

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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

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:
 - a. Balance Sheet only**
 - 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
- sales**
- c. Selling expense
- expense

- b. Cost of**
- d. Financial

11. All of the following items may appear in Trade payable control account

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

- a. Purchases return
- b. Cheques
- 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
- c. Error of principle**
- d. Error of
- original entry

13. The unexpired portion of direct cost is treated as:

Handout page 274, chap 14

- a. Expense
- b. Asset**
- c. Liability
- d.
- Income

14. A control account is an individual account that appears in the

Handout page 237, chap 11

- a. Journal
- b. General**
- ledger**
- d. Invoice
- c. Trial balance

15. Mr. X receives a discount of Rs. 50 from a supplier. The discount is debited to discount allowed account. What will be its effect on net profit?

a. Overhead by Rs. 100

Rs. 100

c. Understated by Rs.50

b. Understated by

d. No effect

16. A creditors' control account is used to record all the transactions related to: **Handout page 232, chap 11**

a. Cash sales
sales

b. Credit

c. Cash purchases
purchases

d. Credit

17. While preparing a Debtors Control Account, Credit side posted items

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

a. Increase in debtors' balance

b. Decrease in debtors' balance

c. Both increase and decrease in debtors balance

d. Increase in creditor's balance

18. Which of the following is a Revenue receipt?
Handout page 253, chap 12

a. Purchase of a building
of salaries

b. Payment

c. Long term loan from bank
revenue

d. Sales

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19. Direct cost is also known as: **Handout page 274, chap 14**

- a. Factory overhead cost
Conversion cost
c. **Prime cost**
sales
- b.
d. Cost of

20. A minor repair to a photocopy machine was paid in cash. Correct entry was made to cash account but no entry was made to other account. What will be the debit effect of journal entry to rectify this error, if there is suspense account in trial balance? [Handout page 251, chap 12](#)

- a. **Photocopy machine repair account**
b. Suspense account
c. Photocopy machine account
Cash account
- d.

21. A new accountant of ABC Corporation has prepared the trial balance. But there is difference in total of both sides of trial balance: such difference

- can be due to: [Handout page 248, chap 12](#)
- a. Under casting of a ledger account
b. Omission of a particular account's balance in trial balance
c. Over casting of a ledger account
d. **All of the given options**

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 options
- d. None of the given

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 allowed
d. Discount

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
expense

d. Operating

32. Income = ? (**Profit = Incomes – Expenses**)

a. Profit – expenses
profit

b. Expenses –

c. Assets + profit
expenses

d. Loss +

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
8,500 credit

b. Rs.

c. Rs. 9,500 credit
10,000 credit

d. Rs,

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
purchases

d. Cash

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.

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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
commission

c. Error of principle
original entry

b. Error of

d. Error of

37. Total factory cost = Prime cost + _____. **Handout page 274, chap 14**

a. Factory overhead cost

Direct Labor cost

c. Direct Material cost

Direct cost

b.

d. Other

38. Unconsumed shipping supplies are considered as:

a. Admin expense

asset

c. Selling expense

expense

b. Current

d. Financial

39. Leather to make jackets in manufacturing concern is:
Handout page 273, chap 14

a. Raw material
process

b. Work in

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

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 [Download More Quizzes Files From](#) b. Rs. 8,500 credit

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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

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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** from debtors
- b. Cash received
- c. Bad debts
- d. Discount allowed

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

- a. Revenue expenditure
- b.
- Administrative expenditure
- c. Deferred revenue expenditure
- d. Capital expenditure**

51. Loss on revaluation of fixed asset should be charged to:

- a. Balance Sheet
- b. Profit and loss account**
- c. Revaluation reserve account
- d. Accumalated depreciation account

52. While preparing a Debtors Control Account, Debit side posted items

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

- a. Increase in debtors' balance**
b. Decrease in debtors' balance
c. Both increase and decrease in debtors balance
d. Increase in creditor's balance
53. Expenses are also known as: **Handout page 274, chap 14**
a. Prepaid expense
b. Expired portion of cost
c. Cost incurred during production incurred on asset acquired
d. Cost
54. An income statement is prepared for a specific period, which is also known as: **Handout page 257, chap 13**
a. Reporting period
Reporting date
c. Statement of cash flow
Financial health
b.
d.
55. Which of the following is a Capital expenditure?
Handout page 253, chap 12
a. Purchase of a building
of salaries
c. Long term loan from bank
revenue
b. Payment
d. Sales
56. A purchase of plant and machinery is a _____
Handout page 253, chap 12
a. Capital Expenditure
Expenditure
c. Capital Receipt
Receipt
b. Revenue
d. Revenue

57. Discount allowed to a debtor is credited under main head: **Handout page 259, chap 13**

- a. **Expenses** b. Income c. Assets d. Liabilities

58. Which of the following is a Revenue expenditure?

Handout page 259, chap 13

- a. Purchase of a building b. **Payment of salaries**
c. Long term loan from bank revenue d. Sales

59. In a trading concern, salaries of marketing staff is included in _____.

Handout page 269, chap 13

- a. Cost of sales expense b. Preliminary
c. Cost of goods sold d. **Operating expense**

60. Cotton thread to make fabric in manufacturing concern is:

Handout page 276, chap 14

- a. **Raw material** b. Work in process
c. Finished goods d. Stock in trade

61. Mr. A recorded a cash payment of Rs. 300,000 as salaries. Both the salaries

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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**
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
Suspense account
c. Compensation account
Balance account
- b.
d.

65. In a manufacturing concern, salary of supervisor is included in _____.

- a. Selling expenses
expense
c. Cost of goods sold
Operating expense
- b. Administrative
d.

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
Understated by Rs. 100
c. Understated by Rs. 50
- b.
d. **No effect**

67. Control accounts are maintained for all of the following EXCEPT:

Handout page 231, chap 11

- a. Trade receivables
Trade payables
c. **Depreciation**
Inventory
- b.
d.

68. Service fee received is a _____. **Handout page 252, chap 12**

- a. Capital Expenditure
Expenditure
c. Capital Receipt
Receipt
- b. Revenue
d. **Revenue**

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

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
- c. Salaries account
- d. Bank

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

80. Sales return account is a/an _____.

- a. Contra item**
- b.
- 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
Expenditure
c. Capital Receipt
Receipt

b. Revenue
d. Revenue

83. Current year's depreciation of furniture is a/an _____.

a. Expense account
asset account
c. Liability account

b. Contra
d. Asset account

84. Carriage inward should be the part of:
a. Selling expense
expense
c. Direct cost
cost

b. Admin
d. Indirect

85. Control accounts are usually maintained by:

a. Sole proprietors
organizations
c. Partnerships
profit businesses

b. Large
d. Non-

86. Purchase of building costing Rs. 500,000 is recorded in repairs account. What will be its effect on net profit? **Not sure**

a. Overstated by Rs. 500,000
Understated by Rs.500,000
c. Understated by Rs. 10000,000
effect

b.
d. No

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?

- a. Rs. 8,000 credit
8,500 credit
- b. Rs.
d. Rs.
- c. Rs. 9,000 credit
10,000 credit

89. Drawings account is a/an **Page no 268**

- a. Contra item** b. Expense item c. Assets
item d. Liability item