

WORK SHEET  
UNIT-IV

1. The accounting equation is:
  - A) Assets = Liabilities – Capital
  - B) Assets = Liabilities + Capital
  - C) Capital = Assets + Liabilities
  - D) Liabilities = Assets + Capital**Answer:** B) Assets = Liabilities + Capital
2. Double-entry system means:
  - A) One account is affected
  - B) Two accounts are affected
  - C) Three accounts are affected
  - D) No accounts are affected**Answer:** B) Two accounts are affected
3. Which of the following is an accounting concept?
  - A) Business entity
  - B) Matching
  - C) Going concern
  - D) All of the above**Answer:** D) All of the above
4. According to the business entity concept:
  - A) Owner and business are same
  - B) Owner and business are separate
  - C) Only business exists
  - D) Only owner exists**Answer:** B) Owner and business are separate
5. Journal is also known as:
  - A) Ledger
  - B) Subsidiary book
  - C) Book of original entry
  - D) Cash book**Answer:** C) Book of original entry
6. Posting means:
  - A) Recording transactions in journal
  - B) Transferring entries to ledger
  - C) Preparing trial balance
  - D) Preparing final accounts**Answer:** B) Transferring entries to ledger
7. Trial balance is prepared to:
  - A) Find profit
  - B) Check arithmetical accuracy
  - C) Record transactions
  - D) Prepare journal**Answer:** B) Check arithmetical accuracy
8. Which of the following is not a real account?
  - A) Cash

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- B) Building
- C) Debtor
- D) Machinery

**Answer:** C) Debtor

9. The rule for personal account is:

- A) Debit what comes in
- B) Credit what goes out
- C) Debit the receiver, credit the giver
- D) Debit expenses

**Answer:** C) Debit the receiver, credit the giver

10. The rule for real account is:

- A) Debit expenses
- B) Debit what comes in, credit what goes out
- C) Credit income
- D) Debit capital

**Answer:** B) Debit what comes in, credit what goes out

11. Profit and Loss Account shows:

- A) Financial position
- B) Profit or loss
- C) Assets and liabilities
- D) Cash balance

**Answer:** B) Profit or loss

12. Balance sheet shows:

- A) Income and expenses
- B) Profit
- C) Financial position
- D) Transactions

**Answer:** C) Financial position

13. Trial balance is prepared from:

- A) Journal
- B) Ledger balances
- C) Cash book
- D) Balance sheet

**Answer:** B) Ledger balances

14. Outstanding expenses are:

- A) Prepaid expenses
- B) Paid expenses
- C) Unpaid expenses
- D) Capital expenses

**Answer:** C) Unpaid expenses

15. Depreciation is:

- A) Increase in asset value
- B) Decrease in asset value
- C) Increase in liability
- D) Income

**Answer:** B) Decrease in asset value

## WORK SHEET

### FILL IN THE BLANKS

1. The basic accounting equation is Assets = Liabilities + \_\_\_\_\_.  
**Answer:** Capital
2. Double-entry system records \_\_\_\_\_ aspects of every transaction.  
**Answer:** two
3. Journal is the book of \_\_\_\_\_ entry.  
**Answer:** original
4. Ledger is the book of \_\_\_\_\_ entry.  
**Answer:** final
5. Trial balance is prepared to check \_\_\_\_\_ accuracy.  
**Answer:** arithmetical
6. Debit what comes in, credit what \_\_\_\_\_.  
**Answer:** goes out
7. Balance sheet shows the \_\_\_\_\_ position of a business.  
**Answer:** financial
8. Profit and Loss Account shows \_\_\_\_\_ or loss.  
**Answer:** profit
9. Outstanding expenses are \_\_\_\_\_ expenses.  
**Answer:** unpaid
10. Depreciation represents \_\_\_\_\_ in asset value.  
**Answer:** decrease



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