

1. Bank account is a:

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

Bank A/c is Artificial 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 since it belongs to personal drawings
- None of these
 - Personal Account
 - Nominal Account
 - Real Account
9. Sundry Creditors Account is a:
- Liability Account Business owe amount to creditors
 - None of these
 - Capital Account
 - Revenue Account
10. Debit balance of any account mean an _____ whereas Credit Balance means a _____.
- Expense, Income Expense Asset
 - All of these Income capital Liability
 - Assets, Capital Asset
 - Assets, Liability
11. State True or False:
- Artificial Personal Accounts work as personal accounts for firms and companies. True
 - Debit means an increase in Liability. False
 - Credit is abbreviated as Dr. False
 - An outstanding salary is a personal account. True
 - The amount of every transaction is written twice, once as a debit and again as a credit. True
12. Fill in the blanks:
- The reduction in expenses is recorded on the CREDIT side.
 - Accounts which relate to persons, i.e., individuals, firms, companies, debtors or creditors, etc., are PERSONAL Accounts.
 - These are the NOMINAL (accounts/ profit) of expenses or losses incurred in carrying the business.
 - The account of the party from whom goods were purchased is CREDITED with the total amount.
 - 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:
- Outstanding rent PERSONAL
 - Stock REAL
15. What are Nominal Accounts? ACCOUNTS RELATED TO EXPENSES, LOSS, 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
- increase revenue, → CREDIT
 - decrease in expense → CREDIT
 - record drawings, → CREDIT
 - 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.
- | | Increase | Decrease |
|-------------|----------|----------|
| CAPITAL | Cr. | Dr. |
| Liabilities | Cr. | Dr. |
| Expenses | Dr. | Cr. |
| Assets | Dr. | Cr. |
| Revenue | Cr. | Dr. |