

SYBCom AFM Sem IV MCQs 2020-21

Company Account

1.should be part of One Person Company.
 - a) LLP/Limited
 - b) Public Limited
 - c) OPC
 - d) None of the above
2. A company is
 - a) Voluntary Association
 - b) Compulsory association
 - c) Illegal Association
 - d) All of the above
3. Unclaimed dividend is shown under.....
 - a) Current assets
 - b) Current liabilities
 - c) Reserve and surplus
 - d) none of the above
4. Capital Reserve is.....
 - a) Current year's profit
 - b) Capital profit
 - c) Divisible profit
 - d) Past accumulated profits
5. The excess of consideration paid over net value of assets taken over is called.....
 - a) Security premium
 - b) Goodwill
 - c) Capital Reserve
 - d) None of the above
6. A Company limited by Guarantee may be.....
 - a) Limited by shares
 - b) Limited by Guarantee
 - c) Limited by shares or Limited by Guarantee
 - d) All of the above
7. The Auditor of Government Company is appointed by
 - a) Central Government
 - b) State Government
 - c) Shareholder
 - d) Comptroller and Auditor General of India

8. Common seal for a company is.....
 - a) Mandatory
 - b) Optional
 - c) Not needed
 - d) None of the above
9. A company is created by
 - a) Indian companies Act
 - b) Indian partnership Act
 - c) Indian Income tax Act
 - d) GST
10. A private company must have minimum.....
 - a) 2 members
 - b) 7 members
 - c) 11 members
 - d) 20 members
11. A private company cannot have members in excess of.....
 - a) 50
 - b) 100
 - c) 200
 - d) 500
12. A private companies can accept deposits from.....
 - a) members only
 - b) public
 - c) Investors
 - d) Government
13. The person who conceives the idea of formation of a company is a.....
 - a) promoter
 - b) director
 - c) manager
 - d) leader
14. Reliance industries is promoted by.....
 - a) Dhirubhai Ambani
 - b) Mukesh Ambani
 - c) Neeta Ambani
 - d) Juhi Ambani
15. Maximum amount of share capital of a company is mentioned in.....
 - a) A/A
 - b) prospectus
 - c) M/A
 - d) All of the above

16. Authorized capital is also called as.....
- a) Nominal Capital
 - b) Registered Capital
 - c) Sanctioned Capital
 - d) All of the above
17. Equity share capital is.....
- a) a risk capital
 - b) carries fixed dividend
 - c) Nonrefundable unless the company is liquidated
 - d) a) & c)
18. Bonus shares are issued to.....
- a) employees
 - b) existing equity shareholders
 - c) existing preference shareholders
 - d) directors
19. Reserve and surplus does not include
- a) General reserve
 - b) Capital reserve
 - c) Security premium
 - d) Goodwill
20. Following is not an intangible asset.....
- a) Goodwill
 - b) Patents
 - c) Copy rights
 - d) Live stock
21. Loose tools also disclosed under.....
- a) Fixed assets
 - b) Inventories
 - c) Cash and Cash equivalent
 - d) All of the above
22. Following is not a secured loans:
- a) debentures
 - b) bank loans
 - c) public deposits
 - d) none of the above
23. Advance Tax is shown under.....
- a) Current Liabilities
 - b) Provisions
 - c) Loans & Advances
 - d) Current Assets

Issue of Shares

24. A company can issue.....class of shares.
- a) one
 - b) two
 - c) four
 - d) five
25. Final dividends on equity shares can be declared by.....
- a) Board of Directors
 - b) Shareholders
 - c) Central Government
 - d) Stock Exchange
26. The sweat shares are allotted to.....
- a) investors
 - b) vendors
 - c) employees
 - d) promoters
27. The amount received in excess of face value is credited to.....
- a) Profit & Loss A/c
 - b) Security premium
 - c) capital reserve
 - d) share capital
28. The balance on Forfeited Shares A/c after reissue of forfeited shares is transferred to.....
- a) General Reserve A/c
 - b) Capital Reserve
 - c) Capital Redemption A/c
 - d) Revaluation Reserve A/c
29. A share comes into existence at the time of
- a) application
 - b) allotment
 - c) call
 - d) full payment
30. Dividends are usually paid as percentage of.....
- a) Paid up Capital
 - b) Net Profit
 - c) Called up capital
 - d) Authorized capital
31. Rights shares are issued to.....
- a) Existing Equity shareholders
 - b) Existing employees

- c) Existing debenture holders
 - d) Existing preference shareholders
32. Rights issue shall be open for subscription for a minimum period.....
- a) 15 days
 - b) 20 days
 - c) 30 days
 - d) 21 days
33. Bonus shares cannot be issued by capitalizing.....
- a) Revaluation Reserve
 - b) Capital Reserve
 - c) Securities Premium
 - d) General Reserve
34. Partly paid shares can be made fully paid by capitalizing.....
- a) General Reserve
 - b) Securities Premium
 - c) C.R.R.
 - d) All of the above
35. Time limit for completion of bonus issue is laid down by.....
- a) SEBI Regulation 95
 - b) A/A
 - c) Companies Act
 - d) Table F

Issue of Debentures

36. Debentures issued by a company is
- a) Capital
 - b) Current Liability
 - c) Loan
 - d) Contingent Liability
37. The debentures can be issued by a company as..... security.
- a) Collateral
 - b) Variable
 - c) Free
 - d) Zero
38. The interest on debentures is payable on the basis of
- a) Issue Price
 - b) Face value
 - c) Redeemable price
 - d) Cost price
39. Debentures issued in exchange of existing debentures is
- a) conversion
 - b) redemption
 - c) roll over
 - d) cancellation

40. The unpaid interest on debentures should be shown as
- a) Other Current Liabilities
 - b) contingent liability
 - c) current liability
 - d) provisions
41. Debentures carrying charge on all the assets is known as
- a) floating
 - b) mortgage
 - c) fixed
 - d) naked
42. Debentures may be redeemable at
- a) par only
 - b) premium only
 - c) discount only
 - d) all the above
43. A company can redeem its debentures by
- a) lump-sum payment
 - b) drawing lots
 - c) conversion only
 - d) all the above
44. Premium collected on issue of debentures is transferred to.....
- a) securities premium account
 - b) general reserve account
 - c) profit & loss account
 - d) none of the above
45. Loss on issue of debentures is
- a) fixed assets
 - b) current assets
 - c) intangible assets
 - d) Other non-current assets
46. Y ltd issued 10% debentures of Rs.100 each at a discount of 5%. The interest on debentures will be
- a) Rs.10,000
 - b) Rs.6,000
 - c) Rs.9,500
 - d) none of the above
47. Premium on redemption of debentures is
- a) an assets
 - b) a liability

- c) expenses
 - d) income
48. Debenture holder is
- a) an owner
 - b) a lender
 - c) a creditor for goods
 - d) a creditor for expenses
49. The rate of underwriting commission in case of debentures cannot exceed
- a) 5%
 - b) 3%
 - c) 2.5%
 - d) 2%
50. Debenture holders get
- a) Interest at fixed rates
 - b) ownership of the company
 - c) dividend
 - d) right shares of the company
51. Loss on issue of debentures is generally written off in
- a) over the period of redemption
 - b) 5 years
 - c) 10 years
 - d) 20 years
52. The issue of debentures must be sanctioned by
- a) Board resolution
 - b) Special resolution
 - c) General meeting resolution
 - d) Resolution by circulation
53. Discount on issue of debentures is a
- a) Capital loss
 - b) Revenue loss
 - c) Capital profit
 - d) Revenue profit

Redemption Pref

54. The shares offered free of cost are called as.....
- a) Rights shares
 - b) Bonus shares
 - c) Preferential shares
 - d) Priority shares
55. Partly paid shares can be made fully paid by capitalising.....

- a) General Reserve
 - b) C.R.R.
 - c) Securities Premium
 - d) All of the above
56. The reserve which cannot be transferred to Capital Redemption Reserve.....
- a) Revaluation Reserve
 - b) Securities premium A/c
 - c) Profit prior to incorporation
 - d) All of the above
57. The redemption amount remaining unpaid to preference shareholders is shown in The Balance Sheet as.....
- a) Current liabilities
 - b) Loan
 - c) Share capital
 - d) Contingent liabilities
58. Redemption out of capital can be made when.....
- a) Profit is kept aside
 - b) provision is made
 - c) No profit is set aside for redemption
 - d) CRR Created
59. Fresh issue of shares is made to provide funds for payment to.....
- a) equity shareholders
 - b) preference shareholders
 - c) creditors
 - d) none of the above
60. Divisible profit means.....
- a) Profit, which can be distributed as dividend
 - b) net profit
 - c) Profit and Loss Appropriation Account
 - d) none of the above
61. Proceeds of fresh issue as a source of redemption can be
- a) equity shares
 - b) call money on shares
 - c) debentures
 - d) loan for bank
62. Capital redemption reserve is to be created to the extent redemption is out of
- a) bank account
 - b) new issue of shares
 - c) capital profits

- d) divisible profit
- 63. Capital redemption reserve can be created out of
 - a) statutory reserve
 - b) capital reserve
 - c) security premium
 - d) free reserve
- 64. Preference shares can be redeemed by.....
 - a) issue of equity shares
 - b) transfer of investments
 - c) sale of fixed assets
 - d) set off deferred revenue expenditure
- 65. The terms of redemption is specified at time.....
 - a) issue of shares
 - b) allotment of shares
 - c) receipt of application for shares
 - d) re-issue of share
- 66. 1,00,000 equity shares of Rs.10 each are issued at a premium of 10% to redeem the preference shares. The proceeds of fresh issue U/S 80 is
 - a) Rs.10,00,000
 - b) Rs.11,00,000
 - c) Rs.12,00,000
 - d) Nil
- 67. Forfeiture of shares is the action taken by a company for.....
 - a) issue of bonus shares
 - b) issue of rights shares
 - c) cancellation of shares
 - d) none of the above
- 68. The process of refund of preference share capital is known as.....
 - a) repayment
 - b) redemption
 - c) issue
 - d) surrender
- 69. X Ltd. issued 1,000 equity shares of Rs.100 each at par. The proceeds will be.....
 - a) Rs.1,00,000
 - b) Rs.1,50,000
 - c) Rs.1,70,000
 - d) none of the above
- 70. The period of preference shares cannot exceed.....
 - a) 20 years
 - b) 7 years

- c) 5 years
- d) 8 years
- 71. Preference shares may be redeemed at
 - a) par only
 - b) premium only
 - c) par or at premium
 - d) none of the above
- 72. The reserve which cannot be transferred to Capital Redemption Reserve.....
 - a) Securities premium A/c
 - b) Profit prior to incorporation
 - c) Revaluation Reserve
 - d) All of the above

Redemption Deb

- 73. Debentures may be issued at.....
 - a) Par
 - b) Discount
 - c) Premium
 - d) All of the above
- 74. Discount on issue of Debentures is a
 - a) Capital loss
 - b) Revenue loss
 - c) Capital profit
 - d) Revenue profit
- 75. Debenture Redemption Reserve must be created when a company redeems debentures....
 - a) out of capital
 - b) out of profit
 - c) by conversion
 - d) none of the above
- 76. The forms of redemption of debentures are specified at the time of
 - a) issue of debentures
 - b) allotment
 - c) receipt of application
 - d) redemption
- 77. Sinking fund account for redemption of debentures is shown under
 - a) Reserve & Surplus
 - b) Secured Loans
 - c) Unsecured Loans

d) Fixed Assets

78. Debentures can be redeemed by.....
- a) issue of cheque
 - b) transfer of investment
 - c) transfer of fixed assets
 - d) endorsement of bill of exchange
79. To provide funds for redemption a company may.....
- a) create sinking fund
 - b) create redemption fund
 - c) remain inactive
 - d) open new bank account
80. Uncollected redemption money should be shown as
- a) loan
 - b) contingent liabilities
 - c) current liabilities
 - d) capital
81. The forms of redemption of debentures are specified at the time of.....
- a) issue of debentures
 - b) allotment
 - c) receipt of application
 - d) redemption
82. Interest on sinking fund investment is credited to.....
- a) Sinking fund Account
 - b) Profit and Loss account
 - c) Profit and Loss Appropriation account
 - d) none of the above
83. Loss on sale of sinking fund investment is debited to.....
- a) Profit and Loss Account
 - b) Sinking Fund Investment Account
 - c) Sinking Fund Account
 - d) Revenue Reserve Account
84. Interest on debentures is payable out of
- a) income
 - b) profit
 - c) capital
 - d) none of the above
85. As per Companies Act 2013, the company is required to create Debenture redemption reserve equal to.....
- a) 100% of the issue size
 - b) 25% of the issue size
 - c) 20% of the issue size
 - d) 10% of the issue size
86. Debentures can be redeemed out of
- a) capital
 - b) proceeds of fresh issue

- c) divisible profits
- d) capital or profit
- 87. Profit on redemption of debentures should be transferred to.....
 - a) Capital Reserve A/c
 - b) General Reserve A/c
 - c) Securities Premium A/c
 - d) Debenture Redemption Reserve A/c
- 88. Debenture redemption reserve should be.....
 - a) 25% of the value of debentures issued
 - b) 50% of the value of debentures issued
 - c) 15% of the value of debentures issued
 - d) all of the above
- 89. Investment of D.R.R. should be.....
 - a) 15% of NV of debentures maturing
 - b) 20% of NV of debentures maturing
 - c) 50% of NV of debentures maturing
 - d) None of the above

PPI

- 90. For computation of pre-incorporation profit travelling expenses are allocated in.....
 - a) Pre-incorporation period
 - b) post-incorporation period
 - c) sales ratio
 - d) time ratio
- 91. Profit prior to incorporation is available for payment of.....
 - a) Dividend
 - b) Interest of Debentures
 - c) Liabilities
 - d) None of the above
- 92. Profit up to date of incorporation is
 - a) capital Reserve
 - b) capital profit
 - c) security premium
 - d) statutory reserve
- 93. For computation of pre-incorporation profit carriage on purchases is.....
 - a) Allocated in sales ratio
 - b) Allocated in purchase ratio
 - c) Debited to pre-incorporation period
 - d) Debited to post-incorporation period

94. For computation of pre-incorporation profit Bad Debts are allocated in.....
- a) Pre-incorporation period
 - b) post-incorporation period
 - c) sales ratio
 - d) time ratio
95. The excess of net assets over consideration is called.....
- a) Security premium
 - b) Goodwill
 - c) Capital Reserve
 - d) None of the above
96. The loss during the pre-incorporation period is called.....
- a) Security premium
 - b) Goodwill
 - c) Capital Reserve
 - d) Share Capital
97. The interest paid to venders should be allocated in ratio of.....
- a) time
 - b) sales
 - c) specific time period
 - d) none
98. The excess of net assets over consideration paid is called
- a) capital reserve
 - b) reserve capital
 - c) goodwill
 - d) security premium
99. For computation of profit prior to incorporation, salary to directors is considered as.....
- a) pre-incorporation expenditure
 - b) post-incorporation expenditure
 - c) allocated in the ratio of sales
 - d) allocated in the ratio of time
100. For computation of pre-incorporation profit carriage on purchases is
- a) allocated in sales ratio
 - b) allocated in purchase ratio
 - c) debited to pre-incorporation period
 - d) debited to post incorporation period