

Financial Accounting Paper – II
MCQ

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Unit 1. Conversion of Single Entry into Double Entry System

1. Statement of affairs is a _____.

- (a) Statement of income and expenditure
- (b) Statement of assets and liabilities
- (c) Summary of cash transactions
- (d) Summary of credit transactions

Answer: (c) Summary of cash transactions

2. Generally, incomplete records are maintained by _____.

- (a) Trader
- (b) Society
- (c) Company
- (d) Government

Answer: (a) Trader

3. If the opening capital is Rs. 60,000, drawings Rs. 5,000, capital introduced during the period Rs. 10,000, closing capital Rs. 90,000. The value of profit earned during the period will be _____.

- (a) Rs. 20,000
- (b) Rs. 25,000
- (c) Rs. 30,000
- (d) Rs. 40,000

Answer: (b) Rs. 25,000

4. Liabilities and assets amount to Rs. 50,000 and Rs. 78,000 respectively. The difference amount will represent _____.

- (a) Creditors
- (b) Debentures
- (c) Profit
- (d) Capital

Answer: (d) Capital

5. A system of accounting that is not based on a double-entry system is called _____.

- (a) Cash system
- (b) Mahajani system of accounting
- (c) Incomplete accounting system
- (d) None of these

Answer: (c) Incomplete accounting system

6. Credit purchase during the year is ascertained by preparing _____.

- (a) Total creditor's account
- (b) Total debtor's account
- (c) Cash account
- (d) Opening statement of affairs

Answer: (a) Total creditor's account

7. Accounts that are maintained under a single entry system is _____.

- (a) Personal accounts
- (b) Impersonal accounts
- (c) both (a) and (b)
- (d) None of these

Answer: (a) Personal accounts

8. The single entry system can be adopted by _____.

- (a) Small firms
- (b) Joint Stock Companies
- (c) Co-operative Societies
- (d) None of these

Answer: (a) Small firms

9. Opening capital is ascertained by preparing _____.

- (a) Total debtor's account
- (b) Total creditor's account
- (c) Cash account
- (d) Opening statement of affairs

Answer: (d) Opening statement of affairs

10. When closing capital exceeds opening capital, this means _____.

- (a) Profit
- (b) Profit, if there is no introduction of fresh capital
- (c) No Profit or no Loss
- (d) Loss

Answer: (c) No Profit or no Loss

11. If opening capital is Rs.0 and closing capital is Rs.5,000, then profit or loss is _____.

- (a) Loss of Rs.5,000
- (b) Profit of Rs.2,500
- (c) Profit of Rs.5,000
- (d) None of these

Answer: (c) Profit of Rs.5,000

12. Incomplete record mechanism of bookkeeping is _____.

- (a) Scientific
- (b) Unscientific

- (c) Unsystematic
- (d) Both (b) and (c)

Answer: (b) Unscientific

13. Statement of affairs is prepared to _____.

- (a) Know about assets
- (b) Know about liabilities
- (c) Calculate capital
- (d) Know financial position

Answer: (c) Calculate capital

14. Accounts are usually held using a single entry scheme by _____.

- (a) Society
- (b) Company
- (c) Sole trader
- (d) Government

Answer: (c) Sole trader

Unit 2 Conversion of Partnership firm into Limited Company

1. To start a partnership business, what should be the minimum number of partners?

- A) 2
- B) 10
- C) 4
- D) 20

Answer: A

2. What type of agreement is used to form a partnership business?

- A) Written agreement
- B) Oral agreement
- C) Written or oral agreement
- D) None of them

Answer: C

3. In partnership, partners liabilities are

- A) Unlimited
- B) Limited to the capital of the business
- C) Limited
- D) Both A and C

Answer: A

4. Is a partnership firm considered as a separate legal entity?

- A) No
- B) Yes
- C) Partially Yes

Answer: A

5. What happens when interest on drawings is charged to partner?

- A) Credited to partner's current a/c
- B) Not shown in current account
- C) Debited to partner's capital a/c
- D) None of the above

Answer: C

6. What is the partnership written agreement known as?:

- A) Partnership contract
- B) Agreement
- C) Partnership deed
- D) Partnership Act

Answer: C

7. In absence of a partnership agreement, what will be the percentage of profit sharing ratio between the partners?

- A) Unequal
- B) Equal
- C) It will depend on the experience of a partner
- D) It will depend on a partner's capital

Answer: B

8. Which is not a feature of a partnership business?

- A) Ease of formation
- B) Limited liability
- C) Limited life
- D) Mutual agency

Answer: B

9. In which kind of partnership one partner has unlimited liability and other partner have limited liability?

- A) Partnership-at-will
- B) Limited liability partnership
- C) General partnership
- D) Particular partnership

Answer: B

10. Which types of partnership have no agreement in terms of the duration of partnership?

- A) Partnership-at-will
- B) Limited partnership
- C) General partnership
- D) Particular partnership

Unit 3 Branch Account

1. Foreign branch
- (b) Dependent branch
- (c) Independent branch
- (d) None of the above

Answer (b) Dependent branch

2. Branch keeping the full system of accounting is also known as
- (a) Independent branch
- (b) Dependent branch
- (c) Foreign branch
- (d) None of the above

Answer (a) Independent branch

3. Stock and debtor system is popularly known as
- (a) Foreign branch methods
- (b) Analytical methods
- (c) Synthetic methods
- (d) Analytical methods

Answer (d) Analytical methods

4. Branch debtor system is otherwise known as
- (a) Synthetic methods
- (b) Stock and debtor methods
- (c) Foreign branch methods
- (d) Analytical methods

Answer (a) Synthetic methods

5. Branch account is prepared to ascertain
- (a) Profit and loss of the branch
- (b) Financial statement of the business
- (c) Assets and liability of the head office
- (d) None of the above

Answer (a) Profit and loss of the branch

6. The system in which profit and loss made by the branch is determined by preparing branch trading and profit & loss account at cost price is
- (a) Synthetic methods
- (b) Stock and debtor methods
- (c) Final account methods
- (d) Analytical methods

Answer (c) Final account methods

7. The account prepared for the ascertaining the amount of gross profit earned by the branch under stock and debtor system is
- (a) Branch adjustment account
- (b) Branch stock account

- (c) Goods sent to branch account
- (d) Branch debtor account

Answer (a) Branch adjustment account

8. The account prepared to adjust the loading included in the value of opening and closing stock at branch is termed as

- (a) Branch adjustment account
- (b) Stock reserve and surplus account
- (c) Goods sent to branch account
- (d) Branch debtor account

Answer (b) Stock reserve and surplus account

9. The account prepared in the same way as that when goods are invoice at cost, except that all entries are made at invoice price is termed as

- (a) Branch adjustment account
- (b) Branch stock account
- (c) Goods sent to branch account
- (d) Branch debtor account

Answer (b) Branch stock account

10. Which methods is adopted generally in those branches which are small in size

- (a) Debtors method
- (b) Stock and debtor methods
- (c) Foreign branch methods
- (d) Analytical methods

Answer (a) Debtors method

11. In which methods goods are sent by the head office to the branch at invoice price

- (a) Invoice price method
- (b) Debtors method
- (c) Stock and debtor methods
- (d) Foreign branch methods

Answer (a) Invoice price method

12. Which account is prepared when branch sells goods on credit

- (a) Branch adjustment account
- (b) Branch debtors account
- (c) Goods sent to branch account
- (d) Branch debtor account

Answer (b) Branch debtors account

13. Which books is prepared to maintaining the small expenses like carriage postage, entertainment etc.

- (a) Management books
- (b) Petty cash book
- (c) Accounting books

(d) None of the above

Answer (b) Petty cash book

14. The goods sent by the head office may be either ator cost plus profit

- (a) Cost price
- (b) Selling price
- (c) Market price
- (d) Invoice price

Answer (a) Cost price

15. Which account is prepared for recording all cash transaction relating to the branch?

- (a) Goods sent to branch account
- (b) Branch debtor account
- (c) Branch cash account
- d) None of the above

Answer (c) Branch cash account

1.method of branch accounting is usually adopted when the branch is of the small size.

- A. Treading.
- B. Balance sheet
- C. memorandum
- D. debtors

Answer» D. debtors

2. The normal and abnormal stock of goods doesn't appear in branch account as the closing stock is at the.....figure.

- A. Adjusted
- B. profit.
- C. balance.
- D. loss

Answer» A. Adjusted

3. Stock and Debtors method of branch accounting is generally used where branch turnover is substantially

- A. loss
- B. lower
- C. High.
- D. Profit

Answer» C. High.

4. Loading on surplus in stock is.....to Branch Adjustment Account.
- A. debit.
 - B. credit.
 - C. liability.
 - D. trading

Answer» B. credit.

5. Under Stock and Debtors System general income is credited toaccount
- A. balance sheet
 - B. branch stock account
 - C. stock and Debtor System
 - D. branch profit and loss

Answer» D. branch profit and loss

6. In Branch Accounting the balance on stock reserved Account at the end of the period is shown in the balance sheet by the way of deduction from
- A. opening stock.
 - B. reserved stock.
 - C. closing stock.
 - D. profit or loss

Answer» C. closing stock.

7. Goods sent by the head office at the end of the year but not received by Branch before the year ended is known as
- A. goods in transit
 - B. loss by fire
 - C. shortage.
 - D. loss

Answer» A. goods in transit

8. The closing balance of book debts account is ascertained by preparing branchAccount.
- A. stock
 - B. trading.
 - C. Debtors
 - D. adjustment

Answer» C. Debtors

9. The removal of loading from the items of branch stock is adjusted through branch.....Account

- A. adjustment
- B. debtor.
- C. Stock
- D. profit and loss

Answer» A. adjustment

10. Ais generally a physical part of the business established under the same roof.

- A. Surplus.
- B. Depreciation
- C. Department
- D. Surplus

Answer» C. Department

11. A.....system of departmental account is more convenient where the number of department are very small

- A. Mutual.
- B. Branch.
- C. Debtor's.
- D. Profit and loss

Answer» A. Mutual.

12. All items of stock in Trading and Profit and loss Account are to be converted into cost price if these are given at an _

- A. Profit ratio.
- B. market price
- C. Balance.
- D. Invoice price

Answer» D. Invoice price

13. Foreign Branch almost invariably trade independently and records their transaction in

- A. cost price
- B. Market value
- C. Foreign currency
- D. invoice price

Answer» C. Foreign currency

14. To fulfill the audit requirements under section of the company act 1956

- A. (B) 156
- B. 228
- C. (a) i 30.

D. 200

Answer» B. 228

15. The branches which are totally dependent on head office are also termed as Agency Branches.

A. True

B. False

C. may be false

D. may be a

Answer» A. True

Question 1.

In a computerised accounting system, operating environment consists of:

(a) Hardware

(b) Software

(c) Both (a) and (b)

(d) None of them

Answer

Answer: (c) Both (a) and (b)

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