

BCM 3B 04—CORPORATE ACCOUNTING

(Multiple Choice Questions for SDE Candidates)

1. When shares are forfeited, share capital account is debited by _____.
(A) Paid up amount of shares. (B) Called up amount of shares.
(C) Face value of shares. (D) Uncalled capital.
2. The minimum amount of capital which must be subscribed by the public before allotment called :
(A) Allotment money. (B) Minimum subscription.
(C) Subscribed capital. (D) None of these
3. That part of the capital which will be called up only in the event of winding up of the company called _____ capital.
(A) Issued. (B) Paid-up.
(C) Reserve. (D) Uncalled.
4. Those preference shares which do not carry the right of share in excess profits are known as _____ preference shares.
(A) Irredeemable. (B) Non-cumulative.
(C) Non-convertible. (D) Non-participating.
5. _____ is deducted from the called-up capital in order to calculate paid-up capital.
(A) Calls in arrear. (B) Calls in advance.
(C) Un called capital. (D) Reserve capital.
6. _____ is a document which either creates or acknowledges a debt.
(A) Debenture. (B) Trust deed.
(C) Security. (D) Articles of Association.
7. _____ is a document prepared by the company before the issue of prospectus to the public for subscription of debentures.
(A) Debenture. (B) Trust deed.
(C) Abridged prospectus. (D) Call letter.

8. Which of the following is a method of redemption of debentures ?
- (A) Draw of lots. (B) Conversion.
(C) Open market purchase. (D) All of these.
9. After the redemption of debentures, any credit balance in the Sinking Fund a/c is transferred to _____ a/c.
- (A) General reserve. (B) Capital reserve.
(C) P and L. (D) None of these.
10. Financial statement in relation to a company includes :
- (A) Balance sheet. (B) Statement of P&L.
(C) Cash flow statement. (D) All of these.
11. Calls in advance is shown in the balance sheet as _____.
- (A) Current liabilities. (B) Added to called-up capital.
(C) Current assets. (D) Deduction from called-up capital.
12. Pooling of interest method is applicable for amalgamation in the nature of _____.
- (A) Merger. (B) Consolidation.
(C) Reconstruction. (D) Realization.
13. Realization loss is transferred to _____.
- (A) Preference shareholders a/c. (B) Equity shareholders a/c.
(C) Creditors a/c. (D) None of these.
14. Liquidation expenses paid by the transferee company is debited to _____.
- (A) General reserve account. (B) P/L Account.
(C) Goodwill account. (D) None of these.
15. Which of the following is considered as an asset while calculating purchase consideration ?
- (A) Goodwill. (B) Patent.
(C) Trademark. (D) All of these.

Turn over

16. Which of the following a/c is debited when statutory reserve of the transferor company is taken over by the transferee company ?
- (A) Goodwill a/c. (B) Amalgamation adjustment a/c.
(C) Capital reserve a/c. (D) Statutory reserve.
17. While preparing the transferee company's financial statement under amalgamation in the nature of merger, the assets and liabilities taken over from the transferor company should be incorporated at _____.
- (A) Cost. (B) Book value.
(C) Revised value. (D) None.
18. Alteration of shares of smaller amounts into shares of larger amount is called _____ of share capital.
- (A) Surrender. (B) Subdivision.
(C) Consolidation. (D) None of these.
19. Capital reduction account is used to _____.
- (A) Write off losses. (B) Transfer to capital.
(C) Issue bonus shares. (D) None of these.
20. Alteration of shares of larger denominations into smaller denominations is called _____ of shares.
- (A) Consolidation. (B) Surrender.
(C) Sub-division. (D) Valuation.