

46 Questions 46 Marks 60 Minutes

Joint Venture Accounts

Select the best choice to answer the following questions:

1. A memorandum joint venture summaries-
 - a) Assets and liabilities
 - b) Expenses and incomes
 - c) Receipts and payments
 - d) All transactions
2. Recording of transactions in a separate set of book is made
 - a) When the size of the business is small
 - b) When double entry system cannot be followed
 - c) For better financial control
 - d) When co-venturers are residing at distant places
3. In a joint venture, valuation of stock is affected-
 - a) When there is an abnormal loss
 - b) When insurance claim is received for loss of stock
 - c) When insurance claim is not received for loss of stock
 - d) When there is a normal loss
4. For calculating the profit of a joint venture, abnormal losses are:
 - a) Credited to joint venture account
 - b) Ignore
 - c) Debited to abnormal loss account
 - d) Debited to co-venturers' capital account
5. Any insurance claim received for the loss of stock is
 - a) Treated as an income
 - b) Deducted from expenses
 - c) Debited in the bank account only
 - d) Not shown in the books
6. In a joint venture, no distinction is made between normal and abnormal loss when
 - a) There is some unsold stock
 - b) There is no unsold stock
 - c) One venture withdraws some stock
 - d) Insurance claim is received in respect of goods lost by fire
7. To make settlement in a joint venture:
 - a) Joint bank account is closed first
 - b) Joint bank account and venturers' accounts
 - c) Joint venture is closed last
 - d) Joint venture account is closed first and the remaining account are closed simultaneously
8. For determining profit/loss of the joint venture-
 - a) Joint venture account is prepared
 - b) Memorandum joint venture account is prepared minutes
 - c) Joint venture account or memorandum joint venture account is prepared
 - d) Joint venture account or memorandum joint venture account is prepared
 - e) Joint venture account and memorandum joint venture account is prepared
9. A joint venture will come to an end as soon as
 - a) Income is received and payments are made
 - b) Income is earned and payments are recognized income is earned and payments are made
 - c) The venture is completed.
10. A joint venture is undertaken when the
 - a) Respective advantages of the parties are pooled together
 - b) Termination is uncertain
 - c) Ascertainment of income is simple
 - d) Accounting concepts are not applicable
11. A joint venture is a
 - a) General partnership
 - b) Specific partnership
 - c) Limited partnership
 - d) Limited liability partnership
12. A joint venture account is a
 - a) Real account
 - b) Personal account
 - c) Nominal account
 - d) Valuation account
13. Which of the following is true?
 - a) There will be separate treatment for normal loss
 - b) There will be separate treatment for abnormal loss

- c) There will be separate treatment for both normal and abnormal loss
d) There will be no treatment for normal loss but valuation of unsold stock is affected
14. Which of the following is true?
a) Profit/loss is shown by the venture, a separate account is opened
b) For distribution of profit on joint venture, a separate account is opened
c) The relationship of the co-venturers is that of partners
d) In a joint venture, generally a balance sheet is prepared
15. Which of the following is true?
a) Joint bank account is just like a cash book
b) Joint venture account is just like a profit and loss account
c) Joint bank account is closed first of all
d) Joint bank account is closed first of all
16. Which of the following is true?
a) Joint venture account is just like a trading account
b) Joint bank account is opened specially for the venture
c) Goods taken over by the venturers are not recorded in the venturers' account
d) Joint venture account and joint bank account are closed simultaneously.
17. Profit/loss in a joint venture is ascertained-
a) Any time during an accounting period
b) At the end of the accounting period
c) At the end of the venture
d) At the end of the venture and for each venture separately.
18. In joint venture, many accounting concepts are not applicable. For example,
(i) Money measurement concept
(ii) Going concern
(iii) Entity concept
a) All three are not applicable
b) (i) & (ii) are not applicable
c) (ii) is not applicable
d) (iii) is not applicable
19. Memorandum joint venture account shows:
a) The cash transaction between the co-venturers
b) The amount due to co-venturer
c) Profit or loss on joint venture
d) The credit as well as cash transactions between the co-venturers
20. In joint venture, discounting charges of a bill of exchange is
a) Treated as financial expenses and charged to profit and loss account
b) Treated as joint venture expense and charged to joint venture account
c) Treated as personal expenses of the drawee
d) Treated as personal expenses of the drawer
21. A joint venture business has a definite life and, therefore, does not follow ___ concept.
a) Matching
b) going concern
c) Consistency
d) conservatism
22. A joint venture does not use a _____.
a) Bank account
b) joint bank A/c
c) Firm name
d) separate set of books
23. In a joint venture, all the ____ are ultimately received in cash and all _____ are paid in cash.
a) Asset, liabilities
b) Incomes, expenses
c) Debtors, creditors
d) Bills receivable, bills payable
Stem
24. Profit is ascertained in a joint venture under _____.
a) Accrual basis
b) single entry system
c) cash basis
d) both cash and accrual basis
25. When purchases are made for the joint venture out of the joint bank account, _____ account is debited.
a) Joint venture
b) joint bank
c) Venturers'
d) purchases

26. When the expenses are incurred on account of joint venture, they are debited to _____ account.
- a) Expenses b) joint bank
c) Creditors d) joint venture
27. When the venturer recording transactions, makes payment in respect of _____ joint venture account is debited.
- a) Liabilities b) expenses
c) Assets d) losses
28. Joint venture account itself represents _____ account.
- a) Trading
b) Profit and loss
c) Trading but not profit and loss
d) Trading as well as profit and loss
29. Which of the following is not true?
- a) Persons agreeing to participate in a joint venture are known as partners
b) A joint venture business has a definite life
c) If goods to the joint venture are brought in by a co-venturer, then his capital account is credited
d) The right and duties of the co-venturers are governed by the Partnership Act.
30. Which of the following is not true?
- a) A joint venture account with account is part of the double entry system
b) Memorandum joint venture account is not a part of the double entry system.
c) A joint venture account with account cannot disclose any profit/loss.
d) A memorandum joint venture account can ascertain profits/losses of a joint venture, through it is not a part of the double entry system.
31. In a joint venture between A and B, A contributed the following:
Initial capital Rs. 36,000; Paid for advertising Rs. 100
His share of profit in the venture is Rs. 13,560.
He withdrew Rs. 45,660 as final settlement.
How much stock is withdrawn by him?
- a) Rs. 3,000 b) Rs. 4,000
c) Rs. 3,500 d) Rs. 4,500
32. In a joint between A and B, the joint bank account shows that total receipts is Rs. 1,00,500 and the total payments of Rs. 39,000. As a final settlement, B withdrew Rs. 29,750. How much did A withdrew?
- a) Rs. 29, 750 b) Rs. 20,750
c) Rs. 31,750 d) Rs. 30, 250
33. In a joint venture, goods costing Rs. 5,000 was completely destroyed by fire. Insurance claim in respect of that was received Rs. 2,000.
How much should be credited the joint venture account?
- a) Rs. 5,000 b) Rs. 3,000
c) Rs. 7,000 d) Rs. 2,000
34. In a joint venture between A and B, materials purchased Rs. 2,90,000. Material supplied by B Rs 15,000 and materials withdrawn by A Rs. 5,000. If B is entitled to a commission of 1% on the cost of materials used, how much commission he will get?
- a) Rs. 3,000 b) Rs. 4,000
c) Rs. 5,000 d) Rs. 6,000
35. In a joint venture of purchase and sales of goods, Memorandum Joint venture account is debited with Rs. 5,150. The total profit of the venture is Rs. 850. There is no other income other than sales. What is the value of sales?
- a) Rs. 4,300 b) Rs. 6,750
c) Rs. 6,000 d) Rs. 6,850
36. B, in a joint venture with A, contributed the following:
Goods Rs. 4,000; Expenses Rs. 900.
His share of profit is Rs. 340. He sent to A Rs. 6,760 as final payment. The entire sale proceeds was received by B. what is the value of sales?
- a) Rs. 11,000 b) Rs. 12,000
c) Rs. 13,000 d) Rs. 11,400
37. In a joint venture among A, B and C, joint bank account shows the following:
Capital contribution of the venture Rs. 5,10,000
Sale proceeds Rs. 12,00,000
Expenses paid out of join bank Rs. 12,45,000
A brought in as final settlement Rs. 25,000

B withdraw as final settlement Rs. 2,60,000
How much is withdrawn by C?

- a) Rs. 2,30,000 b) Rs. 3,20,000
c) Rs. 2,20,000 d) Rs. 2,20,000

38. On a joint venture A contributed Rs. 80,000 and withdrew cash Rs. 70,000. His share of profit is Rs. 11,400. He received Rs. 19,400 as final settlement. How much stock did he withdraw?

- a) Rs. 7,900 b) Rs. 6,600
c) Rs. 6,700 d) Rs. 7,600

39. In a joint venture A contributed Rs. 80,000 and withdrew cash Rs. 70,000. His share of profit is Rs. 11,400. He received Rs. 19,400 as final settlement. How much stock did he withdraw?

- a) Rs. 2,000 b) Rs. 4,000
c) Rs. 6,000 d) Rs. 5,400

The following information is relevant for Questions 40 and 41.

A and B enter into a joint venture to prepare a film for the government. The government agrees to pay Rs. 1,00,000. A contributed Rs. 10,000 and B contributed Rs. 15,000. The profit will be shared in the ratio of capital contribution. Total expenses paid out of joint bank amounting to Rs. 73,000. On completion the film was found defective and government made a deduction of Rs. 10,000.

40. The share of profit will be distributed as:

- a) A-Rs. 6,000; B- Rs. 11,000
b) A-Rs. 6,800; B-Rs. 10,200
c) A-Rs. 10,200; B-Rs.6,800
d) A-Rs. 11,000; B-Rs.6,000

41. Final payment to B:

- a) Rs. 21,000 b) Rs. 21,800
c) Rs. 26,000 d) Rs. 25,200

The following information is relevant for questions 42 to 44:

X and Y entered into joint venture to construct a building for a new company. Profits and losses were to be shared in the ratio of 3:2. X invested Rs. 2,00,000 and Y Rs. 1,00,000. The Money was deposited to a joint bank account with arrangement of overdraft. X also supplied materials valued Rs. 35,000 and Y paid the

architect's fees Rs. 15,000. Y also supplied a machine valued Rs. 25,000. Building materials valued Rs. 4,00,000 and wages of Rs. 1,00,000 were met from the joint bank account.

On completion of the construction, the company paid Rs. 8,00,000 out of which Rs. 4,00,000 was in cash (deposited into joint bank account) and the balance of Rs. 4,00,000 was in fully paid shares of Rs. 10 each. These shares were sold at Rs. 9.50 each and the proceeds taken by X and Y in the ratio shares of Rs. 10 each. These shares were sold at Rs. 9.50 each and the proceeds taken by X and Y in the ratio of 3:1. The machine supplied by Y was taken back by him at an agreed value of Rs. 15,000. Bank charged interest Rs. 1,000 for the overdraft.

42. Profit on joint venture is

- a) Rs. 2,20,000 b) Rs. 2,40,000
c) Rs. 2,19,000 d) Rs. 2,39,000

43. Final payment to Y

- a) Rs. 1,07,000 b) Rs. 1,17,600
c) Rs. 1,32,600 d) Rs. 92,600

44. Final payment to X

- a) Rs. 1,17,600 b) Rs. 46,400
c) Rs. 81,400 d) Rs. 1,31,400

The following information relevant for question 45 and 46

Shiv, Saleem and David entered into an agreement for a joint venture. Shiv purchased goods from Mohan and Co., for Rs. 72,000 and took from his own at stock goods valued at Rs. 24,000. He received from Saleem and David their shares of investment for the venture. Shiv then paid charges on venture Rs. 7,300. The joint venture goods were sold for Rs. 1,22,000. Shiv settled Mohan and Co. Account by forwarding them a cheque. He charged 5 percent commission on sales and rendered statements to Saleem and David with cheques for the amounts respectively due to them.

45. The profit of the joint venture is

- a) Rs. 18,700 b) Rs. 12,600
c) Rs. 19,900 d) Rs. 8,400

46. Cheque issued to Saleem by Shiv

- a) Rs. 59,800 b) Rs. 72,400
c) Rs. 32,600 d) Rs. 36,200.

