24 Lecture - MGT101

Important Mcqs

- What are debtors in accounting?

 a. Money owed to suppliers
 b. Money owed by a business to its customers
 c. Money owed by customers to a business

 Answer: c. Money owed by customers to a business
 What are creditors in accounting?

 a. Money owed by suppliers to a business
 - b. Money owed by a business to its customers
 - c. Money owed by customers to a business
 - Answer: a. Money owed by suppliers to a business

3. What is the purpose of an accrual?

- a. To record expenses that have been paid
- b. To record expenses that have not yet been paid
- c. To record revenue that has been earned

Answer: b. To record expenses that have not yet been paid

4. What is the provision for bad debts?

a. A reserve set aside to cover potential losses from customers who may default on their payments

b. An expense incurred but not yet paid

c. Money owed by a business to its suppliers

Answer: a. A reserve set aside to cover potential losses from customers who may default on their payments

5. Which account represents money owed to a business by its customers?

- a. Debtors
- b. Creditors
- c. Accruals

Answer: a. Debtors

6. Which account represents money owed by a business to its suppliers?

- a. Debtors
- b. Creditors
- c. Accruals

Answer: b. Creditors

7. What is the journal entry to record an accrual?

- a. Debit expense, credit cash
- b. Debit expense, credit accrual
- c. Debit accrual, credit cash

Answer: b. Debit expense, credit accrual

8. What is the journal entry to record a provision for bad debts?

- a. Debit bad debts, credit cash
- b. Debit bad debts, credit provision for bad debts
- c. Debit provision for bad debts, credit cash

Answer: c. Debit provision for bad debts, credit cash

9. How does the provision for bad debts impact the balance sheet?

- a. Increases assets and decreases liabilities
- b. Decreases assets and increases liabilities
- c. Increases assets and increases liabilities

Answer: b. Decreases assets and increases liabilities

10. What is the purpose of managing debtors, creditors, accruals, and provision for bad debts?

- a. To maintain a healthy cash flow
- b. To maximize profits
- c. To minimize expenses

Answer: a. To maintain a healthy cash flow