Wages			
		211000	211000

The following adjustments are to be made;

- Stock on 31<sup>st</sup> Dec2004 is Rs.34000
- Wages outstanding is Rs.500
- Insurance Rs.300 is prepaid.
- Commission receivable amounts to Rs.1000.

193. Journalise the following transactions, prepare ledger accounts and also prepare Trial Balance

- Vineetha started business with cash Rs.12,000
- Purchased Goods for cash Rs.6,000
- Purchased Furniture Rs.2,000
- Sold Goods for cash Rs.8,000
- Opened Bank Account Rs.5,000
- Purchased Goods and paid by cheque Rs.4,000
- Cash Sales Rs.3,000
- Deposited into bank Rs.2,000
- Paid Salary by cheque Rs.400
- Received Commission Rs.200