

## **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) Equity Capital + Retained Earnings
  - b) Equity Capital – Total Liabilities
  - c) Total Assets – Total Liabilities
  - d) Current Assets – 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) Assets= Capital + 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