28 Lecture - MGT101

Important Mcqs

1.	Which	of the	following	is an	error	of	omission
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- A) Recording a transaction twice
- B) Recording a transaction in the wrong account
- C) Failing to record a transaction
- D) Recording an incorrect amount for a transaction

Answer: C) Failing to record a transaction

2. Which type of error occurs when a transaction is recorded in the wrong account?

- A) Error of principle
- B) Error of omission
- C) Error of commission
- D) Compensating error

Answer: A) Error of principle

3. What is the purpose of the suspense account in rectifying errors?

- A) To correct errors in the trial balance
- B) To temporarily hold the balance of an incorrect account
- C) To identify the source of an error
- D) To reconcile the bank statement

Answer: B) To temporarily hold the balance of an incorrect account

4. Which of the following errors is a compensating error?

- A) Recording a transaction in the wrong account
- B) Recording an incorrect amount for a transaction
- C) Recording a transaction twice
- D) Failing to record a transaction

Answer: C) Recording a transaction twice

5. What is the first step in the process of rectifying errors?

- A) Identifying the error
- B) Correcting the error
- C) Posting the correction to the ledger
- D) Preparing a corrected trial balance

Answer: A) Identifying the error

6. Which type of error occurs when a transaction is recorded at the wrong amount?

- A) Error of principle
- B) Error of omission
- C) Error of commission
- D) Compensating error

Answer: C) Error of commission

7. Which of the following is an example of an error of original entry?

A) Recording a transaction in the wrong account

- B) Recording an incorrect amount for a transaction
- C) Failing to record a transaction
- D) Making a mistake in the journal

Answer: D) Making a mistake in the journal

- 8. Which of the following is a technique used to locate errors when the trial balance does not balance?
 - A) Reconciliation
 - B) Compensating errors
 - C) Suspense account
 - D) Trial balance correction

Answer: A) Reconciliation

- 9. Which of the following is an error of commission?
 - A) Recording a transaction in the wrong account
 - B) Recording an incorrect amount for a transaction
 - C) Failing to record a transaction
 - D) Recording a transaction twice

Answer: B) Recording an incorrect amount for a transaction

- 10. When a suspense account is used to temporarily hold an incorrect account balance, what happens to the balance when the error is corrected?
 - A) The balance is transferred to the correct account
 - B) The balance is written off as a loss
 - C) The balance is adjusted in the next accounting period
 - D) The balance is removed from the accounts

Answer: A) The balance is transferred to the correct account