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Solved by DR ABDUL SABOOR

MS business administration

mb120400120@vu.edu.pk

dr7wb@yahoo.com

Cell=0334-7165488

Pakistan

**FIN611 SOLVED MCQS FROM NGO CHAPTER
MIDTERM DATA**

11)

The capital of a non-profit organization is generally known as

- A) Equity
- B) **Accumulated fund**
- C) Cash fund
- D) Financial reserve

12)

When cash is received for life membership, which one of the following double entries is passed?

- A) Cash Debit and capital Credit _
- B) Life membership Debit and cash Credit _
- C) Investment Debit and cash Credit _
- D) **Cash Debit and life membership fund Credit _**

13)

XYZ club has a bar that maintains a separate trading account for its trading activities. Which of the following is the treatment of profit or loss on bar trading activities?

- A) Profit or loss is directly shown in the balance sheet _
- B) **Profit or loss is to be presented in income and expenditure account**
- C) Profit and loss is credit in income statement _
- D) Profit or loss is added to accumulated fund _

14)

Which of the following is the accounting equation for a non-profit organization?

- A) Asset = Capital + Liabilities _

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B) Capital + Liabilities = Assets

C) **Accumulated fund + Liabilities = Assets _**

D) Liabilities = Asset + Accumulated fund _

15)

Subscription received but not yet earned is considered as a/an

A) Asset _

B) **Liability _**

C) Income _

D) Expenditure _

16)

A non-profit organization received \$10,000 as the entrance fee of a new member. If 20% of the fee has to be capitalized, what is the amount of fee needs to be shown in the income and expenditure account?

A) \$2000

B) **\$8000**

C) \$9000

D) \$10,000

17)

\$10,000 received as the annual membership subscription. Out of this, \$2000 is pertaining to the previous accounting period whereas \$1000 is receivable at the end of the current accounting period. Calculate the amount of subscription that will be shown in the income and expenditure account for this accounting

A) \$10,000

B) **\$9000 _**

C) \$12,000 _

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D) \$8000

18)

The balance sheet of a non-profit organization such as a charitable hospital doesn't contain the

A) Assets

B) Building

C) Debts

D) **Owner's equity**

19)

Income and expenditure accounts show

A) Cash available to an organization _

B) Closing capital of an organization _

C) Cash available in the bank account _

D) **Surplus or deficit for the current accounting period**

20)

On what basis the receipts and payments account is prepared?

A) **Cash basis**

B) Accrual basis _

C) Both accrual and cash basis _