

	Name of the Professor-	Class- TYBFM					
	Subject- Corporate Accounting- IV	Semester- VI					
Sr. No.	Question	Option1	Option2	Option3	Option4	CorrectAns	Unit
1	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) Amalgamation	b) Absorption.	c) Internal reconstruction.	d) External reconstruction.	d) External reconstruction.	3& 4
2	X Ltd. goes into liquidation and an existing company Z Ltd. purchases the business of X Ltd. It is a case of:	a) Amalgamation.	b) Absorption.	c) Internal reconstruction.	d) External reconstruction.	a) Amalgamation.	3& 4
3	Accumulated profits include:	a) Provision for doubtful debts.	b) Superannuation fund.	c) Workmen's compensation fund.	d) Sinking fund.	c) Workmen's compensation fund.	3& 4
4	Liabilities (not accumulated profits) of a company include	a) General reserve	b) Pension fund.	c) Dividend equalisation fund	d) Equity Reserve	b) Pension fund.	3& 4
5	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	d) Asset Account.	a) Realisation account.	3& 4
6	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) Goodwill account	d) Debtors Account.	c) Goodwill account	3& 4

7	When the purchasing company makes payment of the purchase consideration, it debits:	a) Business purchase account	b) Assets account	c) Vendor company's account..	d) Investment Account.	c) Vendor company's account..	3& 4
8	The vendor company transfers preliminary expenses (at the time of absorption) to:	a) Equity shareholders' account	b) Realisation account	c) Purchasing company's account	d) Preference Shareholder's Account.	a) Equity shareholders' account	3& 4
9	For paying liabilities not taken over by the purchasing company, the vendor company credits:	a) Realisation account.	b) Bank account	c) Liabilities account..	d) Assets Account	b) Bank account	3& 4
10	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	d) Realisation account.	b) Shares in the vendor company account.	3& 4
11	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	d) Goodwill Account	c) Realisation account	3& 4
12	In the case of sub division of share capital under Internal Reconstruction, the total number of shares	a) Increases	b) Decreases.	c) Averages.	d) Does not change.	a) Increases	2
13	If the shares of smaller denominations are converted into the shares of higher denominations without changing the total amount of share capital, then it is case of	a) Consolidation of Share Capital.	b) Increase in share capital	c) Decrease in share capital.	d) Sub-division of share capital	a) Consolidation of Share Capital.	1
14	Share allotment account is a ----- -----.	a) Personal account	b) Real account.	c) Nominal account.	d) Impersonal account.	a) Personal account	1

15	Expenses of liquidation of transferor company may be shown as 'Reimbursement' in transferor company's books, if the expenses are agreed to paid by-----.	a) Transferor company	b) Transferee company	c) Both the companies	d) SEBI.	b) Transferee company	3& 4
16	In the asset side of the company's balance sheet, fictitious asset like Discount on issue of debentures are shown under the heading	a) Fixed Assets.	b) Investments.	c) Current Assets	d) Miscellaneous Expenditure	d) Miscellaneous Expenditure	2
17	In what form is the profits of the company are distributed amongst the shareholders?	a) Shares.	b) Premium from issue of share.	c) Reserves	d) Dividend	d) Dividend	2
18	To carry out Capital reduction, permission is required from:	a) The Competent Court.	b) Company Law Board.	c) Central Government	d) SEBI.	a) The Competent Court.	2
19	Amount sacrificed by shareholders are credited to	a) Capital Reduction Account.	b) Shares Surrendered Account	c) Capital Reserve Account	d) Revenue Reserve Account	b) Shares Surrendered Account	2
20	Any loss on the revaluation of the Assets at the time of Internal Reconstruction is charged from	a) Revaluation Account	b) Share Capital Account.	c) Capital Reduction Account.	d) Share Premium Account	c) Capital Reduction Account.	2
21	When a company converts its equity shares into the Capital stock, then account to be credited is	a) Equity Share Capital Account	b) Equity Capital Stock Account	c) Stock Account	d) Premium Account	b) Equity Capital Stock Account	2
22	In a scheme of reorganisation amount of shares surrendered by the shareholders is transferred to:	a) Capital Reduction Account.	b) Shares surrendered Account	c) Capital Reserve Account	d) Reserve Capital Account.	b) Shares surrendered Account	2
23	If the creditors are willing to reduce their claims against the company, then their claim will be transferred to:	a) Share Capital Account	b) Creditors Account.	c) Capital Reduction Account.	d) General Reserve Account.	c) Capital Reduction Account.	2

24	Maximum number of members in public limited company is -----	a) 10.	b) 30.	c) 200	d) Unlimited.	d) Unlimited.	1
25	Trade Payables are recorded in.....	a) Asset side of B/S.	b) Liability side of B/S	c) Expenses Side.	d) Income side	b) Liability side of B/S	1
26	On amalgamation, Share issue Expenses A/c appearing on Assets side of the balance sheet of the vendor company	is closed by debit to Realisation A/c	is closed by debit to Equity Shareholders A/c	is closed by debit to Profit & Loss A/c	is closed by credit to Equity Shareholders A/c	b) is closed by debit to Equity Shareholders A/c	3& 4
27	The asset which is not taken under the Net assets method of calculating purchase consideration is	Loose Tools	Bills Receivables	Machinery	Share issue Expenses	d) Share issue Expenses	3& 4
28	Under payments method, purchase consideration for the amalgamation means	Aggregate of shares and cash to shareholders	Aggregate of shares, cash and payment to debenture holders	Shares, cash, payment to debenture holders and expenses of realisation	Aggregate of shares to shareholders	a) Aggregate of shares and cash to shareholders	3& 4
29	In which of the following methods, the purchase consideration is calculated on the basis of the agreed value of the shares of the transferor company ?	Net Asset Method	Net Payment Method	Intrinsic Value Method	Net Liability Method	c) Intrinsic Value Method	3& 4
30	The adjustment entry passed to eliminate the inter-company bills of exchange is	Debit bills payable a/c credit bills receivable a/c	Debit bills payable a/c credit bills receivable a/c	Debit amalgamation adjustment a/c, credit statutory reserve a/c	Debit bills receivable a/c credit bills payable a/c	(a) Debit bills payable a/c credit bills receivable a/c	3& 4

31	When amalgamation is in the nature of merger, the accounting method to be followed is :	Equity method	Purchase method	Pooling of interests method	Equal method	c) Pooling of interests method	3& 4
32	Amalgamation Adjustment Reserve	should be shown as a Fixed Asset in the balance sheet of the purchasing company	should be shown as a Fictitious Asset in the balance sheet of the vendor company	should be shown under Reserves and Surplus in the balance sheet of the purchasing company	should be shown as a Fictitious Asset in the balance sheet of the purchasing company	c) should be shown under Reserves and Surplus in the balance sheet of the purchasing company	3& 4
33	When the merger involves liquidation of one or more existing companies and formation of no new company, it is called	internal reconstruction	absorption	external reconstruction	amalgamation	b) absorption	3& 4
34	A feature which is common in all cases of merger viz. absorption, amalgamation and external reconstruction is	purchase of one company by another company	liquidation of at least two companies	formation of at least one new company	liquidation at least one existing company and formation of at least one new company	a) purchase of one company by another company	3& 4
35	On amalgamation, Share issue Expenses A/c appearing on Assets side of the balance sheet of the vendor company	is closed by debit to Realisation A/c	is closed by debit to Equity Shareholders A/c	is closed by debit to Profit & Loss A/c	is closed by credit to Equity Shareholders A/c	b) is closed by debit to Equity Shareholders A/c	3& 4

36	According to AS 14, Transferee Company means the Company	which is amalgamated into another Company	into which a Company is amalgamated	which is liquidated	which is merged	b) into which a Company is amalgamated	3& 4
37	On amalgamation, Profit & Loss A/c (Dr.) balance of the vendor company	is closed by debit to Realisation A/c	is closed by debit to Equity Shareholders A/c	is closed by credit to Equity Shareholders A/c	is closed by credit to Realisation A/c	b) is closed by debit to Equity Shareholders A/c	3& 4
38	the ABC Limited and DEF Limited are taken over by a new company XYZ Limited	it is called absorption	it is called amalgamation	it is called external reconstruction	it is called internal reconstruction	b) it is called amalgamation	3& 4
39	XYZ Company purchased ABC Company. If the purchase consideration paid by XYZ. Company exceeds the value of net assets of ABC Company, the balance is	debited to Goodwill A/c	debited to Capital Reserve A/c	credited to Goodwill A/c	credited to Capital_ Reserve Alc	a) debited to Goodwill A/c	1
40	When the amount of investment in subsidiary is more than the nominal value of the share capital acquired by the holding company, the difference represents	Capital Reserve	Securities Premium	Capital Profit	Goodwill A/c	d) Goodwill A/c	1

41	Minority interest consists of	Face value of the share held by outsider & proportional capital and revenue profits	only Proportional capital profit	only Proportional revenue profits	only Face value of shares	a) Face value of the share held by outsider & proportional capital and revenue profits	1
42	Where should minority interests be presented in the consolidated balance sheet?	Within long-term liabilities	In between long-term liabilities and current liabilities	within the parent shareholders' equity	Within equity but separate from the parent shareholders' equity	d) Within equity but separate from the parent shareholders' equity	1
43	If the proposed dividend appears in the balance sheet of subsidiary company, while preparing the Consolidated Balance Sheet, the share of minority shareholders should be	shown under proposed dividend in the Consolidated Balance Sheet	credited to Investment Account	credited to Consolidated Profit and Loss Account	added to minority interest in Consolidated Balance Sheet	a) shown under proposed dividend in the Consolidated Balance Sheet	1

44	Capital profits are	post-acquisition profits of the subsidiary company	profits earned by the subsidiary company up to the date of acquisition of shares by the holding company	post-acquisition profits of the holding company	pre-acquisition profits of the holding company	b) profits earned by the subsidiary company up to the date of acquisition of shares by the holding company	1
45	The share of holding company. in the proposed dividend of the subsidiary company from its pre-acquisition profit should be	Credited to the Investment account	debited to the Investtment account	credited to Consolidated Profit and Loss account	debited to Consolidated Profit and Loss account	a) Credited to the Investment account	1
46	The assets of the subsidiary company are revalued as on the date of acquisition by the holding company. In the consolidated Balance Sheet, the reduction in the value of assets (if any) of the subsidiarycompany is to be debited to	Capital reserve of the holding company	Profit and loss account of the holding company	Goodwill A/c	Profit and loss account of the subsidiary company	c) Goodwill A/c	1
47	Revenue profits for consolidation of balance sheet of holding company and subsidiary company are	the post-acquisition profits of holding company	the post-acquisition profits of subsidiary company	the profits after the financial year but before the date of acquisition of subsidiary company	the profits earned by the holding company from regular transactions	b) the post-acquisition profits of subsidiary company	1

48	Revenue profits are	the post-acquisition profits of subsidiary company	post-acquisition profits of holding company	the profits earned by the subsidiary company from regular transactions	the profits earned by the holding company from regular transactions	a) the post-acquisition profits of subsidiary company	1
49	The credit balance in capital reduction a/c is utilised for	Paying off dissentient shareholders	Writing off deferred expenses	Issuing bonus shares	Issuing preference shares	b) Writing off deferred expenses	2
50	For capital reduction under internal reconstruction, authorisation / approval is required from	Shareholders	Articles of Association	Tribunal	Shareholders and tribunal and articles of association	d) Shareholders and tribunal and articles of association	2
51	Arhan Ltd. holds 60% shares in Azlan Ltd. who is subsidiary of Arhan Ltd. Azlan Ltd. holds 45% shares in Rayan Ltd. who is Associates of Azlan Ltd. So, what is % of the Minority Shares.	60%	40%	5%	55%	B. 40%	
52	Motu Company purchased Patlu Company. If the purchase consideration paid by Motu Company exceed the value of net assets of Patlu Company, the balance is	Debited to Capital Reserve A/c	Credited to Capital Reserve A/c	Debited to Goodwill A/c	Credited to Goodwill A/c	C. Debited to Goodwill A/c	
53	Issue of bonus shares out of pre-acquisition profit of a subsidiary company shall result in ____.	No change in cost of control	Decrease in the amount payable to minority	Decrease in cost of control as revaluation profit will be capitalized	Increase in cost of control	A. No change in cost of control	

54	Revenue profits are the	Post-acquisition profit of holding company	Profit earned by subsidiary company from regular transaction	Post-acquisition profit of subsidiary company	Profit earned by holding company from regular transaction	C. Post-acquisition profit of subsidiary company
55	STV owns 75% of the ordinary share capital of its subsidiary TUV. At the group's year end, 31 st March 2007, STV's payables include Rs. 3,600 in respect of inventories sold to it by TUV. TUV receivables include Rs. 6,700 in respect of inventories sold to STV. Two days before the year STV sent a payment of Rs. 3,100 to TUV to settle the net dues that was not recorded by the latter until two days after the year end.	Rs. 2,325 to be included as cash in transit	Rs. 3,100 to be added to inventories in transit	Rs. 3,100 to be included as cash in transit	Rs. 3,100 to be included in consolidated payables	C. Rs. 3,100 to be included as cash in transit
56	Capital profits are the	Profit earned by holding company up to the date of acquisition of shares by the subsidiary company	The profits earned by the holding company as a result of consolidation	Profit earned by subsidiary company up to the date of acquisition of shares by the holding company	The profits earned by the subsidiary company from sale of fixed assets	C. Profit earned by subsidiary company up to the date of acquisition of shares by the holding company

57	Bills payable of Balu Ltd. includes Rs. 4,000 issued to Alok Ltd. which the company discounted for Rs. 1,000. In the consolidated balance sheet of Alok and Balu you will	Deduct Rs. 3,000 from bills receivable	Add Rs. 3,000 to bills receivable	Add Rs. 3,000 from bills receivable as well as bills payable	Deduct Rs. 3,000 from bills receivable as well as bills payable	D. Deduct Rs. 3,000 from bills receivable as well as bills payable
58	Holding Ltd. acquired 75% shares in Subsidiary Ltd. Subsidiary Ltd. supplied to Holding Ltd. goods of the invoice value of Rs. 50,000 of which 60% of the goods were still in stock of Holding Ltd. Subsidiary Ltd. made a total profit of Rs. 10,000 on goods sold to Holding Ltd. at the same time of preparation of consolidation of balance sheet the adjustment will	Reduce Rs. 5,625 from profit & loss account	Reduce Rs. 4,500 from profit & loss account	Reduce Rs. 4,500 from stock account	Reduce Rs. 5,625 from stock account	B. Reduce Rs. 4,500 from profit & loss account
59	Excess of paid up value of the share over cost of _____ is considered as Capital reserve.	Goodwill	Minority interest	Capital profit	Investment	D. Investment
60	Profit earned _____ of share is treated as Revenue profit.	after acquisition	after appropriation	before appropriation	before acquisition	A. after acquisition
61	Minority interest shown in the _____ is the equity held by the outsiders in the Subsidiary company.	Financial Balance Sheet	Reporting company	Consolidated Balance Sheet	Parent company	C. Consolidated Balance Sheet
62	_____ of debentures of subsidiary co. held by holding company is deducted from Cost of	Face value	Issue price	Commission	Interest	A. Face value
63	_____ paid out of pre-acquisition profits must be credited to investment in shares of the subsidiary account	Dividend	Interest	Capital	Revenue	A. Dividend

64	Which of the following statement is false?	In consolidation of share capital the amount of share capital remains the same only the number of shares and the nominal value per share change	Conversion of stock into shares is similar to consolidation	Capital stock can be purchased or sold even in fractions	Sub-division of shares is reverse off consolidation of shares	B. Conversion of stock into shares is similar to consolidation
65	A scheme of reconstruction involving _____ must be authorised by Memorandum of Articles of Association approved by board and special resolution of the concerned meeting.	Reduction in share capital	Variation of share capital	Alteration of share capital	Compromise / arrangement	B. Variation of share capital
66	Increase, consolidation or sub-division of shares capital of the company involves	Reduction in share capital	Alteration of share capital	Variation of share capital	Compromise / arrangement	B. Alteration of share capital
67	While granting of approval to any scheme of capital reduction, the court may direct the company to add the following word to its name for such period as it thinks fit.	Liquidated	Unlimited and reduced	Limited and reduced	And reduce	D. And reduce
68	Extinguishment of the liability in respect of unpaid portion of the face value of any share in a scheme of reconstruction, amounts to	Reduction in share capital	Variation of share capital	Alteration of share capital	Compromise / arrangement	A. Reduction in share capital
69	Decrease in value of asset is	Debited to Assets A/c	Credited to Assets A/c	Credited to capital reduction A/c	Debited to capital reduction A/c	B. Credited to Assets A/c

70	Increase in value of asset is	Credited to Assets A/c	Debited to Assets A/c	to Debited capital reduction A/c	to Credited to capital reduction A/c	D. Credited to capital reduction A/c
71	Decrease in value of liability	Debited to capital reduction A/c	Credited to capital reduction A/c	to Credited liability	to Debited liability	B. Credited to capital reduction A/c
72	Increase in value of liability	Debited to liability	Credited liability	to Credited to capital reserve a/c	Debited to capital reserve a/c	B. Credited to liability
73	Balance remain after internal reconstruction is capital reduction a/c is transferred to	Capital profit A/c	Capital Reserve	Profit & Loss A/c	General Reserve	B. Capital Reserve
74	In a scheme of reorganization amount of shares surrendered by shareholders is transferred to	Capital reduction a/c	Capital reorganisation a/c	Share consolidation a/c	Share surrender a/c	D. Share surrender a/c
75	Amount sacrificed by hareholders are credited to	Capital reserve A/c	General reserve A/c	Capital reduction A/c	Capital recognition A/c	C. Capital reduction A/c
76	Approval is required for internal reconstruction scheme from	Government	Competent high court	Company law board	SEBI	B. Competent high court
77	_____, if the value of net assets taken over is more than the payment made, the difference is termed as goodwill and if the value of net assets taken is less than the payment made, the difference is termed as capital reserve.	Internal reconstruction	External reconstruction	Amalgamation	Takeover	C. Amalgamation

78	Richa Ltd. Agrees to issue 3 shares of Rs. 10 each, Rs. 9 paid up, and market value of Rs. 15 per share for every 5 shares in Ruchi Ltd. If Ruchi Ltd. Has 1,00,000 equity shares of Rs. 10 each, Rs. 5 paid up and market value of Rs. 8 per share, the amount of purchase	Rs. 10,00,000	Rs. 9,00,000	700,000	Rs. 8,00,000	B. Rs. 9,00,000
79	As per AS – 14 payment of expenses on amalgamation	Appears in the books of transferor company only	Appears in the books of transferee company only	Becomes part of purchase consideration	Does not become part of purchase consideration	D. Does not become part of purchase consideration
80	Under purchase method of amalgamation, the net asset is taken over is more than purchase consideration, it is known as	Goodwill	General reserve	Capital reserve	Capital reduction	C. Capital reserve
81	When the revalued liability is reduced from revalued asset, the amalgamation method is known as	Merger method	Pooling interest method	Net payment method	Net assets method	D. Net assets method
82	The assets and liabilities of transferor company are recorded in the books of transferee company at fair value, the method of amalgamation is known as	Purchase method	Merger method	Consolidation method	Pooling interest method	A. Purchase method
83	In case of amalgamation of a company, revalued liability is reduced from revalued assets, the method of purchase consolidation is known as	Net assets method	Net payment method	Lumpsum method	Intrinsic value method	A. Net assets method
84	When amalgamation in nature of purchase the method applied is	Merger method	Purchase method	Pooling interest method	Consolidation method	B. Purchase method
85	In case of amalgamation, debit side is equal to credit side it is known as	Realisation loss	No profit no loss	Realisation profit	Net value	B. No profit no loss

86	In realisation account of old company debit side is more than the credit side, it is known as	Purchase method	Merger method	Realisation loss	Realisation profit	C. Realisation loss
87	In amalgamation in the nature of merger, the accounting method to be followed is	Purchase method	Pooling interest method	Merger method	Consolidation method	Pooling interest method
88	Under pooling of interest method, purchase consideration less share capital, is adjusted against	General reserve	Capital reserve a/c	Goodwill a/c	Statutory reserve	A. General reserve
89	Under purchase methods, statutory reserve, investment allowance reserve of old company (transferor company), is transferred to new company (transferee company) by debiting	Realisation a/c	Capital reserve a/c	Goodwill a/c	Amalgamation adjustment reserve a/c	D. Amalgamation adjustment reserve a/c
90	The Amalgamation Adjustment Account appears in the books, it is shown under the heading of _____ in the balance sheet.	Reserve and Surplus	Investments	Fixed Assets	Miscellaneous expenditure	D. Miscellaneous expenditure
91	If the intrinsic values of shares exchanged are not equal, the difference is paid in	Cash	Debenture	Preference share	Assets	A. Cash
92	When purchasing company pays purchase consideration, it will be debited to	Liquidator of selling company's account	Realisation account	Business purchase account	Assets account	A. Liquidator of selling company's account
93	As per AS-14 purchase consideration is what is payable to	Shareholders	Creditors	Debentureholders	Shareholders & Debentureholders	A. Shareholders
94	When the purchasing company bears the liquidation expenses, it will debit the expenses to	Vendor Company's Account	Goodwill Account	Bank Account	Capital Reduction Account	B. Goodwill Account

95	When the Vendor (seller) company agrees to bear liquidation expenses, it will debit	Realisation Account	Goodwill Account	Bank Account	Capital Reduction Account	A. Realisation Account
96	Net Assets minus Capital Reserve is	Total assets	Goodwil	Purchase consideration	Business Purchase	C. Purchase consideration
97	When liquidation expenses is paid and borne by seller company then it is debited to	Bank Account	Realisation Account	Goodwill Account	Capital Reserve	B. Realisation Account
98	Under purchase method the difference between the purchase consideration and share capital of the transferee company should be adjusted to:	General reserve	Amalgamation adjustment account	Goodwill or capital reserve	Capital reserve	C. Goodwill or capital reserve
99	Amalgamate adjustment account is opened in the books of transferee company to incorporate:	The assets of the transferor company	The statutory reserves of the transferor company	The liabilities of the transferor company	The non – statutory reserves of the transferor company	B. The statutory reserves of the transferor company
100	If the market price of the shares to be given for Purchase Consideration at the time of absorption, _____ of the share is to be determined	Intrinsic Value	Fair Value	Face Value	Yield Value	A. Intrinsic Value