**Multiple Choice Questions:**

1. Purchases book is used to record

(a) All purchases of goods (b) All credit purchase

(c) All credit purchases of goods (d) All credit purchases of assets other than goods

2. Goods bought from Mr. P the payment for which is due after a month\_\_

(a) cash book (b) purchase book (c) sales book (d) purchase return book

3. The source document or voucher used for recording entries in sales book is

(a) invoice received (b) invoice sent out

(c) credit notes sent out (d) debit notes received

4. A debit note issued to a creditor for goods returned by us is to be recorded in the

(a) bills receivable book (b) purchases book

(c) journal proper (general journal) (d) purchases returns book

5. Sales returns book is used to record

(a) Returns of fixed assets sold on credit (b) returns of goods sold for cash

(c) returns of goods sold on credit (d) sale of goods

6. Closing entries are recorded in

(a) cash book (b) ledger (c) journal proper (d) balance sheet

7. Cash book is a

(a) subsidiary book (b) subsidiary journal and ledger

(c) ledger account (d) none of these

8. Cash book is a form of

(a) Trail balance (b) journal (c) Ledger (d) All the above

9. The cash book records

(a) All cash receipts (b) All cash payments (c) All cash receipts and payments

10. Cash book does not record

(a) Credit purchases (b) credit sales

(c) Outstanding expenses (d) All the above transactions

11. Single column cash book may show –

(a) only a debit balance (b) only a credit balance

(c) either debit or a credit balance (d) neither debit nor credit balance

12. A cash book with discount and bank column is called

(a) Single column cash book (b) two column cash book

(c) Three column cash book (d) petty cash book

13. The total of discounts column on the debit side of the cash book, recording cash discount deducted by customers when paying their accounts, is posted to the

(a) Credit of the discount allowed account (b) Debit of the discount received account

(c) Credit of the discount received account (d) Debit of the discount allowed account

14. Trade discount allowed at the time of sale of goods

(a) Is recorded in Sales Book (b) Is recorded in Cash Book

(c) Is recorded in Journal (d) Is not recorded in Books of Accounts

15. The periodical total of the Sales Return Book is posted to the

(a) Debit of Sales Account (b) Debit of Return Account

(c) Credit of Sales Return Account (d) Debit of Debtors Account

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

**Fill in the blanks:**

1. Debit note is sent by the \_\_\_(buyer)

2. Invoice is sent by the \_\_\_(seller)

3. Loss of goods due to theft is recorded in \_\_\_(journal proper)

4. Credit note is sent by \_\_(seller)

5. Bad debts written off \_\_\_ (journal proper)

6. Opening entries are generally passed through \_\_(journal proper)

7. A transaction recorded on the debit side of cash book is transferred to the ledger \_\_(credit side of account)

8. If a cheque is returned dishonored, it is recorded in \_\_ (Bank column on the credit side.)

9. Payments are recorded on the\_\_ side of cash book.(credit)

10. The balance in the petty cash book is \_\_ (An Asset)

11. The balance on the debit side of the bank column in cash book indicates \_\_ (Cash at bank)

12. Bank column of the cash book \_\_ balance (either debit or credit)

13. The periodical total of the sales book is posted to \_\_(Debit side of sales account)

14. Depreciation on fixed asset is initially journalized in \_ (Journal Proper or General Journal)

15. If Ram has sold goods for cash, the entry will be recorded in \_\_ (Cash Book)

**True or false:**

1. Trade discount allowed at the time of sale of goods – is recorded in cash book (FALSE)

2. The periodic total of sales day book is posted to sales return Account (FALSE)

3. Overcasting of purchases journal would affect purchases account (TRUE)

4. Goods worth ` 5000 sold to varsha @ 10% trade discount and 5% sales tax was charged extra. By this transaction the sales account will be credited with ` 4500 (TRUE)

5. Credit sale of goods – sale invoice and sales book (TRUE)

6. Due to damage of goods Ravi was sent credit note of `200. It will be recorded in – sale book (FALSE)

7. Salaries due for the month will appear no where in cash book (TRUE)

8. Receipts are recorded on the credit side of cash book (FALSE)

9. The main objective of cash book is to know the cash and bank balance of the business (TRUE)

10. Paid insurance by cheque ` 1000 recorded in cash column in debit side (FALSE)