A Jesuit Christian Minority Institution

Answer Key 19

Sub: ACCOUNTANCY   Class 11   F.M. 15

Chapter: Unit 3: Recording of Transactions   Date: 08/08/2020

Topic: Accounting Equation 1

Choose the correct alternatives   **1 x 15 = 15**

1. Accounting Equation is based on recording of business
   (a) events; **(b) transactions;** (c) both events & transactions; (d) none of these

2. Aspects of accounting equations are
   (a) assets; (b) liabilities; **(c) both assets & liabilities;** (d) none of these

3. Accounting Equation is
   (a) total assets = total liabilities; (b) total assets = liabilities + capital;
   (c) assets + liabilities = capital;   **(d) both (a) & (b)**

4. What is owns means
   (a) assets; (b) liabilities; (d) both assets & liabilities; (d) none of these

5. What is owes means
   (a) assets; **(b) liabilities;** (d) both assets & liabilities; (d) none of these

6. Started business with cash for Rs. 70,000 means
   (a) cash will increase by Rs. 70,000; (b) capital will increase by Rs. 70,000;
   (c) cash will decrease by Rs. 70,000;**(d) both (a) & (b)**

7. Credit purchase of goods for Rs.18,000 means
   (a) creditors will increase by Rs. 18,000; (b) creditors will decrease by Rs. 18,000
   (c) capital will increase by Rs. 18,000   (d) none of these

8. Credit purchase of goods for Rs.18,000 means
   (a) stock will increase by Rs.18,000; (b) stock will decrease by Rs.18,000
   (c) stock will not change;   **(d) both stock & creditors will increase by Rs. 18,000**

9. Payment made to creditors Rs.17,500 in full settlement of Rs.18,000 means
   (a) creditors will reduce by Rs.17,500;   **(b) creditors will reduce by Rs. 18,000;**
   (c) creditors will increase by Rs. 17,500; (d) creditors will increase by Rs. 18.000

10. Payment made to creditors Rs.17,500 in full settlement of Rs.18,000 means
    (a) cash will reduce by Rs.17,500;   (b) cash will reduce by Rs. 18,000;
    (c) cash will increase by Rs. 17,500; (d) cash will increase by Rs. 18.000

11. Payment made to creditors Rs.17,500 in full settlement of Rs.18,000 means
    (a) capital will increase by Rs. 500;   (b) capital will decrease by Rs. 500
    (c) capital will reduce by Rs.17,500; (d) none of these

12. Purchase of machinery for cash for Rs. 20,000 means

(a) cash will reduce by Rs. 20,000; (b) cash will increase by Rs. 20,000

(c) capital will increase by Rs. 20,000; (d) none of these

13. Purchase of machinery for cash for Rs. 20,000 means

(a) machinery will increase by Rs. 20,000; (b) machinery will decrease by Rs. 20,000

(c) machinery will not change (d) none of these

14. Goods sold in cash for Rs. 30,000 which is costing Rs.25,000 means

(a) cash will increase by Rs. 30,000; (b) stock will decrease by Rs. 25,000;

(c) capital will increase by Rs. 5,000; **(d) all of these**

15. Goods sold in cash for Rs. 40,000 costing Rs. 45,000 means

(a) cash will increase by Rs. 40,000; (b) stock will decrease by Rs. 45,000;

(c) capital will decrease by Rs. 5,000; **(d) all of these**

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