

T Y B Com Sem V Financial Accounting

Multiple Choice Question.

1. The requirements for final account of companies are specified in Schedule-----
a) I b) III c) XIII d) XIV
2. The schedule III prescribes vertical form of Balance Sheet in part.
a) 4 b) 2 c) 3 d) 1
3. The unpaid interest on loan is -----
a) loan b) current liabilities c) reserve d) contingent liabilities
4. Any amount payable within 12 months from date of Balance sheet is called-----
a) capital b) loan
c) contingent liabilities d) current liabilities
5. Fixed deposit with bank is a part of -----
a) Investment b) bank balance
c) fixed assets d) loans & advances
6. The liabilities of companies are divided in ----- head
a) 4 b) 5 c) 6 d) 3
7. The uncalled amount in investment in shares is shown as -----
a) Investment b) contingent liabilities c) current liabilities d) current assets
8. The transfer to reserve is -----
a) 10% b) 15% c) voluntary d) 25%
9. Which of the following is not an example of fixed assets.
a) Plant & machinery b) building c) royalty d) patents
10. Which of the following items appears on the assets side of balance sheet?
a) capital reserve b) security premium c) sinking & investment d) specific reserve
11. The example of accounting policy is -----
a) consistency b) going concern c) accrual d) depreciation

12. Which of the following is shown under Reserve & Surplus?
a) calls in advance b) calls in arrears c) securities premium d) bonus
13. Which is deducted from share capital to get paid up capital?
a) calls in arrears b) calls in advance c) bonus d) reserves
14. following is not a fixed assets :
a) goodwill b) machinery c) vehicles d) loose tools
15. Following is an appropriation of profit :
a) interest on loan b) Interim Dividend c) audit fees
d) none of the above
16. Dividend is calculated on -----
a) paid up capital b) called up capital c) calls in arrears
d) none of the above
17. Accounting policies are prescribed by -----
a) Companies Act b) ASI c) Income tax Act d) Sales tax Act
18. Interim dividend of a company can be declared by -----
a) Shareholders b) Board of director c) M.D d) SEBI
19. Following is not secured loans -----
a) Naked Debentures b) Mortgage Debentures
c) Mortgage Loan from Banks d) none of the above
20. The following is not fixed assets -----
a) Live Stock b) Patents
c) Loose Tools d) Machinery
21. Advanced tax is shown under -----
a) current liabilities b) Provisions
c) Loans and Advances d) current assets
22. PPE includes
a) Bearer plats b) Stock of Goods
c) Loose Tools d) Live Stock

23. As per Ind AS animals are shown under
- Live Stock
 - Biological assets
 - Investments
 - None of the above
24. Redeemable Preference share capital is disclosed under
- Equity
 - Borrowings
 - Loans
 - Other equity
25. Depreciation is provided as per the provision of -----
- Schedule III
 - Schedule II
 - Schedule VI
 - Schedule IX
26. Capital reduction is implemented per section ----- of Companies Act.
- 77
 - 75
 - 80
 - 66
27. The scheme of capital reduction is be approved by -----
- NCLT
 - SEBI
 - Central Government
 - Shareholders
28. The scheme of internal reconstruction involves ----- company.
- one
 - two
 - three
 - many
29. Fictitious assets are to be transferred to -----
- Internal reconstruction
 - security premium
 - share capital
 - capital reserve
30. Balance in Capital Reduction should be transferred to -----
- security premium
 - capital reserve
 - share capital
 - Profit & Loss Account
31. The cancellation of contingent liability is ----- for company.
- Profit
 - Loss
 - no profit- no loss
 - nil
32. “And Reduced” words are to be shown as a Balance Sheet as per ----- requirement.
- company law
 - AS
 - Income tax
 - stock exchange
33. XYZ Ltd. had on 31st December’2017; 80,000 equity share at Rs.10 each. It was decided to reduce shares to Rs.8 each. The reduction is -----
- Rs.1,60,000
 - Rs.80,000
 - Rs.2,00,000
 - Rs.1,50,000

34. In internal reconstruction, method of calculation of purchase consideration is by ---

- a) Net Asset Method b) Net Payment Method
c) no purchase consideration required d) none of the above
35. On internal reconstruction, assets are written off except -----
- a) land & building b) goodwill
c) preliminary expenses d) Profit & Loss Account
36. Payment of reconstruction expenses is debited to -----
- a) Profit & Loss Account b) Capital Reduction Account
c) Cash Account d) Goodwill Account
37. The Court Confirmation Order may direct the management to add to its name -----
- a) limited b) unlimited
c) and reduced d) none of the above
38. Credit balance on Capital Reduction Account is utilized for -----
- a) issue of bonus shares b) writing off fictitious assets
c) paying shareholders d) none of the above
39. The scheme of internal reconstruction requires sanction from -----
- a) shareholders b) A/A
c) NCLT of Companies Act, 2013 d) all of the above
40. Internal Reconstruction is governed by section -----
- a) 61 b) 801 c) 804 d) 809
41. Surrender of fully paid shares amounts to -----
- a) Alteration of share capital b) Reduction of share capital
c) Arrangement d) Variation of shareholder's rights
42. Debenture holders accepting less than the face value of their debentures amounts to ----

- a) Compromise_ b) Reduction of share capital
c) Alteration of share capital d) Variation of shareholder's rights

53. The shares bought back should be -----
- a) re-issued_ b) pledged to loan
c) cancelled d) ignored
54. The premium paid on buy back should be provided out of -----
- a) security premium b) share capital
c) Statutory reserves d) capital reserves
55. The amount not collected by shareholders should be shown as -----
- a) current liabilities b) capital reserves
c) share capital d) reserve capital
56. The Debt : Equity ratio, after buy-back should not exceed-----
- a) 2:1 b) 1:1 c) 1:2 d) 3:4
57. The security under Buyback cannot be issued within-----
- a) one year b) two year c) six month d) three month
58. For a buy-back, a company should open an escrow account with ---
- a) stock exchange b) broker c) underwriter d) bank
59. Board of directors can approve buy back upto -----
- a) 25% b) 10% c) 20% d) 5%
60. The company before buy back has to submit a declaration of -----
- a) liquidity b) solvency c) insolvency d) competency
61. A company can buy back-----
- a) preference shares b) equity shares
c) none of the above d) (a) and (b)
62. Buyback of shares can be out of -----
- a) profits only b) proceeds of fresh issue only
c) capital profit only d) free reserves of securities premium or proceeds of shares
63. The reserve, which is not a free reserve for the purpose of buyback of shares, is -----
- a) Profit & Loss Account b) dividend equalisation reserve
c) revaluation reserve d) general reserve

64. The objective of buyback of equity shares is -----
- a) To reduce earning per share b) To increase share capital
c) To bring cash in business d) none of the above
65. Which of the following statement is true?
- a) Buyback can be out of free reserves only
b) Buyback can be out of free reserves and securities premium
c) Buyback can be out of General Reserve
d) Buyback can be out of capital Reserve.
66. Buyback must be authorized by -----
- a) M/A b) Auditors of the company
c) A/A d) General Government
67. Before buyback all the shares must be -----
- a) Party paid b) fully paid
c) fully subscribed d) none of the above
68. Buyback must be completed within -----
- a) 12 months b) 3 months c) 6 months d) 2 months
69. The company going for buyback must file Solvency Declaration with-----
- a) Registrar of companies b) SEBI
c) Registrar and SEBI d) Central Government
70. As per SEBI Guidelines buyback must be as per -----
- a) RBI Guidelines b) SEBI Guidelines
c) State Government Guidelines d) Central Government Guidelines
71. The Debt Equity Ratio after buyback must not be -----
- a) More than 2:1 b) Less than 2:1
c) More than 1:1 d) Less than 1:2
72. The company must destroy the certificate after buyback within ----
- a) 7 days of completion b) 10 days completion

- c) 21 days completion d) 42 days completion
73. After completion of buy back, Buyback Return must be filed with -----
- a) Registrar of companies b) SEBI
- c) Registrar and SEBI d) Registrar of stock exchange
74. To comply with the obligations under Buyback the company must open -----
- a) An escrow A/C b) A current A/C
- c) A saving AS/C d) A fixed deposit A/C
75. In case of buyback at a discount the amount of discount is transferred to -----
- a) General Reserve A/C b) Capital Reserve A/C
- c) Capital Redemption Reserve A/C d) Securities premium A/C
76. Investment intended to be held for less than 12 months is called ----- investment.
- a) Annual b) current
- c) long-term d) trade
77. Fixed return bearing investment are -----
- a) equity shares b) debentures c) jewellery d) machinery
78. The requirements regarding investment are specified in As -----
- a) 3 b) 11 c) 13 d) 14
79. Rights shares are offered in ratio of -----
- a) number shares held b) face value of shares
- c) cost of shares d) paid up value of share
80. The cost of investment sold is to be calculated as per ----- Method.
- a) FIFO b) LIFO
- c) Weighted Average d) Simple Average
81. The interest up to date of transaction is paid in addition to the price in case of ----- quotation.
- a) cum-interest b) ex-interest
- c) fixed price d) all types of
82. The interest is to be calculated on -----
- a) cost b) face value c) number d) market value

93. Profit on sale of investment is transferred to -----
a) Profit & Loss A/c b) investment A/c
c) Capital reserve A/c d) None of the above
94. Dividend on shares accrues on the -----
a) due date b) date of declaration
c) date fixed in advance d) last day of the year
95. Accounting for investment is dealt with by -----
a) AS 9 b) AS 13 c) AS 11 d) AS 29
96. The term 'Ethics' comes from
a) Greek word b) fresh word
c) German word d) none of the above
97. Ethical behavior distinguishes
a) Right from wrong b) proper from improper
c) Correct from incorrect d) All of the above
98. Ethics behavior should be practiced with
a) Customers b) shareholders
c) Suppliers d) Stakeholders
99. Ethic principles are
a) Well designed b) Clearly articulated
c) Ill defined d) a & b
100. A company has to spend in CSR
a) 10% of N.P. b) 2% of N.P.
c) 5% of N.P. d) 11% of N.P.

T Y B Com Sem V Financial Accounting

ANS.

1	B	2	D	3	A	4	D
5	B	6	C	7	B	8	C
9	C	10	C	11	D	12	C
13	A	14	D	15	B	16	A
17	B	18	B	19	A	20	C
21	C	22	A	23	B	24	B
25	B	26	D	27	A	28	A
29	A	30	B	31	C	32	A
33	A	34	C	35	A	36	B
37	C	38	B	39	D	40	A
41	C	42	A	43	C	44	A
45	C	46	B	47	C	48	A
49	A	50	A	51	A	52	C
53	C	54	A	55	A	56	A
57	B	58	D	59	B	60	B
61	B	62	D	63	C	64	D
65	B	66	C	67	B	68	A
69	C	70	B	71	A	72	A
73	C	74	A	75	B	76	B
77	B	78	C	79	A	80	C
81	B	82	B	83	D	84	B
85	A	86	C	87	A	88	C
89	A	90	D	91	D	92	C
93	A	94	B	95	B	96	A
97	D	98	D	99	D	100	B