

BACHELOR OF ACCOUNTING AND FINANCE

Class T.Y.BAF

SEMESTER V

SUBJECT NAME FINANCIAL ACCOUNTING V

SAMPLE QUESTIONS

- 1) Unmarked applications refer to _____.
 - a) firm underwriting.
 - b) applications issued by company.
 - c) applications bearing stamp of the underwriter.
 - d) applications from the public received directly by the company without a stamp of underwriter.

- 2) The underwriter is entitled to claim remuneration on _____.
 - a) The issue price of shares underwritten.
 - b) the face value of shares actually purchased.
 - c) the face value of shares not purchased by him.
 - d) number of shares applied for by the public.

- 3) R limited issued a debenture of RS 100 each at RS 90. The underwriting commission will be paid on _____.
 - a) Rs 100
 - b) Rs 95
 - c) Rs 105
 - d) Rs 90

- 4) _____ means a person who engages in the business of underwriting an issue of securities of a body.
 - a) underwriter
 - b) broker
 - c) agent
 - d) sub agent

- 5) A buyback should be authorized by _____.
 - a) board of directors
 - b) employees
 - c) underwriters
 - d) agents

6) A company shall destroy its shares which are bought back within _____ days after completion of buyback.

- a) 10
- b) 7
- c) 9
- d) 5

7) A company shall file return with _____ after completion of buyback.

- a) registrar of companies
- b) NSE
- c) BSE
- d) Board of directors

8) Which of the following is not a free reserve?

- a) profit and loss a/c
- b) general reserve
- c) capital redemption reserve
- d) investment fluctuation reserve

9) A company wants to buyback 20,000 equity shares of Rs 10 each bought back at par. What is the amount paid to equity shareholders?

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

10) A company has 40,000 number of equity shares and decided to give bonus shares such that 1 bonus share to 2 equity shares held. What are the number of bonus shares issued?

- a) 20,000
- b) 15,000
- c) 25,000
- d) 10,000

11) On buyback of shares, there is reduction in the share capital to the extent of _____.

- a) market value of shares bought back
- b) face value of shares bought back
- c) called up value of shares bought back
- d) unpaid value of shares bought back

12) Buyback of shares leads to _____ in earning per share.

- a) Increase
- b) Decrease
- c) remains constant
- d) becomes zero

13) M Ltd issued shares of RS 100 each at RS 95. The underwriter commission will be paid on

- a) RS 100
- b) RS 95
- c) Rs 195
- d) Rs 50

14) The time period between 2 buyback process should be of ____ years

- a) 2
- b) 1
- c) 3
- d) 0.5

15) When the merger involves liquidation of one or more existing companies and formation of no new company it is called ____.

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

16) A feature which is common in all cases of merger is ____.

- a) Purchase of 1 company by another company
- b) Liquidation of at least 2 companies
- c) Formation of at least 1 new company
- d) liquidation of at least 1 existing company

17) According to AS 14, Amalgamations fall into two categories ____

- a) Amalgamation and absorption
- b) Merger and purchase
- c) Amalgamation and reconstruction
- d) External reconstruction and internal reconstruction

18) On amalgamation, Share issue expenses A/c appearing on assets side of the balance sheet of the vendor company ____

- a) Is closed by debit to Realisation A/c
- b) Is closed by debit to Equity Shareholders A/c
- c) Is closed by debit to Profit & Loss A/c
- d) Is closed by credit Equity Shareholders A/c

- 19) On amalgamation, Debenture A/c appearing in the balance sheet of the vendor company____
- Is closed by credit to Purchasing Company A/c, if debentures are taken over by the purchasing company
 - Is closed by credit to Realisation A/c, whether debentures are taken over by the new company or not
 - Is closed by credit to Debentureholders A/c, if debentures are not taken over by the new company
 - Is closed by debit to Realisation A/c, whether debentures are taken over by the new company or not
- 20) On amalgamation, Provident Fund A/c appearing on the Liabilities side in the balance sheet of the vendor company____
- Is closed by credit to Purchasing Company A/c
 - Is closed by credit to Realisation A/c
 - Is closed by credit to Equity Shareholders A/c
 - Is closed by debit to Realisation A/c
- 21) On amalgamation, if the dissolution expenses are paid as well as borne by the purchasing company____
- Entries are passed in the books of the purchasing as well as the vendor company
 - No entry is passed in the books of the vendor company
 - No entry is passed in the books of the purchasing company
 - No entry is passed in the books of the purchasing as well as the vendor company
- 22) On amalgamation, if preference share are settled at a premium____
- The premium is credited to Realisation A/c
 - The premium is debited to Realisation A/c
 - The premium is credited Security Premium A/c
 - The premium is debited to Capital Reserve A/c
- 23) Under purchase method of amalgamation the reserve of the vendor company ____.
- Are not brought in the books of purchasing company
 - Are not brought in the books of purchasing company
 - Are not brought in the books of purchasing company
 - Are not brought in the books of purchasing company
- 24) As per AS 14 purchase consideration is what is payable to ____.
- Shareholders
 - Shareholders and debentureholders
 - Shareholders and creditors
 - Creditors and debentureholders
- 25) The asset which is not taken under the net asset method of calculating purchase consideration is ____.
- Loose tools
 - Bills receivable
 - Machinery
 - Share issue expense
- 26) When amalgamation is in nature of merger the accounting method to be followed is ----.
- Equity method
 - Purchase method

- c) Pooling of interests method
- d) Sale method

27) Calculate purchase consideration from following

Assets taken over RS 1,25,000

Liabilities taken over Rs 40,000.

- a) Rs 70,000
- b) Rs 75,000
- c) Rs 85,000
- d) Rs 65,000

28) calculate purchase consideration from following

Cash payment Rs 50,000

Issue of 80,000 equity shares of Rs 10 each at Rs 15

- a) Rs 11,50,000
- b) Rs 12,50,000
- c) Rs 9,50,000
- d) Rs 10,50,000

29) Calculate purchase consideration from following

Cash payment Rs 40,000

Issue 50,000 preference shares of Rs 10 each at Rs 14

- a) Rs 7,50,000
- b) Rs 7,40,000
- c) Rs 7,25,000
- d) Rs 7,00,000

30) Increase, consolidation or sub division of share capital of the company involves ____.

- a) Alteration of share capital
- b) Variation of shareholders right
- c) Reduction of share capital
- d) Compromise

31) A scheme of reconstruction involving ____ must be authorized by memorandum or articles of association.

- a) Reduction of share capital
- b) Alteration of share capital
- c) Variation of shareholders rights
- d) Compromise

32) Change in rate of preference dividend payable in future without any change in amount of capital is called ____.

- a) Reduction of share capital
- b) Alteration of share capital
- c) Variation of shareholders rights
- d) Compromise

33) Conversion of cumulative to noncumulative preference shares in scheme of reconstruction is called ____.

- a) Reduction of share capital
- b) Alteration of share capital

- c) Variation of shareholders rights
 - d) Compromise
- 34) Debentureholders accepting a cash payment less than the face value of their debentures amounts to ____.
- a) Reduction of share capital
 - b) Alteration of share capital
 - c) Variation of shareholders rights
 - d) Compromise
- 35) Creditors accepting part of their claim in scheme of reconstruction is called ____.
- a) Reduction of share capital
 - b) Alteration of share capital
 - c) Variation of shareholders rights
 - d) Compromise
- 36) Share capital (Rs 100) a/c
 To share capital (Rs 10) a/c
 Is entry of which of the following
- a) Consolidation of shares
 - b) Sub division of shares
 - c) Conversion of share to stock
 - d) Conversion of stock into shares
- 37) On cancellation of surrendered shares in a scheme of reconstruction
- a) Share capital a/c will be debited
 - b) Share surrender a/c will be credited
 - c) Capital reduction a/c will be credited
 - d) Capital reduction a/c will be debited
- 38) A limited company may alter the share capital so as to
- a) Increase its reserve capital
 - b) Sub divide its shares into smaller amount
 - c) Give option to preference shareholders to get equity shares
 - d) Decrease the reserve capital
- 39) Balance in capital reduction a/c is transferred to
- a) General reserve
 - b) Capital reserve
 - c) Profit and loss a/c
 - d) Capital redemption reserve
- 40) Company can alter the share capital provided it is authorized by ____.
- a) Memorandum of association
 - b) Articles of association
 - c) Shareholders
 - d) Prospectus
- 41) At the time of reorganisation the amount of share surrendered by share holder is transferred to ____.
- a) Capital reserve a/c
 - b) General reserve a/c
 - c) Capital reduction a/c

- d) Surrender of share a/c
- 42) 1,60,000 equity shares of Rs 10 each fully paid are reduced to Rs 5 each. What amount will be transferred to capital reduction a/c?
- a) Rs 7,00,000
 - b) Rs 8,00,000
 - c) Rs 8,50,000
 - d) Rs 9,00,000
- 43) 50,000 equity shares of Rs 10 each are reduced to Rs 3 each. What is the amount transferred to equity share capital a/c?
- a) Rs 1,50,000
 - b) Rs 1,80,000
 - c) Rs 1,25,000
 - d) Rs 1,30,000
- 44) 6,000 Equity shares of Rs 10 each are reduced to Rs 5 each. What is the amount transferred to equity share capital?
- a) Rs 30,000
 - b) Rs 40,000
 - c) Rs 35,000
 - d) Rs 45,000
- 45) In internal reconstruction , assets are written off except.
- a) Land
 - b) Goodwill
 - c) Preliminary expense
 - d) Profit and loss a/c
- 46) What are the words shown in balance sheet after applying the reconstruction scheme?
- a) And decreased
 - b) And reduced
 - c) And increased
 - d) And lowered
- 47) liquidation refers to ____ of assets of the company.
- a) Hiring
 - b) Selling
 - c) Buying
 - d) Leasing
- 48) Equity shareholders get their claim
- a) In the beginning
 - b) In the last
 - c) No claim paid to them
 - d) Priority is given to them while paying
- 49) Following is treated as overriding preferential creditor
- a) Retirement benefits of employees
 - b) Retirement benefits to workers
 - c) Salary due to employees exceeding Rs 20,000
 - d) Remuneration to investigator

- 50) Remuneration to investigator upon investigation of affairs of company is treated as
- Secured creditor
 - Overriding preferential creditor
 - Preferential creditor
 - Unsecured creditor
- 51) Amount of government due that arose within 12 months before date of winding up is treated as
- Secured creditor
 - Overriding preferential creditor
 - Preferential creditor
 - Unsecured creditor
- 52) Amount of retirement benefits of employees exceeding Rs 20,000 per employees is treated as
- Secured creditor
 - Overriding preferential creditor
 - Preferential creditor
 - Unsecured creditor
- 53) Amount of calls in advance is treated as ____.
- Secured creditor
 - Asset not specifically pledged
 - Preferential creditor
 - Unsecured creditor
- 54) Accrued holiday remuneration becoming payable to any workman is treated as ____.
- Secured creditor
 - Overriding preferential creditor
 - Preferential creditor
 - Unsecured creditor
- 55) Liability for compensation under workman compensation act is treated as ____
- Secured creditor
 - Overriding preferential creditor
 - Preferential creditor
 - Unsecured creditor
- 56) A contributory is a ____.
- Unsecured creditor
 - Preferential creditor
 - Shareholder
 - Debenture Holder
- 57) When the sale proceeds of pledged security is not sufficient to pay off secured creditors fully the balance due to them should be added to
- Unsecured creditor
 - Preferential creditor
 - Equity share capital
 - Preference share capital
- 58) Calculate liquidator remuneration from the following
Assets realised Rs 6,30,000 out of which cash amounted to Rs 30,000. Liquidator remuneration 2% on assets realised.

- a) Rs 12,000
- b) Rs 12,500
- c) Rs 13,000
- d) Rs 12,600

59) List of preference shareholders are shown in statement of affairs under

- a) List G
- b) List D
- c) List H
- d) List F

60) Calculate liquidator remuneration from the following

Surplus from securities Rs 10,000

Assets realised Rs 80,000

Liquidator remuneration 3% on amounts realised

- a) Rs 3,000
- b) Rs 2,900
- c) RS 2,700
- d) Rs 2,500

61) Mari ltd issued 1,00,000 equity shares out of which only 60% were underwritten by mohan.

Applications for 90,000 shares were received out of which application for 52,000 were marked.

Determine net liability of mohan

- a) 7000 shares
- b) 8000 shares
- c) 8500 shares
- d) 7500 shares

62) The underwriting commission is calculated on _____.

- a) net liability of share value.
- b) firm underwriting value of shares.
- c) marked application of share value.
- d) issue price of the shares underwritten.

63) Property that are not specifically pledged are shown under statement of affairs under

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

64) 6% debentures of rs 100 each Rs 1,00,000 to be converted into such number 8% debentures of Rs 50 each such that same amount of interest is paid as before. The amount of debentures will be

- a) Rs 1,00,000
- b) Rs 75,000
- c) Rs 50,000
- d) Rs 70,000

65) 10% debentures of rs 100 each Rs 1,00,000 to be converted into such number 5% debentures of Rs 50 each such that same amount of interest is paid as before. The amount of debentures will be

- a) Rs 1,75,000
- b) Rs 2,25,000
- c) Rs 2,00,000
- d) Rs 2,50,000

66) A Ltd issued 3,00,000 equity shares out of which 70% were underwritten by akash.

Application for 1,80,000 shares were received out of which application for 1,25,000 shares were marked
Determine net liability of akash

- a) Rs 75,000
- b) Rs 65,000
- c) Rs 85,000
- d) Rs 90,000

67) X Ltd has 10,000 equity shares of Rs 10 each fully paid up. Each share is subdivided into equity shares of Rs 1 each. The number of share after subdivision will be

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

68) 10,000 equity shares of Rs 10 each are bought back at a offer price of Rs 30.what is the amount transferred to capital redemption a/c ?

- a) Rs 1,00,000
- b) Rs 1,10,000
- c) Rs 2,00,000
- d) Rs 3,00,000

69) 30,000 equity shares of Rs 10 each are bought back at an offer price of Rs 40. What is the amount of transferred to premium a/c?

- a) Rs 9,00,000
- b) Rs 4,00,000
- c) Rs 10,00,000
- d) Rs 9,50,000

70) Which of the following is not a fictitious asset?

- a) Profit and loss a/c dr balance
- b) Preliminary expense
- c) Share issue expense
- d) Furniture

71) 40,000 equity shares of Rs 2 each are consolidated to Rs 10 each. What are the number of equity shares?

- a) 8,000
- b) 7,000
- c) 9,000
- d) 6,000

72) under which section the sources for buyback is explained in companies act 2013

- a) Sec 68
- b) Sec 69
- c) Sec 70

- d) Sec 75
- 73) When the entire issue is underwritten by only one person his liability is equal to
- No. of shares underwritten
 - No. of shares underwritten minus no of shares applied by the public
 - No. of shares applied for by public
 - No .of shares unmarked
- 74) Amalgamation adjustment reserve ____.
- Shown as fixed assets in balance sheet of purchasing company
 - Shown as fictitious asset in balancesheet of vendor company
 - Shown as reserves and surplus in balancesheet of purchasing company
 - Shown as fictitious asset in balance sheer of purchasing company
- 75) Share capital Rs 21,00,000 and no.of shares that can be bought back ,150,000. What is the maximum offer price at which the company can buy back the shares ?
- Rs 14
 - Rs 15
 - Rs 16
 - Rs 17
- 76) Share capital Rs 1,87,500 and and offer price is Rs 30 what are the maximum no.of shares that the company can bought back ?
- 6,250 shares
 - 7,000 shares
 - 7,250, shares
 - 5,250 shares
- 77) Buyback of equity shares in any financial year shall not exceed 25% of its
- Total paid up equity capital in that financial year
 - Total paid capital
 - Total paid capital and reserves of company
 - Total nominal capital and free reserves of the company
- 78) The following shares are underwritten what will be the Gross liability ratio
- M 48,000
N 20,000
O 12,000
- 48:20:12
 - 12:20:48
 - 24:10:6
 - 6:10:24
- 79) Under companies act 1956
- Absorption includes amalgamation
 - Amalgamation includes absorption
 - Amalgamation excludes absorption
 - Internal reconstruction includes external reconstruction
- 80) A company came up with a public issue of 7,00,000 shares out of which it received 5,60,000 shares. Marked applications were 3,50,000 what are the unmarked applications ?
- 2,10,000

- b) 2,00,000
 - c) 2,50,000
 - d) 1,50,000
- 81) On amalgamation , accounting procedure used by purchasing company
- a) Is same in all types of amalgamation
 - b) Is different according to the nature of merger or a purchase
 - c) Is different depending upon whether the company is private or public
 - d) Is different depending upon purchase consideration
- 82) All assets and liabilities of vendor company become assets and liabilities of purchasing company
- a) If amalgamation is in nature of merger
 - b) If amalgamation is in nature of absorption
 - c) If amalgamation is in nature of external reconstruction
 - d) If amalgamation is in nature of purchase
- 83) The amounts paid by purchasing company to meet expenses of winding up are
- a) Ignored while calculating purchase consideration by net payments method
 - b) Ignored while calculating purchase consideration by net assets method
 - c) Considered while calculating purchase consideration by net assets method
 - d) Considered while calculating purchase consideration by net payments method
- 84) The agreed values at which assets and liabilities are taken over by purchasing company are
- a) Ignored while calculating purchase consideration by net payments method
 - b) Ignored while calculating purchase consideration by net assets method
 - c) Considered while calculating purchase consideration by net assets method
 - d) Considered while calculating purchase consideration by net payments method
- 85) Goodwill arising on amalgamation is to be
- a) Retained in the books of transferrer company
 - b) Amortised to income on a systematic basis
 - c) Adjusted against reserves immediately
 - d) Not retained in the books of transferer company
- 86) Extinguishment of liability in respect of unpaid portion of facevalue of any share in scheme of reconstruction amounts to
- a) Reduction of share capital
 - b) Alteration of share capital
 - c) Variation of share holder rights
 - d) Compromise
- 87) Equity shareholders get their claim
- a) In the beginning
 - b) In the last
 - c) No claim paid to them
 - d) Priority is given to them while paying
- 88) Following is treated as overriding preferential creditor
- a) Retirement benefits of employees
 - b) Retirement benefits to workers
 - c) Salary due to employees exceeding Rs 20,000
 - d) Remuneration to investigator

- 89) If remuneration to liquidator is payable as a percentage of collection
- Include opening cash and bank balance
 - Exclude opening cash and bank balance
 - Exclude opening cash and bank balance
 - Exclude both opening and closing cash and bank balance
- 90) When the entire issue is underwritten by only one person his liability is equal to
- No. of shares underwritten
 - No. of shares underwritten minus no of shares applied by the public
 - No. of shares applied for by public
 - No .of shares unmarked
- 91) Calculate purchase consideration from following
- Assets taken over Rs 5,00,000
- Liabilities taken over Rs 1,10,000
- Rs 3,80,000
 - Rs 2,90,000
 - Rs 3,90,000
 - Rs 3,95,000
- 92) Machinery was revalued to Rs 1,00,000 of which it is valued at Rs 3,00,000. What is the amount of transferred to capital reduction a/c?
- Rs 2,00,000
 - Rs 1,75,000
 - Rs 1,500,000
 - Rs 1,90,000
- 93) 3,000 equity shares of Rs 100 each are bought back at an offer price of RS 150. What is the amount transferred to capital redemption a/c?
- Rs 3,00,000
 - Rs 30,000
 - Rs 30,00,000
 - Rs 2,50,000
- 94) 1,50,000 equity shares of Rs 10 each fully paid are reduced to Rs 5 each. What amount will be transferred to capital reduction a/c?
- Rs 7,00,000
 - Rs 7,50,000
 - Rs 8,50,000
 - Rs 9,00,000
- 95) If CRR is Rs 2,50,000 and PRofit and loss a/c balance is RS 3,00,000 what amount will be debited for profit and loss a/c
- Rs 2,50,000
 - Rs 3,00,000
 - Rs 50,000
 - Rs 2,00,000
- 96) For every 4 equity shares in A ltd CB ltd will issue 5 new shares ,intotal A has 40,000 what are the number of shares issued ?
- 50,000

- b) 40,000
- c) 45,000
- d) 54,000

97) Plant and machinery is rs 8,00,000 to be appreciated by 10% the amount will be

- a) Rs 8,00,000
- b) Rs 8,80,000
- c) Rs 7,80,000
- d) Rs 7,00,000

98) Preference share of Rs 10 each Rs 6,00,000 which is reduced toRS 8 each the amount transferred to capital reduction account will be

- a) Rs 1,20,000
- b) Rs 1,10,000
- c) Rs 2,00,000
- d) Rs 2,20,000

99) Equity shares of Rs 10 each Rs 6,00,000 which is reduced toRS 8 each the amount transferred to equity share capital account will be

- a) Rs 4,80,000
- b) Rs 5,00,000
- c) Rs 4,00,000
- d) Rs 4,30,000

100) 40,000 equity shares of Rs 2 each are consolidated to Rs 10 each. What are the number of equity shares?

- a) 8,000
- b) 7,000
- c) 9,000
- d) 6,000