

Sheth T.J.Education Society's
Sheth N.K.T.T. College of Commerce & Sheth J.T.T. College of Arts, Thane
Dept. of Accountancy
TY B. Com. Sem – V Financial Accounting
Question Bank (2020-21)

Module I Final Accounts of Companies

1. According to AS 1, Disclosure should form part of _____
 - a) The final accounts
 - b) The Auditor's report
 - c) The Directors report
 - d) The Books of Accounts

2. The Liabilities of companies are divided in ____ headings.
 - a) 4
 - b) 5
 - c) 6
 - d) 3

3. The unpaid interest on loan is ____
 - a) loan
 - b) current liabilities
 - c) reserve
 - d) contingent liabilities

4. Schedule II provides for _____.
 - a) Depreciation
 - b) Capital
 - c) Loan
 - d) Assets

5. Which of the following items do not come under, reserves and surplus _____.
 - a) Capital Redemption Reserve
 - b) General reserve
 - c) Provident Fund
 - d) Sinking Fund

6. Depreciation to be deducted from profit for deciding managerial remuneration as per Section

- a) 123
- b) 317
- c) 441
- d) 315

7. The broad heading under which balance sheet is divided under the Schedule III are

- a) 'liabilities' and 'assets'
- b) 'equities and liabilities' and 'assets'
- c) 'source of funds' and 'application of funds'
- d) 'current' and 'non-current'

8. The extract of balance sheet format profile is specified in Part ____ of Schedule III.

- a) 1
- b) 2
- c) 3
- d) 4

9. Premium on Shares is _____

- a) added to profit for calculation of Net profit
- b) excluded from profit for calculation of Net profit
- c) ignored totally
- d) none of the above

10. Retained Earnings is the amount of _____.

- a) Profit after tax less dividend
- b) Profit before tax less dividend
- c) Profit before depreciation
- d) Profit after depreciation

Module – II Internal Reconstruction

11. Creditors accepting part payment of their claims amounts to ____.

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

12. Amicable settlement of differences by mutual consent by parties is

- a) Arrangement
- b) Compromise
- c) Confirmation
- d) Merger

13. Change in the rate of preference dividend payable in future without in the change in the amount of capital is called as

- a) Reduction of share capital
- b) Alteration of share capital
- c) Variations of Shareholders' rights
- d) Compromise/ Arrangement

14. Extinguishment of liability in respect of unpaid portion of the face value of any share, in a scheme of reconstruction, amounts to

- a) Reduction of share Capital
- b) Alteration of share capital
- c) Variations of Shareholders' rights
- d) Compromise/ Arrangement

15. Equity shareholders giving up their claim to the reserves and accumulated profits amounts to

- a) Reduction of share capital
- b) Alteration of share capital
- c) Variations of Shareholders' rights
- d) Compromise/ Arrangement

16. Shares of ₹100 each (paid-up value ₹ 90 each) are reduced to shares of nominal value of ₹ 90 each in a scheme of reconstruction.

- a) There will be credit of ₹ 10 per share to capital reduction a/c
- b) There will be credit of ₹ 90 per share to capital reduction a/c
- c) There will be credit of ₹ 100 per share to capital reduction a/c
- d) There will be no credit to capital reduction a/c

17. Reduction of share capital of a company means reduction in

- a) Only called up share capital
- b) Subscribed and/or paid-up share capital
- c) Only authorised capital
- d) Only uncalled share capital

18. While granting approval to any scheme of Capital Reduction, the court may direct the company to add the following words to its name for such period as it thinks fit.
- a) And Reduced
 - b) Unlimited and Reduced
 - c) Liquidated
 - d) Limited and Reduced
19. The micro corporation Ltd. Is authorised to issue 1,00,000 shares of equity shares. It had issued 30,000 shares. It has bought back 5,000 shares. As a result of these transactions. The no. of shares (i) in authorized share capital and (ii) in issued share capital will be a)
- a) 1,00,000; 25,000
 - b) 75,000; 25,000
 - c) 1,00,000; 30,000
 - d) 75,000; 30,000
20. For capital reduction under internal reconstruction, authorisation / approval is required from
- a) Shareholders
 - b) Articles of Association
 - c) Tribunal
 - d) All of the above

Module -III Buy-Back of Shares

21. Before buyback all the shares must be _____.
- a) Partly Paid
 - b) Fully Paid
 - c) Fully Subscribed
 - d) None of the above
- 22 Which of the following is a free reserve for the purpose of buyback of shares?
- a) Workmen's Compensation Fund
 - b) Capital Redemption Reserve
 - c) Debenture Redemption Reserve
 - d) Forfeited Shares Account

23. The following is not a free reserve _____.
- a) General Reserve
 - b) Profit and Loss A/c
 - c) Revaluation Reserve
 - d) Dividend Equalization Reserve
24. To comply with the company shall file with the Registrar and SEBI
- a) An escrow A/c
 - b) A current A/c
 - c) A Savings A/c
 - d) A fixed deposit A/c
25. As per SEBI Guidelines buyback must be as per _____.
- a) RBI Guidelines
 - b) SEBI Guidelines
 - c) State Government Guidelines
 - d) Central Government Guidelines
26. On buyback of equity shares _____.
- a) There is a reduction in share capital to the extent of face value of shares bought back
 - b) There is a no payment from the company to the extent of buyback price
 - c) The shareholders whose shares are not bought cease to be the shareholders of the company
 - d) None of the above
27. Maximum buyback in a year can be _____%
- a) 10%
 - b) 20%
 - c) 25%
 - d) 30%
28. According to S. 68, the following methods can be adopted for buy-back
- (i) buy-back from the existing security-holders on a proportionate basis
 - (ii) buy-back from the open market
 - (iii) buy-back from odd lots a) only (i) and (ii)
- b) Only (i) and (iii)

- c) Only (ii) and (iii)
- d) all of the above

29. On buyback of shares

- a) There is a reduction in the share capital to the extent of the face value of the shares bought back
- b) There is a payment from the company to the extent of the price of the shares paid to the shareholders
- c) The shareholders whose shares are brought cease to be the shareholders of the company
- d) All of the above

30. A company may purchase its own shares out of -

- a) Its free reserves only
- b) The securities premium account only
- c) The proceeds of any shares only
- d) any or all of the above

Module – IV Investment Account

31. Each side of investments account have _____ columns of amount. a) 2

- b) 3
- c) 4
- d) 1

32. On each sale of investment, the profit or loss is calculated as

- a) Sales Price Less Simple Average Cost
- b) Sales Price Less Weighted Average Cost
- c) Sales Price Less Cost on FIFO basis
- d) Sales Price Less Cost on LIFO basis

33. If market value of investment held as current asset is less than cost

- a) difference is credited to profit & loss a/c
- b) difference is debited to profit & loss a/c
- c) difference is ignored
- d) difference is debited to capital reserve a/c

34. Dividend is paid

- a) to the holder of the shares on the date of bookclosure prorata as per his actual period of holding
- b) to the original investor if the shares are sold cum-dividend
- c) to the holder of the shares on the date of bookclosure irrespective of his actual period of holding
- d) to the original investor if the shares are sold ex-dividend

35. The current investments are valued on closing date at

- a) Market value
- b) Cost of purchase
- c) Lower of cost and market value
- d) Higher of cost and fair value

36. Any reduction to market value of current investment from cost, on valuation date is debited to

- a) Revaluation reserve
- b) Profit and loss account
- c) Capital reserve
- d) General reserve

37. Number of bonus shares is _____.

- a) increases holding
- b) deducted from cost of investments
- c) added to N.V. of investments
- d) none of the above

38. Rights shares subscribed are entered in _____.

- a) N.V. column (Dr.) cost is entered in capital column Debit of the Investment A/c
- b) N.V. column (Cr.) cost in cost column Credit of Investment A/c
- c) Cost is entered in capital column on Debit side of Investment A/c
- d) none of the above

39. On 1st July, 2018; Rajshree Ltd. purchased 100 of its own 12% debentures for a price of ₹ 9,900 which is cum interest price. Interest is paid on 30th September and 31st March every year. The acquisition cost of 100 debentures is _____.

- a) 9,600
- b) 9,700
- c) 10,300
- d) 10,000

40. Neelam Ltd. holds 14% debentures of the face value of ₹ 5,000 in Rajesh. Ltd. Interest is payable on 30th June and 31st December every year. The debentures were purchased on 1st July, 2017. Accounts are closed on 31st March every year. The accrued interest on 31st March, 2018 was_____.
- a) 175
 - b) 525
 - c) 325
 - d) 350

Module – V Ethical Behaviour and Implications for Accountants

41. Obey certain ethical rules no matter what the results are

- a) Ethical relativism
- b) Deontological ethics
- c) Ethical absolutism
- d) Teleological ethics

42. Ethical behaviour distinguishes

- a) Right from wrong
- b) Proper from improper
- c) Correct from incorrect
- d) All of the above

43. Accounting and finance need

- a) Legal rules only
- b) Ethical rules only
- c) Social rules only
- d) All of the above

44. Whistle blower should be supported by

- a) protecting against termination
- b) Empowering the whistle blowers
- c) Conducting seminars and workshops
- d) All of the above

45. Corporate Governance provisions in India are to be found in

- a) The companies Act, 2013
- b) the SEBI Listing Agreement Clause 49
- c) both a) and b)

d) None of the above

46. Conceptual framework laid down in IFAC Code is applied when -

- a) Threat is identified
- b) compromising circumstances exist
- c) evaluating significance of threats
- d) any of the above

47. The stage ___ in Ethical education is concerned with Ethical behaviour. a) initial

- b) middle
- c) final
- d) none of the above

48. Study of what a person actually believes is

- a) Descriptive ethics
- b) Evaluative ethics
- c) Behavioural ethics
- d) None of the above

- a) Increases goodwill
- b) Increases ROI
- c) Builds a competitive edge
- d) All of the above

50. A person who comes forward and shares his knowledge on wrong doing is

- a) Whistle blower
- b) Director
- c) Executive
- d) All of the above

Reference

Financial Accounting, TY B. Com. Sem V, AINAPURE, Manan Prakashan.

Financial Accounting, TY B. Com. Sem V, CHOPDE & CHOUDHARI, Sheth Publication