

Accounting is a language of.

- A. Accountants
- B. Business
- C. Economy
- D. Science

ANSWER: B

Accounts payables are also called.

- A. Creditors
- B. Debtors
- C. Book Debts
- D. Expense

ANSWER: A

Concession OR deduction allowed by a trader on list price of a product on spot of sale, is called.

- A. Cash Discount
- B. Discount Allowed
- C. Trade Discount
- D. Discount Received

ANSWER: C

Amount of cash or goods which is withdrawn from business for personal use of owner is recorded as.

- A. Expense
- B. Asset
- C. Liabilities
- D. Drawings

ANSWER: D

Sales returns are also termed as.

- A. Carriage Inward
- B. Return Outwards
- C. Return Inwards
- D. None of Above

ANSWER: C

In Accounting Equation income earned and received in cash is recorded as

- A. Increase in Cash and increase in Capital
- B. Increase in Cash and increase in Creditors
- C. Increase in Cash and increase in Debtors
- D. None of Above

ANSWER: A

In Accounting Equation (Assets - Liabilities - Capital) represent.

- A. Negative balance
- B. Positive Balance
- C. Equal Balance
- D. Zero Balacne

ANSWER: D

In Accounting Equation cash received from debtors will.

- A. Increase capital and decrease debtors
- B. Increase cash and decrease debtors
- C. Decrease cash and decrease debtors
- D. Decrease capital and decrease debtors

ANSWER: B

Which of the following is correct.

- A. Capital = Assets + Liabilities
- B. Liabilities = Capital + Assets
- C. Assets - Capital = Liabilities
- D. All above

ANSWER: C

In Accounting Equation rent paid for office will be recorded as.

- A. Decrease in cash and decrease in capital
- B. Decrease in cash and increase in expense
- C. Decrease in cash and increase in liability
- D. Increase in cash and increase in capital

ANSWER: A

Collection of accounts is called.

- A. Balance Sheet
- B. Income Statement
- C. Ledger
- D. Journal

ANSWER: C

For purchase of Equipments on cash, following journal entry will be passed.

- A. Equipments- debit and cash- credit
- B. Asset debit- and cash- credit
- C. Machinery- debit and accounts payable- credit
- D. Machinery- debit and cash- credit

ANSWER: A

When goods are lost by fire which account will be credited.

- A. Sales
- B. Loss by fire
- C. Purchases
- D. Drawings

ANSWER: C

Which of the following accounts is contra account by nature.

- A. Sales Return
- B. Purchase Return
- C. Drawings
- D. All above

ANSWER: D

Which account will be credited when owner brings money or goods into the business.

- A. Assets
- B. Drawings
- C. Capital
- D. Revenue

ANSWER: C

A business owned by two or more individuals is called.

- A. Sole proprietorship
- B. Cooperative Society
- C. Partnership
- D. Corporation

ANSWER: C

Modern system of book keeping is.

- A. Single Entry System
- B. Modern System
- C. Double Entry System
- D. None of Above

ANSWER: C

The articles purchased for the purpose of selling are known as.

- A. Merchandise
- B. Assets
- C. Debtors
- D. Creditors

ANSWER: A

Economic resources which have useful life of more than one accounting period are termed as.

- A. Liabilities
- B. Expenses
- C. Income
- D. Assets

ANSWER: D

A summarized record of transactions relating to a person or thing is known as.

- A. Journal
- B. Account
- C. Ledger
- D. transaction

ANSWER: B

In Accounting Equation income earned but not received is recorded as.

- A. Increase in Cash and increase in Capital
- B. Increase in Cash and increase in Creditors
- C. Increase in Capital and increase in Debtors
- D. None of Above

ANSWER: C

In Accounting Equation (Assets = Liabilities + Capital) represent.

- A. Negative balance
- B. Positive Balance
- C. Equal Balance
- D. None of the Above

ANSWER: C

In Accounting Equation cash paid to creditors will.

- A. Decrease cash and decrease creditors
- B. Increase cash and decrease debtors
- C. Increase capital and decrease debtors
- D. Decrease capital and decrease debtors

ANSWER: A

Which of the following is not correct.

- A. $\text{Capital} = \text{Assets} - \text{Liabilities}$
- B. $\text{Liabilities} = \text{Capital} + \text{Assets}$
- C. $\text{Assets} - \text{Capital} = \text{Liabilities}$
- D. A and C

ANSWER: B

In Accounting Equation salaries paid to employees will be recorded as.

- A. Decrease in cash and decrease in capital
- B. Decrease in cash and increase in expense
- C. Decrease in cash and increase in liability
- D. Increase in cash and increase in capital

ANSWER: A

A book in which transactions are recorded chronologically is called.

- A. Balance Sheet
- B. Income Statement
- C. Ledger
- D. Journal

ANSWER: D

For purchase of machinery on credit, following journal entry will be passed.

- A. Merchandise- debit and accounts payable- credit
- B. Asset debit- and accounts payable- credit
- C. Machinery- debit and accounts payable- credit
- D. Machinery- debit and cash- credit

ANSWER: C

When goods are given as donation which account will be credited.

- A. Sales
- B. Donation
- C. Purchases
- D. Drawings

ANSWER: C

For sale of furniture on credit, following journal entry will be passed.

- A. Furniture- debit and accounts payable- credit
- B. Asset debit- and accounts payable- credit
- C. Accounts receivable- debit and sales- credit
- D. Accounts receivable- debit and furniture- credit

ANSWER: D

Which account will be debited when owner withdrew money or goods from business.

- A. Expense
- B. Drawings
- C. Capital
- D. Debtors

ANSWER: B