1. When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as ..................
   (A) Amalgamation 
   B) Absorption 
   (C) Internal reconstruction 
   (D) External reconstruction 

2. When one of the existing companies take over business of another company or companies, it is known as .........
   (A) Amalgamation 
   (B) Absorption 
   (C) Internal reconstruction 
   (D) External reconstruction 

3. While calculating purchase price, the following values of assets are considered
   (A) Book value 
   (B) New values fixed 
   (C) Average values 
   (D) Market values 

4. Shares received from the new company are recorded at -
   (A) Face value 
   (B) Average price
(C) Market value
(D) None of the above

5. Which of the following statement is correct?
(A) The amount of Goodwill or Capital Reserve is found out in the books of purchasing company only
(B) The amount of Goodwill or Capital Reserve is found out in the books of vendor company only.
(C) Goodwill = Net Assets – Purchase price
(D) The face value of shares of purchasing company will be taken in to account while calculating purchase consideration.

6. If the two companies have different accounting policies in respect of the same item, then they make necessary changes to adopt ............... accounting policies.
(A) Lifo method
(B) Fifo method
(C) Weighted method
(D) Uniform

7. The Amalgamation Adjustment Account appears in the books, it is shown under the heading of ........... in the balance sheet.
(A) Reserve and Surplus
(B) Fixed Assets
(C) Investments
(D) Miscellaneous expenditure

8. If amalgamation is in the ................., the General Reserve or Profit and Loss A/c balance will not be shown in the balance sheet.
(A) Form of Merger
(B) Form of purchase
(C) Net assets method
9. If the intrinsic values of shares exchanged are not equal, the difference is paid in ..........

(A) Cash  
(B) Debenture  
(C) Pref. share  
(D) Assets

10. In case of .............., one existing company takes over the business of another company and no new company is formed.

(A) Amalgamation  
(B) Absorption  
(C) Reconstruction  
(D) None of the Above

11. In amalgamation of two companies

(A) Both companies lose their existence  
(B) Both companies continue  
(C) Any one company continues

12. When purchasing company pays purchase consideration, it will be debited to

(A) Business purchase account  
(B) Assets account  
(C) Liquidator of selling company’s account

13. When the purchasing company bears the liquidation expenses, it will debit the expenses to

(A) Vendor Company’s Account  
(B) Bank Account  
(C) Goodwill Account
14. When the Vendor (seller) company agrees to bear liquidation expenses, it will debit

(A) Realisation Account

(B) Bank Account

(C) Goodwill Account
15. When the purchasing company does not take over a particular liability and the vendor company pays that liability, it will debit it to (A) Realisation Account  (B) Bank Account  (C) Liability Account

16. When the Net Assets are less than the Purchase Consideration, the difference will be (A) Debited to Goodwill A/c.  
(B) Debited to General Reserve  
(C) none of these

17. While calculating purchase consideration .......... values of assets is to be considered.  
(A) Book value  
(B) Revalued price  
(C) Average price  
(D) Capital

18. Net Assets minus Capital Reserve is _________  
(A) Goodwill  
(B) Total assets  
(C) Purchase consideration  
(D) None of these

19. Hitanshi Ltd.’s purchase consideration is Rs.12,345 and Net Assets Rs.3,568, then............  
(A) Goodwill Rs. 8,777  
(B) Capital Reserve Rs. 8,777  
(C) Goodwill Rs. 15,913  
(D) Capital Reserve Rs. 15,913

20. The original amount of preference share capital should be transferred to .......... account in the time of amalgamation in the books of vendor co.
(A) Preference shareholders Account
(B) Capital Reserve Account
(C) Equity share capital Account
(D) Equity share capital Account

21. Both of the old companies will not exist in .......... 
(A) Internal reconstruction
(B) Absorption
(C) External reconstruction
(D) Amalgamation

22. When company purchases the business of another company ........ comes into existence.
(A) Amalgamation
(B) Absorption
(C) External Reconstruction
(D) Internal Reconstruction

23. When liquidation expenses is paid and borne by seller company then it is debited to
______
(A) Bank A/c
(B) Goodwill A/c
(C) Realisation A/c
(D) Capital Reserve A/c.

24. The shares received from the new company is recorded at
25. Kiran Co’s Balance Sheet shows Fixed Asset Rs. 2,46,500. At the time of absorption calculation of Net Assets is 15% less than the market value, then market value of such fixed assets is ...........
(A) Rs. 2,83,475
(B) Rs. 2,09,525
(C) Rs. 2,90,000
(D) None of these

26. 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
(A) Fair Value
(B) Face Value
(C) Intrinsic Value
(D) Yield Value

27. Net Assets of R.D.Co. for Purchase Consideration worth Rs. 2,00,000. At the time of absorption, the company has paid 16,000 equity shares each of Rs.10 each at 10% premium, then remaining cash will be -
(A) Rs. 24,000
(B) Rs. 42,000
(C) Rs. 40,000
(D) Rs. 60,000

28. If Company A purchases the majority shares of Company B, what combination would this be referred to?
A. Amalgamation
B. Takeover
C. Absorption
D. None of the above
29. When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as .............
(A) Amalgamation
(B) Absorption
(C) Internal reconstruction
(D) External reconstruction

30. When one of the existing companies take over business of another company or companies, it is known as .......... 
(A) Amalgamation
(B) Absorption
(C) Internal reconstruction
(D) External reconstruction

31. While calculating purchase price, the following values of assets are considered
(A) Book value
(B) New values fixed
(C) Average values
(D) Market values

32. Shares received from the new company are recorded at -
(A) Face value
(B) Average price
(C) Market value
(D) None of the above

33. Which of the following statement is correct?
(A) The amount of Goodwill or Capital Reserve is found out in the books of purchasing company only
(B) The amount of Goodwill or Capital Reserve is found out in the books of vendor company only.
(C) Goodwill = Net Assets – Purchase price
(D) The face value of shares of purchasing company will be taken in to account while calculating purchase consideration.

34. If the two companies have different accounting policies in respect of the same item, then they make necessary changes to adopt.......... Accounting policies.
(A) Lifo method
(B) Fifo method
(C) Weighted method
(D) Uniform

35. The Amalgamation Adjustment Account appears in the books, it is shown under the heading of ........... in the balance sheet.
36. If amalgamation is in the ..............., the General Reserve or Profit and Loss A/c balance will not be shown in the balance sheet.
(A) Form of Merger
(B) Form of purchase
(C) Net assets method
(D) Consideration method

37. If the intrinsic values of shares exchanged are not equal, the difference is paid in ............
(A) Cash
(B) Debenture
(C) Pref. share
(D) Assets

38. In case of .............., one existing company takes over the business of another company and no new company is formed.
(A) Amalgamation
(B) Absorption
(C) Reconstruction
(D) None of the Above

39. In amalgamation of two companies
(A) Both companies lose their existence
(B) Both companies continue
(C) Any one company continues
(D) None of the above

40. When purchasing company pays purchase consideration, it will be debited to
(A) Business purchase account
(B) Assets account
(C) Liquidator of selling company’s account
(D) None of the above

41. When the purchasing company bears the liquidation expenses, it will debit the expenses to
(A) Vendor Company’s Account
(B) Bank Account
(C) Goodwill Account
(D) None of the above

42. When the Vendor (seller) company agrees to bear liquidation expenses, it will debit
43. When the purchasing company does not take over a particular liability and the vendor company pays that liability, it will debit it to
(A) Realisation Account
(B) Bank Account
(C) Goodwill Account
(D) None of the above

44. When the net assets are less than the purchase consideration, the difference will be
(A) Debited to Goodwill A/c.
(B) Debited to General Reserve
(C) None of these

45. While calculating purchase consideration ............... values of assets is to be considered.
(A) Book value
(B) Revalued price
(C) Average price
(D) Capital

46. Net Assets minus Capital Reserve is __________
(A) Goodwill
(B) Total assets
(C) Purchase consideration
(D) None of these

47. Hitanshi Ltd.’s purchase consideration is Rs.12,345 and Net Assets Rs.3,568, then............
(A) Goodwill Rs. 8,777
(B) Capital Reserve Rs. 8,777
(C) Goodwill Rs. 15,913
(D) Capital Reserve R

48. The original amount of preference share capital should be transferred to ............... account in the time of amalgamation in the books of vendor co.
(A) Preference shareholders Account
(B) Capital Reserve Account
(C) Equity share capital Account
(D) Equity share capital Account

49. Both of the old companies will not exist in ............
(A) Internal reconstruction
(B) Absorption
(C) External reconstruction
(D) Amalgamation

50. When company purchases the business of another company ....... comes into existence.
   (A) Amalgamation
   (B) Absorption
   (C) External Reconstruction
   (D) Internal Reconstruction

51. When liquidation expenses is paid and borne by seller company then it is debited to

   (A) Bank A/c
   (B) Goodwill A/c
   (C) Realisation A/c
   (D) Capital Reserve A/c.

52. The shares received from the new company is recorded at
   (A) Face value
   (B) Market value
   (C) Average price
   (D) None of these

53. 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
   (A) Fair Value
   (B) Face Value
   (C) Intrinsic Value
   (D) Yield Value

54. All direct & indirect expenses related to business are charged:
   a) Profit and loss account
   b) Trading account
   c) Trading account Profit and Loss account
   d) Directly to Balance sheet

55. Trade Payables are recorded in ..............
   A) Asset side of B/S
   B) Liability side of B/S
   C) P & L a/c
   D) None of the above

56. If Company A purchases the majority shares of Company B, what combination would this be referred to?
   A. Amalgamation
B. Takeover
C. Absorption
D. None of the above

57. When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as ...............
(A) Amalgamation
(B) Absorption
(C) Internal reconstruction
(D) External reconstruction

58. When one of the existing companies take over business of another company or companies, it is known as .............
(A) Amalgamation
(B) Absorption
(C) Internal reconstruction
(D) External reconstruction

59. While calculating purchase price, the following values of assets are considered
(A) Book value
(B) New values fixed
(C) Average values
(D) Market values

60. Shares received from the new company are recorded at -
(A) Face value
(B) Average price
(C) Market value
(D) None of the above

61. Which of the following statement is correct?
(A) The amount of Goodwill or Capital Reserve is found out in the books of purchasing company only
(B) The amount of Goodwill or Capital Reserve is found out in the books of vendor company only.
(C) Goodwill = Net Assets – Purchase price
(D) The face value of shares of purchasing company will be taken in to account while calculating purchase consideration.

62. If the two companies have different accounting policies in respect of the same item, then they make necessary changes to adopt........... Accounting policies.
(A) Lifo method
(B) Fifo method
(C) Weighted method
(D) Uniform
63. The Amalgamation Adjustment Account appears in the books, it is shown under the heading of .......... in the balance sheet.
   (A) Reserve and Surplus
   (B) Fixed Assets
   (C) Investments
   (D) Miscellaneous expenditure

64. If amalgamation is in the ............... the General Reserve or Profit and Loss A/c balance will not be shown in the balance sheet.
   (A) Form of Merger
   (B) Form of purchase
   (C) Net assets method
   (D) Consideration method

65. If the intrinsic values of shares exchanged are not equal, the difference is paid in .......... 
   (A) Cash
   (B) Debenture
   (C) Pref. share
   (D) Assets

66. In case of ............... one existing company takes over the business of another company and no new company is formed. 
   (A) Amalgamation
   (B) Absorption
   (C) Reconstruction
   (D) None of the Above

67. In amalgamation of two companies 
   (A) Both companies lose their existence
   (B) Both companies continue
   (C) Any one company continues
   (D) None of the above

68. When purchasing company pays purchase consideration, it will be debited to 
   (A) Business purchase account
   (B) Assets account
   (C) Liquidator of selling company’s account
   (D) None of the above

69. When the purchasing company bears the liquidation expenses, it will debit the expenses to 
   (A) Vendor Company’s Account
   (B) Bank Account
   (C) Goodwill Account
   (D) None of the above
70. When the Vendor (seller) company agrees to bear liquidation expenses, it will debit
   (A) Realisation Account
   (B) Bank Account
   (C) Goodwill Account
   (D) None of the above

71. When the purchasing company does not take over a particular liability and the vendor company pays that liability, it will debit it to
   (A) Realisation Account
   (B) Bank Account
   (C) Liability Account
   (D) None of the above

72. When the Net Assets are less than the Purchase Consideration, the difference will be
   (A) Debited to Goodwill A/c.
   (B) Debited to General Reserve
   (C) None of these

73. While calculating purchase consideration .......... values of assets is to be considered.
   (A) Book value
   (B) Revalued price
   (C) Average price
   (D) Capital

74. Net Assets minus Capital Reserve is .........
   (A) Goodwill
   (B) Total assets
   (C) Purchase consideration
   (D) None of these

75. Hitanshi Ltd.’s purchase consideration is Rs.12,345 and Net Assets Rs.3,568, then..........
   (A) Goodwill Rs. 8,777
   (B) Capital Reserve Rs. 8,777
   (C) Goodwill Rs. 15,913
   (D) Capital Reserve Rs.

76. The original amount of preference share capital should be transferred to .......... account in the time of amalgamation in the books of vendor co.
   (A) Preference shareholders Account
   (B) Capital Reserve Account
   (C) Equity share capital Account
   (D) Equity share capital Account

77. Both of the old companies will not exist in ............
78. When company purchases the business of another company ....... comes into existence.
   (A) Amalgamation
   (B) Absorption
   (C) Internal Reconstruction
   (D) External Reconstruction

78. When liquidation expenses is paid and borne by seller company then it is debited to
   (A) Bank A/c
   (B) Goodwill A/c
   (C) Realisation A/c
   (D) Capital Reserve A/c.

79. The shares received from the new company is recorded at
   (A) Face value
   (B) Market value
   (C) Average price
   (D) None of these

80. 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
   (A) Fair Value
   (B) Face Value
   (C) Intrinsic Value
   (D) Yield Value