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Accounting Equation MCQ & Quiz

Accounting Equation MCQ Quiz & Online Test: Below is few Accounting Equation MCQ test that checks your basic knowledge of Accounting Equation abilities. This Accounting Equation MCQ Quiz & Online Test contains questions 40 of multiple choice with 4 options. You have to select the right answer to a question.

Q1. The Accounting equation is $\text{Asset} = \text{Liabilities} + \dots\dots\dots$

- A. Capital
- B. current Asset
- C. Total Expense
- **D. Equity**

Q2. If the assets of a business are Rs . 100,000 and equity is Rs. 20,000, the value of liability will be

- A. Rs 100,000
- **B. Rs 80,000**
- C. Rs 120,000
- D. 20,000

Q3. Accounting equation is the base of

- A. Single Entry System
- B. Dual aspect Concept
- **C. Double Entry System**
- D. Costing Measurement System

Q4. Who is the Father of Double Entry System?

- **A. Luca Pascoli**
- B. Pineer Peggler
- C. Jeromee Lee
- D. Eugeue F. Fama

Q5. Net Income = Income -

- A. Profit
- B. Losses
- **C. Expenses**
- D. Revenue

Q6. On January 1st 2009 an entity's balance sheet showed total asset of Rs 850 and total liabilities of Rs 250. Owners equity at January 1st was?

- A. 850
- B. 250
- C. 1100
- **D. 600**

Q7. The Liabilities of a business are Rs 30,000; the capital of proprietor is Rs 70,000. The total asset are ?

- A. 30,000
- B. 70,000
- **C. 40,000**
- D. None of thses

Q8. Accounting principles are generally based on

- **A. Practicability**
- B. Subjectivity
- C. Conveniences in recordings
- D. All of the above

Q9. Accounting principles can be classified into

- A. Two Kinds
- **B. Three Kinds**
- C. Four Kinds
- D. Five Kinds

Q10. According to the money measurement concept, the following would be recorded in the books of account of the business

- A. Health of director of company
- B. Quality of company goods
- **C. Value of Plant Machinery**
- D. All of the above

Q11. According to this concept, It is assumed that business will exist for indefinite time period

- A. Realization concept
- **B. Going concern concept**
- C. Business Entity Concept
- D. None of the above

Q12. Assets - liability = ?

- A. Profit
- B. Working Capital
- **C. Capital**
- D. Long term Liability

Q13. If assets are Rs 8000 and capital is Rs 6000, liabilities will be

- A. 8000
- **B. 2000**
- C. 14000
- D. 6000

Q14. The accounting equation represents

- **A. Resource are allocated at Cost Price**
- B. Owner's Gives money for business
- C. Resource in the business are equal to source of business
- D. Resource in the business are not equal to the source of business

Q15. Purchase good on credit and for cash will effect

- **A. Cash and Good**
- B. Cash Good and Creditor
- C. Cash and Creditor
- D. Cash Creditor and Owner's Equity

Q16. Accounting provides information on

- A. Cost and Income for managers
- B. Company's tax and liabilities for a particular year
- C. Financial conditions of an Institute
- **D. All of above**

Q17. Patent Copyright and Trademark are

- A. Current Asset
- B. Fixed Asset
- **C. Intangible Asset**
- D. Investment

Q18. The equation is part of the transcation anaysis model

- A. Owner's equity=Contributed capital+Retained Earnings
- B. Retained Earnings= Net income-Dividends
- C. Net Income=income - Expense
- **D. All of the above**

Q19. The Accounting equation shows on a Company ?

- A. Trial Balance
- B. Cost Sheet
- C. Final Account
- **D. Balance Sheet**

Q20. which of the following will cause owner's equity increase ?

- A. Expense
- B. Owner Drawee
- **C. Revenue**
- D. Loss

Q21. The assets can be convert into cash within a short period like one year or less are known as

- **A. Current Asset**
- B. Fixed Asset
- C. Tangiable Asset
- D. Investment

Q22. The following is a statement of revenue and expenses for a specific period of a time

- A. Trading Accounting
- B. Trial Balance
- **C. Profit & loss statement**
- D. Balance Sheet

Q23. Balance sheet are prepared

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

Q24. Debenture is also name as

- A. Share
- **B. Bond**
- C. Equity
- D. Reserve

Q25. A Master budget consist

- **A. Sale Budget**
- B. Production Budget

- C. Material Budget
- D. All of the above

Q26. The unfavorable balance of Profit & loss Should be

- **A. Added to liability**
- B. Subtract from current asset
- C. Subtract from Capital
- D. Subtract from liability

Q27. Petty Cash fund is supposed to be replenished

- **A. Every Year**
- B. Every Half Year
- C. Quarterly
- D. A the end of every account period

Q28. A bills of exchange when drawn requires

- A. Nothing
- B. Discounting
- **C. Acceptance**
- D. None of the above

Q29. Profit & loss account is prepared for a period of one year by following

- **A. Periodicity concept**
- B. Business entity Concept
- C. Accrual concept
- D. None of the above

Q30. In which of the following interim dividend is treated

- A. In profit&loss accounting
- **B. In profit & loss appropriation account**
- C. On the asset side of the balance sheet
- D. In trading account

Q31. Using "lower of cost and net realisable value" for the purpose of inventory valuation of the implementation which of the following concept ?

- A. The Going concern concept
- B. The Separate Entity
- **C. The Prudence concept**
- D. Matching concept

Q32. Which Financial statement display the revenue and expense of a company for a period of time?

- **A. Income Statement**
- B. Balance sheet
- C. Cash flow statement
- D. Statement of Stockholder"s Equity

Q33. Which of these not include as a separate item in the basic accounting equation?

- A. Asset
- B. Liability
- **C. Revenue**
- D. Stockholder"s Equity

Q34. Which of these not include as a separate item in the basic accounting equation?

- A. Asset
- B. Liability
- **C. Revenue**
- D. Stockholder"s Equity

Q35. The account format that displayed debit, credits, balance, and headings?

- A. General Journal
- B. General Ledger
- **C. T-Account**
- D. Ledger Account

Q36. Marginal cost is concern with

- A. Fixed cost
- **B. Variable cost**
- C. Semi Variable cost
- D. None of these above

Q37. Outstanding salary as shown as

- A. Added to salary while preparing P&l a/c
- B. Shown in liability side of balance sheet under current liability
- **C. A&b**
- D. Above None of these

Q38. Trade payable are recorded in

- A. Asset side of B&S
- **B. Liability side of B&S**
- C. P&L account
- D. None of the above

Q39. The accounting principles are divide into two types. These are

- A. Accounting Concept
- B. Accounting conventions
- C. Accounting standard
- **D. Both 1 & 2**

Q40. Expenses paid by a business decrease_____ .

- A. Cash
- B. capital
- **C. Both 1 & 2**
- D. none of the mentioned