

110. Investment in Land for investment purpose

Objective Type Questions 8.1

- (Choose the correct alternative)
- The financial statements of a business enterprise include:
 - Balance sheet
 - Statement of Profit and loss
 - Cash flow statement
 - All of the above
 - Balance Sheet provides information about financial position of the enterprise _____. (Choose the correct alternative)
 - At a point of time
 - Over a period of time
 - For a period of time
 - None of the above
 - The financial statements of a business enterprise include cash flow statement.
 - Statement of profit and loss shows the operating performance of an enterprise for a period of time.
 - The financial statements are the end products of accounting process.
 - Financial statements are formal annual reports through which the corporate management communicates financial information to its owners only. *True/False? Give reason.*
 - The financial statements of a company includes balance sheet and statement of profit and loss only. *True/False? Give reason.*
 - The financial statements are required for external reporting only. *True/False? Give reason.*
 - Shareholders' funds include share capital, reserves and surplus, and _____. *(Fill in the blank)*
 - Which of the following is included in current assets? (Choose the correct alternative)
 - Capital work in progress
 - Short term loans and advances
 - Short term provisions
 - Intangible assets under development
 - Current liabilities include short term borrowings, trade payables, other current liabilities and _____. *(Fill in the blank)*
 - Match the following:

(i) Share Options Outstanding Account	(a) Non-current Liabilities
(ii) Long-term loans payable within 12 months	(b) Current liabilities
	(c) Non-current Assets
	(d) Shareholders' funds
 - In the preparation of Balance Sheet as per schedule III of the Companies Act, 2013, 'Sundry Debtors' and 'Sundry Creditors' are replaced by terms _____ and _____ respectively. *(Fill in the blanks)*
 - Debit balance in the statement of profit and loss is disclosed as negative figure under the head _____. *(Fill in the blank)*
 - A reserve specifically represented by earmarked investments is termed as _____. *(Fill in the blank)*
 - If the balance of 'Reserve and Surplus' after adjusting negative balance of surplus, if any is negative, it is shown under _____. *(Fill in the blank)*

17. Money received against share warrants is to be disclosed as a separate line item under the head _____ . (Fill in the blank)
18. An item is classified as current asset if it is expected to be realised within _____ or if it is held primarily for _____ . (Fill in the blanks)
19. Preliminary expenses are to be written off completely in the year in which such expenses are incurred. They should be written off first from _____ and the balance, if any, from _____ . (Fill in the blanks)
20. Share Application money not exceeding the issued capital and to the extent non-refundable is shown as _____ in the Balance Sheet. (Fill in the blank)
21. Match the following:
- | | |
|---|-----------------------------------|
| (i) Current maturities to long-term loan | (a) Long-term borrowings |
| (ii) Loans repayable on demand or whose original tenure is not more than twelve months/operating cycle. | (b) Short term borrowings |
| | (c) Other current liabilities |
| | (d) short-term loans and advances |
22. Deferred tax assets/liabilities are always _____ (current/non-current) (Fill in the blank)
23. Trade payables are always classified as current liabilities. True/False? Give reason.
24. The amount of provision settled within 12 months from balance sheet date or within operating cycle period from date of its recognition is classified as _____ and shown under _____ on the face of balance sheet. (Fill in the blanks)
25. If the useful life of a fixed asset is less than 12 months, it will be treated as a current asset. True/False? Give reason.
26. Both tangible and intangible assets are _____ (current/non-current). (Fill in the blank)
27. Investments expected to realise within 12 months are considered as _____ under the head _____. (Fill in the blanks)
28. All inventories are always treated as _____ (current/non-current). (Fill in the blank)
29. Trade receivables realised beyond 12 months from reporting date/operating cycle starting from the date of their recognition are classified as _____ under the head _____. (Fill in the blanks)
30. Match the following:
- | | |
|--------------------------------------|---------------------------|
| (i) Loose Tools | (a) Other Current assets |
| (ii) Debenture Redemption Investment | (b) Inventories |
| | (c) Current Investments |
| | (d) Short-term provisions |
31. Match the following:
- | | |
|--------------------------------------|----------------------------|
| (i) Capital work in progress | (a) Inventories |
| (ii) Debenture Redemption Investment | (b) Fixed assets |
| | (c) Non-current Investment |
| | (d) Current Investment |
32. Match the following:
- | | |
|-----------------------|----------------------------|
| (i) Proposed dividend | (a) Fixed assets |
| (ii) Work in progress | (b) Inventories |
| | (c) Short-term provisions |
| | (d) Contingent liabilities |
33. In case operating cycle cannot be determined then the time period of operating cycle is assumed to be _____ months. (Fill in the blank)
34. Bank overdraft in the balance sheet of a company is shown under _____ as the _____. (Fill in the blanks)
35. The debit balance of statement of profit and loss will be disclosed under the sub-head _____ figure. (Fill in the blank)
36. Provision for employee benefits is shown under the sub-head _____. True/False? Give reason.
37. Interest accrued and due on debentures is shown under the heading non-current liabilities. _____
38. Interest accrued on investments is shown in company's Balance Sheet under the main head _____ .
- | | |
|-----------------------------|------------------------------|
| (a) Non-current investments | (b) Current assets |
| (c) Other current assets | (d) Other Non current assets |
39. Share capital of a company consists of 70,000 shares of ₹10 each, ₹8 called up. All the shareholders have duly paid the called up amount. Share capital will be shown as: (Choose the correct alternative)
- | | |
|-------------------------------|-----------------------------------|
| (a) Subscribed and fully paid | (b) Subscribed but not fully paid |
| (c) Either (a) or (b) | (d) Neither (a) nor (b) |

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40. 12% Debentures is shown in a company balance sheet under the sub-head: (Choose the correct alternative)
- Long-term provisions
 - Other current liabilities
 - Long-term borrowings
 - Other long-term liabilities
41. 11% Debentures redeemable within 12 months of the date of balance sheet will be shown under: (Choose the correct alternative)
- Short term borrowings
 - Short term provisions
 - Other current liabilities
 - Trade payables
42. Which of the following items is shown under the head 'current assets' while preparing company's Balance Sheet? (Choose the correct alternative)
- Investment in property
 - Patents
 - Inventories
 - Vehicles
43. While preparing the balance sheet of a company, securities premium reserve is shown under: (Choose the correct alternative)
- Non-current liabilities
 - Share capital
 - Long term borrowings
 - Reserves and surplus
44. Calls-in-advance appears in Company's Balance Sheet under the head: (Choose the correct alternative)
- Current liabilities
 - Share capital
 - Long term Borrowings
 - Reserves and Surplus
45. Bills receivables appears in a company balance sheet under sub head: (Choose the correct alternative)
- Current investments
 - Trade receivables
 - Inventories
 - Cash and cash equivalents
46. Which of the following items is shown under the heading 'Non-current liabilities' in the balance sheet of a company? (Choose the correct alternative)
- 12% Debentures
 - Reserves and surplus
 - Unclaimed dividend
 - Provision for tax
47. Match the following:
- | | |
|---------------------|------------------------------|
| (i) Loose tools | (a) Short term borrowings |
| (ii) Bank overdraft | (b) Cash and cash equivalent |
| | (c) Inventories |
| | (d) Long term provision |
48. Match the following:
- | | |
|---|-------------------------------|
| (i) Cheques in hand | (a) Short-term borrowing |
| (ii) Employees earned leave payable on retirement | (b) Cash and cash equivalents |
| | (c) Inventories |
| | (d) Long-term provisions |
49. Match the following:
- | | |
|---------------------|-------------------------------|
| (i) Public deposits | (a) Inventories |
| (ii) Trade marks | (b) Cash and cash equivalents |
| | (c) Long-term borrowings |
| | (d) Intangible fixed assets |
50. Match the following:
- | | |
|--|---------------------------|
| (i) Accrued income | (a) Inventories |
| (ii) Provision for employees' benefits | (b) Other current assets |
| | (c) Short-term provisions |
| | (d) Long-term provisions |
51. Match the following:
- | | |
|--|-------------------------------|
| (i) Debentures redeemable after 5 years | (a) Long-term provisions |
| (ii) Debentures redeemable within 1 year | (b) Short-term provisions |
| | (c) Other current liabilities |
| | (d) Long-term borrowings |
52. Match the following:
- | | |
|---|--------------------------|
| (i) Net profit as shown by statement of profit and loss | (a) Share capital |
| (ii) Loans payable on demand | (b) Reserves and surplus |
| | (c) Long-term borrowing |
| | (d) Short-term borrowing |