



Fill in the Blanks.

- 1) Bad debts are written off by debiting **Bad Debt** account and crediting **Personal** account.
- 2) The amount of depreciation keeps reducing year after year in **Reducing Balance** method.
- 3) In the double entry book keeping system, every debit has a corresponding **Credit**
- 4) Cash withdraw from bank for office use is a **Contra** entry in three column cash book.
- 5) As per the double entry book keeping system ,total value of assets is equal to total value of **Liability**
- 6) The excess of income over expenditure is said to be **Revenue** .
- 7) The goodwill is **Intangible** assets.
- 8) Petty cash book maintains cash balance under the **Impress** system.
- 9) Return outward book is also known as **Purchase** Return book.
- 10) Rule of posting in nominal account is debit the **Expenses & Losses** and credit the **Income & Gains**
- 11) Journal is a **Primary**(primary book/Secondary book)
- 12) Purchase a typewriter is a **Capital Expenditure** (Revenue Expenditure/Capital Expenditure)
- 13) (Cash discount /trade Discount) **Cash Discount** is given for prompt payment.
- 14) Bank account is a **Personal Account** (real account/personal account)
- 15) Closing stock is **Current Assets** (Fixed assets/Current assets)
- 16) Accrued expenses is a **Current liability** (Current liability/Current assets)
- 17) Opening bank overdraft balance is posted to the **Credit** (debit/credit) of the cash book.
- 18) Cheque deposited in the bank but not credited will **increase** (increase/decrease) the bank balance in cashbook.
- 19) In every transaction at least **two** parties are involved (one/two).
- 20) A person to whom a firm owes is a **Creditors** Debtor/creditor)
- 21) Capital account of ram is a **Personal** account (personal a/c/Nominal a/c)
- 22) Transaction between owner and business are recorded due to **Business entity concept**(Going concern/business entity)
- 23) **Quality of staff** is not recorded in the books of account (Quality of staff / sale of goods)
- 24) Receiver account is **Debited** (debited/credited)
- 25) Cash is a **Current** assets(Fixed/current)
- 26) Purchase book always shows **Debit** balance(Debit/credit)
- 27) In journal proper only **Cash** discount is recorded (cash/trade)
- 28) A trial balance is **Statement** (a statement/ a summary).
- 29) Premium paid on the policy of business man 'sons are debited to **Insurance Premium** account.
- 30) Goods purchased from Ram Lal and paid by cheque **Bank** a/c are credited.
- 31) Cartage paid for goods purchased for business **Cartage** a/c is debited.
- 32) Cash paid to Ram Lal on account of goods purchased **Ram Lall** a/c is debited.
- 33) Goods distributed as free sample should be debited to **Free Sample** account.
- 34) Sale of goods to X for cash will be credited to **Sales** a/c.
- 35) Goods taken by proprietor for personal use will be credited to **Purchase account**



- 36) Loss of goods by fire should be credited to **Purchase a/c**
- 37) For goods returned by customer **Sales return a/c** is debited.
- 38) Salary paid to Mohan will be debited to **Salary a/c**
- 39) Cash received from Surender as rent will be credited to **Rent a/c**
- 40) Premium paid on the on the life insurance policy of the proprietor will be debited to **Insurance Premium a/c**
- 41) Outstanding rent will be debited to **Rent a/c**
- 42) Discount received is **Credit** in cash book
- 43) For cash deposited into bank, **Bank a/c** will be debited and **Cash a/c** will be credited.
- 44) When a cheque deposited into bank is dishonoured, it is recorded on **Credit** side of cash book in **Bank** column.
- 45) The word c against an entry in the cash book signifies that this entry is not to be **posted** to the ledgers.
- 46) When a firm maintains a cash book, it need not maintain **Cash a/c** in the ledger.
- 47) Accounting is the **Language** Of Business.
- 48) Accounting records only transaction which is of **financial** character.
- 49) Accounting is as **OLD** as money itself.
- 50) Accounting can be useful only for recording **Business transaction.**
- 51) Book keeping and accounting are not **Synonymous** terms.
- 52) Ledger is a set of **Accounts.**
- 53) Assets always have **Debit Balance.**
- 54) Ledgers are the **Principal Book** of accounts.
- 55) The process of transferring entries from journal to ledgers is called **Posting.**
- 56) Trial balance is prepared from **ledgers Book.**
- 57) The preparation of Trial Balance helps in locating **Errors of Communication.**
- 58) Trial balance records balances of **All Accounts.**
- 59) If the two sides of the Trial Balance tally, it is an indication of the fact that the books of accounts are **Arithmetically Accurate.**
- 60) Purchase of office furniture for Rs 3000 has been debited to generally expenses accounts is an **Error of Principles.**
- 61) Bookkeeping is a systematic record of all **Financial** transaction.
- 62) Scope of accountancy is **Larger** than that of book keeping.
- 63) Accounting records can be produced as **Evidence** in court of law.
- 64) Incomplete record of transaction is termed as **Single Entry System.**
- 65) **Luca Friar Pacioli** is regarded as the father of modern accounting.
- 66) Double entry system of book keeping tells the **Financial Position** of the entity at a point of time.
- 67) Accounting is a **Discipline** whereas accountancy is a **Profession.**
- 68) Amount payable by the entity to the outsiders is termed as **Liability.**
- 69) **Revenue** is the monetary value of the products or services sold to the customer during the year.
- 70) **Cost of sales** is the cost of goods sold plus selling and administrative expenses.



- 71) Capital=**Assets – Liability**
- 72) Expenditure incurred for erection of machinery shall be debited to **Machinery account.**
- 73) Cash received from Tarachand as rent shall be credited to **Rent.**
- 74) Value of goods lost under fire will be credited to **Purchase account.**
- 75) Premium paid on the policy of proprietor's wife from the business cash shall be debited to be credited to **Drawings account.**
- 76) Rs 10000 invested by the proprietor in the business shall be credited to **Capital account.**
- 77) Carriage spent on the purchase of material should be debited to **Carriage account.**
- 78) Material used from the business for the extension of the building should be debited to **Building** account.
- 79) Goods distributed as free sample should be debited to **Advertisement** account.
- 80) A ledger is a **Principal** book.
- 81) Ledger is a book of **Final entry.**
- 82) The **Folio** column of ledgers links the entry with journals /sub journals.
- 83) Cash discount appears on the **debit side** of the debtors accounts.
- 84) **Debit balance** of a personal account represents the amount recoverable from him.
- 85) Nominal account having credit balance represents **Income/gain.**
- 86) Real account can't have **Credit balance.**
- 87) Impersonal ledgers are also known as **General** ledgers.
- 88) In purchase ledger account of **trade Creditor** only are maintained.
- 89) The process of transferring debits and credits from journal to the respective account in ledger is known as **Postings.**
- 90) Postings on the credit side of the account are write as **By.**
- 91) Writing the difference of totals on the shorter side of the account is known as **Balancing.**
- 92) An account is a formal record of changes of in items of **Similar Nature.**
- 93) The suspense a/c is prepared when the Trial Balance **Disagrees.**
- 94) The balance of suspense a/c is shown in the **Balance Sheet.**
- 95) If an error affects the debit as well as credit side, it can be rectified by **Passing a journal entry.**
- 96) When only one side is affected by an error, it can be rectified by passing a direct entry in the **ledgers.**
- 97) The trial balance is made to agree temporarily by opening a **Suspense account.**
- 98) The wrong debit to a nominal a/c will **Reduce the profit.**
- 99) Sales are equal to **Cost of goods sold and profits.**
- 100) Interest on drawings is **Gain** for the business
- 101) Goods given as sample should credited to **Purchase a/c.**
- 102) Income received in advance by a business unit is **Liability.**
- 103) Closing stock appearing in Trial Balance will be taken to **Balance sheet.**
- 104) The bank reconciliation statement is prepared by **Customers, ie.firm.**
- 105) The bank reconciliation statement is prepared, if the balances as shown by cash book and pass book **Disagree.**



- 106) BRS are prepared with the help of **Bank Pass Book and bank Columnar Cash Book.**
- 107) The credit balance of cash book shows **Overdraft with the bank.**
- 108) Credit balance as per pass book mean **Customer amount deposited with bank .**
- 109) Debit balance as per pass book means **Over draft as per pass book.**
- 110) Unfavourable bank balance means **Credit balance as per cash book.**
- 111) BRS is **Reconciliation of balances of pass book and cash book.**
- 112) Cash book records all **Receipts and payments of cash**
- 113) Cash discount is provided on **Prompt payment.**
- 114) Purchase book records **All credit purchases of goods.**
- 115) Sales return book records **Return of goods sold.**
- 116) The periodical total of purchases return book is posted to **Purchase return.**
- 117) While making posting of sale return book, the personal account of the customers is **Credited.**
- 118) Purchase of journal is a subdivision of **Journal.**
- 119) Sale of old furniture will be recorded in **Journal proper.**
- 120) The transaction which do not find place in any of the subsidiary books are recorded in **Journal Proper.**
- 121) Purchase return book is also known as **Return Outward book.**
- 122) Fixed assets are **Kept in business for use over long period of time for earning income.**
- 123) The profit and loss a/c shows **Net profit earned.**
- 124) Goodwill is **Intangible.**
- 125) Closing stock is valued at **Cost or market price which ever less is.**
- 126) The manufacturing account is prepared to **Ascertain the cost of manufactured goods.**
- 127) Cash book is both **Principal book and subsidiary book.**
- 128) Bank balance as per cash book is **Assets.**
- 129) Contra entries are related to both **Cash and bank.**
- 130) Cash discount is recorded in **Cash book.**
- 131) When goods are returned to the suppliers a **Debit note** is sent to him.
- 132) **Credit note** is sent to a customer when he returned the goods.
- 133) BRS is prepared with the help of **Bank pass book with bank column of cash book.**
- 134) Bank statement of account or pass book is a copy of **A customers account in bankers books.**
- 135) A BRS is prepared to know the reason for the differences between **The balance of bank column of cash book and bank pass book.**
- 136) The credit balances of personal account indicated **Amount Payable.**
- 137) The debit balance of cash account indicates **Cash in hand.**
- 138) The credit balance of bank account indicates **amount payable to the bank.**
- 139) The credit balance of discount account indicates **Difference of discount given and discount allowed.**
- 140) A trial balance is an **Account and statement.**
- 141) Trial Balance is prepared from **Ledgers.**
- 142) Sales of goods to Rajan for cash shall be debited to **Cash account.**



- 143) Payment of wages to workers for setting up a new machine shall be debited to **Machinery account.**
- 144) Rs 800 received from Mohan whose account was previously written off as bad debts should be credited to **bad debts recovered account.**
- 145) Entries in the journal are made **date wise.**
- 146) Accounting principles are generally based on **Practicability.**
- 147) According to going concern concept a business entity is assumed to have a **long life.**
- 148) The system of recording transaction based on the dual aspect concepts is called **double entry system**
- 149) According to money measurement concept **value of land and building** will be recorded in the books of account of business.
- 150) The convention of conservatism, when applied to the balance sheet, results in understatement **of assets.**
- 151) The convention of conservatism is applicable in **making provision for bad debts and doubtful debts.**
- 152) The concepts of conservatism take into account all **future losses but leave all future profits.**
- 153) According to the concepts of conservatism the stock in trade is valued at **market price or cost price which ever is lower.**
- 154) According to the **entity concepts** even the proprietor of the business is treated as a creditor of the business.
- 155) According to the **manufacturing concepts** the net income from business all cost which is applicable to revenue of the period showed is charged against that revenue.
- 156) According to money measurement concepts **commission payable** to a sales man will be recorded in the books of account.
- 157) Non financial quantitative information is not recorded in account due to **measurement concepts.**
- 158) Journal is the book of **primary entry.**
- 159) The balance of cash column is always **Debit.**
- 160) Petty cash book is prepared to record **petty expenses.**
- 161) Cash book is a **Subsidiary** book.
- 162) Only **Cash** transaction is recorded in cash book.
- 163) While making the entries in cash book the rule of **Real** account is followed.
- 164) Cash book is a **journal** as well as **ledgers** for Cash account.
- 165) Discount received is **credited** in cash book.
- 166) When cash is deposited into and withdraw from bank the entry, the entry in cash book is called **Contra entry.**
- 167) For cheque received from A and deposited into bank **Bank** account will be debited and **A** account will be debited.
- 168) Cash book maintained to record small expenses is called **petty cash book.**
- 169) Petty cash book is also known as **analytical petty cash book.**



- 170) Cash book without cash column is known as **Bank cash book.**
- 171) Only credit purchases of merchandise are recorded in **Purchase** book.
- 172) Fixed assets purchased for cash are recorded in **Cash book.**
- 173) Sales book records only **credit** sale of **merchandise.**
- 174) When customer returns goods to the firm, it is recorded in Sales Return Book.
- 175) Recording business transaction on the basis of document is known as the principle of **verifiability and objectivity of evidence.**
- 176) According to the **business entity assumption**, even the proprietor is treated as a creditor of the business.
- 177) Return outward book records goods return to **Supplier.**
- 178) Bills on which payment will be made by the firm are recorded in **Bills Payable** book.
- 179) Adjusting entries are recorded in **journal proper.**
- 180) Purchase of land for cash will be recorded in **Cash Book.**
- 181) If purchase of goods on credit is not recorded in the books of, it is **error of Omission.**
- 182) If purchase of furniture is recorded in the purchase book it is an **error of Principle.**
- 183) Error cancelled by themselves is called **Compensating errors.**
- 184) Debiting wages account with amount of wages paid on erection of machinery **is error of principle.**
- 185) Posting Rs 585 in A's as Rs 558 is an **error commission.**
- 186) A suspense account is created when the **total** of a trial balance do not agree.
- 187) The trial balance is a prima facie **evidence** of the accuracy of the book keeping.
- 188) Royalties paid on production is charged to **Trading/Manufacturing** account.
- 189) What a firm owes is called **debts/liability** of the firm.
- 190) Bad debts recovered are transferred to the **credits side** of the profit and loss account.
- 191) All indirect expenses are taken to **Profit and Loss account.**
- 192) Profit and loss account is a **Nominal** account.
- 193) Amount which the proprietor has invested in a business is known as **Capital.**
- 194) Amount which the firm owes to outsiders is known as **liability.**
- 195) **Expenses** are the cost incurred in producing goods and services.
- 196) Revenue means the income of a **Regular** nature.
- 197) The term sale is used only for the sale of **goods** and is never used for the sale of **assets.**
- 198) The person who stills owe some amount to the business are termed as **Debtors.**
- 199) Assets held for continued use in the business and not meant for resale are termed as **fixed assets.**
- 200) **Tangible assets** are those assets which have a physical existence and which cannot be seen or felt.
- 201) **Current liabilities** refer to those liabilities which are to be paid normally within one year.
- 202) Principles of **consistency** require that the same accounting method should be used from one accounting period to the next.
- 203) Recognition of cost in the same period as associated revenues is called **Matching** principle.



- 204) Personal transaction is distinguished from business transaction in accordance with the assumption of **Business entity.**
- 205) The amount of debts **not recoverable** from the debtors are termed as bad debts.
- 206) The business Entity concepts implies that a business unit is **separate** from the persons who supply capital to it.
- 207) According to **realisation** concept, revenue is considered as being earned on the date on which transaction is entered into.
- 208) Withdrawal of money by the owner is not an expense but a reduction of **cash and capital**
- 209) The **verifiable objective evidence** concepts requires that accounting transaction should be free from the bias of accountants and others.
- 210) Companies must prepare financial statement at least yearly due to the **Accounting Period Assumption.**
- 211) Cash book is a Journal as well as a ledger for **cash and bank** account.
- 212) While making entries in cash book the rules of **real account** is followed.
- 213) sales book is prepared from the **sales** invoice.
- 214) Closing entries are passed at the **end** of the year of the accounting period.
- 215) Adjustment entry affects either the trading accounts or the profit and loss account but definitely the **Balance sheet.**
- 216) In journal proper only **cash** discount is recorded.
- 217) Upon cash withdraw from bank it will **debit** the account of the account holder.
- 218) Upon issue of cheque ,it is credited in the books of account immediately but the bank will **debit** the account on cheque being presented for payment.
- 219) Cheque deposited but not yet cleared are **deducted** when bank reconciliation statements prepared starting with debit bank balance as per cash book.
- 220) Cheque deposited but not yet presented are **added** to debit cash book balance when bank reconciliation statements prepared starting with debit bank balance as per cash book.
- 221) Charges charged by bank and not recorded in the books of accounts are **added** to credit cash book balance when bank reconciliation statement is prepared.
- 222) Interest allowed by bank and not recorded in the books of accounts are **deducted** from credit cash book balance when bank reconciliation statement is prepared.
- 223) Interest allowed by the bank and not recorded in the books of accounts are **added** to debit cash book balance to prepare Bank Reconciliation Statement.
- 224) Bank statement is sent by **bank** to the **customers**
- 225) BRS is prepared to **reconcile bank balance.**
- 226) When bank column of a cash book shows debit balance , it means **balance lying with bank.**
- 227) When passbook shows credit balance ,it means **balance lying with bank.**
- 228) When bank column of a cash book shows credit balance , it means **Overdraft, amount due to the bank.**
- 229) When passbook shows debit balance ,it means **Overdraft as per cash book.**
- 230) Debit balance of accounts are recorded in **debit** column of Trial Balance.



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- 231) Credit balance of accounts are recorded in **credit** column of Trial Balance.
- 232) **Final Account** are prepared on the basis of trial balance.
- 233) A trial balance is not a part of the double entry system of **book keeping**.
- 234) Prepaid expenses is a **Real** account.
- 235) Real Accounts are related to **assets**.

