

Corporate Accounting

1. Which of the following is not shown on the liability side of a balance sheet of a company?
A. Authorized capital B. Issued capital
C. Paid up capital D. Reserve capital
2. Share application account is a
A. nominal B. real
C. personal D. None of these
3. Penalty for delay in refunding application money:
A. 6% B. 5%
C. 15% D. 20%
4. Conversion of physical shares into electronic securities is called
A. dematerialization B. price rigging
C. re-materialization D. None of these
5. Public limited companies cannot issue
A. equity shares B. deferred shares
C. preference shares D. right shares
6. Preference shareholders are of the company:
A. creditors B. owners
C. customers D. borrowers
7. The minimum share application money is
A. ₹ 1 /share
B. 5% of the face value of share
C. 10% of the issue price of share
D. None of these
8. The difference between subscribed capital and called capital is known as
A. calls in advance B. paid up capital
C. uncalled capital D. calls in arrear
9. The rate of discount on issue of shares should not exceed % of the nominal value of shares.
A. 10 B. 2
C. 4 D. 5
10. On calls in advance, interest is payable @
A. 5% B. 6%
C. 4% D. Nil
11. Right shares are those shares which are issued to:
A. directors
B. promoters
C. existing shareholders
D. None of these
12. After completing years a company can issue shares at discount.
A. 2 B. 3
C. 1 D. 4
13. The profit on re-issue of shares is transferred to
A. general reserve
B. capital reserve
C. P/L account
D. P/L appropriation account
14. When shares are forfeited, share capital account is debited by
A. paid up amount of shares
B. called up amount of shares
C. face value of shares
D. uncalled capital
15. Voluntary return of shares by shareholders to the company for cancellation is called:
A. transfer of shares B. forfeiture of shares
C. surrender of shares D. buyback of shares
16. The minimum amount of capital which must be subscribed by the public before allotment is called:
A. allotment money B. minimum subscription
C. subscribed capital D. None of these
17. Stock is a consolidation of shares.
A. partly paid B. fully paid
C. equity D. sweat
18. That part of the capital which will be called up only in the event of winding up of the company is called capital.
A. issued B. paid-up
C. reserve D. uncalled
19. Preference shareholders are entitled to a fixed rate of
A. interest B. dividend
C. coupon D. capital
20. Those preference shares which do not carry the right of share in excess profits are known as preference shares.
A. irredeemable B. non-cumulative
C. non-convertible D. non-participating

21. is deducted from the called-up capital in order to calculate paid-up capital.
A. calls in arrear B. calls in advance
C. uncalled capital D. reserve capital
22. Forfeiture of shares results in compulsory termination of due to non-payment of allotment/call money.
A. allotment B. membership
C. subscription D. issue
23. On forfeiture of shares, which of the following account is credited with the amount of money already received on such shares?
A. shares forfeited A/c B. share capital A/c
C. unpaid calls A/c D. share premium A/c
24. The discount on re-issue of forfeited shares is debited to A/c.
A. share capital
B. shares forfeited
C. bank
D. discount on issue of shares
25.implies issue and allotment of shares to a selected group of persons and not to general public.
A. Initial public offer B. Right issue
C. Private placement D. Pre-emptive right
26. Right shares are issued to
A. directors B. promoters
C. existing share holders D. debenture holders
27. Shares which carry preferential rights are called
A. equity shares B. preference shares
C. sweaty equity D. green shoe
28. A company cannot issue redeemable preference shares for a period exceeding
A. 6 years B. 7 years
C. 10 years D. 20 years
29. Preference shares can be redeemed
A. if they are fully paid up
B. if they are partly paid up
C. if they are convertible
D. None of these
30. Premium on redemption of preference shares can be provided out of
A. securities premium account
B. capital reserve account
C. general reserve account
D. All of these
31. At present, a company limited by shares cannot issue preference shares.
A. redeemable B. irredeemable
C. convertible D. None of these
32. Capital redemption reserve is created out of:
A. Dividend equalization fund
B. P/L account
C. General reserve account
D. All of these
33. Capital redemption reserve can be utilized for
A. declaring dividend
B. writing of capital losses
C. issue of fully paid up bonus shares
D. None of these
34. profit means profit which would otherwise be available for distribution of dividend.
A. Capital B. Gross
C. Net D. Divisible
35. Which of the following is not a source of redemption of preference shares?
A. divisible profit
B. securities premium A/c
C. realization of asset
D. proceeds of fresh issue
36. The nominal value of preference shares to be redeemed can be provided out of
A. general reserve B. capital reserve
C. CRR D. securities premium
37. Redemption of preference shares should not be regarded as reduction of capital of the company.
A. paid-up B. called-up
C. subscribed D. authorized
38. Buyback of shares should not exceed of paid up capital and free reserve of the company.
A. 50% B. 10%
C. 5% D. 25%
39. Under the scheme of buyback of shares, the company in order to perform its obligations, is required to open an account.
A. fixed deposit B. escrow deposit
C. savings deposit D. current deposit
40. Debenture represents of the company.
A. deposit B. overdraft
C. loan D. None of these
41. Debenture holders are of the company.
A. owners B. creditors
C. Both A and B D. None of these
42. Loss on issue or discount on issue of debenture is a asset.
A. tangible B. current
C. fictitious D. None of these

43. When debentures are redeemed out of profits, an equal amount is transferred to
 A. CRR
 B. capital reserve
 C. revenue reserve
 D. debenture redemption reserve
44. Profit on sale of sinking fund investment is credited to
 A. general reserve B. capital reserve
 C. sinking fund D. None of these
45. When own debentures are cancelled any profit on cancellation is transferred to
 A. general reserve B. capital reserve
 C. P/L Account D. None of these
46. Premium on issue of debentures is a
 A. capital loss B. capital profit
 C. revenue profit D. revenue loss
47. is a document which either creates or acknowledges a debt.
 A. Debenture B. Trust deed
 C. Security D. Articles of Association
48. debentures are secured by a charge on the assets of the company.
 A. Naked B. Simple
 C. Unsecured D. Mortgage
49. is a document prepared by the company before the issue of prospectus to the public for subscription of debentures.
 A. Debenture B. Trust deed
 C. Abridged prospectus D. Call letter
50. Companies may issue debentures as security against loans taken from banks/financial institutions.
 A. principal B. primary
 C. collateral D. chargeable
51. Discount on issue of debentures is a
 A. capital loss B. capital profit
 C. revenue loss D. revenue profit
52. Which of the following is a method of redemption of debentures?
 A. draw of lots
 B. conversion
 C. open market purchase
 D. all of these
53. Interest on debenture is
 A. an appropriation of profit
 B. a charge against profit
 C. an adjustment of profit
 D. None of these
54. After the redemption of debentures, any credit balance in the Sinking Fund A/c is transferred to A/c.
 A. general reserve B. capital reserve
 C. P&L D. None of these
55. Dividend is paid on capital.
 A. called B. paid up
 C. issued D. None of these
56. In the case of joint stock companies, the assets and liabilities in B/S are arranged in the order of
 A. serial number B. performance
 C. availability D. None of these
57. Dividend declared in between two annual general meeting is called
 A. unclaimed dividend B. interim dividend
 C. proposed dividend D. scrip dividend
58. The amount set aside to meet the loss of bad debt is
 A. liability B. reserve
 C. provision D. contingent liability
59. Unclaimed dividend is shown in
 A. P/L account
 B. P/L appropriation account
 C. Balance sheet
 D. None of these
60. Advance payment of tax is a
 A. prepaid expense B. general reserve
 C. interim dividend D. provision for taxation
61. When the proposed dividend exceeds 20% of paid up capital, percentage of profit transferred to general reserve is
 A. 2.5% B. 5%
 C. 7.5% D. 10%
62. Which of the following represents source of fund in the balance sheet of a company?
 A. secured loan B. share capital
 C. reserves & surplus D. All of these
63. Which of the following does not represent application of fund of a company?
 A. fixed asset B. good will
 C. debentures D. debtors
64. Which of the following reserves cannot be distributed as dividend to share holders?
 A. securities premium
 B. profit on forfeiture of shares
 C. profit on sale of fixed assets
 D. All of these
65. Which of the following reserve does not appear in the balance sheet of a company?
 A. secret reserve B. general reserve
 C. capital reserve D. specific reserve

66. Fictitious assets are shown on the asset side of the balance sheet of a company under the heading
 A. fixed asset B. current asset
 C. foot note D. None of these
67. Unclaimed dividend is shown on the liability side of the balance sheet of a company as
 A. Share capital
 B. Current liabilities
 C. Reserves & Surplus
 D. Non-current liability
68. Dividend may be declared out of
 A. current profit
 B. past reserves
 C. money provided by government
 D. All of these
69. Financial statement in relation to a company includes:
 A. Balance sheet B. Statement of P&L
 C. Cash flow statement D. All of these
70. Which of the following is not a long-term borrowing of a company?
 A. Debentures
 B. Term loans
 C. Loans repayable on demand from banks
 D. Long-term finance lease obligations
71. Calls in advance is shown in the balance sheet as
 A. current liabilities
 B. added to called-up capital
 C. current assets
 D. deduction from called-up capital
72. The difference between gross dividend receivable and dividend received is debited to
 A. interim dividend B. tax deducted at source
 C. net dividend D. difference adjustment
73. Pooling of interest method is applicable for amalgamation in the nature of
 A. merger B. consolidation
 C. reconstruction D. realization
74. For amalgamation in the nature of merger, the shareholders holding at least or more of the equity shares of the transferor company becomes the equity shareholders of the transferee company.
 A. 90% B. 80%
 C. 100% D. None of these
75. Realization loss is transferred to
 A. preference shareholders A/c
 B. equity shareholders A/c
 C. creditors A/c
 D. None of these
76. When an existing company takes over the business of one or more existing companies, it is called
 A. amalgamation
 B. absorption
 C. internal reconstruction
 D. None of these
77. Accounting for amalgamation is given in....
 A. AS 14 B. AS 16
 C. AS 20 D. None of these
78. Liquidation expenses paid by the transferee company is debited to
 A. General reserve account
 B. P/L Account
 C. Goodwill account
 D. None of these
79. Which of the following fictitious assets is not taken over by the transferee company?
 A. Preliminary expenses
 B. Underwriting commission
 C. Discount on issue of shares
 D. All of these
80. Which of the following is considered as an asset while calculating purchase consideration?
 A. Goodwill B. Patent
 C. Trademark D. All of these
81. The accumulated losses and fictitious assets of the transferor company are transferred to A/c.
 A. equity share holders
 B. transferee company
 C. equity capital
 D. realization
82. Which of the following A/c is debited when statutory reserve of the transferor company is taken over by the transferee company?
 A. Goodwill A/c
 B. Amalgamation adjustment A/c
 C. Capital reserve A/c
 D. Statutory reserve
83. Under purchase method of amalgamation, of the transferor company continues to appear in the balance sheet of the transferee company.
 A. capital reserve B. general reserve
 C. statutory reserve D. specific reserve
84. While preparing the transferee company's financial statement under amalgamation in the nature of merger, the assets and liabilities taken over from the transferor company should be incorporated at
 A. cost B. book value
 C. revised value D. None of these

85. While preparing the transferee company's financial statement under amalgamation in the nature of purchase, the assets and liabilities taken over from the transferor company should be incorporated at
 A. cost B. book value
 C. revised value D. None of these
86. Which of the following should not be considered as a part of purchase consideration?
 A. Payment to equity shareholders
 B. Payment to preference shareholders
 C. Payment to debentureholders
 D. Cash payment to shareholders
87. Which of the following is considered while calculating purchase consideration under Net asset method?
 A. Assets taken over B. Liabilities taken over
 C. Goodwill taken over D. All of the above
88. Under net payment method, purchase consideration includes all payments made to the shareholders in the form of
 A. equity share B. preference share
 C. cash D. All of these
89. Which of the following is a statutory reserve?
 A. Development Allowance Reserve
 B. Capital Reserve
 C. Workmen's Compensation Fund
 D. CRR
90. Any excess amount paid to preference share holders is debited to account
 A. realisation B. preference shareholders
 C. P&L D. preference share capital
91. While preparing the books of the transferee company in purchase method, the difference between purchase consideration and share capital of the transferor company should be adjusted in
 A. share capital B. reserves
 C. assets D. liabilities
92. The excess of purchase consideration over net assets of the transferor company acquired by the transferee company should be recognized as in purchase method.
 A. capital reserve B. general reserve
 C. goodwill D. P&L
93. In purchase method, the excess of net asset of the transferor company acquired by the transferee company over the purchase consideration should be recognized as
 A. P&L B. goodwill
 C. general reserve D. capital reserve
94. Alteration of shares of smaller amounts into shares of larger amount is called of share capital.
 A. surrender B. subdivision
 C. consolidation D. None of these
95. The amount of surrendered shares is credited to
 A. CRR
 B. sinking fund
 C. capital reduction account
 D. reserve
96. Amount sacrificed by shareholders are credited to
 A. capital reserve B. general reserve
 C. capital reduction D. None of these
97. Capital reduction account is used to
 A. write off losses B. transfer to capital
 C. issue bonus shares D. None of these
98. Any increase in the value of assets is to capital reduction.
 A. debited B. credited
 C. ignored D. None of these
99. is the account created in connection with internal reconstruction.
 A. Realization A/c B. Capital reduction A/c
 C. Adjustment A/c D. CRR A/c
100. Alteration of shares of larger denominations into smaller denominations is called of shares.
 A. consolidation B. surrender
 C. sub-division D. valuation
101. Which of the following does not involve liquidation of any company?
 A. internal reconstruction
 B. amalgamation
 C. absorption
 D. external reconstruction
102. Under which of the following circumstances can a company resort to internal reconstruction?
 A. accumulated huge losses
 B. shortage of capital
 C. over valued assets
 D. All of these
103. The balance in capital reduction A/c after writing off all accumulated loss, fictitious assets and overvalued assets are transferred to
 A. capital reserve B. general reserve
 C. reserve capital D. goodwill
104. Which of the following result in reduction of capital?
 A. Reducing share capital
 B. Reducing the amount payable to creditors
 C. Appreciation in the value of assets
 D. All of these

- 105.** Which of the following is not an alteration of capital?
 A. Consolidation of shares
 B. Sub-division of shares
 C. Conversion of shares into stock
 D. Paid off paid up capital in excess of needs of the company
- 106.** Internal reconstruction can be done by
 A. alteration of share capital
 B. reduction of share capital
 C. issue of share capital
 D. All of these
- 107.** Which of the following is not a case of combination?
 A. external reconstruction
 B. internal reconstruction
 C. amalgamation
 D. absorption
- 108.** The term banking is defined in section
 A. Section 5 of Banking Regulation Act
 B. Section 4
 C. Section 7
 D. None of these
- 109.** A bank can open a branch only at the permission of the
 A. SBI
 B. RBI
 C. Government
 D. None of these
- 110.** Schedule 16 relates to
 A. interest earned
 B. interest expended
 C. operating expenses
 D. None of these
- 111.** Schedule 9 relates to
 A. fixed assets
 B. borrowings
 C. advances
 D. capital
- 112.** Banks are required to transfer of their profits to statutory reserve.
 A. 20%
 B. 25%
 C. 10%
 D. None of these
- 113.** Assets acquired by a bank in satisfaction of a claim are known as
 A. non-banking assets
 B. performing assets
 C. standard assets
 D. None of these
- 114.** Assets which do not carry more than normal credit risk is known as
 A. loss asset
 B. risk asset
 C. standard asset
 D. None of these
- 115.** On standard asset a minimum provision of is required.
 A. .25%
 B. .10%
 C. .40%
 D. None of these
- 116.** Rebate on bills discounted is from interest and discount in the P/L account
 A. added
 B. deducted
 C. not deducted
 D. None of these
- 117.** represents that part of discount received during the year by a bank which relates to the next accounting year.
 A. Trade discount
 B. Normal discount
 C. Unexpired discount
 D. Cash discount
- 118.** A scheduled bank is required to maintain with RBI at a prescribed percentage of their total time and demand deposit.
 A. SLR
 B. CRR
 C. statutory reserve
 D. branch adjustment
- 119.** Every bank is required to maintain with RBI in the form of cash, gold and securities an amount not less than 25% of their demand and time liabilities.
 A. CRR
 B. SLR
 C. statutory reserve
 D. branch adjustment
- 120.** Which of the following is not an advance given by a bank?
 A. loan
 B. overdraft
 C. deposit
 D. cash credit
- 121.** is a liability which may or may not arise in future depending on happening of some uncertain future event.
 A. contingent liability
 B. bills for collection
 C. non-banking liability
 D. bills payable
- 122.** Acceptances, endorsements and obligations on behalf of a customer will be shown as in the balance sheet of a company.
 A. other asset
 B. other liability
 C. borrowings
 D. contingent liability
- 123.** NPA for a period not exceeding 12 months is called as asset.
 A. loss
 B. standard
 C. sub-standard
 D. doubtful
- 124.** Advanced tax paid by a banking company is shown as in the Balance Sheet.
 A. advance
 B. investment
 C. other assets
 D. contingent liability
- 125.** Provision for Income tax is shown in a bank's Balance Sheet as
 A. contingent liability
 B. contingent asset
 C. borrowings
 D. other liabilities and provisions

- 126.** Rebate on bills discounted is shown in the Balance Sheet as
 A. advances
 B. other liabilities & provisions
 C. other income
 D. reserves & surplus
- 127.** Rebate on bills discounted is also called
 A. unexpired discount B. earned discount
 C. expired discount D. received discount
- 128.** While preparing P/L account, rebate on bills discounted to be provided shall be deducted from discount received in
 A. Schedule 16 B. Schedule 15
 C. Schedule 14 D. Schedule 13
- 129.** Which of the following are performing assets?
 A. Loss asset B. Standard asset
 C. Sub-standard asset D. Doubtful asset
- 130.** Interest on non-performing assets should be recognized on basis.
 A. actually received B. accrual
 C. standard D. None of these
- 131.** Interest on performing assets should be recognized on basis.
 A. actually received B. standard
 C. accrual D. None of these
- 132.** Which of the following represents term deposit?
 A. Savings deposit B. Current deposit
 C. Fixed deposit D. None of these
- 133.** The short-term advances made by a bank to the stock brokers and bill brokers are called
 A. money at call B. short loan
 C. short provision D. inter-office adjustment
- 134.** is an annual payment made by a life insurance company in consideration form a lump sum received.
 A. Claim B. Annuity
 C. Bonus D. Premium
- 135.** Which of the following represents policy holders A/c?
 A. P/L A/c B. Revenue A/c
 C. Balance sheet D. None of these
- 136.** is a device of reducing the risk undertaken by an insurance company.
 A. Re-insurance B. Double insurance
 C. Risk insurance D. None of these
- 137.** Under policy, the sum assured becomes payable on the attainment of a specific age or on death whichever is earlier.
 A. whole time life policy B. endowment policy
 C. with profit policy D. None of these
- 138.** is a reserve created to meet any loss due to natural calamities.
 A. Revenue reserve B. Capital reserve
 C. Catastrophe reserve D. None of these
- 139.** Life insurance is a contract of
 A. indemnity B. guarantee
 C. contribution D. None of these
- 140.** General insurance is a contract of.....
 A. contribution B. indemnity
 C. guarantee D. None of these
- 141.** Reinsurance is common in
 A. life insurance B. general insurance
 C. marine insurance D. None of these
- 142.** In the case of marine insurance reserve for unexpired risk is
 A. 50% B. 100%
 C. 40% D. None of these
- 143.** Valuation balance sheet is prepared by a life insurance company to find out:
 A. profit or loss B. financial position
 C. surplus or deficiency D. net liability
- 144.** Insurance Regulatory and Development Authorities Act came in to effect in:
 A. 2001 B. 2004
 C. 1999 D. None of these
- 145.** of net surplus of a life insurance company is given to policyholders as bonus.
 A. 90% B. 80%
 C. 95% D. None of these
- 146.** Bonus payable on maturity of the policy is termed as:
 A. cash bonus B. capital bonus
 C. reversionary bonus D. None of these
- 147.** Insurance Act came in to effect in
 A. 1956 B. 1972
 C. 1938 D. None of these
- 148.** Valuation balance sheet is prepared by
 A. general insurance company
 B. life insurance company
 C. joint stock company
 D. banking company
- 149.** Legal expenses in respect of claims of an insurance company is shown in
 A. P&L A/c B. Revenue A/c
 C. Balance sheet D. Surplus A/c
- 150.** Bonus in reduction of premium appears in the revenue A/c as
 A. an income B. an expense
 C. no where D. profit

ANSWERS

1	2	3	4	5	6	7	8	9	10
D	C	C	A	B	B	B	C	A	B
11	12	13	14	15	16	17	18	19	20
C	C	B	B	C	B	B	C	B	D
21	22	23	24	25	26	27	28	29	30
A	B	A	B	C	C	B	D	A	D
31	32	33	34	35	36	37	38	39	40
B	D	C	D	C	A	D	D	B	C
41	42	43	44	45	46	47	48	49	50
B	C	D	C	B	B	A	D	B	C
51	52	53	54	55	56	57	58	59	60
A	D	B	A	B	B	B	C	C	A
61	62	63	64	65	66	67	68	69	70
D	D	C	D	A	A	B	D	D	C
71	72	73	74	75	76	77	78	79	80
A	B	A	A	B	B	A	C	D	D
81	82	83	84	85	86	87	88	89	90
A	B	C	B	C	C	D	D	A	A
91	92	93	94	95	96	97	98	99	100
B	C	D	C	C	C	A	B	B	C
101	102	103	104	105	106	107	108	109	110
A	D	A	D	D	D	B	A	B	C
111	112	113	114	115	116	117	118	119	120
C	B	A	C	C	B	C	B	B	C
121	122	123	124	125	126	127	128	129	130
A	D	C	C	D	B	A	D	B	A
131	132	133	134	135	136	137	138	139	140
C	C	A	B	B	A	B	C	B	B
141	142	143	144	145	146	147	148	149	150
B	B	C	C	C	C	C	B	B	B

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