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| <b>SAMPLE QUESTION:</b>              |
| <b>EXAMINATION CODE: 2C00136</b>     |
| <b>SUBJECT: FINANCIAL ACCOUNTING</b> |

|                            |
|----------------------------|
| <b>CLASS: TYBCOM</b>       |
| <b>SEMESTER: VI</b>        |
| <b>PAPER CODE: C 83001</b> |

**MULTIPLE CHOICE QUESTIONS**

| <b>Sr No.</b> | <b>QUESTIONS</b>  | <b>OPTION 1</b> | <b>OPTION 2</b>        | <b>OPTION 3</b>    | <b>OPTION 4</b> | <b>CORRECT OPTION</b> | <b>UNI NO</b> |
|---------------|---|-----------------|------------------------|--------------------|-----------------|-----------------------|---------------|
| 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   | general reserve | statutory reserve      | security premium   | capital reserve | statutory reserve     | 1             |

|    |   |                                   |                                 |                                 |                        |                             |   |
|----|---|-----------------------------------|---------------------------------|---------------------------------|------------------------|-----------------------------|---|
|    | is required in respect of _____.  |                                   |                                 |                                 |                        |                             |   |
| 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 _____.                               | discount on issue of shares       | loose tools                     | furniture                       | bills receivable       | discount on issue of shares | 1 |

|    |  |                           |                              |                                    |                               |                              |   |
|----|--|---------------------------|------------------------------|------------------------------------|-------------------------------|------------------------------|---|
|    | purchase consideration, is   |                           |                              |                                    |                               |                              |   |
| 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  | Sales Account             | Debtors Account              | Profit & Loss Account              | Trading Account               | Profit & Loss Account        | 2 |

|    |  |  |  |  |   |                                   |   |
|----|--|--|--|--|---|-----------------------------------|---|
|    | difference on transaction of export sale is transferred to _____.                      |  |  |  |   |                                   |   |
| 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                                       | Average rate                           | Closing rate                               | Reporting rate                           | none of the above                         | Average rate                      | 2 |

|    |   |                        |                      |                            |                   |                        |   |
|----|---|------------------------|----------------------|----------------------------|-------------------|------------------------|---|
|    | period is known as _____.   |                        |                      |                            |                   |                        |   |
| 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>Liquidation expenses Rs.25,000<br/> Preferential Creditors Rs. 75,000<br/> 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 :</p> <p>Liquidation Expenses Rs.50,000<br/> Secured Creditors Rs 15,00,000<br/> Preferential Creditors Rs. 1,25,000</p> | Rs. 1,30,000 | Rs. 1,45,000 | Rs.1,38,750 | Rs. 1,25,000 | Rs. 1,38,750 | 3 |

|    |  |            |           |          |           |           |   |
|----|--|------------|-----------|----------|-----------|-----------|---|
|    | The amount due to Unsecured Creditors was Rs.15,00,000.  |            |           |          |           |           |   |
| 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 | Rs. 12,500 | Rs.10,000 | Rs.7,500 | Rs. 5,000 | Rs.12,500 | 3 |

|    |   |             |                 |                  |                    |             |   |
|----|---|-------------|-----------------|------------------|--------------------|-------------|---|
|    | 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.   |             |                 |                  |                    |             |   |
| 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         | 26                                 | 76  | 56  | 66                | 76                    | 4 |

|    |  |  |                      |                                      |                                    |  |   |
|----|--|--|----------------------|--------------------------------------|------------------------------------|--|---|
|    | shares.  |  |                      |                                      |                                    |  |   |
| 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 uptoRs. 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 <sup>st</sup> May                                      | 31 <sup>st</sup> July                                   | 31 <sup>st</sup> March       | 31 <sup>st</sup> December | 31 <sup>st</sup> March                                    | 5 |
| 83 | Every LLP has to prepare a statement of accounts on or before _____ every year. | 30 <sup>th</sup> September                                | 30 <sup>th</sup> April                                  | 30 <sup>th</sup> June        | 30 <sup>th</sup> November | 30 <sup>th</sup> 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                | 55  | 25  | 35                           | 15                        | 55  | 5 |

|    |   |                      |                        |                                     |                              |                             |   |
|----|---|----------------------|------------------------|-------------------------------------|------------------------------|-----------------------------|---|
|    | LLP.  |                      |                        |                                     |                              |                             |   |
| 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 |
| 100 | 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 |