FIN611 SOLVED QUIZ BY MSBA_124

Q1: Which of the following is equal to sales?

Cost of goods sold + Net profit

Gross profit – Cost of goods sold

Cost of goods sold + Gross profit

Cost of goods sold – Gross profit

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Q2: Accounting for long term contract was switched over from "Completed Contract Method" to "Percentage of Completed Method". Whether it is:

Select correct option:

Change in accounting policy (most appropriate)

Prior period error

Change in accounting estimate www.vchowk.com

Irrelevant item

i. Lasani Private Limited have been following LIFO (an allowed alternative treatment of previous IAS-2) for Inventory measurement. Now the entity is required to adopt FIFO or weighed Average method for Inventory measurement (as per the revised IAS-2).
This is a change in accounting policy required by standard.(Handouts)

Q3: What would be the value of depreciation allocated to Department 'X', if the total depreciation on building is Rs. 3,000 and the area covered by Department 'X' & 'Y' is 2/3 and 1/3 respectively?

Select correct option:

Rs. 3,000

Rs. 2,000 **2/3 *3000 = 2*1000 = 2000**

Rs. 1,000

Rs. 1,500

Q4: Which of the following represents that the shares are issued at a price below the face value?

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Q5: The debit side of the Branch stock account indicates:

Inflow of cash

Outflow of cash

Inflow of stock www.vchowk.com

Outflow of stock

REF:
http://www.accountingexplanation.com/accounting_dictionary/branch_stock_account_definition.htm

Q6: Which one of the following reason occur, would change the constitution of the Partnership (Partnership deed)?

Revaluation of assets

Increase in liabilities

Retirement of an existing partner

In case of Net loss

Q7: As a result of a product break through, it has been determined that manufacturing equipment previously depreciated over 15 years should be depreciated over 20 years. Whether it is:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item

handouts Page 156: Example: After 2 years, the company estimates its remaining useful life 4 years. There is a change in total useful life of the asset in third year. *This change is a change in accounting estimate*.

Q8: In branch accounting, under the debtors system of profit calculation, which of the following is not accounted for in the books of head office?

Cash sales of Branch

Credit sales of Branch

Branch opening balance of assets

Branch closing liabilities

Books of the Head Office
Branch Account

Particulars		Rs.	Particulars		Rs.
Op. Stock		***	Op. Creditors		***
Op. Debtors	Opening Assets	***	Op. Outstanding Expenses	Opening Liability	***
Op. Petty Cash		***	Cash received from branch		
Op. Furniture		***	Cash Sales	Drawings	***
Op. Prepaid Expenses		***	Collection from Debtors		***
Goods sent to Branch		***	Goods Returned by Branch		***
Cash sent to branch	Fresh Capital		Cl. Stock		***
for branch expenses		***	Cl. Debtors	Closing Assets	***
for any other purpose		***	Cl. Petty Cash		***
Cl. Creditors	Closing Liability	***	Cl. Furniture		***
Cl. Outstanding Expenses		***	Cl. Prepaid Expenses		***
Profit & Loss A/c (Profit)		***	**Profit and Loss A/c (Loss)**		***
		***			***

Handouts page # 52

Q9: Which of the following entity is profit oriented?

NGO

Trust

Society

Limited Company

Q10: Which of the following is TRUE with respect to the sacrifice ratio?

Old profit ratio – New profit ratio

Old profit ratio – Gross profit ratio

Old profit ratio – Net profit ratio

Old profit ratio – Operating profit ratio

Q11: Which of the following is similar to the statement of affairs?

Income statement

Statement of changes in equity

Balance sheet

Bank reconciliation statement

Q12: Which of the following is TRUE about the changes due to issuance of bonus shares?

Decrease in reserves and surpluses

Increase in reserves and surpluses

Increase in working capital

Decrease in working capital

Lecture Slide # 23 – Bonus Issue – Journal Enry

Reserve A/c xxx

Share capital A/c xxx

Q13: Unrealized profit on the closing stock has __________ effect on the general Profit & Loss Account.

Positive

Negative

Both Negative & Positive

No effect at all www.vchowk.com

Q14: Which of the following is NOT a feature of branch cash account, under the stock and debtor system?

It is debited with the cash sent to branch

It is debited with the cash received from branch debtors

it is debited with the branch expenses during the year

it is debited with the opening balance of cash

Ref: Handouts page # 64 point # 3, 4 and 7.

Q15: a) Which of the following account will be debited in the books of head, when it allocates a part of its own expense to the branch?

Branch Account

Expense Account

Profit And Loss Account

Cash account

Q15: b) which of the following account will be credited in the books of head, when it allocates a part of its own expense to the branch?

Select correct option:

Branch Account

Expense Account

Profit And Loss Account

Cash account

Q16: Which of the following is another name of Final dividend?

Interim dividend

Declared dividend (most appropriate)

Stock dividend

Cash dividend

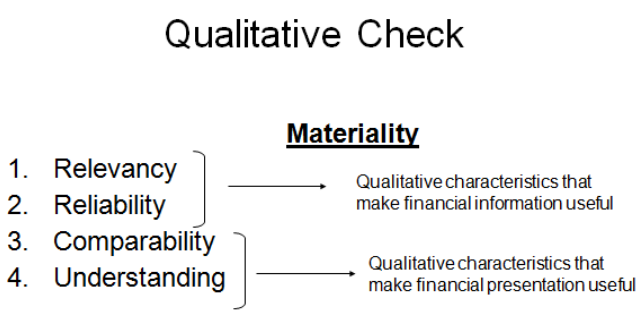
Q17: The difference of two sides of “Receipts & Payments Account” represents:

Opening cash balance

Closing creditors

Closing cash or bank balance (most appropriate) www.vchowk.com

Closing debtors



Q18: Which of the following is related to the qualitative characteristics that make financial information useful?

Understandability

Comparability

Both Understandability and Comparability

Reliability and Relevancy

Q19: A free share of stock given to current/existing shareholders in a company is called;

Rights issue

Bonus Shares

Ordinary shares

None of the given options

Q20: Which of the following is not a feature of branch debtor account, under the stock and debtor system?

It is credited with the discount allowed

It is credited with the credit sales

It is credited with the sales returns from debtors

It is credited with the bad debt during the year

BRANCH DEBTORS ACCOUNT			
Particulars	**Debit**	**Particulars**	**Credi**
Opening Balance Brought Forward	******	Cash Received	Jef(4)
Branch Stock $\boxed{\text{(Credit Sales)}}$	Jef(2)	Branch Stock (Sales Return)	Jef(5)
		Branch Expense (Bad Debts + Discount Allowed)	Jef(8)
		Balance Brought Forward	******

MB120400078: Faheem Raza Khan

Q2: Which of the following represents that the shares are issued at a price below the face value?

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Q1: Which of the following account will be <u>debited</u> for interest on drawings in case of distribution of profit?

Profit and loss account

Profit and loss appropriation account

Partner's capital accounts

Cash account

Dr — Profit and Loss Appropriation a/c — Cr

Particulars	Amount (in Rs)	Amount (in Rs)	Particulars	Amount (in Rs)	Amount (in Rs)
To A's Cap (int)	10,000		By P/L a/c (Net Profit)		3,74,000
To B's Cap (int)	3,750		By A's Cap (int drw)	1,000	
To C's Cap (int)	5,000	18,750	By B's Cap (int drw)	100	
			By C's Cap (int drw)	750	1,850
To B's Cap (sal)	24,000	24,000			
To C's Cap (comm)	52,000	52,000			
To bal c/d (Distr Pr)		2,81,100			
		3,75,850			3,75,850
To A's Cap (Pr)	93,700		By bal b/d (Distr Pr)		2,81,100
To B's Cap (Pr)	93,700				
To C's Cap (Pr)	93,700	2,81,200			
		2,81,100			2,81,100

Dr — Partners Capital a/c's

Particulars	A (in Rs)	B (in Rs)	C (in Rs)	Particulars	A (in Rs)	B (in Rs)	C (in Rs)
To P&L Appr (Int)	1,000	100	750	By Bal b/d	2,00,000	75,000	1,00,0
To Drawings	20,000	2,000	15,000	By P&L Appr (int)	10,000	3,750	5,0
				By P&L Appr (sal)		24,000	
To Bal c/d	2,82,700	1,94,350	2,34,950	By P&L Appr (com)			52,0
				By P&L Appr (pr)	93,700	93,700	93,7
	3,03,700	1,96,450	2,50,700		3,03,700	1,96,450	2,50,7
				By Bal b/d	2,82,700	1,94,3500	2,34,9

http://www.futureaccountant.com/partnership-accounts/study-notes/parntership-accounts-accounting-profit-loss-appropriation.php

Q2: Which of the following is equal to sales?

Cost of goods sold + Net profit

Gross profit – Cost of goods sold

Cost of goods sold + Gross profit

Cost of goods sold – Gross profit

Q3: Which of the following account will be <u>credited for salary payable</u> to partners against the distribution of profit?

Profit and loss account

Profit and loss appropriation account

Partner's capital accounts

Salaries account

Dr Profit and Loss Appropriation a/c Cr

Particulars	Amount (in Rs)	Amount (in Rs)	Particulars	Amount (in Rs)	Amount (in Rs)
To A's Cap (int)	10,000		By P/L a/c (Net Profit)		3,74,000
To B's Cap (int)	3,750		By A's Cap (int drw)	1,000	
To C's Cap (int)	5,000	18,750	By B's Cap (int drw)	100	
			By C's Cap (int drw)	750	1,850
To B's Cap (sal)	24,000	24,000			
To C's Cap (comm)	52,000	52,000			
To bal c/d (Distr Pr)		2,81,100			
		3,75,850			3,75,850
To A's Cap (Pr)	93,700		By bal b/d (Distr Pr)		2,81,100
To B's Cap (Pr)	93,700				
To C's Cap (Pr)	93,700	2,81,200			
		2,81,100			2,81,100

Dr Partners Capital a/c's

Particulars	A (in Rs)	B (in Rs)	C (in Rs)	Particulars	A (in Rs)	B (in Rs)	C (in Rs)
To P&L Appr (Int)	1,000	100	750	By Bal b/d	2,00,000	75,000	1,00,0
To Drawings	20,000	2,000	15,000	By P&L Appr (int)	10,000	3,750	5,0
				By P&L Appr (sal)		24,000	
To Bal c/d	2,82,700	1,94,350	2,34,950	By P&L Appr (com)			52,0
				By P&L Appr (pr)	93,700	93,700	93,7
	3,03,700	1,96,450	2,50,700		3,03,700	1,96,450	2,50,7
				By Bal b/d	2,82,700	1,94,3500	2,34,9

Q4: Which one of the following represents a capital receipt?

Receipt of rent
Receipt of commission
Receipt from sale of goods
Long-term loan received from bank

Q5: Which one of the following items will NOT appear in the Balance Sheet of a club?

Subscriptions received in advance
Donations received in advance
One time entrance fee paid by the member
None of the above

Q6: Mr. Asghar introduces the opening capital of Rs. 6,500 in the business and further capital of Rs. 3,000 during the year. His capital at the end of the year is Rs.11,000. What will be the profit for Mr. Asghar?

Rs.1,500

Rs.4,500
Rs.7,000
Rs.20,500

Q7: Which of the following is a type of business formed under the Companies Ordinance 1984?

Sole-Proprietorship
Partnership
Joint Stock Company
All of the given options

Q8: Which of the following is not a feature of branch debtor account, under the stock and debtor system?

It is credited with the discount allowed
It is credited with the credit sales
It is credited with the sales returns from debtors
It is credited with the bad debt during the year

BRANCH DEBTORS ACCOUNT			
Particulars	**Debit**	**Particulars**	**Credi**
Opening Balance Brought Forward	******	Cash Received	Jef(4)
Branch Stock $\boxed{\text{(Credit Sales)}}$	Jef(2)	Branch Stock (Sales Return)	Jef(5)
		Branch Expense (Bad Debts + Discount Allowed)	Jef(8)
		Balance Brought Forward	******

Q9: Which of the following account will be credited in the books of head, when it allocates a part of its own expense to the branch?

Branch Account
Expense Account

Profit And Loss Account
Cash account

Q10: Cash returned from branch to the head office is recognized as:

An asset of the head office
A liability of the head office
Drawings of the head office
Capital of the head office

During the year the head office has received goods (as returned goods) and cash (resources) from its branch, the source might be any one e.g. cash sales or credit customer or even by selling branch assets. This receipts of cash and return of goods is credited to the Branch a/c. This can be considered as drawings made by the head office out of the branch. (handouts page 53)

Q11: If incoming partner brings the goodwill in cash and it is paid by the incoming partner to the old partners privately in the ratio of their sacrifice. What accounting entry would be passed in the books of firm?

Bank a/c debit and Goodwill a/c credit
Goodwill a/c debit and old partner's capital a/c credit
Goodwill a/c debit and cash a/c credit
No entry

If the amount of *goodwill* is *paid* by the new partner to the existing. partner *privately*, no journal entries are made in the books of the firm

Q12: Individuals or institutions with activities, other than trade, are known as:

Manufacturing concerns
Non-trading concerns
Trading concerns
None of the given options

Q13: Which of the following is similar to the statement of affairs?

Income statement
Statement of changes in equity
Balance sheet
Bank reconciliation statement

Q14: Which of the following represents that the shares are issued at a price above the face value?

Share issued at premium
Share issued at discount
Share issued at par value
Share issued at nominal value
Companies having strong background often issue their shares at a price that is more than the nominal (face) value. Excess of the issue price over the nominal value is known as share premium.

Q15: Which of the following is/are equal to "Capital"?

Net Assets
Assets – Liabilities
Net worth of the firm
All of the given options
In business, *net worth* (sometimes called net assets) is the total assets minus total outside liabilities of an individual or a *company*.

Q16: As a result of a product break through, it has been determined that manufacturing equipment previously depreciated over 15 years should be depreciated over 20 years. Whether it is:

Change in accounting policy
Prior period error
Change in accounting estimate
Irrelevant item
handouts Page 156: Example: After 2 years, the company estimates its remaining useful life 4 years. There is a change in total useful life of the asset in third year. *This change is a change in accounting estimate*. www.vchowk.com

Q17: Which of the following is shown on the liability side of Balance Sheet?

Discount on issue of shares
Premium on issue of shares http://wiki.answers.com/Q/How_share_premium_appear_in_balance_sheet
www.vchowk.com
Preliminary expenses
Goodwill

Q18: Which of the following is NOT a feature of branch expense account, under the stock and

debtor system?

It is debited with the cash sent to branch
It is debited with the discount allowed to branch debtors
It is debited with the depreciation of branch fixed assets
It is debited with the branch bad debts during the year

BRANCH EXPENESE ACCOUNT			
Particulars	**Debit**	**Particulars**	**Credi**
Cash (Expense)	Jef(7)	Branch Adjust (Closing)	Jef(11
Branch Debtors (Discount Allowed + Bad Debts)	Jef(8)		

For Cash Sent By Head Office to Branch For Expenses
Branch Expenses Account (Dr) **Cash Account (Cr)**

Q19: Which of the following business publishes the Financial Statements?

Sole-Proprietorship
Partnership
Trust
Public Limited Company

Q20: With respect to IAS 10, a major business takeover after the balance sheet date or disposing of a major subsidiary is considered as which of the following Adjusting Event?

Non-Adjusting Event
Bogus Event
Contingent Event
Adjusting Event
The following are the examples of non-adjusting events after the balance sheet date that would generally result in disclosure:
a) A major business takeover after the balance sheet date or disposing of a major subsidiary;
c) Major purchases of assets, classification of assets as held for sale, other disposals of assets, or expropriation of major assets by government;
Page 142-143 -

Q1: Which of the following is NOT a capital payment?

Purchase of fixed assets
Repayment of bank loans (Long-term)
Drawings

Payments of rent

Q2: Which of the following is the contra item for Purchases?

Creditors
Sales return
Purchases return
Provision for doubtful debts

Q3: The particulars of profit and loss Statement in single entry system may include the following EXCEPT:

Opening capital
Closing capital
Expenses
Drawings

Q4: Which of the following represents that the shares are issued at a price below the face value?

Share issued at premium
Share issued at discount
Share issued at par value
Share issued at nominal value

Q5: Which of the following type of business has a separate legal entity?

Sole-Proprietorship
Partnership
Company
Trust
"Separate legal entity" signifies that a company has a legal status and it can sue and can be sued in its own name.

Q6: Which of the following represents the partnership agreement in writing?

Partnership registration
Partnership deed
Partnership-at-will
Partnership certification

Q7: Which of the following is TRUE with respect to the sacrifice ratio?

Old profit ratio – New profit ratio
Old profit ratio – Gross profit ratio
Old profit ratio – Net profit ratio
Old profit ratio – Operating profit ratio

Q8: With respect to IAS 10, business announcing a plan to discontinue an operation after the balance sheet dates is considered as which of the following?

Adjusting Event
Non-Adjusting Event
Bogus Event
Contingent Event

Q9: Which of the following account will be debited in case of increase in the value of furniture to make a revaluation of all assets and liabilities?

Accounts payable
Preliminary expenses
Furniture Account
Inventory Account

Q10: Which one of the following reason occur, would change the constitution of the Partnership (Partnership deed)?

Revaluation of assets
Increase in liabilities
Retirement of an existing partner
In case of Net loss

Q11: Which of the following is related to the qualitative characteristics that make financial information useful?
Understandability
Comparability
Both Understandability and Comparability
Reliability and Relevancy

Q12: Which of the following IAS covers treatment of Changes in Accounting Estimates?

IAS 8
IAS 7
IAS 16
IAS 18

Q13: Which one of the following items should NOT be entered in Receipt & Payment Account of a club?

Sale of old newspapers
Loss on sale of old furniture
Subscriptions received in advance
Expenses paid for the previous year

Q14: Which of the following would be credited for increasing the provision for deferred tax?

Income tax expenses a/c
Deferred tax liabilities a/c
Provision for liabilities a/c
Provision for income tax a/c

Q15: Which one of the following is NOT true about branch?

It can be independent
It can be dependent
It has Separate legal entity
It is a segment of an entity

While preparing the profit and loss account, depreciation of building is allocated and apportioned to the different departments on the basis of:

Select correct option:

Number of employees by each department

Area occupied by department

Number of departments

Sales by each department

Total Marks: 1

Capital fund of Non-trading concern is equal to:

Select correct option:

Assets + Income

Assets + Liabilities

Expenditure + Liabilities

Assets – Liabilities

Total Marks: 1

Which of the following is/are NOT allocated and apportioned on the basis of purchase of raw material by each department?

Select correct option:

Repair and Renewals

Works manager's salary

Selling expense

All of the given options