



St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 12

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 1: Introduction to Accounting

Date: 27/06/2020

Topic: Basic Accounting Terms 4

Choose the correct alternatives

1 x 15 = 15

- Physical materials held by the business unit to support the flow of activities is known as
(a) debtors; (c) purchase; **(c) stock**; (d) sales
- Stock is an example of
(a) current asset; (b) non-current asset; (c) current liabilities; (d) non-current liabilities
- Stock can be valued at
(a) cost ; (b) net realizable value; **(c) cost or net realizable value whichever is less**; (d) all of these
- Amounts owed to the business unit generally by its customers arising out of credit sales is known as
(a) stock; **(b) debtors**; (c) creditors; (d) stock
- Debtors consider in balance sheet as
(a) current asset; (b) non-current asset; (c) current liabilities; (d) non-current liabilities
- Debtors are known as an important component of
(a) fixed capital; **(b) working capital**; (c) both (a) and (b); (d) none of these
- Creditors can be generated due to goods purchased in
(a) cash; **(b) credit**; (c) both cash & credit; (d) none of these
- Amount due from debtors can be received
(a) in cash; (b) by cheque; (c) by bills receivables; **(d) all of these**
- Amount due to creditors can be paid
(a) in cash; (b) by cheque; (c) by bills payables; **(d) all of these**
- Which of the following is known as negotiable instrument?
(a) bills receivables; (b) bills payables; **(c) both (a) & (b)**; (d) none of these
- Reduction in the price of goods below the amount at which those goods are generally sold to other customers is known as
(a) assets; (b) liabilities; **(c) discount**; (d) all of these
- An allowance which is made by the manufacturers to wholesalers is known as
(a) cash discount; **(b) trade discount**; (c) settlement discount; (d) all of these
- _____ is allowed to encourage a debtor to pay-off his debt within a specified period.
(a) cash discount; (b) trade discount; (c) settlement discount; (d) all of these
- Which of the discounts are not separately recorded in the books of account
(a) cash discount; **(b) trade discount**; (c) settlement discount; (d) all of these

15. At the time of final settlement a discount allowed to customer is known as
(a) cash discount; (b) trade discount; **(c) settlement discount;** (d) all of these

Prepared by
Pralay Kabi