

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

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• **Multiple Choice Questions**

1. Joint venture account is in the nature of a

- (a) Real account      (b) personal account      (c) nominal account      (d) none of these

Ans: (c)

2. A joint venture is a

- (a) A general partnership      (b) a particular partnership  
(c) Not limited a particular venture      (d) none of these

Ans: (b)

3. A complete separate set of books of account is kept when the size of the venture is

- (a) Large      (b) small      (c) not known      (d) none

Ans: (a)

4. Joint Bank Account is

- (a) Not like a cash book      (b) opened specifically for the venture  
(c) Opened by one of the ventures      (d) none of these

Ans: (b)

5. Profit or loss on a joint venture is shared by the co-venturers

- (a) Equally      (b) In the capital ratio      (c) As per the agreement      (d) None of these

Ans: (c)

6. In a limited liability partnership liquidation, the final cash distribution to partners is made in accordance with the:

- (a) Partners income-sharing ratio  
(b) Balances of partners' capital accounts  
(c) Ratio of original investments by partners  
(d) Ratio of original investments less withdrawals by partners

Ans: (b)

7. The partners of X & Y Co. net income and losses equally. Both X and Y are insolvent. At the time they decided to liquidate the limited liability partnership, its balance sheet included the following: cash, Rs 1,000; other assets, Rs 19,000; liabilities, Rs 8,000; X capital, Rs 3,000; and Ys capital, Rs 9,000. The other assets realized Rs 12,000 and the liabilities were paid. The amount received from the liquidation of the partnership was:

- (a) Rs 6,500      (b) Rs 5,500      (c) Rs 5,000      (d) Rs 2,500

Ans: (c)

8. On January 1, 2002, the partners of S & T had capital account balances of Rs 40,000 and Rs 20,000, respectively. They shared net income and losses equally, and the partnership had a net income of Rs 10,000 during 2002. On December 31, 2002, the partnership was liquidated. If, after realization of noncash assets and payment of liabilities, Rs 30,000 remained for distribution to the partnership, S received:

- (a) Rs 15,000      (b) Rs 20,000      (c) Rs 25,000      (d) Rs 30,000

Ans: (c)

9. After realization of a portion of the noncash assets of A, B & C, which is being liquidated, the capital account balances were A, Rs 35,000; B, Rs 40,000; and, C, Rs 43,000. Cash of Rs 42,000 and other assets with a carrying amount of Rs 78,000 were on hand. Creditors' claims totaled Rs 2,000. The partners shared net income and losses equally. The cash that may be paid to C at this time is:

- (a) Rs 43,000                                      (b) Rs 17,000                                      (c) Rs 14,000                                      (d) Rs 13,333

Ans: (b)

10. The partners of L & M Joint Venture net income and losses equally. After the realization of all noncash assets and payment of all liabilities, L had a capital account balance of Rs 3,800, and M had a capital deficit of Rs 3,800. L has personal assets of Rs 30,000 and personal liabilities of Rs 35,000; M has personal assets of Rs 20,000 and personal liabilities of Rs 18,000. The total amount that personal creditors of L should expect to receive after marshaling of assets is:

- (a) Rs 35,000                                      (b) Rs 33,800                                      (c) Rs 32,000                                      (d) Rs 30,000

Ans: (c)

11. The opening capital is ascertained by preparing:

- (a) Cash book                                      (b) Creditors A/c  
(c) Debtors A/c                                      (d) Opening statement of affairs

Ans: (d)

12. A single entry system is:

- (a) Complete and scientific system                                      (b) Incomplete and unscientific  
(c) Incomplete and scientific                                      (d) Complete and unscientific

Ans: (b)

13. Single entry system has effect:

- (a) One effect                                      (b) Two effect                                      (c) Three effect                                      (d) none of the above

Ans: (a)

14. In single entry system, it is not possible to prepare:

- (a) Receipts and payments A/c                                      (b) Trial balance  
(c) Balance sheet                                      (d) Account sales

Ans: (b)

15. A single entry system is usually adopted by:

- (a) Company                                      (b) Partnership                                      (c) Government                                      (d) None of above

Ans: (c)

16. Single entry system is most suited where:

- (a) Cash transactions are many                                      (b) Credit transactions are many  
(c) Cash & credit transactions are more                                      (d) none of the above

Ans: (a)

17. Capital can be obtained by preparing:

- (a) Cash book                                      (b) Statement of affairs                                      (c) Debtors A/c                                      (d) Creditors A/c

Ans: (b)

18. Credit sale can be obtained by preparing

- (a) Cash book                                      (b) Statement of affairs                                      (c) Debtors A/c                                      (d) Creditors A/c

Ans: (c)

19. Credit purchase can be calculated by preparing

- (a) Cash book                                      (b) Statement of affairs                                      (c) Debtors A/c                                      (d) Creditors A/c

Ans: (d)

20. Cash can be obtained by preparing

- (a) Cash book                      (b) Statement of affairs                      (c) Debtors A/c                      (d) Creditors A/c

Ans: (a)

21. The opening capital is ascertained by preparing:

- (a) Cash book                      (b) Creditors A/c                      (c) Debtors A/c                      (d) Opening statement of affairs

Ans: (d)

22. A single entry system is:

- (a) Complete and scientific system                      (b) Incomplete and unscientific  
(c) Incomplete and scientific                      (d) Complete and unscientific

Ans: (b)

23. Single entry system has effect:

- (a) One effect                      (b) Two effect                      (c) Three effect                      (d) None of the above

Ans: (a)

24. In single entry system, it is not possible to prepare:

- (a) Receipts and payments A/c                      (b) Trial balance  
(c) Balance sheet                      (d) Account sales

Ans: (b)

25. A single entry system is usually adopted by:

- (a) Company                      (b) Partnership                      (c) Government                      (d) None of above

Ans: (c)

26. Single entry system is most suited where:

- (a) Cash transactions are many (T)                      (b) Credit transactions are many  
(c) Cash & credit transactions are more                      (d) none of the above

Ans: (a)

27. Capital can be obtained by preparing:

- (a) Cash book                      (b) Statement of affairs (T)                      (c) Debtors A/c                      (d) Creditors A/c

Ans: (b)

28. Credit sale can be obtained by preparing:

- (a) Cash book                      (b) Statement of affairs                      (c) Debtors A/c (T)                      (d) Creditors A/c

Ans: (c)

29. Credit purchase can be calculated by preparing:

- (a) Cash book                      (b) Statement of affairs                      (c) Debtors A/c                      (d) Creditors A/c

Ans: (d)

30. Cash in hand can be obtained by preparing:

- (a) Cash book                      (b) Statement of affairs                      (c) Debtors A/c                      (d) Creditors A/c.

Ans: (a)

• **Fill in the blanks**

1. Joint venture is a form of \_\_\_\_\_

Ans: Partnership

2. Joint venture account is a \_\_\_\_\_

Ans: nominal

3. The value of unsold stock is \_\_\_\_\_ to the Joint Venture Account.

Ans: credited

4. In case of joint venture, discount on bill is charged to \_\_\_\_\_ account.

Ans: joint venture

5. For calculating the \_\_\_\_\_ of the joint venture, abnormal losses are \_\_\_\_\_.

Ans: profit, ignored

6. Joint venture is a \_\_\_\_\_ partnership.

Ans: particular

7. Parties involved in joint venture is called \_\_\_\_\_.

Ans: co-venturers

8. Joint venture business is limited to a \_\_\_\_\_

Ans: single period

9. Memorandum joint venture account is prepared to ascertain profit or loss, i.e., the nature of \_\_\_\_\_.

Ans: personal

10. When purchases made for the joint venture out of joint bank account, the \_\_\_\_\_ account is debited.

Ans: joint venture

11. Accounting records that are not maintained strictly on the basis of double entry book keeping system is termed as \_\_\_\_\_.

Ans: Single entry system

12. Single entry system is usually maintained by \_\_\_\_\_.

Ans: Sole traders (or businessman)

13. Generally, there will be no records relating to \_\_\_\_\_ and \_\_\_\_\_ accounts under this system.

Ans: Real and personal

14. \_\_\_\_\_ cannot be prepared under this system.

Ans: Trail balance

15. This system is never maintained by \_\_\_\_\_ on account of legal requirement.

Ans: Limited Companies

16. Under this system \_\_\_\_\_ accounts are not maintained properly.

Ans: Nominal

17. Ascertainment of profit/ Loss under this system can be made by preparing \_\_\_\_\_ and statement of profit or loss.

Ans: Statement of affairs

18. Statement of affairs method is also known as \_\_\_\_\_.

Ans: Net worth method / method of capital comparison

19. When net worth at the end of the given period is more than that of the beginning (after adjustment), the result is \_\_\_\_\_.

Ans: Profit

20. The difference between total assets and total outside liabilities is known as \_\_\_\_\_.

Ans: Capital

21. Fund based accounting is maintained by \_\_\_\_\_.

Ans: Non trading concern

22. A life membership fee is a \_\_\_\_\_.

Ans: Capital receipt

23. Income and Expenditure account records transactions of \_\_\_\_\_ nature only.

Ans: Revenue

24. Receipts and Payments account record transactions of \_\_\_\_\_ nature.

Ans: Both capital and revenue

25. A debit balance in the Income and Expenditure A/c denotes excess of \_\_\_\_\_ over \_\_\_\_\_

Ans: Expenditure, Income

26. A credit balance in the Income and Expenditure A/c denotes excess of \_\_\_\_\_ over \_\_\_\_\_

Ans: Income, Expenditure

27. Receipts and Payments account is a \_\_\_\_\_ account.

Ans: Real

28. Income and expenditure account is an \_\_\_\_\_ account.

Ans: Nominal

29. Not for profit organization prepares \_\_\_\_\_ and \_\_\_\_\_.

Ans: Income and Expenditure A/c, Receipts and Payments

30. Legacy is an item of \_\_\_\_\_ nature.

Ans: Non-recurring

• **Short Answers**

1. What is consignment?
2. What is proforma invoice?
3. What is joint venture?
4. Write any two features of joint venture?
5. What is a memorandum joint venture account?
6. What is an Account Sales?
7. Write any two difference between sale and consignment?
8. Explain single Entry?
9. Write any two features of single entry system?
10. Write any two limitations of single entry system?