

Arts, Commerce and Science College, Bodwad.

Question Bank

S.Y. B.Com. Sem-III

Subject: - CORPORATE ACCOUNTING

Multiple Choice Questions

- 1) In case, Debentures of Rs 10,000 are issued at par but payable at a premium of 10% the premium payable will be debited to -----
(A) Debenture Suspense Alc
(B) Loss on issue of Debenture A/C
(C) **Premium on Redemption of Debentures AC**
(D) None of these
- 2) The maximum allowable Underwriting commission is ----- % of issue price of the Shares
(A) **5**
(B) 10
(C) 3
(D) 8
- 3) Preference shares can be redeemed -----
(A) **Only if they are fully paid**
(B) Even if they are partly paid up
(C) After getting the Court permission
(D) All of the above
- 4) The application forms bearing the stamp of underwriter are termed as -----
(A) Unmarked application
(B) Sole underwriting
(C) Firm underwriting
(D) **Marked application**
- 5) Company decided to issue 20,000 fully paid bonus shares of Rs 10 at a premium of Rs 2 per share. Company's share capital increased by Rs. -----
(A) Rs 2,40,000
(B) **Rs. 2,00,000**
(C) Rs. 20,000
(D) Rs 1,20,000
- 6) When debentures are redeemed ----- Account is debited.
(A) Shareholders Account
(B) Debenture holders Accounts
(C) **Debentures Account**
(D) None of the above

7) Bonus shares are issued to -----

- (A) Debenture holders
- (B) Preference shareholders
- (C) Public
- (D) **Existing shareholders**

8) Public issue of 50,000 shares of Rs 10 each is entirely underwritten by X and Y equally is termed as -----

- (A) Sole underwriting
- (B) Partial underwriting
- (C) **Full underwriting**
- (D) None of the above

9) Debentures can be redeemed -----

- (A) **By issuing new Debentures**
- (B) Out of Profit
- (C) By Converting them into Shares
- (D) All of the above

10) Company having undistributed profit Rs 4,00,000. Company decided to issue 10,000 fully paid bonus shares of Rs 10 at a premium of Rs 2 per share. Undistributed profit utilized Rs -----

- (A) Rs 4,00,000
- (B) Rs. 10,000
- (C) Rs. 1,00,000
- (D) **Rs 1,20,000**

11) On payment of underwriter's commission ----- account is credited

- (A) Underwriters Account
- (B) **Bank Account**
- (C) Commission Account
- (D) Profit & Loss A/C

12) Issue of additional bonus shares is credited to -----

- (A) Investment account
- (B) Deposit account
- (C) **Paid up capital**
- (D) Authorized capital

13) The balance of Debenture Sinking Fund, after redemption of Debentures is transferred to -----

- (A) Profit and Loss A/C
- (B) **General Reserve**

- (C) Debenture Account
- (D) None of these

- 14) Bonus shares are additional shares given to the existing shareholders -----
- (A) With additional cost
 - (B) **Without any additional cost**
 - (C) At dealing price
 - (D) At market value

- 15) Bonus shares can be issued from -----
- (A) Capital Reserve
 - (B) General Reserve
 - (C) Capital Redemption Reserve
 - (D) **All of the above**

- 16) If underwriting commission is due ----- Account is debited.
- (A) Underwriters A/C
 - (B) Profit and Loss A/C
 - (C) **Underwriting Commission A/C**
 - (D) None of the Above

- 17) The maximum allowable Underwriting commission is -----% of issue price of Debentures
- (A) 5
 - (B) 10
 - (C) **2.5**
 - (D) 8

- 18) Redeemable Preference Share capital Rs 2,00,000. Balance available in Profit and Loss A/C is Rs. 70,000. New shares to be issued of amount -----
- (A) Rs 2,30,000
 - (B) Rs 2,70,000
 - (C) **Rs 1,30,000**
 - (D) Rs 2,00,000

- 19) Interest on Debentures is payable only when there are -----
- (A) Profits
 - (B) Loss

- (C) **Either A or B**
- (D) None of these

20) Company can redeem debentures by -----

- (A) Purchase of debentures in open market
- (B) Instalments
- (C) **Issue of new shares or debentures**
- (D) All of the above

21) Company issued 15,000 shares of Rs. 100 each. The whole issue was underwritten by Mr. X. Application were received for 12,000 shares. The liability of Mr. X for ----- shares.

- (A) 15000
- (B) 12000
- (C) **3000**
- (D) None of above

22) Bonus Shareholders will receive maximum rate of dividend -----

- (A) 10%
- (B) 25%
- (C) 12%
- (D) **None of these**

23) Debenture is a part of -----

- (A) Owned capital
- (B) **Loan**
- (C) both A and B
- (D) None of the above

24) Which of the following cannot be utilized for creating Capital Redemption Reserve?

- (A) Profit and Loss A/C
- (B) General Reserve
- (C) Reserve Fund
- (D) **Share premium**

25) The Bonus shares shall not be issued -----

- (A) **in lieu of dividend**
- (B) from General reserve
- (C) from capital reserve
- (D) from securities premium account

26) An issue of 1,00,000 shares of Rs 10 each of X Ltd is underwritten by A, it is the case of

- (A) **Sole underwriting**
- (B) Partial underwriting
- (C) Full underwriting
- (D) None of the above

27) The Preference Shares can be redeemed -----

- (A) at par
- (B) at premium
- (C) **A and B**
- (D) None of these

28) Debenture holders are ----- of the Company

- (A) Members
- (B) Donors
- (C) Debtors
- (D) **Creditors**

29) The important approach suggested for valuation of human resource is not ---

- (A) Historical cost method
- (B) Opportunity cost method
- (C) Replacement cost method
- (D) **None of above**

30) What is the heart of ERP system?

- (A) **Database**
- (B) Information
- (C) Employees
- (D) Customers

31) An organization wants to develop a computerised accounting software as the business or organization is complex which software should purchase for?

- (A) Pre packed software
- (B) **Customized software**
- (C) Tailor made software
- (D) Any of the above

32) The computerized accounting system refers to -----

- (A) **From data entry to preparation final accounts**
- (B) Transformation of manual accounting system to CAS
- (C) Business transaction are analysed recorded trial balance sheet
- (D) None of above

33) Shri Ram want to install computerised accounting software system but his budget is low. Which software he should purchase for -----

- (A) **Pre packed software**
- (B) Customized software
- (C) Tailor made software
- (D) He can buy any of above, all costs are same

34) Accounting software is used for -----

- (A) **Recording transaction**
- (B) Reporting non-financial Information
- (C) A and B
- (D) None of above

35) which is not the advantage of Computerised accounting system

- (A) Speed
- (B) Accuracy
- (C) Eco friendly
- (D) **Data Corruption**

36) Share allotment account is a -----.

- A. **personal account**
- B. Real account
- C. Nominal account
- D. Impersonal account

37) The minimum share Application money is -----.

- A. **5% of the face value of shares**
- B. 10% of the issue price of shares
- C. Re. 1 per share
- D. 15% of the face value of shares

38) Premium received on issue of shares is shown on-----.

- A. asset side of the balance sheet
- B. **liability side of the balance sheet**
- C. credit side of the P&L a/c.
- D. debit side of the P & L a/c

39) Premium on issue of shares can be used for -----.

- A. distribution of dividend
- B. **writing off capital losses**
- C. transferring to general reserve
- D. paying fees to directors

40) If the minimum subscription is not received by the company, then the refund of application money should be made within -----days.

- A. 7
- B. 9

C. 10

D. 22

41) The difference between called up capital and paid up capital is -----.

- A. issued capital
- B. **unpaid capital**
- C. reserve capital
- D. uncalled capital

42) According to companies Act-----% of interest is to be paid on calls in arrears.

- A. 3
- B. 4
- C. **5**
- D. 6

43) Interest on calls in arrears is transferred to -----.

- A. debit side of p&L a/c.
- B. **credit side of P&L a/c**
- C. liability side
- D. asset side

44) If a share of Rs. 10, on which Rs. 8 has been called and Rs. 5 has been received is forfeited share capital account in this case will be debited with-----.

- A. Rs. 2
- B. Rs. 5
- C. **Rs. 8**
- D. Rs.10

45) . Preference shareholders receive-----.

- A. fixed rate of interest
- B. flexible rate of interest
- C. **fixed rate of dividend**
- D. flexible rate of dividend

46) Securities premium account is shown under -----head.

- A. capital
- B. **Reserves and surplus**
- C. long term loan
- D. current provision

47) Minimum subscription decided by-----.

- A. share holders
- B. **board of directors**
- C. debenture holders

D. creditors

48) Debentures redeemable after 10 years of issue are shown as-----.

- A. **long term borrowings**
- B. short term borrowings
- C. other current liabilities
- D. none of these

49) Preference dividend is to be paid before-----.

- A. payment of debenture interest
- B. payment of income tax
- C. **distribution of equity dividend**
- D. all the above

50) Company can issue redeemable preference shares which are redeemable within-----

- A. 10 years from the date of issue.
- B. **5 years from the date of issue**
- C. 7 years from the date of issue
- D. 2 years from the date of issue.

51) Forfeited shares to become-----.

- A. property of the government.
- B. **property of the company**
- C. property of the shareholders
- D. property of all the shareholders

52) Interest on debenture is-----.

- A. variable in nature
- B. **fixed in nature**
- C. optional
- D. appropriation.

53) When a company converts its equity shares into capital stock then the account to be credited is-----.

- A. Equity share capital account
- B. Preference share capital account.
- C. **Equity share stock account.**
- D. No entry is required.

54) which of the following statement is false

- (A) Bonus issue is made out of free revenue or securities premium collected in cash only
- (B) **Bonus share can be issued out revaluation Profit**

- (C) No bonus issue can be made within twelve months of any issue
- (D) Company can issue Bonus shares in any ratio

55) Which of the following is a free reserve

- (A) Plant revaluation reserve
- (B) Development rebate reserve
- (C) Investment allowance reserve
- (D) **Capital reserve collected in cash**

56) Redeemable preference shares can be redeemed out of -----

- (A) The sales proceeds of investment
- (B) **The proceeds of fresh issue of shares**
- (C) Securities premium reserve
- (D) The proceeds of issue of debentures

57) Which of the following can be utilized for the redemption of preference shares

- (A) Share forfeited account
- (B) Development rebate reserve account
- (C) Securities premium reserve account
- (D) **Dividend equalisation reserve account**

58) According to section 55A company cannot issue redeemable preference share for a period exceeding -----

- (A) 6 years
- (B) 7 years
- (C) 8 years
- (D) **20 years**

59) The capital redemption reserve is created for the following reason ---

- (A) To maintain the capital intact
- (B) To safeguard the interest company's creditors
- (C) **Both A and B**
- (D) None of the above

60) Company can pay back share capital which is in excess of need if ----

- (A) Authorised by article
- (B) Confirmation of the court
- (C) Special resolution passed
- (D) **All of above**

61) The short form used ERP for ----

- A) Enterprise resource price
- B) Enterprise reasonable price
- C) Enterprise response price

D) Enterprise resource planning

- 62) Underwriter commission should be paid as per the section ----- of company act
- A) 76 (a)
 - B) **76 (b)**
 - C) 76 (c)
 - D) 76 (d)
- 63) ----- Commission should be paid to shares which have not offered to general public
For subscription.
- A) **No**
 - B) 7 %
 - C) 7.5 %
 - D) 5 %
- 64) Excess liability of one underwriter should transfer to another underwriters in ----- ratio
- A) **Gross liability**
 - B) Net liability
 - C) Gross asset
 - D) None of above
- 65) Preferential shares are two exclusive rights ----- and -----
- A) **Dividend payment and Capital payment**
 - B) Dividend payment and Asset payment
 - C) Dividend payment and liability payment
 - D) Dividend payment and profit payment
- 66) Which of below is not the subscription of share position
- A) Full subscription
 - B) Over subscription
 - C) Under subscription
 - D) **All of above**
- 67) According to section ----- the company can not issue share at discount
- A) **53**
 - B) 35
 - C) 45
 - D) 54
- 68) Forfeiture of share is the action taken by the company to ----- the shares
- A) Issue
 - B) Reissue
 - C) **Cancel**

D) Collect

69) The loss of reissue of forfeited share not exceed the ----- amount

- A) Issued
- B) Subscribe
- C) **Forfeited**
- D) None of these

70) Section ---- of the company act 2013 deals with Bonus shares

- A) 51
- B) 52
- C) 53
- D) **63**

71) These are the types of Bonus issue

- A) Issue fully paid up shares
- B) Issue partly paid shares convert in fully paid
- C) **Both A and B**
- D) None of these

72) ---- preference paid shares cannot be redeem

- A) **Partly paid**
- B) Fully paid
- C) Both A and B
- D) None of above

73) Following is not the example of divisible profit

- A) Profit and Loss account
- B) General Reserve
- C) Reserve Fund
- D) **Capital Reserve**

74) Following is not the example of non-divisible profit

- A) **Profit and Loss account**
- B) Securities premium
- C) Investment reserve
- D) Capital Reserve

75) Section ----- of company act 2013 covers creation of debenture redemption reserve

73) Following is not the example of divisible profit

- A) **71**
- B) 72
- C) 73

D) None of these