

**What does the certification CA stand for (in Canada)?**

- (a) Accrued revenue
- (b) Chartered Accountant
- (c) All of the above
- (d) None of the above

Answer: b

**When you have yet to bill a customer for services rendered and have not received the money in the same financial period that the service was performed, then the transaction is recorded as a(n) \_\_\_\_\_ (assume accrual basis of accounting)?**

- (a) accrued revenue
- (b) accrued expense
- (c) unearned revenue
- (d) prepaid expense

Answer: a

**What are internal controls designed to do?**

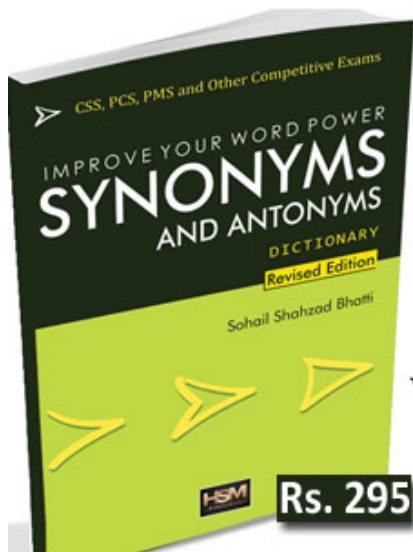
- (a) only safeguard assets
- (b) only ensure accurate accounting records
- (c) only achieve maximum revenue
- (d) safeguard assets and optimize the use of resources

Answer: d

**Who writes instructions that directs a computer's action?**

- (a) Writer
- (b) Programmer
- (c) systems analyst
- (d) operator

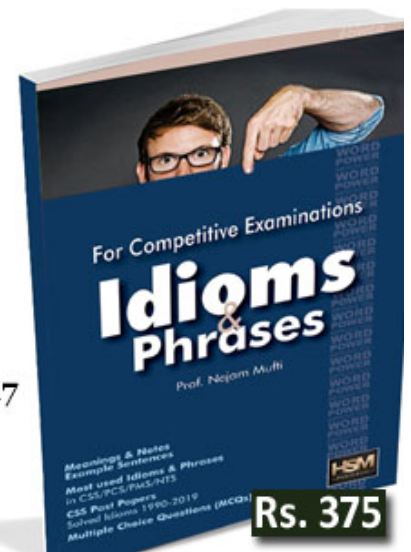
Answer: b



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**Who designs a computer system?**

- (a) Operator
- (b) Manager
- (c) systems analyst
- (d) programmer

Answer: c

**What is a firm's payment to a supplier for merchandise inventory recorded in?**

- (a) sales journal
- (b) cash receipts journal
- (c) purchases journal
- (d) cash disbursements journal

Answer: d

**Where are amounts owed by customers for credit purchases found?**

- (a) accounts receivable subsidiary ledger
- (b) sales journal
- (c) accounts receivable journal
- (d) general ledger

Answer: a

**Which of the following transactions is not recorded in the cash receipts journal?**

- (a) expensing prepaid rent
- (b) receipt of customer payments
- (c) borrowing money from a bank
- (d) sale of equipment for cash

Answer: a

**Where would a debit posted to accounts payable in the general ledger come from?**

- (a) sales journal
- (b) cash disbursements journal
- (c) purchases journal
- (d) cash receipts journal

Answer: b

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**The owner of a business puts money into the business. What is credited?**

- (a) Owner a/c
- (b) Capital a/c
- (c) Investment a/c
- (d) Loan a/c

Answer: b

**A loan in cash is received from D Michael. What is credited?**

- (a) D Michael a/c
- (b) Loan a/c
- (c) Cash a/c
- (d) D Michael Loan a/c

Answer: d

**Which of the following is a control account?**

- (a) Capital
- (b) Prepaid Rent
- (c) Accounts Receivable
- (d) Salary Payable

Answer: c

**What does the abbreviation GAAP stand for?**

- (a) Great Accepted Accounting Principles
- (b) Great American Accounting Principles
- (c) Generally Accepted Accounting Principles

(d) Generally American Accounting Principles

Answer: c

**Which accounting principle states that the same amount of time must be used for each accounting period?**

- (a) Accounting Period Principle
- (b) Time Period Principle
- (c) Written Period Principle
- (d) Bookkeeping Period Principle

Answer: b

**What is the cash basis of accounting?**

- (a) When cash comes in, something else must go out.
- (b) Cash is always the most liquid asset.
- (c) Revenue and expenses are recognized as cash comes in or goes out.
- (d) All assets must be recorded by how much cash they're worth at that very moment.

Answer: c

**This can be written either in an account form or a report form.**

- (a) Income Statement
- (b) Balance Sheet
- (c) Trial Balance
- (d) Journal Entry

Answer: b

**Which of the following is not considered a financial statement?**

- (a) These Are All Financial Statements
- (b) Balance Sheet
- (c) Trial Balance
- (d) Income Statement

Answer: c

**What is the amount earned from the sale of goods and services called?**

- (a) Growth
- (b) Revenue
- (c) Credit
- (d) Profit

Answer: b

**What is it called when your expenses are greater than your revenues on an income statement?**

- (a) Debt
- (b) Net Loss
- (c) Loss
- (d) Minor Loss

Answer: b

**An income statement encompasses which of the following?**

- (a) Assets, Liabilities, Owners Equity
- (b) Expenses, Revenues, Net Income or Net Loss
- (c) Liquidity and Maturity
- (d) T-Charts, Balance Sheets and Trial Balances

Answer: b

**A cost that changes with the number of units produced, but that can never be zero, is what kind of cost?**

- (a) Mixed cost
- (b) Period cost
- (c) Variable cost
- (d) Product cost

Answer: a

**Manufacturing overhead is allocated as what kind of cost?**

- (a) Variable cost
- (b) Period cost
- (c) Product cost
- (d) Fixed cost

Answer: c

**A cost that changes with the number of units produced and is zero when no units are produced is what kind of cost?**

- (a) Period cost
- (b) Mixed cost
- (c) Variable cost
- (d) Product cost

Answer: c

**A cost that remains unchanged across the relevant range of units produced is what kind of cost?**

- (a) Period cost
- (b) Mixed cost
- (c) Fixed cost

(d) Product cost

Answer: c

**The costing system that tracks costs to a department or work group and assigns the cost to products produced by that department or work group is which kind of costing system?**

- (a) Job order costing system
- (b) Process costing system
- (c) Activity based costing system
- (d) Backflush costing system

Answer: b

**A costing system that tracks costs to a specific lot of a product is which kind of costing system?**

- (a) Activity based costing system
- (b) Backflush costing system
- (c) Process costing system
- (d) Job order costing system

Answer: d

**The costing system that initially assigns all costs to Cost of Goods Sold and then removes them to the appropriate inventory values is which kind of costing system?**

- (a) Process costing system
- (b) Just in time costing system
- (c) Job order costing system
- (d) Backflush costing system

Answer: d

**A few days ago, my friend came to me and asked for a loan. I lent him 10 dollars. How will I be recorded in my friend's books of accounts? (My name is Victor)**

- (a) Jason's Loan account
- (b) Income account
- (c) Nobody's Loan account
- (d) Victor's Loan account

Answer: d

**I helped to sell a piece of land and received some commission for it. Would commission received be credited or debited in my accounts?**

- (a) Creditor
- (b) Credited
- (c) Debtor

(d) Debited

Answer: b

**A primary user of accounting information with a direct financial interest in the business is a...?**

- (a) labour union
- (b) director
- (c) taxing authority
- (d) regulatory agency

Answer: b

**Accounting for government, foundations, hospitals, labour unions, colleges/universities, and charities is part of which broad category within the accounting profession?**

- (a) Management consulting
- (b) Cost accounting
- (c) Public accounting
- (d) Not-for-profit accounting

Answer: d

**When revenue is greater than expenses, you have a \_\_\_?**

- (a) Net Loss
- (b) Net Income
- (c) Contributed Capital
- (d) Historical Valuation

Answer: b

**Assets - Liabilities = \_\_\_?**

- (a) Net Income
- (b) Revenue
- (c) Net Loss
- (d) Shareholder's Equity

Answer: d

**Which financial statement shows the results of the operating activities of a firm for a specific period of time?**

- (a) Income Statement
- (b) Statement of Cash Flow
- (c) Balance Sheet
- (d) Trial Balance sheet

Answer: a

**This statement reports the net cash flows relating to operating, investing, and financing activities for a period of time?**

- (a) Income Statement
- (b) Unadjusted Trial Balance
- (c) Comparative Balance Sheet
- (d) Statement of Cash Flows

Answer: d

**Which government agency has the authority to set acceptable accounting methods in the U.S.?**

- (a) State Department
- (b) FAA
- (c) SEC
- (d) EEOC

Answer: c

**The amount of cash paid in acquiring an asset is called what?**

- (a) Current Replacement Cost
- (b) Present Value
- (c) Net Realizable Cost
- (d) Historical Cost

Answer: d

**Which is an example of an intangible asset?**

- (a) Cash
- (b) Patent
- (c) Equipment
- (d) Building

Answer: b

**Earnings that a firm realizes in excess of dividends are called what?**

- (a) Retained Earnings
- (b) Expenses
- (c) Revenue
- (d) Income Statement

Answer: a

**A \_\_\_\_ lists each of the accounts in the general ledger with its balance as of a particular date. What is it?**

- (a) Trial Balance
- (b) Balance Sheet



- (c) General Journal
- (d) Statement of retained earnings

Answer: a

**What is the normal balance for an expense account?**

- (a) Credit
- (b) Debit
- (c) Contraliability
- (d) None of these

Answer: b

**The act of transferring the information from the General Journal to the General Ledger is called what?**

- (a) Posting
- (b) Journalizing
- (c) Transferring
- (d) Pasting

Answer: a

**Total sales for August, including 7% sales tax, was \$21,400. What was the Actual Sales Revenue?**

- (a) \$21,400
- (b) \$20,000
- (c) \$22,898
- (d) \$1,400

Answer: b

**The abbreviations for debit and credit (Dr. and Cr.) come from what language, and mean what?**

- (a) Latin, debere and credere
- (b) Latin, debtor and creditor
- (c) Greek, debere and credere
- (d) Greek, debtor and creditor

Answer: a

**What kind of balance sheet makes distinctions between current and capital assets?**

- (a) Classified
- (b) Gregarian
- (c) Normal
- (d) Keynesian

Answer: a

**What is an account that involves expenses, losses, incomes and gains known as?**

- (a) Basic Account
- (b) Nominal Account
- (c) Spending Account
- (d) None Of These

Answer: b

**What is a salary in terms of expenses and incomes?**

- (a) Expense for employer and income for employee
- (b) Expense for employer and income for customer
- (c) Expense for manager and income for owner
- (d) Expense for customer and income for employee

Answer: a

**What is opportunity cost?**

- (a) The next best undergone alternative
- (b) The cost of the product
- (c) The next best transfer earning
- (d) The next best foregone alternative

Answer: a

**What happens in a Double entry system?**

- (a) For every Debit there is an equal Credit
- (b) For every Liability there is an equal Credit
- (c) For every Debit there is an equal Asset
- (d) There is no such thing as double entry system

Answer: a

**In the term "Balance C/D", what does "C/D" stand for?**

- (a) caught down
- (b) carry down
- (c) carry does it
- (d) caught does it

Answer: b

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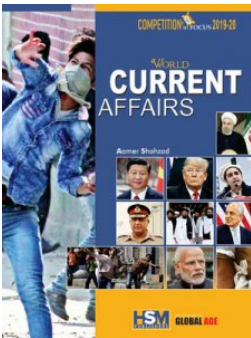
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