

**C. MULTIPLE CHOICE QUESTIONS**

- 1.** Which of the following statements is correct in respect of goods sent to consignee?
- (A) Consignor and consignee enter into an agreement for sale of goods.
  - (B) The relationship between consignor and consignee is that of a trader and a customer.
  - (C) The relationship between consignor and consignee is not that of a 'principal' and an 'agent'.
  - (D) Consignee is entitled to return the goods if remaining unsold.

[Ans. : (D) Consignee is entitled to return the goods if remaining unsold.]

- 2.** In relation to consignment accounts -

- (A) Consignor sends 'Account Sale' to consignee.
- (B) Consignee sends 'Account Sale' to consignor.

## CONSIGNMENT ACCOUNTS

- (C) Debtor sends 'Account Sale' to consignor.  
(D) Consignee sends 'Account Sale' to customer.  
[Ans. : (B) Consignee sends 'Account Sale' to consignor.]

3. In case of 'del-credere commission' being allowed to consignee, any bad-debt in consignment business, following will be the accounting treatment in consignees books -

- (A) Consignor's Account shall be debited.  
(B) Debtor's Account shall be debited.  
(C) Commission Account shall be debited.  
(D) Consignor's Account shall be credited.

[Ans. : (C) Commission Account shall be debited.]

4. If market price of closing stock is also known while preparing Consignment Account -

- (A) Closing Stock is to be valued at cost.  
(B) Closing Stock is to be valued at market price.  
(C) Closing Stock is to be valued at cost or market price, whichever is lower.  
(D) Closing Stock is to be valued at cost or market price, whichever is higher.

[Ans. : (C) Closing Stock is to be valued at cost or market price, whichever is lower.]

5. In consignment accounts, abnormal loss is debited to -

- (A) Consignee Account (B) Consignment Account  
(C) Profit and Loss Account (D) Principal's Account

[Sau. Uni., F.Y., May, 2012, 2013, 2014, 2015, 2016; Guj. Uni., F.Y., Nov. 2016]

[Ans. : (C) Profit and Loss Account.]

6. Del credere commission is calculated on the

- (A) Total sales (B) Only credit sales  
(C) Only cash sales (D) Total goods sent

[Guj. Uni., F.Y., 2011, 2012, 2015; Sau. Uni., F.Y., April, 2013]

[Ans. : (B) Only credit sales.]

7. The abnormal loss of Rs. 40,000 occurred in consignment business, the insurance company accepted 60% claim. The abnormal loss is -

- (A) Rs. 40,000 (B) Rs. 20,000  
(C) Nothing (D) Rs. 16,000.

[Ans. : (D) Rs. 16,000.]

8. Patel and Sons have sent 25,000 kgs Tea Gold on Consignment at Rs. 150 per kg. and paid direct expenses of Rs. 25,000. During transit 1,000 kgs. were totally destroyed. Insurance Company paid Rs. 1,45,000 for the same, then abnormal loss is -



(A) Rs. 6,000

(B) Rs. 1,51,000

(C) Rs. 1,50,000

(D) Nothing

[Ans. : (A) Rs. 6,000.]

9. Vijay consigned 10,000 litres chemicals to Ramesh at the rate of Rs. 1.90 per litre. While sending the goods, expenses incurred were Rs. 1,000. There was a shortage of 500 litres of chemicals due to natural causes. Ramesh sold 5,700 litres of chemicals at the rate of Rs. 2.85 per litre. He is entitled to get 5% commission, then the value of closing stock is –

(A) Rs. 16,000

(B) Rs. 8,000

(C) Rs. 10,430

(D) Rs. 10,400

[Ans. : (B) Rs. 8,000.]

10. A consignee has sold goods of invoice price of Rs. 2,00,000 at Rs. 2,25,000 for cash. Goods of invoice price of Rs. 2,50,000 was sold to Desai for Rs. 3,25,000 on credit and goods of invoice price of Rs. 50,000 was sold to Mr. Joshi on credit on recommendation of the consignor and goods of Rs. 15,000 was purchased by him. The damaged goods was sold for Rs. 10,000.

The consignee is entitled to 5% commission on total sales, 3% del credere commission on credit sales and 10% commission on sales above the invoice price, then the total commission is –

(A) Rs. 1,02,000

(B) Rs. 51,000

(C) Rs. 62,500

(D) Rs. 82,500

[Ans. : (B) Rs. 51,000.]

11. Consignee receiving del credere commission, sold goods worth Rs. 20,000 on credit. Out of it one debtor of Rs. 500 became bankrupt, 25 paise in a rupee is received from him. Then in the books of consignee bad debts is recorded as –

(A) Rs. 125

(B) Rs. 500

(C) Rs. 375

(D) Nothing

[Ans. : (C) Rs. 375.]

12. The consignor, consigned 1,500 litres chemical to the consignee at the rate of Rs. 50 per litre, and paid expenses of Rs. 10,500. Due to evaporation there was a loss of 75 litres. Consignee sold 1,275 litres at the rate of Rs. 75 per litre. What will be the value of Closing Stock ?

(A) Rs. 7,500

(B) Rs. 7,800

(C) Rs. 8,550

(D) Rs. 9,000

[Ans. : (D) Rs. 9,000.]

[Guj. Uni., F.Y., April, 2007]



## CONSIGNMENT ACCOUNTS

13. The consignor consigned goods worth Rs. 50,000 to the consignee and paid expenses Rs. 2,500. Consignee paid Rs. 500 for freight and Rs. 250 for Octroi, Commission of Rs. 2,500 paid on sale of 80% goods. What will be the value of closing stock ?

(A) Rs. 10,000 (B) Rs. 10,500  
(C) Rs. 10,650 (D) Rs. 10,150

[Guj. Uni., F.Y., April, 2008]

[Ans. : (C) Value of closing stock Rs. 10,650 (Goods Rs. 10,000 + Exp. of Consignor Rs. 500 + Exp. of Consignee Rs. 150 = 10,650.)]

14. Shrikant of Bangalore consigned goods of Rs. 50,000 to Madanlal of Madras and pays Rs. 5,000 for expenses. Goods worth Rs. 10,000 was burnt due to fire in transit and the insurance company accepted a claim of Rs. 7,500, then abnormal loss is –

(A) Rs. 2,500 (B) Rs. 10,000  
(C) Rs. 3,500 (D) Rs. 7,500

[Guj. Uni., F.Y., April, 2009]

[Ans. : (C) Rs. 3,500 (Goods Rs. 10,000 + proportionate exp. of consignor Rs. 1,000 = 11,000 less received from Ins. Co. Rs. 7,500 = Abnormal loss Rs. 3,500.)]

15. Amar of Ahmedabad consigned goods of Rs. 1,00,000 to Dinesh of Davda and paid Rs. 10,000 for expenses. Goods worth Rs. 20,000 was destroyed due to accident in transit and the insurance company admitted a claim of Rs. 15,700, then abnormal loss is –

(A) Rs. 15,700 (B) Rs. 20,000  
(C) Rs. 4,300 (D) Rs. 6,300

[Guj. Uni., F.Y., April, 2010]

[Ans. : (D) Rs. 6,300 (Goods Rs. 20,000 + Exps. of consignor Rs. 2,000 = 22,000 – Claim Rs. 15,700 = Rs. 6,300 Abnormal loss).]

16. The consignor consigned 3,000 litres chemical to the consignee at the rate of Rs.50 per litre and paid expenses of Rs.21,000. Due to evaporation there was a loss of 150 litres. Consignee sold 2,550 litres at the rate of Rs.75 per litre. What will be the value of closing stock ?

(A) Rs.15,000 (B) Rs.15,600  
(C) Rs.17,100 (D) Rs. 18,000.

[Guj. Uni., F.Y., April, 2011, 2014]

[Ans. : (D) Rs.18,000 (Rs. 1,71,000  $\times$  300 / 2,850).]

17. When the bill of exchange drawn by the consignor is accepted by the consignee which account will be credited in the books of the consignor ?

(A) Consignment A/c (B) Consignee's A/c  
(C) Bills Receivable A/c (D) Bills payable A/c

[Sau. Uni., F.Y., April, 2011, 2014]

[Ans. : (B) Consignee's A/c.]



**18.** Which type of commission is paid on the goods purchased by the consignee himself ?

- (A) Normal Commission (B) Delcredere Commission  
(C) Additional Commission (D) Commission is not paid

[Sau. Uni., F.Y., April, 2011, 2014, 2015;  
Guj. Uni., F.Y., Nov. 2014, 2016, 2017]

[Ans. : (A) Normal Commission.]

**19.** Consignee has sold goods of Rs. 25,000 on credit, out of this one debtor of Rs. 2,000 became insolvent and dividend of 60 paise per Rupee was received from him. Normal commission is paid to consignee. In this case, in the books of consignor –

- (A) Rs. 1,200 will be debited to Bad Debts A/c  
(B) Rs. 1,200 will be debited to Consignee's A/c  
(C) Rs. 800 will be debited to Bad Debts A/c  
(D) Rs. 800 will be debited to Consignee's A/c

[Sau. Uni., F.Y., April, 2011]

[Ans. : (C) Rs. 800 will be debited to Bad Debts A/c.]

**20.** Jayesh of Jamnagar sent 10 T.V. sets each of Rs. 10,000 to Kamlesh of Kalawad for sale on consignment basis. He paid Rs. 5,000 towards freight, insurance etc. One T.V. set was totally destroyed in transit due to fire Claim was received for Rs. 10,000 from the insurance company. How much is considered to be abnormal loss ?

- (A) Rs. 5,000 (B) Rs. 10,000  
(C) Rs. Zero (D) Rs. 500

[Sau. Uni., F.Y., April, 2011]

[Ans. : (D) Rs. 500 (1 T. V. Set  $\times$  Rs. 10,000 = 10,000 + Exp. of consignor Rs. 500 = 10,500 less claim Rs. 10,000 = 500 loss.)]

**21.** The consignor consigned goods worth Rs. 1,00,000 to the consignee and paid expenses of Rs. 10,000. Consignee paid Rs. 5,000 for freight and octroi to release the goods. 80% goods was sold for Rs. 1,20,000. What will be the value of closing stock ?

- (A) Rs. 20,000 (B) Rs. 23,000  
(C) Rs. 25,000 (D) Rs. 30,000

[Guj. Uni., F.Y., Nov. 2011]

[Ans. : (B) Rs. 23,000 (Closing stock (20%) = 20,000 + Exp. of Consignor Rs. 2,000 (10,000  $\times$  20%) + Exp. of Consignee Rs. 1,000 (5,000  $\times$  20%) = 23,000.]



## CONSIGNMENT ACCOUNTS

22. When there is a shortage due to natural causes before goods are reaching the consignee, what will be its final effect in consignment accounts ?
- (A) Profit of consignment account will decrease.  
(B) Profit of consignment account will increase.  
(C) There will be no change in the profit of consignment account.  
(D) None of these.

[Sau. Uni., F.Y., April, 2012]

[Ans. : (A) Profit of consignment account will decrease.]

23. Kanjibhai of Rajkot sent 10 T.V. sets each of Rs. 7,500 to Maganlal of Jamnagar for sales on consignment basis. He paid Rs. 3,000 towards freight, insurance premium etc. One T.V. set was totally destroyed in transit due to fire. Claim was received for Rs. 7,500 from the insurance company. How much is considered to be abnormal loss ?
- (A) Rs. 3,000 (B) Rs. 600  
(C) Rs. 900 (D) Rs. 300

[Sau. Uni., F.Y., April, 2012]

[Ans. : (D) Rs. 300]

24. The consignor consigned goods worth Rs. 80,000 to the consignee and paid Rs. 5,000. Consignee paid Rs. 3,000 for octroi to release the goods. 70% of goods was sold for Rs. 70,000. What will be the value of closing stock ?
- (A) Rs. 24,000 (B) Rs. 27,000  
(C) Rs. 32,000 (D) Rs. 26,400

[Guj. Uni., F.Y., Nov. 2012]

[Ans. : (D) Rs. 26,400 (30% of Rs. 80,000 = 24,000 + Prop. exp. of Consignor  $5,000 \times 30\% = 1,500$  + Prop. exp. of consignee  $3,000 \times 30\% = 900 = 26,400$ .)]

25. X consigned goods of Rs. 20,000 to Y and pays Rs. 2,000 for expenses. Goods worth Rs. 3,000 was burnt in transit and the insurance company accepted a claim of Rs. 1,500, then the abnormal loss is –
- (A) Rs. 1,500 (B) Rs. 2,000  
(C) Rs. 1,800 (D) Rs. 1,900

[Sau. Uni., F.Y., April, 2013]

[Ans. : (C) Rs. 1,800.]

26. Mitul consigned goods worth Rs. 1,00,000 to Kanak and paid expenses Rs. 5,000. Kanak paid Rs. 1,000 for freight and Rs. 500 for Octroi. Commission of Rs. 4,000 paid on sale of 70% goods. What will be the value of closing stock ?
- (A) Rs. 32,950 (B) Rs. 33,000  
(C) Rs. 31,950 (D) Rs. 30,000

[Sau. Uni., F.Y., April, 2013]

[Ans. : (C) Rs. 31,950.]



27. When goods are sent for sale on consignment basis, which account is debited in the books of consignor for amount of goods ?

- (A) Consignee's A/c
- (B) Consignment A/c
- (C) Goods sent for sales on Consignment A/c
- (D) Sales A/c

[Sau. Uni., F.Y., April, 2014]

[Ans. : (B) Consignment A/c.]

28. When del credere commission is not given and there is bad debt for credit sales, which account is debited in the books of consignee ?

- (A) Debtors A/c
- (B) Commission A/c
- (C) Consignor's A/c
- (D) Bad Debt Reserve A/c

[Sau. Uni., F.Y., April, 2014, 2016]

[Ans. : (C) Consignor's A/c.]

29. The abnormal loss of Rs. 35,000 occurred in consignment business. The insurance company accepted 40% claim. What amount will be credited to Consignment Account ?

- (A) Rs. 14,000
- (B) Rs. 21,000
- (C) Rs. 17,500
- (D) Rs. 35,000

[Sau. Uni., F.Y., April, 2015]

[Ans. : (D) Rs. 35,000.]

30. The stock of goods with the consignee in the beginning of the second year is given the following effect in the books of consignor –

- (A) Credited to Profit and Loss Account
- (B) Debited to Consignor's Account
- (C) In the Balance Sheet
- (D) Debited to Consignment Account.

[Sau. Uni., F.Y., April, 2015]

[Ans. : (D) Debited to Consignment Account.]

31. The consignor, consigned goods worth Rs. 2,00,000 to the consignee and paid Rs. 10,000. Consignee paid Rs. 8,000 for octroi to release the goods. 80% of the goods were sold for Rs. 1,85,000. What will be the value of closing stock ?

- (A) Rs. 40,000
- (B) Rs. 48,000
- (C) Rs. 58,000
- (D) Rs. 43,600

[Guj. Uni., F.Y., Nov. 2015]

[Ans. : (D) Rs. 43,600 (Unsold goods Rs. 2,00,000  $\times$  20% = Rs. 40,000 + Prop. Exps. of Consignor Rs. 10,000  $\times$  20% = Rs. 2,000 + Prof. Exps. of Consignee Rs. 8,000  $\times$  20% = Rs. 1,600 = Rs. 43,600).]

32. In which transaction will the Consignment Account be credited in the books of Consignor?

- (A) Cash and Credit Sales both
- (B) Credit Sales
- (C) Cash Sales
- (D) None of these

[Sau. Uni., F.Y., April, 2016]

[Ans. (A) Cash and Credit Sales both.]



**33.** Deep sent 100 tins of 15 kg. edible oil, each at a price of Rs. 1,060 for sale on consignment to Aman. He paid Rs. 1,250 for expenses. 5% normal shortage (loss) is expected. If the closing stock is 285 kgs, what would be the value of stock ?

- (A) Rs. 20,378 (B) Rs. 20,140  
(C) Rs. 20,500 (D) Rs. 21,450

[Sau. Uni., F.Y., April, 2016]

[Ans. (D) Rs. 21,450 ( $1,06,000 + 1,250 = 1,07,250 \times 285/1,425 = \text{Rs. } 21,450$ ).]

**34.** The consignor consigned goods worth Rs. 20,000 to the consignee and paid expenses of Rs. 1,000. Consignee paid Rs. 500 for freight and octroi. What will be the value of closing stock if 30% of the goods are unsold ?

- (A) Rs. 6,000 (B) Rs. 6,450  
(C) Rs. 6,300 (D) Rs. 6,150

[Guj. Uni., F.Y., Nov. 2017]

[Ans. (B) Rs. 6,450 (Cl. Stock = Rs. 6,000 ( $20,000 \times 30\%$ ) + Prop. Exp. of Consignor Rs. 300 ( $1,000 \times 30\%$ ) + Prop. Exp. of Consignee Rs. 150 ( $500 \times 30\%$ ) = 6,450).]

**35.** The relation between Consignor and Consignee is of –

- (A) Debtor and Creditor (B) Principal and Agent  
(C) Seller and Purchaser (D) All of the above

[Guj. Uni., F.Y., Nov. 2018]

[Ans. : (B) Principal and Agent.]

**36.** From the following expenses which is recurring expense ?

- (A) Insurance on goods sent (B) Goods clearing charges  
(C) Advertisement expense (D) All of the above

[Guj. Uni., F.Y., Nov. 2018]

[Ans. : (C) Advertisement expense.]

**37.** Del-credere commission is calculated on –

- (A) Total Sales (B) Cash Sales  
(C) Credit Sales (D) Cost price of goods sent

[Guj. Uni., F.Y., Nov. 2018]

[Ans. : (C) Credit Sales.]

**38.** Abnormal loss in consignment business is –

- (A) Debited to Consignment A/c.  
(B) Credited to Insurance Company A/c  
(C) Credited to Profit and Loss A/c  
(D) Credited to Consignment A/c

[Guj. Uni., F.Y., Nov. 2018]

[Ans. : (D) Credited to Consignment A/c.]



**39.** If goods are sent at Invoice price, then profit in closing stock of Consignment is –

- (A) Debited to Consignment Stock Reserve A/c
- (B) Credited to Consignment Stock Reserve A/c
- (C) Credited to Consignment A/c
- (D) Credited to Profit and Loss A/c

*[Guj. Uni., F.Y., Nov. 2018]*

**[Ans. : (B) Credited to Consignment Stock Reserve A/c.]**

**40.** Cost of required repair on damaged closing stock of Consignment will be –

- (A) Debited to Consignment A/c
- (B) Debited to Consignment Stock A/c
- (C) Debited to Repairs A/c
- (D) Deducted from Value of Closing Stock

*[Guj. Uni., F.Y., Nov. 2018]*

**[Ans. : (D) Deducted from Value of Closing Stock.]**

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### (C) MULTIPLE CHOICE QUESTIONS

1. Branch Account is a –

(A) Personal A/c

(B) Real A/c

(C) Nominal A/c

(D) None of these.

[Sau. Uni., F.Y., April, 2011, 2014]

[Ans. : (A) Personal A/c.]

2. When branch pays expenses for H.O. the following account is debited in the books of the branch –

(A) H.O. A/c is debited

(B) Expenses A/c is debited

(C) None of the two will be debited

(D) Branch A/c is debited.

[Guj. Uni., F.Y., Nov. 2011]

[Ans. : (A) H. O. A/c is debited.]

3. Under the Stock and Debtors System, Branch A/c is treated as –

(A) Personal Account

(B) Nominal Account

(C) Real Account

(D) Joint Account

[Ans. : (C) Real Account.]

4. For an independent branch, H.O. A/c is like –

(A) P & L A/c

(C) Capital A/c

(B) Real A/c

(D) Nominal A/c

[Guj. Uni., F.Y., Nov. 2011, 2012, 2013]

[Ans. : (B) Capital A/c.]

5. In the books of branch, furniture is amounting to Rs. 75,000. But its A/c is maintained by the Head Office. If 10% depreciation is to be calculated as per WDV method, then what amount will be recorded in the books of branch ?

(A) Rs. 15,000

(B) Rs. 7,500

(C) Rs. 67,500

(D) Rs. 75,000

[Guj. Uni., F.Y., April, 2007]

[Ans. : (C) Rs. 67,500.]



6. Head office sent Rs. 2,500 as petty cash to its branch during the year. Opening and closing balances of petty cash was Rs. 700 and Rs. 200 respectively with the branch. Then petty expenses of the branch during the year will be—
- (A) Rs. 2,500 (B) Rs. 3,000  
(C) Rs. 3,200 (D) Rs. 2,300

[Guj. Uni., F.Y., April, 2008]

[Ans. : (B) Petty expenses of the branch Rs. 3,000.]

7. The Balance of an asset account on 1-4-2005 was Rs 90,000 which was sent to the Branch on 1-10-2004. On 31-3-2006 depreciation was charged on this asset at 20% on straight line method. On 31-3-2006 the written down value of this asset in the Books of the Branch would be —
- (A) Rs. 70,000 (B) Rs. 85,000  
(C) Rs. 90,000 (D) Rs. 95,000

[Guj. Uni., F.Y., April, 2008]

[Ans. : (A) Rs. 70,000.]

8. The balance of an asset account on 1-4-2007 was Rs. 95,000, which was sent to the branch on 1-10-2006. On 31-3-2008 depreciation was charged on this asset at 10% p.a. on straight line method. On 31-3-2008 the written down value of this asset in the books of the branch would be —
- (A) Rs. 95,000 (B) Rs. 90,000  
(C) Rs. 85,000 (D) Rs. 85,500

[Guj. Uni., F.Y., 2009; Nov. 2014]

[Ans. : (C) Rs. 85,000, Suppose cost price of asset on 1-10-2006 is Rs. 100 — 6 months depreciation Rs. 5 = 95 value of asset after depreciation on 31-3-07; So cost price of asset is Rs. 1,00,000 (95 : 95,000 :: 100), value of asset on 1-4-07, 95,000 less depreciation Rs. 10,000 (straight line method — one year) = Rs. 85,000 value of asset on 31-3-2008 after depreciation.)]

9. Head office sent Rs. 6,000 as Petty Cash to its branch during the year, Opening and Closing balance of Petty Cash was Rs. 1,700 and Rs. 1,200 respectively with the branch. Then petty cash expenses of the branch during the year will be—
- (A) Rs. 6,000 (B) Rs. 1,700  
(C) Rs. 6,500 (D) Rs. 7,700

[Guj. Uni., F.Y., April, 2010]

[Ans. : (C) Petty cash expenses Rs. 6,500.]

10. The balance of Furniture Account on 1-4-2008 was Rs. 18,800, which was sent to the branch on 1-10-2007. On 31-3-2009 depreciation was charged on furniture at 12% per annum on straight line method. On 31-3-2009 the written down value of this furniture in the books of the branch would be —
- (A) Rs. 18,800 (B) Rs. 18,000  
(C) Rs. 16,850 (D) Rs. 16,400

[Guj. Uni., F.Y., April, 2010]

[Ans. : (D) Rs. 16,400 (Cost of furniture sent on 1-10-2007 =  $18,800 \times 100/94$  = Rs. 20,000, WDV on 31-3-2009 = On 1-4-2008 Rs. 18,800 – Dep. Rs. 2,400 (Cost  $20,000 \times 12\%$ ) = Rs. 16,400.)]

11. Head office sent Rs.4,375 as petty Cash to its branch during the year. Opening and closing balances of petty cash was Rs.1,225 at Rs.350 respectively with the branch. Then petty expenses of the branch during the year will be—  
 (A) Rs. 4,375 (B) Rs. 5,250  
 (C) Rs. 5,600 (D) Rs. 4,025

[Guj. Uni., F.Y., April, 2011]

[Ans. : (B) Rs. 5,250.]

12. Which of the following branches, taking into consideration the scope of authority and responsibility, prepares its own independent final accounts?  
 (A) Foreign Branch  
 (B) Dependent Branch  
 (C) Independent Branch  
 (D) Independent Branch and Foreign Branch both

[Ans. : (C) Independent Branch.]

13. The balance of Furniture Account on 1-4-2010 was Rs. 1,80,000 which was sent to the branch on 1-10-2009. On 31-3-2011, depreciation was charged on this furniture @ 20% on straight line method. On 31-3-2011 the written down value of the furniture in the books of the branch would be —  
 (A) Rs. 1,70,000 (B) Rs. 1,40,000  
 (C) Rs. 1,80,000 (D) Rs. 1,44,000

[Guj. Uni., F.Y., Nov. 2011]

[Ans. : (B) Rs. 1,40,000.]

14. Head Office sends goods to its branch at invoice price after adding 25% on cost price. So, profit would be \_\_\_\_\_ percentage of invoice price.  
 (A) 20% (B) 25%  
 (C) 30% (D) 40%.

[Sau. Uni. F.Y., April, 2011]

[Ans. : (A) 20%.]

15. For finding out the amount of sundry expenses paid by the branch, the following account should be prepared.  
 (A) Debtors A/c (B) Creditors A/c  
 (C) Petty Cash A/c (D) Computer A/c

[Sau. Uni. F.Y., April, 2011, 2013]

[Ans. : (C) Petty Cash A/c.]

16. Decentralisation of Authority in dependent branch in comparison to independent branch is —  
 (A) Less (B) More  
 (C) Equal (D) None of the above

[Sau. Uni. F.Y., April, 2011]

[Ans. : (A) Less.]



17. During the year, Head Office sent Rs. 3,000 to its branch for Petty Cash expenses, the opening balance is Rs. 800 and closing balance of Petty Cash is Rs. 550, then petty cash expenses will be –
- (A) Rs. 3,000 (B) Rs. 3,800  
(C) Rs. 3,550 (D) Rs. 3,250

[Guj. Uni., F.Y., Nov. 2012]

[Ans. : (D) Rs. 3,250.]

18. The balance of furniture account on 1-4-2011 was Rs. 90,000, which was sent to the branch on 1-10-2010. On 31-3-2012, depreciation was charged at 20% on straight line method. On 31-3-2012, the written down value of the furniture in the books of the branch would be –
- (A) Rs. 85,000 (B) Rs. 72,000  
(C) Rs. 90,000 (D) Rs. 70,000

[Guj. Uni., F.Y., Nov. 2012]

[Ans. : (D) Rs. 70,000.]

19. If the opening balance of petty cash is Rs. 500, closing balance is Rs. 250 and petty cash received from head office is Rs. 350, then what will be the amount of sundry expenses ?
- (A) Rs. 400 (B) Rs. 600  
(C) Rs. 350 (D) Rs. 250

[Sau. Uni., F.Y., April, 2012]

[Ans. : (B) Rs. 600.]

20. If the opening balance of debtors is Rs. 8,000, closing balance is Rs. 40,000, cash received from the debtors is Rs. 17,500 and bad debt is Rs. 500, then what will be the amount of credit sales ?
- (A) Rs. 40,000 (B) Rs. 45,000  
(C) Rs. 50,000 (D) Rs. 55,000

[Sau. Uni., F.Y., April, 2012]

[Ans. : (C) Rs. 50,000.]

21. For goods sent by head office, but not received by the branch before the end of the year, by debiting it to goods in transit, which account should be credited ?
- (A) Cash Account (B) Trading Account  
(C) Head Office Account (D) Branch Account

[Sau. Uni., F.Y., April, 2012]

[Ans. : (D) Branch Account.]

22. How the goods in transit is shown in the balance sheet of the head office ?
- (A) It is shown on Liabilities side  
(B) It is added into the creditors on Liabilities side  
(C) It is deducted from the stock on Assets side  
(D) It is shown on Assets side

[Sau. Uni., F.Y., April, 2012]

[Ans. : (D) It is shown on Assets side.]

23. During the year, Head Office sent Rs. 4,500 to its branch for petty cash expenses. The opening balance is Rs. 1,200 and closing balance of Petty cash is Rs. 825, then petty cash expenses will be –
- (A) Rs. 4,875 (B) Rs. 4,500  
(C) Rs. 5,700 (D) Rs. 5,325

[Guj. Uni., F.Y., Nov. 2014]

[Ans. : (A) Rs. 4,875.]

24. Head Office sent goods to its branch at invoice price. Invoice price is 50% plus on original price. How many percentage of profit will be on Invoice price ?
- (A) 33 1/3% (B) 100%  
(C) 75% (D) 60%

[Sau. Uni., F.Y., April, 2014]

[Ans. : (A) 33 1/3%.]

25. Which account is to be credited by branch for Cash in Transit ?
- (A) Head Office Account (B) Cash Account  
(C) Branch Account (D) Bank Account

[Sau. Uni., F.Y., April, 2014]

[Ans. : (A) Head Office Account.]

26. In which account, adjustment entry of Goods in Transit is not recorded ?
- (A) Head office (B) Branch  
(C) In both the books (D) Neither of the books

[Sau. Uni., F.Y., April, 2015]

[Ans. : (B) Branch.]

27. Opening stock of branch is Rs. 50,000, Cost of good sold is Rs. 2,50,000 and Closing stock is Rs. 75,000. Find the amount of goods received from head office.
- (A) Rs. 2,25,000 (B) Rs. 2,75,000  
(C) Rs. 3,25,000 (D) Rs. 3,75,000

[Sau. Uni., F.Y., April, 2015]

[Ans. : (B) Rs. 2,75,000.]

28. The balance of Furniture Account on 1-4-2013 was Rs. 1,80,000 which was sent to the branch on 1-10-2012. On 31-3-2014 depreciation was charged on furniture at 20% on Straight Line Method. On 31-3-2014, the written down value of the Furniture in the books of branch would be –
- (A) Rs. 1,90,000 (B) Rs. 1,80,000  
(C) Rs. 1,40,000 (D) Rs. 1,44,000

[Guj. Uni., F.Y., Nov. 2012]



[Ans. : (C) Rs. 1,40,000 (Cost on 1-10-'12 Rs. 2,00,000 – 20% Dep. for 6 months Rs. 20,000 = WDV Rs. 1,80,000 – Dep. at 20% on Cost Price Rs. 2,00,000 = 40,000 = WDV Rs. 1,40,000).]

29. If the opening balance of petty cash is Rs. 500, closing balance is Rs. 350 and petty cash received from head office is Rs. 250, then what will be the amount of sundry expenses?

(A) Rs. 400 (B) Rs. 600  
(C) Rs. 350 (D) Rs. 250

[Sau. Uni., F.Y., April, 2016]

[Ans. : (A) Rs. 400.]

30. Goods sent by head office, but not received by the branch before end of the year is called –

(A) Cash in transit (B) Goods in transit  
(C) (A) and (B) both (D) None of these

[Sau. Uni., F.Y., April, 2016]

[Ans. : (B) Goods in transit.]

31. Which Account is to be prepared to ascertain sales on credit by branch?

(A) Debtors Account (B) Creditors Account  
(C) Stock Account (D) Petty Cash Account

[Sau. Uni., F.Y., April, 2016]

[Ans. : (A) Debtors Account.]

32. Head Office sends goods to branch at 20% profit on invoice price. The percentage of profit on cost comes to –

(A) 15% (B) 20%  
(C) 25% (D) 30%

[Guj. Uni., F.Y., Nov. 2017]

[Ans. : (C) 25% ( $100 \times 20/80$ ).]

33. The balance of Asset Account on 1-4-'16 was Rs. 18,00,000 which was sent to the branch on 1-10-'15. On 31-3-'17, depreciation was charged on the asset at 20% by straight line method. On 31-3-'17, the written down value of asset in the books of branch would be –

(A) Rs. 14,40,000 (B) Rs. 14,00,000  
(C) Rs. 16,20,000 (D) None of the above

[Guj. Uni., F.Y., Nov. 2017]

[Ans. : (B) Rs. 14,00,000 [Cost Price of Asset on 1-10-2015 Rs. 20,00,000 ( $18,00,000 \times 100/90$ ), Dep. for 2016-'17 Rs. 4,00,000 (Cost Rs. 20,00,000  $\times 20\%$ ), Hence, WDV Rs. 14,00,000 ( $18,00,000 - 4,00,000$ ).]

34. Under Debtors System, Branch Account is a –  
(A) Personal Account (B) Real Account  
(C) Nominal Account (D) Statement  
*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (A) Personal Account.]

35. If Head Office maintains Assets A/c of Independent Branch, then to record Deprecation in the books of Branch –  
(A) Head Office A/c is debited  
(B) Profit and Loss A/c is debited  
(C) Branch A/c is credited  
(D) Profit and Loss A/c is credited

*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (B) Profit and Loss A/c is debited.]

36. For Independent Branch, Head Office A/c is like –  
(A) Trade Debtor (B) Trade Creditor  
(C) Capital (D) Investment  
*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (C) Capital.]

37. Which of the following Branch, prepare its own separate Final Accounts ?  
(A) Dependent Branch (B) Independent Branch  
(C) Foreign Branch (D) All of the Above  
*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (B) Independent Branch.]

38. In the books of Independent Branch Cash-in-transit is –  
(A) Debited to Head Office A/c  
(B) Credited to Head Office A/c  
(C) Credited to Cash A/c  
(D) Debited to Trading A/c

*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (B) Credited to Head Office A/c.]

39. Opening balance of Petty cash is Rs. 750, Closing balance is Rs. 375 and Petty cash received from Head Office is Rs. 1,525, then what will be the amount of Petty expense ?  
(A) Rs. 1,900 (B) Rs. 1,150  
(C) Rs. 1,525 (D) Rs. 400

*[Guj. Uni., F.Y., Nov. 2018]*

[Ans. : (A) Rs. 1,900 (750 + 1,525 – 375.)]



### **C. MULTIPLE CHOICE QUESTIONS**

**In the following sub questions more than one answers are given, you have to select correct one with necessary calculation for it.**

- 1. Which of the following statement is true for Joint Venture Business ?**
- (A) There is an aim to earn profit from the business for a long time.
  - (B) It has a short business life.
  - (C) It has a long business life.
  - (D) The business is always of proprietary firm.

*[Sau. Uni., F.Y., April, 2015, 2016]*

**[Ans. : (A) There is an aim to earn profit from the business for a long time.]**

- 2. Following activities are appropriate for Joint Venture business :**

- (A) Construction of a river bridge
- (B) Cloth Shop
- (C) Medical Store
- (D) ACC Cement Agency

*[Guj. Unj., F.Y., April, 2015, 2017]*

**[Ans. : (A) Construction of a river bridge]**

3. The balance of Memorandum Joint Venture Account indicates –  
(A) Amount payable to Co-venturer;  
(B) Profit or Loss;  
(C) Closing Stock;  
(D) Amount of balance to be carried forward.

[Guj. Uni., F.Y., April, 2015]

[Ans.: (B) Profit or Loss;]

4. Which act applies to the Joint Venture business. ?  
(A) Companies Act, 1956 (B) No particular law  
(C) Partnership Act, 1932 (D) Co-operative Societies Act  
[Sau. Uni., F.Y., April, 2015, 2016]

[Ans.: (B) No particular law.]

5. 'A' and 'B' entered into a Joint Venture. 'B' gives Rs. 45,000 to 'A'. To which account this transaction will be recorded in the books of 'B' ?  
(A) No entry (B) Expense account  
(C) Joint Venture A/c (D) A's A/c

[Guj. Uni., F.Y., April, 2007]

[Ans. : (D) A's A/c.]

6. Bonds of Rs. 6,00,000 are received against work done in joint venture business and they are sold for Rs. 4,75,000 then what amount is recorded on the debit side of Joint Venture A/c ?  
(A) Rs. 6,00,000 (B) Rs. 4,75,000  
(C) Rs. 1,25,000 (D) Rs. 1,75,000

[Guj. Uni., F.Y., April, 2009, 2017]

[Ans.: (C) Rs. 1,25,000 (Bonds Rs. 6,00,000 – sold Rs. 4,75,000).]

7. Debentures of Rs. 3,00,000 are received against work done in joint venture business, then are sold for Rs. 3,75,000 then what amount is recorded on the credit side of Joint Venture Account ?  
(A) Rs. 3,75,000 (B) Rs. 3,00,000  
(C) Rs. 75,000 (D) Rs. 6,75,000

[Guj. Uni., F.Y., April, 2010]

[Ans.: (c) Rs. 75,000 (3,75,000 – 3,00,000).]

8. Bond of Rs. 5,07,000 are received against work done in joint venture business and they are sold for Rs. 5,49,250 then ..... is recorded on credit side of Joint Venture A/c ?  
(A) Rs. 42,250 (B) Rs. 5,49,250  
(C) Rs. 5,07,000 (D) Rs. 10,56,250

[Guj. Uni., F.Y., April, 2011]

[Ans.: (A) Rs. 42,250 ( 5,49,250 – 5,07,000).]



9. Joint venture Account is similar to which option ?

- (A) Similar to only Trading Account
- (B) Similar to only Profit and Loss Account
- (C) Similar to mixture of Trading and Profit and Loss Account.
- (D) Similar to only Balance Sheet and Profit and Loss Account.

[Sau. Uni., F.Y., April, 2011, 2015, 2016]

[Ans.: (C) Similar to mixture of Trading and Profit and Loss Account.]

10. When independent books of accounts are maintained for joint venture business, the expense paid for joint venture is.

- (A) credited to joint bank account
- (B) credited to expenses account
- (C) debited to the partner who paid it.
- (D) credited to joint venture account.

[Sau. Uni., F.Y., April, 2011]

[Ans.: (A) credited to joint bank account.]

11. Kiran and Roshni have entered in a joint venture and both keep accounts of joint venture in their own books. Kiran sold some goods on credit. Some amount of this sale became bad. Which account will Roshni debit in her books for this bad-debt ?

- (A) Kiran's Account
- (B) Cash Account
- (C) Joint Venture Account
- (D) Debtor's Account

[Sau. Uni., F.Y., April, 2011, 2016]

[Ans. (C) Joint Venture Account.]

12. Hima and Purva entered into a joint venture business of buying and selling of toys. They purchased toys worth Rs. 75,000. Hima sold toys for Rs. 62,500, whereas Purva sold toys for Rs. 36,500. At the end, toys of cost price of Rs. 3,000 and Rs. 6,000 remained with Hima and Purva respectively, which they purchased themselves at a price after adding profit margin equal to percentage of gross profit on entire sales. How much amount would purva be required to pay for such toys purchased by her ?

- (A) Rs. 6,000
- (B) Rs. 4,000
- (C) Rs. 9,000
- (D) Rs. 8,000

[Sau. Uni., F.Y., April, 2011]

[Ans. : (C) Rs. 9,000 [Rs. 6,000 + 50% Profit 3,000 = 9,000.]

13. Which of the following account is not opened under Joint Venture Accounts ?

- (A) Joint Bank Account
- (B) Joint Venture Account
- (C) Co-venture's Account
- (D) Stock Reserve Account

[Guj. Uni., F.Y., April, 2012, 2015; Sau. Uni., F.Y., April, 2013]

[Ans. : (D) Stock Reserve Account.]

14. When independent books are kept for joint venture business and the partner gives goods / stock from his own business, which account will be credited in joint venture accounts ?

- (A) Capital Account of Partner (B) Bank Account  
(C) Trading Account (D) None of these

[Sau. Uni., F.Y., April, 2012]

[Ans. : (A) Capital Account of Partner.]

15. Abnormal loss of joint venture is debited to the following account :

- (A) Joint Venture A/c (B) Insurance Company A/c  
(C) General Profit and Loss A/c (D) No Account

[North Guj. Uni., F.Y., April, 2012; Guj. Uni., F.Y., April, 2015]

[Ans. : (D) No Account.]

16. A and B entered into joint venture. A gives Rs. 60,000 to B. To which account this transaction will be recorded in the books of A ?

- (A) Joint Venture A/c (B) B's A/c  
(C) Expense A/c (D) None of these

[Sau. Uni., F.Y., April, 2013]

[Ans. : (B) B's A/c.]

17. In a joint venture of selling electronic items, if one item is given as a gift to a customer, the following account is debited –

- (A) Joint Venture A/c (B) P & L A/c  
(C) Abnormal Loss A/c (D) No Account

[Sau. Uni., F.Y., April, 2013]

[Ans. : (D) No Account.]

18. Which of the following accounts does not follow double entry system of book keeping ?

- (A) Joint Venture Account  
(B) Memorandum Joint Venture Account  
(C) Joint Bank Account  
(D) None of the above

[Sau. Uni., F.Y., April, 2013]

[Ans. : (B) Memorandum Joint Venture Account.]

19. Normal loss of goods in Joint Venture is debited to –

- (A) General Profit & Loss Account  
(B) Joint Venture Account  
(C) Not debited to any account  
(D) None of the above

[Guj. Uni., F.Y., April, 2013, 2016]

[Ans. : (C) Not debited to any account.]



**JOINT VENTURE ACCOUNTS**

20. In joint venture, if goods are given as gift to customer, which of the following account is debited ?

- |                           |                           |
|---------------------------|---------------------------|
| (A) Gift Account          | (B) Joint Venture Account |
| (C) Profit & Loss Account | (D) None of the above     |

*[Guj. Uni., F.Y., April, 2013]*

[Ans. : (D) None of the above.]

21. In which of the following businesses, Joint venture can be possible ?

- (A) Daily newspaper
- (B) Run a fast-food stall in a festival fair
- (C) Oil refinery
- (D) None of these

*[Sau. Uni., F.Y., April, 2016]*

[Ans. : (B) Run a fast food stall in a festival fair.]

## B. MULTIPLE CHOICE QUESTIONS

(1) So far, following versions of Tally have been put into Market:

- |                             |                   |
|-----------------------------|-------------------|
| (A) 5.4, 6.3, 7.2, 9, ERP 9 | (B) 540, 611, 723 |
| (C) A1, B2, C3              | (D) None of these |

[Ans. : (A) 5.4, 6.3, 7.2, 9, ERP 9.]

(2) In 7.2 version of Tally, following reports are not available:

- |                   |                   |
|-------------------|-------------------|
| (A) Balance Sheet | (B) GST Report    |
| (C) VAT Report    | (D) None of these |

[Ans. : (B) GST Report.]

(3) In Tally, which key is used for Journal?

- |        |        |
|--------|--------|
| (A) F5 | (B) F7 |
| (C) F6 | (D) F8 |

[Ans. : (B) F7.]



(4) After entering all transactions in Tally, the following statement has to be prepared:

(A) Trial Balance

(B) Profit & Loss A/c

(C) Balance Sheet

(D) None of these

[Ans. : (D) None of these.]

(5) If entry of cash payment is to be made in Tally, the following key is used:

(A) F7

(B) F6

(C) F8

(D) F5

[Ans.: (D) F5.]

(6) To view the detailed report of Balance Sheet and P & LA/c in Tally which key is used?

(A) F11

(B) Ctrl + F2

(C) Alt + F1

(D) F12

[Ans. : (C) Alt + F1.]