



# St. Lawrence High School



A Jesuit Christian Minority Institution

## Answer Key 21

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 3: Recording of Transactions

Date: 15/08/2020

Topic: Accounting Equation 3

### Choose the correct alternatives

1 x 15 = 15

1. Commenced business with cash Rs. 50,000 means  
(a) cash will increase by Rs. 50,000; (b) capital will increase by Rs. 50,000;  
**(c) both cash & capital will increase by RS. 50,000;** (d) none of these
2. Purchased goods for cash Rs. 20,000 and credit Rs.30,000 means  
(a) stock will increase by Rs. 50,000; (b) cash will decrease by Rs. 20,000  
(c) creditor will increase by Rs. 30,000; **(d) all of these**
3. Sold goods for cash Rs. 40,000, costing Rs.30,000 means  
(a) cash will increase by 30,000; (b) stock will reduce by Rs. 40,000;  
(c) capital will reduce by Rs.10,000; **(d) none of these**
4. Rent paid Rs. 500 means  
(a) cash will increase by Rs. 500; (b) cash will reduce by Rs.500;  
(c) capital will reduce by Rs. 500; **(d) both (b) & (c)**
5. Salaries paid for Rs. 5,000 means  
(a) cash will reduce by Rs. 5000; (b) capital will reduce by Rs. 5,000;  
(c) capital will increase by Rs. 5,000; **(d) both (a) & (b)**
6. Rent outstanding for Rs. 100 means  
(a) outstanding liability will increase by Rs. 100; (b) capital will reduce by Rs.100;  
**(c) both (a) & (b);** (d) none of these
7. Salaries outstanding for Rs.1000 means  
(a) outstanding liability will reduce by Rs. 1,000; (b) capital will increase by Rs.1,000  
(c) both (a) & (b); **(d) none of these**
8. Bought furniture for Rs. 5,000 on credit means  
(a) furniture will increase by Rs. 5,000; (b) creditor will increase by Rs. 5,000  
(c) cash will decrease by Rs. 5,000; **(d) both (a) & (b)**
9. Bought refrigerator for personal use Rs. 5000 means  
**(a) cash will reduce by Rs.5,000;** (b) assets will increase by Rs. 5,000;  
(c) capital will increase by Rs. 5,000; (d) none of these
10. Purchased computer for cash Rs. 20,000 means  
(a) computer will increase by Rs. 20,000; (b) cash will reduce by Rs.20,000  
**(c) both (a) & (b);** (d) none of these

11. Cash withdrawn for personal use Rs. 10,000 means  
(a) cash will reduce by Rs. 10,000; (b) capital will reduce by Rs. 10,000;  
**(c) both (a) & (b);** (d) none of these
12. Wages paid in advance for Rs. 2,000 means  
**(a) assets will increase by Rs. 2,000;** (b) capital will reduce by Rs. 2,000;  
(c) liability will increase by Rs. 2,000; (d) all of these,
13. Debtors of Rs. 4,000 paid Rs. 3,800 in full settlement of dues means  
(a) debtors will reduce by Rs. 3,800; **(b) debtors will reduce by Rs.4,000;**  
(c) debtors will increase by Rs. 3,800; (d) debtors will increase by Rs. 4,000
14. Paid for advertisement for Rs. 2,500 means  
(a) cash will reduce by Rs. 2,500; (b) capital will reduce by Rs. 2,500;  
(c) cash will increase by Rs. 2,500; **(d) both (a) & (b)**
15. Interest on capital is charged for Rs. 4,000 means  
(a) capital will increase by Rs. 4,000; (b) capital will reduce by Rs. 4,000;  
**(c) both (a) & (b);** (d) none of these

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