

S.Y.B.COM

AFM – IV

MCQ's

- 1) A company is ____
 - a) voluntary association
 - b) compulsory association
 - c) illegal association
 - d) all of the above
- 2) A common seal for a company is ____
 - a) mandatory
 - b) optional
 - c) not needed
 - d) none of the above
- 3) A company is created by ____
 - a) Indian Companies Act
 - b) Partnership Act
 - c) Indian Income tax act
 - d) GST
- 4) A company ____
 - a) must have limited liability
 - b) must have unlimited liability
 - c) may have limited or unlimited liability
 - d) may not have any liability
- 5) A company comes to an end by ____
 - a) Operation of company law
 - b) death of any member
 - c) death of any director
 - d) retirement of any director
- 6) Private company must have minimum ____
 - a) 2 members

- b) 7 members
- c) 11 members
- d) 20 members

7) A private company cannot have members in excess of ____

- a) 50
- b) 100
- c) 200
- d) 500

8) Minimum members in a public company should be ____

- a) 2
- b) 7
- c) 50
- d) 100

9) A public company is one ____

- a) which is managed by public
- b) which is not a private company
- c) which is formed by public
- d) none of above

10) A private company must have ____ directors

- a) 2
- b) 7
- c) 10
- d) none of the above

11) A private companies can accept deposits from ____

- a) members only
- b) public
- c) investors
- d) Government

12) Minimum members required to constitute quorum in a public company is ____

- a) 5 members

b) 2 members

c) 7 members

d) 20 members

13) A public company ____

a) need not appoint Independent Directors

b) must appoint Independent Directors

c) Must appoint clean director

d) None of the above

14) A company limited by guarantee may be ____

a) limited by shares

b) limited by guarantee

c) limited by shares or limited by guarantees

d) all of the above

15) One person company concept was introduced by ____

a) Companies act 2013

b) Companies act 1956

c) Companies amendment act 2014

d) Partnership act 1932

16) The foreign company is one ____

a) which is incorporated outside India

b) which has a place of business in India

c) which conducts any activity in India

d) all of the above

17) The Auditor of a government company is appointed by ____

a) Central Govt

b) State Govt

c) Shareholders

d) Comptroller & Auditor General of India

18) Non profit company has the object of promotion of ____

a) education

b) commerce

c) Charity

d) all of the above

19) The person who conceives the idea of formation of a company is a ____

a) promoter

b) director

c) manager

d) leader

20) Reliance industries is promoted by ____

a) Dhirubai Ambani

b) Mukesh Ambani

c) Neeta Ambani

d) None of the above

21) Promoter has to ____

a) identify new idea

b) finalise

c) select the name

d) all of the above

22) Promotion of a company involves ____

a) Discovery of an idea

b) detailed investigation

c) assembling the requirements

d) all of the above

23) Maximum amount of share capital is mentioned in ____

a) A/A

b) Prospectus

c) M/A

d) all of the above

24) Authorised capital is also called as ____

a) nominal capital

b) registered capital

c) sanctioned capital

d) all of the above

25) Equity capital is ____

a) risk capital

b) carries fixed dividend

c) not refunded unless company is liquidated

d) a & c both

26) Bonus shares are issued to ____

a) Employees

b) Existing Equity shareholders

c) Existing preference shareholders

d) Directors

27) Sweat equity shares are issued to employees or director for ____

a) Providing technical knowhow

b) intellectual property

c) excellence in performance

d) both a & b

28) Debenture ____

a) carries fixed rate of interest

b) carries no voting right

c) carries no right of management

d) all of the above

29) Secured debentures are ____

a) secured by fixed assets

b) Secured by floating assets

c) Secured by directors

d) a & b

30) Reserves & surplus does not include ____

a) General Reserve

- b) Capital reserve
- c) Security premium
- d) Goodwill

31) Security premium is disclosed under_____

- a) Secured loans
- b) Unsecured loans
- c) Reserves & surplus
- d) provision

32) Provision includes_____

- a) Prov. For taxation
- b) Prov. For dividend
- c) Prov. For DDT
- d) Prov. For depreciation

33) Following is not an intangible asset___

- a) Goodwill
- b) Patents
- c) Copyrights
- d) Live stock

34) Tangible assets includes _____

- a) Land & Building
- b) Goodwill
- c) Preliminary expenses
- d) Underwriting commission

35) Following is a trade receivable___

- a) Debtors for goods
- b) B/R accepted by Drs
- c) Rent receivable
- d) a & b both

36) Livestock asset includes_____

- a) Land & Building

- b) Furniture
- c) Plant & M/c
- d) Horses

37) Loose tools also disclosed under _____

- a) Fixed assets
- b) Inventories
- c) Cash & Cash equivalent
- d) All of the above

38) Cash & cash equivalent includes _____

- a) Cash balance
- b) Bank balance
- c) Cheques & drafts at hand
- d) All of the above

39) A trade payable includes _____

- a) Creditors for goods
- b) Creditors for expenses
- c) Creditors for assets purchased
- d) All of the above

40) Balance sheet of a company is prepared in _____

- a) Horizontal Format
- b) Vertical format
- c) Analytical format
- d) All of the above

41) Balance sheet of a company is prepared as per schedule _____

- a) III
- b) IV
- c) V
- d) VI

42) The interest accrued on investment appears in the balance sheet under the head _____

- a) Current assets

b) Fixed assets

c) Loans & advances

d) Investments

43) Which of the following items do not come under reserves & surplus_____

a) CRR

b) General Reserve

c) Provident Fund

d) Sinking fund

44) Which of the following is not an example of fixed assets_____

a) Plant & M/c

b) Buildings

c) Loyalty

d) Patents

45) Which of the following items appear on the asset side of balance sheet_____

a) Capital Reserve

b) Security premium

c) Sinking fund investment

d) Specific reserve

46) Unclaimed dividend is shown under _____

a) Current liabilities

b) Current assets

c) Reserves & Surplus

d) None of the above

7) Following is not a fixed asset_____

a) Goodwill

b) Machinery

c) Vehicles

d) Loose tools

48) Following is not a secured loans_____

a) Debentures

b) Bank loans

c) Public deposits

d) None of the above

49) B/R is shown under _____

a) Loans and advances

b) Current assets

c) Current liabilities

d) Contingent liabilities

50) Bills payable is shown under _____

a) Current assets

b) Loans & advances

c) Current liabilities

d) Secured loans

51) Prepaid insurance is shown under _____

a) Current assets

b) Loans & advances

c) Current liabilities

d) Secured loans

52) Preference shares must be redeemed by company within a period of----

a) 10 years from date of issue

b) 20 years from date of issue

c) 15 years from date of issue

d) 25 years from date of issue

53) Issued capital of company is a part of _____

a) Authorised capital

b) Subscribed capital

c) Called up capital

d) Forfeited capital

54) Preference shares can be redeemed out of____

a) Divisible profits only

b) Capital reserve only

c) Divisible profit and fresh issue of shares only

d) All the above

55) The reserve which cannot be transferred to capital redemption reserve is -----

a) Security premium a/c

b) Revaluation reserve

c) Profit prior to incorporation

d) All the above options

56) If company wants to redeem preference share capital of Rs.5,75,000 and it has General reserve of Rs.6,00,000 then fresh issue required will be____

a) Rs.25,000

b) Rs.5,75,000

c) Rs.5,00,000

d) No fresh issue required

57) If company wants to redeem preference share capital of Rs.4,00,000 and it has General reserve of Rs.6,00,000 then fresh issue required will be _____

a) Rs.2,00,000

b) Rs.4,00,000

c) Rs.10,00,000

d) No fresh issue required

58) Balance of capital redemption reserve is shown under in balance sheet-----

a) Share capital

b) Reserves and surplus

c) Long term borrowing

d) Current liabilities

59) The capital redemption reserve a/c can be used for -----

a) Payment of dividend

- b) writing of losses
- c) Issue of fully paid up bonus shares
- c) Making shares fully paid up
- 60) Premium on redemption of preference shares is -----
- a) Loss to the company
- b) Profit to the company
- c) Income of the company
- d) Expenditure of company
- 61) Provisions regarding redemption of preference shares are given in ----
- a) section 78 of companies act 2013
- b) section 81 of companies act 2013
- c) section 98 of companies act 2013
- d) section 55 of companies act 2013
- 62) If preference shares are redeemed by converting them in to equity shares the amount transferred to CRR will be ____
- a) Equal to face value of preference shares
- b) Rs5,00,000
- c) Rs.1000,000
- d) No need to transfer
- 63) The following balance is not available for transfer to capital redemption reserve ____
- a) General reserve
- b) Dividend equalisation reserve
- c) Revaluation reserve
- d) Profit & loss a/c
- 64) If preference shares are redeemed at premium the premium cannot be provided for -----
- a) out of company's security premium a/c
- b) out of divisible profits
- c) Both 1st and 2nd option
- d) out of fresh issue of shares
- 65) If company redeems Rs. 1,00,000 preference shares by issue of Rs.70,000 Equity shares the capital redemption reserve will be-- --

- a) Rs.30,000
- b) Rs.50,000
- c) Rs.1,00,000
- d) Rs.45,000

66) When preference shares are redeemed out of profits an amount equal to face value of shares redeemed is to be transferred to --- --

- a) General reserve
- b) Capital redemption reserve
- c) security premium a/c
- d) Revaluation reserve

67) A company can redeem preference shares -----

- a) At par
- b) At premium
- c) At discount
- d) any one of above as per agreement

68) A company cannot issue -----

- a) redeemable cumulative preference shares
- b) redeemable non cumulative preference shares
- c) Irredeemable preference shares
- d) redeemable participating preference shares

69) The unpaid dividend of any year will lapse in case of -----

- a) non cumulative preference shares
- b) participating preference shares
- c) cumulative preference shares
- d) non participating preference shares

70) Which types of shares will have dividend in arrears ?

- a) cumulative preference shares
- b) Common shares
- c) non cumulative preference shares
- d) participating preference shares

71) If share of Rs.100 is issued at Rs.100 it is called -----

- a) Issue of shares at par
- b) issue of shares at premium
- c) issue of shares at discount
- d) any one of the above

72) If company redeems 1000 preference shares of Rs.100 each at 10% premium the amount payable to preference shareholders will be- ---

- a) Rs.1,00,000
- b) Rs.1,20,000
- c) Rs.90,000
- d) Rs.1,10,000

73) If company redeems 2,000 preference shares of Rs. 100 each at 15% discount then amount payable to preference shareholders will be

- a) Rs.2,00,000
- b) Rs.2,30,000
- c) Rs.1,70,000
- d) Rs.1,80,000

74) Preference shares can be redeemed out of

- a) Divisible profits only
- b) Capital reserve only
- c) Divisible profit and fresh issue of shares only
- d) All the above options

75) Loss on issue of debentures is treated as -----

- a) Revenue loss debited to P/L a/c
- b) Capital loss to be written off from capital reserve
- c) capital loss to be written off over the period of debentures
- d) capital loss to be shown as goodwill

76) The reserve which cannot be transferred to capital redemption reserve is -----

- a) security premium a/c
- b) Revaluation reserve
- c) profit prior to incorporation
- d) All the above

77) Balance of capital redemption reserve is shown under in balance sheet-----

- a) Share capital
- b) Resrves and surplus
- c) Long term borrowing
- d) Current liabilities

78) The capital redemption reserve a/c can be used for -----

- a) Payment of dividend
- b) writing of losses
- c) issue of fully paid up bonus shares
- d) Making shares fully paid up

78) The term Divisible profit means -----

- a) Which can be divided
- b) Out of which dividend can be declared
- c) Profit after tax
- d) profit before tax

79) Following is an example of Divisible profit____

- a) Security premium
- b) Voluntary DRR
- c) DRR
- d) CRR

80) Following is an example of non-Divisible profit____

- a) General reserve
- b) P & L cr.balance
- c) Capital reserve
- d) Voluntary CRR

81) Profit upto date of incorporation is_____

- a) Capital reserve
- b) Capital Profit
- c) Security premium

d) Capital profit

82) The relevant date for segregation of income & expenses is date of _____

a) Takeover

b) Incorporation

c) Business commencement certificate

d) Balance sheet

83) Expenses relating to the company should be allocated to _____

a) Pre incorporation

b) Post incorporation

c) None

d) Both

83) Expenses pertaining to vendor should be allocated to _____ period

a) Pre incorporation

b) Post incorporation

c) None

d) Both

84) The share transfer fee received is related to _____

a) Pre incorporation

b) Post incorporation

c) None

d) Both

85) The interest paid to vendors should be allocated in the ratio of _____

a) Time

b) Sale

c) Specific time period

d) None

86) The excess of consideration paid over net value of assets taken over is called _____

a) Goodwill

b) Capital Reserve

c) Security premium

d) Reserve capital

87) The excess of net assets over consideration is called _____

a) Capital reserve

b) Reserve capital

c) Goodwill

D) Security premium

88) The loss during pre incorporation period is called _____

a) Goodwill

b) Capital reserve

c) share capital

d) Security premium

89) The profit or loss during post incorporation period is transferred to _____

a) P & L A/c

b) Goodwill A/c

c) Capital reserve

d) Security premium

90) New Ltd took over the running business on 1st Jan.,2018. The company was incorporated on 1st May,2018. Accounts are closed on 31st Dec.,2018. Sale upto 30th April 2018 were ₹3,00,000 out of total sales of ₹15,00,000 of the year. The sales ratio is _____

a) 1:4

b) 1:2

c) 1:3

d) 1:5

91) The post incorporation profit is transferred to _____

a) Security premium A/c

b) Capital Reserve A/c

c) Net profit

d) None of the above

92) Loss prior to incorporation is transferred to _____

a) P & L A/c

b) Goodwill a/c

c) Capital Reserve A/c

d) Any of the above

93) Bad debts written off realised is shown under _____

a) Pre incorporation income

b) P & L A/c

c) Post incorporation

d) None of the above

94) For Computation of profit prior to incorporation, salary to Director is considered as _____

a) Pre incorporation expenditure

b) Post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time,

95) For Computation of profit prior to incorporation, interest on debentures is considered as _____

a) Pre incorporation expenditure

b) Post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

96) For Computation of profit prior to incorporation, discount allowed is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

97) Pre incorporation profit is available for _____

a) Payment of dividend

b) Payment of interest on debentures

c) Payment for fixed assets

d) None of the above

98) For computation of pre incorporation profit depreciation is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

99) For computation of pre incorporation profit, audit fees are _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

100) For computation of pre incorporation profit, income tax is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocate in the ratio of taxable profit

d) Allocated in time ratio

101) For computation of pre incorporation profit, freight outward is _____

a) Treated as post incorporation income

b) Allocated in time ratio

c) Allocated in sales ratio

d) Treated as pre incorporation income

102) For computation of pre incorporation profit, discount on debenture is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

103) For computation of pre incorporation profit, fixed cost is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

104) For computation of pre incorporation profit, insurance premium is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

105) For computation of pre incorporation profit, postage & Telegram is__

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

106) For computation of pre incorporation profit, sale commission is _____

a) Treated as pre incorporation expenditure

b) Treated as post incorporation expenditure

c) Allocated in the ratio of sales

d) Allocated in the ratio of time

107) Profit prior to incorporation is available for the payment of _____

a) Interest on debentures

b) Dividend

c) Fixed assets

d) None of the above

108) For computation of pre incorporation profit, salary to vendor is ____

a) Treated as pre incorporation item

b) Treated as post incorporation profit

c) Allocated in T.R

b) Allocated in S.R.

109) For computation of pre incorporation profit, travelling expenses are allocated to _____

a) Pre incorporation period

b) Post incorporation period

c) In Sales ratio

d) In Time ratio

110) For computation of pre incorporation profit, carriage on purchase is_____

a) Allocated in Sale ratio

b) Allocated in Purchase ratio

- c) Debited to pre incorporation period
 - d) Debited to post incorporation period.
-

111) debentures can be redeemed by _____

- a) Issue of cheque
- b) Transfer of fixed assets
- c) Transfer of investment
- d) Endorsement of bill of exchange

112) To provide funds for redemption company may _____

- a) Create Sinking fund
- b) Create Redemption fund
- c) Remain inactive
- d) Open new bank account

113) Uncollected redemption money should be shown as _____

- a) Loan
- b) Contingent liabilities
- c) Current liabilities
- d) Capital

114) The forms of redemption of debentures are specified at the time of _____

- a) Issue of debentures
- b) Allotment
- c) Receipt of application
- d) Redemption

115) The interest on investment representing sinking fund should be credited to _____

- a) P & L a/c
- b) Sinking Fund a/c
- c) Debentures a/c
- d) Capital reserve

116) After redemption of debentures, balance in sinking fund should be transferred to _____

- a) Capital reserve

- b) General reserve
- c) P & L a/c
- d) Security premium

117) The companies act requires creation of _____ by company issuing debentures.

- a) Capital redemption reserve
- b) Capital reserve
- c) Debentures redemption reserve
- d) Statutory reserve

118) RIL issued 500 debentures of ₹100 each . Holders of these debentures have an option to convert their holding to equity shares of ₹100 each at a premium of ₹25 at any time within 3 years from the date of issue. The no. of equity shares to be issued for conversion is _____

- a) 500 shares
- b) 400 shares**
- c) 625 shares
- d) 375 shares

119) Kavita limited issued 50000 , 8% Debentures of ₹10 each at par which are redeemable after 5 years at the premium of 20 % . The amount of loss of redemption of debentures to be written of every year is _____

- a) ₹40,000
- b) ₹10,000
- c) ₹20,000
- d) ₹5,000

120) Debentures may be _____

- a) Secured
- b) Unsecured
- c) Redeemable
- d) All of the above

121) Interest on sinking fund investment is credited to _____

- a) Sinking fund a/c
- b) P & L a/c
- c) P & L appropriation a/c
- d) None of the above

122) Loss on sale of sinking fund investment is debited to _____

- a) P& L a/c
- b) Sinking fund investment a/c
- c) Sinking fund a/c
- d) Revenue reserve a/c

123) Company has to create a debenture redemption reserve as per _____

- a) Rule 18(7) of companies Rules 2014
- b) M/A
- c) A/A
- d) None

124) Redemption out of capital can be made when _____

- a) Profit is kept aside
- b) Provision is made
- c) No profit is set aside for redemption
- d) Nil

125) Interest on debentures is payable out of _____

- a) Income
- b) Profit
- c) Capital
- d) None

126) When debentures becomes due the claim is credited to _____

- a) bank a/c
- b) Debenture holders a/c
- c) Debentures a/c
- d) None of the above

127) Premium on redemption of debentures appears in the balance sheet till the date of redemption on _____

- a) Asset side
- b) Liability side
- c) P & L a/c cr. side
- d) None of the above

128) As per the companies act,2013 the company is required to create Debenture Redemption Reserve equal to _____

- a) 100% of issue size
- b) 25% of issue size
- c) 20 % of issue size
- d) 10% issue size

129) Debentures can be redeemed out of _____

- a) Capital
- b) Proceeds of fresh issue
- c) Divisible profit
- d) Capital or profit

130) In case of redemption of debentures out of profits the amount to be transferred to General reserve is equal to _____

- a) Claim on redemption
- b) Premium on redemption
- c) Face value of debentures redeemed
- d) None of the above

131) Debenture redemption reserve is dealt with by section _____

- a) 71(4)
- b) 117
- c) 115
- d) 110

132) Companies act, 2013 came into force w.e.f from _____

- a) 12/09/2013
- b) 15/12/2000
- c) 31/03/2000
- d) 01/04/2001

133) Debenture Redemption Reserve must be created when a company redeems debentures _____

- a) Out of capital
- b) Out of profit

c) By conversion

d) None of the above

134) Transfer to DRR must be made _____

a) Every year

b) In the beginning of first year

c) At the end of the period after which debentures are to be redeemed

d) All of the above

135) Before redemption of debentures begins DRR must be _____

a) More than the amount of debentures liability

b) Less than the debenture liability

c) Equal to the debenture liability

d) None of the above

136) Sinking fund account for redemption of debentures is shown under _____

a) Reserves & surplus

b) Secured loans

c) Unsecured loans

d) Fixed assets

137) On redemption of debentures by conversion into equity shares the amount of transfer to General reserve is _____

a) Face value of debentures redeemed

b) Face value of equity share issued

c) NIL

d) Anything

138) A company issuing debentures is required to create DRR if the maturity period is more than _____

a) 10 months

b) 15 months

c) 18 months

d) 24 months

139) A company may redeem debentures out of capital if the maturity period is less than _____

- a) 18 months
- b) 12 months
- c) 15 months
- d) 24 months

140) Debentures can be redeemed by _____

- a) Lumpsum payment
- b) Annual instalment
- c) Purchase in open market
- d) All of the above.

141) The claim of debenture holders on redemption is credited to _____

- a) Bank a/c
- b) Debentures a/c
- c) Sinking fund a/c
- d) None of the above

142) Premium on redemption of debentures is _____

- a) Adjusted out of capital profit
- b) Adjusted out of accumulated profit
- c) Not adjusted at all
- d) None of the above

143) For redemption of debenture sinking fund is credited out of _____

- a) Capital reserve
- b) Share capital
- c) Unsecured loan
- d) Current year profit

144) Premium on redemption of debentures till the date of redemption appears in the balance sheet on _____

- a) Asset side
- b) Credit side in P& L a/c
- c) Liability side
- d) no where

145) Capital reserve is _____

- a) Current years profit
- b) Past accumulated profit
- c) Capital profit
- d) Divisible profit

146) Debentures may be redeemed out of _____

- a) Capital
- b) profit
- c) conversion in shares
- d) All of the above

147) Companies exempted from creation of DRR _____

- a) Banking companies
- b) Financial companies regulated by RBI
- c) Listed companies
- d) a & b above

148) DRR shall be created out of _____

- a) Divisible profit
- b) Capital profit
- c) Reserve profit
- d) None of the above

149) DRR should be _____ of value of Debentures issue

- a) 25%
- b) 15%
- c) 50%
- d) All of the above

150) Investment of DRR should be _____ of N.V. of debentures maturing

- a) 15%
- b) 20%
- c) 50%
- d) None of the above

151) Investment of DRR is to be made on _____

- a) 30th April each year
- b) On or before 30th April
- c) On 31st March every year
- d) On 31st Dec., every year

152) In case of partly convertible debentures DRR shall be created in respect of ____

- a) Non-convertible portion of debenture issue
- b) Convertible portion of debenture issue
- c) Redeemable portion of debenture issue
- d) All of the above

153) Profit on redemption of debentures should be transferred to ____

- a) Capital reserve a/c
 - b) Security premium a/c
 - c) DRR a/c
 - d) General reserve a/c
-

154) Following is not shown under current assets, loan & advance _____

- a) Closing stock
- b) B/R
- c) Bank balance
- d) Preliminary expenses

155) Advance tax is shown under ____

- a) Current liabilities
- b) Provisions
- c) Loans & Advance
- d) Current assets

156) Asset which is shown under fixed assets is ____

- a) Loose tools
- b) Vehicle
- c) Stock
- d) Investment

157) Asset which is intangible is ____

- a) Railway sidings
- b) Patent & Copyrights
- c) Building
- d) Vehicles

158) Long term investment in Company B/s are shown under ____

- a) Fixed assets
- b) Investments
- c) Current assets
- d) Miscellaneous expenditure

159) Equity shares with different rights shall not exceed ____

- a) 26% post issue paid up capital
- b) 20% of existing equity capital
- c) 50% of reserves
- d) None of the above

160) The reserve which cannot be used for issue of bonus shares is ____

- a) Reserve capital
- b) Capital reserve
- c) General reserve
- d) Dividend equalisation reserve

161) The name of one person company must end with ____

- a) Pvt. Ltd.
- b) Limited
- c) OPC
- d) None of the above

162) Debenture stock should be ____

- a) Partly paid
- b) Fully paid
- c) Unpaid
- d) None

163) Company is listed with _____

- a) recognised stock exchange
- b) ROC
- c) SEBI
- d) Government

164) Illegal association has _____

- a) More than prescribed no. of members
- b) Been formed for carrying business
- c) Object to make profit
- d) All of the above

165) Discounted bill of exchange is a _____ liability

- a) Contingent
- b) Current
- c) Non-current
- d) Fixed

166) The debenture which are paid in priority to other debentures are _____ debentures

- a) First
- b) Preference
- c) Second
- d) Redeemable

167) RBI is a _____ company

- a) Statutory
- b) Registered
- c) Listed
- d) Chartered

168) East India Company was _____ company

- a) Chartered
- b) Registered
- c) Statutory
- d) None

169) Company can issue ____ class of shares

- a) one
- b) Two
- c) Four
- d) Five

170) Preference shareholders are entitled to dividend at ____ rate

- a) Fixed
- b) Variable
- c) Nil
- d) Semi-variable

171) Final dividend on equity shares can be declared by ____

- a) Board of directors
- b) Central Govt
- c) Shareholders
- d) Stock exchange

172) The rights under ESOP are offered to _____

- a) Shareholders
- b) Suppliers
- c) Directors
- d) Employees

173) The share offered free of cost are called _____

- a) Rights
- b) Bonus
- c) Preference share
- d) Priority

174) Price band is applicable where shares are issued by way of ____

- a) Right
- b) IPO
- c) Bonus
- d) Preference share

175) Amount credited to forfeited share account at the time of forfeiture of shares is _____

- a) Face value
- b) Call in arrears
- c) Amount received
- d) Called up amount

176) The SWEAT share are allotted to _____

- a) Investors
- b) Employees
- c) Vendors
- d) Promoters

177) The minimum amount receivable on issue of share is _____ face value

- a) 90%
- b) 100%
- c) 80%
- d) 75%

178) On the reissue of forfeited shares the surplus is to be credited to the _____

- a) P& L A/c
- b) Capital reserve
- c) General reserve
- d) Security premium

179) The amount in excess of face value is credited to _____

- a) P & L a/c
- b) Capital reserve
- c) Security premium
- d) Share capital

180) Price band in case of IPO represent _____

- a) Price range of shares
- b) Average price
- c) Band box
- d) Market value

181) The ESCROW a/c is opened with _____

- a) Bank
- b) Broker
- c) Stock exchange
- d) Underwriters

182) Excess money received on application _____

- a) Refunded
- b) Retained
- c) Transferred
- d) Forfeited

183) Share issued after capitalisation are called _____

- a) Right shares
- b) Preference shares
- c) Bonus shares
- d) Sweat shares

184) The amount of capital stated in the memorandum of association is called _____

- a) Called up capital
- b) Authorised capital
- c) Subscribed capital
- d) Paid up capital

185) Balance in the share application after allotment should have _____ balance

- a) Nil
- b) Debit
- c) Credit
- d) Short

186) Short receipt of allotment money is called _____

- a) Call in advance
- b) Calls in arrears
- c) Called up amount
- d) Forfeited shows

187) The call in arrears from the directors is to be _____

- a) Show separately
- b) Omitted
- c) Transferred to directors a/c
- d) Recovered from directors remuneration

188) The portion of uncalled capital which company decide to call only in the event of liquidation is called _____

- a) Capital reserve
- b) Uncalled capital
- c) Reserve capital
- d) Calls in arrears

189) If forfeited shares are issued at a discount the amount of discount shall be debited to _____ a/c

- a) P & L
- b) Capital reserve
- c) Forfeited share
- d) Share premium

190) If a shareholder does not pay his dues on allotment the unpaid amount will be a _____ a/c

- a) Cr. Balance on allotment
- b) Dr. balance on allotment
- c) Cr. Balance on forfeited
- d) Dr. balance on forfeited

191) When shares are forfeited , forfeited share capital a/c is debited with _____

- a) Amount paid on forfeited shares
- b) Amount called up on forfeited shares
- c) Nominal value of forfeited shares
- d) Issue price of forfeited shares

192) On sanction of bonus amount is credited to _____

- a) Share capital a/c
- b) Reserves
- c) Bonus to share holders a/c

d) None

193) Fixed denomination of a share mentioned in M/A is called ____

a) Price of share

b) Market value

c) Face value

d) Fair value

194) The amount of authorised capital together with the no. of shares in which it is divided is stated in ____

a) A/A

b) M/A

c) Prospectus

d) Report of Board

195) Share comes into existence at the time of ____

a) Application

b) Allotment

c) Call

d) Full payment

196) Surrender of shares ____

a) Means cancellation of allotment to defaulting shareholders

b) Is a voluntary return of shares for cancellation

c) Short cut of forfeiture

d) All of the above

197) Discount on issue of shares is shown in the balance sheet under ____

a) Other noncurrent asset

b) Current asset

c) Investments

d) Reserves

198) Profit on reissue of forfeited shares is transferred to ____ a/c

a) Capital Reserve

b) General reserve

c) P & L a/c

d) Dividend equalisation reserve

199) ESOP stands for____

a) Employee stock option plan

b) Employee share option plan

c) Employer stock option plan

d) Employer share option plan

200) IPO stands for

a) Initiative programme offer

b) Initial public offer

c) International planning Officer

d) Initial planning offer

201) Debentures issued by a company is____

a) Capital

b) Loan

c) Current liability

d) Contingent liability

202) Debentures can be issued by a company as ____ security

a) Collateral

b) Variable

c) Free

d) Zero

203) Debentures issued at discount repayable at premium results in ____

a) Loss to company

b) Profit to company

c) Capital reserve

d) Loss to company

204) Interest on debenture is payable on the basis of ____

a) Issue price

b) Redeemable price

c) Face value

d) Cost price

205) The debenture issued in exchange of existing debenture is _____

a) Conversion

b) Roll over

c) Redemption

d) Cancellation

206) The unpaid interest on debenture should be shown as _____

a) Other current liabilities

b) Contingent liability

c) Current liability

d) Provisions

207) The loss on issue of debenture is _____ expenditure

a) Fictitious

b) Revenue

c) Deferred revenue

d) Capital

208) Debentures issued as collateral security _____

a) Shown as loan

b) Shown as current liability

c) Shown as note

d) Not to be disclosed

209) Company law required creation of _____ for company issuing debentures

a) Sinking fund

b) CRR

c) DRR

d) Development rebate reserve

210) R Ltd., issued 50,000 , 11% debentures of ₹10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption to be written off every year is _____

a) ₹20,000

b) ₹40000

c) ₹10000

d) ₹8000

211) Issue price of Debenture issued at premium is _____

a) less than face value

b) more than face value

c) Equal to face value

d) Any of the above

212) Debentures carrying charge on all the assets is known as _____

a) Floating

b) Fixed

c) Mortgage

d) Naked

213) Debentures may be redeemable at _____

a) Par only

b) Premium only

c) Discount only

d) All of the above

214) Company can redeem its debentures by _____

a) Lumpsum payment

b) Conversion only

c) Drawing lots

d) All of the above

215) Premium collected on issue of debentures is transferred to _____

a) Security premium a/c

b) P & L a/c

c) General reserve a/c

d) None of the above

216) Loss on issue of debentures is _____

a) Fixed assets

- b) Intangible assets
- c) Current asset
- d) Other non current asset

217) Debentures can be issued _____

- a) for consideration other than cash
- b) for cash only
- c) in lieu of dividend
- d) None of the above

218) Debentures issued for purchase of fixed asset are debited to _____ a/c

- a) Fixed asset
- b) Debenture
- c) Goodwill
- d) None of the above

219) Premium on redemption of debentures is transferred to _____

- a) Debenture holders a/c
- b) P & L a/c
- c) General reserve a/c
- d) None

220) Debentures irredeemable are refunded _____

- a) After 10 years
- b) On liquidation of company
- c) Immediately
- d) None of the above

221) Debentures which are transferrable by mere delivery are _____

- a) Registered debentures
- b) Bearer debentures
- c) Secured debentures
- d) None of the above

222) Debentures which are convertible into shares are known as _____ debentures

- a) Convertible

b) Mortgage

c) Bearer

d) None of the above

223) The redemption of preference shares is governed by section ____ of companies act

a) 77

b) 78

c) 75

d) 55

224) Premium payable on redemption can be provided out of ____

a) Statutory reserve

b) CRR

c) Divisible Profits

d) Insurance premium

225) CRR is to be created to the extent redemption is out of ____

a) Bank a/c

b) New issue of share

c) Capital profit

d) Divisible profit

226) CRR can be utilised for ____

a) Dividend payment

b) Issue of bonus shares

c) Set off against losses

d) W/Off fictitious balance

227) CRR can be created out of ____

a) Statutory reserve

b) Capital reserve

c) Free reserve

d) Security premium

228) Amount remaining unpaid to preference share holders is included in balance sheet as ____

a) Share capital

- b) Loan
- c) Current liabilities
- d) Contingent liability

229) Divisible profit means _____

- a) Profit which can be distributed as dividend
- b) Net profit
- c) P & L appropriation a/c
- d) None

230) When the preference shares are redeemable at premium , premium on redemption is debited to _____

- a) Premium on redemption a/c
- b) General reserve a/c
- c) P & L a/c
- d) None

231) Following profit does not form part of divisible profits _____

- a) Workmen's compensation fund
- b) Workmen's accident fund
- c) Revaluation reserve
- d) None

232) CRR is required when preference shares are redeemed by _____

- a) Conversion into equity shares
- b) Conversion into preference shares
- c) Fresh issue of shares
- d) Out of divisible profits

233) Company cannot issue _____

- a) Redeemable cumulative preference shares
- b) Redeemable non-cummulative preference shares
- c) Redeemable participating preference shares
- d) Irredeemable preference shares

234) Premium on redemption of preference share should be adjusted out of _____

- a) Divisible profits only

- b) Capital profits only
- c) Security premium only
- d) Profit of the company

235) The reserve which cannot be transferred to CRR is ____

- a) Security premium
- b) Profits prior to incorporation
- c) Revaluation reserve
- d) All of the above

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Source

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