



# St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 20

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 3: Recording of Transactions

Date: 10/08/2020

Topic: Accounting Equation 2

**Choose the correct alternatives**

**1 x 15 = 15**

1. Capital introduced in the business for Rs. 1,50,000 means  
**(a) capital will increase;** (b) capital will decrease; (c) capital will not change; (d) none of these
2. Capital introduced in the business for Rs. 1,50,000 means  
(a) capital will increase; (b) cash will increase; **(c) both capital & cash will increase;** (d) none of these
3. Furniture purchased for cash for Rs. 20,000 means  
(a) Furniture will decrease; **(b) Furniture will increase;** (c) cash will increase; (d) all of these
4. Furniture purchased for cash for Rs. 20,000 means  
(a) cash will increase; (b) cash will decrease;  
(c) both furniture & cash will increase; **(d) furniture will increase and cash will decrease**
5. Purchased goods from Mahesh on credit for Rs. 25,000 means  
**(a) stock will increase;** (b) stock will reduce; (c) cash will increase; (d) cash will reduce
6. Purchased goods from Mahesh on credit for Rs. 25,000 means  
**(a) creditor will increase;** (b) creditor will reduce; (c) creditor will not change; (d) none of these
7. Sold goods (costing Rs. 10,000 ) to Mohan for cash Rs. 14,000 means  
(a) cash will increase by Rs. 14,000; (b) stock will decrease by Rs. 10,000  
(c) capital will increase by Rs. 4,000; **(d) all of these**
8. Additional capital introduced for Rs. 20,000 means  
(a) cash will increase by Rs. 20,000; (b) capital will increase by Rs. 20,000  
**(c) both (a) & (b);** (d) none of these
9. Commission received in advance for Rs. 2,000 means  
(a) cash will decrease by Rs. 2,000; (b) cash will increase will by Rs.2,000  
(c) liability will increase by Rs. 2,000; **(d) both (b) & (c)**
10. Paid to creditor (Mahesh) Rs.22,500 in full settlement of Rs.25,000  
(a) creditor will reduce by Rs. 25,000; (b) cash will reduce by Rs. 22,500  
(c) capital will increase by Rs. 2,500; **(d) all of these**
11. Sold goods (costing Rs.15,000) for Rs.18,000 out of which Rs.5,000 received in cash means  
(a) stock will decrease by Rs. 15,000; (b) stock will decrease by Rs. 18,000  
(c) cash will increase by Rs. 5,000; **(d) both (a) & (c)**

12. Sold goods (costing Rs.15,000) for Rs.18,000 out of which Rs.5,000 received in cash means  
(a) debtors will increase by Rs. 13,000; (b) debtors will increase by Rs. 18,000  
(c) capital will increase by Rs. 3,000; **(d) both (a) & (c)**
13. Depreciation on furniture is charged for Rs. 2,000 means  
(a) furniture will reduce by Rs. 2,000; (b) capital will reduce by Rs. 2,000  
**(c) both (a) & (b);** (d) none of these
14. Rent paid in cash for Rs.5,000 means  
(a) cash will decrease by Rs. 5,000; (b) capital will decrease by Rs. 5,000  
**(c) both (a) & (b);** (d) none of these
15. Salaries paid in cash for Rs. 10,000 means  
(a) cash will increase by Rs. 10,000; (b) cash will decrease by Rs. 10,000;  
(c) capital will decrease by Rs. 10,000; **(d) both (b) & (c)**

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