



Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC) Re-accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified CRISL rated 'A' (TN) for MBA and MIB Programmes

I BCOM (CA) [2017-2020]

SEMESTER I

CORE: PRINCIPLES OF ACCOUNTING-103A

Multiple Choice Questions.

1. Debit Means:

- A. Decrease in asset.
- B. Increase in liability.
- C. An entry on the left hand side of an account.
- D. Moderate increase in liability.

ANSWER: C

2. Drawings account is related to:

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

ANSWER: B

3. Which of the following is related to nominal account?

- A. Bank account.
- B. Commission account.
- C. Furniture account.
- D. Interest received account

ANSWER: B

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

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

ANSWER: A

5. Revenue is considered as being earned when:

- A. cash is received.
- B. production is done.
- C. sale is effected.
- D. purchase is done.

ANSWER: C

6. In 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

7. The basic rule of book keeping, debit the receiver and credit the giver is applicable to:
- A. nominal account.
 - B. real account.
 - C. personal account.
 - D. drawing account.

ANSWER: C

8. The credit balance of bank account indicates:
- A. amount payable by the bank.
 - B. amount payable to the bank
 - C. cash at bank.
 - D. loan from bank.

ANSWER: B

9. 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

10. Which of the following accounts will invariably have a credit balance?
- A. Discount account.
 - B. Account payable account.
 - C. Cash account.
 - D. Purchases account.

ANSWER: B

11. Which of the following accounts have only credit balance?
- A. Accounts payable account.
 - B. Salaries outstanding account.
 - C. Reserve fund account.
 - D. All of the above accounts.

ANSWER: D

12. Which of the following accounts may have a debit or credit balance?
- A. Discount Received account.
 - B. Sales account.
 - C. Trade expenses account.
 - D. Loan account.

ANSWER: D

13. Which of the following books should be used to record purchase of furniture on credit?
- A. Cash book.
 - B. Journal proper.
 - C. Purchases book.
 - D. Sales book.

ANSWER: B

14. 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

15. The credit balance in the bank account is :

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

ANSWER: B

16. 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

17. Cash book prepared on imprest system is:

- A. Two column cash book.
- B. cash book.
- C. petty cash book.
- D. purchase book.

ANSWER: C

18. The statement sent along with purchase return is:

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

ANSWER: A

19. 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

20. 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

21. 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

22. Assets are held for the purpose of:

- A. earning revenue.

- B. Resale.
- C. conversion into cash.
- D. personal purpose.

ANSWER: A

23. Stock is valued at:

- A. cost price.
- B. market price.
- C. cost of market price whichever is lower.
- D. odd price.

ANSWER: C

24. Unearned income account is:

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

ANSWER: B

25. Depreciation is provided on:

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

ANSWER: A

26. Provision for bad debts is calculated on:

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

ANSWER: D

27. Noting charges account is debited by _____.

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

ANSWER: A

28. 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

29. When a bill is discharged, the acceptor debits

- A. Creditors account.
- B. Cash account.
- C. Bills payable account.
- D. Bills receivable account.

ANSWER: C

30. Base date is otherwise called as _____.

- A. zero date.
- B. leave date.
- C. working days.
- D. grace days.

ANSWER: A

31. Average due date can be called as:

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

ANSWER: A

32. 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

33. 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

34. The relationship between a consignor and consignee is that between _____.

- A. a principal and an agent.
- B. a creditor and a debtor.
- C. a seller and a purchaser.
- D. partner and co-partner.

ANSWER: A

35. Consignees account is a :

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

ANSWER: B

36. Goods sent on consignment account is of the nature of _____.

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

ANSWER: B

37. 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

38. Joint venture account is in the nature of:

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

ANSWER: B

39. Memorandum joint venture account is _____.

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

ANSWER: C

40. 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

41. Contingent liability appears as a footnote in the balance sheet. This is in accordance with the accounting principle of _____.

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

ANSWER: B

42. 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

43. 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

44. Which one of the following arrangements represents the order of liquidity?

- A. Cash, Bills Receivable, Stock, Debtors.
- B. Cash, Bills Receivable, Debtors, cash, Stock.
- C. Cash, Bills Receivable, Debtors, Stock.
- D. Cash, Debtors, Bills Receivable, Stock.

ANSWER: B

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

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

ANSWER: A

46. 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

47. 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

48. The networth of a limited company equal to _____.

- A. Current assets current liabilities.
- B. Fixed assets long term liabilities.
- C. Fixed assets current liabilities.
- D. The total of shareholders / proprietors funds.

ANSWER: D

49. If a companys tangible networth is a positive amount, it indicates:

- A. the probability of the company.
- B. the liquidity of the company.
- C. the solvency of the company.
- D. both (a) and (b).

ANSWER: C

50. 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

51. The discount column of a triple column cash book records _____.

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

ANSWER: B

52. 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

53. Which one the following entry is not recorded in the residuary journal?

- A. Opening entry.
- B. Closing entry.
- C. Adjustment entry.
- D. Credit sales.

ANSWER: D

54. When furniture is sold for cash, the entry should be made in _____.

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

ANSWER: B

55. The appropriate book to record credit purchase of machinery is _____.

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

ANSWER: B

56. Bills payable book is a _____.

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

ANSWER: A

57. The balance of the petty cash book is _____.

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

ANSWER: A

58. 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

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

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

ANSWER: B

60. Which one the following error will affect the agreement of the trial balance?

- A. A sale of Rs. 20 to Ram entered in the sales book as Rs. 200.
- B. Purchase of Rs. 500 credited to Ram instead of Shyam.

C. Sale returns of Rs. 1000 correctly entered in the sales returns book but posted to the debit of Sundar.

D. Cash sale of furniture credited to sales account.

ANSWER: C

61. Errors of principle arise when

A. proper distinction is not made between capital and revenue.

B. there is an omission of transaction.

C. wrong amounts are entered in the subsidiary books.

D. transactions are entered in the wrong subsidiary books.

ANSWER: A

62. 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

63. Bank Reconciliation statement is

A. ledger account.

B. part of the cash book.

C. a separate statement.

D. a sub division of the journal.

ANSWER: C

64. A Cheque received and paid into 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. both the cash and bank columns of the book.

D. the credit balance as per pass book.

ANSWER: B

65. 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

66. Revenue expenditure is intended to benefit _____.

A. current period.

B. future period.

C. past period.

D. both (a) and (b).

ANSWER: A

67. The distinction between capital and revenue is necessary for the preparation of _____.

A. fund flow statement.

B. receipts and payment account

C. final accounts.

D. cash flow statement.

ANSWER: B

68. 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

69. 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

70. Premium received on issue of shares is a _____.

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

ANSWER: A

71. Amount paid for acquiring goodwill is _____.

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

ANSWER: C

72. Where separate set of books are maintained, the ledger accounts required are:

- A. Memorandum joint venture and joint venture account with the other party.
- B. Joint venture account and the personal account of the other party.
- C. Joint bank account, co-venturer capital accounts and joint bank account.
- D. Joint bank account and joint venture account with the other party.

ANSWER: C

73. 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

74. The account current method in which the days are calculated from the date of transaction to the commencement date is known as _____.

- A. Forward method.
- B. Epoch method.
- C. Daily balance method
- D. Backward method

ANSWER: B

75. The method of account current usually employed by the banker is known as _____.

- A. Daily balance method.
- B. Red ink interest.

- C. Current account.
- D. Product method.

ANSWER: A

76. 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

77. Sales to Mr. Gill recorded in purchase journal would affect _____.

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

ANSWER: B

78. 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

79. Purchase journal is kept to record _____.

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

ANSWER: C

80. 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

81. A sale of goods to vidhya for cash should be debited to _____.

- A. Vidhya account.
- B. Cash account.
- C. Sale of goods account
- D. Purchases account.

ANSWER: B

82. 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

83. 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

84. 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

85. Purchases for office furniture on account is recorded in _____.

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

ANSWER: A

86. What does GAAP represents?

- A. Generally Accepted Audit Procedure.
- B. Generally Accepted Accounting Principles.
- C. General Agreement on Audit Principles.
- D. General Agreement on Accounting Principles.

ANSWER: B

87. 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

88. Which one of the following should be considered revenue expenditure?

- A. Rs. 1000 paid for the execution of a new plant.
- B. Loss of Rs. 10000 incurred in increasing the sitting accommodation of hotel.
- C. Damage paid on account of breach of a contract to supply certain goods.
- D. Repairs to machinery purchased

ANSWER: C

89. 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

90. Expenditure incurred on research is an example of _____.

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

ANSWER: C

91. Payment of compensation to a worker who has been discharged from service is a _____.
A. capital expenditure.
B. revenue expenditure.
C. deferred revenue expenditure.
D. partly capital expenditure.

ANSWER: B

92. Which English alphabet is similar to the shape of an account?
A. I.
B. T.
C. H.
D. Y.

ANSWER: B

93. How many sides does an account have?
A. One .
B. Two.
C. Three.
D. Four.

ANSWER: B

94. The _____ in a ledger helps in locating the accounts contained in it.
A. Folio.
B. Pages.
C. serial numbers
D. part numbers

ANSWER: A

95. Ledger is also called _____.
A. principal book of accounts.
B. cash books
C. subsidiary books.
D. petty cash book

ANSWER: A

96. Purchase of Typewriter would result in _____ of fund.
A. Change.
B. application.
C. Service.
D. no flow.

ANSWER: C

97. The balance sheet is a _____ of the assets, liabilities and capital of a concern as on particular date.
A. Statement.
B. Document.
C. Picture.
D. balance.

ANSWER: A

98. A gross profit is transferred to the _____ side of the profit and loss account.
A. Debit.
B. Credit.

- C. Current.
- D. Asset.

ANSWER: B

99. 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

100. Wages paid to workers must be debited to _____ account

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

ANSWER: A

101. Interest on capital is credited to _____ account.

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

ANSWER: C

102. Depreciation deducted from the concerned _____.

- A. Liability.
- B. Asset.
- C. Expenses.
- D. Incomes.

ANSWER: B

103. Receipts and payments account is a _____.

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

ANSWER: B

104. Receipts and payment account record receipt and payments of _____.

- A. revenue nature only.
- B. capital nature only.
- C. both revenue and capital nature.
- D. capital receipts.

ANSWER: C

105. The receipts and payments account begins with _____.

- A. debit balance.
- B. credit balance.
- C. no balance.
- D. normal balance.

ANSWER: A

106. Subscription received in advance by a club is shown on the _____ side of the balance sheet.

- A. Liabilities.
- B. Assets.
- C. credit .
- D. debit.

ANSWER: A

107. Excess of income over expenditure is shown on the _____ side of income and expenditure account.

- A. Credit.
- B. Debit.
- C. Upper.
- D. Lower.

ANSWER: B

108. Income and expenditure account is prepared by _____ concerns.

- A. non-trading.
- B. trading .
- C. partnership .
- D. sole proprietor.

ANSWER: A

109. In a receipts and payments account the payments are recorded on the ____ side.

- A. credit .
- B. debit.
- C. Upper.
- D. Lower.

ANSWER: A

110. The closing debit balance in the receipts and payments account indicates the _____ balance at the end of the year.

- A. Opening.
- B. Closing.
- C. Trading.
- D. Cash.

ANSWER: D

111. The income and expenditure account is prepared on the basis of _____ system of accounting.

- A. Basic.
- B. Main.
- C. Cash.
- D. Mercantile.

ANSWER: A

112. A debit balance in the income and expenditure account denotes excess of ____ over _____.

- A. income, expenditure.
- B. assets, liabilities.
- C. liabilities, assets.
- D. expenditure, incomes

ANSWER: D

113. Income and expenditure matches all _____ receipts against _____ payments pertaining to the relevant accounting years.

- A. revenue, revenue.
- B. cash, cash.

- C. cash, credits.
- D. credit, cash.

ANSWER: A

114. Any amount received towards endowment fund is a _____ receipt.

- A. Ordinary.
- B. Special.
- C. Revenue.
- D. Capital.

ANSWER: D

115. Interest received on special fund investments will be added to _____ fund in the balance sheet.

- A. investment fund.
- B. bank fund.
- C. General.
- D. special

ANSWER: D

116. Any revenue expenditure relating to special fund must be deducted from _____.

- A. last fund.
- B. special fund.
- C. annual fund.
- D. entrance fee.

ANSWER: B

117. Any revenue expense for when a separate fund is available will be _____.

- A. debited to the separate fund.
- B. debited to income and expenditure account.
- C. capital issued and shown in the balance sheet.
- D. credited to the separate fund.

ANSWER: A

118. Sales of old material must be shown on the credit side of _____.

- A. cash book.
- B. income and expenditure account.
- C. balance sheet .
- D. trading account.

ANSWER: B

119. The information for the preparation of receipt and payments account is taken from_____.

- A. cash book.
- B. income and expenditure.
- C. cash book and balance sheet.
- D. revenue account.

ANSWER: A

120. Which of the following items should not be entered in receipts and payments account of a club?

- A. Sale of old newspaper.
- B. Loss on sale of old furniture.
- C. Subscriptions received in advance.
- D. Expenses for previous year.

ANSWER: B

121. Donations received by a non-profit organisation are usually a _____.

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

ANSWER: A

122. Specific donations received by a non-trading concern are usually _____.

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

ANSWER: B

123. Receipts and payment account shows _____.

- A. income and expenditure.
- B. cash receipts and payments.
- C. assets and liabilities.
- D. profit on sale.

ANSWER: B

124. Income and expenditure account reveals _____.

- A. cash in hand.
- B. surplus or deficiency.
- C. capital account.
- D. revenue account.

ANSWER: B

125. Subscription received in advance is _____.

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

ANSWER: C

126. 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

127. The main aim of _____ accounting is to ascertain cost relating to the various activities of the business and to have cost control.

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

ANSWER: B

128. _____ supplies the management significant information in order to assist the management to discharge its various functions such as planning, control and decision making

- A. Financial accounting .
- B. Cost accounting.

- C. Management account.
- D. Human resource accounting.

ANSWER: C

129. Any written document in support of a business transaction is called a _____.

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

ANSWER: A

130. If some goods from business are given away as charity to a particular person or institution, it should be _____.

- A. debited to charity account.
- B. credited to charity account.
- C. debit sales account.
- D. debit to donation account.

ANSWER: A

131. _____ is allowed to encourage early cash payment.

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

ANSWER: A

132. The process of recording financial transactions in the journal is called _____

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

ANSWER: A

133. Bills Receivable book is to keep record of _____.

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

ANSWER: A

134. 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

135. Book-keeping is mainly concerned with:

- A. recording of financial data relating to business operations.
- B. designing the system in recording, classifying, summarizing the recorded data.
- C. interpreting the data for internal and external end users.
- D. only for internal purposes.

ANSWER: A

136. 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

137. 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

138. Ledger is a book of :

- A. original entry.
- B. final entry.
- C. all cash entry.
- D. all credit entry.

ANSWER: B

139. Purchase of machinery is recorded in:

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

ANSWER: B

140. 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

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

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

ANSWER: A

142. A Purchases returns of Rs.200 to Mr. P if entered in the sales book would affect:

- A. Ps account.
- B. purchases returns account.
- C. sales account.
- D. purchases returns account and sales account.

ANSWER: D

143. 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

144. 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

145. Trading account is prepared to find out:

- A. gross profit or loss.
- B. net profit or loss .
- C. financial position.
- D. position of the partners.

ANSWER: A

146. Outstanding salaries are shown as:

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

ANSWER: B

147. 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

148. A person named in the negotiable instrument to whom or to whose order the money in the instrument is directed to be paid is called as the:

- A. Payer.
- B. Payee.
- C. consignor .
- D. consignee.

ANSWER: B

149. Noting charges are paid in the event of ____ of a bill.

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

ANSWER: C

150. A person who sending goods to another person is called_____.

- A. Consioner
- B. Consinee
- C. Seller
- D. Buyer

ANSWER: A

Staff Name

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