

Course
&
Test Series

Self-Made Assignment - Manual Accounting

Accounting Terms A

Do These Multiple Choice Questions.

1. Which of the following is considered a liability on a company's balance sheet?

- a) Cash
- b) Inventory
- c) Accounts Payable
- d) Retained Earnings

2. Accrual accounting means:

- a) Recording income when cash is received
- b) Recording income when it is earned, regardless of when cash is received
- c) Recording expenses only when they are paid
- d) Recording income only when expenses are recorded

3. The balance sheet includes which of the following components?

- a) Revenues and Expenses
- b) Assets, Liabilities, and Equity
- c) Net Income and Dividends
- d) Cash Inflows and Outflows

4. A company's retained earnings are:

- a) The amount of cash the company holds
- b) The earnings kept in the company after dividends are paid
- c) The earnings that are paid to shareholders as dividends
- d) The total amount of expenses incurred

5. Equity in accounting refers to:

- a) Total assets minus total liabilities
- b) Total liabilities plus total expenses
- c) Net income plus dividends
- d) Total revenue minus total expenses

 CBSE

 ICSE

 NTSE

 Banking & Insurance

 Central Govt. Service

 State Govt. Services

 LAW Entrance

 MBA Entrance

 Railways & Metro Services

...many more

abhyasonline.in

Course
&
Test Series



CBSE



ICSE



NTSE



Banking &
Insurance



Central Govt.
Service



State Govt.
Services



LAW
Entrance



MBA
Entrance



Railways & Metro
Services

...many more

abhyasonline.in

Self-Made Assignment - Manual Accounting

Accounting Terms A

6. What is the purpose of an income statement?

- a) To show the financial position of a company at a specific point in time
- b) To summarize the company's cash flows for the year
- c) To show the company's revenues and expenses over a period of time
- d) To report changes in equity during a specific period

7. Current assets are:

- a) Assets that are expected to be converted to cash within one year
- b) Long-term investments held for more than one year
- c) Fixed assets like buildings and machinery
- d) Equity held in other companies

8. Goodwill in accounting is:

- a) A tangible asset such as real estate
- b) The amount of money paid to employees
- c) The value of a company's brand and reputation
- d) A form of equity on the balance sheet

9. Liquidity refers to:

- a) The ability of a company to meet its long-term obligations
- b) The ability of a company to meet its short-term obligations
- c) The profitability of a company
- d) The value of a company's fixed assets

10. Double-entry accounting means:

- a) Every transaction affects two accounts
- b) Every transaction is recorded twice for verification
- c) Every financial statement is prepared twice
- d) Every expense has a matching income entry

11. The cash flow statement shows:

- a) Revenues and expenses
- b) Assets, liabilities, and equity
- c) Inflows and outflows of cash
- d) The company's financial position at a specific point in time



Course
&
Test Series

 CBSE

 ICSE

 NTSE

 Banking &
Insurance

 Central Govt.
Service

 State Govt.
Services

 LAW
Entrance

 MBA
Entrance

 Railways & Metro
Services

...many more

abhyasonline.in

Self-Made Assignment - Manual Accounting

Accounting Terms A

12. Which of the following is an intangible asset?

- a) Machinery
- b) Patent
- c) Inventory
- d) Building

13. Prepaid expenses are:

- a) Expenses that have already been paid but relate to future periods
- b) Expenses that are due but not yet paid
- c) Revenue that has been received but not yet earned
- d) The amount owed by customers

14. Net income is calculated as:

- a) Total revenues minus total expenses
- b) Total assets minus total liabilities
- c) Total revenues plus total liabilities
- d) Total revenues minus liabilities

15. Working capital is:

- a) Total current liabilities minus total current assets
- b) Total current assets minus total current liabilities
- c) Total equity minus total liabilities
- d) Net income minus total expenses

16. Accrued expenses are:

- a) Expenses that have been paid but not yet incurred
- b) Expenses that have been incurred but not yet paid
- c) Future expenses that are estimated
- d) Cash received before the revenue is earned

17. Dividends are:

- a) Payments made to creditors
- b) Earnings distributed to shareholders
- c) Payments for assets purchased
- d) Expenses related to issuing stock

Course
&
Test Series



CBSE



ICSE



NTSE



Banking &
Insurance



Central Govt.
Service



State Govt.
Services



LAW
Entrance



MBA
Entrance



Railways & Metro
Services

...many more

abhyasonline.in

Self-Made Assignment - Manual Accounting

Accounting Terms A

18. The term capital in accounting typically refers to:

- a) The total debt of a company
- b) Equity or funds invested in a business by owners
- c) Assets that are easily converted into cash
- d) The revenue generated from operations

19. Shareholders' equity is calculated as:

- a) Total assets plus total liabilities
- b) Total liabilities minus total assets
- c) Total assets minus total liabilities
- d) Total liabilities plus retained earnings

20. Book value of an asset is:

- a) The current market value of the asset
- b) The original cost of the asset minus accumulated depreciation
- c) The replacement cost of the asset
- d) The value after deducting all liabilities

