

1. Bank account is a:

- a) Real account
- b) Nominal account
- c) Personal account
- d) None of these

 Bank A/c is a **Personal A/c**

2. Salaries Account is:

- a) none of these
- b) an asset account
- c) an expense account
- d) an liability account

 Salary A/c is an **expense A/c**

3. Goodwill account is a:

- a) Nominal Account
- b) Real Account
- c) None of these
- d) Personal Account

 **since Goodwill is an Asset**

4. Consider the following statements with regard to the accounting treatment of various accounts:

- i. Increase in asset is debited and decrease in asset is credited.
- ii. Increase in expenses/losses is debited and decrease in expenses/ losses is credited.
- iii. Increase in liabilities is credited and decrease in liabilities is debited.
- iv. Increase in capital is credited and decrease in capital is debited.

Identify the correct statement/statements:

- a) i and ii
- b) i, iii and iv
- c) i, ii, iii and iv
- d) ii and iii

 **All statements are correct**

5. Which of the following accounts has a credit balance?

- a) Discount Allowed
- b) Discount Received
- c) Carriage Inward
- d) Carriage Outward

 **Discount Received is an Income.**

6. Which of the following is not a type of personal account?

- a) Ram's A/c
- b) Investment A/c
- c) SBI Bank A/c
- d) Atul's Capital A/c

 **Investment is an Asset, so it is Real A/c**

Consider the following statements with respect to the rules of Debit and Credit:

- i. Debit what comes in, credit what goes out.
- ii. Debit the receiver, Credit the giver.
- iii. Debit all incomes, Credit all expenses.

Identify the correct statement/statements:

-  a) i and ii
- b) All of these

8. Drawings Account is a

- a) None of these
- b) Personal Account
- c) Nominal Account
- d) Real Account

since it  
belongs to  
personal  
drawings

9. Sundry Creditors Account is a:

- a) Liability Account
- b) None of these
- c) Capital Account

Business owe  
amount to  
creditors

10. Debit balance of any account mean an \_\_\_\_\_ whereas Credit Balance means a \_\_\_\_\_.

- a) Expense, Income
- b) All of these
- c) Assets, Capital
- d) Assets, Liability

Expense  
Asset  
Asset

Income  
capital  
Liability

11. State True or False:

- a) Artificial Personal Accounts work as personal accounts for firms and companies. **True**
- b) Debit means an increase in Liability. **False**
- c) Credit is abbreviated as Dr. **False**
- d) An outstanding salary is a personal account. **True**
- e) The amount of every transaction is written twice, once as a debit and again as a credit. **True**

12. Fill in the blanks:

- a) The reduction in expenses is recorded on the **CREDIT** side.
- b) Accounts which relate to persons, i.e., individuals, firms, companies, debtors or creditors, etc., are **PERSONAL** Accounts.
- c) These are the **NOMINAL** (accounts/ profit) of expenses or losses incurred in carrying the business.
- d) The account of the party from whom goods were purchased is **CREDITED** with the total amount.
- e) **NOMINAL** accounts include the accounts of all expenses and incomes.

13. State the rule of recording personal accounts in the journal.

DEBIT THE RECEIVER  
CREDIT THE GIVER

14. State the types of account (personal, real, or nominal) of the following:

- i. Outstanding rent **PERSONAL**
- ii. Stock **REAL**

15. What are Nominal Accounts? **ACCOUNTS RELATED TO EXPENSES, LOSSES, PROFIT/REVENUE.**

16. What are Personal Accounts? **ACCOUNTS RELATED TO REAL OR ARTIFICIAL PERSONS.**

17. What does debit in an Asset Account signify? **INCREASE IN ASSET**

18. Which account should be credited if goods are withdrawn by the proprietor for the private use? **DRAWINGS A/c**

19. What entry (debit or credit) would you make to

- i. increase revenue, **→ CREDIT**
- ii. decrease in expense **→ CREDIT**
- iii. record drawings, **→ CREDIT**
- iv. record the fresh capital introduced by the owner. **→ CREDIT**

20. Briefly state the rules of debiting and crediting accounts classified on the basis of Accounting Equation.

	<b>INCREASE</b>	<b>DECREASE</b>
CAPITAL	Cr.	Dr.
Liabilities	Cr.	Dr.
Expenses	Dr.	Cr.
Assets	Dr.	Cr.
Revenue	Cr	Dr

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