



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 B.COM[AM] [2017-2020]

SEMESTER I

Core: PRINCIPLES OF ACCOUNTING-113A

Multiple Choice Questions.

1. what is book keeping

- A. processing
- B. Recording
- C. Analysing
- D. Interpreting

ANSWER: B

2. Bank account is

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

ANSWER: A

3. Accounting rules contain

- A. 3
- B. 4
- C. 5
- D. 2

ANSWER: A

4. Journalise this transaction, purchase return from Ram

- A. purchase return To Ram
- B. Ram To purchase return
- C. purchase To Ram
- D. both (A)and(B)

ANSWER: B

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. Accounting does not record non-financial transactions because of

- A. Accrual concept.:

- B. Entity concept.
- C. Measurement concept.
- D. Double entry concept.

ANSWER: C

7. 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

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

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

ANSWER: A

9. The debit balance of bank column cash book indicates:

- A. amount payable by the bank.
- B. amount payable to the bank.
- C. cash at bank.
- D. loan from bank.

ANSWER: B

10. 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

11. 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

12. The credit balance in the bank column of a cash book is :

- A. liability.
- B. an asset
- C. overdraft
- D. contingent liability.

ANSWER: B

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 purchase return is:

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

ANSWER: A

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. While preparing bank reconciliation statement, cheques paid into bank but not yet cleared are _____.

- A. added to the balance as per cash book to arrive at the balance as per pass book.
- B. deducted to the balance as per cash book to arrive at the balance as per pass book.
- C. divided to the balance as per cash book to arrive at the balance as per pass book.
- D. multiplied to the balance as per cash book to arrive at the balance as per pass book.

ANSWER: B

18. 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

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 in 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: B

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. Unearned income account is:

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

ANSWER: B

23. Depreciation is provided on:

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

ANSWER: A

24. Accounts receivable includes

- A. sundry debtors.
- B. bill receivable.
- C. promissory note.
- D. all of the above.

ANSWER: D

25. Provision for bad debts is calculated on:

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

ANSWER: D

26. An example of revenue expenditure is:

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

ANSWER: B

27. 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

28. Bills are drawn by:

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

ANSWER: C

29. Noting charges account is debited by _____.

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

ANSWER: A

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

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

ANSWER: A

31. 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

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

- A. the drawee.
- B. endorsee's personal account.
- C. bills receivable account.
- D. bills for collection account.

ANSWER: C

33. When a bill is discharged, the acceptor debits

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

ANSWER: C

34. Average due date can be called as:

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

ANSWER: A

35. Account current is a journal:

- A. True.

- B. False.
- C. Partly true.
- D. Partly false.

ANSWER: B

36. Which of the following is generally considered as a non-profit oriented organisation?

- A. charitable organization
- B. Corporation
- C. Audit firms
- D. Insurance companies

ANSWER: A

37. Which of the following is to be recorded in an Income and Expenditure account?

- A. Purchase of a fixed asset
- B. capital expenditure incurred on a fixed asset
- C. Profit on sale of a fixed assets
- D. Sale of a fixed assets

ANSWER: C

38. An advance receipt of subscription from a member of the non-profit organisation is considered as a/an-----.

- A. expense
- B. liability
- C. equity
- D. asset

ANSWER: B

39. The receipts and payments account of a non profit organisation is a-----.

- A. nominal account
- B. real account
- C. income statement account
- D. financial account

ANSWER: B

40. Non profit organisations prepare all of the following accounts except the-----

- A. Receipts and payments account
- B. Income and expenditure account
- C. balance sheet
- D. Income statement

ANSWER: D

41. Expenditures greater than incomes of a non-profit organisations give rise to a -----.

- A. loss
- B. profit
- C. surplus
- D. deficit

ANSWER: D

42. Subscription received but not earned is considered as a/an-----.

- A. asset
- B. liability

- C. Income
- D. Expenditure

ANSWER: B

43. Income and expenditure account show-----.

- A. cash available to an organisation
- B. closing capital of an organisation
- C. cash available in the bank account
- D. Surplus or deficit for the current accounting period.

ANSWER: D

44. In non profit accounting tyhe sale of old newspaper is generally considered as a/an-----.

- A. expenses
- B. Income
- C. expenditure
- D. capital receipt

ANSWER: B

45. The amount or property received by a non profit organisation as stated by the will of a deceased person is commonly referred to as-----.

- A. Donation
- B. Honororium
- C. legacy
- D. endowment

ANSWER: C

46. Income and expenditure account is a -----

- A. Personal account.
- B. Nominal account.
- C. Real account .
- D. none of the above

ANSWER: B

47. The capital of a non-profit organisation is generally known as-----

- A. equity
- B. accumulated fund
- C. cash fund
- D. financial service

ANSWER: B

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. 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

51. 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

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

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

ANSWER: B

53. 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

54. 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

55. 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

56. 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

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

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

ANSWER: B

58. Bills payable book is a _____.

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

ANSWER: A

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

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

ANSWER: A

60. 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

61. 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

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

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

ANSWER: B

63. 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

64. 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

65. 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

66. 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

67. 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

68. 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

69. 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

70. 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

71. 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

72. Revenue expenditure is intended to benefit _____.

- A. current period.
- B. future period.
- C. past period.
- D. both (1) and (2).

ANSWER: A

73. 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

74. 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

75. 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

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

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

ANSWER: A

77. Amount paid for acquiring goodwill is _____.

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

ANSWER: D

78. Life membership is a capital receipt and will be added to capital fund in-----.

- A. profit and loss account
- B. Income and Expenditure account.
- C. Balance sheet
- D. None of these

ANSWER: C

79. 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

80. 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

81. 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

82. Overcasting of purchases journal would affect _____.

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

ANSWER: B

83. Sales to Benson Rs. 500 posted to his account as Rs. 50 would affect _____.

- A. Sales account.
- B. Bensons account.
- C. Cash account.
- D. Purchases account

ANSWER: B

84. 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

85. Purchase journal is kept to record _____.

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

ANSWER: D

86. 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

87. 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

88. 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

89. 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

90. Insurance unexposed account is a _____.

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

ANSWER: B

91. 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

92. 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

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

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

ANSWER: B

94. 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

95. 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

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

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

ANSWER: B

97. How many sides does an account have?

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

ANSWER: B

98. The _____ in a ledger helps in locating the accounts contained in it.

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

ANSWER: A

99. Ledger is also called _____.

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

ANSWER: A

100. Purchase of Typewriter would result in _____ of fund.

- A. Change.
- B. application.
- C. Service.
- D. no flow.

ANSWER: C

101. 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

102. 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

103. A gross profit is transferred to the _____ side of the profit and loss account.

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

ANSWER: B

104. 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

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

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

ANSWER: A

106. Interest on capital is credited to _____ account.

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

ANSWER: C

107. Depreciation deducted from the concerned _____.

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

ANSWER: B

108. 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
- B. cost
- C. management
- D. human resource

ANSWER: A

109. 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

110. 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

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. _____ is allowed to encourage early cash payment.

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

ANSWER: A

114. The process of recording financial transactions in the journal is called _____
- A. Journalizing.
 - B. Utilizing.
 - C. Posting.
 - D. Balancing.

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. The prime function of accounting is to:
- A. record economic data.
 - B. provide the informational basis for action.
 - C. classifying and recording business transactions.
 - D. attain non-economic goals.

ANSWER: C

117. The basic function of financial accounting is to:
- A. record all business transactions.
 - B. interpret the financial data.
 - C. assist the management in performing functions effectively.
 - D. information to management.

ANSWER: A

118. 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

119. Ledger is a book of :
- A. original entry.
 - B. final entry.
 - C. all cash entry.
 - D. all credit entry.

ANSWER: B

120. Purchase of machinery is recorded in:
- A. sales book.
 - B. journal proper.
 - C. purchases book.
 - D. sales returns book.

ANSWER: B

121. Credit sale of goods are recorded in:

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

ANSWER: A

122. The cash book records:

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

ANSWER: C

123. 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

124. 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

125. Bank reconciliation statement is prepared by the:

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

ANSWER: C

126. Debit 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 day book.

ANSWER: C

127. 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

128. 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

129. 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

130. Revenue receipts are _____ in the business.

- A. non-recurring.
- B. Recurring.
- C. Accumulating.
- D. non-accumulating.

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: B

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. Preliminary expenses are an example of :

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

ANSWER: A

136. An expenditure is treated as capital nature, when:

- A. the receiver of the amount is going to use it for the purchase of fixed assets
- B. it increases the quantity of fixed assets.
- C. it is paid for meeting the normal expenses of the business.
- D. it decreases the quantity of other assets.

ANSWER: B

137. 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

138. Outstanding salaries are shown as:

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

ANSWER: B

139. Balance sheet is a:

- A. statement.
- B. Account.
- C. Ledger.
- D. Book.

ANSWER: A

140. Wages is an example of :

- A. capital expenses.
- B. indirect expenses.
- C. direct expenses.
- D. revenue expenses.

ANSWER: C

141. 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

142. A bill which is not an inland bill is a _____ bill.

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

ANSWER: C

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

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

ANSWER: B

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

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

ANSWER: C

145. 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

146. _____ 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

147. Income and expenditure account is based on -----

- A. accrual accounting
- B. management accounting
- C. cash accounting
- D. government accounting

ANSWER: A

148. -----is a fixed annual payment and usually continue only during the life time of the named beneficiary.

- A. annuity
- B. loan
- C. endowment
- D. legacy

ANSWER: A

149. Rent expenses of a non profit organisation paid in advance. Which of the following is the correct classification of rent/

- A. Asset
- B. expense
- C. equity
- D. liability

ANSWER: A

150. Double entry book keeping was started by-----

- A. F.W. Taylor
- B. Hendry Fayol
- C. Lucas Pacioli
- D. Adam Smith

ANSWER: C

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