

## MGT-101 Final Term Exams Preparation Virtual University

Sr	Questions	Answers Choice
1	In cost of goods sold statement the total factory cost is equal to	A. I cost of material + Labor cost B. cost of material consumed + conversion cost C. cost of materia<b>l consumed + total factory cost</b>
2	Which of the following is NOT include in the specimen of a payment voucher?	A. Name of organization B. cash payment amount C. date of transaction D. Bank receipt
3	_____ is the detail of transaction in one account provided by the bank	A. bank statement B. income statement C. bank reconciliation statement
4	Which of the following is an alternate term which can be used for "Capital"?	A. Liability B. Owner net worth C. Asset D. Working Capital
5	The favourable balance of profit and loss account should be:	A. added in liabilities B. subtracted from current assets C. Subtracted from liabilities D. added in capital
6	Under the reducing balance method of depreciation :	A. Amount of depreciation increase every year B. Amount of depreciation remains constant for every year C. Amount of depreciation<b>decrease every year</b>
7	Which of the financial statement DO NOT show the financial health of a business at specific date?	A. Profit and Loss account B. Balane Sheet C. Statement of financial position
8	The amount of depreciation charged on machinery will be debited to:	A. machinery account B. depreciation account C. cash account
9	Which of the following is the example of direct material cost?	A. Polish and finish material for chair B. A piece of wood for the production of wood C. Production worker wages D. Depreciation expenses
10	A summarized record of transaction related to individual or things is called	A. Account B. Voucher C. Journal D. Trail Balance
11	Accrued expenses are the example of	A. Current liabilities B. Long term liabilities C. Capital expenses
12	The asset which have limited useful life are termed as :	A. Limited assets B. Depreciation assets C. Unlimited assets D. None of the given option
13	An estimate of the income and expenses needed to carry out business plans for a fiscal year is known as :	A. Budgeting B. costing C. Management D. Auditing
14	Which of the following account will be credited if business purchased a vehicle on cash?	A. vehicle account B. cash account C. bank account
15	Which of the following account will be credit,if business sold goods for Rs 10,000 on credit?	A. Cash account B. Sales account C. account receivable account D. purchase account

16	The price paid for an item , in terms of currency is called	A. Sale B. Cost C. Debt D. Revenue
17	A summarized record of transaction related to individual or things is called a	A. Account B. Voucher C. Journal D. Trail Balance
18	Gross profit>Operating expenses=?	A. Net profit B. Cost of loss sold C. Net loss D. Gross loss
19	All the cost incurred on the incomplete assets up to the balance sheet date must be transferred to:	A. Capital account B. Capital work in progress C. Relevant asset account
20	Net profit + expenses = _____	A. Liabilities B. assets C. capital D. income
21	Bank reconciliation statement is :	A. a memorandum statement B. a ledger account C. a part of cash book D. a part of journal
22	In an account if credit< debit side then the balance is known as	A. Negative Balance B. Debit Balance C. Positive Balance D. Credit Balance
23	Which of the following is not depreciated?	A. factory building B. office equipment C. Plant D. Land
24	Firm charges each year	A. to ensure there is enough money in the firm to replace the asset B. to spread the cost of the asset over its working life C. because the law states they must be reduced
25	Which of the following is NOT prepared by Non Profit organization?	A. Profit and loss account B. Income and expenditure account C. Receipts and payments accounts D. Balance sheet
26	In a balance sheet fixed asset is shown at	A. cost price B. market value C. fair value D. written down value
27	Firms chargers depreciation each year :	A. To ensure there is enough money in the firm to replace the asset B. To spread the cost of the asset over its working life C. Because the law state must be reduced
28	Cost incurred for the maintenance of shop in considered as	A. revenue expenses B. capital expenses C. deferred expenses
29	What would be the affects on component of the accounting equation if goods are purchased on cash?	A. increase in cash and decrease in equity B. increase in cash and increase in goods C. increase in cash and decrease in goods
30	The cost of moving planet and machinery to a new site will be treated as:	A. Revenue expenses B. Capital expenses C. Operating expenses D. Administrative expenses
31	Which of the following is NOT an example of current Asset?	A. Bank draft B. Accounts Receivable C. Notes Receivable D. Prepaid Expenses
32	The basic purpose of depreciation is to achieve the :	A. matching principle B. Dual aspect principle C. separate entity concept

33	Income of the business includes:	A. Cash sales only B. Credit sales only C. Credit purchase only D. Both cash sales and credit sales
34	An asset that is not physical in nature is called ____	A. intangible asset B. liquid assets C. current asset
35	Accountancy cover which of the following series	A. bookkeeping B. accounting C. auditing D. all of the above
36	Double entry accounting system include:	A. Accrual accounting only B. Cash accounting only C. Both A and B D. <sup>None of the given</sup>
37	_____ is the amount for which an assets could be exchanged between knowledge willing parties in a arm length transaction	A. Present Value B. Fair Value C. Book Value
38	If you start with cash book favourable balance in Bank Reconciliation Statement which item will be added?	A. cheque deposited but not credit by the bank B. Cheques omitted to be deposited into the bank C. any amount directly collected by bank on behalf of customer but not recorded in cash book D. Debit side cash book was overcast.
39	An informal accounting statement that lists the ledger account balance at a time and compare the total of debit balance with the total of credit balance is known as :	A. Income statement B. balance sheet C. trail balance D. cash book
40	The stock of manufacturing concern consists of	A. work in process inventory B. raw material inventory C. finished goods inventory D. all of the given option
41	Bank book is a part of :	A. Voucher B. General journal C. General ledger D. trail balance
42	A book in which receipts and payments are recorded is known as	A. Pass book B. Cash book C. Purchase book D. Sales book
43	Depreciation arises because of :	A. Fall in the market value of an asset B. Fall in the value of money C. Physical wear and tour D. All of the above
44	Following are the inventories of Manufacturing Concern EXCEPT	A. Raw material B. work in process C. finished goods D. merchandise inventory
45	While making income and expenditure account,excess of income over expenses in a specified accounting is called :	A. Profit B. Loss C. Surplus D. Deficit
46	Which of the following is not an item of Balance Sheet?	A. Accounts receivable B. accounts payable C. sales revenue D. marketable securities
47	Which of the following account will be credited,when the goods are purchase on cash?	A. Stock Account B. Cash Account C. Supplier Account D. Work in process account
48	The time span in which financial statements of the business are prepared is called	A. Financial year B. Accounting period C. Business life cycle D. Accounting Cycle
49	According to double entry system of accounting,an accounting that obtain benefit is	A. Debit B. Credit C. Income
		A. 1,2

50	Which of the following essentials are shown in Bank book? 1.Date of transaction ,2.Narration of transaction ,3.Cheque Number	B. 2,3 C. 1,3 D. 1,2,3
51	In accounting accumulated depreciation is :	A. Treated as reserve B. Treated as a contra asset C. Treated as surplus D. Treated as expense
52	Which one of the following is CORRECT about closing stock?	A. It appears in the asset side of the balance sheet B. it decrease the value of cost of goods sold C. It becomes the opening stock of the next year D. All of the above
53	The product that are ready for sale are known as	A. raw material B. work in process C. finished in goods D. closing stock
54	The allocation of the cost of a tangible plant asset to expenses in the periods ,in which service are received from the asset is termed as	A. Appreciation B. Depreciation C. Fluctuation D. None of the given
55	Which of the following account will be credited ,if business bought goods on credit from Mr.Ali?	A. Purchase account B. Mr.Ali account C. Cash account D. Sale account
56	If a business pays rent in 12 months mit will be treated as:	A. Prepaid expenses of business B. Long term liability of business C. Fixed assets of business
57	Which of the following financial statement summarizes the profitability of an organization for a particular period?	A. Trade and profit & loss account B. cash flow statement C. balance sheet
58	In which of the following condition a company will have positive working capital?	A. if current assets> current liabilities B. if current assets < current liabilities C. if current assets = current liabilities D. if current assets <= current liabilities
59	Depreciation value of an asset is equal to	A. cost + scrape value B. cost + market value C. cost - scrap value D. none of the given
60	Which of the following shows summary of a company financial position at a specific date?	A. Profit and loss account B. Cash flow statement C. Balance Sheet
61	A decrease in value of a fixed asset due to age ,wear and tear is known as	A. depreciation B. accumulated depreciation C. WDV
62	Which of the following is non profit-able organization?	A. Partnership B. Trust C. Limited Company
63	Commercial accounting is based on	A. Single entry book keeping B. Double entry book keeping C. Both single and double entry book keeping D. cash basic of book keeping
64	Depreciation arises because	A. fall in market value of an asset B. fall in the value of money C. physical wear and tear D. all of the above
65	Economic resource owned by a business and expected to benefit for the future operation are called :	A. Expenses B. Assets C. Capital
66	Which of the following account balance will be shown on debit side of trail balance ?	A. Capital account B. Sundry credit accounts C. Cash account
67	What will be the effect on accounting equation ,which payment is made to the creditor of the business?	A. Decrease in an asset ,decrease in liability B. Increase in asset,increase in liability

		C. Increase in asset ,increase in owner equity
68	Which of the following items appears in Trading account of business?	A. Interest expenses B. Wages and salaries C. Depreciation expenses D. Discount allowed
69	If the cost of the sales is Rs 60,000 are Rs 95,000 and opening expenses are Rs 20,000 during the year.What would be the net profit?	A. Rs 15000 B. Rs 35000 C. Rs 55000 D. Rs 60000
70	We can say that business in profit when	A. Assets exceeds expenditure B. Assets exceeds liabilities C. income exceeds expenditure D. income exceeds liabilities
71	The area of accounting concerned with reporting financial information to the interested parties is called	A. cost accounting B. financial accounting C. management accounting D. tax accounting
72	A decrease in value of a fixed asset due to age wear and tear is known as	A. depreciation B. accumulated depreciation C. administrative expenses D. operating expenses
73	Cost incurred for the maintenance of the shop is considered as	A. Deferred expense B. Capital expenses C. Revenue expenses D. Preliminary expenses
74	What type of expense are paid out of gross profit?	A. Selling expenses B. general expenses C. financial expenses D. All of the above
75	When a liability is reduced or decreased,it is recorded on the	A. Right or the debt side of the account B. Left or the debt side of the account C. Left or the credit side of the account D. Right or the credit side of the account
76	The main goal of bank reconciliation statement is:	A. If the discrepancy is due to error rather than timing B. If the discrepancy is due to timing rather than error C. If the discrepancy is due to error rather than amount D. If the discrepancy is due to amount rather than timing
77	Accrued expenses are the example of	A. Current liability B. Long term liability C. Capital expenses
78	The amount brought propitrier in the business should be credited to	A. cash account B. capital account C. drawing account
79	In an accounting if credit sale < debit side then the balance is known as :	A. Negative balance B. debit balance C. positive balance D. credit balance
80	Word credit is derived from	A. latin B. english C. french D. chinese
81	Assets total Rs 50,000 and liability total rs 10,000 ,What is the equity of the business?	A. 40000 B. 60000 C. 30000 D. 10000
82	Word credit is derived from	A. Latin B. English C. French D. Chinese
83	If a business purchase machinery for rs 30000 on 31 january 2008 having life of 8 years,this expenses will be realized under the concept of accrual accounting	A. for the year 2008 only B. for the last day of 10th year only C. over 10 year D. nothing can be said about it
84		A. Prime cost

84	The total of all cost incurred to convert raw material into finished goods is known as :	B. Conversion cost C. Sunk cost
85	Which of the following statement is NOT TRUE about current liabilities?	A. These are due with in one year B. These are short term loans C. These are consists of all debts, payable after 12 months D. In working capital, these are deducted from current assets
86	Cash book is a part of	A. Voucher B. general ledger C. general journal D. Trail balance
87	Which of the following account balance will be shown on debit side of trial balance?	A. Cash account B. Furniture account C. Motor account D. all of the above
88	The basic purpose of depreciation is to achieve the	A. Matching principle B. Dual aspect principle C. Separate entity concept D. Money measurement concept
89	Which one of the following is equal to the carrying cost of an asset?	A. original cost minus accumulated depreciation B. original cost plus accumulated depreciation C. original cost minus residual value