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Multiple Choice Questions (MCQs):

MCQ1: The process of collecting, recording, presenting, analyzing and interpreting financial information for the users of financial statements is referred to as _____

Answer: Accounting

MCQ2: _____ is a known career that requires an identified path for the acquisition of specialized and/or formal education or training before rendering any service.

Answer: Accounting

MCQ3: The maintenance and recording of the books of accounts in a systematic manner similar to procedures in a laboratory make accounting a _____

Answer: Good subject

MCQ4: Accounting information should be free from _____ of the person preparing the report

Answer: Bias

MCQ5: The qualities of accounting information include the following, except

Answer: Relevance

MCQ6: The branches of accounting include the following, except _____

Answer: Cost accounting

MCQ7: _____ is an independent examination of the books of accounts, records and financial statement of an organization by an independent person.

Answer: Auditing

MCQ8: Which of the following is not a nature of accounting?

Answer: Accounting as a profession

MCQ9: There are _____ professional accounting bodies in Nigeria

Answer: 2

MCQ10: The acquisition of key business information that includes income, expenditure, profit, assets and liabilities are made available from _____ prepared by accountants.

Answer: Book keeping

MCQ11: Which of the followings is not one of the essential features of a business organization?

Answer: The need to make profit and ensure adequate return for the owners

MCQ12: The auditor's report should show the _____ view of the financial

statements

Answer: true and fair

MCQ13: Every business organization is expected to keep its _____ accurately and in an orderly manner.

Answer: business

MCQ14: The functions of accounting as it relates to the information system of an organization include the following, except _____

Answer: Decision making

MCQ15: One of the following is not a user of accounting information.

Answer: Shareholders

MCQ16: One of the following is not a concept of accounting.

Answer: Going concern

MCQ17: One of the following is not a subsidiary book.

Answer: Sales day book or sales journal

MCQ18: Next level Enterprises sold the following goods on credit in the month of June 2015. Goods sold to Dabo N20,750 on June 1. On June 10, he sold 5 pieces of calculator to Daniel at N1,250 each. On June 18, Ifeanyi bought 7 pairs of shoe at N1,400 per pair; 15 pieces of mobile handset at N6,200 each and another starter pack costing N22,000 on credit from Next Level Enterprises. What is the total sales credited to sales account?

Answer: N 151,800

MCQ19: Next level Enterprises sold the following goods on credit in the month of June 2015. Goods sold to Dabo N20,750 on June 1. On June 10, he sold 5 pieces of calculator to Daniel at N1,250 each. On June 18, Ifeanyi bought 7 pairs of shoe at N1,400 per pair; 15 pieces of mobile handset at N6,200 each and another starter pack costing N22,000 on credit from Next Level Enterprises. What is the total sales credited to sales account?

Answer: N 151,800

MCQ20: An inducement given to debtors is called-----

Answer: Quantity discount

MCQ21: The reduction in price given to a customer who buys for re-sale in large quantity is called -----

Answer: Cash discount

MCQ22: A discount given to a customer who buys in large quantity for consumption and not for re-sale is called -----

Answer: Quantity discount

MCQ23: Chop One Chop Two Ventures set up a business on June 1, 2014 with his personal properties which he now transfers to the company as follows: Building N650,

000, Motor vehicle N380,000, Cash N12,500 and Cash at bank N18,240. A day earlier, he bought some goods on credit worth N625,000. What is the total value of assets?
Answer: N 1,060,740

MCQ24: Chop One Chop Two Ventures set up a business on June 1, 2014 with his personal properties which he now transfers to the company as follows: Building N650,000, Motor vehicle N380,000, Cash N12,500 and Cash at bank N18,240. A day earlier, he bought some goods on credit worth N625,000. What is the total value of liabilities?
Answer: N 1,060,740

MCQ25: Chop One Chop Two Ventures set up a business on June 1, 2014 with his personal properties which he now transfers to the company as follows: Building N650,000, Motor vehicle N380,000, Cash N12,500 and Cash at bank N18,240. A day earlier, he bought some goods on credit worth N625,000. What is the total value of capital?
Answer: N 1,060,740

MCQ26: The following cash transactions relate to Obinna Ventures for the month of January 2019. Sales N 25,000, Paid rent N4,000, Purchases N12,500, Electricity bills N 2,000 N, Transport expenses N 250, Sales N 14,110, Purchases N 6,230. What is the amount of total sales?
Answer: N 39,110

MCQ27: The following cash transactions relate to Obinna Ventures for the month of January 2019. Sales N 25,000, Paid rent N4,000, Purchases N12,500, Electricity bills N 2,000 N, Transport expenses N 250, Sales N 14,110, Purchases N 6,230. What is the amount of total expenses?
Answer: N 39,110

MCQ28: Amount taken from business account for personal use is called ____
Answer: Drawings

MCQ29: ____ is used in recording all cash transactions.
Answer: Journals

MCQ30: The book of original entry used to record all credit transactions is called ____
Answer: Cash book

MCQ31: Any written evidence in support of a business transaction is called ____
Answer: Journal

MCQ32: The sales income (Credit and Cash) of a business during a given period is called ____
Answer: Transactions

MCQ33: The following is not a type of liability
Answer: Short term

MCQ34: Accounting provides information on ____
Answer: Cost and income for managers

MCQ35: In journal, the business transaction is recorded _____
Answer: Same day

MCQ36: The process of entering all transactions from the journal to ledger is called _____
Answer: Posting

MCQ37: One of the following is a statement of revenues and expenses for a specific period of time
Answer: Trading account

MCQ38: Statement of financial positions are prepared
Answer: Daily

MCQ39: The stocks that are meant for sale which a business has at the end of the accounting year or a stated period or date is called _____
Answer: closing stock

MCQ40: The profit that is derived after all expenses and cost of sales have been deducted from the net income including sales of goods and other income is called _____
Answer: Gross profit

MCQ41: When preparing the statement of profit or loss, it should be done in a way to reveal the income generated, cost of sales, gross profit, other income, expenses and the _____
Answer: Net profit

MCQ42: List of balances extracted from a ledger to test arithmetic accuracy of a transaction is called _____
Answer: Trading account

MCQ43: _____ is the process of making the balance on the bank column of a cash book to agree with the balance on the bank statement received from the bank.
Answer: Bank statement

MCQ44: The following are reasons why trial balance totals may not agree.
Answer: Undercast

MCQ45: The cash book is divided into two sides, the left side records all cash receipts while the right side records all _____
Answer: Cash payments

MCQ46: The following are causes of errors except;
Answer: Not following the double entry principle

MCQ47: One of the following errors effects the balancing of the trial balance
Answer: Omission

MCQ48: _____ explain situations where the occurrence of one error cancel out another error that has occurred either in the same account or different accounts.Â
Answer: Compensating Error

MCQ49: Goods and services that have been paid for, but the benefit is yet to be enjoyed or consumed either in full or in part is called _____Â
Answer: Debtors

MCQ50: _____ is a discipline that is involved with the recording, classification and interpretation of financial information for both profit and not-for-profit organizations.
Answer: Insurance

Fill in the Blank (FBQs):

FBQ1: Accounting is a science because it follows _____ body of knowledge.Â
Answer: *systematic and organised*

FBQ2: Good accounting information should be _____ to the purpose for which it is prepared
Answer: *Relevant*

FBQ3: Financial accounting started from stewardship duty and is concerned with the keeping of books of accounts and preparation of financial statement for the entire organisation on _____
Answer: *historical basis*

FBQ4: _____ is a branch of accounting that uses different quantitative analysis tools to project for the future of an organization.
Answer: *Management accounting*

FBQ5: The acquisition of key business information that includes income, expenditure, profit, assets and liabilities are made available from _____ prepared by accountants.
Answer: *Financial accounting*

FBQ6: Accountants render their services to business organisations. Business can be seen as a regular activity between two or more parties which leads to the creation of utility that satisfies human wants in form of _____
Answer: *goods and services*

FBQ7: The auditor is expected to form an _____ on the audited financial statement after gathering various forms of audit evidence from the audit exercise.
Answer: *independent opinion*

FBQ8: Every business organization is expected to keep its _____ accurately and in an orderly manner.
Answer: *Financial statement*

FBQ9: The users of accounting information can be grouped into two categories. The first category is the direct users while the second category is _____

Answer: *Indirect users*

FBQ10: The government is interested in accounting information to determine the company _____ to be paid, compliance with government rules and regulations governing the operation of the business.

Answer: *Income tax*

FBQ11: Accounting concepts are rules of the game which _____ have generally come to accept and use over the years.

Answer: *Accountants*

FBQ12: Accounting _____ refer to customs adopted by accountants which serve as guide to the preparation of accounting records which include the financial statements.

Answer: *Conventions*

FBQ13: _____ are business documents confirming the occurrence of financial transaction between two or more parties.

Answer: *Source document*

FBQ14: A document that is used to record full details of money paid for a particular purpose is called _____

Answer: *Payment voucher*

FBQ15: Sales journal is a book of original entry used to record all goods sold and services rendered on _____

Answer: *credit to a third party*

FBQ16: Purchases day book is a subsidiary book of account used to record all goods bought and _____ on credit.

Answer: *Services received*

FBQ17: The discount available for buying goods on credit at the point of purchase is _____

Answer: *Trade discount*

FBQ18: Another name for returns inwards journal is returns inwards day book or _____

Answer: *sales return book*

FBQ19: Journal or journal proper is one of the books of original entry that is used to record any transaction which cannot be conveniently recorded or classified into any of the other _____

Answer: *subsidiary books*

FBQ20: The cash book is a book of original entry used to record all _____

Answer: *cash transactions*

FBQ21: The three column cash book is one of the subsidiary books of account used to record cash and bank transactions in addition to discounts received and _____

Answer: *Discount allowed*

FBQ22: _____ payments are small payments given out for some small expenses that occur almost on daily basis in an organization.

Answer: *Petty cash*

FBQ23: The _____ system signifies a way of recording all accounting transactions twice in the books of account.

Answer: *Double entry*

FBQ24: _____ is the principal book of accounts where the double entry principle is completed.

Answer: *Ledger*

FBQ25: _____ is an accounting terminology used to signify mistakes made while recording and/or posting financial transactions.

Answer: *Error*

FBQ26: _____ is a deliberate effort and/or attempt to change and/or modify financial information and/or records for someone personal gains to the detriment of others.

Answer: *Fraud*

FBQ27: Expenditure is not the same as _____

Answer: *Expenses*

FBQ28: Capital expenditure is money spent to acquire or purchase property of _____ for individuals and organizations

Answer: *permanent nature*

FBQ29: Revenue expenditures are all expenditure other than _____

Answer: *capital expenditures*

FBQ30: List of balances extracted from the ledger to test arithmetic accuracy of transactions is called _____

Answer: *Trial balance*

FBQ31: The profit realised on trading activities is called _____

Answer: *Gross profit*

FBQ32: Goods purchased for resale are called _____

Answer: *Purchases*

FBQ33: The capital market functions through the _____

Answer: *Assets*

FBQ34: _____ are those debts which in the opinion of management of an organization may not be fully recovered

Answer: *Doubtful debts*

FBQ35: bad debts will be charged on the debtors after the deduction of the bad debts for the period or after the bad debts have been _____

Answer: *written off*

FBQ36: _____ are amounts set aside out of profit earned by a company and constitute part of shareholders fund.

Answer: *Reserves*

FBQ37: The type of reserve is distributed to the shareholder and other capital providers in form of debenture interest, retained profit is called _____

Answer: *Revenue reserve*

FBQ38: Non-distributable reserves that are retained to comply with certain laws or for accounting requirement is called _____

Answer: *Capital reserve*

FBQ39: _____ are reserves not set aside for a specific purpose.

Answer: *General reserve*

FBQ40: Any transactions that will increase the customers' indebtedness to the organization are debited to the _____

Answer: *debtors control account*

FBQ41: The sales ledger control account is also known as _____

Answer: *debtors control account*

FBQ42: A debtor's statement can also be regarded as a memorandum statement showing the details of _____ for each debtor, which is supposed to agree with the total amount outstanding against the customer in the general ledger.

Answer: *unpaid invoices*

FBQ43: _____ is a statement sent periodically usually once a month by a buyer to his suppliers, showing the position of their accounts up to a certain date.

Answer: *Creditor's Statement of Account*

FBQ44: _____ is the process of making the balance on the bank column of a cash book to agree with the balance on the bank statement received from the bank.

Answer: *Bank reconciliation*

FBQ45: Unpresented cheques will appear on the _____ of the cash book.

Answer: *credit side*

FBQ46: _____ states that revenues and expenses for any accounting period should be matched with each other so as to bring them into the accounting period to which they relate, so that the profit or loss for the period can be ascertained.

Answer: *Matching concepts*

FBQ47: _____ are business documents confirming the occurrence of financial

transaction between two or more parties.

Answer: *Source documents*

FBQ48: A _____ is a negotiable instrument that originates from banks and it is used to withdraw money from a stated bank account in a bank.

Answer: *Cheque*

FBQ49: _____ is a document showing a claim or refund in favour of the receiver

Answer: *Credit note*

FBQ50: The books in which accounting transactions are first recorded before been posted to their various accounts in the ledger are called _____

Answer: *Subsidiary books*