

CORPORATE ACCOUNTING I

MULTIPLE CHOICE QUESTIONS

- 1) The company formed by the special Act of legislatures of parliament is known as
 - a) Public Company
 - b) registered company
 - c) statutory company
 - d) chartered company
- 2) What is the minimum required paid up capital of a public company
 - a) 10lakhs
 - b) 5lakhs
 - c) 15lakhs
 - d) 25 lakhs
- 3) What is the minimum required paid up capital of a public company
 - a) 1lakhs
 - b) 5lakhs
 - c) 15lakhs
 - d) 2 lakhs
- 4) What is the minimum number of members to form a private company?
 - a)7
 - b) 2
 - c)5
 - d) 10
- 5) What is the minimum number of members to form a public company?
 - a)7
 - b) 2
 - c)5
 - d) 10
- 6) A private company cannot
 - a) issue shares
 - b) invite public to subscribe shares
 - c) be a manufacturing company
 - d) be a limited company
- 7) The amount of capital with which the company intends to get registered is known as
 - a) issued capital
 - b) subscribed capital
 - c) authorized capital
 - d) called-up capital
- 8) Which of the following statement is false:
 - a) A company is a legal entity quite distinct from its members.
 - b) A company can buy its own share
 - c) A shareholder is the agent of the company
 - d) Same person can agent and creditor of the company
- 9) Which of the following are the characteristics of a company
 - a) Liability of the members is limited up to the face value of shares held by them
 - b) It is a voluntary association of persons.
 - c) A company is a separate body can sue and be sued in its own name
 - d) Perpetual succession
 - e) All of the above
- 10) As per section 77A (1) of the companies act,1956, a company can buy back its own shares out of:
 - a) Reserves which are available for distribution as dividend
 - b) Securities premium account
 - c) Proceeds of fresh issue of shares or other specified securities
 - d) All of the above.
- 11) Share application and allotment account is a:
 - a) Personal account
 - b) Real account
 - c) Nominal account
 - d) None of the above
- 12) Securities premium account is shown on the liabilities side of the balance sheet under the head:
 - a) Share capital

- b) Reserves and surplus
 - c) Current liabilities
 - d) Non-Current liabilities
- 13) As per section 78 of the companies act, amount collected as premium on securities cannot be utilized for:
- a) Issuing fully paid bonus shares to the members
 - b) Purchase of fixed assets
 - c) Writing off preliminary expenses
 - d) Buy back of it's own shares
- 14) The portion of the authorised capital which can be called-up only on the liquidation of the company is called
- a) Authorised capital
 - b) Reserve capital
 - c) Issued capital
 - d) Called up capital
- 15) Which of the following statement is false:
- a) Buy back must be authorised by articles of company
 - b) A special resolution must be passed for buy back.
 - c) Shares can be partly paid up
 - d) The ratio of debt owed by the company is not more than twice the capital and its free reserves after such buy back
- 16) If shares are bought back out of free reserves then a sum equal to nominal value of the shares so bought back is transferred to:
- a) Capital reserve account
 - b) Capital redemption reserve account (CRR)
 - c) General reserve account
 - d) Statutory reserve account
- 17) Maximum buy back limit in any year is _____ of total paid up equity capital and free reserves.
- a) 25%
 - b) 10%
 - c) 20%
 - d) No limit
- 18) Which of the following statement in false:
- a) Bonus issue is made out of free reserves or securities premium collected in cash only.
 - b) Bonus shares can be issued out revaluation profit.
 - c) No bonus issue shall be made within 12 months of any public or right issue.
 - d) Company can issue bonus shares in any ratio.
- 19) Right share are not offered to the existing equity shareholders if:
- a) The company in general meeting has so decided by a special resolution
 - b) Decided by an ordinary resolution and same has been approved by the central government
 - c) Right shares are offered to existing shareholders only.
 - d) Both a and b.

- 20) Which of the following reserves which can be utilised to make partly paid shares into fully paid up:
- Securities premium
 - Capital redemption reserve
 - Surplus arising from a change in the method of charging depreciation
 - Capital reserve from sale of fixed assets in cash
- 21) Which of the following statement is false:
- Bonus issue is made in lieu of dividend.
 - Bonus issue is not made unless the partly paid shares are made fully paid up
 - Bonus issue must be implemented within six months from the date of approval
 - Bonus is simply capitalisation of free reserve
- 22) Redeemable Preference shares can be redeemed out of _____
- The sale proceeds of Investments
 - The proceeds of a fresh issue of shares
 - Share premium
 - The proceeds of issue of debentures
- 23) When Redeemable Preference shares are due for redemption, the entry passed is
- Debit redeemable Preference Share capital a/c; Credit cash a/c
 - Debit Redeemable Preference share capital a/c; credit Preference shareholders a/c
 - Debit preference shareholders a/c; credit cash a/c
 - Debit preference shareholders a/c; credit capital reduction a/c
- 24) Which of the following can be utilized for the redemption of preference shares of a company out of profit:
- Shares forfeited account
 - Development rebate reserve account
 - Capital redemption reserve account
 - Dividend equalization reserve
- 25) Which of the following cannot be utilized for the redemption of preference shares of a company
- Securities premium on fresh issue of shares
 - General Reserve
 - Profit and Loss Account
 - Dividend equalization reserve
- 26) A company cannot issue redeemable preference shares for a period exceeding _____.
- 6 years
 - 7 years
 - 8 years
 - 20 years.
- 27) Which of the following cannot be used for the purpose of creation of capital redemption reserve account?
- Profit and loss account (credit balance)
 - General reserve account
 - Dividend equalization reserve account
 - Unclaimed dividends account
- 28) The Capital Redemption reserve is created for the following reasons:

- a) To Maintain the capital intact
 - b) To safeguard the interest company's creditors
 - c) Both of the above
 - d) None of the above
- 29) Which of the following accounts can be transferred to capital redemption reserve account?
- a) General reserve account
 - b) Forfeited shares account
 - c) Profit prior to incorporation
 - d) Securities premium account
- 30) According to sec. 100(1)(c) of the companies act, a company can pay back share capital which is in excess of need if:
- a) Authorized by articles
 - b) Confirmation of the court
 - c) Special resolution is passed to that effect
 - d) All of the above
- 31) Which of the following is not a statistical book of a company?
- a) Share application and allotment book
 - b) Register of share warrants
 - c) Register of shares and debentures transferred
 - d) Register of debenture holders
- 32) Share capital suspense account is opened when:
- a) Balance sheet is not tallied
 - b) When dividend is declared but not paid
 - c) When shares are forfeited
 - d) When application money is received but balance sheet is prepared before allotment of shares.
- 33) A new company set up by existing companies with five year track record can issue share at premium provided:
- a) Participation of existing companies are not less than 50%
 - b) Prospectus contains justification for issue price
 - c) The issue price is made applicable to all new investors uniformly.
 - d) All of the above
- 34) A company can issue share at a discount if
- a) One year have been elapsed since the date at which the company was allowed to commence business
 - b) Shares issued at a discount must belong to a class of shares already issued
 - c) Issue must take place within two months after the date of sanction by the court or within extended time.
 - d) All of the above
- 35) Which of the following statements are incorrect ?
- a) A company registered in india issues only Equity and Preference shares.
 - b) The preference share is that part of share capital which enjoys preferential rights regarding repayment of Capital and payment of Dividend.
 - c) A Public limited company can commence business as soon as it is incorporated.

- d) A private company can commence business after getting the certificate of incorporation.
- 36) In case of shares under writing commission will be
- a) 2%
 - b) 3%
 - c) 5%
 - d) None of these
- 37) In case of debentures underwriting commission will be
- a) 3%
 - b) 4%
 - c) 2.5%
 - d) 5%
- 38) If company wants to place shares to brokers they should give a maximum of _____ as brokerage commission.
- a) 3%
 - b) 2%
 - c) 1.5%
 - d) None of these
- 39) Profit and Loss Account shows the:
- a) Total Capital Employed
 - b) Profit and Loss through sale of assets
 - c) Profit earned by business
 - d) None of these
- 40) For a company, retained earnings represent:
- a) Contributed capital from shareholders
 - b) Profits retained by the company before tax is paid to the government
 - c) Net cash retained by the company before any payment of dividends to shareholders
 - d) Profits retained by the company after payment of dividends and after any transfer to and from reserves
- 41) The underwriting account is a Account
- a) Real Account
 - b) nominal account
 - c) personal account
 - d) none of the above
- 42) The commission due to sub-underwriter will to the underwriting account.
- a) be Debited
 - b) be Credited
 - c) Not be shown
 - d) none of the above
- 43) When 2 or more agencies or underwriters jointly underwrite an issue of securities , it is known as
- a) firm underwriting
 - b) sub-underwriting
 - c) syndicate underwriting

- d) complete underwriting
- 44) The term 'Financial Statement' covers
- Profit & Loss Statement
 - Balance sheet and Profit & Loss Statement appropriation account
 - Profit & Loss Statement and Balance sheet
 - All of above are false
- 45) The form of balance sheet as per companies Act 2013 is
- Vertical
 - Horizontal
 - Horizontal and vertical
 - Horizontal or vertical
- 46) The term current asset doesn't cover
- Car
 - Debtors
 - Stock
 - Prepaid expenses
- 47) The Basis of risk in insurance is
- liability
 - uncertainty
 - possibility of loss
 - insurance
- 48) To indemnify means to
- put back in the same financial position just prior to the loss.
 - put aside funds to pay for losses reported but not yet paid.
 - transfer risk to someone who has better financial resources and can withstand loss..
 - make financial provisions for dealing with potential losses.
- 49) The claim lodged by the business to on happening the event is known as insurance claim
- Banking company
 - Joint stock company
 - Insurance company
 - None of these
- 50) The account prepared to find out the stock as on the date of fire is known as trading accounts.
- statement
 - memorandum
 - consolidated
 - joint
- 51) The clause through which the insurance claim due to loss of stock is reduced to the proportion that the policy value is
- Total clause
 - minimum clause
 - maximum clause
- 52) than the value of stock it is called under insurance?
- Endowment p
 - Average clause
- The Is less olicity
- Life policy
 - Accident policy
 - Insurance policy
- 53) Insurance claim is a claim by the insurance company
- Lodged
 - Longed
 - Lounged
 - laughed
- 54) Consequential loss policy is also known as
- Loss of cost policy
 - loss of profit policy
 - loss of

Operation cost policy d. loss of operating expenses policy

- 55) is prepared to find out the stock as on the date of fire
a. Trading account b. Profit and loss account
c. manufacturing account d. memorandum trading account
- 56) Is the difference between standard sales and actual sales of dislocated period
a. short sales b. Total sales c. gross sales d. Net sales
- 57) The turnover during that period in the twelve month immediately before the date of damage which corresponds with the indemnity period is called
a. Annual turnover b. standard turnover c. total turnover
d. Net turnover
- 58) Investment made to earn regular income
a. marketable securities b. fixed investments c. Trade Investments d. short term investments
- 59) The price quoted includes interest
a. cum interest b. ex-interest c. excluding interest
d. None of these
- 60) Ex – dividend quotation
a. including dividend b. excluding dividend c. excess of dividend
d. cumulative of dividend
- 61) In respect of government security the price quoted is usually
a. Ex- interest b. cum interest c. including interest d. none of above
- 62) Short term investments made out of idle cash are called
a. marketable securities b. fixed investments
c. trade investments d. none of these
- 63) Trade investment are investment made for Period
a. short period b. long period c. Two years period
d. None of these
- 64) Ex – interest means
a. Inclusive of interest b. Including interest
c. Excluding interest d. None of these
- 65) Cum – interest means
a. Excluding interest b. Exclusive of interest
c. cumulative interest d. none of the above
- 66) Investment made for long period are called
a. marketable securities b. Temporary investments
c. Trade investment d. Short investment
- 67) investment made for earning regular income
a. short term investment b. marketable securities
c. Temporary investment d. Trade investment
- 68) Investment in government debentures , bonds etc. come under
a. variable income bearing securities

- b. Temporary income bearing securities
 c. Fixed income bearing securities d. none of the above
- 69) A ledger maintained where separate investment account prepared for a particular scrip is known as
- a. investment ledger b. purchase ledger c. Sales ledger
 d. none of these
- 70) When bonus share are received the average cost of the existing shares are
- a. Reduced b. Increased c. equal d. none of these
- 71) Bonus shares are issued by free reserves
- a. Generalizing b. Capitalizing c. equalizing
 d. None of these
- 72) Bonus shares are issued out of
- a. capital reserve b. free reserve c. share premium
 d. none of these
- 73) Right shares are issued to share holders
- a. previous b. existing c. future d. None of these
- 74) Investment account is Account
- a. Personal b. Nominal c. Real d. Revenue a/c
- 75) Sale of right is a receipt in case of right issue
- a. Revenue b. capital c. deferred revenue
 d. none of these
- 76) Brokerage is in the cost of investment in the books of Purchase of investment
- a. Added b. deducted c. increased d. subtracted
- 77) Interest accrued up to the date of sale of investments added to.....Price.
- a. Ex-interest b. Cum-interest c. inclusive interest
 d. None of these
- 78) A price which includes the interest for the period for which the seller hold the securities is termed as
- a. Cum – interest price b. Ex- interest price
 d. market price e. none of the above
- 79) The cost of right share is
- a. added to the cost of investments b. no treatment is required
 c. Subtracted from the cost of investments d. None of the above
- 80) Long term investments are carried at
- a. fair value b. cost price c. cost or market price which ever is less
 d. market price
- 81) Cost of investment includes
- a. purchase cost b. brokerage paid c. stamp duty paid
 d. All of the above
- 82) Short term investments are carried at
- a. Fair price b. cost price c. cost or market price which ever is less
 d. Market value

- 83) account is real account
 a. Brokerage b. Stamp duty c. purchase d. Investments
- 84) The claim lodged by the business to insurance company on happening the event
 a. Claim b. Loss of claim c. discharge d. insurance claim
- 85) The account prepared to find out the stock as on the date of fire
 a. Trading a/c b. Stock a/c c. Memorandum trading a/c
 d. loss of stock a/c
- 86) The insurance claim due to loss of stock is reduced to the proportion that the policy value bears to the value of stock
 a. Average clause b. Minimum clause c. Maximum clause
 d. loss of profit clause
- 87) The insurance policy is less than the value of stock
 a. Double insurance b. re –insurance c. under insurance
 d. over insurance
- 88) The insurance indemnifies the insured any loss of profit arising from interruption of the normal activity
 a. Loss of profit insurance b. full insurance c. total insurance
 d. fire insurance
- 89) The claim lodged by the business to the insurance company on happening the event of loss is called
 a. Insurance policy b. Insurance claim c. Insurance premium
 d. None of these
- 90) When a fixed asset is destroyed ,the loss of such asset on the date of fire can be ascertained from
 a. records b. accountant c. books of accounts
 d. None of these
- 91) When stock is destroyed the of loss is difficult
 a. computation b. reduction c. deduction d. allocation
- 92) Business concern often suffer due to different reasons .such as fire, theft, flood, strike, etc
 a. Normal losses b. abnormal losses c. natural losses
 d. None of these
- 93) A set of is to be followed to file a claim with the insurance company
 a. rules b. policies c. procedure d. None of these
- 94) Salvage value of stock to be from book value of stock
 a. added b. deducted c. corrected d. none of these
- 95) Average clause is a in the insurance company
 a. reserve b. fund c. provision d. none of these
- 96) Fire insurance policies contain an “.....” to discharge under insurance
 a. Total clause b. net clause c. Gross clause d. average clause
- 97) Fire insurance policies contain an “average clause” to discourage
 a. Over insurance b. fire insurance c. under insurance
 d. None of these

- 98) Net claim on under insurance is equal to Loss of stock x value of stock On the date of fire
 a. Policy value b. Total value c. total sales d. none of these
- 99) Gross profit on short sales are calculated as
 a. Gross profit x operating ratio b. short sales x gross profit ratio
 c. Short sales x net profit ratio d. short sales x operating ratio
- 100) Short sales is the difference between and actual sales of dislocated period
 a. net sales b. gross sales c. standard sales
 d. total sales
- 101) The amount of insurance to be paid at regular intervals
 a. policy b. claim c. commission d. premium
- 102) At the time of calculating insurance claim , the average clause is
 If the value of stock at the date of fire was more than the policy value.
 a. applicable b. obtainable c. receivable d. payable
- 103) Forfeiture of shares results in compulsory termination of-----due to non payment of allotment/callmoney
 a.allotment b.membership c.subscription d.issue
- 104) Companies Act 2013 is an Amendment to the companies Act_____.
 (a) 1947 (b) 1990 (c) 1956 (d) 1979
- 105) _____refers to the total amount of money which is obtained from subscribers on the shares of company.
 (a) Shares capital (b) Asset
 (c) Liabilities (d) Profit
- 106) Final a/c consists of trading a/c, profit & loss a/c and_____.
 (a) Realization a/c (b) balance sheet
 (c) Revaluation a/c (d) cash flow statement
- 107) Sundry creditor is a_____type of liability.
 (a) Current (b) Fixed
 (c) Long term (d) Short term
- 108) Debtors are shown under_____side of balance sheet.
 (a) Right (Asset) (b) left (liabilities)
 (c) Both a and b (d) None of the above

- 109) Capital profit must be transferred to_____.
- (a) Capital reserve a/c (b) Realisation a/c
(c) Profit&loss a/c (d) Revaluation a/c
- 110) Under profit prior incorporation, gross profit is allocated based on_____ratio.
- (a) Time (b) Sales
(c) Weight (d) Purchase
- 111) When expenses remain constant overall the financial year the they can be divided in_____.
- (a) Time ratio (b) Sales ratio
(c) Purchase ratio (d) none of the above
- 112) after the incorporation of a company all profits or losses are transferred to_____a/c.
- (a) Trading (b) Revaluation
(c) Profit&loss appropriation (d) Realisation
- 113) After getting minimum subscription of shares, the company has to allot shares with in-----days.
- a) 90 (b) 100 (c) 110 (d) 120
- 114) under companies act. 2013, the following income statement is prepared
- a) trading and profit & loss account b) profit & loss and profit & loss appropriation A/c
c)statement of profit % loss d) revenue account
- 115) profit prior to incorporation arises when
- a. a company is dissolved and new company is formed
b. a new company is formed is place of partnership firm
c. when there is an amalgamation of companies
d. running business is taken over by promoters of company at date prior to date of incorporation
- 116) profit before incorporation is of
- a) capital nature (b) revenue nature
c)both capital and revenue nature d) general reserves
- 117) profit prior to incorporation is
- e. credited to capital reserve b) debited to goodwill
f. profit & loss statement d) general reserve
- 118) securities premium account can be used for
- a) paying tax liability (b) paying dividend on shares

- c) allowing discount in reissue of forfeited shares d) to write off preliminary expenses
- 119) after the issue of forfeited shares, balance of forfeited shares account is transferred to
 a) capital reserves A/c b) share capital c) general reserves d) profit & loss A/c
- 120) preference shares have priority over equity shares for
 a) payment of dividend and repayment of capital b) voting in annual general meeting
 c) subscribe for new issue of shares and debentures d) interest on money invested in company
- 121) shareholders get:
 a) interest b) dividend c) bonus d) commission
- 122) debenture holders have right to receive.... even if there is no profit
 a) interest b) commission c) dividend d) bonus
- 123) debenture holders are the.... of the company
 a) owners b) customers c) creditors d) partners
- 124) dividends are usually paid as a percentage of
 a) authorized capital b) net profit c) paid up capital d) called up capital
- 125) debentures can be issued only
 a) at par b) at discount c) premium d) any of the above
- 126) If the minimum subscription is not received by the company, then the refund of application money should be made within -----days.
 a) 7 b) 9 c) 10 d) 22
- 127) Cancellation of shares mean
 a) Reissue of shares b) Valuation of shares
 c) Forfeiture of shares d) Allotment of shares
- 128) To issue shares on premium mean
 a) Issue on face value of shares b) Issue on more than face value of shares
 c) Issue on less than face value of shares d) Initial public offer
- 129) To issue shares on Par mean
 a) Issue on face value of shares b) Issue on more than face value of shares
 c) Issue on less than face value of shares d) Initial public offer
- 130) To issue shares on Discount mean
 a) Issue on face value of shares b) Issue on more than face value of shares
 c) Issue on less than face value of shares d) Initial public offer
- 131) Provision for Income Tax is _____
 a) Debited to P & L Appropriation A/c b) Debited to Profit and Loss A/c
 c) Debited to Trading A/c d) Credited to P & L Appropriation a/c
- 132) Corporate dividend tax is _____
 a) Computed on Net profit b) Computed on Share Capital
 c) Computed on Gross Profit d) Computed on Dividend paid
- 133) Dividend is paid on _____
 a) On Issued Share Capital b) On Subscribed Share Capital
 c) On Called up Share Capital d) On Paid up Share Capital
- 134) Dividend policy of a company mainly concern with
 (i) dividend payout and (ii) Stability of dividend

- a) Only (i) is correct b) Only (ii) is correct
 c) Both (i) and (ii) are correct. D) Both (i) and (ii) are incorrect.
- 135) The dividend on equity shares is only paid when dividend on ----- has already been paid.
 a) Debenture b) Preference Shares c) Bond d) Equity Shares
- 136) Unpaid calls are shown in the balance sheet of a company
 a) By adding it to the share capital b) By deducting it from the called-up share capital
 c) Under the head 'current assets' d) Under the head 'current liabilities'
- 137) Preference dividend is to be paid before-----.
 a) payment of debenture interest b) payment of income tax
 c) distribution of equity dividend d) all the above
- 138) If the whole of the issue of shares or debentures is underwritten it is known as-----
 -----.
 a) partial underwriting b) Incomplete underwriting
 c) Complete underwriting d) Firm underwriting
- 139) Kavitha Ltd issued shares of Rs. 1,000 each at Rs. 950. The underwriting Commission will be paid on
 a) Rs. 1,000 b) Rs. 950 c) Rs. 1,950 d) Rs. 50
- 140) The underwriting commission in case of preference shares/ debentures beyond Rs. 5 lakhs as per SEBI guidelines, should not exceed
 a) 2% b) 2.5% c) 5% d) 1.5%
- 141) Transfer to capital redemption reserve account is not allowed from-----
 -----.
 a) Profit and loss account b) Debenture redemption fund
 c) Workmen's Accident fund d) profit prior to incorporation
- 142) Post acquisition profits are treated as-----.
 a) Revenue profit b) capital profit c) capital reserve d) revenue reserve
- 143) Company can issue redeemable preference shares which are redeemable within---
 -----.
 a) 10 years from the date of issue. b) 5 years from the date of issue
 c) 7 years from the date of issue d) 2 years from the date of issue.
- 144) In what form is the profits of the company are distributed amongst the shareholders?
 a) shares b) premium from issue of share c) reserves d) dividend
- 145) The dividend that is declared between AGM is-----.
 a) Interim dividend b) final dividend C. semi dividend d) half-yearly dividend
- 146) The total remuneration payable to the managerial personnel should not exceed-----
 -----net profits.
 a) 5% b)10% c) 11% d) 15%
- 147) Private company has minimum-----.
 a) 2 directors b) 5 directors c) 10 directors d) 20 directors
- 148) Forfeited shares to become-----.
 a) property of the government. B) property of the company
 c) property of the shareholders d) property of all the shareholders

- 149) Profit on cancellation of own debentures is transferred to-----.
- a) Profit & loss account b) Dividend equalisation account
c) Capital reserve d) none of the above
- 150) Debentures represent the-----
- a) manager's share in a business. b) investment by shareholders in a business
c) long term borrowing of a business d) none of the above
- 151) Discount on issue of debentures is shown under the heading in a company's Balance Sheet-----
- a) Fixed assets b)loans and advances c) investment d) miscellaneous expenditure
- 152) Profit prior to incorporation is the profit earned-----.
- a) between the date of incorporation and the date of commencement of business.
b) between the date of purchase and date of incorporation
c) between the date of incorporation and date of receipt of commencement of business.
d) between the date of purchase of business and date of commencement of business.
- 153) Profit prior to incorporation belongs to -----.
- a) the company b) the vendor c) both the company and the vendor d) none of the above
- 154) Profit prior to incorporation should be credited to-----.
- a) goodwill account b) revenue reserve account
c) capital reserve account d) none of the above
- 155) Loss prior to incorporation should be debited to-----.
- a) revenue reserve b) goodwill account
c) capital reserve account d) preliminary expenses account
- 156) Gross profit is to be apportioned between pre and post incorporation periods in-----.
- a) Time ratio b) adjusted time ratio c) sales ratio d) none of the above
- 157) Bad debts recovered which was written off before purchase of business should be-----.
- a) divided in time ratio b) divided in sales ratio
c) posted in pre - incorporation period d) Posted in post incorporation period
- 158) Audit fees should be divided between pre and post incorporation periods in-----.
- a) time ratio b) time ratio or posted only in post- incorporation period.
c) Sales ratio d) adjusted time ratio
- 159) The salary paid to manager, for a period before acquisition of business, should be-----.
- a) divided time ratio b) posted in pre - incorporation period
c) posted in post- incorporation period d) divided in adjusted time ratio.
- 160) Interest-paid to vendor should be divided between pre and post incorporation periods in -----.
- a) adjusted time ratio b) time ratio c) Sales ratio d) None of the above

- 161) Discount received from creditors and carriage inwards should be divided between pre and post incorporation periods in-----.
- a) Sales ratio b) purchase ratio c) adjusted time ratio d) None of the above.
- 162) In the balance sheet of a limited company, assets are arranged in the order of-----.
- a) liquidity b) permanence c) neither of the two d) either liquidity or permanence.
- 163) Advance payment of tax is in the nature of -----.
- a) capital expenses b) revenue expenses
c) pre-paid expenses d) outstanding expenses
- 164) In the liabilities side of the company's balance sheet, calls in arrears are shown-----.
- a) Under the heading Reserves and Surplus. b) Under the heading current liabilities
c) Under the heading Secured loans d) By subtracting the amount from the called up capital.
- 165) In the asset side of the company's balance sheet, fictitious asset like Discount on issue of shares are shown under the heading
- a) fixed assets b) investments c) current assets d) miscellaneous expenditure
- 166) Preliminary expenses are an example of-----
- a) fixed assets b) current assets c) fictitious asset. d) investment
- 167) Debentures are shown in the balance sheet under the heading
- a) unsecured loans b) current liabilities c) secured loans d) share capital
- 168) Interest on debenture is-----.
- a) variable in nature b) fixed in nature c) optional d) appropriation.
- 169) Profit on cancellation of own debentures are transferred to-----.
- a) P&L a/c b) capital reserve c) general reserve d) dividend equalization fund
- 170) The maximum remuneration payable to a part time director (without managing director(s) or whole time director(s), or manager) should not exceed-----.
- a) 1% of the annual profit b) 3% of the annual profits
c) 5% of the annual profits d) 10% of the annual profits
- 171) Interest on debentures is calculated on-----.
- a) Issue price b) Redeemable price c) Face value d) Market price
- 172) Own debentures account (at the time of purchase of own debentures) is always debited with
- a) the fair value b) the cum-interest price c) the ex-interest price d) face value
- 173) The balance of sinking fund investment account after the realization of investment is transferred to -----.
- a) P&L account b) Debentures account c) sinking fund account d) general reserve account

- 174) When debentures of Rs. 100 is issued for Rs. 95 and it is redeemable at Rs.5 premium, the amount which should be debited to loss on redemption of debenture account is -----.
- a) Rs. 5 b) Rs. 10 c) Rs. 95 d) Rs. 100
- 175) For ascertaining Pre incorporation profits, establishment expenses are apportioned in the -----
- a) Time ratio b) sales ratio c) purchase ratio d) None of the above
- 176) Interest paid to vendor should be divided between pre and post incorporation periods in-----
- a) adjusted time ratio b) time ratio c) sales ratio d) none of the above
- 177) Gross profit to be apportioned between pre and post incorporation period in -----
- .
- a) Time ratio b) sales ratio c) adjusted time ratio d) none of the above
- 178) Amount realised from sale of goods is shown in the statement of profit and loss as-----.
- a) other income b) revenue from operations c) any of the above d) none of the above
- 179) Dividend received by the financial company is shown in the statement of profit and loss as-----.
- a) other income b) revenue from operations c) other expenses d) none of the above
- 180) Trade payables include-----.
- a) creditors and bills payable b) debtors and bills payable
c) creditors and bills receivable d) debtors and bills receivable
- 181) trade receivables include -----.
- a) creditors and bills payable b) debtors and bills receivable
c) creditors and bills receivable d) debtors and bills payable
- 182) If the net tangible assets exceeds the purchase consideration, the difference will be treated as-----
- a) goodwill b)capital reserve c) acquisition cost d) capital redemption reserve
- 183) When shares or debentures are issued at a premium -----account should be credited with the amount of the premium.
- a) Share premium b) securities premium c) premium d) profit on issue of shares
- 184) Assets which have physical existence are called-----.
- a) Tangible b) intangible c) Current assets d) None of the above
- 185) Rent is divided in the ratio while calculating pre- incorporated profit.
- a) time ratio b) sales ratio c) adjusted time ratio d) purchase ratio
- 186) Loss prior top incorporation is to be shown in the assets side of the balance sheet under the heading-----.
- a) fixed assets b) loans and advances c) current assets d) Miscellaneous expenses
- 187) Electricity charges are to be apportioned between pre and post incorporation periods in
- a) time ratio b) sales ratio c) adjusted time ratio d) none of the above

- 188) For discharge of preference share capital-----is debited.
 a) shares in purchasing a/c b) preference share capital
 c) realization d) Debenture
- 189) Pre incorporation loss may be treated as goodwill and debited to -----
 -account
 a) Goodwill b) Loss c) profit and loss d) none of the above
- 190) Profit prior to incorporation are -----profits and are not available for
 dividend
 a) capital b) revenue c) All the above d) none of the above
- 191) If shares are bought back out of free reserves then a sum equal to nominal value
 of the shares so bought back is transferred to:
 a) Capital reserve account
 b) *Capital redemption reserve account (CRR)*
 c) General reserve account
- 192) Premium payable on buy back is adjusted out of:
 a) Securities premium account
 b) Free reserves
 c) *Both of the above*
 d) None of the above
- 193) For cancellation of shares at the time of buy back:
 a) Equity share capital a/c is debited and share holders account is credited
 b) *Shareholders account is debited and Equity share capital account is credited*
 c) Equity share capital is debited and CRR is credited
 d) Equity share capital is debited and Shares Surrendered is credited
- 194) The loss of profit covers loss of profit due to.....
 a) loss of sale
 b) non-recovery of standing charges
 c) loss of sales as well as loss of insured standing charges
 d) loss of sales plus standing charges
- 195) A building worth Rs.10,00,000 was insured for Rs. 6,00,000 . it was completely
 destroyed by fire. The loss to be admitted by the insurance company will be:
 a) 10,00,000 b)6,00,000 c)4,00,000 d) None of these
- 196) Section 198 of the companies Act 2013 contains the provisions relating to the
 manner of determination of net profit for the purpose of calculating
 the.....
 a) disposal of net profit b) managerial remuneration
 c) fair value of shares d) fair value of assets
- 197) Expenses incidental to the creation and floatation of a company are called
 a) underwriting expenses b) preliminary expenses
 c) trade expenses d) establishment expenses
- 198) goodwill in case of joint stock company is shown on the asset side of the balance
 sheet under the heading.....
 a) fixed assets b) current assets
 c) investments d) other assets

- 199) a company wishes to pay dividend on shares, state which of the following may be used for this purpose?
 a) premium on shares b) profit on sale of land
 c) profit on reissue of forfeited shares d) general reserve
- 200) Under which section of Companies Act 2013, a company can buyback its own shares?
 a) 68 b) 81 c) 62 d) none of these

ANSWERS

- | | | |
|-------|-------|-------|
| 1) c | 31) d | 61) a |
| 2) b | 32) d | 62) c |
| 3) a | 33) d | 63) a |
| 4) b | 34) d | 64) c |
| 5) a | 35) c | 65) c |
| 6) b | 36) c | 66) a |
| 7) c | 37) c | 67) b |
| 8) c | 38) c | 68) c |
| 9) c | 39) c | 69) a |
| 10) d | 40) d | 70) a |
| 11) a | 41) b | 71) b |
| 12) b | 42) a | 72) b |
| 13) b | 43) c | 73) b |
| 14) b | 44) c | 74) c |
| 15) c | 45) b | 75) b |
| 16) b | 46) a | 76) a |
| 17) a | 47) c | 77) a |
| 18) b | 48) a | 78) a |
| 19) d | 49) c | 79) a |
| 20) d | 50) b | 80) b |
| 21) a | 51) d | 81) d |
| 22) b | 52) d | 82) c |
| 23) b | 53) a | 83) d |
| 24) d | 54) b | 84) d |
| 25) a | 55) d | 85) c |
| 26) d | 56) a | 86) a |
| 27) d | 57) a | 87) c |
| 28) c | 58) b | 88) a |
| 29) a | 59) a | 89) b |
| 30) d | 60) b | 90) c |

- 91) a
92) b
93) c
94) b
95) c
96) d
97) c
98) a
99) b
100) c
101) d
102) a
103) b
104) c
105) a
106) b
107) a
108) a
109) a
110) b
111) a
112) c
113) d
114) c
115) d
116) a
117) a
118) d
119) a
120) a
121) b
122) a
123) c
124) c
125) d
126) c
127) c
128) b
129) a
130) c
131) b
132) d
133) d
134) c
135) b
136) b
- 137) c
138) c
139) b
140) a
141) d
142) a
143) b
144) d
145) a
146) c
147) a
148) b
149) c
150) c
151) d
152) b
153) a
154) c
155) b
156) c
157) c
158) a
159) b
160) a
161) a
162) b
163) c
164) d
165) d
166) c
167) c
168) b
169) b
170) c
171) c
172) c
173) c
174) a
175) a
176) a
177) b
178) b
179) b
180) a
181) b
182) b
- 183) b
184) a
185) a
186) d
187) a
188) b
189) a
190) a
191) b
192) c
193) b
194) c
195) b
196) b
197) b
198) a
199) d
200) a