**State whether the following statements are true or false:**

1. Every holding company is required to present a consolidated balance sheet under the companies act, 1956. ***False***

2. Minirity interest shown in the consolidated balance sheet is the equity held by the outsiders in the subsidiary company. ***True***

3. Cost of control is the exces price paid for investment over and above proportionate share of net assets acquired by the holding company. ***True***

4. There is no need to show inter company dividends in the consolidated profit and loss account. ***True***

5. Profit on revaluation of Fixed assets is a capital profit and depreciation on such amount is a revenue loss. ***True***

6. The financial year of holding and subsidiary company must be the same. ***False***

7. Dividends paid out of pre-acquisition profits must be credited to investment in shares of the subsidiary account. ***True***

8. Dividends paid out of post-acquisition profits must be credited to profit and loss account. ***True***

9. For calculating minority interest there is need to distinguish between capital and revenue profits of the subsidiary. ***False***

10. For calculating cost of control there is no need to distinguish between capital and revenue profits of the subsidiary. ***False***

11. Only external Contingent liabilities are shown as footnote in the consolidated balance sheet but internal contingent liabilities are not shown in consolidated balance sheet. ***True***

12. Issue of bonus shares out of pre acquisition profit or reserves will have no effect on the consolidated balance sheet. ***True***

13. Issue of bonus share out of post acquisition profits by the subsidiary company has the effect of increasing the paid up value of shares and reducing the cost of goodwill of the holding company. ***True***

14. No company can become the subsidiary of another company. ***False***

15. A company has to acquire more than 50% shares of another company in order to become a holding company. ***True***

**Indicate the correct answer:**

1. Preparation of consolidated Balance Sheet of Holding Co. and its subsidiary company as per

a. As 11

b. AS – 22

c. ***AS 21***

d. AS – 23

2. The share of outsiders in the Net Assets in subsidiary company is known as under :

a. outsiders liability

b. Assets

c. subsidiary company's liability

***d. Minority Interest***

3. Pre-acquisition profit in subsidiary company is considered as :

a. Revenue profit

b. ***Capital profit***

c. Goodwill

d. Non of the above

4. Excess of cost of investment over paid up value of the shares is considered as:

a. ***Goodwill***

b. Capital Reserve

c. Minority Interest

d. Non of above

5. Excess of paid up value of the shares over cost of investment is considered as:

a. Goodwill

b. ***Capital Reserve***

c. Minority Interest

d. Non of above

6. Profit earned before acquisition of share is treated as

a. ***Capital profit***

b. Revenue profit

c. General Reserve

d. Revaluation Loss

7. Profit earned after acquisition of share is treated as

a. Capital profit

b. ***Revenue profit***

c. General Reserve

d. Revaluation Loss

8. Preparation of consolidated statement as per AS 21 is

a. Optional

***b. Mandatory for listed Companies***

c. Mandatory for Pvt. Ltd.

d. Companies Ltd. partnership firm

9. Holding Co. share in capital profits of subsidiary company is adjusted in :

a. Cost of control

b. Shown on Assets side of Balance sheet

c. Revenue profit

d. None of above

10. Holding Co. share in revenue profits of subsidiary company is adjusted in :

a. a. Cost of control

b. Shown on Assets side of Balance sheet

***c. Profit and loss account***

d. None of above

11. . Unrealised profit on goods sold and included in stock is deducted from :

a. Capital Profit

***b. Revenue Profit***

c. Fixed Assets

d. Minority interest

12. Face value debentures of subsidiary co. held by Holding Company is deducted from :

a. Debentures

***b. Cost of control***

c. Minority interest

d. Debentures in consolidated balance sheet

13. Which of the following statement is true:

***a. There is no change in the amount of capital reserve before and after issue of bonus share of the issue is made from out of pre-acquisition profit.***

b. There is change in the amount of capital reserve before and after issue of bonus share of the issue is made from out of post-acquisition profit.

c. There is change in the amount of capital reserve before and after issue of bonus share of the issue is made from out of pre-acquisition profit.

d. There is no connection between the issue of bonus shares and the calculation of capital reserve.

14. Consolidated financial statements are prepared on the principle:

a. In form the companies are one entity; in substance they are separate.

b. In form the companies are separate; in substance they are one.

***c. In form and substance the companies are one entity.***

d. In form and substance the companies are separate.

15. Minority Interest includes :

a. Share in share capital

b. Share in Capital profit

c. Share in Revenue profit

***d. All of the above***

16. The Time interval between the date of acquisition of shares in subsidiary company and date of Balance Sheet of Holding Company is known as :

a. Pre-acquisition period

***b. Post-acquisition period***

c. Pre-commencement period

d. Pre-incorporation period.

17. Pre-acquisition dividend received by Holding company is credited to

a. profit & loss A/c

b. Capital profit

***c. Investment A/c***

d. non of the above

18. Post Acquisition dividend received by Holding Company is debited to :

a. Bank A/c

***b. profit & loss A/c***

c. Dividend A/c

d. Investment A/c

19. Which Exchange rate will be considered for conversion of share capital of subsidiary company.

a. Opening Rate

b. closing rate

c. Average Rate

***d. Rate of which date share acquired (actual)***

20. A subsidiary company shall be excluded from consolidation when:

a. Control is intended to be temporary

b. It operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent

c. Always included for consolidation

***d. Both a and b.***