

Financial Accounting - SEM VI

2019-20

Multiple Choice Questions

Amalgamation, absorption & External Reconstruction

1) Companies may combine in following ways

1- Absorption , 2- Amalgamation, 3- External reconstruction, 4- Internal reconstruction, 5- merger

- a) any of above
- b) None of above
- c) any except 4
- d) any except 5

2) If ABC limited and POR ltd are taken over by a new company XYZ Ltd it is called

- a) Absorption
- b) Amalgamation
- c) External reconstruction
- d) Internal reconstruction

3) If the POR Ltd and NML Ltd are taken over by a new company XYZ Ltd

- a) PQR Ltd & NML Ltd are know as “Purchasing Company”
- b) PQR Ltd & XYZ Ltd are know as “Purchasing Company”
- c) NML Ltd & XYZ Ltd are know as “Purchasing Company”
- d) XYZ Ltd is known as “Purchasing Company”

4) If the business of an existing Company ABC Ltd is taken over by an existing company PQR Ltd , it is called

- a) External reconstruction
- b) Internal reconstruction
- c) Absorption
- d) Amalgamation

5) If the business of a loss making company is taken over by a new company it is called

- a) Internal reconstruction
- b) External reconstruction
- c) Absorption

d) Amalgamation

6) When the merger involves liquidation of two existing companies and formation of one new company, it is called

a) Internal reconstruction

b) External reconstruction

c) Absorption

d) Amalgamation

7) A feature which is common in all cases of merger viz amalgamation

a) Purchase of one company by another company

b) Liquidation of atleast two companies

c) formation of atleast 1 new company

d) liquidation of atleast 1 company & formation of new company

8) When the merger involves liquidation of one sick company & formation of 1 new company, it is called

a) Internal companies

b) Absorption

c) External Companies

d) Amalgamation

9) Under the Companies Act, 1956

a) absorption includes amalgamation

b) amalgamation includes absorption

c) amalgamation excludes absorption

d) internal reconstruction includes external reconstruction

10) Accounting for Amalgamation is governed by

a) AS1

b) AS13

c) AS14

d) AS11

11) Accounting for Absorption is governed by

a) AS1

b) AS13

c) AS14

d) AS11

12) Accounting for Amalgamation by way of purchase is governed by

a) AS1

b) AS13

c) AS14

d) None

13) Accounting for Amalgamation by way of merger is governed by

a) AS1

b) AS13

c) AS11

d) None

14) According to AS14 Transferor company means a company

a) which is amalgamated into another company

b) into which a company is amalgamated

c) which is newly formed

d) None of above

15) According to AS14 Transferee company means a company

a) which is amalgamated into another company

b) into which a company is amalgamated

c) which is liquidated

d) None of above

16) According to AS14 Amalgamation falls into two categories

a) amalgamation & absorption

b) merger & purchase

c) amalgamation & reconstruction

d) external & internal reconstruction

17) On amalgamation P&L A/c Dr. balance of vendor company is

a) debited to realization a/c

b) credited to realization a/c

- c) debited to equity shareholders a/c
- d) credited to equity shareholders a/c

18) On amalgamation if dissolution expenses are paid as well as borne by the purchasing company

- a) Entries passed in purchasing & vendor company
- b) No entry is passed in the books of vendor company
- c) No entry is passed in the books of purchasing company
- d) No entry passed in the books of purchasing & vendor company

19) On amalgamation if preference shares are settled at a premium

- a) premium is credited to Realization a/c
- b) premium is debited to Realisation a/c
- c) Premium credited to security premium
- d) premium debited to capital reserve

20) On amalgamation the accounting procedure used by the vendor company

- a) same in all types of amalgamation
- b) different depending upon whether it is merger or purchase as per AS14
- c) different depending upon whether companies are private or public
- d) different depending upon amount of purchase consideration

21) All the assets & liabilities of the vendor company become the assets and liabilities of the purchasing company if amalgamation is in nature of

- a) merger
- b) absorption
- c) external reconstruction
- d) purchase

22) Under purchase method of amalgamation the reserves of the vendor company

- a) are not brought in the books of purchasing company
- b) only statutory reserve is brought in purchasing company books
- c) are brought in books of purchasing company
- d) only statutory reserve is not brought in the purchasing companies books

23) Amalgamation Adjustment Reserve should be shown as

- a) Fixed asset in balance sheet of purchasing company

- b) Fictitious asset in balance sheet of vendor company
 - c) reserves & surplus of purchasing company
 - d) Fictitious assets of purchasing company
- 24)** The amount paid by purchasing company for discharging debentures are
- a) ignored in calculation of purchase consideration by net payment method
 - b) ignored in calculation of purchase consideration by net asset method
 - c) considered while calculating purchase consideration by net payment method
 - d) considered while calculating purchase consideration by net asset method
- 25)** The amount paid by purchasing company to discharge contingent liability are
- a) ignored in calculation of purchase consideration by net payment method
 - b) ignored in calculation of purchase consideration by net asset method
 - c) considered while calculating purchase consideration by net payment method
 - d) considered while calculating purchase consideration by net asset method
- 26)** The amount paid by purchasing company to meet the expenses of winding up are
- a) ignored in calculation of purchase consideration by net payment method
 - b) ignored in calculation of purchase consideration by net asset method
 - c) considered while calculating purchase consideration by net payment method
 - d) considered while calculating purchase consideration by net asset method
- 27)** The unamortised expenditure not written off is
- a) ignored in calculation of purchase consideration by net payment method
 - b) ignored in calculation of purchase consideration by net asset method
 - c) considered while calculating purchase consideration by net payment method
 - d) considered while calculating purchase consideration by net asset method
- 28)** Liquidation expenses of vendor company agreed to be paid or reimbursed by purchasing company are
- a) considered while calculating purchase consideration by net payment method
 - b) considered while calculating purchase consideration by net asset method
 - c) ignored in calculation of purchase consideration by net payment method/net asset method
 - d) None
- 29)** As per AS 14 purchase consideration is payable to

- a) Shareholders
 - b) Shareholders & Debenture holders
 - c) Shareholders & Creditors
 - d) None of above
- 30) When amalgamation is in the nature of merger the accounting method to be followed is
- a) Equity
 - b) Pooling of interest
 - c) Purchase
 - d) None of above
- 31) Under purchase method of accounting the transferee company incorporates in its books
- a) Only assets & liabilities of transferor company
 - b) Only assets, liabilities & statutory reserve of transferor company
 - c) Only assets, liabilities & reserves of transferor company
 - d) None of the above
- 32) Goodwill arising on amalgamation is to be
- a) Retained in the books of transferee company
 - b) Amortised to income on a systematic basis
 - c) Adjusted against reserves and Profit & loss a/c of the transferee company immediately
 - d) None of above
- 33) The asset which is not taken in calculation of Net asset value is
- a) Machinery
 - b) Loose tools
 - c) Share issue expenses
 - d) Bills receivable
- 34) Pooling of interest is a method of
- a) Charging depreciation
 - b) Accounting for amalgamation
 - c) Calculation of purchase consideration
 - d) None of above
- 35) In which of the following methods purchase consideration is calculated on the basis of agreed value of the shares of the transferor company

- a) Net asset method
- b) Net payment method
- c) Intrinsic value method
- d) None of the above

36) Under purchase method any excess of the amount of purchase consideration over the net acquired assets of the transferor company should be recognized as

- a) Capital reserve
- b) Goodwill
- c) Profit & loss a/c
- d) None

37) Loss or Profit on Realisation A/c is transferred by the transferor company under amalgamation to

- a) Preference shareholders
- b) Equity shareholders
- c) P & L appropriation A/c
- d) None

38) Intrinsic value of each equity share of the transferor company is ₹250 and that of the transferee company is ₹400. The ratio of exchange of shares on the basis of intrinsic value is

- a) 2:1
- b) 8:8
- c) 8:5
- d) None

39) Value of shares based on agreed value of net assets is known as

- a) Intrinsic value
- b) Net value
- c) Depreciated value
- d) None

40) While recording purchase consideration in the books of vendor company

- a) Realisation A/c is debited
- b) Purchasing company A/c is debited
- c) Purchasing company A/c is credited

d) None

41) In case of amalgamation assets are transferred to realization A/c at which value

a) Net realizable value

b) Book value

c) Takeover value

d) None

41) In the books of purchasing/new company dissolution expenses paid by the purchasing company are

a) debited to P & L a/c

b) debited to Goodwill a/c

c) credited to P & L a/c

d) None

42) Any asset not taken over by the purchasing company is

a) ignored in NAV calculation

b) Considered in Nav calculation

c) Revalued in Nav calculation

d) None

43) No new company is formed in case of

a) Amalgamation

b) Absorption

c) External reconstruction

d) All of the above

44) The number of company liquidated in case of external reconstruction

a) 1 or more

b) 2 or more

c) Only 1

d) Only 2

45) In case of amalgamation the purchasing company can write off Goodwill against

a) Capital reserve

b) Statutory reserve

c) both a & b

d) None

Foreign Currency Translation

46) The mean of exchange rate during a period is

a) Average rate

b) Closing rate

c) Opening rate

d) None of above

47) The exchange rate at the balance sheet date is called

a) Average rate

b) Closing rate

c) Opening rate

d) None of above

48) The ratio of exchange between the two currencies is

a) Exchange rate

b) Closing rate

c) Reporting rate

d) Average rate

49) Currency other than reporting currency

a) Indian rupees

b) U S Dollars

c) Foreign currency

d) None

50) Currency used in presenting the financial statements

a) Reporting currency

b) Official currency

c) Foreign currency

d) None

51) Money held and assets & liabilities received or paid in fixed or determinable amount of money

a) Current items

- b) Non-monetary items
- c) Monetary items
- d) Forward exchange contract

52) Following is not an example of a monetary item

- a) Cash
- b) receivables
- c) payables
- d) fixed assets

53) Following is an example of a non-monetary item

- a) Debtors
- b) Creditors
- c) Bank a/c
- d) Investment

54) At each balance sheet date foreign currency monetary items should be reported

- a) using the exchange rate at the date of the transaction
- b) using the average of exchange rate at the date of the transaction & closing exchange rate
- c) using closing exchange rate at the date of balance sheet
- d) using lowest exchange rate during financial year.

55) Following balances should be translated at the closing rate

- a) Non-monetary items valued at historical cost denominated in a foreign currency
- b) Monetary items
- c) Non-monetary items which are carried in terms of fair value denominated in a foreign currency
- d) All the above

56) Following balances should be translated at the exchange rate on the date of the original transaction

- a) Non-monetary items valued at historical cost denominated in a foreign currency
- b) Monetary items
- c) Non-monetary items which are carried in terms of fair value denominated in a foreign currency
- d) All the above

57) Following balances should be translated at the exchange rate that existed when the values were determined

- a) Non-monetary items valued at historical cost denominated in a foreign currency
- b) Monetary items
- c) Non-monetary items which are carried in terms of fair value denominated in a foreign currency
- d) None of the above

58) No exchange difference will arise on

- a) Inventory, fixed assets, investments etc., valued at the historical cost denominated in a foreign currency
- b) Cash, debtors or creditors
- c) Inventory, fixed assets, investments which are carried in terms of fair value, denominated in a foreign currency
- d) (a) or (c)

59) The mean of the exchange rates in force during a period is known as

- a) Average rate
- b) Closing rate
- c) Reporting rate
- d) Fair rate

60) Reporting currency is the currency used

- a) In recording the financial transaction
- b) In presenting the financial transaction
- c) In settling the financial transactions
- d) None of the above

61) Foreign currency is a currency

- a) Used in recording the foreign transaction
- b) used in presenting foreign financial statements
- c) Other than the reporting currency of an enterprise
- d) Other than the Indian rupees

62) Non-monetary items

- a) are the items exchanged at fair value
- b) are the items other than assets & liabilities

c) are assets & liabilities other than monetary items

d) None of the above

63) Monetary items

a) are assets & liabilities to be received or paid in money

b) are assets to be received in fixed or determinable amounts of money

c) are money held and assets & liabilities to be received or paid in fixed or determinable amounts of money

d) None of the above

65) Non monetary items which are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the

a) Balance sheet

b) Transaction

c) Settlement

d) None of the above

66) The contingent liability denominated in foreign currency at the balance sheet date is disclosed by using the

a) Average rate

b) Closing rate

c) Non-monetary rate

d) Monetary rate

Liquidation of Comapnies

67) A company can be liquidated in any of the following ways under the companies Act,2013 after 1-4-2017

a) Compulsory winding up by the Tribunal

b) Voluntary winding up by the creditors or Members

c) Winding up under the supervision of the court

d) All of the above

68) List H shows the account

a) Deficiency or surplus

b) Preferential creditors

c) Fixed assets account

d) None of the above'

69) When company is wound up, all persons who ceased to be the shareholders within a year before the winding up are placed in the

a) 'A' List of Contributories

b) 'B' List of Contributories

c) 'C' List of Contributories

d) 'B' List of Contributories

70) If default is made in delivering the annual return to the Registrar, the company is likely to face

a) Compulsory winding up by the Tribunal

b) Voluntary winding up by the creditors or Members

c) Voluntary winding up by the Members

d) None of the above

71) Following is treated as over-riding preferential creditor

a) Retirement benefits of employees

b) Retirement benefits to workers

c) Salaries due to employees exceeding to ₹20,000

d) Remuneration to the investigator

72) Remuneration to investigator upon investigation of the affairs of company is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) Unsecured creditor

73) Amount of Govt. dues that arose within 12 months before the date of winding up is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) Unsecured creditor

74) Amount of Retirement benefits of employees exceeding ₹20,000 per employee is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) Unsecured creditor

75) Preference dividend in arrears on the date of winding up is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) added to Preference share capital

76) Amount of calls in advance is treated as

a) Secured creditor

b) asset not specifically pledged

c) preferential creditor

d) Unsecured creditor

77) Interest on unsecured loan and debenture is payable upto the date of actual payment

a) if the company is solvent

b) if the company is insolvent

c) whether the company is solvent or insolvent

d) None of the above

78) Accrued holiday remuneration becoming payable to any workman is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) Unsecured creditor

79) Liability for compensation under Workmen's Compensation Act is treated as

a) Secured Creditor

b) Over riding preferential creditor

c) Preferential creditor

d) Unsecured creditor

80) If the remuneration to Liquidator is payable as percentage of collection

a) include opening cash & bank balance

b) exclude closing cash and bank balance

c) exclude opening cash & bank balance

d) exclude both opening and closing cash & bank balance

81) If the remuneration to Liquidator is payable on distribution

a) exclude distribution to preferential & unsecured creditors & contributories

b) include distribution to preferential & unsecured creditors but exclude distribution to contributories

c) exclude distribution to preferential but include distribution to unsecured creditors & contributories

d) include distribution to preferential & unsecured creditors & contributories

82) All contributions payable during 12 months next under the Employees State Insurance Act, 1948

a) treated as overriding preferential creditors

b) treated as preferential creditors unless the company is being wound up voluntarily for the purpose of reconstruction

c) treated as unsecured creditors

d) treated as preferential creditors unless the company is being wound up compulsorily by the court.

83) A contributory is a

a) Unsecured creditor

b) Preferential creditor

c) Shareholder

d) Debentureholder

84) List 'A' in statement of affairs gives the list of

a) Assets specifically pledged

b) Assets not specifically pledged

c) Preferential creditors

d) Unsecured creditors

85) List 'E' in statement of affairs gives the list of

a) Preferential creditors

b) debenture holder

c) Unsecured creditors

d) Secured creditors

86) Secured creditors are shown in the statement of affairs under

a) List A

b) List B

c) List C

d) List D

87) Preferential creditors are shown in the statement of affairs under

a) List D

b) List B

c) List C

d) List A

88) The proceeds of assets not specifically pledged and the surplus of the assets specifically pledged is first available for

a) Preferential creditors

b) Unsecured creditors

c) Legal charges, liquidators remuneration & liquidation expenses

d) preference shareholders

89) Any sum due to an employee out of provident fund is an example of

a) Unsecured creditors

b) preferential creditor

c) secured creditor

d) Partly secured creditor

90) Bills were discounted to the extent of ₹ 10,000 of which bills of ₹4,000 are likely to be dishonoured hence the liability to rank in respect of these bills will be

a) ₹10,000

b) ₹4,000

c) ₹6,000

d) ₹14,000

91) when sale proceeds of pledged security is not sufficient to pay of secured creditors fully the balance due to them should be added to

a) Unsecured creditors

b) Preferential creditors

c) Equity share capital

d) Preference share capital

92) When the liquidated company has adequate cash to pay off all liabilities the interest on liabilities should be paid

a) Upto date of commencement of insolvency proceedings

b) Upto the date of actual payment of liabilities

c) Upto the date of payment to shareholders

d) None of the above

93) The underwriting commission in case of debentures as per the Companies Act shall not exceed

- a) 5% of issue price
- b) 10% of issue price
- c) 2.5% of issue price
- d) 2% of issue price

94) As per SEBI guidelines, the underwriting commission on equity shares

- a) 10% of the issue price
- b) 5% of the issue price
- c) 2.5% of the issue price
- d) 2% of the issue price

95) The underwriting commission in case of ₹ 4 lakhs preference shares capital subscribed to by the public, under ministry of finance guideline should not exceed

- a) 2.5%
- b) 1%
- c) 2%
- d) 1.5%

96) According to Companies Act the underwriting commission should not exceed

- a) 5%
- b) 2.5%
- c) 10%
- d) 1%

97) The underwriting commission is calculated on

- a) Net liability of the share value
- b) Firm Underwriting values of the shares
- c) Marked application of the share value
- d) Issue price of the shares underwritten

98) Unmarked application referred to

- a) Firm underwriting
- b) Applications issued by the company
- c) Application bearing the stamp of underwriter

d) Applications from the public received directly by the company without bearing any stamp of underwriter

99) When all the shares are underwritten by the underwriters it is called

- a) Firm underwriting
- b) Partial underwriting
- c) Complete underwriting
- d) None of the above

100) Marked applications refer to

- a) Applications bearing the seal of underwriting
- b) Application bearing the signature of underwriter
- c) Applications issued by company
- d) None of the above

101) R Ltd issued a debenture of ₹100 each at ₹90. The underwriting commission will be paid on

- a) ₹100
- b) ₹95
- c) ₹105
- d) ₹90

102) M Ltd issued shares at a face value of ₹100 with a premium of ₹20 per share . The underwriting commission will be calculated on

- a) ₹100
- b) ₹90
- c) ₹80
- d) ₹120

103) When the entire issue is underwritten by only one person his liability will be equal to

- a) No. of shares underwritten
- b) No. of shares underwritten minus no. of share applied for by the public
- c) No. of shares applied for by the public
- d) None of the above

104) Marked applications refer to

- a) Applications bearing the stamps of underwriters
- b) Applications carrying the signatures of public who applied for shares
- c) Applications carrying the stamp of company which offered the shares
- d) None of this

105) Unmarked applications refers to

- a) Applications bearing the stamps of underwriters
- b) Applications from public received directly by the company without bearing any stamp of underwriters
- c) Applications issued by the company to underwriters
- d) None of above

106) Underwriter is entitled to claim remuneration on

- a) The issue price of shares underwritten
- b) The face value of shares actually purchased
- c) The face value of shares not purchased by him
- d) None of the above

107) If the whole of the issue of share or debentures is underwritten it is know as

- a) Partial underwriting
- b) Sole underwriting
- c) Complete or full underwriting
- d) None of the above

108) If a part of the issue of shares or debentures is underwritten it is termed as

- a) partial underwriting
- b) complete underwriting
- c) Firm underwriting
- d) None

109) When an underwriter agrees to buy a definite number of shares in addition to unsubscribed shares it is termed as

- a) Partial Underwriting
- b) Firm Underwriting
- c) Complete Underwriting
- d) None

110) According to the companies act the commission payable to underwriter for underwriting shares should not exceed

- a) 5%
- b) 10%
- c) 2.5%
- d) 1.5%

111) One liquidation and one formation of a company is called

- a) Amalgamation
- b) Absorption
- c) External Reconstruction
- d) None of the above

112) Commission for underwriting shares as per the guidelines issued by stock exchange division of the department of economic affairs, Ministry of Finance (F14/1se/85-7-5-85) and also as per SEBI guidelines should not exceed

- a) 5%
- b) 2.5%
- c) 10%
- d) 1.5%

113) The underwriting commission in the case of debentures as per companies act, should not exceed

- a) 5% of the price at which debentures are issued
- b) 4% of the price at which debentures are issued
- c) 2.5% of the price at which debentures are issued
- d) None of the above

114) As per SEBI guidelines, commission payable to underwriters for underwriting preference shares or debentures upto ₹5,00,000 should not exceed

- a) 5%
- b) 2.5%
- c) 5%
- d) 1.5%

115) The underwriting commission in case of preference shares / debentures beyond ₹5,00,000 as per SEBI guidelines should not exceed

- a) 2%
- b) 2.5%
- c) 5%
- d) 1.5%

116) K Ltd. Issued shares of ₹1000 each at ₹950. The underwriting commission will be paid on

- a) ₹1000
- b) ₹950
- c) ₹1950
- d) ₹50

Accounting For Limited Liability Partnership

117) LLP should have minimum

- a) 7 Partners
- b) 50 Partners
- c) 2 Partners
- d) 3 Partners

118) The maximum no. of partners LLP can have is

- a) 7 Partners

b) 50 Partners

c) 2 Partners

d) No limit

119) Every limited liability partnership shall have atleast _____ designated partners who are individuals

a) 7

b) 50

c) 2

d) 3

120) Atleast _____ of the designated partners of every LLP shall be a resident in India

a) 1

b) 2

c) 3

d) 7

121) In absence of LLP agreement, the mutual rights of partners and in relation to LLP will be determined as per schedule____ of LLP Act 2008

a) I

b) II

c) VI

d) VIII

122) A LLP whose contribution exceeds ₹_____ is required to annually get its accounts audited by any chartered accountant in practice

a) 40 Lakhs

b) 1 Lakhs

c) 25 Lakhs

d) 50 Lakhs

123) A LLP whose turnover exceeds ₹_____ is required to annually get its accounts audited by any chartered accountant in practice

- a) 40 Lakhs
- b) 1 Lakhs
- c) 25 Lakhs
- d) 50 Lakhs

124) A LLP is governed by

- a) Partnership Act 1932
- b) LLP Act 2008
- c) Companies Act 1956
- d) Companies Act 2013

125) Following can become a partner in LLP

- a) Company incorporated in India
- b) LLP incorporated outside India
- c) Individual residents outside India
- d) Any of above

126) A partner of LLP has the following right only if provided in the LLP agreement

- a) Participate in management of LLP
- b) Get remuneration for participation in management of LLP
- c) share equal profits in LLP
- d) Transfer its rights to share in profits & losses of LLP

127) Assets & liabilities of vendor company are transferred to which account while closing the books

- a) Realisation A/c
 - b) Purchasing Companies a/c
 - c) Cash A/c
 - d) none of above
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Liquidation Of companies

128) A company is created by

- a) Law
- b) Nature
- c) Human being
- d) All of the above

129) Winding up by NCLT is called

- a) as voluntary winding up
- b) Compulsory winding up
- c) a & b
- d) None of the above

130) The petition for winding up is presented by

- a) Creditors
- b) Contributory
- c) Company
- d) All of the above

131) Equity shareholders are

- a) Priority claimants
- b) Second claimants
- c) Last Claimant
- d) No claimant

135) Pref. creditors are

- a) Taxes
- b) Dues to govt.
- c) Wages and salaries payable
- d) All of the above

136) Voluntary transfer is made by the company within

- a) 1 Year
- b) 2 Year
- c) 3 Year
- d) 5 Year

137) Liquidators statement is prepared under section

- a) 143
- b) 153
- c) 156
- d) 173

138) Compulsory winding up takes place if

- a) special resolution is passed by the company
- b) Company does not commence business within 1 year of incorporation
- c) The company is unable to pay its debt
- d) All of the above

139) In the case of compulsory winding up, official liquidator is appointed by

- a) Central Govt
- b) State Govt
- c) The registrar of company
- d) The high court

140) In case of members voluntary winding up liquidator is appointed by

- a) Central Govt
- b) The Registrar of companies
- c) The company in general meeting
- d) The Board of directors

141) In a statement of affairs secured creditors are shown in

a) List A

b) List B

C) List C

d) List D

142) In case of compulsory winding up statement of affairs is sent to

a) the official liquidator

b) the liquidator

c) the Govt

d) the High court

143) Deficiency or surplus A/C is prepared by as per List

a) H

b) B

c) C

d) E

144) Preferential creditors are included in the List

a) List C

b) List B

c) List D

d) List E

145) Govt dues that arose within 12 months before the date of winding up is treated as

a) Pref. Creditors

b) Sec. Creditors

c) Unsec. Creditors

d) None of the above

146) The retirement benefit of the employee exceeds ₹20,000 per employee is considered as

a) Unsec. Creditors

b) Pref. Creditors

c) Sec. Creditors

d) None of the above

147) Arrears of pref. div. on the date of winding up is

a) Added to Pref. Share capital

b) treated as sec. creditors

c) treated as unsecured creditors

d) None of the above

148) Calls received in advance is considered as

a) Unsec. Creditors.

b) Pref. Creditors

c) Sec. Creditors

d) None of the above

149) A contributory is a

a) Shareholder

b) Debenture holder

c) Sec. creditors

d) Unsec. Creditors

150) Amount due to an employee out of PF is

a) Pref. Creditors

b) Sec. Creditors

c) Un sec. Crs

d) None of the above

151) A company may wound up by NCLT when

a) Special resolution is passed

b) Company acted against national interest

c) Affair of the company are conducted in fraudulent manner

d) All of the above

152) Petition of winding up can be filed by

a) Contributory

b) ROC

c) Company

d) All of the above

153) Central Govt. Can present the petition to NCLT for winding up of company if the company has acted against

a) Sovereignty and integrity of India

b) Security

c) Public order

d) All of the above

Underwriting of Shares & Debentures

154) Every company issuing shares to the public must collect within 15 days

a) 80% of the issue

b) 90% of the issue

c) 45% of the issue

d) 25% of the issue

155) Time limit for collection of minimum subscription is

a) 15days

b) 21 days

c) 7 Days

d) 5 days

156) In case of shares commission cannot exceed

a) 3% of the issue price

b) 7.5% of the issue price

c) 5% of the issue price

d) 2.5% of the issue price

157) In case of debentures the commission cannot exceed

a) 2.5% of issue price

b) 7.5% of issue price

c) 5% of issue price

d) 10% of issue price

158) When entire issue is underwritten it is called

a) Full underwritten

b) Partial Underwritten

c) No underwritten

d) None

159) The applications which bear the stamp of underwriter are called as

a) Unmarked

b) Marked

c) Sealed

d) None of above

160) Underwriting commission 1 is debited to

a) Underwriting commission a/c

b) Underwriters commission a/c

c) Share allotment a/c

d) None of the above

161) Underwriting commission is calculated on

a) issue price of share underwritten

b) Net liability value

c) Marked application value

d) Firm underwriting value

162) Unmarked applications are

a) applications bearing no stamp of the underwriter

b) firm underwriting

c) applications recd. by the company

d) applications issued by company

163) When all shares are underwritten it is called

a) Firm underwriting

b) partial underwriting

c) Full underwriting

d) All of the above

164) When some of the shares are underwritten it is called

a) Firm underwriting

b) partial underwriting

c) Full underwriting

d) None of the above

165) SV Ltd issues shares of ₹100 each at 50% premium. Underwriting comm. Will be paid on

a) ₹100

b) ₹90

c) ₹150

d) All of the above

166) When entire issue is underwritten by Mr. Prem Kumar he is liable for

a) No. of shares applied by public

b) No. of shares underwritten

c) No. of shares underwritten less No. of shares applied by the public

d) None of the above

167) Marked applications are

a) applications stamped by underwriters

b) applications signed by the public

c) applications sealed by the company

d) None of the above

168) Unmarked applications are

a) applications stamped by underwriters

b) applications from public directly received by the company

c) applications given to the brokers

d) None of the above

169) Underwriters can claim remuneration on

a) FV of shares underwritten

b) issue price of shares underwritten

c) FV of shares actually purchased

d) None of the above

170) When the underwriter agrees to purchase a certain no. of shares in addition to unsubscribed shares it is called as

a) Firm underwriting

b) partial underwriting

c) Full underwriting

d) None of the above

171) Wide SEBI guidelines underwriting commission for pref. shares and debentures upto ₹5,00,000 should not exceed

a) 2%

b) 2.7%

c) 2.5%

d) 5%

172) Wide SEBI guidelines underwriting commission for pref. shares and debentures beyond ₹5,00,000 should not exceed

a) 2%

b) 1.5%

c) 2.5%

d) 5%

173) An underwriter is a person

a) who underwrites the issue

b) Who finds buyer for the share

c) who is broker

d) None of the above

174) A person cannot act as an underwriter unless he holds a certificate granted by

a) RBI

b) SEBI

c) ROC

d) MCA

175) When the benefit of the firm underwriting is given to the underwriters

a) Firms underwriting is not treated as unmarked applications

b) Firms underwriting is not treated as marked application

c) Firm underwriting is ignored

d) None of the above

176) When the benefit of firm underwriting is not given to underwriters

a) Firms underwriting is treated as unmarked applications

b) Firms underwriting is treated as marked application

c) Firm underwriting is ignored

d) None of the above

Accounting For LLP

177) Agreement for LLP is filed with

- a) ICAI
- b) NCLT
- c) MCA
- d) ROC

178) Certificate of incorporation of LLP is issued by

- a) Registrar of firms
- b) Registrar of companies
- c) Registrar of cooperative societies
- d) Registrar of university

179) A partner shall cease to be a partner on

- a) Death
- b) Retirement
- c) Winding up
- d) all of the above

180) Liability of a partner in LLP

- a) Limited
- b) Unlimited
- c) a & b
- d) None of the above

181) The consent of designated partner is filled with the ROC in

- a) Form 1
- b) Form 2
- c) Form 3

d) E-Form 4

182) Book of accounts of LLP are to be preserved for

a) 5 Years

b) 7 Years

c) 8 Years

d) 9 years

183) Books of accounts of LLP are maintained on

a) Cash basis

b) accrual basis

c) Cash or accrual basis

d) Cash & accrual basis

184) Contribution can be

a) Tangible

b) Intangible

c) Moveable/Immoveable property

d) All of above

185) Contribution by a partner to LLP is

a) Compulsory

b) not compulsory

c) as specified by the agreement

d) None of the above

186) Valuation of contribution may be made by

a) Practicing chartered Accountant

b) Practicing Cost Accountant

c) Panel member

d) any one of the above

187) Contribution has to be refunded on

- a) Death
- b) Insolvency
- c) Termination of membership
- d) any 1 of the above

188) Audit of LLP is compulsory when

- 1) Contribution exceeding ₹25lakhs
- b) Turnover exceed ₹50,00,000
- c) Turnover less then ₹20,00,000
- d) None of the above

189) Designated partner must obtain DPIN form

- a) The Central Govt
- b) The State Government
- c) The ROC
- d) Registrar of firms

190) Partner of LLP can be

- a) an individual
- b) a company
- c) a LLP
- d) all of the above

191) LLP can be dissolved by the order of

- a) NCLT
- b) High Court
- c) District court
- d) None of above

192) LLP has

- a) Perpetual succession
- b) No perpetual succession
- c) specified period of life
- d) None of the above

193) Minimum members required to form a LLP is

- a) 2 members
- b) 5 members
- c) 10 members
- d) 15 members

194) Rights/Duties of partners are governed by

- a) LLP agreement
 - b) Partnership deed
 - c) A/A
 - d) Byelaws
-

Accounting for Foreign Currency Translation

195) Conversion of currency is covered in AS

- a) 9
- b) 13
- c) 11
- d) 14

196) The exchange difference on settlement of liability specially for purchase of F A is transferred

- a) Assets
- b) exchange difference
- c) depreciation
- d) P & L

197) The balance in receivable as on the date of balance sheet is converted at rate

- a) on the date of sale of goods
- b) on the date of balance sheet
- c) on the date of subsequent recovery
- d) on the date of first recovery

198) The amount of payable for purchase on the date of balance sheet is converted at

- a) On the date of purchase
- b) on date of first payment
- c) on the date of subsequent payment
- d) on the date of balance sheet

199) The depreciation on fixed assets is converted at rate

- a) on date of balance sheet
- b) average during the year
- c) on date of purchase
- d) reopening date of year

200) Interest on loan is converted at rate on the date

- a) Of loan borrowed
- b) on accrual of interest
- c) of payment
- d) of balance sheet

201) Interest accrued on loan as on date of balance sheet is converted on date of

- a) of payment
- b) of balance sheet
- c) on loan borrowed
- d) average of b & c

202) The balance in exchange difference on transaction of export sale is transferred to

- a) sales a/c
- b) Drs. a/c
- c) P& L a/c
- d) trading a/c

203) The exchange difference arising due to import of raw material is transferred to

- a) purchase
- b) trading
- c) P & L a/c
- d) suppliers

204) The currency of enterprise preparing a/c is called

- a) foreign currency
- b) home currency
- c) reporting currency
- d) own currency

205) On first January 2018 XYZ Ltd invoiced goods to its USA client for \$10,000, payment was received on 1st March, 2018

The exchange rate was 1st Jan,2018 1\$ = ₹39 &

On 1st March 2018 1\$ = ₹40

The amount of difference in exchange transferred to P & La/c is

- a) ₹15,000
- b) ₹20,000
- c) ₹10,000
- d) ₹25,000

206) H ltd purchased a plant on 1st Jan,2018 but has not been paid for by 31st March, 2018, the date of closing the books . The cost of plant was \$1,00,000. The exchange rates were 1st Jan,2018 1\$ = ₹39 &

On 31st March 2018 1\$ = ₹40 . The exchange difference is

a) ₹1,00,000

b) ₹50,000

c) ₹1,50,000

d) ₹2,00,000

207) The non-monetary items are valued at

a) Market price

b) current price

c) Historical cost

d) Fluctuating price

208) Reporting currency is the currency used in

a) Settling financial transactions

b) Presenting financial statements

c) Recording financial transaction

d) None of the above

209) Foreign currency is a currency

a) Used in recording foreign transactions

b) in presenting foreign financial statements

c) other than reporting currency

d) none of above

210) The amount of exchange difference is recorded in

a) Foreign exchange fluctuation a/c

b) General reserve a/c

c) P & L a/c

d) None of the above

211) At the end of the year balance on foreign exchange fluctuation a/c is transferred to

a) General reserve a/c

- b) P & L a/c
 - c) B/s
 - d) None of the above
-

Additional Questions

212) 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

213) 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

214) 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%

215) 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

216) A Ltd. and B Ltd. go into liquidation and a new company X Ltd. is formed. It is a case of:

- a) Absorption
- b) External reconstruction
- c) Amalgamation.

217) 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:

- a) Absorption
- b) External reconstruction
- c) Amalgamation.

218) 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.

219) Accumulated profits include:

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

220) Liabilities (not accumulated profits) of a company include—

- a) General reserve
- b) Pension fund
- c) Dividend equalisation fund.

221) 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.

222) 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) Realisation account
- d) None of the above.

223) When the purchasing company makes payment of the purchase consideration, it debits:

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

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

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

225) For paying liabilities not taken over by the purchasing company, the vendor company credits:

- (a) Realisation account
- (b) Bank account
- (c) Liabilities account.

226) 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.

227) 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.

228) 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

229) 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

230) A contributory is

- a. A creditor
- b. A shareholder
- c. A debenture holder
- d. A convertible debenture holder

231) Salaries due to clerk is preferential for a period not exceeding:

- a. Two months
- b. Three months
- c. Four months
- d. Five months

232) Maximum _____ can be treated as preferential salary and wages.

- a. 20000
- b. 25000
- c. 30000
- d. 40000

234) "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

235) Share allotment account is a -----.

- A. personal account
- B. Real account
- C. Nominal account
- D. Impersonal account

236) Share Application account is a-----.

- A. Personal Account
- B. Real Account
- C. Nominal account
- D. Impersonal Account

237) The minimum share Application money is -----.

- A. 5% of the face value of shares
- B. 10% of the issue price of shares
- C. Re. 1 per share
- D. 15% of the face value of shares

238) Premium received on issue of shares is shown on-----.

- A. Note to Fixed Assets
- B. current liability note
- C. Note to reserves & surplus
- D. debit side of the P & L a/c

239) Premium on issue of shares can be used for -----.

- A. distribution of dividend
- B. writing off capital losses
- C. transferring to general reserve
- D. paying fees to directors

240) Premium received on issue of shares cannot be utilised -----.

- A. for the issue of bonus shares
- B. for writing off preliminary expenses
- C. for providing premium payable on redemption
- D. for distribution of dividend

241) Section -----of companies act 1956 deals with the scheme of stock invest

A. 69 to 70

B. 69 to 71

C. 69 to 72

D. 69 to 73

242) When shares issued at premium which of the following account is credited?

A. Security premium account

B. Share first call account

C. Share allotment account

D. Share forfeited account

243) Minimum number of members in case of public company is-----.

A. 4

B. 5

C. 6

D. 7

244) Maximum number of members in public limited company is -----.

A. 10

B. 20

C. 50

D. unlimited

245) After getting minimum subscription of shares, the company has to allot shares with in-----days.

A. 90

B. 100

C. 110

D. 120

246) 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

247) In case of public limited company, after getting the-----the company can start the business

- A. Memorandum of Association
- B. Table A
- C. Certificate of commencement of business
- D. Articles of Association

248) The amount of capital mentioned in MOA is -----.

- A. authorised capital
- B. issued capital
- C. reserve capital
- D. subscribed

249) The common feature between external & internal reconstruction

- A. One liquidation
- B. One new formation
- C. Running in losses
- D. None of above

250) If Mr X has purchased goods worth \$20,000 on 1st jan,2018 when exchange rate was 1\$ = ₹60 on credit. He closes his books on 31st March every year. The rate on 31st March 2018 was 1\$ = ₹62. The payment is made only on 29th May 2018 when exchange rate was 1\$ = ₹65. As on 31st March 2018 in Mr. X books their will be

- a) Loss on Outstanding DRs
- b) Profit on Outstanding Drs
- c) Loss on Outstanding Crs.
- d) Profit on outstanding Crs.

