

# VIRTUAL UNIVERSITY OF PAKISTAN

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TEAM HADI(VU LAHORE)

## MID TERM PAST PAPER

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WARNING: Team HADI is not responsible for any mistake or wrong answer. All students reading and using this document may check and confirm the answers at their own.



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Best of luck!



### FIN611 MEGA FILE SOLVED BY TEAM HADI

Question # 1 of 20 ( Start time: 03:44:00 PM ) Total Marks: 1

Which of the following is equal to sales?

Select correct option:

- 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 of 20 ( Start time: 03:45:21 PM ) Total Marks: 1

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
- Prior period error
- Change in accounting estimate**
- Irrelevant item

**Changes in accounting estimates** *a change in an estimate when new information comes*

*to light.*

are accounted for prospectively. When a company revises a previous estimate, prior financial statements are *not* revised. Instead, the company merely incorporates the new estimate in any related accounting determinations from then on. So, it usually will affect some aspects of both the balance sheet and the income statement in the current period and future periods. A disclosure note should describe the effect of a change in estimate on income before extraordinary items, net income, and related per share amounts for the current period.

Question # 3 of 20 ( Start time: 03:46:36 PM ) Total Marks: 1

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  $\frac{2}{3}$  and  $\frac{1}{3}$  respectively?

Select correct option:

Rs. 3,000

Rs. 2,000

Rs. 1,000

Rs. 1,500

Quiz Start Time: 03:43 PM Time Left 89  
sec(s)

Question # 4 of 20 ( Start time: 03:47:27 PM ) Total Marks: 1

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

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Question # 5 of 20 ( Start time: 03:48:11 PM ) Total Marks: 1

The debit side of the Branch stock account indicates:

Select correct option:

Inflow of cash

Outflow of cash

Inflow of stock

Outflow of stock

Question # 6 of 20 ( Start time: 03:48:56 PM ) Total Marks: 1

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

Select correct option:

Revaluation of assets

Increase in liabilities

Retirement of an existing partner

In case of Net loss

[3:50:20 PM] Huma Rbab: 3

[3:50:24 PM] sweet Poison:

Question # 7 of 20 ( Start time: 03:49:30 PM ) Total Marks: 1

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:

Select correct option:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item

Question # 8 of 20 ( Start time: 03:50:42 PM ) Total Marks: 1

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

Select correct option:

Cash sales of Branch

Credit sales of Branch

Branch opening balance of assets

Branch closing liabilities

Question # 9 of 20 ( Start time: 03:51:50 PM ) Total Marks: 1

Which of the following entity is profit oriented?

Select correct option:

NGO

Trust

Society

Limited Company

Question # 10 of 20 ( Start time: 03:52:08 PM ) Total Marks: 1

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

Select correct option:

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 of 20 ( Start time: 03:52:38 PM ) Total Marks: 1

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

Select correct option:

Income statement

Statement of changes in equity

**Balance sheet**

Bank reconciliation statement

Question # 12 of 20 ( Start time: 03:54:08 PM ) Total Marks: 1

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

Select correct option:

**Decrease in reserves and surpluses**

Increase in reserves and surpluses

Increase in working capital

Decrease in working capital

Quiz Start Time: 03:43 PM Time Left 89

sec(s)

Question # 13 of 20 ( Start time: 03:55:12 PM ) Total Marks: 1

Unrealized profit on the closing stock has \_\_\_\_\_ effect on the general Profit & Loss Account.

Select correct option:

Positive

Negative

Both Negative & Positive

**No effect at all**

### **Realized – Unrealized Examples**

If a company owns an asset, and that asset increases in value, then it may intuitively seem like the company earned a profit on that asset. For example, say a company owns \$10,000 worth of stock. Then the value of that stock rises to \$15,000. On paper, the company made a paper profit of \$5,000. However, the company cannot record the \$5,000 as income.

This unrealized gain will not be realized until the company actually sells the stock and collects the cash. Until the stock is sold, the paper profit of \$5,000 can only be recorded as an unrealized profit in the accumulated other comprehensive income account in the owners' equity section of the balance sheet.

Once the company actually sells the stock, the unrealized gain is realized. Only after the stock is sold, the transaction is completed, and the cash is collected, can the company report the income as realized income on the profit and loss statement.

Similarly, if a company owns an asset, and that asset decreases in value, then it may intuitively seem like the company incurred a loss on that asset. For example, say a company owns \$10,000 worth of stock. Then the value of that stock plunges to \$5,000. On paper, the company suffered a paper loss of \$5,000. However, the company cannot record the \$5,000 as a loss on the income statement.

This paper loss will not be realized until the company actually sells the stock and takes the actual loss. Until the stock is sold, the paper loss of \$5,000 can only be recorded as an unrealized loss in the accumulated other comprehensive income account in the owners' equity section of the balance sheet.

Question # 14 of 20 ( Start time: 03:56:09 PM ) Total Marks: 1

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

Select correct option:

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    Its credited

it is debited with the opening balance of cash

Question # 15 of 20 ( Start time: 03:56:58 PM ) Total Marks: 1

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?

Select correct option:

Branch Account

Expense Account

Profit And Loss Account

Cash account

Ref:

[http://books.google.com.pk/books?id=Kbwqv24fg0C&pg=SA31-PA58&lpg=SA31-PA58&dq=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&source=bl&ots=2\\_wMbRE9-&sig=EkIr6e26Mdn-u0ieFrpA6l8fkLg&hl=en&sa=X&ei=aFTyUPG4MYjitQbupoGQDw&ved=0CDQQ6AEwAQ](http://books.google.com.pk/books?id=Kbwqv24fg0C&pg=SA31-PA58&lpg=SA31-PA58&dq=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&source=bl&ots=2_wMbRE9-&sig=EkIr6e26Mdn-u0ieFrpA6l8fkLg&hl=en&sa=X&ei=aFTyUPG4MYjitQbupoGQDw&ved=0CDQQ6AEwAQ)

Question # 16 of 20 ( Start time: 03:57:41 PM ) Total Marks: 1

Which of the following is another name of Final dividend?

Select correct option:

Interim dividend

Declared dividend

Stock dividend

Cash dividend

Question # 17 of 20 ( Start time: 03:58:19 PM ) Total Marks: 1

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

Select correct option:

Opening cash balance

Closing creditors

Closing cash or bank balance

Closing debtors

Quiz Start Time: 03:43 PM Time Left 87

sec(s)

Question # 18 of 20 ( Start time: 03:58:55 PM ) Total Marks: 1

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

Select correct option:

Understandability

Comparability

Both Understandability and Comparability

Reliability and Relevancy

Question # 19 of 20 ( Start time: 04:00:24 PM ) Total Marks: 1

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

Select correct option:

Rights issue

Bonus Shares

Ordinary shares

None of the given options

Question # 20 of 20 ( Start time: 04:01:04 PM ) Total Marks: 1

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

Select correct option:

It is credited with the discount allowed

It is credited with the credit sales This account id debited with credit sales

It is credited with the sales returns from debtors

It is credited with the bad debt during the year

<<< Question # 2 of 20 ( Start time: 03:45:21 PM ) Total Marks: 1

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

Prior period error

Change in accounting estimate

Irrelevant item

<<< Question # 4 of 20 ( Start time: 03:47:27 PM ) Total Marks: 1

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

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

<<< Question # 7 of 20 ( Start time: 03:49:30 PM ) Total Marks: 1

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:

Select correct option:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item

Question # 1 of 20 ( Start time: 04:08:36 PM)

Total Marks: 1

Which of the following account will be debited for interest on drawings in case of distribution of profit?

Select correct option:

Profit and loss account

Profit and loss appropriation account

Partner's capital accounts

Ref:

Interest on Drawings

Many times during the operation of business, the owner may take out some cash from the business for his personal use. These withdrawals from the business are considered as Drawings. Considering the fact that the business is a separate accounting entity, it charges an interest on the drawings to the owner.

## Adjusting Entries

Drawing Account

Dr.

Interest on drawings account

(Being interest charged on drawings)

## Accounting Treatment

Interest on drawings is an income for the business and appears on the Credit side of the Profit and Loss Account.

Interest on drawings is an expense for the proprietor and thus it is deducted from the Capital Account in the Balance Sheet.

Question # 2 of 20 ( Start time: 04:09:47 PM)

Total Marks: 1

Which of the following is equal to sales?

Select correct option:

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 of 20 ( Start time: 04:10:15 PM)

Total Marks: 1

Which of the following account will be credited for salary payable to partners against the distribution of profit?

Select correct option:

Profit and loss account

Profit and loss appropriation account    Not sure

Partner's capital accounts

Question # 4 of 20 ( Start time: 04:11:28 PM)

Total Marks: 1

Which one of the following represents a capital receipt?

Select correct option:

Receipt of rent

Receipt of commission

Receipt from sale of goods

Long-term loan received from bank

Question # 5 of 20 ( Start time: 04:12:18 PM)

Total Marks: 1

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

Select correct option:

Subscriptions received in advance

Donations received in advance

One time entrance fee paid by the member

None of the above

Question # 6 of 20 ( Start time: 04:13:26 PM)

Total Marks: 1

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?

Select correct option:

Rs.1,500

Rs.4,500

Rs.7,000

Rs.20,500

Question # 7 of 20 ( Start time: 04:14:22 PM)

Total Marks: 1

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

Select correct option:

Sole-Proprietorship

Partnership

Joint Stock Company

All of the given options

Question # 8 of 20 ( Start time: 04:15:42 PM)

Total Marks: 1

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

Select correct option:

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

Question # 9 of 20 ( Start time: 04:16:43 PM)

Total Marks: 1

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

Question # 10 of 20 ( Start time: 04:18:05 PM)

Total Marks: 1

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

Select correct option:

An asset of the head office

A liability of the head office

Drawings of the head office

Question # 11 of 20 ( Start time: 04:19:23 PM)

Total Marks: 1

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?

Select correct option:

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

Question # 12 of 20 ( Start time: 04:20:20 PM)

Total Marks: 1

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

Select correct option:

Manufacturing concerns

Non-trading concerns

Trading concerns

None of the given options

Question # 13 of 20 ( Start time: 04:21:05 PM)

Total Marks: 1

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

Select correct option:

Income statement

Statement of changes in equity

Balance sheet

Bank reconciliation statement

Question # 14 of 20 ( Start time: 04:21:34 PM)

Total Marks: 1

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

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Question # 15 of 20 ( Start time: 04:22:07 PM)

Total Marks: 1

Which of the following is/are equal to “Capital”?

Select correct option:

Net Assets

Assets – Liabilities

Net worth of the firm

All of the given options

Question # 16 of 20 ( Start time: 04:23:14 PM)

Total Marks: 1

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:

Select correct option:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item

Question # 17 of 20 ( Start time: 04:23:56 PM)

Total Marks: 1

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

Select correct option:

Discount on issue of shares

Premium on issue of shares

Preliminary expenses

Goodwill

Question # 18 of 20 ( Start time: 04:25:15 PM)

Total Marks: 1

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

Select correct option:

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

Question # 19 of 20 ( Start time: 04:26:41 PM)

Total Marks: 1

Which of the following business publishes the Financial Statements?

Select correct option:

Sole-Proprietorship

Partnership

Trust

Public Limited Company

Question # 20 of 20 ( Start time: 04:27:07 PM)

Total Marks: 1

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?

Select correct option:

Non-Adjusting Event

Bogus Event

Contingent Event

Adjusting Event

Discount on issue of shares

Premium on issue of shares

Question # 1 of 20 ( Start time: 04:54:56 PM)

Total Marks: 1

Which of the following is NOT a capital payment?

Select correct option:

Purchase of fixed assets

Repayment of bank loans (Long-term)

Drawings

## Payments of rent

Question # 2 of 20 ( Start time: 04:56:24 PM)

Total Marks: 1

Which of the following is the contra item for Purchases ?

Select correct option:

Creditors

Sales return

Purchases return

Provision for doubtful debts

Question # 3 of 20 ( Start time: 04:57:40 PM)

Total Marks: 1

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

Select correct option:

Opening capital

Closing capital

Expenses

Drawings

Question # 4 of 20 ( Start time: 04:58:45 PM)

Total Marks: 1

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

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Question # 5 of 20 ( Start time: 04:59:15 PM)

Total Marks: 1

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

Select correct option:

Sole-Proprietorship

Partnership

Company

Trust

Question # 6 of 20 ( Start time: 05:00:32 PM)

Total Marks: 1

Which of the following represents the partnership agreement in writing?

Select correct option:

Partnership registration

Partnership deed

Partnership-at-will

Partnership certification

Question # 7 of 20 ( Start time: 05:01:17 PM)

Total Marks: 1

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

Select correct option:

Old profit ratio – New profit ratio

Old profit ratio – Gross profit ratio

Old profit ratio – Net profit ratio

Old profit ratio – Operating profit ratio

[5:02:26 PM]: old - new

Question # 8 of 20 ( Start time: 05:01:48 PM)

Total Marks: 1

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?

Select correct option:

Adjusting Event

Non-Adjusting Event

Bogus Event

Contingent Event

Question # 9 of 20 ( Start time: 05:02:26 PM)

Total Marks: 1

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?

Select correct option:

Accounts payable

Preliminary expenses

Furniture Account

Inventory Account

Question # 10 of 20 ( Start time: 05:03:46 PM)

Total Marks: 1

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

Select correct option:

Revaluation of assets

Increase in liabilities

Retirement of an existing partner

In case of Net loss

Question # 11 of 20 ( Start time: 05:04:17 PM)

Total Marks: 1

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

Select correct option:

Understandability

Comparability

Both Understandability and Comparability

**Reliability and Relevancy**

Question # 12 of 20 ( Start time: 05:05:23 PM)

Total Marks: 1

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

Select correct option:

**IAS 8**

IAS 7

IAS 16

IAS 18

Question # 13 of 20 ( Start time: 05:06:35 PM)

Total Marks: 1

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

Select correct option:

Sale of old newspapers

Loss on sale of old furniture

Subscriptions received in advance

Expenses paid for the previous year

Question # 14 of 20 ( Start time: 05:07:51 PM)

Total Marks: 1

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

Select correct option:

Income tax expenses a/c

Deferred tax liabilities a/c

Provision for liabilities a/c

Provision for income tax a/c

Question # 15 of 20 ( Start time: 05:09:18 PM)

Total Marks: 1

Which one of the following is NOT true about branch?

Select correct option:

It can be independent

It can be dependent

It has Separate legal entity

It is a segment of an entity

Question # 16 of 20 ( Start time: 05:10:21 PM)

Total Marks: 1

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

Question # 17 of 20 ( Start time: 05:11:02 PM)

Total Marks: 1

Capital fund of Non-trading concern is equal to:

Select correct option:

Assets + Income

Assets + Liabilities

Expenditure + Liabilities

Assets – Liabilities

Question # 18 of 20 ( Start time: 05:11:32 PM)

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

Question # 19 of 20 ( Start time: 05:12:54 PM)

Total Marks: 1

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

Select correct option:

Subscriptions received in advance

Donations received in advance

One time entrance fee paid by the member

None of the above

Question # 20 of 20 ( Start time: 05:14:18 PM)

Total Marks: 1

A legal obligation is that which is derived from:

Select correct option:

A contract

A legislation

Other operation of law

All of the given option

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(PHP, ANDROID, PYTHON)

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