FIN611- Quiz # 3 *SOLVED* - 160 Questions (Lecture # 1-30)

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Question # 1: 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

Question # 2: Accounting for long term contract was switched over from "Completed Contract Method" to "Percentage of Completed Method". Whether it is:

Change in accounting policy (most appropriate)

Prior period error

Change in accounting estimate

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)

Question # 3: 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?

Rs. 3,000

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

Rs. 1,000

Rs. 1,500

Question # 4: 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

Question # 5: The debit side of the Branch stock account indicates:

Inflow of cash

Outflow of cash

Inflow of stock

Outflow of stock

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

Question # 6: 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

Question # 7: 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*.

Question # 8: 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	Opening Assets	***	Op. Creditors	Opening Liability	***
Op. Debtors		***	Op. Outstanding Expenses		***
Op. Petty Cash		***	Cash received from branch	Drawings	
Op. Furniture		***	Cash Sales		***
Op. Prepaid Expenses		***	Collection from Debtors		***
Goods sent to Branch	Fresh Capital	***	Goods Returned by Branch		***
Cash sent to branch			Cl. Stock	Closing Assets	***
for branch expenses		***	Cl. Debtors		***
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

Question # 9: Which of the following entity is profit oriented?

NGO

Trust

Society

Limited Company

Question # 10: 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

Question # 11: Which of the following is similar to the statement of affairs?

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

Question # 12: 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

Question # 13: Unrealized profit on the closing stock has __________ effect on the general Profit & Loss Account.

Positive
Negative
Both Negative & Positive
No effect at all

Question # 14: 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.

Question # 15: 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

Question # 15: 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?

Branch Account

Expense Account

Profit And Loss Account

Cash account

Question # 16: Which of the following is another name of Final dividend?

Interim dividend

Declared dividend (most appropriate)

Stock dividend

Cash dividend

Question # 17: The difference of two sides of "Receipts & Payments Account" represents:

Opening cash balance

Closing creditors

Closing cash or bank balance (most appropriate)

Closing debtors

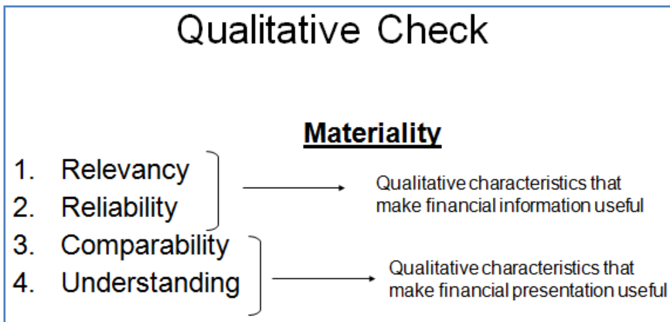
Question # 18: Which of the following is related to the qualitative characteristics that make financial information useful?

Understandability

Comparability

Both Understandability and Comparability

Reliability and Relevancy



Question # 19: 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

Question # 20: 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**	**Credit**
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	******

Question # 2: 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

Question # 1: Which of the following account will be debited 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 Cr

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	1,00,000
To Drawings	20,000	2,000	15,000	By P&L Appr (int)	10,000	3,750	5,000
				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)			52,000
				By P&L Appr (pr)	93,700	93,700	93,700
	3,03,700	1,96,450	2,50,700		3,03,700	1,96,450	2,50,700
				By Bal b/d	2,82,700	1,94,3500	2,34,950

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

Question # 2: 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

Question # 3: 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 — Cr

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	1,00,000
To Drawings	20,000	2,000	15,000	By P&L Appr (int)	10,000	3,750	5,000
				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)			52,000
				By P&L Appr (pr)	93,700	93,700	93,700
	3,03,700	1,96,450	2,50,700		3,03,700	1,96,450	2,50,700
				By Bal b/d	2,82,700	1,94,3500	2,34,950

Question # 4: 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

Question # 5: 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

Question # 6: 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

Question # 7: 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

Question # 8: 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	Credit
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	******

Question # 9: 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

Question # 10: 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)

Question # 11: 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

Question # 12: Individuals or institutions with activities, other than trade, are known as:

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

Question # 13: Which of the following is similar to the statement of affairs?

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

Question # 14: 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.

Question # 15: 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*.

Question # 16: 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*.

Question # 17: 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
Preliminary expenses
Goodwill

Question # 18: 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	Credit
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)

Question # 19: Which of the following business publishes the Financial Statements?

Sole-Proprietorship
Partnership
Trust
Public Limited Company

Question # 20: 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 -

Question # 1: Which of the following is NOT a capital payment?

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

Question # 2: Which of the following is the contra item for Purchases?

Creditors
Sales return

Purchases return
Provision for doubtful debts

Question # 3: The particulars of profit and loss Statement in single entry system may include the following EXCEPT:

Opening capital
Closing capital
Expenses
Drawings

Question # 4: 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

Question # 5: 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.

Question # 6: Which of the following represents the partnership agreement in writing?

Partnership registration
Partnership deed
Partnership-at-will
Partnership certification

Question # 7: 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

Question # 8: 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

Question # 9: 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 (most appropriate)
Inventory Account

Question # 10: 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

Question # 11: Which of the following is related to the qualitative characteristics that make financial information useful?
Understandability
Comparability

Both Understandability and Comparability
Reliability and Relevancy

Question # 12: Which of the following IAS covers treatment of Changes in Accounting Estimates?

IAS 8
IAS 7
IAS 16
IAS 18

Question # 13: 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

Question # 14: 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

Question # 15: 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

Question # 16: While preparing the profit and loss account, depreciation of building is allocated and apportioned to the different departments on the basis of:

Number of employees by each department

Area occupied by department

Number of departments

Sales by each department

Question # 17: Capital fund of Non-trading concern is equal to:

Assets + Income

Assets + Liabilities

Expenditure + Liabilities

Assets – Liabilities

Question # 18: Which of the following is/are NOT allocated and apportioned on the basis of purchase of raw material by each department?

Repair and Renewals

Works manager's salary

Selling expense

All of the given options

Question # 19: 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

Question # 20: A legal obligation is that which is derived from:

A contract

Legislation

Other operation of law

All of the given options

Question # 1: "Receipts and Payments Account" is prepared at the:

End of the year
Start of the year
Mid of the financial year
None of the given options

Question # 2: Which of the following is/are NOT allocated and apportioned on the basis of "Number of employees" by each department?

Rent expense

Bad debts provision

Depreciation expense

All of the given options

QUESTION: Which of the following IAS covers the treatment and recognition of Provisions?

IAS 33
IAS 37
IAS 38
IAS 39

QUESTION: Ahmad & Co. changed LIFO method to FIFO method to account for its finished goods inventory. Whether it is:

Change in accounting policy
Prior period error
Change in accounting estimate
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

QUESTION: 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

QUESTION: 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

Which of the following consist of money owing for goods supplied to the firm and for expenses & loans?

Asset

Capital

Liability

Income

The capital shall be maintained at the same figure during the Partnership and no adjustment shall be passed in the capital account during the period. Which method of Partnership capital account explain this?

Fluctuating capital

Fixed capital

Both of the above methods

None of the given options

QUESTION: In Non-trading concern, the Receipts & Payments Account records receipts and payments of:

Capital nature only

Revenue nature only

Both capital & revenue nature

None of the given options

QUESTION: 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

QUESTION: 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?

Rs. 3,000

Rs. 2,000

Rs. 1,000

Rs. 1,500

QUESTION: If the owners' equity and liabilities of the business ABC are worth Rs. 70,000 and Rs.19,000 respectively then the Total Assets consist of:

Rs.60,000

Rs.89,000 Net worth = Owner's Equity + Liability = 70000 + 19000 = 89000

Rs.41,000

Rs.19,000

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

Understandability

Comparability

Both Understandability and Comparability

Reliability and Relevancy

QUESTION: Which of the following is NOT included in the credit side of cash book?

Discount received

Capital payments

Closing balance of cash

Revenue payments

Cash Book

Receipts	Amount Rs.	Payment	Amount Rs.
Opening balance	xxx	All payments either relating to capital or revenue payments	xxx
All receipts either relating to capital or revenue receipts	xxx	Closing balance	xxx
	xxx		xxx

Ref: Handouts page # 12

QUESTION: In the books of head office, the closing balance of branch creditors appear in the:

Debit side of the creditor account

Credit side of the head office account

Debit side of the branch account (most appropriate)

Credit side of the branch account

QUESTION: Which of the following expense can NOT be allocated and apportioned by each department separately?

Discount allowed

Group insurance (MOST Appropriate)

General expenses

Wages and salaries

Separately identified

It depends upon the size of the entity that it can separately identify its expenses with each of the department, a large entity will be incurring most of the operating expenses that are department specific e.g. carriage inward, receiving and handling, wages and salaries, electricity, telephone, repair and maintenance, entertainment, advertisement, sales promotion, selling commissions, research and development cost etc.

QUESTION: Which of the following is/are represent the "Gains" with respect to the IASB's Framework?

Disposal of assets at a value higher than its carrying amount

Discharge of liabilities at a value lessor than its carrying amount

Disposal of assets at a value higher than its book value

All of the given options

2. Gains
a. Disposal of assets at a value higher than its carrying amount
b. Discharge of liabilities at a value lesser than its carrying amount

QUESTION: Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Adjusting events only
Non-adjusting events only
Both Adjusting and Non-adjusting events
None of the given options
Two types of events can be identified:
(a) Those events that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

(b) Those events that are indicative of conditions that arose **after the balance sheet date** (non-adjusting events after the balance sheet date).

QUESTION: Which of the following is/are the source/s for the issuance of bonus shares?

Balance from profit and loss appropriation account

Premium on issue of shares account

Premium on issue of debentures account

All of the given options

QUESTION: 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

Question # 1 of 20: Which of the following is similar to the statement of affairs?

Income statement

Statement of changes in equity

Balance sheet

Bank reconciliation statement

Question # 2 of 20: Which of the following account will be credited 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

Question # 3 of 20: 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

Question # 4 of 20: 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

Question # 5 of 20: "Income and Expenditure Account" is debited with all:

Expenses
Earnings
Liabilities
Assets

Question # 6 of 20: Deferred tax liability would be treated in balance sheet as:

Non-Current Liabilities

Current Liabilities

Contingent Liabilities (doubted)

Medium Term Liabilities

Question # 7 of 20: Which of the following is NOT a capital payment?

Purchase of fixed assets

Repayment of bank loans (Long-term)

Drawings

Payments of rent

Question # 8 of 20: 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

Question # 9 of 20: Which of the following consist of money owing for goods supplied to the firm and for expenses & loans?

Asset

Capital

Liability

Income

Question # 10 of 20: 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

Question: Rent and rates are allocated and apportioned to the different departments on the basis of:

Sale of each department

Number of employees

Purchase of each department

Area / Floor space occupied

Question # 12: 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

Question # 13 of 20: Which of the following type of business has a separate legal entity?

Sole-Proprietorship

Partnership

Company

Trust

Question # 14 of 20: What will be the expense if the gross profit is Rs. 5,000 and net profit is 25% of the gross profit?

Rs. 1,250

Rs. 3,750

Rs. 4,150

Rs. 6,250

Question # 15 of 20: Which of the following is shown on the liability side of Balance Sheet?

Discount on issue of shares

Premium on issue of shares

Preliminary expenses

Goodwill

Question # 16: An independent branch also prepares a trial balance because it records the transactions based on:

Single entry system

Cash accounting

Double entry system

Stock & Debtor system

Question # 17 of 20: The branch which maintains its own books of accounts is called:

Retail branch

Wholesale branch

Independent branch

Dependent branch

Question # 18: Investors need accounting information on a timely basis for three basic decisions:

Buy

Hold

Sell

All of the given options

Question # 19: Which of the following appears in the credit side of Trial Balance of company account?

Expenses

Assets

Liabilities

None of the given options

Question # 20: Ahmad & Co. changed LIFO method to FIFO method to account for its finished goods inventory. Whether it is:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item

MB120400124:

Question # 1 of 20:

Which of the following is another name of Final dividend?

Interim dividend

Declared dividend

Stock dividend

Cash dividend

Question # 2 of 20:

Which of the following IAS covers the retrospective restatements of prior period errors?

IAS 8

IAS 7

IAS 16

IAS 18

Question # 3 of 20
which of the following account is credited with respect to the amount of goodwill brought by the incoming partner in the business?

Bank a/c
Goodwill a/c

New partner's a/c

Old partner's a/c

Question # 4 of 20:
Which of the following is/are represent(s) the "Losses" with respect to the IASB's Framework?

Disposal of assets at a value lesser than its carrying amount

Discharge of liabilities at a value higher than its carrying amount

Disposal of assets at a value lesser than its book amount

All of the given options
Page 136:
Losses: a. Disposal of assets at a value lesser than its carrying amount
b. Discharge of liabilities at a value higher than its carrying amount

Question # 5 of 20: Which one of the following is "False" about the rights issue?
A company can opt for a rights issue to raise capital.

The rights issue is a special form of shelf offering

Existing shareholders have the privilege to buy a specified number of new shares from the firm at a specified price within a specified time.

Shares are issued to the general public through market

Question # 6 of 20: The capital shall be maintained at the same figure during the Partnership and no adjustment shall be passed in the capital account during the period. Which method of Partnership capital account explains this?

Fluctuating capital

Fixed capital

Both of the above methods

None of the given options

Question # 7:

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

Question # 8 of 20: "Receipts and Payments Account" is prepared at the:

End of the year

Start of the year

Mid of the financial year

None of the given options

Question # 9 of 20: 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?

Rs. 3,000

Rs. 2,000

Rs. 1,000

Rs. 1,500

Question # 10: Which of the following guide an entity to change the accounting policy?

- The application of an accounting policy for transactions, other events or conditions that differ in substance from those previously occurring
- The application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial
- **If the change is required by a standard or an interpretation**
- All of the given options

Page 159: An entity shall change an accounting policy only if the change:

- **a) Is required by Standard or an Interpretation; or**
- **b) Result in the financial statements providing reliable and more relevant information.**

Question # 11: 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

Question # 12:
Which of the following statement is NOT TRUE about the journal entry of the Cash-in-transit?

It is recorded when cash is on the way

It is recorded by both Head office and the Branch

It is recorded by either of the parties

All of the given options

Page 72: Cash in transit
Cash in transit A/C
Branch A/C or Head office A/C

Question # 13 of 20: 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

Question # 14 of 20: Which of the following statement shows the financial position of the business?

Cash Flows Statement

Income Statement

Balance Sheet

Statement of Owner's equity

Page23: ***Balance Sheet*** is prepared to know the financial position in the same way as we already have studied for business entities.

Question # 15 of 20
Which of the following method of profit calculation is quite similar to the single entry system under the branch accounting?

Income statement system
Debtor system
Stock and debtor system
Final account system

Page 57: While preparing the Income Statement of the branch we shall be using all those skills which we have learned in the single entry system of accounting during conversion of single entry into double entry

Question # 16 of 20: Which of the following is NOT a feature of goods sent to branch account, under the stock and debtor system?

It is debited with the goods return to the head office
It is debited with the loading (net) on goods sent to branch
It is debited with the goods return by the debtors
None of the given options

GOODS SENT TO BRANCH ACCOUNT			
Particulars	Debit	Particulars	Credit
Branch Stock (Credit Sales)	Jef(6)	Branch Stock (Goods Sent) (At Invoice)	Jef(1)
Branch Adjustment (Loading)	Jef(14)		
Purchases (Balancing Figure)	Jef(15)		

Page 64: For Goods Returned by Branch To Head Office
Goods Sent To Branch Account (Dr)
(At Invoice)
Branch Stock Account (Cr)

Question # 17: Which of the following IAS covers the treatment and recognition of Provisions?

IAS 33

IAS 37 ***Page 145***

IAS 38

IAS 39

Question # 18 of 20: The difference of two sides of "Receipts & Payments Account" represents:

Opening cash balance

Closing creditors

Closing cash or bank balance

Closing debtors

Page 38

Receipts	Amount Rupees	Payments	Amount Rupees
Opening balance b/f	3,800	Sports Equipments	
Subscription		(purchased on 1.9.2007)	10,000
2006	2,000	Tournament expenses	4,000
2007	18,500	Electricity	500
2008	900	Printing	300
Entrance fees		Salaries and wages	3,400
(capital receipts)	800	Expenses for exhibition	2,100
Interest on Investment	1500	$\boxed{\text{Closing Balance c/f}}$	7,200
	27,500		27,500

Question # 19 of 20: Which of the following type of business has a separate legal entity?

Sole-Proprietorship

Partnership

Company

Trust

Question # 20 of 20: In the books of head office, the cash sales are recorded in the credit side of:

Branch sales account

Branch stock account

Head office sales account

Head office stock account

Page # 64: For Goods Sold At Branch for Cash
Branch Cash Account (Dr) (**At Selling Price**)
Branch Stock Account (Cr)

Question # 1 of 20: While preparing the profit and loss account, "Carriage Inwards" is allocated and apportioned to the different departments on the basis of:

Sales by each department

Number of employees

Area occupied by each department

Purchases by each department

Question # 2 of 20: Which of the following consist of money owing for goods supplied to the firm and for expenses & loans?

Asset

Capital

Liability

Income

Question # 3 of 20: Which of the following statement is TRUE about the branch Trial Balance?

It is prepared by the head office

It is prepared by the all whole sale branches

It is only prepared by the independent branch

It prepare to balance the accounts under single entry system

Incorporation of branch trial balance into the books of head office. (Consolidation)
***Note:* Accounting entries for incorporation are passed in the books of head office only**

Question # 4 of 20: 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

Question # 5 of 20: Which of the following represents the partnership agreement in writing?

Partnership registration

Partnership deed

Partnership-at-will

Partnership certification

Question # 6 of 20:
Rent and rates are allocated and apportioned to the different departments on the basis of:

Sale of each department

Number of employees

Purchase of each department

Area / Floor space occupied

Question # 7 of 20: Which of the following is related with the IAS 10?

Events after the Balance sheet date *Page 138*

Property, Plant and Equipment

Intangible Assets

Borrowing costs

Question # 8 of 20: 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 ***page 143***

Bogus Event

Contingent Event

Adjusting Event

Question # 9 of 20: Under single entry system, which of the following is prepared in order to have an idea about the financial position on a particular date?

Balance sheet

Statement of equity

Statement of affairs

Profit and loss account

Question # 10: Which of the following account will be debited 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

Question # 11 of 20: Which of the following account will be debited for distribution of profit to partners?

Profit and loss account

Profit and loss appropriation account

Partner's capital accounts

Cash account

Question # 12 of 20: Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

Contingent asset
Fixed asset
Current asset
Floating asset

A *contingent asset* is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Question # 13: Which of the following appears in the credit side of Trial Balance of company account?

Expenses
Assets
Liabilities
None of the given options

Question # 14 of 20: Under the net worth method of single entry the Net profit is equal to:

Closing capital -Opening Capital

Opening Capital - Closing capital

Opening Capital + Closing capital

Total Assets + Total Liabilities

Question # 15 of 20:

In the books of head office, the cash sales are recorded in the credit side of:

Branch sales account

Branch stock account

Head office sales account

Head office stock account

Page # 64: For Goods Sold At Branch for Cash
Branch Cash Account (Dr) (**At Selling Price)**
Branch Stock Account (Cr)

Question # 16 of 20: Which of the following account will be credited in case of decrease in the value of Machinery to make a revaluation of all assets and liabilities?

Machinery Account

Salaries Account

Sales Account

Current Assets Account

Page 84: **Decrease in assets**
Dr. Revaluation A/c 2,000
Cr. Assets A/c xxx 2,000

Question # 17 of 20: Subscription received in advance by the Non-profit organization is treated as:

An Income

An Asset

A Liability

An Expense

Question # 18 of 20: What would be the value of depreciation @ 10% at 31st December, 2004 if an asset was purchased for Rs.5,000 on 30th June, 2004?

Rs. 500

Rs. 125

Rs. 250 *because it will be calculated for 6 months, (5000*(10%)=500*6/12=250)*

Rs. 300

Question # 19 of 20: Which of the following expense is NOT allocated and apportioned on the basis of purchase of raw material made by each department?

Discount receive

Import duty

Carriage inward

Canteen expense

Question # 20 of 20:
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

Question # 1 of 20: The branch which maintains its own books of accounts is called:

Retail branch

Wholesale branch

Independent branch

Dependent branch

Question # 2 of 20: Income & Expenditure account shows subscriptions for the year at Rs. 3,000. It is further given that Subscriptions to the extent of Rs. 500 were outstanding for the current year, the amount to be shown on the debit side of the Receipts & Payments Account will be:

Rs. 2,500

Rs. 3,000

Rs. 3,500

Rs. 500

Question # 3 of 20:
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

Question # 4 of 20: A branch that works independent to the head office is also known as:

Profit centre

Investment centre

Retail centre

Whole sale branch

Page: 51

Question # 5 of 20: 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

Question # 6 of 20: 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

Question # 7 of 20: Individuals or institutions with activities, other than trade, are known as:

Manufacturing concerns

Non-trading concerns

Trading concerns

None of the given options

Question # 8 of 20: Which of the following is/are equal to "Capital"?

Net Assets

Assets – Liabilities

Net worth of the firm

All of the given options

Question # 9 of 20: 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

Question # 10 of 20: Which of the following statement is TRUE about the branch Trial Balance?

It is prepared by the head office

It is prepared by the all whole sale branches

It is only prepared by the independent branch

It prepare to balance the accounts under single entry system

Question # 11 of 20: Which of the following IAS covers the treatment and recognition of Contingent Liabilities?

IAS 33

IAS 37 (*Page 145)*

IAS 38

IAS 39

Question # 12 of 20: Which of the following is shown on the liability side of Balance Sheet?

Discount on issue of shares

Premium on issue of shares

Preliminary expenses

Goodwill

http://wiki.answers.com/Q/How_share_premium_appear_in_balance_sheet

Question # 13 of 20: Which of the following represents the relationship between persons who have agreed to share the profit of business carried on by all or any of them acting for all?

Sole-ownership

Partnership

Private limited company

Public limited company

Question # 14 of 20: The difference between the cost price and the invoice price is known as:

Gross Profit

Net Profit

Loading

Sale price

Question # 15 of 20: Which of the following is/are related to the IAS-37?

Contingent Liabilities

Contingent Assets

Provisions

All of the given options *(Page 145)*

Question # 16 of 20: Which of the following formula is utilized to find the value of whole business by capitalization of actual profits?

(Actual profit / normal rate of return) x 100

(Normal rate of return / Actual profit) x 100

(Normal profit /Actual profit) x 100

(Actual profit / Capital) x 100

Question # 17 of 20: Which of the following is related with the IAS 10?

Events after the Balance sheet date

Property, Plant and Equipment

Intangible Assets

Borrowing costs

Question # 18 of 20 (Start time: 11:04:41 PM) Total Marks: 1

In Non-Profit Organizations, excess of income over expenditure is called:

Deficit

Surplus

Net profit

Net loss

Question # 19 of 20: ABC Company is a partnership firm has the excess of actual profit (average profit) over the normal profit of an entity, which goodwill calculation method describes it?

Super profit method

Average profit method

Declining balance method

Straight line method

Question # 20 of 20:
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