

Accounts Aptitude Questions

1. Insurance payment account is a
 - a) Nominal account
 - b) Representative personal account
 - c) Real account
 - d) Artificial personal account
2. According to ----- concept, the same method of accounting is to be followed year after year
 - a) Going concern
 - b) Entry
 - c) Consistency
 - d) Cost
3. Accounting is
 - a) A Science
 - b) An Art
 - c) Both Science and Art
4. Who invented the Double Entry System of Book Keeping?
 - a) William Pickles
 - b) Lucas Piccioli
 - c) J.R. Batliboi
 - d) None of the above
5. Which of the following transactions are not financial character and will be recorded in the books?
 - a) Make promise to send the goods
 - b) Receiving an order to send the goods
 - c) Loss of goods by fire
 - d) Interviewing the candidates for employment
6. In accounts recording is made of
 - a) Only Financial Transaction
 - b) Only Non-financial transaction
 - c) Financial and non-financial transaction
 - d) Personal transaction of the Proprietor
7. Entry made on both sides of cash book is called
 - a) Double entry
 - b) Compound entry
 - c) Contra entry
 - d) Mixed entry

8. Petty cash book is a branch of
- a) Sales book
 - b) Pass book
 - c) Cash book
 - d) Purchase book
9. A bill of exchange is accepted by
- a) Drawer
 - b) Drawee
 - c) Payee
 - d) Bank
10. The modern system of book keeping is based on
- a) Double account system
 - b) Single entry system
 - c) Single account system
 - d) Double entry system
11. Which of the following book is called the book of original entry
- a) Cash book
 - b) Capital loss
 - c) Journal
 - d) Revenue loss
12. Which of the following is not a financing activity?
- a) Repayment of long-term debt
 - b) Issuance of equity
 - c) Investments in businesses
 - d) Payment of dividends
13. What is working capital?
- a) $\text{Equity Capital} + \text{Retained Earnings}$
 - b) $\text{Equity Capital} - \text{Total Liabilities}$
 - c) $\text{Total Assets} - \text{Total Liabilities}$
 - d) $\text{Current Assets} - \text{Current Liabilities}$
14. Which of the following is not true about goodwill?
- a) Goodwill needs to be evaluated for impairment yearly
 - b) Goodwill is treated as a tangible asset in accounting
 - c) Goodwill is a result of purchasing a company for a price higher than the fair market value of the target company's net assets
 - d) Goodwill can be comprised of things such as good reputation, loyal client base, and brand recognition

15. Excess of debit over credit is called
- a) Credit balance
 - b) Debit balance
 - c) Opening balance
 - d) Closing balance
16. The excess of assets over liabilities is
- a) Revenue
 - b) Profit
 - c) Loss
 - d) Capital
17. A bill of exchange contains
- a) A promise
 - b) An unconditional order
 - c) A conditional order
 - d) A request to deliver goods
18. Wages paid to workers for erection of machinery are
- a) Revenue expenditure
 - b) Capital expenditure
 - c) Capital loss
 - d) Revenue loss
19. Withdrawal of merchandise for personal use is
- a) Drawings
 - b) Sale of merchandise
 - c) Personal expenses
 - d) Charity
20. If business assets are more than its liabilities, this position is known as
- a) Insolvency
 - b) Solvency
 - c) Both (a) and (b)
 - d) Loan position
21. Which of the following is not a current asset?
- a) Cash
 - b) Bank
 - c) Debtor
 - d) Machinery

22. Which of the following transaction is not of financial character?
- a) Purchase of asset on credit
 - b) Purchase of asset for cash
 - c) Withdrawing of money by proprietor from business
 - d) Strike by employees
23. Internal users of accounting information are
- a) Potential Investors
 - b) Creditors
 - c) Bank
 - d) Employees
24. ABC Ltd, follows straight line method of depreciation on fixed asset year after year by applying the principle of
- a) Comparability
 - b) Convenience
 - c) Consistency
 - d) All of the above
25. Purchase book records
- a) All cash purchases
 - b) All credit purchases of goods in trade only
 - c) None of the above
 - d) All credit purchased of goods and assets
26. Matching concept is related to
- a) $\text{Assets} = \text{Capital} + \text{Liabilities}$
 - b) Follow same method of accounting year after year
 - c) Accruals should be recorded
 - d) Revenue earned in the period should be matched with the expenses of that period
27. The concept of present value relates to the idea that
- a) The discount rate is always higher when you invest now than in the future.
 - b) The discount rate is always higher when you invest in the future than now.
 - c) The money you have now is worth less today than an identical amount you would receive in the future.
 - d) The money you have now is worth more today than an identical amount you would receive in the future.
28. A person who owes money is
- a) A creditor
 - b) An Owner
 - c) A Debtor
 - d) Agent

29. The basic objective of financial management is
- a) Maximization of profits
 - b) Profit planning of the organization
 - c) Maximization of shareholders wealth
 - d) Ensuring financial disciplined in the organization
30. What is an annuity?
- a) An investment that has no definite end and a stream of cash payments that continue forever
 - b) A stream of cash flows that start one year from today and continue while growing by a constant growth rate.
 - c) A series of equal payments at equal time periods and guaranteed for a fixed number of years.
 - d) A series of unequal payments at equal time periods which are guaranteed for a fixed number of years.
31. Cost of capital from all the sources of funds is called
- a) Specific cost
 - b) Composite cost
 - c) Implicit cost
 - d) Simple average cost
32. What is a par value of a bond?
- a) The amount borrowed by the issuer of the bond and returned to the investors when the bond matures
 - b) The overall return earned by the bond investor when the bond matures
 - c) The difference between the amount borrowed by the issuer of bond and the amount returned to investors at maturity
 - d) The size of the coupon investors receives on an annual basis
33. When the price of a bond is above the face value, the bond is said to be
- a) Trading at par
 - b) Trading at a premium
 - c) Trading at a discount
 - d) Trading below par
34. Prepaid expenses should appear in
- a) Stores
 - b) Revenues
 - c) Assets
 - d) Liabilities

35. The concept of time value of money is that
- a) The cash flows that occur earlier are more valuable than cash flows that occur later
 - b) The cash flows that occur earlier are less valuable than cash flows that occur later
 - c) The longer the time cash flows are invested, the more valuable they are in the future
 - d) The future value of cash flows is always higher than the present value of the cash flows
36. Rent paid to landlord is debited to
- a) Land lord A/c
 - b) Purchase A/c
 - c) Cash A/c
 - d) Rent A/c
37. Book keeping means
- a) To keep the books
 - b) To keep the books in office
 - c) To maintain business transaction in books
 - d) None of the above
38. Capital is increased by profit and decreased by loss.
- a) True
 - b) False
39. Accounting records only those transactions which can be express in terms of money
- a) True
 - b) False
40. Lucas Piccioli is said to be father of Book Keeping
- a) True
 - b) False