

**CORPORATE ACCOUNTING II**  
**MULTIPLE CHOICE QUESTIONS**

- 1) General insurance policies are generally taken for  
a. One year    b. two year    c. three year    d. none of these
- 2) When a policy matures on the death of the insured , it is expressed as:  
a. With profit policy    b. without profit policy    c. whole life policy  
d. None of these
- 3) In the revenue account bonus in reduction of premium is shown as :  
a. Liability    b. Income    c. Expense    d. None of these
- 4) The fixed assets of an insurance company are shown in  
a. Schedule 6    b. Schedule 7    c. Schedule 8    d. None of these
- 5) Insurance Regulations and Development Authorities Act came to effect in :  
a. 1938    b. 1999    c. 2000    d. None of these
- 6) Which of the following of an insurance company does not fall under ' Income from investments ' .  
a. Interest and dividends                      b. Profit on sale of investments  
c. Share transfer fees                              d. None of these
- 7) Which of the following of an insurance company is included in other asset  
a. Loan to directors                      b. Agent's balance(dr)  
c. Advance tax paid                      d. None of these
- 8) Reserve for unexpired risk is shown under :  
a. Reserves and surplus    b. Current liabilities    c. Provisions  
d. None of these
- 9) In life insurance business , claims may arise on .....  
a. death    b. maturity    c. death or maturity    d. none of these
- 10) Surrender value is an expression that is used in case of .....  
Insurance business .  
a. Life                      b. Marine                      c. Fire                      d. None of these
- 11) ..... reserve is created to meet any loss due to natural calamity  
a. General reserve                      b. Special reserve    c. Catastrophe reserve  
d. None of these
- 12) Life insurance is contract of .....  
a. Guarantee    b. Indemnity    c. Profit    d. None of these
- 13) General insurance is a contract of .....  
a. Guarantee    b. Indemnity    c. Profit    d. None of these
- 14) Double insurance is common in ..... Insurance.  
a. Life                      b. Fire                      c. Marine                      d. None of these
- 15) Re insurance is generally found in ..... Insurance  
a. Fire                      b. Marine                      c. Life                      d. None of these
- 16) Commission of an insurance company is shown in schedule  
a. 2                      b. 3                      c. 4                      d. None of these
- 17) To ascertain profit in life insurance business .....  
Prepared.  
a. Revenue account                      b. Profit and Loss account  
c. Valuation balance sheet                      d. None of these
- 18) ..... of an insurance company are shown in schedule 9.  
a. Loan                      b. Fixed asset                      c. cash & bank balance  
d. None of these
- 19) Insurance Act came into effect in .....

- a. 1938      b. 1956      c. 1949      d. None of these
- 20) The agreement of insurance is called as.....  
a. Policy                      b. Premium      c. Annuity                      d. None of these
- 21) The consideration in insurance for covering the risk is called.....  
a. Claim                      b. Premium      c. Annuity                      d. None of these
- 22) ..... Is the party who undertakes the risk in insurance  
a. Insurer      b. Assurer                      c. Underwriter      d. All of these
- 23) The party whose risk is covered in insurance is known as  
a. Insurer                      b. Insured                      c. Underwriter      d. None of these
- 24) In ..... The insurer agrees to pay a certain sum of money to the Policyholder either on his death or a certain age, whichever is less.  
a. Fire insurance                      b. Marine insurance                      c. Burglary insurance  
d. Life insurance
- 25) General insurance includes .....  
a. Fire insurance                      b. Marine insurance                      c. Burglary insurance  
d. All of these
- 26) LIC was nationalized in .....  
a. 1935      b. 1950      c. 1956      d. 1964
- 27) Insurance business in India is regulated by .....  
a. LIC                      b. IRDA                      c. RBI                      d. SEBI
- 28) Under ....., the sum assured is given to the beneficiary only  
On death of policy holder  
a. Whole life policy      b. Endowment policy                      c. Annuity  
d. None of these
- 29) ..... is the amount payable to the insured on the happening of event.  
a. premium                      b. Annuity                      c. Claim                      d. Policy
- 30) An annual payment which an insurer guarantees to pay for lump sum money received in the beginning is called .....  
a. Premium                      b. Annuity                      c. Claim                      d. Policy
- 31) The amount given to the policy holder due to his liability of paying  
Further premium is called .....  
a. Annuity                      b. Bonus                      c. Surrender value                      d. Claim
- 32) ..... Is an arrangement between two insurance companies whereby one transfers a part of risk to other .  
a. Re insurance      b. Sub insurance                      c. Shared policy  
d. None of these
- 33) Revenue account is also called .....  
a. Share holders a/c      b. Policy holders a/c      c. Creditors a/c  
d. None of these
- 34) Valuation balance sheet is prepared by ..... business  
a. Fire insurance                      b. Marine insurance                      c. Life insurance  
d. All of these
- 35) The commission earned by insurance companies from others for giving them business under re insurance is called .....  
a. Commission on re insurance ceded  
b. Commission on re insurance accepted  
c. Agents commission                      d. None of these
- 36) The commission given by insurance companies to others for receiving  
Business under re insurance is called .....  
a. Commission on re insurance ceded  
b. Commission on re insurance accepted  
c. Agents commission                      d. None of these

- 37) The profit and loss amount of general insurance companies are prepared in .....
- Form A-PL
  - Form B – RA
  - Form B – PL
  - Form B – BS
- 38) The principles of subrogation is applicable to .....
- Fire insurance
  - Marine insurance
  - Burglary insurance
  - All of these
- 39) Fire insurance, marine insurance etc come under .....
- Life insurance
  - General insurance
  - Burglary insurance
  - Double insurance
- 40) In life insurance investments are come under the schedule .....
- Schedule 7
  - Schedule 8
  - Schedule XI
  - Schedule IX
- 41) A ..... Company should transfer 25% of its profit to a statutory Reserve
- Joint stock company
  - Insurance company
  - pvt ltd company
  - Banking company
- 42) Rebate on bill discounted is a ..... of the Banking company.
- Liability
  - Assets
  - Expense
  - Income
- 43) Banks are required to transfer ..... Of their profit to a statutory reserve
- 25%
  - 20%
  - 15%
  - 10%
- 44) Rebate on bills discounted is .....
- Income
  - Income received in advance
  - Asset
  - income accrued
- 45) Banking business in India is largely governed by the Banking Regulation Act.....
- 1932
  - 1956
  - 1949
  - 1938
- 46) ..... in India is largely governed by the Banking Regulation Act 1949 .
- Insurance business
  - Banking business
  - Joint stock company
  - Co-operative society
- 47) Banking business in India is governed by the ..... Act.
- Partnership
  - Company
  - Insurance
  - Banking regulations
- 48) A banking company should transfer 25% of its profit to a .....
- General Reserve
  - Capital Reserve
  - Statutory Reserve
  - Reserve fund
- 49) A ..... loan is payable on demand
- Short term
  - Demand
  - Fixed
  - Long term
- 50) Money at call and short notice is an ..... of the banking company.
- Liability
  - Asset
  - Income
  - Expense
- 51) A demand loan is payable on .....
- Demand
  - At any time
  - after one year
  - after six months
- 52) Banks shown provision for income tax under the head .....
- Other liabilities
  - Contingent liabilities
  - Other liabilities and provisions
  - None of these
- 53) No profit and loss appropriation account is prepared in case of a..... company.
- Co – operative society
  - Partnership
  - Banking company
  - None of these
- 54) Banks are required to prepare final accounts for each ..... year
- Financial
  - Calendar
  - Previous
  - None of these
- 55) A banking company required to prepare its profit & loss account according to ..... of the III schedule of the Banking Regulations Act.
- Form A
  - Form B
  - Form C
  - Form D
- 56) Rebate on bills discounted is shown on the liability side of the .....
- Profit & loss a/c
  - Income statement
  - Balance sheet
  - None of these
- 57) Revenue reserve means any reserve other than ..... Reserve
- General
  - Capital
  - Other reserve
  - None of these

- 58) A ..... Company required to prepare its balance sheet according to form A in the III schedule of the Banking Regulation Act  
 a. Insurance company      b. Joint stock company  
 c. Banking companies      d. None of the above
- 59) A banking company required to prepare final accounts according to ..... schedule of the Banking Regulation Act  
 a. III      b. IV      c. V      d. VI
- 60) A banking company required to prepare its ..... According to Form B in the III schedule of the Banking Regulations Act  
 a. Balance sheet      b. Profit & loss appropriations account  
 c. Profit & loss account      d. Position statement
- 61) A banking company prepares its ..... according to Form A of the Banking Regulations Act  
 a. Fund flow statement      b. Cash flow method      c. Balance sheet      d. Income statement
- 62) Section 5(1) b of Banking Regulations Act, 1949 deals with  
 a. Banking      b. Insurance      c. Bills      d. Dividend
- 63) Banking Regulations Act 1949 Section 17 deals with  
 a. General Reserve      b. Reserve fund      c. Capital reserve      d. Statutory reserve
- 64) Depreciation on bank property, directors fees, and auditors fees are examples of schedule.....  
 a. 13      b. 14      c. 15      d. 16
- 65) Assets which does not carry more than normal risk attach to business and no provision is required to be made against such assets are called  
 a. standard asset      b. substandard asset      c. Fixed asset      d. current asset
- 66) If Company A purchases the majority shares of Company B, what combination would this be referred to?  
 a. Amalgamation      b. Takeover      c. Absorption      d. None of the above
- 67) When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as .....  
 a. Amalgamation      b. Absorption      c. Internal reconstruction      d. External reconstruction
- 68) When one of the existing companies take over business of another company or companies, it is known as .....  
 a. Amalgamation      b. Absorption      c. Internal reconstruction      d. External reconstruction
- 69) While calculating purchase price, the following values of assets are considered  
 a. Book value      b. New values fixed      c. Average values      d. Market values
- 70) Shares received from the new company are recorded at –  
 a. Face value      b. Average price      c. Market value      d. None of the above
- 71) Which of the following statement is correct?  
 a. The amount of Goodwill or Capital Reserve is found out in the books of purchasing company only  
 b. The amount of Goodwill or Capital Reserve is found out in the books of vendor company only.  
 c.  $\text{Goodwill} = \text{Net Assets} - \text{Purchase price}$   
 d. The face value of shares of purchasing company will be taken in to account while calculating purchase consideration.
- 72) If the two companies have different accounting policies in respect of the same item, then they make necessary changes to adopt..... Accounting policies.  
 a. Lifo method      b. Fifo method      c. Weighted method      d. Uniform
- 73) The Amalgamation Adjustment Account appears in the books, it is shown under the heading of ..... in the balance sheet.  
 a. Reserve and Surplus      b. Fixed Assets      c. Investments      d. Miscellaneous expenditure
- 74) If amalgamation is in the ....., the General Reserve or Profit and Loss A/c balance will not be shown in the balance sheet.

- a. Form of Merger                      b. Form of purchase  
c. Net assets method                  d. Consideration method
- 75) If the intrinsic values of shares exchanged are not equal, the difference is paid in .....
- a. Cash      b. Debenture      c. Pref. share      d. Assets
- 76) In case of ....., one existing company takes over the business of another company and no new company is formed.
- a. Amalgamation      b. Absorption      c. Reconstruction      d. None of the Above
- 77) In amalgamation of two companies
- a. Both companies lose their existence      b. Both companies continue  
c. Any one company continues      d. None of the above
- 78) When purchasing company pays purchase consideration, it will be debited to
- a. Business purchase account      b. Assets account  
c. Liquidator of selling company's account      d. None of the above
- 79) When the purchasing company bears the liquidation expenses, it will debit the expenses to
- a. Vendor Company's Account      b. Bank Account  
c. Goodwill Account      d. None of the above
- 80) When the Vendor (seller) company agrees to bear liquidation expenses, it will debit
- a. Realisation Account      b. Bank Account  
c. Goodwill Account      d. None of the above
- 81) When the purchasing company does not take over a particular liability and the vendor company pays that liability, it will debit it to
- a. Realisation Account      b. Bank Account      c. Liability Account      d. None of the above
- 82) When the Net Assets are less than the Purchase Consideration, the difference will be
- a. Debited to Goodwill A/c.      b. Debited to General Reserve      c. None of these
- 83) While calculating purchase consideration ..... values of assets is to be considered.
- a. Book value      b. Revalued price      c. Average price      d. Capital
- 84) Net Assets minus Capital Reserve is \_\_\_\_\_
- a. Goodwill      b. Total assets      c. Purchase consideration      d. None of these
- 85) Hitanshi Ltd.'s purchase consideration is Rs.12,345 and Net Assets Rs.3,568, then.....
- a. Goodwill Rs. 8,777      b. Capital Reserve Rs. 8,777  
c. Goodwill Rs. 15,913      d. Capital Reserve R
- 86) The original amount of preference share capital should be transferred to ..... account in the time of amalgamation in the books of vendor co.
- a. Preference shareholders Account      b. Capital Reserve Account  
c. Equity share capital Account      d. Equity share capital Account
- 87) Both of the old companies will not exist in .....
- a. Internal reconstruction      b. Absorption  
c. External reconstruction      d. Amalgamation
- 88) When company purchases the business of another company ..... comes into existence.
- a. Amalgamation      b. Absorption      c. External Reconstruction      d. Internal Reconstruction
- 89) When liquidation expenses is paid and borne by seller company then it is debited to \_\_\_\_\_
- a. Bank A/c      b. Goodwill A/c      c. Realisation A/c      d. Capital Reserve A/c.
- 90) The shares received from the new company is recorded at
- a. Face value      b. Market value      c. Average price      d. None of these
- 91) If the market price of the shares to be given for Purchase Consideration at the time of absorption, ..... of the share is to be determined
- a. Fair Value      b. Face Value      c. Intrinsic Value      d. Yield Value
- 92) All direct & indirect expenses related to business are charged:
- a. Profit and loss account      b. Trading account  
c. Trading account Profit and Loss account      d. Directly to Balance sheet
- 93) Trade Payables are recorded in.....
- a. Asset side of B/S      b. Liability side of B/S      c. P & L a/c      d. None of the above
- 94) As per AS – 14 purchase consideration is what is payable to

- a. Shareholders      b. Creditors      c. Debentureholders      d. Shareholders and Debentureholders
- 95) Amalgamation is said to be in the nature of merger if:
- All assets and liabilities of transferor company are taken over by the transferee company.
  - Business of transferor company is intended to be carried on by the transferee company.
  - Purchase consideration must be paid in equity shares by the transferee company except for fraction shares.
  - All of the above
- 96) Amalgamate adjustment account is opened in the books of transferee company to incorporate:
- The assets of the transferor company
  - The liabilities of the transferor company
  - The statutory reserves of the transferor company
  - The non – statutory reserves of the transferor company
- 97) Goodwill arising on amalgamation is to be
- Retained in the books of the transferee company
  - Amortised to income on a systematic basis normally five years
  - Adjusted against reserves or profit and loss account balance
  - All of the above
- 98) Under pooling of interest method the difference between the purchase consideration and share capital of the transferee company should be adjusted to:
- General reserve
  - Amalgamation adjustment account
  - Goodwill or capital reserve
  - None of the above
- 99) Under purchase method the difference between the purchase consideration and share capital of the transferee company should be adjusted to:
- General reserve
  - Amalgamation adjustment account
  - Goodwill or capital reserve
  - None of the above
- 100) Which of the following is not deferred revenue expenditure?
- Heavy advertisement expenditure.
  - Expenses incurred in removing the business to more convenient premises.
  - Preliminary expenses.
  - Depreciation on fixed assets.
- 101) For amalgamation in the nature of merger, the shareholders holding at least \_\_\_\_\_ or more of the equity shares of the transferor company becomes the equity shareholders of the transferee company.
- 51%
  - 90%
  - 99%
  - 100%
- 102) AS – 14 is not applicable if when Transferee Company acquires Transferor Company and Transferor Company:
- Ceases to exist
  - Separate entity is Continue to exist
  - Applied in all cases
  - None of the above
- 103) A Ltd. and B Ltd. go into liquidation and a new company X Ltd. is formed. It is a case of
- Absorption
  - External reconstruction
  - Amalgamation.
  - commencement
- 104) X Ltd. goes into liquidation and a new company Z Ltd. is formed to take over the business of X Ltd. It is a case of:
- Absorption
  - External reconstruction
  - Amalgamation.
  - commencement.
- 105) Salary due to clerk is preferential for a period not exceeding
- 2 Month
  - 3 Month
  - 4 Month
  - 5 Month
- 106) Maximum \_\_\_\_\_ can be treated as preferential salary and wages
- 20,000
  - 25,000
  - 30,000
  - 10,000
- 107) When the expenses of liquidation are to be borne by the purchasing company, then the purchasing company debits:
- Vendor company's account
  - Bank account
  - Goodwill account.
  - Realisation A/c
- 108) When the purchasing company makes payment of the purchase consideration, it debits:
- Business purchase account
  - Assets account

- c. Vendor company's account. d. Realisation A/c
- 109) The share capital, to the extent already held by the purchasing company, is closed by the vendor company by crediting it to:  
 a. Share capital account b. Purchasing company's account  
 c. Realisation account. d. Business purchase account
- 110) X Ltd. goes into liquidation and an existing company Z Ltd. purchases the business of X Ltd. It is a case of:  
 a. Absorption b. External reconstruction c. Amalgamation. d. Liquidation
- 111) When the expenses of liquidation are to be borne by the vendor company, then the vendor company debits:  
 a. Realisation account b. Bank account  
 c. Goodwill account. d. Purchasing company account
- 112) For paying liabilities not taken over by the purchasing company, the vendor company credits:  
 a. Realisation account b. Bank account  
 c. Liabilities account. d. purchasing company account
- 113) The vendor company transfers preliminary expenses (at the time of absorption) to:  
 a. Purchasing Company account b. Realisation account  
 c. Purchasing company's account. d. Equity shareholders' account
- 114) Which of following is not Method of calculation of Purchas Consideration?  
 a. Lump sum Method b. Net Asset Method c. Net Payment Method d. Annuity Method
- 115) Merger of two or more companies or business undertaking to form new company mean  
 a. Reconstruction b. Amalgamation c. Absorption d. Commandment of Company
- 116) Which of following is not Method of winding of company?  
 a. Compulsory winding up b. Voluntary winding up  
 c. Winding up under the supervision of the court d. Knowingly winding up
- 117) The first item in order of payment to be made by liquidator is  
 a. Liquidation expenses b. Secured creditor  
 c. Preferential creditor d. Preference shareholder
- 118) Liquidator's statement of receipt and payment is known as  
 a. Cash flow statement b. Deficiency a/c  
 c. Statement of affairs d. Liquidator's final statement of A/c
- 119) In case of consolidation of share capital the total number of shares of the company-----.  
 a. Decreases b. Increases c. Equal d. None of the above
- 120) To carry out the scheme of capital reduction -----approval is necessary.  
 a. court b. central government c. Company Law Board d. registrars of company
- 121) Reserves of the company -----be utilised in meeting the accumulated losses at the time of internal reconstruction.  
 a. can b. cannot c. may be d. none of the above
- 122) The various losses can be written with the help of capital reduction account at the time of-----  
 ----- reconstruction.  
 a. External b. outsources c. Internal d. Surplus
- 123) The amount of surrendered shares is credited to -----account  
 a. capital reduction b. capital c. bank d. P&L
- 124) The capital reduction scheme can be implemented only after getting permission from-----.  
 a. Central government b. controller of capital issues  
 c. share holders d. the competent court.
- 125) Consolidation of shares does not affect the amount of-----.  
 a. Share capital b. creditors c. Debtors d. Bank overdraft
- 126) A company can convert fully paid -----into stock and also reconvert -----back into shares  
 a. securities b. Debentures c. Deposits d. share,stock

- 127) Any debit balance in P&L a/c represents -----and such losses will be written off as part of capital reorganization.
- Gains
  - resources
  - accumulated losses
  - Incomes
- 128) In the scheme of capital reduction, any new liability to be provided for, such as arrears of preference dividend, must be met out of-----account.
- income reduction
  - trading
  - capital reduction
  - debtors
- 129) For refunding surplus capital-----is credited.
- share holders a/c
  - creditors a/c
  - Liabilities a/c
  - share holders a/c
- 130) For any sacrifice made by debenture holders or creditors-----is credited.
- capital reduction account
  - Bank account
  - capital reserve account
  - Asset account
- 131) When the purchasing company allots shares at market price the calculation of purchase consideration is based on-----.
- Market price
  - Paid up value
  - Average of the above two
  - None of the above
- 132) In case of sub-division of share capital the total number of shares—
- Increases
  - Decreases
  - Does not change.
- 133) If the shares of smaller denomination-are converted into the shares of higher denomination without changing the total amount of share capital, then it is a case of—
- Consolidation of share capital
  - Sub-division of share capital
  - Decrease in unissued share capital.
- 134) When a company converts its equity shares into the capital stock, then the account to be credited is—
- Equity share capital account
  - Equity capital stock account
  - No entry is required.
- 135) A Ltd. with a share capital of 10,000 equity shares of Rs. 10 each fully paid decides to repay Rs. 5 per share thus making each share of Rs. 5 fully paid. It is a case of—
- Reducing share capital by returning the excess capital
  - Reducing the liability on account of uncalled capital
  - Reducing the paid-up capital.
136. For writing off the accumulated losses under the scheme of capital reduction, we debit—
- Share capital account
  - Accumulated losses account
  - Capital reduction account..

137. If there is any balance in the capital reduction account after writing off all the accumulated losses, then the same is transferred to —

- a. Share capital account
- b. Capital reserve account
- c. General reserve account.

138. A company has issued capital of 10,000 equity shares of Rs. 10 each fully paid. It decides to convert its capital into 20,000 equity shares of Rs. 5 each. It is a case of

- a. Consolidation of share capital
- b. Sub-division of share capital
- c. Decrease in unissued share capital.

139. If the creditors are willing to reduce their claims against the company, (hen the amount of reduction in their claim will be transferred to

- a. Share capital account
- b. Creditors account
- c. Capital reduction account.

140. Any loss on revaluation of the assets at the time of internal reconstruction, will be charged from—

- a. Revaluation account
- b. Share capital account
- c. Capital reduction account.

141. In which of the following cases, procedure of reduction of capital is not called for:

- a. Redemption of preference shares
- b. Forfeitures of shares
- c. Surrender of shares or gift of shares
- d. All of the above

142. In a scheme of reorganisation amount of shares surrendered by shareholders is transferred to:

- a. Capital reduction account
- b. Shares surrendered account
- c. Capital reserve account
- d. Reserve capital account

143. Amount sacrificed by shareholders are credited to:

- a. Capital reduction account
- b. Shares surrendered account
- c. Capital reserve account
- d. Reserve capital account

144. To carry out capital reduction, permission is required from:

- a. The Competent Court
- b. Company law Board

c. Central government

d. SEBI

145. As per AS – 14 purchase consideration is what is payable to

- a. Shareholders
- b. Creditors
- c. Debentureholders
- d. Shareholders and Debentureholders

146) When amalgamation is in the nature of merger, the accounting method to be followed is:

- a. Equity method
- b. Purchase method
- c. Pooling of interests method
- d. Consolidated method

147. When amalgamation is in the nature of Purchase, the accounting method to be followed is:

- a) Equity method
- b) Purchase method
- c) Pooling of interests method
- d) Consolidated method

148. Amalgamation is said to be in the nature of merger if:

- a) All assets and liabilities of transferor company are taken over by the transferee company.
- b) Business of transferor company is intended to be carried on by the transferee company.
- c) Purchase consideration must be paid in equity shares by the transferee company except for fraction shares.
- d) All of the above

149. Amalgamate adjustment account is opened in the books of transferee company to incorporate:

- a) The assets of the transferor company
- b) The liabilities of the transferor company
- c) The statutory reserves of the transferor company
- d) The non – statutory reserves of the transferor company

150. Goodwill arising on amalgamation is to be

- a) Retained in the books of the transferee company
- b) Amortised to income on a systematic basis normally five years
- c) Adjusted against reserves or profit and loss account balance
- d) All of the above

151. Under pooling of interest method the difference between the purchase consideration and share capital of the transferee company should be adjusted to:

- a) General reserve
- b) Amalgamation adjustment account

- c) Goodwill or capital reserve
- d) None of the above

152. Under purchase method the difference between the purchase consideration and share capital of the transferee company should be adjusted to:

- a) General reserve
- b) Amalgamation adjustment account
- c) Goodwill or capital reserve
- d) None of the above

153. For amalgamation in the nature of merger, the shareholders holding at least \_\_\_\_\_ or more of the equity shares of the transferor company becomes the equity shareholders of the transferee company.

- a) 51%
- b) 90%
- c) 99%
- d) 100%

154. AS – 14 is not applicable if when transferee company acquires transferor company and transferor company:

- a) Ceases to exist
- b) Separate entity is Continue to exist
- c) Applied in all cases
- d) None of the above

155. Accumulated profits include:

- a) Provision for doubtful debts
- b) Superannuation fund
- c) Workmen's compensation fund.

156. Liabilities (not accumulated profits) of a company include—

- a) General reserve
- b) Pension fund
- c) Dividend equalisation fund.
- d) Workmen's compensation fund

157. When the expenses of liquidation are to be borne by the vendor company, then the vendor company debits:

- a) Realisation account
- b) Bank account
- c) Goodwill account.
- d) Revaluation account

158. When the expenses of liquidation are to be borne by the purchasing company, then the purchasing company debits:

- a) Vendor company's account
- b) Bank account
- c) Goodwill account.
- d) capital account

159. When the purchasing company makes payment of the purchase consideration, it debits:

- a) Business purchase account
- b) Assets account
- c) Vendor company's account.
- d) Reserve

160. The vendor company transfers preliminary expenses (at the time of absorption) to:

- a) Equity shareholders' account
- b) Realisation account
- c) Purchasing company's account
- d) Goodwill account.

161. For paying liabilities not taken over by the purchasing company, the vendor company credits:

- a) Realisation account
- b) Bank account
- c) Liabilities account.
- d) Capital account

162. In case of inter-company holdings, the purchasing company, at the time of payment of the purchase consideration, surrenders the shares in the vendor company by crediting:

- a) Vendor company's account
- b) Shares in the vendor company account
- c) Share capital account.

163. The share capital, to the extent already held by the purchasing company, is closed by the vendor company by crediting it to:

- a) Share capital account
- b) Purchasing company's account
- c) Realisation account

164. Voluntary winding up:

- a. If period fixed for the company is expired.
- b. If company passes a special resolution the company wound up voluntarily.
- c. Members voluntary winding up is applicable to solvent companies only.
- d. *All of the above*

165. Compulsory winding up:

- a. If a company unable to pay its debt
- b. If the number of members of company reduced below statutory limit.
- c. If a company does commence its business within a year from its incorporation.
- d. *All of the above.*

166. The first item in order of payment to be made by liquidator is:

- a. Secured creditors
  - b. Preferential creditors
  - c. *Liquidation expenses*
  - d. Preferential creditors
167. Liquidator's statement of receipts and payment is known as:
- a. Cash flow statement
  - b. Cash book
  - c. *Liquidator's final statement of account*
  - d. Deficiency account
168. A contributory is
- a. A creditor
  - b. *A shareholder*
  - c. A debentureholder
  - d. A convertible debentureholder
169. A past member is not liable to contribute:
- a. In respect of any liability contracted after he ceased to be member of the company.
  - b. One year passed since he ceased to be a member.
  - c. In case of company limited by shares, no liability arises if shares are fully paid up.
  - d. *All of the above*
170. Which of the following statement is true:
- a. Preference share capital together with any arrears of dividend will have priority for payment over equity capital.
  - b. The holders of cumulative preference shares are entitled to arrears of dividend if there is a surplus after return of equity capital.
  - c. *Preference shares are treated as fully secured creditors.*
  - d. If articles provide for payment of arrear of dividend, then it must be paid even by contributories if shares are partly paid.
171. Which of the following is not a preferential creditor:
- a. All sum due to employee from a provident fund, pension fund, gratuity fund or any other fund maintained for welfare of employee.
  - b. Compensation under workmen's compensation act.
  - c. Amount due under employees state insurance act for 12 months previous to the winding up
  - d. *Amount due to employee under amalgamation or reconstruction*
172. "B" List of contributories are not liable:
- a. If shares are fully paid up
  - b. For liabilities after they cease to be member of the company.
  - c. If present shareholders paid the unpaid amount of the shares transferred by them.
  - d. *All of the above*
173. Assets acquired in satisfaction claims:
- a. Banking assets      b. Acquired assets
  - c. Purchased assets    d. Non banking assets
- 174) A statutory reserve is a compulsory reserve kept under banking regulation Act as per section
- a. 9   b. 15   c. 17   d. 18
- 175) The method of rapid posting from slips is known as
- a. Direct posting      b. Short cut posting
  - c. Slip system of posting    d. None of these
- 176) Claims against the bank not acknowledged as debt

- a. Contingent liability      b. Current liability
- c. Long term liability      d. Short term liability

177) Unexpired discount

- a. Prepaid discount      b. Outstanding discount
- c. Unearned discount      d. Rebate on bills discounted

178) NPA stands for

- a. Net profit account      b. Non performing assets
- c. Net performing assets      d. Net premium account

179) The insurance policy which matures only on death of the insured

- a. Endowment policy      b. Whole life policy
- c. With profit policy      d. Without profit policy

180) A policy which runs for a fixed period or up to a particular age of the insured

- a. Endowment policy      b. Whole life policy
- c. With profit policy      d. Without profit policy

181) The insurance effected by an insurance company with another insurance company

- a. Double insurance      b. Multiple insurance
- c. Reinsurance      d. Deinsurance

182) The outright sale of a policy by the insured to the insurance company before maturity of the policy

- a. Surrender of policy      b. Sale of policy
- c. Reversion      d. Bonus

183) It is the share of profit which a policyholder gets from the insurance company

- a. Bonus      b. Annuity      c. Claim      d. Premium

184) In insurance commission comes under schedule number

- a. 3      b. 4      c. 1      d. 2

185) In insurance share capital comes under schedule number

- a. 4      b. 7      c. 8      d. 5

186) The statement prepared by life insurance company to find out the profit

- a. Profit and loss account      b. Trading account
- c. Valuation balance sheet      d. Balance sheet

187) While calculating purchase price, the following values of assets are considered

- a. Book value      b. New values fixed      c. Average values      d. Market values

188) Shares received from the new company are recorded at –

- a. Face value      b. Average price      c. Market value      d. None of the above

189) Which of the following statement is correct?

- a. The amount of Goodwill or Capital Reserve is found out in the books of purchasing company only
- b. The amount of Goodwill or Capital Reserve is found out in the books of vendor company only.
- c. Goodwill = Net Assets – Purchase price
- d. The face value of shares of purchasing company will be taken in to account while calculating purchase consideration.

190) If the two companies have different accounting policies in respect of the same item, then they make necessary changes to adopt ..... accounting policies.

- a. Lifo method      b. Fifo method      c. Weighted method      d. Uniform

191) The Amalgamation Adjustment Account appears in the books, it is shown under the heading of ..... in the balance sheet.

- a. Reserve and Surplus      b. Fixed Assets      c. Investments      d. Miscellaneous expenditure

192) If amalgamation is in the ....., the General Reserve or Profit and Loss A/c balance will not be shown in the balance sheet.

- a. Form of Merger      b. Form of purchase      c. Net assets method      d. Consideration method

193) If the intrinsic values of shares exchanged are not equal, the difference is paid in .....

- a. Cash      b. Debenture      c. Pref. share      d. Assets

194) In case of ....., one existing company takes over the business of another company and no new company is formed.

- a. Amalgamation      b. Absorption      c. Reconstruction      d. None of the Above

195) In amalgamation of two companies

- a. Both companies lose their existence      b. Both companies continue
- c. Any one company continues

196) When purchasing company pays purchase consideration, it will be debited to

- a. Business purchase account      b. Assets account      c. Liquidator of selling company's account

197) When the purchasing company bears the liquidation expenses, it will debit the expenses to

- a. Vendor Company's Account      b. Bank Account
- c. Goodwill Account      d. Realisation Account

198) When the purchasing company does not take over a particular liability and the vendor company pays that liability, it will debit it to

- a. Realisation Account      b. Bank Account
- c. Liability Account        d. Vendor company account

199) When the Net Assets are less than the Purchase Consideration, the difference will be

- a. Debited to Goodwill A/c.      b. Debited to General Reserve
- c. capital reserve            d. none of these

200) While calculating purchase consideration ..... values of assets is to be considered.

- a. Book value      b. Revalued price      c. Average price      d. Capital

## ANSWERS

	44) b	89) c	134) b	179) b
	45) c	90) b	135) a	180) a
1) a	46) b	91) c	136) c	181) c
2) c	47) d	92) c	137) b	182) a
3) c	48) c	93) b	138) b	183) a
4) d	49) b	94) a	139) c	184) d
5) b	50) b	95) d	140) c	185) d
6) c	51) a	96) c	141) d	186) c
7) b	52) a	97) b	142) b	187) b
8) c	53) c	98) a	143) a	188) c
9) c	54) a	99) c	144) a	189) a
10) a	55) b	100) d	145) a	190) d
11) c	56) c	101) b	146) c	191) d
12) a	57) b	102) b	147) b	192) b
13) b	58) c	103) c	148) d	193) a
14) a	59) a	104) b	149) c	194) b
15) d	60) c	105) c	150) b	195) a
16) a	61) c	106) a	151) a	196) c
17) c	62) a	107) c	152) c	197) c
18) a	63) d	108) c	153) b	198) a
19) a	64) d	109) c	154) b	199) a
20) a	65) a	110) a	155) c	200) b
21) b	66) b	111) a	156) b	
22) d	67) a	112) b	157) a	
23) b	68) b	113) d	158) c	
24) d	69) b	114) d	159) c	
25) d	70) c	115) b	160) a	
26) c	71) a	116) d	161) b	
27) b	72) d	117) a	162) b	
28) a	73) d	118) d	163) c	
29) c	74) b	119) c	164) d	
30) b	75) a	120) c	165) d	
31) c	76) b	121) a	166) c	
32) a	77) a	122) a	167) c	
33) b	78) c	123) c	168) a	
34) c	79) c	124) c	169) d	
35) a	80) a	125) a	170) c	
36) b	81) a	126) d	171) d	
37) c	82) a	127) c	172) d	
38) d	83) b	128) c	173) a	
39) b	84) c	129) d	174) d	
40) b	85) a	130) a	175) c	
41) d	86) a	131) a	176) a	
42) a	87) d	132) a	177) d	
43) a	88) b	133) a	178) b	