

TELANGANA UNIVERSITY
S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)
III SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS
ADVANCED ACCOUNTING QUESTION BANK

I. Fill in the blanks

1. In the absence of an agreement profits are divided among the partners in the ratio of []
a. Capital b. Equally c. Time devoted for management d. None of these
2. In the absence of an agreement interest on partners loan is paid in the ratio of []
a. 4% b. 5% c. 6% d. 10%
3. In the absence of agreement, partners are not entitled to receive []
a. Salary b. Commission c. Interest on capital d. All the above
4. Partner's current Accounts are opened when capitals are []
a. Fixed b. Fluctuating c. Fixed or Fluctuating d. All the above
5. When dates of withdrawals are not given, Interest on Drawings is charged for []
a. 5 ½ months b. 6 months c. 5 months d. 12 months
6. Interest on capital is calculated on the []
a. Opening capital b. Closing capital c. Average capital d. Closing capital less Drawings
7. The current account of a partner will always have []
a. Credit balance b. Debit balance
c. No balance d. May have debit or credit balance
8. If at the time of admission, profit & loss account appears in the books, it will be transferred to []
a. Profit & loss adjustment A/c b. All partners capital accounts
c. Old partners capital account d. Revaluation account
9. Realisation account is a []
a. Personal account b. Real account c. Nominal account d. None of this
10. On dissolution all assets are transferred to realization account at their []
a. Book value b. Market value
c. Realised value d. Market or cost price which is ever is less
11. Provision for bad debts appearing in the books at the time of dissolution of firm in transferred to []
a. Debtors account b. Bad debts account
c. Realisation account d. Partners capital account
12. On dissolution, goodwill account is transferred to []
a. Revaluation account b. Realisation account
c. partners capital accounts d. Profit & loss account
13. On dissolution of a firm, bank overdraft is transferred to []
a. Cash account b. Bank account
c. Realisation account d. Partners capital account
14. On dissolution of a firm, partners loan account is transferred to []
a. Cash account b. Realisation account
c. Partners capital account d. None of the above
15. Unrecorded assets when taken over by a partner are shown on []
a. Debit of realization account b. Debit of bank account
c. Credit of realization account d. Credit of bank account
16. Unrecorded liabilities when paid are shown in []
a. Debit side of realization account b. Debit side of bank account
c. Credit side of realization account d. Credit side of Liabilities account
17. A company is formed []
a. By special act. Of parliament b. Under companies act.
c. General agreement among potential investors d. None of the above

18. Shareholders are []
a. Creditors b. Customers c. Owners d. Partners
19. The liability of equity shareholders is []
a. Unlimited b. Limited upto c. Guarantee given by them d. None of the above
20. Authorized capital is []
a. That part of capital which is issued by the company
b. The amount of capital which is actually applied by prospective shareholders
c. Maximum amount of capital which it is authorized to issue
d. Amount actually paid by shareholders
21. Public limited companies should have a minimum paid up capital of []
a. Rs. 5 Lakhs b. Rs. 10 Lakhs c. Rs. 20 Lakhs d. Rs. 50 Lakhs
22. Private limited companies should have a minimum paid up capital of []
a. Rs. 5 Lakhs b. Rs. 1 Lakhs c. Rs. 10 Lakhs d. Rs. 40 Lakhs
23. In case of private companies []
a. Shares can be transferred without restrictions
b. There is restriction on transfer of shares
c. Can transfer 200 shares without consent of other shareholders
d. Can transfer 500 shares with the consent of other shareholders
24. Securities premium account can be used for []
a. Paying tax liability b. Paying dividend on shares
c. Allowing discount on reissue of forfeited shares d. To write off preliminary expenses
25. After the reissue of forfeited shares, balance of forfeited shares account is transferred to []
a. Capital reserve A/c b. Share capital c. General reserve d. Profit & loss A/c
26. Preference shares have priority over equity shares for []
a. Payment of Dividend and repayment of capital
b. Voting in annual general meeting
c. Subscribe for new issue of shares and debentures
d. Interest on money invested in company
27. Under companies Act. 2013, financial statement of companies can be prepared in []
a. Horizontal form b. Vertical form
c. Any form at the discretion of company d. None of the above
28. Under companies Act. 2013, the following income statement is prepared []
a. Trading & profit & loss Account b. Profit & loss and profit & loss appropriation A/c
c. Statement of profit & loss d. Revenue account
29. Profit prior to incorporation arises when []
a. A company is dissolved and new company is formed
b. A new company is formed in place of partnership firm
c. When there is an amalgamation of companies
d. Running business is taken over by promoters of company at date prior to date of incorporation
30. Profit before incorporation is of []
a. Capital nature b. Revenue nature
c. Both capital and revenue nature d. None of the above
31. Profit prior to incorporation is []
a. Credited to capital reserve b. Debited to goodwill
c. Profit and loss statement d. General reserve
32. Goodwill is []
a. Intangible asset b. Tangible asset
c. Fictitious asset d. None of the above
33. Goodwill is shown in company's balance sheet under the head []
a. Investments b. Miscellaneous expenditure
c. Current assets d. Non-current assets-fixed assets

34. The value of goodwill according to simple profit method is []
- The product of current year profit and number of years
 - The product of last year profit and number of years
 - The product of average profits of the given years and number of years
 - None of the above
35. Super profit is the difference between []
- Capital employed and average capital employed
 - Average profit and normal profit
 - Current year profit and last year profit
 - None of the above
36. In case of valuation of goodwill, the term 'capital employed' means the funds provided by []
- Shareholders only
 - Debenture holders only
 - Both shareholders and debenture holders
 - Shareholders, Debentureholders & creditors
37. The average capital employed can be ascertained []
- By deducting half of the current year profit from opening capital
 - By deducting half of the current year profit from closing capital
 - By adding $\frac{1}{2}$ of current years profit to closing capital
 - None of the above
38. Under the net assets method, the value of share depends on the amount available to []
- Preference share holders
 - Equity shareholders
 - Creditors
 - Debenture holders
39. Capital at the end Rs.1,00,000. It had earned a profit of Rs.20,000 during the year the average capital employed in the business will be []
- Rs. 75,000
 - Rs. 90,000
 - Rs. 1,20,000
 - Rs. 1,50,000
40. For calculating value of a share by intrinsic value method, it is essential to know []
- Normal rate of Return
 - Expected rate of return
 - Net-Assets
 - None of the above

II. Fill in the blanks

- Partners current account are prepared, when capital accounts are _____
- In the absence of any agreement, regarding profit sharing ratio the profit or loss should be shared _____
- In the absence of an agreement, partners are _____ entitled to receive salary.
- A and B are partners sharing profit in the ration of 3:2 C is admitted with $\frac{1}{5}$ th share in the profits. Future profit sharing ratio will be _____
- A and B are partners sharing profits in the ration of 5:3. C is admitted as a partner and new profit sharing ratio among A, B and C is 8:5:3. The sacrificing ratio is _____
- A, B and C are partners sharing profits in the ratio of 6:5:3 D is admitted with $\frac{1}{8}$ th share. Their future profit sharing ratio will be _____
- A and B are partners sharing profits and losses in the ratio of 2:1 They admit C and new ratio agreed upon is 8:4:3 The sacrificing ratio will be _____
- A and B are partners sharing profits and losses in the ratio of 5:3 They admitted C with $\frac{3}{10}$ th share of profit. New profit sharing will be _____
- In case of dissolution of partnership business in _____
- In case of dissolution of firm business is _____
- In case of dissolution, a new account called _____ is prepared
- If creditors are Rs. 20,000, Total of capital accounts Rs. 80,000 cash Rs. 15,000. The book value of other sundry assets is _____
- If the liabilities of firm are S creditors Rs. 45000 loan from A Rs.20,000, A capital Rs. 15,000 B capital Rs. 10,000 book value of assets is _____
- Assets are transferred to _____ side of realization A/c
- Liabilities to third partners are transferred to _____ side of realization A/c

16. Provision for D debts is transferred to _____ side of realization A/c
17. Govt. company means _____
18. Foreign company means _____
19. In case of a private company the maximum number of member is _____
20. In case of private company there is restriction on _____
21. A private company is prohibited from _____
22. In case of public company there is _____ on the number on members
23. 'Listed company' means a company _____
24. 'One person company' means _____
25. Under companies Act 2013 Financial statements should give _____ view of state of affairs of the company
26. Financial statements should be presented according to _____ of companies Act
27. All assets are classified as _____
28. Share application money pending allotment is shown as a separate item under _____
29. Share application money received by the company which is to be refunded is shown under major head _____ and sub head _____
30. Credit balance of profit loss statement is shown under major head _____ and sub head _____
31. Debit balance of profit & loss statement is shown under major head _____ and sub head _____ as a _____
32. Bank overdraft is shown in balance sheet under major head _____ and sub head _____
33. The excess of average profits over normal profit is known as _____
34. Average capital employed may be calculated by adding half of the current year profit to _____
35. Normal profit may be calculated with the help of normal rate of return and _____
36. In order to ascertain _____ value of shares it is essential to find out the value of net assets of the company
37. Intrinsic value of shares is calculated by dividing net assets of the company by _____
38. Fair value of shares is the simple average of _____ value and _____ value of a share
39. Premises Rs. 9,00,000 machinery Rs. 12,00,000 cash & bank balances Rs. 1,00,000 liabilities outsiders Rs. 1,00,000 capital employed is _____
40. Capital employed Rs. 1,00,000 normal profit expected in similar concerns 10% average profit of the business Rs. 40,000. The value of goodwill on the basis of 3 years purchase of super profit is Rs. _____