

B.Com.

IV Sem

CORPORATE ACCOUNTING

1. Which of the following funds is utilized for redeeming preference shares?
(a) P&L a/c (b) General reserve (c) Fresh issue capital (d) all of the above.
2. Which section of the companies Act 1956 will be applied for redemption of shares?
(a) Sec.17 (b) Sec.70 (c) Sec.18 (d) Sec.80.
3. What do you mean by divisible profit?
(a) Gross profit (b) Net profit (c) Capital profit (d) Profit available for dividend.
4. Bonus shares are issued to -----.
(a) Employees (b) Customers (c) Shareholders (d) Creditors.
5. Shares can be issued at -----.
(a) Par (b) Discount (c) Premium (d) all of these.
6. Share premium is ----- profit.
(a) Revenue profit (b) Capital profit (c) Loss (d) none of these.
7. Premium on redemption is ----- to the business.
(a) Capital profit (b) Revenue profit (c) Capital loss (d) Revenue loss.
8. The company which is amalgamated into another company is called -----.
(a) Transferor company (b) Transferee company (c) Holding company (d) Subsidiary co.
9. The premium on redemption taken from
(A) Profit and security premium (b) Fresh issue capital & share premium (c) Profit and fresh issue capital (d) CRR and fresh issue capital.
10. When 2 or more companies carrying on similar business go into liquidation and form a new company is called;
(a) Amalgamation (b) Absorption (c) External reconstruction (d) internal reconstruction.

11. The company which takes over another company is called -----.
- (a) Transferor company (b) Transferee company (c) Statutory Company (d) chartered company.
12. Free transferability of shares is one of the features of ----- company.
- (a) Public company (b) Private company (c) Statutory company (d) chartered company.
13. Only ----- shares can be redeemed.
- (a) Partly paid up (b) Fully paid-up (c) both fully and partly paid-up (d) none of these.
14. Convertible preferences shares can be converted into -----.
- (a) Debentures (b) Equity shares (c) Bond (d) Marketable securities.
15. No liquidation and no new formations identify the situation.
- (a) Absorption (b) amalgamation (c) Internal reconstruction (d) Consolidation
16. When an existing company takes over the business of one or more existing companies is called
- (a) Amalgamation (b) Absorption (c) Holding (d) Internal reconstruction.
17. This is a situation where there is compulsory liquidation and new formation
- (a) Amalgamation (b) Absorption (c) Redemption (d) Internal reconstruction
18. Redemption means -----.
- (a) Re payment of shares (b) Liquidation of business (c) Issue of shares (d) Forfeiture of shares.
19. Liquidation means -----.
- (a) Dissolution (b) Absorption (c) Amalgamation (d) Redemption.
20. Compulsory termination of ownership of shares is called -----.
- (a) Liquidation (b) Forfeiture (c) Amalgamation (d) Subdivision.
21. Identify the method of calculating purchase consideration.
- (a) Lump sum method (b) Net asset method (c) Net payment method (d) all of the above.
22. Purchase consideration is an amount payable by ----- company.
- (a) Transferor company (b) transferee company (c) Holding company (d) Subsidiary company.
23. What do you mean by intercompany holdings?

- (a) Shares held by Transferee Company in the transferor company.
- (b) Shares held by Transferor Company in the transferee company.
- (c) Shares held by both companies in one another
- (d) All of these.

24. In which of the situation a company creates CRR?

- (a) Divisible profit is used for redemption
- (b) Fresh issue capital used for redemption
- (c) Redeeming the debentures.
- (d) None of the above.

25. CRR stands for

(a) Capital revenue reserve (B) Capital redemption reserve (c) Capital receipt reserve (d) Capital receipt ratio.

26. What is the rate of corporate dividend tax?

- (a) 17% (b) 15% (c) 16% (d) none of the above.

27. The change in company's financial structure is called -----.

- (a) Reconstruction (b) Absorption (c) Amalgamation (d) Liquidation.

28. Reconstruction is done when company has -----.

- (a) Competition (b) Profit (c) Loss (d) none of these.

29. The decrease in the value of shares is called -----.

- (a) Sub division (b) Consolidation (c) Absorption (d) Forfeiture.

30. The sub division of shares results in -----.

- (a) Decrease in face value & increase in number of shares.
- (b) Increase in face value of shares.
- (c) Increase in number of shares.
- (D) increase in face value and decrease in number of shares.

31. The consolidation is a situation when -----.

- (a) Face value decreased and number of shares increased.
 - (b) Face value increased and number of shares decreased.
 - (c) Face value increased.
 - (d) Number of shares decreased.
32. Liquidation of an existing company and formation of a new company is called -----.
- (a) Absorption (b) External reconstruction (c) Internal reconstruction (d) Amalgamation.
33. ----- is the amount paid by the transferee company to transferor company.
- (a) Purchase consideration (b) Commission (c) Brokerage (d) Capital.
34. Commission received in advance to a ----- to the business.
- (a) Income (b) Expense (c) Loss (d) Liability.
35. Prepaid expense is an example for -----.
- (a) Fixed asset (b) Expense (c) Current asset (d) Current liability.
36. ----- is a method of preparing balance sheet.
- (a) Tallying (b) Grouping and marshalling (c) classifying (d) none of these.
37. Goodwill is an example of -----.
- (a) Wasting asset (b) Intangible asset (c) Tangible asset (d) Current asset .
38. Preliminary expense is a ----- asset.
- (a) Tangible (b) Fictitious (c) Current (d) Fixed.
39. The Preliminary expense written off debited in ----- account.
- (a) Profit and loss a/c. (b) Trading a/c (c) Manufacturing a/c (d) trial balance.
40. Corporate dividend tax is calculated on -----.
- (a) Dividend paid (b) Share capital (c) Unclaimed dividend (d) none of these.
41. Write an example for capital receipt.
- (a) Sale of goods (b) Share capital received (c) Sale of land (d) Interest on capital.
42. Patent is an example for -----.

(a) Current asset (b) Fixed asset (c) Intangible asset (d) Tangible asset.

43. The excess of income over expenditure is called -----.

(a) Capital (b) Profit (c) loss (d) Asset.

44. The difference between agreed value of asset and liabilities is called purchase consideration under --
----- method.

(a) Lump sum (b) Net asset (c) Net payment (d) intrinsic value.

45. Which is the journal entry to be passed in the books of transferee company for the Purchase of business.

(a) Liquidator of the transferor company Dr.

to business purchase.

(b) Business purchase a/c Dr.

To liquidator of the transferor company.

(c) Transferee company a/c Dr.

To Realization a/c.

(d) Transferor company a/c Dr.

To realization.

46. It is a scheme of re- organization in which all parties have sacrifice.

(a) Internal re construction (b) External re organization (c) Absorption (d) Amalgamation.

47. Who are the parties have sacrifice in the scheme of internal reconstruction.

(a) Shareholders (B) Unsecured creditors (c) Partially unsecured creditors (d) All of the above.

48. What is the journal entry for shares issued at premium?

(a) Bank a/c Dr.

To share capital .

(b) Bank a/c Dr.

To share premium

To share capital.

(c) Bank a/c Dr.

To share capital

To share premium.

(d) Share capital Dr.

To share premium
To bank.

49. ----- is a liability which may or may not happen in the future.

(a) Fixed liability (b) Current liability (c) Contingent liability (d) long term liability.

50. The authorized capital is also known as -----.

(a) Registered capital (b) Subscribed capital (c) issued capital (d) called up capital.

ANSWERS.

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|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1.D | 2.D | 3.D | 4.C | 5.D | 6.B | 7.C | 8.A | 9.A | 10.A | 11.B | 12.A | 13.B |
| 14.B | 15.C | 16.B | 17.A | 18.A | 19.A | 20.B | 21.D | 22.B | 23.C | 24.A | 25.B | 26.A |
| 27.A | 28.C | 29.A | 30.A | 31.B | 32.B | 33.A | 34.D | 35.C | 36.B | 37.B | 38.B | 39.A |
| 40.A | 41.C | 42.C | 43.B | 44.B | 45.B | 46.A | 47.D | 48.B | 49.C | 50.A | | |