



Dr.G.R.Damodaran College of Science

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III.B.COM[2015-2018]

SEMESTER V

CORE:CORPORATE ACCOUNTING - II - 502A

Multiple Choice Questions.

1. In Banking company accounts schedule 8 stands for

- A. a) Capital
- B. b) Investment
- C. c) Deposits
- D. d) Advances

ANSWER: B

2. Profit and Loss Account of General Insurance Companies are prepared in

- A. Form A - PL
- B. Form B - RA
- C. Form B - PL
- D. Form B - BS

ANSWER: C

3. The principle of subrogation is applicable to

- A. Fire Insurance
- B. Marine Insurance
- C. Burglary Insurance
- D. All of these

ANSWER: D

4. Revenue Account is also called.....

- A. Shareholders' Account
- B. Policy holder's Account
- C. Creditor's Account
- D. None of these

ANSWER: B

5. Banks prepare the accounts for the -----.

- A. Calendar year.
- B. Financial year.
- C. Co-operative year.
- D. Diwali year.

ANSWER: B

6. Bank show the provision for income tax under the head-----.

- A. contingency accounts.
- B. Contingent liabilities.
- C. Other liabilities and provisions.
- D. Borrowings.

ANSWER: C

7.is shown under Schedule 15.

- A. Interest Earned
- B. Other Income
- C. Interest Expended
- D. Operating Expenses

ANSWER: C

8. Rebate on bills discounted is -----.

- A. An Item of income.
- B. A liability.
- C. Income received in advance.
- D. Income out standing.

ANSWER: C

9. Banking companies are governed in India by

- A. Banking Regulation Act
- B. Indian Companies Act
- C. Reserve Bank of India Act
- D. All of these

ANSWER: A

10. A non performing asset is -----.

- A. Money at call and short notice.
- B. An asset that causes to generate income.
- C. Cash bank in till.
- D. Cash balance with RBI.

ANSWER: B

11. When income is to be recognized on cash basis a distinction should be made between -----.

- A. Performing and non performing assets.
- B. Banking and non- banking assets.
- C. Monitory and non monitory assets.
- D. Current & non current assets.

ANSWER: B

12. The commission earned by insurance companies from others for giving them business under reinsurance is called.....

- A. Commission on reinsurance accepted
- B. Agents' commission

- C. Commission on reinsurance ceded
- D. Commission received

ANSWER: C

13. of profit is transferred to statutory reserves.

- A. 10%
- B. 20%
- C. 25%
- D. 30%

ANSWER: C

14. NPA stands for.....

- A. Non-Performing Assets
- B. Normal Performing Assets
- C. National Performing Asset
- D. None of these

ANSWER: A

15. Acceptance, endorsements and other obligations come under the head...

- A. Provisions and Contingencies
- B. Contingent liabilities
- C. Deposits
- D. Borrowings

ANSWER: B

16. Valuation balance sheet is -----.

- A. A statement of assets and liabilities on a particular date.
- B. Prepared to determine profit by comparing life assurance fund with net liability.
- C. A statement of all assets and liabilities at market values.
- D. None of the above.

ANSWER: C

17. Assets are NPAs for a period not exceeding 12 months are called.....

- A. Standard Assets
- B. Substandard Assets
- C. Doubtful Assets
- D. Loss Assets

ANSWER: B

18. Assets are NPAs for a period exceeding 12 months are called

- A. Standard Assets
- B. Substandard Assets
- C. Doubtful Assets
- D. Loss Assets

ANSWER: C

19. The agreement of insurance is called as.....

- A. Policy
- B. Premium
- C. Annuity
- D. None of these

ANSWER: A

20. The consideration in insurance for covering the risk is called.....

- A. Claim
- B. Premium
- C. Annuity
- D. None of these

ANSWER: B

21. is the party who undertakes the risk in insurance.

- A. Insurer
- B. Assurer
- C. Underwriter
- D. All of these

ANSWER: D

22. Dividends payable as on Dec, 1998 are as follows; Parent company Rs.2, 00,000 100% owned subsidiary Rs. 60,000 The amount shown in CBS as dividends payable is

- A. Rs. 2, 60,000.
- B. Rs. 60,000.
- C. Rs. 1, 40,000.
- D. Rs. 2, 00,000.

ANSWER: A

23. S ltd. has in stock worth of Rs.10, 000 supplied by its parent company H ltd. on which the latter made a profit of 20% on cost. The controlling interest of H ltd. in S ltd. is 80%. This stock should be shown in CBS at-----.

- A. Rs. 10,000.
- B. Rs. 8,000.
- C. Rs.8, 400.
- D. Rs. 7, 500.

ANSWER: B

24. The party whose risk is covered in insurance is known as.....

- A. Insurer
- B. Insured
- C. Underwriter
- D. Assurer

ANSWER: B

25. Paid-up capital of the banking company must be at least _____ of the subscribed Capital of the company.

- A. half.
- B. one-third.

- C. two-third.
- D. two- fifth.

ANSWER: D

26. In case of the marine insurance the provision against unexpired risk is _____.

- A. 50%.
- B. 60%.
- C. 75%
- D. 100%

ANSWER: D

27. Bonus in reduction of premium is shown as a _____ in the revenue account.

- A. Surplus.
- B. Premium.
- C. Expense and Income.
- D. None of the above.

ANSWER: C

28. Goodwill is _____.

- A. Fixed Asset.
- B. Current Asset.
- C. Intangible Asset.
- D. Tangible Asset.

ANSWER: C

29. The value of goodwill is more in case of-----.

- A. Annuity Method.
- B. Super profit Method.
- C. Fair value method.
- D. Capitalization Method.

ANSWER: A

30. The parent organization acquiring the controlling interest in another company is called _____.

- A. Subsidiary Company.
- B. Holding company.
- C. Private Company
- D. Deemed Public Company.

ANSWER: A

31. In..... the insurer agrees to pay a certain sum of money to the policy holder either on his death or a certain age, which ever is less.

- A. Fire Insurance
- B. Marine Insurance
- C. Burglary Insurance
- D. Life Insurance

ANSWER: D

32. Insurance business in India is regulated by.....

- A. LIC
- B. IRDA
- C. RBI
- D. SEBI

ANSWER: B

33. The dividend that is declared between AGM is-----.

- A. Interim Dividend.
- B. Final Dividend.
- C. Semi Dividend.
- D. Haly-yearly dividend.

ANSWER: A

34. Under..... the sum assured is given to the beneficiary only on death of policyholder.

- A. Whole Life Policy
- B. Endowment Policy
- C. Annuity
- D. None of these

ANSWER: A

35. The business has an average capital of 600000 and the normal rate of returns of profit is 15% then the normal profit will be.

- A. Rs. 10,000
- B. Rs. 9,000
- C. Rs. 15,000
- D. Rs. 8,000

ANSWER: B

36. The super profit of a business is 6000 and the normal rate of returns of profit is 10% then the amount of good will as per the capitalization method is

- A. 60,000
- B. 600
- C. 500
- D. Neither of 2

ANSWER: B

37. It is given that net access available for equity & preference share amount to Rs. 90000. The paid up capital are 10000 equity share of Rs 2 each & 5000 & preference share amount to Rs. 10 each. So the value of equity shares is-----.

- A. 2 per share.
- B. 4 per share.
- C. 5 per share.
- D. 8per share.

ANSWER: A

38. It is given that net access available for equity & preference share amount to Rs. 187000. The paid up capital are 10000 equity share of Rs 4 each & 5000 & preference share amount to Rs. 10 each. So the value of equity shares is-----.

- A. 8 per share.
- B. 10 per share.
- C. 20 per share.
- D. 11 per share.

ANSWER: B

39. Under the yield method of valuation of equity share capital,. If for an equity share of Rs.50, the normal rate of return is 10% and the expected rate of return is 5%, then the value of equity shares is-----.

- A. 25
- B. 50
- C. 100
- D. 88

ANSWER: C

40. The value of goodwill, according to the simple profit method, is —

- A. The product of current year's profit and number of years
- B. The product of last year's profit and number of years
- C. The product of average profits of the given years and number of years.
- D. None of these

ANSWER: C

41. The goodwill of a business is to be valued at 3 years' purchase of the average profits of the last three years. The profits of the last three years are Rs. 5,000, Rs. 6,000 and Rs. 7,000 respectively. Hence, the good will be valued at —

- A. Rs. 18,000
- B. Rs. 12,000
- C. Rs. 15,000
- D. Rs.25,000

ANSWER: A

42. For calculating price earning ratio it is essential to know-----.

- A. Market value per share.
- B. Nominal value per share.
- C. Paid-up value per share.
- D. Un paid-up value per share.

ANSWER: A

43. For calculating value of equity share by earning capacity method, it is essential to know-----.

- A. Nominal value per share.
- B. Rate of earnings.
- C. Dividend per share.
- D. Paid-up value per share.

ANSWER: A

44. A banking company can pay dividend on its share without writing off-----.

- A. Preliminary expenses.
- B. Brokerage.
- C. The bad debts.

D. None.

ANSWER: B

45. Rebate on bill discounted account is a -----.

- A. Real a/c.
- B. Personal a/c.
- C. Nominal a/c.
- D. Real & nominal a/c.

ANSWER: C

46. If the balance of Rebate on bill discounted account is given in the TB, it will be taken to-----.

- A. Debit side of the p&l a/c.
- B. Credit side of the p&l a/c.
- C. Liability side of balance sheet.
- D. Asset side of the balance sheet.

ANSWER: D

47. Money at call and short notice is shown-----.

- A. Debit side of the p&l a/c.
- B. Credit side of the p&l a/c.
- C. Asset side of the balance sheet.
- D. It is a contra item.

ANSWER: C

48. A business has a capital of Rs. 40,000 at the end. It had earned profits of Rs. 5,000 during the year. Hence, the average capital of the business will be —

- A. Rs. 42,500
- B. Rs. 37,500
- C. Rs. 35,000
- D. Rs.38,500

ANSWER: B

49. Loan, cash credit & overdraft are shown-----.

- A. Asset side of the balance sheet.
- B. It is a contra item.
- C. Credit side of the p&l a/c.
- D. Liability side of balance sheet.

ANSWER: A

50. Bills discounted & purchase are shown-----.

- A. Asset side of the balance sheet.
- B. It is a contra item.
- C. Credit side of the p&l a/c.
- D. Liability side of balance sheet.

ANSWER: A

51. Deposits and other accounts are shown-----.

- A. Debit side of the p&l a/c.

- B. Liability side of balance sheet.
- C. As the deduction from the interest & discount on the credit side of the p&l a/c.
- D. Asset side of the balance sheet.

ANSWER: B

52. Under the yield method of valuation of equity share capital, if for an equity share of Rs. 50, the normal rate of return is 10% and the expected rate of return is 5%, then the value of an equity share will be —

- A. Rs.50
- B. Rs.25
- C. Rs.75
- D. Rs.100

ANSWER: B

53. For calculating the value of an equity share by intrinsic value method, it is essential to know —

- A. Normal rate of return
- B. Expected rate of return
- C. Average rate of return
- D. Net equity.

ANSWER: D

54. Reinsurance premium is shown in-----.

- A. Debit side of the p&l a/c.
- B. debit side of the revenue a/c & liability side of the balance sheet.
- C. Deduction from the premium on the credit side of the revenue a/c
- D. Asset side of the balance sheet.

ANSWER: C

55. Legal fees in respect of claims are shown in —

- A. Profit & Loss Account
- B. Balance Sheet
- C. Revenue account
- D. Profit and Loss Appropriation A/c

ANSWER: C

56. Transfer fee is shown in-----.

- A. Revenue a/c.
- B. Profit or loss a/c.
- C. Profit or loss a/c appropriate a/c.
- D. nominal.

ANSWER: C

57. Legal fee shown on-----.

- A. Revenue a/c.
- B. Profit or loss a/c.
- C. Profit or loss a/c appropriate a/c.
- D. Nominal a/c.

ANSWER: B

58. An annual payment which an insurer guarantees to pay for lump sum money received in the beginning is called.....

- A. Premium
- B. Annuity
- C. Claim
- D. Policy

ANSWER: B

59. It is given that premiums, reinsured premiums and commission on reinsurance ceded amounted to Rs.1000000, 50000, 300000. Hence premium will be shown in the revenue amount-----.

- A. 10,00,000.
- B. 50,000
- C. 20,000
- D. 90,000

ANSWER: A

60. Plite Corporation owns 92% of the outstanding common stock of Synge company; the other 8% is owned by Probert Corporation. In the consolidated financial statements of Plite Corporation and subsidiary, Probert is considered:

- A. A) An investee
- B. A minority interest
- C. An affiliate
- D. An investor

ANSWER: B

61. Super profit is the difference between:

- A. Capital employed and Average capital employed.
- B. Average profit and normal profit.
- C. Current year profit and last year profit.
- D. None of the above.

ANSWER: B

62. The average return of similar concerns should be considered as:

- A. Average profit.
- B. Expected rate of return.
- C. Normal rate of return.
- D. None of the above

ANSWER: C

63. From the point of view of valuation of goodwill, the term capital employed means the funds provided by:

- A. Shareholders only.
- B. Debenture holders only.
- C. Both shareholders and Debenture holders.
- D. Shareholders, Debenture holders and Creditors.

ANSWER: A

64. For calculating the value of an equity share by intrinsic value method, it is essential to know:

- A. Normal rate of Return.
- B. Expected rate of Return.
- C. Net Assets.
- D. None of the above.

ANSWER: C

65. For calculating the value of an equity share by yield method, it is essential to know:

- A. Expected rate of return.
- B. Called up equity share capital.
- C. Capital employed.
- D. None of the above.

ANSWER: A

66. For calculating price-earnings ratio, it is essential to know:

- A. Market value per share.
- B. Nominal value per share.
- C. Paid-up value per share.
- D. None of the above.

ANSWER: A

67. Under net assets method, the value of a share depends on the amount that would be available to:

- A. Preference Shareholders.
- B. Equity shareholders.
- C. Creditors.
- D. None of the above.

ANSWER: B

68. Every banking company is required to close its accounts on:

- A. 31 st December.
- B. 31 st March.
- C. 30 th June.
- D. 30 th September.

ANSWER: B

69. An asset which does not generate income to the banker is termed as:

- A. Performing asset.
- B. Fixed Assets.
- C. Non-Performing Asset.
- D. Current Asset.

ANSWER: C

70. Rebate on bills discounted is :

- A. An Accrued income.
- B. An item of income.
- C. A liability.
- D. Income received in advances.

ANSWER: D

71. Provision for income tax is shown in the bank accounts under the head:

- A. Borrowings.
- B. Other liabilities.
- C. Operating expenses.
- D. Contingent liabilities.

ANSWER: B

72. The heading other asset does not include:

- A. Stationary and stamps.
- B. Interest accrued.
- C. Gold.
- D. Silver.

ANSWER: C

73. Demand drafts and telegraphic transfers are shown in the bank accounts under the head:

- A. contingent liabilities.
- B. Bills Payable.
- C. Loans and Advances.
- D. Borrowings in India.

ANSWER: B

74. Letter of Credit and Endorsement are shown in the Bank accounts under the head:

- A. Bills Payable.
- B. Contingent liabilities.
- C. Bills for Collections.
- D. Other assets.

ANSWER: C

75. In General Insurance, the policy amount is payable:

- A. After the death of the insured.
- B. After the expiry of the policy period.
- C. Only when the loss occurs or the liability arises.
- D. Only when the insured has attained a certain age.

ANSWER: B

76. The bonus which is to be paid on maturity of the Policy along with the policy amount is known as:

- A. Reversionary Bonus.
- B. Annual Bonus.
- C. Interim Bonus.
- D. Eventual Bonus

ANSWER: A

77. The commission received from the re-insurer is called;

- A. commission on re insurance acceptance.
- B. commission on re insurance ceded.
- C. commission on direct business.
- D. none of the above.

ANSWER: C

78. The commission paid by the re-insurer is known as;

- A. Commission on direct business.
- B. Commission on re insurance ceded.
- C. Commission on re insurance accepted.
- D. None of the above.

ANSWER: B

79. A valuation of balance sheet is prepared by;

- A. Joint stock company.
- B. Banking company.
- C. Life insurance company.
- D. General insurance company.

ANSWER: C

80. In life insurance, the profit of the company is ascertained;

- A. Every year.
- B. Once in six month.
- C. Once in three years.
- D. Once in two years.

ANSWER: C

81. The percentage of profit of life business to be distributed to policy holders is:

- A. 95%.
- B. 100%
- C. 50%
- D. 40%

ANSWER: A

82. A general insurance company carrying on two or more types of business prepares:

- A. separate revenue a/c for each type of business and combined P&L a/c.
- B. combined revenue a/c.
- C. Revenue accounts in respect of different business.
- D. P&L a/c (including appropriation a/c).

ANSWER: C

83. Reinsurance premium paid is shown:

- A. On the debit side of revenue a/c.
- B. On the assets side of balance sheet.
- C. On the liabilities side of balance sheet.
- D. As deduction from the premium on the credit side of revenue a/c.

ANSWER: C

84. Expenses of management (not applicable to any particular business.) are;

- A. Credited in revenue a/c.
- B. Debited in revenue a/c.
- C. Debited in p&l a/c.
- D. Debited in p&l a/c appropriate a/c.

ANSWER: A

85. Legal fees in respect of claims is;

- A. Credited in revenue a/c.
- B. Debited in revenue a/c.
- C. Debited in p&l a/c.
- D. Debited in p&l a/c appropriate a/c.

ANSWER: C

86. Income tax on interest, dividend and rate should be:

- A. Subtracted from interest dividends and rents.
- B. Added to interest dividends and rents.
- C. Debited to provision for tax a/c.
- D. debited to p&l appropriation a/c.

ANSWER: B

87. A company in which more than 50% of shares are held by other company is termed as;

- A. Holding company.
- B. Subsidiary company.
- C. Govt. Company.
- D. Public company.

ANSWER: A

88. Profit made by a subsidiary company after the date of purchase of shares by the holding company is known as-----.

- A. Revaluation profits.
- B. Realization profits.
- C. Capital profits.
- D. Revenue profits.

ANSWER: B

89. Profit made by a subsidiary company up to the date of acquisition of shares by the holding company is known as-----.

- A. Revaluation profits.
- B. Realization profits.
- C. Capital profits.
- D. Revenue profits.

ANSWER: C

90. The excess price paid by a holding company to acquire controlling interest in the subsidiary company is transferred to:

- A. capital reserve.
- B. goodwill a/c.
- C. revenue reserve.
- D. none of the above.

ANSWER: A

91. To excess of the share in equity or net assets of the subsidiary over and above the price paid for the

investment is shown as:

- A. capital reserve.
- B. cost of control.
- C. revenue reserve.
- D. none of the above.

ANSWER: B

92. Disclosure of accounting policies is dealt in;

- A. AS-1.
- B. AS-2.
- C. AS-5.
- D. AS-19.

ANSWER: A

93. Depreciation accounting is dealt in

- A. AS-1
- B. AS-4
- C. AS-6
- D. AS-3

ANSWER: C

94. Cash Flow Statement is dealt in

- A. AS-1
- B. AS-3
- C. AS-2
- D. AS-6

ANSWER: B

95. Valuation of Inventories dealt in:

- A. AS-1
- B. AS-3
- C. AS-2
- D. AS-6

ANSWER: C

96. -----are inflows and outflows of cash and cash equivalents.

- A. Cash flows
- B. Fund flows
- C. Cash and fund flow
- D. None of the above

ANSWER: A

97. In cash flow statement, closing balances of bank balance is posted in which side of the statement.

- A. sources of cash.
- B. application of cash.
- C. sources of funds.
- D. application of funds.

ANSWER: B

98. In cash flow statement, sale of fixed assets is posted in.

- A. sources of cash.
- B. application of cash.
- C. sources of funds.
- D. application of funds.

ANSWER: A

99. Interest on loan are shown in bank accounts under the heading-----

- A. Interest earned
- B. interest expended
- C. advances
- D. Borrowings

ANSWER: A

100. Bank charges are shown in bank accounts under the heading-----

- A. Other income
- B. operating expenses
- C. Interest expended
- D. None of the above

ANSWER: B

101. Interest on overdrafts are shown in bank accounts under the heading-----

- A. Interest expended
- B. Interest earned
- C. other income
- D. operating expenses

ANSWER: B

102. Schedule 4 relates to-----

- A. Deposits
- B. advances
- C. other assets
- D. Borrowings

ANSWER: D

103. Schedule 8 relates to -----

- A. other assets
- B. Borrowings
- C. Advances
- D. investments

ANSWER: D

104. Contingent liability are shown in bank accounts under schedule----

- A. 12
- B. 10
- C. 8
- D. 6

ANSWER: A

105. Balance with other banks and Money at call and short notice are shown in bank accounts under schedule-----

- A. 7
- B. 6
- C. 9
- D. 10

ANSWER: A

106. Locker rent are shown in bank accounts under ----

- A. Schedule 13
- B. Schedule 14
- C. Schedule 15
- D. Schedule 16

ANSWER: B

107. Interest on cash credits are shown in bank accounts under ----

- A. Schedule 14
- B. Schedule 13
- C. Schedule 15
- D. Schedule 16

ANSWER: B

108. Business premises are shown in bank accounts under ----

- A. Schedule 8
- B. Schedule 10
- C. Schedule 11
- D. Schedule 6

ANSWER: A

109. Endowment fees are shown in Insurance accounts under-----

- A. Other income
- B. Income from investments
- C. Operating expenses
- D. Benefits paid

ANSWER: A

110. Agents allowance are shown in Insurance accounts under-----

- A. Other income
- B. Benefits paid
- C. Operating expenses
- D. Commission expenses

ANSWER: C

111. Annuities are shown in Insurance accounts under schedule----

- A. 3
- B. 2

C. 1

D. 4

ANSWER: D

112. Furniture and fittings are shown in Insurance accounts under-----

A. Investments

B. Fixed assets

C. current liabilities

D. Advances and other assets

ANSWER: B

113. Income tax on interest are shown in Insurance accounts under schedule----

A. 10

B. 11

C. 12

D. 8

ANSWER: C

114. Sundry creditors are shown in Insurance accounts under schedule----

A. 10

B. 11

C. 12

D. 13

ANSWER: D

115. Commission are shown in Insurance accounts under schedule----

A. 1

B. 2

C. 3

D. 4

ANSWER: B

116. Loans on Government securities are shown in Insurance accounts under-----

A. Fixed assets

B. Loans

C. Investments

D. Advances and other assets

ANSWER: B

117. Foreign Government securities are shown in Insurance accounts under schedule----

A. 8

B. 9

C. 10

D. 7

ANSWER: A

118. Cash in current accounts are shown in Insurance accounts under schedule----

A. 12

B. 11

C. 8

D. 7

ANSWER: B

119. The average capital of business is Rs. 60,000 and the normal rate of profit is 15%, then the normal rate of profits will amount to

A. Rs. 10,000

B. Rs. 9,000

C. Rs. 15,000

D. Rs. 6,000

ANSWER: B

120. Money at call and short notice is shown----

A. on the liability side of the balance sheet

B. on the asset side of the balance sheet

C. It is a contra item

D. It is a profit and loss account item

ANSWER: B

121. Bills discounted and purchased are shown -----

A. on the asset side of the balance sheet

B. On the liability side of the balance sheet

C. These are contra items

D. None of the above

ANSWER: A

122. Deposits and other accounts are shown ----

A. on the asset side of the balance sheet

B. On the liability side of the balance sheet

C. These are contra items

D. None of the above

ANSWER: B

123. Transfer fess are credited to

A. Revenue account

B. Profit and loss account

C. Profit and loss appropriation account

D. Balance sheet

ANSWER: B

124. Legal fees in respect of claims are shown in-----

A. Revenue account

B. Profit and loss account

C. Profit and appropriation account

D. Balance sheet

ANSWER: A

125. Reinsurance premium is shown----

- A. on the debit side of the revenue account
- B. On the liability side of the balance sheet
- C. As deduction from the premiums on the credit side of the revenue account
- D. None of the above

ANSWER: C

126. Expenses of management (banking company) are shown in -----

- A. Revenue account
- B. profit and loss account
- C. Balance sheet
- D. Profit and loss appropriation account

ANSWER: B

127. The present value of annuity of Re. 1 for 8 years at 10% is Rs. 2.487. Super profit is Rs. 22,000. The amount of goodwill will be :

- A. Rs. 5,471
- B. Rs. 2,200
- C. Rs. 71,745
- D. Rs. 54,714

ANSWER: D

128. In comparison to face value, the valuation of shares is usually:

- A. More
- B. Less
- C. Equal
- D. Less or more

ANSWER: D

129. When value of shares is found out on the basis of its dividend or expected dividend, it is called :

- A. Asset Valuation Method
- B. Yield or Income Valuation Method
- C. Fair Value Method
- D. None of the above

ANSWER: B

130. In respect of the valuation of shares, the employed capital means:

- A. Cost price of all the assets
- B. Market value of all the assets
- C. Book value of all the assets
- D. All the above values

ANSWER: B

131. The value of per shares on division of amount of net assets by number of share will be :

- A. Intrinsic Value
- B. Book Value
- C. Cost Price
- D. Market Value

ANSWER: A

132. If the net assets taken over by the company are less than the purchase consideration, the difference shall be treated as :

- A. Secret Reserve
- B. Goodwill
- C. Capital Reserve
- D. General Reserve

ANSWER: B

133. How many schedules are there in the amended form of Final Account of Banking Company:

- A. 8
- B. 10
- C. 12
- D. 16

ANSWER: D

134. (If nothing is given) What is the percentage maintained by Marine Insurance companies for Reserve for Unexpired Risk :

- A. 40% of Net Premium
- B. 50% of Net Premium
- C. 60% of Net Premium
- D. 100% of Net Premium.

ANSWER: D

135. (If nothing is given) What is the percentage maintained for Additional Reserve :

- A. 10% of Net Premium
- B. 20% of Net Premium
- C. 0% of Net Premium
- D. 25% of Net Premium

ANSWER: C

136. (If nothing is given) What is the percentage maintained by Insurance Companies other than Marine Insurance Company for Reserve for unexpired risk:

- A. 40% of Net Premium
- B. 50% of Net Premium
- C. 45% of Net Premium
- D. 100% of Net Premium

ANSWER: B

137. Medical expenses regarding claims are added to:

- A. Claims
- B. Premium
- C. Management Exp.
- D. None of above

ANSWER: A

138. Fire Insurance provides cover for

- A. Tangible assets
- B. Intangible assets
- C. Fictitious assets
- D. both tangible and Intangible

ANSWER: A

139. The average clause in a loss of profits policy protects the

- A. Insured
- B. Insurer
- C. Workers
- D. Tax authorities

ANSWER: B

140. A fire insurance policy is taken up to indemnify

- A. Capital losses to tangible property
- B. Revenue losses to tangible property
- C. Capital losses to intangible property
- D. Revenue losses to intangible property.

ANSWER: A

141. Which one of the following combinations of accounting assumptions are fundamental as per AS 1?

- A. Going concern, consistency, and accrual
- B. Going concern, conservatism, and historic cost
- C. Historic cost, consistency and conservatism
- D. Conservatism, consistency and accrual

ANSWER: A

142. Any change in the accounting policy relating to inventories which has a material effect in the current or later periods should be disclosed. This is in accordance with the accounting principle of:

- A. Going concern
- B. Conservatism
- C. Consistency
- D. Disclosure

ANSWER: C

143. Interest and dividends received in the case of a manufacturing enterprise should be classified as cash flow from

- A. operating
- B. financing
- C. Investing
- D. both (ii) and (iii)

ANSWER: C

144. A change in the estimated life of the asset, which necessitates adjustment in the depreciation is an example of

- A. Prior period item
- B. Ordinary Item
- C. Extraordinary item

D. Change in the accounting estimate.

ANSWER: D

145. Banks show the provision for income-tax under the head

- A. Contingency accounts
- B. Contingent liabilities
- C. Other liabilities and provisions
- D. Borrowings

ANSWER: C

146. When income is to be recognised on cash basis, a distinction should be made between

- A. Performing and non-performing assets
- B. Banking and non-banking assets
- C. Monetary and non-monetary assets
- D. Current and non-current assets

ANSWER: A

147. Survey expenses for marine insurance claims must be

- A. added to claims
- B. added to law charges
- C. added to management expenses
- D. shown as a separate item

ANSWER: A

148. Public limited companies cannot issue-----.

- A. Equity shares.
- B. Deferred shares.
- C. Preference shares.
- D. Debentures.

ANSWER: D

149. The portion of the authorized capital which can be called up only on the liquidation of the company is called-----.

- A. Issued capital.
- B. Unsubscribed capital.
- C. Reserve capital.
- D. Paid up capital.

ANSWER: C

150. When was banking company regulation act implemented?

- A. 1947
- B. 1949
- C. 1950
- D. 1956

ANSWER: B

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