



Dr.G.R.Damodaran College of Science

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III B.COM (CS) [2015-2018] BATCH
SEMESTER V

CORE: CORPORATE ACCOUNTING - II-505A
Multiple Choice Questions.

1. A company is having 40,000 equity shares of Rs 15 paid. If the dividend per share is Re.1 and the expected rate of return is 12%, the market value of share will be -----

- A. Rs.12.
- B. Rs.8.33.
- C. Rs.10.
- D. Rs.12.5.

ANSWER: D

2. A BUSINESS HAD A CAPITAL OF RS 80,000 AT THE END. IT HAD EARNED A PROFIT OF RS10,000 DURING THE YEAR. THE AVERAGE CAPITAL EMPLOYED OF THE BUSINESS WILL BE

- A. RS 85,000
- B. RS 75,000
- C. RS 70,000
- D. RS 90,000

ANSWER: B

3. FOR CALCULATING THE VALUE OF 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 these.

ANSWER: C

4. 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. NONE OF THE ABOVE

ANSWER: A

5. UNDER THE NET ASSETS METHOD, THE VALUE OF SHARE DEPENDS ON THE AMOUNT THAT WOULD BE AVAILABLE TO

- A. PREFERENCE CREDITORS
- B. EQUITY SHARE HOLDERS.
- C. CREDITORS
- D. DEBENTURE HOLDERS

ANSWER: B

6. UNDER ASSETS BANKING METHOD, THE VALUE OF EQUITY SHARE IS CALCULATED

UNDER THE PRESUMPTION THAT THE COMPANY WOULD BE

- A. LIQUIDATED
- B. CONTINUED.
- C. LIQUIDATED OR CONTINUED
- D. NONE OF THE ABOVE

ANSWER: A

7. FOR CALCULATING THE PRICE EARNING RATIO, IT IS ESSENTIAL TO KNOW

- A. MARKET VALUE PER SHARE
- B. NOMINAL VALUE PER SHARE
- C. PAID UP VALUE PE SHARE
- D. NONE OF THE ABOVE

ANSWER: A

8. A CONTRIBUTOR IS A _____

- A. UNSECURED CREDITOR
- B. PREFERENTIAL CREDITOR
- C. SHARE HOLDER
- D. DEBENTURE HOLDER

ANSWER: C

9. LIST 'A' IN STATEMENT OF AFFAIRS GIVES THE LIST OF

- A. ASSETS SPECIFICALLY PLEDGED
- B. ASSETS NOT SPECIFICALLY PLEDGED
- C. PREFERENTIAL CREDITORS
- D. UNSECURED CREDITORS

ANSWER: B

10. LIST 'E' IN STATEMENT OF AFFAIRS GIVES THE LIST OF

- A. PREFERENTIAL CREDITORS
- B. DEBENTURE HOLDERS
- C. UNSECURED CREDITORS
- D. SECURED CREDITORS

ANSWER: C

11. SECURED CREDITORS ARE SHOWN IN THE STATEMENT OF AFFAIRS UNDER

- A. LIST A
- B. LIST B
- C. LIST C
- D. LIST D

ANSWER: B

12. PREFERENTIAL CREDITORS ARE SHOWN IN THE STATEMENT OF AFFAIRS UNDER

- A. LIST D
- B. LIST B
- C. LIST C
- D. LIST A

ANSWER: C

13. THE PROCEEDS OF ASSETS NOT SPECIFICALLY PLEDGED AND THE SURPLUS OF THE ASSETS SPECIFICALLY PLEDGED IS FIRST AVAILABLE FOR

- A. PREFERENTIAL CREDITORS
- B. UNSECURED CREDITORS
- C. LEGAL CHARGES

D. PREFERENCE SHARE HOLDERS

ANSWER: C

14. ANY SUM DUE TO AN EMPLOYEE OUT OF PROVIDENT FUND IS

- A. UNSECURED CREDITOR
- B. PREFERENTIAL CREDITORS
- C. SECURED CREDITORS
- D. PARTLY SECURED CREDITORS

ANSWER: B

15. THE LIQUIDATOR FINAL STATEMENT OF ACCOUNT IS PREPARED

- A. ONLY IN CASE OF CREDITOR VOLUNTARY WINDING UP
- B. ONLY IN CASE OF MEMBERS VOLUNTARY WINDING UP
- C. ONLY IN CASE OF COMPULSARY WINDING UP
- D. WHATEVER MAY BE

ANSWER: B

16. BILLS WERE DISCOUNTED IN THE EXTENT OF RS 10,000 OF WHICH RS 4,000 ARE LIKELY TO BE DISHONoured. THE LIABILITY TO RANK IS

- A. RS 10,000
- B. RS 4,000
- C. RS 6,000
- D. RS 14,000

ANSWER: B

17. WHEN THE SALE PROCEEDS OF PLEDGED SECURITY IS NOT SUFFICIENT TO PAY SECURED CREDITORS THE BALANCE WILL BE ORDERED THROUGH

- A. UNSECURED CREDITOR
- B. PREFERENTIAL CREDITOR
- C. EQUITY SHARE CAPITAL
- D. PREFERENCE SHARE CAPITAL

ANSWER: A

18. WHEN THE LIQUIDATOR COMPANY HAS ADEQUATE CASH TO PAY OFF ALL LIABILITIES, THE INTEREST ON LIABILITIES WILL BE PAID

- A. UP TO DATE OF COMMENCEMENT OF INSOLVENCY
- B. UP TO DATE OF ACTUAL PAYMENT
- C. UP TO DATE OF PAYMENT TO SHARE HOLDERS
- D. NONE OF THESE

ANSWER: B

19. THE JOB OF REALIZING ASSETS AND PAYING LIABILITIES IS PERFORMED BY A PERSON

- A. LIQUIDATOR
- B. AUDITOR
- C. REGISTRAR OF COMPANY
- D. None of the above

ANSWER: A

20. WHEN WINDING UP TAKES PLACE, SHAREHOLDERS ARE DESCRIBED AS

- A. MEMBER
- B. CREDITOR
- C. DEBTOR
- D. CONTRIBUTOR

ANSWER: D

21. IF THE COMPANY IS INSOLVENT, THE DEBENTURE INTEREST IS PAYABLE ONLY UP TO THE DATE OF

- A. COMMENCEMENT OF INSOLVENCY
- B. DATE OF CLOSING
- C. DATE OF INCORPORATION OF COMPANY
- D. NONE

ANSWER: A

22. AS PER THE PROVISION OF SECTION 205A, UNCLAIMED DIVIDEND SHOULD BE INCLUDED IN

- A. LIST A
- B. LIST C
- C. LIST D
- D. LIST E

ANSWER: D

23. AT THE TIME OF LIQUIDATION OF COMPANY, THE LIQUIDATOR HAS TO FILE A STATEMENT OF RECEIPT AND PAYMENT IS KNOWN AS

- A. STATEMENT OF AFFAIRS
- B. LIQUIDATOR REPORT
- C. LIQUIDATOR FINAL STATEMENT OF ACCOUNT
- D. NONE OF THE ABOVE

ANSWER: C

24. LIST 'H' SHOWS THE

- A. DEFICIENCY ACCOUNT
- B. SURPLUS ACCOUNT
- C. PROFIT AND LOSS ACCOUNT
- D. NONE OF THE ABOVE

ANSWER: A

25. WHEN A COMPANY IS LIQUIDATED ALL PERSONS WHO CEASED TO BE A SHARE HOLDERS WITHIN A YEAR BEFORE THE WINDING UP ARE PLACED IN THE

- A. LIST A OF CONTRIBUTORIES
- B. LIST C OF CONTRIBUTORIES
- C. LIST B OF CONTRIBUTORIES
- D. LIST D OF CONTRIBUTORIES

ANSWER: C

26. Equity shareholders are -----.

- A. . Creditors of the company
- B. Owners of the company
- C. Customers of the company
- D. None of the above

ANSWER: D

27. Preference shareholders are-----.

- A. Creditors of the ompany
- B. Owners of the company
- C. Customers of the company
- D. None of the above

ANSWER: C

28. Shares can be issued-----.

- A. At par
- B. At premium
- C. At discount
- D. Any one of the above

ANSWER: D

29. ASSETS NOT SPECIFICALLY PLEDGED ARE SHOWN IN THE STATEMENT OF AFFAIRS AT

- A. BOOK VALUE
- B. ESTIMATED REALIZABLE VALUE
- C. PURCHASE PRICE
- D. NONE OF THE ABOVE

ANSWER: B

30. The amount of capital with which the company intends to be registered is called-----.

- A. Registered capital
- B. . Nominal capital
- C. Issued capital
- D. Both (1) and (2).

ANSWER: A

31. DEBENTURE HOLDERS SECURED BY FIRST FLOATING CHARGE ARE PAID AFTER THE PAYMENT OF

- A. EQUITY SHARE HOLDERS
- B. PREFERENCE SHARE HOLDERS
- C. CREDITORS
- D. GOVERNMENT

ANSWER: B

32. THE DEFICIENCY SHOWN BY DEFICIENCY ACCOUNT WILL BE EQUAL TO THE DEFICIENCY REVEALED BY

- A. LIQUIDATOR FINAL STATEMENT OF ACCOUNT
- B. LIQUIDATOR REPORT
- C. STATEMENT OF AFFAIRS
- D. NONE

ANSWER: C

33. INSOLVENT COMPANIES CAN BE LIQUIDATED

- A. COMPULSORY
- B. OPTIONAL
- C. ORDER
- D. ALL THE ABOVE

ANSWER: B

34. . If any amount is not received from the shareholders for any call the amount is known as-----.

- A. . Calls in advance
- B. Share first call
- C. Calls in arrears
- D. All of the above

ANSWER: C

35. Minimum subscription amount that should be subscribed at the time of issue of shares to the public is-----

--.

- A. 80%

- B. 95%
- C. 75%
- D. . 90%.

ANSWER: D

36. Preference dividend is to be paid before-----.

- A. Payment of debenture interest.
- B. Payment of Income tax.
- C. Distribution of equity dividend
- D. All the above

ANSWER: B

37. . Redemption of preference shares can be made-----.

- A. . Out of the funds obtained from the fresh issue of shares.
- B. Out the non-specific reserves.
- C. Both 1 and 2
- D. None of the above.

ANSWER: C

38. LOCAL TAXES ARE AN EXAMPLE OF

- A. SECURED CREDITORS
- B. UNSECURED CREDITORS
- C. PREFERENTIAL CREDITORS
- D. NONE OF THE ABOVE

ANSWER: C

39. PREFERENTIAL CREDITORS ARE TO BE TREATED LIKE

- A. UNSECURED CREDITORS
- B. SECURED CREDITORS
- C. PARTLY SECURED CREDITORS
- D. NONE OF THE ABOVE

ANSWER: B

40. A LIQUIDATOR CAN CLAIM THE

- A. REMUNERATION
- B. ASSETS
- C. DIVIDEND
- D. ALL OF THE ABOVE

ANSWER: A

41. IN LIQUIDATOR FINAL STATEMENT IF ACCOUNT, PAYMENT OF PREFERENTIAL CREDITORS IS SHOWN AFTER

- A. DEBENTURE HOLDERS
- B. UNSECURED CREDITORS
- C. SECURED CREDITORS
- D. ALL OF THE ABOVE

ANSWER: A

42. PREFERENTIAL CREDITORS ARE PAYABLE

- A. PARTLY
- B. FULLY
- C. ONLY INTEREST
- D. NONE OF THE ABOVE

ANSWER: B

43. SURPLUS OF AMOUNT IN STATEMENT OF AFFAIRS SHOULD BE DISTRIBUTED TO

- A. CREDITORS
- B. GOVERNMENT
- C. LIQUIDATOR
- D. EQUITY SHARE HOLDERS

ANSWER: D

44. A company can be liquidated by _____.

- A. compulsory winding up by the court
- B. Vountary winding up by the members or creditors
- C. Winding up under the supervision of the court
- D. non

ANSWER: D

45. When company is wound up the entire person who ceased to be the shareholders within the year before the winding up are placed in the _____.

- A. List E
- B. List F
- C. List G.
- D. List H

ANSWER: A

46. List H shows _____ account----.

- A. Secured loan
- B. Preferred.
- C. Debentures.
- D. Creditors.

ANSWER: A

47. 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

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

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

ANSWER: B

49. 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

50. . Goodwill is _____.

- A. Fixed Asset

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

ANSWER: A

51. 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

52. 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

53. Pre acquisition profits and reserves are treated as-----.

- A. Revenue Profit
- B. Capital Profit
- C. Capital Reserve
- D. Revenue Reserve

ANSWER: C

54. .Post acquisition profits are treated as.

- A. Revenue Profit
- B. Capital Profit
- C. Capital Reserve
- D. Revenue Reserve

ANSWER: C

55. . In case of the marine insurance the provision against unexpired risk is-----

- A. 10years from the date of issue
- B. . 5 years from the date of issue.
- C. 7 years from the date of issue
- D. . years from the date of issue

ANSWER: B

56. . In what form is the profits of the company are distributed amongst the shareholders?

- A. Shares
- B. Premium from issue of share
- C. Reserves
- D. Dividend.

ANSWER: D

57. The dividend that is declared between AGM is_____.

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

ANSWER: A

58. EVERY BANKING COMPANY IS REQUIRED TO CLOSE ITS ACCOUNTS

- A. 31ST DECEMBER
- B. 31ST MARCH
- C. 30TH JUNE
- D. 30TH SEPTEMBER

ANSWER: B

59. THE PERCENTAGE OF PROFIT TO BE TRANSFERRED TO STATUTORY RESERVE BY THE BANKING COMPANY IS

- A. 25%
- B. 15%
- C. 20%
- D. 30%

ANSWER: A

60. AN ASSETS WHICH DOES NOT GENERATE INCOME TO THE BANKER IS NAMED AS

- A. PERFORMING ASSETS
- B. FIXED ASSETS
- C. NON PERFORMING ASSETS
- D. CURRENT ASSETS

ANSWER: C

61. REBATE ON BILLS DISCOUNTED IS

- A. ACTUAL INCOME
- B. ITEM OF INCOME
- C. LIABILITY
- D. INCOME RECEIVED IN ADVANCE

ANSWER: C

62. A NON BANKING ASSET IS

- A. INVESTMENT
- B. OFFICE APPLIANCE
- C. ASSET ACQUIRED FROM THE DEBTORS
- D. MONEY AT CALL

ANSWER: C

63. 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: D

64. THE HEADING OTHER ASSETS DOESN'T INCLUDE

- A. STATIONARY AND STAMPS
- B. INTEREST ACCRUED
- C. GOLD
- D. SILVER

ANSWER: C

65. DEMAND DRAFTS AND TELEGRAPHIC TRANSFERS ARE SHOWN IN THE BANK ACCOUNT UNDER THE

- A. CONTINGENT LIABILITY
- B. BILLS PAYABLE

C. LOANS AND ADVANCES

D. BORROWINGS

ANSWER: B

66. 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: B

67. A public company can be wound up by the court if the number of members is reduced below _____.

A. . 3.

B. . 5.

C. 7.

D. . 10.

ANSWER: B

68. the company has to submit the statement of affairs to the official liquidator within

A. 14days

B. 21 days

C. 30 days

D. 45 days

ANSWER: A

69. Transfer to capital redemption reserve account can be made from _____.

A. General reserve

B. Share premium account

C. Capital reserve

D. Profit and loss account

ANSWER: C

70. BUILDING SHOULD BE SHOWN IN BANKING COMPANY ACCOUNTS

A. FIXED ASSETS

B. INVESTMENTS

C. ADVANCE

D. OTHER ASSETS

ANSWER: A

71. A characteristic of a fixed asset is that it is _____.

A. . intangible

B. used in the operations of a business

C. held for sale in the ordinary course of the business

D. not currently used in the business but held for future use

ANSWER: C

72. . Which of the following is included in the cost of constructing a building?

A. . interest on money borrowed to finance construction

B. cost of paving parking lot .

C. cost of repairing vandalism damage during construction

D. . cost of removing the demolished building existing on the land when it was purchased

ANSWER: B

73. . A machine with a cost of \$65,000 has an estimated residual value of \$5,000 and an estimated life of 5 years or 15,000 hours. It is to be depreciated by the units-of-production method. What is the amount of depreciation for the second full year, during which the machine was used 5,000 hours?

- A. . \$8,000
- B. \$20,000
- C. \$12,000
- D. \$21,667.

ANSWER: B

74. BANKING COMPANY ACT IS ENACTED IN THE YEAR

- A. 1945
- B. 1941
- C. 1947
- D. 1949

ANSWER: D

75. INDIAN BANKS ARE SUPERVISED BY

- A. STATE BANK OF INDIA
- B. IMPERIAL BANK
- C. CENTRAL GOVERNMENT
- D. RESERVE BANK OF INDIA

ANSWER: D

76. SCHEDULE 15 OF BANKING COMPANY ACCOUNTS IS RELATING TO

- A. EXPENDITURE
- B. INTEREST PAID
- C. INTEREST EARNED
- D. NONE OF THE ABOVE

ANSWER: B

77. Which one of the following is not an internal control procedure for fixed assets?

- A. ensuring that fixed assets are acquired at the lowest possible costs
- B. training employees to properly operate fixed assets
- C. tagging assets as they are acquired
- D. recording assets in the subsidiary ledger only at year end

ANSWER: C

78. SCHEDULE 13 OF BANKING COMPANY ACCOUNTS RELATING TO

- A. INTEREST PAID
- B. INTEREST EARNED
- C. OTHER INCOME
- D. EXPENDITURES

ANSWER: B

79. ALL BANKING COMPANY SHOULD MAINTAIN A RESERVE OF

- A. 5%
- B. 6%
- C. 9%
- D. 10%

ANSWER: A

80. GOODWILL OF BANKING COMPANY IS

- A. INVESTMENT

- B. CURRENT ASSETS
- C. FIXED ASSETS
- D. INTANGIBLE ASSETS

ANSWER: C

81. INSURANCE BUSINESS IN INDIA IS REGULATED BY

- A. INSURANCE COMPANY ACT
- B. IDRA ACT
- C. BANKING REGULATION ACT
- D. COMPANIES ACT

ANSWER: B

82. NO OF SCHEDULES TO BE PREPARED BY INSURANCE COMPANIES ARE

- A. 26
- B. 19
- C. 12
- D. 15

ANSWER: D

83. IN THE LIFE INSURANCE THE POLICY AMOUNT IS PAYABLE

- A. AFTER THE DEATH OF ASSURED
- B. AFTER THE EXPIRY OF POLICY
- C. DEATH OF THE INSURER OR EXPIRY OF POLICY PERIOD
- D. NONE

ANSWER: C

84. IN GENERAL INSURANCE, THE POLICY AMOUNT IS PAYABLE

- A. AFTER THE DEATH OF THE INSURED
- B. AFTER THE EXPIRY OF POLICY PERIOD
- C. ONLY WHEN THE LOSS OCCURS
- D. ONLY WHEN THE INSURED AS ATTAINED CERTAIN AGE

ANSWER: C

85. CLAIMS PAID BY LIFE INSURANCE COMPANIES IS SHOWN IN

- A. SCHEDULE 1
- B. SCHEDULE 2
- C. SCHEDULE 3
- D. SCHEDULE 4

ANSWER: D

86. The liability for a dividend is recorded on which of the following dates?

- A. the date of record
- B. the date of payment
- C. the date of announcement
- D. the date of declaration

ANSWER: D

87. The entry to record the issuance of stock certificates for a common stock dividend that had been declared would include a credit to:

- A. Common Stock
- B. . Retained Earnings
- C. Stock Dividends Distributable
- D. Cash

ANSWER: C

88. Cash or property dividends are usually not paid on which of the following?

- A. . class B common stock
- B. preferred stock
- C. . treasury stock
- D. class A common stock

ANSWER: B

89. Nellie is admitted to an existing partnership by investing cash. Nellie agrees to pay a bonus for her ownership interest because of the past success of the partnership. When Nellie's investment in the partnership is recorded

- A. . her capital account will be credited for more than the cash she invested
- B. her capital account will be credited for the amount of cash she invested
- C. a bonus will be credited for the amount of cash she invested
- D. a bonus will be distributed to the old partners' capital accounts

ANSWER: D

90. THE COMMISSION RECEIVED FROM THE THE REINSURER IS CALLED

- A. COMMISSION ON REINSURANCE ACCEPTED
- B. COMMISSION ON REINSURANCE CEDED
- C. COMMISSION ON DIRECT BUSINESS
- D. NONE OF THE ABOVE

ANSWER: B

91. The remaining cash of a partnership(after creditors have been pai4) upon liquidation is divided among partners according to their

- A. capital balances
- B. . contribution of assets
- C. drawing balances
- D. . income sharing ratio

ANSWER: A

92. The value of good will, according to the simple profit method is

- A. The product of current years profit and no. of years
- B. The product of last years profit and no. of years.
- C. . The product of average profit of the given years and no. of years
- D. . The product of next years profit and no. of years

ANSWER: C

93. For calculating value of equity share by intrinsic value method, it is essential to know,

- A. . Normal rate of return
- B. Expected rate of return
- C. Net equity
- D. None

ANSWER: A

94. For calculating value of equity share by yield value method, it is essential to know,

- A. . Expected rate of return
- B. . Capital employed
- C. . Net equity
- D. None.

ANSWER: C

95. 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

96. . 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

97. 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

98. 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

99. 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: B

100. . Provision of taxation is shown in

- A. . Debit side of the p&l a/c.
- B. As the deduction from the interest & discount on the credit side of the p&l a/c.
- C. Asset side of the balance sheet
- D. It is a contra item

ANSWER: C

101. 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: B

102. 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: B

103. . Deposited 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: A

104. a general insurance company carry on two are more type of business prepares only

- A. Revenue a/c.
- B. Profit or loss a/c.
- C. Separate revenue a/c for each type of business & combined p &l a/c.
- D. Real a/c.

ANSWER: A

105. 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

106. Expenses of management is shown in

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

ANSWER: A

107. 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

108. 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

109. 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. EXTERNAL BONUS

ANSWER: A

110. THE BALANCE FOUND IN THE REVENUE ACCOUNT OF LIFE INSURANCE COMPANY IS CONSIDERED AS

- A. NET PROFIT / LOSS

- B. SURPLUS / DEFICIT
- C. LIFE ASSURED FUND
- D. GROSS PROFIT / LOSS

ANSWER: B

111. THE BALANCE FOUND IN THE REVENUE ACCOUNT OF GENERAL INSURANCE COMPANIES IS TREATED AS

- A. PROVISION FOR UNEXPIRED RISK
- B. NET PROFIT
- C. OPERATING PROFIT
- D. GROSS PROFIT

ANSWER: C

112. THE COMMISSION PAID BY THE REINSURER IS KNOWN AS

- A. COMMISSION ON DIRECT BUSINESS
- B. COMMISSION ON REINSURANCE CEDED
- C. COMMISSION ON REINSURANCE ACCEPTED
- D. NONE OF THE ABOVE

ANSWER: C

113. Subject to the permission allowed by the central government, the maximum allowable discount on equity shares is _____.

- A. 10%
- B. 8%
- C. 5%
- D. 12%

ANSWER: A

114. Equity shareholders are _____.

- A. Creditors of the company
- B. Owners of the company
- C. Customers of the company
- D. None of the above

ANSWER: D

115. Preference shareholders are _____.

- A. Creditors of the company
- B. Owners of the company
- C. Customers of the company
- D. None of the above.

ANSWER: C

116. 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

117. PRELIMINARY EXPENSES INCURRED BY THE LIFE INSURANCE COMPANY IS TREATED AS

- A. MISCELLANEOUS EXPENDITURE
- B. DEDUCTION FROM PAID UP CAPITAL
- C. FIXED ASSET
- D. OPERATING EXPENSE

ANSWER: B

118. AGENT BALANCE (DR) IS SHOWN IN THE E SHEET OF LIFE INSURANCE COMPANY ARE

- A. CURRENT LIABILITIES
- B. OTHER ASSETS
- C. FIXED ASSETS
- D. BORROWINGS

ANSWER: B

119. APPROPRIATIONS IN GENERAL INSURANCE BUSINESS IS SHOWN IN

- A. PROFIT AND LOSS APPROPRIATION ACCOUNT
- B. REVENUE A/C
- C. PROFIT AND LOSS A/C
- D. TRADING A/C

ANSWER: C

120. Preference dividend is to be paid before _____.

- A. Payment of debenture interest
- B. . Payment of Income tax
- C. Distribution of equity dividend
- D. All the above

ANSWER: A

121. PERCENTAGE OF PROFIT OF LIFE INSURANCE BUSINESS IS TO BE DISTRIBUTED TO POLICY HOLDERS IS

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

ANSWER: C

122. If proposed dividend is 20%, the percentage of profit to be transferred to reserve is _____.

- A. . 2.5%.
- B. 5%
- C. 7.5%.
- D. 10%

ANSWER: D

123. Dividends are usually paid on _____.

- A. Paid up capital
- B. Authorized capital
- C. Called up capital
- D. Issued capital

ANSWER: B

124. Accumulated losses in the vendor company should be transferred to _____.

- A. Share capital account
- B. . Equity shareholders account
- C. Capital Reserve account
- D. . Profit and loss account

ANSWER: B

125. A company can be liquidated by _____.

- A. Compulsory winding up by the court.

- B. Voluntary winding up by the members or creditors
- C. Winding up under the supervision of the court
- D. All of the above

ANSWER: A

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

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

ANSWER: B

127. . Goodwill is _____.

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

ANSWER: D

128. 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

129. 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: B

130. 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: C

131. . Deposited 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: A

132. LEASE HOLD GROUND RENT ARE SHOWN IN

- A. REVENUE ACCOUNT
- B. PROFIT AND LOSS ACCOUNT
- C. INVESTMENT
- D. LOANS

ANSWER: C

133. Goodwill is shown in companys balance sheet under the head_____.

- A. . Fixed assets
- B. Investments
- C. Miscellaneous Expenditure
- D. Current assets

ANSWER: A

134. 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 and.
- D. None of the above

ANSWER: B

135. 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

136. The average capital employed can be ascertained_____.

- A. By deducting half of current years profit from opening capital employed
- B. By deducting half of current year profit from closing capital employed
- C. By adding half of current year profit to closing capital employed
- D. None of the above

ANSWER: B

137. 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

138. Rebate on bills discounted is_____.

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

ANSWER: D

139. A Non- banking asset is_____.

- A. An investment
- B. An item of office appliances.
- C. Any asset acquired from the debtors in satisfaction of claim
- D. Money at call and short notice

ANSWER: C

140. The commission received from the re insurer is called_____.

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

ANSWER: C

141. The commission paid by the re insurer is known as _____.
- A. omission on direct business
 - B. ommission on re insurance ceded.
 - C. ommission on re insurance accepted
 - D. none of the above

ANSWER: B

142. THE DOCUMENT WHICH CONTAIN THE TERMS AND CONDITIONS OF THE CONTRACT OF INSURANCE IS CALLED AS

- A. POLICY
- B. REVENUE
- C. ASSETS
- D. NONE OF THE ABOVE

ANSWER: A

143. Expenses of management are

- A. Credited in revenue account
- B. Debited in revenue account
- C. Debited in p&l account
- D. Debited in p&l appropriate account

ANSWER: A

144. Legal fees in respect of claims is _____.

- A. .Credited in revenue account
- B. Debited in revenue account
- C. Debited in p&l account
- D. Debited in p&l appropriate account

ANSWER: C

145. 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 account
- D. Debited in p&l appropriate account

ANSWER: B

146. LOSSES OF THEFT ARE COVERED BY

- A. MANAGEMENT
- B. OFFICE STAFF
- C. BURGLARY
- D. FINANCE OFFICER

ANSWER: C

147. A holding company is one which holds more than _____.

- A. 2/3 share capital of subsidiary company
- B. 50% share capital of subsidiary company
- C. 70 % share capital of Government Company
- D. None of the above

ANSWER: C

148. Any loss or profit on revaluation of assets and outside liabilities is _____.

- A. treated as reserve profit or loss

- B. . ignored in CBS
- C. treated as capital profit or loss and adjusted in the respective assets or liabilities in CBS.
- D. shown separately in liabilities side of CBS

ANSWER: C

149. THE LIFE INSURANCE REVENUE A/C DOES NOT DISCLOSE

- A. INCOME
- B. EXPENSES
- C. PROFIT
- D. COMMISISON

ANSWER: C

150. EVERY YEAR THE ACCOUNTING YEAR OF EVERY INSURANCE COMPANY USE TO END ON

- A. 31ST DECEMBER
- B. 31ST MARCH
- C. 30TH JUNE
- D. 31ST OCTOBER

ANSWER: B

Staff Name
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