



MULTIPLE CHOICE QUESTIONS

Second Semester M.Com (School of Distance Education)

ADVANCED CORPORATE ACCOUNTING

1. Amalgamation may be resorted to
 - a. To obtain economies of scale
 - b. To avoid competition
 - c. To avail tax advantage
 - d. All the above
2. Acquisition by a steel company of an iron ore mine is an example of
 - a. Horizontal integration
 - b. Backward integration
 - c. Forward integration
 - d. None of the above
3. Except for fractional shares, purchase consideration is paid to willing share holders of acquiree in shares of acquirer when amalgamation is in the nature of
 - a. Purchase
 - b. Merger
 - c. Internal reconstruction
 - d. External reconstruction
4. If the acquirer revalues the assets of acquiree on amalgamation, it is a case of
 - a. Purchase
 - b. Merger
 - c. Pooling of interest
 - d. All the above
5. A new company is formed to take over the assets and liabilities of old company in the case of
 - a. Amalgamation
 - b. Absorption
 - c. Internal reconstruction
 - d. External reconstruction
6. No liquidation or formation takes place in the case of
 - a. External reconstruction
 - b. Amalgamation
 - c. Internal reconstruction
 - d. Take over
7. Full information regarding different forms of payment are stated when purchase consideration is determined under
 - a. Net asset method
 - b. Intrinsic value method
 - c. Net payment method
 - d. Lump sum payment method
8. Intention of the acquirer to carry on the business of acquiree is a necessary condition in
 - a. Merger
 - b. Purchase



- c. Reconstruction c. All the above

9. Full information regarding value of assets taken over and liabilities assumed is given when purchase consideration is determined under

- Net payment method
- Net asset method
- Lump sum payment method
- Intrinsic value method

10. Amount of purchase consideration is the payment made to.....

- a. Share holders of the acquiree b. Equity holders and debenture holders of acquiree
- c. Creditors of the acquiree d. All the above

11. A realisation account is prepared in the books of

- a. Transferee company b. Transferor company
c. Sole trader d. Partnership firm

12. Assets taken over by transferee company are in realisation account.

- a. Credited b. Debited
c. Neither debited nor credited d. None of the above

13. Assets taken over are transferred to realisation account at

- a. Book value b. Agreed value
c. Original cost c. None of the above

14. Liabilities assumed by transferee are in realisation account.

- a. Credited b. Debited
- c. Neither credited nor debited d. None of the above

15. Liabilities undertaken by transferee are transferred to realisation account at

- a. Book value b. Agreed value
c. Actual amount paid d. None of the above

16. Purchase consideration received from transferee are in realisation account.

- a. Credited b. Debited
- c. Neither credited nor debited d. None of the above

17. AS 14 deals with

- a. Liquidation of companies b. Depreciation

- c. Inventories
- d. Amalgamation of companies
18. Sections 390 to 396 of the Companies Act pertain to
 - a. Liquidation of companies
 - b. Alteration of share capital
 - c. Internal reconstruction
 - d. Amalgamation of companies
19. Any payment to preference share holders in excess of paid up value of preference shares is debited toaccount.
 - a. Capital A/C
 - b. Preference share holders' A/C
 - c. Realisation A/C
 - d. Securities premium A/C
20. Profit on acquisition of business is credited to.....
 - a. Goodwill
 - b. Cost of control
 - c. Capital reserve
 - d. Revenue reserve
21. Loss on amalgamation is debited to.....A/C by the transferee company.
 - a. Goodwill
 - b. Surplus A/C
 - c. Revenue reserves
 - d. None of the above
22. Pooling of interest method is applied in the case of
 - a. Amalgamation in the nature of purchase
 - b. External reconstruction
 - c. Amalgamation in the nature of merger
 - d. Internal reconstruction
23. Share holders who refuse to sell their shares to the transferee company under the terms of amalgamation are known as
 - a. Assenting share holders
 - b. Dissenting share holders
 - c. Contributories
 - d. Minority share holders
24. Intercompany holding means
 - a. Transferee holding shares in transferor
 - b. Transferor hold shares in transferee
 - c. Both (a) and (b) simultaneously
 - d. All the above
25. Transferee company holding debentures of transferor company is a case of
 - a. Intercompany holding
 - b. Intercompany trading
 - c. Intercompany owing
 - d. All the above
26. An enterprise controlled by another enterprise is a

- a. Parent
 - b. Subsidiary
 - c. Group company
 - d. None of the above
27. A company holding majority shares in another company is called
- a. Holding Company/Parent
 - b. Subsidiary
 - c. Transferee
 - d. None of the above
28. AS -21 deals with
- a. Amalgamation
 - b. Cash flow statement
 - c. Consolidated financial statements
 - d. Accounting for price level changes
29. In a wholly owned subsidiary, the parent company holds..... shares.
- a. 100%
 - b. 90%
 - c. 80%
 - d. More than 50%
30. The claim of share holders other than holding company in the ownership of subsidiary is
- a. Controlling interest
 - b. Non controlling interest
 - c. Majority interest
 - d. None of the above
31. Excess amount paid for acquiring controlling interest in subsidiary is called
- a. Cost of equity
 - b. Cost of control
 - c. Both (a) and (b)
 - d. All the above
32. Profit earned by subsidiary up to the date of acquisition by parent is counted as
- a. Revenue profit
 - b. Capital profit
 - c. Profit prior to incorporation
 - d. None of the above
33.should be considered while calculating cost of control/capital reserve
- a. Paid up value of shares acquired
 - b. Capital profit
 - c. Capital loss not amortised
 - d. All the above
34. Profit earned after the date of acquisition is
- a. Revenue profit
 - b. Capital profit
 - c. Current profit
 - d. None of the above
35. On consolidation, goodwill in the Balance sheet of subsidiary can be

- a. Added with goodwill of parent b. Adjusted in capital reserve of parent
c. Either (a) or (b) d. None of the above
36. On consolidation, the profit on revaluation of fixed assets is treated as
a. Revenue profit b. Capital profit
c. Both (a) and (b) d. None of the above
37. Claim of holding company in subsidiary is
a. Controlling interest b. Non-controlling interest
c. Minority interest d. None of the above
38. Bonus shares issued by subsidiary out of pre-acquisition profits will.....
a. Increase capital reserve b. Decrease capital reserve
c. Either (a) or (b) d. Neither (a) nor (b)
39. Dividend declared out of pre-acquisition profits will.....
a. Increase capital reserve b. Decrease goodwill
c. Either (a) or (b) d. Neither (a) nor (b)
40. While consolidating balance sheets, dividend out of post acquisition profits should be
a. Deducted from investments b. Included in Surplus
c. Added to capital reserve d. None of the above
41. While consolidating balance sheets, inter-company owing for purchases should be
a. Deducted from total of trade receivables b. Deducted from total of trade payables
c. Both (a) and (b) d. Either (a) or (b)
42. While consolidating balance sheets, inter-company owing for debentures should be
a. Adjusted in cost of control b. Deducted from paid up value of debentures
c. Deducted from investments d. Both (b) and (c)
43. On consolidation, unrealised profit in stock should be
a. Deducted from stock b. Deducted from surplus account
c. Both (a) and (b) d. Either (a) or (b)
44. Amount of unrealised profit in Rs. 50000 stock with subsidiary, sold at a profit of 25% on cost by parent is

- a. Rs. 8000
b. Rs. 12500
c. Rs.10000
d. None of the above
45. Amount of unrealised profit in stock costing Rs. 30000, sold at a profit of 25% on selling price by parent to subsidiary is
a. Rs. 7500
b. Rs. 6000
c. Rs.10000
d. None of the above
46. Minority interest includes
a. Paid up value of minority shares
b. Share of capital profit
c. Share of revenue profit
d. All the above
47. Interim dividend is the dividend declared
a. In the annual general meeting
b. Between two annual general meetings
c. Both (a) and (b)
d. None of the above
48. On consolidating balance sheets, interim dividend received from subsidiary is assumed to be
a. for the first half of current year
b. For the previous year
c. For the entire current year
d. None of the above
49. On consolidating balance sheets, proposed dividend in the balance sheet of subsidiary is
a. Added to surplus account of holding company
b. Added to minority interest
c. Not considered
d. Both (a) and (b)
50. While calculating capital reserve /goodwill, the share of revenue profit from subsidiary is
a. Added to paid up value of shares
b. Deducted from investments
c. Included in capital profit
d. Not considered
51. Liquidator's final statement of account is prepared when
a. Only in case of members voluntary winding up
b. Only in case of compulsory winding up
c. In all modes of winding up
d. None of the above.
52. Debentures having a floating charge on assets have priority in payment over.
a. Secured creditors
b. Unsecured creditors
c. Preferential creditors
d. None of the above
53. In case a company being liquidated is solvent, the interest on debentures is paid upto the date of
a. Commencement of winding up
b. Balance sheet preparation date
c. Payment to debentures
d. None of the above

54. Amount due to the government for purchases of goods is an example of
a. Preferential creditors b. Unsecured creditors
c. Secured creditor d. None of the above
55. List H shows..... account
a. A list contributories b. B list contributories
c. Deficiency or surplus d. Secured creditors
56. The extra amount charged by a shipping company as a percentage of freight is termed as.....
a. Brokerage b. Commission c. Primage d. Value addition
57. The cash book usually maintained by the farmer is
a. Petty cash book b. Two column cash book
c. Analytical cash book d. All of these
58. In farm accounting crops are value at
a. Market price b. Cost price c. Economic value d. Capitalised value
59. Grain consumed by livestock will figure
a. In the live stock account b. In the crop account
c. Both in the live stock and crop account d. None of the above
60. Live stock in the case of mixed farming is
a. A fixed asset b. A current asset
c. A wasting asset d. A tangible asset
61. In farming accounting, the output used by owner's family should be treated as
a. Income b. Expenditure c. Abnormal loss d. Normal loss
62. Losses due to natural calamities should be treated as
a. Normal loss b. Business loss c. Abnormal loss d. None of these
63. The work done by the family members of the farmer should be treated as
a. Free work b. Labour like any other workers
c. Drawings d. None of these
64. In farm accounting, closing stock should be valued at
a. Cost price b. Market price
c. Cost price or market price whichever is less d. None of these
65. The expenditure incurred on fuel oil, diesel, coal and fresh water used during voyage is known as
a. Port charges b. Stevedoring charges c. Bunker cost d. Address commission
66. The expenses incurred in loading of goods on the ship and unloading of goods from the ships are known as
a. Port charges b. Stevedoring charges c. Bunker cost d. Address commission
67. Fare collected from the passengers travelled in addition to the fare collected for merchandise is called
a. Primage b. Frieght c. Passage money d. Bunker cost
68. The farm output consumed by the proprietor is debited to account
a. Drawings b. Crop c. Wages d. Sales
69. The farm output consumed by the proprietor is credited to account
a. Drawings b. Crop c. Wages d. Sales
70. The farm produce consumed by the labourers working in the farm account should be debited to----- account
a. Drawings b. Crop c. Wages d. Sales



71. The farm produce consumed by the labourers working in the farm account should be credited to— account
a. Drawings b. Crop c. Wages d. Sales
72. Grain consumed by the livestock will appear in..... account
a. Live stock b. Crop account c. Both a and b d. None of these
73. The Accounting Standards Board was set up in India in the year
a. 1964 b. 1975 c. 1977 d. 1980
74. International Accounting Standards Committee came into being
a. 1962 b. 1973 c. 1975 d. 1980
75. As per the Indian Accounting Standard, disclosure of accounting policies is based on
a. AS1 b. AS2 c. AS3 d. AS5
76. As per the Indian Accounting Standard, valuation of inventory is provided in
a. AS1 b. AS2 c. AS3 d. AS5
77. Cash Flow Statement is prepared as per the Indian Accounting standard
a. AS1 b. AS2 c. AS3 d. AS5
78. Depreciation Accounting is based on the Indian Accounting Standard
a. AS 4 b. AS 5 c. AS 10 d. AS 6
79. The excess of the replacement cost of a non- monetary asset sold on the date of its sale over its historical cost is known as.....
a. Realised holding gain b. Unrealised holding gain c. Realised holding loss d. Unrealised holding loss
80. The excess of the replacement cost of a non- monetary asset sold on the date of its sale over its historical cost is known as.....
a. Realised holding gain b. Unrealised holding gain
c. Realised holding loss d. Unrealised holding loss
81. The book used for recording transactions between farm and farm household is
a. Loan register b. Stock register
c. Cost analysis register d. Register for notional transactions
82. gives the names and number and value of shares held by various preference shareholders.
a. List B b. List D c. List F d. List G
83. gives the list of preferential creditors
a. List C b. List D c. List H d. List G
84. list gives a complete list of assets which are specifically pledged in favour of fully secured and partly secured creditors
a. List B b. List D c. List F d. List G
85. list gives the names and holdings of equity shareholders
a. List F b. List G c. List H d. List A
86. Which of the following IFRS specifies the accounting for assets held for sale and the preparation and disclosure of discontinued operations?
a. IFRS 3 b. IFRS4 c. IFRS 5 d. IFRS6
87. Which of the following IFRS outlines the requirements for the preparation and presentation of consolidated financial statements?
a. IFRS 10 b. IFRS 11 c. IFRS12 d. IFRS1





Prepared by
Aghilesh.M
Assistant Professor of Commerce
Government College Madappally

Answers

Question No.	Answer	Question No.	Answer	Question No.	Answer	Question No.	Answer
1	D	26	B	51	C	76	B
2.	B	27	A	52	B	77	C
3.	B	28	C	53	C	78	D
4.	A	29	A	54	B	79	A
5.	D	30	B	55	C	80	B
6.	C	31	B	56	C	81	D
7.	C	32	B	57	C	82	C
8.	A	33	D	58	A	83	A
9.	B	34	A	59	C	84	A
10.	A	35	C	60	B	85	B
11.	B	36	B	61	C	86	C
12.	B	37	A	62	C	87	A
13.	A	38	D	63	B		
14.	A	39	D	64	C		
15	A	40	B	65	C		
16.	A	41	C	66	B		
17.	D	42	D	67	C		
18.	D	43	C	68	A		
19.	C	44	C	69	B		
20.	C	45	C	70	C		
21.	A	46	D	71	B		
22.	C	47	B	72	C		
23.	B	48	C	73	C		
24.	D	49	D	74	B		
25.	C	50	D	75	A		

