

Financial Accounting-II

Issue of shares

1. Which of the following is not a characteristic of a company?
 - A) A company is a legal entity separate and distinct from its members
 - B) A shareholder of a company, in his individual capacity, can bind the company
 - C) The shareholders of a company can enter into a contract with the company
 - D) A company must have a registered office
2. Which of the following is not a characteristic of equity share?
 - A) It is the risk capital of the company
 - B) It has voting power
 - C) It has no preferential right to divide
 - D) It can be converted into preference shares
3. Preference shares must be redeemed within
 - A) 10 years from the date of issue of such share
 - B) 15 years from the date of issue of such share
 - C) 20 years from the date of issue of such share
 - D) 25 years from the date of issue of such share
4. Which of the following is not a characteristic of a public limited company?
 - A) Its shares are freely transferable
 - B) The number of directors should be at least 3
 - C) In a public company, there may be any number of members
 - D) A public company can be incorporated with less than 7 persons and more than 2 persons
5. Issued capital is the part of
 - A) Subscribed Capital
 - B) Authorised Capital

C) Called-up Capital

D) Paid-up Capital

1. 'Reserve Capital' can be called up
 - A) In an emergency only
 - B) Any time by passing an ordinary resolution
 - C) In the event and for the purpose of the company being wound-up
 - D) If all directors agree
2. Subscribed capital can be
 - A) More than called-up capital
 - B) More than issued capital
 - C) More than authorized capital
 - D) Equal to reserve capital
3. Shares can't be issued by a public company through
 - A) Public offer only
 - B) Private placement only
 - C) Rights/ bonus issue only
 - D) JHFB
4. Which of the following is not true for stock?
 - A) Stock is in lump holding
 - B) Stock can be issued directly
 - C) Stock must be fully paid
 - D) Stock is never numbered
5. The minimum application money to be paid by an applicant along with the application money shall not be less than
 - A) 20% of the face value of the shares
 - B) 20% of the issue price
 - C) 25% of the issue price
 - D) 25% of the value of the shares
6. Calls-in-arrear is shown in the Balance sheet
 - A) On the assets section under 'Current Assets'
 - B) On the equity and liabilities section under 'Share capital' as a separate item
 - C) On the equity and liabilities section as a deduction from paid-up capital
 - D) On the equity and liabilities section under 'Current Liabilities'
7. Calls-in-advance is shown in the Balance Sheet
 - A) On the liabilities section as a part of share capital
 - B) On the liabilities section under 'Current Liabilities' as a separate item
 - C) On the assets section as a deduction of cash and bank
 - D) On the assets section as a separate item under 'Current Assets'

8. As per Table F of Schedule I to the Companies Act, 2013 interest on calls-in-arrear is payable
- A) @ 6% p.a.
 - B) @ 5% p.a.
 - C) @ 10% p.a.
 - D) @ 12% p.a.
9. At the time of forfeiture of shares
- A) Share capital account is credited with the called-up value of shares forfeited
 - B) Share capital account is debited with the face value of shares forfeited
 - C) Share capital account is debited with the called-up value of shares forfeited
 - D) Share capital account is neither debited nor credited
10. Till the forfeited shares are re-issued, balance of Forfeited Shares A/c will be shown in Balance Sheet
- A) As a separate item
 - B) As a part of the subscribed capital
 - C) As an item of reserve and surplus
 - D) As a part of the paid-up capital
11. Profit on re-issue of shares is transferred to
- A) Profit and Loss Account
 - B) General Reserve
 - C) Capital Redemption Reserve
 - D) Capital Reserve
12. Shares are issued
- A) For cash only
 - B) On credit only
 - C) For cash or for consideration other than cash
 - D) For consideration other than cash only
13. A company can issue equity shares with differential rights as to dividends, voting or otherwise
- A) If it is authorized by articles of association only

- B) If the issue is authorized by special resolution only
- C) If it is authorized both by articles of association and special resolution
- D) If it is authorized both by articles of association and ordinary resolution

Issue of debentures

1. 'Debenture' excludes
 - A) Only debenture stock
 - B) Only bonds
 - C) Any securities of a company whether constituting a charge on the company's assets or not
 - D) Equity shares
2. Debenture stock
 - A) Must be transferred in round amounts as a whole
 - B) Can be transferred even in fractions or odd amounts
 - C) May not be fully paid
 - D) None of the above

3. Debenture bonds
 - A) Must be transferred in round amounts as a whole
 - B) Can be transferred even in fractions or odd amounts
 - C) Must always be fully paid up
 - D) None of the above
4. A Debenture is not
 - A) Is a document which creates or acknowledge a debt
 - B) Is in the form of a certificate issued under the seal of the company
 - C) Shows the rate of amount of interest payable
 - D) Included dividend
5. In respect of debentures, the following statement is false-
 - A) Part of owned capital
 - B) Rate of interest is fixed
 - C) Payment of interest is a charge against profits
 - D) No restriction on issue at discount
6. In respect of debentures, the following statement is true-
 - A) Payment of dividend gets priority over payment of interest
 - B) Non-convertible Debentures redeemable on or after 18 months are secured by a charge
 - C) Payment of interest is an appropriation out of profits
 - D) None of the above
7. Mortgage is registered with Registrar of Companies in case of
 - A) Simple debentures
 - B) Registered debentures
 - C) Secured Debentures
 - D) Bearer debentures
8. Company cannot sell charged assets until the debentures are repaid, in case of
 - A) Debentures with fixed charge
 - B) Debentures with floating charge
 - C) Registered Debentures
 - D) Debenture stock
9. Interest is paid to the person who submits to the company the interest coupons attached to
 - A) Registered Debentures
 - B) Debenture stock
 - C) Irredeemable Debentures

D) Bearer Debentures

10. Debentures may be issued
- A) Only at par
 - B) Only at par or at premium
 - C) At discount only after obtaining sanction of central government
 - D) At par or premium or discount without any restrictions
11. Debentures may be redeemable
- A) Only at par
 - B) At premium only upto 10%
 - C) At discount only upto 5%
 - D) At par or premium or discount without any restrictions
12. Debentures may be issued
- A) Only for cash
 - B) Only for cash receivable entirely on application
 - C) Only as a collateral
 - D) For cash or for consideration other than cash or as collateral
13. Debentures in the nature of contingent liability on which no interest is payable are known as
- A) Debentures issued as collateral security
 - B) Baked debentures
 - C) Bearer debentures
 - D) Debenture stock
14. Debenture
- A) Is an acknowledgement of debt due to the company
 - B) Is an oral acknowledgement of debt due by the company
 - C) Is a written acknowledgement of debt due by the company
 - D) None of the above
15. Which of the following statements is false-
- A) A company can issue bearer debentures
 - B) A company can issue convertible debentures
 - C) A company can issue redeemable debentures
 - D) A company can issue debentures with differential voting rights
16. In the balance sheet of a company, Debentures Account is shown under-

- A) Share Capital
 - B) Long Term Loans
 - C) Unsecured Loans
 - D) Current Liabilities
17. In the balance sheet of a company, Debenture Premium is shown under-
- A) Share Capital
 - B) Secured Loans
 - C) Unsecured Loans
 - D) Reserves and Surplus
18. Interest on debentures is calculated on its
- A) Face value
 - B) Value payable on redemption
 - C) Market value
 - D) Issue price
19. In the balance sheet of a company, Interest accrued and due on Debentures Account is shown under-
- A) Share Capital
 - B) Secured Loans
 - C) Current Liabilities
 - D) Miscellaneous Expenditure
20. In the balance sheet of a company, Interest accrued but not due on debentures Account is shown under-
- A) Share Capital
 - B) Secured Loans
 - C) Unsecured Loans
 - D) Current Liabilities
21. Debentures of ₹ 100 are issued at a discount of 20% Which of the following statement is true-
- A) The book value of debentures gets reduced by ₹ 20 every year
 - B) The debentures are shown at ₹ 80 in the balance sheet till redemption
 - C) The debenture holders will be paid ₹ 80 at the time of redemption
 - D) The debentures will be shown at ₹ 100 in the balance sheet till redemption
1. Information is _____ data.
- A) Grouped
 - B) Technical
 - C) Processed

- D] Only
2. Information is _____
- A] Data
 - B] Processed data
 - C] Manipulated input
 - D] Computer output
3. Information must be _____; it must be correct.
- A] Relevant
 - B] Economical
 - C] Timely
 - D] Accurate
4. Good information is _____; it is produced in time for its intended use.
- A] Relevant
 - B] Economical
 - C] Timely
 - D] Accurate
5. Information that
- A] Relevant
 - B] Economical
 - C] Timely
 - D] Accurate
6. Equity share capital is a part of _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
7. Preference share capital is a part of _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
8. General reserve comes under _____
- A] Share capital
 - B] Borrowed funds

- C] Reserve and Surplus
 - D] Current assets
9. Miscellaneous & Fictitious asset is deducted from _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
10. Secured Loan comes under _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
11. Public deposit is a part of _____
- A] Share capital
 - B] Unsecured Loans
 - C] Fixed assets
 - D] Current assets
12. Machinery is a part of _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
13. Bank comes under _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
14. Debtor is a part of _____
- A] Share capital
 - B] Borrowed funds
 - C] Fixed assets
 - D] Current assets
15. Government Bond comes under _____
- A] Share capital

- B] Borrowed funds
- C] Fixed assets
- D] Investments

16. Trade mark is _____

- A] Share capital
- B] Borrowed funds
- C] Intangible fixed assets
- D] Current assets

17. Bill receivable is _____

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets

20. Share issue expense is _____

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] M&F Assets

21. _____ are the types of working capital.

- A] Equity capital
- B] Net working capital
- C] Preference share capital
- D] Shares in XYZ Ltd.

22. _____ is not element of working capital.

- A] Cash
- B] Marketable securities
- C] Receivables
- D] Bank Loans

23. _____ working capital is equal to the current assets.

- A] Gross
- B] Net
- C] Positive
- D] Zero

24. _____ is the excess of current assets over the current liabilities of the firm.

- A] Net working capital
- B] Gross working capital
- C] Positive working capital
- D] Zero working capital

25. _____ working capital helps to meet the demand of seasonal requirements.

- A] Seasonal
- B] Specials
- C] Cash
- D] Regular

26. _____ approaches is not the part of working capital financing approach.

- A] Matching
- B] Conservative
- C] Aggressive
- D] Non- Matching

1. Earnings that have a cumulative amount and are not paid to the stockholder as a dividend is known as

- A) Common Earnings
- B) Preferred Earnings
- C) Non-paid Earnings
- D) Retained Earnings

2. Inventories, cash and equivalents, and accounts receivables are listed as

- A) Earnings on Income Statement
- B) Payments on Income Statement
- C) Assets on the Balance Sheet
- D) Liabilities on the Balance Sheet

3. Information that is used by investors for expecting future earnings is recorded in

- A) Annual Report
- B) Five Years Report
- C) Exchange Report
- D) Stock Report

4. The owner of the debenture is qualified for

- A) Fixed-rate interest
- B) Company's voting rights
- C) Firm's Profits share
- D) Fixed dividend

5. Of the following which one is not a characteristic of Bearer Debentures.

- A) They are transferable by mere delivery.
- B) The interest on it is paid to the holder irrespective of identity.
- C) They are treated as negotiable instruments.
- D) Their transfer requires a deed of transfer

6. Financial securities which can be changed into cash to their book value price are categorized as

- A) Short-term Investments
- B) Inventories
- C) Long-term Investments
- D) Cash Equivalent

7. Which of the below-mentioned statement is not true?

- A) The issue price and redemption value of debentures cannot differ
- B) Interest on debenture is a charge against profits
- C) It is common to prefix debentures with the agreed interest rate
- D) A debenture is a kind of public borrowing

8. A firm buys product but does not pay to suppliers instantly. This is recorded as

- A) Account Receivable
- B) Account Payable
- C) Accumulated Liabilities
- D) Current Liabilities

9. As per section 78 of the company's act, amount collected as premium on securities cannot be utilized for:

- a. Issuing fully paid bonus shares to the members
- b. Purchase of fixed assets
- c. Writing off preliminary expenses
- d. Buy back of its own shares

10. No bonus issue is made within ___ months of public issue.

- a. 4
- b. 12
- c. 24
- d. 1

11. The following is not the feature of manual accounting

- a. Fatigue among the accounting clerk
- b. Possibility of clerical mistakes
- c. Uniform, Neat and more Accurate
- d. Mess

12. Akshara Ltd. purchased machinery from Ekta Ltd. for a book value of Rs. 20,00,000. The consideration was payable by issue of 15% Debentures of Rs 100 each at a discount of 20 %. The Debenture A/c is credited with _____.

- a. Rs 25,00,000
- b. Rs 20,00,000
- c. Rs 15,00,000
- d. Rs 10,00,000

13. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called

- A) Surplus
- B) Super Profit
- C) Reserve
- D) Goodwill

14. The asset which is shown under fixed asset is _____.

- a. Loose tools
- b. Vehicles
- c. Building
- d. Patents and Copy rights

15. Debenture holders are _____.

- A) Debtors of the Company
- B) Creditors of the Company
- C) External users
- D) Owners of the Company

16. The following is not the feature of computerized accounting.

- a. Recording transactions in books of accounts
- b. Time efficient
- C. Cost efficient
- d. Sales efficient

17. In a fixed assets schedule Gross Block Closing is equal to _____.

- a. Opening Gross Purchases
- b. Opening WDV+ Purchases
- c. Opening WDV + Sales - Purchases
- d. Closing WDV + Depreciation

18. The total capital employed in the company is ₹8,00,000 a reasonable rate of return is 15% and the profit of the year is 12,00,000. The value of goodwill of the company as per the capitalization method will be

- A) ₹ 82,00,000
- B) ₹ 12,00,000
- C) ₹ 72,00,000
- D) ₹ 42,00,000

19. Interim dividend of a company can be declared by _____.

- a. Shareholders
- b. Board of Directors
- c. M.D
- d. SEBI

20. 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

21. The assets which is intangible is _____.

- a. Railway siding
- b. Patents and Copy rights
- c. Building
- d. Vechiles

22. The issue of Debentures must be sanctioned by _____.

- e. SEBI
- f. Department of Company affairs
- g. Recognized stock exchange
- h. state government

23. The cost of right shares is

- (a) Added to the cost of investments
- (b) Subtracted from the cost of investments
- (c) No treatment is required
- (d) No treatment is given

24. Jigna Ltd. took over the assets of Rs. 66,00,000 and creditors of Rs 8,00,000 from Madhavi Ltd. for an agreed consideration of Rs 60,00,000 payable 10 % in cash and the balance by issue of 14% Debentures of Rs 100 each at a 10 % Discount. The number of debentures to be issued is _____.

- i. 66000
- j. 60000
- k. 54000
- l. 45000

25. The following is a charge against income _____.

- a. audit fees
- b. provision for dividend

- c. provision for dividend distribution tax
- d. interim dividend

26. In a balance sheet, the total of common stock and retained earnings are denoted as

- A) Common Equity
- B) Due Equity
- C) Preferred Equity
- D) Common Perpetuity

27. Advance Tax is shown under _____

- a. current liabilities
- b. Provisions
- c. Loans and Advance
- d. Current assets

28. Debentures of Rs 100 each issued at a discount of 10 % will be recorded as _____.

- a. Loss on issue of Debentures will be debited by Rs 10 per debentures
- b. Discount on issue of debentures will be credited by Rs 10 per debentures
- c. Discount on issue of Debentures will be debited by Rs 10 per debentures
- d. Debentures A/c will be credited by Rs 90

29. On sanction of bonus, amount is credited to _____.

- a. Share capital account
- b. Reserves
- c. Bonus to shareholders account
- d. Capital Loss account

30. In debenture, interest payable is

- A) Transferred to general reserve
- B) Transferred to falling fund investment account
- C) Charged against the firm's profits
- D) Appropriation of the company's profits

31. Under the capitalization method, the formula for calculating the goodwill is

- A) Super profits multiplied by the rate of return
- B) Average profits multiplied by the rate of return
- C) Super profits divided by the rate of return
- D) Average profits divided by the rate of return

32. Issue of Debentures must be sanctioned by _____.

- a. Board of Resolution
- b. General Meeting Resolution
- c. Special Resolution
- d. Resolution by circulation

33. Which of the following is not a current asset?

- A) Supplies
- B) Land
- C) Accounts Receivable
- D) Prepaid Insurance

34. GAAP stands for:

- a. Generally Accepted Accounting Provisions
- b. Generally Accepted Accounting Policies
- c. Generally Accepted Accounting Principles
- d. Group Accepted Accounting Principles

35. K Ltd. issued Rs.2,00,000 Debentures at a discount of 10 % on 1st January 2005 repayable on 31st December 2009. Discount written off is _____.

- a. Rs 4,000 every year
- b. Rs 15,000 in 1st and 5th year
- c. Rs 20,000 in first year
- d. Rs 4,000 in the 5th year

36. Debenture Application A/c is in the form of

- A) Current Account
- B) Nominal Account
- C) Personal Account
- D) Real Account

37. Vibha Ltd. issued 14% Debentures of Rs 20,00,000 at a discount of 10% on 1st April 2009 and the company pays interest half yearly on 30th June and 31st December every year. On 31st March ,2011 the amount shown as "Interest accrued but not due" in Balance sheet will be :

- a. Rs 2,80,000 under current liabilities
- b. Rs 2,10,000 under current liabilities
- c. Rs 70,000 under current liabilities
- d. Rs 1,40,000 under current liabilities

38. The process of recording inventory that gives a lower cost of a commodity sold in an income statement is denoted as

- A) First Out Receivable
- B) Last in First Out
- C) Last Out Receivable
- D) First in First Out

39. Raju Ltd. has issued 5,000 shares of Rs.100 each which are fully paid=
Reduction is passed by the company to issue 3 shares as bonus shares against

easy 5 existing equity shares at a premium of 8%. There is adequate balance in general reserve.

- a. Credited with Rs.3,24,000
- b. Debited with Rs. 3,00,000
- c. Debited Rs. 24,000
- d. Debited with Rs. 3,24,000

40. In the situation of bankruptcy, a stock which is recorded above common stock and below debt account is

- A) Preferred Stock
- B) Debt Liabilities
- C) Common Liabilities
- D) Hybrid Stock

41. On balance sheet, accruals, notes payable, and account payable are listed under which category?

- A) Current Liabilities
- B) Accumulated Liabilities
- C) Noncurrent Liabilities
- D) Accrued Liabilities

42. If Debentures are issued at discount and redeemed at Premium, the entry at the time of issue involves _____.

- a. Premium on issue of Debentures A/c
- b. Premium on redemption of Debentures A/c
- c. Loss on issue of Debentures A/c
- d. Discount on issue of Debentures A/c

43. Break-even indicates

- A) Revenues are more than cost
- B) Revenues and cost are equal
- C) Costs are more than revenue
- D) only Loss

44. The form of a discount on issue of Debentures is in the nature of

- A) Deferred Revenue Expenditure
- B) Capital loss
- C) Revenue loss
- D) No loss

45. Debentures indicate the _____.

- A) Short-term Borrowings of a Company
- B) Directors' shares in a company
- C) The Investment of Equity-Shareholders
- D) Long-term Borrowings of a Company

46. Point out the false statements

- A) A firm can buy its own debentures and shares.
- B) A Company can issue convertible debentures.
- C) A business can issue debentures with voting rights.
- D) An organization can issue redeemable debentures.

47. The debentures issued out of accumulated profits are called as _____.

- a. Secured Debentures
- b. Bonus Debentures
- c. Redeemable Debentures
- d. Bearer Debentures

48. Debentures issued for purchase of building is recorded as _____.

- a. Building A/c Dr. and Vendor A/c Cr.
- b. Building A/c Dr. and Debentures A/c Cr.
- c. Building A/c Dr. and Cash A/c Cr.
- d. Building A/c Dr. and Shares A/c Cr.

49. Goodwill is defined as

- A) Intangible asset
- B) Fictitious asset
- C) Current asset
- D) Liquid asset

50. A firm earns ₹1,00,000. The normal rate of return is 10%. The assets of the company amounted to ₹11,00,000 and liabilities to ₹1,00,000. Value of goodwill by the capitalization of average actual profit will be

- A) ₹ 2,00,000
- B) ₹ 10,000
- C) ₹ 5,000
- D) ₹ 1,00,000

51. Calls-in-arrear is shown in the Balance sheet

- A) On the assets section under 'Current Assets'
- B) On the equity and liabilities section under 'Share capital' as a separate item
- C) On the equity and liabilities section as a deduction from paid-up capital
- D) On the equity and liabilities section under 'Current Liabilities'

52. Which of the following cannot be utilized for the redemption of preference shares of a company?

- a) Securities premium on fresh issue of shares
- b) General Reserve
- c) Profit and Loss Account

d) Dividend equalization reserve

53. _____ is the excess of current assets over the current liabilities of the firm.

- A] Net working capital
- B] Gross working capital
- C] Positive working capital
- D] Zero working capital

54. Information that is

- A] Relevant
- B] Economical
- C] Timely
- D] Accurate

55. Equity share capital is a part of _____.

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets

56. Which of the following is not a characteristic of equity share?

- a) It is the risk capital of the company
- b) It has voting power
- c) It has no preferential right to divide
- d) It can be converted into preference shares

57. Till the forfeited shares are re-issued, balance of Forfeited Shares A/c will be shown in Balance Sheet.

- A) As a separate item
- B) As a part of the subscribed capital
- C) As an item of reserve and surplus
- D) As a part of the paid-up capital

58. At the time of forfeiture of shares

- A) Share capital account is credited with the called-up value of shares forfeited
- B) Share capital account is debited with the face value of shares forfeited
- C) Share capital account is debited with the called-up value of shares forfeited
- D) Share capital account is neither debited nor credited

59. Preference shares must be redeemed within

- a) 10 years from the date of issue of such share
- b) 15 years from the date of issue of such share
- c) 20 years from the date of issue of such share
- d) 25 years from the date of issue of such share

60. Bank comes under _____.

- a) A] Share capital
- b) B] Borrowed funds

- c) C] Fixed assets
- d) D] Current assets

61. Share capital suspense account is opened when:

- a) Balance sheet is not tallied
- b) When dividend is declared but not paid
- c) When shares are forfeited
- d) When application money is received but balance sheet is prepared before allotment of shares.

62. General reserve comes under _____.

- a) A] Share capital
- b) B] Borrowed funds
- c) C] Reserve and Surplus
- d) D] Current assets

63. As per Table F of Schedule I to the Companies Act, 2013 interest on calls-in-arrear is payable.

- A) @ 6% p.a.
- B) @ 5% p.a.
- C) @ 10% p.a.
- D) @ 12% p.a.

64. Which of the following accounts can be transferred to capital redemption reserve account?

- a) General reserve account
- b) Forfeited shares account
- c) Profit prior to incorporation
- d) Securities premium account

65. Which of the following is not a characteristic of a company?

- a] A company is a legal entity separate and distinct from its members
- b] A shareholder of a company, in his individual capacity, can bind the company
- c] The shareholders of a company can enter into a contract with the company
- d] A company must have a registered office

66. Shares can't be issued by a public company through

- A) Public offer only
- B) Private placement only
- C) Rights/ bonus issue only
- D) JHFB

67. Subscribed capital can be

- A) More than called-up capital
- B) More than issued capital
- C) More than authorized capital
- D) Equal to reserve capital

68. Debtor is a part of _____.

- A] Share capital
- B] Borrowed funds

- C] Fixed assets
- D] Current assets

69. Which of the following cannot be used for the purpose of creation of capital redemption reserve account?

- a) Profit and loss account (credit balance)
- b) General reserve account
- c) Dividend equalization reserve account
- d) Unclaimed dividends account

70. _____ working capital is equal to the current assets.

- A] Gross
- B] Net
- C] Positive
- D] Zero

71. Calls-in-advance is shown in the Balance Sheet

- A) On the liabilities section as a part of share capital
- B) On the liabilities section under 'Current Liabilities' as a separate item
- C) On the assets section as a deduction of cash and hand
- D) On the assets section as a separate item under 'Current Assets'

72. Share issue expense is _____

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] M&F Assets

73. Which of the following is not true for stock?

- A) Stock is in lump holding
- B) Stock can be issued directly
- C) Stock must be fully paid
- D) Stock is never numbered

74. Issued capital is the part of

- a) Subscribed Capital
- b) Authorized Capital
- c) Called-up Capital
- d) Paid-up Capital

75. 'Reserve Capital' can be called up

- A) In an emergency only
- B) Any time by passing an ordinary resolution
- C) In the event and for the purpose of the company being wound-up
- D) If all directors agree

76. Information is _____ data.

- A] Grouped
- B] Technical
- C] Processed
- D] Only

77. Bill receivable is _____

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets

78. _____ approaches is not the part of working capital financing approach.

- A] Matching
- B] Conservative
- C] Aggressive
- D] Non- Matching

79. Public deposit is a part of _____

- A] Share capital
- B] Unsecured Loans
- C] Fixed assets
- D] Current assets

80. _____ are the types of working capital.

- A] Equity capital
- B] Net working capital
- C] Preference share capital
- D] Shares in XYZ Ltd

81. Which of the following is not a characteristic of a public limited company?

- a) Its shares are freely transferable
- b) The number of directors should be at least 3
- c) In a public company, there may be any number of members
- d) A public company can be incorporated with less than 7 persons and more than 2 persons

82. A company cannot issue redeemable preference shares for a period exceeding _____.

- a) 6 years
- b) 7 years
- c) 8 years
- d) 20 years

83. Which of the following is not a statistical book of a company?

- a) Share application and allotment book

- b) Register of share warrants
- c) Register of shares and debentures transferred
- d) Register of debenture holders

84. Good information is _____; it is produced in time for its intended use.

- A) Relevant
- B) Economical
- C) Timely
- D) Accurate

85. Profit on re-issue of shares is transferred to

- A) Profit and Loss Account
- B) General Reserve
- C) Capital Redemption Reserve
- D) Capital Reserve

86. The minimum application money to be paid by an applicant along with the application money shall not be less than.

- A) 20% of the face value of the shares
- B) 20% of the issue price
- C) 25% of the issue price
- D) 25% of the value of the shares

87. _____ working capital helps to meet the demand of seasonal requirements.

- A) Seasonal
- B) Specials
- C) Cash
- D) Regular

88. A company can issue equity shares with differential rights as to dividends, voting or otherwise

- A) If it is authorized by articles of association only
- B) If the issue is authorized by special resolution only
- C) If it is authorized both by articles of association and special resolution
- D) If it is authorized both by articles of association and ordinary resolution

89. Machinery is a part of _____

- A) Share capital
- B) Borrowed funds
- C) Fixed assets
- D) Current assets

90. Government Bond comes under _____

- A) Share capital

- B] Borrowed funds
- C] Fixed assets
- D] Investments

91. Secured Loan comes under _____

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets

92. _____ is not element of working capital.

- A] Cash
- B] Marketable securities
- C] Receivables
- D] Bank Loans

93. Shares are issued

- A) For cash only
- B) On credit only
- C) For cash or for consideration other than cash
- D) For consideration other than cash only

94. Preference share capital is a part of _____.

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets

95. Trade mark is _____.

- A] Share capital
- B] Borrowed funds
- C] Intangible fixed assets
- D] Current assets

96. Goodwill is paid for obtaining

- a] future benefit
- b] Present benefit
- c] Past benefit
- d] No effect

97. Information must be _____; it must be correct.

- A] Relevant
- B] Economical
- C] Timely
- D] Accurate

98. Super profit is _____.

- a] excess of average profit over normal
- b] extra profit
- c] average profit earned by similar companies
- d] normal profit

99. Information is _____.

- A] Data
- B] Processed data
- C] Manipulated input
- D] Computer output

100. Miscellaneous & Fictitious asset is deducted from _____.

- A] Share capital
- B] Borrowed funds
- C] Fixed assets
- D] Current assets