

Jnan Vikas Mandal Degree College Sector 19 Airoli

Question Banks

Class: T.Y.B.Com Semester VI

Subject; Financial Accounting and Auditing (Financial Accounting)- IX

1) If the business of an existing company AJIT Ltd is taken over by an existing company PAVAN Ltd, it is called

- a) External Reconstruction
- b) Internal Reconstruction
- c) Absorption
- d) Amalgamation

Ans: c)

2) When the merger involves liquidation of one or more existing companies and formation of the new company, it is called

- a) Internal Reconstruction
- b) Absorption
- c) External Reconstruction
- d) Amalgamation

Ans: d)

3) if the new business of Amar Ltd, a loss making company is taken over by a new company Amar (new) Ltd, it is called

- a) Internal Reconstruction
- b) External Reconstruction
- c) Amalgamation
- d) Absorption

Ans) a

4) Accounting for amalgamation is governed by

- a) AS-13
- b) AS-14
- c) AS-1
- d) AS-2

Ans: AS-14

5) In Amalgamation Transferor company means the company

- a) Which is amalgamated into another company
- b) Into which a company is amalgamated
- c) Which is liquidated
- d) New Company

Ans: a)

6) Arvind Ltd was absorbed by Anand Ltd, the net assets in Arvind Ltd was Rs 3,50,000, the Purchase Consideration settled by Anand Ltd was Rs 4,00,000, The difference of Net assets and purchase consideration amount of Rs 50,000 is transferred to

- a) General Reserve
- b) Capital Reserve
- c) Goodwill
- d) Equity shareholders

Ans: c)

7) Total assets of Ravi Ltd in book value was Rs 5,00,000 and liability was Rs 1,20,000, The purchase Consideration was calculated at Rs 5,00,000, Difference in realization account will be

- a) RS 1,20,000 Profit
- b) Rs 1,20,000 Loss

- c) Rs. 3,80,000 Profit
- d) No profit or No Loss

Ans: a) Rs. 1,20,000 Profit

8) Prakash Ltd issued 4 shares for every 5 shares in Pavan Ltd. The total number of shares in Pavan Ltd are 5,00,000. The new shares issued by Prakash Ltd will be

- a) 5,00,000 Shares
- b) 1,00,000 Shares
- c) 6,25,000 Shares
- d) 4,00,000 Shares

Ans: 6,25,000 Shares

9) According to AS 14, Transferee Company means the company

- a) Which is amalgamated into another company
- b) Into which a company is amalgamated
- c) Which is liquidated
- d) Vendor Company

Ans: b) Into which a company is amalgamated

10) On Amalgamation, Share issue expenses A/c appearing in asset side of the balance sheet of the vendor company is transferred to

- a) Realisation A/c
- b) Profit and Loss A/c
- c) Preference Shareholders A/c
- d) Equity Shareholders A/c

Ans: Equity Shareholders A/c

11) Amalgamation Adjustment A/c is opened in the books of transferee company to incorporate

- a) General Reserve of the transferor company
- b) Capital Reserve of the transferor company
- c) Statutory Reserve of the transferor company
- d) Statutory Reserve of the Transferee Company

Ans; c)

12) Purchase Consideration is payable to

- a) Creditors
- b) Shareholders
- c) Debentureholders
- d) Banks
- b) Shareholders

13) Soumya Ltd was taken over by Jyoti Ltd the purchase consideration of RS 6,00,000 was settled in the form of equity shares of Rs 10 each at Rs 12 per share, the securities premium amount is

- a) RS. 500,000

- b) Rs 6,00,000
 - c) Rs 1,00,000
 - d) Rs 50,000
- Ans c) Rs 1,00,000

14) The following is not taken into account for calculation of purchase consideration on net asset method

- a) Building
- b) inventory
- c) Receivables
- d) Share issue Expenses

Ans : d) Share Issue Expenses

15) Average Rate is the

- a) Exchange Rate on the Balance Sheet date
- b) Mean of Exchange rate in force during a period
- c) Ratio for exchange of two currencies
- d) Exchange Rate at the beginning of the year.

Ans: b)

16) Following is not an example of a monetary item,

- a) Cash
- b) Debtors
- c) Plant and Machinery
- d) Bank

Ans: c) Plant and Machinery

17) Following is an example of non- monetary item

- a) Bills Receivables
- b) Bills Payables
- c) Inventories
- d) Debtors

Ans: c) Inventories

18) Following is the example of monetary item

- a) Cash
- b) Building
- c) Plant and Machinery
- d) Furniture

Ans: a) Cash

19) Currency used in the presenting the financial statements

- a) Non-foreign currency
- b) Official Currency
- c) Indian Rupees
- d) Reporting Currency

Ans: d) Reporting Currency

20) Goods imported \$ 10,000 the exchange rate on the date of import was \$ 1 = Rs 68.50, the value of import in rupees

- a) Rs.68,500

- b) Rs. 10,000
- c) Rs. 6,85,000
- d) Rs. 6,00,000

Ans: c) Rs. 6,85,000

21) The Value of goods imported was \$ 50,000, the exchange rate on the date of import was \$ 1 = Rs 71. The payment \$ 25,000 was made when the \$ 1 = Rs 70, The exchange profit or loss in rupees will be

- a) Rs. 25,000 Profit
- b) Rs. 25,000 Loss
- c) Rs. 50,000 Profit
- d) Rs. 50,000 Loss

Ans: b) Rs 25,000 Profit

22) The value of goods exported was \$ 75,000 when the exchange rate was \$ 1 = Rs 67. The payment of \$ 15,000 was received when the exchange rate of \$ 1 = Rs 66, The exchange profit or loss in rupees will be

- a) Rs 15,000 profit
- b) Rs. 15,000 Loss
- c) Rs 75,000 Profit
- d) Rs 75,000 Loss

Ans: b) Rs 15,000 Loss

23) The outstanding payment on import was \$ 35,000 the exchange rate on import was \$ 1=Rs 68. On 31st March 2019 , \$ 1 = Rs 69.50, the amount of profit or loss on outstanding payment on 31st March will be

- a) Rs 35,000 Profit
- b) Rs 24,32,500 Profit
- c) Rs 52,500 Loss
- d) Rs 52,500 Profit

Ans: c) 52,500 Loss

24) The exchange rate at the balance sheet date is known as

- a) Average Rate
- b) Non-monetary Rate
- c) Monetary Rate
- d) Closing Rate

Ans: d) Closing Rate

25) Foreign currency is the currency used

- a) Used in recording the foreign transactions
- b) Used in presenting the foreign financial statements
- c) Other than Indian Rupees
- d) Other than the reporting currency of an enterprise

Ans : d) Other than reporting currency of an enterprise

26) Liability for compensation under Workmen's Compensation Act is treated as

- a) Over riding preferential creditor
- b) Preferential Creditor
- c) Secured Creditor
- d) Un secured Creditor

Ans: a)

27) List H shows the account of

- a) Deficiency or Surplus
- b) Fixed Assets Account

- c) Preferential Creditors Account
 - d) Current Assets Account
- Ans: a) Deficiency or surplus

28) Any sum due to an employee out of provident fund is an example of

- a) Unsecured Creditors
- b) Partly secured creditor
- c) Secured Creditors
- d) Preferential creditor

Ans: d) Preferential Creditor

29) A Contributory is a

- a) Preferential creditor
- b) Unsecured Creditor
- c) Shareholder
- d) Debentureholders

Ans: c) Shareholder

30) Balance left after payment of all liabilities except unsecured creditors in liquidation of company is Rs 1,03,000 , Unsecured creditors is Rs 1,20,000. Liquidator charges 3% on the amount paid to unsecured creditors , The commission is

- a) Rs 3,000
- b) Rs 3090
- c) Rs 3,600
- d) Rs 3,495

Ans : a) Rs 3,000

31) The balance left after payment of all liabilities except unsecured creditors in liquidation of company is Rs 4,12,000, the Unsecured creditors is Rs 4,80,000, Liquidator charges 3% on the amount paid to unsecured creditors, the commission is

- a) Rs. 12,360
- b) Rs. 12,000
- c) Rs 14,400
- d) Rs 13,981

Ans: b) Rs 12,000

32) Balance left after the payment of liabilities and P reference shareholders, was Rs90,000, amount due to equity shareholders is Rs 12,00,000 on 15,000 shares of Rs 10 each Rs 8 paid up . Find out the loss per share

- a) Rs. 80
- b) Rs 12
- c) Rs 112.50
- d) Rs 74

Ans d)Rs. 74

33) Balance left after the payment of liabilities and preference shareholders, was Rs 1,80,000, Amount due to Equity shareholders are Rs 24,00,000 (30,000 Equity shares of Rs 10 each Rs 8 paid up), Find out the loss per share

- a) Rs 74

- b) Rs 225
 - c) Rs 240
 - d) Rs 80
- Ans: a) Rs 74

34) Amount of Government dues that arose within 12 months before the date of winding up is treated as

- a) Secured Creditors
 - b) Unsecured Creditors
 - c) Preferential Creditor
 - d) Over riding preferential Creditor
- Ans: c) Preferential Creditor

35) The Commission to underwriters as per the Companies Act should not exceeds

- a) 2.5% of the issue price
- b) 5% of the issue price
- c) 2% of the issues price
- d) 10% of the issue price

Ans: a) 2.5% of the issue price

36) According to Companies Act, the underwriting commission on shares should not exceed

- a) 2.5%
- b) 10%
- c) 5%
- d) 1.5%

Ans: c) 5%

37) Unmarked application refers to

- a) Firm underwriting
- b) Applications issued by the company
- c) Applications bearing the stamp of underwriters
- d) Applications without bearing the stamp of underwriters

Ans: d) Applications without bearing the stamp of underwriters

38) Marked Applications refers to

- a) Applications bearing the stamp of underwriters
- b) Applications bearing the signature of the applicant
- c) Applications issued by the company
- d) Applications bearing the stamp of shareholders

Ans: a) Applications bearing the stamp of underwriters

39) If the whole of the issue of shares or debentures is underwritten, it is termed as

- a) Partial underwriting
- b) Complete or Full underwriting
- c) Sole underwriting
- d) Firm Underwriting

Ans: b)

40) Amit Ltd issued 10,000 shares of Rs 10 each at a premium of Rs 5 per share, the underwriting commission is 5% on issue price. The premium amount is

- a) Rs 500
- b) Rs 5,000

c) Rs 7,500

d) Rs 2,500

Ans: c) Rs 7,500

41) Manoj Ltd issued 20,000 Equity shares of Rs 10 each at a premium of Rs 6 per share. The underwriting commission is 2.5% on issue price.

a) Rs 8,000

b) Rs. 5,000

c) Rs 3,000

d) Rs 500

Ans a) Rs 8,000

42) DSK Ltd issued 25,00,000 equity shares of Rs 10 each at par. The total application for shares received are 13,88,000, Marked applications were 11,00,000, the unmarked applications are

a) 11,12,000

b) 14,00,000

c) 2,88,000

d) 13,88,000

Ans: c) 2,88,000

43) Vipul Ltd issued 12,50,000 shares of Rs 10 each at a premium of Rs 5 per share, the total applications received are 6,94,000, Firm underwriting shares are 1,50,000, Marked applications are 4,00,000, the unmarked applications are

a) 1,44,000

b) 2,94,000

c) 5,56,000

d) 5,44,000

Ans:a) 1,44,000

44) A,B and C are underwriters underwrote 60% of an issue of 3,00,000 Preference shares of Rs 10 each in the ratio of 3:2:1, the Gross liability of c will be

a) 90,000

b) 40,000

c) 30,000

d) 1,80,000

Ans: c) 30,000

45) Authorised share capital of Vaman Ltd was 25,00,000 Equity shares of Rs 10 each, Company issued 80% Sahres and underwritten by Raju, Ravi, Ram, and Shyam in 4:3:2:1, The shares underwritten by Ravi are

a) 8,00,000

b) 6,00,000

c) 2,00,000

d) 4,00,000

Ans:b) 6,00,000

46) Maximum members in Limited Liability Partnership (LLP)

a) 2 Partners

b) 7 Partners

c) 50 Partners

d) No Limit

Ans: d) No Limit

47) Limited Liability Partnership is governed by

a) Limited Liability Partnership Act 2008

- b) Partnership Act 1932
 - c) Companies Act 2013
 - d) Co operative Societies Act 1912
- Ans: a) Limited liability Partnership Act 2008

48) Limited Liability Partnership should include designated partners

- a) Minimum 5
- b) Minimum 7
- c) Minimum 3
- d) Minimum 2

Ans: d) Minimum 2

49) A Limited Liability Partnership is required to get its accounts audited by any CAs if turnover exceeds

- a) 40 Lakh
- b) 5 Lakh
- c) 25 Lakh
- d) 1 Crore

Ans: a) 40 Lakh

50) Contribution and Liabilities is the head shown in the following Balance Sheet

- a) Partnership Firm
- b) Company Balance Sheet
- c) Co operative Society Balance Sheet
- d) LLP Balance Sheet

Ans: d) LLP Balance Sheet

51) The contribution in LLP Means

- a) Expenses
- b) Salary
- c) Share Capital
- d) Asset

Ans: c) Share Capital

52) In case of purchase method, transferee company should record assets at

- a) book value
- b) cost
- c) market value
- d) agreed value

d) agreed value

53) In case of pooling of interest method, transferee company should record assets at

- a) market value
- b) agreed value
- c) book value

d) book value

54) On amalgamation preliminary expenses in Balance Sheet of Vendor Company are debited to _____.

- a) Realisation A/c

- b)Equity shareholders A/c
- c)Cash A/c
- d)Preference shareholder A/c
- b)Equity shareholders A/c

55) On amalgamation Debentures Account appearing in the Balance Sheet of Vendor Company is closed by

- a)Crediting to Realisation Account, whether debentures are taken over or not
- b)Crediting to Realisation Account when debentures are taken over
- c)Crediting to Realisation Account when Debentures are not taken over
- d)None of the above
- a)Crediting to Realisation Account, whether debentures are taken over or not

56) As per AS 14, payment of expenses on amalgamation

- a)Becomes part of purchase consideration
- b)Does not become part of purchase consideration
- c)Appears in the books of transferor company only
- d) None of the above
- b)Does not become part of purchase consideration

57) The amount payable for purchase on the date of Balance Sheet is converted at _____.

- a)on date of purchase
- b)on date first payment
- c)on date of subsequent payment
- d)on date of Balance Sheet
- a)on date of purchase

57) The exchange difference arising due to import of raw material is transferred to _____.

- a) Suppliers Account
- b) Trading
- c)Profit & Loss Account
- d) Purchase Account

Ans: c)Profit & Loss Account

58) If Dipesh Ltd. is taken over by Rakesh Ltd. it is called as

- a)Amalgamation
- b)External reconstruction
- c)Absorption
- d)Merger

Ans:c)Absorption

59) Accounting for amalgamation in the books of a Vendor Company is _____.

- a) The same in all types of amalgamation
 - b) The different in all types of amalgamation
 - c) Dependent on the type of company
 - d) Dependent on purchase consideration
- Ans: a) The same in all types of amalgamation

60) X Ltd took over Y Ltd and agreed to pay consideration as follows:

(i) To Issue equal number of equity shares to Y Ltd, the market price of X Ltd share is ₹ 35 per share the number of equity shares in Y Ltd are 2,00,000.

The Purchase Consideration is

- a) 70,0,000
- b) 50,0,000
- c) 20,0,000
- d) 80,0,000

Ans: a) 70,0,000

61) Limited liability of Partnership has

- a) Perpetual succession
- b) No perpetual succession
- c) Specified period of life
- d) None of the above

Ans: a)

62) The consent of designated partners is filed with the ROC in

- a) Form 1
- b) Form 2
- c) Form 3
- d) E-Form 4

Ans: d)

63) Books of accounts of LLP are maintained on

- a) Cash basis
- b) Accrual basis
- c) Cash basis or accrual basis
- d) Cash basis and accrual basis

Ans: c) c

64) Liability of partners in LLP

- a) Limited
- b) Unlimited
- c) Unlimited for one year
- d) Limited for one year

Ans: a)

65) When the benefit of firm underwriting is not given to the underwriters

- a) Firm underwriting is treated as unmarked applications
- b) Firm underwriting is treated as marked applications
- c) Firm underwriting is ignored

d)None of the above

Ans: a)

66) A person cannot act as an underwriter unless he holds a certificate granted by

a)RBI

b)SEBI

c)ROC

d)MCA

Ans: b)

67) Underwriters can claim remuneration on

a)Face value of shares underwritten

b)Issue price of shares underwritten

c)Face value of shares actually purchased

d)None of the above

Ans:b)

68) Accounts of LLP are to be audited by

a)Chartered Accountant

b)Cost Accountant

c)Company secretary

d)Master of commerce

Ans:a

69) When all the shares are underwritten it is called

a)Firm underwriting

b)Partial underwriting

c)Full underwriting

d)All of the above

Ans: c)

70) Arrears of Preference dividend on the date of winding up is

a)Added to Preference share capital

b)Treated as secured creditor

c)Treated as unsecured creditor

d)None of the above

Ans: a

71) Marked applications are

a)Applications stamped by the underwriters

b)Applications signed by the public

c)Applications sealed by the company

d)None of the above

Ans:a

72) In case of Debentures the commission cannot exceed.

- a) 2.5 % of issue price
- b) 7.5 % of issue price
- c) 5 % of issue price
- d) 10 % of issue price

Ans: a

73) X Ltd issued 3,00,00 Equity shares, A, B and C have underwritten the shares in 3:2:1, The shares underwritten by B is

- a) 3,00,000 shares
- b) 2,00,000 shares
- c) 1,00,000 shares
- d) 50,000 shares

Ans: c 1,00,000 Shares

74) In the case of compulsory winding up, official liquidator is appointed by

- a) The Central Government
- b) The State Government
- c) The Registrar of Companies
- d) The High Court

Ans: a

75) As applicable for translation of foreign currency is _____.

- a) AS 11
- b) AS 13
- c) AS 14
- d) AS 19

Ans: a

76) The outstanding payment of import was \$ 1,000, the closing Rate per \$ is Rs 70 ,
In Balance Sheet the amount in Indian Reporting currency is

- a) Rs 1000
- b) Rs 70,000
- c) Rs 10,000
- d) Rs 1,00,000

Ans: b

77) As per AS 14 amalgamation under Net payment method payment to creditors by Transferee company

- a) Forms part of purchase consideration
- b) Does not form part of purchase consideration
- c) Debited to Realisation A/c
- d) None of the above

Ans: b

77) Purchase consideration under payment method in amalgamation is ____.

- a) Payment to shareholders
- b) Payment to debentureholders
- c) Payment to preference shareholders
- d) Payment of expenses

Ans: a

78) In the case of compulsory winding up, official liquidator is appointed by

- a) The Central Government
- b) The State Government
- c) The Registrar of Companies
- d) The High Court

Ans: a

79) As applicable for translation of foreign currency is

- a) AS 11
- b) AS 13
- c) AS 14
- d) AS 19

Ans: a

80) Raw material imported exported to America worth \$ 10,000 when the rate was Rs 150 for 2\$, The amount of import will be

- a) Rs 15,00,000
- b) Rs 7,50,000
- c) Rs 20,000
- d) 15,20,000

Ans: (b)

81) In a statement of affairs secured creditors are shown in

- a) List A
- b) List B
- c) List C
- d) List D

Ans: b

82) An underwriter is a person

- a) Who underwrites the issue
- b) Who finds buyers for the shares
- c) Who is a broker
- d) None of the above

Ans: a

83) When the benefit of firm underwriting is not given to the underwriters

- a) Firm underwriting is treated as unmarked applications
- b) Firm underwriting is treated as marked applications
- c) Firm underwriting is ignored
- d) None of the above

Ans: a

84) Anil Ltd took over the Sunil Ltd, the purchase consideration is payable on net assets method, the total assets in Sunil Ltd was valued at Rs 7,00,000 and liabilities RS 3,00,000.. The purchase Consideration is

- a) 7,00,000
- b) Rs 3,00,000
- c) Rs 4,00,000
- d) 10,00,000

Ans: 4,00,000

85) Ajay Ltd Purchase the business of Vijay Ltd, the purchase consideration is payable on net payment method, the Equity shares in Vijay Ltd are 5,00,000 of Rs 10 each. The Ajay Ltd is paying 3 shares for every 5 shares, the new number of shares issued to Vijay Ltd shareholders are

- a) 3,00,00 Shares
- b) 5,00,000 Shares
- c) 8,00,000 shares
- d) None of the above

86) The Current assets of S Ltd are Stock Rs 4,00,000, Debtors Rs 3,00,000 and Cash Rs 2,00,000 ,The Raj ltd purchases the business of S ltd, the current assets are taken over by Raj ltd at 10% more than the book value

The Value pf Current assets taken over are

- a) 9,70,000
- b) 7,70,000
- c) 9,90,000
- d) 9,00,000

Ans: a) 9,70,000

87) Mahesh Ltd purchases the business of Suresh Ltd , the purchase consideration is payable on net assets method. Mahesh Ltd assets are land and Building Rs 10,00,000 and Stock RS 5,00,000 and Cash Rs 3,00,000. Debentures are Rs 6,00,000. The purchase Consideration is

- a) 18,00,000
- b) 24,00,000
- c) 12,00,000
- d) 21,00,000

Ans: c

88) Pavan Ltd absorbed Rajan Ltd , the statutory Reserves of both companies are 2,00,000 and 5,00,000 respectively, the amalgamation adjustment Account is created for

- a) Rs 2,00,000
- b) Rs 5,00,000

- c) Rs 7,00,000
 - d) Rs 3,00,000
- Ans:b) 5,00,000

89) On 31st March 2020 \$ 1 = Rs 70, there was Outstanding payments \$ 7,000(The goods were imported on 1st Jan 2020 when \$ 1 = Rs 68, the exchange difference is

- a) Rs, 7000 Profit
- b) Rs 7,000 Loss
- c) Rs 14,000 Profit
- d) Rs 14,000 Loss

Ans: c

90) On 31st March 2020 \$1 = Rs 70, there was Outstanding receipts \$ 9,000 (The goods exported on 1st January 2020 when \$1 = Rs 68, the exchange difference is

- a) Rs 18000 Loss
- b) Rs 18000 Profit
- c) Rs 9000 Loss
- d) Rs 9000 Profit

Ans:a)

91) For the year ending 31st March 2020, the net exchange differences were RS 5,000 profit, Rs 8000 Loss, Rs 15,000 Loss and Rs 10,000 Profit, the net exchange profit or loss

- a) RS 8000 Net Exchange Profit
- b) Rs 8000 Net Exchange Loss
- c) Rs 10,000 net exchange Profit
- d) Rs 15,000 Net exchange loss

Ans:b)

92) For the year ending 31st March 2020, the net exchange differences were Rs 25,000 Profit, Rs 16,000 Loss, Rs 30,000 Loss and RS 30,000 Profit on different transactions. The net exchange profit or loss is

- a) Rs 4000 Net exchange profit
- b) Rs 4000 Net exchange loss
- c) Rs 12,000 Net exchange profit
- d) Rs 12,000 Net exchange loss

Ans: a)

93) Gross liability of underwriter is 15,000 shares , the marked applications are 5,500 shares, unmarked applications are 4200 shares Firm underwriting 2400 shares , what is the net liability of underwriter

- a) 3000 shares
- b) 4200 shares
- c) 5300 shares
- d) 2400 shares

Ans: c)

94) Gross liability of underwriter is 30,000 shares, the marked applications are 11,000 shares, Unmarked applications are 8400 shares , Firm underwriting 4800 shares, what is the net liability of underwriter

- a) 6000 shares
- b) 8400 shares
- c) 4800 shares

d) 10,600 shares

95) Monetary items are the assets and liabilities

- a) to be received or paid in money
- b) to be received in fixed or determinable amount of money
- c) to be received or paid in fixed amount
- d) none of the above

Ans: c

96) Underwriting commission one is debited to

- a) Underwriting commission A/c
- b) Underwriter's A/c
- c) Share Allotment A/c
- d) None of the above

Ans: a

97) The balance in receivable as on the date of Balance Sheet is converted at rate _____.

- a) on the date of sale goods
- b) on the date of Balance Sheet
- c) on the date of subsequent recovery
- d) on the date of first recovery

Ans: b

98) The amount payable for purchase on the date of Balance Sheet is converted at _____.

- a) on date of purchase
- b) on date first payment
- c) on date of subsequent payment
- d) on date of Balance Sheet

Ans: a

99) The depreciation on fixed assets is converted at rate _____.

- a) on date of Balance Sheet
- b) average during year
- c) date of purchase
- d) reopening date of year

Ans: c

100) The interest of loan is converted at rate on the date _____.

- a) of loan borrowed
- b) of accrual of interest
- c) of payment
- d) of Balance Sheet

Ans: b

