BACHELOR OF ACCOUNTING AND FINANCE

S.Y.BAF

SEMESTER III

FINANCIAL ACCOUNTING III

SAMPLE QUESTIONS

1) Full form of FEF
   a) Foreign exchange fluctuation
   b) Foreign email fluctuation
   c) Fluctuation exchange flow
   d) Foreign exchange flow

2) Exchange Differences arising as on date of settlement may be
   a) Profit
   b) Loss
   c) No profit no loss
   d) Either profit or loss

3) Foreign currency is a currency ____.
   a) Used in recording foreign transactions
   b) Used in presenting foreign financial statements
   c) Other than reporting currency
   d) Other than spot currency

4) A foreign currency transaction may arise due to
   a) Import of goods
   b) Purchase of goods
   c) Sale of goods
   d) Goods purchased on hire basis

5) Amit purchased goods with 10,000 $ from New york when 1$ = Rs 45. What will be the amount of purchase?
   a) Rs 4,50,000
   b) Rs 4,00,000
   c) Rs 5,50,000
   d) Rs 5,00,000

6) Anuj made a payment of goods purchased of 4000 on 1 jan when exchange rate was 1$ = 60 and on date of payment the exchange rate was 1$ = 62. Which of the following is correct ?
   a) 8000 loss
   b) 8000 profit
   c) 4000 profit
   d) 4000 loss

7) On sale of firm to a company the purchase consideration is calculated by
   a) Lumpsum method

b) Cash method
c) Exchange method
d) Sale method

8) The amount payable for purchase on date of balance sheet is converted at
a) On date of purchase
b) On date of first payment
c) On date of subsequent payment
d) On date of balance sheet

9) The depreciation on fixed asset is converted at rate
a) On date of balance sheet
b) Average during year
c) Date of purchase
d) Reopening date of year

10) The interest on loan is converted at rate on the date
a) Of loan borrowed
b) Of accrual of interest
c) Of payment
d) Of balance sheet

11) Average rate =
a) Is exchange rate at balance sheet rate
b) Is mean of exchange rates in force
c) Is ratio for exchange of 2 currencies
d) Is rate at which asset could be exchanged between knowledgeable in an arm length transaction

12) Closing rate
a) Is exchange rate at balance sheet rate
b) Is mean of exchange rates in force
c) Is ratio for exchange of 2 currencies
d) Is rate at which asset could be exchanged between knowledgeable in an arm length transaction

13) Exchange rate
a) Is exchange rate at balance sheet rate
b) Is mean of exchange rates in force
c) Is ratio for exchange of 2 currencies
d) Is rate at which asset could be exchanged between knowledgeable in an arm length transaction

14) Currency other than reporting currency of an enterprise
a) Non reporting currency
b) Reporting currency
c) Foreign currency
d) Indian rupees

15) Currency used in presenting the financial statements
a) Reporting currency
b) Non foreign currency

c) Official currency
d) Non official currency

16) Money held and assets and liabilities to be received or paid in fixed or determinable amounts of money
a) Current items
b) Non monetary items
c) Monetary items
d) Forward exchange control

17) ___ are the assets and liabilities other than monetary items
a) Current items
b) Non monetary items
c) Monetary items
d) Forward exchange control

18) Transactions which are translated at exchange rate prevailing on date of transaction is known as
a) Exchange rate
b) Spot rate
c) Foreign currency
d) Reporting currency

19) Which of the following is a monetary item?
a) Cash in hand
b) Share capital
c) Investments
d) Machinery

20) Which of the following is a non monetary item ?
a) Cash in hand
b) Debtors
c) Machinery
d) Creditors

21) The balance in exchange difference on transaction of export sale is transferred to
a) Sales a/c
b) Debtors a/c
c) Profit and loss a/c
d) Trading a/c

22) The exchange difference arising due to import of raw material is transferred to
a) Purchase
b) Trading
c) Profit and loss a/c
d) Trading a/c

23) Non monetary items are valued at
a) Market price
b) Current price
c) Historical cost
d) Fluctuating price

24) Amalgamation is
   a) Merger of business
   b) Dissolution of business
   c) Exchange of business
   d) Transfer of business
25) Purchase consideration is the amount
   a) Payable by new firm to old firm
   b) Payable to old firm by partners
   c) Payable by one firm to another firm
   d) Payable by partners to close old firm
26) Assets are transferred to realisation a/c at
   a) Book value
   b) Cost
   c) Market value
   d) Historical cost
27) Excess of credit over debit side of realisation account is
   a) Profit on realisation
   b) Loss on realisation
   c) Surplus
   d) Deficit
28) Excess of debit over credit side of realisation account is
   a) Profit on realisation
   b) Loss on realisation
   c) Surplus
   d) Deficit
29) Liabilities assumed by partners are
   a) Debited to realisation a/c
   b) Debited to revaluation a/c
   c) Debited to partners capital a/c
   d) Debited to new company a/c
30) Realisation expenses are
   a) Debited to bank a/c
   b) Debited to realisation a/c
   c) Credited to capital a/c
   d) Debited to capital a/c
31) Take over of asset by partner is debited to
   a) Realisation a/c
   b) Partners capital a/c
   c) Bank a/c
   d) Cash a/c
32) Excess of net assets over purchase consideration is
   a) Capital reserve
   b) Goodwill
   c) Capital

d) Drawings a/c

33) Goodwill written off is debited to
a) All partners capital a/c
b) Goodwill a/c
c) Realisation a/c
d) Drawings a/c

34) Profit or loss on realisation is distributed among the partners
a) Profits sharing
b) Capital ratio
c) Claim ratio
d) Benefit ratio

35) Purchase consideration is calculated by
a) Net assets method
b) Net payment method
c) Cash method
d) Liability method

36) On amalgamation realisation a/c is opened by
a) Purchasing company
b) Vendor company
c) Both purchasing and vendor company
d) Neither purchasing nor vendor

37) On amalgamation liability not taken over by new firm is transferred to
a) Capital a/c
b) New firm a/c
c) Profit and loss a/c
d) Profit and loss adjustment a/c

38) On amalgamation general reserve is distributed among the
a) Old partners in old ratio
b) Old partners in new ratio
c) New partners in old ratio
d) New partners in new ratio

39) The form of organization suitable for large scale business is
a) Sole trader
b) Partnership firm
c) Co-operative
d) Limited company

40) Profit or loss on disposal of asset not taken over by a ltd company is transferred to
a) Realisation a/c
b) Profit and loss a/c
c) Capital a/c
d) Current a/c

41) On takeover of unrecorded liability by partner the a/c debited is
a) Realisation a/c
b) Capital a/c

c) Profit and loss a/c
d) Current a/c

42) For finding unit capital the capital amount is divided by
a) Profit sharing ratio
b) Capital ratio
c) Gain ratio
d) Loss ratio

43) After finding unit capital of partners we select the unit capital __
a) Which is lowest
b) Which is highest
c) Average
d) Below average

44) Unit capital we multiply with __
a) Capital ratio
b) Profit sharing ratio
c) Average ratio
d) Below average ratio

45) Realisation of asset sin dissolution is
a) Sudden
b) Expected
c) Unexpected
d) Gradual

46) External liabilities are liabilities due to
a) Partners
b) Creditors
c) Outsiders
d) Internal members

47) Employee dues are
a) Preferential liability
b) Contingent liability
c) External liability
d) Secured liability

48) Contingent liability are liability which are
a) Contingent on happening of certain event in future
b) Fixed liability
c) Current liability
d) Liquid liability

49) Preferential liabilities are
a) Payable to creditors
b) Payable to government
c) Payable to partner
d) Payable to employees

50) Partner loan is
a) Internal liability

b) External liability
c) Secured liability
d) Unsecured liability

51) Takeover of liability by a partner is
a) Added to to capital
b) Deducted from capital
c) Ignored
d) Divided with capital

52) Bills under discount
a) Contingent liability
b) Current liability
c) Non current liability
d) Fixed liability

53) After payment of outside liability
a) Govt dues should be paid
b) Partner loan should be paid
c) Partners capital should be paid
d) Expenses should be paid

54) After payment of partners loan the next payment should be made to
a) The partner having surplus capital
b) The partner having deficiency
c) Govt loan
d) Secured loan

55) The amount finally left unpaid on partners capital a/c should be
a) Capital ratio
b) Profit sharing ratio
c) Equally
d) Ratio of drawings

56) In absence of any provision in the deed profits and losses are shared in ratio
a) In capital ratio
b) Equally
c) In loan ratio
d) In drawings ratio

57) Drawings a/c of a partner is closed by transferring to
a) Capital a/c
b) Current a/c
c) Either capital or current a/c
d) Transferred to balance sheet

58) A partner acts as a __ for a firm
a) Agent
b) Broker
c) Third party
d) Employee

59) Gross profit is transferred to

a) Manufacturing a/c
b) Profit and loss a/c
c) Balance sheet
d) Appropriation a/c

60) Net profit is transferred to
a) Manufacturing a/c
b) Profit and loss a/c
c) Balance sheet
d) Appropriation a/c

61) In absence of an agreement partners are entitled to
a) Salary
b) Commission
c) Profit share in capital ratio
d) Interest on loan

62) partners are supposed to pay interest on drawings only when
a) Provided in agreement
b) Permitted
c) Non permitted
d) Not provided in agreement

63) Interest on capital is
a) An appropriation
b) An expenditure
c) An income
d) An expense

64) Interest on drawings is
a) Debited to P&L a/c
b) Credited to P&L a/c
c) Debited to P&L appropriation a/c
d) Credited to P&L appropriation a/c

65) Transfer to reserve is
a) Debited to P&L a/c
b) Credited to P&L a/c
c) Debited to P&L appropriation a/c
d) Credited to P&L appropriation a/c

66) Outstanding expenses are shown in balance sheet
a) On asset side
b) On liability side
c) Is added to capital
d) Is deducted from capital

67) Goods distributed as free sample
a) Credited to P&L a/c
b) Debited to P&L a/c
c) Debited to trading a/c
d) Credited to P&L a/c

68) Profit on sale of machinery is

a) Credited to P&L a/c
b) Debited to P&L a/c
c) Debited to trading a/c
d) Credited to P&L a/c

69) Claim received from insurance company for goods lost by fire is recorded

a) On asset side
b) On liability side
c) In P&l a/c
d) In Trading a/c

70) Stock is valued at

a) Cost
b) Market value
c) Cost or market value whichever is lower
d) Net realisable value

71) Calculate depreciation @10% on furniture costing Rs 4,50,000. Rs 1,20,000 costing furniture was purchased on 1st oct.(financial year ends on 31st march)

a) Rs 34,000
b) Rs 35,000
c) Rs 33,500
d) Rs 39,000

72) Calculate depreciation @25% on machinery costing Rs 12,00,000. Rs 3,00,000 costing machinery was purchased on 1st jan (financial year ends on 31st march)

a) Rs 2,25,000
b) Rs 2,81,250
c) Rs 2,43,750
d) Rs 3,00,000

73) Calculate depreciation on computers @ 15%. Cost is rs 12,00,000. Additions of Rs 8,50,000 was made on 1july (financial year ends on 31st march)

a) Rs 1,22,500
b) Rs 1,28,125
c) Rs 1,48,125
d) Rs 1,27,000

74) A and B are partners sharing profit and losses in ratio 3:2. A new partner D joins with share 1/6th Calculate new profit sharing ratio

a) 3:2:1
b) 1:2:3
c) 15:10:5
d) 5:10:15

75) D and E are partners having profit sharing ratio 2:4. A new partner F joins with 1/7th share. Calculate new profit sharing ratio

a) 12:24:6
b) 2:4:1
c) 1:2:4

d) 2:1:4

76) D and E are partners having profit sharing ratio 2:1. A new partner F joins with 1/7th share. Calculate new profit sharing ratio

a) 12:6:3
b) 3:12:6
c) 4:2:!
d) 1:2:4

77) Rs 12,000 Rs 24,000 and Rs 10,000 are 3 unit capitals. Which of them will be the base capital ?

a) Rs 10,000
b) Rs 24,000
c) Rs 12,000
d) Rs 39,333

78) A Rs 21,000 B Rs 42,000 and C 9,000 are the capital of 3 partners sharing profit and loss in ratio 3:2:1.what will be unit capitals?

a) 7,000 , 21,000 9,000
b) 9,000 , 7,000 , 21,000
c) 21,000 , 7,000 , 9,000
d) 7,000 , 9,000 , 21,000

79) Reserves Rs 15,000 and profit sharing of the partners d,e,f is 4:3:2.what share E will get from reserves ?

a) 5,000
b) 4,000
c) 6,000
d) 2,000

80) Reserves Rs 35,000 and profit sharing of the partners d,e,f is 4:3:2.what share D will get from reserves ?

a) 15,555
b) 15,000
c) 14,555
d) 13,555

81) Reserves Rs 35,000 and profit sharing of the partners d,e,f is 5:3:2.what share F will get from reserves ?

a) 1,750
b) 1,250
c) 1,550
d) 1,050

82) Assets taken over agreed value is Rs 13,00,000 and liabilities taken over at agreed value is Rs 6,50,000. What will be the purchase consideration?

a) Rs 6,50,000
b) Rs 7,50,000
c) Rs 8,50,000
d) Rs 7,00,000

83) Assets taken over agreed value is Rs 11,00,000 and liabilities taken over at agreed value is Rs 7,50,000. What will be the purchase consideration?

a) Rs 3,50,000
b) Rs 2,50,000
c) Rs 5,50,000
d) Rs 6,00,000

84) Assets taken over agreed value is Rs 7,00,000 and liabilities taken over at agreed value is Rs 4,25,000. What will be the purchase consideration?

a) Rs 2,75,000
b) Rs 3,75,000
c) Rs 1,25,000
d) Rs 4,00,000

85) Machinery is to be recorded 20% below cost. The value recorded is Rs 8,000. What is the cost of machinery

a) 8,000
b) 8,600
c) 9,600
d) 9,000

86) To calculate unit capital in a statement of excess capital.which of the following is correct?

a) Capital / PSR
b) PSR / Capital
c) Unit capital / PSR
d) Reserves / PSR

87) To Calculate Excess capital which of the following is correct

a) Capital - proportionate capital
b) Proportionate capital - capital
c) Base capital - proportionate capital
d) Proportionate capital - base capital

88) A B and C are partners sharing profit and losses in ratio 9:7:2. B retires from partnership. What will be new ratio

a) 9:2
b) 2:9
c) 9:7
d) 7:2

89) A B and C are partners sharing profit and losses in ratio 9:5:2. A retires from partnership. What will be new ratio

a) 5:2
b) 9:5
c) 2:5
d) 5:9

90) Suyog retires on 1st oct and his capital is 60,000. Calculate interest on capital which is charged @ 15% (accounting year ends on 31st march)

a) Rs 4,500
b) Rs 5,500

c) Rs 5,000
d) Rs 4,000

91) Saurabh retires on 1st july and his capital is 75,000. Calculate interest on capital which is charged @ 15% (accounting year ends on 31st march)

a) Rs 8,438
b) Rs 8,450
c) Rs 8,000
d) Rs 8,440

92) Priyanka ltd received a payment of 25000$ when the exchange rate was 49.75. The day when goods were sold the exchange rate was 49.50. Which of the following is correct ?

a) FEF a/c debited by 0.25
b) FEF a/c credited by 0.25
c) FEF a/c debited by 1.25
d) FEF a/c credited by 1.25

93) Priyanka ltd received a payment of 24,000$ when exchange rate was 48.90. The day when goods were sold the exchange rate was 49.50. Which of the following is correct ?

a) FEF a/c debited by 0.60
b) FEF a/c credited by 0.60
c) FEF a/c debited by 1.2
d) FEF a/c credited by 1.2

94) Priyanka ltd received a payment of 26,000$ when exchange rate was 48.60. The day when goods were sold the exchange rate was 49.50. Which of the following is correct ?

a) FEF a/c debited by 0.75
b) FEF a/c credited by 0.75
c) FEF a/c debited by 1.5
d) FEF a/c credited by 1.5

95) Mr warne received payment for the goods exported earlier when the exchange rate was Rs 41. He has sold goods worth 8000 $ and received payment when the exchange rate was 41.25. Which of the following is correct ?

a) FEF is credited by Rs 2,000
b) FEF is debited by Rs 2,000
c) FEF is credited by Rs 4,000
d) FEF is debited by Rs 4,000

96) Mr M purchased a machine from steve ltd worth 18,000$ for which he paid the instalment of 8,000$ when exchange rate was 42.50. At time of purchase exchange rate was Rs 42.25. Which of the following is correct

a) FEF is credited by Rs 2,000
b) FEF is debited by Rs 2,000
c) FEF is credited by Rs 4,000
d) FEF is debited by Rs 4,000

97) Mr M purchased a machine from steve ltd worth 18,000$ for which he paid the instalment of 4,000$ when exchange rate was 42.00. At time of purchase exchange rate was Rs 42.25. Which of the following is correct ?

a) FEF is credited by Rs 2,000

b) FEF is debited by Rs 2,000
c) FEF is credited by Rs 1,000
d) FEF is debited by Rs 1,000

98) Mr Murthy exported a machine from Pasco ltd worth 75,000$ for which he paid the instalment of 30,000$ when exchange rate was 42.50. At the time the export exchange rate was Rs 42.00. Which of the following is correct ?

a) FEF is credited by Rs 15,000
b) FEF is debited by Rs 15,000
c) FEF is credited by Rs 10,000
d) FEF is debited by Rs 10,000

99) Mr krishna exported a machine from Pasco ltd worth 3,00,000$ for which he paid the instalment of 50,000$ when exchange rate was 66. At the time the export exchange rate was Rs 65. Which of the following is correct ?

a) FEF is credited by Rs 2,00,000
b) FEF is debited by Rs 2,00,000
c) FEF is credited by Rs 1,00,000
d) FEF is debited by Rs 1,00,000

100) Mr krishna exported a machine from Pasco ltd worth 3,00,000$ for which he paid the instalment of 50,000$ when exchange rate was 63. At the time the export exchange rate was Rs 65. Which of the following is correct ?

a) FEF is credited by Rs 2,50,000
b) FEF is debited by Rs 2,50,000
c) FEF is credited by Rs 1,00,000
d) FEF is debited by Rs 1,00,000