Accounts
Mid- Term Revision

For each question there are four suggested answer – A, B, C and D. To answer the questions circle the best letter in front of the correct answer.

1. The formula to find Assets is:
A. Liabilities – Capital
B. Credit + Debit
C. Liability + Capital
D. Profit – Expenses

2. Debtors are:
A. persons who owe the business money.
B. a person to whom money is owed for goods.
C. The person who owns the actual good and services.
D. The persons who invest monies into the bank.

3. Which of the following is not found on the debit side of the accounting equation?
A. Stock
B. Creditors
C. Building
D. Cash at hand

4. Which of the following is a liability?
A. Buildings
B. Debtors
C. Creditors
D. Equipment

5. What would happen to the basic accounting equation if a cheque payment was made to George Russell a Creditor.
A. Assets will decrease; Liabilities will decrease
B. Assets will decrease; Liabilities will increase
C. Assets will increase; Liabilities will decrease
D. Assets will Increase; Liabilities will increase

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6. Which is not an example of revenue?
A. Rent received
B. Insurance Paid
C. Cheque from sale of assets
D. Income from commission

7. It is said that an account receives values on the" credit side". What does the term "credit" means?
A. Out going
B. Left
C. Incoming
D. Right

8. Which of the following best describes returns inwards?
A. It causes sales to increase
B. It causes purchase to increases.
C. It represents the goods returned to the firm
D. It represents the goods returned to the supplier by the firm.

9. Which of the following best describes the rule of Double Entry?
A. For every debit there is a corresponding credit.
B. Every event happens once.
C. Every transaction will have an increase on both sides
D. For every entry assets must increase.

10. What is the meaning of revenue?
A. The sale of goods
B. The payment of goods and services
C. The generating of profits and income for the firm.
D. The buying and selling of goods.

11. $200 cash rent was received from a tenant, L. McIntosh. What entry should be made to record this transaction?
A. Debit cash, credit rent received.
B. Debit M. Rolle, credit rent received
C. Debit rent received, credit cash.
D. Debit rent received, credit M. Rolle

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