
Multiple Choice Questions

1) Voluntary winding up:

- a) If period fixed for the company is expired.
- b) If company passes a special resolution the company wound up voluntarily.
- c) Members voluntary winding up is applicable to solvent companies only.
- d) **All of the above**

2) Compulsory winding up:

- a) If a company unable to pay its debt
- b) If the number of members of company reduced below statutory limit.
- c) If a company does commence its business within a year from its incorporation.
- d) **All of the above.**

3) The first item in order of payment to be made by liquidator is:

- a) Secured creditors
- b) Preferential creditors
- c) **Liquidation expenses**
- d) Preferential creditors

4) Liquidator's statement of receipts and payment is known as:

- a) Cash flow statement
- b) Cash book
- c) **Liquidator's final statement of account**
- d) Deficiency account

5) The liquidator final statement of account is prepared

- a) Only in case of creditor voluntary winding up
- b) **Only in case of members voluntary winding up**
- c) Only in case of compulsory winding up
- d) Whatever may be

6) When the liquidator company has adequate cash to pay off all liabilities, the interest on liabilities will be paid

- a) Up to date of commencement of insolvency
- b) **Up to date of actual payment**
- c) Up to date of payment to share holders
- d) None of these

7) The Job of Realizing Assets and Paying Liabilities Is Performed by A Person

- a) **Liquidator**
- b) Auditor
- c) Registrar of the Company
- d) None of the above

8) At the time of liquidation of company, the liquidator has to file a statement of receipt and payment is known as

- a) Statement of affairs
- b) Liquidator report
- c) Liquidator final statement of account**
- d) None of the Above

9) At the time of liquidation of company, the liquidator has to file a statement of receipt and payment is known as

- a) Statement of affairs
- b) Liquidator report
- c) Liquidator final statement of account**
- d) None of the Above

10) At the time of liquidation of company, the liquidator has to file a statement of receipt and payment is known as

- a) Statement of affairs
- b) Liquidator report
- c) Liquidator final statement of account**
- d) None of the Above

11) At the time of liquidation of company, the liquidator has to file a statement of receipt and payment is known as

- a) Statement of affairs
- b) Liquidator report
- c) Liquidator final statement of account**
- d) None of the Above

12) The deficiency shown by deficiency account will be equal to the deficiency revealed by

- a) Liquidator final statement of account
- b) Liquidator report
- c) Statement of affairs**
- d) None

13) The deficiency shown by deficiency account will be equal to the deficiency revealed by

- a) Liquidator final statement of account
- b) Liquidator report
- c) Statement of affairs**
- d) None

14) Insolvent Companies Can Be Liquidated

- a) Compulsory
- b) Optional**
- c) Order
- d) All the Above

15) A Liquidator can claim the

- a) **Remuneration**
- b) Assets
- c) Dividend
- d) All the Above

16) In liquidator final statement of account, payment of preferential creditors is shown after

- a) **Debenture holders**
- b) Unsecured creditors
- c) Secured creditors
- d) All of the above

17) A company can be liquidated by ____.

- a) **Compulsory winding up by the court.**
- b) Voluntary winding up by the members or creditors
- c) Winding up under the supervision of the court
- d) All of the above

18) Which of the following statements is false?

- a) A person eligible to be appointed as a liquidator shall be considered independent if he is eligible to be appointed as an independent director under Section 149 of Companies Act, 2013 if the corporate person is a company.
- b) A person eligible to be appointed as a liquidator shall be considered independent if he is not a related party of the corporate person.
- c) **A person eligible to be appointed as a liquidator shall be considered independent if he has been an employee or proprietor or partner of a firm of auditors.**
- d) A person eligible to be appointed as a liquidator shall be considered independent if he has not been an employee or proprietor or partner of legal firm contributing 10% or more of the gross turnover of such firm.

19) Types of leasing are

- a) Financial & Non-Financial Lease
- b) **Financial Lease & Operating Lease**
- c) Operating & Non-Operating Lease
- d) None of the above

20) Financial lease is

- e) Temporary
- f) Short Term & Cancellable
- g) **Long Term & Non-Cancellable**
- h) None of the above

21) Operating lease are

- a) **Short Term & Cancellable**
- b) Long Term & Non-Cancellable
- c) Temporary
- d) Contingent

- 22) When two or more existing companies are liquidated and a new company is formed to take over business it is termed as
- a) Absorption
 - b) **Amalgamation**
 - c) Reconstruction
 - d) Liquidation
- 23) Arithmetically amalgamation means
- a) **A Ltd + B Ltd = AB Ltd**
 - b) A Ltd + B Ltd = B Ltd
 - c) A Ltd + B Ltd = A Ltd
 - d) None of above
- 24) When one existing company acquires the business of two or more similar companies it is termed as
- a) Amalgamation
 - b) **Absorption**
 - c) Internal Reconstruction
 - d) External Reconstruction
- 25) The main object of Amalgamation is
- a) To maximum common benefits
 - b) To reduce Internal Competition
 - c) To minimize Common Expenses
 - d) **All the above**
- 26) Excess of purchase consideration over net asset is
- a) Profit
 - b) **Goodwill**
 - c) Capital Reserve
 - d) None
- 27) The difference between book value of liability & actual payment of liability is transfer to
- a) Profit & Loss A/c
 - b) Goodwill A/c
 - c) Capital Reserve
 - d) **Realisation A/c**
- 28) Sundry assets are transfer to Realisation Account at
- a) Agreed Value
 - b) **Book Value**

- c) Lower Value
 - d) None
- 29) When Realisation expenses are paid and born by old company it is debited to
- a) Profit & Loss A/c
 - b) **Realisation A/c**
 - c) New Company A/c
 - d) None
- 30) When Realisation expenses are paid and borne by purchasing company, old company will debit to
- a) Profit & Loss A/c
 - b) Realisation A/c
 - c) Goodwill A/c
 - d) **No Entry**
- 31) If Realisation expenses are included in purchase consideration, old company will debit such expenses to..
- a) **Realisation A/c**
 - b) Profit & Loss A/c
 - c) Goodwill A/c
 - d) No Entry
- 32) If Realisation expenses are paid by old company but born by new company – old company will debit to...
- a) Realisation A/c
 - b) Profit & Loss A/c
 - c) **New Company A/c**
 - d) Goodwill A/c
- 33) Excess of Net Asset over P.C. will transfer to
- a) Goodwill A/c
 - b) **Capital Reserve A/c**
 - c) Profit & Loss A/c
 - d) Old Company A/c
- 34) The nature of dividend Equalization Fund is
- e) Current Liability
 - f) **Reserve & Supplies**
 - g) Current Assets
 - h) Investment
- 35) The nature of Provident Fund is
- a) Reserve & Supplies
 - b) **Current Liability**

- c) Provision
 - d) Secured Loan
- 36) Realisation profit is credited to
- a) Debenture Holder's A/c
 - b) Preference Shareholder A/c
 - c) **Equity Shareholder A/c**
 - d) None
- 37) In the books of new company Share Capital & Debenture account are credited at
- a) Agreed value of Share / Debenture
 - b) Random Value
 - c) **Par value of Share / Debenture**
 - d) Market Value
- 38) When expenses of liquidation - paid by purchasing company the purchasing company will debit to
- a) Realisation A/c
 - b) Profit & Loss A/c
 - c) Old Company A/c
 - d) **Goodwill A/c**
- 39) A S – 14 recognize purchase consideration payable to
- a) **Shareholders**
 - b) Debenture holders
 - c) Creditors
 - d) All the above
- 40) Pooling of Interest Method is used in amalgamation in the nature of
- a) Purchase
 - b) **Merger**
 - c) Mix
 - d) Other
- 41) When company is turn into liquidation and new company is formed to take over business & such company it is termed as
- a) A) Absorption
 - b) Liquidation
 - c) **External Reconstruction**
 - d) Internal Reconstruction
- 42) When company is internally re-organised without liquidation it is termed as
- a) Amalgamation
 - b) Absorption
 - c) External Reconstruction

d) **Internal Reconstruction**

- 43) Authorized capital is also termed as
- a) **Nominal Capital**
 - b) Reserve Capital
 - c) Sink Capital
 - d) None
- 44) The part of share capital, which is reserved and cannot called during life time of company is termed as
- a) Authorized Capital
 - b) Subscription Capital
 - c) Called-up Capital
 - d) **Reserve Capital**
- 45) Shares stock means
- a) Closing Stock of Shares
 - b) Average Stock of Shares
 - c) Opening Stock of Shares
 - d) **Bunch of Fully paid Shares**
- 46) Shares of Rs. 100 converted in shares of Rs. 10 is termed as.....
- a) Consolidation
 - b) **Subdivision**
 - c) Conversion
 - d) None
- 47) Shares of Rs. 10 converted in shares of Rs. 100 is termed as.....
- a) **Consolidation**
 - b) Subdivision
 - c) Conversion
 - d) None
- 48) In case of External Reconstruction following account is prepared to ascertain the result of External Reconstruction
- a) Capital Reduction A/c
 - b) **Realisation A/c**
 - c) Profit & Loss A/c
 - d) None
- 49) In case of Internal Reconstruction following account is prepared to ascertain the result of scheme
- a) Realisation A/c
 - b) **Capital Reduction A/c**
 - c) Profit & Loss A/c

- d) None
- 50) Balance of shares surrendered but not re-issued transferred to
- a) Profit & Loss A/c
 - b) Realisation A/c
 - c) **Capital Reduction A/c**
 - d) None
- 51) Under amalgamation / absorption payment of contingent liability is debited to
- a) Profit & Loss A/c
 - b) Capital Reduction A/c
 - c) Goodwill A/c
 - d) **Realisation A/c**
- 52) In case of Internal Reconstruction payment of contingent liability is debited to
- a) Profit & Loss A/c
 - b) **Capital Reduction A/c**
 - c) Realisation A/c
 - d) Other
- 53) Any gain on payment of liability under External Reconstruction is credited to
- a) Capital Reserve A/c
 - b) Capital Reduction A/c
 - c) **Realisation A/c**
 - d) Profit & Loss A/c
- 54) Realisation of unrecorded asset under absorption is credited to
- a) Capital Reserve A/c
 - b) Profit & Loss A/c
 - c) **Realisation A/c**
 - d) Capital Reduction A/c
- 55) Realisation of unrecorded asset under Internal Reconstruction is credited to
- a) Capital Reserve A/c
 - b) Profit & Loss A/c
 - c) Realisation A/c
 - d) **Capital Reduction A/c**
- 56) Increase in value assets under Internal Reconstruction is credited to
- a) Profit & Loss A/c
 - b) **Capital Reduction A/c**
 - c) Realisation A/c
 - d) Other

- 57) Decrease in Value assets under Internal Reconstruction is debited to
- a) Capital Reserve A/c
 - b) Profit & Loss A/c
 - c) Realisation A/c
 - d) **Capital Reduction A/c**
- 58) Increase in Value liability under Internal Reconstruction is debited to
- a) Profit & Loss A/c
 - b) Goodwill A/c
 - c) **Capital Reduction A/c**
 - d) None
- 59) Decrease in value liability under Internal Reconstruction is credited to
- a) Profit & Loss A/c
 - b) **Capital Reduction A/c**
 - c) Realisation A/c
 - d) Capital Reserve A/c
- 60) Reserve for doubtful debt on debtors under internal Reconstruction is debited to
- a) Profit & Loss A/c
 - b) Goodwill A/c
 - c) **Capital Reduction A/c**
 - d) None
- 61) Under amalgamation in the nature of merger Reserve & Surplus are transferred to
- a) **Realisation A/c**
 - b) Equity Share Holder A/c
 - c) Profit & Loss A/c
 - d) Other
- 62) Under amalgamation in the nature of purchase Reserve & Surplus are transferred to
- a) Realisation A/c
 - b) **Equity Share Holder A/c**
 - c) Profit & Loss A/c
 - d) Other
- 63) Internal obligation / Internal indebtedness is to be eliminated under
- a) Amalgamation
 - b) **Absorption**

- c) External Reconstruction
 - d) Internal Reconstruction
- 64) Unrealized profit is the profit, included in
- a) Debtors
 - b) **Stock**
 - c) Cash
 - d) Current Asset
- 65) If agreed value of shares allotted is lower than face value, such difference is debited to
- a) Profit & Loss A/c
 - b) **Discount on Issue of Share**
 - c) Share Capital
 - d) Other
- 66) Under Amalgamation / Absorption, any profit / loss on Realisation in old company is recorded in
- a) Capital Reduction A/c
 - b) Profit & Loss A/c
 - c) **Realisation A/c**
 - d) Goodwill A/c
- 67) Under Amalgamation / Absorption any surplus or deficit in new company is recorded in
- a) Profit & Loss A/c
 - b) Realisation A/c
 - c) Capital Reduction A/c
 - d) **Goodwill / Capital Reserve**
- 68) Which of the following is included in minimum lease payments?
- a) **Any residual value guaranteed by the Lessee**
 - b) Contingent rent
 - c) Cost for services and taxes to be paid-by and reimbursed to lessor
 - d) All of the above
- 89) Inception of lease is -----
- a) **Date of lease agreement**
 - b) Date of commitment by the parties to the principal provisions of the lease
 - c) A and b whichever is earlier
 - d) The date of payment of first lease payment

70) Depreciation on leased assets is governed by -----

- a) As-6[Revised]
- b) As-10
- c) As-19
- d) **Income tax Act.1961**

71) In finance lease, as per As 1-19 leased asset -----

- a) **Is shown in the balance sheet of lessee.**
- b) In the balance sheet of lessor
- c) Not shown in the balance of either
- d) Disclose as contingent asset by the lessee

72) When two or more existing companies go into liquidation and company is formed to take over their business it is known as -----

- a) **Amalgamation**
- b) Liquidation
- c) Reconstruction
- d) None of the above

73) When present company under an agreement purchases the other similar company, it is called ----

- a) **Amalgamation**
- b) Internal reconstruction
- c) External reconstruction
- d) Both a and b

74) The main object of amalgamation is -----

- a) To minimize the expenses
- b) To stop competition
- c) To facilitate distribution
- d) **All of the above**

75) If the net assets taken over by the company are less than purchase consideration, the difference shall be treated as -----

- a) **Goodwill**
- b) Capital reserve
- c) Secret reserve
- d) Liquidation

76) Difference between book value of the liability and amount paid by the vendor is transferred to the -----

- a) Profit & loss account
- b) Goodwill

c) **Realization account**

d) None of the these

77) When the expenses of liquidation are to be borne by the purchasing company then the purchasing company debits -----

a) Vendors company's account

b) **Bank account**

c) Goodwill account

d) Capital account

78) When the expenses of liquidation are to be borne by the vendor company debits -----

a) **Realization account**

b) Bank account

c) Goodwill account

d) None of the these

79) As per section ---- of company act preferential creditors are classified

a) 532

b) 533

c) 531

d) **530**

80) The amount is available after payment to unsecured creditors it will distributed to ---

a) **Preference share holders then Equity share holders**

b) Equity share holders then Preference share holders

c) Preference share holders then Debenture holders

d) None of above