**Multiple Choice Questions:**

1. According to the money measurement, currency transactions & events are recorded in books of accounts

(a) In the ruling currency of the country in which transaction takes place.

(b) In the ruling currency of the country in which books of accounts are prepared.

(c) In the currency set by ministry of finance

(d) In the currency set by government.

2. The determination of expenses for an accounting period is based on the concept of

(a) Objectivity (b) Materiality (c) Matching (d) periodicity

3. Decrease in the amount of creditors results in

a) Increase in cash (b) decrease in cash (c) increase in assets (d) no change in assets

4. Ram purchased a car `10,000 paid `3000 as cash and balance amount will be paid in three equal installments

due to this

a) Total assets increase by `10,000 (b) Total liabilities increase by `3000 (c) Assets will increase by `7000 with

corresponding increase in liability by `7000 (d) Both (b) and (c)

5. Accounting does not record non-financial transactions because of

a) Entity concept (b) Accrual Concept (c) Cost Concept (d) Money Measurement Concept

6. Provision for bad debt is made as per the

a) Entity concept (b) Conservatism Concept (c) Cost Concept (d) Going Concern Concept

7. Fixed Assets and Current Assets are categorized as per concept of

a) Separate Entity (b) Going Concern (c) consistency (d) Time period

8. Omission of paise and showing the round figures in financial statements is based on

a) Conservatism Concept b) Consistency concept (c) Materiality Concept (d) Realization Concept

9. Income tax of the sale trader paid is shown

(a) Debited to P&L Account (b) Debited to Trading Account

(c) Debited to his Capital Account (d) none

10. Payment of salary is recorded by

(a) Dr. Salary, Cr. Cash Account (b) Dr. Cash Account, Cr. Salary Account

(c) Dr. Employee Account, Cr. Cash Account (d)Dr. employee Account, Cr. Salary Account

11. Purchase of furniture for cash would

(a) Increase fixed assets & reduce current assets

(b) Reduce fixed assets & increase current assets (c)Increase total assets (d) both (a) & (b)

12. Narration are given at the end of

(a) Final accounts (b) trial balance each ledger account (c) each ledger accounts

(d) Each journal entry

13. Which of the following is an example of Personal Account?

a) Machinery b) Rent (c) Cash (d) Creditor

14. P & L Account is prepared for period of one year by following

(a) Consistency Concept b) Conservatism concept

(c) Accounting Period Concept d) Cost Concept

15. Current Liabilities means

a) Liabilities which are payable within 12 months

b) Liabilities which are payable immediately

c) Liabilities which payable after one accounting year

d) Liabilities which are readable within 3 months

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

**Fill in the blanks:**

1. Book keeping records only \_\_ transactions of business (financial)

2. It is generally assumed that the business will not liquidate in the near forcible future because of \_ (going concern concept)

3. The capital contributed by the proprietor is treated as a liability according to \_ (business entity concept)

4. GAAP’s means \_\_ (Generally Accepted Accounting Principles)

5. Window dressing of accounts means \_\_ (showing more profits to attract investment)

6. The accounting standards are mandatory for \_\_ (companies)

7. In journal, transactions are recorded on \_\_\_\_\_ (chronological order)

8. The amount of debt which is not recoverable or realized is called \_\_\_ (bad debt)

9. The difference between the selling price and the cost price of the goods sold s called \_\_ (gross profit)

10. Live stock is treated as a/an \_\_ (asset)

11. Recording of a transaction in a journal is called \_\_ (entry)

12. Expenses Account will always have \_\_\_ (debit)

13. Brief explanation of a transaction is called \_\_ (narration)

14. Drawings will result in \_\_ in the owners capital. (Reduction)

15. A debtor is a person who \_\_\_ money to the business (Owes)

**True or false:**

1. Accounting is an art of recording keeping (TRUE)

2. Consistency is one of the accounting concepts (FALSE)

3. Accounting is concerned with both monetary and non-monetary transactions (FALSE)

4. Joint venture follows the going concern concepts (FALSE)

5. Financial statements are part of Accounting (TRUE)

6. Double entry principle means writing twice the same entry (FALSE)

7. Credit means increase in liability and decrease in asset (TRUE)

8. Goodwill is a Fictitious Asset (FALSE)

9. Returns in words implies purchase returns (FALSE)

10. Capital Account is a liability of the business (TRUE)