

14. In the books of consignee, on dispatch of goods by the consignor the entry would be:

(a) Consignment account [Dr.] to goods sent on consignment account [Cr.]

(b) Consignment account [Dr.] to consignor account [Cr.]

(c) No entry

(d) none of these

Ans: (c)

15. In the books of consignee the expenses incurred by him on consignment are debited to:

(a) Consignment account (b) Cash account (c) Consignor's account (d) None of these

Ans: (c)

16. In the books of consignee the sale of goods is credited to:

(a) Consignor's account (b) sales account (c) consignee's account (d) None of these

Ans: (a)

17. Consignee becomes a debtor of the consignor when

(a) The goods are dispatched (b) The goods are received

(c) The goods are sold (d) none of these

Ans: (c)

18. An account sales is a statement which shows the details about the

(a) Goods received (b) Goods sold (c) Goods lying unsold (d) None of these

Ans: (b)

19. Del credere commission is given when the consignee

(a) Sells all the goods on credit (b) gets no ordinary commission

(c) Bears the loss of bad debts. (d) None of these

Ans: (c)

20. Del Credere commission that is given to the consignee is to cover

(a) Normal loss (b) Abnormal loss (c) Loss of bad debts (d) None of these

Ans: (c)

• **Fill in the blanks**

1. A bill of Exchange is a _____ instrument.

Ans: Negotiable

2. The person who draws or makes the bill is called _____

Ans: Drawer

3. The person who accepts the bill is called _____

Ans: drawee

4. The date on which bill becomes due for payments is called _____

Ans: due date

5. On the due date, if bill amount is failed to pay, it is called _____

Ans: dishonored

6. If bills extended on the request if the drawer due to unable to honor is called _____ of bill.

Ans: Renewal

7. Making the payment before the due date of maturity is known as _____ of bill.

Ans: Retiring

8. No. of parties involved in bills of exchange _____

Ans: 3

9. No of parties involved in bills of promissory note _____

Ans: 2

10. Normally allowable additional days after due date is called _____ period.

Ans: Grace

11. Goods dispatched by a manufacturer or wholesaler to an agent for the purpose of sale are called _____

Ans: Consignment

12. Abnormal loss is credited to _____ account.

Ans: Consignment

13. Del-Credere commission is normally calculated on _____ sales.

Ans: Total

14. The document giving the description of goods and their price sent to the consignee by the consignor is known as _____

Ans: Proforma invoice

15. Consignment account of the nature of a _____ account.

Ans: Normal

16. Consignment facilitates _____ without much initial and on-going cost.

Ans: Expansion

17. The detail of sale proceeds, expenses and commission are contained in a statement which is sent by the _____ is known as _____

Ans: Consignee, account sales

18. _____ is an additional commission paid to a consignee for undertaking responsibility of collecting debts and bearing risks of involved in credit sales.

Ans: Del credere commission, bad debts

19. Stock on consignment will be valued at _____ or _____ whichever _____ is.

Ans: Cost, market price, lower

20. Consignment account is an _____ account and it is prepared to ascertain the profit or loss on _____ separately.

Ans: nominal, each consignment.

Short Answers

1. What is a bill of exchange?
2. Write any two features of bill of exchange?
3. Name of the parties involved in bill of exchange?
4. What is "term" of a Bill?
5. Definition of promissory note?
6. What are non trading concerns?
7. State any two features of non profit organizations?
8. What is the main objective of a non trading concern?
9. List any two sources of income of a non trading concern?
10. List any two differences between a trading and a non trading concern?