



## BRAINWARE UNIVERSITY

**Term End Examination 2021 - 22**  
**Programme – Bachelor of Business Administration**  
**Course Name – Advanced Financial Accounting**  
**Course Code - BBA203**  
**( Semester II )**

**Time allotted : 1 Hrs.25 Min.**

**Full Marks : 70**

[The figure in the margin indicates full marks.]

**Group-A**

(Multiple Choice Type Question)

1 x 70=70

*Choose the correct alternative from the following :*

- (1) The stock/inventory is valued at
 

a) Cost price or net realizable value whichever is less	b) Cost price or net realizable value whichever is high
c) Cost price or market value whichever is less	d) None
- (2) The ownership of the goods is transferred with last installment as per
 

a) Hire Purchase Method	b) Installment Method
c) Normal Purchase Method	d) None
- (3) Indemnity means, a claim can be lodged only for
 

a) Actual amount loss	b) Insured value
c) Actual amount on loss, not exceeding the insured value	d) None
- (4) If stock worth Rs. 4 lakhs is insured for Rs. 3 lakhs only and the loss incurred due to fire amounts to Rs. 1,80,000, the claim admitted by the insurer will be as per average clause
 

a) Rs. 135000	b) Rs. 200000
c) Rs. 250000	d) None
- (5) Which of the following is not a feature of depreciable assets
 

a) The asset must be used for business and profession.	b) The asset has a limited useful life
c) The purchaser should pay consideration for the asset	d) All of the above
- (6) Indian Accounting Standard will apply to
 

a) Both consolidated as well as standalone financials of the company.	b) Only consolidated financials
c) Only standalone financials	d) Optional

- (7) As per accounting standard 6, which of the following asset is not a depreciable assets
- a) Building
  - b) Machinery
  - c) Goodwill
  - d) None
- (8) Which of the following is not a characteristic of inventory
- a) Held for sale in the ordinary course of businesses
  - b) In the process of production for such sale
  - c) In the form of materials or supplies to be consumed in the production process or in the rendering of services
  - d) All of these
- (9) The objective of insurance may be considered as
- a) Claim for loss of stock
  - b) Claim for loss of profit
  - c) Claim for employees welfare
  - d) Only (a) and (b)
- (10) Who can charge depreciation on assets purchased under hire purchase scheme
- a) Hire purchaser
  - b) Hire vendor
  - c) Hire purchaser only after transfer of ownership
  - d) Both hire purchaser and hire vendor
- (11) Which of the following information should be disclosed in the financial statements as per AS 6:
- a) The historical cost or other amount substituted for historical cost of each class of depreciable assets
  - b) Total depreciation for the period for each class of assets
  - c) The related accumulated depreciation
  - d) All of the above
- (12) The dividend received from investment by a company comes under cash flow from
- a) Operating activity
  - b) Financing activity
  - c) Investment activity
  - d) None of the above
- (13) Which of the following is not a characteristics of a company?
- a) A company is a legal entity separate and distinct from its members
  - b) a shareholder of a company in its individual capacity can bind the company
  - c) The shareholders of the company can enter into a contract with the company
  - d) A company must have a registered office
- (14) A company is managed by the
- a) Managing director
  - b) Person selected by the company law board
  - c) Board of directors
  - d) Promoters
- (15) Which of the following is not a characteristics of equity shares
- a) It is the risk capital of the company
  - b) It has voting power
  - c) It has no preferential right to dividend
  - d) It can be converted into preference shares
- (16) Which of the following is not a characteristics of a public limited company?
- a) Its shares are freely Transferable
  - b) The number of directors should be at least 3
  - c) In a public company there may be any number of members
  - d) A public company can be incorporated with less than 7 persons and more than two persons
- (17) Degree of control depends upon holding of
- a) Equity shares only
  - b) Both equity shares and preference shares
  - c) Both preference shares and debentures
  - d) None of the above
- (18) Dividend received by others than financial Enterprises is shown in the cash flow statement under
- a) Operating activities
  - b) Investing activities

- c) Financing activities  
 (19) Interest paid by other than financial Enterprise is shown in the cash flow statement under  
 a) Operating activities  
 c) Financing activities
- d) None of the above  
 b) Investing activities  
 d) None of the above
- (20) Goodwill is the outcome of an impression in the mind of each  
 a) Customer  
 c) Government
- b) Creditors  
 d) None of these
- (21) Amalgamation Adjustment Account is used for recording  
 a) Capital reserve in the books of transferee company  
 c) Statutory reserve in the books of transferee company
- b) General reserve in the books of transferee company  
 d) None of the above
- (22) As per table f of schedule 1 to the Companies Act 2013 interest on calls in area is payable  
 a) 6%  
 c) 10%
- b) 5%  
 d) 12%
- (23) Issued capital is the part of  
 a) Subscribed capital  
 c) Called up capital
- b) Authorized capital  
 d) Paid up capital
- (24) Reserve capital can be called up  
 a) In an emergency only  
 c) In the event and for the purpose of the company being wound up
- b) Any time by passing an ordinary resolution  
 d) If all directors agree
- (25) Dividend received by financial enterprises is shown in the cashless treatment under \_\_\_  
 a) Operating activities  
 c) Financing activities
- b) Investing activities  
 d) None of the above
- (26) How would the revaluation of fixed asset be treated in a cash flow statement?  
 a) It should be included in the cash flow from financing activities  
 c) It should be included in the cash flow from operating activities
- b) It should be included in the cash flow from investing activities  
 d) It should not be included in the cash flow statement
- (27) Price paid for Goodwill depends upon purchases expectation of future \_\_\_  
 a) Growth  
 c) None of these
- b) Profits  
 d) All of the above
- (28) Investment Allowance Reserve is a  
 a) Capital reserve  
 c) General reserve
- b) Statutory reserve  
 d) Profit and loss account
- (29) Following are the essential elements of a partnership firm except \_\_\_\_\_  
 a) At least two persons.  
 c) Equal share of profits and losses
- b) There is an agreement between all partners  
 d) Partnership agreement is for some business
- (30) Following is the difference between partnership deed and partnership agreement:  
 a) Partnership deed is in writing and partnership agreement is oral.  
 c) Partnership deed is registered in the court of law whereas partnership agreement is not registered
- b) Partnership deed is signed by all the partners but partnership agreement is signed by majority of the partners.  
 d) Partnership deed is not subject to changes unless all partners agrees to it. Partnership agree

ment can be amended with the consent of more than 50% partners.

- (31) If a firm prefers Partners' Capital Accounts to be shown at the amount introduced by the partners as capital in firm then entries for salary, interest, drawings, interest on capital and drawings and profits are made in
- a) Trading Account
  - b) Profit and Loss Account
  - c) Balance Sheet
  - d) Partners' Current Account.
- (32) In the absence of any agreement, partners are liable to receive interest on their Loans @
- a) 12% p.a.
  - b) 10% p.a.
  - c) 8% p.a.
  - d) 6% p.a.
- (33) A partner acts as ..... for a firm.
- a) Agent
  - b) Third Party.
  - c) Employee
  - d) None of the above
- (34) Any written evidence in support of a business transaction is called
- a) Journal
  - b) Ledger
  - c) Ledger posting
  - d) Voucher
- (35) The accounts that records expenses, gains and losses are
- a) Personal accounts
  - b) Real accounts
  - c) Nominal accounts
  - d) None of the above
- (36) Real accounts records
- a) Dealings with creditors or debtors
  - b) Dealings in commodities
  - c) Gains and losses
  - d) All of the above
- (37) In journal, the business transaction is recorded
- a) Same day
  - b) Next day
  - c) Once in a week
  - d) Once in a month
- (38) The following is (are) the type(s) of Journal
- a) Purchase journal
  - b) Sales journal
  - c) Cash journal
  - d) All of the above
- (39) The process of entering all transactions from the journal to ledger is called
- a) Posting
  - b) Entry
  - c) Accounting
  - d) None of the above
- (40) The following is a statement showing the financial status of the company at any given time
- a) Trading account
  - b) Profit and Loss statements
  - c) Balance sheet
  - d) Cash book
- (41) The following is a statement of revenues and expenses for a specific period of time
- a) Trading account
  - b) Trial balance
  - c) Profit and loss statements
  - d) Balance sheet
- (42) Balance sheet is a statement of
- a) Assets
  - b) Liability
  - c) Capital
  - d) All of the above
- (43) Balance sheets are prepared
- a) Daily
  - b) Weekly
  - c) Monthly
  - d) Annually
- (44) The ratios that refer to the ability of the firm to meet the short term obligations out of its s

hort term resources

- a) Liquidity ratio  
c) Activity ratios
- b) Leverage ratios  
d) Profitability ratios
- (45) The following is (are) the current liability(ies)  
a) Bills payable  
c) Bank overdraft
- b) Outstanding expenses  
d) All of the above
- (46) Current ratio =  
a) Quick assets / Current liabilities  
c) Debt. / Equity
- b) Current assets / Current liabilities  
d) Current assets / Equity
- (47) A current ratio of \_\_\_\_\_ and above indicates that the availability of sufficient net working capital and the ability of the firm to meet current liabilities.  
a) 1.33:1  
c) 1.55:1
- b) 1.44:1  
d) 1.66:1
- (48) The stock/inventory is valued at  
a) Cost price or net realizable value whichever is less  
c) Cost price or market value whichever is less
- b) Cost price or net realizable value whichever is high  
d) None of these
- (49) The ownership of the goods is transferred with last installment as per  
a) hire purchase method  
c) normal purchase method
- b) installment method  
d) None of these
- (50) Indemnity means, a claim can be lodged only for  
a) Actual amount loss  
c) Actual amount on loss, not exceeding the insured value
- b) Insured value  
d) None of these
- (51) Minority interest is shown in the consolidated balance sheet  
a) under share capital  
c) as a separate item
- b) under reserves and surplus  
d) none of these
- (52) Dividend received by financial enterprise is shown in the cashless treatment under  
a) Operating activities  
c) financing activities
- b) investing activities  
d) none of these
- (53) How should the revaluation of fixed assets be treated in a cash flow statement?  
a) It should be included in the cash flow from financing activities  
c) It should be included in the cash flow from operating activities
- b) It should be included in the cash flow from investing activities  
d) It should not be included in the cash flow statement
- (54) Price paid for Goodwill depends upon purchases expectation of future  
a) growth  
c) none of these
- b) profits  
d) all of these
- (55) Investment Allowance Reserve is a  
a) capital reserve  
c) general reserve
- b) statutory reserve  
d) profit and loss account
- (56) Following are the essential elements of a partnership firm except:  
a) Atleast two persons.  
c) Equal share of profits and losses
- b) There is an agreement between all partners.  
d) Partnership agreement is for some business.
- (57) In the absence of an agreement, partners are entitled to

- a) Salary  
c) Interest on Loan and Advances
- b) Commission  
d) Profit share in capital ratio
- (58) Interest on capital will be paid to the partners if provided for in the agreement but only from .....
- a) Current Profits.  
c) Accumulated Profits
- b) Reserves  
d) Goodwill
- (59) What time would be taken into consideration if equal monthly amount is drawn as drawings at the beginning of each month?
- a) 7 months  
c) 5 months
- b) 6 months.  
d) 6.5 months.
- (60) Where will you record interest on drawings?
- a) Debit side of Profit & Loss Appropriation Account.  
c) Credit side of Profit & Loss Account
- b) Credit side of Profit & Loss Appropriation Account.  
d) Credit side of Capital/Current Account only
- (61) The amount paid at the time of entering the hire-purchase transaction for the goods purchased is known as
- a) Cash price  
c) First installment
- b) Down payment  
d) None of these
- (62) Total interest on hire purchased goods is the difference between
- a) Hire purchase price and cash price  
c) Cash price and first installment
- b) Hire purchase price and down payment  
d) None of these
- (63) The assets that can be easily converted into cash within a short period (i.e., 1 year or less) is known as,
- a) Current assets  
c) Intangible assets
- b) Fixed assets  
d) Investments
- (64) Accounting provides information on
- a) Cost and income for managers  
c) Financial conditions of an institution
- b) Company's tax liability for a particular year  
d) All of these
- (65) The long term assets that have no physical existence but are rights that have value is known as
- a) Current assets  
c) Intangible assets
- b) Fixed assets  
d) Investments
- (66) The debts, which are to be repaid within a short period (year or less) are known as
- a) Current liabilities  
c) Contingent liabilities
- b) Fixed liabilities  
d) All of these
- (67) The sales income (Credit and Cash) of a business during a given period is called
- a) Transactions  
c) Turnover
- b) Sales returns  
d) Purchase returns
- (68) Any written evidence in support of a business transaction is called
- a) Journal  
c) Ledger posting
- b) Ledger  
d) Voucher
- (69) The accounts that records expenses, gains and losses are
- a) Personal accounts  
c) Nominal accounts
- b) Real accounts  
d) None of these
- (70) The following is (are) the current liability (ies)

- a) Bills payable
- c) Bank overdraft

- b) Outstanding expenses
- d) All of these