

NEMANI CLASSES

A PREMIER INSTITUTE OF COMMERCE

ACCOUNTANCY	ECONOMICS	BUSINESS STUDIES	I.P
XI & XII	B.COM	B.B.A & M.B.A	QT & F.M

Name.....
.....
Class.....
.....
Subject.....
.....
School.....
.....

**SPECIAL CLASSES OF
QT AND FM
BY NEMANI SIR**

DIRECTOR

Dr.PIYUSH NEMANI

M.COM, (ABST, EAFM), DIM, PGDIM, PGDFM, M MBA,
B.ED, CMA, SET AND NET QUALIFIED
MEMBER OF ALL INDIA ACCOUNTING ASSOCIATION & ALL INDIA COMMERCE
ASSOCIATION.

**ADDRESS: 97 PARK VIEW APARTMENT, NEAR
NURSERY CIRCLE, VAISHALI NAGAR, JAIPUR**

CONTACT

www.nemanisir.com

E-Mail:- piyush88jaihuman@yahoo.com

Mob:- 94149-90222, 99830-44580

NEMANI CLASSES

Class XI Theory Notes

XI –Accountancy
Objective Type Question Bank

Index/Contents

	Page No.
1. Introduction To Accounting & Basic Accounting Terms	2 to 18
2. Theory Base of Accounting & Accounting Standards and Bases of Accounting	19 to 34
3. Accounting Equation & Rules of Debit & Credit	35 to 58
4. Origin of Transaction – Source Documents and Preparation of Vouchers	59 to 69
5. Journal and Ledger	70 to 88
6. Cash Book and Other Subsidiary Books	89 to 112
7. Bank Reconciliation Statement	113 to 126
8. Trial Balance	127 to 137
9. Depreciation	138 to 153
10. Provisions & Reserves	154 to 158
11. Bill of Exchange	159 to 178
12. Rectification of Errors	179 to 194
13. Financial Statements of Sole Proprietorship (With Adjustments)	195 to 215
14. Accounts from Incomplete Records (Single Entry System) Computer in Accounting	216 to 223 224 to 227

CHAPTER : 1
INTRODUCTION TO ACCOUNTING
& BASIC ACCOUNTING TERMS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

1. Word used for not showing the actual position in the financial statement is----- .
(Window dressing)
2. Branch of accounting used to calculate cost of product is -----.
(Cost accounting)
3. Fixed assets are also known as -----.
(Non current assets)
4. Main function of accounting is to maintain complete and systematic record of -----
transactions
(Business)
5. Branch of commerce which keeps a record of monetary transactions in a set of books is called
-----.
(Book keeping)
6. The excess of revenue over expenses of an accounting year is known as-----.
(Net profit)
7. Amount invested in the business by the owner is known as-----.
(Capital)
8. The branch of accounting which is concerned with GST and Income tax is known as
-----.
(Tax accounting)

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

UNDERSTANDING:-

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

24. Qualitative characteristics of accounting include reliability, comparability, understandability and----- . (Relevance)

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

APPLICATION:-

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

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

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

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

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

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

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

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

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

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

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

ANALYSIS & EVALUATION:-

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

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

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

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

REMEMBERING:-

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

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

UNDERSTANDING:-

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

APPLICATION:-

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

ANALYSIS & EVALUATION:-

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

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

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

Answer: Tangible assets

(B)

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

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

Answer: Stock

(A)

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

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

Answer: Loss

(B)

6. Current assets do not include:

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

Answer: Motor car

(A)

7. Which one an example of current liabilities:

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

Answer: Creditors

(C)

8. Goodwill is the assets:

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

Answer: Intangible assets

(A)

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

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

Answer: Debtors

(C)

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

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

Answer: Expenses

(A)

UNDERSTANDING:-

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

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

Answer: Cash discount

(C)

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

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

Answer: Capital

(B)

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

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

Answer: Voucher

(C)

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

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

Answer: Invoice

(A)

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

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

Answer: Transactions

(B)

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

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

Answer: a and b both

(A & B)

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

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

Answer: 1 year

(B)

18. Amount received from sale of goods is:

- (a) Revenue receipts (b) Capitalize receipts (c) a and b both (d) None of these

Answer: Revenue receipts

(A)

19. A language of business is known as:

- (a) Accountancy (b) Accounting (c) a and b both (d) All of these

Answer: Accounting

(B)

20. Purchases refer to the purchase of:

- (a) Stationery for office use (b) Goods for resale
(c) Assets for the factory (d) none of these

Answer: Goods for resale

(B)

APPLICATION:-

21. Which of the following is not a fixed assets:

- (a) Building (b) Land (c) Machinery (d) B/R

Answer: B/R

(D)

22. Which of the following is not a current assets:

- (a) Plant (b) Debtors (c) B/R (d) Stock

Answer: Plant

(A)

23. The amount of cash or goods which is withdrawal by proprietor from business for its private uses is called:

- (a) Capital (b) Expenses (c) Drawings (d) Expenditure

Answer: Drawings

(C)

24. Which branch is used for calculating cost of product is:

- (a) Financial Accounting (b) Management Accounting (c) Cost Accounting
(d) All of these

Answer: Cost Accounting

(C)

25. Who is the father of Accounting:

- (a) Luca Pacioli (b) Charles Babeje (c) Henry Fayol (d) F. W. Taylor

Answer: Luca Pacioli

(A)

26. Business organization involves:

- (a) Social event (b) Economic event (c) Welfare event (d) None of these

Answer: Economic event

(B)

27. A person who owns business Alone is called:

- (a) Investor (b) Vendor (c) Proprietor (c) Buyer

Answer: Proprietor

(C)

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

Answer: Book keeping (A)

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

Answer: Closing stock (C)

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

Answer: Assets (A)

ANALYSIS & EVALUATION:-

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

Answer: Gain (C)

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

Answer: All of these (D)

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

Answer: Whichever is less (C)

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

Answer: Drawer (A)

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

Answer: Purchases (B)

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

Answer: Capital transaction (B)

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

Answer: Purchase of machinery (D)

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

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

Answer: Assets

(C)

49. Accounts receivable are considered as:

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

Answer: Current assets

(A)

50. Bad debts arise from:

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

Answer: Credit sales

(A)

1. (R)

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

Ans. 1.B ; 2.C

2. (R)

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

Ans. 1.B ; 2.D

3. (R)

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

Ans. 1.D ; 2.C

4. (R)

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

Ans. 1.B ; 2.D

5. (U)

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

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

Ans. 1. C ; 2.A

6. (R)

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

Ans. 1.B ; 2.C

7. (R)

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

Ans. 1.C ; 2.A

8. (R)

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

Ans. 1. A ; 2.B

9. (R)

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

Ans. 1.B ; 2.D

10. (U)

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

Ans. 1.C ; 2.D

11. (U)

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

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

Ans. 1.C ; 2.A

12. (R)

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

Ans. 1.B ; 2.C

13. (U)

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

Ans. 1.C ; 2A

14. (U)

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

Ans. 1. D ; 2.C

15. (U)

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

Ans. 2.A ; 3.B

16. (Analysis)

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

Ans. 1.C ; 2.A

17. (U)

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

Ans. 1. B ; 3.A

18. (U)

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

	C. External liabilities
	D. Provision for bad debts

Ans. 1.C ; 2.A

19. (R and U)

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

Ans. 1.B. ; 2.C

20. (U)

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

Ans. 1.D ; 2.A

21. (R)

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

Ans. 1.A ; 2.C

22. (R)

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

Ans. 2.A ; 3.B

23. (U)

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

Ans. 1.C ; 2.A

24. (R)

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

Ans. 1.B ; 2.A

25. (R)

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

	C. Intangible asset
	D. Ledger

Ans. 1.B ; 2.C

26. (R)

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

Ans. 1. D ; 2. C

27. (R)

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

Ans. 1.B ; 2.A

28. (R)

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

Ans. 1.C ; 2.A

29. (R)

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

Ans. 1.B ; 2.D

30. (R)

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

Ans. 1.C. ; 2.A

31. (U)

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

Ans. 1.D; 2.A

32. (U)

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

Ans. 1. C ;2. A

33. (R)

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

Ans. 1. B;2 C

CHAPTER : 2

THEORY BASE OF ACCOUNTING & ACCOUNTING STANDARDS

AND BASES OF ACCOUNTING

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

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

UNDERSTANDING:-

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

APPLICATION:-

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

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

ANALYSIS & EVALUATION:-

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

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

REMEMBERING:-

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

UNDERSTANDING:-

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

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

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

APPLICATION:-

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

ANALYSIS & EVALUATION:-

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

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

REMEMBERING:-

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

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

UNDERSTANDING:-

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

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

APPLICATION:-

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

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

(B)

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

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

(A)

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

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

(C)

30. According to Revenue Realisation concept

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

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

(A)

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

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

(B)

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

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

(A)

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

ii) As per the accrual basis the revenue and costs are recognized when it occurred

iii. Office Rent for the month of Dec'18 paid in Jan'19 is recorded in Jan'19.

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

(B)

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

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

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

ANALYSIS & EVALUATION:-

36. According to the Going Concern Concept calculate the value of the Computer which has been purchased for Rs 60,000 and estimated its life for five years,
a) Rs 3,00,000 b)12,000 c)6,000 d)60,000 (B)
37. According to the Duality Principle, Calculate the Owner's claim, if the firms Outsider's claim is Rs 20,000 and the net worth of the assets that business owns is Rs 70,000.
a)50,000 b)90,000 c)70,000 d)20,000 (A)
38. As per the Duality principle calculate the total outsider's equity if the raw materials cost Rs. 5000, machine cost Rs. 50,000, Furniture used in the firm cost Rs. 20,000, cash at bank is Rs. 30,000 and the owner's equity is Rs. 70,000.
a) Rs.35,000 b) Rs. 1,75,000 c) Rs. 70,000 d) Rs. 1,40,000 (B)
39. ABC Ltd. Received an advance on sale in the month of Dec'18 for the sales made in the month of May'19. The sale should recognized on
a) May'19 b) Dec'18 c) Both in May'19 and Dec'18 d) Jan'19 (A)
40. Calculate the Liabilities, If Assets=Rs.1,00,000, capital= Rs. 40,000.
a) Rs.60,000 b) Rs.1,60,000 c) Rs.1,00,000 d) Rs.40,000 (A)
41. Calculate the owner's equity as per the Business Entity Concept, if the owner commenced the business with the 2 acres of land worth Rs.3crore, building worth Rs. 5crore and Bank balance of Rs. 10 lacks.
a) Rs.8Cr 10 lacks b) Rs.11crore 10 lacksc) Rs.10 lacks d)Rs. 9crore (A)
42. i) As per the conservatism principle the valuation of stock is at lower of cost or net realizable value.
ii)The convention of conservatism takes all the prospective losses but leaves out prospective profits.
iii) The Dual aspect concept states the proprietor of a business is treated as External liabilities
a) Option (i) and (ii) is correct b) Option (iii) and (ii) is correct
c) Option (i), (ii) and (iii) is correct d) Option (i) and (iii) is correct (A)
43. Calculate the value of the asset at the time of preparing final account that is purchased for Rs. 5,00,000 ,if the market value is Rs. 7,00,000 as per the cost concept.
a) Rs. 5,00,000 b) Rs. 7,00,000 c) Rs.1,20,000 d) Rs. 2,00,000 (A)

1. (R)

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

(Ans. 1-a, 2-b)

2. (R)

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

(Ans. 1-a, 2-b)

3. (R)

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

(Ans. 1-b, 2-a)

4. (A)

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

(Ans. 1-a, 2-b)

5. (U)

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

(Ans. 1-b; 2-a)

6. (A)

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

(Ans. 1-a; 2-a)

7. (A)

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

(Ans. 1-d; 2- a)

8. (A)

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

(Ans. 1-c; 2-a)

9. (A &E)

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

(Ans. 1-c ;2-a)

10. (A&E)

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

(Ans. 1-a ;2-c)

11. (U)

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

(Ans. 1-b; 2-d)

12. (U)

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

(Ans. 1-b; 2-a)

13. (A& E)

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

(Ans. 1-c; 2-b)

14. (A)

Which principle is violated here?

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

(Ans. 1-b; 2-c)

15. (U) Which principle is Followed here

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

(Ans. 1-b; 2-a)

16. (A)

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

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

(Ans. 1-d; 2- a)

17. (U)

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

(Ans. 1-b; 2- a)

18. (A)

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

(Ans. 1-b; 2- b)

19. (A)

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

(Ans. 1-b; 2- c)

20. (U)

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

(Ans. 1-b; 2- a)

21. (A)

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

(Ans. 1-b; 2- c)

22. (A)

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

(Ans. 1-a; 2- c)

CHAPTER: 3

ACCOUNTING EQUATION &

RULES OF DEBIT & CREDIT

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

REMEMBERING:-

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

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

UNDERSTANDING:-

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

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

APPLICATION:-

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

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

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

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

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

ANALYSIS & EVALUATION:-

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

47. Goods costing 48,000 sold at a profit of 25% on sales to Ram, $\frac{3}{4}$ th received in cash and half of remaining received a Post-dated cheque then Debtors of Rs-----will be increased in accounting equation (Rs 8,000)
48. Goods costing Rs 40,000 sold at a loss of 25% on cost, 12,000 received in cash then debtors will increased by Rs-----, (18,000)
49. Goods of Rs 50,000 is purchased and on it wages is paid for Rs 5,000 and Rs 1,000 is paid to worker for bringing goods, $\frac{1}{4}$ th of the goods is purchased by business for resale purpose then Purchases account will be debited by Rs -----, (Rs 12,500)
50. If Personal investment of Rs 20,000 sold at a gain of Rs 5,000 and half of the proceed is used to make payment of creditors of business and half of proceed is deposited in current account of business then capital will be credited by Rs -----, (Rs 25,000)
51. Opening capital of Rs 60,000, Closing capital of Rs 40,000, Loss during the year Rs 16,000, Drawings Rs 14,000 then Rs 10,000 will be subtracted to approach opening capital, then Rs 10,000 is known by the name of-----, (Additional capital)

52.52.

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

(Drawings & 80,000)

53. Purchase of goods in cash effects one element of accounting equation. Name of one element will be -----, (Assets)
54. Ram a sole proprietor withdraw Rs 50,000 during the year, interest on drawings @ 6% p.a. will be of Rs -----, (1500)
55. Pulkit commenced business on 1st April, 2018 with capital of Rs 5,00,000. On 31st March, 2019, his assets were worth Rs 8,80,000 and liabilities of Rs 70,000. Closing capital----- and current year profit----- will be. (Capital-8, 10,000 and Profit-3, 10,000)
56. Purchased goods of Rs 40,000; trade discount 15% and 5% cash discount on purchase price, IGST 12% and Payment made by cheque, bank will be credited by Rs -----, (36,380)

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

REMEMBERING:-

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

UNDERSTANDING:-

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

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

APPLICATION:-

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

ANALYSIS & EVALUATION:-

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

- Increase in cash by Rs 60,000 and decrease in stock by Rs 90,000 and increase in debtor by Rs. 60,000 increase in capital by Rs 30,000. (True)
44. Goods costing of Rs 2,00,000 sold at a profit of 1/4 of cost and cash discount allowed to customer 2%. Half of the payment received in cash Increase in cash by Rs 1,22,500 and decrease in stock by Rs 2,00,000 and increase in debtor by Rs 125000 and increase in capital by Rs 47,500. (True)
45. Building purchased of Rs 5,00,000 on 1stoct 2019 and depreciation charged on Building @10% p.a. by Straight line method for the year ended 31st March ,2020.This transaction will be shown in accounting equation will Increase in Building by Rs 5,00,000 and decrease in cash by Rs 5,00,000 and decrease in capital by Rs 25,000. (False)
46. MR. X who owed us Rs 25,000 is declared insolvent and 75 Paisa in a Rupee received from him .the Amount and Account would be entered to Debit of Cash A/c by 18,750. (True)
47. Capital in the beginning is Rs 1,40,000, Creditor at the end Rs 1,00,000 ;Revenue during the period Rs 1,00,000 and expenses during the period are Rs 80000.Owner's capital at the end Rs 4,20,000. (False)
48. Goods used in making the Furniture (sales price 60000 and profit 20% on cost) the cost of goods used is Rs 5, 00, 00. (True)
49. Goods sold costing Rs 60,000 at a Profit of 25% on sales. The profit is Rs 20,000. (True)
50. Sold goods costing Rs 12,000 at a profit of 20% on sales the effect on accounting equation will be Increase in cash Rs 14,400 increase in stock Rs 12,000 and increase in capital Rs 24,00. (False)

REMEMBERING:-

1. Basic accounting equation is-
 (a) Assets= Capital+liabilities (b) Liabilities= Assets+Capital
 (c) Capital=liabilities +assets (d) Asset=liabilities-capital [a]
2. Bank Account is a-
 (a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c [c]
3. Capital Account is -
 (a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Representative Personal A/c [c]

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

UNDERSTANDING:-

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

14. Identify expense in the following:-

- (a) Building (b) Rent Paid (c) Sales (d) Capital

[b]

15. Purchase of furniture for cash is:-

- (a) Increase in furniture and increase in cash (b) Decrease in furniture and decrease in cash
(c) Increase in cash and decrease in furniture (d) Increase in furniture and decrease in cash

[d]

16. Purchase of Goods for cash is:-

- (a) Increase in stock and increase in cash (b) Decrease in stock and decrease in cash
(c) Increase in cash and decrease in stock (d) Increase in stock and decrease in cash

[d]

17. Capital increased when:-

- (a) Goods Purchased (b) Rent paid (c) Commission received (d) Goods loss by fire

[c]

18. Capital decreased when:-

- (a) Goods sold at a loss (b) Rent received (c) Goods purchased (d) Machinery purchased

[a]

19. Goods with drawn for personal use :-

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

[b]

20. Cash received from debtor is-

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

[c]

21. Cash paid to creditor-

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

[b]

22. Charged Depreciation on building is-

- (a) Increase in building and increase in capital (b) Decrease in building and decrease in capital
(c) Increase in building and increase in cash (d) Increase in building and decrease in cash

[b]

23. Rent received is-

- (a) Increase in cash and increase in capital (b) Increase in cash and decrease in capital
(c) Increase in capital and decrease in cash (d) Increase in liability and increase in cash

[a]

24. Further capital introduced is-

- (a) Increase in cash and increase in capital (b) Decrease in cash and decrease in capital

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

25. Goods purchased on credit-

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

APPLICATION:-

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

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

27. Goods returned by customer is-

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

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

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

29. Interest on capital provided is-

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

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

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

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

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

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

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

33. Rent received in advance of Rs 2000-

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

34. Interest on Drawings-

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

35. Repayment of loan by cheque is-

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

36. Interest earn but not received -

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

38. Goods distributed as free sample

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

ANALYSIS & EVALUATION:-

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

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

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

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

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

[a]

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

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

[a]

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

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

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

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

[a]

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

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

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

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

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

[a]

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

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

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

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

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

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

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

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

[a]

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

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

[c]

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

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

[a]

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

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

[c]

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

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

[a]

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

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

[b]

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

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

[c]

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

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

[a]

REMEMBERING:-

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

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

Ans- 1-C, 2-A

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

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

Ans 2- 1-C, 2-A

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

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

Ans 3- 1-C, 2-A

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ans 8- 1-B,2-C

UNDERSTANDING:-

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

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

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

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

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

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

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

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

Ans 11- 1- A, 2- C

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

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

Ans 12- 1- B, 2- C

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

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

Ans 13- 1- B, 2- C

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

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

Ans 14- 1- B, 2- A

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

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

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

Ans 15- 1- A, 2- B

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

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

Ans-16- 1& 2- A

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

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

Ans- 17 – 1-B, 2-A

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

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

Ans- 18- 1- B, 2- A

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

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

Ans – 19- 1- B,2-A

APPLICATION:-

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

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

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

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

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

Ans 21- 1-B, 2-A

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

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

Ans 22- 1-B, 2-C

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

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

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

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

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

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

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

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

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

SEQUENCE:-

26. Arrange the following in sequence in accounting equation-

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

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

27. Arrange the following in sequence in accounting equation-

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

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

Ans-27- B-C-A

28. Arrange the following in sequence in accounting equation-

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

Ans-28-B-C-A

29. Arrange the following in sequence in accounting equation-

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

Ans- 28- B-A

30. Arrange the following in sequence in accounting equation-

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

Ans – 30 – B-A

ANALYSIS & EVALUATION:-

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

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

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

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

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

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

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

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

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

Ans-33- 1-B, 2-A

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

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

Ans -34- 1-B,2-C

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

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

Ans- 35- 1-C, 2-D

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

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

Ans- 36- 1& 2- A

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

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

Ans- 37- 1-B,2-A

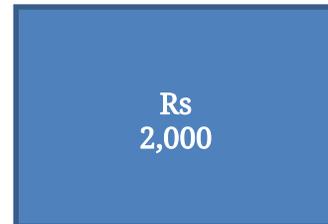
38. Match items in List I with terms in List II using the codes given below the lists-

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

Ans- 38-1-C,2-D

Pictorial Presentation-

39. Identify the nature of account-



(i)

(ii)

(iii)

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

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

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

Ans 40-50,000, 50,000

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

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

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

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

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

Ans- 42- Nil, 1,12,000

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

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

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

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

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

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

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

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

Ans 45- 20,000, 1200

CHAPTER : 4

ORIGIN OF TRANSACTION – SOURCE DOCUMENTS AND PREPARATION OF VOUCHERS

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

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

UNDERSTANDING:-

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

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

APPLICATION:-

13. Raghav , a proprietor purchased Computer for business in Cash. The accounting vouchers prepared for recording will be _____. [Debit voucher]
14. While depositing Cash in Bank, _____ becomes the source document for preparation of Voucher. [Pay in Slip]
15. The _____ voucher is prepared to record interest on Capital. [Transfer Voucher]
16. To record dishonour of cheque _____ voucher is prepared. [Transfer Voucher]
17. The accounting voucher prepared to record depreciation on Machinery is _____. [Transfer Voucher]
18. The source document which becomes an evidence that Cash has been paid to a supplier, from whom goods were purchased on credit earlier, on a specific date is called _____. [Receipt]

ANALYTICAL

19. A trader purchased 10 chairs @ Rs 500 each, the _____ voucher which is prepared will show Rs _____. [Debit / Rs 5,000]
20. A trader purchased goods for Rs 60,000 from X and Company. He paid Rs 40,000 in cash. The amount that would be recorded in debit voucher is Rs _____. [Rs 40,000]
21. Transactions are recorded in books of original entry on the basis of _____ and not on the basis of _____. [Vouchers / Source documents]
22. A trader returned goods to his supplier of list price Rs 10,000 that were earlier purchased at 15% trade discount. The _____ will be prepared by the trader and sent to supplier showing Rs _____ amount. [Debit note / Rs 8,500]
23. The information required for preparation of return outwards book is available from a _____ voucher. (Debit/ Credit/ Transfer voucher) [Transfer Voucher]
24. _____ contains full details of a purchase or sale transaction. (Source documents / Vouchers) [Source Documents]
25. An amount of Rs 500 was embezzled by an employee will be recorded on the basis of _____ voucher. [Debit Voucher]

REMEMBERING

1. Vouchers are prepared on the basis of Source Documents. [True]
2. Written evidences which become basis of posting business transactions in ledger are Vouchers. [False]
3. Credit voucher is prepared to record Cash purchases. [False]
4. Credit Vouchers are prepared to record cash payments. [False]

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

[True]

UNDERSTANDING

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

[True]

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

[False]

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

[False]

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

[False]

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

[True]

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

[True]

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

[False]

APPLYING

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

[False]

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

[True]

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

[False]

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

[True]

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

[False]

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

[False]

ANALYTICAL

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

[False]

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

[True]

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

[True]

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

[False]

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

MULTIPLE CHOICE QUESTIONS

REMEMBERING:-

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

5. Voucher relates to:
- a) Cash receipt
 - b) Cash payment
 - c) Credit transaction
 - d) All of the above
- (D)
6. Transaction with one debit and one credit and the accounting vouchers prepared for such transactions is known as:
- a) Compound voucher
 - b) Debit voucher
 - c) Transfer voucher
 - d) Credit voucher
- (C)

UNDERSTANDING:-

7. Voucher is kept for evidence according to which concept:
- (a) Cost concept
 - (b) Matching concept
 - (c) Revenue concept
 - (d) Objectivity concept
- (D)
8. Which of the following evidences is the valid voucher in a business transaction?
- (a) Cash-memo
 - (b) Invoice
 - (c) Cheques
 - (d) None of the above
- (D)
9. Accounting voucher must contain the following elements:
- (a) It is written on a good quality paper.
 - (b) Date of the transaction.
 - (c) The number of the voucher is to be in a serial order.
 - (d) All of the above.
- (D)

APPLICATION:-

10. Which of the following is not recorded in a voucher

- a) Date of Transaction
- b) Voucher number
- c) Quantity of goods purchased
- d) Signature of the accountant.

(C)

11. Supporting document is not available for which of the following transaction:

- a) Credit purchase of goods
- b) Cash embezzlement
- c) Cash Sales
- d) Payment of electricity bill.

(B)

12. M/s Rajan received an order for supply of goods amounting to Rs 10,000. Which of the following will be prepared:

- a) Credit Voucher and Transfer Voucher
- b) Transfer voucher and Debit Voucher
- c) None of (a) and (b)
- d) Both of (a) and (b)

13. When Insurance Claim is accepted by Insurance company one of the following voucher is prepared

- a) Debit Voucher
- b) Credit voucher
- c) Transfer Voucher
- d) None of the above.

(C) \

14. An entry made in Journal Proper if based on one of the following Vouchers:

- a) Debit Voucher
- b) Credit voucher
- c) Transfer Voucher
- d) the above

None of
(C)

15. While returning the goods to customers, we prepare:

- | | |
|----------------|-----------------|
| (a) Debit Note | (b) Credit Note |
| (c) Invoice | (d) Cash-memo |

(B)

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

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

17. Which of the following statement is not true?

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

ANALYSIS & EVALUATION:-

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

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

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

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

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

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

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

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

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

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

MATCH THE FOLLOWING

1.

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

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

2.

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

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

3.

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

(1-c, 2-d)

4.

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

(1-a, 2-c)

5.

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

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

(1-b; 2-c)

6.

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

(1-b; 2-c)

7.

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

(1-c, 2-b)

8.

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

(1-c; 2-d)

9.

Transaction	Which voucher is prepared :

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

(1-c; 2-d)

10.

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

(1-b; 2-c)

CHAPTER : 5
JOURNAL AND LEDGER

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

FILL IN THE BLANKS

REMEMBERING:-

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

UNDERSTANDING:-

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

APPLICATION:-

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

ANALYSIS & EVALUATION:-

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

REMEMBERING:-

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

UNDERSTANDING:-

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

APPLICATION:-

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

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

ANALYSIS & EVALUATION:-

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

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

MULTIPLE CHOICE QUESTIONS

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

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

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

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

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

REMEMBERING:-

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

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

Answer 1 –b, 2- a

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

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

Answer 1B, 2- c

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

List –I	List –II

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

Answers 1-d , 2-a

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

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

Answer 1-c, 2 –d

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

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

Answer 1-c, 2-b

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

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

Answer 1-b, 2 –a

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

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

Answers 1- a, 2 –b

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

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

Answer 1 –a, 2 –b

UNDERSTANDING:-

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

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

Answer 1 – b, 2 -a

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

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

Answer 1 –c, 2 -a

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

List –I	List –II
---------	----------

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

Answer 1 –c, 2-a

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

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

Answer 1 –b, 2 -a

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

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

Answers 1-b, 2- a

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

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

Answer 1-a, 2-b

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

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

Answer 1- b, 2-c

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

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

Answer 1 –b, 2 -a

APPLICATION:-

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

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

Answer 1-c, 2-a

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

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

Answer 1 –c, 2 - a

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

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

Answer 1-b, 2- a

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

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

Answer 1-b, 2- a

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

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

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

Answer 1 –b, 2- c

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

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

Answer 1-a, 2-b

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

Purchased goods worth rupees 50,000

Purchase goods on credit rupees 20,000

Wages paid rupees 2000

Purchase return rupees 5000

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

Answer 1- c, 2-d

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

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

Answer 1- a, 2- d

25. Cash A/c

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

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

Answer 1-a, 2 - c

ANALYSIS & EVALUATION:-

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

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

Answer 1 –d, 2 -c

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

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

Answer 1-b, 2-c

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

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

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

Answer 1- a, 2- b

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

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

Answer 1-a, 2-b

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

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

Answer 1-c, 2-b

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

List –I	List –II

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

Answer 1-c, 2 -c

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

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

Answer 1- a, 2-b

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

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

Answer 1- a, 2-c