

**Keywords:** Book Keeping, Double Entry Book Keeping, Books of Prime Entry and Subsidiary Books, Trading Account, Profit and Loss Account, Income and Expenditure Account, Balance Sheet, Cost, Elements of Cost, Fixed Expenses, Variable Expenses, Break-Even Point

- 1** In a manual bookkeeping system, transactions are first recorded in a \_\_\_\_\_.
- A Cash book
  - B Journal**
  - C Ledger
  - D Bank book
- 2** A journal \_\_\_\_\_ includes the date, accounts, and amounts.
- A Number
  - B Voucher
  - C Entry**
  - D Book
- 3** A company's \_\_\_\_\_ ledger contains all of the accounts such as Rent Expense, Supplies, and Interest Payable.
- A Sales
  - B Purchase
  - C General**
  - D Voucher
- 4** An internal document that is prepared to prove that the total of all the debit balances is equal to the total of all the credit balances is a \_\_\_\_\_.
- A Trial balance**
  - B Balance sheet
  - C Income statement
  - D None of them
- 5** Because at least two accounts are involved in every transaction, the bookkeeping system is referred to as \_\_\_\_\_ entry bookkeeping.
- A Single
  - B Double**
  - C Triple
  - D Quad
- 6** A \_\_\_\_\_ entry is entered on the left side of an account.
- A Debit**
  - B Credit
  - C Double
  - D Journal
- 7** A \_\_\_\_\_ entry is entered on the right side of an account.
- A Debit
  - B Credit**
  - C Double
  - D Journal
- 8** A debit will cause the balance in a liability account to \_\_\_\_\_.
- A Decrease**
  - B Increase
  - C Write off

- D Accumulated
- 9** When a check is written, the company's Cash account should be \_\_\_\_\_.
- A Debit  
B **Credit**  
C Double  
D Journal
- 10** When cash is received, the company's Cash account should be \_\_\_\_\_.
- A **Debit**  
B Credit  
C Double  
D Journal
- 11** Invoices from vendors (suppliers) which are due in 30 days should be credited to \_\_\_\_\_ Accounts.
- A **Payable**  
B Receivable  
C Transferable  
D Purchase
- 12** Common Stock is type of \_\_\_\_\_.
- A Assets  
B **Liabilities/Equity**  
C Income  
D Expenses
- 13** Gain on Sale of Asset is type of \_\_\_\_\_.
- A Assets  
B Liabilities/Equity  
C **Income**  
D Expenses
- 14** A salary is type of \_\_\_\_\_.
- A Assets  
B Liabilities/Equity  
C Income  
D **Expenses**
- 15** Computer Equipment is type of \_\_\_\_\_.
- A **Assets**  
B Liabilities/Equity  
C Income  
D Expenses
- 16** Accounting entries for recording payment of a telephone bill are...
- A Debit Cash account and Credit Telephone account  
B Debit Capital and Credit Cash  
C Credit Cash account and Debit Office Equipment account  
D **Credit Cash Account and Debit Telephone expenses account**
- 17** Which of the following account will be credited if a company purchase building for cash?
- A Capital Account  
B Fixed Asset Account  
C Building Account

- D Cash Account**
- 18 Which of the following account will be credited if business bought goods on credit from Mr. A?**
- A Purchase Account  
B **Mr. A account**  
C Cash Account  
D Sales Account
- 19 Bad debt amount should be credited to...**
- A Bad debts account  
B Sales account  
C **Debtors account**  
D Creditor account
- 20 Trial Balance is prepared generally for a particular period which is...**
- A Weekly  
B Monthly  
C Quarterly  
D **Yearly**
- 21 Goods returned of Rs. 500/- by a customer, Mr. A will be entered in...**
- A Purchase Book  
B Purchase Returns Book  
C Sales Book  
D **Sales Returns Book**
- 22 Salaries paid to staff will be debited to...**
- A **Salary Account**  
B Cash Account  
C Staff Account  
D Expense Account
- 22 Rent paid to landlord should be credited to...**
- A Landlord Account  
B Rent Account  
C **Cash Account**  
D Expense Account
- 23 All direct & indirect expenses related to business are charged...**
- A Profit and loss account  
B Trading account  
C **Trading account Profit and Loss account**  
D Directly to Balance sheet
- 24 Which item is not shown on Asset side of Balance sheet?**
- A Investment  
B Current loan  
C **Provision**  
D Leasehold
- 25 Trade Payables are recorded in \_\_\_\_\_.**
- A Asset side of balance sheet  
B **Liability side of balance sheet**  
C Profit & loss account  
D All of above

- 25 Investments of ABC company & profit in shares of other company XYZ are recorded in \_\_\_\_\_.
- A Asset side of balance sheet
  - B Liability side of balance sheet
  - C Profit & loss account
  - D All of above
- 26 Variable cost per unit \_\_\_\_\_.
- A Remains fixed
  - B **Fluctuates with volume of production**
  - C Varies in consideration with the volume of sales
  - D None of the above
- 27 Cash purchases...
- A Increases assets
  - B Results in no change in the total assets
  - C **Decreases assets**
  - D Increases liability
- 28 A purchase of goods on credit from Mr. A is recorded as...
- A Debit purchases account; credit cash account
  - B Debit Mr. A account ;credit purchases account
  - C **Debit purchases account ; credit Mr. A account**
  - D Debit A account ; credit stock account
- 29 Which of the following is not an example of real account?
- A Machinery
  - B Building
  - C Cash
  - D **Creditor**
- 30 Payment received from debtor...
- A Decreases the total assets
  - B Increases the total assets
  - C **Results in no change in total assets**
  - D Increase the total liabilities
- 31 Insurance prepaid is shown as...
- A **Current asset**
  - B Current liability
  - C Fixed asset
  - D Fixed liability
- 32 Outstanding expenses are charged to...
- A Asset side of balance sheet
  - B **Liability side of balance sheet**
  - C Profit & loss account
  - D All of above
- 33 Liabilities in balance sheet include the following items...
- A Long term loan
  - B Short term loan
  - C Owner's fund
  - D All of above
- 34 Prepaid expense is treated as...

- A Current asset
- B Current liability
- C Fixed asset
- D Fixed liability

**35 A proposed dividend is shown in the Balance Sheet of a company under the head...**

- A Provisions
- B Reserves and Surplus
- C Current Liabilities
- D Other Liabilities

**36 Net profit is calculated in...**

- A Trading a/c
- B Balance sheet
- C Profit & loss a/c
- D Trial balance

**37 Interest, rent, electricity bill are types of account...**

- A Personal account
- B Impersonal account
- C Real account
- D Nominal account

**38 If the total assets of the company amount to Rs 1,50,000 and owner's equity is Rs 70,000, the amount of liabilities will be...**

- A Rs. 1,50,000
- B Rs. 80,000
- C Rs. 70,000
- D Rs. 2,20,000

**39 Profit from sale of assets is example for...**

- A Revenue profit
- B Capital profit
- C Loss
- D None of above

**40 Depreciation is a charge against...**

- A Profit
- B Assets
- C Company
- D Books of account

**41 Which expense is capital nature...**

- A Wages
- B Salary
- C Depreciation
- D Stationary

**42 The amount brought in by the proprietor in the business should be credited to...**

- A Cash account
- B Capital account
- C Drawing account
- D Bank account

**43 The amount of salary paid to Mr. A should be debited to...**

- A Account of Mr. A
- B Salary account**
- C Cash account
- D Bank account

44 The cash discount allowed to a debtor should be credited to...

- A Creditor account
- B Discount account
- C Sales account
- D Debtor account**

45 In case of a debt becoming bad, the amount should be credited to

- A Creditor account
- B Discount account
- C Sales account
- D Debtor account**

46 Debit the receiver credit the giver rule for...

- A Personal account**
- B Impersonal account
- C Real account
- D Nominal account

47 Debit what come in Credit what goes out rule for...

- A Personal account
- B Impersonal account
- C Real account**
- D Nominal account

48 Debit all expenses and losses Credit all gains and income rule for...

- A Personal account
- B Impersonal account
- C Real account
- D Nominal account**

49 \_\_\_\_\_ is a summary of all transactions relating to particular account.

- A Trail Balance
- B Balance Sheet
- C Ledger**
- D Journal

50 A manufacturing process requires small amounts of glue. The glue used in the process is classified as...

- A Prime cost
- B Indirect material**
- C Direct material
- D Miscellaneous expense

51 Lubricants, used regularly in a production process, are classified as...

- A Prime cost
- B Indirect material**
- C Direct material
- D Miscellaneous expense

52 Surplus of income over expenses is \_\_\_\_\_.

- A Loss
- B Profit**
- C Deficit
- D None of above

**54 Amount withdrawn from business for personal use...**

- A Drawing
- B Creditor
- C Capital**
- D Interest

**55 Expenditure incurred on purchase of Fixed Asset is \_\_\_\_\_.**

- A Deferred revenue expenditure
- B Revenue expenditure
- C Capital expenditure**
- D All of above

**56 Heavy expenditure on Legal expenses is \_\_\_\_\_ expenditure**

- A Direct
- B Capital
- C Revenue
- D Deferred revenue**

**57 Totaling of journal or ledger is called as \_\_\_\_\_.**

- A Posting
- B Folio
- C Casting**
- D Journalizing

# Valuation of Plant & Machinery

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