

SAMPLE QUESTION:	CLASS: TYBCOM
EXAMINATION CODE:	SEMESTER: VI
SUBJECT: FINANCIAL ACCOUNTING	PAPER CODE: 83001

MULTIPLE CHOICE QUESTIONS

Sr. No	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4	CORRECT OPTION	UNIT NO
1	Amalgamation of companies is governed by ____.	AS-13	AS-14	AS-9	AS-11	AS-14	1
2	The scheme of amalgamation can involve ____ companies	none	two	one	three	two and three	1
3	The amalgamation requires approval of ____.	High Court	Registrar of Companies	Central Government	Directors	High Court	1
4	Approval by ____ a shareholders is necessary for treatment as in nature of merger.	51%	75%	90%	80%	90%	1
5	Approval by ____ % of shareholders is required for implementation of the scheme of amalgamation.	51%	75%	80%	90%	80%	1
6	In case of purchase method, transferee company should record assets at ____.	book value	cost	market value	agreed value	agreed value	1
7	In case of pooling of interest method, transferee company should record assets at ____.	cost	market value	agreed value	book value	book value	1
8	Amalgamation Adjustment Reserve Account is required in respect of ____.	general reserve	statutory reserve	security premium	capital reserve	statutory reserve	1
9	The excess of net asset value over consideration is ____.	capital reserve	security premium	profit or loss	goodwill	capital reserve	1
10	AS-14 covers amalgamation of ____.	companies	firms	firms and company	Directors and Partners	companies	1
11	On amalgamation, the transferer company transfer its assets to Realisation Account at ____.	agreed value	book value	market value	original cost	book value	1

12	Purchase consideration as per AS-14 is the amount payable to _____.	shareholders and debentureholders	shareholders and creditors	shareholders	none of the above	shareholders	1
13	For accounting mergers, the method followed is _____.	Pooling of Interest Method	Equity Method	Purchase Method	none of the above	Pooling of Interest Method	1
14	Under Pooling of Interest Method, the difference between purchase consideration and share capital of _____.	General Reserve Account	Goodwill Account	Amalgamation Adjustment Account	none of the above	General Reserve Account	1
15	Pooling of Interest is a method of _____.	providing depreciation	valuation of inventory	accounting for amalgamation	none of the above	accounting for amalgamation	1
16	Under Purchase Method, any excess of purchase consideration over net assets acquired should be _____.	goodwill	capital reserve	Profit & Loss Account	none of the above	goodwill	1
17	Profit on Realisation Account is transferred by transferor company to _____.	Equity Shareholders Account	Preference Shareholders Account	Profit & Loss Account	none of the above	Equity Shareholders Account	1
18	The asset, which is not taken under Net Asset Method of calculation of purchase consideration, is _____.	discount on issue of shares	loose tools	furniture	bills receivable	discount on issue of shares	1
19	Companies may combine by _____.	Amalgamation	Absorption	External reconstruction	Any of the above	Any of the above	1
20	If Vijay Ltd. and Vishakha Ltd. are taken over by Swati Ltd. a new company it is called _____.	Absorption	External reconstruction	Amalgamation	Internal reconstruction	Amalgamation	1
21	Conversion of currency is covered in AS _____.	9	13	11	14	11	1
22	The exchange difference on settlement of liability specially for purchase of fixed asset is transferred _____.	asset	exchange difference	depreciation	profit & loss	asset	2
23	The balance in receivable as on the date of Balance Sheet is converted at rate _____.	on the date of sale goods	on the date of Balance Sheet	on the date of subsequent recovery	on the date of first recovery	on the date of Balance Sheet	2

24	The amount payable for purchase on the date of Balance Sheet is converted at _____.	on date of purchase	on date first payment	on date of subsequent payment	on date of Balance Sheet	on date of purchase	2
25	The depreciation on fixed assets is converted at rate _____.	on date of Balance Sheet	average during year	date of purchase	reopening date of year	date of purchase	2
26	The interest of loan is converted at rate on the date _____.	of loan borrowed	of accrual of interest	of payment	of Balance Sheet	of accrual of interest	2
27	The interest accrued on loan as on date of Balance Sheet is converted at rate on date of _____.	of payment	of Balance Sheet	of loan borrowed	average of (b) and (c)	of Balance Sheet	2
28	The balance in exchange difference on transaction of export sale is transferred to _____.	Sales Account	Debtors Account	Profit & Loss Account	Trading Account	Profit & Loss Account	2
29	The exchange difference arising due to import of raw material is transferred to _____.	purchase	trading	Profit & Loss Account	suppliers	Profit & Loss Account	2
30	The currency of the enterprise preparing account is called _____.	foreign currency	home currency	reporting currency	own currency	reporting currency	2
31	Following is not a monetary item :	Bills Receivable	Cash	Inventory	Bills Payable	Inventory	2
32	An exchange rate on the date of Balance Sheet is known as _____.	average rate	closing rate	non-monetary rate	monetary rate	closing rate	2
33	Non-monetary items are valued at _____.	market price	current price	historical cost	fluctuating price	historical cost	2
34	Reporting currency is the currency used in _____.	settling financial transactions	presenting financial statements	recording financial transactions	none of the above	presenting financial statements	2
35	Foreign currency is a currency _____.	used in recording foreign transactions	in presenting foreign financial statements	other than the reporting currency	none of the above	other than the reporting currency	2
36	Average rate is the rate _____.	on the Balance sheet date	is the mean of the exchange rates	is the proportion between two currencies	is rate at which asset could be exchanged	is the mean of the exchange rates	2

37	Exchange rate is the _____.	rate at the Balance sheet date	mean of the exchange rates	proportion between two currencies	rate at which asset is exchanged	proportion between two currencies	2
38	Following is not an example of a monetary item. _____.	cash	payable	receivables	fixed assets	fixed assets	2
39	Following is an example of a non-monetary item _____.	Debtors	Creditors	Bank A/c	Stock	Stock	2
40	The mean of the exchange rates in force during a period is known as _____.	Average rate	Closing rate	Reporting rate	none of the above	Average rate	2
41	Equity shareholders are	Priority claimant	Second claimant	Last claimant	No claimant	Last claimant	3
42	Voluntary transfer is made by the company within	One year	Two years	Three years	Five years	One year	3
43	Liquidator's statement is prepared under section	143	153	156	173	156	3
44	In the case of compulsory winding up, official liquidator is appointed by	The Central Government	The State Government	The Registrar of Companies	The High Court	The Central Government	3
45	Liquidator is appointed by _____ in its _____ meeting.	Wages, Salaries	Company, General	Compulsory, Voluntary	None of the above	Company, General	3
46	The Statement of Affairs is required to be submitted to the _____ _____ in case of compulsory winding up.	Preference creditors	Official Liquidator	Summary of Cash book	None of the above	Official Liquidator	3
47	Deficiency or surplus A/c is given in list _____.	B	H	C	None of the above	H	3
48	Deficiency or surplus A/c is prepared as per list	H	B	C	E	H	3
49	Preferential creditors are included in list	List C	List B	List D	List E	List C	3

50	<p>A liquidator is entitled to receive remuneration @ 2% of the assets realized 3% of Preference Creditors and 3% of the amount distributed among the unsecured creditors.Assets realized Rs 25,00,000 against which payment was made as follows :</p> <p style="padding-left: 40px;">Liquidation expenses Rs.25,000</p> <p style="padding-left: 40px;">Preferential Creditors Rs. 75,000</p> <p style="padding-left: 40px;">Secured Creditors Rs.10,00,000</p>	Rs. 90,000	Rs.91,505	Rs.95,000	Rs. 1,03,000	Rs.91,505	3
51	<p>A liquidator is entitled to receive remuneration at 2% on the assets realized, 3% on the amount distributed to Preferential Creditors and 3% on the payment made to Unsecured Creditors. The assets were realized for ` 45,00,000 against which payment was made as follows : Liquidation Expenses Rs.50,000</p> <p style="padding-left: 40px;">Secured Creditors Rs 15,00,000</p> <p style="padding-left: 40px;">Preferential Creditors Rs. 1,25,000</p> <p style="padding-left: 40px;">The amount due to Unsecured Creditors was Rs.15,00,000.</p>	Rs. 1,30,000	Rs. 1,45,000	Rs.1,38,750	Rs. 1,25,000	Rs. 1,38,750	3

52	Company went into liquidation whose creditors are Rs.36,000 including Rs.6,000 on account of wages of 15 men at Rs.100 per month for 4 months immediately before the date of winding up; Rs. 9,000 being the salaries of 5 employees at Rs.300 per month for the previous 6 months. Rent for godown for the last six months amounting to Rs. 3,000; Income-tax deducted out of salaries of employees Rs.1,000 and Directors fee Rs.500; in addition it is estimated that the company would have to pay Rs.5,000 as compensation to an employee for injuries suffered by him, which was contingent liability not accepted by the company and not included in above said creditors figure.	Rs. 12,500	Rs.10,000	Rs.7,500	Rs. 5,000	Rs.12,500	3
53	A Liquidator is entitled to receive remuneration at 2% on the Assets realized, 3% on the amount distributed to Preferential Creditors and 3% on the payment made to Unsecured Creditors. The assets were realized for Rs.25,00,000 against which payment was made as follows :Liquidation Expenses Rs.25,000 Secured Creditors Rs. 10,00,000 Preferential Creditors Rs.75,000	Rs.91,505	Rs.52,250	Rs.39,255	Rs. 45,750	Rs.91,505	3
54	A contributory is a	Shareholder	Debentureholder	Secured creditor	Unsecured creditor	Shareholder	3
55	The Statement of Affairs is required to be submitted to the _____ in case of compulsory winding up.	Preference creditors	Official Liquidator	Summary of Cash book	None of the above	Official Liquidator	3

56	A company may be wound up by NCLT when	special resolution is passed	The company acted against National interest	Affairs of the company are conducted in a fraudulent manner	All of the above	All of the above	3
57	Petition of winding up can be filed by	Contributory	ROC	Company	All of the above	All of the above	3
58	Central Government can present a petition to NCLT for winding of the company if the company has acted against.	Sovereignty and Integrity of India	Security	Public order	All of the above	All of the above	3
59	There are two types of winding up viz. (a) _____ (b) _____.	Compulsory, Voluntary	Wages, Salaries	Company, General	None of the above	Compulsory, Voluntary	3
60	Section _____ provide for compulsory winding up.	433 to 465	430 to 465	433 to 462	None of the above	433 to 465	3
61	Indian companies Act, requires companies to complete minimum subscription of _____ %.	90%	80%	20%	75%	90%	4
62	Section _____ places certain restrictions with reference to commission to be paid for underwriting the shares.	26	76	56	66	76	4
63	Commission cannot exceed _____% of the issue price of shares.	2%	5%	3%	1%	5%	4
64	Commission cannot exceed _____% of the issue price of debentures.	3½ %	2½ %	4½ %	5½ %	2½ %	4
65	Every Company issuing shares to public must collect within 15 days	80% of the issue	90% of the issue	45% of the issue	25% of the issue	90% of the issue	4
66	The time limit for collection of minimum subscription is	15 days	21 days	7 days	5 days	15 days	4
67	In case of shares commission cannot exceed	3 % of issue price	7.5 % of issue price	5 % of issue price	2.5 % of issue price	5 % of issue price	4
68	In case of Debentures the commission cannot exceed.	2.5 % of issue price	7.5 % of issue price	5 % of issue price	10 % of issue price	2.5 % of issue price	4
69	Underwriting commission is calculated on	Issue price of shares underwritten	Net liability value	Marked application value	Firm underwriting value	Issue price of shares underwritten	4

70	Unmarked applications are	Applications bearing no stamp of the underwriter	Firm underwriting	Applications received by the company	Applications issued by the company	Applications bearing no stamp of the underwriter	4
71	When all the shares are underwritten it is called	Firm underwriting	Partial underwriting	Full underwriting	All of the above	Full underwriting	4
72	When some of the shares are underwritten it is called	Full underwriting	Partial underwriting	Firm underwriting	None of the above	Partial underwriting	4
73	SV Ltd. issued a 10% Debentures of Rs.100 each at 20% discount. The underwriting commission will be paid on	Rs.100	Rs.80	Rs. 120	Rs.150	Rs.80	4
74	SV Ltd. issued shares of a face value of Rs.100 each at par. The MV is Rs. 120 cost is Rs. 90. The underwriting commission will paid on	Rs.100	Rs. 120	Rs. 90	none	Rs.100	4
75	Vide SEBI guidelines underwriting commission for Preference shares and Debentures upto Rs. 5,00,000 should not exceed.	2%	2.70%	2.50%	5%	2.50%	4
76	Vide SEBI guidelines underwriting commission for Preference shares and Debentures beyond Rs.5,00,000 should not exceed.	2.50%	1.50%	2%	5%	2%	4
77	An underwriter is a person	Who underwrites the issue	Who finds buyers for the shares	Who is a broker	None of the above	Who underwrites the issue	4
78	A person cannot act as an underwriter unless he holds a certificate granted by	RBI	SEBI	ROC	MCA	SEBI	4
79	When the benefit of firm underwriting is given to the underwriters	Firm underwriting is not treated as unmarked applications	Firm underwriting is not treated as marked applications	Firm underwriting is ignored	None of the above	Firm underwriting is not treated as unmarked applications	4

80	When the benefit of firm underwriting is not given to the underwriters	Firm underwriting is treated as unmarked applications	Firm underwriting is treated as marked applications	Firm underwriting is ignored	None of the above	Firm underwriting is treated as unmarked applications	4
81	The books of LLP are to be retained for ____ years.	6	7	8	5	8	5
82	The accounting year for LLP ends on ____.	31 st May	31 st July	31 st March	31 st December	31 st March	5
83	Every LLP has to prepare a statement of accounts on or before ____ every year.	30 th September	30 th April	30 th June	30 th November	30 th September	5
84	Audit is compulsory if the turnover of LLP exceeds ` ____.	` 40,00,000	Rs. 20,00,000	Rs.10,00,000	Rs.40,20,000	Rs.40,00,000	5
85	Solvency statement is filed with ROC in Form No. ____.	8	7	6	5	8	5
86	Annual Return of LLP is filed within ____ days of the end of the year.	60	50	40	20	60	5
87	Sec ____ of LLP Act provides for conversion of partnership into LLP.	55	25	35	15	55	5
88	At least ____ persons are required to form LLP.	1	2	4	3	2	5
89	Statement of Account & Solvency is signed by ____ partner.	Designated	An individual	A company	None of the above	Designated	5
90	Accounts of LLP are to be audited by	Chartered Accountant	Cost Accountant	Company secretary	Master of commerce	Chartered Accountant	5
91	Maximum number of partners in LLP is	20	50	100	No limit	No limit	5
92	Agreement for LLP is in filed with	ICAI	NCLT	ROC	MCA	ICAI	5
93	Certificate of incorporation of LLP is issued by	Registrar of firms	Registrar of companies	Registrar of co-operative societies	Registrar of Universities	Registrar of companies	5
94	A partner shall cease to be a partner on	Death	Retirement	Winding up	All of the above	All of the above	5
95	Liability of partners in LLP	Limited	Unlimited	a & b	None of the above	Limited	5

96	The consent of designated partners is filed with the ROC in	Form 1	Form 2	Form 3	E-Form 4	E-Form 4	5
97	Books of accounts of LLP are to be preserved for	5 years	7 years	8 years	9 years	8 years	5
98	Books of accounts of LLP are maintained on	Cash basis	Accrual basis	Cash basis or accrual basis	Cash basis and accrual basis	Cash basis or accrual basis	5
99	Contribution can be	Tangible	Intangible	Movable / Immovable Property	All of the above	All of the above	5
##	Contribution by a partner to LLP is	Compulsory	Not compulsory	As specified by the agreement	None of the above	As specified by the agreement	5