**Multiple Choice Questions**:

1. Nominal Account represents

(a) Profit & gain (b) Loss/Expenses (c) None (d) Both (A) and (B)

2. S.B.I Account is a …

(a) Nominal (b) Artificial personal Account

(c) Representative personal Account (d) None

3. The process of recording business transactions in a book of original entry is known as

(a) Journal (b) Balance (c) posting (d) none

4. Prepaid rent is a

(a) Nominal A/c (b) representative personal A/c

(c) tangible assets account (d) none

5. In an Account if debit > credit side, the balance is known as the

(a) Negative balance (b) Debit balance (c) Positive balance (d) Credit balance

6. A sale of goods to Ram for cash should be debited to:

(a) Ram (b) Cash (c) Sales (d) Capital

7. A withdrawal of cash from business by the proprietor should be credited to

(a) Drawing A/c (b) Capital A/c (c) Cash A/c (d) Purchase A/c

8. Rent Account

(a) Personal (b) Real (c) Nominal (d) None

9. Ledger contains various \_\_ in it

(a) Transactions (b) Entries (c) Accounts (d) None

10. The process of transfer of entries from day book to ledgers is called \_

(a) Simple posting (b) Journal posting (c) Transaction (d) Ledger posting

11. The rent paid to landlord is credited to

(a) Landlord’s A/c (b) Rent A/c (c) Cash A/c (d) None

12. Which financial statement represents the accounting equation-

Assets = Liabilities + Owner’s equity:

(a) Income Statement (b) Statement of Cash flows (c) Balance Sheet (d) None

13. The debts written off as bad, if recovered subsequently are

(a) Credited to Bad Debts recovered A/c (b) Credited to trade receivables Account

(c) Debited to profit and Loss Account (d) None

14. A trial balance will not balance if \_\_

(a) correct entry is posted twice

(b) The purchase on credit basis is debited to purchases and credited to cash

(c) ` 500 cash payment to creditors is debited to creditors for ` 50 and credited to cash as ` 500

(d) None of the above

15. A trial balance shows

(a) Honesty of accountants (b) Accuracy of account

(c) Only arithmetical accuracy of accounts (d) none of these

Ans: 1.d 2.b 3.a 4.b 5.b 6.b 7.c 8.c 9.c 10.d 11.c 12.c 13.a 14.c 15.c

**Fill in the blanks**

1. Cash account is \_\_\_\_account (Real)

2. Liability account has \_\_\_ balance (credit)

3. Interest account has \_\_ balance (‘debit or credit’)

4. Opening entries are generally passed through\_\_\_\_ ( ‘General journal’)

5. Goodwill account is a/an \_\_ (‘intangible asset’)

6. The debit balance in a nominal account shows \_\_ (Expenditure)

7. The allowance made for prompt payment is called\_\_\_\_ (Cash Discount)

8. The left hand side of an account is called \_\_ side (Debit )

9. If the debit side of goods account exceeds the credit side the difference will be \_\_ (Closing stock)

10. The balance of \_\_ account will be shown in the debit column of trail balance. (Assets/Expenses)

11. The equality of debit and credit of the \_\_ does not mean that the individual accounts are also accurate. (“Trial balance”)

12. Trail balance is statement which shows the \_\_\_ or the totals of all the accounts. (“balances”)

13. \_\_ lists the balance and the title of account in the ledger (Trial balance)

14. Closing stock appearing in the trial balance is shown on the \_\_balance sheet (asset side of)

15. The balance of liabilities account will be shown in the \_ of the trial balance. (credit column)

**True or false**

1. Ram has assets of ` 20,000/- and liabilities of ` 4,000/- his capital therefore would be ` 16,000/- (TRUE)

2. Depreciation is loss (TRUE)

3. Double accounting system owes its origin to Luca pacioli (TRUE)

4. Profit or loss have no effect on network (FALSE)

5. Capital account is a real account (FALSE)

6. Trial balance is a final accounts (FALSE)

7. Trial balance contains the balances of only personal and real accounts (FALSE)

8. After preparation of ledgers, the next is the preparation of trial balance (TRUE)

9. Journal is the book of final entry (FALSE)

10. Trade discount will be entered in the book of accounts (FALSE)