



UNIT -I - Accounting Standards and Financial Reporting

Q:1) Standards are not designed to confine practise within rigid limits but rather to serve as guide posts to truth, honesty and fair dealing.

Sol:

A:) True

B:) False

Correct:

Q:2) Accounting standards in India are issued by the Institute of Chartered Accountants of India (ICAI)

Sol:

A:) True

B:) False

Correct: A

Q:3) The Objective of Accounting standards is to harmonise different management policies.

Sol:

A:) True

B:) False

Correct: B

Q:4) The companies Act,1956 requires that every Profit and Loss & Balance Sheet shall comply with the Accounting Standards

Sol:

A:) True

B:) False

Correct: A



Q:5) As-3 applies to the enterprise which have a turnover of more than ₹.100 crores in a preceding financial year.

Sol:

A:) True

B:) False

Correct: B

Q:6) Cash Receipts from the sale of goods and rendering of services is an example of cashflow from operating activity.

Sol:

A:) True

B:) False

Correct: A

Q:7) The conversation of debt to equity is non cash transactions.

Sol:

A:) True

B:) False

Correct: A

Q:8) As per As-3 a temporary overdraft balance can be included as a part of cash and cash equivalents.

Sol:

A:) True

B:) False

Correct: A

Q:9) Indirect method of presenting cash flow from operating activity is considered more appropriate.

Sol:



A:) True

B:) False

Correct: B

Q:10) Cash flows should be generally reported on gross basis but cash flows on behalf of the customers can be reported on net basis.

Sol:

A:) True

B:) False

Correct: A

Q:11) As per AS-3, increase in fixed assets will be net of interest capitalised.

Sol:

A:) True

B:) False

Correct: B

Q:12) Mere receipts of a government grant is not necessarily conclusive evidence that conditions attaching to the grant have been or will be fulfilled.

Sol:

A:) True

B:) False

Correct: B

Q:13) As 12 deals with accounting for government grants sometimes called-----
--

Sol:

A:) Duty Drawback

B:) Government grant

C:) Financial Lease



D:) none of the above

Correct: A

Q:14) Governments grants related to non depreciable assets will be credited to -----A/c

Sol:

A:) Revenue reserve

B:) Capital Reserve

C:) Assets

D:) Liability

Correct: B

Q:15) As-19 does not apply to the areas of contracts for service.

Sol:

A:) True

B:) False

Correct: A

Q:16) As per AS-19 in an operating lease does not have an option to buy the assets during the -----.

Sol:

A:) Lease Period

B:) Financial lease

C:) Drawback Period

D:) consideration as cash flow

Correct: A

Q:17) Lease rent is not -----but it is based on factor other than time.

Sol:



A:) Fixed -up

B:) Semi-Variable

C:) Variable

D:) none of the above

Correct: A

Q:18) A finance lease is a lease that transfer substantially all the risk and rewards incident to ownership of an assets.

Sol:

A:) True

B:) False

Correct: A

Q:19) IFRS Foundation sets the standards to bring transparency accountability and efficiently to financial markets around the world.

Sol:

A:) True

B:) False

Correct: A

Q:20) As per AS-19, in -----lease risk and reward is not transferred to the lessee.

Sol:

A:) Operating

B:) Non-operating

C:) Static

D:) Reserve

Correct: A



Q:21) In financial lease, as per AS-19, lease asset is shown in the balance sheet of-----

Sol:

- A:) lessee
- B:) Revised
- C:) Solvency
- D:) operating

Correct: A

Q:22) As per AS-3 cash consists of cash in hand and -----with banks.

Sol:

- A:) Demand Deposit
- B:) Cash credit
- C:) Overdraft
- D:) none of the above

Correct: A

Q:23) IASC Stands for-----

Sol:

- A:) International accounting standard committee
- B:) Indian accounting standard committee
- C:) International accounting standard company
- D:) Indian accounting standard company

Correct: A

Q:24) IASC established in the year

Sol:

- A:) 1963



B:) 1973

C:) 1983

D:) 1993

Correct: B

Q:25) IASB Stands for

Sol:

A:) International accounting standard Board

B:) International accounting standard Board

C:) Indian accounting standard Board

D:) None of the above

Correct: A

Q:26) IASB established in the year

Sol:

A:) 2000

B:) 2001

C:) 2003

D:) 2004

Correct: B

Q:27) ICAI established under

Sol:

A:) Chartered accountant act 1949

B:) Company act 1956

C:) Partnership act 1930

D:) Company act 2013

Correct: A



Q:28) When accounting standard board has been constitute

Sol:

- A:) 21 Feb 1977
- B:) 21 March 1977
- C:) 21 April 1977
- D:) 21 May 1977

Correct: C

Q:29) National advisory committee on accounting standard (NACAS) established in the year

Sol:

- A:) August 2001
- B:) August 2002
- C:) August 2003
- D:) August 2004

Correct: A

Q:30) IAS in accounting stands for

Sol:

- A:) Indian administrative services
- B:) International accounting standard
- C:) Indian accounting standard
- D:) None of the above

Correct: B

Q:31) How many Ind AS are there in India

Sol:

- A:) 39



B:) 38

C:) 42

D:) 41

Correct: D

Q:32) Income taxes Comes under

Sol:

A:) Ind AS 11

B:) Ind AS 12

C:) Ind AS 13

D:) Ind AS 14

Correct: B

Q:33) Intangible assets come under

Sol:

A:) AS 22

B:) AS 23

C:) AS 24

D:) AS 26

Correct: D

Q:34) Intangible assets come under

Sol:

A:) Ind AS 37

B:) Ind AS 23

C:) Ind AS 26

D:) Ind AS 38

Correct: D



Q:35) XBRL stands for

Sol:

- A:) Extensible Business Reporting league
- B:) Extensible Boards Reporting language
- C:) Extensible Business Reporting language
- D:) Estimated Business Reporting language

Correct: C

Q:36) The main aim of accounting standard is----

Sol:

- A:) Standardize diverse accounting policies
- B:) Lower the accounting dissimilarities
- C:) Ensuring the comparability of financial statement
- D:) All of the above

Correct: D

Q:37) GAAP of India has been established by

Sol:

- A:) MCA
- B:) ICAI
- C:) Ministry of Finance
- D:) ICSI

Correct: B

Q:38) How many number of accounting standard have been issued by ICAI

Sol:

- A:) 38
- B:) 41



C:) 32

D:) 12

Correct: C

Q:39) The global recognized set of standard for the preparation of financial statement by business entity used in multiple countries is termed as

Sol:

A:) IFRS

B:) ICAI

C:) ASB

D:) IAS

Correct: A

Q:40) The board which was constitute by ICAI to formulate accounting standard is known as

Sol:

A:) IFRS

B:) ICAI

C:) ASB

D:) IAS

Correct: C

Q:41) A language used for the electronic communication of business and financial data which revolutionizing business reporting around the world is known as

Sol:

A:) XBRL

B:) ASB

C:) IAS



D:) IFRS

Correct: A

Q:42) Interim financial reporting comes under

Sol:

A:) Ind AS 31

B:) Ind AS 32

C:) Ind AS 33

D:) Ind AS 34

Correct: D

Q:43) Interim financial reporting comes under Ind AS 32

Sol:

A:) True

B:) False

Correct: B

Q:44) GAAP of India has been established by ICAI.

Sol:

A:) True

B:) False

Correct: A

Q:45) Accounting standard board has been constitute in 21st April 1977.

Sol:

A:) True

B:) False

Correct: C



Q:46) Under the provisions of AS-19 'Leases', a leased asset is shown in the balance sheet of

- A:) Manufacturer
- B:) Lessor
- C:) Lessee
- D:) Financing bank

Correct: C

Q:47) Under the provisions of AS-12 'Leases', a leased asset is shown in the balance sheet of lessee.

Sol:

- A:) True
- B:) False

Correct: B

Q:48) Lease term in which present value of the minimum lease payments is equal to or substantially covers the fair value of the leased asset

Sol:

- A:) True
- B:) False

Correct:

Q:49) At the inception of lease, lessee will recognize the lease as assets or liability at an amount equal to the fair value of leased assets in case of finance lease.

Sol:

- A:) True
- B:) False

Correct: A

Q:50) Lease income to recognize in statement of profit and loss account in case of operating lease.



Sol:

A:) True

B:) False

Correct: A



UNIT – II Accounting For Capital Reconstruction (Internal Reconstruction)

Q:1) The reduction of capital is permitted under-----_ of Companies Act.

Sol:

A:) 77

B:) 100

C:) 66

D:) 75

Correct: C

Q:2) The Capital reduction means reduction in----- value of shares.

Sol:

A:) authorized capital

B:) Called up capital

C:) Uncalled capital

D:) paid-up value

Correct: D

Q:3) The Sub – division of shares does not result in -----of capital.

Sol:

A:) reduction

B:) added

C:) Compromise

D:) none of the above

Correct: A

Q:4) The Shareholders can surrender shares for-----or----- .

Sol:

A:) re-issue, cancellation



B:) Fresh Issue, Redemption

C:) none of the above

Correct: A

Q:5) The internal reconstruction results in proper valuation of ----- & -----of companies.

Sol:

A:) Profit & Loss Account

B:) reserve & surplus

C:) assets and liabilities

D:) none of the above

Correct: C

Q:6) The scheme of internal reconstruction requires approval of-----

Sol:

A:) Shareholders

B:) Central Government

C:) NCLT

D:) all the above

Correct: C

Q:7) -----resolution is to be passed by shareholders for approval of scheme of reconstruction.

Sol:

A:) ordinary

B:) Special

C:) both a & b

D:) none of the above

Correct: B

Q:8) The fictitious debit balances are to be transferred to -----Account.

Sol:

A:) internal reconstruction

B:) security premium

C:) share capital

D:) Capital Reduction

Correct: D

Q:9) The difference in revaluation of assets is to be transferred to -----Account.

Sol:

A:) internal reconstruction

B:) Capital Reduction

C:) security premium

D:) capital reserve

Correct: B

Q:10) A scheme of ----- of -----mean the scheme having same effect.

Sol:

A:) capital reduction or internal reconstruction

B:) Capital Reduction or External reconstruction

C:) none of the above

Correct: A

Q:11) The full balance of capital is to be debited, if-----_ value is reduced.

Sol:

A:) face

B:) market



C:) both of a & b

D:) none of the above

Correct: A

Q:12) Shareholders not approving scheme is called ----- shareholders.

Sol:

A:) dissenting

B:) paying

C:) pay dissentient shareholders

D:) none of the above

Correct: A

Q:13) The Balance Sheet prepared after implementation of the scheme is to be prepared as per-----

Sol:

A:) Schedule IV

B:) Schedule VI

C:) Schedule II

D:) Schedule III

Correct: D

Q:14) The expenses for forming and implementing scheme should be debited to-----

Sol:

A:) security premium

B:) share capital

C:) Internal reconstruction

D:) capital reduction



Correct: D

Q:15) The scheme of internal reconstruction can be utilized to provide----- for the company.

Sol:

A:) funds

B:) share capital

C:) dividend

D:) none of the above

Correct: A

Q:16) Capital Reduction Account is-----by payment of reconstruction expenses.

Sol:

A:) credited

B:) debited

C:) Cash Account

D:) none of the above

Correct: B

Q:17) The objective of reconstruction is to write off -----.

Sol:

A:) profit

B:) accumulated losses

C:) nil

D:) none of the above

Correct: B

Q:18) Court Confirmation Order has to be registered with the -----of companies.

Sol:



- A:) NCLT
- B:) share capital
- C:) Registrar
- D:) none of the above

Correct: C

Q:19) In----- , no new company is formed.

Sol:

- A:) External reconstruction
- B:) Amalgamation
- C:) internal reconstruction
- D:) none of the above

Correct: C

Q:20) Appreciation in the value of land & building is recorded on-----side of Capital Reduction Account.

Sol:

- A:) credit
- B:) debit
- C:) both of a & b
- D:) none of the above

Correct: A

Q:21) Any credit balance on Capital Reduction Account after writing off losses is transferred to_____ Account.

Sol:

- A:) reserve & surplus
- B:) profit & loss



C:) capital

D:) Capital Reserve

Correct: D

Q:22) In re-organisation, shares surrendered are transferred to----- A/c.

Sol:

A:) shares surrendered

B:) Share Capital

C:) none of the above

Correct: A

Q:23) Payment for contingent liability is debited to -----A/c.

Sol:

A:) capital Reduction

B:) Bank

C:) none of the above

Correct: A

Q:24) Fictitious assets are written off to -----A/c.

Sol:

A:) capital Reduction

B:) Profit & Loss A/c

C:) Goodwill

D:) Land & Building

Correct: A

Q:25) The objective of capital reduction scheme is to w/off----- .

Sol:

A:) Losses



B:) Profit

C:) no profit – no loss

D:) nil

Correct: A

Q:26) In capital Reduction all the adjustments are made in -----A/c.

Sol:

A:) Goodwill Account

B:) Capital Reductions A/c

C:) Cash Account

D:) Profit & Loss A/c

Correct: B

Q:27) Reconstruction expenses are debited to -----A/c.

Sol:

A:) Cash Account

B:) Goodwill Account

C:) Profit & Loss A/c

D:) Capital Reduction A/c

Correct: D

Q:28) Appreciation in land and building is credited to -----A/c.

Sol:

A:) Capital Reduction A/c

B:) Profit & Loss A/c

C:) Cash Account

D:) Goodwill Account

Correct: A



Q:29) Internal Reconstruction is governed by section -----of Companies Act.

Sol:

- A:) 801
- B:) 804
- C:) 809
- D:) 61

Correct: D

Q:30) Capital Reduction requires----- .

Sol:

- A:) NCLT order
- B:) court order
- C:) Order of the SEBI
- D:) Order of stock exchange

Correct: B

Q:31) Amicable settlement of differences by mutual consent by parties is -----.

Sol:

- A:) Confirmation
- B:) Arrangement
- C:) compromise
- D:) Merger

Correct: C

Q:32) Creditors foregoing their claims in whole or in part is-----

Sol:

- A:) Merger
- B:) Consolidation



C:) Compromise

D:) Arrangement

Correct: D

Q:33) Capital reduction is implemented as per Section -----of Companies Act.

Sol:

A:) 77

B:) 75

C:) 80

D:) 66

Correct: D

Q:34) The scheme of capital reduction is to be approved by----- .

Sol:

A:) NCLT

B:) SEBI

C:) Central Government

D:) Shareholders

Correct: A

Q:35) The scheme of internal reconstruction involves -----company.

Sol:

A:) one

B:) two

C:) three

D:) many

Correct: A

Q:36) Fictitious assets are to be transferred to-----



Sol:

- A:) internal reconstruction
- B:) security premium
- C:) share capital
- D:) capital reserve

Correct: A

Q:37) Balance in Capital Reduction should be transferred to-----

Sol:

- A:) security premium
- B:) capital reserve
- C:) share capital
- D:) Profit & Loss Account

Correct: B

Q:38) The cancellation of contingent liability is -----for company

Sol:

- A:) profit
- B:) loss
- C:) no profit – no loss
- D:) nil

Correct: C

Q:39) The payment for contingent liability should be debited to -----

Sol:

- A:) capital reduction
- B:) capital reserve
- C:) Profit and loss



Correct: A

Q:40) "And Reduced" words are not to be shown as in Balance Sheet as per -----
--requirement.

Sol:

A:) company law

B:) AS

C:) income tax

D:) stock exchange

Correct: A

Q:41) XYZ Ltd. had on 31st December, 2017; 80,000 equity shares at Rs 10 each. It was decided to reduce shares to Rs 8 each. The reduction is -----

Sol:

A:) 1,60,000

B:) 80,000

C:) 2,00,000

D:) 1,50,000

Correct: A

Q:42) Creditors of the company are Rs 50,00,000 one creditor for Rs 20,00,000 decided to forego 40% of his claim. He is allotted 30,000 equity shares of Rs 40 each in full satisfaction. The amount transferred to capital reduction is -----

Sol:

A:) 8,00,000

B:) 10,00,000

C:) 4,00,0000

D:) 5,00,000

Correct: A



Q:43) The preference shareholders agree to forego arrears of preference dividend of Rs 72,000. The amount transferred to Capital Reduction Account is -----.

- A:) Nil
- B:) 72,000
- C:) 36,000
- D:) 70,000

Correct: A

Q:44) Creditors are Rs 3,00,000. They are given the option to either accept 50% of their claim in cash in full settlement or to convert their claim in to equity shares of Rs 10 each. Creditors of Rs 2,00,000 opt for shares in satisfaction of the claim. Capital reduction Account is credited by -----.

Sol:

- A:) 1,00,000
- B:) 1,50,000
- C:) 50,000
- D:) 2,00,000

Correct: C

Q:45) Investment costing of Rs 24,000 given to Bank for bank overdraft of 16,800. The capital reduction is debited by _____.

Sol:

- A:) 4,0000
- B:) 8,000
- C:) 7200
- D:) 4,500

Correct: C



Q:46) Y Ltd. has 8,000 equity shares of Rs 100 each fully paid. Each share is sub-divided into Rs10 equity shares of Rs 10 each. The number of shares after sub-division will be-----.

Sol:

- A:) 8,000
- B:) 80,000
- C:) 75,000
- D:) 60,000

Correct: B

47. Provision for taxation is Rs 1,00,000. The tax liability of the company is settled at Rs 80,000 & it is paid immediately. Amount credited to capital reduction is----- .

Sol:

- A:) 80,000
- B:) 1,00,000
- C:) 20,000
- D:) 60,000

Correct: C

48. 6% debentures of Rs 100 each Rs 1,00,000 to be converted into such number of 8% debentures of Rs 50 each as to generate the same amount of interest as before. The amount of 8% debentures will be -----.

Sol:

- A:) 1,00,000
- B:) 25,000
- C:) 75,000
- D:) 1,20,000

Correct: C



Q:49) In internal reconstruction, method of calculation of purchase consideration is by -----.

Sol:

- A:) Net Asset Method
- B:) Net Payment Method
- C:) no purchase consideration required
- D:) none of the above

Correct: C

Q:50) On internal reconstruction, assets are written off except-----

Sol:

- A:) land & building
- B:) goodwill
- C:) preliminary expenses
- D:) Profit & Loss Account

Correct: A

UNIT – III – Final Accounts of Banking Companies

Q:1) The banking regulation Act --.

Sol:

A:) 1949

B:) 1947

C:) 1932

D:) 1956

Correct: A

Q:2) Banking companies in India are governed by

Sol:

A:) As per act 1932

B:) Income Tax act

C:) AS-23

D:) Banking Regulation Act 1949

Correct: D

Q:3) An assets becomes non performing when it to generate income for bank.

Sol:

A:) lease

B:) ceases

C:) computerized

D:) easy.

Correct: B

Q:4) Banks are to recognize their income on.....basis in respect of income on performing asset.



Sol:

- A:) Accrual
- B:) cash
- C:) credit
- D:) none.

Q:5) Banks are to recognize their income on..... basis in respect of income on non performing asset.

Sol:

- A:) Accrual
- B:) cash
- C:) credit
- D:) none.

Correct: B

Q:6) Sub standard asset are certain loan asset of a bank which are classified as.....assets for a period not exceeding two year.

Sol:

- A:) non –performing
- B:) performing
- C:) Current
- D:) Fluctuating.

Correct: A

Q:7) The main function of.....company are accepts deposits money.

Sol:

- A:) Private
- B:) Public



C:) Banking

D:) Capital marketing

Correct: B

Q:8)asset is one which has been classified as non-performing asset for period not exceeding than.....years.

Sol:

A:) Fixed – 13

B:) Fluctuating – 11

C:) Intangible – 1

D:) Substandard – 2

Correct: A

Q:9) Core banking system..... system.

Sol:

A:) Bank end

B:) work flow

C:) open end

D:) internal

Correct: A

Q:10) Every banking company should prepare a balance sheet and profit and loss accounts as on.....each year.

Sol:

A:) 31st March

B:) 31st July

C:) 31st December

D:) None



Correct: A

Q:11) Banking Companies in India are governed by Banking Regulation act 1952.

Sol:

A:) true

B:) false

Correct: B

Q:12) The main function of a banking company are to accept deposits of money from the public and to lend or invest these deposits.

Sol:

A:) true

B:) false

Correct: A

Q:13) Non-Banking Assets must be shown in the Balance Sheet in scheduled 8.

Sol:

A:) true

B:) may be false

C:) may be true

D:) false

Correct: B

Q:14) Acceptance, Endorsements and other obligations are a contingent liability of bank.

Sol:

A:) True

B:) False

Correct: B



Q:15) Rebate of Bills discounted is an income received in advanced which is carried forward as other liability.

Sol:

A:) true

B:) false

Correct: A

Q:16) Transfer of money from one place to another i.e. mail transfer is an item to be excluded from bills payable.

Sol:

A:) True

B:) False

Correct: B

Q:17) An assets become non-performing when it ceases to generate income for a Bank.

Sol:

A:) True

B:) False

Correct: A

Q:18) Banks are to recognize their income on cash basis in respect of income on performing assets.

Sol:

A:) true

B:) false

Correct: B

Q:19) Sub-standard assets is one which has been classified as non performing asset for a period not exceeding three years.



Sol:

A:) true

B:) false

Correct: B

Q:20) Every banking company incorporated in India must transfer to the Reserve fund a sum equivalent to not less than 25% of profit of each year before declaration of dividend.

Sol:

A:) true

B:) false

Correct: A

Q:21) Paid up capital of a banking company must be one half of -----

Sol:

A:) Authorised Capital

B:) Subscribed Capital

C:) Issued Capital

D:) Called up capital

Correct: B

Q:22) The accounting year of a banking company ends on ----

Sol:

A:) 31st December every year

B:) 30th June every year

C:) 31st March every year

D:) 31st October every year

Correct: C



Q:23) Under section 17, Every banking company create a reserve fund at least

Sol:

- A:) 25% of its Annual Profit
- B:) 5% of its Annual Profit
- C:) 15% of its Annual Profit
- D:) 20% of its Annual profit

Correct: D

Q:24) Bills for collection is a-----

Sol:

- A:) Contingent Liabilities
- B:) Current Liabilities
- C:) Other Liabilities
- D:) Non of the above

Correct: A

Q:25) A Non banking Assets is-----

Sol:

- A:) Bank Premises
- B:) Secured Property acquired from defaulting borrowers
- C:) Other Assets
- D:) An Item of Office Furniture

Correct: B

Q:26) The bank show “ Provision for Income Tax’ under the head –

- A:) Contingent Liability
- B:) Current Liability
- C:) Other Liabilities



D:) Borrowings

Correct: C

Q:27) The bank show unclaimed dividend Under the head -----

Sol:

A:) Contingent Liability

B:) Fixed Assets

C:) Other Assets

D:) Investments

Correct: A

Q:28) A Banking company can pay dividend on its shares within -----Days of the date of declaration.

Sol:

A:) 42

B:) 45

C:) 48

D:) 50

Correct: A

Q:29) The banking companies in India have to follow the new format of their final accounts= w.e.f. accounting year ending on.....

Sol:

A:) 31st March 1992

B:) 31 Apr 1992

C:) 31st March 1993

D:) 31st March 1994

Correct: A



Q:30) The loans and advanced by the Banks to another Bank repayable within twenty four hours are termed as –

Sol:

- A:) Money at call
- B:) treasury bills
- C:) Loans and Advances
- D:) none of the above

Correct: A

Q:31) In the balance sheet of banking company, investment in silver is shown on the asset side under the heading_-----

Sol:

- A:) other assets
- B:) fixed assets
- C:) investment
- D:) borrowings

Correct: A

Q:32) The employment of funds with the aim of achieving additional income, is termed as -----

Sol:

- A:) Investment
- B:) deposits
- C:) borrowing
- D:) current Liabilities

Correct: A

Q:33) -----are certain bills received by the bank from their customers to collect them on their due dates from thee acceptors.



Sol:

A:) Bills for collection

B:) bills dishonoured

C:) Bills endorsement

D:) none of the above

Correct: A

Q:34) Every banking company should prepare a Balance-Sheet and profit and loss account as on ____ each year

Sol:

A:) 31st march

B:) 31st December

C:) 31st April

D:) 30th October

Correct: A

Q:35) Banks should ensure that while granting loans and advances realistic repayment schedules are to be fixed on the basis of -----flows, with the borrowers.

Sol:

A:) Cash

B:) Credit

C:) Investment

D:) Borrowings

Correct: A

Q:36) A banking company follows the principles of -----system while in recording their transaction in the books of accounts.

Sol:



A:) Double Entry

B:) Single Entry

C:) Capital Budgeting

D:) none of the above

Correct: A

Q:37) Every banking company incorporated in India shall transfer to the Reserve fund a sum equivalent to not less than -----out of the balance of profit of each year .

Sol:

A:) 20%

B:) 15%

C:) 25%

D:) 35%

Correct: A

Q:38) Banking companies in India are governed by Banking Regulation Act 1949.

Sol:

A:) True

B:) False

Correct: A

Q:39) The main functions of Banking Company are to accept deposits of money from the public and to lend or invest deposit.

Sol:

A:) True

B:) False

Correct: A



Q:40) Non Banking assets must be shown in the balance-sheet under scheduled 12.

Sol:

A:) True:

B:) False

Correct: B

Q:41) Every Banking company incorporated in India must transfer to the Reserve Fund a sum equivalent to not less than 25% of profit of each year before declaration of dividend.

Sol:

A:) True

B:) False

Correct: A

Q:42) Acceptance , Endorsements and other obligations are s contingent liability of a bank.

Sol:

A:) True

B:) False

Correct: A

Q:43) Rebate on bills discounted is an income received in advance which is carried forward as other liability.

Sol:

A:) True

B:) False

Correct: A

Q:44) Transfer of money from one place to another i.e mail transfer, is an item to be excluded from bills payable.

Sol:

A:) True

B:) False

Correct: B

Q:45) As assets becomes non performing when it cease to generate income for a bank

Sol:

A:) True

B:) False

Correct: A

Q: 46) Banks are to recognise their income on cash basis in respect of Income on performing assets.

Sol:

A:) True

B:) False

Correct: B

Q:47) Bank show the provision for income tax under the head Other liabilities and provisions

Sol:

A:) True

B:) False

Correct: A

Q:48) Authorised capital should be considered for calculation in the Schedule no- 1

Sol:

A:) True



B:) False

Correct: B

Q:49) If any Interest received, it would be recorded in other income schedule.

Sol:

A:) True

B:) False

Correct: B

Q:50) If Salary paid to an employee, it should be recorded in the operating expenses.

Sol:

A:) True

B:) False

Correct: A



UNIT – IV – Investment Banking

Q:1) The shareholders can extend their shareholdings by issue of _____ from the company.

Sol:

- A:) Bonus Share
- B:) Right Share
- C:) Either of the above
- D:) None of the above

Correct: C

Q:2) If a company returns the share transfer documents, to a buyer of its shares, without registration, for being defective, then such return is termed as _____.

Sol:

- A:) Defective Share
- B:) Dematerialize Share
- C:) Bad Delivery
- D:) All of the above

Correct: C

Q:3) A collection of assets in which an investor invests is known as a _____.

Sol:

- A:) Block of Assets
- B:) Portfolio
- C:) Securities
- D:) All of the above

Correct: B



Q:4) A Finance Company in which a Demat account can be opened is known as _____.

Sol:

- A:) Demat Company
- B:) Depository Consultant
- C:) Depository Accountant
- D:) None of the above

Correct: D

Q:5) A trading lot is fixed at _____ shares when the face value of the share is Rs.10.

Sol:

- A:) 100
- B:) 10
- C:) 50
- D:) 20

Correct: A

Q:6) There are _____ recognized Stock Exchanges in India

Sol:

- A:) 20
- B:) 23
- C:) 24
- D:) 25

Correct: B

Q:7) If the number of shares allotted to an Applicant is less than that applied for, the excess application money will be _____.

Sol:



- A:) Refunded
- B:) Adjusted with the call money
- C:) Either of the above
- D:) None of the above

Correct: C

Q:8) The investment intended to be held for less than _____ months is called _____ investment as per AS-13.

Sol:

- A:) 12, current,
- B:) 12, annual
- C:) 12, long-term
- D:) 24, trade

Correct: A

Q:9) The carrying amount of current investment is to be shown at _____ or _____ which ever is lower.

Sol:

- A:) face value of share
- B:) cost or market value
- C:) paid up value of share
- D:) none of the above

Correct: B

Q:10) The interest due upto date of purchase is to segregated from total price of investment, if price is _____ .

Sol:

- A:) fixed price
- B:) ex-interest



C:) cum-interest

D:) all types of

Correct: C

Q: 11) The interest on investment is to be calculated on _____ of investment.

Sol:

A:) cost

B:) number of value

C:) lower of cost or market value

D:) face value

Correct: D

Q:12) AS-13 provides for accounting for investment in _____ or _____.

Sol:

A:) Deposit or advance

B:) shares or debentures

C:) none of the above

Correct: B

Q:13) Cost of investment includes purchase price and _____ .

Sol:

A:) expenses

B:) income

C:) share

Correct: A

Q:14) The brokerage and stamp duty paid at the time of purchase is _____ .



Sol:

- A:) added to cost
- B:) ignored
- C:) none of the above

Correct: A

Q:15) The brokerage is calculated on _____ price of investment.

Sol:

- A:) cost of price
- B:) fixed price
- C:) transaction
- D:) none of the above

Correct: C

Q:16) The cost of investment sold is to be ascertained as per AS-13 _____ method.

Sol:

- A:) FIFO
- B:) weighted average
- C:) LIFO
- D:) Sample average

Correct: B

Q:17) The premium received on sale of Rights is credited to _____.

Sol:

- A:) Capital Reserve A/c
- B:) Investment A/c
- C:) Profit & Loss Account



D:) none of the above

Correct: C

Q:18) In case of _____ interest due upto date of transaction is payable extra.

Sol:

A:) cum-interest

B:) fixed price

C:) all type of

D:) ex interest

Correct: D

Q:19) The receipt of bonus shares is to be shown in _____ column of investment.

Sol:

A:) cost price

B:) number of bands

C:) no. of shares

D:) market value

Correct: C

Q:20) The Investment Account is prepared in _____ column.

Sol:

A:) one

B:) six

C:) two

D:) three

Correct: D



Q:21) The difference between cost of debentures and amount received on redemption is transferred to _____ Account.

Sol:

- A:) Investment A/c
- B:) Capital Reserve A/c
- C:) Profit & Loss Account
- D:) none of the above

Correct: C

Q:22) Investment Account is debited for _____ on sale of investment.

Sol:

- A:) profit
- B:) loss
- C:) none of the above

Correct: A

Q:23) The dividend received for pre-acquisition period is credited to _____ Account.

Sol:

- A:) Investment
- B:) Profit & Loss Account
- C:) Capital Reserve A/c
- D:) none of the above

Correct: A

Q:24) The balance in interest column in Investment Account is transferred to _____ .

Sol:

- A:) Profit & Loss Account



B:) Capital Reserve A/c

C:) Investment A/c

D:) none of the above

Correct: A

Q:25) Ex-interest price includes _____ only.

Sol:

A:) market value

B:) face value

C:) cost / value

D:) none of the above

Correct: C

Q:26) The value of shares allotted on conversion of debentures is credited in _____ Account.

Sol:

A:) Capital

B:) Profit & Loss Account

C:) Investment A/c

D:) Debentures

Correct: D

Q:27) The right shares are shown in investment only when right is _____.

Sol:

A:) Purchased

B:) Exercised / Accepted

C:) not accepted



D:) none of the above

Correct: B

Q: 28) Cost of investment includes purchase price and _____.

Sol:

A:) stamp duty

B:) purchase price

C:) brokerage

D:) none of the above

Correct: C

Q:29) Interest is always calculated on _____ of securities.

Sol:

A:) cost

B:) number of bands

C:) market value

D:) face value

Correct: D

Q:30) Interest is paid to the holder on due date irrespective of his _____ period of holding.

Sol:

A:) current

B:) actual

C:) more

D:) none of the above

Correct: B

Q:31) Dividend on shares accrues on the date of _____ .



Sol:

- A:) due date
- B:) date fixed in advance
- C:) last day of the year
- D:) declaration,

Correct: D

Q:32) Dividend is paid to the holder of shares on the date of _____ irrespective of actual period of holding.

Sol:

- A:) declaration
- B:) actual
- C:) current
- D:) book closure

Correct: D

Q:33) Equity share is a _____ income bearing security.

Sol:

- A:) Fluctuating
- B:) Fixed income
- C:) Safe security
- D:) none of the above

Correct: A

Q:34) Interest is always calculated on _____ of the security.

Sol:

- A:) Face Value
- B:) Market value



C:) cost of value

D:) none of the above

Correct: A

Q:35) As per AS 13 on sale of investment profit or loss is calculated by deducting _____ of investment from sales.

Sol:

A:) Simple average cost

B:) cost of shares

C:) W.A. cost

D:) none of the above

Correct: C

Q:36) Profit on sale of investment is transferred to _____ A/c.

Sol:

A:) Profit and Loss A/c

B:) Investment A/c

C:) Capital Reserve A/c

D:) none of the above

Correct: A

Q:37) Current investments are valued at cost or M.V. whichever is _____.

Sol:

A:) less

B:) added

C:) ignored

D:) none of the above



Correct: A

Q:38) Sale proceeds of rights shares is credited to _____ A/c.

Sol:

A:) Capital Reserve A/c

B:) Profit and Loss A/c

C:) Investment A/c

D:) none of the above

Correct: B

Q:39) In the case of cum interest price cost of acquisition is cum interest price less _____ .

Sol:

A:) due date

B:) actual period

C:) Interest for expired period

D:) none of the above

Correct: C

Q:40) On sale of equity shares the equity shares A/c is credited by _____.

Sol:

A:) Net sale proceeds

B:) none of the above

Correct: A

Q:41) _____ shares received increase Nominal Value of shares held.

Sol:

A:) Bonus



B:) equity

C:) cost

D:) none of the above

Correct: A

Q:42) Investments intended to be held for less than 12 months is called _____ investment.

Sol:

A:) annual

B:) current

C:) long-term

D:) trade

Correct: B

Q:43) Fixed return bearing investment are _____.

Sol:

A:) equity shares

B:) debentures

C:) jewellery

D:) machinery

Correct: B

Q:44) The requirements regarding investment are specified in AS _____.

Sol:

A:) 3

B:) 11

C:) 13



D:) 14

Correct: C

Q:45) Rights shares are offered in ratio of _____ .

Sol:

A:) number shares held

B:) cost of shares

C:) face value of shares

D:) paid up value of share

Correct: A

Q:46) The cost of investment sold is to be calculated as per _____ Method.

Sol:

A:) FIFO

B:) LIFO

C:) Weighted Average

D:) Simple Average

Correct: C

Q:47) The interest up to the date of transaction is paid in addition to the price in case of _____ quotation.

Sol:

A:) cum-interest

B:) ex-interest

C:) fixed price

D:) all types of

Correct: B



Q:48) The interest on bonds is to be calculated on _____.

Sol:

- A:) cost
- B:) face value
- C:) number of bands
- D:) market value

Correct: C

Q:49) The carrying amount of current investment is to be shown at _____.

Sol:

- A:) face value
- B:) cost
- C:) market value
- D:) lower of cost or market value

Correct: D

Q:50) Each side of Investments Account have _____ columns of amount.

Sol:

- A:) 2
- B:) 3
- C:) 4
- D:) 1

Correct: B

Q:51) The carrying amount of long-term investment is to be shown at _____.

Sol:



- A:) cost
- B:) face value
- C:) market value
- D:) paid up value

Correct: A

Q:52) On 1st July, 2008; Jayshree Ltd. purchased 100 of its own 12% debentures for a price of Rs 9,900 which is cum interest price. Interest is paid on 30th September and 31st March every year. The acquisition cost of 100 debentures is _____.

Sol:

- A:) Rs 9,600
- B:) Rs 9,700
- C:) Rs 10,300
- D:) Rs10,000

Correct: A

Q:53) Rajashree Ltd. holds 14% debentures of the face value of Rs 5,000 in RJ. Ltd. Interest is payable on 30th June and 31st December every year. The debentures were purchased on 1st July, 2017. Accounts are closed on 31st March every year. The accrued interest on 31st March, 2018 was_____.

Sol:

- A:) 175
- B:) 525
- C:) 325
- D:) 350

Correct: A

Q:54) Y Ltd. purchased 10,000 shares @ Rs 12 each and paid brokerage @ 2% The cost of acquisition is _____.



Sol:

- A:) Rs 1,20,00
- B:) Rs 2,400
- C:) Rs 1,22,400
- D:) Rs 1,25,000

Correct: A

Q:55) Z Ltd. purchased 10,000 shares of Rs 10 each at Rs 25 per share of A Ltd. during the year 2017-18. During the year 2017–18, A Ltd. offered rights issues at one share for every two shares held at a price of Rs 20 per share. Right shares were subscribed. The carrying cost of investment is _.

Sol:

- A:) Rs 2,50,000
- B:) Rs 1,00,000
- C:) Rs 2,50,000
- D:) Rs 3,50,000

Correct: D

Q:56) Long-term investments are carried out at _____ .

Sol:

- A:) cost
- B:) fair value
- C:) market value
- D:) cost or market value whichever is less

Correct: D

Q:57) Short-term investments are carried at _____ .

Sol:

- A:) market value



- B:) cost
- C:) cost or market value whichever is less
- D:) none of the above

Correct: C

