



## Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

I-B.COM [2017-2020]

SEMESTER-I

CORE: PRINCIPLES OF ACCOUNTING-102A

Multiple Choice Questions.

1. Which one is current assets?

- A. land
- B. building
- C. furniture
- D. bank

ANSWER: D

2. Bank account is

- A. personal
- B. real
- C. nominal
- D. none of these above

ANSWER: A

3. Drawings account is related to:

- A. Nominal Account.
- B. Personal Account.
- C. Real Account.
- D. Company drawings account.

ANSWER: B

4. Goodwill account is related to:

- A. Nominal account.
- B. Personal account.
- C. Real account .
- D. Tangible account.

ANSWER: C

5. According to the going concern concept, a business entity is assumed to have:

- A. a long life.
- B. a very short life.
- C. an indefinite life.
- D. a medium life.

ANSWER: A

6. Contingent liability is shown in the balance sheet because of:

- A. Convention of consistency.
- B. Convention of materiality.
- C. Convention of disclosure.
- D. Convention of adventure.

ANSWER: C

7. According to which of the following concepts even the owner of the business who provides capital treated as a creditor of the business?

- A. Entity concept.
- B. Cost concept.
- C. Money measurement concept.
- D. Convention of disclosure.

ANSWER: A

8. In double entry book-keeping posting means:

- A. to record the transactions from the journal to ledger.
- B. to record the transactions in the journal.
- C. to record the transactions in the subsidiary books.
- D. to record the transactions in the cash book.

ANSWER: A

9. Goods of the value of Rs. 1500 taken by the proprietor for his personal use should be debited to:

- A. drawing account.
- B. sales account.
- C. purchases account.
- D. stock account.

ANSWER: A

10. Goods destroyed by fire should be credited to:

- A. purchases account.
- B. sales account.
- C. loss of goods by fire account.
- D. insurance account.

ANSWER: A

11. Which of the following accounts will invariably have a debit balance?

- A. Bank account.
- B. Accounts Receivable account
- C. Accounts payable account.
- D. Loan account.

ANSWER: B

12. Which of the following accounts is increased by debit entries?

- A. Machinery account.
- B. Purchases return account.
- C. Discount Received account.
- D. Commission received account.

ANSWER: A

13. Returns outward book makes a record of:

- A. goods returned to the suppliers.
- B. goods returned to customers.
- C. goods returned to proprietor.
- D. goods returned to neighbors.

ANSWER: A

14. Cash book prepared on imprest system is:

- A. two column cash book.
- B. cash book.

- C. petty cash book
- D. purchase book.

ANSWER: C

15. The statement sent along with sales return is:

- A. credit note.
- B. bills payable book.
- C. debit note.
- D. purchases return book.

ANSWER: C

16. A bank reconciliation statement is prepared by \_\_\_\_\_.

- A. customer of the bank.
- B. bank
- C. neither of the above two.
- D. reserve bank of India.

ANSWER: A

17. Errors which affect one account can be:

- A. errors of omission.
- B. errors of principle.
- C. errors of posting.
- D. error of commission.

ANSWER: C

18. Errors of carry forward from one year to another year affect:

- A. personal account
- B. real account.
- C. nominal account.
- D. both personal and real account.

ANSWER: A

19. Which of the following errors is an error of omission?

- A. Sale of Rs. 800 was written in the purchase journal
- B. Wages paid to Sohan have been debited to his account
- C. The total of sales journal has not posted to the sales account.
- D. The total of sales journal has posted to the sales account.

ANSWER: C

20. Which of the following errors is an error of principle?

- A. Rs. 1000 received from Ganesh has been debited to his account.
- B. Purchase of Rs. 3000 has been entered in the sales journal.
- C. Repairs to machinery have been debited to machinery account.
- D. Repairs to scooter have been debited to repairs account.

ANSWER: C

21. Error of commission do not allow:

- A. correct totalling of the balance sheet.
- B. correct totaling of the trial balance.
- C. the trail balance to agree.
- D. correct totaling of the day book.

ANSWER: C

22. Assets are held for the purpose of:

- A. earning revenue.
- B. Resale.
- C. conversion into cash.
- D. Stock is valued at:

ANSWER: A

23. Unearned income account is:

- A. asset.
- B. Liability.
- C. Expense.
- D. income received in advance.

ANSWER: B

24. Depreciation is provided on:

- A. fixed assets.
- B. outward charges.
- C. current assets.
- D. intangible assets.

ANSWER: A

25. Accounts payable includes

- A. sundry creditors
- B. bill payable
- C. bank OD
- D. all of the above.

ANSWER: D

26. Provision for bad debts is calculated on:

- A. creditors.
- B. Sales.
- C. Purchases.
- D. Debtors.

ANSWER: D

27. An example of revenue expenditure is:

- A. Purchase of land.
- B. Salaries.
- C. Lease.
- D. Purchase of buildings.

ANSWER: B

28. When a bill is drawn by A on B, it is debited in the books of A to:

- A. Cash account.
- B. Bs account
- C. Bills Receivable account.
- D. Bills Payable account

ANSWER: C

29. When a bill drawn by A and B endorsed to C is dishonoured on the due date, it is credited in the books of A to:

- A. Bank account.
- B. Bills Receivable account.
- C. Bank for collection of bills account.
- D. Cash Account.

ANSWER: B

30. When a bill is drawn by A on B and before the date of maturity, B becomes insolvent then in the books of A it is debited to:

- A. Bills Receivable account.
- B. Bank Account.
- C. Bs account
- D. Bank for collection of bills.

ANSWER: D

31. Bills are drawn by:

- A. Creditors.
- B. Debtors.
- C. Agent.
- D. Brokers.

ANSWER: C

32. Noting charges account is debited by \_\_\_\_\_.

- A. the presenter of bill.
- B. the discounting banker.
- C. the acceptor.
- D. the endorser.

ANSWER: A

33. While discounting the bill, debit should be given to:

- A. bank account.
- B. bill receivable account.
- C. acceptors account.
- D. cash account.

ANSWER: A

34. Cancelling the original bill and drawing a fresh acceptance is known as \_\_\_\_\_.

- A. retiring under rebate.
- B. Discounting.
- C. Renewal.
- D. bill sent to bank for collection .

ANSWER: C

35. At the time of endorsement of a bill, the drawer credits:

- A. the drawee.
- B. endorsees personal account.
- C. bills receivable account.
- D. bills for collection account.

ANSWER: C

36. Average due date can be called as:

- A. mean due date.
- B. median due date.
- C. mode due date.
- D. zero date.

ANSWER: A

37. When goods are sent on consignment the account to be debited is:

- A. Consignees personal account.

- B. Consignment account.
- C. Consignors account.
- D. Goods sent on consignment account.

ANSWER: B

38. When goods consigned are sold by the consignee, the account to be debited is:

- A. Cash account.
- B. Bank account.
- C. Consignment account .
- D. Consignors personal account.

ANSWER: A

39. The relationship between a consignor and consignee is that between \_\_\_\_\_.

- A. a principal and an agent.
- B. a creditor and a debtor.
- C. Consignees account is a :
- D. a seller and a purchaser.

ANSWER: A

40. When Del credere commission is involved, the consignee will in his books, transfer bad debts to \_\_\_\_\_ account.

- A. del credere account.
- B. ordinary account.
- C. special commission.
- D. brokerage .

ANSWER: A

41. When Del Credere commission is involved, loss on account of bad debts from credit sale of consigned goods will generally fall on \_\_\_\_\_.

- A. Consignee.
- B. Consignor.
- C. both consignor and consignee equally.
- D. Endorser.

ANSWER: B

42. Goods sent on consignment account is of the nature of \_\_\_\_\_.

- A. personal account.
- B. nominal account.
- C. real account.
- D. representative account.

ANSWER: B

43. Del Credere commission is allowed to cover

- A. normal loss.
- B. abnormal loss.
- C. loss due to bad debts.
- D. business loss.

ANSWER: C

44. Joint venture relationship resembles closely:

- A. a consignment.
- B. a partnership.
- C. the company
- D. sole trading concern.

ANSWER: B

45. Joint bank account is opened, when the system adopted for joint venture transaction is \_\_\_\_\_.
- A. complete record in existing books.
  - B. partial record in existing books.
  - C. separate set of the books.
  - D. no separate set of the books.

ANSWER: C

46. Joint venture account is in the nature of:
- A. Personal account.
  - B. Nominal account.
  - C. Real account .
  - D. Venture account.

ANSWER: B

47. Memorandum joint venture account is \_\_\_\_\_.
- A. Personal account.
  - B. Real account.
  - C. Nominal account.
  - D. Representative account.

ANSWER: C

48. Which is the accounting concept that requires the practice of crediting closing stock to the trading account?
- A. Going concern.
  - B. Cost.
  - C. Realization.
  - D. Matching.

ANSWER: D

49. Assets in the balance sheet are shown at cost less depreciation rather than their replacement cost because of the accounting convention \_\_\_\_\_.
- A. going concern.
  - B. Matching.
  - C. Realization.
  - D. money measurement.

ANSWER: A

50. According to money measurement concept, which one the following will be recorded in the books of accounts \_\_\_\_\_.
- A. excellent morale of workers.
  - B. quality control in the business.
  - C. managing ability of the manager.
  - D. cost of machinery

ANSWER: D

51. Contingent liability appears as a footnote in the balance sheet. This is in accordance with the accounting principle of \_\_\_\_\_.
- A. Disclosure.
  - B. Materiality.
  - C. Conservatism.
  - D. Consistency.

ANSWER: B

52. The policy of anticipate no profit and provide for all possible losses arises due to convention of \_\_\_\_\_.

- A. Consistency.
- B. Disclosure.
- C. Matching.
- D. Conservatism.

ANSWER: D

53. Revenue is generally recognised being earned at the point of time when:

- A. sale is effected.
- B. cash is received.
- C. production is completed.
- D. goods are delivered.

ANSWER: A

54. Balance sheet is prepared primarily with the following group in view:

- A. Owners.
- B. Creditors.
- C. Government.
- D. Management.

ANSWER: A

55. Which one the following is an example of an intangible asset?

- A. Preliminary expenses.
- B. Discount on issue of debentures.
- C. Investments.
- D. Copyrights.

ANSWER: D

56. Both assets and owners equity would be increased by \_\_\_\_\_.

- A. capital brought in.
- B. purchase of an asset on credit.
- C. payment of creditors.
- D. proprietors drawings.

ANSWER: A

57. The excess of current assets over current liabilities is called \_\_\_\_\_.

- A. Net tangible worth.
- B. Networth.
- C. Gross working capital.
- D. Net working capital.

ANSWER: C

58. The discount column of a triple column cash book records \_\_\_\_\_.

- A. trade discount.
- B. cash discount.
- C. quantity discount.
- D. seasonal discount.

ANSWER: B

59. Journal proper issued to record \_\_\_\_\_.

- A. all purchases of goods.
- B. all sales of goods.



- C. all business expenses paid in cash.
- D. all adjusting and rectification entries.

ANSWER: D

60. When machinery is sold for cash, the entry should be made in \_\_\_\_\_.

- A. sales book .
- B. cash book.
- C. Journal.
- D. petty cash book..

ANSWER: B

61. Which one of the following is an example of personal account?

- A. Capital account.
- B. Building account.
- C. Cash account.
- D. Investment account.

ANSWER: A

62. The appropriate book to record credit purchase of machinery is \_\_\_\_\_.

- A. purchases book.
- B. journal .
- C. cash book.
- D. petty cash book

ANSWER: B

63. Bills Receivable book is a \_\_\_\_\_.

- A. subsidiary
- B. principal book.
- C. ledger.
- D. memorandum book.

ANSWER: A

64. The balance of the petty cash book is \_\_\_\_\_.

- A. an asset.
- B. a liability.
- C. an income .
- D. an expenditure.

ANSWER: A

65. The balance of cash account indicates \_\_\_\_\_.

- A. net income for the period.
- B. net loss for the period.
- C. net cash on hand.
- D. net worth of the business.

ANSWER: C

66. The process of transferring the credit and debit items from a journal to their respective accounts in the ledger is termed as \_\_\_\_\_.

- A. Balancing .
- B. Invoicing.
- C. Double entry.
- D. Posting.

ANSWER: D

67. Which account is generally used for rectification of errors?

- A. Memorandum account.
- B. Suspense account.
- C. Rectification account.
- D. Adjustment account .

ANSWER: B

68. Which one the following errors is an error of principle?

- A. Debiting repairs account instead of furniture account.
- B. Sale of Rs. 200 entered in the books as Rs. 2000.
- C. Cash sale of Rs. 500 wrongly entered in sales book.
- D. Purchase transaction entered in purchases return book.

ANSWER: A

69. Errors of principle arise when

- A. a. proper distinction is not made between capital and revenue.
- B. a. there is an omission of transaction.
- C. a. wrong amounts are entered in the subsidiary books.
- D. a. transactions are entered in the wrong subsidiary books.

ANSWER: A

70. Goods worth Rs. 200 returned by Mohan were taken into stock, but no entry was passed, is an error of:

- A. commission.
- B. Principle.
- C. Omission.
- D. Compensatory.

ANSWER: C

71. The main purpose of preparing a bank reconciliation statement is:

- A. to know the bank balance.
- B. to compare the entries in the cash and pass books.
- C. to correct the cash after comparing with pass books.
- D. to reconcile cash balance as per pass book with the balance in the pass book.

ANSWER: D

72. Bank Reconciliation statement is

- A. ledger account.
- B. part of the cash book.
- C. separate statement.
- D. a sub division of the journal.

ANSWER: C

73. A Cheque received and paid into the bank on the same day is recorded in the \_\_\_\_\_.

- A. a. cash column of the cash book.
- B. a. bank column of the cash book.
- C. a. both the cash and bank columns of the book.
- D. a. the credit balance as per pass book.

ANSWER: B

74. The payment side of the cash book is undercast by Rs. 200. When overdraft as per pass book is the starting point, to get the overdraft as per cash book \_\_\_\_\_.

- A. Rs. 200 will be deducted.
- B. Rs. 200 will be added.

- C. Rs. 400 will be added.
- D. Rs. 400 will be deducted.

ANSWER: A

75. Which one of the following is not taken into account in adjusting the cash balance?

- A. Mistakes in the cash book.
- B. Mistakes in the pass book.
- C. Bank charges debited in pass book.
- D. Interest and dividend credited in pass book.

ANSWER: B

76. amount of Rs. 1000 is debited twice in the pass book. When overdraft as per the cash book is the starting point \_\_\_\_\_.

- A. An Rs. 1000 will be deducted.
- B. Rs. 1000 will be added.
- C. Rs. 2000 will be deducted.
- D. Rs. 2000 will be added.

ANSWER: B

77. Amount spent on advertisement campaign, the benefit of which is likely to last for three years, is \_\_\_\_\_.

- A. capital expenditure.
- B. deferred revenue expenditure.
- C. revenue expenditure.
- D. deferred capital expenditure

ANSWER: B

78. Any expenditure incurred in order to reduce the operating expenses is \_\_\_\_\_.

- A. capital expenditure.
- B. revenue expenditure.
- C. deferred revenue expenditure.
- D. promotional expenditure.

ANSWER: A

79. Wages paid for erection of machinery are debited to \_\_\_\_\_.

- A. Wages account.
- B. Machinery account.
- C. Profit and loss account.
- D. Deferred wages account.

ANSWER: B

80. Amount paid for acquiring goodwill is \_\_\_\_\_.

- A. revenue expenditure.
- B. deferred revenue expenditure.
- C. capital expenditure.
- D. deferred capital expenditure.

ANSWER: D

81. When A advances money to B in the course of joint venture then A debits such money to \_\_\_\_\_.

- A. Joint bank account.
- B. Joint venture account.
- C. Bs personal account.
- D. Expenses account

ANSWER: B

82. If payment is made on the average due date it results in:

- A. loss of interest to the creditor.
- B. loss of interest to the debtor.
- C. no loss of interest to either of them.
- D. loss of interest to both the creditor and debtor.

ANSWER: C

83. Overcasting of purchases journal would affect \_\_\_\_\_.

- A. Sales account.
- B. Purchase account.
- C. Suppliers account.
- D. Sales returns account.

ANSWER: B

84. Sales to Don Bosco Rs.50,500 posted to his account as Rs. 55000 would affect \_\_\_\_\_.

- A. Sales account.
- B. Don Bosco account.
- C. Cash account.
- D. Purchases account

ANSWER: B

85. Sales to Mr. Gill recorded in purchase journal would affect \_\_\_\_\_.

- A. Sales account.
- B. Purchases account and sales account.
- C. Journal proper.
- D. Sales account, purchases account and Mr. Gills account.

ANSWER: B

86. Purchases made on credit not recorded at all would affect \_\_\_\_\_.

- A. Purchases account.
- B. Suppliers account.
- C. Purchases account and suppliers account.
- D. Wages account.

ANSWER: C

87. Purchase journal is kept to record \_\_\_\_\_.

- A. cash sales.
- B. credit sales of assets.
- C. credit sales of goods.
- D. credit purchases

ANSWER: C

88. A credit sale of goods to Shiva should be debited to \_\_\_\_\_.

- A. Sales account.
- B. Goods account.
- C. Shiva account
- D. Purchase account.

ANSWER: C

89. A sale of goods to Ram for cash should be credited to \_\_\_\_\_.

- A. Ram account.
- B. Cash account.

- C. Sale of goods account
- D. Purchases account.

ANSWER: A

90. The preparation of a Trial balance helps in \_\_\_\_\_.

- A. locating errors in principle.
- B. locating errors of omission.
- C. locating clerical errors.
- D. locating compensatory errors.

ANSWER: C

91. A Cheque received and deposited in the bank on the same day is recorded in the \_\_\_\_\_.

- A. cash column of the cash book.
- B. bank column of the cash book.
- C. credited in the cash book.
- D. debited in the cash book

ANSWER: B

92. Insurance unexpired account is a \_\_\_\_\_.

- A. Real account.
- B. Personal account.
- C. Nominal account.
- D. Representative account.

ANSWER: B

93. Petty cash may be used to pay \_\_\_\_\_.

- A. the expenses relating to postage and conveyance.
- B. salaries and wages to the final staff.
- C. for the purchase of furniture and fittings.
- D. other recurring expenses

ANSWER: A

94. Which item is shown on the debit side of a trial balance?

- A. Rent outstanding.
- B. Prepaid expenses.
- C. Purchases returns.
- D. Excess of income over expenses by the firm.

ANSWER: B

95. Purchases for office furniture on account is recorded in \_\_\_\_\_.

- A. general journal.
- B. cash book.
- C. purchases book.
- D. sales book.

ANSWER: B

96. Any donation received for a specific purpose is a \_\_\_\_\_.

- A. Liability.
- B. Assets.
- C. revenue receipts
- D. capital receipts.

ANSWER: D

97. Expenditure incurred by a publisher for acquiring copyrights is a \_\_\_\_\_.

- A. capital expenditure.
- B. reserve expenditure.
- C. deferred reserve expenditure
- D. capital receipts.

ANSWER: A

98. Which one of the following is capital expenditure?

- A. Cost of advertisement.
- B. Purchase of a delivery van.
- C. Purchase of raw material.
- D. Purchase of machine oil.

ANSWER: B

99. Expenditure incurred on research is an example of \_\_\_\_\_.

- A. capital expenditure.
- B. revenue expenditure.
- C. deferred revenue expenditure.
- D. partly capital expenditure

ANSWER: C

100. Which English alphabet is similar to the shape of an account?

- A. I.
- B. T.
- C. H.
- D. Y.

ANSWER: B

101. How many sides does an account have?

- A. One .
- B. Two.
- C. Three.
- D. Four.

ANSWER: B

102. The \_\_\_\_\_ in a ledger helps in locating the accounts contained in it.

- A. Folio.
- B. Pages.
- C. serial numbers
- D. part numbers

ANSWER: A

103. Ledger is also called \_\_\_\_\_.

- A. principal book of accounts.
- B. cash books
- C. subsidiary books.
- D. petty cash book

ANSWER: A

104. The assets of a business can be classified as \_\_\_\_\_.

- A. only fixed assets.
- B. only current assets.
- C. fixed and current assets.
- D. fictitious assets.

ANSWER: C

105. If the rate of gross profit is 25% on cost by goods sold and the sales are Rs. 200000, the amount of profit will be \_\_\_\_\_.

- A. Rs. 50000.
- B. Rs. 40000.
- C. Rs. 45000.
- D. Rs. 65000.

ANSWER: B

106. A gross profit is transferred to the \_\_\_\_\_ side of the profit and loss account.

- A. Debit.
- B. Credit.
- C. Current.
- D. Asset.

ANSWER: B

107. Rs. 500 spent on servicing office typewriter should be debited to \_\_\_\_\_.

- A. Miscellaneous expenses account.
- B. Typewriter account.
- C. Repairs account.
- D. Services account.

ANSWER: C

108. Wages paid to workers must be debited to \_\_\_\_\_ account

- A. Wages .
- B. Machinery.
- C. Factory expenses.
- D. Offices expenses.

ANSWER: A

109. Interest on capital is credited to \_\_\_\_\_ account.

- A. Expenses account.
- B. Income account.
- C. Capital account.
- D. Asset account.

ANSWER: C

110. The main purpose of this \_\_\_\_\_ accounting is to ascertain profit or loss during a specific period, to show financial position of the business.

- A. financial accounting .
- B. cost accounting.
- C. management account.
- D. human resource accounting.

ANSWER: A

111. Any written document in support of a business transaction is called a \_\_\_\_\_.

- A. Voucher.
- B. Bill.
- C. Carbon copy.
- D. Expense bill.

ANSWER: A

112. \_\_\_\_\_ is given to promote sales.

- A. Cash discount.

- B. Trade discount.
- C. Quantity discount.
- D. Price discount.

ANSWER: B

113. The process of recording financial transactions in the journal is called \_\_\_\_\_

- A. Journalizing.
- B. Utilizing.
- C. Posting.
- D. Balancing.

ANSWER: A

114. Bills Receivable book is to keep record of \_\_\_\_\_.

- A. a. bills received from customers.
- B. a. bills received from supplier.
- C. a. credit purchases.
- D. a. credit sales.

ANSWER: A

115. Bills payable book is to keep a record of \_\_\_\_\_.

- A. bills payable to creditors.
- B. bills received from supplier.
- C. credit purchases.
- D. credit sales.

ANSWER: A

116. Accounting principles are generally based on:

- A. practicability.
- B. Subjectivity.
- C. convenience in recording.
- D. Applicability.

ANSWER: A

117. The system of recording transactions based on dual aspect concept is called:

- A. double account system.
- B. double entry system.
- C. single entry system.
- D. single account system.

ANSWER: B

118. The amount brought in by the proprietor in the business should be credited to:

- A. cash account.
- B. capital account.
- C. drawing account.
- D. bank account.

ANSWER: B

119. Purchase of Land and Building is recorded in:

- A. sales book.
- B. journal proper.
- C. purchases book.
- D. sales returns book.

ANSWER: B



120. Credit sales are recorded in:

- A. sales book.
- B. cash book.
- C. journal proper.
- D. purchases book.

ANSWER: A

121. The cash book records:

- A. all cash payments.
- B. all cash receipts.
- C. all cash receipts and payments.
- D. only credit payments.

ANSWER: C

122. If a cheque sent for collection is dishonoured, the debit is given to:

- A. suppliers account.
- B. bank account.
- C. customers account.
- D. cash account.

ANSWER: C

123. In triple column cash book, cash withdrawn from bank for office use will appear in:

- A. debit side of the cash book only.
- B. both sides of the cash book.
- C. credit side of the cash book only.
- D. credit side of the bank account

ANSWER: B

124. Bank reconciliation statement is prepared by the:

- A. bank.
- B. creditors of a business.
- C. customer of a bank.
- D. Suppliers.

ANSWER: C

125. Credit balance in cash book means:

- A. overdraft as per pass book.
- B. overdraft as per cash book.
- C. credit balance as per pass book.
- D. debit balance as per pass book.

ANSWER: D

126. A bank pass book is a copy of :

- A. the cash column of a customers cash book.
- B. the bank column of a customers cash book.
- C. the customers account in the banks ledger.
- D. the customer account in the suppliers ledger.

ANSWER: C

127. Errors which affect one side of an account are called:

- A. single sided errors.
- B. double sided errors.
- C. triple sided errors.
- D. a. compensation errors.

ANSWER: A

128. Sales to Ram Rs. 336 posted to his account as Rs. 363 would effect:

- A. sales account.
- B. rams account.
- C. cash account.
- D. bank account.

ANSWER: B

129. State which of the following errors will not be revealed by the trial balance:

- A. errors of complete omission.
- B. errors of carrying forward.
- C. wrong totaling of the purchases book.
- D. error of partial omission.

ANSWER: A

130. Which one of the following is an example of Real account?

- A. . Capital account.
- B. Building account.
- C. Sundry creditors.
- D. Outstanding account.

ANSWER: B

131. The appropriate book to record credit purchase of machinery is \_\_\_\_\_.

- A. purchases book.
- B. journal .
- C. cash book.
- D. petty cash book

ANSWER: A

132. Bills payable book is a \_\_\_\_\_.

- A. subsidiary book.
- B. principal book.
- C. ledger.
- D. memorandum book.

ANSWER: B

133. The balance of the petty cash book is \_\_\_\_\_.

- A. an asset.
- B. a liability.
- C. an income .
- D. an expenditure.

ANSWER: A

134. The balance of cash account indicates \_\_\_\_\_.

- A. . net income for the period.
- B. net loss for the period.
- C. net cash on hand.
- D. net worth of the business.

ANSWER: C

135. Which account is generally used for rectification of errors?

- A. Memorandum account.
- B. Suspense account.

- C. Rectification account.
- D. Adjustment account .

ANSWER: B

136. Preliminary expenses are an example of :

- A. deferred Revenue Expenditure.
- B. revenue Expenditure.
- C. capital Expenditure.
- D. common expenditure.

ANSWER: B

137. Outstanding salaries are shown as:

- A. an expense.
- B. a liability.
- C. an asset.
- D. an income.

ANSWER: B

138. A bill of exchange payable after a certain period is known as \_\_\_\_\_ bill.

- A. Time.
- B. accommodation .
- C. revenue.
- D. Dishonored.

ANSWER: A

139. A bill drawn and accepted for a genuine trade transaction is termed as a \_\_\_\_\_ bill.

- A. Trade.
- B. Time.
- C. Inland.
- D. Personal.

ANSWER: A

140. A bill which is not an inland bill is a \_\_\_\_\_ bill.

- A. Outward.
- B. inward.
- C. Foreign.
- D. New.

ANSWER: C

141. A person who draws a bill of exchange is known as the:

- A. Drawee.
- B. Drawer.
- C. Payer.
- D. Payee.

ANSWER: B

142. Noting charges are paid in the event of \_\_\_\_\_ of a bill.

- A. Withdrawal.
- B. Payment.
- C. Dishonour.
- D. Deposit.

ANSWER: C

143. In case of accommodation bills, if one party becomes insolvent then that party credits

- A. the short remittance to:
- B. deficiency account.
- C. cash account.
- D. loan account.

ANSWER: B

144. At the time of the renewal of a bill, interest account is \_\_\_\_\_ in the books of the drawee.

- A. Credited.
- B. Totaled.
- C. Debited.
- D. Posted.

ANSWER: C

145. \_\_\_\_\_ days of grace are allowed in case of time bills for calculation date of maturity.

- A. Five.
- B. Seven.
- C. Three.
- D. Two.

ANSWER: C

146. Consignment account is of the nature of a:

- A. real account.
- B. nominal account.
- C. personal account.
- D. trading account.

ANSWER: D

147. Del Credere commission is allowed to the consignee to bear:

- A. normal loss.
- B. abnormal loss.
- C. loss on account of bad debts.
- D. profit on account of sender.

ANSWER: C

148. The abnormal loss on consignment is credited to:

- A. consignees account
- B. consignors account.
- C. consignment account.
- D. personal account

ANSWER: C

149. When goods are purchased for the joint venture, the amount is debited to:

- A. purchases account.
- B. joint venture account.
- C. venturers account.
- D. goods account.

ANSWER: B

150. Joint venture account is :

- A. a nominal account.
- B. a personal account.
- C. a real account.
- D. a trading account.

ANSWER: A

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