

Principles of accounting Icom Part 1 English Medium Chapter 3 Online Test

Sr	Questions	Answers Choice
1	When an acceptor refuses to pay the amount of bill to the holder on its maturity date it is called	A. Honoured Bill B. Retired Bill C. Dishonoured Bill D. Endorsed Bill
2	A bill of exchange is a method of payment on	A. Cash Basis B. Credit Basis C. Reserve Basis D. Accommodation Basis
3	The concept of conservation will have the effect of:	A. Understatement of assets B. Under statement of liabilities C. Overstatement of assets D. None of the above
4	Accommodation bills are drawn accepted and endorsed	A. Without any Consideration B. for some Consideration C. for Quarter Consideration D. none of the above
5	Nominal account are related to:	A. Assets and liabilities B. Expenses, losses and incomes C. Customers, creditors etc D. Capital account
6	Real accounts are related to:	A. Assets B. Expenses, losses and incomes C. Customers, creditors D. Incomes
7	When a Bill is dishonoured, the holder of the bill goes to an official called	A. Inspector B. Notary Public C. Drawer D. Manager
8	At the time of drawing a bill the drawer credits:	A. Debtors account B. Creditors account C. bill receivable account D. Suppliers account
9	A bill from the point of view of a debtor is called	A. Bill Acceptable B. Bill Receivable C. Bill Payable D. None of these
10	The person to whom bill is transferred will become	A. Endorser B. Creditor C. Debtor D. Endorsee
11	The time after which the bill is to be paid	A. Grace Days B. Tenor C. Due Date D. Extra Days
12	Narration is always written:	A. Above each entry B. Below each entry C. Between of each entry D. None of these
13	When a bill is discharged the acceptor debits:	A. Creditors account B. Cash account C. Bill payable account D. Bill receivable account
14	When a bill is transferred by the drawer to his creditor, for settlement of his debts, it is called	A. Retirement of Bill B. Endorsement of a Bill C. Discounting of a Bill D. Settlement of a Bill
15	Any activity undertaken for the purpose of earning profit is called:	A. Performance B. Dealing C. Business D. ...

		D. Duties
16	When bank column of a cash book shows a credit balance, it means:	A. Cash balance B. Bank balance C. Under draft D. Over draft
17	Subsidiary books are called the book of:	A. Original entry B. Secondary entry C. Temporary entry D. Basic entry
18	Retiring a bill under rebate means	A. Payment of Bill Before Due Date B. Payment of Bill After due date C. Discounting of a Bill D. Dishonouring of a Bill
19	When is a drawee is declared insolvent which account is to be debited in the books of drawer	A. Deficiency a/c B. Bad Debts a/c C. Solvency a/c D. None of these
20	When a drawer discounts a bill, he debits	A. Bank Account B. Interest Account C. Drawee Account D. Bill Receivable Account
21	A bill of exchange is a / an	A. Promise B. Unconditional Order C. Request D. Conditional Order
22	The transaction for which non separate book is maintained are recorded in:	A. Journal proper B. Bills receivable book C. Bills payable book D. Cash book
23	Interest on renewal of a bill is the expense of	A. Drawer B. Drawee C. Holder D. Endorsee
24	Which cash is paid or received in an exchange the transaction is called:	A. Sale transaction B. Cash transaction C. Credit transaction D. None of the above
25	A Journal is generally kept on:	A. A columnar basis B. A row basis C. A single line basis D. Vertical basis
26	The Legal tenor of a bill is	A. Sixty Days B. One Month C. Eighty Days D. Ninety Days
27	All those expenses which are incurred to convert raw-materials into finished goods are called:	A. Direct expenses B. Indirect expenses C. Administrative expenses D. Sales expenses
28	A bank reconciliation statement is prepared by:	A. banker B. Accountant of the business C. Statutory auditors D. Rigistar
29	A bill of exchange is drawn by	A. Debtor B. Creditor C. Endorser D. Endorsee
30	When a drawee honours his acceptance, he will credit	A. Capital Account B. Drawer Account C. Bill Payable Account D. Cash Account
31	How many parties are involved in case of Discounting of a bill ?	A. Two B. Three C. Four D. None of these
32	Bank for collection is a	A. Permanent Account B. Fixed Account C. Current Account D. Temporary Account
33		A. Foreign Bill B. Local Bill

33	A bill which is both drawn and payable within the geographical boundaries of a country	B. Local Bill C. Municipal Bill D. Inland Bill
34	The act of withdrawing a bill of exchange from circulation when it had been paid before the due date	A. Renewal of a Bill B. Discounting of a Bill C. Endorsement of a Bill D. Retiring of a Bill
35	A man buys Rs. 40,000 worth goods and sells them for Rs. 50,000. His gross profit is:	A. Rs. 10,000 B. Rs. 20,000 C. Rs. 30,000 D. Rs. 40,000