

The City School

(Principles Of Accounting)

Multiple choice questions: Set 1

Each of these multiple choice questions has four suggested answers, (A), (B), (C) and (D). You should read each question and then decide which choice is best, either (A) or (B) or (C) or (D). *Write down your answers on a separate piece of paper.* You will then be able to redo the set of questions later without having to try to ignore your answers.

MC1 Which of the following statements is **incorrect**?

- (A) $\text{Assets} - \text{Capital} = \text{Liabilities}$
- (B) $\text{Liabilities} + \text{Capital} = \text{Assets}$
- (C) $\text{Liabilities} + \text{Assets} = \text{Capital}$
- (D) $\text{Assets} - \text{Liabilities} = \text{Capital}$

MC2 Which of the following is **not** an asset?

- (A) Buildings
- (B) Cash balance
- (C) Debtors
- (D) Loan from K Harris

MC3 Which of the following is a liability?

- (A) Machinery
- (B) Creditors for goods
- (C) Motor Vehicles
- (D) Cash at Bank