

28 Lecture - MGT101

Important Mcqs

- 1. Which of the following is an error of omission?**
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