

MGT101 QUIZ 3 FILE (MODULE 11, 12, 13 & 14) -----FEB 2021

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1. Expired portion of direct cost is treated as: [Handout page 276, chap 14](#)
a. **Expense** b. Cost C. Liability D. Income
2. Discount received from a creditor is Credited under main head: [Handout page 150](#)
a. Expenses **b. Income** C. Assets D. Liabilities
3. Accumulated depreciation of furniture is a/an_____. [Handout page 134](#)
a. Expense account **b. Contra asset account**
c. Liability account d. Asset account
4. If Work in Process closing inventory is provided in trial balance, then that inventory is treated in: [Download More Quizzes Files From](#)
a. Balance Sheet only [VUAnswer.com](#)
b. Profit and loss account only
c. Both profit & loss account and balance sheet
d. Expense only
5. Factory overhead is a/an: [Handout page 273, chap 14](#)
a. Expense b. Liability c. Income **d. Cost**
6. Purchases Rs.500, Carriage outward Rs.50, Gross Sales Rs. 700 and Gross Profit Rs. 100. Net Purchases = ?
a. Rs. 500 b. Rs.550 c. Rs. 600 d. Rs. 650
7. Carriage inward is Debited under main head: [Handout page 259, chap 13](#)
a. Expenses b. Income c. Assets d. Liabilities
8. Capital introduced by the owner is a _____. [Handout page 253, chap 12](#)
a. Capital Expenditure b. Revenue Expenditure
c. Capital Receipt d. Revenue Receipt
9. Factory overhead cost = Power & fuel cost + _____. [Handout page 277, chap 14](#)
a. Direct labor cost b. Direct material cost
c. Indirect material cost d. Other direct cost
10. Consumed direct supplies are considered as: [Handout page 274, chap 14](#)
a. Admin expense **b. Cost of sales**
c. Selling expense d. Financial expense
11. All of the following items may appear in Trade payable control account EXCEPT: [Handout page 232, chap 11](#)
a. Purchases return b. Cheques paid to creditors
c. Bad debts d. Discount received
12. When correct accounting effect (Dr/Cr) is given in the wrong accounting head as well as the wrong main head, it is known as: [Handout page 247, chap 12](#)
a. Error of omission b. Error of commission
c. Error of principle d. Error of original entry

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22. Mostly, control accounts are maintained for: **Handout page 231, chap 11**
a. Trade receivables
b. Trade payables
c. Inventory
d. All of the given options
23. When correct accounting effect (Dr/Cr) is given in the wrong accounting head but the main head remains correct, is known as: **Handout page 247, chap 12**
a. Error of omission
b. **Error of commission**
c. Error of principle
d. Error of original entry
24. If the debit side of trial balance is heavier than the credit side, suspense account will be written on _____. **Handout page 248, chap 12**
a. **Credit side**
b. Debit side
c. Both debit and credit side
d. None of the given options
25. Purchases Rs.500, Return inward Rs.50, Gross Sales Rs. 700 and Gross Profit Rs. 100. Net Purchases = ?
a. Rs. 450 **b. Rs.500** c. Rs. 550 d. Rs. 650
26. All of the following items appear on credit side of Trade receivable control account EXCEPT: **Handout page 232, chap 11**
a. **Cheques dishonored**
b. Cash received from debtors
c. Bad debts
d. Discount allowed
27. Purchase return account is a/an _____. **Handout page 134**
a. **Contra item** b. Expense item c. Income item d. Liability item
28. Which of the following Organization converts raw material into finished goods? **Handout page 273, chap 14**
a. Trading concern
b. Manufacturing concern
c. Merchandising concern
d. Service concern
29. If the credit side of trial balance is heavier than the debit side, suspense account will be written on _____. **Handout page 248, chap 12**
a. Credit side
b. **Debit side**
c. Both debit and credit side
d. None of the given options
30. Carriage outward is Debited under main head: **Handout page 259, chap 13**
a. **Expenses** b. Income c. Assets d. Liabilities
31. In a manufacturing concern, rent of office building is included in _____.
a. Cost of sales
b. Preliminary expenses
c. Cost of goods sold
d. Operating expense

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32. Income = ? (**Profit = Incomes – Expenses**)
- a. **Profit – expenses**
 - b. Expenses – profit
 - c. Assets + profit
 - d. Loss + expenses
33. A payables ledger control account had a closing balance of Rs 9,000. A credit purchase of Rs. 500 had been omitted to record in this control account. What should be the correct balance of payables control account?
- a. Rs. 8,000 credit
 - b. Rs. 8,500 credit
 - c. **Rs. 9,500 credit**
 - d. Rs. 10,000 credit
34. All of the following items may appear in Trade payable control account EXCEPT: **Handout page 232, chap 11**
- a. Credit purchases
 - b. Discount received
 - c. Cash paid to creditors
 - d. **Cash purchases**
35. Which of the following is an error of principle? **Handout page 247, chap 12**
- a. Bank charges being deducted by the bank without our knowledge.
 - b. A payment to a debtor Mr. A is recorded in the account of another debtor Mr. B.
 - c. **Purchases of vehicle is recorded in repairs account**
 - d. A receipt of Rs. 50,000 from a debtor is recorded as Rs. 5,000 in his account.
36. When correct accounting entry is recorded in the books of accounts but the amount in both according effect (Dr & Cr) is wrong, it is known as: **Handout page 247, chap 12**
- a. Error of omission
 - b. Error of commission
 - c. Error of principle
 - d. **Error of original entry**
37. Total factory cost = Prime cost + _____. **Handout page 274, chap 14**
- a. **Factory overhead cost**
 - b. Direct Labor cost
 - c. Direct Material cost
 - d. Other Direct cost
38. Unconsumed shipping supplies are considered as:
- a. Admin expense
 - b. **Current asset**
 - c. Selling expense
 - d. Financial expense
39. Leather to make jackets in manufacturing concern is: **Handout page 273, chap 14**
- a. **Raw material**
 - b. Work in process
 - c. Finished goods
 - d. Stock in trade
40. Which of the following is/are the function of financial accounting?
- a. Recording
 - b. Posting
 - c. Reporting
 - d. **All of the given options.**
41. Work in process closing inventory is a/an:
- a. Expense
 - b. Liability
 - c. Income
 - d. **Asset**

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42. A payables ledger control account had a closing balance of Rs 9,000. A credit sales of Rs. 500 had been omitted to record in this control account. What should be the correct balance of payables control account?
- a. Rs. 8,000 credit
b. Rs. 8,500 credit
c. Rs. 9,000 credit
d. Rs. 10,000 credit

Note (33 & 42 credit purchases = (payable control account) and credit sales = (receivables control account).

43. A debtors' control account is used to record all the transactions related to:
Handout page 232, chap 11
- a. Cash sales
b. **Credit sales**
c. Cash purchases
d. Credit purchases

44. Discount allowed to a debtor is Debited under main head:
Handout page 259, chap 13
- a. **Expenses**
b. Income
c. Assets
d. Liabilities

45. A receivables ledger control account had a closing balance of Rs. 9,000. A dishonored cheque of Rs. 500 had been omitted to record in the control account. What should be the correct balance of receivables control account?
Handout page 232, chap 11
- a. Rs. 8,000 debit
b. Rs. 8,500 debit
c. Rs. 9,500 debit
d. Rs. 10,000 debit

46. Unconsumed direct supplies are considered as: **Handout page 276, chap 14**
- a. **Inventory**
b. Admin Expenses
c. Selling expenses
d. Marketing expenses

47. Unfinished goods are called: **Handout page 276, chap 14**
- a. Raw material
b. **Work in process**
c. Stock in trade
d. None of the given options

48. Salaries expense of Rs. 5,000 is recorded as Rs. 500. What will be its effect on net profit?
- a. Overstated by Rs. 5,000
b. **Overstated by Rs. 4,500**
c. Understated by Rs. 4,500
d. No effect

49. All of the following items may appear in Trade receivable control account EXCEPT: **Handout page 232, chap 11**
- a. **Credit Purchases**
b. Cash received from debtors
c. Bad debts
d. Discount allowed

50. Expenditure incurred to acquire the patent right for the business is an

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61. Mr. A recorded a cash payment of Rs. 300,000 as salaries. Both the salaries and cash account were debited. What would be the credit affect of journal entry to rectify this error, if there is suspense account in trial balance?
Handout page 251, chap 12
- a. Suspense account
 - b. **Cash account**
 - c. Salaries account
 - d. Bank account
62. A receivables ledger control account had a closing balance of Rs. 9,000. Cash sales of Rs. 500 had been omitted to record in the control account. What should be the correct balance of receivables control account?
Cash sales are not recorded in control a/c
- a. Rs. 8,000 debit
 - b. Rs. 8,500 debit
 - c. **Rs. 9,000 debit**
 - d. Rs. 9,500 debit
63. Factory overhead cost = Power & fuel cost + _____. **Handout page 274, chap 14**
- a. Direct labor cost
 - b. Direct material cost
 - c. Other direct cost
 - d. **Other indirect cost**
64. A new accountant of ABC Corporation has prepared the trial balance. But there is difference in total of both sides of trial balance, such amount of difference shall be named as: **Handout page 248, chap 12**
- a. Error account
 - b. **Suspense account**
 - c. Compensation account
 - d. Balance account
65. In a manufacturing concern, salary of supervisor is included in _____.
- a. Selling expenses
 - b. Administrative expense
 - c. Cost of goods sold
 - d. **Operating expense**
66. Mr. Y has recorded a stationary expense of Rs. 50 as salaries expense. What will be its effect on net profit? **Both are Expense**
- a. Overstated by Rs. 100
 - b. Understated by Rs. 100
 - c. Understated by Rs. 50
 - d. **No effect**
67. Control accounts are maintained for all of the following EXCEPT:
Handout page 231, chap 11
- a. Trade receivables
 - b. Trade payables
 - c. **Depreciation**
 - d. Inventory
68. Service fee received is a _____. **Handout page 252, chap 12**
- a. Capital Expenditure
 - b. Revenue Expenditure
 - c. Capital Receipt
 - d. **Revenue Receipt**
69. Which of the following is a Capital receipt? **Handout page 252, chap 12**
- a. Purchase of a building
 - b. Payment of salaries
 - c. **Long term loan from bank**
 - d. Sales revenue
70. Sales Rs. 500, Return inwards Rs. 50, Gross Profit Rs. 100, Net Sales = ?
- a. **Rs. 450**
 - b. Rs. 500
 - c. Rs.550
 - d. Rs. 650

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71. Expenses = ? **(Profit = Incomes – Expenses)**
- a. Profit – capital
 - b. **Income - profit**
 - c. Profit + income
 - d. Assets + profit
72. Office supplies consumed is considered as:
- a. **Admin expense**
 - b. Cost of sales
 - c. Selling expense
 - d. Financial expense
73. Bank charges of RS. 1,000 have been deducted by the bank without our knowledge. What will be its effect on net profit? **Handout page 259, chap 13**
Cash at bank is an Asset shown in Balance sheet not related to net profit
- a. Overstated by Rs. 1,000
 - b. Understated by Rs. 2,000
 - c. Understated by Rs. 1,000
 - d. **No effect**
74. Wood used to make a table in manufacturing concern is:
- a. **Raw material**
 - b. Work in process
 - c. Finished goods
 - d. Stock in trade
75. Sole proprietor can prepare following financial statements as final accounts:
Handout page 259, chap 13
- a. Balance sheet & statement of changes in equity
 - b. Balance sheet & statement of cash flows
 - c. **Balance sheet & income statement**
 - d. Balance sheet & notes to the financial statements
76. Which one of the following is INCORRECT about closing stock?
- a. It is added into current assets
 - b. It is deducted from material available for use
 - c. It becomes opening stock of next year
 - d. **It reduces the resources of business**
77. Prime cost = Direct material cost + _____. **Handout page 274, chap 14**
- a. **Direct labor cost**
 - b. Indirect material cost
 - c. Other indirect costs
 - d. Other direct costs
78. Mr. A recorded a cash payment of Rs. 300,000 as salaries. Both the salaries and cash account were debited. What would be the debit affect of journal entry to rectify this error, if there is suspense account in trial balance?
- a. **Suspense account**
 - b. Cash account
 - c. Salaries account
 - d. Bank account
79. While preparing a Creditors Control Account, Debit side shows the items that will cause: **Handout page 232, chap 11**
- a. Increase in creditors' balance
 - b. **Decrease in creditors' balance**
 - c. Both increase and decrease in creditors' balance
 - d. Increase in debtors' balance

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80. Sales return account is a/an _____.
- a. **Contra item**
 - b. Expense item
 - c. Purchase item
 - d. Liability item
81. If Work in Process closing inventory is provided as additional information, other than trial balance, then that inventory treated in:
- a. Balance Sheet only
 - b. **Profit and loss account only**
 - c. Both profit & loss account and balance sheet
 - d. Expense only
82. Electricity expense is a _____. **Handout page 252, chap 12**
- a. Capital Expenditure
 - b. **Revenue Expenditure**
 - c. Capital Receipt
 - d. Revenue Receipt
83. Current year's depreciation of furniture is a/an _____.
- a. **Expense account**
 - b. Contra asset account
 - c. Liability account
 - d. Asset account
84. Carriage inward should be the part of:
- a. Selling expense
 - b. Admin expense
 - c. **Direct cost**
 - d. Indirect cost
85. Control accounts are usually maintained by:
- a. Sole proprietors
 - b. **Large organizations**
 - c. Partnerships
 - d. Non-profit businesses
86. Purchase of building costing Rs. 500,000 is recorded in repairs account. What will be its effect on net profit?
- a. Overstated by Rs. 500,000
 - b. **Understated by Rs.500,000**
 - c. Understated by Rs. 10000,000
 - d. No effect
87. Which of the following is an error of original entry? **Handout page 247, chap 12**
- a. Bank charges being deducted by the bank without our knowledge.
 - b. A payment to a debtor Mr. A is recorded in the account of another debtor Mr. B.
 - c. Purchases of vehicle is recorded in repairs account
 - d. **A receipt of Rs. 50,000 from a debtor is recorded as Rs. 5,000 in his account.**
88. A payables ledger control account had a closing balance of Rs 9,000. A Cash purchase of Rs. 500 had been omitted to record in this control account. What should be the correct balance of payables control account?
- Cash purchase are not recorded in control a/c**
- a. Rs. 8,000 credit
 - b. Rs. 8,500 credit
 - c. **Rs. 9,000 credit**
 - d. Rs. 10,000 credit
89. Drawings account is a/an **Handout page 268, chap 13**
- a. **Contra item**
 - b. Expense item
 - c. Assets item
 - d. Liability item

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90. All of the following items may appear on debit side in Trade payable control account

EXCEPT: **Handout page 232, chap 11**

a. Cash paid to creditors

b. Discount received

c. purchases return

d. credit purchases

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