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Question # 1 of 15 ( Start time: 03:09:37 PM ) Total Marks: 1  
Financial statements are a subset of which of the following?  
Select correct option:

1. **Financial reporting**
2. Financial statement analysis
3. Accounting information
4. Accounting system

Question # 2 of 15 ( Start time: 03:12:19 PM ) Total Marks: 1  
Which of the following is an example of an accrual?  
Select correct option:

1. Equipment purchased for use in the business
2. Book-keeping fees collected but not yet earned
3. Six months' rent paid in advance
4. **Interest earned but not yet received**

Question # 3 of 15 ( Start time: 03:13:46 PM ) Total Marks: 1  
Which of the following is true about "After closing trial balance"?  
Select correct option:

1. **It may consist of balances of only Real and Personal accounts**

Question # 4 of 15 ( Start time: 03:15:06 PM ) Total Marks: 1

Which of the following may include the “analyzing the transaction” the first step of the accounting cycle?

Select correct option:

1. Determining the transaction amount
2. Determining the effected accounts
3. Identifying the event as a transaction
- 4. All of the given options**

Question # 5 of 15 ( Start time: 03:16:17 PM ) Total Marks: 1

The basic purpose of financial statements is to assist users in evaluating the \_\_\_\_\_

Select correct option:

1. Financial position
2. Profitability of an organization
3. Future prospects
- 4. All of the given options**

Question # 6 of 15 ( Start time: 03:16:56 PM ) Total Marks: 1

Which one of the following would lead to the decrease in the owner’s equity?

Select correct option:

1. Purchasing a piece of land
- 2. Paying dividends to shareholders**
3. Purchasing equipment on account
4. Paying back the principal of a loan

Question # 7 of 15 ( Start time: 03:18:14 PM ) Total Marks: 1

Which of the following type of reports is most frequently used by external users, such as investors?

Select correct option:

- 1. Financial Statements**

2. Tax Forms
3. Management Reports
4. Audit reports

Question # 8 of 15 ( Start time: 03:18:48 PM ) Total Marks: 1

How many parts does each account have?

Select correct option:

- 1. Two**
2. Four
3. Three
4. Five

Question # 9 of 15 ( Start time: 03:19:19 PM ) Total Marks: 1

Identify the statement that is NOT true about the Incomes Account and Expenses Account:

Select correct option:

1. These are the temporary accounts
2. These are closed in Income summery account
- 3. These may included in closing trial balance**
4. These are also known as Nominal Accounts

Question # 10 of 15 ( Start time: 03:20:47 PM ) Total Marks: 1

If the estimated amount of depreciation on equipment for a period is Rs.2000, the adjusting entry to record depreciation would be:

Select correct option:

1. Depreciation expense - Debit; Equipment - Credit
- 2. Depreciation expense - Debit; Accumulated depreciation - Credit**
3. Equipment - Debit; Depreciation expense - Credit
4. Accumulated depreciation - Debit; Depreciation expense - Credit

Question # 11 of 15 ( Start time: 03:22:02 PM ) Total Marks: 1

Which of the following terms present a cause and effect relationship with each other?

Select correct option:

1. Income statement and balance sheet
2. Revenue and assets
3. Assets and liabilities

**4. Revenues and expenses**

Question # 12 of 15 ( Start time: 03:23:06 PM ) Total Marks: 1

Accounting is called the “language of business” because \_\_\_\_\_:

Select correct option:

1. It communicates the financial information to the Management only
2. In order to run a business one must have knowledge about accounting
3. Different business accounts are involved in financial statements

**4. It helps to organize and communicate financial information to end users**

Question # 13 of 15 ( Start time: 03:23:55 PM ) Total Marks: 1

Which one of the following statement shows the effects of cash inflows and outflows?

Select correct option:

1. Balance Sheet
2. Statement of Owner’s Equity
3. Income Statement

**4. Statement of Cash Flow**

Question # 14 of 15 ( Start time: 03:24:28 PM ) Total Marks: 1

Which of the following would represent a non-cash expense for the business?

Select correct option:

1. Cost of building
2. Cost of inventory
3. Cost of office equipment

**4. Depreciation of building**

Question # 15 of 15 ( Start time: 03:25:12 PM ) Total Marks: 1

In which of the following account, a credit balance would be an evidence for a mistake or an error?

Select correct option:

1. Mr. A Capital Account
2. Cash account
3. Notes payable account
- 4. Drawings account**

**Q#2**

Question # 1 of 15 ( Start time: 03:27:58 PM ) Total Marks: 1

All of the following accounts would be closed in Income Summary Account EXCEPT:

Select correct option:

1. Commission earned account
- 2. Prepaid insurance**
3. Salaries Expense account
4. Wages account

Question # 2 of 15 ( Start time: 03:28:56 PM ) Total Marks: 1

Which of the following is NOT one of the four basic financial statements?

Select correct option:

1. Balance sheet
- 2. Audit report**
3. Income statement
4. Statement of cash flows

Question # 3 of 15 ( Start time: 03:29:40 PM ) Total Marks: 1

Which of the following account would be classified as a current asset on the balance sheet?

Select correct option:

1. Accumulated depreciation
- 2. Accounts receivable**
3. Office equipment

#### 4. Land

Question # 4 of 15 ( Start time: 03:30:23 PM ) Total Marks: 1

Which of the following may include the “analyzing the transaction” the first step of the accounting cycle?

Select correct option:

1. Determining the transaction amount
2. Determining the effected accounts
3. Identifying the event as a transaction
- 4. All of the given options**

Question # 5 of 15 ( Start time: 03:30:54 PM ) Total Marks: 1

Financial statements are a subset of which of the following?

Select correct option:

- 1. Financial reporting**
2. Financial statement analysis
3. Accounting information
4. Accounting system

Question # 6 of 15 ( Start time: 03:31:32 PM ) Total Marks: 1

Which of the following account would NOT be closed to the income summary account at the end of a period?

Select correct option:

1. Rent expense
2. Revenue earned
3. Wages expense
- 4. Accumulated depreciation**

Question # 7 of 15 ( Start time: 03:32:13 PM ) Total Marks: 1

A business has purchased a building on cash, how it would be recorded in the journal?

Select correct option:

- 1. Building - Debit; Cash - Credit**

2. Cash - Debit; Building - Credit
3. Building - Debit; Owner's equity - Credit
4. Building - Debit; Accounts Payable - Credit

Question # 8 of 15 ( Start time: 03:33:03 PM ) Total Marks: 1

Pre-paid expense is a(n) \_\_\_\_\_ type of account.

Select correct option:

1. Liability
- 2. Asset**
3. Revenue
4. Expense

Question # 9 of 15 ( Start time: 03:33:56 PM ) Total Marks: 1

An entry that effects more than one accounts is knows as \_\_\_\_\_.

Select correct option:

- 1. Journal entry**
2. Compound entry
3. Adjusting entry
4. Reversing entry

Question # 10 of 15 ( Start time: 03:34:29 PM ) Total Marks: 1

Which of the following would be affected by the difference between revenues and expenses?

Select correct option:

1. Assets
- 2. Owner's equity**
3. Liabilities
4. Capital

Question # 11 of 15 ( Start time: 03:35:51 PM ) Total Marks: 1

According to \_\_\_\_\_ the personal expenses paid by Mr. A from his own pocket would not be recorded in business books of account.

Select correct option:

1. Realization principle
- 2. Separate entity principle**
3. Matching principle
4. Materiality principle

Question # 12 of 15 ( Start time: 03:37:01 PM ) Total Marks: 1

Which of the following is true about the “Profit” earned by the business?

Select correct option:

1. It shows the amount that is received from the customer in cash only
2. It always results in increase in closing cash balance of a period
- 3. It affects the owner’s equity and liabilities in balance sheet**
4. It may improves the liquidity position of a business

Question # 13 of 15 ( Start time: 03:38:29 PM ) Total Marks: 1

Which of the following term refers to each element of the Balance Sheet?

Select correct option:

1. Ledger
2. Journal General
3. T- Account
- 4. Account**

Question # 14 of 15 ( Start time: 03:39:37 PM ) Total Marks: 1

Which of the following is TRUE about both sides of the trial balance?

Select correct option:

1. Both sides are always positive
2. Both sides are negative
- 3. Both sides are equal**
4. Both sides are not linked which each other



Question # 15 of 15 ( Start time: 03:40:19 PM ) Total Marks: 1

Which of the following represents the negative future cash flows for an enterprise?

Select correct option:

1. Assets
2. Owner's equity
- 3. Liabilities**
4. Capital

**Q#3**

The Drawing account is closed by which of the following entry?

Select correct option:

**Capital – Debit; Drawing - Credit**

Drawing – Debit; Capital - Credit

Income Summary – Debit; Drawing - Crediting

Drawing – Debit; Income Summary - Crediting

Which of the following is the adjustment that is added during the reconciliation of net income to operating cash flows in indirect method?

Select correct option:

An increase in Accounts Receivable

An increase in Prepaid Expenses

Gain on sale of capital assets

**Amortization Expense**

Which of the following is not true about the “Account”?

Select correct option:

Accounts are only prepared by the business entities

Account always reflects the amount of the single transaction only

Account is effected both by economic and non economic events

**All of the given options**

The basic purpose of financial statements is to assist users in evaluating the \_\_\_\_\_

Select correct option:

Financial position

Profitability of an organization

Future prospects

**All of the given options**

Question # 5 of 15 ( Start time: 11:16:47 AM ) Total Marks: 1

Which of the following items are included in the financing activities section of the statement of cash flows?

Select correct option:

Cash effects of transactions involving making and collecting loans

Cash effects of acquiring and disposing of investments and property, plant, and equipment

**Cash effects of transactions obtaining resources from owners and providing them with a return on their investment**

Cash effects of transactions that enter into the determination of net income

Closing entries result in net income being calculated in the income summary account and then transferred to which of the following account?

Select correct option:

Revenue account

Common Stock account

Dividends account

**Retained Earnings account**

Which of the following is the largest single expense of most merchandising firms?

Select correct option:

**Cost of goods sold**

Rent Expense  
Amortization Expense  
Salaries Expense

The income statement of the UBL shows the interest revenue of Rs. 6,000, and the amount of accrued interest receivable has increased from Rs. 3000 to Rs. 4000 during the year. Calculate the amount of interest received.

Select correct option:

Rs. 7000

**Rs. 5000 100% correct**

Rs. 8000

Rs. 1000

Question # 9 of 15 ( Start time: 11:21:14 AM ) Total Marks: 1

Which of the following is the first step of the accounting cycle?

Select correct option:

Making adjusting entries

Preparation of the financial statements

Posting in the ledger accounts

**Analyze and journalize transactions as they occur**

When preparing a statement of cash flows under the indirect method, supplemental disclosure should be made for which of the following?

Select correct option:

Net cash consumed by operating activities

Cash dividend distributions

**Cash paid for interest and taxes**

Cash paid for wages

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Net current assets are equivalent to:

Select correct option:

Stock plus debtors plus cash

Current liabilities less current assets

**Working capital**

Fixed assets plus current assets less current liabilities

Statement of cash flows helps the investors and other stake holders to assess:

Select correct option:

The ability to generate future cash flows

The liquidity of the business

Ability to pay cash dividends in the future

**All of the given options**

Cash has been described as:

Select correct option:

The lifebuoy of the business

The lifeboat of the business

The lifeline of the business

**The lifeblood of the business**

How many parts does each account have?

Select correct option:

**Two**

Four

Three

Five

Which of the following items are NOT added back to the net income figure (which is found on the Income Statement) to arrive at cash flows from operations?

Select correct option:

Depreciation

Deferred tax

Amortization

**Investments**

A business has purchased a building on cash, how it would be recorded in the journal?

Select correct option:

**Building - Debit; Cash - Credit**

Cash - Debit; Building - Credit

Building - Debit; Owner's equity - Credit

Building - Debit; Accounts Payable - Credit

Which of the following is NOT an example of cash equivalents?

Select correct option:

Certificates of Deposit

Money market accounts

Money market mutual funds

**Euro Bond**

Which of the following would represent a non-cash expense for the business?

Select correct option:

Cost of building

Cost of inventory

Cost of office equipment

**Depreciation of building**

Which of the following expenses would normally be classified as other or Non Operating

Expense on a multiple-step income statement?

Select correct option:

Interest expense

**Depreciation expense**

Insurance expense

Salaries expense

Closing entries result in net income being calculated in the income summary account and then transferred to which of the following account?

Select correct option:

Revenue account

Common Stock account

Dividends account

**Retained Earnings account**

All of the following accounts would be closed in Income Summary Account EXCEPT:

Select correct option:

Commission earned account

**Prepaid insurance**

Salaries Expense account

Wages account

Financial statements are a subset of which of the following?

Select correct option:

**Financial reporting**

Financial statement analysis

Accounting information

Accounting system

While preparing the cash flows statement, transactions involving production and delivering goods or providing services must be classified as:

Select correct option:

Business activities

**Operating activities**

Financing activities

Investing activities

Identify the statement that is NOT true about the Incomes Account and Expenses Account:

Select correct option:

These are the temporary accounts

These are closed in Income summary account

**These may included in closing trial balance**

These are also known as Nominal Accounts

Which of the following principle is used for recording revenue?

Select correct option:

Matching Principle

Cost Principle

**Realization Principle**

Objectivity Principle

Which of the following is the most common adjusting entry?

Select correct option:

Un-earned revenue

Pre-paid expense

**Depreciation expense**

Accrued revenue

Mr. A purchases a piece of land for cash and debit made to machinery account. What would be the effect of this error on the trial balance?

Select correct option:

Debit side would be decrease with the same amount

Credit side would be increase with the same amount

Total of the trial balance would be agree in all aspect

**None of the given options**

An account that will not be included in "After Closing Trial Balance" is:

Select correct option:

Bank account

### **Depreciation account**

Notes payable account

Unearned revenue account

Which of the following terms present a cause and effect relationship with each other?

Select correct option:

Income statement and balance sheet

Revenue and assets

Assets and liabilities

### **Revenues and expenses**

Which of the following truly represents expenses?

Select correct option:

Future benefits

Past results

### **Cost of doing business**

Past receipts

If a company has paid dividends on its preference shares, under which one of the cash flow statement headings would they appear?

Select correct option:

### **Returns on investments and servicing of finance**

Financing

Equity dividends paid

Capital investment and financial investment

Which of the following is deducted from the net income while preparing cash flow statement by indirect method?

Select correct option:

Decrease in inventories

Increase in accounts payable

Depreciation



### **Increase in inventories**

Depreciation is added back to profit when arriving at the cash flow from operating activities because:

Select correct option:

### **Depreciation is only an estimated amount**

Depreciation does not affect profit

Depreciation does not result in a flow of cash

Depreciation only affects the balance sheet, not the profit and loss account