ENTRI

ACCA QUIZ (BASIC LEVEL)

1. What is the primary objective of accounting?

A) Maximizing profit
B) Providing information to stakeholders
C) Filing taxes
D) Controlling inventory
Answer: B) Providing information to stakeholders

2. The term "Capital" in a business refers to:

A) Raw materials used
B) Goods produced
C) Money invested by owners
D) Revenue earned
Answer: C) Money invested by owners

3. Which financial statement shows a company's assets, liabilities, and equity?

A) Income statement
B) Balance sheet
C) Cash flow statement
D) Trial balance
Answer: B) Balance sheet

4. In economics, "demand" means:

A) Desire to buy a product
B) Ability to buy a product
C) Desire and ability to buy a product
D) None of the above
Answer: C) Desire and ability to buy a product

5. The process of recording transactions in a journal is called:

A) Posting
B) Journalizing

C) Balancing
D) Adjusting
Answer: B) Journalizing

6. What is the full form of GST?

A) General Sales Tax
B) Goods and Sales Tax
C) Goods and Services Tax
D) Government Service Tax
Answer: C) Goods and Services Tax

7. In economics, which of the following is not a type of market structure?

A) Perfect competition
B) Monopolistic competition
C) Oligopoly
D) Demand-supply market
Answer: D) Demand-supply market

8. Depreciation is a method of:

A) Valuing inventory
B) Allocating cost of an asset over its useful life
C) Increasing profit
D) Reducing expenses
Answer: B) Allocating cost of an asset over its useful life

9. What is the main feature of a private limited company?

A) Shares traded publicly
B) Unlimited liability
C) Limited liability of shareholders
D) Owned by the government
Answer: C) Limited liability of shareholders

10. Which of the following is a liability?

A) Machinery
B) Cash

C) Bank loan
D) Inventory
Answer: C) Bank loan

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11. The difference between current assets and current liabilities is known as:

A) Net profit
B) Working capital
C) Gross profit
D) Net worth
Answer: B) Working capital

12. The Reserve Bank of India (RBI) controls:

A) Foreign exchange
B) Indian monetary policy
C) Corporate taxes
D) Public welfare schemes
Answer: B) Indian monetary policy

13. What does IFRS stand for?

A) International Financial Reporting System
B) Indian Financial Reporting Standards
C) International Financial Reporting Standards
D) Investment Financial Rating System
Answer: C) International Financial Reporting Standards

14. What does the term "supply" mean in economics?

A) The amount of goods available for sale
B) The desire to sell goods
C) The profit from selling goods
D) The cost of producing goods
Answer: A) The amount of goods available for sale

15. What is meant by "double-entry bookkeeping"?

A) Recording each transaction twice
B) Each entry affects two accounts
C) Recording profit and loss separately
D) Using two ledgers for accounting
Answer: B) Each entry affects two accounts

16. A shareholder's share of the profits of a company is called:

A) Interest
B) Dividend
C) Capital
D) Surplus
Answer: B) Dividend

17. A contract is legally valid if it includes:

A) An offer
B) An offer and acceptance
C) An offer, acceptance, and consideration
D) An offer and counter-offer
Answer: C) An offer, acceptance, and consideration

18. The main source of revenue for the central government in India is:

A) Corporate tax
B) Income tax
C) GST
D) Excise duty
Answer: B) Income tax

19. Which one of the following is a direct tax?

A) GST
B) Income tax
C) Custom duty
D) Excise duty
Answer: B) Income tax

20. Which term describes the ability of a company to meet its long-term debts?

A) Profitability
B) Liquidity
C) Solvency
D) Leverage
Answer: C) Solvency

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21. What is the aim of management?

A) Maximizing employee satisfaction
B) Achieving organizational goals efficiently
C) Reducing costs
D) Increasing market share
Answer: B) Achieving organizational goals efficiently

22. Which of the following is an indirect expense?

A) Wages
B) Depreciation
C) Purchase of raw materials
D) Sales commission
Answer: B) Depreciation

23. The term "capital market" refers to markets for:

A) Short-term financial assets
B) Long-term financial assets
C) Commodities
D) Consumer goods
Answer: B) Long-term financial assets

24. In which year was the Companies Act passed in India?

A) 1956
B) 1991
C) 1965
D) 2013
Answer: A) 1956

25. What is the purpose of a trial balance?

A) To check the accuracy of ledger accounts
B) To calculate profits
C) To prepare a balance sheet
D) To record all transactions
Answer: A) To check the accuracy of ledger accounts

26. Under which of the following is goodwill recorded?

A) Current asset
B) Fixed asset
C) Intangible asset
D) Liability
Answer: C) Intangible asset

27. In economics, the term "elasticity" refers to:

A) Flexibility of prices
B) Responsiveness of demand or supply to changes in price
C) Government regulations
D) Changes in production methods
Answer: B) Responsiveness of demand or supply to changes in price

28. Which financial document shows the inflow and outflow of cash?

A) Balance sheet
B) Cash flow statement
C) Income statement
D) Ledger
Answer: B) Cash flow statement

29. Which organization in India regulates the securities market?

A) RBI
B) SEBI
C) NABARD
D) IRDA
Answer: B) SEBI

30. What does "entrepreneurship" mean?

A) Ownership of a business
B) Management of a business
C) Innovating and taking risks to start a business
D) Financial planning for a business
Answer: C) Innovating and taking risks to start a business

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31. What is meant by "opportunity cost"?

A) The cost of one product compared to another
B) The value of the next best alternative foregone
C) The cost of raw materials
D) The loss incurred in business
Answer: B) The value of the next best alternative foregone

32. A cooperative society is based on the principle of:

A) Profit-making
B) Mutual benefit
C) Individual control
D) Government regulation
Answer: B) Mutual benefit

33. The difference between sales and cost of goods sold is:

A) Net profit
B) Gross profit
C) Operating income
D) Revenue
Answer: B) Gross profit

34. A formal request for payment is known as:

A) Bill of exchange
B) Invoice
C) Receipt

D) Contract
Answer: B) Invoice

35. Which of the following is an example of a fixed cost?

A) Raw materials
B) Direct labor
C) Rent
D) Packaging
Answer: C) Rent

36. Who pays indirect taxes?

A) The business
B) The consumer
C) The government
D) Employees
Answer: B) The consumer

37. Which of the following is an example of e-commerce?

A) Online shopping
B) Door-to-door selling
C) Opening a retail store
D) Attending a trade fair
Answer: A) Online shopping

38. The head of the Finance Department in a company is known as:

A) Chief Marketing Officer
B) Chief Financial Officer
C) Chief Operating Officer
D) Finance Controller
Answer: B) Chief Financial Officer

39. Which of the following is a component of working capital?

A) Fixed assets
B) Current assets
C) Shareholders' equity

D) Long-term debt
Answer: B) Current assets

40. What is the main objective of cost accounting?

A) Minimizing profits
B) Maximizing revenue
C) Controlling costs
D) Managing inventory
Answer: C) Controlling costs

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41. The study of individual markets and the behavior of consumers and firms is called:

A) Macroeconomics
B) Microeconomics
C) Econometrics
D) Financial economics
Answer: B) Microeconomics

42. Which document provides a summary of a company's financial performance over a period?

A) Profit and Loss statement
B) Trial balance
C) Purchase ledger
D) Balance sheet
Answer: A) Profit and Loss statement

43. In economics, inflation refers to:

A) An increase in the price of one good
B) A decrease in employment
C) A general rise in price levels
D) An increase in income
Answer: C) A general rise in price levels

44. A partnership firm can have a maximum of how many partners according to the Companies Act 2013?

A) 50
B) 20
C) 10
D) 100
Answer: B) 20

45. Which of the following taxes is levied by the state governments in India?

A) Income tax
B) Excise duty
C) Sales tax
D) Service tax
Answer: C) Sales tax

46. What is meant by the term "liberalization" in the context of the Indian economy?

A) Decreasing the role of the private sector
B) Reducing government controls and regulations
C) Increasing tariffs and duties
D) Strengthening state-owned enterprises
Answer: B) Reducing government controls and regulations

47. What is a current liability?

A) Machinery
B) Inventory
C) Accounts payable
D) Building
Answer: C) Accounts payable

48. What is the aim of a budget?

A) Maximizing profit
B) Controlling financial resources
C) Increasing investment
D) Reducing tax liability
Answer: B) Controlling financial resources

49. What is the minimum share capital for a public limited company in India?

A) ₹1 lakh
B) ₹5 lakhs
C) ₹10 lakhs
D) ₹1 crore
Answer: C) ₹5 lakhs

50. What does FDI stand for?

A) Foreign Direct Income
B) Foreign Direct Investment
C) Foreign Depository Income
D) Fixed Domestic Investment
Answer: B) Foreign Direct Investment