

SEBI - 100 Most Important Question of Accounting || SEBI Paper 2||

- Q1.** The _____ is a concept that measures the profit which a firm earns on investing a unit of capital.
- Return on Investment
 - Yield on Capital
 - Net Profit Ratio
 - Both A and B
- Q2.** The Indian Accounting Standard (Ind AS -1) requires the entity shall prepare its financial statements using ____ of Accounting.
- Cash basis
 - Accrual Basis
 - Going Concern basis
 - Either A or B
- Q3.** A company should decide which disclosures are important and relevant for it based on _____ concept.
- Full disclosure
 - Separate Entity
 - Materiality
 - None of these
- Q4.** Classify Bill Receivable Account
- Personal Account
 - Real Account
 - Nominal Account
 - None of these
- Q5.** Which of the following is correct with respect to Adjustment Entries?
- These are used for rectifying the mistakes or errors done while recording or posting.
 - Those entries which converts a company's accounting record to Accrual basis of accounting
 - These entries are passed after the balance sheet date
 - Both A or B
- Q6.** Which among the following statement is true with respect to Written Down Value Method of Depreciation?
- This method is recognized under Ind AS-16, Income Tax Act and not under Companies Act.
 - The asset can be reduced to zero value in the books
 - The amount of depreciation is same in every year.
 - All of the above statements are true



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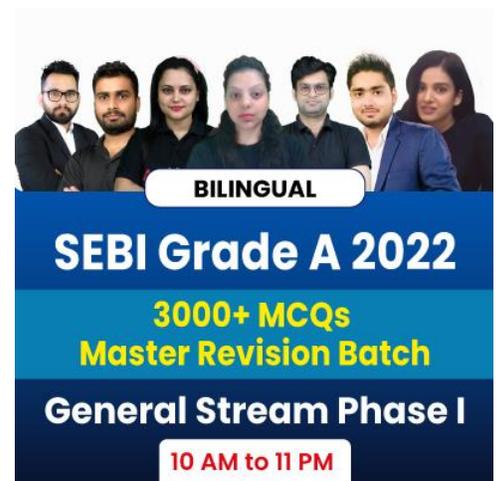
IT Stream Phase I

10 AM to 11 PM

- Q7.** Which among the following statement is/are incorrect with respect to Journal Book?
(a) Journal is a book of prime entry and book of Original Entry.
(b) It is a book in which the transactions are recorded in Chronological order.
(c) While recording entry in Journal proper Dr. is written in right side and Cr. Left side
(d) All of the above
- Q8.** XYZ Ltd. wants to convert its free reserves into share capital. Suggest XYZ Ltd. this can be done by issuing which of the following shares?
(a) Bonus shares
(b) Right shares
(c) Preference shares issue
(d) Equity share issue
- Q9.** From the information, calculate Inventory turnover ratio:
• Inventory in the beginning = 18,000
• Inventory at the end = 22,000
• Net purchases = 46,000
• Wages = 14,000
• Revenue from operations = 80,000
(a) 2 Times
(b) 3 Times
(c) 4 Times
(d) 5 Times
- Q10.** Ram Traders purchased Car on 1.4.20 for Rs. 30 lakh. They are charging depreciation on WDV method. On 31. 3.21 they sold the car for Rs. 16.50 lakh and incurred a loss of Rs. 5 lakh. The rate of depreciation per annum is ____.
(a) 10.33%
(b) 15.33%
(c) 28.33%
(d) None of these
- Q11.** Employees Stock Option cannot be issued to
(a) Managing Director
(b) Permanent Employee
(c) Independent Director
(d) None of these
- Q12.** No company shall purchase its own shares or other specified securities unless buy-back is authorized by its
(a) Memorandum of Association
(b) Registrar of Companies
(c) Shareholders agreement
(d) Article of Association

- Q13.** Maximum buy back limit in any year is ___ of total paid-up equity capital.
- (a) 10%
 - (b) 20%
 - (c) 25%
 - (d) None of the above
- Q14.** A company may purchase its own shares or other specified securities out of
- (A) Free reserves
 - (B) Securities premium account
 - (C) Proceeds of issue of any shares
 - (D) Proceeds of issue of specified securities.
- (a) A and C only
 - (b) A, B, and C only
 - (c) A, C, and D only
 - (d) A or B or C or D
- Q15.** Provisions relating to buying back securities are contained in the Companies Act, 2013.
- (a) Section 77
 - (b) Section 77A
 - (c) Section 68
 - (d) Section 63
- Q16.** Companies are allowed to buy back shares which are:
- (a) Partly paid-up
 - (b) Fully paid-up
 - (c) Partly paid-up or fully paid-up at the option of the company
 - (d) Fully paid-up and partly paid-up with the permission of Central Government
- Q17.** No offer of buy-back shall be made within a period of reckoned from the date of the closure of the preceding offer of buy-back __.
- (a) 6 months
 - (b) 1 year
 - (c) 2 years
 - (d) 10 months
- Q18.** Which of the following section of the Companies Act, 2013 allows a company to offer shares to employees under a scheme of employee's stock option?
- (a) Section 61
 - (b) Section 65
 - (c) Section 62
 - (d) Section 68

- Q19.** _____ means the option given to the whole-time directors, officers or employees of a company, which gives such directors, officers, or employees the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a pre-determined price.
- (a) Employee Stock Purchase
 (b) General Employee Benefits
 (c) Employee Stock Option
 (d) Retirement Benefits
- Q20.** Under ESPS employees are given an option to purchase shares on the spot at a
- (a) Discounted price
 (b) Special price
 (c) Discount price
 (d) Floor price
- Q21.** Bonus Issue is also known as ____.
- (a) Scrip Issue
 (b) Capitalisation Issue
 (c) Both A and B
 (d) Free Issue
- Q22.** Bonus shares are issued to -----
- (a) Debenture holders
 (b) Preference shareholders
 (c) Public at large
 (d) Existing shareholders
- Q23.** Company decided to issue 20,000 fully paid bonus shares of Rs 10 at a premium of Rs 2 per share. Company's share capital will be increased by Rs. ____ .
- (a) Rs. 2,40,000
 (b) Rs. 2,00,000
 (c) Rs. 20,000
 (d) Rs. 1,20,000
- Q24.** Company having undistributed profit Rs 4,00,000. Company decided to issue 10,000 fully paid bonus shares of Rs 10 at a premium of Rs 2 per share. Undistributed profit utilized Rs -----
- (a) Rs 4,00,000
 (b) Rs. 10,000
 (c) Rs. 1,00,000
 (d) Rs 1,20,000
- Q25.** Bonus shares are additional shares given to the existing shareholders ____.
- (a) With additional cost
 (b) Without any additional cost
 (c) At dealing price
 (d) At market value



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General Stream Phase I

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- Q26.** Bonus shares can be issued from -----
- Capital Reserve
 - General Reserve
 - Capital Redemption Reserve
 - All of the above
- Q27.** If a company makes bonus issue at 2:3 then it means
- For every two shares three bonus shares will be allotted
 - For every three shares two bonus shares will be allotted
 - For every five shares three bonus shares will be allotted
 - For every five shares two bonus shares will be allotted
- Q28.** A company has decided to increase its existing share capital by making rights issues to the existing shareholders in the proportion of 1 new share for every 2 old shares held. Calculate the value of the right if the market value of the share at the time of announcement of the right issue is ₹ 576. The company has decided to give 1 share of ₹ 100 each at a premium of ₹ 188 each.
- ₹ 348
 - ₹ 174
 - ₹ 96
 - ₹ 82
- Q29.** Following was the Balance Sheet of BCC Ltd. as of 31st December 2019:
- Equity Shares of ₹10 each ₹ 8,00,000 Securities Premium ₹ 2,80,000
 General Reserve -- ₹ 1,40,000
 Profit & Loss Account -- ₹ 2,40,000
 Sundry Creditors -- ₹ 1,80,000
- The company issued 3 bonus shares for every 4 fully paid-up shares. Securities premium account will be utilized first and then General Reserve. To issue bonus shares Profit & Loss A/c will be debited by___
- ₹ 2,40,000
 - ₹ 1,80,000
 - ₹ 2,00,000
 - ₹ 2,20,000
- Q30.** F Ltd. is planning to raise funds by making rights issue of equity shares to part finance its expansion. The existing equity share capital of the company is ₹ 120 lakh and the market value is ₹ 135 per share. The company offered to its shareholders the right to buy 2 shares at ₹ 36 each for every 5 shares held. You are required to calculate value of rights.
- 22.89
 - 28.92
 - 29.28
 - 28.29

- Q31.** Which of the following is correct regarding the authorized capital of a company:
- (a) it is mentioned in Memorandum of Association of a company
 - (b) it is divided into equity and preference shares and is the maximum amount up to which the company can raise capital.
 - (c) it is called nominal or registered capital
 - (d) all the above are correct statements
- Q32.** Calculate P/E Ratio from the following information. Market Price of the Share – Rs. 10; Earning per Share – Rs. 5
- (a) 2
 - (b) 50
 - (c) 5
 - (d) None of the above
- Q33.** When the shares are issued at a discount by the company, the maximum discount can be:
- (a) 5% of the face value of the share
 - (b) 5% of the market value of the share
 - (c) 10% of the face value of the share
 - (d) 20% of the face value of the share
- Q34.** If shares are forfeited, what journal entry is passed:
- (a) debit share forfeiture account, credit share capital account B. debit share forfeiture account and calls in arrear account, credit share capital account
 - (c) debit share capital account, credit calls in arrear account and forfeited shares account
 - (d) debit share capital account, credit bank account and forfeited shares account
- Q35.** What is meant by the term that the company has a perpetual succession?
- (a) the company is a separate legal entity
 - (b) the death or insolvency of the shareholders does not affect existence of the company
 - (c) the death of the directors affect the existence of the company
 - (d) all the above
- Q36.** If shares are issued at premium, the amount of premium will be transferred to :-
- (a) Share Capital
 - (b) Share Application
 - (c) Securities Premium Account
 - (d) Capital Redemption Reserve
- Q37.** Debenture holders are the ____.
- (a) Creditors of the company
 - (b) Members of the company
 - (c) Debtors of the company
 - (d) Managers of the company

- Q38.** A company has issued shares at Rs.10 with face value of Rs. 10. The shares are issued_____
- at par
 - at premium
 - at discount
 - any of the above
- Q39.** The profit on reissue of shares is transferred to __
- General reserve
 - Securities Premium Reserve
 - Capital Reserve
 - Any of the above
- Q40.** Debit equity ratio is a sub part of _____ solvency ratio.
- Long term
 - Short term
 - Mid term
 - None
- Q41.** Current asset minus current liabilities is equal to _____
- Working capital
 - Gross profit
 - Capital
 - Drawing
- Q42.** Which among the following ratio represents margin of safety for creditors?
- Debt Equity Ratio
 - Fixed Asset Turnover Ratio
 - Current Ratio
 - None of these
- Q43.** Given sales is 26000 and gross profit is 13000, the gross profit ratio is ___?
- 50%
 - 100%
 - 51%
 - 49%
- Q44.** Current assets include only those assets which are expected to be realized within_____?
- 1 year
 - 3 years
 - 6 months
 - None of these

TEST SERIES
ENGLISH



SEBI 2022
Assistant Manager
LEGAL
(Phase -I)

50 TOTAL TESTS

- Q45.** Calculate closing stock from the following data opening stock Rs. 32000, purchase 120000, revenue from operation 140000, gross profit 46000?
- (a) 58,000
 - (b) 160,0000
 - (c) 75,000
 - (d) None of the above
- Q46.** Given sales is 198000 and gross profit is 68000 calculate gross profit ratio?
- (a) 59.18%
 - (b) 62.73%
 - (c) 34.34%
 - (d) 78%
- Q47.** Which among the following ratios are primarily measures of return?
- (a) Liquidity
 - (b) Activity
 - (c) Debt
 - (d) Profitability
- Q48.** The _____ ratios provide the information critical to the long run operation of the firm.
- (a) liquidity
 - (b) activity
 - (c) solvency
 - (d) profitability
- Q49.** The following are the extracts from a Balance Sheet:
- Total Current Assets : Rs. 90,000
 - Inventories : Rs. 45,000
 - Land and Buildings : Rs. 75,000
 - Total Current Liabilities : Rs. 30,000
 - Bank Overdraft : Rs. 5,000
- In this case Quick Ratio would be:
- (a) 1:2
 - (b) 2:1
 - (c) 1.50:1
 - (d) None
- Q50.** When assets are subtracted from liabilities it will be equal to _____.
- (a) Capital
 - (b) Drawing
 - (c) Working Capital
 - (d) None of the above

- Q51.** Balance sheet of a company is required to be prepared in the format given in which schedule or part?
(a) Schedule III Part I
(b) Schedule III Part II
(c) Schedule III-Part IV
(d) Schedule II Part I
- Q52.** What is the expected standard for current ratio?
(a) 2:1
(b) 1:2
(c) 2:3
(d) 3:1
- Q53.** Liquid ratio is also known as _____?
(a) Quick ratio
(b) Acid test ratio
(c) Both a and b
(d) None of the above
- Q54.** If sales are Rs. 600000 and net profit is Rs. 180000 net profit ratio is _____?
(a) 30%
(b) 40%
(c) 23%
(d) 36%
- Q55.** If current ratio is 5.6 and total current liability are Rs. 60000 calculate total current assets?
(a) 336,000
(b) 6000
(c) 60,000
(d) 360,000
- Q56.** Turnover ratios are also known as
(a) Activity Ratios
(b) Performance Ratios
(c) Efficiency Ratios
(d) All of the above
- Q57.** Calculate the Current Ratio from the following information. Current Asset – Rs. 500,000 and Current Liabilities – Rs. 400,000
(a) 2:1
(b) 1.25:1
(c) 1.50:1
(d) None of the above

- Q58.** Sales Rs. 600,000 Gross Calculate the Inventory Turnover Ratio
 (a) 2:1
 (b) 1.25:1
 (c) 1.50:1
 (d) None of the above
- Q59.** Determine debtors turnover ratio if, closing debtors is Rs 30,000, total sales is Rs 5,00,000. Credit sales is 20% of total sales and excess of closing debtors over opening debtors is Rs 20,000.
 (a) 4 Times
 (b) 5 Times
 (c) 6 Times
 (d) None of the above
- Q60.** _____ is a statement which shows the movement or flow in cash within a specific period?
 (a) Cash flow statement
 (b) Fund flow statement
 (c) Bank reconciliation statement
 (d) None of the above
- Q61.** Analysis of cash can be done from which statement?
 (a) Cash flow statement
 (b) Fund flow statement
 (c) Cash Book Statement
 (d) All of the above
- Q62.** Cash flow statement prepared according to the provision of which accounting standard?
 (a) Accounting standard 1
 (b) Accounting standard 2
 (c) Accounting standard 3
 (d) None of the above
- Q63.** Cash flow statement under accounting standard 3 help to analyses the flow of cash through which of the following activities?
 (a) Operating
 (b) Financing
 (c) Investment
 (d) All of these
- Q64.** Which of the following is source of cash?
 (a) Cash withdrawn from bank
 (b) Cash deposit into bank
 (c) Sale of goods casting Rs. 6000 for Rs. 5500
 (d) Both a and b

TEST SERIES
ENGLISH



SEBI 2022
Assistant Manager
Information Technology
(Phase -I)

50 TOTAL TESTS

- Q65.** Which of the following is an example of cash flow from operating activities _____?
- (a) Purchase of machinery for each
 - (b) Purchase of investment
 - (c) Purchase of inventory
 - (d) None of the above
- Q66.** If 6% pref. Share capital Rs. 109000 were redeemed at a premium of 6% while preparing cash flow statement it effects on cash flow will be?
- (a) Cash payment from financial activates Rs. 115540
 - (b) Cash received from operating activities 115540
 - (c) Cash payment from operating activities 115540
 - (d) None of the above
- Q67.** Decrease in the value of current assets and increase in the value of current liabilities is treated as increase in cash from of which activities?
- (a) Operational activities
 - (b) Financial activities
 - (c) Investment activities
 - (d) None of the above
- Q68.** Dividend received by a finance company is classified under which kind of activities while preparing cash flow statement?
- (a) Cash flow from operating activities
 - (b) Cash flow from investing activities
 - (c) Cash flow from financing activates
 - (d) None of the above
- Q69.** Mrs. Rano, engaged in the business of retailing of women cloths, invested Rs. 280000 in the shares of a manufacturing company dividend received on the investment will be?
- (a) Cash flow from investing activities
 - (b) Cash flow from operating activities
 - (c) Cash flow from financing activities
 - (d) None of the above
- Q70.** Depreciation is:
- (a) a method of providing funds for replacement.
 - (b) a process of valuation of fixed asset
 - (c) a process of allocation of the cost of fixed asset
 - (d) None of these
- Q71.** The assumption underlying the fixed instalment method of depreciation is that of.....of the asset over its useful life.
- (a) Charge
 - (b) Equal usage
 - (c) Unequal Usage
 - (d) None of these

- Q72.** As per AS-2, the historical cost of inventories should normally be determined by using—
 (a) FIFO and Weighted Average Cost Method
 (b) FIFO and LIFO Method
 (c) LIFO and Weighted Average Cost Method
 (d) FIFO and Simple Average Cost Method
- Q73.** A Fixed Assets are those assets —
 (a) Which can be converted into cash after the expiry of operating cycle.
 (b) Which can not be converted into cash within 12 months.
 (c) Which can be converted into cash after 12 months.
 (d) Which are not held for their conversion into cash within an operating cycle which normally does not exceed 12 months.
- Q74.** Depreciation is —
 (a) a Non-cash Non-operating Expense
 (b) a Cash Expenditure like other normal expenses
 (c) a Cash Operating Expense
 (d) a Non-cash Operating Expense
- Q75.** A building was purchased for Rs. 4,00,000 on 1.04.2013. On 31st March, 2014, its net realizable value was Rs. 5,00,000. The value of building to be shown in the books as on 31st March, 2014 will be
 (a) Cost or Net realizable value which ever is less
 (b) Cost price
 (c) Net realizable value
 (d) Cost or Net realizable value which ever is more
- Q76.** Depreciation is charged on ____
 (a) Fixed Assets
 (b) Current Asset
 (c) Capital
 (d) Investments
- Q77.** The need for depreciation arises because of ____
 (a) To know the correct profit
 (b) To show correct financial position
 (c) To make provision for replacement of asset
 (d) All of the above
- Q78.** Original cost of a machinery is Rs. 2 lac its salvage value Rs. 40000 after its use by the firm for 5 years. The amount of depreciation shall be:
 (a) Rs. 40000
 (b) Rs. 36000
 (c) Rs. 32000
 (d) none of the above

TEST SERIES
ENGLISH

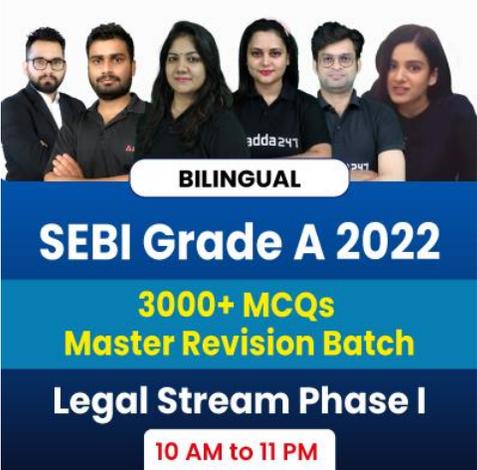


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GENERAL
 (Phase -I)

50 TOTAL TESTS

- Q79.** A firm purchased a machinery for Rs. 2 lac. It is to be depreciated by 20% at written down value method. What will be the amount of depreciation for 2nd year?
- (a) Rs. 40000
 - (b) Rs. 32000
 - (c) Rs. 25600
 - (d) None of these
- Q80.** Pick the odd one out:
- (a) Indian Accounting Standards
 - (b) Securities and Exchange Board of India
 - (c) Generally Accepted Accounting Principles
 - (d) International Financial Reporting Standards
- Q81.** ASB stands for _____
- (a) Accounting Standards Board
 - (b) Auditing Standard Board
 - (c) Accounting Standard Bureau
 - (d) Asian Standard Board
- Q82.** Accounting Standards in India are issued by ____
- (a) Central Government
 - (b) State Government
 - (c) Reserve Bank of India
 - (d) Institute of Chartered Accountants of India
- Q83.** Observance of non-adherence to the accounting standards, policies and practices are the duty of _____.
- (a) Treasurer
 - (b) Company Secretary
 - (c) Finance Director
 - (d) Auditor
- Q84.** What is the objective of formulation and practicing of Accounting Standards?
- (a) To harmonies diverse accounting policies and practices
 - (b) To regulate accounting practices
 - (c) To frame accounting policies of the companies
 - (d) To standardize accounts of companies and firms
- Q85.** In India accounting standards are issued by the Accounting Standards Board under the:
- (a) FICCI
 - (b) Council of the ICAI
 - (c) ICWA
 - (d) Auditor and Controller General of India

- Q86.** Which of the following does not match?
- (a) AS-1 : Disclosure of accounting policies
 - (b) AS-3 : Cash flow statements
 - (c) AS-6 : Accounting for fixed assets
 - (d) AS=9 : Revenue recognition
- Q87.** Where a company does not follow an accounting standard, it has to disclose the following information:
- (a) the deviation from the accounting standards
 - (b) the reasons for such a deviation
 - (c) the financial effects, if any, arising out of such deviation
 - (d) all the above
- Q88.** Where a firm or company does not follow a mandatory accounting standard, the auditors of that firm or company:
- (a) have to prepare the fresh accounts on the basis of accounting standard
 - (b) have to qualify their audit report
 - (c) cannot undertaking auditing assignment
 - (d) have to seek permission of Accounting Standard Board of ICAI.
- Q89.** Consider the following statements with respect to the purpose of Accounting Standards. Identify the correct statement/statements:
- (i) Comparing financial statements easily, thereby improving their reliability.
 - (ii) Providing a set of standard accounting policies, valuation norms and disclosure requirements.
 - (iii) Reduces the scope of creative accounting i.e., interpreting the accounting policies for a favourable presentation of financial statements to a particular group.
- (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) (ii) and (iii)
 - (d) (i), (ii) and (iii)
- Q90.** Which of the following is not a business transaction?
- (a) Bought Laptop of Rs. 50,000 for business
 - (b) Paid taxes on profit generated in business Rs. 5,000
 - (c) Paid sons fees from her personal bank account Rs. 20,000
 - (d) Paid Telephone expense of Rs. 2,000
- Q91.** Financial Statements are part of –
- (a) Accounting
 - (b) Book-Keeping
 - (c) All of the above
 - (d) None of the above



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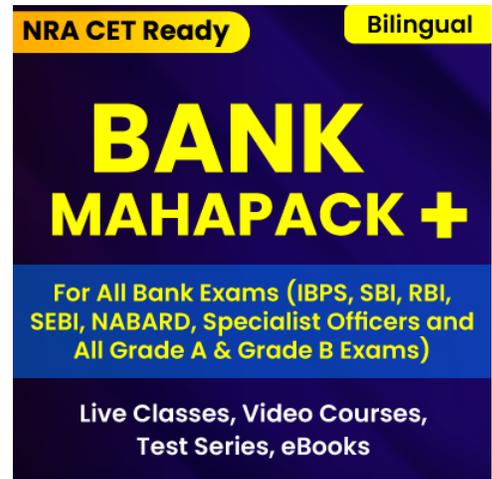
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Legal Stream Phase I

10 AM to 11 PM

- Q92.** Financial statements only consider –
- (a) Assets expressed in monetary terms
 - (b) Liabilities expressed in monetary terms.
 - (c) Assets expressed in non-monetary terms.
 - (d) Assets and liabilities expressed in monetary terms
- Q93.** Accounting measures the business transactions in terms of
- (a) Qualitative Unit
 - (b) Monetary Unit
 - (c) Any of the above
 - (d) None of these
- Q94.** Identified and measured economic events should be recording in order.
- (a) Any
 - (b) Correct
 - (c) Chronological
 - (d) None of these
- Q95.** Which of the following will not be recorded in the books of account?
- (a) Sale of Goods
 - (b) Quality of Staff
 - (c) Payment of Salary
 - (d) Purchase of Goods
- Q96.** Which of the following is not an objective of accounting?
- (a) Maintaining records
 - (b) Estimating profit and loss
 - (c) Providing useful information to various users
 - (d) Recording all the qualitative factors
- Q97.** Accounting is the art of recording, classifying & summarizing in a significant manner and in terms of money, transactions and events which are, in part at least of a financial character and interpreting the result thereof. This definition of Accounting is given by:
- (a) Indian Institute of Chartered Accountants
 - (b) American Accounting Association
 - (c) American Institutes of Certified Public Accountants
 - (d) International Financial Regulation System
- Q98.** Which is the last step of accounting as a process of information?
- (a) Recording of data in the books of accounts
 - (b) Preparation of summaries in the form of financial statements
 - (c) Communication of information
 - (d) None of these

- Q99.** Which of the following is the most appropriate?
- (a) Accounting is the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by the users of accounts.
 - (b) Accounting involves only the recording of those business transactions which are of financial character.
 - (c) Accounting is the art of recording, classifying, summarizing, analyzing and interpreting the business transactions which are of financial character.
 - (d) Accounting is basically an art.



- Q100.** When the shares are issued at a discount by the company, the maximum discount can be:
- (a) 5% of the face value of the share
 - (b) 5% of the market value of the share
 - (c) 10% of the face value of the share
 - (d) 20% of the face value of the share