



XI

**CBSE Orientation Workshop
 (Objective Type Question Bank)**

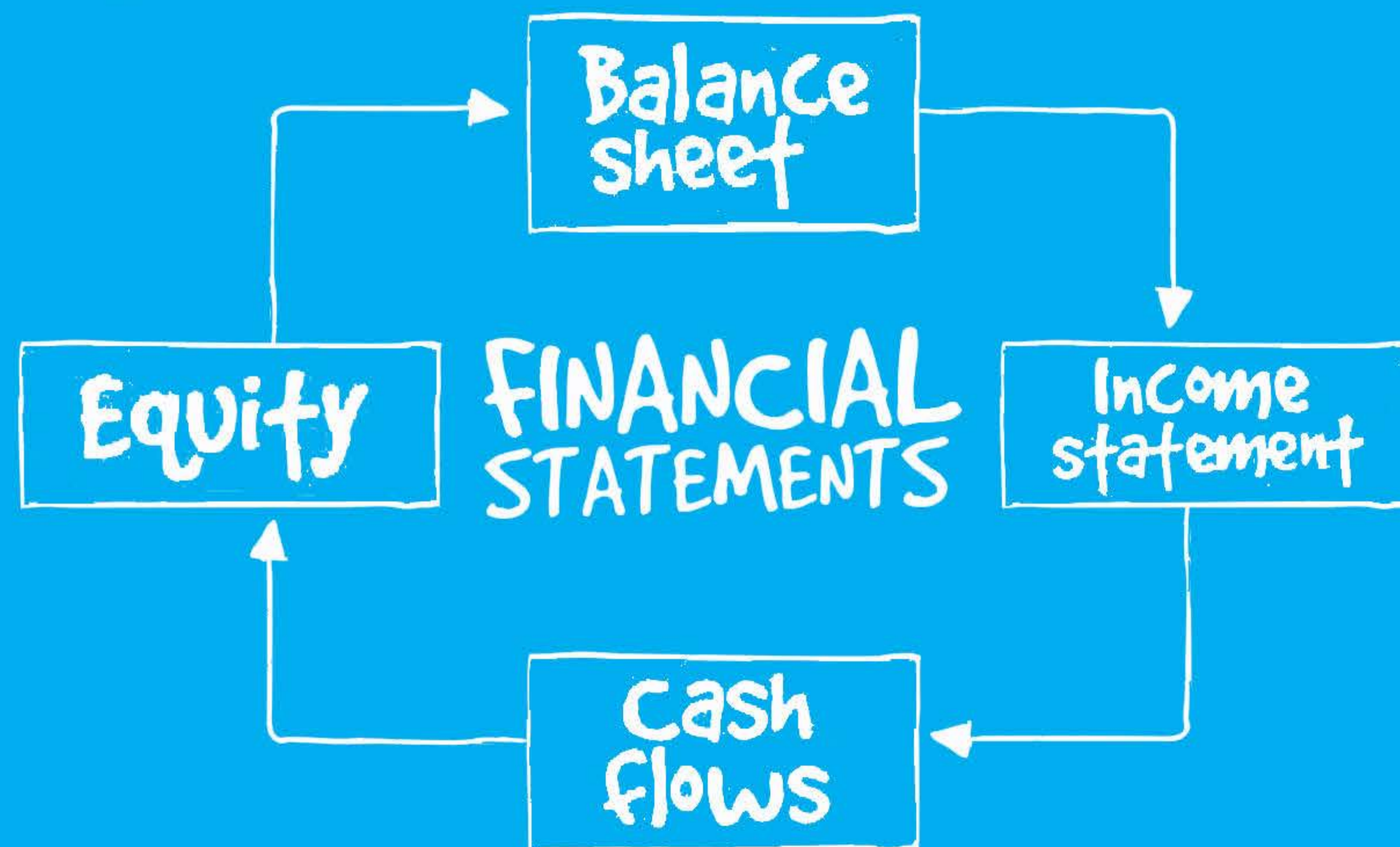
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BALANCE SHEET



It has to balance



**Do's &
 Don'ts
 of
 NONPROFIT
 ORGANIZATIONS**



Date: Aug 9th & 10th, 2019

Resource Person:

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(SRN International School, Jaipur)

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Glimpses
Of
CBSE Orientation Workshop
On
XI- Accountancy
For
Objective Type Question Bank
On
Aug 9 & 10, 2019
At
SRN International
School, Jaipur



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XI –Accountancy

Objective Type Question Bank

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CHAPTER : 1
INTRODUCTION TO ACCOUNTING
& BASIC ACCOUNTING TERMS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. Word used for not showing the actual position in the financial statement is ----- .

(Window dressing)
2. Branch of accounting used to calculate cost of product is -----.

(Cost accounting)
3. Fixed assets are also known as -----.

(Non current assets)
4. Main function of accounting is to maintain complete and systematic record of ----- transactions

(Business)
5. Branch of commerce which keeps a record of monetary transactions in a set of books is called -----.

(Book keeping)
6. The excess of revenue over expenses of an accounting year is known as -----.

(Net profit)
7. Amount invested in the business by the owner is known as-----.

(Capital)
8. The branch of accounting which is concerned with GST and Income tax is known as -----.

(Tax accounting)

9. Excess of current assets over current liabilities is known as-----.
(Working capital)
10. Current assets get converted in cash in a period of -----.
(One year or 12 months)
11. Branch of accounting which assists in systematic recording of business transactions is known as -----.
(Financial accounting)

UNDERSTANDING:-

12. Assets used in the business for the purpose of re-sale are called ----- . (current assets)
13. For the purpose of calculating net profit or net loss at the end of the accounting year a statement is prepared called ----- . (Income statement)
14. To ensure reliability the information disclosed must be ----- . (Credible)
15. An event involving some value between two or more entities is known as ----- .
(Business transaction)
16. Total revenue earned from goods or services sold during accounting year is called-----.
(Sales)
17. Use of common unit of measurement and common format of reporting promotes ----- .
(Comparability)
18. Internal users are the persons who have direct interest in the business enterprise are known as ----- and ----- .
(owner and management)
19. Creditors and banks are the example of users of accounting and there known as ----- users.
(External users)
20. Discount given to encourage prompt payment and which reduces bad debts is called-----.
(Cash discount)
21. Documentary evidence to support a business transaction is known as voucher, voucher prepared to deposit cash in bank is called----- .
(Pay in slip)
22. Assets which do not have physical existence and can't be touched, seen but can be felt only are known as----- .
(Intangible assets)
23. Bank overdraft is an example of current liability and trade receivable is an example of-----
----- .
(current assets)

24. Qualitative characteristics of accounting include reliability, comparability, understand ability and-----, **(Relevance)**

25. Recording, classify and summarizing are also termed as-----, **(Accounting process)**

APPLICATION:-

26. The goods unsold at the end of the accounting year is called-----, **(Closing stock/inventory)**

27. The amount which is paid for increasing profit earning capacity of business is called -----, **(Capital Expenditure)**

28. Ethical or environmental activities of the firm are related which responsibility of business -----, **(Social responsibility)**

29. Monetary benefit received from sale of noncurrent assets is called-----, **(Gain)**

30. Amount spent on cost of goods sold during a year and no benefit received on the same leads to-----, **(Loss)**

31. The term purchase is used for purchase of goods only but not for purchase of-----, **(Fixed assets)**

32. Amount not recovered from trade receivables on account there insolvency is known as -----, **(Bad debts)**

33. Amount paid for the purchase of goods is an example of-----, **(Revenue expenditure)**

34. Amount of cash invested in business is called capital whereas amount withdrawn from the business for personal use is known as-----, **(Drawings)**

35. The assets which are used in the business for a longer period of time are called-----, **(Fixed assets)**

36. Bad debts arises due to sale of goods on credit as well as-----, **(Insolvency)**

ANALYSIS & EVALUATION:-

37. Amount due from Ajay was Rs. 10,000 being insolvent he paid Rs. 2500 only. Amount of bad debts of Ajay in terms of percentage will be-----, **(75 Percent)**

38. Double entry system of accounting involves two aspects-----and-----, **(Debit and credit)**

39. Liquid assets = Current assets–Prepaid expenses and-----, **(Closing stock/ inventory)**

40. Paying salary to employee is a business transaction whereas paying salary to personal maid of owner is termed as-----**(Drawings)**
41. Buying of machine of Rs. 10,000,00 for business is a capital expenditure whereas buying of a calculator for business is-----**(Revenue expenditure)**
42. Sale of household furniture of Rs. 50,000 of proprietor for Rs. 45,000 and invested the same amount in business will be called as-----**(Capital)**
43. At the end of the year following balances are given: Capital Rs. 100,000 Assets Rs. 5 00, 000 the amount of outside liabilities will be-----**(Rs. 4 00, 000)**
44. Ansari sold goods costing Rs. 2 00,000 for Rs. 2 60,000 and received cash Rs. 2 43, 500 Amount of cash discount allowed will be-----**(Rs. 16,500)**
45. Rent outstanding is an example of current liabilities whereas computer software for Microsoft is an example-----**(Current assets)**
46. Machine of Rs. 6 00,000 was purchased at a commission of 10%. Total cost of machine will be Rs. -----**(6 60,000)**
47. Anushka started business with cash Rs. 5,00,000, loan from friend. Rs. 2,00,000 and assets Rs. 7,00,000. Amount of Internal liability of Anushka is -----**(Rs. 500,000)**
48. Debtors + B/R + short term investments + marketable securities are examples of -----**(liquid assets)**
Assets.
49. Profit earned during year is called income and it is expressed as -----**(Revenue - expense)**
50. Proprietor borrowed long term loan from bank on collateral of assets of Rs. 1,00,000. It is an example of -----**(Long term liability)**

TRUE AND FALSE

REMEMBERING:-

1. Book – Keeping starts where accounting ends. **(False)**
2. Cost Accounting is a branch of Accounting. **(True)**
3. Accounting involves only the recording of Business Transactions. **(True)**
4. Assets which can be converted into cash within a year is known as Fixed Assets. **(False)**
5. Those debts that are payable after a period of one year is known as Current Liabilities. **(False)**
6. Costs incurred by a business for earning revenue are known as Expenses. **(True)**

7. Assets accounts normally have a credit balance. (False)
8. Plant & Machinery is a type of Fixed Assets. (True)
9. Goods remains at the end of accounting year is known as Closing Stock. (True)
10. Accounting is a language of business. (True)
11. GST stands for Goods & Sales Tax. (False)
12. Final Accounts are prepared at the end of the accounting year. (True)
13. Cash Account is a Nominal Account. (False)

UNDERSTANDING:-

14. Management is external users of Accounting Information. (False)
15. Accounting helps a firm in the assessment of its correct Tax Liabilities. (True)
16. Accounting do not gives the complete picture of the financial conditions of the business unit. (False)
17. GST is an indirect tax which is levied on the supply of goods & services. (True)
18. Accounting is a Service function. (True)
19. Creditors are the external users of Accounting Information. (True)
20. Accounting makes records of qualitative aspects of business. (False)
21. In accountancy, all business transactions are recorded as having dual aspect. (True)
22. Current Assets include Bank Loans. (False)
23. Accountancy includes Book – Keeping as well as Accounting. (True)
24. Tax Accounting is not a branch of Accounting. (False)
25. Goods or Cash withdrew by owner for personal use treated as Expenditure. (False)
26. Business Organisation involves economic events. (True)

APPLICATION:-

27. Accounting provides in formations which is useful to management for making economic decisions. (True)
28. Trade Discount is allowed to persuade the buyer to buy more goods. (True)
29. A transaction is any event or condition, such as buying or selling that must be recorded in the financial records of a business. (True)
30. Accounting ascertains the progress of the business from year to year. (True)
31. Drawing increases the Capital of the Owner. (False)
32. Trade Payable includes Creditors & Bills Receivable. (False)
33. Trade Discount is deducted from list price of the product. (True)
34. Cash Discount is allowed to the customers for making prompt payment. (True)
35. Goodwill is Tangible Assets. (False)
36. Profit decreases the investment of the Owner. (False)
37. Bad Debts arise from Credit Sales. (True)
38. Account Receivables are considered as Income. (False)
39. Complete process of Accounting is called Accounting Circle. (False)

ANALYSIS & EVALUATION:-

40. The excess of revenues of a period over its related expenses during an accounting year is called Profit. **(True)**
41. Inventory is valued at cost price or realisable value, whichever is more. **(False)**
42. Long – term transactions are also known as Revenue transactions. **(False)**
43. Purchase of Machinery is a capital transaction. **(True)**
44. Net Profit or Net Loss of a particular period is ascertained by preparing a Trading Account. **(False)**
45. The benefit of an expenditure lasts for more than a year is treated as Revenue Expenditure. **(False)**
46. Amount received from sale of goods is example of Revenue. **(True)**
47. The excess of current liabilities over current assets is known as working capital. **(False)**
48. Capital Expenditure is non – recurring and irregular. **(True)**
49. Resources minus Capital Equities is equal to Liabilities. **(True)**
50. Double Entry System of Accounting means entry in two sets of books. **(False)**
51. The Purchase account is used for goods that are for the purpose of resale. **(True)**
52. Written Document for Credit Sale given by seller to buyer is known as Invoice. **(True)**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Qualitative characteristics of accounting information are:
(a) Reliability
(b)Relevance
(c) Understandable
(d) All of these **(D)**
Answer: All of these
2. A summarized record of relevant transactions of particulars head at one place are:
(a) Ledger
(b) Journal
(c) Account
(d) Purchases book **(C)**
Answer: Account
3. Those assets which have physical existence and can be seen and touched are:
(a) Current assets
(b) Tangible assets
(c) Intangible assets
(d) None of these

Answer: Tangible assets **(B)**

4. The goods available with the business for sale on a particular date is known as:

- (a) Stock
- (b) Creditors
- (c) Debtors
- (d) None of these

Answer: Stock **(A)**

5. The excess of expenses of a period over its related revenues is termed as:

- (a) Profit
- (b) Loss
- (c) Gain
- (d) Expenses

Answer: Loss **(B)**

6. Current assets do not include:

- (a) Motor car
- (b) Inventory
- (c) Bills Receivable
- (d) Debtors

Answer: Motor car **(A)**

7. Which one an example of current liabilities:

- (a) Bills Receivable
- (b) Debtors
- (c) Creditors
- (d) None of these

Answer: Creditors **(C)**

8. Goodwill is the assets:

- (a) Intangible assets
- (b) Tangible assets
- (c) Current assets
- (d) All of these

Answer: Intangible assets **(A)**

9. The person who still owes some amount to the business are termed as:

- (a) Creditors
- (b) Bills Payable
- (c) Debtors
- (d) Bills Receivable

Answer: Debtors **(C)**

10. It is the cost incurred in producing goods and services:

- (a) Expenses
- (b) Incomes
- (c) Profit
- (d) Loss

Answer: Expenses (A)

UNDERSTANDING:-

11. Which is received at the time of making the payment is known as:

- (a) Trade discount
- (b) Rebate
- (c) Cash discount
- (d) None of these

Answer: Cash discount (C)

12. Amount or kinds which the proprietor has invested in a business is known as:

- (a) Investment (b) Capital (c) Assets (d) Liabilities

Answer: Capital (B)

13. The documentary evidence in support of a transaction is known as:

- (a) Debit note (b) Credit note (c) Voucher (d) Invoice

Answer: Voucher (C)

14. A document given by the seller to the buyer for sale of goods or provision of service on credit, is known as:

- (a) Invoice (b) Debit note (c) Cash memo (d) All of these

Answer: Invoice (A)

15. Any dealing between two parties or persons which must be recorded and which can be Measured in terms of money is called:

- (a) Debtors (b) Transactions (c) Creditors (d) Investor

Answer: Transactions (B)

16. The excess of current assets over the current liabilities is called:

- (a) Working capital (b) Net current assets (c) a and b both (d) None of these

Answer: a and b both (A & B)

17. Current liabilities are liabilities that are payable with in:

- (a) 2 years (b) 1 year (3) years (d) 4 years

Answer: 1 year (B)

18. Amount received from sale of goods is:
(a) Revenue receipts (b) Capitalize receipts (c) a and b both (d) None of these
Answer: Revenue receipts (A)

19. A language of business is known as:
(a) Accountancy (b) Accounting (c) a and b both (d) All of these
Answer: Accounting (B)

20. Purchases refer to the purchase of:
(a) Stationery for office use (b) Goods for resale
(c) Assets for the factory (d) none of these
Answer: Goods for resale (B)

APPLICATION:-

21. Which of the following is not a fixed assets:
(a) Building (b) Land (c) Machinery (d) B/R
Answer: B/R (D)

22. Which of the following is not a current assets:
(a) Plant (b) Debtors (c) B/R (d) Stock
Answer: Plant (A)

23. The amount of cash or goods which is withdrawal by proprietor from business for its private uses is called:
(a) Capital (b) Expenses (c) Drawings (d) Expenditure
Answer: Drawings (C)

24. Which branch is used for calculating cost of product is:
(a) Financial Accounting (b) Management Accounting (c) Cost Accounting
(d) All of these
Answer: Cost Accounting (C)

25. Who is the father of Accounting:
(a) Luca Pacioli (b) Charles Babeje (c) Henry Fayol (d) F. W. Tailor
Answer: Luca Pacioli (A)

26. Business organization involves:
(a) Social event (b) Economic event (c) Welfare event (d) None of these
Answer: Economic event (B)

27. A person who owns business Alone is called:
(a) Investor (b) Vendor (c) Proprietor (c) Buyer
Answer: Proprietor (C)

28. Recording business transactions in a set of books is known as:
(a) Book keeping (b) Ledger (c) Accountancy (d) All of these
Answer: Book keeping (A)

29. The goods unsold at the end of the accounting year are called:
(a) Opening stock (b) Goods (c) Closing stock (d) All of these
Answer: Closing stock (C)

30. Property of the business is called:
(a) Assets (b) Liabilities (c) Expenditure (d) Gain
Answer: Assets (A)

ANALYSIS & EVALUATION:-

31. Winning a court case an example of:
(a) Profit (b) Income (c) Gain (d) Revenue
Answer: Gain (C)

32. Objective of Accounting are:
(a) Calculate profit and loss (b) Maintain records of business
(c) Depict the financial position (d) All of these
Answer: All of these (D)

33. Inventory valued at:
(a) Cost price (b) Market price (c) Whichever is less (d) Whichever is more
Answer: Whichever is less (C)

34. The person who draw a bill of exchange is known as:
(a) Drawer (b) Drawee (c) Payee (d) Endorsee
Answer: Drawer (A)

35. Goods purchased for resale are called:
(a) Sales (b) Purchases (c) Return inward (d) Return outward
Answer: Purchases (B)

36. Long term transactions are also called:
(a) Paper transaction (b) Capital transaction
(c) Revenue transaction (d) Non monetary transaction
Answer: Capital transaction (B)

37. Which one is a capital transaction?
(a) Purchase of goods (b) Payment of wages
(c) Sales of goods (d) Purchase of machinery
Answer: Purchase of machinery (D)

38. The financial information provided by an accounting system is needed by:
(a) Owners (b) Creditors (c) Management (d) All of these
Answer: All of these (D)
39. A document prepared to authorize and describe an expenditure is termed as:
(a) Cash memo (b) Voucher (c) Bill (d) Debit
Answer: Voucher (B)
40. A percentage reduction from the list price of merchandise allowed to retailers by whole seller is called:
(a) Commission (b) Cash discount (c) Trade discount (d) Allowance
Answer: Trade discount (C)
41. Current assets minus current liabilities is equal to:
(a) Working capital (b) Profit (c) Capital (d) Loss
Answer: Working capital (A)
42. Double entry system of accounting means:
(a) Entry in two sets of books (b) Entry in two dates
(c) Entry for two aspects of the transaction (d) Entry for one aspects of the transaction
Answer: Entry for two aspects of the transaction (C)
43. The activities of selecting, processing and reporting the information can be described as:
(a) Book-keeping (b) Accounting (c) Auditing (d) Casting
Answer: Accounting (B)
44. Resources minus capital equities is equal to:
(a) Assets (b) Equity (c) Revenue (d) Liabilities
Answer: Liabilities (D)
45. The complete process of accounting is called:
(a) Journalising (b) Posting (c) Accounting cycle (d) Business cycle
46. The mordern system of recording business transactions in the books of accounts is known as:
(a) Mordern system (b) Single entry system
(c) American system (d) Double entry system
Answer: Double entry system (D)
47. A portion of the accounts receivable which proves to be uncollectible is termed as:
(a) Bad debts (b) Doubtful debts (c) Provision for bad debts (d) All of these
Answer: Bad debts (A)
48. The properties owned by a business enterprise are called:

(a) Capital (b) Liabilities (c) Assets (d) Owner's equity

Answer: Assets

(C)

49. Accounts receivable are considered as:

(a) Current assets (b) Income (c) Deferred receipts (d) Fixed assets

Answer: Current assets

(A)

50. Bad debts arise from:

(a) Credit sales (b) Cash sales (c) Personal sales (d) All of these

Answer: Credit sales

(A)

MATCH THE FOLLOWING

1. (R)

1. Bank overdraft	A. Fixed liability
2. Amount invested by owner	B. Current liability
	C. Capital

Ans. 1.B ; 2.C

2. (R)

1. Debtors	A. Withdraw for official use
2. Drawing	B. To whom goods sold on credit
	C. From whom goods purchased on credit
	D. Withdraw for personal purpose

Ans. 1.B ; 2.D

3. (R)

1 intangible	A. Assets have physical value
2. Purchase	B. Purchase of machinery
	C. Goods for resale
	D. Assets have no physical value

Ans. 1.D ; 2.C

4. (R)

1. External users	A. Liability
2. Management	B. Researchers
	C. Management cost
	D. Internal users

Ans. 1.B ; 2.D

5. (U)

1. Capital expenditure	A. Converted into cash within one year
------------------------	--

2. Current assets	B. Paying salary to worker
	C. Cost of installing machine

Ans. 1. C ; 2.A

6. (R)

1. Goods	A. Assets
2. Rent	B. Commodities to be bought and sold
	C. Expenses

Ans. 1.B ; 2.C

7. (R)

1. Fictitious assets	A. Income
2. Revenue	B. Expense
	C. Deferred revenue expenditure
	D. Machinery

Ans. 1.C ; 2.A

8. (R)

1. Trade discount	A. Which is allowed at the time of sale
2. Liabilities	B. Bank overdraft
	C. Which is received at the time of making payment
	D. Cash at Bank

Ans. 1. A ; 2.B

9. (R)

1. Voucher	A. Cash book
2. Gain	B. Invoice
	C. Excess of revenue over expense
	D. Winning a court case

Ans. 1.B ; 2.D

10. (U)

1. Cash discount	A. Which is allowed at the time of sale
2. Non financial character	B. Discount received
	C. Which is received at the time of making payment
	D. Strike by employees

Ans. 1.C ; 2.D

11. (U)

1. Financial accounting	A. Analysis and interpretation of information
2. Last step of accounting	B. Help in assist the managers

	C. Keep a record of all financial transactions
	D. Recording the transactions

Ans. 1.C ; 2.A

12. (R)

1. Comparability	A. Payable within a year
2. Long term liability	B. Common unit of measurement
	C. payable after a period of one year
	D. Common values is must

Ans. 1.B ; 2.C

13. (U)

1. Transactions	A. Excess of revenues over its related expenses
2. Profit	B. Winning a court case
	C. Involving values between two or more entities

Ans. 1.C ; 2A

14. (U)

1. Sales	A. Total revenue from selling of an asset
2. Liabilities	B. Properties of an enterprise
	C. Obligations of an enterprise
	D. Total revenue from goods and services

Ans. 1. D ; 2.C

15. (U)

1. Cost accounting	A. Help in assist the managers
2. Management Accounting	B. Timeliness
3. Relevance	

Ans. 2.A ; 3.B

16. (Analysis)

1. Assets - External Liabilities	A. Current Assets - Current Liabilities
2. Working Capital	B. Total liabilities
	C. Capital
	D. Fixed Assets - Fixed Liabilities

Ans. 1.C ; 2.A

17. (U)

1. Business transaction	A. Debit balance of profit and loss account
2. Fixed assets	B. Economic activity
3. Nominal assets	

Ans. 1. B ; 3.A

18. (U)

1. Current assets + fixed assets - capital	A. Bad debts
2. Irrecoverable amount from debtor	B. Internal liabilities

	C. External liabilities
	D. Provision for bad debts

Ans. 1.C ; 2.A

19. (R and U)

1. Debtors	A. Cash in hand
2. Deployment of funds in the share	B. Current assets
	C. Investment

Ans. 1.B. ; 2.C

20. (U)

1. Materials held by an enterprise	A. Turnover
2. Total sales of a particular period	B. Stock of finished goods
	C. Bad debts
	D. Stores

Ans. 1.D ; 2.A

21. (R)

1. Entity	A. Definite individual existence
2. Classification	B. Journal
	C. Ledger
	D. Assets

Ans. 1.A ; 2.C

22. (R)

1. Summarisation	A. Trial balance
2. Goods	B. In which business unit is dealing

Ans. 2.A ; 3.B

23. (U)

1. Deferred revenue expenditure	A. Manipulation of the accounts book
2. Window dressing	B. Salary
	C. Heavy advertisement expenditure
	D. Faithful presentation

Ans. 1.C ; 2.A

24. (R)

1. Reliability	A. Primary stage
2. Book keeping	B. Faithfulness

Ans. 1.B ; 2.A

25. (R)

1. Recording	A. Tangible asset
2. Goodwill	B. Journal

	C. Intangible asset
	D. Ledger

Ans. 1.B ; 2.C

26. (R)

1. Capital expenditure	A. Sale of assets
2. Revenue expenditure	B. Receiving Commission
	C. Payment of salary
	D. Purchasing of assets

Ans. 1. D ; 2. C

27. (R)

1. Purchase	A. Total revenue from goods and services
2. Sales	B. Goods for resale

Ans. 1.B ; 2.A

28. (R)

1. Trade discount	A. Which is received at the time of making payment.
2. Cash discount	B. Deferred revenue expenditure
	C. Which is allowed at the time of sale

Ans. 1.C ; 2.A

29. (R)

1. Deferred revenue expenditure	A. Fixed assets
2. Winning a court case	B. Fictitious assets
	C. Profit
	D. Gain

Ans. 1.B ; 2.D

30. (R)

1. Expenses	A. Voucher
2. Invoice	B. Fictitious assets
	C. Rent
	D. Goods

Ans. 1.C ; 2.A

31. (U)

1. Common unit of measurement	A. Last step of accounting
2. Analysis and interpretation of information	B. Reliability
	C. Understandability
	D. Comparability

Ans. 1.D; 2.A

32. (U)

1. Manipulation of accounts book	A. Book keeping
2. Primary stage	B. Fraud
	C. Window dressing

Ans. 1. C ;2. A

33. (R)

1. Irrecoverable amount from a debtor	A. Provisions
2. Total sale of a particular period	B. Bad debts
	C. Turnover
	D. Investment

Ans. 1. B;2 C

CHAPTER : 2

THEORY BASE OF ACCOUNTING & ACCOUNTING STANDARDS

AND BASES OF ACCOUNTING

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. “Do not anticipate any profit but provide for all losses” the statement justify the _____ concept. **(Prudence)**
2. The fact that a business is separate and distinguishable from its owner is best exemplified by the _____ concept. **(Business Entity)**
3. Fixed assets are recorded at cost without considering the market price (whether low or high) under _____ concept. **(Historical cost)**
4. According to _____ concept, all expenses incurred to earn revenue of a particular period should be charged against that revenue to determine the net income. **(Matching)**
5. Only cash transactions are recorded in _____ basis of accounting. **(Cash)**
6. Cash as well as credit transactions are recorded in _____ basis of accounting. **(Accrual)**
7. AS stands for _____. **(Accounting Standards)**
8. $\text{Assets} = \text{Liabilities} + \text{_____}$; is a fundamental accounting equation under dual aspect concept. **(capital)**
9. IASB stands for _____. **(International Accounting Standard Board)**
10. GAAP stands for _____. **(Generally Accepted Accounting Principles)**
11. A code of conduct imposed on an accountant by custom, law and a professional body is termed as _____. **(Accounting Standards)**
12. Accounting process starts from _____. **(Identifying)**
13. Accounting process ends on _____. **(Communicating)**

UNDERSTANDING:-

14. The _____ assumption of accounting states that if straight line method of depreciation is followed in one accounting year, then it should be continued in the next year also. **(Consistency)**
15. Everything a firm owns, it also owns out of somebody. This co – incidence is explained by the _____ concept. **(Dual Aspect)**
16. Salary to manager will be recorded in the books of accounts but appointment of manager is not recorded due to _____ concept. **(Money Measurement)**
17. Outstanding and prepaid expenses are adjusted according to _____ basis of accounting. **(Accrual)**
18. The closing stock is valued at cost price or market price whichever is _____. **(lower)**
19. Small business organizations follow _____ entry system of accounting. **(single)**
20. A charitable institution follows _____ basis of accounting. **(Cash)**
21. Posting into Ledger comes under _____ step of accounting process. **(Classifying)**
22. Summarizing means preparing of _____ to check arithmetical accuracy. **(Trial Balance)**
23. Recording can be done in Journal and _____ books. **(Subsidiary)**
24. True value of profit and loss is identified in _____ basis of accounting. **(Accrual)**
25. _____ concept assumes that business would not be liquidated in the foreseeable future. **(Going concern)**
26. X Ltd. produces its financial statements on 31st March every year in accordance to _____ concept. **(Accounting Period)**

APPLICATION:-

27. Ghanshyam and co. purchased machinery worth Rs 12,00,000. It further incurred transportation cost of Rs 2,00,000 and installation cost of Rs 5,00,000. The market price of the machinery at the end of the accounting year was Rs 25,00,000. Ghanshyam and co. should record the machinery price as Rs _____ in the books. **(19,00,000)**
28. Rajawat Furnishing House purchased 10 tables @ Rs 2,000, 20 chairs @Rs 800 and 2 Sofa Set. He was not able to record the transaction of Sofa Set as it does not fulfil the condition of _____ concept. **(Money Measurement)**
29. Rent is to be paid Rs 6,000 recorded as Outstanding Rent due to _____ concept. **(Accrual)**
30. Aman and Raman are creating 5% provision for doubtful debts keeping in mind _____ principle of accounting. **(Conservatism)**
31. Karan started business with cash of Rs 3,50,000 which is borrowed from Dev. On one hand he has an asset of Rs 3,50,000 (cash) while on other hand, he has a liability towards Dev. Thus we can say accounting is done by _____ entry system. **(Double)**
32. Devdhar keeps record of his assets according to market value, probably he does not know about _____ concept. **(historical cost)**
33. Ajit is running a small shop and keeping record of cash inflow and outflow only. He is maintaining his books on _____ basis of accounting. **(cash)**

34. Somya and Komal are manager in a company. Somya is more organised and systematic, but employer cannot record her Quality of work as her efficiency cannot be measured in terms of _____.
(Money)
35. Accounting standards are not applicable on _____ organisations.
(not for profit)
36. M/s Amarnath recorded the transactions on day basis and could not prepare Trial Balance directly as he missed _____ step of accounting process.
(Classifying)
37. Depreciation is charged under _____ basis of accounting.
(accrual)
38. Bhushan is unaware about _____ concept and preparing his books on quarterly basis.
(Accounting Period)

ANALYSIS & EVALUATION:-

39. XYZ Ltd. Received an advance on sale in the month of January, 2019 for the sale made in May, 2019. The revenue should be recognised on _____.
(May, 2019)
40. A Ltd. had shown a contingent liability of Rs 2,00,000 as footnote after it's Balance Sheet. After analysing Balance Sheet of A Ltd., B Ltd. purchased this running business without any further enquiry. A Ltd. had prepared it's books by strictly following _____ convention.
(Full Disclosure)
41. A business purchased goods for Rs 2,00,000 and sold 75% of the goods during accounting year ended 31st March, 2019. The market value of remaining goods was Rs 48,000. He valued closing stock at cost. While recording he violated _____ concept.
(Prudence)
42. Salary paid Rs 55,000 and outstanding Rs 5,000. At the time of passing journal entry Rs _____ amount will be debited in Salary A/c due to accrual concept.
(Rs 60,000)
43. Ram made cash sales of Rs 2,50,000 and credit sales of Rs 1,50,000. His expenses for the year were Rs 50,000, out of which Rs 10,000 is yet to be paid. Ram's income on the base of cash basis of accounting will be Rs _____.
(Rs 2,10,000)
44. Shyam made cash sales of Rs 3,20,000 and credit sales of Rs 1,80,000. His expenses for the year were Rs 50,000, out of which Rs10,000 is yet to be paid. Ram's income on the base of accrual basis of accounting will be Rs _____.
(Rs 4,40,000)
45. Purchase goods of Rs 50,000 and purchase machinery of Rs 5,00,000 are classified under different expenditure category due to going concern concept. Carriage of Rs 1,000 is added to capital expenditure, in this Rs ____ amount is to be debited in purchase A/c.
(Rs 50,000)
46. Anant charged depreciation on his Fixed Assets of Rs 8,50,000 @ 10% p.a. in year 2018. He then charged depreciation in year 2019 at the rate of 12% p.a. Management is facing problem in comparing the data in consecutive years. To solve this problem, Anant should learn about _____ Assumption of accounting.
(Consistency)
47. A Ltd. Purchased goods of Rs 5,20,000 during a financial year. His sales for the year were 6,00,000 and closing stock at the end was Rs 1,20,000. According to matching concept his profit during the year is Rs _____.
(Rs 2,00,000)

48. Rent paid Rs 85,000 out of which Rs 15,000 is related to next year. In the Cash Basis of accounting Rs _____ amount will be debited in Rent A/c. **(Rs 85,000)**
49. Accounting period may be either a calendar year (from January 01 to December 31) or the _____ year (from April 01 to March 31) of the government. **(financial / fiscal)**

TRUE AND FALSE

REMEMBERING:-

1. As per Income Tax Act, Accounting Period is from 1st January to 31st December. **(False)**
2. As per Dual Aspect Principle Capital = Assets + Liabilities. **(False)**
3. ICAI stands for Institute of Company Accounts. **(False)**
4. Accounting Standards signifies Uniformity, Transparency and Consistency in Accounting. **(True)**
5. Accounting Principles, concepts and conventions commonly known as GAAPs. **(True)**
6. Under Accrual Basis of Accounting, Only cash transactions are recorded. **(False)**
7. Due to consistency Concept, accounting practices once selected and adopted, should be applied year after year. **(True)**
8. Under Dual Aspect, every transaction has two aspects one Debit and another Credit. **(True)**
9. Prudence Concept considers all prospective losses and prospective profits of business. **(False)**
10. Accounting Standards are applicable for purely charitable organizations. **(False)**
11. The full form of Indian AS is Indian Accounting Services, **(False)**
12. Accounting Principles are static in nature. **(False)**
13. The concept of going concern assumes that a business firm would continue to carry out its operations indefinitely for a fairly long period of time. **(True)**

UNDERSTANDING:-

According to Business entity Principle even the proprietor of the business is treated as Creditor of the business. **(True)**

14. Accrual Concept is based on matching principle. **(True)**
15. Under Cash Basis of Accounting, Outstanding and prepaid expenses are adjusted. **(False)**
16. Under Accrual Basis of accounting, Expenses are recorded on being incurred. **(True)**
17. Due to Money Measurement Concept, Asset is recorded at cost Price. **(False)**
18. Accounting standard is an authoritative statement issued by ICAI. **(True)**
19. According to Business Entity Concept, Capital is treated as liability of business. **(True)**
20. Accounting Standards helps in eliminating variations in accounting treatment to prepare Financial Statements. **(True)**
21. While preparing financial statements Cooperative Society follows Accounting Standards. **(True)**

22. The fact that a business is separate and distinguishable from its owners is best exemplified by the Business entity Concept. **(True)**
23. Recognition of expenses in the same period as associated revenues is called Objectivity concept. **(False)**
24. The Consistency concept requires that same method of charging depreciation on asset should be adopted year after year. **(True)**

APPLICATION:-

25. M/s Future Ltd. has invested Rs 10,000 in the shares of Relicam Industries limited. Current market value of the shares is Rs 10,500. Accountant of Future Ltd. wants to show Rs 10,500 as value of investment in the books of accounts. Can he do so? **(False)**
26. Due to Materiality Concept the cost of small calculator is accounted as an expense and not shown as on Assets in a financial statement. **(True)**
27. According to Accrual Concept, raw material consumed is matched against cost of goods sold. **(True)**
28. Can a Business firm record 10 chairs, 10 tables, a building have 10 rooms? **(False)**
29. Cash basis of accounting is incompatible with matching principle. **(True)**
30. A firm recorded the market value of asset in the financial statement has violated one of the principle of Accounting. **(True)**
31. Due to Dual Aspect Principle, the contingent Liabilities are shown as a foot note in the Balance Sheet. **(False)**
32. The market value of stock is increased but the firm not recorded its market value as the stock is not yet sold due to the adherence of Conservatism Concept. **(True)**
33. The market value may vary from person to person and from place to place, thus objectivity cannot be maintained if such value is adopted for accounting purpose. **(True)**
34. Single entry system is a complete, accurate and most reliable system of maintaining records of financial transactions. **(False)**
35. Accounting standards enhances comparability of financial statements for both intra and inter firm analysis. **(True)**
36. Accounting standards is rigidly followed and fails to extend flexibility. **(True)**
37. To uniform Accounting policies and procedures almost all countries have agreed to apply IFRS. But the name of IFRS has been converged as Ind AS. **(True)**

ANALYSIS & EVALUATION:-

38. During the Financial year 2018-2019 ABC firm had Cash sales Rs 1,00,000 and Credit sales Rs 20,000. His expenses for the year were Rs 50,000 out of which Rs 30,000 is still to be paid. So according to Cash Basis of Accounting income of ABC firm is 70,000. **(False)**

39. Machinery was purchased for Rs 50 lakh. An amount of Rs 1, 00,000 was spent on transporting the machinery to factory site, Rs50, 000 spent on its installation. The total amount at which the Machinery will be recorded is 51, 50,000. **(True)**
40. A firm was charging depreciation on its asset according to SLM now changed to WDV but firm did not disclose this information in its financial statements. This has violated the Materiality principle of accounting. **(True)**
41. A firm sold goods on credit of Rs 50,000 in the month of January and collected the amount in the month of April. Accountant record this sale in the month of April following Accrual basis of Accounting. Is he correct in doing so. **(False)**
42. According to Materiality concept, an ink pot has been purchased by the firm for Rs 5000 treated as revenue expenditure. **(True)**
43. Only personal accounts and Cash book are maintained under Double Entry System. **(False)**
44. According to Matching Concept, Expense of Rs 20,000 incurred in financial year 2017-2018 but paid in the year 2018-19 considered expense for the year 2017-2018. **(True)**
45. Since the life of business is assumed to be indefinite the financial statement of the business should be prepared only when it goes into liquidation. **(False)**
46. Purchase of goods amounted to Rs 50,000 on cash increased one asset and reduces the other Asset due to the adherence of Single entry system. **(False)**
47. Due to the adherence of Cash Basis system Firm created provision for doubtful debts @ 10 % on its Debtors Rs 2,00,000 . **(False)**
48. Rent for the month of March 2018, even if received in April 2019 taken into the financial year ending March 31, 2018 due to the adherence of Revenue Recognition Concept. **(True)**
49. Ram, a sole proprietor of M/s Ram & company purchase a car for his personal use. The payment was made by issuing a cheque from the account of M/s Ram & company. His accounted debited to his Drawings Account due to the adherence of Business Entity Concept. **(True)**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. The term that refers the necessary assumptions and ideas which are fundamental to accounting practice is:
 - a) Accounting Convention
 - b) Accounting Concept
 - c) Accounting Period
 - d) Accounting Procedure. **(B)**
2. The term that connotes customs or traditions as a guide to the preparation of accounting statements is:
 - (a) Accounting Concept
 - b) Accounting Procedures
 - c) Accounting Convention
 - d) Accounting Standards **(C)**

3. Under which accounting concept the personal transactions of the owner are not recorded in the books of the business, unless it involves inflow or outflow of business funds.
a) Business Entity b) Dual Aspect c) Materiality d) Money Measurement. **(A)**
4. Identify the assumption of accounting that provides the very basis for showing the value of assets in the Balance Sheet.
a) Going Concern Concept b) Objectivity c) Full Disclosure d) Materiality **(A)**
5. Which concept/Principle does the Income Tax act refer under The Companies Act 1956 that requires that the income statement should be prepared annually?
a) Cost Concept b) Dual Concept c) Accounting Period Concept
d) Matching Concept. **(C)**
6. Identify the Accounting Principle which includes the cost of acquisition that does not change year after year.
a) Cost Concept b) Revenue Recognition c) Accounting Period d) Consistency **(A)**
7. The concept that states that every transaction has at least two accounts involved in recording a transaction is:
a) Matching b) Dual Aspect c) Full Disclosure d) Conservatism **(B)**
8. The revenue is assumed to be realised when a legal right to receive it arises under the:
a) Realisation Concept b) Matching Concept c) Cost concept d) Dual Aspect **(A)**
9. The concept that states the revenue and the expenses incurred to earn the revenue must belong to the same accounting period for ascertaining profit/loss for that year.
a) Revenue Recognition b) Matching c) Full Disclosure d) Cost **(B)**
10. The Indian Company's Act 1956 and SEBI, has provided a format for the preparation of Profit/Loss and Balance sheet of the Company which can enable the users to make correct assessment about the profitability and financial soundness of the enterprise under the Accounting concept popularly known as
a) Materiality b) Conservatism c) Full Disclosure d) Consistency **(C)**
11. The concept that states that the reasonable material facts that disclose through the financial statement and the informing notes is:
a) Materiality b) Full Disclosure c) Consistency d) Prudence **(A)**
12. Identify the concept that requires the documentary evidence for the accounting transaction which is supported by verifiable documents or vouchers.
a) Materiality b) Objectivity c) Full Disclosure d) Consistency **(B)**

UNDERSTANDING:-

13. The concept that anticipates the Loss and not the Profit Refers to :
a) Consistency b) Full Disclosure c) Conservatism d) Matching
(C)
14. State the principle which enables the comparison of the financial result inter- firm as well as intra firm.
a) Consistency b) Prudence c) Full disclosure d) Matching
(A)
15. The main function of Accounting standards Board is
i) To identify areas in which uniformity in standards is requested
ii) Develop draft standards after wide discussion with representative, the public sector undertakings etc.
a) Option (i) is the correct Statement
b) Option (ii) is the correct Statement
c) Both Option (i) and (ii) are the correct Statement
d) None of the Option is the correct Statement
(C)
16. The statement that provide the applicability of laws, customs, usages and the business environment of any country is known as:
a) Financial statement b) Accounting Information c) Accounting standards
d) Accounting Convention
(C)
17. According to which accounting concept, the capital introduced while commencement of the business is considered as the liability of the firm?
a) Money Measurement b) Matching c) Business Entity d) Full Disclosure
(C)
18. i) The money measurement concept states that only the money related transactions can be recorded in the books of accounts.
iii) The creativity of the employee that contributes to the profit in the Research Department can be recorded under the money measurement Concept.
a) Option (i) is the correct Statement
b) Option (ii) is the correct Statement
c) Both Option (i) and (ii) are the correct Statement
d) None of the Option is the correct Statement
(A)
19. Identify the two pair of accounting concept under which the life of business is assumed to continue to carry, so the firm invested Rs. 50,000 to purchase a machinery and assumed to earn Rs. 10,000 as a revenue from it.
a) Going Concern and Cost Concept b) Matching and Dual aspect
c) Cost Concept and Consistency concept d) Revenue Recognition and Matching Concept.
(A)

20. The credit sales are treated as revenue on the day sales are made and not when money is received from the buyer refers to the :
- a) Realisation concept b) Matching concept c) Cost Concept d) Dual aspect
(A)
21. Accrual accounting is based on the basis of accounting principle that states the concept of:
- a) Cost b) Full Disclosure c) Matching d) Materiality
(C)
22. Which principle does implies when the closing stock is valued at the cost or market value whichever less is, discount on debtors, creating provisions for doubtful debts or writing of the intangible assets etc. In the books of account.
- a) Cost b) conservatism c) Materiality d) consistency
(B)
23. Which principle does implies when the firm shows all the expenses related to its revenues of a specified accounting period even if the expenses were not paid in that financial year.
- a) Cost b) matching c) conservatism d) Dual aspect
(B)
24. i) Double entry system can minimise the possibilities of frauds and mis-appropriations.
ii) Every debit must have its corresponding credit
iii) single entry system is the complete system of maintaining records of the financial transaction
iv) The arithmetic accuracies can be checked by preparing the trial balance in the single entry system
- a) Option (i) and option (ii) are the correct statement.
b) Option (ii) and option (iii) are the correct statement
c) Option (i) and option (iii) are the correct statement
d) Option (iv) and option (ii) are the correct statement
(A)

APPLICATION:-

25. The accounting data does not reflect the True and fair view of the firm as the heterogeneous value of two different assets that has been purchased in two different year, can't be clubbed together is the limitation of the concept of:
- a) Money Measurement b) cost c) Accounting period d) Matching
(A)
26. The value of a building that has been purchased by the firm for 3 crores, keeps on changing with its market value violates the principle of
- a) Historical cost b) Matching c) Money Measurement d) Materiality
(A)
27. The revenue will be recognized when
- a) Received an order for the goods worth Rs.50,000 on 1st April'18
b) Goods worth Rs. 50,000 is supplied to the customer on 10th Apr'18

- c) Received amount of Rs. 25,000 as from the customer on 15th Apr'18
d) Balance amount is received on 25th Apr'18

(B)

28. Identify the Accounting principle which express the fundamental Accounting Equations

- a) Dual Aspect b) Matching c) Cost d) Consistency

(A)

29. According to Dual Aspect State the accounts that affects when the goods are sold to Mr. Mohan.

- a) Cash A/c and Stock A/c b) Debtors A/c and Cash A/c C) Stock and Debtors
d) Creditors and Stock

(C)

30. According to Revenue Realisation concept

- i) Credit sales are treated as revenue on the day sales are made and not when money is received
ii) Rent for the march 14 received in April 14 will be recorded in Profit and Loss A/c in the beginning of the Financial year April14

- a) Option (i) is applicable b) Option (ii) is applicable
c) Both Option (i) and (ii) are applicable d) None of the options is applicable

(A)

31. According to the Revenue Realization Concept the interest for Apr'18 received in March'14 will be taken in Profit/Loss A/c of the Financial Year

- a) Beginning of Apr'18 b) Ending March'18 c) Beginning of March'18
d) Ending of Apr'18

(B)

32. According to the Matching concept, a company show all the expenses related to its revenues of a specified period even if:

- a) Expenses were not paid in that period b) Revenues were not paid in that period
c) Fixed assets were not sold in that period d) Liabilities were not paid in that period.

(A)

33. i) According to cash basis the receipt or payment becomes due are ignored.

- ii) As per the accrual basis the revenue and costs are recognized when it occurred
iii. Office Rent for the month of Dec'18 paid in Jan'19 is recorded in Jan'19.

- a) Option (i) and (ii) is the correct statement
b) b) Option (i),(ii) and (iii) is the correct statement
c) Option (i) and (iii) is the correct statement
d) Option (ii) and (ii) is the correct statement

(B)

34. The firm purchased the machine cost Rs. 10,000 and charged depreciation @ 10% according to the Straight line Method. After 2 years they switch to the Written down value method. At the time of sale of machine they calculated the depreciation as per the SLM. Which accounting principle is violated?

- a) Historical cost b) consistency c) cost d) money Measurement (B)

35. The Prudence concept doesn't implies when the
a) Closing stock is valued at lower cost or market price b) provision for doubtful debts
c) Anticipation of the bad debts d) disclosure of the material information. (D)

ANALYSIS & EVALUATION:-

36. According to the Going Concern Concept calculate the value of the Computer which has been purchased for Rs 60,000 and estimated its life for five years,

- a) Rs 3,00,000 b)12,000 c)6,000 d)60,000 (B)

37. According to the Duality Principle, Calculate the Owner's claim, if the firms Outsider's claim is Rs 20,000 and the net worth of the assets that business owns is Rs 70,000.

- a)50,000 b)90,000 c)70,000 d)20,000 (A)

38. As per the Duality principle calculate the total outsider's equity if the raw materials cost Rs. 5000, machine cost Rs. 50,000, Furniture used in the firm cost Rs. 20,000, cash at bank is Rs. 30,000 and the owner's equity is Rs. 70,000.

- a) Rs.35,000 b) Rs. 1,75,000 c) Rs. 70,000 d) Rs. 1,40,000 (B)

39. ABC Ltd. Received an advance on sale in the month of Dec' 18 for the sales made in the month of May' 19. The sale should recognized on

- a) May' 19 b) Dec' 18 c) Both in May' 19 and Dec' 18 d) Jan' 19 (A)

40. Calculate the Liabilities, If Assets=Rs.1,00,000, capital= Rs. 40,000.

- a) Rs.60,000 b) Rs.1,60,000 c) Rs.1,00,000 d) Rs.40,000 (A)

41. Calculate the owner's equity as per the Business Entity Concept, if the owner commenced the business with the 2 acres of land worth Rs.3crore, building worth Rs. 5crore and Bank balance of Rs. 10 lacks.

- a) Rs.8Cr 10 lacks b) Rs.11crore 10 lacksc) Rs.10 lacks d) Rs. 9crore (A)

42. i) As per the conservatism principle the valuation of stock is at lower of cost or net realizable value.

- ii) The convention of conservatism takes all the prospective losses but leaves out prospective profits.

- iii) The Dual aspect concept states the proprietor of a business is treated as External liabilities

- a) Option (i) and (ii) is correct b) Option (iii) and (ii) is correct

- c) Option (i), (ii) and (iii) is correct d) Option (i) and (iii) is correct (A)

43. Calculate the value of the asset at the time of preparing final account that is purchased for Rs. 5,00,000 ,if the market value is Rs. 7,00,000 as per the cost concept.

- a) Rs. 5,00,000 b) Rs. 7,00,000 c) Rs.1,20,000 d) Rs. 2,00,000 (A)

MATCH THE FOLLOWING

1. (R)

1. It records only Cash transactions	a) Cash Basis
2. It records both cash and credit transactions	b) Accrual Basis

(Ans. 1-a, 2-b)

2. (R)

1. It may or may not give true and fair view of the business	a) Cash Basis
2. It is a Scientific method and gives true and fair view of the business	b) Accrual Basis

(Ans. 1-a, 2-b)

3. (R)

1. Accounting policies and practices must be consistently followed	a) Business entity concept
2. It records the transactions between Owner and business	b) Consistency
	c) Matching concept
	d) Prudence concept

(Ans. 1-b, 2-a)

4. (A)

1. It facilitates intra firm comparisons	a) Consistency
b) It is based on Accrual Concept	b) Matching Principle
	e) Business Entity principle

(Ans. 1-a, 2-b)

5. (U)

1. It anticipates and provides for all possible losses	a) Money measurement principle
2. It does not records the quality of manpower	b) Conservatism concept
	c) Verifiability Objective
	d) Consistency concept

(Ans. 1-b; 2-a)

6. (A)

1. Unearned Commission recorded in the books	a) Accrual basis
2. Accrued commission	b) Cash basis

(Ans. 1-a; 2-a)

7. (A)

1. Contingent liabilities to be recorded as a foot note.	a) Conservatism concept
2. Closing stock is valued at a cost or market price whichever is lower.	b) Matching principle
	c) Verifiability Objective
	d) Full disclosure principle

(Ans. 1-d; 2- a)

8. (A)

1. Competency of the management will not be recorded	a) Prudence principle
2. Policy of playing safe	b) Revenue recognition principle
	c) Money measurement principle
	d) Going concern

(Ans. 1-c; 2-a)

9. (A &E)

1. Mohan had cash sales of Rs. 90,000 and credit sales of Rs. 60,000: and his expenses were Rs. 70,000 out of which 30,000 is yet to be paid. Find the Profit earned if books are mentioned on accrual basis.	a) Rs. 78,000 .
2. Mohan had cash sales of Rs. 90,000 and credit sales of Rs. 60,000: and his expenses were Rs. 70,000 out of which 12,000 is only been paid. Find the profit earned if books are mentioned on cash basis.	b) Rs. 70,000 .
	c) Rs. 80,000 .
	d) Rs. 1,30,000 .

(Ans. 1-c ;2-a)

10. (A&E)

1. Mohan had cash sales of Rs. 90,000 and credit sales of Rs. 60,000: and his expenses were Rs. 70,000 out of which 30,000 is yet to be paid. Find the profit earned if books are mentioned on cash basis.	a) Rs. 50,000 as per cash basis
2. Mohan had cash sales of Rs. 90,000 and credit sales of Rs. 60,000: and his expenses were Rs. 70,000 out of which 10,000 is only paid. Find the profit earned if books are mentioned on cash basis.	b) Rs. 60,000 as per cash basis
	c) Rs. 80,000 as per cash basis

(Ans. 1-a ;2-c)

11. (U)

1. Life of the business is broken into small parts	a) Matching principle
2. Purchase of Calculator/eraser/pencils will not be recorded as an assets	b) Accounting period
	c) Business entity
	d) Materiality concept

(Ans. 1-b; 2-d)

12. (U)

1. Sale is recognized on the basis of cash memo which concept is applied.	a) Dual Aspect concept
2. Purchase of goods on credit from Raja will be debited to purchase and credited to Raja which concept is applied.	b) Verifiable evidence objective.
	c) Materiality Concept
	d) Cost Concept

(Ans. 1-b; 2-a)

13. (A& E)

1. As per cost concept, calculate the amount to be recorded when 5 computers are purchased for Rs. 30,000 each and spend Rs. 2,000 each on installation and Rs. 1,000 as carriage to deliver 5 computers.	a) 50,00,500
2. As per Materiality concept, calculate the amount of assets, if firm purchased 20 acres of land for Rs.50,00,000 and 10 pencils for Rs. 50 .	b) 50,00,000
	c) 1,61,000
	d) 1,53,000

(Ans. 1-c; 2-b)

14. (A)

Which principle is violated here?

1. Directors are interested to change the method of depreciation from WDV to SLM on Machinery in the current accounting.	a) Revenue recognition principle
2. At the end of the accounting period, factory rent of the company is outstanding for Rs. 10,000	b) Consistency Concept
	c) Accrual concept

(Ans. 1-b; 2-c)

15. (U) Which principle is Followed here

1. Accounting should be free from personal bias.	a) Dual Aspect concept
2. Firm borrows amount from bank leads to increase in assets and liabilities both.	b) Verifiable evidence objective.
	c) Materiality Concept
	d) Cost Concept

(Ans. 1-b; 2-a)

16. (A)

Which principle is violated in the below give match the column:

1. Contingent liabilities are not recorded as a foot note.	a) Conservatism concept
2. Closing stock is valued at a cost or market price whichever is higher.	b) Matching principle
	c) Verifiability Objective
	d) Full disclosure principle

(Ans. 1-d; 2- a)

17. (U)

1. Balance sheet items should be presented under the prescribed head.	a) Indian accounting standard
2. Companies which are listed on the stock exchange in India	b) Indian company Act 2013
	c) IFRS

(Ans. 1-b; 2- a)

18. (A)

1. Salary due to Mohan	a) Revenue
2. Interest received in advance	b) Liabilities
	c) Assets

(Ans. 1-b; 2- b)

19. (A)

1. Revenue realized at the time of sale.	a) Business Entity Concept
2. Business will not be liquidated in the near future.	b) Revenue recognition principle
	c) Going concern Concept

(Ans. 1-b; 2- c)

20. (U)

1. Interest on bank loan	a) Assets
2. Cash balance.	b) liability
	c) Expense
	d) revenue

(Ans. 1-b; 2- a)

21. (A)

1. Conservatism	a) All prospective profits and all prospective losses
2. Ind-AS are based on	b) All prospective losses but not the prospective profits
	c) Principles
	d) Rules

(Ans. 1-b; 2- c)

22. (A)

1. Ind-As apply to	a) Companies having net worth of Rs.250 crores or more
2. GAAP	b) Companies having net worth of Rs.150 crores or more
	c) Rules
	d) Priciples

(Ans. 1-a; 2- c)

CHAPTER: 3

ACCOUNTING EQUATION &

RULES OF DEBIT & CREDIT

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. Assets= Capital+-----, (Liability)
2. Accounting equations is prepared as per -----concept. (Dual aspect Concept)
3. Bank account is a type of ----- as per traditional approach (Personal account)
4. If cash is received Rs 2,00,000 from Akshat, Akshat account will be-----, (Debit)
5. Account is having -----shape. (T-shape)
6. Withdrawal of Money from bank for personal use ----- account will be debited, ----- account will be credited. (Debit-Drawing, Credit- Bank)
7. Increase in assets will be -----and decrease in assets will be -----, if modern approach is followed. (Debited, Credited)
8. Increase in expenses will be -----and decrease in expenses will be -----, if modern approach is followed. (Debited, Credited)
Increase in income will be -----if modern approach is followed. (Credited)
9. Increase in liability will be -----and decrease in liability will be -----, if modern approach is followed. (Credited, Debited)
Increase in capital will be -----, if modern approach is followed. (Credited)
10. Salary due to clerk Rs 20,000 will be credited in ----- Account. (Outstanding salary)

11. Furniture purchased on credit Rs 20, 000, ----- account will be debited.
(Furniture)
12. Discount allowed is a ----- type of account as per traditional approach.
(Nominal)
13. Horses purchased for business purpose will be debited to ----- account.
(Livestock)

UNDERSTANDING:-

14. Delhi University is -----type of account.
(Personal/ Representatives personal account)
15. Goods Costing Rs 8,000 sold at a profit of 20% on cost, then profit will be added in -----account in accounting equation.
(Capital)
16. If Ram started a business with capital of Rs 50,000 on 1st April, 2018 and his capital of Rs 80,000 on 31st March, 2019 then interest on capital @ 10% will be Rs -----.
(5,000)
17. Salary paid of Rs 20,000 from saving bank Account, -----account will be debited and -----account will be credited.
(Salary and Capital)
18. Cash received from Debtors 19,800 against full settlement of Rs 20,000, then 200 will be debited to-----account.
(Discount allowed)
19. If capital is Rs 1,00,000 and outside liability Rs 2,50,000 then total assets Rs -----.
(Rs 3,50,000)
20. If total assets is Rs 1,30,000 and liabilities are Rs 50,000 then Net worth-----.
(Rs 80,000)
21. Bought goods for cash Rs 20,000 from Ram and also purchased of Rs 40,000 on credit then stock of Rs -----will be increase.
(Rs 60,000)
22. If Pooja returned goods of Rs 2,000 to us, then ----- account will be ----- as per modern approach.
(Sales return, debited)
23. If two machinery is purchased for Rs 20,000 and 10,000 respectively, first one is purchased for resale purpose and another one is for production purpose then machinery of Rs ----- will be debited in Machinery Account.
(Rs 10,000)

24. Goods costing Rs 1,80,000 sold at a loss of 10% on cost, then sales account will be credited of Rs ----- **(Rs 1,62,000)**
25. Wages of Rs 20,000 and goods of Rs 3,000 is used to for installation of machinery, ----- Account will be debited by Rs ----- **(Machinery A/c, Rs 23,000)**
26. Repayment of Bank loan of Rs 2, 00,000 with interest of Rs 20,000 by issue of cheque from current account, capital will be decrease by Rs ----- **(Rs 20,000)**
27. Cycle purchased by proprietor for his daughter of Rs 9,000 out of business cash, then -----will be debited. **(Rs 9,000)**
28. Paid life insurance premium of proprietor of Rs 12,000, then ----- will be debited. **(Drawings)**

APPLICATION:-

29. In case of Sole proprietorship balance of capital account shown in ----- side of balance sheet. **(Liability)**
30. Ram working as a cashier in Reliance industry for the financial year 2019-20 and amount of 10 months' salary Rs 2,00,000 credited in his account then 2 months' salary of Rs 40,000 is shown in Reliance Industry by the name of ----- **(Outstanding salary)**
31. Goods costing 48,000 sold at a profit of 25% on sales to Ram, $\frac{3}{4}$ th received in cash. Capital of Rs -----will be increased in accounting equation. **(Rs 16,000)**
32. Goods purchased from Krishna of Rs 20,000 and supplied to Radhika for Rs 26,000, out of which Radhika returned goods of Rs 7,800 due to not as per sample which returned to Krishna by Rs ----- **(Rs 6,000)**
33. Goods costing Rs 50,000 sold at a loss of 20% on cost, 12,000 received in cash then debtors will increased by Rs ----- **(Rs 18,000)**
34. Goods costing Rs 6,000 (Invoice Price Rs 4,800) Loss by fire, Purchases account will be credited by Rs ----- **(Rs 48, 00)**
35. Bought goods for cash Rs 20,000 from Ram and also purchased of Rs 40,000 on credit from Ram, then Ram account will be credited by Rs ----- **(Rs 40,000)**
36. Insurance premium paid of Rs 36,000 on 1st July, 2018 for one year and account are closed 31st March every year, then amount of Rs ----- will be debited in -----Account. **(9,000, prepaid expenses)**

37. Salary paid to Ghanshyam Rs 8,000 for 10 months and salary of Rs 1600 is outstanding for 2 months. Then salary account will be debited by Rs ----- . **(Rs 9,600)**
38. Cash received Rs 36,000 from Vidhi, after deducting 10% cash discount then Vidhi account will be credited Rs ----- . **(Rs 40,000)**
39. Received cash of Rs 20,000 from Ramesh on behalf of Ganesh. Then ----- account will be credited. **(Ganesh)**
40. Life insurance premium of Rs 24,000 on 1stOctober, 2018 for one year and account are closed on 31st March, every year then drawings will be debited by Rs ----- . **(Rs 24,000)**
41. Purchased goods of Rs 50,000 at 10% trade discount levied 6% CGST, 6% SGST then purchase account will be debited by Rs ----- . **(Rs 45,000)**
42. Transactions of Radha (A furniture dealer)

Jan 1,2019	Purchased Furniture worth of Rs 60,000.
Jan 2,2019	Out of which goods of Rs 10,000 is used by business for office use

Purchase account will be debited by Rs ----- on Jan 01, 2019. **(Rs 60,000)**

43. 100 shares of Rs 50 each purchased of Colgate limited and paid brokerage 1% on purchase price then ----- account will be debited by Rs ----- .
(Investment/shares Account, Rs 5,050)

ANALYSIS & EVALUATION:-

44. If Ram started business with cash Rs 50,000, Machinery of Rs 20,000 and Loan from friend of Rs 10,000 @6% p.a. interest, then capital of Ram will be----- .
(Capital Rs 70,000)
45. Rishi Commenced business on 1st April, 2018 with Rs 5, 00,000 and long term Loan of Rs 3, 00,000. On 31st March, 2019 his assets were worth Rs 12, 00,000 and then current year Profit will be----- .
(Rs 4, 00,000)
46. Goods costing 48,000 sold at a profit of 25% on sales to Ram, $\frac{3}{4}$ th received in cash. Cash Rs-----will be increased in accounting equation. **(Rs 48,000)**

47. Goods costing 48,000 sold at a profit of 25% on sales to Ram, $\frac{3}{4}$ th received in cash and half of remaining received a Post-dated cheque then Debtors of Rs -----will be increased in accounting equation **(Rs 8,000)**

48. Goods costing Rs 40,000 sold at a loss of 25% on cost, 12,000 received in cash then debtors will increased by Rs----- **(18,000)**

49. Goods of Rs 50,000 is purchased and on it wages is paid for Rs 5,000 and Rs 1,000 is paid to worker for bringing goods, $\frac{1}{4}$ th of the goods is purchased by business for resale purpose then Purchases account will be debited by Rs ----- **(Rs 12,500)**

50. If Personal investment of Rs 20,000 sold at a gain of Rs 5,000 and half of the proceed is used to make payment of creditors of business and half of proceed is deposited in current account of business then capital will be credited by Rs ----- **(Rs 25,000)**

51. Opening capital of Rs 60,000, Closing capital of Rs 40,000, Loss during the year Rs 16,000, Drawings Rs 14,000 then Rs 10,000 will be subtracted to approach opening capital, then Rs 10,000 is known by the name of ----- **(Additional capital)**

52.

Closing capital	+----- ---	-Interest on capital @ 10%	-Opening capital =	-Loss
60,000	+ 10,000	-8,000	- _____ =	-18000

(Drawings & 80,000)

53. Purchase of goods in cash effects one element of accounting equation. Name of one element will be ----- **(Assets)**

54. Ram a sole proprietor withdraw Rs 50,000 during the year, interest on drawings @ 6% p.a. will be of Rs ----- **(1500)**

55. Pulkit commenced business on 1st April, 2018 with capital of Rs 5,00,000. On 31st March, 2019, his assets were worth Rs 8,80,000 and liabilities of Rs 70,000. Closing capital----- and current year profit----- will be.

(Capital-8, 10,000 and Profit-3, 10,000)

56. Purchased goods of Rs 40,000; trade discount 15% and 5% cash discount on purchase price, IGST 12% and Payment made by cheque, bank will be credited by Rs ----- **(36,380)**

57. Rent Paid Rs 6,000 of a business which is equally used by owner and business from Personal cash. Then Capital will be credited by Rs ----- . **(3,000)**
58. Goods sold which is purchased of Rs 40,000 at a profit of 25% on cost at 10% trade discount and 2% cash discount. Half payment is made through cheque and half will be on credit. Then discount account will debited by Rs ----- and Bank will be debited by Rs----- . **(Discount -450; Bank Rs 22050)**

TRUE AND FALSE

REMEMBERING:-

- | | |
|--|----------------|
| 1. Machinery is a Real Account. | (True) |
| 2. Patent is a Nominal Account. | (False) |
| 3. Bank overdraft is Asset of a Business. | (False) |
| 4. All Assets are debited. | (True) |
| 5. All liabilities are debited. | (False) |
| 6. Drawing is a Nominal Account. | (False) |
| 7. Capital is a Personal Account. | (True) |
| 8. Creditor is a Personal Account. | (True) |
| 9. Debtor is a Nominal Account. | (False) |
| 10. Outstanding expenses are personal Account. | (True) |
| 11. Rent paid is a Nominal Account. | (True) |
| 12. Interest Received is a Personal Account. | (False) |
| 13. Cash is a Real Account. | (True) |

UNDERSTANDING:-

- | | |
|--|----------------|
| 14. Decrease in liabilities due to payment to creditors. | (True) |
| 15. Increase in capital due to payment of Rent. | (False) |
| 16. Purchase Account debited For Purchase of Machinery | (False) |
| 17. Decrease in stock due to goods distributed as free sample | (True) |
| 18. Cost of goods deduct from stock at the time of goods sold | (True) |
| 19. Sales Price of goods deduct from stock at the time of goods sold | (False) |
| 20. Income tax paid treated as Drawings. | (True) |
| 21. Wages paid for installation Of Machinery is not cost of Machinery. | (False) |
| 22. Sales Account Debited for Goods given away as charity. | (False) |
| 23. Outstanding Expenses are Representative Personal Account. | (True) |
| 24. Nominal Account includes all Tangible Asset. | (False) |

25. Salary Account is a Nominal Account whereas salary outstanding is a personal Account. **(True)**
26. Rent received is a Nominal Account whereas Unearned Rent is a personal Account. **(True)**

APPLICATION:-

27. Rent for the month of March not paid is Increase in liabilities and decrease in capital. **(True)**
28. Goods returned by customer is Increase in cash and increase in stock. **(False)**
29. Goods Given as charity (Sales price 1500) of Rs 1450 Increase in debtor by 500 and increase in stock by 500. **(False)**
30. Interest on capital is Increase in capital and decrease in capital. **(True)**
31. Rent paid Rs 30,000 paid for one year on 1st August 2018, Prepaid Rent on 31st March, 2019 will be 10,000. **(True)**
32. Goods returned by customer costing Rs 1,000 and selling Price Rs 11,00 Decrease in debtor by 1,000 and increase in stock by Rs 1,000. **(False)**
33. Goods Loss by theft costing Rs25,000 selling price Rs 30,000 decrease in stock by 25,000 and decrease in capital by Rs 30,000 . **(False)**
34. Commission received in advance of Rs 20,000 Increase in cash by 20,000 and increase in liability by 20,000. **(True)**
35. Interest on Drawings Increase in cash and increase in income. **(False)**
36. Repayment of loan Rs 10,000 by cheque is Decrease in bank and decrease in liabilities. **(True)**
37. Interest earns but not received for of Rs 1000 during the year ended will Increase in cash and increase in rent. **(False)**
38. Goods distributed as free sample Cost Price Rs 15,000 and sales price 20,000 will Increase in cash by Rs 20,000 and decrease in stock by 15,000. **(False)**
39. Sold goods costing Rs 75,000 at 33-1/3% Profit then the impact of this transactions as follows-
Increase in cash by 1, 00,000 and decrease in stock by Rs 75,000 and capital by Rs 25,000. **(True)**

ANALYSIS & EVALUATION:-

40. X started business on 1st Jan, 2019 with a capital of Rs 1,00,000 and borrowed Rs 30,000 from his friend. He made a profit of Rs 30,000 during the year and withdrew cash 10,000 while calculating closing capital, borrowed money will considered. **(False)**
41. Sold goods for cash costing Rs 20,000 and on credit costing Rs 30,000 at a profit of 25% on Sales price. Then Sales price is Rs 62,500. **(False)**
42. Sold goods for cash costing Rs 20,000 and on credit Rs 30,000 at a loss of 10%. Sales price is Rs. 45,000. **(True)**
43. Goods costing of Rs 90,000 sold at a profit of 1/3 of cost, half of the payment received in cash treatment in accounting equation will be:-

Increase in cash by Rs 60,000 and decrease in stock by Rs 90,000 and increase in debtor by Rs. 60,000 increase in capital by Rs 30,000. **(True)**

44. Goods costing of Rs 2,00,000 sold at a profit of 1/4 of cost and cash discount allowed to customer 2%. Half of the payment received in cash Increase in cash by Rs 1,22,500 and decrease in stock by Rs 2,00,000 and increase in debtor by Rs 125000 and increase in capital by Rs 47,500. **(True)**

45. Building purchased of Rs 5,00,000 on 1stoct 2019 and depreciation charged on Building @10% p.a. by Straight line method for the year ended 31st March ,2020.This transaction will be shown in accounting equation will Increase in Building by Rs 5,00,000 and decrease in cash by Rs 5,00,000 and decrease in capital by Rs 25,000. **(False)**

46. MR. X who owed us Rs 25,000 is declared insolvent and 75 Paisa in a Rupee received from him .the Amount and Account would be entered to Debit of Cash A/c by 18,750. **(True)**

47. Capital in the beginning is Rs 1,40,000, Creditor at the end Rs 1,00,000 ;Revenue during the period Rs 1,00,000 and expenses during the period are Rs 80000.Owner's capital at the end Rs 4,20,000. **(False)**

48. Goods used in making the Furniture (sales price 60000 and profit 20% on cost) the cost of goods used is Rs 5, 00, 00. **(True)**

49. Goods sold costing Rs 60,000 at a Profit of 25% on sales. The profit is Rs 20,000. **(True)**

50. Sold goods costing Rs 12,000 at a profit of 20% on sales the effect on accounting equation will be Increase in cash Rs 14,400 increase in stock Rs 12,000 and increase in capital Rs 24,00. **(False)**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Basic accounting equation is-
(a) Assets= Capital+liabilities (b) Liabilities= Assets+Capital
(c) Capital=liabilities +assets (d) Asset=liabilities-capital **[a]**

2. Bank Account is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c **[c]**

3. Capital Account is -
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c **[c]**

4. Outstanding expenses account is a-
(a) Real A/c (b) Tangible A/c (c) Nominal A/c (d) Representative Personal A/c
[d]
5. Rent paid is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c
[b]
6. Drawing Account is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c
[c]
7. Ram a debtor is-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c
[c]
8. Rahul a Creditor is-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c
[c]
9. Rent received is -
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c
[b]
10. Purchase Account is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative personal A/c
[b]
11. Income Account is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative personal A/c
[b]
12. Assets Account is a-
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative personal A/c
[a]

UNDERSTANDING:-

13. Identify Asset in the following:-
(a) Building (b) Rent Paid (c) Sales (d) Capital
[a]

14. Identify expense in the following:-
 (a) Building (b) Rent Paid (c) Sales (d) Capital **[b]**
15. Purchase of furniture for cash is:-
 (a) Increase in furniture and increase in cash (b) Decrease in furniture and decrease in cash
 (c) Increase in cash and decrease in furniture (d) Increase in furniture and decrease in cash **[d]**
16. Purchase of Goods for cash is:-
 (a) Increase in stock and increase in cash (b) Decrease in stock and decrease in cash
 (c) Increase in cash and decrease in stock (d) Increase in stock and decrease in cash **[d]**
17. Capital increased when:-
 (a) Goods Purchased (b) Rent paid (c) Commission received (d) Goods loss by fire **[c]**
18. Capital decreased when:-
 (a) Goods sold at a loss (b) Rent received (c) Goods purchased (d) Machinery purchased **[a]**
19. Goods with drawn for personal use :-
 (a) Increase in stock and increase in capital (b) Decrease in stock and decrease in capital
 (b) Increase in stock and increase in cash (d) Increase in stock and decrease in cash **[b]**
20. Cash received from debtor is-
 (a) Increase in stock and increase in capital (b) Decrease in stock and decrease in capital
 (c) Decrease in debtor and increase in cash (d) Increase in stock and decrease in cash **[c]**
21. Cash paid to creditor-
 (a) Increase in cash and increase in creditor (b) Decrease in cash and decrease in creditor
 (c) Increase in cash and increase in capital (d) Increase in capital and decrease in cash **[b]**
22. Charged Depreciation on building is-
 (a) Increase in building and increase in capital (b) Decrease in building and decrease in capital
 (c) Increase in building and increase in cash (d) Increase in building and decrease in cash **[b]**
23. Rent received is-
 (a) Increase in cash and increase in capital (b) Increase in cash and decrease in capital
 (c) Increase in capital and decrease in cash (d) Increase in liability and increase in cash **[a]**
24. Further capital introduced is-
 (a) Increase in cash and increase in capital (b) Decrease in cash and decrease in capital

(c) Increase in income and increase in cash (d) Increase in assets and decrease in income
[a]

25. Goods purchased on credit-

(a) Increase in cash and increase in stock (b) Decrease in cash and decrease in stock
(c) Increase in creditor and increase in stock (d) Increase in stock and decrease in creditor
[c]

APPLICATION:-

26. Rent for the month of March not paid is-

(a) Increase in liabilities and increase in asset (b) Decrease in cash and decrease in liabilities
(b) Increase in asset and increase in cash (d) Increase in liabilities and decrease in capital
[a]

27. Goods returned by customer is-

(a) Increase in cash and increase in stock-(b) Decrease in cash and decrease in stock
(b) Increase in creditor and increase in stock (d) Increase in stock and decrease in debtor
[d]

28. Goods Given as charity (Sales price 500) of Rs 450-

(a) Increase in debtor by 500 and increase in stock by 500
(b) Decrease in cash by 500 and decrease in stock by 450
(c) Decrease in stock by 500 and decrease in capital by 500
(d) Decrease in stock by 450 and decrease in capital by 450
[d]

29. Interest on capital provided is-

(a) Increase in capital and increase in cash (b) Decrease in cash and decrease in capital
(c) Increase in capital and decrease in assets (d) Increase in capital as well as decrease in capital
[d]

30. Insurance premium of Rs 12,000 paid for one year on 1st August 2018, unexpired insurance premium is on 31st March, 2019 will be-

(a) Rs 4,000 (b) Rs 5,000 (c) Rs 6,000 (d) Rs 7,000 [a]

31. Goods returned to supplier costing Rs 1000 and selling Price Rs 1100-

(a) Increase in creditor by 1000 and increase in stock by 1000
(b) Decrease in cash by 1100 and decrease in stock by 1000
(c) Increase in creditor by 1100 and increase in stock by 1100
(d) Decrease in stock by 1000 and decrease in creditor by 1000
[a]

32. Goods destroyed by fire costing Rs 1500 selling price Rs 2000-

- (a) Increase in stock by 2000 and increase in cash by 2000
- (b) Decrease in stock by 1500 and decrease in capital by 1500
- (c) Increase in stock by 2000 and increase in stock by 2000
- (d) Increase in stock by 1500 and decrease in creditor by 1500 [b]

33. Rent received in advance of Rs 2000-

- (a) Increase in cash B 2,000 and increase in rent by 2000
- (b) Decrease in cash by 2,000 and decrease in rent 2000
- (c) Increase in cash by 2000 and increase in liability by 2000
- (d) Increase in cash by 2000 and decrease in creditor by 2000 [c]

34. Interest on Drawings-

- (a) Increase in cash and increase in income (b) Increase in capital and decrease in cash
- (b) Decrease in capital and increase in capital (d) Increase in cash and increase in capital [c]

35. Repayment of loan by cheque is-

- (a) Decrease in bank and decrease in liabilities (b) Decrease in cash and decrease in liabilities
- (c) Increase in asset and increase in creditor (d) Increase in bank and decrease in liabilities [c]

36. Interest earn but not received -

- (a) Increase in cash and increase in rent (b) Decrease in cash and decrease in rent
- (c) Increase in capital and increase in Asset (d) Increase in cash and increase in debtor [c]

38. Goods distributed as free sample

- (a) Increase in cash and increase in stock (b) Decrease in stock and decrease in
- (c) Decrease in stock and decrease in capital (d) Increase in stock and decrease in creditor [c]

ANALYSIS & EVALUATION:-

39. The capital of a business is Rs 2,00,000 and liabilities are Rs 40,000 .The asset of business is:-

- (a) Rs 2,40,000 (b) Rs 1,60,000 (c) Rs 2,80,000 (d) Rs 2,10,000 [a]

40. Sold goods costing Rs 75,000 at a profit of 33-1/3 % in cash :-

- (a) Increase in cash by Rs 1,00,000 and decrease in stock by Rs 75,000 and increase in capital by Rs 25,000
- (b) Increase in cash by Rs 75,000 and decrease in stock by Rs 75,000
- (c) Increase in cash by Rs 1,00,000 and increase in stock by Rs 1,00,000

(d) Increase in stock by Rs 75,000 and decrease in cash by Rs 1,00,000

[a]

41. X started business on 1st Jan, 2019 with a capital of Rs 1,00,000 and borrowed Rs 30,000 from his friend. He made a profit of Rs 30,000 during the year and withdrew cash 10,000, closing capital is-

(a) Rs 1,20,000 (b) Rs 1,70,000(c) Rs 1,40,000(d) Rs 1,50,000

[a]

42. Sold goods for cash costing 20000 and on credit Rs 30000 at a profit of 25%. Profit is -

(a) Rs 2500 (b) Rs 3750 (c) Rs 12500 (d) Rs 6250 [c]

43. Sold goods for cash costing 20,000 and on credit Rs 30,000 at a loss of 10%. Sales price will be-

(a) 45000 (b)55000 (c) 60000 (d) Rs 40,000

[a]

44. Goods costing of Rs 90,000sold at a profit of 1/3 of cost, half of the payment received in cash treatment in accounting equation will be:-

(a) Increase in cash by Rs 60,000and decrease in stock by Rs 90,000 and increase in debtor by Rs 60,000 increase in capital by Rs 30,000

(b) Increase in cash by Rs 90,000and decrease in stock by Rs 45,000 and increase in debtor by Rs 90,000

(c) Increase in cash by Rs 45,000and decrease in stock by Rs 60,000 and increase in debtor by Rs 1,20,000

(d) Increase in cash by Rs 1,20,000 and decrease in stock by Rs 90,000 and increase in debtor by Rs 60,000

[a]

45. Goods costing of Rs 2,00,000 sold at a profit of 1/4 of cost and cash discount allowed to customer 2%. Half of the payment received in cash:-

(a) Increase in cash by Rs 1,22,500 and decrease in stock by 2,00,000 and increase in debtor by Rs 1,25,000 and increase in capital by Rs 47,500.

(b) Increase in cash by Rs 1,25,500 and decrease in stock by Rs 2,00,000 and increase in debtor by Rs 1,25,000 and increase in capital by Rs 50,000.

(c) Increase in cash by Rs 1,25,000 and decrease in stock by Rs 2,00,000 and increase in debtor by Rs 1,25,000 and increase in capital by Rs 45,000.

(d) Increase in cash by Rs 1,20,000 and decrease in stock by Rs 2,00,000 and increase in debtor by Rs 1,25,000 and increase in capital by Rs 47,500. [a]

46. Car purchased of Rs 5,00,000 on 1stoct, 2019 and depreciation charged on car @10% p.a. by Straight line method for the year ended 31st March,2020 ,this transaction will be shown in accounting equation by-

(a) Increase in car by Rs 4,75,000 and decrease in cash by Rs 5,00,000 and decrease in capital by Rs 25,000

- (b) Increase in car by Rs 5,00,000 and decrease in cash by Rs 5,00,000 and decrease in capital by Rs 50,000
- (c) Increase in car by Rs 4,75,000 and decrease in cash by Rs 5,00,000 and decrease in capital by Rs 15,000
- (d) Increase in car by Rs 4,75,000 and decrease in cash by Rs 4,75,000 and decrease in capital by Rs 25,000

[a]

47. Gautam who owed us Rs 25,000 is declared insolvent and 75 Paise in a Rupee received from him. The Amount and Account would be entered to the:-

- (a) Credit of discount A/c Rs 8,250 (b) Credit of bad debts A/c Rs 7,250
- (c) Debit of bad debts A/c by Rs 6,250 (d) Credit the debtor A/c by Rs 4,250

[c]

48. Owner's capital in the beginning is 1,20,000, creditor at the end Rs 1,00,000 ; Revenue during the period Rs 1,40,000 and expenses during the period are Rs 1,30,000. Owner's capital at the end Rs:-

- (a) Rs 1,30,000 (b) Rs 2,70,000 (c) Rs 2,40,000 (d) Rs 1,80,000

[a]

49. Goods used in making the furniture (Sales price 5000 and profit 25% on cost) the cost of goods used is Rs:-

- (a) Rs 3750 (b) Rs 4250 (c) Rs 4000 (d) Rs 6250

[c]

50. Goods sold costing Rs 18000 at a Profit of 25% on sales. The profit is Rs:-.

- (a) 6000 (b) 4500 (c) 5000 (d) 5500

[a]

51. Sold goods costing Rs 12000 at a profit of 20% on sales the effect on accounting equation will be :-

- (a) Increase in cash Rs 14400, increase in stock Rs 12000 and increase in capital Rs 2400
- (b) Increase in cash Rs 15000, decrease in stock Rs 12000 and increase in capital Rs 3000
- (c) Increase in cash Rs 12000, decrease in stock Rs 14400 and increase in capital Rs 2400
- (d) Increase in cash Rs 14000, decrease in stock Rs 12000 and increase in capital Rs 2000

[b]

52. A cheque of Rs 10000 received from Mukesh deposited into Bank, Returned dishonored the effect on Accounting Equation will be:-

- (a) Decrease in Bank by Rs 10,000, Increased in Debtor by Rs 10,000
- (b) Decrease in Bank by Rs 10,000, Increased in Creditor by Rs 10,000
- (c) Decrease in Bank by Rs 10,000, Increased in Capital by Rs 10,000
- (d) Decrease in Bank by Rs 10,000, Increased in Drawing by Rs 10,000

[c]

53. Building purchased For Rs 24,00,000 Paid Registration charges Rs 1,00,000 and Brokerage 2%, The Cost of building is Rs ;

- (a) 25,00,000 (b)25,50,000 (c)24,00,000 (d)25,48,000

[a]

MATCH THE FOLLOWING

REMEMBERING:-

1. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- All expenses/losses are debit and incomes and profit are credit	A- Real Account
2- Debit what comes in, credit what goes out	B- Personal account
	C- Nominal account

Ans- 1-C, 2-A

2. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Investment	A- Loss
2- Bad debts	B- Income
	C- Assets

Ans 2- 1-C, 2-A

3. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Land and Building	A- Expenses
2- Salary	B- Liability
	C- Assets
	D- Income

Ans 3- 1-C, 2-A

4. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Electricity Charges	A- Liability
2- Capital	B-Intangible Assets
3- Patent/Copyright	C- Expenses
4- Computer software	D- Tangible Assets

Ans 4- 1-C, 2-A, 3 & 4-B

5. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1-Furniture	A- Credit balance
2- Capital	B- Debit balance
3-Bank overdraft	
4- Loss on sale of fixed assets	

Ans 5- 1& 4-A, 2& 3-B

6. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Receiver	A- Debit
2- What goes out	B- Credit
3- Income	
4- Giver	

Ans-6-1-A, 2,3 &4- B

7. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Repayment of bank loan	A- Increase in bank balance
2-Loan taken from Bank	B- Decrease in stock
3- Goods loss by theft	C- Decrease in bank balance
4- Bad debts recovered	D- Increase in cash

Ans-7- 1- C,2-A, 3-B, 4-D

8. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Profit	A- No change in capital
2- Loss	B- Added in capital
	C- Subtract in capital

Ans 8- 1-B,2-C

UNDERSTANDING:-

9. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Representatives personal account	A- Rent receivable
2- Artificial personal account	B- Mohan Account
	C- Delhi university
	D- Interest Payable

Ans 9- 1-B,2-C, 3-A

10. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1-Personal A/c	A- Goodwill
2- Real Account	B-Salary
3- Nominal A/c	C- Ram

Ans 10- 1-C, 2- A, 3-B

11. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Loss by fire	A- Loss
2- Rent received	B- Liability
	C- Income

Ans 11- 1- A, 2- C

12. Match items in List I with terms in List II using the codes given below the lists-

List –I	List-II
1- Debit the receiver	A- Nominal
2- Debit what comes in	B- Personal
	C- Real

Ans 12- 1- B, 2- C

13. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Credit the giver	A- Nominal
2- Credit what goes out	B- Personal
	C- Real

Ans 13- 1- B, 2- C

14. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Paid rent	A- Credit
2- Received Commission	B- Debit

Ans 14- 1- B, 2- A

15. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Outstanding Interest	A- Liability

2- Rent from sub-let of house	B-Income
-------------------------------	----------

Ans 15- 1- A, 2- B

16. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Increase in revenue	A- Credit
2- Decrease in expense	B- Debit

Ans-16- 1& 2- A

17. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Drawings	A- Credit
2- Additional Capital	B- Debit

Ans- 17 – 1-B, 2-A

18. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Increase in Assets and Increase in	A- Stock purchase on credit
2- Increase in assets and decrease in another	B- Purchase assets on credit

Ans- 18- 1- B, 2- A

19. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Decrease in assets , and decrease in capital	A-Expenses Paid
2- Decrease in assets and decrease in liability	B- Loan repayment

Ans – 19- 1- B,2-A

APPLICATION:-

20. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Increase in assets, decrease in another assets	A- Creditors paid in cash
2- Increase in one liability, decrease in another	B- Goods purchased on credit
3- Decrease in assets, Decrease in liability	C- Loan converted into capital
	D- Cash Received from Debtors

Ans 20- 1-D; 2-C; 3-A

21. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1- Net worth	A- External Liability
2- Loan	B- Internal Liability

Ans 21- 1-B, 2-A

22. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Profit on sale of goods of Rs 4,000	A- Decrease in stock
2- Salary due to clerk of Rs 10,000	B- Increase in Capital
	C- Increase in liability

Ans 22- 1-B, 2-C

23. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Purchase furniture of Rs 20,000 in cash	A- Decrease in cash and decrease in capital
2- Cash withdrew of Rs 10,000 by Proprietor	B- Increase in liability, decrease in liability
3- B/P accepted to creditor of Rs 10,000	C- Increase in assets, Decrease in assets

Ans 23- 1-C, 2-A, 3-B

24. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Increase in one liability, decrease in another	A- Additional Capital
2- Increase in liability ,decrease in Capital	B- Acceptance given
3- Increase in assets, Increase in Capital	C- Outstanding salary

Ans 24- 1-B, 2-C, 3-A

25. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Increase in Capital, decrease in Capital	A- Salary paid
2- Decrease in cash, decrease in Capital	B- Goods sold
3- Increase in cash, deceases in stock	3- Interest on Capital

Ans 25- 1-C, 2-A, 3-B

SEQUENCE:-

26. Arrange the following in sequence in accounting equation-

	Transactions
A	Goods Purchase of Rs 20,000 in cash and On credit of Rs 30,000
B	Commenced business with cash Rs 1,00,000 and Goods of Rs 20,000
C	Assets Purchased for Rs 30,000

Ans 26-Options- (a) A, B, C (b) B, C, A (c) C, A, B (d) C,B,A

27. Arrange the following in sequence in accounting equation-

	Transactions
A	Ramesh whose declared bad now paid of Rs 12,000

B	Goods sold of Rs 20,000 in cash of Rs 20,000 and on credit of Rs 20,000 to
C	Ramesh declared insolvent and only 40% amount is received from Ramesh.

Ans-27- B-C-A

28. Arrange the following in sequence in accounting equation-

	Transactions
A	Claim Received from Insurance company of Rs 24,000
B	Goods Purchased of Rs 50,000 on credit from Creditors
C	Goods Lost By fire of Rs 30,000 and insurance company accepted 80% claim.

Ans-28-B-C-A

29. Arrange the following in sequence in accounting equation-

	Transactions
A	Payment made by cheque to Hari of Rs 20,000
B	Purchased goods from Hari of Rs 20,000.

Ans- 28- B-A

30. Arrange the following in sequence in accounting equation-

	Transactions
A	Salary Due in the month of March, 2019 of Rs 20,000
B	Salary Paid in the month of January 2019

Ans – 30 – B-A

ANALYSIS & EVALUATION:-

31. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
1- Construction of cycle shed	A- Revenue Expenditure
2- Temporary Huts made at construction	B- Deferred revenue expenditure
3- Repair of old machine	C- Capital Expenditure

Ans 31- 1 & 2-C, 3-A

32. Identify the nature of following transactions as per modern approach of Journal entries and what is the rule of debit and credit –

Description (List -I)	Option (List II)
1- Bank Loan taken	A- Expenses , Decrease –Cr
2- Purchase Return	B- Liability, Increase –Cr
3- Rent Receivable	C- Assets , Increase –Dr

Ans 32- 1-B, 2-A, 3-C

33. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I)	Option (List II)
-----------------------	------------------

1- Goods Costing 75,000 sold at a profit of 20% on cost to Ram. Half Payment is received in cash.	A- Cash will decrease by Rs 45,000 and creditors will decrease by Rs 45,000
2- Cash received from Ram is used by Business to pay its creditors of Rs 47,000 on his account.	B- Cash will increase of Rs 45,000 and debtors will increase by Rs 45,000.
	C- Cash will decrease by Rs 45,000 and creditors will decrease by Rs 47,000 and 2,000 will be added in capital

Ans-33- 1-B, 2-A

34. Match items in List I with terms in List II using the codes given below the lists

Description (List -I) In accounting equation	Option (List II)
1-Goods purchased of Rs 20,000 on credit from Mohan at 20% trade discount at 5 % cash discount. 40% amount Paid in cash then Capital will be increased by Rs -	A- 800
2-Goods sold of Rs 40,000 on credit to Man Mohan at 20% trade discount at 5 % cash discount. 60% amount received in cash then Capital will be decreased by Rs -	B- 320
	C- 960
	D- 1000

Ans -34- 1-B,2-C

35. Match items in List I with terms in List II using the codes given below the lists

Description (List -I) In accounting equation	Option (List II)
1-Rent paid Rs 30,000 paid for one year on 1 st August 2018 and account are closed on 31 st March,2019 then Capital will decrease by-	A-22,500
2- Rent paid Rs 30,000 paid for one year on 1 st January, 2018 and account are closed on 31 st March,2019 the Capital will decrease by Rs-	B- 30,000
	C-15,000
	D- 7,500

Ans- 35- 1-C, 2-D

36. Match items in List I with terms in List II using the codes given below the lists

Description (List -I) In accounting equation	Option (List II)
1-Rent paid Rs 30,000 paid for one year on 1 st August 2018 and account are closed on 31 st March,2019 then Capital will decrease by- (House is used wholly by owner)	A- 30,000
2- Rent paid Rs 30,000 paid for one year on 1 st January, 2018 and account are closed on 31 st March,2019 the Capital will decrease by Rs- -(House is used wholly by owner)	B- 22,500
	C-15,000
	D-7,500

Ans- 36- 1& 2- A

37. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I) In accounting equation	Option (List II)
1- A customer directly deposited Rs 50,000 in saving bank account of owner in settlement of his dues Rs 55,000, Capital will be effected by Rs -	A-50,000
2- A customer directly deposited Rs 50,000 in saving bank account of owner in of his dues Rs 55,000, Capital will be effected by Rs-	B-55,000
	C- 45,000

Ans- 37- 1-B,2-A

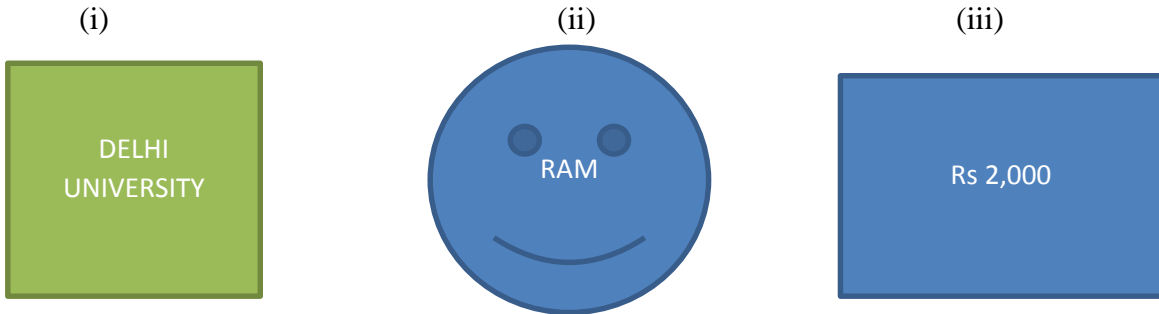
38. Match items in List I with terms in List II using the codes given below the lists-

Description (List -I) In accounting equation	Option (List II)
1-Ram purchased furniture of Rs 20,000 from Mohan on credit and carriage on it of Rs 2,000. Net Assets will increase by Rs-	A- 24,000
2-Furniture is purchased of Rs 20,000 by Ram and carriage on it of Rs 2,000. Liability will increase by Rs-	B-22,000
	C- 18,000
	D-20,000

Ans- 38-1-C,2-D

Pictorial Presentation-

39. Identify the nature of account-



Ans 39- (i) Personal A/c/ Artificial Personal A/c (ii) Personal A/c/ Natural Personal A/c (iii) Real A/c

40. Determine the missing amount on the basis of accounting equation-

Assets	Capital	Liability
2,00,000	-----	1,50,000
-----	30,000	20,000

Ans 40-50,000, 50,000

41. Determine the missing amount on the basis of accounting equation-

Closing Capital	Opening Capital	Net profit	Additional Capital	Drawings
-----	1,20,000	40,000	80,000	12,000
3,60,000	1,40,000	-----	60,000	20,000

Ans-41-, 28,000, 1,80,000

42. Determine the missing amount on the basis of accounting equation-

Closing Capital	Opening Capital	Net profit/Net Loss	Additional Capital	Drawings
1,20,000	60,000	12,000	48,000	-----
1,72,000	1,20,000	(48,000)	-----	12,000

Ans- 42- Nil, 1,12,000

43. Determine the missing amount on the basis of accounting equation-

Sales	Output IGST @ 12%	Total
-----	-----	2,24,000

Ans- 43- 2,00,000, 24,000

44. Determine the missing amount on the basis of accounting equation-

Purchase	Input CGST @6%	Input SGST @6%	Total
-----	18,000	-----	3,36,000

Ans-44- 3,00,000, 18,000

45. Determine the missing amount on the basis of accounting equation-

Purchase	Input CGST @6%	Input SGST @6%	Total
-----	12,00	-----	22,400

Ans 45- 20,000, 1200

CHAPTER : 4

ORIGIN OF TRANSACTION – SOURCE DOCUMENTS AND PREPARATION OF VOUCHERS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. Vouchers are prepared on the basis of _____ . **[Source Documents]**
2. Written evidences which become basis of recording business transactions is _____ .
[Source Documents]
3. _____ voucher is prepared to record Cash purchases. **[Debit]**
4. Credit Vouchers are prepared to record cash _____. **[Receipts]**
5. All credit transactions are recorded in the books on the basis of _____ vouchers.
[Transfer]

UNDERSTANDING:-

6. While preparing the accounting vouchers _____ concept is applied.
[verifiable objective]
7. Transaction with multiple debits and one credit are recorded on the basis of _____ vouchers.
[Compound]
8. Cash Memos, invoice, bills are examples of _____. **[Source documents]**
9. When goods are received back from customers _____ supporting document is prepared.
[Credit note]
10. When goods are returned to supplier _____ supporting document is prepared.
[Debit Note]
11. _____ is prepared by the seller of goods when he sells goods on credit.
[Invoice]

12. While depositing Cash in Bank, the source document to be prepared is _____.

[Pay in Slip]

APPLICATION:-

13. Raghav , a proprietor purchased Computer for business in Cash. The accounting vouchers prepared for recording will be _____.

[Debit voucher]

14. While depositing Cash in Bank, _____ becomes the source document for preparation of Voucher.

[Pay in Slip]

15. The _____ voucher is prepared to record interest on Capital.

[Transfer Voucher]

16. To record dishonour of cheque _____ voucher is prepared.

[Transfer Voucher]

17. The accounting voucher prepared to record depreciation on Machinery is _____.

[Transfer Voucher]

18. The source document which becomes an evidence that Cash has been paid to a supplier, from whom goods were purchased on credit earlier, on a specific date is called _____.

[Receipt]

ANALYTICAL

19. A trader purchased 10 chairs @ Rs 500 each, the _____ voucher which is prepared will show Rs _____.

[Debit / Rs 5,000]

20. A trader purchased goods for Rs 60,000 from X and Company. He paid Rs 40,000 in cash. The amount that would be recorded in debit voucher is Rs _____.

[Rs 40,000]

21. Transactions are recorded in books of original entry on the basis of _____ and not on the basis of _____.

[Vouchers / Source documents]

22. A trader returned goods to his supplier of list price Rs 10,000 that were earlier purchased at 15% trade discount. The _____ will be prepared by the trader and sent to supplier showing Rs _____ amount.

[Debit note / Rs 8,500]

23. The information required for preparation of return outwards book is available from a _____ voucher. (Debit/ Credit/ Transfer voucher)

[Transfer Voucher]

24. _____ contains full details of a purchase or sale transaction. (Source documents / Vouchers)

[Source Documents]

25. An amount of Rs 500 was embezzled by an employee will be recorded on the basis of _____ voucher.

[Debit Voucher]

REMEMBERING

1. Vouchers are prepared on the basis of Source Documents.

[True]

2. Written evidences which become basis of posting business transactions in ledger are Vouchers.

[False]

3. Credit voucher is prepared to record Cash purchases.

[False]

4. Credit Vouchers are prepared to record cash payments.

[False]

5. All credit transactions are recorded in the books on the basis of Transfer vouchers.

[True]

UNDERSTANDING

6. While preparing the accounting vouchers objectivity concept is applied.

[True]

7. Transaction with multiple debits and credits are recorded on the basis of Credit vouchers.

[False]

8. Cash Memos, invoice, bills are examples of Accounting Vouchers.

[False]

9. When goods are received back from customers debit note is prepared.

[False]

10. When goods are returned to supplier debit note is prepared.

[True]

11. Invoice is prepared by the seller of goods when he sells goods on credit.

[True]

12. While depositing Cash in Bank, the source document to be prepared is Debit Voucher.

[False]

APPLYING

13. Raghav, a proprietor purchased Computer for business in Cash. The accounting vouchers prepared for recording will be Transfer Voucher.

[False]

14. While depositing Cash in Bank, Pay in slip becomes the source document for preparation of Voucher.

[True]

15. The Credit voucher is prepared to record interest on Capital.

[False]

16. To record dishonour of cheque Transfer voucher is prepared.

[True]

17. The accounting voucher prepared to record depreciation on Machinery is Credit Voucher.

[False]

18. The source document which becomes an evidence that Cash has been paid to a supplier, from whom goods were purchased on credit earlier, on a specific date is called Cash Memo.

[False]

ANALYTICAL

19. A trader purchased 10 chairs @ Rs 500 each, the transfer voucher which is prepared will show Rs 5,000.

[False]

20. A trader purchased goods for Rs 60,000 from X and Company. He paid Rs 40,000 in cash. The amount that would be recorded in debit voucher is Rs 40,000 .

[True]

21. Transactions are recorded in books of original entry on the basis of voucher and not on the basis of source documents.

[True]

22. A trader returned goods to his supplier of list price Rs 10,000 that were earlier purchased at 15% trade discount. The debit note will be prepared by the trader and sent to supplier showing Rs 10,000 .

[False]

23. The information required for preparation of return outwards book is available from a Debit/ voucher. **[False]**
24. Source Documents contains full details of a purchase or Sale transaction. **[True]**
25. An amount of Rs 500 was embezzled by an employee will be recorded on the basis of Debit voucher. **[True]**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Voucher which records a transaction that entails multiple debits / credits and one credit / debit is called:
- a) Debit voucher
 - b) Credit voucher
 - c) Compound voucher
 - d) Journal voucher **(C)**
2. A document which provides evidence of the transaction is called:
- a) Journal
 - b) Voucher
 - c) Source document
 - d) None of the above **(D)**
3. Which concept is followed for preparing vouchers?
- a) Entity concept
 - b) Cost concept
 - c) Accrual concept
 - d) Objectivity concept **(D)**
4. Chronological order of valid voucher would be:
- a) Date, Credit account, Voucher Number, Debit account, Narrative, Amount
 - b) Voucher Number, Date, Debit account, Credit amount, Amount, Narrative
 - c) Date, Debit account, Credit account, Amount, Narrative, voucher number
 - d) Voucher Number, Amount, Date, Debit Account, Credit account **(B)**

5. Voucher relates to:
- a) Cash receipt
 - b) Cash payment
 - c) Credit transaction
 - d) All of the above
- (D)**

6. Transaction with one debit and one credit and the accounting vouchers prepared for such transactions is known as:
- a) Compound voucher
 - b) Debit voucher
 - c) Transfer voucher
 - d) Credit voucher
- (C)**

UNDERSTANDING:-

7. Voucher is kept for evidence according to which concept:
- (a) Cost concept
 - (b) Matching concept
 - (c) Revenue concept
 - (d) Objectivity concept
- (D)**

8. Which of the following evidences is the valid voucher in a business transaction?
- (a) Cash-memo
 - (b) Invoice
 - (c) Cheques
 - (d) None of the above
- (D)**

9. Accounting voucher must contain the following elements:
- (a) It is written on a good quality paper.
 - (b) Date of the transaction.
 - (c) The number of the voucher is to be in a serial order.
 - (d) All of the above.
- (D)**

APPLICATION:-

10. Which of the following is not recorded in a voucher
- a) Date of Transaction
 - b) Voucher number
 - c) Quantity of goods purchased
 - d) Signature of the accountant. (C)
11. Supporting document is not available for which of the following transaction:
- a) Credit purchase of goods
 - b) Cash embezzlement
 - c) Cash Sales
 - d) Payment of electricity bill. (B)
12. M/s Rajan received an order for supply of goods amounting to Rs 10,000. Which of the following will be prepared:
- a) Credit Voucher and Transfer Voucher
 - b) Transfer voucher and Debit Voucher
 - c) None of (a) and (b)
 - d) Both of (a) and (b)
13. When Insurance Claim is accepted by Insurance company one of the following voucher is prepared
- a) Debit Voucher
 - b) Credit voucher
 - c) Transfer Voucher
 - d) None of the above. (C) \
14. An entry made in Journal Proper if based on one of the following Vouchers:
- a) Debit Voucher
 - b) Credit voucher
 - c)Transfer Voucher
 - d)None of the above (C)
15. While returning the goods to customers, we prepare:
- | | | |
|----------------|-----------------|-----|
| (a) Debit Note | (b) Credit Note | |
| (c) Invoice | (d) Cash-memo | (B) |

16. For depositing cash in our Bank account, we require:

- (a) Cheque
 - (b) Voucher
 - (c) Pass-Book
 - (d) Pay-in-Slip
- (D)**

17. Which of the following statement is not true?

- (a) Vouchers are prepared with the help of supporting documents.
 - (b) Cash-memo, Invoice are the examples of supporting documents.
 - (c) Debit note and Credit note are not the examples of supporting documents.
 - (d) To record credit transaction a transfer voucher is prepared.
- (C)**

ANALYSIS & EVALUATION:-

18. A trader purchased furniture for the business for Rs 20,000 and also paid Rs 800 as carriage.

The accounting voucher to be prepared to record this transaction will be

- a) Credit Voucher of Rs. 20,800
 - b) Credit Voucher of Rs 20,000
 - c) Debit Voucher of Rs 20,000
 - d) Debit Voucher of Rs 20,800.
- (D)**

19. A trader deposited Rs 40,000 in Bank. The accountant needs to prepare a source document which will act as an evidence of this transaction.

- a) Pay in slip
 - b) Cheque
 - c) Debit Note
 - d) Credit Note
- (A)**

20. A debtor of Rs 8,000 was declared insolvent and only 40% amount could be realised from his estate as final dividend. To record this transaction , the following vouchers would be prepared

- a) Credit and debit voucher
 - b) Credit Voucher and Transfer voucher
 - c) Transfer Voucher and Debit Voucher
 - d) None of the above
- (C)**

21. A trader asked his accountant to withdraw Rs 12,000 from Bank for Business use. The accountant prepared a document and asked the trader to sign it. The document prepared will be

- a) Pay in slip
- b) Cheque
- c) Invoice

- d) Cash Memo (B)
22. A trader asked his accountant to withdraw Rs 12,000 from Bank for personal use. Name the voucher that the accountant will prepare is
- a) Debit Voucher
 b) Cheque
 c) Credit Voucher
 d) None of the above (A)
23. A trader sold goods of list price Rs 1,00,000 @ 10% trade discount to Y and Company. He also paid Rs 2,000 as carriage to be charged from Y and Company. The vouchers that will be prepared are
- a) Debit Voucher Rs 2,000 and Transfer voucher Rs 90,000
 b) Credit Voucher Rs 1,00,000 and Transfer Voucher Rs 2,000
 c) Debit voucher Rs 2,000 and Transfer voucher Rs.1,00,000
 d) None of the above. (A)
24. When Insurance Claim of Rs 1,00,000 is accepted by Insurance company on loss of goods by fire costing Rs 1,50,000 a month ago, one of the following voucher is prepared
- a) Credit Voucher Rs 1,00,000
 b) Credit voucher Rs 1,50,000
 c) Transfer Voucher Rs. 1,00,000
 d) Transfer Voucher Rs 1,50,000 (C)
25. Source document prepared on charging Depreciation on Machinery Rs 2,800 will be:
- a) Debit note
 b) Credit note
 c) Invoice
 d) None of the above. (D)

MATCH THE FOLLOWING

1.

1. Voucher which records a transaction entails multiple debits/credits is called	a) Debit voucher
2. Voucher which have cash value and they are used to transfer money from one bank account to another bank	b) Compound voucher
3. Paper or electronic record of a credit transaction through bank card	c) Journal voucher
4. Document which is stored the essential information about and accounting transaction	d) Credit voucher

(1.b,2.a,3.d,4.c)

2.

1. voucher are prepare on the basis of	a)Receipt
2. credit voucher are prepared to record cash	b)Voucher
3. a document which provides evidences of the transaction	c)Source document

(1.c,2.a,3.b)

3.

1. A document prepared by the seller when goods are sold for cash.	a)Pay in slip
2. A document prepared by the seller when goods are sold for Credit.	b)Debit note
	c)Cash memo
	d)Invoice or bill

(1-c, 2-d)

4.

1. A document used to deposit cash or cheque into the bank.	a)Pay in slip
2. A document in writing drawn upon a specified bank with which the account is held and is payable on demand.	b)Debit note
	c)Cheque
	d)Invoice or bill

(1-a, 2-c)

5.

1. Document sent by one party to another informing the other party that his account debited in the sender books	a)Pay in slip
---	---------------

2. Document sent by one party to another informing the other party that his account Credited in the sender books	b)Debit note
	c) Credit note.
	d)Invoice or bill

(1-b; 2-c)

6.

1. A voucher showing a transaction that contains multiple debits and one credit.	a)Pay in slip
2. A voucher showing a transaction that contains multiple Credits and one Debit.	b)Debit voucher
	c)Credit voucher
	d)Invoice or bill

(1-b; 2-c)

7.

1. A voucher is prepared for :	a)Journal entries
2. A voucher is prepared from :	b)Documentary evidence
	c)All cash & credit transaction
	d) Ledger account.

(1-c, 2-b)

8.

Transaction	Which voucher is prepared :
1. Sold goods vide Cash Memo No 111:	a)Journal entries
2. Purchased goods for cash vide cash memo no 101.	b)Documentary evidence
	c)Debit voucher
	d)Credit voucher.

(1-c; 2-d)

9.

Transaction	Which voucher is prepared :

1. Sold goods vide Cash Memo No 111:	a)Journal entries
2. Purchased goods for cash vide cash memo no 101.	b)Documentary evidence
	c)Debit voucher
	d)Credit voucher.

(1-c; 2-d)

10.

Transaction	Which voucher is prepared :
1. Purchased machinery Rs 2,50,000 from From XLtd. Vide bill No.`1027.	a)Journal entries
2. withdrew cash Rs 2,00 for personal use on 15 april .	b)Transfer voucher
	c)Debit voucher
	d)Credit voucher

(1-b; 2-c)

CHAPTER : 5
JOURNAL AND LEDGER

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. A book in which transactions are recorded for the first time in chronological order is called ----- . **(journal)**
2. A brief description of the transaction written after the entry is called ----- . **(Narration)**
3. GST paid by the purchaser of goods and/or services is ----- . **(Input GST)**
4. The process of recording the transactions in journal is called ----- . **(Journalising)**
5. The book in which accounts are maintained is called ----- . **(Ledger)**
6. The process of transferring the entries from the books of original entry to ledger is called ----- . **(posting)**
7. Salaries paid to Gopal will be debited to ---- -- A/c. **(salaries)**
8. If the proprietor withdraws goods for personal use the account to be credited is ----- . **(Purchases)**
9. Ledger is a book of ----- entry. **(final)**
10. The discount which is allowed by the seller of the goods to the customer for making prompt payment is called ---- discount. **(cash)**
11. An account is opened in the name of the proprietor, he is represented by ----- A/c. **(Capital)**
12. An entry in which more than one account is debited or credited is called ----- entry. **(Compound)**

UNDERSTANDING:-

13. Reduction in the value of goods sold, allowed by the seller for the poor quality of goods sold, is called -----. **(Rebate)**
14. Outstanding expenses is a ---- for the firm. **(liability)**
15. Accrued income is an ---- for the firm. **(asset)**
16. Paid income tax amounting to Rs.20,000 through cheque. ---- A/c will be debited. **(Drawings)**
17. Wages paid for the erection of machinery will be debited to ----A/c. **(machinery)**
18. Sometimes we receive an income but a portion of this income relates to the next accounting period. Such portion of the income is called ---- Income. **(Unearned)**
19. Bought goods from Sonam for Rs.60,000 for cash and paid carriage charges Rs.1000. Purchases account will be debited with Rs.----. **(60,000)**
20. Received a cheque for Rs.98,000 from Gopal in full settlement of his account of Rs.1,00,000. Gopal's A/c will be credited with Rs. -----. **(1,00,000)**
21. An entry passed in journal to record the closing balances of the previous year to the current year is called ---- entry. **(opening)**
22. Vipro Ltd. Purchased 50 computers from HCL and is allowed a discount of Rs.10,000 for purchase thereof. Discount allowed by HCL is ---- discount. **(trade)**

APPLICATION:-

23. Bricks , cement etc. for Rs.1,50,000 and timber for Rs.2,00,000 were purchased for the construction of building. Payment was made by cheque. ---- A/c will be debited with Rs. -----. **(building, 3,50,000)**
24. Cash received from debtors appears on the ---- side of the debtors A/c. **(credit)**
25. Shankar is declared insolvent. Received from his official receiver 60% in a rupee on a debt of Rs.15,000. --- A/c will be Debited with Rs. -----. **(bad debts recovered A/c, 9,000)**
26. Discount received from creditors is shown on the ---- side of creditors' A/c. **(debit)**
27. Pawan, a trader in electronic goods, gifted a refrigerator to his daughter. ---- A/c will be debited and ---- A/c will be credited. **(drawings, purchases)**
28. A cheque received from John for Rs.9900 against a debt of Rs. 10,000 in full settlement was dishonoured. On dishonour discount allowed A/c will be ---- with Rs. -----. **(credited, 100)**
29. Sold goods to Kamal costing Rs.10,000 at 30% above cost less trade discount 10%.Sales account will be credited with Rs. -----. **(11,700)**
30. Goods withdrawn by the proprietor for personal use Rs.5000. The goods were purchased paying IGST @ 18%. In the journal entry IGST A/c will be ---- with Rs. 900. **(credited)**

ANALYSIS & EVALUATION:-

31. Raghav, a customer, to whom goods were sold, was allowed rebate of Rs.2000 because they were of poor quality. These goods were sold charging CGST and SGST @ 9% each. Raghav A/c will be credited with Rs. ----. **(2,360)**
32. Following balances appeared in the books of Rishabh on 1 January 2019: Furniture Rs. 40,000; Creditors Rs. 30,000. Cash Rs.6,000; Bank Rs. 10,000; Debtors Rs.45,000; Bills Payable Rs. 5,000; Stock Rs. 44,000; Capital account will be credited with Rs. ----. **(1,10,000)**
33. Purchased goods from Vijay of Rs. 40,000 plus IGST @ 18% at 10% trade discount and 3% cash discount. Half the amount paid at the time of purchase. Purchases A/c will be debited with Rs. ----. **(36,000)**
34. Ashutosh purchased a machine for Rs.2,40,000 for business. He gave a cheque of Rs. 2,40,000 from his savings account. ---- A/c will be credited in the journal entry. **(capital)**
35. Mukesh sold 100 tables to Suresh at the rate of Rs.5000 each less 25% trade discount plus IGST at the rate of 12% and 2% cash discount if Suresh paid the amount in 14 days of sale. Suresh paid the amount within 14 days. Sales A/c will be credited with Rs. ----. **(3,75,000)**
36. Bought computer for Rs.10,000 plus CGST and SGST @ 6% each against cheque. ---- A/c will be credited with Rs. ----. **(Bank ,11,200)**
37. Bought machinery for Rs. 28,000 and paid freight Rs. 1,000, carriage Rs. 200 and installation charges Rs. 800. In journal entry Machinery A/ will be debited with Rs. ----. **(30,000)**
38. Opening cash balance Rs.60,000. Cash paid to creditors Rs.15,000. Wages paid Rs.3000. Cash account has a ---- balance of Rs. ----. **(Debit ,42,000)**

TRUE AND FALSE

REMEMBERING:-

1. Ledger is the book of original entry. **(False)**
2. The process of recording transactions in journal is known as Journalising. **(True)**
3. Brief description of a transaction in a journal entry is known as narration. **(True)**
4. Both cash discount & trade discount are shown in the journal entry. **(False)**
5. Ledger is a permanent record of all transactions. **(True)**
6. The process of transferring transactions from journal to ledger is known as posting. **(True)**
7. If wages are paid for installation of Machinery, then wages A/c will be debited. **(False)**
8. Ledger is a book in which only real & nominal accounts are maintained. **(False)**

UNDERSTANDING:-

9. Journalising is the process in which we record the transactions in a ledger. (False)
10. When more than one account is debited or credited in a transaction, it is termed as a simple journal entry. (False)
11. Salary outstanding is an example of a nominal A/c. (False)
12. Trial Balance is a summary of all debit & credit balances of accounts on a particular day in a firm. (True)
13. While passing an opening entry, all assets are debited individually & liabilities are individually credited. (True)
14. Cash Discount allowed to a customer on sale of goods is credited to Discount A/c. (False)
15. Prepaid Rent is a Representative Personal A/c. (True)
16. An account is said to have a debit balance if total of debit side is more than credit side. (True)
17. Purchased goods for Rs. 20,000 in cash at 5% cash discount. Discount A/c will be debited by Rs.1,000. (False)
18. Journal is the basis for recording of transactions in Ledger. (True)

APPLICATION:-

19. Plant & Machinery A/c Dr. 1,25,000
 To Cash A/c 1,00,000
 To Mohan 25,000

- The journal entry given above is an example of compound entry. (True)
20. In an opening entry if the amount of liabilities is less than the amount of assets debited, then the difference is debited to Asset A/c. (False)
 21. In case of inter -state sale of goods, Input SGST A/c is credited. (False)
 22. Machinery purchased for Rs. 1,00,000 & 10,000 spent on its installation. Machinery A/c will be debited with Rs. 1,10,000. (True)
 23. On 31st March,2019, Mr. Z paid wages Rs. 20,000 and Received Rent Rs.30,000. These transactions can be shown in a single compound entry. (False)
 24. Closing balance of Rs. 40,000 on the credit side of Cash A/c indicates debit balance of cash. (True)
 - 25 Input CGST A/c always shows a credit balance. (False)

ANALYSIS & EVALUATION:-

26. Purchased goods costing Rs.10,000 at 10% above the cost price,10% trade discount & 5% cash discount. CGST & SGST is levied @6% each. Amount of cash discount will be Rs. 450. (False)
27. Goods costing Rs.20,000 sold at 10% more than the invoice price & 5% trade discount. CGST & SGST is levied at 6% each. The amount of CGST will be Rs 1,254. (True)

28. Mr. X of Delhi sold goods costing Rs. 50,000 to Mr. Y of Punjab. GST is levied @12%.Output CGST A/c will be credited with Rs. 6,500. **(False)**
29. Rahul purchased goods from Zee Ltd. Costing Rs. 50,000 & paid Rs.20,000 in cash immediately. Afterwards, he was declared insolvent & only 50 paisa in a rupee could be recovered from his estate. Bad Debts A/c will be debited by Rs. 30,000. **(False)**
30. Commission received Rs. 20,000 out of which Rs. 8,000 relates to next year. Rs. 8,000 will be credited to Accrued Commission A/c. **(False)**
31. Rent paid Rs.5,000 per month, two months' rent is paid in advance. Prepaid Rent A/c will be debited by Rs.10,000. **(True)**
32. Purchased goods costing Rs. 10,000 for cash at 6% CGST & SGST each. Cash A/c will be credited by Rs. 11,200. **(True)**
33. Borrowed a loan of Rs.5,00,000 from Bank @6% interest. Three months interest is outstanding. Outstanding interest A/c will be credited by Rs. 7,500. **(True)**
34. In case of trade discount, cash discount and GST on purchase of goods, trade discount is deducted first & than GST is levied. **(True)**

MULTIPLE CHOICE QUESTIONS

<u>REMEMBERING:-</u>		
1.	Journal is a part of _____. 1) Recording 2) Classifying 3) Summarising 4) Analysing	(1)
2.	Sales return account is _____. 1) Credited 2) Debited 3) Sometimes credited and sometimes debited 4) None of them	(2)
3.	Interest on drawings is an _____ for a proprietor. 1) Asset 2) Income 3) Expense 4) None of them	(3)
4.	Outstanding salary is an example of _____. 1) Real account 2) Nominal account 3) Personal account 4) None of them	(3)
5.	When two or more transactions relating to one particular account take place on the same date, in such case when only one journal entry is passed such a journal entry is called _____.	(3)

	<ul style="list-style-type: none"> 1) Opening entry 2) Closing entry 3) Compound journal entry 4) None of them 	
6.	<p>Ledger is a part of _____.</p> <ul style="list-style-type: none"> 1) Recording 2) Classifying 3) Summarising 4) analysing 	(2)
7.	<p>Income tax paid should be debited to _____.</p> <ul style="list-style-type: none"> 1) Income tax account 2) Proprietor's account 3) Drawings account 	(3)
<u>UNDERSTANDING:-</u>		
8.	<p>Opening entry is _____.</p> <ul style="list-style-type: none"> 1) The first entry of new page. 2) A journal entry which was passed during the year. 3) This carries all the balances of assets and liabilities of previous year to current year. 4) None of them. 	(3)
9.	<p>The rule of personal account is _____.</p> <ul style="list-style-type: none"> 1) Debit what comes in, credit what goes out. 2) Debit expenses and losses, credit gain and income. 3) Debit the receiver, credit the giver. 4) None of them 	(3)
10.	<p>Shyam is a registered dealer of Kerala purchasing goods from Mohan of Telangana would be an _____.</p> <ul style="list-style-type: none"> 1) Interstate transaction 2) Intrastate transaction 3) Export 4) None of them 	(1)
11.	<p>Accrued commission will be _____.</p> <ul style="list-style-type: none"> 1) Debited 2) Credited 3) None of them 	(1)
12.	<p>Prepaid expense is _____.</p> <ul style="list-style-type: none"> 1) A liability 2) An asset 3) An income 4) An expense 	(2)
13.	<p>Premium paid on the life insurance policy of the proprietor will be debited to _____.</p> <ul style="list-style-type: none"> 1) Insurance premium. 	(2)

	2) Drawings 3) Cash account 4) None of them.	
14.	Interest on loan a/c dr. To loan a/c (_____) <p>The correct narration for the above journal entry is:</p> 1) Interest on loan paid. 2) Interest on loan received. 3) Interest on loan due. 4) None of them.	(3)
<u>APPLICATION:-</u>		
15.	Used cement and bricks for office building will be credited to _____. 1) Bricks and cement account. 2) Building account. 3) Cash account. 4) Purchases account.	(4)
16.	The debit balance of a personal account is _____. 1) Accrued income. 2) Outstanding salary. 3) Unearned income. 4) None of them.	(1)
17.	The book which contains a classified and permanent record of all the transactions of a business is called the _____. 1) Trial balance 2) Ledger 3) Journal 4) None of them	(2)
18.	A trial balance can be prepared with the help of _____. 1. Journal 2. Ledger Balances 3. Financial statements 4. None of them	(2)
19.	Ledger posting of an opening entry depicts the _____ balances. 1. Closing 2. Opening 3. Both the balances 4. None of them	(2)
20.	Carriage inwards and carriage outwards show _____ and _____ balances. 1. Debit and credit 2. Credit and debit 3. Credit and credit 4. Debit and debit	(4)

21.	When a firm maintains a cash book, it doesn't need to maintain_____. 1) Journal proper. 2) Purchases book. 3) Sales book. 4) Bank and cash account in the ledger.	(4)
22.	_____ balance of a personal account indicates the amount which is owing to the firm by a person. 1) Debit 2) credit 3) both 4) none	(1)
<u>ANALYSIS & EVALUATION :-</u>		
23.	Fill in the following assuming GST rate is 12%. Purchases a/c dr. _____ Input IGST a/c dr. 30,000 To shyam's a/c _____ (purchased goods from Shyam) 1) Purchases 60,000, Shyam 1,20,000 2) Purchases 2,50,000, Shyam 2,80,000 3) Purchases 2,80,000, Shyam 2,50,000	(2)
24.	Goods costing Rs.40,000 sold at a profit of 20% on sales @ 10% trade discount. Sales will be credited by Rs._____. 1) 50,000 2) 40,000 3) 45,000 4) 43,200	(3)
25.	Purchased goods list price of 80,000 @ 10% trade discount and 2% cash discount.25% of amount paid immediately. The amount posted to cash account will be _____. 1) 16,740 2) 17,640 3) 18,640 4) None of them	(2)
26.	Received a cheque from Mohan but not deposited into the bank will be debited to_____. 1) Bank a/c 2) Cash a/c 3) Cheque in hand a/c 4) None of them	(3)
27.	All the _____ entries are ignored while posting from the cash book to the ledger. 1) Cash 2) Bank 3) Contra	(3)

	4) journal	
28.	There was a loss by fire of Rs.10,000 but company approved the claim of only Rs, 8,000,this difference of Rs. 2,000 will be debited to_____. 1) Cash account 2) Insurance claim account 3) Profit and loss account 4) Loss by fire account	(3)
29.	Cash received from Roli as rent will be credited to _____account. 1) Roli 2) Rent account 3) Cash account 4) None of them.	(2)

MATCH THE FOLLOWING

REMEMBERING:-

1. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. The books in which a transaction is recorded for the first time from a source document are called	a. Narration
2. Each entry will be followed by a brief description which is known as	b. Books of original entry
	c. Books of final entry

Answer 1 –b, 2- a

2. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Goods withdrawn for personal use is	a. Charity
2. Goods distributed as free samples is	b. Drawings
	c. Advertisement

Answer 1B, 2- c

3. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II

1. In case of a small business, transactions are recorded in a book	a.Subsidiary
2. If the size of business increases, transactions are recorded in	b. Ledger
	c. Trial balance
	d. Journal

Answers 1-d , 2-a

4. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Ledger folio is recorded in	a. Trial balance
2. Journal folio is recorded in	b. Financial statement
	c. Journal
	d. Ledger

Answer 1-c, 2 –d

5. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. All accounts are open on separate pages in a book called as	a. Journal
2. The book prepared with debit and credit balances of ledger accounts	b. Trial balance
	c. Ledger

Answer 1-c, 2-b

6. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Capital account shows which balance	a. Debit balance
2. Bank account shows which balance	b. Credit balance

Answer 1-b, 2 –a

7. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. The process of recording entries in the ledger is called	a. Posting
2. the process of recording entries in the books of original entry is called	b. Journalising

Answers 1- a, 2 –b

8. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. The book that is called the book of final entry is	a. Ledger
2. Ledger folio is recorded in	b. Journal

Answer 1 –a, 2 –b

UNDERSTANDING:-

9. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. For the firm interest on capital given to the partner is treated as	a. Income
2. For the firm interest on drawing taken from the partner is treated as	b. Expense
	c. Asset

Answer 1 – b, 2 -a

10. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Salary paid to Mohan will be debited to	a. Cash account
2. Amount paid to Mohan will be debited to	b. Mohan account
	c. Salary account

Answer 1 –c, 2 -a

11. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
---------	----------

1. The account that will be credited if bad debts are recovered	a. Bad debts
2. The account that will be debited if amount is not received from debtors	b. Customer's account
	c. Bad debts recovered

Answer 1 –c, 2-a

12. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. When the cheque is deposited in bank on same day, which account is debited	a. Cheque in hand account
2. When the cheque is retained and not deposited in bank which account is debited	b. Bank account
	c. Customer's account

Answer 1 –b,2 -a

13. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Y sold goods of rupees 1,00,000 to X. While preparing X account which account would be posted to debit side in the books of Y	a. Purchase account
2. Account which records both cash and credit purchases	b. Sales account

Answers 1-b, 2- a

14. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Received rupees 8000 from x in full settlement of his account of rupees 8100 .The entry pass in this will reflect which type of discount	a. Cash discount
2. Which is the discount which is offered in the course of business but could not be recorded	b. Trade discount

Answer 1-a, 2-b

15. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1.The total of sales book is transferred to sales account by the words	a. To sundries as per sales book
2.The total of sales return book is transferred to sales return account by the words	b. By sundries as per sales book
	c. To sundries as per return inward book
	d. To sundries as per return outward book

Answer 1- b, 2-c

16. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Purchase account is shown on	a. Credit side of trial balance
2. Sales account is shown on	b. Debit side of trial balance

Answer 1 –b, 2 -a

APPLICATION:-

17. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. X sold goods to Y for rupees 10,000 at 10% trade discount and 2% cash discount, what will be credited to sales account.	a.5400
2. X sold goods to Y for rupees 10,000 at 10% trade discount and 2% cash discount. 40% amount is paid immediately what amount will be debited to Y	b.8820
	c.9000
	d.3528

Answer 1-c, 2-a

18. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Rent outstanding is an example of	a. Natural personal account
2. Debtors is an example of	B. Artificial personal account
	c. Representative personal account

Answer 1 –c, 2 - a

19. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. If x has withdrawn some goods for his personal use, which type of account would be debited	a. Real account
2. if x has withdrawn cash from bank which type of account would be debited	b. personal account
	c. nominal account

Answer 1-b, 2- a

20. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. X bought a machine for rupees 1,00,000 and paid rupees 5000 as installation charges and rupees 3000 for assembling it, what would be the amount debited to machine account	a.108000
2. In the above example cash A/c would be credited with	b. 100000
	c. 105000
	d. None of the above

Answer 1-b, 2- a

21. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. capital invested in business is rupees 1,00,000 rate of interest	a. Rs 1,00,000

on capital is 10% .interest on capital account for 3 months will be debited by	
2. In the above entry of interest on capital ,cash account would be credited with	b.Rs2500
	C. None of the above

Answer 1 –b, 2- c

22. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Goods costing Rs 50000 given away to an orphanage (selling price is rupees 60000) the entry of above transaction is	a. Charity account Dr. 50000 To purchase A/c. 50,000
2.goods distributed as free sample of Rs ,60,000	B. Advertisement A/c. Dr. 60,000 To purchase A /c. 60,000
	C. Charity A/c. Dr. 60,000 To purchase A/c. 60,000

Answer 1-a, 2-b

23. The capital invested in business is rupees 5,00,000

Purchased goods worth rupees 50,000

Purchase goods on credit rupees 20,000

Wages paid rupees 2000

Purchase return rupees 5000

List –I	List –II
1. The closing balance of cash account will be	a. 4,23,000
2. The closing balance of purchase account will be	b. 70,000
	c. 4,48,000
	D.65000

Answer 1- c, 2-d

24. The opening balance of machine account is rupees Rs 100,000. Machine sold during the year is rupees 20,000 At par. Depreciation charged during the year is rupees Rs10,000

List –I	List –II
1.The closing balance of machine account is	a.70,000
2. The closing balance of cash account is	b.80,000
	c. 30,000
	D. 20,000

Answer 1- a, 2- d

25. Cash A/c

Particulars	Amount	Particulars.	Amount
To capital A/c	1,00,000	By purchase A/c.	10,000
To sales A/c	50,000	By balance c/d.	1,40,000
Total	1,50,000	Total.	1,50,000

List –I	List –II
1. Entry related to sales will be	A. Cash A/c. Dr. To sales A/c
2. Entry related to purchase will be	B. Sales A/c Dr. To cash A/c
	C. Purchase A/c. Dr To cash A/c
	D. Cash A/c Dr. To sales A/c

Answer 1-a, 2 - c

ANALYSIS & EVALUATION:-

26. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. X sold goods to y for rupees 10,000 at 10% trade discount and 2% cash discount X resides in Jaipur and y resides in Kolkata which GST would be levied and with what rate is rate of GST and sgst is 6% each	a. Cgst @ 6%
2. If goods are sold within the state which type of GST would be levied if igst is, 12 %	b. Sgst @ 6%
	c. Cgst @ 6%, sgst @ 6%
	d. I GST @ 12%

Answer 1 –d, 2 -c

27. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Sudhir Kumar who owed us rupees 30,000 has failed to pay the amount. he paid as a compensation of 45 paise in a rupee by cheque which account would be credited and with what amount	a. Bad debts recovered rs30000
2. Amount not received from Sudhir Kumar would be debited with	B. Sudhir Kumar rs30000
	C. Bad debts A/c rs16500
	D. Cash account rs13500

Answer 1-b, 2-c

28. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Insurance premium paid for the year is Rs 1200 on 1st July 2016. Amount that is prepaid	a. Prepaid insurance A/c dr.300 To insurance A/c 300

along with the entry is	
2. Entry of insurance premium paid is	B. Insurance premium Dr. 1200 To cash A/c. 1200
	C. Insurance premium Dr. 300 To cash A/c 300

Answer 1- a, 2- b

29. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. When the goods are purchased and carriage is paid on it what entry would be passed	a. Purchase A/c. Dr. Carriage A/c Dr. To cash A/c
2. Goods purchased from ram for cash	B. Purchase A/c Dr. To cash A/c

Answer 1-a, 2-b

30. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. Salaries and wages paid during the year is Rs 1,00,000 .Rate of cgst and sgst is 6% each .input cgst and sgst would be debited with	A. Rs 6000
2. Rent paid rs 1,00,000 .rate of cgst and sgst is 6 %each .input cgst and sgst would be debited with in total	b. Rs 12000
	C. None of the above

Answer 1-c, 2-b

31. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II

1. Amount of Rs 10000 paid by X on behalf of y. The account debited is	a. Cash A/c
2. When goods are returned to Y which account is debited	b. X's A/c
	c. Y 's A/c

Answer 1-c, 2 -c

32. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. X sold goods to Y for cash for rupees 1,00,000 at 10% trade discount and 2% cash discount. The total amount debited to discount allowed account is	a. 1800
2. The total amount debited to cash account is	b. 88,200
	c.11,800
	D.90,000

Answer 1- a, 2-b

33. Match items in List I with terms in List II using the codes given below the lists-

List –I	List –II
1. If employee is paid salary @ rupees 1000 per month and during the year only 11 month salary amounting to Rs11000 has been paid to him ,then amount credited to outstanding salary account would be	A. Rs.1000
2. If rent paid during the year is Rs13000 on 1july 2019 and rent per month is Rs 1000 . the amount of rent paid in advance is	B. Rs 2000
	C. Rs 3000
	D. Rs.4000

Answer 1- a, 2-c

CHAPTER : 6

CASH BOOK AND OTHER SUBSIDIARY BOOKS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. Cash book is also known as book of _____. **(Prime entry)**
2. Credit purchases of goods are recorded in _____. **(Purchases book)**
3. Cash and bank transactions are recorded in the cash book in _____ order. **(chronological)**
4. Cash book is both _____ and _____ book. **(Subsidiary, principal)**
5. Cash book doesn't record _____ transactions. **(non-cash)**
6. When a firm avails a bank service it has to pay charges for service called _____. **(bank charges)**
7. Cash discount allowed and received is recorded by the way of _____ entry. **(journal)**
8. A two- column cash book is based on _____ aspect of accounting. **(dual)**
9. Paying advance in the beginning and re-imbursing the amount spent is _____ system of cash book. **(imprest)**
10. Transactions which cannot be recorded in other subsidiary books are recorded in _____. **(journal proper)**
11. Increase in assets is _____ and decrease in liabilities in _____. **(debited, debited)**
12. Provision for doubtful debt created @5% on debtors will be recorded in _____ book. **(journal proper)**

UNDERSTANDING:-

13. If the bank allows the firm to withdraw more amount than the balance, the amount withdrawn is known as _____. **(overdraft)**

14. If cheque is deposited in bank on the same day, the amount is entered in the _____ column on the _____ side of double column cash book. **(bank, debit)**
15. The transaction that effects both sides of the cash book are known as _____. **(Contra entries)**
16. When a cheque is received and deposited in the bank from the customer, returned dishonoured the _____ account is debited and bank account is _____. **(customer's, bank)**
17. Expenses involving small amounts are recorded in _____ book. **(petty cash)**
18. Goods purchased from Sohan for Rs. 5,000 on credit is recorded in _____ book. **(purchases)**
19. Purchased machinery on credit from Mr Karan for Rs.50,000 for use in business is recorded in _____. **(journal proper)**
20. R.K. Company purchased 60 units of goods @100 each less trade discount10% allowed, cash discount allowed is 5%. This transaction is to be recorded in _____ book. **(Purchase)**
21. Goods destroyed by fire will be recorded in _____. **(journal proper)**
22. For interstate transactions of goods _____ GST is charged. **(integrated)**
23. Weekly/ monthly total of purchases book is posted to _____ side of _____ account. **(debit, purchases)**
24. If bank charges on dishonoured cheque, then bank charges will be _____ into the cheque amount. **(added)**

APPLICATION:-

25. The balance of petty cash book is _____ for the firm. **(asset)**
26. Bought goods for Rs.6,000 in cash, CGST and SGST paid @6% each. _____ amount is to be entered in cash book. **(Rs.6,720)**
27. Rajesh who owed Rs.5,000 became insolvent and 40p in a rupee was realised. Amount to be posted in cash book is _____. **(Rs.2,000)**
28. Received from Vedika in full settlement of her account of Rs.6000 and $\frac{3}{4}$ of it is deposited in bank on same day. The amount to be debited to cash book is Rs. _____ in cash column and Rs. _____ in bank column. **(1500, 4500)**
29. Received Rs.10,000 for petty cash book. Balance after all the expenses is Rs.3928. _____ amount will be reimbursed according to imprest system. **(Rs.6,072)**
30. Sold goods to M/S Mukti, Delhi. 10 kgs tea packets @Rs. 600 per kg less trade discount @10%. 5% IGST is to be charged. Freight and packing charge is to be charged separately @ Rs.1,500. Amount to be posted in Sales Journal Rs._____. **(7,170)**
31. M/S Nayar and Co. purchased goods for cash amounting to Rs.10,000 from Ruchi and Co. _____ amount is to be recorded in Purchases Book. **(Nil/no)**

32. Received commission Rs.2,000 plus CGST and SGST @ 6% each. Rs. _____ is debited to cash book. **(2,240)**
33. Received from S.K. limited a cheque for Rs.10,800 against dues of Rs,12,000 in full settlement of his account. _____ amount will be entered in receipt side of cash book. **(Rs.10,800)**
34. Bank paid life insurance premium as per the standing instruction of the owner, _____ account is debited. **(drawings)**
35. The balance of Sales book is Rs.25,000. Rs.5,000 recovered from debtors . The balance of Sales Book will be transferred to sales account by amount Rs. _____. **(25,000)**
36. A second hand motor car was purchased from Veer Brothers for Rs.10,000. It is recorded in _____ book. **(journal proper)**
37. Accounting for partial recovery from Mr Aof an amount of Rs.2,000; which was earlier written off as bad debts will be recorded in _____ book. **(cash)**

ANALYSIS & EVALUATION:-

38. A wholesaler sold 60 units of a good @ Rs.100 each less trade discount @10%. The retailer returned 10 units of these goods. _____ amount should be recorded in the sales book. **(Rs.4,500)**
39. Purchased goods for cash Rs.6,720 including CGST, SGST 6 %, received discount of Rs.220. _____ amount is to be entered in cash book. **(Rs.6,500)**
40. Rajesh who owed Rs.5,000 became insolvent and 40p in a rupee wasn't realised. Amount to be posted in cash book is _____. **(Rs.3000)**
41. M/S Rena Furniture sold furniture amounting to Rs.1,00,000 to M/S Neha . Trade discount applicable @10%, CGST and SGST @ 6% each. Half payment received in cash and availed cash discount of 10%. Amount to be entered in Sales book is Rs._____ and Journal Proper Rs._____. **(50400,4,500)**
42. Received from Astha cash Rs.2,000 and a cheque amount Rs.4,000. Discount allowed is Rs.400. _____ and _____ amount is to be entered in cash and bank column of cash book. **(Rs.1,600; Rs.4,000)**
43. Mr XYZ purchased goods from ABC electric Limited; 5 dozen bulbs @ 100 each plus IGST @ 12%; 10 power plugs @ 80 each plus IGST @ 12% the purchase book is to be debited by rupees _____. **(Rs.1,456)**
44. Balance of the cash column is Rs.18,174 after retaining Rs.2000 in cash _____ amount is to be deposited with the bank. **(Rs.16,174)**
45. Cash and bank balance shows a debit of rupees 10,000 and 15,000 respectively; rupees 8000 is withdrawn from the bank for office use. Cash and bank balance after this transaction is _____ and _____. **(Rs.18,000; Rs.7,000)**
46. A cheque of rupees 10000 received from Gopal Chandra and was deposited on _____ account is credited. **(Gopal Chandra)**

47. On 1st May 2019 balance of cash column of cash book rupees 12000 after receiving rupees 2,000 from Anil, giving cheque of rupees 3200 to Sunil and payment of wages rupees 500. Balance of cash will be _____debit. **(8,000)**
48. Received a two months post-dated cheque of rupees 30,000 from Rajesh and deposited in the bank on same day; discounted from Bank paying discounting charges of rupees 750 the cash book is debited by rupees _____. **(Rs 29,250)**
49. Cheque received from Amit for rupees 20,000 was dishonoured; the bank column will be _____. **(Credited)**
50. Hema traders purchased from Videocon India Limited 5 machines @ rupees 50,000 at less trade discount @ 10% + GST @ 12% freight charges rupees 1,000 the purchase book is debited by amount rupees _____. **(Rs 2,53,000)**

TRUE AND FALSE

REMEMBERING:-

1. Books of original entry are called Subsidiary books. **(True)**
2. Single column cash book can have credit balance. **(False)**
3. Non cash transactions are recorded in cash books. **(False)**
4. In the cash book, transactions are not recorded in chronological order. **(False)**
5. Cash book is a journalized ledger. **(True)**
6. Two column Cash book also records cash discount allowed and received. **(False)**
7. The form filled for depositing cash/cheques in the bank is called Pay-in-slip. **(True)**
8. Purchase book records cash as well as credit purchases. **(False)**
9. Purchase return book is also known as return outwards book. **(True)**
10. The source document for recording entries in the sale return book is a debit note. **(False)**
11. The total of sale return book is posted to profit and loss account. **(False)**
12. The petty Cash book is used to record large cash payments. **(False)**

UNDERSTANDING:-

13. Cash receipts are recorded in the credit side of cash book. **(False)**
14. While recording transactions in the bank column of the cash book, rule applicable to personal account is followed. **(True)**
15. The transactions in which the supplier name is not given, is treated as credit transaction. **(False)**
16. The transactions that cannot be recorded in any special journal are recorded in journal proper. **(True)**
17. The balance of the petty cash book is always an income for the firm. **(False)**
18. The bank column of cash book always show a debit balance. **(False)**
19. The payment of a crossed cheque can be made directly to the party on the counter. **(False)**
20. The bank debits the firm's account on the account of bank charges. **(True)**

21. The entries which represent debit or credit of cash discount against the bank account or vice versa are contra entries. **(True)**
22. The amount given to the petty cashier at the beginning of the certain period is called imprest system. **(True)**
23. The petty cash account is not opened in ledger. **(False)**
24. The credit purchase of assets are recorded in purchase book. **(False)**

APPLICATION:-

25. In the books of M/S Rohan enterprises, the cash received Rs.12,000 will be recorded on the debit side of cash book. **(True)**
26. The goods purchased in cash Rs.20,000 will be recorded in receipt side of cash book. **(False)**
27. The opening balances of a firm are Machinery Rs.5,00,000, Creditors Rs. 2,00,000 and capital Rs.10,00,000. The entries for the same will be passed in journal proper. **(True)**
28. The goods returned to Mr.X, 2 table fans @ Rs.1000 each less trade discount 15 will be shown in sale return book. **(False)**
29. Sita has made full and final payment to Ram by cheque. Discount allowed by Ram is Rs.300. It will be recorded in sale return book. **(False)**
30. Cash purchase Rs.8,000, Credit Sales Rs.2,000, Credit purchases Rs.5,000, Cash discount allowed @4%. In this case each discount will be recorded in debit side of cash book. **(False)**
31. M/S Raman has purchased 80 bottles @ Rs.100 each from M/S Murari on credit. CGST and SGST is levied @6% each. Rs.1,440 will be shown in Input CGST column in the purchase book. **(False)**
32. Loss by fire amounted to Rs.80,000 but the insurance company paid Rs.60,000. So the amount Rs.60,000 will be recorded in the bank column of cash book. **(True)**
33. M/S Sudarshan maintains petty cash book. The imprest amount is Rs.5,000. If the cash balance in hand is Rs.1,300, Rs.2,700 will be reimbursed to make for imprest amount. **(True)**
34. Sudha received cheque of Rs.10,100 from Mudra in full settlement of Rs.11,000. The cheque is not deposited in bank for 24 hours. Entry for this will be recorded in cash book. **(False)**
35. The proprietor Aman started business with cash Rs.1,00,000, Stock Rs.70,000, building Rs.10,00,000. So Rs.11,70,000 will be recorded as capital in credit side of cash book. **(False)**
36. Cash deposited in bank Rs.50,000 will be recorded in cash book in the bank column on payment side and in cash column on the receipt side. **(False)**
37. Siya paid Rs.900 plus CGST and SGST @6% each. Rs.1008 will be recorded on the payment side of cash book. **(True)**
38. Rima sold goods on credit to Rohit: 50 shuttles @Rs.10 each. In this case the customer account will be debited in sales book for Rs.2000. **(False)**

ANALYSIS & EVALUATION:-

39. M/S Tushar traders deposited with the bank the entire balance after retaining Rs.2, 000 cash in hand. The debit side and credit side of cash column of cash book are Rs.18, 170 and Rs.9,170 The amount deposited in bank is Rs.7,000. **(True)**
40. Cheque amounting to Rs.12,000 deposited into bank is now dishonoured. The bank charged Rs.250 as dishonour charges. The amount to be recorded on the payment side of cash book Rs.12,000. **(False)**
41. A cheque was received from Mr. X for amount Rs.15,000 on 15.4.2019 and the same was endorsed to Mr.Y on 17.04.2019 in the full settlement of Rs.15,600 The entry of the date of endorsement will be raised in journal proper as:

Y's Account	Dr.	15,600	
	To Cheque in hand A/c		15,000
	To Discount Received A/c		600

(True)

42. Following are the balances of ledger accounts of M/S Aman Traders on 1st April.

Cash in Hand Rs. 5,000

Cash at Bank Rs.10,000

Bill Receivable Rs. 7,000

Bills Payable Rs. 3,000

The entry of the above balances will be recorded in Journal proper as opening entry and balance will be treated as capital reserve. **(False)**

43. M/S Parveen traders purchased 20 kg sugar@ of Rs.100 each from us. Trade discount is applicable @5% and IGST @ 12%.The entry will be recorded in the sales book of our books of accounts as -

Sales Column	1,900
Output IGST	228

(True)

44. Mr. A sold 35 items to Mr. B@ Rs.100 each less 20% trade discount. Mr. B returned 15 of the above items. As a result of this a credit note should be sent to Mr. B of Rs.1,200.**(True)**

45. Interest is due on loan but not paid for last 9 months. If Loan amount was Rs.12,00,000 taken @ 6% pa. Adjustment entry in journal proper will be recorded as:

Loan A/c	Dr.	54,000	
	To Interest on Loan A/c		54,000

(False)

46. Tarun, a debtor has become insolvent and 40 p in a rupee was realized from him Cash column of cash book should be debited with Rs.54,000. **(False)**
47. Cash withdrawn by the proprietor for paying his son's tuition fees is Rs.3,500. This will be recorded as an expense on the payment side of cash book. **(False)**
48. An old machinery was sold to Mayank for Rs.6, 000 plus CGST and SGST @ 6% each. Entry will be recorded in Journal proper as –

Mayank's Account	Dr.	5,600	
To Machinery A/c			5,000
To Output CGST A/c			300
To Output SGST A/c			300

(True)

49. The closing entry for discount received Rs.1,000 Commission received Rs.4,000 and interest on investment Rs.1,200 will be passed in journal proper amounted to Rs.6,800 in profit and loss account. **(False)**
50. Kartikey who owed us Rs. 80,000 became insolvent and 20 paise in a rupee was realized from his estate. Amount received from him is Rs.10,000. **(False)**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. When a firm maintains cash book it need not to maintain:
 - a. Journal proper
 - b. Purchases book
 - c. Sales book
 - d. Cash & Bank A/c in ledger **[D]**

2. A person who is responsible for recording transactions in a petty cash book is known as:
 - a. General cashier
 - b. Petty cashier
 - c. Additional cashier
 - d. Counter cashier **[B]**

3. A cheque received and deposited on same day will be recorded in cash book in:
 - a. Cash column on debit side
 - b. Cash column on credit side
 - c. Bank column on debit side
 - d. Bank column on credit side **[C]**

4. The source document for making entries in the return inward book is:
- a. Cheque counterfoil
 - b. Credit note
 - c. Debit note
 - d. Purchase invoice [B]
5. When debit as well as credit aspects of a transaction are recorded in a cash book , it is called _____
- a. Compound entry
 - b. Closing entry
 - c. Contra entry
 - d. Opening entry [C]
6. Purchase book is used to record:
- a. Cash purchase of goods
 - b. Credit purchases of goods
 - c. Credit purchase of assets
 - d. Cash purchase of assets [B]
7. Purchase Return Book is also known as:
- a. Returns Outward Book
 - b. Returns Inward book
 - c. Invoice Book
 - d. Journal Proper [A]
8. The total of Sales book is posted to:
- a. Credit side of customer's account
 - b. Credit side of purchases account
 - c. Credit side of sales account
 - d. Credit side of capital account [C]
9. If nature of cash balance is not mentioned in cash book then it will be :
- a. Credit balance
 - b. Overdraft balance
 - c. Debit balance
 - d. None of these [C]
10. The credit side of cash book is also known as :
- a. Receipt side
 - b. Profit side
 - c. Loss side
 - d. Payment side [D]

11. Opening entry is recorded in :
- a. Journal proper
 - b. Cash book
 - c. Sales book
 - d. Purchases book
- [A]

12. The word 'C' which stands for contra, is written on both sides in _____ column.
- a. Voucher number
 - b. Ledger folio
 - c. Bank
 - d. Particulars
- [B]

UNDERSTANDING:-

13. A cash book is used to :
- a. Compute profit and loss of business
 - b. Record receipts and payments of cash
 - c. Records only receipt of cash
 - d. Records only payment of cash
- [B]

14. A contra entry is an entry that involves:
- a. A cash account as well as sales account
 - b. A bank account as well as discount account
 - c. A cash account as well as bank account
 - d. A cash account as well as discount account
- [C]

15. Provision for doubtful debts created @ 6% on debtors with book values of Rs. 12,000.
This transaction will be recorded in :
- a. Purchases book
 - b. Sales book
 - c. Cash book
 - d. Journal proper
- [D]

16. In Return Inwards book , individual accounts of customer will be :
- a. Credited
 - b. Debited
 - c. Neither debited nor credited
 - d. Either debited or credited
- [A]

17. Cheque received from Rakesh not yet deposited into bank ._____ Account will be debited:
- a. Bank

- b. Cash
- c. Cheque in hand
- d. Rakesh [C]

18. A fixed amount paid out of current bank account of firm on a regular basis is known to the payer as :

- a. Direct debit
- b. Standing order
- c. Cheque endorsement
- d. Credit transfer [B]

19. The column in purchases book which is the basis to record transactions in this book is:

- a. Ledger folio
- b. Invoice number
- c. Particulars
- d. Date [B]

20. When the goods are returned, a debit note is prepared and is sent to the _____ with the returned goods.

- a. Customer
- b. Proprietor
- c. Bank
- d. Supplier [D]

21. Allowance allowed to Samyak & Co. on account of mistake in invoice. Transaction will be recorded in :

- a. Sales return book
- b. Purchases return book
- c. Journal proper
- d. Purchases book [A]

22. Discount previously allowed but later on disallowed is recorded in _____

- a. Cash book
- b. Purchase book
- c. Sales book
- d. Journal proper [D]

23. Which of the following transactions will not affect the cash book:

- a. Salary paid
- b. Cash paid to creditor
- c. Cheque received and deposited
- d. Depreciation [D]

24. The total of sales return journal is posted to :
- a. Profit and loss account
 - b. Machinery account
 - c. Sales return account
 - d. Sales account
- [C]

25. Journal proper records:
- a. All transactions
 - b. All cash transactions
 - c. All credit transactions
 - d. Transactions which do not find place in any other subsidiary book
- [D]

APPLICATION:-

26. Goods sold to Mr. X for Rs. 10,000 on 1-3-18. If payment is made within next seven days cash discount allowed @5%. Rs. ____ is received from Mr. X on 3-3-18.
- a. 9,000
 - b. 10,000
 - c. 9,500
 - d. 9,800
- [C]

27. Discount received from Mr. Y is the nature of :
- a. Income
 - b. Expense
 - c. Liability
 - d. Asset
- [A]

28. Salary paid to Mr Ramnarayan will be recorded in :
- a. Journal proper
 - b. Cash book on payment side
 - c. Cash book on receipt side
 - d. Cash book bank column
- [B]

29. Bought goods for Rs. 30,000, CGST and SGST @6%. An inter- state transaction ____ amount will be recorded on payment side of cash book.
- a. By purchases A/c Rs. 33,600
 - b. By purchases A/c Rs. 30,000; By IGST Rs. 3,600
 - c. By purchases A/c Rs. 30,000; By CGST Rs. 1,800; By SGST Rs. 1,800
 - d. By purchases A/c Rs. 28,200
- [B]

30. Cheque issued to a creditor Rs. 40,000 is recorded in:

- a. journal proper
 - b. Single column cash book
 - c. Double column cash book
 - d. Petty cash book
- [C]

31. While recording transactions in the bank column of the cash book , the _____ rule is followed:

- a. Real account
 - b. Nominal account
 - c. Personal account
 - d. None of the above
- [C]

32. A cheque of Rs. 20,000 received from Mr. Jone is dishonoured, it will be recorded on ____ side and amount will be entered in _____ column.

- a. Credit , bank
 - b. Credit, cash
 - c. Debit, bank
 - d. Debit, cash
- [A]

33. Bank notifies that Rahul’s cheque of Rs. 4,000 has been dishonoured, Bank charged Rs.20 on this cheque. Rahul’s account will be debited and the amount written on payment side of cash book in bank column is:

- a. Rs. 4000
 - b. Rs. 20
 - c. Rs. 4,200
 - d. Rs.4,020
- [D]

34. Discounted a bill of exchange at 2% through bank Rs. 8,000. Bank column in cash book is debited by:

- a. Rs.8,000
 - b. Rs.7,840
 - c. Rs.160
 - d. Rs. 8,160
- [B]

35. Sold goods to Shashi & Sons, vide cash memo no 2415; 6 sofa sets @ 15,000 each, less trade discount 10%. Transaction will be recorded in:

- a. Sales book
 - b. Purchases book
 - c. Cash book
 - d. Journal proper
- [C]

36. Goods sold to Mr Y, 20 dresses @ 1,000 each. Due to some mistake in the invoice a credit note is sent to customer. The reason may be :

- a. Sales invoice is overcast
- b. Sales invoice is undercharged
- c. Sales invoice is undercast
- d. Some good omitted to be recorded

[A]

37. Goods lost by fire Rs. 85,000. Insurance company admitted claim of 40%. Insurance company will be debited by _____ and entry will be recorded in _____.

- a. Rs. 85,000 , purchase return book
- b. Rs. 34,000 , journal proper
- c. Rs. 51,000 , cash book
- d. Rs.85,000 , purchases book

[B]

ANALYSIS & EVALUATION:-

38. The following balances were incurred by petty cashier during the month – postage Rs. 1,200; conveyance Rs. 500; Sundries Rs.1, 700. Imprest amount Rs. 8,000. What will be the amount of reimbursement?

- a. Rs. 5,600
- b. Rs. 8,000
- c. Rs. 3,400
- d. Rs. 2,000

[C]

39. On 1-4-19, Bank balance was unfavourable (cr) .Rs. 5000. A customer directly deposited cheque into bank Rs. 10,000 and a cheque issued to pay salary to Mr. Ram amounted to Rs. 2,000. The bank balance will be :

- a. Rs.7,000 cr.
- b. Rs.13,000 dr.
- c. Rs.10,000 dr.
- d. Rs.3,000 dr.

[D]

40. Deposited into bank entire balance after retaining Rs. 10,000. The total of receipt side and payment side is Rs. 54,520 and Rs. 24,500 respectively. What amount is to be deposited in bank account to record contra entry?

- a. Rs. 30,020
- b. Rs. 20,020
- c. Rs. 10,000
- d. Rs. 34,500

[B]

41. Cash sales amounted to Rs. 60,000 of which Rs. 40,000 banked on the same day. Transaction will be recorded on receipt side. Cash and Bank column will be debited respectively with :

- a. Rs. 60,000, Rs. 40,000
- b. Rs. 40,000, Rs. 20,000
- c. Rs. 20,000, Rs. 40,000
- d. Rs. 60,000, Rs. 20,000

[C]

42. Withdrew from bank for personal use Rs. 4,000 and for office use Rs. 7,000. Following transaction will be recorded in cash book:

- a. Only on receipt side
- b. Only on payment side
- c. Both on debit side and credit side
- d. None of these

[C]

43. Acceptance received from Vijay & Co. for Rs. 3,600. The following entry will be passed in journal proper:

a.	Bills Receivable A/c	Dr.	Rs.3,600	
	To Vijay and Co. A/c			Rs.3,600
b.	Vijay and Co. A/c	Dr.	Rs.3,600	
	To Bills Payable A/c			Rs.3,600
c.	Vijay and Co. A/c	Dr.	Rs.3,600	
	To Bills Receivable A/c			Rs.3,600
d.	Bills Receivable A/c	Dr.	Rs.3,600	
	To Vijay and Co. A/c			Rs.3,600

[A]

44. Goods returned by Raman stationery:

3 dozen pens @ Rs. 50 per dozen

2 dozen pencils @ Rs. 60 per dozen; less trade discount @ 10%

CGST and SGST levied @ 6% each. ___ amount will be shown in Sales return column of sales return book.

- a. Rs. 270
- b. Rs. 272
- c. Rs. 258
- d. Rs. 243

[D]

45. From the following opening balances , while passing opening entry in journal proper the balancing figure will be:

Cash – Rs. 1,70,000; furniture-Rs. 2,20,000; Machinery –Rs. 75,000; Debtors-Rs. 1,65,000; creditors- Rs 1,40,000; bank loan – 1,50,000;

- a. Capital Rs. 2,90,000
- b. Capital Rs. 3,40,000
- c. Capital reserve Rs. 2,90,000
- d. Capital reserve Rs. 3,40,000 [B]

46. Ramesh who owed us Rs. 40,000 became insolvent and paid 20 paise in a rupee was paid by him. Amount received from him is:

- a. Rs. 32,000
- b. Rs. 8,000
- c. Rs. 7,000
- d. Rs. 42,000 [B]

47. Goods purchased for cash Rs. 68,000; less 5% trade discount, plus IGST 12%. Purchases account will be debited by :

- a. Rs.56,848
- b. Rs. 68,000
- c. Rs. 72,352
- d. Rs. 64, 600 [D]

48. The following transactions took place in M/s Aman's books of accounts. CGST and SGST levied @6 %

Goods returned to M/s X, 4 broken chairs @ 500 each,
M/s Y returned goods to us, 3 defective tables @ 600 each, what will be the total of sales return column in sales return book:

- a. Rs. 1,800
- b. Rs. 3,800
- c. Rs. 2,016
- d. Rs. 4,256 [A]

49. Received a cheque from Nitin for Rs. 2,76,000 after deducting cash discount of 8% . The next day cheque was endorsed to Prince in full settlement of his debt of Rs. 2,80,000. The entry in the journal proper on the day of endorsement of will be:

- a. Prince dr. Rs. 2,80,000; To Cheque in hand A/c Rs. 2,80,000
- b. Prince dr. Rs. 2,76,000; To Bank A/c Rs. 2,76,000
- c. Prince dr. Rs. 2,80,000; To Cheque in hand A/c Rs. 2,76,000 ; To Discount Received Rs. 4,000
- d. Prince dr. Rs. 2,76,000; To Cheque in hand A/c Rs. 2,76,000 [C]

50. Bank issued a demand draft for Rs. 15,000 in favour of Mayank . Bank charged RS. 50 for issuing the draft. Amount will be shown on ____ side and in ____ column of cash book:

- a. Receipt , cash
- b. Payment , bank
- c. Receipt, bank
- d. Payment , cash

[B]

MATCH THE FOLLOWING

1.	Match with the suitable subsidiary books	
R	I Receipts and payments of cash II Return of credit sales made by customers	a. Purchases book b. Sales book c. Sales returns book d. Cash book Ans. I d ; II c
2.	Match with the suitable document:	
R	I Document evidencing that a credit transaction has been made. II Document supporting a transaction	a. Debit note b. Voucher Number c. Credit note Ans. I C ; II b
3.	Match with proper subsidiary book:	
R	I It doesn't record non cash transaction II Sales Book is a part of	a. Journal proper b. Cash Book c. Journal Ans. I a II c
4.	Match with suitable option:	
U	I Drawing more out of bank then the available balance II withdrawal of cash from bank	a. Contra Entry b. Opening Entry c. Overdraft Ans. I c II a
5.	Match with relevant option :	
U	I Expenses involving small amount II Those transaction which are not recorded in any subsidiary book	a. Journal proper b. Cash Book c. Petty Cash Book Ans. I c II a
6.	Match the subsidiary books in which following are recorded:	
R	I Purchase of furniture on credit for office use II Sale of goods on credit III Goods returned by debtors	a. Purchases Book b. Journal proper c. Sales return Book d. Sales Book Ans. I b. II d III c

7.	Match with the books of original entries where these transaction are to be recorded	
R	I Goods purchased from Mr. X on credit II Defective goods sold to veena an credit returned by her III Purchased furniture for personal use	a) Sales returned books b) Journal proper c) Purchase book d) Sales book Ans. I c. II a. III b.
8.	Match the following with correct option	
U	I Monthly total of purchase book is II Total of sales book is posted to	a) Posted to 'Cr' of purchases A/C b) Posted to 'Dr' of purchases A/C c) Posted to 'Cr' of sales A/C d) Posted to 'Dr' of sales A/C Ans. I b. II c.
9.	Match the following with correct option	
U	I Intra state sale of goods GST charged is II Interstate sale of goods GST charged is	a) CGST,SGST,IGST b) CGST and SGST c) IGST and CGST d) IGST Ans. I b. II d.
10.	Match the following with correct option	
R	I Entry made in beginning of the year II Settlement of amount paid or received in advance	a) Adjustment entry b) Opening entry c) Transfer entry Ans. I b. II a.
11.	Match the following with correct option	
U	I Transfer entries II Closing entries	a) Entry made at the end of the year to close the relevant A/C b) Amount transferred from one A/C to another c) Entry made in the beginning of the year Ans. I b. II a.
12.	Match the following with correct option	
U	I The balance in petty cash book is II Credit balance in their bank column of cash book	a) Liability b) Profit c) Asset Ans. I c. II a.
13.	Match with the suitable option	
U	I Cash withdrawn for personal use II Paid salary to Mr. Ram	a) Salary A/C b) Ram A/C c) Drawings A/C d) Cash A/C Ans. I c. II a.
14	Match with the suitable option	

A	I Received a post dated cheque from Deepak II Paid salary to Mr. Ram	a) Cash book b) Journal proper c) Sales book Ans. I b. II a.
15	Match with the suitable option	
A	I Deposited cash into bank II Withdrawal of cash for office use	a) Only bank column is credited b) Cash column 'Cr' , bank column 'Dr' c) Cash column 'Dr' , bank column 'Cr' d) Only cash column is credited Ans. I b. II c.
16	Match with the suitable option	
U	I Transaction not recorded in cash book II Not a contra entry	a) Cash withdrawn from bank for personal use b) Sold goods worth Rs 5000 c) Trade discount Ans. I c. II a.
17	Match with the suitable option	
A	I Dr or Cr balance II Only Dr balance	a) Only cash column of cash book b) Neither cash nor bank column c) Only bank column of cash book Ans. I c. II a.
18	Match with the suitable option	
A	I Sold old newspaper for cash II Purchased 10 colour TV @15000 each	a) Purchase book b) Journal proper c) Cash book Ans. I c. II a.
19	Match with the suitable option	
E	I Sold to M/S A 30 shirts@400 each 40 trousers@300 each TD @ 10% II Return 60 pen drive to M/S X purchased @100 each , IGST @12%	a) 6720 b) 12544 c) 21600 Ans. I c. II a.
20	Match with the suitable option	
U	I A document prepared by the customer Of the goods II A document prepared by the seller Of the goods	a) Credit note b) Voucher c) Debit note Ans. I c. II a.
21	Match with the suitable option	
A	I For closing purchases	a) Trading A/C is 'Cr'

	II For closing sales III For closing salaries	b) Trading A/C is 'Dr' c) P/L A/C is 'Cr' d) P/L A/C is 'Dr' Ans. I b. II a. III d.
22	Match with the suitable option	
U	I It records transactions of similar nature II It does not record transactions of Similar nature	a) Journal proper b) Journal c) Subsidiary book Ans. I c. II a.
23	Match with the suitable option :	
U	I Bank Charges II Interest allowed by bank	a) Bank column receipt side b) No entry c) Bank column payment side Ans. I c. II a
24	Match the following with correct option	
U	I Discount allowed , cheque dishonoured II When cash book is prepared	a) No Cash Account is needed b) Cash book c) Journal Proper Ans. I c II a
25	Match the following with correct option	
R	I Record of all cash payments II Record of payment of all small expenses	a) Sales Book b) Cash Book c) Petty cash Book Ans. I b II C
26	Match the following with correct option	
R	I Additional cash introduced II Return of goods sold by customer	a) Return inward book b) Cash Book c) Debit note Ans. I b II a
27	Match the following with correct option :	
U	I Source document for recording in purchases book II Note issued by seller on receipt of goods from customer	a) Credit note b) Debit note c) Inward invoice Ans. I c II a
28	Match with the suitable option	
R	I person who maintain petty cash book II petty cash book in which payment side is ruled in suitable columns	a) Analytical Petty Cash Book b) Simple Cash Book c) Petty Cashier d) Head Cashier Ans. I c II a
29	Match with the suitable option	
U	I source document required to record transaction in Sales Return Book	a) Sales Invoice b) Debit note

	II source document required to record transaction in Sales Book	c) Credit note Ans. I c II a
30	Match with the suitable option	
U	I Withdrawn from bank Rs. 4,000 II Withdrawn from bank for personal use	a) Drawing Account b) Contra Entry c) Bank Account Ans. I b II a
31	Match with the suitable option	
E	I Imprest amount Rs. 5,000. Expenses incurred during the month Rs. 2,600 amount reimbursed. II Imprest amount Rs. 8,000. Expenses details for the months Rs. 5,500. Has unpaid expenses vouchers Rs. 200 amount reimbursed.	a) Rs. 2,400 b) Rs. 5,500 c) Rs. 2,600 d) Rs. 5,300 Ans. I c II b
32	Match with the suitable option	
E	I Cheque received amount Rs. 46,000 from Mr. Z after cash discount @8% amount due to Z II for the above transaction cash discount allowed is	a) Rs. 4,000 b) Rs. 42,320 c) Rs. 50,000 d) Rs. 3,680 Ans. I c II a
33	Match with the suitable option	
E	I Interest on Overdraft charged by bank @ 10 % bank overdraft Rs. 50,000 II Interest on Loan due for 9 months @ 10% p.a. Loan amount Rs. 2,00,000. Interest amount is	a) Rs. 10,000 b) Rs. 5000 c) Rs. 12,000 d) Rs. 15,000 Ans. I b II d
34	Match with the suitable option	
E	I Goods returned by Priti & Co. 20 Fans @ Rs. 3,000 each 10 Coolers @ Rs. 1,500 each Less: Trade Discount @ 5% Amount recorded in Sales Return Column	a) Rs. 75,000 b) Rs. 71,250 c) Rs. 78,750

	I In the above transaction IGST is levied @12% , amount recorded in IGST column	d) Rs. 8,550 Ans. I b II d
35	Match with the suitable option	
R	I Allowance allowed to Ms. Amit Traders on account of mistake in invoice II Allowance claimed from Mr. Z on account in invoice	a) Purchases Book b) Sales Returns Book c) Journal Proper d) Purchases Return Book Ans. I b II d
36	Match with the suitable option	
A	I paid rent Rs. 10,000 CGST and SGST charged @ 9% each II gave cheque for cash purchase of Rs, 2,000 including IGST @12%	a) Rs. 2,240 b) Rs. 2,040 c) Rs. 11,800 d) Rs. 8,800 Ans. I c II a
37	Match with the suitable option	
A	I Goods purchased and paid by cheques Rs. 20,000 cash discount Rs. 472 CGST and SGST @ 6% each II Received cheque from Ram Rs. 2,000	a) Rs. 29,182 b) Rs. 2,000 c) No entry d) Rs. 21,928 Ans. I d II b
38	Match with the correct entry :	
R	I Interest on Capital II Discount allowed and received III Salary A/c outstanding	a) Miscellaneous Entries b) Closing Entries c) Adjustment Entries d) Opening Entries Ans. I c II a III c
39	Match with the suitable option	
R	I Intra- State Purchases II Inter- state purchases	a) Input CGST & SGST is Cr. b) Input IGST is Dr. c) Input CGST & SGST is Dr. d) Input IGST Cr. Ans. I C II b
40	Match with the suitable option	
E	I Cash Balance Rs. 50,000 out of this deposited into bank Rs. 12,000 a demand draft issued by bank Rs. 3,000 in favour of Mr. Rahul . Closing balance of cash is II Bank Overdraft Rs. 65,000 directly deposited by our customer in bank Rs. 30,000. Cheque received and endorsed amount to Rs. 5,000 bank balance is	a) Rs. 38,000 b) Rs. 41,000 c) Rs. 35,000 Cr. d) Rs. 35,000 Dr. Ans. I a II c
41	Match with the suitable option	

A	I Withdrawn from bank Rs 28,000 for purchase of office equipment purchased for Rs. 17,000, balance taken by proprietor is II Cashed a cheque for Rs. 25,000 and paid salaries Rs. 13,000. Cash balance will be	a) Rs. 28,000 b) Rs. 11,000 c) Nil d) Rs. 2,000	Ans. I b II d
42	Match with the suitable option		
E	I Returned goods to Gopal for Rs. 50,000, goods were not according to the sample apply CSGT & SGST @ 6% each II Allowance claimed from Prasad on account of mistake in invoice of Rs. 10,000 apply CSGT & SGST @ 6% each	a) Rs. 11,200 b) Rs. 20,160 c) Rs. 56,000	Ans: I c II a
43	Match with the suitable option		
E	I Ajit furniture co. Returned 2 broken Almirahs @ Rs. 11,000 each Less 15% IGST @ 12% II Returned to Saxena & co. 5 tables @ Rs. 1,600 each Less : 10% CGST & SGST @ 6% each	a) Rs. 22,400 b) Rs. 20,944 c) Rs. 8640 d) Rs. 8064	Ans. I b II d
44	Match with the suitable option; Calculate amount to be recorded in purchase book in the following cases:		
E	I Purchased goods for cash Rs.50,000 II Purchased from Kriti Rs.56,000 including IGST @ 12%	a) Rs.56,000 b) Rs.62,720 c) Nil d) Rs.50,000	Ans I c II a
45	Match with the suitable option		
E	I. Mr XYZ purchased goods from ABC electric Limited; 10 dozen bulbs @ 100 each plus IGST @ 12%; 20 power plugs @ 80 each plus IGST @ 12% the purchase book is to be debited by rupees _____. II. On 1st May 2019 balance of cash column of cash book rupees 24000 after receiving rupees 4,000 from Anil, giving cheque of rupees 6,400 to Sunil and	a) Rs. 1,456 b) Rs. 2,912 c) Rs.23,000 d) Rs.23,500	

	payment of wages rupees 1000. Balance of cash will be _____.	Ans I b II c
46	Match with the suitable option	
A	I Total of Purchases return A/c II Total of Purchases A/c	a) Debit b) Credit c) Either debit or credit d) Neither debit nor credit Ans. I b II a
47	Match with the suitable option	
A	I Goods sold to Mr. X for Rs. 10,000. Cash discount allowed @5% amount received from Mr. X. II Discounted a bill of exchange at 2% through bank Rs. 8,000. Bank column in cash book is debited by	a) Rs. 8,500 b) Rs. 9,500 c) Rs. 8,740 d) Rs. 7,840 Ans. I b II d
48	Match with the suitable option	
A	I A cheque of Rs. 20,000 received from Mr. Jone is dishonoured, it will be recorded on ___ side of _____ column. II Salary paid to Mr Ramnarayan will be recorded in ___ Side of ___ Column	a) Debit , Cash b) Credit , bank c) Credit , Cash d) Debit, Bank Ans. I b II c
49	Match with the suitable option	
A	I Goods lost by fire Rs. 85,000. Claim of 40% received. Insurance company will be debited by _____ and entry will be recorded in _____. II Debtor of Rs. 50,000 became insolvent 50% is recovered from his estate.	a) Rs. 25,000 , Cash b) Rs. 50,000 , cash c) Rs. 34,000 Journal proper d) Rs.85,000 Journal Proper Ans. I c II a
50	Match with the suitable option	
A	I While recording transactions in the bank column of the cash book , the _____ rule is followed II Discount allowed to a customer the rule of _____ is followed	a) Real account b) Nominal account c) Personal account Ans. I c II b

Sequential Questions

REMEMBERING:-

1. Put the below mentioned transactions in correct order:
 - a) Sold goods to Ram on credit.
 - b) Started business with cash and goods.
 - c) Cheque dishonoured and Ram's account is debited.
 - d) Ram paid his dues by cheque.
 - e) Ram's cheque deposited into bank. (b-a-d-e-c)

2. Identify the correct sequence for following transactions with respect to cash book:
 - a) Balancing the cash and bank column
 - b) Recording opening balance
 - c) Carry forward the balance to next month
 - d) Recording cash and bank transactions (b-d-a-c)

UNDERSTANDING:-

3. Identify the sequence to be followed in following transactions to calculate amount to be entered in cash book.
 - a) Goods sold for Rs.5,000 to Simran.
 - b) Cash discount allowed @2%.
 - c) CGST, SGST levied @6% each
 - d) Trade discount allowed @5% (a-d-c-b)

APPLICATION:-

4. Purchased 5kgs of Green Tea on credit from Tea House @Rs.500 per kg; trade discount 10% plus CGST and SGST @6% each.

Tea House	
5kg @ Rs.500 each	Rs.2,500
Less: _____ @10%	Rs. _____
Total:	Rs. _____
Add: CGST @6%	Rs. _____
Add: SGST @6%	Rs. _____
Total:	Rs. _____

ANALYSIS & EVALUATION:-

5. Shyam received certain amount under imprest system of petty cash book. He got reimbursement later in the month.

Shyam received amount	Rs. _____
Expenses made	Rs. _____
Balance at the end	Rs.1,375
Reimbursement at the end	Rs.625

CHAPTER: 7

BANK RECONCILIATION STATEMENT

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

A statement showing reasons for differences between Cash Book and Pass book balances on a particular day is called _____.

[Bank Reconciliation Statement]

26. Bank Reconciliation Statement is prepared to reconcile _____ and _____ balances.
[cash book , pass book]
27. Unfavourable balance as per Pass book is _____ balance. **[debit]**
28. Unfavourable balance as per Cash book is _____ balance. **[credit]**
29. Favourable balance as per Pass book is _____ balance. **[credit]**
30. Favourable balance as per Cash book is _____ balance. **[debit]**
31. Bank overdraft is _____ balance as Cash Book. **[Credit]**
32. Bank overdraft is _____ balance as Pass Book. **[Debit]**

UNDERSTANDING:-

33. Bank Charges debited in pass book are recorded on the _____ side of Cash Book in Bank Column. **[Credit]**
34. Interest allowed by Bank is recorded on the _____ side of Cash Book in Bank Colum. **[Debit]**
35. Amount directly deposited by customers into Bank but no information received will increase _____ book balance. **[Pass book]**
36. When money is withdrawn from Bank, the bank _____ the account of customer.

37. While preparing Bank reconciliation Statement, Pass book is compared with _____ [Debits]
balance of Cash Book. [Bank]

APPLICATION:-

38. Transaction between an enterprise and its bank is recorded by the Bank in _____. [Pass Book]
39. _____ is the copy of trader's account in the books of the Bank. [Pass Book]
40. While preparing Bank Reconciliation Statement with Pass book balance, if the debit side of Cash Book is overcasted by mistake the pass book balance should be _____. [reduced]
41. If Bank reconciliation Statement is prepared with debit balance as per cash book, the balance that we arrive at in the end will be _____ balance as per _____. [credit , pass book]
42. If Bank Reconciliation Statement is prepared with Pass book Balance, the transactions which reduces the Cash book balance, Pass book must be _____ for the purpose of reconciliation. [decreased]

ANALYSIS & EVALUATION:-

43. Cash Book shows a credit balance of Rs 7,500 , if there is no reconciliation the pass book will show _____ balance of Rs _____. [debit , Rs 7,500]
44. Overdraft as per Cash book is Rs 10,000. Uncollected cheques are Rs 2,500 and unpresented cheques were Rs 3,500. The _____ balance as per pass book is Rs _____. [debit , Rs 9,000]
45. If Pass book is showing credit balances of Rs 8,000. A cheque deposited in Bank for Rs 2,000 returned dishonoured and the same cheque was not recorded in Cash Book earlier. The Cash Book will show _____ balance of Rs _____. [debit , Rs 8,000]
46. Cash book overdraft is more than Pass Book overdraft, when payment side of Cash Book is _____.(Overcast / undercast) [Overcast]
47. Cheque issued but returned due to technical error would _____ the overdraft as per Cash Book while preparing Bank Reconciliation Statement with overdraft as per Cash Book. (increase/decrease) [decrease]
48. Cheque issued and debited in the Pass Book but omitted to be recorded in Cash Book would _____ the Cash book Balance. (Overcast/ undercast) [Overcast]
49. Cheque issued recorded on the credit side of the Cash book in Cash Column would not affect the bank balance of _____. (Cash Book / Pass Book) [Cash Book]

TRUE AND FALSE

REMEMBERING:-

1. A statement showing reasons for differences between Cash Book and Pass book balances on a particular day is called Trial Balance. **[False]**
2. Bank Reconciliation Statement is prepared to reconcile cash book and pass book balances. **[True]**
3. Unfavourable balance as per Pass book is credit balance. **[False]**
4. Unfavourable balance as per Cash book is credit balance. **[True]**
5. Favourable balance as per Pass book is credit balance. **[True]**
6. Favourable balance as per Cash book is Credit balance. **[False]**
7. Bank overdraft is debit balance as Cash Book. **[False]**
8. Bank overdraft is Debit balance as Pass Book. **[True]**

UNDERSTANDING:-

9. Bank Charges debited in pass book are recorded on the debit side of Cash Book in Bank Column. **[False]**
10. Interest allowed by Bank is recorded on the Debit side of Cash Book in Bank Column. **[True]**
11. Amount directly deposited by customers into Bank but no information received will increase Pass book balance. **[True]**
12. When money is withdrawn from Bank, the bank credits the account of customer. **[False]**
13. While preparing Bank reconciliation Statement, Pass book is compared with Cash balance of Cash Book. **[False]**

APPLICATION:-

14. Transaction between an enterprise and its bank is recorded by the Bank in Pass Book. **[True]**
15. Cash Book is the copy of trader's account in the books of the Bank. **[False]**
16. While preparing Bank Reconciliation Statement with Pass book balance, if the debit side of Cash Book is overcasted by mistake the pass book balance should be reduced. **[False]**
17. If Bank reconciliation Statement is prepared with debit balance as per cash book, the balance that we arrive at in the end will be Credit balance as per Cash book. **[False]**
18. If Bank Reconciliation Statement is prepared with Pass book Balance, the transactions which reduce the Cash book balance, Pass book must be increased for the purpose of reconciliation. **[False]**

ANALYSIS & EVALUATION:-

19. Cash Book shows a credit balance of Rs 7,500 , if there is no reconciliation the pass book will show credit balance of Rs 7,500 **[False]**
20. If Pass book is showing credit balances of Rs 8,000. A cheque deposited in Bank for Rs 2,000 returned dishonoured and the same cheque was not recorded in Cash Book earlier. The Cash Book will show debit balance of Rs. 800. **[False]**
21. Cash book overdraft is more than Pass Book overdraft, when payment side of Cash Book is overcastted. **[True]**
22. Cheque issued and debited in the Pass Book but omitted to be recorded in Cash Book would Overcast the Cash book Balance. **[True]**
23. Cheque issued recorded on the credit side of the Cash book in Cash Column would not affect the bank balance of Cash Book **[True]**

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Statement that explains the causes of difference between cash-book and bank statement is called:
- a) Bank statement
 - b) Financial statement
 - c) Income statement
 - d) Bank reconciliation statement **(D)**
2. Bank reconciliation statement is prepared by:
- a) Bank
 - b) Customer's accountant
 - c) Auditors
 - d) None of the above **(C)**
3. Bank statement is issued by:
- a) Bank
 - b) Auditors
 - c) Depositor / Customer
 - d) None of the above **(A)**
4. Bank reconciliation statement is:
- a) Part of Bank statement
 - b) Memorandum statement
 - c) Part of journal
 - d) Ledger account **(B)**
5. Bank Reconciliation statement is prepared in the books of:
- a) Bank
 - b) Guarantor
 - c) Depositor/ trader

- d) None of the above (C)
6. Cheques issued but not presented in the bank are called:
- a) Un-presented cheques
 - b) Un-credited cheques
 - c) Un-collected cheques
 - d) Un-cleared cheques (A)
7. The differences between the cash-book and bank pass-book is caused by:
- a) Timing differences on recording of the transactions.
 - b) Errors made by the business
 - c) Errors made by the bank
 - d) All of the above (D)

UNDERSTANDING:-

8. Debit Balance as per Cash book shows:
- a) Bank withdrawals are more than deposits.
 - b) Bank withdrawals are less than deposits
 - c) Bank deposits are less than withdrawals.
 - d) All of the above (B)
9. Which of the following is not a part of Double Entry System?
- (A) Cash-book
 - (B) Journal
 - (C) Trial balance
 - (D) Bank reconciliation statement (D)
10. Which of the following transaction will result in higher balance in the bank column of cash-book in comparison to pass-book?
- (A) Cheques issued but not presented for payment.
 - (B) Interest allowed by bank.
 - (C) Bank charges entered twice in each book.
 - (D) Cheques paid into bank for collection but not yet credited. (D)
11. Cheques deposited but not collected will result in:
- (A) Increasing the balance of pass-book when compared to cash-book.
 - (B) Increasing the balance of cash-book when compared to pass-book.
 - (C) Decrease the balance of pass-book when compared to cash-book.
 - (D) Both (B) and (C) (D)
12. When cheques issued by the trader but not yet presented for payment will:
- (A) Decrease the pass-book, and no affect on the cash-book.
 - (B) No affect on the pass-book, and decrease the cash-book.
 - (C) Both (A) and (B)
 - (D) None of the above. (B)
13. Which of the following statement is true?
- (A) When debit balance as per cash-book is given and balance as per pass-book is to be ascertained.

- (B) When credit balance as per pass-book is given and balance as per cash-book is to be ascertained.
- (C) When credit balance as per cash-book is given and the balance as per pass-book is to be ascertained.
- (D) All of the above. (D)

14. A bank reconciliation statement is mainly prepared to :

- (A) Reconcile the cash balance of the cash-book.
- (B) Reconcile the difference between the bank balance shown by the cash-book and pass-book.
- (C) Both (A) and (B)
- (D) None of the above. (B)

APPLYING

15. While preparing Bank Reconciliation Statement with the Amended Cash-Book, which of the item is not recorded in amended cash-book?

- (A) Wrong amount entered in Cash-Book
- (B) Dividend collected by Bank
- (C) Cheques issued but not yet presented
- (D) Interest allowed by Bank. (C)

16. Cash Book of a trader shows a debit bank balance of Rs. 6400. While comparing it with Pass-Book, it was found that a cheque of Rs. 7200 issued was recorded on the debit side of Cash-Book. The Pass-Book balance at this point of time would be:

- (A) Nil (B) Rs. 8000 Cr.
- (C) Rs. 8000 Dr. (D) None of above (D)

17. Amended Cash-Book includes:

- (A) Errors in Cash-Book
- (B) Errors in Pass-Book
- (C) Both (A) & (B)
- (D) None of the above (A)

18. If Cash-Book (Bank Column) shows a balance of Rs. 10,000 and following were observed while comparing it with Pass-Book:

A cheque of Rs. 1000 deposited in Bank but not recorded in Cash-Book and the payment side of Cash-Book was under cast by Rs. 100. The balance as per Pass-Book would be:

- (A) Rs. 11,000 (B) Rs. 10,900
- (C) Rs. 9,100 (D) Rs. 8,900 (B)

19. Bank wrongly credited Rs. 18,000 to a trader's account. This amount would be recorded in Cash-Book:

- (A) On Debit side

- (B) On Credit side
- (C) Either on Debit or Credit side
- (D) Neither on Debit nor on Credit side (D)

ANALYSIS & EVALUATION:-

20. Which of the following is not a reason due to time difference on recording of the transactions while preparing bank reconciliation statement?
- a) Unpresented cheques.
 - b) Uncollected cheques.
 - c) Payment side of cash book overcast.
 - d) Direct deposit by Customer into bank. (C)
21. Which of the following is not a reason due to errors made by the business while preparing bank reconciliation statement?
- a) Uncollected cheques.
 - b) Receipt side of Cash Book overcast
 - c) Cheques debited in Cash Book but not banked.
 - d) Bank Charges recorded twice in Cash Book. (A)
22. When Bank Reconciliation Statement is prepared with Credit balance as per Pass Book, the Balance derived will be
- a) Credit Balance as per Cash Book
 - b) Debit Balance as per Pass Book
 - c) Debit Balance as per Cash Book
 - d) Both (A) and (C) (D)
23. Choose an item that will increase the credit balance of Pass Book but Cash Book Balance will remain unaffected till information is not received
- a) Interest allowed by Bank
 - b) Directly deposited by customer into Bank
 - c) Rent Collected by Bank on our behalf
 - d) All of above. (D)

MATCH THE FOLLOWING

REMEMBERING:-

1. Match items in List I with terms in List II using the codes given below the lists-

1. Cheques issued by the bank but not yet presented for payment .what will be its effect on cash book	a) Increases the cash book
2. Cheques pay into bank but not yet collected. what will be its effect on cash book	b) increases the pass book
	c) decreases the cash book
	d) decreases the pass book

(Ans. 1;c , 2;a)

2. Match items in List I with terms in List II using the codes given below the lists-

1. Cheques issued by the bank but not yet presented for payment .what will be its effect on pass book	a) cash book balance is more than pass book balance.
2. Cheques pay into bank but not yet collected. What will be its effect on pass book	b) Pass book balance is more than cash book balance.
	c) cash book balance is less than pass book balance.
	d) Pass book balance is less than cash book balance.

(Ans. 1-d, 2-b)

3. Match items in List I with terms in List II using the codes given below the lists-

1. Direct debits made by the bank on behalf of the customer. what will be its effect on cash book	a) cash book balance is more than pass book balance.
2. Amount directly deposited in the bank account what will be its effect on cash book	b) Pass book balance is more than cash book balance.
	c) cash book balance is less than pass book balance.
	d) Passbook balance is less than cash book balance.

(Ans.1;a, 2;c)

4. Match items in List I with terms in List II using the codes given below the lists-

1. Direct debits made by the bank on behalf of the customer. what will be its effect on Pass book	a) Cash book balance is more than pass book balance.
2. Amount directly deposited in the bank account what will be its effect on pass book	b) Pass book balance is more than cash book balance.
	c) Cash book balance is less than pass book balance.
	d) Pass book balance is less than cash book balance.

(Ans. 1-d, 2-b)

5. Match items in List I with terms in List II using the codes given below the lists-

1. When debit balance as per cash book is given	a) Balance as per pass book is to be ascertained
---	--

2. When credit balance as per pass book is given	b) Balance as per cash book is to be ascertained
--	--

(Ans. 1;b, 2;a)

6. Match items in List I with terms in List II using the codes given below the lists-

1. When debit balance as per pass book is given	a) Balance as per cash book is to be ascertained
2. When credit balance as per cash book is given	b) Balance as per pass book is to be ascertained

(Ans. 1;a , 2;b)

7. Match items in List I with terms in List II using the codes given below the lists-

1. Unfavourable balance as per pass book shows	a) Credit balance
2. Favourable balance as per pass book shows	b) Debit balance

(Ans. 1-a,2-b)

8. Match items in List I with terms in List II using the codes given below the lists-

1. Bank reconciliation statement is prepared by	a) Bankers Books
2. Bank statement is prepared in the books	b) Customer's accountant
	c) Bank reconciliation

(Ans. 1:b , 2:a,)

APPLICATION:-

9. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if credit balance as per cash book is given?

1. Cheque Deposited But not yet credited by bank.	a) Plus side
2. Cheque issued and presented for payment	b) minus side
	c) none of any side

(Ans. 1-b, 2-c)

10. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per cash book is given?

1. Cheque issued but omitted to be recorded in the cash book.	a) Plus side
2. Cheque issued and but not yet presented for payment	b) minus side
	c) none of any side

(Ans. -b;2-a)

11. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if credit balance as per cash book is given?

1. Dishonour of Bills of Exchange	a) Plus side
2. Direct payment made by bank as per standing instruction	b) minus side
	c) none of any side

(Ans. 1-b ; 2-b)

12. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if credit balance as per Pass book is given?

1. Cheque deposited but not yet credited by bank.	a) Plus side
2. Cheque issued and presented for payment	b) minus side
	c) none of any side

(Ans. 1-a; 2-c)

13. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per pass book is given?

1. Cheque issued but omitted to be recorded in the cash book.	a) Plus side
2. Cheque issued and but not yet presented for payment	b) minus side
	c) none of any side

(Ans. 1-a;2-b)

14. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if credit balance as per cash book is given?

1. Dishonour of Bills of Exchange.	a) Plus side
2. Direct payment made by bank as per standing instruction	b) minus side
	c) none of any side

(Ans. 1-a ; 2-a)

15. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if credit balance as per cash book is given?

1. Post-dated cheque debited in the cash book but not sent to bank.	a) 15,000 Plus side
---	---------------------

2. One outgoing cheque of Rs 700 was recorded twice in the cash book.	b)15,000 minus side
	c) 700 Plus side
	d) 1400 minus side

(Ans. 1-b; 2-c)

16. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Pass book Rs is given?

1. Post-dated cheque debited in the cash book but not sent to bank.	a) 15,000 Plus side
2. One outgoing cheque of Rs 700 was recorded twice in the cash book.	b)15,000 minus side
	c) 700 minus side
	d) 1400 Plus side

(Ans. 1-b; 2-c)

17. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Pass book Rs is given?

1. A bill of exchange of Rs 6,000 was discounted with bank for Rs 5,800 was dishonoured but Rs 6,000 was credited in the cash book.	a) 5,800 Plus side
2. A bill of exchange of Rs 6,000 was discounted with bank for Rs 5,800 was dishonoured but Rs 5,800 was credited in the cash book.	b) 6,000 minus side
	c) 200 Plus side
	d) None of the above

(Ans. 1-c;2-d)

18. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Cash book Rs is given?

1. A bill of exchange of Rs 6,000 was discounted with bank for Rs 5,800 was dishonoured but Rs 6,000 was credited in the cash book.	a) 5,800 Plus side
2. A bill of exchange of Rs 6,000 was discounted with bank for Rs 5,800 was dishonoured but Rs 5,800 was credited in the cash book.	b) 6,000 minus side

	c) 200 minus side
	d) None of the above

(Ans. 1-c;2-d)

19. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Pass book Rs is given?

1. Receipt side of cash book was overcast by Rs 2,000.	a) 2,000 Plus side
2. Payment side of cash book was undercast by Rs 2,000.	b) 2,000 minus side
	c) none of the above

(Ans. 1-a;2-a)

20. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Cash book Rs is given?

1. Receipt side of cash book was overcast by Rs 2,000.	a) 2,000 Plus side
2. Payment side of cash book was undercast by Rs 2,000.	b) 2,000 minus side
	c) none of the above

(Ans. 1-b;2-b)

21. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per Cash book Rs is given?

1. Cheque of Rs 350 paid into bank , but bank credited Rs 530 by mistake	a) 880 Plus side
2. Cheque of Rs 350 paid into bank , but bank Debited Rs 530 by mistake	b) 880 minus side
	c) 180 Plus side
	d) 180 minus side

(Ans. 1-c;2-b)

22. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per pass book Rs is given?

1. Cheque of Rs 350 paid into bank , but bank credited Rs 530 by mistake	a) 880 Plus side
--	------------------

2. Cheque of Rs 350 paid into bank , but bank Debited Rs 530 by mistake	b) 880 minus side
	c) 180 Plus side
	d) 180 minus side

1-d;2-a

23. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per cash book Rs is given?

1. Bank charges Rs 700 was Debited twice in the Pass book while correctly entered in cash book	a) 700 Plus side
2. Bank charges Rs 700 was Credited twice in the Pass book while correctly entered in cash book	b) 700minus side
	c) 2,100 Plus side
	d) 1400 minus side

(Ans. 1-b;2-c)

24. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per pass book Rs is given?

1. Bank charges Rs 700 was Debited twice in the Pass book while correctly entered in cash book	a) 700 Plus side
2. Bank charges Rs 700 was Credited twice in the Pass book while correctly entered in cash book	b) 700minus side
	c) 2,100 minus side
	d) 1400 plus side

(Ans. 1-a;2-c)

25. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per pass book Rs is given?

1. Interest allowed by the bank Rs 1,000 entered twice on credit side of cash book.	a) 1,000 Plus side
2. Interest allowed by the bank Rs 1,000 entered twice on Debit side of cash book.	b) 1,000minus side
	c) 3,000 minus side
	d) 2,000 plus side

(Ans. 1-c; 2-a)

26. On which side (Plus side Or minus Side) the following items will be shown while preparing bank reconciliation statement, if Debit balance as per cash book Rs is given?

1. Interest allowed by the bank Rs 1,000 entered twice on credit side of cash book.	a) 1,000 Plus side
2. Interest allowed by the bank Rs 1,000 entered twice on Debit side of cash book.	b) 1,000minus side
	c) 3,000 plus side
	d) 2,000 plus side

(Ans. 1-a; 2-b)

CHAPTER : 8

TRIAL BALANCE

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

1. The process of writing the difference of totals on the shorter side of the account is known as -----. **(Balancing)**
2. The main objective of preparing a trial balance is to verify the ---- accuracy of accounting entries. **(Arithmetic)**
3. A list of balances of all ledger accounts and cash book is called -----. **(Trial Balance)**
4. When trial balance does not match ----A/c is opened. **(Suspense)**

UNDERSTANDING:-

5. Returns Outwards A/c generally has a ---- balance. **(Credit)**
6. Cash A/c always has a ---- balance. **(Debit)**
7. Trial balance is a list of the balances of all ---- accounts and ---- accounts. **(Real and personal)**
8. Output CGST A/c will be shown on the ---- side of the Balance Sheet. **(Liabilities)**

APPLICATION:-

9. If the suspense account indicates a debit balance, it shows that ---- column of the trial balance is more than the ---- column. **(Credit, Debit)**
10. ---- balance of personal account represents the amount payable to him. **(Credit)**
11. Nominal account having credit balance represents -----. **(Income)**

ANALYSIS & EVALUATION:-

12. Machinery Rs. 40,000; Creditors Rs. 30,000. Cash Rs.36,000; Bank Rs. 10,000; Debtors Rs.45,000; Bills Payable Rs. 5,000; Stock Rs. 44,000; Suspense A/c will be credited with Rs. -----. **(1,40,000)**
13. Furniture A/c shows an opening balance of Rs.5,00,000. Furniture with a book value of Rs.10,000 was sold during the year. New furniture was purchased for Rs.40,000. Depreciation provided Rs.5000. The closing balance of Furniture A/c is Rs.

(5,25,000)

14. Total of the debit side of trial balance is Rs. 35,000 and credit total is Rs.45,000. ----
A/c will be opened with Rs.----. (Suspense, 10,000)

REMEMBERING:-

1. A Trial Balance is a list of balances of ledger accounts & cash book. (True)
2. A Trial Balance is an account which shows the balances of all ledger accounts. (False)
3. Trial Balance is prepared to check the arithmetic accuracy of ledger accounts. (True)
4. Trial Balance facilitates preparation of final accounts. (True)
5. A Trial Balance can be prepared only by one method. (False)

UNDERSTANDING:-

6. A trial balance can be prepared only on a particular date. (False)
7. Transactions completely omitted from recording in the books of accounts cannot be detected from a trial balance. (True)
8. Preparation of Trial Balance is compulsory. (False)
9. A Trial Balance shows either debit or credit balances. (False)

APPLICATION:-

10. Following balances are given to you on 1st April,2019:
Stock A/c Rs.50,000; Building A/c Rs.80,000;Machinery A/c Rs.60,000;Creditors Rs.90,000.
Balance of capital A/c will be Rs.1,10,000. (False)
11. Output CGST A/c has a balance of Rs.4,000. It will be shown in the debit balances in the trial balance. (False)
12. Following trial balance is given to you:

Heads of Accounts	Dr. balance (Rs)	Cr.balance (Rs)
Furniture A/c	1,00,000	
Capital A/c		1,80,000
Cash A/c	60,000	
Loan A/c		40,000
	1,60,000	2,20,000

13. The difference in trial balance will be transferred to Suspense A/c. (True)

ANALYSIS & EVALUATION:-

14. . Cash in hand Rs.50,000; Cash Sales Rs.1,00,000; Cash Purchases Rs. 40,000; Closing balance of cash will be Rs. 60,000. **(False)**
15. Closing stock is Rs.50,000;market value of closing stock is Rs.45,000. It will be shown in the trial balance at Rs. 50,000. **(False)**
16. Following balances are provided:
Bank A/c Rs. 1,00,000;Cash in Hand Rs.60,000;Capital Rs.2,00,000; Furniture Rs. 1,00,000; Stock Rs. 50,000. The accountant has forgotten to put the balance of Loan A/c. The amount of Loan A/c will be Rs.1,50,000. **(False)**
17. 51. Following account of Mohan is given to you:

Mohan A/c

18. Dr.

Cr.

Date	Particulars	L.F	Rs.	Date	Particulars	L.F	Rs.
2018							
April 15	To Sales A/c		50,000	April 20	By Cash		49,500
				April 20	By Discount		500
			50,000				50,000

19. If we are following the balance method in trial balance , than Rs. 50,000 will be shown in the debit balance of Mohan A/c. **(False)**

	<u>REMEMBERING:-</u>	
Q31	Trial balance is _____ 1) An account 2) A statement 3) A balance sheet 4) None of them	(2)
Q32	Trial balance is the link between _____ and _____. 1) Journal and ledger 2) Ledger and subsidiary books 3) Ledger and final accounts 4) None of them	(3)
Q33	Trial balance checks the _____. 1) Principle errors 2) Compensating errors 3) Arithmetical accuracy	(3)

	4) None of them	
Q34	Interest on drawings indicates _____ balance in trial balance. 1) Debit 2) Credit 3) Both 4) None of them	(2)
Q35	The reason for agreement of a trial balance is _____. 1) Transactions have dual aspect 2) Transactions have single aspect 3) Because of suspense account 4) None of them	(1)
UNDERSTANDING:-		
Q36	Wages paid for the construction of building were recorded in wages account. This is _____. 1) Error of omission 2) Error of commission 3) Compensating error 4) Error of principle	(4)
Q37	Omission of an account from the trial balance _____ the trial balance. 1) Will affect 2) Will not affect 3) none of them	(1)
Q38	Writing an amount in the wrong account but on the correct side will _____ the trial balance. 1) Will affect 2) Will not affect 3) None of them	(2)
Q39	The error which is revealed by the trial balance is _____. 1) Wrong amount posted in the ledger account 2) Wrong amount entered into the books of original entry 3) Complete omission 4) None of them	(1)
Q40	Balancing of Trial balance ensures the accuracy of books of accounts. 1) Yes 2) No 3) None of them	(2)

APPLICATION

Q41	Rs.2,000 received as commission correctly entered in the cash book is not posted to commission account. The _____side of trial balance will _____. 1) Debit, exceed 2) Credit, exceed 3) Debit, decrease 4) Credit, decrease	(1)
Q42	While calculating cost of goods sold _____should be added. 1) Wages 2) Salaries 3) Carriage outwards 4) None of them	(1)
Q43	If a trial balance doesn't agree, then which account is opened in order to reconcile the trial balance? 1) Profit and loss account 2) Suspense account 3) Goodwill account 4) Capital reserve	(2)
Q44	Closing stock is not accounted in the trial balance because_____ 1) It has not been brought into account 2) It has been brought into account 3) None of them	(1)
Q45	Carriage inwards, carriage outwards, return inwards and return outwards. 1) All above items depict debit balances 2) All above items depict credit balances 3) One debit and three credit 4) One credit and three debit	(4)

ANALYSIS & EVALUATION

Q46	Outstanding interest Rs.1,000; prepaid rent Rs. 1,000 ; debtors Rs.2,000; creditors Rs.2,000 ; building Rs.20,000. The amount of capital is _____. 1) 30,000 2) 10,000 3) 20,000 4) 15,000	(3)
Q47	Capital and interest on capital have _____ and _____ balances respectively in a trial balance. 1) Credit and debit 2) Debit and credit	(1)

	3) Debit and debit 4) Credit and credit	
Q48	Interest on given loan and loans and advances (given) have _____ and _____ balances respectively in a trial balance. 1) Debit and credit 2) Debit and debit 3) Credit and credit 4) Credit and debit	(4)
Q49	A dealer dealing in furniture business purchased furniture, recorded in furniture account. 1) There is an error in the above transaction, but trial balance will agree. 2) There is not any error in the above transaction, trial balance will not agree. 3) There is an error and trial balance will not agree.	(1)
Q50	Rent paid for Rs. 5,000 was posted as 5,200 and carriage outwards paid for Rs.8,000 was posted as 7,800. Identify the type of error. 1) Error of commission 2) Error of omission 3) Compensating errors 4) Error of principle	(3)

MATCH THE FOLLOWING

REMEMBERING:-

1.

1. The statement that is prepared with the debit and credit balances of ledger accounts is	a. Journal
2. The book of original entry is	b. Trial balance

Answer 1-b

2-a

2.

1. Scanning the Trial balance helps us to know	a. Assets
--	-----------

2. The amount owed to the creditor is	b.Liabilities
	c.Expense /incomes
	d.all.of the above

Answer 1 –d
2 – b

3.

1.All the account showing debit balances in the ledger account are put on	a. Debit side of the trial balance
2. all the account showing credit balances in the ledger account are put on	b. Credit side of the trial balance

Answer 1-a
2- b

4.

1. When wrong amount is entered in the journal or subsidiary book it is called error of	a. Omission
2. Trial balance could be affected by which type of error	b. Principle
	C. Commission
	d. all of the above

Answer 1-c
2 - d

UNDERSTANDING :-

5.

1. The accounts which will indicate the debit balance in trial balance are	a. Capital A/c
2. The accounts which will indicate the credit balance in trial balance are	b. Salary A/c
	c. Bad debts recovered A/c
	d. Sale return A/c

Answer 1- b ,d
2- a ,c

6.

1.The account which will indicate the credit balance in the trial balance	a. Capital account
2. If the rent of this month is not paid then which account would be credited	b. Rent outstanding account
	c. Bank loan
	d. All of the above

Answer 1 – d

2- b

7.

1.If both sides of trial balance does not get match then which account is open in order to reconcile the balances	a. Suspense account
2. If the full amount of claim is not received from insurance company which account is debited.	b. Profit and loss account

Answer 1-a.

2- b

8.

1.The accounts which are not considered while preparing the trial balance by balance method	a. Accounts which show debit balance
2. If both the sides of account show an equal balance it is	b. Accounts which show credit balance
	c. Accounts which shows no balance

Answer 1– c

2-c

APPLICATION:-

9.

1. The arithmetical accuracy of the ledger accounts , preparation of final accounts as well as locating the errors can be done with the help of	a. Trial balance
2. If we want to know the closing balance of accounts what is required to be prepared	b. Journal
	c. Ledger
	d. None of the above

Answer 1- A

2- c

10.

1. Purchase of goods from Ravi for Rs 5,000 on credit entered in the purchase book as Rs500 is error of	a. Compensating errors
2. wages paid for installation of machinery debited to wages account is	b. Error of principle
	c. Error of commission

Answer 1-c

2-b

11.

1. salary of Rs2100 was posted as Rs 2,000 in salary account and advertisement of Rs.7,700 was posted as Rs 7,800 .identify the type of error	a. Error of principle
2. if the effect of one error is neutralized by the effect of some other error it is	b. Compensating error
	c. Error of commission

Answer 1-c

2- b

12.

1.purchase of furniture is debited to purchase account instead of furniture account is due to which type of error	a. Error of omission
2. the error committed by violating the rules of accounting.	b. Error of commission
	c. Error of principle

Answer 1-c

2-c

ANALYSIS AND EVALUATION:-

13.

1. Trial balance is a statement which does not ensure the accuracy of books of accounts .The errors which remain undetected even if the trial balance agrees are	a. Errors of omission
2. if the effect of one error is neutralized by the effect of some other error it is	b. Errors of commission
	c. Compensating error
	d. All of the above

Answer 1-d

2- c

14.

1.Closing stock will not figure in the trial balance because	a. It has not yet been brought into account
2. if the debit side of Trial balance of exceeds the credit side ,the difference will be put on	b. It has been brought into account
	c. credit side of suspense account
	d. debit side of trial balance

Answer 1-a

2-c

15.

1. if Rs5,000 is received as rent and correctly entered in the cash book are not posted to rent account, its effect on trial balance would be	a. Debit side of trial balance will exceed by rupees 5,000
2.if Rs5,000 is received as rent and correctly entered in the cash book and posted to credit of rent account, its effect on trial balance would be	b. Credit side of trial balance will exceed by rupees 5,000
	c. Trial balances will not agree .
	d.Trial balances will agree .

**Answer : 1-a
2-d**

16.

1.A trial balance may be prepared at	a. End of every month, quarterly ,half yearly
2. journal is prepared	b. every day
	c. yearly
	d. Particular Date .

**Answer 1- d
2- b**

17.

1. If the effect of one error is neutralized by the effect of some other error .it is	a.error of commission
2. If a wrong amount is entered either in the journal or subsidiary book	b.compensating error

**Answer 1-b.
2- a**

CHAPTER :9

DEPRECIATION

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. At the time of charging depreciation, ____ account is debited and ____ account is credited.
(**Depreciation , Asset**) (U)
2. Due to ____ and new technology, the old asset becomes obsolete. (inventions) (A&A)
3. Under fixed installment method, depreciation is calculated by deducting the ____ value, from the original cost of the asset.
(**Scrap**) (A&A)
4. Discarding the old machinery, due to new invention, is called _____. (obsolescence) (U)
5. Estimated sales value of an asset after its working is called _____. (scrap value) (R)
6. Under Straight Line method the formula for calculating depreciation is Original Cost of an Asset divided by _____. (estimated Life of the asset) (R)
7. Depreciation Decreases only the book value of the asset, not _____. (market value) (APP)
8. In Straight line method, annual amount of depreciation remains _____ in comparison to diminishing balance method (Fixed) (APP)
9. Other name of Written down Value Method is _____. (Diminishing balance method) (R)
10. At the end of useful life of an asset, the book value of the asset is ____ under Straight Line Method (Ans–nil/zero) (U)
11. The original cost of an asset is Rs. 1,20,000 and its Scrap Value is likely to be Rs.20,000 after its estimated useful life of 10 years, the annual depreciation written off will be _____. (Ans-Rs.10,000) (A&A)

12. The annual depreciation of a machinery under Straight Line Method is Rs.12,000 and the machinery is sold on Jan 1,2018, the amount of depreciation in the year of sale would be Rs._____, if the year ends on March31 every year. **(Ans-Rs.9000) A (A&A)**
13. Under Straight Line Method, an asset can be depreciated upto the net _____ value or _____ value. **(Ans-scrap ,zero) (U)**
14. Annual depreciation of an asset is Rs.25,000 and the cost of acquiring an asset is Rs.5,00,000. So the rate of depreciation would be _____% p.a. **(Ans-5) (APP)**
15. The another name of Straight Line Method is Fixed _____method and Fixed _____ on Original cost method. **(Ans – Instalment, percentage) (U)**
16. The balance of machinery on March31, 2019 is Rs.1,60,000. The machinery was purchased on April 1, 2017. Depreciation is charged @ 10% p.a. by Straight Line Method. The cost price of the machine as on April1, 2017 is Rs._____. **(Ans Rs.2,00,000) (APP)**
17. In the books of Vandana Ltd. the machinery account showed a debit balance of Rs.1,20,000 as on april 1,2019 and Provision for depreciation account at Rs.24,000. The Machinery was sold on Dec31, 2019 for Rs.56,000. The company charges depreciation @ 20% p.a. on Straight Line Method. Profit or Loss on sale of the Machinery is Rs._____. **(Ans. Loss Rs.22,000) (APP)**
18. The original cost of a machinery is Rs.15,000, salvage value is Rs.1500 after 9 years and repair charges in second year is Rs.1,000. The Rate of Depreciation per annum is_____. **(Ans 10%) (A&A)**
19. A company purchased machinery on December 31,2017 for Rs.60,000. Installation charges were Rs.25,000 and carriage was Rs.15,000.Depreciation provided @ 10% p.a. under Straight Line Method. The total Depreciation till March 31, 2019 is Rs._____. **(Ans-Rs.12,500) (APP)**
20. For getting depreciable cost, _____value should be deducted from Original Cost of an Asset. **(Ans-scrap/salvage/residual) (U)**
21. Under Fixed Installment Method, depreciation is charged on _____ cost of an asset. **(Ans-Original/Acquisition) (R)**
22. X Ltd purchased machinery worth Rs, 2,00,000 on 1.4.19. The firm follows diminishing balance method @ 10% p.a. The firm wanted to calculate the depreciation for the year20 20-21. On what value will it calculate ----- **(Loss 1,80,000) (APP)**
23. The amount of depreciation charged under diminishing balance method is ----- **(Reducing) (U)**
24. Given the same rate percentage asset depreciate faster by the ----- as compared to the ----- **(SLM; WDV) (R)**
25. Amortisation is a gradual and systematic writing off of----- **(Intangible assets) (U)**
26. Installation, freight and transport expenses are a part of _____of the asset. **(Historical Cost) (U)**
27. When Provision for depreciation account is created depreciation is charged to _____ **(Provision for depreciation a/c) (U)**

28. Depreciation is a non- cash expenditure because it does not involve any -----.
(Cash outflow) (U)
29. Land is not depreciated as its useful life is -----.
(Unlimited) (U)
30. Depletion is done in case of -----.
(Natural resources) (U)
31. The amount of depreciation charged on machinery is debited to -----.
(Depreciation a/c) (U)
32. Providing depreciation reduces the amount of profit available for -----.
(Dividend) (A&A)
33. Depreciation is a process of -----.
(allocation of cost) (U)
34. In the event of an asset being sold, a new account titled ----- is opened.
(Asset Disposal Account) (A&A)
35. The asset which is an exception from depreciation is -----.
(Land) (APP)
36. The book value of an asset is Rs. 85,000 and the original cost is Rs.1,00,000. If the asset is sold at a loss of Rs. 8000, the sale proceeds will be -----.
(77,000) (APP)
37. The book value of an asset is Rs. 93,000 and the original cost is Rs. 1,20,000. After earning a profit of Rs. 5000, the asset is sold at Rs. -----.
(98,000) (APP)
38. If the depreciable cost of an asset is Rs. 90,000 and its scrap value is Rs. 9000, then the original cost of an asset is -----.
(99,000) (APP)
39. Reduction in the book value of an asset over a period of time is called -----.
(Depreciation) (U)
40. Cost of an asset minus scrap value /life of an asset is the formulae for calculating depreciation under ----- method.
(SLM) (R)
41. The accumulated depreciation of the asset is Rs.50,000 as on 1.4.17. The original cost of the asset is Rs. 1,00,000. ----- is the amount of depreciation to be charged under diminishing balance method @10%p.a for the year ended 31.3.18.
(5000) (APP)
42. On 31.3.18 the balance in land account stood at Rs.1,00,000. The company charged depreciation at the rate of 10% on fixed assets under SLM. The amount of depreciation would be -----.
(Nil) (A&A)
43. After charging depreciation for 3 years @10%p.a under WDV method, the book value of machinery is 87,480. The original cost of that machinery is -----.
(1,20,000) (APP)
44. The depletion amount of mining rights, if the mine is acquired for Rs,10,00,000 and for 5years is -----.
(2,00,000) (APP)
45. The depreciable cost of an asset is Rs. 85,000 and the acquisition cost of the asset was Rs. 1,00,000, then the scrap value of the asset will be Rs. -----.
(15,000) (APP)
46. Depreciation is the _____ in the value of fixed assets.
(Reduction) (R)

TRUE AND FALSE

1. Discarding the old plant and Machinery due to inventions is called obsolescence. **(True) (R)**
2. Providing depreciation reduces the amount of profit available for dividend. **(True) (A&A)**
3. In Diminishing balance method of depreciation the rate of depreciation gets reduced every year. **(False) (U)**
4. Depreciation is the decline in the market value of tangible fixed assets. **(False) (U)**
5. Provision reduces taxable profits. **(True) (APP)**
6. If adequate maintenance expenditure is incurred depreciation need not to be charged. **(False) (A&A)**
7. Written Down Value method is more suitable for assets which get depreciated on account of expiry of the working life of the asset. **(False) (APP)**
8. The Combined cost on the account of depreciation and repairs remain more or less equal throughout the period under written down value method. **(True) (A&A)**
9. When Accumulated depreciation account is opened the asset account need not be disturbed in any way and it continues to show at its original cost. **(True) (A&A)**
10. Depreciation is provided only on the fixed assets except land. **(True) (U)**
11. In case of diminishing balance method the asset gets reduced to zero level. **(False) (U)**
12. The main aim of charging depreciation is to calculate true profit or loss. **(True) (R)**
13. Depreciation is a known cash expenditure **(False) (U)**
14. Under straight line method depreciation is charged on the cost price of fixed assets. **(False) (U)**
15. Depreciation is a non –cash expense. **(True) (U)**
16. The book value of the asset can never be reduced to zero in Straight line method. **(False) (APP)**
17. Written down value method is approved by Income Tax Authorities. **(True) (R)**
18. In Straight Line Method equal depreciation is charged every year. **(True) (U)**
19. Profit on sale of fixed assets is credited to Asset account. **(False) (APP)**
20. Under Straight Line Method the depreciation is charged on the acquisition cost of an asset. **(True) (R)**
21. For calculating depreciable cost of an asset, accumulated depreciation is deducted from Original cost of an asset. **(True) (APP)**
22. The yearly depreciation of a machinery under Straight line Method is Rs.60,000 and the machinery is sold on January 1,2017, the amount of depreciation in the year of sale would be Rs.45,000, if the year ends on March 31,2017. **(True) (A&A)**
23. Under the Straight Line Method, asset is depreciated more in the initial years as compared to the later years of its life. **(False) (U)**
24. Under written down value the depreciation is charged on the original cost of an asset every year. **(False) (U)**

25. For calculating depreciable cost of an asset, accumulated depreciation is deducted from Original cost of an asset. **(True) (R)**
26. Depletion term is used in case of intangible assets. **(False) (U)**
27. Annual depreciation of an asset is Rs.1,80,000 and the cost of acquiring an asset is Rs.7,20,000, the rate of depreciation would be 15% p.a. **(False) (APP)**
28. Another name of fixed instalment Method is written down value method. **(False) (R)**
29. Depreciation will not be charged if the machinery is not used in a particular accounting year. **(False) (U)**
30. In the year of Loss, depreciation should not be provided on the asset. **(False) (U)**
31. The depreciation is calculated on the market value of the asset under Original Cost Method. **(False) (R)**
32. The patents, copyrights and loose tools, their value after their agreement governing their use in business comes to an end after the expiry of predetermined period. **(True) (U)**
33. A car which has been repaired after an accident will fetch the same price in the market even if it has not been used. **(False) (A&A)**
34. Asset Disposal account is generally used when a part of an asset is sold. **(True) (R)**
35. Patents do not depreciate. **(True) (U)**
36. Good debtors are those from whom collection of debts is certain. **(True) (U)**
37. Depreciation is charged on all tangible assets. **(False) (U)**

MULTIPLE OPTION QUESTIONS

1. In the books of Vandana Ltd. the machinery account shows a debit balance of Rs.48,000 as on April 1,2013.the original cost of which was Rs.75,000. The Machinery was sold on September 30, 2015 for Rs.42,000. The company charges depreciation @20% p.a. on Straight line Method. The depreciation for 2013-2014 is
- a. Rs. 15,000
 - b. Rs. 9,600
 - c. Rs. 4,800
 - d. Rs.7,500
- App (Ans. D)**
2. Which of the following is of Capital nature?
- a. Freight inward
 - b. Cost of building
 - c. Repair done on asset
 - d. Tax paid
- Ana (Ans. B)**

3. Which of the following tangible fixed asset cannot be depreciated
- Building
 - Vehicle
 - Plant
 - Land
- Rem (Ans. D)**
4. In which of the following methods, the cost of the asset is not spread over in equal proportion during its useful economic life?
- Original Cost Method
 - Written Down Value Method
 - Both a. and b.
 - None of these
- (Ans. B)**
5. Which of the following statement is true?
- Depreciation is a charge against profit.
 - Depreciation is an appropriation to profit
 - Depreciation is provided only if there is a profit.
 - In case of loss, depreciation should not be charged.
- UND (Ans. A)**
6. Which of the following expenses is not included in the acquisition cost of a plant and equipment?
- Cost of site preparation
 - Repairs
 - Installation Cost
 - Freight and transportation charges
- Ana (Ans. B)**
7. Original Cost of an asset is Rs.3,50,000; its salvage value is Rs 25,000; useful life 5 years. Annual Depreciation under Straight Line Method :
- Rs 65,000
 - Rs85,000
 - Rs.35000
 - Rs.17,500
- APP (Ans. A)**
8. Original Cost of an asset is Rs.3,50,000; its salvage value is Rs 25,000; useful life 5 years. Rate of Depreciation under Straight Line Method :
- 18.57 % p.a.
 - 20 % p.a.
 - 15 % p.a.
 - 17 % p.a.
- APP (Ans. A)**
9. On April 1, 2016, a machinery was purchased for Rs.1,00,000. Rate of Depreciation Charged @ 12% p.a. under Straight line method. The book value on May 31,2017 would be
- Rs. 24,000

- b) Rs. 86,000
- c) Rs.34,000
- d) Rs. 14,000

APP (Ans. B)

10. Which of the following is not considered as a factor affecting amount of depreciation?

- a) Rate of Depreciation
- b) Depreciable Cost
- c) Cost of an Asset
- d) Estimated useful life of an asset.

UND (Ans. A)

11. If an asset costing Rs.1,20,000 is depreciated by Straight Line Method @ 10% p.a., it will be zero after

- a) 8 years
- b) 12 years
- c) 10 years
- d) 6 years

APP (Ans. C)

12. Book Value of an asset after 2 years is Rs.80,000; Rate of depreciation is 10% p.a. under Straight Line method. The Original Cost Of an asset would be

- a. Rs.8,000
- b. Rs. 1,00,000
- c. Rs.8,00,000
- d. Rs.80,000

APP (Ans. B)

13. Which of the following is not true with regard to the fixed assets?

- a) they are not meant to resale to earn profit
- b) they are acquired for use over a long period of time
- c) they always give profit on sale
- d) depreciation at specified rates to be charged on most of the fixed asset

Ana (Ans. C)

14. The balance of Fixed Assets account is always :

- a. Debit balance
- b. Credit Balance
- c. Both a. and b.

Ana (Ans. A)

15. Depreciation appears in the:

- a. Profit and loss account
- b. Trading account
- c. Profit and loss Appropriation account

UND (Ans. A)

16. Depreciation is Provided on:

- a. Current assets
- b. Fictitious asset
- c. Intangible Asset
- d. Fixed Asset

Rem (Ans. D)

17. Depreciation is calculated from the date of:

- a. Purchase of an asset
- b. Receipt of an asset at business premises
- c. Asset put to use
- d. Asset installed

UND (Ans. A)

18. Amortisation refers to writing off

- a. Depleting Asset
- b. Wasting asset
- c. Intangible Asset
- d. Fictitious asset

Rem (Ans. C)

19. Which one of the following is not an objective of providing depreciation

- a. For ascertaining the true profit and loss
- b. Showing the True And Fair view of financial statement
- c. For avoiding overpayment of income tax
- d. Depreciation is a gradual and continuing process.

Ana (Ans. C)

20. Depreciation is a

- a. Reserve
- b. Provision
- c. Both a. and b.
- d. None of these

UND (Ans. D)

21. An asset was purchased for Rs. 1,00,000 and as per Reducing Balance Method, 10 % depreciation is charged every year. What is the value of asset at the end of 4 years.

- a. Rs.65,610
- b. Rs. 65,680
- c. Rs.75,610
- d. Rs.75,630

APP (Ans. A)

22. The value of machinery as on April 1, 2018 is Rs. 64,000 which was purchased on April 1, 2016 for Rs.1,00,000 was sold on October 1, 2018 and depreciation charged thereon @ 20% p.a. under Written Down Value Method. The total Depreciation Provided on the Machinery Sold is

- a. Rs. 42,300
- b. Rs.42,400
- c. Rs. 42,000
- d. Rs.42,600

APP (Ans. B)

23. This charge is used in case of exhaustion of wasting asset

- a. Depreciation
- b. Amortisation
- c. Depletion

UND (Ans. C)

24. The balance of Machinery Account as on March 31, 2018 is Rs.1,08,000. The machinery was purchased on April 1, 2017. Depreciation is charged @10% p.a. by Diminishing Balance Method. What is the original cost of an asset purchased on April1, 2017.

- a. Rs. 1,30,000
- b. Rs.1,25,000
- c. Rs. 1,20,000

APP (Ans. C)

25. The Written Down Value of an asset after 3 years of depreciation on Reducing Balance Method @20% p.a. is Rs.64,000. Its original cost is:

- a. Rs.1,25,000
- b. Rs.1,26,000
- c. Rs. 80,000

APP (Ans. A)

26. Diminishing Value Method means a method by which

- a. The rate of depreciation falls year to year
- b. The amount on which depreciation is calculated falls year to year.
- c. The Rate as well as the amount to which it is applied falls year by year
- d. None of the above

Ana (Ans. B)

27. When an Organisation Follows Written Down value Method , in the Balance sheet the asset will be represented at

- a. Net Book Value
- b. Historical cost
- c. Cost or market price, whichever is less

Ana (Ans. A)

28. The loss on sale of asset is debited to

- a. Reserves
- b. Depreciation fund
- c. Profit and Loss Account
- d. None of the Above.

UND (Ans. B)

29. What is the amount of difference between the closing Balance of 2 machines after 2 years , if both the machine were purchased on the same date and with the same amount i.e., Rs.2,00,000.Machine I is depreciated by 10% p. a. under Straight Line Method and Machine II is depreciated by 10%p.a. on Written Down value Method:

- a. Both Value will be equal
- b. Value of Machinery II is more by Rs.2,000
- c. Value of Machinery I is more by Rs.4,000
- d. Value of Machinery II is more by Rs.4,000

Ana (Ans. B)

30. Charging Depreciation is

- a. Compulsory
- b. Voluntary
- c. Depending upon the condition of an asset
- d. None of the above

Rem (Ans. A)

31. An asset was purchased for Rs.2,50,000 and as per Reducing Balance Method , 20 % p.a. depreciation is charged . What is the value of Asset at the end of three years

- a. Rs.1,28,000
- b. Rs.1,54,000
- c. Rs. 1,23,000
- d. Rs. 1,00,000
- e.

APP (Ans. A)

32. Which Method is not recognised by Income Tax Authority

- a) Written down value Method
- b) Diminishing Balance Method
- c) Fixed Installment Method
- d) All of the above

Rem (Ans. C)

33. Book value is the basis of charging Depreciation under Which method.

- a) Written down value Method
- b) Straight line Method
- c) Fixed Installment Method
- d) All of the above

Rem (Ans. A)

34. Name the method of Depreciation which assumes that the asset is depreciated more in the earlier year and less in the later year of its life.

- a) Straight Line Method
- b) Written Down Method
- c) Both a. and b.
- d) None of these

Ana (Ans. B)

35. The book value of machinery on the date of sale is Rs. 45000. The original price of it was Rs. 85,000. The company sold it at a loss of Rs.7,000. What is the sale proceed?

- a) Rs.92,000
- b) Rs.78,000
- c) Rs.52,000
- d) Rs. 38,000

APP (Ans. D)

36. The book value of machinery on the date of sale is Rs. 45000. The original price of it was Rs. 85,000. The company sold it at a profit of Rs.7,000. What is the sale proceed?

- a) Rs.92,000
- b) Rs.78,000
- c) Rs.52,000
- d) Rs. 38,000

APP (ans. C)

MATCH THE FOLLOWING

1. (R)

i) A permanent, continuing and gradual shrinkage in the book value of fixed asset.	a. Written down value method
ii) Wear and tear of Fixed asset is charged on the book value of the asset	b. Straight line Method
	c. Depreciation

Ans. i- c. ii-a

2. (APP)

i) This method takes into consideration repairs and maintenance cost in later years.	a. Profit and Loss account
ii) Loss on sale of an asset is shown	b. Written down value method
	c. Credit side of Asset account

Ans. I-b, ii a, c

3. (R)

i) Depreciation arises because of	a. obsolescence
ii) In straight line method the depreciation is calculated on	b. Fall in the value of assets
	c. Wear and tear
	d. original cost
	e. Book value

Ans. i-c; ii-d

4. (U)

i) Provision for depreciation needs to be deducted from	a. fixed assets
ii) Provision for doubtful debts needs to be deducted from	b. Sundry Debtors
	c. Sundry Creditors
	d. General Reserve

Ans. i- a; ii b

5. (U)

i) Amortisation refers to writing off	a. Current Assets
ii) Factor for determining the amount of depreciation	b. Intangible Assets
	c. Estimated life of an asset

Ans. i-b; ii-c

6. (U)

i) Residual value of an asset is also known as	a. Cost of Asset
ii) in original cost method	b. Scrap value of the asset at the end of its useful life.
	c. Equal depreciation is charged.

Ans. i-b; ii-c

7. (APP)

i) Depreciation is provided on	a. Non – cash expense
ii) Depreciation is a	b. cash expense
iii) Depreciation is a process of	c. Fixed Asset
	d. Allocation of cost

Ans. i-c; ii-a; iii-d

8. (U)

i) the amount of depreciation charged on Machinery is debited to	a. Fixed Assets Account
ii) Charging depreciation is	b. Depreciation account
	c. Voluntary
	d. Compulsory

Ans. i-b; ii-d

9. (R)

i) Accumulated depreciation is	a. fall in value of an asset
ii) Depreciation is	b. already charged as expense

Ans. i-b; ii-a

10. (U)

i) In Straight line method depreciation	a. decreases year after year
ii) In written down value method depreciation	b. is charged equally
	c. increases every year

Ans. i-b; ii a

11. (A&A)

i) The annual amount of depreciation to be charged on machinery having original cost of Rs.2,50,000, Scrap value Rs. 5,000 and estimated useful life of the machinery is 5 years.	a. Rs. 49,000
ii) The yearly depreciation charged on machinery having original cost Rs.45,000; Scrap Value Rs.5,000 and estimated useful life is 5 years	b. Rs.8,000
	c. 16%
	d. 17.78%

Ans : i-a ;ii-b

12. (R)

i) Under the Straight Line Method rate of depreciation will be applied on	a. Book Value
ii) Under the Diminishing Balance Method rate of depreciation will be applied on	b. Book value minus Scrap Value
	c. Original Cost
	d. Original Cost Minus Scrap value

Ans i-C; ii-a

13. (R)

i) Depreciation is provided on	a. Fixed Asset
ii) Depletion is provided on	b. Current asset
	c. Wasting asset

Ans 1-a ;2-c

14. (A&A)

i) An expense that can be added to purchase price of an asset to calculate Original Cost for the purpose of charging depreciation is	a. Repairs
ii) An expense that cannot be added to purchase price of an asset to calculate Original Cost for the purpose of charging depreciation is	b. Repairs to second hand machinery

Ans : 1-b; 2-a

15. (U)

i) It is not a Depreciable Tangible Asset	a. land
ii) Amortisation is charged on	b. Plant
	c. Goodwill

Ans : 1-a; 2-c

16. (APP)

i) Original cost of an asset is Rs. 1,05,000; Scrap Value is Rs.5,000 and estimated life of the asset is 5 years. Calculate the annual amount of depreciation	a. Rs.20,000
ii) Book value of an asset is Rs.1,00,000 ; its Original Cost is Rs.2,05,000 and the sale proceed is Rs.1,80,000. Profit on sale of the asset would be	b. Rs. 80,000
	c. Rs.25,000

Ans : 1-a; 2-b

17. (A&A)

i) What would be the total amount of depreciation of two years ending on March31,2018, if, the machinery was purchased on September 30,2016 for Rs.2,00,000 and the rate of depreciation is 15% p.a. under Straight Line Method?	a. Rs.8,00,000
ii) Book Value of an asset after 2 years is Rs.80,000; Rate of depreciation is 10% p.a. under Straight Line method. The Original Cost Of an asset would be	b. Rs. 1,00,000
	c. Rs.8,000
	d. Rs.45,000

Ans :1-d; 2-b

18. (A&A)

i) It is not considered as a factor affecting amount of depreciation	a. Rate of Depreciation
ii) It is the Original Cost minus scrap value of an Asset	b. Depreciable Cost
	c. Cost of an Asset

Ans : 1-a; 2-b

19. (U)

i) When Provision for depreciation Account is maintained, depreciation is charged to	a. Asset account
--	------------------

ii) Depreciation charged on an Asset is Debited to	b. Provision for Depreciation Account
	c. Depreciation Account

Ans : 1- b; 2-c

20. (R)

i) Accumulated depreciation account is another name of	a. Asset Disposal Account
ii) Depreciation charged on the asset sold will be charged to	b. Provision for Depreciation Account
	c. Depreciation of All fixed assets
	d. Asset Account

Ans : 1-b; 2-a

21. (A&A)

i) April 1, 2016, a machinery was purchased for Rs.1,00,000. Rate of Depreciation Charged @ 12% p.a. under Straight line method. The book value on May 31,2017 would be	a. Rs. 14,000
ii) Original Cost of a machinery sold for Rs.86,000 was Rs.1,20,000. The book value on the date when the machinery was sold is Rs.1,00,000. calculate the total amount of depreciation on machinery sold.	b. Rs.86,000
	c. Rs.34,000

Ans: 1-b; 2-c

22. (U)

i) Obsolescence does not arises due to	a. Change in the demand of a product made by such asset
ii) Abnormal factor causing depreciation includes...	b. Technological changes
	c. Sudden natural disaster
	d. Improvement in the production method

Ans:1-c; 2-c

23. (U)

i) Depreciation Helps in determining	a. Helps to increase the value of the asset
ii) The Asset which is an exception from depreciation	b. Accurate level of profit
	c. Furniture

	d. Land
--	---------

Ans. i-b; ii-d

24. (R)

i) Cost of depreciation remains constant	a. Fixed installment Method
ii) Concept used for calculating depreciation is	b. Diminishing balance method
	c. Matching concept
	d. Prudence concept

Ans. i-a; ii-c

CHAPTER : 10

PROVISIONS & RESERVES

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. The existence and the amount of _____ reserve is not disclosed in the Balance Sheet.
(Secret Reserve) (U)
2. Provision is a _____ against profit.
(charge) (A&A)
3. Creation of reserves reduces the taxable -----of the business.
(profit) (A&A)
4. The Secret Reserve can be merged with the profit during the _____. (lean period) (A&A)
5. The main objective of provision are to account all _____ and _____.
Expenses and losses) (R)
6. Provision is charged to _____ Account.
(Profit and Loss) (R)
7. The amount of reserve when invested in outside securities is termed as _____.
(Reserve Fund) (A&A)
8. Revenue reserve is created out of _____ whereas capital reserve is created out of _____.
(Business profit and capital profit) (APP)
9. Provision is a charge on _____.
(profit) (U)
10. Reserve is an _____ of profit.
(appropriation) (U)
11. Profit on sale of fixed asset is a capital profit and therefore it will be transferred to _____.
(capital Reserve) (U)
12. Reserve created for maintaining a stable rate of dividend is termed as _____.
(dividend equalization Reserve) (A&A)

TRUE AND FALSE

1. Amortisation refers to writing off fictitious assets. (False) (R)
2. A reserve can be either a general or specific reserve. (True) (R)
3. Provision can be invested outside the business. (False) (A&A)
4. Creation of provision is necessary as per law. (True) (R)
5. If the amount of reserve is invested outside the business then it is called as Reserve Fund.

6. Provision is the amount of any known liability to be determined with substantial accuracy. **(True) (U)**
7. Workmen compensation Reserve is shown in the profit and loss account. **(True) (R)**
8. Reserves are the amount set aside out of capital. **(False) (A&A)**
9. Investment Fluctuation Reserve is also called as General Reserve. **(False) (U)**
10. Provision and Reserves used interchangeably. **(True) (U)**
11. Specific Reserve is the reserve created not for a specific purpose and can be utilized for any purpose. **(False) (U)**
12. A Reserve is shown on the liabilities side of Balance Sheet under the head of Reserves and Surplus. **(True) (APP)**
13. A Provision is not shown under the head Current Liabilities or as deduction of the asset. **(False) (A&A)**
14. Provision is debited to the profit and Loss account. **(True) (APP)**
15. Reserve is credited to the profit and loss appropriation account. **(False) (A&A)**
16. Provision is an appropriation of profit. **(False) (A&A)**
17. Reserve is a charge against profit. **(False) (U)**
18. Capital Reserve is created out of Capital Profit. **(True) (R)**

MULTIPLE CHOICE QUESTIONS

1. Capital Redemption Reserve is:
- General Reserve
 - Specific reserve
 - Revenue Reserve
- Rem (Ans-b)**
2. Provision is created to meet for:
- Known liability
 - Known Asset
 - Known Amount.
- Rem (ans-a)**
3. It is shown under the heading of Reserve & Surplus on the liability side of the Balance sheet:
- Short term Loan
 - General Reserve
 - Provision for Repairs
- Rem (Ans-b)**
4. Creating Reserve is important because it helps in
- Meeting the future contingencies
 - Strengthening the Financial position of the business
 - Both a. and b
 - None of these
- Ana (ans-c)**
5. Reserves Created for a particular purpose are known as
- General Reserve

- b. Secret Reserve
 - c. Specific Reserve
 - d. Capital Reserve **Rem (Ans-c)**
6. For creating a provision for doubtful debt, Profit and Loss account is to be:
- a. Debited
 - b. Credited
 - c. None of the above **Ana (Ans-a)**
7. Which among the following, provision is created to provide for expected repairs and renewal of fixed assets?
- a. Revaluation Reserve
 - b. Provision For Depreciation
 - c. Provision for Repairs and Renewals **Rem (Ans –c)**
8. Dividend equalisation reserve is
- a. Specific Reserve
 - b. General Reserve
 - c. Revenue Reserve **Rem (Ans-a)**
9. To strengthening the financial position of the business, the following reserve is created
- a. Revenue Reserve
 - b. Revaluation reserve
 - c. Specific Reserve **UND (Ans-a)**
10. Provision for Bad debt is created to
- a. To cover the loss
 - b. To Cover the Debt
 - c. To cover the profit **UND (Ans-b)**
11. Which among the following is a correct difference between Provision and reserve?
- a. Provision is created out of legal necessity whereas Reserve is created as a matter of prudence
 - b. Provision is invested whereas reserve is not invested
 - c. Provision is an appropriation to profit whereas reserve is a charge against profit
 - d. Provision can be used as a distribution of dividend whereas a reserve cannot be allowed to be used for distribution of dividend. **UND (Ans-a)**
12. If the amount of any known liability can be determined with accuracy:
- a. A liability should be provided
 - b. A reserve should be set aside
 - c. A provision should be created **UND(Ans-c)**
12. DRR is created to provide funds for
- a. Redemption of debentures
 - b. for meeting unknown liabilities
 - c. for creating revenue reserves **APP (Ans. a)**

MULTIPLE CHOICE QUESTIONS

1. (A&A)

i) It can be used for distribution of dividends without any pre conditions	a) Capital Redemption reserve
ii) It can be used for distribution of dividends only if the company satisfies certain conditions prescribed by the companies Act	b) Revenue Reserve
	c) Capital Reserve

Ans. i)-b; ii)-c

2. (A&A)

i) It is created for meeting Capital Losses or to be used for purpose specified by the Companies Act	a) Provision
ii) It is created for strengthening the financial position and meeting the unforeseen contingencies	b) General Reserve
	c) Revenue Reserve
	d) Capital Reserve

Ans. i)-d; ii)- c

3. (U)

i) It is created out of business profit	a) Secret Reserves
ii) It is created out of capital profit	b) Provisions
	c) Revenue Reserve
	d) Capital Reserve

Ans. i)-c; ii) –d

4.

1. Provision is created :	a. To strengthen the financial position.
2. Reserve is created :	b. To Ascertain true Financial position .
	c. To face the financial difficulties.
	d. none of above

Ans. 1-b; 2-a

1. Provision is created :	a. Created out of profit
2. Reserve is created :	b. created against profit
	c . created to meet unknown liability
	d. None of above.

Ans. 1-b; 2-a

1. Reserve is created out of profit for specific purpose	a. Workmen Compensation Reserve
2. Reserve is created out of profit not for specific purpose	b. contingency Reserves
	c. Capital Reserves
	d. None of above.

Ans. 1-a; 2-b

1. Purpose of Creating capital reserve is :	a. To strengthen the financial position.
2. Purpose of Creating Revenue reserve is:	b. To Ascertain true Financial position .
	c. To capital losses .
	d. none of above

Ans. 1-c, 2-a

1. Provision is shown in balance sheet	a. Non – current liabilities
2. Reserves is shown in balance sheet	b. current liabilities
	c. share capital
	d. Reserves & surplus

Ans. 1-b; 2-d

CHAPTER :11

BILL OF EXCHANGE

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

Fill in the Blanks

<u>REMEMBRING</u>		
Q.1	A charge collected by the bank on dishonoured bill is known as.....	Noting Charge
Q.2	A person who draws the bill is known as.....	Drawer
Q.3	Bills of exchange are drawn by.....	Seller/Drawer
Q.4	Transferring the right of bills receivable is called as.....	Endorsement
Q.5	Bills of exchange are accepted by	Buyer/ Drawee
Q.6	Bills of exchange are governed by..... act	Negotiable instrument act 1881
Q.7	Drawer is the.....of bills of exchange.	Maker
Q.8	Liability to pay Noting Charges is taken by.....	Drawee
Q.9	Bill payable on demand is called	Time bill
Q.10include Creditors and Bills Payables.	Trade Payables
Q.11	Drawee may have to payto drawer for the extended period	Interest

Q.12	Discount offered by the holder of bill to get payment prior to maturity date is known as.....?	Rebate
<u>UNDERSTANDING</u>		
Q.13	In case the bill gets dishonoured.....a/c is debited.	Debtors
Q.14	If maturity date of bill is national holiday then due date will be	Previous working day
Q.15	If maturity date of bill is unforeseen holiday then maturity date will be.....	Next working day
Q.16	Bills receivable account comes underAssets in balance sheet.	Current
Q.17	Drawers can.....the bill to get instant payment of bill.	Discount
Q.18	Bill is kept by drawer till maturity the payment will go to.....	Drawer
<u>APPLICATION</u>		
Q.19	Ram makes a promise to pay Rs.20,000 to Mohan after 1 month through(Negotiable instrument).	Promissory note
Q.20	If the bill is endorsed in the favour of creditor then there will in the books of drawer.	No entry
Q.21	Due to acceptance of Bill of Rs.5000 from Ram such transaction not affectedposition of Ram.	Financial
Q.22	There is contingent liability of Mr. Mohan towards bank because he gets the bill.....	Discounted
Q.23a/c is debited for Noting charges.	Acceptor's
Q.24	Purchases a/c Dr. To Bank a/c Toa/c (Bought goods from Mohan and half payment made through cheque and bill accepted for remaining balance)	Bills payable
Q.25	Sold goods to Rani Rs.5000 ,Trade Discount @10%, cash discount @2%, a bill drawn for one month for dues of Rs.....	Rs.4,500

Q.26	Bill of Rs.5,000 receivable after two months discounted @ 6% p.a., after discounting bank will pay Rs.	4550
Q.27	A bill was drawn on 12 th of July for one month then maturity date will be	14th august
Q.28	A bill was drawn on Aug 21, 2018 for one month, if maturity date is declared emergency holiday then due date will be.....	25th September
<u>ANALYSIS & EVALUATION</u>		
Q.29	Mr. X sold goods to Mr. Y @10% trade discount on Jan 1, 2019 and accepted a bill of Rs. 9,000 for 2 months on Feb 1, 2017. Y returns goods of Rs. 3000 and requested to draw a new bill for 2 months with interest @6% p.a. amount of interest will be Rs.....	31.5
Q.30	Vandna shows inability to pay her acceptance of Rs.....and accepted a new bill of Rs. 11,165 along with interest @6% (due after 3 months)	11,000
Q.31	Mr. Rahul bought goods of Rs. 40,000 and accepted 4 numbers of bills with equal amount payable after 1 month, 2 months, 3months and 4 months with interest @10% p.a. total interest of Rs..... is paid immediately on all bills.	833.33
Q.32	Neha failed to pay her acceptance of rs.12000 (noting charges rs.100) and requited for new bill of rs.....with interest @6% for 3 months.	12285.5

True and False

REMEMBRING

1. A person who draws the bill is called drawee. **False**
2. A charge collected by bank on dishonoured is known as rebate. **False**
3. Drawee may have to pay interest to the drawer for the extended period of credit. **True**
4. A bill of exchange must be accepted by the payee. **True**
5. A bill payable on demand is called bill at sight. **False**

6. Negotiable instrument Act 1981 govern the transactions of bill of exchange. **False**
7. Bill of exchange may be in oral or written form. **False**
8. Single entry system is not approved by company's Act 2013. **True**
9. Signing and transferring the bill is called endorsement of bill. **True**
10. Acceptor of bill is known as drawer. **False**
11. Maker is also known as Drawer. **True**
12. A liability to pay the noting charges is always associated with drawee. **True**

UNDERSTANDING

13. When discounted bill is dishonoured debtor is debited in the book of drawer. **True**
14. If on maturity date of bill is national holiday then maturity date will be next working day. **False**
15. If maturity date of bill is unforeseen holiday then maturity date will be next working day. **True**
16. The holder allows some discount called noting charges. **False**

APPLICATION

17. 'A' draws a bill on 'B', here A is drawer. **True**
18. 'B' accepted a bill from 'A' now in any case payer can be change. **False**
19. 'A' requested to 'B' draw a new bill & if 'B' charges extra amount from A then such amount is called interest. **True**
20. Ram says Shyam to pay particular sum of money to him. In this oral transaction negotiable instrument Act applied. **False**
21. Ram draws a bill on Kamal and Kamal accepted a bill, now Kamal became drawer of the bill. **False**
22. Dharma transfer a Rs.5,000 bill to his creditor is called endorsement. **True**

- c. Customer
 - d. None of the Above **(A)**
4. A bill of exchange must be accepted by
- a. Drawer
 - b. Drawee
 - c. Payee
 - d. Holder of bill **(B)**
5. A bill payable on demand is called
- a. Time Bill
 - b. Sight Bill
 - c. Endorsement of bill
 - d. Retiring of the bill **(B)**
6. If Drawee paid the bill before maturity is known
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill **(C)**
7. If Drawer transfer the bill before maturity date is known
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill **(D)**
8. If on due date Drawee unable to pay bill
- a. Renewal of a bill
 - b. Dishonour of a bill
 - c. Retirement of a bill
 - d. Endorsement of a bill **(B)**
9. Noting charges are borne by
- a. Drawee
 - b. Drawer
 - c. Holder of bill
 - d. Notary Public **(A)**
10. Noting charges are paid by
- a. Drawee

- b. Drawer
 - c. Holder of bill
 - d. Notary Public (C)
11. Who is Payee of the bill on Due date of bill
- a. Drawee
 - b. Drawer
 - c. Holder of bill
 - d. Notary Public (C)
12. Bill at sight has a grace period of
- a. One day
 - b. Two days
 - c. Three days
 - d. None of the above (D)
13. Noting charges are incurred
- a. On Renewal of a bill
 - b. On Dishonour of a bill
 - c. On Retirement of a bill
 - d. On Endorsement of a bill (B)
14. Days of grace will be added to ascertain the due date of term bill
- a. One day
 - b. Two days
 - c. Three days
 - d. None of the above (C)

UNDERSTANDING

15. Liability for a discounted bill is a
- a. Contingent liability
 - b. Current liability
 - c. Non-current Liability
 - d. None of the Above (A)
16. A bill of exchange must be in
- a. Writing
 - b. Orel
 - c. Registered

- d. All of the above (A)
17. At the time of renewal of the bill interest is charged for the period of
- a. Three month
 - b. Six Month
 - c. Original bill
 - d. Fresh bill (D)
18. When rebate on a Bill allowed
- a. On Renewal of a bill
 - b. On Dishonour of a bill
 - c. On Retirement of a bill
 - d. On Endorsement of a bill (C)
19. The Bills Receivable book is part of
- a. Journal
 - b. Ledger
 - c. Trial balance
 - d. Balance sheet (A)
20. The bills payable book is part of
- a. Journal
 - b. Ledger
 - c. Trial balance
 - d. Balance sheet (A)
21. Noting charges Account is debited by
- a. Drawer
 - b. Drawee
 - c. Payee
 - d. Notary public (B)
22. If due date of bill falls on a holiday then the maturity date is on
- a. Next day of the Maturity date
 - b. A day before the Maturity date
 - c. On maturity date
 - d. After three days (A)
23. If due date of bill falls on a Public holiday then the maturity date is on
- a. Next day of the Maturity date
 - b. A day before the Maturity date

- c. On maturity date
- d. After three days **(B)**

24. The rebate on a Bill Shown that
- a. It has been paid before the date of maturity
 - b. It has been paid After the date of maturity
 - c. It has been paid On the date of maturity
 - d. It has been dishonoured **(A)**

APPLICATION

25. If Pankaj's acceptance which was discounted from bank is dishonoured then the amount will be debited in our books

- a. Pankaj
- b. Bank
- c. Bills Receivable account
- d. None of the above **(A)**

26. If Pankaj's acceptance which was endorsed to Mrs Jivika is dishonoured then the amount will be debited in our books

- a. Pankaj
- b. Jivika
- c. Bills Receivable account
- d. None of the above **(A)**

27. If Sohan's acceptance which was discounted from bank is dishonoured then the amount will be credited in our books

- a. Sohan
- b. Bank
- c. Bills Receivable account
- d. None of the above **(B)**

28. If Mohan's acceptance which was endorsed to Mrs Jivika is dishonoured then the amount will be Credited in our books

- a. Mohan
- b. Jivika
- c. Bills Receivable account
- d. None of the above **(B)**

29. Rebate is calculate for the period of

- a. Drawing date to Maturity day
- b. Payment day to Maturity day
- c. Drawing date to Payment date

- d. None of the above (B)
30. Which one is Negotiable instruments
- a. Bill of exchange
 - b. Promissory Note
 - c. Bankers cheque
 - d. All of the these (D)
31. Bill draw on 23rd Oct.2018 for three months due date is
- a. 23rd Jan.2019
 - b. 24th Jan.2019
 - c. 25th jan.2019
 - d. 26th jan.2019 (C)
32. A bill draw on 27th Dec.2015 for two months due date is
- a. 27th Feb. 2016
 - b. 1st Mar. 2016
 - c. 2nd Mar. 2016
 - d. None of above (A)
33. A bill draw on 27th Dec.2018 for two months due date is
- a. 27th Feb. 2019
 - b. 1st Mar. 2019
 - c. 2nd Mar. 2019
 - d. None of above (C)
34. A Bill draw on 10 July 2018 for 90 Days due date is
- a. 9th Oct. 2018
 - b. 10th Oct. 2018
 - c. 11th Oct. 2018
 - d. 12th Oct. 2018 (C)
35. A Bill drew on 14th May 2018 for 90 Days due date is
- a. 12th Aug. 2018
 - b. 13th Aug. 2018
 - c. 14th Aug 2018
 - d. 15th Aug 2018 (C)

36. A bill drew on 31 May 2018 for one month due date is

- a. 1st July 2018
- b. 2nd July 2018
- c. 3rd July 2018
- d. 4th July 2018

(C)

ANALYSIS & EVALUATION

37. Mr. X sold goods to Mr. Y on Apr 1, 2019 and accepted a bill of Rs. 18,000 for 3 months on Same Day. On 2nd July, 2019 Y requested to draw a new bill for 2 months with interest @6% p.a. amount of interest will be

- a. 1080
- b. 270
- c. 180
- d. 90

(C)

38. Ram failed to pay his acceptance of Rs.20000 (noting charges rs.200) and required for new bill with interest @6% for 3 months. New bill drew for

- a. Rs.20000
- b. Rs.20200
- c. Rs.20500
- d. None of the Above

(D)

Match the following

REMEMBRING

1. Identify-

(i) The person upon whom the bill of exchange is drawn	a) Drawee
(ii) Person in whose favour the bill of exchange is transferred	b) Payee
	c) Endorsee

Ans- A & C

2. Identify the terms-

i) The bill kept till maturity	a) Dishonoured
ii) The bill is transferred to creditor	b) Retirement of bill
iii) Payment of bill before due date	c) Bill is retained
	d) Endorsement

Ans- C, D & B

3. Identify-

i) A draws bill	a) C is Drawee
ii) B accepts the bill	b) A is Drawer
iii) A endorsed bill to C	c) B is Drawer
	d) C is Creditor
	e) B is Acceptors

Ans- B, E & D

4. Identify-

i) Charge Deducted by Notary Public	a) Bank Charges
ii) Charges deducted by bank at the time of discount of bill	b) Noting Charges
	c) Discounting Charges
	d) SMS Charges

Ans- B & C

5. For A and B the bill is-

i) A draws bills of exchange and gets it back after acceptance	a) Bills Payable
ii) B accepts the bill and returned it back	b) Debtor
	c) Creditor
	d) Bills Receivables

Ans- D & A

6. Identify the act-

i) Bills of exchange is governed by	a) Indian contract act 1872
ii) Single entry system is prohibited by	b) Negotiable instrument act 1881
	c) Companies act 2013

Ans- B & C

7. Drawee will pay or receive-

i) On Pre - payment of bill amount	a) Noting charges
ii) On dishonour of bill	b) Interest

iii) On extending the period of bill	c) Rebate
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Ans- C, A & B

8. Match the terms-

i) Request for new bill	a) Retiring of bill
ii) Non- payment of bill amount on maturity	b) Dishonour of bill
	c) Renewal of Bill

Ans- C, B

9. Following is paid to whom-

i) Noting Charges	a) Drawer
ii) Discounting charges on dishonour of bill	b) Drawee
iii) Interest on renewal of bill	c) Notary Public
	d) Bank

Ans- C, B & A

10. Bill draws on

Maturity Date

i) 1 st July (for Two month)	a) 4 th Sep.
ii) 15 th July (for Three months)	b) 4 th Dec.
iii) 1 st August (for four months)	c) 18 th Oct.

Ans- A, C, & B

11. Identify-

i) Authenticates the fact of dishonour	a) Drawee
ii) Authenticates the fact that bill is accepted	b) Drawer
	c) Notary Public

Ans- C & B

12. Identify-

i) B/R endorsed dishonoured are debited to	a) Bank A/C
ii) Bill honoured during the year will be debited to	b) B/P A/C

	c) Debtors A/C
--	----------------

Ans- C & B

UNDERSTANDING

13. Identify-

i) Noting charges is paid when the bill of exchange is	a) got discounted from bank
ii) The rebate on the bill is received by the drawee when the bill is	b) Paid before maturity
	c) dishonoured on date of maturity

Ans- C & B

14. Identify-

i) Drawer is also known as	a) Endorser
ii) Endorsee is also known as	b) Holder of the bill
	c) Both a & b

Ans- A & B

15. Identify-

i) Days of grace are not allowed when	a) It is a bill payable on demand
ii) Days of grace are allowed when	b) It is a bill after sight
	c) It is a national holiday

Ans- A & B

16. Identify-

i) On the basis of place, type of bill of exchange is	a) Foreign bill
ii) On the basis of time, type of bill of exchange is	b) Trade bill
	c) On demand
	d) Accommodation bill

Ans- A & C

17. Identify-

i) Due date of a bill is calculated from the date of acceptance	a) Term bill
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ii) Due date of a bill is calculated from the date of drawing the bill	b) Inland bill
	c) Bill after sight
	d) Bill after date

Ans- C & D

18. Identify-

i) When bill is encashed before date of maturity is known as	a) Endorsement of bill
ii) when bill is transferred to 3 rd party before date of maturity is	b) Dishonour of bill
	c) Discounting of bill

Ans- C & A

19. Identify-

i) The lawyer performing the work of noting the bill is called	a) Notary Public
ii) The Lawyer performing the work of noting the bill is officially appointed by	b) Government
	c) Holder of the bill
	d) Govt. Lawyer

Ans- A & B

20. Identify-

i) The process of cancelling the one bill & issuing a another bill is known as	a) Renewal of bill
ii) The process of encashing the one bill before the date of maturity is known as	b) Rebate of bill
	c) Discounted of Bill

Ans- A & B

21. Identify-

i) An order to make a payment is called	a) Promissory Note
ii) An promise to pay the payment is called	b) Bills of Exchange
	c) Neither A or B

Ans- B & A

APPLICATION

22. Match the due dates of bill of exchange

i) 1 st March for two months	a) 3 rd November
ii) 12 th July for one month	b) 4 th May
	c) 14 th August

Ans- B & C

23. What will be the correct journal entry?

i) If bill is retained by drawer till due date and realised on maturity	a) Dr. Bank and Discounted a/c Cr. Bills receivable a/c
	b) Dr. Cash a/c and Cr. Bills Receivable a/c
	c) Dr. Bills payable a/c and Cr. Cash a/c

Ans- B

24. Identify the correct discounting charges-

A bill of Rs. 15000 is drawn for 3 months and discounted by bank on same day –

i) @ 12% P.A	a) Rs. 2250
ii) @ 15%	b) Rs. 563
iii) @ 12%	c) Rs. 450
iv) @15% P.A.	d) Rs. 1800

Ans- C, A, D & B

Ans- C & A

25. Identify the correct one –

Ram is a drawee to Ramesh for Rs. 10000 he-

i) is unable to pay on maturity date	a) Discounted the bill
ii) has paid before the maturity date	b) Renewal of bill
	c) Rebate on bill

Ans- B & C

26. Identify the correct one-

A drew four bills on B respectively on 31st January, 28th February, 31st March and 30th April, but all are payable after one month. What will be the correct due dates-

i) 3 rd March	a) i,ii, iii, iv
ii) 3 rd April	b) ii, iv, i, iii
iii) 3 rd May	c) iii, i, iv, ii
iv) 3 rd June	d) iv, iii, ii, i

Ans- A

27. Identify-

i) On dishonour of bill the entry in the books of drawee is	a) Dr. Debtors a/c and Cr. B/R a/c
ii) On dishonour of bill the entry in the books of holder of bill (endorsee)	b) Dr. Bank a/c and Cr. B/P a/c
	c) Dr. Debtors a/c and Cr. B/P a/c

Ans- C & A

28. Identify-

i) Sold goods to Ram Rs 5000 at 10% trade discount and 2% cash discount, a bill is drawn for one month for the same. The final amount of bill will be	a) Rs 4,550
ii) Bill of Rs 5000 receivable after two months discounted @6% p.a., after discounting bank will pay	b) Rs 4,500
	c) Rs 4,410

Ans- B & A

29. identify-

i) A bill was drawn on 12 th June for two months then the maturity will be	a) 15 th August
ii) A bill was drawn on 21 st August for one month, if maturity date is Sunday, then the due date will be	b) 26 th September
	c) 14 th August
	d) 24 th September

Ans- C & D

30. Identify-

i) Which a/c is debited for recording of noting charges	a) Drawer a/c
ii) Which a/c is credited for the balance amount if goods are purchased and half amount is paid by cheque and for half we gave our acceptance	b) Acceptor's a/c
	c) Bills Payable a/c

Ans- B & C

31. Identify-

i) Sales are calculated by adding	a) cash sales and received from debtors
ii) From incomplete records it is possible to prepare	b) cash sales + credit sales
	c) Ledger account
	d) Statement of affairs

Ans- B & D

32. Identify-

i) Bill accept by drawee can transferred to	a) Endorsee
ii) The amount of bill dishonoured will be ultimately paid by	b) Bank
	c) Drawee

ANS. A & C

33. Identify-

i) If bill is endorsed in the favour of creditor by drawer then	a) no entry in the books
---	--------------------------

the entry in the books of drawee will be	of endorsee
ii) If bill is discounted by drawer from bank then the journal entry in the books of endorsee will be	b) no entry in the books of drawee

ANS. B & A

ANALYSIS & EVALUATION

34. Match the journal entries of bill endorsed by drawer in favour of creditor-
Transactions In books of Drawer

i) Endorsing the bill	a) Dr. Debtors A/c (Cr) Sales A/C
ii) On maturity of bill	b) Dr.Creditors A/C(Cr.) B/R A/C
	c) Dr. B/R A/C (Cr.) Debtors A/C
	d) No Entry

Ans- B & D

35. Bill draws on _____ Maturity Date

i) 1 st July (for Two month)	a) 4 th Sep.
ii) 15 th July (for Three months)	b) 4 th Dec.
iii) 1 st August (for four months)	c) 18 th Oct.

Ans- A & C & B

36. Match the amount of renewed bill-

i) Bill of 2,000 renewed for two months @ 10% p.a. interest	a) Rs. 5,500
ii) Bill of 5,000 Renewed for 3 months @ 10% p.a. interest	b) Rs. 2,023
	c) Rs. 2,200
	d) Rs. 5,125

Ans- B & D

38. Match the amount of renewed bill-

i) Bill of 2,000 renewed for two months @ 10% interest	a) Rs. 5,500
ii) Bill of 5,000 Renewed for 3 months @ 10% interest	b) Rs. 2,023
	c) Rs. 2,200
	d) Rs. 5,125

Ans- C & A

CHAPTER : 12

RECTIFICATION OF ERRORS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. When an error effect two or more accounts is known as (**double side error**)
2. When an error effect only one account & also incurred difference in trial balance is known as (**single side or arithmetical error**)
3. All the errors can be classified into categories. (**four**)
4. Difference in trial balance arise due to error. (**single side error**)
5. Error incurred due to transaction not recorded in journal iserror. (**omission error**)
6. An amount wrongly recorded in journal is an error of (**commission**)
7. Transaction recorded in journal without using proper rules of accounting is known as error. (**principal**)
8. When two or more errors are committed in such a way that the net effect of the errors is nil, such errors are known as error. (**compensating**)
9. Omission error can be further classified into category. (**two**)
10. It is easy to detect errors than to (**fraud**)

UNDERSTANDING:-

11. Suspense account appeared in the trial balance shown side error. (**Single**)
12. Rent paid correctly posted in rent account but not recorded in cash account is an example ofside error. (**partial omission**)

13. If we have not posted an individual account in related ledger account is aerror. **(partial omission)**
14. Purchase of office furniture for Rs. 5000 has been debited to purchase account. It iserror. **(principal error)**
15. In rectification entry suspense account used when rectification is done after preparing **(Trial balance)**
16. Ram account recorded instead of Shyam account is a error. **(commission)**
17. Wages paid for building construction recorded in wages account is a error. **(principal)**
18. Sold goods were not recorded anywhere in the books is a omission error. **(Complete)**
19. Salary paid were not posted to salary account arise difference in trial balanceside. **(debit)**

APPLICATION:-

20. In rectification entry purchase account..... if purchased goods were not posted in purchase account. **(debit)**
21. Commission account debited by Rs. 500 instead of rent account, so in rectification entry rent account will **(debit Rs. 500)**
22. Ajay a debtor not included in the list of sundry debtors list. To rectifying this error Ajay account will **(debit)**
23. Cash sale Rs 16000 were posted to sales account as Rs. 6000. In rectification entry sale account will credit by Rs..... **(10000)**
24. Sales return book over cast by Rs. 1000. For rectify this mistake sale return account will..... by Rs..... **(Credit , Rs. 1000)**
25. Purchase book under cast by Rs. 500. For rectify this mistake purchase account will by Rs..... **(debit , Rs 500)**
26. Goods withdrawn by kailash for personal use Rs. 500 were not recorded in the book. In rectification entry account credited. **(purchase)**
27. Goods sold to Mohan Rs. 10,000 was posted to his account as Rs. 1000. To rectify error Mohan account will debit by Rs..... **(9000)**
28. Furniture purchased for Rs. 5000 wrongly debited to purchase account. To rectify error furniture account will..... **(debit Rs 5000)**
29.account will Debit in rectify entry if bad debts Rs 2000 were not entered in the books. **(bad debts 2000)**

ANALYSIS, EVALUATION & CREATING:-

30. Interest paid Rs.700 were credited in interest account. To rectify error interest account will debit by Rs. **(1400)**
31. Received Rs. 1500 from Dev was posted to Anand account by Rs.1000. In rectification entry Suspense account will debit by Rs..... **(Rs. 500)**
32. Brokerages Rs 800 paid were posted to travelling expense account Rs. 500. To rectify error suspense account will Credited by Rs. **(Rs. 300)**
33. Cash received from Ramesh Rs. 2000 is correctly recorded in cash book but debited to his account. To rectify mistake Ramesh account will credit by Rs..... **(Rs.4000)**
34. Sale to Mukul 2300 on credit was recorded twice in the sales book. In rectification entry.....account will be debited by 2300. **(sales)**
35. Goods return to Manoj Rs. 2000 was credited in ashok account as Rs. 1500. To rectify error account will credit by Rs. **(suspense account, Rs. 3500)**
36. Credit purchased from Rohan Rs. 9000 was posted to the debit of his account as Rs. 6000. To rectify mistake rohan account will be by Rs..... **(credit , Rs. 15000)**
37. Old furniture was sold for Rs. 450 but amount has been entered in the sales day book as Rs. 540. To correct this mistake suspense account will be credited by Rs..... **(Rs. 90)**
38. Rs. 5000 paid as a rent to Gopal the owner of shop was debited to Gopal's personal account so difference arise in trial balance. This statement is **(not correct)**
39. Sale of Rs. 10,000 to Raman was recorded in purchase book while Suspense account will be debited byamount. **(Rs 20,000)**

TRUE AND FALSE

REMEMBERING:-

1. On the basis of nature of errors, all the error can be classified into four categories. **(True)**
2. The errors of omission may be committed at the time of recording the transaction in the books of original entry. **(True)**
3. Accounting entries are NOT recorded as per the GAAP. **(False)**
4. When two or more errors are committed in such a way that net effect of these errors on the debits and credits of account is NIL, such errors are called compensatory errors. **(True)**
5. Errors of omission can be of two types. **(True)**
6. Errors are committed in two or more accounts, such errors are also known as one sided errors. **(False)**

APPLICATION:-

7. Credit purchase from Mr. Kamal Rs.10,000, This transaction is not recorded in the book of account. This type of errors is "error of omission". **(True)**
8. Purchase of furniture, debited to purchase a/c. It is an "errors of principle". **(True)**

9. Mr. Sun is businessman deals in furniture, purchase of furniture debited to furniture a/c. It is errors of principle. **(True)**
10. Wages paid for installation of machinery, debited to wages a/c. It is an example of error of omission. **(False)**
11. Remuneration paid Rs20,000 was debited to employee's personal account. Rectification entry of above problem is: Remuneration/Salary A/c Dr.
To Employee's personal A/c **(True)**
12. Dividend received on non-trade investment Rs.500, credited to Investment A/c. **(False)**

UNDERSTANDING:-

13. Old plant sold to Mr. Happy at its book value of Rs.5,000 was recorded in sales book. The rectification entry is :
Sales A/c Dr.
To Machinery A/c **(True)**
14. Amount spent on additions to the buildings should be treated as capital expenditure. **(True)**
15. If purchase book has been overcast by Rs.10,000 resulting in excess debit of Rs.10,000 in purchase account and return inward book is undercast by Rs.10,000 resulting in short debit to return inward account is a case of compensating errors. **(True)**
16. Credit sales to Mr. Day Rs.50,000 were not recorded in sales book. This is an error which do not affect the trial balance. **(True)**
17. Old furniture sold recorded as sale of goods is example of one sided error. **(False)**
18. Goods were sold to Mr. Aman for Rs.40,000 and to Mr. Harsh for Rs.30,000. The transactions were recorded properly in the sales book, but Rs.30,000 was posted to Mr. Aman, while Rs.40,000 was posted to Mr. Harsh. This type of error is "Error of commission". **(False)**
19. If the total of debit side of trial balance is short, SUSPENSE ACCOUNT will shown credit balance. **(False)**
20. If a mistake is committed in carrying forward a total of page no.14 to the page no.15 in sales book. The type of error is "Error of commission". **(True)**
21. An amount of Rs.15,000 withdrawn by the proprietor for his paying income tax debited to the Trade Expenses Account. The rectification entry is :
Drawings A/c Dr. 15,000
To Trade Expenses A/c 15,000 **(True)**
22. Mr. Chhajer an amount Rs.10,000 deposited into fixed deposit through cheque of saving a/c. Accountant instead of crediting Capital A/c , Bank A/c credited. This type of error is "Error of commission". However, fixed deposit a/c is correctly recorded. **(True)**
23. Rectification of error is part of an accounting. **(True)**
24. Error may be rectified after preparing final accounts. **(True)**

ANALYSIS, EVALUATION & CREATING:-

25. 1% brokerage paid on purchase of 1,000 shares @ 100 each of TATA Company. Investment a/c debited only by Rs.1,00,000 and payment made through Bank a/c recorded correctly. Is investment debited correctly? **(False)**
26. Goods of the value of Rs.1,000 returned by Mr.SAD were entered in the sales book and posted there from to the credit of his account. To rectify the errors, using a suspense account, it is credited by Rs.2000. **(True)**
27. Discount allowed to Sardar doon & co. Rs.36 has not been entered in the discount column of the cash book. The account of Sardar doon & co. has however, been correctly posted. The discount account should not be debited by the entry, "To omission of entry in the cash book Rs.72. **(False)**
28. An amount of Rs.2000 due from Mr. Dark, which had been written off as a bad debts in a previous year, was unexpectedly recovered, and had been posted to the personal account. The rectification entry is "Mr. Dark A/c debited and credited to bad debt recovered a/c. **(True)**
29. A draft for Rs.1000 received from Vikash was dishonoured and had been posted to the debit of sales return account. The rectification entry is 'vikash's a/c debit and credit sales return a/c by Rs.1000. **(True)**
30. The total of "Discount allowed" column in the cash book, amounting to Rs.125 was not posted using a suspense account. Rectification entry is
- | | | | |
|----------------------|-----------------|-----|---------------|
| Discount allowed A/c | Dr. 125 | | |
| | To Suspense A/c | 125 | (True) |
31. Rs.5000 paid to Kapil were entered in cash book but omitted to the ledger using a Suspense A/c, Rectification entry is
32. Kapil's A/c
- | | | | |
|--|-----------------|------|---------------|
| | Dr. 5000 | | |
| | To Suspense A/c | 5000 | (True) |
33. A Sale of old machine on credit to Mr.Chirag for Rs.90,000 on 30th September 2018 was not entered in the books at all. The book value of the machine was Rs.67,500. In rectification entry machine account credited by Rs.67500. **(True)**
34. Goods cost Rs.10,000; market valueRs.12,000 distributed as charity were not recorded anywhere. The rectification entry is
- | | | | |
|-------------|-----------------|------|---------------|
| Charity A/c | Dr. 1000 | | |
| | To Purchase A/c | 1000 | (True) |

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Errors of Commission do not permit
 - a) The trial balance to agree
 - b) Correct total of Balance sheet
 - c) Correct totaling of Trial Balance
 - d) None of the above. **(A)**

2. Error of omission arises when:
 - a) Any transactions is incorrectly recorded, either wholly or partially
 - b) Any transaction is left either wholly or partially
 - c) Any transaction Is recorded in a fundamentally incorrect manner
 - d) None of these **(B)**

3. Suspense Account in The Trial balance will be entered in the
 - a) Manufacturing A/c b) Trading a/c
 - c) Profit & Loss A/c d) Balance Sheet **(D)**

4. Error of commission arises when
 - a) Any transaction is recorded in a fundamentally incorrect manner.
 - b) Any transaction is incorrectly recorded; either wholly or partially
 - c) Any transaction is omitted to be recorded
 - d) Wrong rule is applied. **(B)**

5. Error of principle arises when
 - a) Any transaction is recorded in a fundamentally incorrect manner
 - b) Any transaction is left to be recorded either wholly or Partially
 - c) Any transaction recorded with double amount
 - d) None of these **(A)**

6. The preparation of a Trial balance is for:
 - a) Locating errors of omission
 - b) Locating errors of principle
 - c) Locating clerical errors
 - d) All of the above **(D)**

7. Wrong totaling of account is
 - a) Error of Principle b) Error of omission
 - c) Error of Commission d) Compensating Error **(C)**

17. Error of principle is
- a) Credit purchase of machinery is recorded in purchase book
 - b) Credit purchase of machinery is recorded in journal proper
 - c) Credit purchase of goods recorded in purchase book
 - d) None of the above
- (A)**
18. The amount of the dishonoured bill has been wrongly debited to the general expenses account. Which type of error has been committed?
- a) Error of principle
 - b) Compensating error
 - c) Error of complete omission
 - d) All of these
- (A)**

APPLICATION:-

19. After providing the trial balance the accountant finds that the total of debit side is short by Rs 2,500. This difference will be
- a) Credited to suspense account
 - b) Debited to suspense account
 - c) Adjusted to any of the debit balance accounts
 - d) Adjusted to any of the credit balance accounts
- (B)**
20. Rs 3,000 received from sub-tenant for rent and entered correctly in the cash book is posted to the debit of the rent account, in the trial balance
- a) The debit total will be greater by Rs 6000 than the credit total
 - b) The debit total will be greater by Rs 3000 than the credit total.
 - c) Subject to other entries being correct the total will agree.
 - d) None of the above
- (A)**
21. Sales to Shyam of Rs500 not recorded in the books would affect
- a) Shyam's Account
 - b) Sales Account
 - c) Sales Account and Shyam's Account
 - d) Cash Account
- (C)**
22. Sales to Ram, Rs 336 posted to his account as Rs 363 will affect:
- a) Sales account
 - b) Ram's account
 - c) Cash Account
 - d) All accounts
- (B)**

23. Purchase of office furniture for Rs 20,000 has been debited to Purchase A/c it is:
- a) An error of omission
 - b) An error of commission
 - c) Compensating Error
 - d) An error of Principle **(D)**
24. Rs 1500 received from Bahadur, whose account was previously written off as bad debt should be credited to
- a) Bahadur's A/c
 - b) Bad Debts Recovered A/c
 - c) Suspense A/c
 - d) Cash A/c **(B)**
25. A briefcase purchased for Rs 800 for the son of a partner was debited to General Exp. A/c with Rs 80. In the rectifying entry, Drawing a/c should be debited with
- a) Rs 880
 - b) Rs 720
 - c) Rs 800
 - d) Rs 80. **(C)**
26. Purchase of office furniture RS 1200 has been debited to General Expenses Account. It is:
- a) A clerical error
 - b) An error of principle
 - c) An error of omission
 - d) A compensating error **(B)**
27. Goods purchased from A for Rs 30,000 passed through the sales book. The error will result in
- a) Increase in gross profit
 - b) Decrease in gross profit
 - c) No effect on gross profit
 - d) Either a) or b) **(A)**
28. Discount allowed Rs 93 to Mohan has been credited to his account by Rs 39 the error will be rectified by :
- a) Crediting Mohan by Rs 54.
 - b) Debiting Mohan by Rs 54.
 - c) Debiting discount by Rs 54.
 - d) Crediting discount by Rs.54 **(A)**

29. Which of the following error is an error of principle?
- a) Rs.600 received from X has been debited to his account
 - b) Purchase of Rs.2000 has been entered in the same journal
 - c) Repairs for the building have been debited to building account
 - d) None of these
- (C)**
30. Purchased goods from X for Rs.2400 but was recorded as Rs.4200 to the debit of X. In the rectifying entry , X A/c will be credited with
- a) Rs.4800
 - b) Rs.6600
 - c) Rs.8400
 - d) Rs.2400
- (B)**

ANALYSIS & EVALUATION:-

31. Rent paid to landlord amounting to Rs 500 was credited to Rent A/c with Rs 5000. In the rectifying entry, Rent A/c will be debited with
- a) Rs 5,000
 - b) Rs 500
 - c) Rs 5,500
 - d) Rs 4,500
- (C)**
32. Purchased goods form Gopal for Rs 3,600 but was recorded in Gopal's A/c as RS 6300. In the rectifying entry Gopal's A/c will be debited with
- a) 9,900
 - b) 2,700
 - c) 2,600
 - d) 6,300
- (B)**
33. Credit sales to Mahesh Rs.200 was posted to Mahesh's a/c by Rs.2000. Mahesh's a/c will credited by :
- a) Rs 2200
 - b) Rs 200
 - c) Rs 2000
 - d) Rs 1800
- (D)**
34. Sohan returned goods to us amounting Rs 4200 but was recorded as Rs 2400 in his account, in the rectifying entry Sohan's A/c will be credited with
- a) Rs 1800
 - b) Rs 4,200
 - c) RS 2,400

d) Rs 6,600 (A)

35. Goods sold to Sethi for Rs 640 was recorded in his account as Rs 460. In the rectifying entry, Sethi's A/c will be debited with

- a) Rs 180
- b) Rs 460
- c) Rs 640
- d) Rs1100 (A)

36. If a purchase return of Rs 2000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers account the total to the:

- a) Trial balance would show the debit side to be Rs 2000 more than the credit
- b) Trial balance would show the credit side to be Rs 2000 more than the debit
- c) Debit side of the Trial balance will be Rs 4000 more than the credit side
- d) Credit side of the trial balance will be Rs 4000 more than the debit side (C)

37. Goods worth RS 24000 were returned by X. the accountant however, credited the sales returns account by Rs 42,000. In order to rectify this error, what should be done?

- a) Debit the sales return account by Rs 42,000.
- b) Credit the sales return account by Rs 24,000
- c) Debit the sales return account by Rs 66,000
- d) Debit the sales return account by Rs 18,000 (C)

38. A bill receivable of Rs 500 was dishonoured and credited as Rs 50 in B/R A/c. the error will be rectified by:

- a) Crediting debtor by Rs 450
- b) Crediting bills receivable by Rs 450
- c) Debiting bills receivable by Rs 450
- d) Debiting debtors A/c by Rs 550 (B)

39. Purchase book was carried forward as Rs.125 instead of Rs.225

- a) Profit will decrease by Rs.100
- b) Profit will increase by Rs.100
- c) No change
- d) Profit will decrease by Rs.200 (B)

40. Goods costing Rs.10000 taken by the proprietor for personal use were credited to Sales Account. While passing rectifying entry :

- a) Drawing Account to be debited and Purchase Account to be credited.
- b) Sales Account to be debited and Drawings Account to be credited
- c) Sales Account to be debited and Purchases Account to be credited

d) Sales Account to be debited and Suspense Account to be credited. (C)

41. Credit Sales to X of Rs.3000 recorded in purchase book. This came to notice after preparing the final accounts. The rectification entry is :

- a) X a/c debit to Sales a/c
- b) X a/c debit to Suspense a/c
- c) Purchase a/c debit to Sales a/c
- d) None of these (D)

42. An amount of Rs.286 due from Bimla , written off as bad debt in a previous year, was recovered and credited to the personal account of Bimla. The rectifying entry is :

- a) Bank a/c debit to Bimla's a/c
- b) Bimla's a/c debit to Bank a/c
- c) Bank a/c debit to Bad debt Recovered a/c
- d) Bimla's a/c debit to Bad debt Recovered a/c (D)

MATCH THE FOLLOWING

1. Match the following (Remembering)

Statement	Type of error
1. Errors which are committed due to wrong posting of transaction.	a. Error of Principle
2. Errors committed due to missing an entry.	b. Error of omission
	c. Compensating Error
	d. Error of commission

(Ans. 1-d ; 2-b)

2. Match the following

Statement	Type of error
1. Errors occurred due to ignorance of principles of accounting	a. Error of Principle
2. Errors happening due to committing two or more errors eliminating their mutual effect	b. Error of omission
	c. Compensating Error
	d. Error of commission

(Ans.1-a ; 2-c)

3. Match the following (Analzing)

Statement	Options
1. Goods given away as charity Rs. 5,000 omitted to be recorded	a. will not affect the Trial Balance

2. Cash paid Rs. 10,000 to Ram omitted to be recorded in his A/c	b. will affect the Trial Balance
--	----------------------------------

(Ans. 1-a; 2-a)

4. Match the following

Statement	Options
1. Sold goods Rs. 2,000 to Ravi, debited in Ravish's A/c	a. will not affect the Trial Balance
2. Cash Book debited in excess Rs. 1,000	b. will affect the Trial Balance

(Ans.1-a ; 2-b)

5. Match the following (application)

Error	Rectification Entry
1. Credit sales Rs. 10,000 to Sohan were Recorded as 12,000	a. Sohan's A/c Dr. 2,000 To Sales A/c 2,000
2. Credit sales Rs. 10,000 to Sohan were Recorded as Rs. 8,000	b. Sales A/c Dr. 2,000 To Sohan 2,000
	c. Sohan Dr. 10,000 To Suspense A/c 10,000
	d. Suspense A/c Dr. 10,000 To Sales A/c 10,000

(Ans.1-b ; 2- a)

6. Match the following

Error	Rectification Entry
1. Credit sales Rs. 10,000 to Sohan were omitted to passed through Sales Account	a. Sohan's A/c Dr. 2,000 To Sales A/c 2,000
2. Credit sales Rs. 10,000 to Sohan were Omitted to be written in Sohan's A/c	b. Sales A/c Dr. 2,000 To Sohan 2,000
	c. Sohan Dr. 10,000 To Suspense A/c 10,000
	d. Suspense A/c Dr. 10,000 To Sales A/c 10,000

(Ans. 1-d; 2-c)

7. Match the following (understanding)

Rectification Entry	Type of Error
1. Drawings A/c Dr. 500 To Purchases A/c 500 (Goods drawn for personal use Omitted to be recorded, now rectified)	a. Single-sided Error
2. Suspense A/c Dr. 900 To Rakesh 900 (cash received from Rakesh Rs. 1,000 wrongly posted as Rs. 100, now rectified)	b. Double-sided Error

(Ans.1-b ; 2-a)

8. Match the following

Rectification Entry	Type of Error
---------------------	---------------

1. Purchases A/c Dr. 5,000 To suspense A/c 5,000 (Bought goods for cash omitted to be recorded in Purchases A/c, now rectified)	a. Single-sided Error
2. Rohan's A/c Dr. 300 To Discount received A/c 300 (Discount received from Rohan not recorded, now corrected)	b. Double-sided Error

(Ans.1-a ; 2-b)

9. Match the following (understanding)

Statement	Type of Error
1. Sales book overcast by Rs. 700	a. Error of Principle
2. Goods purchased Rs. 3,000 omitted to be recorded	b. Error of omission
	c. Compensating Error
	d. Single sided error

(Ans.1-b ; 2-b)

10. Match the following (understanding)

Statement	Type of Error
1. Paid cash Rs. 1,500 to Usha, debited in Uma's A/c	a. Error of Principle
2. Paid wages Rs. 500 on purchases of a Machine Debited in WagesA/c	b. Error of omission
	c. Compensating Error
	d. Error of commission

(Ans.1- d; 2-a)

11. Match the following (Remembering)

Statement	affected account to be
1. For cancelling the effect of excess Debit :	a. Debit
2. For cancelling the effect of short Debit :	b. Credit
	c. None of the above

(Ans.1-b; 2-a)

12. Match the following

1. Rent paid Rs 500 was credited to Rent account .what amount will be debited in Rent account	a. 5,000
2. Rent paid Rs 500 was credited to Rent account with Rs 5,000 .what amount will be debited in Rent account	b. 500
	c. 1,000
	d. 5,500

(Ans.1-c ; 2-d)

13. Match the following

--	--

1. Purchased goods form Gopal Rs 3,600 was posted to the debit of Gopal Rs 6,300.what amount will be credited to gopal .	a. 3,600
2. Purchased goods form Gopal Rs 3,600 was posted to the credit of Gopal Rs 6,300.what amount will be Debited to gopal .	b. 9,900
	c. 2,700
	d. 6,300

(Ans.1-b; 2-c)

14. Match the following

1. Sold Goods to Ram Rs 50,000 was wrongly credited to Ram account. To rectify Ram Account will be :	a. Debited
2. Purchased Goods From Ram Rs 50,000 was wrongly Debited to Ram account. To rectify Ram Account will be :	b. Credited
	c. No debit
	d. No credit

(Ans.1- a; 2-b)

15. Match the following

1. A sum of Rs 375 owed by Ravi has been included in the list of Sundry creditors .Then the Total amount of sundry debtors Is :	a. Overcast
2. A sum of Rs 375 owed by Ravi has been included in the list of Sundry creditors .Then the Total amount of sundry Creditors Is :	b. Under cast
	c. Correctly cast

(Ans.1-b; 2- a)

16. Match the following

1. Errors which do not affect the trial balance .	a. Credit Purchase from raj Rs 10,000 were recorded in sales book
2. Errors which do not affect the trial balance .	b. Credit purchase from raj Rs 10,000were recorded in sales book but raj account was credited
	c. Both
	d. None of these

(Ans.1-a; 2-b)

17. Match the following

1. Amount payable to ram for Repairs done to furniture Rs 1,500 and furniture supplied Rs 9,500 were recorded in purchase book as 10,000. In this to rectify Ram account will be credited with amount :	a. 10,000
---	-----------

2. Amount payable to ram for Repairs done to furniture Rs 1,500 and furniture supplied Rs 9,500 were recorded in purchase book. In this to rectify Purchase account will be credited with amount :	b.9,500
	c. 1,000
	d.1,500

(Ans.1-c; 2-a)

18. Match the following

1. Discount allowed to customer Rs 500 has been posted to the credit of Discount Received account , then the total amount of discount Received account is :	a. overcast
2. Discount allowed to customer Rs 500 has been posted to the credit of Discount Received account , then the total amount of discount allowed account is :	b. undercast
	c. Correctly cast
	d. None of these

(Ans.1-a; 2b)

19. Match the following

1. Double – sided Errors	a. Credit sale to amit Rs 7,000 were recorded as Rs 7,200
2. Single – Sided errors	b. Credit sales to Arun Rs 7,000 was posted to credit side of Arun account

(Ans. 1- a; 2-b)

CHAPTER : 13

FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP

(WITH ADJUSTMENTS)

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

1. type of assets comes first in Assets side of Balance sheet as per liquidity order. **(Current assets)**
2. type of assets comes first in Assets side of Balance Sheet in order of permanency. **(Fixed Assets)**
3. type of liability comes last in Liabilities side of Balance Sheet as per liquidity order. **(Non-Current Liability)**
4. type of liability comes last in Liabilities side of Balance Sheet as per order of permanency. **(Current Liability)**
5. Direct expenses are a Debited to Account. **(Trading)**
6. Indirect expenses are a Debited to Account. **(Profit & Loss)**
7. Assets & Liabilities of business are shown in **(balance sheet)**
8. Assets & Liabilities arranged in a proper order is known as **(Marshalling of Assets)**
9. Goodwill is an Assets. **(Intangible)**
10. Statement of balances prepared from ledger is known as **(Trial balance)**
11. Profit and loss account is prepared onbasis. **(Accrual)**
12. When expenses of an accounting year remain unpaid, it is known as **(Outstanding expenses)**
13. Credit balance of profit & loss A/C represents **(Net Profit)**
14. Debit balance of profit and loss A/C represents **(Net Loss)**
15. Financial position is determined by **(Balance Sheet)**

UNDERSTANDING:-

16. Unearned commission mentioned in Trial balance will be transferred to
(Balance Sheet)
17. Indirect expenses consists of.....&(Operating & Non-Operating expenses)
18. Closing stock appearing in Trial balance is transferred to (Balance Sheet)
19. If closing stock is not appearing in, it will appear in Trading account and balance Sheet.
(Trial balance)
20. Wages & Salaries are debited to Account. (Trading)
21. Salaries & Wages are debited toAccount. (Profit & Loss)
22. Rent Account is shown in Account. (Profit & Loss)
23. In case of adjusted purchase, closing stock is shown in..... (Balance Sheet)
24. Written off part of Deferred Revenue Expenditure is shown in
(Profit & Loss Account)
25. Amortization is used forassets. (Intangible)
26. Gross profit is obtained by deducting..... from Net sales.
(Cost of Goods Sold)
27. Discount on purchase is shown inside of Account.
(Credit, Profit & loss)
28. Carriage on sales is shown inAccount. (profit and loss)

APPLICATION:-

29. Under.....concept, provision for doubtful debts is made.
(Prudence or Conservatism)
30. Closing stock is valued at or whichever is lower.
(Cost price or market price)
31. While making final accounts, prepaid expenses is subtracted from respective expenses in order to show..... year expenses. (Current)
32. Motor car of Rs. 1,00,000 was purchased on 1st October, 2018. Rate of Depreciation is 10%. Amount of depreciation to be shown in profit & Loss Account is Rs..... (Rs. 5,000)
33. Withdrawal of Goods by proprietor will be from Purchases in trading account. (Deducted)
34. Annual Insurance premium paid Rs. 10,000 on 1st October, 2017. Amount of insurance premium to be shown in profit & Loss account for the year ended 31st March, 2018 is Rs..... (5,000)
35. Outstanding salary is Shown in balance sheet Side. (Liabilities)
36. Debtors of Rs. 8,60,000; Provision is to be created for doubtful debts @10%. Amount of provision in profit & Loss account will be Rs..... (86,000)

37. Goods lost by theft will be deducted from **(Purchase)**
38. A manager is entitled for a commission of 8% on net profit before charging such commission. Net profit before charging commission is Rs. 5,00,000. Amount of manager's commission debited to profit & loss account is Rs..... . **(40,000)**
39. Sales is Rs. 1,20,000; Profit is $33 \frac{1}{3}$ on cost. Amount of cost of goods sold will be Rs. **(90,000)**
40. Gross profit is Rs. 1,50,000. Selling expenses Rs. 10,000, commission paid Rs. 5,000, office expenses Rs. 20,000. Operating profit will be Rs **(1,15,000)**

ANALYSIS & EVALUATION:-

41. Gross profit is Rs. 9,00,000 , Advertisement is Rs. 15,000. Salary Rs. 2,00,000, office expenses Rs. 40,000, Interest on long term loan Rs 25,000 , the amount of operating profit is Rs **(6,45,000)**
42. Net sales Rs. 8,00,000, Gross profit 25% on cost. Amount of cost of goods sold is Rs **(6,40,000)**
43. If value of cost of sales is Rs. 1,20,000 & Rate of Gross profit is 20% on Sales. The amount of Sales Rs **(1,50,000)**
44. Loan of Rs. 10,000 @ 12% p.a has been taken from bank on 1st July, 2018, the amount of Interest paid for the year ending 31st March, 2019 is Rs..... . **(900)**
45. Trial balance shows debtor of Rs. 10,000, bad debts of Rs. 500. Provision for doubtful debts Rs. 1200. Adjustment shows further bad debts Rs. 600 & new provision for bad & doubtful debts @2%. Amount of debtors to be shown in balance sheet is Rs **(9212)**
46. A manager is entitled to a commission of 12% on net profit after charging such commission. Net profit before charging commission is Rs. 67,200. The commission payable to manager is Rs. **(7200)**
47. Goods given as charity costing Rs. 5,000, Sales price Rs. 5,500. The amount to be debited to profit & Loss account is Rs..... . **(5,000)**
48. If the opening capital is Rs. 90,000 as on 1st April, 2018 and additional capital introduced Rs. 30,000 on 30th November, 2018. Interest to be charged on capital is 10% p.a.. The amount to be debited in profit & loss account as interest on capital on 31st March, 2019 will be Rs **(10000)**
49. If net loss is Rs. 60,000, operating expenses are Rs. 90,000. The amount of gross profit will be Rs **(30,000)**
50. If opening stock is Rs. 4,000, purchases Rs. 20,000, direct expenses Rs. 3,000. Rent paid Rs. 6,000, closing stock Rs. 7,000. The amount of cost of goods sold is Rs..... . **(20,000)**

51. If opening stock is Rs. 12,000, Adjusted purchases Rs. 40,000, purchase return is Rs. 10,000 and closing stock is Rs. 9,000. The amount to be shown in debit side of Trading Account will be Rs (40000)
52. If gross profit is Rs. 20,000, commission paid is Rs. 2,000. Commission received Rs. 3,000. The amount of operating profit will be Rs (Rs. 21000)
53. Trial balance shows total purchases Rs. 30,000, goods distributed as charity costing Rs. 3,000 (sales price Rs. 4,500), goods given as samples costing Rs. 2,000 (sale price Rs. 2,200), goods given as gifts to employees costing Rs. 7,000 (sales price Rs. 8000) The amount of purchase to be shown in Trading account will be Rs (18000)
54. Trial balance shows debtor of Rs. 10,000, bad debts of Rs. 500. Provision for doubtful debts Rs. 1200. Adjustment shows further bad debts Rs. 600 & new provision for bad & doubtful debts @5%. Amount to be shown on the Debit side of Profit & Loss Account for Bad Debts Adjustment is Rs (370)

TRUE AND FALSE

REMEMBERING:-

1. Net profit is calculated from trading accounts profit. (False)
2. Gross profit is calculated from trading accounts. (True)
3. Purchase return is also known as return inward. (False)
4. Sales return is always deducted from sales. (True)
5. Apprentice premium is always debited to P&L a/c (False)
6. Unearned income is added to its concerned expense. (False)
7. Trial balance is a part of final accounts. (False)
8. GST paid is debited to P&L account. (False)
9. Trading account is also known as manufacturing account. (False)
10. Interest paid is shown on credit side of Profit & Loss account. (False)
11. Profit & Loss a/c is also known as Factory A/c. (False)
12. Printing charges are always debited to P&L A/c. (True)
13. Goods given away as charity is deducted from purchase a/c. (True)

UNDERSTANDING:-

14. Cost of goods sold can be calculated by deducting adjusted purchase from value of sales. (True)
15. Gross profit is calculated by adding the cost to the value of sales. (False)
16. Depreciation has an impact on balance of cash. (False)
17. Octroi is shown on the credit side of Profit & Loss account. (False)
18. Provision for doubtful debt have a credit balance. (True)
19. While passing adjustment entry Interest on capital is credited to capital a/c. (True)

20. To calculate gross profit it is necessary to have opening stock. **(False)**
21. Income tax paid is also known as Drawing . **(True)**
22. Net profit is always calculated for an accounting year. **(True)**
23. The provision for discount on debtors is calculated first and after that provision for doubtful debt is made. **(False)**
24. Income tax paid is debited to P&L a/c. **(False)**
25. Wages paid for erection of machinery is debited to P&L a/c. **(False)**

APPLICATION:-

26. Insurance premium paid is Rs.1,000 and outstanding premium is Rs. 300 . The amount of insurance debited to P&L a/c is 700. **(False)**
27. The manager is entitled for a commission of 10% on net profit after charging his commission . The net profit for the year ended is Rs.66,000. the commission payable to him is Rs 6000. **(True)**
28. The net profit of a firm is Rs. 44,000 before charging his commission. The commission payable to manager before charging at 5% is Rs 2,200. **(True)**
29. The balance of debtor in balance sheet shows Rs 40,000, the provision is to be maintained at 10% . The amount of provision will be Rs 4,000 . **(True)**
30. The balance of salary in trial balance was Rs 6,600. The unpaid salary was of one month. The amount of unpaid salary to be shown in balance sheet is Rs 660 . **(False)**
31. The credit balance of commission a/c in trial balance was Rs 10,000. The advance commission amounted to Rs. 1,500. The amount of commission to be credited to P&L a/c will be Rs 8,500. **(True)**
32. The balance of insurance premium paid by the firm amounted to Rs. 7200 which was paid on 1 Nov. 2018. The amount of insurance debited to P&L a/c on 31st March 2019 is Rs 3000. **(True)**
33. Wages a/c has a balance of Rs. 9,000 in the trial balance. In the adjustment it was given that wages has to be paid Rs 700 per month, the amount of prepaid wages shown in the balance sheet is Rs 700. **(False)**
34. The net profit before charging depreciation was Rs 1,89,000. The amount of depreciation was Rs 19,000. The net profit after depreciation is Rs 2,08,000. **(False)**
35. The amount of net purchases is 1,21,000. Amount of return outward is 6,000. The purchases debited to trading account is. Rs 1,27,000. **(False)**

ANALYSIS & EVALUATION:-

36. Loan of Rs 1,10,000 was taken on 1 November 2019. At 10%. The amount of interest on loan to be debited to P&L a/c is Rs 11000. **(True)**
37. Investment amounted to Rs. 50000 was done at a rate of 4% p.a. interest received during the year was 1700. The amount of interest credited to P&L a/c is Rs. 1800. **(False)**

38. The value of opening stock is Rs. 25000, net purchases amounted to Rs. 1 40, 000. The salary paid during the year was 10,000 and value of sales is Rs. 1 70,000. The value of gross profit is 1,55,000. **(False)**
39. The value of cost of goods sold is 9,000 if sales is 15,000 and gross profit is 24000. **(False)**
40. The formulae for calculating cost of goods sold opening stock + net purchases – closing stock. **(False)**
41. The value of gross profit is 2,40,000 and cost of goods sold is 9,60,000. The rate of gross profit is 25% on cost. **(True)**
42. The formula for calculating adjusted purchase is opening stock + net purchases + direct expenses – closing stock. **(False)**
43. The value of gross profit will be 12,500 if the value of purchases is 2,00,000, returns is 5000, and 2/3rd of the goods are sold for 1,52,500. **(False)**
44. Net sales for year ended 31st march 2016 is. Rs 4,00,000 the rate of gross profit is 25% on sales the amount of gross profit is 1,00,000 **(True)**
45. If closing and opening stock is Rs. 60,000 each. Purchases are Rs. 1,40,000, manufacturing expenses are Rs. 40,000 and sales are 2 50,000 in that case gross profit is 70,000. **(True)**
46. Credit sale for the year ended was 2,52,000. Cost of goods sold was Rs. 2,80,000 and gross profit as shown by trading account was 1,12,000. The amount of cash sales will be 1,40,000. **(True)**
47. Cash purchases is Rs. 50,000 . credit purchases is Rs. 30000. Returns outward is Rs.5,000. closing stock was Rs. 20,000 more than that of opening stock. The value of adjusted purchases will be 1,30,000. **(False)**
48. Legal charges, general expenses, dividend on shares, miscellaneous receipts are the part of trading a/c. **(False)**
49. Gross profit is amounted to Rs. 45 000 and the selling expenses are 20,000 and commission received is 2000 and commission paid is Rs. 3000. The amount of operating profit is 24,000. **(True)**
50. The net profit is Rs. 55,000. Non operating expenses amounted to Rs 78,000 and non operating income is 10,000 the value of operating loss is 13,000. **(False)**
51. Place them in the order of permanency ;
- outstanding expenses
 - bills payable
 - bank overdraft
 - drawings
 - capital
 - creditors

Ans. Capital –drawings , outstanding expenses , bank overdraft , bills payable , creditors

52. Arrange them in the order of liquidity ;

- a. goodwill
- b. land and building.
- c. patents .
- d. debtors.
- e. accrued income.
- f. short term investment
- g. fixtures.

Ans. Debtors, short term investment, accrued income, fixtures, land and building, patents, goodwill

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

1. Types of account to be shown in balance sheet
 - a. Real & Personal
 - b. Nominal & Real
 - c. Nominal & Personal
 - d. None of these (A)
2. Is the arrangement of various assets and liabilities in a proper order
 - a. Balancing
 - b. Grouping
 - c. Marshalling
 - d. All of these (C)
3. Revenue Expenditure is intended to benefit
 - a. Past period
 - b. Current period
 - c. Future period
 - d. None of these (B)
4. Closing stock is valued at
 - a. Cost price
 - b. Cost price or market price whichever is less
 - c. Market price
 - d. Cost price or market price whichever is higher (B)
5. Carriage inward is shown in
 - a. Balance Sheet
 - b. Trading Account
 - c. Profit & Loss Account

- d. None of these (B)
6. The loss of sale of old machinery should be debited to :
a. Profit & Loss Account
b. Trading Account
c. Machinery Account
d. None of these (A)
7. Land & building owned by a firm should be classified as:
a. Fixed Assets
b. Current Assets
c. Fictitious Assets
d. None of these (A)
8. Which statement tells us about the financial position of the business?
a. Trading Account
b. Profit & Loss Account
c. Trial Balance
d. Balance Sheet (D)
9. Patents fall under which category
a. Current Assets
b. Fictitious Assets
c. Intangible Assets
d. None of these (C)
10. Return inward appearing in Trial balance are deducted from
a. Sales
b. Purchase
c. Return outward
d. Capital (A)
11. Return outward appearing in Trial balance are deducted from
a. Sales
b. Purchase
c. Return outward
d. Capital (B)
12. Depreciation for current year given in Trial balance. Its treatment will be
a. Debited to Trading Account
b. Deducted from Fixed Assets in Balance Sheet
c. Debited to Profit & Loss Account
d. Debited to Profit & Loss Account and Deducted from Fixed Assets in Balance Sheet (D)

UNDERSTANDING:-

13. Which of the following is another name of Earning before Income Tax (EBIT)
- a. Operating Profit
 - b. Gross Profit
 - c. Net Profit
 - d. None of these (C)
14. Which of the following account is affected from the Drawing of Cash in Sole proprietorship?
- a. Shareholder's Account
 - b. Capital Account
 - c. Liabilities Account
 - d. Expense Account (B)
15. According to Principle of Conservatism
- a. Provision is made for bad and doubtful debts
 - b. Deprecation is charged on assets
 - c. Recording is made for outstanding expenses
 - d. Profit & Loss account is made for full year (A)
16. Closing Stock given inside the Trial balance is shown only in.....
- a. Balance Sheet
 - b. Trading Account
 - c. Profit & Loss Account
 - d. None of these (A)
17. Which type of expenses is written in Profit & Loss Account?
- a. Direct
 - b. Indirect
 - c. Direct & Indirect
 - d. None of these (B)
18. Which type of expenses are written in Trading Account?
- a. Direct
 - b. Indirect
 - c. Direct & Indirect
 - d. None of these (A)
19. Carriage of Rs. 8,000 paid on purchase of Second hand Machinery is treated as
- a. Revenue Expenditure
 - b. Capital Expenditure
 - c. Deferred Revenue Expenditure
 - d. None of these (B)
20. Manufacturing expenses are treated as.....
- a. Capital Expenditure
 - b. Direct Expenses
 - c. Indirect Expenses
 - d. None of these (B)

21. If Commission received in advance Rs. 3000 given in Trial balance. It will be shown in
- Liabilities
 - Assets
 - Profit & Loss Account (Credit)
 - Trading Account (debit) **(A)**
22. If Rent paid in advance Rs. 7000 given in Trial balance. It will be shown in
- Liabilities
 - Assets
 - Profit & Loss Account (Debit)
 - Trading Account (debit) **(B)**
23. If Salary payable Rs. 9000 given in Trial balance. It will be shown in
- Liabilities
 - Assets
 - Profit & Loss Account (Debit)
 - Trading Account (debit) **(A)**
24. If Accrued Interest Rs. 2000 given in Trial balance. It will be shown in
- Liabilities
 - Assets
 - Profit & Loss Account (Credit)
 - Trading Account (Credit) **(B)**
25. Which is the position statement?
- Trading Account
 - Profit & Loss Account
 - Balance Sheet
 - None of these **(C)**

APPLICATION:-

26. Calculation of Operating profit
- Gross profit –(Office & Administration exp. + Selling & Distribution Exp.)
 - Gross profit – (Office & Administration exp. – Selling & Distribution EXp.)
 - Gross profit – (Factory exp. + Office & Administration exp. + Selling & Distribution Exp)
 - Gross profit –(Office & Administration exp.+ Selling & Distribution Exp+ Direct Exp.) **(A)**
27. Loss of goods by fire should be credited to
- Sales Account
 - Loss Account
 - Profit & Loss Account
 - Purchases Account **(D)**
28. Any expenditure incurred in installation of Machinery
- Deferred Revenue Expenditure

- b. Promotional Exp.
 c. Revenue Exp.
 d. Capital Exp. **(D)**
29. Wages paid for erection of Machinery are debited to
 a. Deferred wages account
 b. Machinery Account
 c. Profit & Loss Account
 d. Wages Account **(B)**
30. Preliminary exp. fall in which category
 a. Revenue Receipt
 b. Deferred Revenue expenditure
 c. Intangible assets
 d. Deferred Capital receipts **(B)**
31. If opening stock is Rs. 30000, closing stock is Rs. 40000, Purchases are Rs. 80000, Direct Expenses Rs. 30000. What will be the value of Cost of Goods sold
 a. 100000 b. 120000 c. 90000 d. 80000 **(A)**
32. If insurance premium paid Rs. 2000 and prepaid insurance is Rs. 300. The amount of insurance premium shown in profit & Loss Account will be...
 a. Rs. 2300 b. Rs. 2000 c. 1700 d. 300 **(C)**
33. The manager is entitled to a commission of 10% on Net Profit after charging such commission. If Net profit is Rs. 110000, then manager's commission will be :
 a. Rs. 11000 b. Rs. 20000 c. 10000 d. None of these **(C)**
34. If the wages paid Rs. 4000 and outstanding wages Rs. 500. The amount of wages shown in Trading account will be:
 a. Rs. 4500 b. Rs. 3500 c. 500 d. None of these **(A)**
35. What is the treatment of Discount on purchase?
 a. Debited to Trading Account
 b. Credited to Profit & Loss Account
 c. Debited to Profit & Loss Account
 d. None of these **(B)**
36. Goods given as samples is debited to
 a. General Expenses
 b. Sales promotion exp.
 c. Staff welfare expenses
 d. None of these **(B)**
37. Bad debts mentioned in Trial balance will be shown in
 a. Trading Account
 b. Assets
 c. Profit & Loss Account
 d. None of these **(C)**

38. Wages and Salaries account is shown in
- Profit & loss Account
 - Assets
 - Trading Account
 - None of these
- (C)**

ANALYSIS & EVALUATION:-

39. If outstanding salary is appearing in the trial balance, it means.....
- Salary of entire period is debited as expenses
 - Salary for some period is to be added to the salary account
 - No liability incurred for payment of salary
 - None of above
- (A)**
40. Rent paid during the year amounted to Rs. 300000, which includes Rs. 20000 relating to the previous year and Rs. 20000 relating to the next year. Rs. 30000 relating to the current year is still outstanding. How much rent will be debited to the profit & Loss account of the current year?
- Rs. 200000
 - Rs. 2,90,000
 - Rs. 2,15,000
 - Rs. 2,80,000
- (B)**
41. The Trial balance of a firm shows Debtor Rs. 30000, Bad debts Rs. 200 and Provision for doubtful debts at Rs. 1400. A 10% provision for doubtful debts is to be created on debtors. The profit and loss account for the current year is to be debited by
- Rs. 3200
 - Rs. 3000
 - Rs. 4600
 - Rs. 1800
- (D)**
42. If Gross profit is Rs. 10000 and the net profit is 25% of Gross profit. The Indirect expenses will be
- 2500
 - 3500
 - Rs. 7500
 - Rs. 9000
- (C)**
43. Calculate Gross profit if rate of gross profit is 10% on sales and cost of goods sold is Rs. 90000.
- 10000
 - 8000
 - Rs. 9000
 - None of these
- (A)**
44. Calculate Gross profit if rate of gross profit is 10% on sales and Sales is Rs. 90000
- 8500
 - 9000
 - Rs. 10000
 - None of these
- (B)**
45. Calculate Gross profit if rate of gross profit is 20% on cost of goods sold and cost of goods sold is Rs. 120000.
- 24000
 - 15000
 - Rs. 10000
 - None of these
- (A)**
46. Calculate Gross profit if rate of gross profit is 20% on cost of goods sold and Sales is Rs. 120000
- 20000
 - 24000
 - Rs. 30000
 - Rs. None of these
- (A)**

47. Heavy amount spent by Airtel on Advertisement for brand positioning in the market will fall under which category
 a. Revenue Expenditure
 b. Capital Expenditure
 c. Deferred Revenue Expenditure
 d. None of these (C)
48. The Trial balance of a firm shows Debtor Rs. 40000, Bad debts Rs. 200 and Provision for doubtful debts at Rs. 1400. A 5% provision for doubtful debts is to be created on debtors. The amount of Debtors to be shown in Assets
 a. Rs. 38000 b. Rs. 36400 c. 41200 d. None of these (A)
49. Trial Balance shows the Value of Machinery is Rs. 20000 purchased on 1st January, 2018. Rate of Depreciation is 10%. What is the amount of machinery to be shown in balance sheet as on 31st March, 2019?
 a. Rs. 19500 b. Rs. 18000 c. 22000 d. None of these (D)
50. Trial Balance shows the Value of Machinery is Rs. 40000 purchased on 1st April 2018. Rate of Depreciation is 10% p.a. What is the amount of Depreciation to be shown in Profit & Loss Account for the year ending 31st March, 2019?
 a. Rs. 4000 b. Rs. 36000 c.3600 d. None of these (A)

MATCH THE FOLLOWING

REMEMBERING:-

1. Match the activity with their respective heads:

Activity	Heading
1. Recording	A. Profit and Loss A/c and Balance sheet
2. Classifying	B. Trial Balance
3. Summarizing	C. Ledger
4. Interpretation	D. Journal

Ans: 1-D, 2-c, 3-B, 4-A

2. Match the below expenses with their respective expense head:

Expense	Expense Type
1. Salaries And wages	A. Direct Expenses
2. Interest on Loan	B. Operating Expenses
3. Wages and salaries	C. Non-operating Expenses

Answers:1-B,2-C,3-A

3. Match the below expenses with their respective expense head:

Expense	Expense Type
1. Non-Cash expenses	A. Payment of salaries
2. Cash expenses	B. Depreciation and amortization

Answers: 1-B, 2-A

4. Match the below items with respective A/c where it transferred:

1. Opening stock is debited to	A. Trading A/c
2. Closing stock is credited to	B. Profit and Loss A/c
3. Discount on purchase is credited	
4. Carriage on purchase debited to	

Answers:1,2,4-A, 3-B

5. Match the following account with their respective accounts:

Items	Account
1. Profit on sale of fixed assets	A. Trading A/c
2. Bad debts recovered	B. Profit and Loss A/c
3. Carriage on sales	
4. Carriage on purchase	

Answers:1, 2 & 3-B; 4-A

6. Match the below items:

Items	Types
1. Final Accounts	A. Ledger
2. Books of final Entry	B. Cash Book
3. Subsidiary and principal Book	C. Purchase book
4. Principal Book	D. Profit and Loss A/c and Balance sheet

Answers: 1-D,2-A,3-B,4-A

7. Match the following:

1. Profit and Loss A/c	A. Position statement
2. Balance sheet	B. Reconciliation statement
3. Bank reconciliation statement	C. Income statement

Answers 1-C, 2-A, 3-B

8. Match the following:

1. Accrued Income	A. Expense
2. Rent	B. Assets
3. Out-standing salary	C. Income
4. Discount received	D. Liability

Answers: 1-B, 2-A, 3-D, 4-C

9. Match the type of entries with purpose:

Entries	Purpose
1. Journal Entry	A. Entry in which cash A/c and Bank A/c are

	used in opposite
2. Adjustment entry	B. For transferring of balance to next year set of books
3. Contra entry	C. For closing the accounts of current year
4. Opening Entry	D. For recording a transaction
5. Closing Entry	E. Entry for adjustment purpose.

Answers: 1-D, 2-E, 3-A, 4-B, 5-C

10. Match the following

Expenditure	Definition
1. Revenue Expenditure	A. Expenditure incurred on purchase of fixed assets or increasing the value of fixed assets
2. Capital Expenditure	B. Expenditure benefit of which derived over the years.
3. Deferred Revenue Expenditure	C. Expenditure benefit of which exhausted within the accounting period

Answers: 1-C, 2-A, 3-B

11. Match the following with their format

1. Trading and profit and loss A/c	A. As on
2. Balance sheet	B. for the year ended.....
3. Trail Balance	C. As at.....

Answers: 1-B, 2-C, 3-A

12. Match the following terms with their methods of diminishing value

1. Depreciation	A. Wasting Assets
2. Amortization	B. Tangible Assets
3. Depletion	C. Intangible Assets

Answers : 1-B,2-C, 3-A

UNDERSTANDING:-

13. Match the following with Revenue Receipts and capital receipts:

Receipts	Heading
1. Contribution towards capital	Revenue Receipts
2. Loan Received by the business	Capital Receipts
3. Sales of goods	
4. Interest received	

Ans: Revenue Receipts – 3&4 Capital Receipts -1&2

14. Match the following:

Account Type	Transferred to
1. Real A/c	A. Closed by transferring to Profit and Loss A/C

2. Personal A/c	B. Balance carried to next year by Transferring to Balance sheet
3. Nominal A/c	

Answers: 1&2-B; 3-A

15. Match the below expenses with their respective expense head:

Expense	Expense Type
1. White wash Expense	A. Deferred Revenue Expenditure
2. Purchase of second hand Machine	B. Revenue Expenditure
3. Advertisement Expenses	C. Capital Expenditure

Answers 1-B, 2-C, 3-A

16. Match the following assets with their respective Assets account

Assets	Categories
1. Debtors	A. Intangible Assets
2. Furniture	B. Current Assets
3. Patent	C. Current Liabilities
4. Short term Loan	D. Tangible Assets

Answers:1-B,2-D,3-A,4-C

17. Match the below items

1. Commission	A. Expense
2. Commission (Cr.)	B. Income
3. Rent	
4. Rent (Cr.)	

Answers: 1&3-A; 2&4-B

18. Match the below expense with business expense and Personal expenses:

1. Insurance premium	
2. Life insurance premium of owner	A. Business Expenses
3. Rent	B. personal expenses
4. Rent of House of proprietor	

Answers: 1&3-A, 2&4-B

19. Match the item from their source of calculate:

Item	calculate from
1. Gross profit	A. Profit and Loss A/c
2. Net Profit	B. Balance sheet
3. Capital	C. Trading Account

Answers: 1-c, 2-A, 3-B

20. Match the following:

1. Trial Balance	a. Both sides may or may not be tallied
2. Profit and Loss A/c	b. Both side should always be tallied

3. Balance sheet	c. For checking Arithmetical accuracy both side should be tallied
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Answers: 1-C, 2-A, 3-B

21. Match the following items with account where it is appeared:

1. Outstanding salary	A. Income side of Profit and loss A/c
2. Salary A/c	B. Liability side of Balance sheet
3. Rent A/c	C. Assets side of Balance sheet
4. Prepaid Rent A/c	D. Expense side of Profit and loss A/c

Answers: 1-B, 2-D,3-D, 4-C

22. Match the items according to:

1. Order of Permanence cash in hand	cash at bank	goodwill
2. Order of Liquidity Goodwill	cash at bank	cash in hand.

Answer: 1-b;2-a

23. Match the following

1. Grouping	A. arrangement of assets and liabilities in a particular order.
2. Marshalling	B. Putting items of a similar nature under a common accounting head

Answers:1-B, 2-A

24. Match the following expenses with their clarification

Expenses	Definition
1. Outstanding expenses	A. part of expenses paid if relates to next accounting year
2. Prepaid expenses	B. Income received before it becomes due.
3. Accrued Income	C. Expenses related to current year but have not been paid.
4. Unearned income	D. income earned but not received.

Answers: 1-C, 2-A, 3-D, 4-B

25. Match the items in their respective category:

1. Bill receivable discounted from bank but not matured	A. Current Assets
2. Bills receivable	B. Contingent Liability

3. Bills Payable	c. Current Liability
4. Guarantee given by the firm	d. Non Current Liabilities

Answers: 1-B, 2-A, 3-C 4-B

APPLICATION:-

26. Match the following transaction with their treatment in accounts:

Transactions	Treatment
1. Machinery purchased for sale purpose	A. added to machinery A/c
2. Machinery purchased for production purpose	B. Added to purchases A/c
3. Installation paid on machinery	C. Debit side of P&L A/c

Answers: 1-B, 2&3-A

27. Match the following:

1. Cost of goods sold	A. Sales 5,00,000 – cost of goods sold 3,00,000
2. Gross Profit 2,00,000	B. Gross profit 8, 00, 000 – Operating Expenses
3. Net Profit	C. Opening stock 2,00,000 + net purchases 50,000 + direct expenses 10,000 – Closing stock 6,000
4. Operating Profit	D. Gross profit 30,000 – Indirect Expenses 10,000

Answers: 1-C, 2-A, 3-D, 4-B

28. Match the following:

1. Closing stock in Trial Balance	A. Trading A/C
2. Closing stock given as an adjustment	B. Balance sheet
3. Purchase in Trial Balance	C. Trading and profit and loss account
4. Salary as an adjustment in Trial Balance	D. Profit and loss A/c and Balance sheet

Answers: 1-B, 2-a&B 3-A, 4-D

29. Match the taxes levied on type of sales:

1. Input IGST	A. on sales within state
2. Output IGST	B. On purchase within State
3. Input CGST	C. on sales outside state
4. Output CGST	D. On Purchase from Outside state.

Answers: 1-D, 2-C, 3-B, 4-A

30. Match the effect of transaction on net profit:

Transaction	Effect on Net profit
1. General donation	A. No effect on net profit
2. Bad debts recovered	B. Decrease in net profit
3. Drawing in cash	C. Increase in net
4. profit	

Answers: 1-B, 2- C, 3-A

31. Match the following account with their Nature of Account

Account	Nature of Account
1. Rent A/C	Personal A/c
2. Outstanding rent A/c	Nominal A/c
3. Furniture	Real A/c

Answers: 1-B, 2-A, 3-C

32. Match the following:

1. Net Profit	A. Excess of debit side of P&L over credit side.
2. Gross profit	B. Excess of credit side of P&L over Debit side.
3. Net Loss	C. Excess of debit side of Trading A/c over credit side.
4. Gross Loss	D. Excess of credit side of Trading A/c over Debit side.

Answer: 1-B, 2-D, 3-B, 4-C

33. Match the following

1. Adjusted purchase	A. Purchases <i>Less</i> purchase returns
2. Net Purchases	B. Opening stock plus purchases less closing stock
3. Cost of goods available for sale	C. Sales less sale returns
4. Net sales	D. openings stock plus purchases

Answers: 1-B, 2-A, 3-D, 4-C

34. Match the following transaction with their treatment:

Transaction	Treatment
1. Life insurance premium	A. Added into capital
2. Income tax	B. Debited to Profit & Loss A/c
3. Fire insurance premium	C. Deducted from capital
4. Interest on capital	

Answers: 1&2-C,3-B,4-A

35. Match the following items on the basis of sides of the balance sheet:

1. Bank Loan	
2. Advance to harish	A. Liability side of the balance sheet
3. Advance from Sunil	B. Assets side of the balance sheet
4. Bank Overdraft	

Answers: 1-A, 2-B, 3-A, 4-A

36. Match the following expenses

Expenses	transferred to
----------	----------------

1. Carriage inward	
2. Freight inward	A. profit and loss A/c
3. Carriage outward	B. Trading A/c
4. Freight outward	

Answers: 1&2-B, 3&4-A

37. Match the following:

1. Provision for bad and doubtful debts tear and wear	A. Fall in the value of fixed assets due to
2. Depreciation of the year	B. stock of goods remaining unsold at the end
3. Bad debts	C. provision against amount due from debtors
4. Closing stock	D. debtors which cannot be recovered.

Answers: 1-C, 2-A, 3-D, 4-B

APPLICATION & EVALUATION:-

38. Purchase 75,000 ; wages 8,000 ; Sales 1,25,000 ; Salaries 25,000 ; rent of Building 13,000 ; Bad Debts 4,500 ; Commission received 5,000.

On the basis of above information match the following:

1. Gross Profit	A. Rs.42500
2. Net Profit	B. Rs.42000

Answers: 1-B, 2-A

39. Net sales Rs.8, 00,000; Gross Profit 20% on Sales

On the basis of above information match the following:

1. Gross profit	A. 6,40,000
2. Cost of goods sold	B.1,60,000

Answers: 1-B,2-A

40. Rahul is a manager of a firm, who received the salary of Rs.5, 000 P.M in addition to a commission of 10% on net profit after charging such commission and salary. Profit for the year is Rs.6, 10,000 before charging such salary and commission. Bases on the above information match the following.

1. Commission	A. 60000
2. Salary	B. 50000

Answers: 1-B, 2-A

41. Opening Stock Rs. 50,000; purchases Rs. 2,00,000; sales Rs. 1,00,000 ; profit @25% on Cost.

Based on the above information match the following:

1. Profit	A. 80,000
2. COGS	B. 1,70,000
3. Closing Stock	C. 20,000

Ans : 1-C, 2-A, 3-B

42. Opening Stock Rs. 30,000; purchases Rs.2,10,000; Sales Rs.60,000; profit 33.33% on cost; goods lost by fire Rs. 10,000, Insurance claim of Rs. 6,000 has been accepted by insurance company.

On the basis of above information match the following:

1. Profit	A. Rs.1, 85,000
2. COGs	B. Rs.15,000
3. Closing Stock	C. Rs.45,000

Answer : 1-B, 2- C, 3-A

43. Match the following equation with their respective Cost of goods sold

1. Opening stock Rs.18,000; Direct expenses Rs. 15,000; Net purchases :Rs.70,000; Closing stock Rs. 8,000	A.4,37,000
2. Opening stock Rs.60,000; Direct expenses Rs. 40,000; Net purchases :Rs.2,00,000; Closing stock Rs. 30,000	B.95,000
3. Opening stock Rs.65,000; Direct expenses Rs.45,000; Net purchases :Rs.3,45,000; Closing stock Rs. 18,000	C.2,70,000

Answers: 1-B,2-C,3-A

44. Match the following with their sales:

1. COGS 60,000; GP 20% on sales	A.2,00,000
2. COGS 1,60,000; GP 25% on COGS	B 75,000
3. COGS 90,000; GP 20% on COGS	C. 1,08,000

Answers: 1-B, 2-A,3-C

45. Match the following:

1. Matching principal	A. provision for doubtful debts is created
2. Conservatism	B. Profit and Loss A/c is made for full year
3. Accounting Period	C. Outstanding expenses are added in respective expense

Answers:1-C,2-A,3-B

46. Match the following items with their treatment in accounts

Transaction	Treatment
1. Goods given as Charity	A. Deducted from purchases
2. Goods given as sample	B. Added to sales A/C
3. Goods given as gift to employees	
4. Goods given as a gift to friend	

Answers 1, 2, 3, 4-A

47. Match the following items with respective Gross Profit

1. Cost of goods sold Rs. 80000, G.P. is 20% on Sales	A. Rs. 15000
2. Sales- Rs. 70000, G.P. is 20% on Sales	B. Rs.20000
3. Cost of Goods sold Rs. 80000, G.P. is 20% on Cost	C. Rs. 14000
4. Sales – Rs. 90,000, G.P. is 20% on cost	D. Rs.16000

Answers: 1-B, 2-C, 3-D, 4-A

CHAPTER : 14
ACCOUNTS FROM INCOMPLETE RECORDS (SINGLE ENTRY SYSTEM)

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. Single entry system is not supported byact	Companies act 2013
2. Single entry system is generally followed by	Individuals
3. Total credit purchases can be ascertained from..... a/c (Part of Current liabilities)	Trade Payables a/c
4. Small business generally usemethod for accounting because it is.	Single entry
5. Single entry system gives..... Profit & loss/ financial position of firm.	Inaccurate/Incorrect
6system does not present actual financial position of business	Single entry
7. Total credit sales can be ascertained froma/c (Part of Current Assets)	Trade receivable
8.principle is followed by single entry system.	Money measurement
9. Single entry system of accounting is comparatively expensive.	Less
10. Trade payable account is ofnature.	Personal
11. Capital 6,00,000 ,Liability is rs.235000 then Assets=.....	835000
12. Credit sales during the year is Rs. 5000 , balance of opening trade receivables was Rs.3000 ,goods of Rs. 500 returned by customer as defective, closing trade receivables will be	7,500
13. Total Purchases during the year is Rsif - cash purchases is 150% of credit purchases, - Payment made to creditors during the year Rs.50,000 Balance of opening creditors a is Rs.50,000 more than closing creditors.	2,50,000
14. Opening and closing balance of Mr. X's capital a/c is Rs.3 lacs and Rs. 5 lacs respectively. Total profit of Rs. 2.5 lacs earned and	50,000

Rs.....was withdrawn during the year.	
15. Rupesh started business with cash rs.10,000,on 1 st july he borrowed rs,5000 from his friend, additional capital introduced by him rs.6000 during the year and he earn profit of rs. 4000 during the year then total assets at the end of the year is.....	25,000
16. Gross profit of Mahesh is rs.35000 and cost of goods sold is rs. 65000, cash is 2/3 of credit sales then credit sales is rs.....	60,000
17. On March 31, 2018 assets and liabilities of Mr. Shyam were 10,00,000 and Rs. 1,50,000 respectively . On March 31, 2019 assets and liabilities are Rs.12,00,000 and Rs.50,000 respectively, Total Drawing during the year 2018-19 were Rs. 40,000 .Profit earned by shyam during the year is	3,40,000

TRUE & FALSE

REMEMBERING :-

1. Dual aspect is completely follow in single entry system. **False**
2. In single entry system a firm has fully control on assets. **False**

UNDERSTANDING:-

3. Prepare financial statement by putting the accounting records I proper order is called conversion method. **True**
4. To compute capital amount in single entry system statement of affair is to be prepared. **True**
5. In single entry system accounting principles are perfectly followed. **False**
6. Total debtor account prepare for ascertaining credit purchase. **False**
7. Accurate profit and loss can be ascertained by single entry system. **False**

APPLICATION:-

8. Credit purchase can be ascertained as the as the balancing figure in total debtor account. **False**
9. Big business houses usually use single entry system. **False**
10. Single entry system is a unsystematic method of recording. **True**
11. Money measurement concept is followed in single entry system. **True**
12. Accrual concept is strictly followed in single entry system. **False**

Analysis & evaluation

13. Xy & co is a firm, following single entry system and company rule 2013 apply on such firm. **False**

14. In x & co. single accounting system is follow, 2 packets out of 500 packets were lost by theft.
But x & co can easily find the lost unit. **False**
15. XY & Co is a big firm and single entry system will be the best option for accounting. **False**
16. Ram keep his book on single entry system & he pays tax on the basis of his books and income
Tax accepted his calculation. **False**
17. Drawing is added in the opening capital while computing closing capital. **False**

Capital closing	6,00,000
Drawings	75,000
Fresh capital	2,10,000
Profit	1,40,000

Capital opening will be 324000.

False

MATCH THE FOLLOWING

REMEMBRING

1. Which Act Doesn't supported Accounting from Incomplete Records is not supported
 - a. Negotiable Instrument Act 1881
 - b. Partnership Act 1932
 - c. Contract Act 1872
 - d. Companies act 2013 **(D)**
2. Generally accounts under single entry system maintained by
 - a. Sole trader
 - b. Company
 - c. Firm
 - d. H.U.F **(A)**
3. Single entry system of book keeping is
 - a. Inaccurate
 - b. Unscientific
 - c. Unsystematic
 - d. All of the above **(D)**

UNDERSTANDING:-

4. Credit purchase can be ascertained as the balancing figure of accounts
 - a. Total creditors account
 - b. Total debtors accounts
 - c. Cash account
 - d. Statement of affair **(A)**
5. What is the reason behind using single entry system

- a. Less expensive
 - b. Suitable for small concern
 - c. Simple method
 - d. All of the above **(D)**
6. What is the feature of single entry system
- a. Lack of uniformity
 - b. Suitability
 - c. Depends on original voucher
 - d. All of the above. **(D)**
7. Credit sale can be ascertained as the balancing figure of accounts
- a. Total creditors account
 - b. Total debtors accounts
 - c. Cash account
 - d. Statement of affair **(B)**
8. Limitation of accounting from incomplete records
- a. Unscientific system
 - b. Difficulty in preparing final account
 - c. Preparation of trial balance is not possible
 - d. All of the above **(D)**
9. When closing capital is less than opening capital then result will be:
- a. Profit
 - b. Loss
 - c. No profit no loss
 - d. Loss if there is no drawings **(D)**
10. When closing capital is more than opening capital then result will be:
- a. Profit
 - b. Loss
 - c. No profit no loss
 - d. Profit if there no additional capital is introduced **(D)**
11. Single entry system is less expensive system as compared to double entry system.
- a. True
 - b. False
 - c. Both a and b are true
 - d. Both a and b are false. **(A)**
12. Which principle is not followed by the single entry system
- a. Dual aspects
 - b. Matching concept
 - c. Revenue recognition
 - d. All of the above **(D)**

APPLICATION:-

13. Accounting equation is
- a. Assets = Liabilities +Capital
 - b. Assets = Liabilities - Capital
 - c. Liabilities = Assets –Capital
 - d. Capital = Assets + Liabilities (A)
14. Capital 6,00,00 Liability is rs.23500 then Assets=.....
- a. Rs.83,500
 - b. Rs. 36,500
 - c. Rs. 60,000
 - d. Rs. 23500 (A)
15. In the single entry which method is used to ascertain profit and loss.
- a. Statement of affairs method
 - b. Conversion method
 - c. A and B both
 - d. None of the above (C)
16. Which accounting principle is certainly followed under single entry system as well as double entry system
- a. Money measurement system
 - b. Dual aspect
 - c. Matching
 - d. None of the above (A)
17. Which one of the following is the correct formula of COGS.
- a. Opening stock+ purchase + direct expenses - closing stock
 - b. Opening stock - purchase+ direct expenses - closing stock
 - c. Opening stock + purchase + direct expenses + closing stock
 - d. All of the above. (A)
18. Which one of the following is the correct formula of ascertaining profit or loss.
- a. Closing capital + Drawing + additional capital – opening capital
 - b. Closing capital + Drawing - additional capital – opening capital
 - c. Closing capital - Drawing + additional capital – opening capital
 - d. Closing capital + Drawing + additional capital + opening capital (B)
19. Ram started business with cash rs.10, 000,on 1st July he borrowed Rs.5000 from his friend additional capital introduced by him Rs.6000 during the year and he earn profit of Rs.4,000 during the year then total assets at the end of the year is
- a. Rs.10,000

- b. Rs.15,000
 c. Rs.20,000
 d. Rs.25000
20. On March 31, 2018 assets and liabilities of Mr. Shyam were Rs.10, 00,000 and Rs.1,50,000 respectively . On March 31, 2019 assets and liabilities are Rs.12,00,000 and Rs.50,000 respectively , Total Drawing during the year 2018-19 were Rs. 40,000 .Profit earned by shyam during the year is
- a. 3,40,000
 b. 3,50,000
 c. 3,00,000
 d. None of the above (A)
21. Opening and closing balance of Mr. X's capital a/c is Rs.6, 00,000 and Rs.10, 00,000 respectively. Total profit of Rs.5,00,000 earned, Drawings during the year were
- a. Rs.50,000
 b. Rs.1,00,000
 c. Rs.4,00,000
 d. Rs.5,00,000 (B)
22. If cash purchases is 150% of credit purchases, Payment made to creditors during the year Rs.50, 000 Balance of opening creditors is Rs.50, 000 more than closing creditors. Total purchase during the year is....
- a. Rs.1, 50,000
 b. Rs.2, 00,000
 c. Rs.2,50,000
 d. Rs.3,00,000 (C)

MATCH THE FOLLOWING

REMEMBERING:-

1.

1. Credit purchase, during the year is ascertained by preparing	a) Total asset A/C
2. Credit sales during the year is ascertained by preparing	b) Total debtors A/C
3. Opening capital is ascertained by preparing	c) Total liabilities A/C d) Total creditors A/C
	e) Opening statement of affairs

Ans- D,B& E

2.

i) In single entry system only such transactions are properly maintained	a) Real A/C
ii) In double entry system the accounts are properly maintained	b) Nominal A/C
	c) Personal A/C
	d) All the above

Ans- C & D

UNDERSTANDING:-

3.

i) Single entry system is generally used by	a) Company
ii) Principle is not followed by single entry system	b) Matching principle
	c) Dual aspect principle
	d) Small traders

Ans- D & C

4.

i) Single entry system does not reflect	a) Proper rules and principles
ii) Single entry system does not follow	b) True financial position
	c) Internal Check System

Ans- B & A

5.

i) In single entry system which accounts are not prepared	a) Real Account
ii) In single entry system the accounts are not accepted by	b) Personal Account
	c) Court of Law

Ans- A & C

APPLICATION:-

6.

i) From single entry system it is not always possible to prepare	a) Balance sheet
ii) From incomplete records we cannot find	b) Trial Balance
	c) Correct P & L
	d) Capital A/C

Ans- B & C

7.

i) Incomplete records follow one GAAP	a) Forecasting
ii) Incomplete records does not suitable for	b) Money measurement
	c) Dual Aspect

Ans- B & A

8.

i) Companies registered under the companies act does not follow	a) Accounting principles
ii) Sole trader are not required to follow	b) Incomplete records
	c) Partnership Rules

Ans- B & A

9. Capital Rs 6,00,000 Creditors Rs 2,00,000 Outstanding Rent Rs 35,000 what will be the Assets if-

i) there is cash balance of Rs 35000	a) Rs 3,65,000
ii) if there is no other information	b) Rs 8,35,000
	c) Rs 8,00,000

Ans C & B

ANALYSIS & EVALUATION:-

10.

i) If the rate of gross profit is 25% of sales and COGS is Rs. 1,00,000	a) 16,667
ii) If the rate of gross profit is 20% of COGS and sales are Rs. 1,00,000	b) 1,20,000
	c) 33,333

Ans- C & A

11.

i) Gross profit of Mahesh is rs.35000 and cost of goods sold is rs.65000, cash is 2/3 of credit sales then credit sales is rs.....	a) 50,000
ii) Vandna shows inability to pay her acceptance of Rs.....and accepted a new bill of rs. 11,165 along with interest @6% (due after 3 months)	b) 60,000
	c) 11,000

Ans- B & C

12.

i) Sales are calculated by adding	a) cash sales and received from debtors
ii) From incomplete records it is possible to prepare	b) cash sales + credit sales
	c) Ledger account
	d) Statement of affairs

Ans- B & D

CHAPTER : 15
COMPUTER IN ACCOUNTING

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

1. A is an electric device, which is capable of performing a variety of operations as directed by a set of instructions. **(Computer)**
2. Printer of computer consists of components. **(Physical)**
3. A set of programmes, which is used to work with hardware is called..... **(Software)**
4. CPU is the of the computer. **(Brain)**
5. A computer system is a combination of elements. **(Six)**
6. Keyboard, mouse, monitor and processor are known as **(Hardware)**
7. Keyboard & mouse are used to entering data into the computer system that why they are device. **(Input)**
8. Live ware of the computer system are also known as..... **(People)**
9. A machine used to withdraw cash from the bank in anywhere outside the bank is known **(ATM)**
10. are user oriented programmes designed and developed for performing certain specified tasks like payroll accounting, inventory accounting etc. **(Application software)**
11. In computer addition, subtraction, division, multiplication are doing with the help of **(ALU)**
12. Controlling and coordinating the activities of all other units of the computer system is the responsibility of **(Control unit)**

TRUE & FALSE

REMEMBERING:-

1. In Computer system, software is a one of the combination of element. **(True)**
2. In Computer system, a set sequence of instructions is called a program and set of programs is called Hardware. **(False)**
3. System analysts are the people who design data processing systems. **(True)**
4. Operators are the people who write programmes to implement the data processing system design. **(False)**

5. Central Processing Unit (CPU) is the main part of computer hardware that actually processes data according to the instructions it receives. **(True)**
6. Operators are the people who participate in operating the computers. **(True)**

APPLICATION: -

7. Transaction processing system (TPS) is a system that provides the information necessary to take decisions and manage an organization effectively. **(False)**
8. Accounting reports must be relevant, timeliness, accuracy, completeness and summarization of information. **(True)**
9. The reports generated by the accounting system are disseminated to the various external users also like the proprietors, investors, creditors, financiers etc. **(True)**
10. Data when processed becomes information. When the related information is summarized to meet a particular need, it is called as a report. **(True)**
11. MIS is a system that provides the information necessary to take decisions and manage an organization effectively. **(True)**
12. Every accounting system is essentially a part of the Accounting Information System (AIS) which, in turn is a part of organization's Management Information System (MIs). **(True)**

MULTIPLE CHOICE QUESTIONS

- 1) An Electronic device which is capable of performing a variety of operations as directed by a set of instructions :
 - a. Computer
 - b. Radio
 - c. Typewriter
 - d. Television **(A)**

- 2) Which one is not capability of computer system
 - a. Speed
 - b. Accuracy
 - c. Reliability
 - d. Hardwork **(D)**

- 3) How many components are there of that of a CPU?
 - a. 1
 - b. 2
 - c. 3
 - d. 4 **(C)**

- 4) Binary includes :
 - a. 1, 2
 - b. 2, 0

- c. 2,1
- d. 1,0

(D)

5) 1 micro second is equal to :

- a. 1/10,00,000 of one second
- b. 1/1,00,000 of one second
- c. 1/10,000 of one second
- d. 1/1,000 of one second

(B)

6) What is the IQ level of computer :

- a. 130
- b. 90
- c. 0
- d. 100

(C)

7) Accounting is the element of :

- a. MIS
- b. AIS
- c. PIS
- d. BIS

(A)

MATCH THE FOLLOWING

1. Match the following (Remembering)

a)	Computer system combination	Elements
b)	Keyboard, mouse	Data
c)	System analyst	Connectivity
d)	Operating system	People
e)	Number, texts etc.	Hardware
f)	Microwave transmission, telephone lines	Software

Ans – 1-d; 2-c; 3-e; 4-b; 5-a

2. Match the following (Understanding)

a)	Characteristics of a computer	Capability type
b)	Amount of time taken to complete a task	Versatility
c)	Degree of exactness of performing actions	Storage
d)	Amount of data stored in a computer	Accuracy
e)	Performing variety of tasks at one time	Speed.

Ans – 1-c; 2-d; 3-b; 4-a

3. Match the following (Application)

a)	MIS characteristics	Type of report
b)	Writing all activities of the organisation in precise form	Demand report
c)	Reports prepared only when the management request for than	Exception report
d)	Report which is prepared to the specification of the management	Summary report
e)	Such report is prepared according to the situation	Customer/supplier report

Ans – 1-c; 2-a; 3-d; 4-b

4. Match the following (analysis)

a)	Name of activity	Name of AIS
b)	Preparation of plans and schedule	Manufacturing information system
c)	Billing to customers	Marketing and sales
d)	Issue of inventory	None of the above

Ans – 1-b; 2-a; 3-c

5. Match the following (Remembering)

a)	Characteristic of software	Software name
b)	In integrated set of specialised programme that are meant to manage the resource of a computer	Utility programme
c)	Set of computer programmes, which are designed to perform certain supporting operations	Operating system
d)	User oriented programmes designed and developed for performing certain specified tasks	Language processor
	The software, which check for language syntax and eventually translate the source programme into machine language	Application software

Ans – 1-b; 2-d; 3-a; 4-c