



Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC) Re-accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified CRISL rated 'A' (TN) for MBA and MIB Programmes

III B.COM IB [2015-2018]
SEMESTER V

CORPORATE ACCOUNTING II - 517A
Multiple Choice Questions.

1. When two or more companies going to liquidation and new company is formed then it is known as-----

- A. absorption
- B. amalgamation
- C. internal reconstruction
- D. external reconstructio

ANSWER: B

2. When a new company is formed with the same name in order to take over the business of the existing company it is called as-----.

- A. absorption
- B. amalgamation
- C. internal reconstruction
- D. external reconstruction

ANSWER: C

3. When an existing company takes over the business of one or more existing companies, it is called

- A. amalgamation
- B. absorption
- C. reconstruction
- D. none of the above

ANSWER: B

4. Claims paid by Life Insurance Companies is shown in

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

ANSWER: D

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

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

ANSWER: B

6. Bonus shares issued out of Post acquisition profits will

- A. Have no effect on CBS
- B. Decrease the revenue profits

- C. Decrease the total of assets side of CBS
- D. Increase the goodwill to the extent of the holding company's share of the bonus

ANSWER: B

7. Number of Schedules to be prepared by the Insurance companies for their financial statements are

- A. 26 schedules
- B. 10 schedules
- C. 12 schedules
- D. 15 schedules

ANSWER: D

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

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

ANSWER: C

9. The term Minority Interest represents

- A. the shareholders holding 50% of shares in Subsidiary company
- B. the interest of the outsiders in the Subsidiary company
- C. the company which holds more than 51% in Subsidiary company
- D. none of the above

ANSWER: B

10. Preliminary expenses incurred by life insurance companies is treated as

- A. Miscellaneous expenditure
- B. a deduction from paid up share capital
- C. a fixed asset
- D. an operating expense

ANSWER: B

11. 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

12. Insurance business in India is now regulated by the provisions of

- A. The Insurance Act 1938
- B. The IRDA Act 1999
- C. The Banking Regulations Act 1949
- D. The Indian Companies Act 1956

ANSWER: B

13. 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

14. Purchase consideration is payable in-----.

- A. cash
- B. shares
- C. debentures
- D. D. any one of the above or all of the above

ANSWER: D

15. Income tax on interest, dividend and rent should be-----.

- A. Debited to provision for taxation.
- B. Credited to provision to taxation.
- C. Deducted from interest, dividends and rents.
- D. None of the above.

ANSWER: A

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. 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

18. Goodwill is _____.

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

ANSWER: C

19. The cost of liquidation of the vendor company agreed to be paid by the purchasing company is debited to-----in the books of the later company.

- A. goodwill account
- B. capital reserve account
- C. goodwill and capital account
- D. none of the above .

ANSWER: C

20. 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

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

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

ANSWER: B

22. Post acquisition profits are treated as-----.

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

ANSWER: A

23. 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

24. Preliminary expenses are an example of-----

- A. fixed assets
- B. Current Asset
- C. fictitious asset
- D. Investment

ANSWER: C

25. The price payable by a company for business acquired is known as-----.

- A. purchase consideration
- B. Net worth
- C. Net asset
- D. lump sum

ANSWER: A

26. If the net tangible assets exceeds the purchase consideration, the difference will be treated as-----

- A. goodwill
- B. capital reserve
- C. acquisition cost .
- D. D. capital redemption reserve

ANSWER: B

27. 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

28. 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

29. A general insurance company carry on two or 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

30. Realisation expenses met by the purchasing company should be debited to-----.

- A. realisation account
- B. goodwill account
- C. vendor account
- D. capital reserve account

ANSWER: C

31. For receiving the purchase consideration -----is credited

- A. Liability account
- B. Purchasing company's account
- C. Realisation account
- D. Bank account

ANSWER: B

32. For transferring assets to realisation a/c-----is debited.

- A. purchasing a/c
- B. Liabilities a/c
- C. Preference share capital a/c
- D. realisation a/c

ANSWER: D

33. For transferring liabilities taken over -----is debited.

- A. Assets a/c
- B. Realisation a/c
- C. Liabilities a/c
- D. None of the above

ANSWER: C

34. For purchase consideration receivable-----is debited

- A. Liability account .
- B. Purchasing company's account
- C. Realisation account.
- D. Bank account

ANSWER: B

35. If expenses are to be borne by the purchasing company -----is debited

- A. Purchasing company's a/c
- B. P&L a/c
- C. preference share holders a/c
- D. Equity share holders a/c

ANSWER: A

36. Absorption is said to be taken place when-----.

- A. Company is formed to take over the other company.
- B. Two or more companies are liquidated to form a new company.
- C. Two or more companies liquidate to be taken over by the existing company.
- D. None of the above .

ANSWER: A

37. 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

38. 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

39. Rebate on bills discounted is :

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

ANSWER: D

40. 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

41. 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

42. 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

43. In life insurance, the policy amount is payable:

- A. after the death of the assured.
- B. After the expiry of the policy period.
- C. On death of the insured or on expiry of policy period which ever is earlier?
- D. Only when the insured has incurred loss.

ANSWER: C

44. 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

45. 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

46. 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

47. 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

48. 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

49. The excess of purchase consideration over net asset is-----.

- A. securities premium
- B. capital reserve
- C. goodwill
- D. preliminary expenses

ANSWER: C

50. 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

51. Leasehold ground rents are shown in-----.

- A. Revenue a/c.
- B. P&l a/c.
- C. Liability side of Balance sheet
- D. Asset side of Balance sheet

ANSWER: A

52. 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

53. 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

54. 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

55. Unrealised profit included in stock is :

A. deducted from stock in combined balance sheet.

B. deducted from p&l a/c balance in combined balance sheet liabilities side.

C. deducted from stock and p&l a/c balance in combined balance sheet.

D. shown separately in asset side of CBS.

ANSWER: C

56. Bonus shares issued out of post acquisition profits will:

A. have no effects on CBS.

B. decrease in revenue profits.

C. decrease in total assets side of CBS.

D. increase the goodwill to the extent of the holding company s share of the bonus.

ANSWER: B

57. Disclosure of accounting policies is dealt in;

A. AS-1.

B. AS-2.

C. AS-5.

D. AS-19.

ANSWER: A

58. Depreciation accounting is dealt in

A. AS-1

B. AS-4

C. AS-6

D. AS-3

ANSWER: C

59. Cash Flow Statement is dealt in

A. AS-1

B. AS-3

C. AS-2

D. AS-6

ANSWER: B

60. Valuation of Inventories dealt in:

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

ANSWER: C

61. Inventories should be valued at

- A. Cost
- B. Net realisable value
- C. Cost or net realisable value whichever is less
- D. None of the above

ANSWER: C

62. -----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

63. Accounting standard board was constituted on-----.

- A. 21.1.77
- B. 21.4.78
- C. 23.5.79
- D. 20.12.77

ANSWER: A

64. The share of outsiders in the Net Assets in subsidiary company is known as under

- A. Outsiders liability.
- B. Assets.
- C. Subsidiary Company liability.
- D. Minority interest.

ANSWER: D

65. Pre-acquisition profit in subsidiary company is considered as

- A. Revenue Profit.
- B. Capital Profit.
- C. Goodwill.
- D. Non of the above.

ANSWER: B

66. Excess of cost of investment over paid up value of the shares is considered as.

- A. Goodwill.
- B. Capital Reserve
- C. Minority Interest.
- D. Non of the above.

ANSWER: A

67. Holding Co.share in revenue profits of subsidiary company is adjusted in

- A. Cost of control
- B. Shown on assets side of balance sheet.
- C. Profit and loss account.
- D. Non of the above.

ANSWER: C

68. Pre-acquisition dividend received by holding company is credited to

- A. Profit and loss a/c.
- B. Capital Profit.
- C. Investment.
- D. Non of the above.

ANSWER: C

69. Post acquisition dividend received by holding company is debited to .

- A. Bank A/C
- B. Profit and Loss a/c
- C. Divident A/c.
- D. Investment A/c.

ANSWER: B

70. Which one of the following does not belong to the main products of life insurance?

- A. Endowment.
- B. Personal accident insurance.
- C. Term.
- D. Whole life.

ANSWER: B

71. Which one of the following does not belong to the major general insurance private sector companies in India?

- A. Bajaj Allianz General Insurance.
- B. Royal Sundaram Alliance Insurance.
- C. Reliance General Insurance.
- D. The Oriental Insurace Company.

ANSWER: D

72. In cash flow statement, loans repaid is posted in _____.

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

ANSWER: C

73. In cash flow statement, tax paid is posted in.

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

ANSWER: C

74. Depreciation is an example of _____.

- A. fixed cost.
- B. variable cost.
- C. semi-variable cost.
- D. direct cost.

ANSWER: A

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

- A. Interest earned

- B. interest expended
- C. advances
- D. Borrowings

ANSWER: A

76. 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

77. 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

78. Schedule 4 in Bank accounts relates to-----

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

ANSWER: D

79. Schedule 8 in Bank accounts relates to -----

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

ANSWER: D

80. Advances are shown in bank accounts under schedule----

- A. 9
- B. 10
- C. 11
- D. 5

ANSWER: A

81. Deposits are shown in bank accounts under schedule----

- A. 9
- B. 11
- C. 12
- D. 3

ANSWER: D

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

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

ANSWER: A

83. 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

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

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

ANSWER: B

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

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

ANSWER: B

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

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

ANSWER: A

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

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

ANSWER: A

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

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

ANSWER: C

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

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

ANSWER: D

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

- A. Investments
- B. Fixed assets
- C. current liabilities

D. Advances and other assets

ANSWER: B

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

- A. 10
- B. 11
- C. 12
- D. 8

ANSWER: C

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

- A. 10
- B. 11
- C. 12
- D. 13

ANSWER: D

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

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

ANSWER: B

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

- A. Fixed assets
- B. Loans
- C. Investments
- D. Advances and other assets

ANSWER: B

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

- A. 8
- B. 9
- C. 10
- D. 7

ANSWER: A

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

- A. 12
- B. 11
- C. 8
- D. 7

ANSWER: B

97. 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

98. 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

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

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

ANSWER: D

100. 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

101. The most appropriate method of valuation of shares from the point of view of investor is :

- A. Net Assets method
- B. Income Valuation Method
- C. Net Asset and Income Method
- D. None of the above.

ANSWER: B

102. 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

103. The value of per share 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

104. 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

105. How many schedules are there in the amended from of Final Account of Banking Company:

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

ANSWER: D

106. In which year 14 Banks were Nationalised?

- A. 1969
- B. 1971
- C. 1973
- D. 1977

ANSWER: A

107. When were General Insurance Companies nationalised:

- A. 1955
- B. 1969
- C. 1971
- D. 1973

ANSWER: C

108. Medical expenses regarding claims are added to:

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

ANSWER: A

109. Fire Insurance provides cover for

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

ANSWER: A

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

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

ANSWER: B

111. 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

112. 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

113. Historical cost of inventories should normally be determined by using

- A. FIFO, or Weighted average cost formula
- B. FIFO, Base Stock, or Adjusted Selling price formula

- C. FIFO, LIFO or Latest Purchase Price formula
- D. LIFO, Base Stock or Adjusted Selling Price formula

ANSWER: A

114. Which one of the following formulae is not based on historic cost?

- A. LIFO
- B. FIFO
- C. Latest Purchase Price
- D. Specific Identifications

ANSWER: C

115. Which one of the following methods is best suited to retail business?

- A. FIFO
- B. LIFO
- C. Latest Purchase Price
- D. Retail price method

ANSWER: D

116. Cash flows arising from interest paid in the case of a financial enterprise is a cash flow from

- A. operating activities
- B. financing activities
- C. both (i) and (ii)
- D. investing activities

ANSWER: A

117. 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

118. 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

119. AS-6 is applicable to which one of the following assets?

- A. Goodwill
- B. Livestock
- C. Plantation
- D. all the above.

ANSWER: D

120. The following factor is to be considered for estimating the useful life of a depreciable asset

- A. Expected physical wear and tear
- B. obsolescence
- C. legal or other limits on the use of assets
- D. all the above.

ANSWER: D

121. 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

122. 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

123. 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

124. 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

125. 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 (a). And (b).

ANSWER: A

126. Profit on reissue of forfeited shares may be transferred to-----.

- A. Shares forfeited account.
- B. Share capital.
- C. Capital Reserve account.
- D. Share call account.

ANSWER: A

127. When one company goes in liquidation and a new company is formed to take over the business of the company which goes in liquidation, this is called :

- A. Amalgamation
- B. Absorption
- C. External Reconstruction
- D. Internal Reconstruction

ANSWER: C

128. When was banking company regulation act implemented?

- A. 1947

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

ANSWER: B

129. A decrease in net book value arising on revaluation of fixed assets is to be debited to be

- A. revaluation reserve
- B. Profit and loss account
- C. General reserve
- D. Capital reserve

ANSWER: B

130. Exchange differences arising on repayment of fixed asset-linked liabilities should be adjusted to

- A. Profit and loss account
- B. Fixed asset account
- C. Revaluation reserve
- D. Capital reserve.

ANSWER: B

131. Banks show the provision for doubtful debts, under the head

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

ANSWER: C

132. 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

133. Depreciation is a process of _____.

- A. valuation.
- B. allocation.
- C. Reduction.
- D. appreciation.

ANSWER: B

134. The main objective of providing depreciation is _____.

- A. to calculate true profit.
- B. to calculate financial position.
- C. to reduce tax burden .
- D. to reduce profit.

ANSWER: A

135. Depreciation arises because of _____.

- A. fall in the market value of an asset.
- B. physical wear and tear.
- C. fall in the value of money.
- D. rise in the value of money.

ANSWER: B

136. Under the straight line method of charging depreciation, depreciation _____.

- A. increases every year.
- B. decreases every year.
- C. is constant.
- D. fluctuate every year.

ANSWER: C

137. Under the diminishing balance method depreciation is calculated on _____.

- A. original value
- B. written down value.
- C. scrap value.
- D. market value.

ANSWER: B

138. The amount of depreciation charged on machinery will be debited to _____.

- A. machinery account.
- B. depreciation account.
- C. cash account.
- D. bank account.

ANSWER: B

139. Loss on the sale of machinery should be written off against _____.

- A. share premium account
- B. sales account.
- C. depreciation fund account.
- D. general reserve account.

ANSWER: C

140. The annual installment to depreciation fund for replacement of a fixed asset is _____.

- A. charge against profit.
- B. an appropriation of profits.
- C. charge against reserve.
- D. charge against cash.

ANSWER: A

141. Depreciation is provided on _____.

- A. current asset.
- B. fixed assets.
- C. fictitious assets.
- D. investment.

ANSWER: B

142. The permanent, continuing and gradual shrinkage in the book value of a fixed asset is called _____.

- A. depreciation.
- B. appreciation.
- C. reduction.
- D. computation.

ANSWER: A

143. Depreciation is charged on the _____.

- A. market value.
- B. book value.
- C. purchase value.
- D. sale value.

ANSWER: B

144. Depreciation is charged on _____.

- A. continuous basis.
- B. temporary basis.
- C. daily basis.
- D. monthly basis.

ANSWER: A

145. Mines, quarries, oilfields and forest are example of _____.

- A. fixed assets.
- B. current assets.
- C. wasting assets .
- D. intangible assets.

ANSWER: C

146. Depreciation applies to _____.

- A. current assets .
- B. wasting assets.
- C. intangible assets.
- D. fixed assets.

ANSWER: D

147. When was Life Insurance sector nationalised?

- A. 1834
- B. 1907
- C. 1938.
- D. 1956.

ANSWER: D

148. When was the Insurance Regulatory and Development Authority constituted?

- A. 1938 .
- B. 1971.
- C. 1993.
- D. 1999.

ANSWER: D

149. Estimated sale value of the asset at the end of its economic life is known as _____.

- A. purchase value.
- B. market value.
- C. written down value.
- D. residual value.

ANSWER: D

150. Preparation of consolidated balance sheet of holding Co.and its subsidiary Company as per

- A. AS1.
- B. AS 22.
- C. AS 22
- D. AS 23

ANSWER: C

Staff Name
Prakash L .