1. AS-6 Deals with..
   (a) Depreciation accounting
   (b) Valuation of fixed assets
   (c) Prior Period Items
   (d) Consolidation of financial statements
   Answer: a

2. Which of the following assets is not covered under AS-6?
   (a) Land and building
   (b) Live stock
   (c) Plant and machinery
   (d) Vehicles
   Answer: b

3. Who issues Accounting Standards in India?
   (a) Indian Accounting Association
   (b) Institute of Cost And Management Accountants
   (c) Institute of Chartered Accountants Of India
   (d) Institute of Company Secretaries of India
   Answer: c
4. How many Accounting Standards have been issued so far in India?
   (a) 24
   (b) 25
   (c) 26
   (d) 27
   Answer: d

5. AS-5 is associated with -
   (a) Net Profit or Loss for the Period,
   (b) Depreciation accounting
   (c) Valuation of fixed assets
   (d) Consolidation of financial statements
   Answer: a

6. Typically, a financial year comes to an end on -
   (a) 1 April
   (b) 31 March
   (c) 1 January
   (d) 31 December
   Answer: b

7. AS-10 deals with -
   (a) Net Profit or Loss for the Period,
   (b) Depreciation accounting
   (c) Valuation of fixed assets
   (d) Consolidation of financial statements
   Answer: c
8. AS-10 does not deal with which of the following asset?
   (a) Land and building
   (b) Live stock
   (c) Plant and machinery
   (d) Inventory
   Answer: d

9. Which accounting Standard deals with ‘Change in Accounting Policies’?
   (a) AS - 5
   (b) AS - 6
   (c) AS - 10
   (d) AS - 14
   Answer: a

10. Property, Plant and Equipment is the new name of -
    (a) AS - 5
    (b) AS - 10
    (c) AS - 6
    (d) AS - 14
    Answer: b

11. ‘The accountant forgot to record outstanding salary payable to X’ is--
    (a) Change in accounting policies
    (b) Consolidation of financial statements
    (c) Prior Period Item
    (d) Profit or loss for the period
    Answer: c
12. **Fixed assets are held by businesses for** -
   (a) Converting into cash
   (b) Resale
   (c) Savings on labour cost
   (d) Revenue generation

   **Answer:** d

13. **Which of the following is not a real account?**
   (a) Outstanding salary
   (b) Rent receivable
   (c) Plant & Machinery
   (d) Land & Building

   **Answer:** a

14. **Stock is valued as the cost price or --- price, whichever is low.**
   (a) Average Price
   (b) Market Price
   (c) Resale Price
   (d) Nominal Price

   **Answer:** b

15. **Holding Company accounts are prepared as per --**
   (a) AS- 5
   (b) AS- 6
   (c) AS- 21
   (d) AS- 14

   **Answer:** c
   (a) Section 132
   (b) Section 130
   (c) Section 131
   (d) Section 129
Answer: d

17. In Company Final Accounts ‘Sales’ are termed as--
   (a) Revenue from operations
   (b) Credit sales
   (c) Carriage inward
   (d) Carriage outward
Answer: a

18. In Company Final Accounts, ‘salaries’ are recorded under the head --
   (a) Other current liabilities
   (b) Employee benefit Expenses
   (c) Other Expenses
   (d) Long term liabilities
Answer: b

19. In Company Final Accounts, ‘ Calls in Arrears’ are deducted form --
   (a) Paid up capital
   (b) Issued capital
   (c) Called up capital
   (d) Authorized capital
Answer: c
20. In Company Final Accounts, Profit earned during the year is transferred to ---
   (a) Tangible Assets
   (b) Intangible assets
   (c) Long term borrowings
   (d) Reserve and Surplus
Answer : d

21. In Company Final Accounts, Debentures are recorded under ---
   (a) Long term borrowings
   (b) Short term borrowings
   (c) Other non-current liabilities
   (d) Loans and advances
Answer : a

22. Change in inventory =
   (a) Opening stock \(X\) Closing Stock
   (b) Opening Stock \((-\)\) Closing Stock
   (c) Closing Stock \((-\)\) Opening Stock
   (d) Opening stock \((\div)\) Closing Stock
Answer : b

23. Amount written off from Preliminary Expenses is recorded under---heading in the Profit and Loss a/c
   (a) Employee Benefit Expenses
   (b) Depreciation and Amortization
   (c) Other Expenses
   (d) Other Long Term Expenses
Answer : c
24. Dividend to be declared is calculated on ---
   (a) Authorized capital
   (b) Issued capital
   (c) Called up capital
   (d) Paid up capital
   Answer : d

25. Salary paid in advance is ---, whereas outstanding rent is ---
   (a) Asset, Liability
   (b) Liability, Asset
   (c) Asset, Asset
   (d) Liability, Liability
   Answer : a

26. Discount on issue of shares is---
   (a) Revenue Loss
   (b) Capital Loss
   (c) Revenue Profit
   (d) Capital Profit
   Answer : b

27. The term ‘ASBA’ stands for --
   (a) Application Supported by Backed Amount
   (b) Application Subscribed by Blocked Amount
   (c) Application Supported by Blocked Amount
   (d) Application Supported by Borrowed Amount
   Answer : c
28. Investment made in the shares of other company is an example of --
   (a) Share Capital
   (b) Current Investment
   (c) Other Non-Current Asset
   (d) Non-current Investment

   Answer: d

29. Computer Software is an example of ---
   (a) Intangible asset
   (b) Tangible asset
   (c) Non-current asset
   (d) Inventory

   Answer: a

30. Provision of income tax is a---
   (a) Current liability
   (b) Short term provision
   (c) Short term borrowing
   (d) Trade payable item

   Answer: b

Liquidation of a Company

31. A Liquidator may be appointed by --
   (a) Court
   (b) Creditors
   (c) Members
   (d) All of the above

   Answer: d
32. Statement of receipts and payments prepared by a liquidator is called---

(a) Liquidator’s Final Statement of Account
(b) Liquidator’s First Statement of Account
(c) Liquidator’s Cash Flow statement
(d) Liquidator’s Fund Flow statement

Answer: a

33. Surplus from security occurs when ---

(a) Loan > amount realized from sale of security
(b) Amount realized from sale of security > Loan
(c) Loan = amount realized from sale of security
(d) Amount realized from sale of security > total liabilities

Answer: b

34. Which of the following is an example of ‘Fully Secured Loan’?

(a) Security Rs. 100000, Loan Rs. 120000
(b) Security Rs. 100000, Loan Rs. 100000
(c) Security Rs. 100000, Loan Rs. 80000
(d) All of the above

Answer: c

35. Which of the following is an example of ‘Partly Secured Loan’?

(a) Security Rs. 100000, Loan Rs. 50000
(b) Security Rs. 100000, Loan Rs. 100000
(c) Security Rs. 100000, Loan Rs. 80000
(d) Security Rs. 100000, Loan Rs. 120000

Answer: d
36. ‘Work in Progress’ is recorded on --- side of the Statement.
   (a) Receipt
   (b) Payment
   (c) Debit
   (d) Credit
   Answer : a

37. Which of the following is an example of ‘Preferential Creditors’?
   (a) Bills payable
   (b) Expenses of investigation
   (c) Bank loan
   (d) Preference share capital
   Answer : b

38. Which of the following is not an example of ‘Preferential Creditors’?
   (a) Salary payable to employees
   (b) Expenses of investigation
   (c) Bank loan
   (d) Holiday remuneration
   Answer : c

39. Liability of an equity shareholder is limited to --
   (a) Paid up value of equity share
   (b) Total share capital
   (c) Total liabilities
   (d) Face value of equity share
   Answer : d
40. Final Dividend is declared by --
   (a) Shareholders
   (b) Board of Directors
   (c) Creditors
   (d) Company secretary

   Answer:  a

41. Preferential creditors are paid ---
   (a) Before Legal Expenses
   (b) Before unsecured creditors
   (c) Before Liquidation Expenses
   (d) At the time of paying unsecured creditors

   Answer:  b

42. The term ‘Dividend in Arrears’ means --
   (a) Dividend is not yet declared
   (b) Dividend is already paid
   (c) Dividend is not yet paid
   (d) Unclaimed dividend

   Answer:  c

43. Calls made on partly paid shares are recorded on --- side of the Statement
   (a) Credit
   (b) Debit
   (c) Payment
   (d) Receipt

   Answer:  d
44. When amount of loan is more than the sale proceeds of the security, 
the balance is ---

(a) Added to unsecured creditors
(b) Deducted from unsecured creditors
(c) Treated as ‘Surplus from Security’
(d) Paid to equity shareholders

Answer: a

45. Liquidator's remuneration is 2% on unsecured creditors.

1. Unsecured creditors amounted to Rs. 100000.
2. Preferential creditors amounted to Rs. 25000.

Calculate the amount of remuneration payable to the Liquidator

(a) Rs. 2000
(b) Rs. 2500
(c) Rs. 500
(d) Rs. 1500

Answer: b

Amalgamation, Absorption and External Reconstruction

46. A public limited company can start its business after getting ---

(a) Incorporation certificate
(b) Articles of Association
(c) Trading Certificate
(d) Prospectus

Answer: c
47. When two or more companies, carrying on similar type of business, decide to combine their business, it is called --

(a) Absorption
(b) Internal reconstruction
(c) External reconstruction
(d) Amalgamation

Answer: d

48. One liquidation and no new formation is called ---

(a) Absorption
(b) Internal reconstruction
(c) External reconstruction
(d) Amalgamation

Answer: a

49. One liquidation and one new formation is called ---

(a) Absorption
(b) External reconstruction
(c) Internal reconstruction
(d) Amalgamation

Answer: b

50. While calculating a Purchase Consideration, which value of assets is considered?

(a) Book value
(b) Market value
(c) Average value
(d) Agreed value

Answer: d
51. Shares received from the new company as a part of the PC are recorded at --
   (a) Market value
   (b) Face value
   (c) Book value
   (d) Average value

Answer: a

52. For recording assets and liabilities in case of amalgamation, --- account is opened.
   (a) Revaluation
   (b) Realization
   (c) Assets and liabilities
   (d) Balance sheet

Answer: b

53. When purchase consideration is received, --- account is credited.
   (a) Equity shares in purchasing company
   (b) Cash
   (c) Purchasing Company
   (d) Debentures in purchasing company

Answer: c

54. When liquidation expenses are paid by vendor company, --- account is debited.
   (a) Purchasing company
   (b) Goodwill
   (c) Cash
   (d) Realisation

Answer: d
55. When liquidation expenses are paid by Purchasing company, --- account is debited.
   (a) Goodwill
   (b) Revaluation
   (c) Cash
   (d) Realisation

   Answer: a

56. Credit balance of P&L account and general reserve is transferred to ---
   (a) Credit side of Realisation account
   (b) Credit side of equity shareholders account
   (c) Debit side of equity shareholders account
   (d) Debit side of Realisation account

   Answer: b

57. When Realisation Accounts shows a credit balance, it is ---
   (a) Realisation loss
   (b) Revaluation Loss
   (c) Realisation Profit
   (d) Revaluation Profit

   Answer: c

58. If an asset is not taken over by Purchasing company and vendor company sells it at loss; the loss is transferred to ---
   (a) Credit side of Realisation account
   (b) Credit side of equity shareholders account
   (c) Debit side of equity shareholders account
   (d) No treatment for loss is required

   Answer: d
59. Which of the following is not a method of calculation of a PC?
   (a) Net asset method
   (b) Net payment method
   (c) Lump sum Method
   (d) Revaluation Method

Answer: d

60. When Purchase Consideration is receivable, --- account is debited.
   (a) Purchasing Company
   (b) Vendor Company
   (c) Realisation
   (d) Cash

Answer: a

**Internal Reconstruction**

61. In case of Internal Reconstruction, ---- account is prepared.
   (a) Capital Reserve
   (b) Realisation
   (c) Revaluation
   (d) Capital Reduction

Answer: d

62. Balance on Capital Reduction account is transferred to----
   (a) Capital Reserve
   (b) Realisation
   (c) Revaluation
   (d) Capital Reduction

Answer: a
63. Reconstruction Expenses are recorded on --- side of --- account.
   (a) Credit, Capital Reduction
   (b) Debit, Capital Reduction
   (c) Debit, Cash
   (d) Debit, Capital Reserve

Answer: b

64. When a liability is paid at discount, the difference is transferred to --- side of ----- account.
   (a) Debit, Capital Reduction
   (b) Debit, Cash
   (c) Credit, Capital Reduction
   (d) Credit, Cash

Answer: c

65. When a share of Rs. 10 is reduced to Rs. 3, new value of the share is ---
   (a) Rs. 7
   (b) Rs. 13
   (c) Rs. 3
   (d) None of the above

Answer: c

66. When a share of Rs. 10 is reduced by Rs. 3, new value of the share is ---
   (a) Rs. 13
   (b) Rs. 3
   (c) Rs. 7
   (d) None of the above

Answer: c
67. When Preference Share capital is reduced, ---- account is debited.
   (a) Capital Reduction
   (b) Capital Reserve
   (c) Equity Share Capital
   (d) Preference Share Capital

Answer: d

68. When Goodwill is written off, ---- account is debited and --- account is credited.
   (a) Goodwill, Capital Reduction
   (b) Capital Reduction, God will
   (c) Capital Reduction, Cash
   (d) Cash, Capital Reduction

Answer: a

69. When debtors (Rs.20000) and stock (Rs. 80000) are taken over by debenture holders (Rs. 150000) in full settlement of their claim, balance of debenture holders in revised Balance Sheet will be

   (a) Rs. 50000
   (b) NIL
   (c) Rs. 100000
   (d) Rs. 50000

Answer: b

70. Appreciation in the value of building will be recorded on ---

   (a) Debit side of Capital Reduction account
   (b) Credit side of Building account
   (c) Credit side of Capital Reduction account
   (d) Debit side of P&L account

Answer: c
71. ‘Intangible assets and Losses’ does not include --
   (a) Goodwill
   (b) Patents
   (c) Debit Balance of P&L account
   (d) Credit Balance of P&L account

Answer: d

72. When ‘Intangible assets and Losses’ are written off ---- account is debited
   (a) Capital Reduction
   (b) Capital Reserve
   (c) Goodwill, P&L, Patents
   (d) P&L only

Answer: a

73. When share are sub-divided, number of shares ---
   (a) Decrease
   (b) Increase
   (c) No change
   (d) None of the above

Answer: b

74. Which of the following is ‘Fictitious Asset’?
   (a) Goodwill
   (b) Patents
   (c) Discount on Issue of shares
   (d) Land & Building

Answer: c
75. When a call is made on equity shares, --- account is credited.
   (a) Cash
   (b) Share Call
   (c) Share Premium
   (d) Equity share capital

   Answer: d

Holding Company Accounts

76. A company which purchases majority of shares of another company is called---
   (a) Holding Company
   (b) Subsidiary Company
   (c) Vendor Company
   (d) None of the above

   Answer: a

77. Profit earned before acquisition of shares is called --
   (a) Revenue Profit
   (b) Capital Profit
   (c) Unrealized Profit
   (d) Post Incorporation Profit

   Answer: b

78. Profit earned after acquisition of shares is called --
   (a) Capital Profit
   (b) Unrealized Profit
   (c) Revenue Profit
   (d) Post Incorporation Profit

   Answer: c
79. Consolidated Balance Sheet of Holding Company is prepared as per AS-
   (a) 22
   (b) 11
   (c) 10
   (d) 21
   Answer: d

80. The share of outsiders in the net assets in subsidiary company is called ---
   (a) Minority Interest
   (b) Goodwill
   (c) Revenue Profit
   (d) Capital Profit
   Answer: a

81. Excess cost of investments over paid up value of shares is called ---
   (a) Minority Interest
   (b) Goodwill
   (c) Capital Reserve
   (d) Capital Profit
   Answer: b

82. Share of Holding Company in Capital Profit is adjusted in --
   (a) P&L account of holding company
   (b) Minority Interest
   (c) Cost of Control / Goodwill
   (d) Unrealized Profit
   Answer: c
83. Share of Holding Company in Revenue Profit is adjusted in --
   (a) Unrealized Profit
   (b) Minority Interest
   (c) Cost of Control / Goodwill
   (d) P&L account of holding company

Answer: d

84. Share of Subsidiary Company in Capital Profit is adjusted in --
   (a) Minority Interest
   (b) Unrealized Profit
   (c) Cost of Control / Goodwill
   (d) P&L account of holding company

Answer: a

85. Share of Subsidiary Company in Revenue Profit is adjusted in --
   (a) Unrealized Profit
   (b) Minority Interest
   (c) Cost of Control / Goodwill
   (d) P&L account of holding company

Answer: b

86. Unrealized Profit on goods sold and included in stock is deducted from --
   (a) Cost of Control
   (b) Shown on Asset Side of the Balance Sheet
   (c) Revenue Profit of Holding Company
   (d) Minority Interest

Answer: c
87. **Minority Interest Includes**
   
   (a) Share capital held by subsidiary company  
   (b) Share of subsidiary company in capital profit  
   (c) Share of subsidiary company in revenue profit  
   (d) All of the above  

   **Answer**: d

88. **The time interval between the date of acquisition of shares and the date of Balance Sheet of Holding Company is called ---**
   
   (a) Post – acquisition profit  
   (b) Pre – acquisition profit  
   (c) Pre- incorporation profit  
   (d) Capital profit  

   **Answer**: a

89. **Negative balance of cost of control is called ---**
   
   (a) Goodwill  
   (b) Capital Reserve  
   (c) Capital Reduction  
   (d) Revenue Reserve  

   **Answer**: b

90. **Minority Interest is recorded on ---- side of Consolidated Balance Sheet.**
   
   (a) Asset  
   (b) Not recorded  
   (c) Liability  
   (d) None of the above  

   **Answer**: c
Valuation of Shares

91. Who determine market price of share of a company?
   (a) Board of Directors
   (b) SEBI
   (c) Chairman of the Company
   (d) Market forces
   Answer: d

92. The term ‘ROI’ stands for ---
   (a) Return on Investment
   (b) Rate of Investment
   (c) Right to investment
   (d) Revenue on Investment
   Answer: a

93. Which of the following is an example of ‘External Liability’
   (a) Equity Share Capital
   (b) Creditors
   (c) Share Premium
   (d) General Reserve
   Answer: b

94. Intrinsic value method of valuation of shares is also known as --
   (a) Internal Value Method
   (b) External Value Method
   (c) Real Value Method
   (d) Secret Value Method
   Answer: c
95. Which of the following is purpose of valuation of shares?
   (a) Calculation of tax
   (b) Acquisition of a company
   (c) Amalgamation or absorption
   (d) All of the above
   Answer: d

96. Goodwill is paid for --
   (a) Future benefits
   (b) Past benefits
   (c) Present benefits
   (d) Current benefits
   Answer: a

97. ‘Quoted Shares’ are those shares which are ---
   (a) Not Listed on Stock Exchange
   (b) Listed on Stock Exchange
   (c) Purchased by Investors
   (d) Offered as gift to the investors
   Answer: b

98. Under ‘Net Asset Method’, value of a share depends on ---
   (a) Net assets available to debenture holders
   (b) Net assets available to creditors
   (c) Net assets available to equity shareholders
   (d) Net assets available to preference shareholders
   Answer: c
99. Normal Profit is ---
   (a) Average profit earned
   (b) Profit earned by similar company is same industry
   (c) Small amount of profit
   (d) (a) and (b)

Answer: d

100. Goodwill is valued when, ---
   (a) One company takes over another
   (b) Dividend is to be declared
   (c) Interest on debentures is to be paid
   (d) When bonus shares are issued

Answer: a

101. Authorized Capital means ---
   (a) The capital which is purchased by the public
   (b) The capital which the company is allowed to raise
   (c) The capital on which calls are made
   (d) The capital which is issued to the public

Answer: b

102. Super Profit is ---
   (a) Average Profit (+) Normal Profit
   (b) Average Profit (x) Normal Profit
   (c) Average Profit (-) Normal Profit
   (d) Average Profit (±) Normal Profit

Answer: c
103. The term ‘NRR’ stands for ---
(a) Notional Rate of Return
(b) Net Rate of Return
(c) Normal Required Return
(d) Normal Rate of Return
Answer: d

104. The term ‘FMP’ stands for ---
(a) Future Maintainable Profit
(b) Fast Maintainable Profit
(c) Future Managed Proffer
(d) Fast Material Process
Answer: a

105. Only --- Goodwill is accounted.
(a) Self – Valued
(b) Purchased
(c) Quantified
(d) Written off
Answer: b

106. ‘Yield Value’ depends on ---
(a) Total Assets
(b) Total Assets ÷ Total Liabilities
(c) Net Profit
(d) Net Profit (-) dividend
Answer: c
107. Investments are ----
   (a) Trading Assets
   (b) Fixed Assets
   (c) Fictitious Assets
   (d) Non- Trading Assets
   Answer: d

108. Average Profit =
   (a) Total Profit (÷) Total No. of years
   (b) Total Profit (+) Total No. of years
   (c) Total Profit (−) Total No. of years
   (d) Total Profit (×) Total No. of years
   Answer: a

109. Fair Value =
   (a) Intrinsic Value (−) Yield Value ÷ 2
   (b) Intrinsic Value (+) Yield Value ÷ 2
   (c) Intrinsic Value (×) Yield Value ÷ 2
   (d) Intrinsic Value (÷) Yield Value ÷ 2
   Answer: b

110. ‘Right Shares’ are the shares which are issued to ---
   (a) Promoters
   (b) Directors
   (c) Existing Shareholders
   (d) Debenture holders
   Answer: c