



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[IT] [2017-2020]

Semester I

Core- PRINCIPLES OF ACCOUNTING-115A

Multiple Choice Questions.

1. Which is correct?

- A. Capital= Assets + Liabilities.
- B. Liabilities=Capital - Assets.
- C. Capital =Net assets.
- D. Net assets= Assets+ Liabilities.

ANSWER: C

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

- A. Bank
- B. commission
- C. furniture
- D. Interest Received

ANSWER: B

3. In each of the following cases indicate the alternative which you consider to be correct: The liabilities of a firm are Rs. 3000; the capital of the proprietor is Rs. 7000. The total assets are

- A. Rs. 7000
- B. Rs. 10000.
- C. Rs. 4000.
- D. Rs. 15000.

ANSWER: B

4. 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

5. 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

6. Drawings account is related to_____.

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

ANSWER: B

7. 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

8. Goodwill account is related to_____.

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

ANSWER: C

9. Prepaid insurance is _____.

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

ANSWER: A

10. When goods are purchased for the joint venture, the amount is debited to_____

- A. Purchases account
- B. joint venture
- C. venture account
- D. goods account

ANSWER: B

11. Receipts and payment account begins with_____

- A. Debit balance
- B. Credit balance
- C. No balance
- D. Normal balance

ANSWER: A

12. 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

13. 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

14. 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

15. 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

16. 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

17. 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

18. 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

19. The credit balance in the bank account is _____.

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

ANSWER: B

20. Cash book prepared on imprest system is _____.

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

ANSWER: C

21. The statement sent along with purchase return is _____.
- A. credit note.
 - B. bills payable book.
 - C. debit note.
 - D. purchases return book.

ANSWER: A

22. 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

23. 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

24. 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: C

25. 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

26. Assets are held for the purpose of _____.
- A. earning revenue.
 - B. Resale.
 - C. conversion into cash.
 - D. personal purpose.

ANSWER: A

27. Stock is valued at _____.
- A. cost price.
 - B. market price.
 - C. cost of market price whichever is lower.
 - D. odd price.

ANSWER: C

28. Depreciation is provided on _____.

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

ANSWER: A

29. Heavy advertising to launch a new product is a _____.

- A. Capital expenditure.
- B. revenue expenditure .
- C. deferred revenue expenditure.
- D. other expenditure.

ANSWER: C

30. Accounts receivable includes _____.

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

ANSWER: D

31. Provision for bad debts is calculated on _____.

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

ANSWER: D

32. An example of revenue expenditure is _____.

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

ANSWER: B

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

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

ANSWER: C

34. Bills are drawn by_____.

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

ANSWER: A

35. Noting charges account is debited by _____.

- A. the presenter of bill.

- B. the discounting banker.
- C. the acceptor.
- D. the endorser.

ANSWER: A

36. While discounting the bill, debit should be given to_____.

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

ANSWER: A

37. 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

38. 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

39. When a bill is discharged, the acceptor debits _____.

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

ANSWER: C

40. Base date is otherwise called as _____.

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

ANSWER: A

41. Average due dare can be called as_____.

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

ANSWER: A

42. Account current is a journal _____.

- A. True.
- B. False.
- C. Partly true.

D. Partly false.

ANSWER: B

43. 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

44. Consignees account is a _____.

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

ANSWER: B

45. 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

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

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

ANSWER: B

47. The unsold stock is to be valued at _____ .

- A. original cost of the goods.
- B. original cost of the goods plus direct expenses incurred by both consignor and consignee.
- C. original cost plus direct expenses incurred by the consignor.
- D. original cost plus direct expenses incurred by the consignee.

ANSWER: B

48. Joint venture relationship resembles closely _____.

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

ANSWER: B

49. Joint venture account is in the nature of _____.

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

ANSWER: B

50. Memorandum joint venture account is _____.

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

ANSWER: C

51. 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

52. 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

53. 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

54. 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

55. 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

56. 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

57. Balance sheet is prepared primarily with the following group in view _____.

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

ANSWER: A

58. 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

59. 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

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

- A. Currecurrent assets - current liabilities.
- B. Fixed assets - long term liabilities.
- C. Fixed assets - current liabilities.
- D. The total asset of shareholders funds.

ANSWER: D

61. If a company 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 (1) and (2).

ANSWER: C

62. 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

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

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

D. seasonal discount.

ANSWER: B

64. 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

65. 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

66. 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

67. 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

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

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

ANSWER: B

69. Bills payable book is a _____.

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

ANSWER: A

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

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

ANSWER: A

71. 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

72. Which account is generally used for rectification of errors?
- A. Memorandum account.
 - B. Suspense account.
 - C. Rectification account.
 - D. Adjustment account .

ANSWER: B

73. Preparation of trial balance helps deduction of _____.
- A. error of principle.
 - B. compensating errors.
 - C. errors of whole omission.
 - D. clerical errors.

ANSWER: D

74. 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

75. 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

76. 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

77. An amount of Rs. 1000 is debited twice in the pass book when overdraft as per the cash book is the starting point, _____.
- A. 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

78. 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

79. Revenue expenditure is intended to benefit _____.

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

ANSWER: A

80. 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

81. 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

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

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

ANSWER: A

83. Amount paid for acquiring goodwill is _____.

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

ANSWER: C

84. 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. B personal account.
- D. Expenses account

ANSWER: B

85. 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

86. 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

87. 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

88. Overcasting of purchases journal would affect _____.

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

ANSWER: B

89. 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

90. 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

91. 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

92. Purchase journal is kept to record _____.

- A. cash sales.

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

ANSWER: C

93. 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

94. 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

95. 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

96. Insurance unexpired account is a _____.

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

ANSWER: B

97. 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

98. 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

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

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

D. sales book.

ANSWER: A

100. 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

101. 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

102. 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

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

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

ANSWER: C

104. 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

105. How many sides does an account have?

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

ANSWER: B

106. Ledger is also called _____.

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

ANSWER: A

107. 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

108. 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

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

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

ANSWER: B

110. 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

111. Interest on capital is credited to _____ account.

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

ANSWER: C

112. Depreciation deducted from the concerned _____.

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

ANSWER: B

113. Receipts and payments account is a _____.

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

ANSWER: B

114. 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

115. Non-trading institutions prepare _____.

- A. Income and expenditure account.
- B. Trading and profit and loss account.
- C. Only trading account.
- D. Only revenue account

ANSWER: A

116. 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

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

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

ANSWER: A

118. Life membership fee received by a club are shown in _____.

- A. balance sheet.
- B. profit and loss account.
- C. income and expenditure account.
- D. revenue account.

ANSWER: A

119. In a receipts and payments account the payments are recorded on the _____ side.

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

ANSWER: A

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

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

ANSWER: A

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

- A. Ordinary.
- B. Special.

- C. Revenue.
 - D. Capital.
- ANSWER: D

122. 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

123. 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

124. 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

125. 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

126. 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

127. Income and expenditure account is a _____.

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

ANSWER: B

128. Sale of old newspaper is to be shown on the credit side of the_____.

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

ANSWER: B

129. Any profit on the sale of furniture of a cricket club will be taken to _____.
- A. income and expenditure account.
 - B. cash account.
 - C. profit and loss account.
 - D. furniture account.

ANSWER: A

130. Non-trading institutions prepare _____.
- A. profit and loss account.
 - B. trading account.
 - C. manufacturing account
 - D. income and expenditure account.

ANSWER: D

131. Receipts and payment account shows _____.
- A. income and expenditure.
 - B. cash receipts and payments
 - C. assets and liabilities.
 - D. profit on sale.

ANSWER: B

132. Income and expenditure account reveals _____.
- A. cash in hand.
 - B. surplus or deficiency.
 - C. capital account.
 - D. revenue account.

ANSWER: B

133. Income and expenditure account records transaction of _____.
- A. revenue nature only.
 - B. capital nature only
 - C. both capital and revenue nature.
 - D. personal nature.

ANSWER: A

134. Subscription received in advance is _____.
- A. an income.
 - B. an asset .
 - C. a liability.
 - D. an expense.

ANSWER: C

135. Admission fee income should be _____.
- A. Capitalized.
 - B. treated as a revenue.
 - C. treated as revenue unless the amount is pretty large.
 - D. treated as a liability.

ANSWER: C

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

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

ANSWER: A

137. _____ is given to promote sales.

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

ANSWER: B

138. _____ is allowed to encourage early cash payment.

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

ANSWER: A

139. 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

140. 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

141. Ledger is a book of _____.

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

ANSWER: B

142. Purchase of machinery is recorded in _____.

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

ANSWER: B

143. Credit sales are recorded in _____.

- A. sales book.

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

ANSWER: A

144. Outstanding salaries are shown as _____.

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

ANSWER: B

145. Interest on drawings is _____.

- A. expenditure for the business.
- B. expense for the business.
- C. gain for the business.
- D. loss for the business.

ANSWER: C

146. Balance sheet is a _____.

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

ANSWER: A

147. Wages is an example of _____.

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

ANSWER: C

148. Joint venture account is _____.

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

ANSWER: A

149. Legacies are generally _____.

- A. capitalized and taken to balance sheet.
- B. treated as income.
- C. treated as expenditure.
- D. treated as other incomes.

ANSWER: A

150. Income and expenditure account is _____.

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

D. cash account.
ANSWER: B

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