

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

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" mean?
- 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 increase.
  - 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