



INDIAN SCHOOL DARSAIT



DEPARTMENT OF COMMERCE

Subject : Accountancy	Topic : Introduction to Accounting – BRS (MCQ)	Date of Issue: __/__/2019 Worksheet No.6
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Name of the Student : _____	Class & Division : ____	Roll Number : __

- Which of the following transaction is not of financial character?
 - Purchase of asset on credit.
 - Purchase of asset for cash.
 - Withdrawing money by proprietor from business.
 - Strike by employees.
- Which of the following is not a long – term liabilities?
 - Creditors.
 - Term – loan.
 - Debentures.
 - All of these.
- Which of the following is a business transaction?
 - Goods purchased on credit.
 - Purchasing air – conditioner for cash for personal use.
 - Owner not keeping good health.
 - Owner purchased a car for his son.
- Which of the following is not a business transaction?
 - Bought furniture of `50,000 for business.
 - Paid ` 20,000 for salaries of employees.
 - Cash `10,000 withdrawn from personal bank account for domestic use.
 - All of these.
- A liability arises because of;
 - Cash transactions.

- b) Credit transactions.
- c) Cash as well as credit transactions.
- d) None of these.
6. Bank overdraft is;
- a) Short – term liability.
- b) Contingent liability
- c) Long – term liability
- d) None of these
7. A firm earns a revenue of ` 21,000 and the expenses to earn this revenue are ` 15000.
calculate its income.....` 6,000
8. Voucher is.....an evidence of business transactions.
9. Merchandise means..... goods for resale
10. Income is profit earned during the accounting period.
11. Debtor is..... a person who owes money against sale of goods to a firm.
12. Creditor is..... a person to whom business is owed.
13. Determine, if the following are Assets, Liabilities, Capital, Revenue from Operations, Revenues, Expenses or none;
- a) Machinery – Asset.
- b) Purchases – Expense.
- c) Stock. – Asset.
- d) Creditors – Liability.
- e) Capital – Capital.
- f) Salary paid to a clerk- Expense.
- g) Sales- Revenue from Operation. (RFO)
- h) Furniture- Asset.
- i) Interest received – Income.
- j) Rent paid – Expense.
14. If one aspect of transactions is not recorded, which accounting concept is not followed?
Ans: Dual Aspect Concept.
15. Under which concept if advance is received against sale of goods, the advance received is recorded as ‘Advance Against Sale’ and not Sales?
Ans: Revenue Recognition Concept.

16. Under which accounting concept asset is recorded at cost, even if the market price is more or less?
Ans: Cost Concept.
17. Which accounting principle requires that life of a business be broken into smaller parts?
Ans: Accounting period principle.
18. Which Concept (principle) assumes that a business enterprise will not be liquidated in the near future;
Ans: Going Concern Concept.
19. Under which accounting principle, quality of manpower is not recorded in the books of account?
Ans: Money Measurement Concept.
20. Which accounting principle requires that personal expenses of proprietor or partners should be debited to Drawings account?
Ans: Accounting or Business Entity Concept.
21. 'Closing stock is valued at lower of cost or market price.' Which concept accounting is applied here?
Ans: Prudence.
22. Rent for the month of March, 2018 is not paid. Under which accounting concept it should be recorded as expenses for the year ended 31st March, 2018?
Ans: Accrual Concept.
23. An investment company has been valuing its inventory of land at lower of market price or cost. It now wants to value its inventory at the current market price which is higher than the cost. Which accounting concept is violated?
Ans: Prudence Concept.
24. According to cost concept;
- Assets are recorded at the value paid for acquiring them.
 - Assets are recorded by estimating the market value at the time of purchase.
 - Assets are recorded at the lower of cost or market value.
 - None of the above.
25. According to Going Concern Concept, a business is viewed as having;
- A limited life.
 - A very long life
 - An indefinite life
 - None of these.

26. According to which of the following accounting concepts, even proprietor of a business is treated as creditor to the extent of his capital?
- a) Money Measurement Concept
 - b) Dual Aspect Concept
 - c) Cost Concept
 - d) Business Entity Concept
27. Valuation of stock at lower cost or net realizable value is an example of;
- a) Consistency Concept.
 - b) Conservatism Convention.
 - c) Realization Concept
 - d) Matching Concept
28. X Ltd. follows the Written Down Value Method of depreciating machinery year after year due to;
- a) Comparability.
 - b) Convenience.
 - c) Consistency.
 - d) All of these.
29. IASB(International Accounting Standard Board) upon coming into existence has adopted;
- a) All IAS and SIC. (International Accounting Standard and Standard Interpretation Committee)
 - b) Some IAS and SIC.
 - c) None of the IAS and SIC.
 - d) None of these.
30. IFRS are;
- a) Rule based accounting standards.
 - b) Principle based accounting standards.
 - c) Partially rule based and partially principle based accounting standards.
 - d) None of the above.
31. IFRS are based on;
- a) Historical cost.
 - b) Fair value.
 - c) Both Historical cost and Fair value.
 - d) None of these.
32. Under the cash basis of accounting, expenses are recorded;
- a) On payment.

- b) On being incurred.
 c) Either (a) or (b).
 d) None of the above.
33. The two basis of accounting are and Cash and Accrual.
34. Under the Accrual basis of accounting, expenses are recorded..... On being incurred.
35. 'X commenced business on 1st April, 2018 with a capital of ` 6,00,000. On 31st March, 2019 his assets were worth ` 8,00,000 and liabilities ` 50,000. Find out his closing capital;
- a) ` 7,50,000.
 b) ` 2,00,000.
 c) ` 5,50,000.
 d) None of these.
36. Calculate total assets if: Capital ` 2,00,000; Creditors ` 50,000; Revenue during the year ` 5,00,000; and expenses during the year ` 4,00,000;
- a) ` 4,50,000
 b) ` 3,50,000
 c) ` 5,30,000
 d) ` 5,40,000
37. If the capital is ` 1,00,000 and outside liabilities are ` 2,50,000. Find the total assets;
` 3,50,000
38. If the capital is ` 2,60,000 and Assets are ` 5,00,000, what is the amount of liabilities?
` 2,40,000
39. If the assets are ` 5,00,000; creditors ` 1,00,000 and loan from bank ` 1,50,000. Find the amount of capital; ` 2,50,000
40. Write the account treatment for the following transactions in accounting equations.
 a) Salary Outstanding – Add to capital show under the heading liability.

- b) Prepaid rent – Less from cash and show under the heading Assets.
- c) Sold goods costing ` 15,000 for ` 20,000 – Less from goods ` 15,000 debtor ` 20,000 and difference is profit add to capital.
- d) Interest on drawings ` 500 – Add and Less in capital.
- e) Interest on capital ` 1,000 - Add and Less in capital.
- f) Commission received in advance ` 4,000 – Add to cash and show under the heading liability.
- g) Accrued interest ` 1,500 - Add to capital and show under the heading Assets.
41. An account is.....a summarized record or transactions at one place relating to a particular head.
42. An Asset account is..... the account which relates to tangible or intangible asset.
43. A liability account isan account which shows the amounts payable by the enterprise.
44. What is the rule of Expenses Account? Expense debited and incomes credited; - increase in expense are debited and decrease in expense are credited
45. What is the rule of Income account? increase in income are credited and decrease in expense are debited
46. What is signified by a debit cash balance? Balance lying in Cash.
47. What is signified by a debit bank balance? Balance lying deposited in bank.
48. What is signified by a credit bank balance? Amount payable to the bank by the firm..
49. Is capital Account a Personal Account or Real Account? Personal A/c.
50. Withdrawal of cash from business by the proprietor is credited to
- Drawings A/c
 - Capital A/c
 - Cash A/c
 - Profit and Loss A/c
51. A sale of goods to Ram for cash is debited to..... Ram A/c.
52. A Debit Note is..... A document evidencing that the account of the named person is debited for the reason stated therein.
53. A Credit Note is a document evidencing that the credit has been granted to the named person for the reason stated therein.
54. Pay – in – slip is a source of document for having deposits made in the bank.

55. A compound Voucher Records the transaction that entails multiple debits / credits and one credit/ debit . It may be debit voucher or credit voucher.
56. A journal is called a book of;
- Prime entry
 - Secondary entry
 - Final entry
 - None of these.
57. Business transactions are recorded
- In chronological order.
 - Weekly.
 - At the end of the month.
 - All of these.
58. A Compound Journal Entry
- Has equal debit and credits.
 - Generally extends to several pages.
 - Does not require narration.
 - All of these.
59. Out of the following which is a trade discount and which is a cash discount?
- Anil has purchased 1,000 pieces of Add Roller Pen and therefore entitled to discount of ` 15,000. Trade Discount
 - Anil has paid the amount due towards the above purchase within 7 days and therefore, entitled to discount @ 2%. Cash Discount
60. On intra – state (i.e., with in the state) purchase of goods, which of the following GST is levied:
- CGST
 - SGST
 - CGST and SGST
 - SGST and IGST
61. On inter - state (i.e., outside the state) purchase of goods, which of the following GST is levied:
- IGST
 - IGST and CGST
 - CGST

- d) SGST
62. On intra – state purchase of goods, which of the following accounts are debited:
- Input IGST Account.
 - Input CGST Account and Input SGST Account.
 - Input IGST Account and Input CGST Account.
 - Input IGST Account and Input SGST Account
63. On inter – state sale of goods, which of the following accounts are credited:
- Output CGST A/c.
 - Output IGST A/c.
 - Input IGST A/c.
 - Output SGST A/c.
64. Give two examples of Nominal Accounts. Rent and Salary paid
65. is the journal entry through which the closing balances of the previous year are recorded in the current year's books of account. Opening entry
66.is the discount allowed for reasons other than those for which Trade Discount is allowed. Say for poor quality of goods. Rebate.
67. is recorded in the purchase book and sales book but is not recorded in the ledger accounts - Trade Discount.
68. is transferring the entries from the journal to the Ledger Account- Posting.
69. is the discount allowed when the goods are sold to the purchaser for resale to the ultimate consumer or when the goods are purchased in large quantity. Trade Discount.
70. is the discount allowed to the debtor for making prompt payment or for making payment before the due date. Cash Discount
71. is a primary book of account in which transactions are first recorded in a Chronological Order.
72. is a process of recording a transaction in a journal. Journalising.
73. is a journal entry in which only two accounts are affected. Simple Journal Entry.
74. is the entry in which more than one account is debited or credited. Compound Entry.
75. is the entry made in the beginning of a financial year to open the books by debiting assets and crediting liabilities and capital, appearing in the Balance Sheet of the previous year. Opening entry

76. When an account is said to have a credit balance? If the total its credit side is more than the total of its debit side.
77. When an account is said to have a debit balance? If the total its debit side is more than the total of its credit side.
78. An account is not opened in the name of the proprietor in the books of firm. Give reason.
Because he is represented by Capital Account.
79. Ledger is called a book of
- Primary entry
 - Secondary entry.
 - Final entry
 - None of these.
80. A ledger account is prepared from.
- Events
 - Transactions
 - Journal
 - None of these.
81. The trial balance shows
- Both debit and credit balances.
 - Only debit balances.
 - Only credit balances.
 - None of these.
82. Ledger is a book in which;
- Real and Nominal Accounts are maintained.
 - Real, Personal Accounts are maintained.
 - Real, Personal and Nominal Accounts are maintained.
 - None of these.
83. is a book in which all cash transactions, receipts and payments are recorded - Cash Book.
84. and transactions are recorded in the cash book – Bank and Cash.
85. cash book is a cash book with one column on each side to record only cash transactions - Simple Coulmn Cash Book.
86. means withdrawal of cash from bank for official use or cash deposited in the bank - Contra Entry.

87. is the drawing out of a Bank Account of more than what has been deposited in it. Overdraft.
88.cash book is the cash book in which expenses involving small amount are recorded. Petty Cash Book
89. The balance in the petty cash book is
- a) An expense.
 - b) A profit.
 - c) An asset.
 - d) None of these.
90. If Ram has sold goods for cash, the entry will be recorded.
- a) In the cash book
 - b) In the sales book
 - c) In the journal proper
 - d) None of these.
91. is a subsidiary books in which credit purchase of goods dealt in or stores and raw material for production are recorded. Purchase Day Book.
92.is a subsidiary books in which credit sale of goods dealt in are recorded. Sales Day Book.
93. is a book of account in which those transactions and events are recorded which are not recorded in the subsidiary books. Journal Proper.
94. is a subsidiary books in which the return of goods purchased is recorded. Return Outward Book.
95. is a subsidiary books in which the return of goods sold is recorded. Return Inward Book
96. The sales book
- a) a part of the Journal
 - b) a part of the ledger
 - c) a part of the Balance Sheet
 - d) none of these
97. Goods destroyed by fire will be recorded in which of the following books?
- a) Purchase books
 - b) Sales books
 - c) Journal
 - d) None of these

98. 'Sen sent a Credit Note to Amar on account of goods sold received back. This transaction will be recorded in which of the following books?
- a) Sales Books
 - b) Purchase Returns Book
 - c) Sales Returns Book
 - d) None of the above.
99. Bank Reconciliation Statement is prepared so that the difference between the under mentioned balances can be reconciled.
- a) Difference in the balance in the bank and cash balance.
 - b) Difference in the balances in the Pass Book in the beginning and at the end.
 - c) Difference in the Pass Book and Cash Book balances.
 - d) None of the above.
100. Pass Book of the account holder is a copy of
- a) The bank columns in the Cash Book of the account holder.
 - b) The relevant account in the books of a bank.
 - c) The cash columns in the Cash Book of a customer.
 - d) None of these.
101. Bank Reconciliation Statement is prepared
- a) To know the payments made through cheques.
 - b) To know the errors in the pass book.
 - c) To compare the Cash Book with Pass Book and ascertain the differences.
 - d) None of these.
102. Bank Reconciliation Statement is
- a) A part of Double Entry System.
 - b) Not a part of Double Entry System.
 - c) Part of Bank Statement
 - d) None of these.
103. Balance shown in the Balance Sheet is of
- a) Cash Book
 - b) Pass Book
 - c) Adjusted Cash Book
 - d) None of these.
104. Bank Reconciliation Statement is
- a) a part of Cash Book

- b) a part of Double Entry System.
 - c) a part of Pass Book.
 - d) None of these
105. Bank Reconciliation Statement is prepared by
- a) Creditors.
 - b) Debtors.
 - c) Bank.
 - d) Account Holder.
106. Which of the following will not require adjustment in the Cash Book balance?
- a) Cheque issued but not presented for payment.
 - b) Cheque deposited but not cleared.
 - c) Cheque wrongly credited by bank.
 - d) All of these.
107. Debit balance as per Cash Book means..... in bank- Amount lying deposited in the bank.
108. Credit balance as per Bank Pass Book means..... in bank- Amount lying deposited in the bank.
109. Credit balance as per Cash Book means..... from bank – Amount withdrawn from the bank.
110. Debit balance as per Pass Book means..... from bank - Amount withdrawn from the bank.
111. Account is credited in addition to debit to Bank Account when a customer directly deposits an amount in the bank. Debtors A/c
112. Is it correct that BRS is prepared once, i.e., at the end of the year? No, it can be prepared any time say every month or every quarter or half year or yearly.

NB: Answer is underlined.
