

## Accounting MCQs with Answer PDF

### 1. Real account records

- A. Gains and losses
- B. Dealings in commodities
- C. Dealings with creditors or debtors
- D. All of the above

**Answer: Dealings in commodities**

### 2. Balance sheets are prepared

- A. Annually
- B. Daily
- C. Monthly
- D. Weekly

**Answer: Annually**

### 3. \_\_\_\_\_ is the internal user of financial statements

- A. Shareholder of the business
- B. Government agency
- C. Manager of the business
- D. Creditor of the business

**Answer: Manager of the business**

### 4. Auditing refers to

- A. Reporting the financial information
- B. Examination of financial information
- C. Maintaining the ledger accounts
- D. Preparation of financial statements

**Answer: Examination of financial information**

**5. A low Return on Investment Ratio (ROI) indicates**

- A. Over investment in assets
- B. Improper utilization of resources
- C. Both A and B
- D. None of the above

**Answer: Both A and B**

**6. Discount allowed is**

- A. Expense of business
- B. Loss of business
- C. Income of business
- D. Abnormal loss of business

**Answer: Expense of business**

**7. Journals are also referred to as**

- A. Book of economic events
- B. T account
- C. Book of original entries
- D. Book of entries

**Answer: Book of original entries**

**8. Current ratio =**

- A. Current assets/Current liabilities
- B. Debt/Equity
- C. Quick assets/Current liabilities
- D. Current assets/Equity

**Answer: Current assets/Current liabilities**

**9. What is equity?**

- A. Owner's claim on total assets
- B. Owner's claim on total liabilities
- C. Liability of a business
- D. Cash from the business

**Answer: Owner's claim on total assets**

**10. \_\_\_\_\_ is the first phase of accounting cycle**

- A. Posting entries to Ledger accounts
- B. Preparing Journal
- C. Identifying an economic event or transaction
- D. Making decisions about business

**Answer: Identifying an economic event or transaction**

**11. A Master Budget consists of**

- A. Production budget
- B. Material budget
- C. Sales budget
- D. All of the above

**Answer: All of the above**

**12. Which of the following is liabilities?**

- A. Obligations
- B. Future benefits
- C. Resources
- D. Expenses

**Answer: Obligations**

**13. The accounting process involves recording**

- A. Posting
- B. Non Quantifiable economic event
- C. Quantifiable economic event
- D. None of the above

**Answer: Quantifiable economic event**

**14. \_\_\_\_\_ is the gross inflow of economic benefits.**

- A. Assets
- B. Liabilities
- C. Expenses
- D. Income

**Answer: Income**

**15. Accounting provides information on**

- A. Financial conditions of an institutions
- B. Company's tax liability for a particular year
- C. Cost and income for managers
- D. All of the above

**Answer: Cost and income for managers**

**16. In accounting, an economic event is referred to as**

- A. Transaction
- B. Bank statement
- C. Cash
- D. Exchange of money

**Answer: Transaction**

**17. In Journal, the business transaction is recorded**

- A. Once in a month

- B. Once in a week
- C. Next day
- D. Same day

**Answer: Same day**

**18. The process of entering all transactions from the Journal to Ledger is called**

- A. Accounting
- B. Posting
- C. Entry
- D. None of the above

**Answer: Posting**

**19. \_\_\_\_\_ is the most important characteristic that all assets of a business have**

- A. Future economic benefits
- B. Intangible nature of assets
- C. Value of assets
- D. Long life of asset

**Answer: Future economic benefits**

**20. Balance sheet is a statement of**

- A. Capital
- B. Liabilities
- C. Assets
- D. All of the above

**Answer: All of the above**

**21. Capital increases if \_\_\_\_\_**

- A. Drawings
- B. Interest on capital

C. Revenue

D. Expenses are greater than income

**Answer: Revenue**

**22. Every business transaction affects at least \_\_\_\_\_ accounts.**

A. Two

B. Five

C. One

D. Three

**Answer: Two**

**23. The other name of Journal is \_\_\_\_\_**

A. Cash Book

B. Day Book

C. T account

D. Ledger

**Answer: Day Book**

**24. Payment of expenses will \_\_\_\_\_ the assets.**

A. Increase

B. Apportion

C. Reduce

D. Overstate

**Answer: Reduce**

**25. \_\_\_\_\_ is a statement showing the financial status of the company at any given time.**

A. Profit & Loss statement

B. Cash Book

C. Balance Sheet

D. Trading account

**Answer: Balance Sheet**

**26. The long term assets that have no physical existence but are rights that have value is known as**

A. Intangible assets

B. Current assets

C. Investments

D. Fixed assets

**Answer: Intangible assets**

**27. The debts which are to be repaid within a short period (year or less) are known as**

A. Fixed liabilities

B. Contingent liabilities

C. Current liabilities

D. All of the above

**Answer: Current liabilities**

**28. Discount allowed is a kind of deduction from \_\_\_\_\_**

A. Discount account

B. Cash account

C. Account Receivable

D. Account Payable

**Answer: Account Receivable**

**29. The account that records expenses, gains and losses is**

A. Real account

B. Nominal account

C. Personal account

D. None of the above

**Answer: Nominal account**

**30. Any written evidence in support of a business transaction is**

A. Journal

B. Ledger

C. Ledger posting

D. **Voucher**

**Answer: Voucher**