

Important Questions for Chapter 4 Recording of Transactions 2

Question 1

When a firm maintains a cash book, it need not maintain?

- (a) Journal Proper
- (b) Purchases (journal) book
- (c) Sales (journal) book
- (d) Bank and cash account in the ledger

Answer:

- (d) Bank and cash account in the ledger

Question 2

Double column cash book records:

- (a) All transactions
- (b) Cash and bank transactions
- (c) Only cash transactions
- (d) Only credit transactions

Answer:

- (b) Cash and bank transactions

Question 3

Goods purchased on cash are recorded in the:

- (a) Purchases (journal) book
- (b) Sales (journal) book
- (c) Cash book
- (d) Purchases return (journal) book

Answer:

(c) Cash book

Question 4

Cash book does not record the transaction of:

(a) Cash nature

(b) Credit Nature

(c) Cash and credit nature

(d) None of these

Answer:

(b) Credit Nature

Question 5

Total of these transactions is posted in purchase account:

(a) Purchase of furniture

(b) Cash and credit purchase

(c) Purchases return

(d) Purchase of stationery

Answer:

(b) Cash and credit purchase

Question 6

The periodic total of sales return journal is posted to:

(a) Sales account

(b) Goods account

(c) Purchases return account

(d) Sales return account

Answer:

(d) Sales return account

Question 7

The credit balance of bank account in cash book shows:

- (a) Overdraft
- (b) Cash deposited in our bank
- (c) Cash is withdrawn from the bank
- (d) None of these

Answer:

- (c) Cash is withdrawn from the bank

Question 8

The periodic total of purchases return journal is posted to:

- (a) Purchase account
- (b) Profit and loss account
- (c) Purchase returns account
- (d) Furniture account

Answer:

- (c) Purchase returns account

Question 9

Balancing of account means

- (a) Total of debit side
- (b) Total of credit side
- (c) A difference in the total of debit & credit
- (d) None of these

Answer:

- (c) A difference in the total of debit & credit

Question 10

Journal is a book of secondary entry. True or false?

Answer:

False

Question 11

One debit account and more than one credit account in an entry are called compound entry. True or false?

Answer:

True

Question 12

Assets sold on credit are entered in the sales journal. True or false?

Answer:

False