

# PRACTICE QUESTIONS 11<sup>TH</sup> CLASS

1. Entering the transactions from journal to ledgers is ..... feature of Accounting.
2. Under .....the features of Accounting , meaningful and sound judgment can be made about the profitability and financial position of the business.
3. The concept of Double entry system was developed by **FRA LUCA PACIOLI**
4. Book keeping is which stage of accountancy .....
5. The process of manipulating accounts to show a better position of the business than the actual position , is known as
7. Accounting is the ..... Of business.
8. When both aspects of transactions are recorded , it is known as .....

# Interpretation

9. Arrange the following in correct order :

**classification** , **communication** , **Identification of financial transactions**, **recording**, **Analysis & Interpretation**, **summarizing**

10. Book keeping is maintained by ..... staff.

11. Accounting is the source of .....

12. Scope of Accountancy is wider than ..... And .....

13. Government is the ..... User of Accounting information.

14. To know the financial position of a business , ..... is prepared.

## 15. Depreciation and Amortization

Depreciation means decrease in value of fixed tangible assets due to wear and tear , passage of time and obsolescence.

Amortisation means decrease in value of fixed intangible assets.

eg; goodwill written off , patents written off etc.

## 16. Liquid assets or quick assets = current assets – prepaid expenses

- Inventory (stock)

eg of liquid assets are cash in hand, cash at bank , Debtor , B/R

Short term investment

## 17. **Leasehold properties** and **oils wells** are the examples of **wasting assets**

15. Which type of transactions are recorded in the books .....
16. Main function of accounting .....
17. Working capital = Current Assets – current liabilities
18. Liquids assets : Cash in hand , cash at bank , debtors , B/R ,  
cheque in hand , Drafts in hand , Marketable securities
19. **contingent assets:** Those assets which are not actual assets of the  
business , but in future they may be considered as assets  
depending on occurrence or non occurrence of one or more future  
events. Contingent assets are not recorded in the books of  
accounts.
20. Outstanding expenses are shown as liability in the balance sheet .
21. prepaid expenses are shown as Asset in the balance sheet.
22. Accrued income ..Asset
23. Advance income ...liability

24. Debtors are the current assets , only debtors for goods are shown as trade receivable.

25. Equity is .....Owner's capital and also known as Net Worth.

26. Cost of goods sold = o/p stock + net purchases + direct expense  
- c/o stock

27. Stock (Inventory) include the followings

Loose tools , stores & spares , Raw material , work in progress,  
finished goods , stock in trade.

28. Cash discount is recorded in the books of accounts

29. Trade discount is not recorded in the books of account.

30. Depreciation and Amortization

Depreciation means decrease in value of fixed tangible assets due to wear and tear , passage of time and obsolescence.

Amortisation means decrease in value of fixed intangible assets.

eg; goodwill written off , patents written off etc

31. Liquid assets or quick assets = current assets – prepaid expenses  
- Inventory (stock)

eg of liquid assets are cash in hand, cash at bank , Debtor , B/R  
Short term investment

32. **Leasehold properties** and **oils wells** are the examples of **wasting assets**

33 .... Liabilities are shown as footnote in the balance sheet.

34. ....liabilities are paid in with in one year.

35. A person who is able to meet his obligations is called .....

# ACCOUNTING PRINCIPLES

1. From the point of view of business: Business and Businessman both are separate entities.
2. From the point of view of law :Business and Business man both are same.
3. When Accounting principles are not applicable , we use assumption in that situation.
4. Assumption means experience , judgment , belief , or customs followed by the accounting
5. As per business entity principle ,
  - \* Business and business man both are separate entities.
  - \* All transactions are recorded from the point of view business.
  - \* Business man is treated as creditor of the business.
6. As per money measurement principle ,  
Non – monetary transactions are not recorded in the books.  
eg strike , efficiency of the management, quality of product
7. According to companies Act and banking regulation Act , Accounting period should be 12 months (One year).

8. At the end of accounting period financial statements are prepared to know the profitability and financial position of the business.

9 . Historical cost principle :

- \* All business transactions are recorded at their cost price
- \* Increase or decrease in the market price is not considered
- \* It is also known as cost principle.

10. Matching principle :

To know the income of the business revenue is compared with the expenses.  $\text{Income} = \text{Revenue} - \text{expenses}$

11. Dual aspect principle

Every business transactions has double effect i.e. debit and credit  
Assets are always equal to the liabilities

This principle is also known as accounting equivalence principle.

## 12. Revenue Recognition principle

- \* Revenue is considered as being earned on the date when goods are sold , whether the money is received or not .
- \* In the case of installment , it is assumed that revenue is realized.

## 13. Verifiable objective principle

- \* Each transactions should be supported by documentary evidence.  
Accounting should be free from personal judgments or personal bias.

## 14. Full disclosure principle:

- \* All material information should be disclosed. It means nothing should be hidden.
- \* Accounting figures should be based on some documentary evidence

## 15. Materiality principle :

Only those transactions which are relevant to the users need to be disclosed.

Unimportant or irrelevant items should not be disclosed.

## 16. Conservatism principle or Prudence

- \* Be ready to protect the possible losses, but don't predict the profits.
- \* Closing stock is valued at cost or market price whichever is less.

## 17. Assumption of consistency :

- \* A business should continue with the same accounting methods for a number of years.
- \* It does not mean that business can not change the method of accounting.
- \* If some improved and better method of accounting is made available it can be adopted by the business.

18. Full form of GAAP ...Generally accepted accounting principles.
19. According to which principle , depreciation is to be charged as per on particular methods year after year =.....Consistency principle
20. As per which principle , closing stock is valued at cost price or realizable value which ever is less, ..... Conservatism principle
21. Voucher is prepared from .....Source documents
22. Give an accounting equation .....  $Assets = capital + liabilities$
23. Types of Accounts as per traditional approach  
Personal , Real and Nominal
24. Types of accounts as per modern approach  
Liabilities ,Assets , Capital , Revenue and Expenses
- 25, Types of personal Account  
Artificial personal . Natural personal , Representative personal account

26. Rule for personal account : debit the receiver and credit the giver
27. Rule for Real account : debit what comes in , Cr what goes out
28. Rule for nominal account : Debit all expenses or losses , credit all income & Gains
29. Name two source documents : Cash Memo and invoice
30. Name two types of voucher  
Debit voucher and credit voucher
31. Depreciation charged on machinery , which accounting voucher will be prepared for it ? Non cash voucher.
32. Which book is called original entry .....Journal
33. Full form of L.F .....Ledger Folio
34. Goodwill a/c is .....Real a/c
35. Drawing a/c is .....personal a/c
36. Journal records the transactions of a firm in a ..... chronological order
37. Sale of goods to X For cash will be credited to .....sales a/c
38. Narration : A brief explanation of the transactions together with necessary details.

38. Loss of goods by fire should be credited .....Purchase a/c
39. Salary paid to Mohan will be debited to..... salary a/c
40. Nature of cash account .....Real a/c
41. Nature of bank account .....personal a/c
42. What are two sides of cash book ....Receipts and payments
43. Cash book is both journal and ledger.
44. The balance of petty cash book is an asset
45. Cash book always show a debit balance.
46. Petty cash book is maintained to record .....small payments
- 47.

50. Cash Memo is prepared by the .....
51. Pay in slip is used when cash or cheque deposited into the .....
52. Debit note means debiting the account of .....
53. When a trader receive goods back from a customer then a.....  
note is prepared .
54. Cash voucher is of two types ..... And .....
55. Students must follow the .....concept while preparing  
accounting equation.
56. Deduct all expenses or losses from the .....
57. Interest on capital and interest on drawings will affect .....only
58. Add all income and gains to the.....
59. Explanation of an entry in the journal is called.....
60. Process of transferring the information from journal to ledger is  
called .....

61. ....check the accuracy of posting the ledgers accounts .
62. The right hand side of an account is called ..... Side.
63. Loss by fire is .....Account .
64. While doing an opening entry , difference coming on the debit side will be adjusted through .....account.
65. .... are decreased due to wear and tear , passage of time and obsolescence .
66. Income tax paid represent .....Account debited.
67. ....Discount is not recorded in the books of accounts.
68. Rent paid for next year will be shown on the .....side.
69. Life insurance premium paid means debit of .....
70. Which account should be debited , if wages paid for installation of machinery account .

71. Compound entry :

Cash a/c	Dr
Discount allowed	Dr
To sales a/c	

72. It is the book of prime entry .....

73. It is the book of final entry .....

74. Purchase account always shows .....balance

75. Assets account always shows.....balance

76. Ledger is the.....book of Accounting .

77. After preparing the ledger , we prepare .....

78. Posting means showing the entries in the .....

79. Balance of bank overdraft is always .....balance.

80. Sales account always show ..... balance .

81. ....is helpful in preparation of final accounts

82. Trial balance does not record .....

83. Methods of trial balance

(a) Balance method (b) Total method (C) Total cum Balance method

84. Trial balance is a.....

85. Trial balance is not a part of .....

84. Contra entry is recorded in the cash book

(a) cash deposited into bank

(b) Cash withdrawn from bank

(c) when new bank account open.

(d) In case of two different bank account

(e) When bank account is closed.

85. Carriage paid for purchase of furniture is posted to debit of .....
86. Trade discount of Rs3,000 allowed on sales of Rs40,000 . Sales account is credited with.....
87. Amount received from a debtor whose account was written off as bad debts is posted to the credit of.....
88. Balance in the petty cash book is .....
89. When a firm maintain Two column cash book , it does not maintain .....
90. Which of the following is both a book of journal and ledger .....
91. Name two types of petty cash book .....
92. Which GST are paid on sale of goods with in state.....
93. ON inter state sale of goods which , GST is levied .....
94. GST is a.....indirect tax.

95. GST can be charged only by .....taxpayer.
96. Intra state supply means goods sold .....
97. Inter state supply means goods sold.....
98. GST is charged by the registered tax payer after .....but before  
.....
99. A trial balance is a .....
100. A trial balance shows ..... balances
101. Trial balance helps in preparation of .....
102. ....is opened when trial balance does not match.
103. Trial balance does not include .....
104. The book in which all accounts are opened is called .....
105. Credit balance of personal account shows.....
106. Debit balance of personal account shows.....
107. Which accounts are not balanced .....

108. Accounting measures the business transactions in term of .....units.
109. Amount which the firm owes to outsiders is known as .....
110. ....is the cost incurred in producing goods and services.
111. The persons who still owe some amount to the business are termed as .....
112. Assets held for continued use in the business.....
113. Define Merchandise .....
114. At the end of financial year , during which sale of goods was worth Rs 5,00,000 , the closing stock is valued at 40,000. This is .....
115. Godrej ltd imported from Germany one machinery for sale in India and another machinery for production purpose. Will you treat them goods or Fixed assets ?
116. Type of Expenditure .....
117. Types of Assets .....
118. Types of Receipts.....