

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

---

**I. Multiple choice questions.**

**10 X ½ = 5 Marks**

1. A Bill of Exchange has parties [      ]  
a) 2                      b) 4                      c) 3                      d) 6
2. The party which is ordered to pay the amount of bill of exchange is called [      ]  
a) Drawer              b) Drawee              c) Payee                      d) None of these
3. The party which is entitled to receive the payment of bill of exchange is known as : [      ]  
a) Drawer              b) Drawee              c) Payee                      d) None of these
4. Due date of a bill of exchange drawn on 30<sup>th</sup> January, 2011 for one month will be: [      ]  
a) 29Feb              b) 3 Mar              c) 4 Mar                      d) 5Mar
5. When noting charges are paid by the bank at the time of dishonour of bill, the Drawee credits [      ]  
a) Cash A/c              b) Drawer's A/c              c) B/R A/c              d) Drawee A/c
6. While calculating the due date of the bill, how many days are added to the period of the bill: [      ]  
(a) 4 days    (b) 3 days  
(c) 4 days    (d) Neither of these
7. X draws a bill on Y for Rs. 3,000. X endorsed this bill to Z. Y will pay the bill amount to: [      ]  
(a) X              (b) Z                      (c) To himself              (d) None of these
8. Fees paid in cash to Notary Public is charged by: [      ]  
(a) Drawee              (b) Draw                      (c) Holder of the bill              (d) None of these
9. The promissory note should be signed by: [      ]  
(a) Drawer              (b) Drawee                      (c) Payee              (d) Promiser
10. If the due date is a public holiday, what will be the due date of the bill: [      ]  
a) Following day                      (b) Preceding day              (c) The same day only              (d) One month later
11. In accounting consignment, significance [      ]  
a) goods forwarded from one place to another              b) goods forwarded by a person to another  
c) goods despatched by its owner to its agent              d) goods despatched by its owner to his agent for the purpose of sale

12. Good sent on consignment should be debited by consignor to [      ]  
a) consignment account      b) goods sent on consignment account  
c) consignor's account      d) None of these
13. In the books of consignor the balance of the consignment stock would be shown: [      ]  
a) as an asset in the balance sheet      b) as liability in the balance sheet  
c) On the credit side of the trading account      d) None of these
14. In the books of consignee, on despatch of goods by the consignor the entry would be: [      ]  
a) Consignment account [Dr] to goods sent on consignment account [Dr]  
b) consignment account [Dr] To consignor account [Dr]  
c) No entry  
d) None of these
15. In the books of consignee the expenses incurred by him on consignment are debited to: [      ]  
a) consignment account      b) cash account      c) consignor's account      d) None of these
16. In the books of consignee the sale of goods is credited to: [      ]  
a) consignor's account      b) sales account      c) consignee's account      d) None of these
17. Consignee becomes a debtor of the consignor when [      ]  
a) the goods are dispatched      b) the goods are received  
c) the goods are sold      d) None of these
18. An account sales is a statement which shows the details about the [      ]  
a) goods received      b) goods sold  
c) goods lying unsold      d) None of these
19. Del credere commission is given when the consignee [      ]  
a) sells all the goods on credit      b) gets no ordinary commission  
c) bears the loss of bad debts.      d) None of these
20. Del Credere commission that is given to the consignee is to cover [      ]  
a) normal loss      b) abnormal loss      c) loss of bad debts      d) None of these
21. Joint venture account is in the nature of a [      ]  
a) real account      b) Personal account      c) normal account      d) none of these
22. A joint venture is a [      ]  
a) a general partnership      b) a particular partnership  
c) not limited a particular venture      d) none of these
23. 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 of these
24. 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
25. Profit or loss on a joint venture is shared by the co-ventures [      ]  
a) equally      b) in the capital ratio      c) as per the agreement      d) none of these

26. 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 partner capital accounts  
c) Ratio of original investments by partners  
d) Ratio of original investments less withdrawals by partners
27. 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, Re 1.000 other assets, Rs 19,000, liabilities, Rs 8.000, X capital, Hs 3,000, and Y's capital, Rs 9,000. The other ents realized Rs 12,000 and the liabilities wire paid. The amount received from the liquidation of the partnership Wax [      ]
- a) Rs 6,500      b0 Rs5,500      c) Rs5,500      d) Rs2,500
28. On January 1, 2002, the partners of Soshad capital accoptership had a net incomede Onpanely They shared net income and losses equally, and the partnership had a net income of Rs 1000 respect The Dilber 31, the partnership was liquidated. I. after realistische of noncash and payment of abilities. 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
29. After realization of a portion of the noncash assets of A, B & C, which is being liquidated, the captain account balances were AI, Rs 35.000, B, C Rs 40,000; and, Rs Rs 43,000. Cash of Rs 42,000 and other assed with a carrying amount of Rs 78,000 were on hand. Creditors' claims totaled Rs 2,000. The partner shared net income and losses equally. The cash that may be paid to Cat this time is:
- a) Rs 43,000      b) Rs 17,000      c) Rs 14,000      d) Rs 13,333
30. 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. Lon 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
31. The opening capital is ascertained by preparing: [      ]
- a) Cash book      b) Creditors A/c      c) Debtors A/c      d) Opening statement of affairs
32. A single entry system it: [      ]
- a) Complete and scientific system      b) Incomplete and unscientific  
c) Incomplete and scientific      d) Complete and unscientific
33. Single entry system has effect: [      ]
- a) One effect      b) Three effect      c) Tow effect      d) None of the above
34. 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
35. A single entry system is usually adopted by: [      ]
- a) Company      b) Partnership      c) Government      d) None of above
36. Single entry system is must suited where: [      ]
- a) Cash transactions are many      b) Credit transactions are many  
c) Cash & credit transactions are more      d) None of the above

37. Capital can be obtained by preparing [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
38. Credit sale can be obtained by preparing [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
39. Credit purchase can be calculated by preparing: [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
40. Cash in hand can be obtained by preparing: [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
41. The opening capital is ascertained by preparing [ ]  
 a) Cash book                      b) Creditors A/c                      c) Debtors A/c                      d) Opening statement of affairs
42. A single entry system is [ ]  
 a) Complete and scientific system                      b) Incomplete and unscientific  
 c) Incomplete and scientific                      d) Complete and unscientific
43. Single entry system has effect [ ]  
 a) One effect                      b) Two effect                      c) Three effect                      d) None of these
44. In single entry system, it is not possible to prepare [ ]  
 a) Receipts and payment A/c                      b) Trial balance                      c) Balance sheet                      d) Account sales
45. A single entry system is usually adopted by [ ]  
 a) Company                      b) Partnership                      c) Government                      d) Account sales
46. 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 these
47. Capital sale can be obtained by preparing [ ]  
 a) Cash book                      b) Statement of affairs (T)                      c) Debtors A/c                      d) Creditors A/c
48. Credit sale can be obtained by preparing [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
49. Credit purchase can be calculated by preparing [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c
50. Cash in hand can be obtained by preparing [ ]  
 a) Cash book                      b) Statement of affairs                      c) Debtors A/c                      d) Creditors A/c

## II. Fill in the Blanks.

10 X ½ = 5 Marks

1. A bill of exchange is a \_\_\_\_\_ instrument
2. The person who draws or makes the bill is called \_\_\_\_\_
3. The person who accepts the bill is called \_\_\_\_\_
4. The date on which bill becomes due for payment is called \_\_\_\_\_
5. On the due date, if bill amount is full pay, it is called \_\_\_\_\_
6. If bills extended on the request if the drawer due to unable to honour is called \_\_\_\_\_ of bill.
7. Making the payment before the due date of maturity is known as \_\_\_\_\_ a bill.
8. No. of parties involved in bills of exchange \_\_\_\_\_.
9. No. of parties involved in bills of promissory Note \_\_\_\_\_.
10. Normally allowable additional days after due date is called \_\_\_\_\_ period.
11. Goods dispatched by a manufacture or wholesaler to an agent for the purpose of sale are called \_\_\_\_\_
12. Abnormal loss is credited to \_\_\_\_\_ account.
13. Del- Credere commission is normally calculated on \_\_\_\_\_ sales
14. The document giving the description of goods and their price sent to the consignee by the consignor is known as \_\_\_\_\_
15. Consignment account of the nature of a \_\_\_\_\_ account.
16. Consignment facilities \_\_\_\_\_ without much initial and on- going cost.
17. The detail of sale proceeds, expenses and commission are contained in a statement which is sent by the \_\_\_\_\_ is known as \_\_\_\_\_
18. \_\_\_\_\_ is an additional commission paid to a consignee for undertaking responsibility of collecting debts and bearing risks of \_\_\_\_\_ involved in credit sales.
19. Stock on consignment will be valued at \_\_\_\_\_ or \_\_\_\_\_ whichever is \_\_\_\_\_
20. Consignment account is a \_\_\_\_\_ account and it is prepared to ascertain the profit or loss on \_\_\_\_\_ separately.
21. Joint venture is a form of \_\_\_\_\_

22. Joint venture account is a \_\_\_\_\_ account
23. The value of unsold stock is \_\_\_\_\_ to the Joint Venture Account
24. In case of joint venture, discount on bill is charged to \_\_\_\_\_ account.
25. For calculating the \_\_\_\_\_ of the joint venture, abnormal losses are
26. Joint venture is a \_\_\_\_\_ partnership.
27. Parties involved in joint venture is called. \_\_\_\_\_
28. Joint venture business is limited to a \_\_\_\_\_
29. Memorandum joint venture account is prepared to ascertain profit or loss, i.e., the nature of \_\_\_\_\_
30. When purchases made for the joint venture out of joint bank account, the \_\_\_\_\_ account is debited.
31. Accounting records that are not maintained strictly on the basis of double entry book keeping system is termed as \_\_\_\_\_
32. Single entry system is usually maintained by \_\_\_\_\_
33. Generally, there will be no records relating to \_\_\_\_\_ and \_\_\_\_\_ accounts under this system.
34. \_\_\_\_\_ cannot be prepared under this system.
35. This system is never maintained by \_\_\_\_\_ on account of legal requirement.
36. Under this system \_\_\_\_\_ accounts are not maintained properly.
37. Ascertainment of profit/loss under this system can be made by preparing \_\_\_\_\_ and statement of profit or loss.
38. Statement of affairs method is also known as \_\_\_\_\_
39. When net worth at the end of the given period is more than that of the beginning (after adjustments), the result is \_\_\_\_\_.
40. The difference between total assets and total outside liabilities is known as \_\_\_\_\_.
41. Fund based accounting is maintained by \_\_\_\_\_
42. A life membership fee is a \_\_\_\_\_

43. Income and expenditure account records transactions of \_\_\_\_\_ nature only.
44. Receipts and Payments account record transactions of \_\_\_\_\_ nature.
45. A debit balance in the income and Expenditure A/c denotes excess of \_\_\_\_\_ over \_\_\_\_\_
46. A credit balance in the Income and Expenditure A/c denotes excess of \_\_\_\_\_ over \_\_\_\_\_.
47. Receipts and payments account is a \_\_\_\_\_ account.
48. Income and expenditure account is a \_\_\_\_\_ account.
49. Not for profit organization prepares \_\_\_\_\_ and \_\_\_\_\_.
50. Legacy is an item of \_\_\_\_\_ nature.

### III. Short Questions.

**5 X 1 = 5 Marks**

1. Define promissory note?
2. Renewal bill ?
3. Normal loss ?
4. Abnormal loss ?
5. What is invoice price method ?
6. Joint Bank Account ?
7. Co- ventures Accounts ?
8. What are the limitations defects of single entry system?
9. What are the methods (Approaches) of single entry system?
10. What is non- profit organisations ?

### IV. Assignment.

**1 X 5 = 5 Marks**