Accounting MCQs - 150 Unique Questions + Topic Notes

# Section 1: Important Topic Notes

Accounting Equation: Assets = Liabilities + Equity

Profit = Sales - Expenses

DEA-LER Rule: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue

Accrual Accounting: Record when transaction occurs, not when cash moves.

Cash Accounting: Record when cash is received or paid.

Receivables = Asset (money owed to you). Payables = Liability (money you owe).

Straight Line Depreciation = (Cost - Residual Value) / Useful Life

Reducing Balance Depreciation = Opening Book Value x Rate %

Bank Reconciliation: GL Balance + Unpresented Checks - Uncredited Checks = Bank Balance

Trade Discount not recorded, Cash Discount recorded when paid/received.

Intercompany Transactions must be eliminated in consolidated financials.

Financial Statements: P&L shows performance, Balance Sheet shows position.

# Section 2: 150 MCQs

1. Q1. Which statement represents the accounting equation correctly?

* A) Assets = Liabilities + Equity
* B) Liabilities = Assets + Equity
* C) Equity = Assets - Liabilities
* D) Assets + Equity = Liabilities

Answer: A

Explanation: Standard form of accounting equation.

1. Q2. If a business buys equipment for cash, the total assets will:

* A) Increase
* B) Decrease
* C) Remain the same
* D) Double

Answer: C

Explanation: Cash decreases, equipment increases. Total assets stay constant.

1. Q3. Profit is calculated as:

* A) Sales - Liabilities
* B) Assets - Expenses
* C) Sales - Expenses
* D) Cash - Equity

Answer: C

Explanation: Profit = Sales - Expenses.

1. Q4. Net worth of a business equals:

* A) Assets - Liabilities
* B) Liabilities - Equity
* C) Sales - Expenses
* D) Cash + Inventory

Answer: A

Explanation: Net worth = Assets - Liabilities.

1. Q5. Which of these is NOT an asset?

* A) Cash
* B) Accounts Receivable
* C) Accounts Payable
* D) Building

Answer: C

Explanation: Accounts payable is a liability.

1. Q6. Which statement represents the accounting equation correctly?

* A) Assets = Liabilities + Equity
* B) Liabilities = Assets + Equity
* C) Equity = Assets - Liabilities
* D) Assets + Equity = Liabilities

Answer: A

Explanation: Standard form of accounting equation.

1. Q7. If a business buys equipment for cash, the total assets will:

* A) Increase
* B) Decrease
* C) Remain the same
* D) Double

Answer: C

Explanation: Cash decreases, equipment increases. Total assets stay constant.

1. Q8. Profit is calculated as:

* A) Sales - Liabilities
* B) Assets - Expenses
* C) Sales - Expenses
* D) Cash - Equity

Answer: C

Explanation: Profit = Sales - Expenses.

1. Q9. Net worth of a business equals:

* A) Assets - Liabilities
* B) Liabilities - Equity
* C) Sales - Expenses
* D) Cash + Inventory

Answer: A

Explanation: Net worth = Assets - Liabilities.

1. Q10. Which of these is NOT an asset?

* A) Cash
* B) Accounts Receivable
* C) Accounts Payable
* D) Building

Answer: C

Explanation: Accounts payable is a liability.

1. Q11. Which statement represents the accounting equation correctly?

* A) Assets = Liabilities + Equity
* B) Liabilities = Assets + Equity
* C) Equity = Assets - Liabilities
* D) Assets + Equity = Liabilities

Answer: A

Explanation: Standard form of accounting equation.

1. Q12. If a business buys equipment for cash, the total assets will:

* A) Increase
* B) Decrease
* C) Remain the same
* D) Double

Answer: C

Explanation: Cash decreases, equipment increases. Total assets stay constant.

1. Q13. Profit is calculated as:

* A) Sales - Liabilities
* B) Assets - Expenses
* C) Sales - Expenses
* D) Cash - Equity

Answer: C

Explanation: Profit = Sales - Expenses.

1. Q14. Net worth of a business equals:

* A) Assets - Liabilities
* B) Liabilities - Equity
* C) Sales - Expenses
* D) Cash + Inventory

Answer: A

Explanation: Net worth = Assets - Liabilities.

1. Q15. Which of these is NOT an asset?

* A) Cash
* B) Accounts Receivable
* C) Accounts Payable
* D) Building

Answer: C

Explanation: Accounts payable is a liability.

1. Q16. Which account increases with a debit?

* A) Revenue
* B) Liability
* C) Asset
* D) Share Capital

Answer: C

Explanation: Assets increase with debit.

1. Q17. Which of the following decreases with a debit?

* A) Expense
* B) Asset
* C) Liability
* D) Revenue

Answer: C

Explanation: Liabilities decrease with debit.

1. Q18. Which mnemonic helps remember debit and credit rules?

* A) LER-DEA
* B) DEA-LER
* C) RAD-LER
* D) LED-ARE

Answer: B

Explanation: DEA-LER: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue.

1. Q19. Which account increases with a debit?

* A) Revenue
* B) Liability
* C) Asset
* D) Share Capital

Answer: C

Explanation: Assets increase with debit.

1. Q20. Which of the following decreases with a debit?

* A) Expense
* B) Asset
* C) Liability
* D) Revenue

Answer: C

Explanation: Liabilities decrease with debit.

1. Q21. Which mnemonic helps remember debit and credit rules?

* A) LER-DEA
* B) DEA-LER
* C) RAD-LER
* D) LED-ARE

Answer: B

Explanation: DEA-LER: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue.

1. Q22. Which account increases with a debit?

* A) Revenue
* B) Liability
* C) Asset
* D) Share Capital

Answer: C

Explanation: Assets increase with debit.

1. Q23. Which of the following decreases with a debit?

* A) Expense
* B) Asset
* C) Liability
* D) Revenue

Answer: C

Explanation: Liabilities decrease with debit.

1. Q24. Which mnemonic helps remember debit and credit rules?

* A) LER-DEA
* B) DEA-LER
* C) RAD-LER
* D) LED-ARE

Answer: B

Explanation: DEA-LER: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue.

1. Q25. Which account increases with a debit?

* A) Revenue
* B) Liability
* C) Asset
* D) Share Capital

Answer: C

Explanation: Assets increase with debit.

1. Q26. Which of the following decreases with a debit?

* A) Expense
* B) Asset
* C) Liability
* D) Revenue

Answer: C

Explanation: Liabilities decrease with debit.

1. Q27. Which mnemonic helps remember debit and credit rules?

* A) LER-DEA
* B) DEA-LER
* C) RAD-LER
* D) LED-ARE

Answer: B

Explanation: DEA-LER: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue.

1. Q28. Which account increases with a debit?

* A) Revenue
* B) Liability
* C) Asset
* D) Share Capital

Answer: C

Explanation: Assets increase with debit.

1. Q29. Which of the following decreases with a debit?

* A) Expense
* B) Asset
* C) Liability
* D) Revenue

Answer: C

Explanation: Liabilities decrease with debit.

1. Q30. Which mnemonic helps remember debit and credit rules?

* A) LER-DEA
* B) DEA-LER
* C) RAD-LER
* D) LED-ARE

Answer: B

Explanation: DEA-LER: Debit Expenses & Assets, Credit Liabilities, Equity & Revenue.

1. Q31. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q32. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q33. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q34. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q35. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q36. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q37. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q38. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q39. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q40. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q41. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q42. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q43. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q44. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q45. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q46. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q47. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q48. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q49. Sold goods for cash. Correct entry?

* A) Debit Sales, Credit Cash
* B) Debit Cash, Credit Sales
* C) Debit Cash, Credit Expense
* D) Debit Expense, Credit Sales

Answer: B

Explanation: Cash received is debited, sales credited.

1. Q50. Purchased goods on credit. Correct entry?

* A) Debit Payables, Credit Purchases
* B) Debit Purchases, Credit Payables
* C) Debit Cash, Credit Purchases
* D) Debit Purchases, Credit Cash

Answer: B

Explanation: Purchases debited, payables credited.

1. Q51. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q52. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q53. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q54. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q55. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q56. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q57. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q58. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q59. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q60. The balance sheet represents:

* A) Profitability
* B) Financial position
* C) Cash flow
* D) Expenses only

Answer: B

Explanation: Balance sheet shows financial position at a point in time.

1. Q61. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q62. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q63. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q64. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q65. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q66. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q67. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q68. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q69. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q70. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q71. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q72. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q73. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q74. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q75. Receivables are classified as:

* A) Liability
* B) Asset
* C) Equity
* D) Expense

Answer: B

Explanation: Receivables are assets.

1. Q76. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q77. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q78. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q79. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q80. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q81. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q82. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q83. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q84. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q85. Straight line depreciation is calculated as:

* A) Cost x Rate
* B) (Cost - Residual Value) / Useful Life
* C) Opening Book Value x Rate
* D) Total Assets / Liabilities

Answer: B

Explanation: Standard formula for straight line depreciation.

1. Q86. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q87. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q88. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q89. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q90. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q91. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q92. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q93. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q94. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q95. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q96. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q97. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q98. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q99. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q100. Unpresented checks are:

* A) Deposited but not cleared
* B) Issued but not cleared
* C) Cleared by bank
* D) Dishonored

Answer: B

Explanation: Issued by business but not yet cleared by bank.

1. Q101. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q102. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q103. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q104. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q105. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q106. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q107. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q108. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q109. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q110. When a receivable is uncollectible, we:

* A) Debit Receivables, Credit Cash
* B) Debit Bad Debt Expense, Credit Receivables
* C) Debit Sales, Credit Receivables
* D) Debit Expense, Credit Cash

Answer: B

Explanation: Recognize expense and reduce receivable.

1. Q111. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q112. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q113. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q114. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q115. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q116. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q117. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q118. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q119. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q120. When shares are issued at a premium, the extra amount is credited to:

* A) Cash
* B) Share Capital
* C) Share Premium
* D) Retained Earnings

Answer: C

Explanation: Premium is credited to share premium account.

1. Q121. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q122. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q123. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q124. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q125. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q126. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q127. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q128. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q129. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.

1. Q130. Why are intercompany transactions eliminated in consolidation?

* A) To increase revenue
* B) To avoid duplication
* C) To track internal sales
* D) To record taxes

Answer: B

Explanation: To prevent overstating group financials.