



St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 11

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 1: Introduction to Accounting

Date: 26/06/2020

Topic: Basic Accounting Terms 3

Choose the correct alternatives

1 x 15 = 15

1. The cost of the goods and services used up or consumed in the process of earning revenue during a particular accounting period is known as
(a) incomes; **(b) expenses**; (c) assets; (d) liabilities
2. Excess of a business entity's revenue over its expenses during an accounting period is known as
(a) capital; (b) liability; **(c) incomes**; (d) assets
3. _____ is taken to be a measure of the success of a business unit
(a) income; (b) expense; (c) capital; (d) drawings
4. The difference between sales and cost is known as
(a) income; (b) expense; (c) capital; **(d) profits**
5. The excess of expenses over revenues is known as
(a) incomes; (b) deferred revenue expenses; **(c) losses**; (d) none of these
6. Buying of goods for resale is known as
(a) purchase; (b) sales; (c) expenses; (d) incomes
7. Sales of goods and services is possible
(a) in cash; (b) on credit; **(c) both cash & credit**; (d) none of these
8. The physical items of trade is known as
(a) assets; (b) liabilities; **(c) goods**; (d) capital
9. _____ is an expenditure made to acquire goods or services
(a) money; **(b) cost**; (c) revenue; (d) none of these
10. _____ is an increment in wealth that arises from everything other than revenues
(a) gain; (b) profit; (c) loss; (d) all of these
11. The document which provides the authorizations to pay is known as
(a) accounts book; **(b) voucher**; (c) both (a) & (b); (d) none of these
12. The elements of costs are
(a) materials; (b) labour; (c) overhead; **(d) all of these**
13. Purchases of goods & services are possible
(a) in cash; (b) on credit; **(c) both (a) & (b)**; (d) none of these
14. An expense never includes items like
(a) purchase of assets; (b) drawings; **(c) both (a) & (b)**; (d) none of these

15. The total purchase is an important element of

(a) cost of goods sold; (b) buying of assets; (c) both (a) & (b); (d) none of these

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