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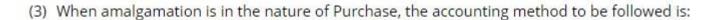
M.COM. 2nd SEMESTER: TEST 1

(I) Multiple choice questions -

- (1) As per AS 14 purchase consideration is what is payable to
- (a) Shareholders
- (b) Creditors
- (c) Debentureholders
- (d) Shareholders and Debentureholders



- (a) Equity method
- (b) Purchase method
- (c) Pooling of interests method
- (d) Consolidated method

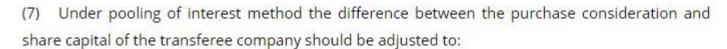


- (a) Equity method
- (b) Purchase method
- (c) Pooling of interests method
- (d) Consolidated method
- (4) Amalgamation is said to be in the nature of merger if:
- (a) All assets and liabilities of transferor company are taken over by the transferee company.
- (b) Business of transferor company is intended to be carried on by the transferee company.
- (c) Purchase consideration must be paid in equity shares by the transferee company except for fraction shares.
- (d) All of the above

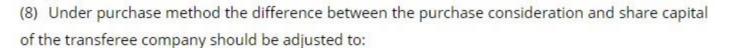


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- (5) Amalgamate adjustment account is opened in the books of transferee company to incorporate:
- (a) The assets of the transferor company
- (b) The liabilities of the transferor company
- (c) The statutory reserves of the transferor company
- (d) The non statutory reserves of the transferor company
- (6) Goodwill arising on amalgamation is to be
- (a) Retained in the books of the transferee company
- (b) Amortised to income on a systematic basis normally five years
- (c) Adjusted against reserves or profit and loss account balance
- (d) All of the above



- (a) General reserve
- (b) Amalgamation adjustment account
- (c) Goodwill or capital reserve
- (d) None of the above



- (a) General reserve
- (b) Amalgamation adjustment account
- (c) Goodwill or capital reserve
- (d) None of the above

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(9) For amalgamation in the nature of merger, the shareholders holding at least or more of
the equity shares of the transferor company becomes the equity shareholders of the transferee
company.
(a) 51%
(b) 90%
(c) 99%
(d) 100%
(10) AS $-$ 14 is not applicable if when transferee company acquires transferor company and transferor company:
(a) Ceases to exist
(b) Separate entiry is Continue to exist
(c) Applied in all cases
(d) None of the above
(11) A Ltd. and B Ltd. go into liquidation and a new company X Ltd. is formed. It is a case of:
(a) Absorption
(b) External reconstruction
(c) Amalgamation.
(12) X Ltd. goes into liquidation and a new company Z Ltd. is formed to take over the business of X Ltd. It is a case of:
(a) Absorption
(b) External reconstruction
(c) Amalgamation.
(13) X Ltd. goes into liquidation and an existing company Z Ltd. purchases the business of X Ltd. It is a case of:
(a) Absorption
(b) External reconstruction
(c) Amalgamation.

(M) 09557331969 email: <u>logics.eduworld@gmail.com</u>

- (14) Accumulated profits include:
- (a) Provision for doubtful debts
- (b) Superannuation fund
- (c) Workmen's compensation fund.
- (15) Liabilities (not accumulated profits) of a company include—
- (a) General reserve
- (b) Pension fund
- (c) Dividend equalisation fund.
- (16) When the expenses of liquidation are to be borne by the vendor company, then the vendor company debits:
- (a) Realisation account
- (b) Bank account
- (c) Goodwill account.
- (17) When the expenses of liquidation are to be borne by the purchasing company, then the purchasing company debits:
- (a) Vendor company's account
- (b) Bank account
- (c) Goodwill account.
- (18) When the purchasing company makes payment of the purchase consideration, it debits:
- (a) Business purchase account
- (b) Assets account
- (c) Vendor company's account.
- (19) The vendor company transfers preliminary expenses (at the time of absorption) to:
- (a) Equity shareholders' account
- (b) Realisation account
- (c) Purchasing company's account.



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- (20) For paying liabilities not taken over by the purchasing company, the vendor company credits:
- (a) Realisation account
- (b) Bank account
- (c) Liabilities account.
- (21) In case of inter-company holdings, the purchasing company, at the time of payment of the purchase consideration, surrenders the shares in the vendor company by crediting:
- (a) Vendor company's account
- (b) Shares in the vendor company account
- (c) Share capital account.
- (22) The share capital, to the extent already held by the purchasing company, is closed by the vendor company by crediting it to:
- (a) Share capital account
- (b) Purchasing company's account
- (c) Realisation account.

