

Recording of Transactions 1

Question 1.

Which of the following equation's correct?

- (a) $\text{Assets} = \text{Liabilities} - \text{Capital}$
- (b) $\text{Assets} = \text{Capital} - \text{Liabilities}$
- (c) $\text{Assets} = \text{Liabilities} + \text{Capital}$
- (d) $\text{Assets} = \text{External Equities}$

▼ [Answer](#)

Answer: (c) $\text{Assets} = \text{Liabilities} + \text{Capital}$

Question 2.

Which of the following is correct?

- (a) $\text{Profit/Loss} = \text{Closing Capital} + \text{Additional Capital} - \text{Drawings} - \text{Opening Capital}$
- (b) $\text{Profit/Loss} = \text{Closing Capital} - \text{Drawings} - \text{Additional Capital} - \text{Opening Capital}$
- (c) $\text{Profit/Loss} = \text{Opening Capital} + \text{Drawings made} - \text{Additional Capital} - \text{Closing Capital}$
- (d) $\text{Profit/Lose} = \text{Closing Capital} + \text{Drawings made} - \text{Additional Capital} - \text{Opening Capital}$

▼ [Answer](#)

Answer: (d) $\text{Profit/Lose} = \text{Closing Capital} + \text{Drawings made} - \text{Additional Capital} - \text{Opening Capital}$

Question 3.

The liabilities of a firm are Rs. 60,000 and the capital of the proprietor is Rs. 40,000. The total assets are:

- (a) 60,000
- (b) 1,00,000
- (c) 20,000
- (d) 40,000

▼ [Answer](#)

Answer: (b) 1,00,000

Question 4.

If a firm borrows a sum of money, there will be

- (a) Increase in capital
- (b) Decrease in capital
- (c) No effect on capital
- (d) None of the above

▼ [Answer](#)

Answer: (a) Increase in capital

Question 5.

Debit Means

- (a) an increase in asset
- (b) a decrease in asset
- (c) an increase in liability
- (d) an increase in capital

▼ [Answer](#)

Answer: (a) an increase in asset

Question 6.

Journal is a book of in accounting.

- (a) All non-cash transactions
- (b) Secondary entry
- (c) Original entry
- (d) All cash transaction.

▼ [Answer](#)

Answer: (c) Original entry

Question 7.

The following account has a debit balance

- (a) Creditor's A/c
- (b) Capital A/c
- (c) Building A/c
- (d) Loan A/c

▼ [Answer](#)

Answer: (c) Building A/c

Question 8.

Ledger is a book of in accounting.

- (a) All non-cash transactions
- (b) Secondary entry
- (c) Original entry
- (d) All cash transactions

▼ [Answer](#)

Answer: (b) Secondary entry

Question 9.

The process of recording a business transaction in the journal is called

- (a) Costing
- (b) Balancing
- (c) Posting
- (d) Journalising

▼ [Answer](#)

Answer: (d) Journalising

Question 10.

Which of the following is a cash transaction?

- (a) Sold goods
- (b) Sold goods to Ravinder
- (c) Sold goods to Ravinder on credit
- (d) Sold goods to Ravinder on account.

▼ [Answer](#)

Answer: (a) Sold goods

Fill in the blanks

Question 1.

The accounting voucher are based on

▼ [Answer](#)

Answer: Supporting

Question 2.

Both debit and credit aspects of a transaction are shown by vouchers.

▼ [Answer](#)

Answer: Transfer

Question 3.

Accounting equation satisfies the concept of accounting.

▼ [Answer](#)

Answer: Dual

Question 4.

Liabilities = - Capital

▼ [Answer](#)

Answer: Assets

Question 5.

Accounting equation serves as a basis for preparing

▼ [Answer](#)

Answer: Balance Sheet

Question 6.

Journalising is the process of entering transactions in

▼ [Answer](#)

Answer: Journal

Question 7.

The explanation of a Journal entry is known as

▼ [Answer](#)

Answer: Narrations

Question 8.

Transactions, when recorded in journal, are known as

▼ [Answer](#)

Answer: Entries

Question 9.

Ledger account gives the folio of

▼ [Answer](#)

Answer: Journal

Question 10.

The balance of capital account is usually balance.

▼ [Answer](#)

Answer: Credit

ISC COACHING CENTRE