

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

Sr	Questions	Answers Choice
1	A bill of exchange is a method of payment on	A. Cash Basis B. Credit Basis C. Reserve Basis D. Accommodation Basis
2	A bill of exchange is drawn by	A. Debtor B. Creditor C. Endorser D. Endorsee
3	A bill which is both drawn and payable within the geographical boundaries of a country	A. Foreign Bill B. Local Bill C. Municipal Bill D. Inland Bill
4	When a drawer discounts a bill, he debits	A. Bank Account B. Interest Account C. Drawee Account D. Bill Receivable Account
5	The time after which the bill is to be paid	A. Grace Days B. Tenor C. Due Date D. Extra Days
6	Bank for collection is a	A. Permanent Account B. Fixed Account C. Current Account D. Temporary Account
7	How many parties are involved in case of Discounting of a bill ?	A. Two B. Three C. Four D. None of these
8	A bill of exchange is a / an	A. Promise B. Unconditional Order C. Request D. Conditional Order
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	When a drawee honours his acceptance, he will credit	A. Capital Account B. Drawer Account C. Bill Payable Account D. Cash Account
12	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
13	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
14	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
15	When a Bill is dishonoured, the holder of the bill goes to an official called	A. Inspector B. Notary Public C. Drawer D. Manager

16	The Legal tenor of a bill is	A. Sixty Days B. One Month C. Eighty Days D. Ninety Days
17	Interest on renewal of a bill is the expense of	A. Drawer B. Drawee C. Holder D. Endorsee
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	Accommodation bills are drawn accepted and endorsed	A. Without any Consideration B. for some Consideration C. for Quarter Consideration D. none of the above
21	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
22	Any activity undertaken for the purpose of earning profit is called:	A. Performance B. Dealing C. Business D. Duties
23	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
24	Real accounts are related to:	A. Assets B. Expenses, losses and incomes C. Customers, creditors D. Incomes
25	Nominal account are related to:	A. Assets and liabilities B. Expenses, losses and incomes C. Customers, creditors etc D. Capital account
26	Narration is always written:	A. Above each entry B. Below each entry C. Between of each entry D. None of these
27	A Journal is generally kept on:	A. A columnar basis B. A row basis C. A single line basis D. Vertical basis
28	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
29	Subsidiary books are called the book of:	A. Original entry B. Secondary entry C. Temporary entry D. Basic entry
30	A bank reconciliation statement is prepared by:	A. banker B. Accountant of the business C. Statutory auditors D. Rigistar
31	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
32	At the time of drawing a bill the drawer credits:	A. Debtors account B. Creditors account C. bill receivable account D. Suppliers account
33		A. Creditors account B. Cash account

33	When a bill is discharged the acceptor debits:	B. Cash account C. Bill payable account D. Bill receivable account
34	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
35	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