

**PUNE VIDYARTHI GRIHA'S
COLLEGE OF SCIENCE & TECHNOLOGY
ATKT EXAMINATION SEPTEMBER 2020
TYBMS FINANCIAL ACCOUNTING (SEMESTER – V)**

SUBJECT: FINANCIAL ACCOUNTING

DATE :

1. Which one of the following combinations of accounting assumptions are fundamental according to Accounting Standard I:

- a) Going concern, consistency and historic cost
- b) Entity, accrual and materiality
- c) Conservatism, accounting period and prudence
- d) Going concern, consistency and accrual

2. Following are the examples of an accounting policy

- a) Consistency
- b) Treatment of goodwill
- c) Cost
- d) Conservatism

3. According to AS 1, any change in accounting policy

- a) Should never be made
- b) Is not possible
- c) Should be disclosed
- d) Requires permission of the Institute of Chartered Accountants of India

4. Which of the following is not an example of contingent liability?

- a) Liability in respect of bills discounted
- b) Interim dividend
- c) Liability under guarantee
- d) All of the above

5. In the notes on fixed assets of a company .

- a) $\text{Gross block closing} = \text{Opening WDV} + \text{Purchases} - \text{sales}$
- b) $\text{Gross block closing} = \text{Opening gross block} + \text{Purchases} - \text{Sale} - \text{Depreciation}$
- c) $\text{Gross block closing} = \text{Opening WDV} + \text{Purchases} - \text{Sale} - \text{Depreciation}$
- d) $\text{Gross block Closing} = \text{Opening Gross Block} + \text{purchases} - \text{sale}$

6. provision for tax for current year is

- a) deducted from profit before tax

- b) deducted from profit after tax
- c) deducted from profit available to share holders
- d) deducted from operating profit

7. M Limited issued shares at a face Value of ` 100 with a premium of ` 20 per share. The underwriting commission will be calculated on

- a) ` 100
- b) ` 90
- c) ` 80
- d) ` 120

8. If a part of the issue of shares or debentures is underwritten, it is termed as

- a) Partial underwriting
- b) Complete underwriting
- c) Firm underwriting
- d) Sole underwriting

9. K Ltd. issued shares of ` 1,000 each at ` 950. The Underwriting Commission will be Paid on

- a) ` 1,000
- b) ` 950
- c) ` 1,950
- d) ` 50

10. An Underwriter may reduce his burden of buying share through entering an agreement with another person known as

- a) Underwriter
- b) Company
- c) Sub – Underwriter
- d) Share holder

11. When the net amount due from the underwriters on the shares taken by them is received bank a/c is

- a) Debited
- b) Credited
- c) No Entry
- d) Two debit one credit

12. Average rate

- a) is the exchange rate at the balance sheet date

b) is the mean of the exchange rates in force during a period

c) is the ratio for exchange of two currencies

d) is the rate at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction

13. At each balance sheet date, non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency, should be reported

a) using the exchange rate at the date of the transaction

b) using the exchange rates that existed when the values were determined

c) using the closing exchange rate at the date of the balance sheet

d) using the average exchange rate during the financial year

14. No exchange difference will arise on

a) inventory, fixed assets, investments etc. valued at historical cost denominated in a foreign currency

b) cash, debtors or creditors

c) inventory, fixed assets, investments etc. which are carried in terms of fair value, denominated in a foreign currency

d) (a) and (c) above

15. Non-monetary items

a) Are the items exchanged at fair value

b) Are the items other than assets and liabilities

c) Are assets and liabilities other than monetary items

d) None of the above

16. B. Ltd. acquired 2,000 equity shares of AB Ltd on cum-right basis at Rs. 75 per share subsequently, AB Ltd made a right issue of 1:1 at Rs. 60 per share which was subscribed for by

- a) 2,70,000
- c) 1,20,000

- b) 1,50,000
- d) 30,000

17. Rights shares offered at

- a) Right shares subscribed
- b) Renounced without consideration
- e) Any of the above
- c) Rights are sold
- d) Rights allowed to lapse

18. Any reduction to market value of current investment from cost, on valuation date is debited to

- a) Revaluation reserve
- c) Capital reserve
- b) Profit & Loss A/c
- d) General reserve

19. When bonus shares are received-

- a) The Nominal value (NV) of such bonus shares is entered in the NV Column (Dr.); and no amount is entered in the capital column (Dr.) of the Investment A/c
- b) The Nominal value (NV) of such bonus shares is entered in the NV column (Dr.); and in the Capital column (Dr.) of Investment A/c
- c) The Nominal Value (NV) of such bonus shares is entered in the NV Column (Cr.); and in the Capital column (Cr.) of the Investment A/c
- d) The Nominal Value (NV) of such bonus shares is entered in the Capital column (Dr.); and no amount is entered in the NV column (Dr.) of the Investment A/c

20. Interest is always calculated on the

- (a) Market values of the security
- (B) Nominal Value of the security
- (c) Book value of the security
- (d) weighted Average cost of the security.

21. Profit on sale of investment

- a) Is transferred to profit and loss A/c only if the investment is current investment
- b) Is transferred to profit and loss A/c
- c) Is transferred to capital reserve account if the investment long term investment
- d) None of the above

22. When dividend is actually received on the due date .

- a) The entire amount is entered in the capital column (Cr.) Of the investment account
- b) The entire amount is entered in the income column (Dr.) of the investment account

23. Short term Investment are carried at

- a) Market Value
- b) Cost price
- C) Cost or market value which ever is less
- d) None of the above

24. Obey certain ethical rules no matter what the result are

- a) Ethical Relativism
- b) Deontological Ethics
- c) Ethical absolutism
- d) Teleological Ethics

25. Under the companies act , 2013 , minimum CSR expenditure must be incurred by every company

- a) Having a turn over of rupees 500 crore or more during any financial year
- b) Having a turn over of rupees 1500 crore or more during any financial year
- c) Having a turn over of rupees 5 crore or more during any financial year
- d) Having a turn over of rupees 1000 crore or more during any financial year

26. Ethics education at _____ stage instills in accountants fundamental knowledge on matters concerning professional value ethics and attitudes

- a) 1st
- b) 2nd
- c) 3rd
- d) 4th