

## MCQ on International Finance

### TYBAF Semester V

1. If portable disk players made in China are imported into the United States, the Chinese manufacturer is paid with
  - a) international monetary credits.
  - b) dollars.
  - c) yuan, the Chinese currency.
  - d) euros, or any other third currency.
  
2. In the foreign exchange market, the \_\_\_\_\_ of one country is traded for the \_\_\_\_\_ of another country.
  - a) currency; currency
  - b) currency; financial instruments
  - c) currency; goods
  - d) goods; goods
  
3. Which of the following examples definitely illustrates a depreciation of the U.S. dollar?
  - a) The dollar exchanges for 1 pound and then exchanges for 1.2 pounds.
  - b) The dollar exchanges for 250 yen and then exchanges for 275 francs.
  - c) The dollar exchanges for 100 francs and then exchanges for 120 yen.
  - d) The dollar exchanges for 120 francs and then exchanges for 100 francs

4. By definition, currency appreciation occurs when
  - a) the value of all currencies fall relative to gold.
  - b) the value of all currencies rise relative to gold.
  - c) the value of one currency rises relative to another currency.
  - d) the value of one currency falls relative to another currency.
  
5. Given a home country and a foreign country, purchasing power parity suggests that:
  - a) the home currency will appreciate if the current home inflation rate exceeds the current foreign inflation rate;
  - b) the home currency will depreciate if the current home interest rate exceeds the current foreign interest rate;
  - c) the home currency will depreciate if the current home inflation rate exceeds the current foreign inflation rate.
  - d) the home currency will depreciate if the current home inflation rate exceeds the current foreign interest rate;
  
6. If purchasing power parity were to hold even in the short run, then:
  - a) real exchange rates should tend to decrease over time;
  - b) quoted nominal exchange rates should be stable over time.
  - c) real exchange rates should tend to increase over time;
  - d) real exchange rates should be stable over time;
  
7. Interest Rate Parity (IRP) implies that:
  - a) Interest rates should change by an equal amount but in the opposite direction to the difference in inflation rates between two countries
  - b) The difference in interest rates in different currencies for securities of similar risk and maturity should be consistent with the forward rate discount or premium for the foreign currency

c) The interest rates between two countries start in equilibrium, any change in the differential rate of inflation between the two countries tends to be offset over the long- term by an equal but opposite change in the spot exchange rate

d) Nominal interest rates in each country are equal to the required real rate plus compensation for expected inflation

8. A forward currency transaction:

a) Is always at a premium over the spot rate

b) Means that delivery and payment must be made within one business day (USA/Canada) or two business days after the transaction date

c) Calls for exchange in the future of currencies at an agreed rate of exchange

d) Sets the future date when delivery of a currency must be made at an unknown spot exchange rate

9. If inflation is expected to be 5 per cent higher in the United Kingdom than in Switzerland:

a) purchasing power parity would predict that the UK spot rate should decline by about 5 per cent;

b) the theory of purchasing power parity would predict a drop in nominal interest rates in the United Kingdom of approximately 5 per cent;

c) expectations theory would suggest that the spot exchange rates between the two countries should remain unchanged over the long run;

d) the efficient market hypothesis suggests that no predictions can be made under a system of freely floating rates.

10. The date of settlement for a foreign exchange transaction is referred to as:

a) Swap date

b) Maturity date

c) Value date

d) Transaction date

11. Hedging is used by companies to:

- a) Decrease the variability of tax paid
- b) Decrease the spread between spot and forward market quotes
- c) Increase the variability of expected cash flows
- d) Decrease the variability of expected cash flows

12. Which of the following is not a type of foreign exchange exposure:

- a) Tax Exposure
- b) Operating Exposure
- c) Transaction Exposure
- d) Translation Exposure

13. Which of the methods below may be viewed as most effective in protecting against economic exposure

- a) Forward contract hedges
- b) Geographical diversification
- c) Money market hedges
- d) None of the above

14. When an enterprise has an unhedged receivable or payable denominated in a foreign currency and settlement of the obligation has not yet taken place, that firm is said to have

- a) Operating exposure
- b) Infinite exposure
- c) Accounting exposure
- d) Transaction exposure

15. The potential for an increase or decrease in the parent's net worth and reported net income caused by a change in exchange rates since the last consolidation of international operations is a reflection of

- a) Translation exposure
- b) Strategic exposure
- c) Economic exposure
- d) Operating exposure

16. Which of the following is not an interest rate derivative used for interest rate management?

- a) Swap
- b) Cap
- c) Interest rate guarantee
- e) All of the above are interest rate derivatives

17. If one anticipates that the pound sterling is going to appreciate against the US dollar, one might speculate by \_\_\_\_\_ pound call options or \_\_\_\_\_ pound put options.

- a) buying; buying
- b) selling; buying
- c) selling; selling
- d) buying; selling

18. Which of the following is true for foreign exchange market?

- a) The futures market is mainly used by hedgers while the forward market is mainly used for speculating.
- b) The futures market and the forward market are mainly used for hedging.
- c) The futures market is mainly used by speculators while the forward market is mainly used for hedging.
- d) The futures market and the forward market are mainly used for speculating.

19. A simultaneous purchase and sale of foreign exchange for two different dates is called

- a) currency devalue
- b) currency swap
- c) currency valuation
- d) currency exchange

20. Counterparty risk is:

- a) The risk of loss when exchange rates change during the period of a financial contract
- b) Based on the notional amount of the contract
- c) The risk of loss if the other party to a financial contract fails to honour its obligation
- d) Present only with exchange-traded options

21. The impact of Foreign exchange rate on firm is called as

- a) Operating Exposure
- b) Transaction exposure
- c) Translation exposure
- d) Business risk

22. Foreign currency forward market is

- a) An over the counter unorganized market
- b) Organized market without trading
- c) Organized listed market
- d) Unorganized listed market

23. Forward premium / differential depends upon

- a) Currencies fluctuation
- b) Interest rate differential between two countries
- c) Demand & supply of two currencies
- d) Stock market returns

24. If transaction exposure are in same dates, then it can be hedged

- a) By purchasing single forward contract
- b) By purchasing multiple forward contract
- c) Cannot be hedged by forward contracts
- d) None of the above

25. Interest rate swaps are usually possible because international financial markets in different countries are

- a) Efficient
- b) Perfect
- c) Imperfect
- d) Both a & b

26. The exchange rate is the

- a) total yearly amount of money changed from one country's currency to another country's currency
- b) total monetary value of exports minus imports
- c) amount of country's currency which can exchanged for one ounce of gold
- d) price of one country's currency in terms of another country's currency

27. Exchange rates
- a) are always fixed
  - b) fluctuate to equate the quantity of foreign exchange demanded with the quantity supplied
  - c) fluctuate to equate imports and exports
  - d) fluctuate to equate rates of interest in various countries
28. If the U.S. dollar appreciates relative to the British pound,
- a) it will take fewer dollars to purchase a pound
  - b) it will take more dollars to purchase a pound
  - c) it is called a weakening of the dollar
  - d) both a & c
29. An arbitrageur in foreign exchange is a person who
- a) earns illegal profit by manipulating foreign exchange
  - b) causes differences in exchange rates in different geographic markets
  - c) simultaneously buys large amounts of a currency in one market and sell it in another market
  - d) None of the above
30. A speculator in foreign exchange is a person who
- a) buys foreign currency, hoping to profit by selling it a a higher exchange rate at some later date
  - b) earns illegal profit by manipulation foreign exchange
  - c) causes differences in exchange rates in different geographic markets
  - d) None of the above

31. The Purchasing Power Parity (PPP) theory is a good predictor of
- a) all of the following:
  - b) the long-run tendencies between changes in the price level and the exchange rate of two countries
  - c) interest rate differentials between two countries when there are strong barriers preventing trade between the two countries
  - d) either b or c
- 32) According to the Purchasing Power Parity (PPP) theory,
- a) Exchange rates between two national currencies will adjust daily to reflect price level differences in the two countries
  - b) In the long run, inflation rates in different countries will equalize around the world
  - c) In the long run, the exchange rates between two national currencies will reflect price-level differences in the two countries
  - d) None of the above
- 33) A floating exchange rate
- a) is determined by the national governments involved
  - b) remains extremely stable over long periods of time
  - c) is determined by the actions of central banks
  - d) is allowed to vary according to market forces)
- 34) Under a gold standard,
- a) a nation's currency can be traded for gold at a fixed rate
  - b) a nation's central bank or monetary authority has absolute control over its money supply
  - c) new discoveries of gold have no effect on money supply or prices

- d) a & b
- 35) The Bretton Woods accord
- a) of 1879 created the gold standard as the basis of international finance
  - b) of 1914 formulated a new international monetary system after the collapse of the gold standard
  - c) of 1944 formulated a new international monetary system after the collapse of the gold standard
  - d) None of the above
- 36) The current system of international finance is a
- a) gold standard
  - b) fixed exchange rate system
  - c) floating exchange rate system
  - d) managed float exchange rate system
- 37) Ask quote is for
- a) Seller
  - b) Buyer
  - c) Hedger
  - d) Speculator
- 38) A simultaneous purchase and sale of foreign exchange for two different dates is called
- a) currency devalue
  - b) currency swap
  - c) currency valuation
  - d) currency exchange

39) If your local currency is in variable form and foreign currency is in fixed form the quotation will be:

- a) Indirect
- b) Direct
- c) Local form
- d) Foreign form

40) In 1944 international accord is recognized as

- a) Breton Wood Agreement
- b) Exchange Agreement
- c) International Trade
- d) Fisher Effect

41) In a quote exchange rate, the currency that is to be purchase with another currency is called the

- a) liquid currency
- b) foreign currency
- c) local currency
- d) base currency

42) An economist will define the exchange rate between two currencies as the:

- a) Amount of one currency that must be paid in order to obtain one unit of another currency
- b) Difference between total exports and total imports within a country
- c) Price at which the sales and purchases of foreign goods takes place
- d) Ratio of import prices to export prices for a particular country

- 43) The Purchasing Power Parity should hold:
- a) Under a fixed exchange rate regime
  - b) Under a flexible exchange rate regime
  - c) Under a dirty exchange rate regime
  - d) Always
- 44) Which of the following is NOT a criticism of a flexible exchange rate system?
- a) Flexible exchange rates tend to be variable and therefore cause more uncertainty
  - b) Flexible exchange rate systems require discipline on the part of central banks that may
  - c) Under flexible exchange rates, trading countries tend to rely more heavily upon
  - d) The flexible exchange rate system reduces the power of fiscal policy
- 45) Arbitrageurs in foreign exchange markets:
- a) attempt to make profits by outguessing the market
  - b) make their profits through the spread between bid and offer rates of exchange
  - c) take advantage of the small inconsistencies that develop between markets
  - d) need foreign exchange in order to buy foreign goods
- 46) It is very difficult to interpret news in foreign exchange markets because:
- a) very little information is publicly available
  - b) most of the news is foreign
  - c) it is difficult to know which news is relevant to future exchange rates
  - d) it is difficult to know whether the news has been obtained legally

47) Covered interest rate parity occurs as the result of:

- a) the actions of market-makers
- b) interest rate arbitrage
- c) purchasing power parity
- d) stabilising speculation

48) A/An \_\_\_\_\_ is an agreement between a buyer and seller that a fixed amount of one currency will be delivered at a specified rate for some other currency)

- a) Eurodollar transaction
- b) import/export exchange
- c) foreign exchange transaction
- d) interbank market transaction**

49) Which of the following may be participants in the foreign exchange markets?

- a) bank and nonbank foreign exchange dealers
- b) central banks and treasuries
- c) speculators and arbitragers
- d) All of the above

50. A forward contract to deliver British pounds for U)S) dollars could be described either as \_\_\_\_\_ or

- a) buying dollars forward; buying pounds forward
- b) selling pounds forward; selling dollars forward
- c) selling pounds forward; buying dollars forward
- d) selling dollars forward; buying pounds forward

**TY B.Com. ( Accounting & Finance)**

**Semester V**

**Cost Accounting III**

**Sample Questions**

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1. \_\_\_\_\_ enables the firm to aim for maximum profit
  - a) Uniform Costing
  - b) Inter firm comparison
  - c) Operating costing
  - d) Batch costing
  
2. Uniform costing is the use by several undertakings the \_\_\_\_\_
  - a) Same Accounting system
  - b) Accounting principles
  - c) Same cost accounting principles
  - d) None of the above
  
3. Uniform Costing is \_\_\_\_\_ of costing
  - a) Method
  - b) Technique
  - c) Neither a method nor a technique
  - d) None of the above
  
4. \_\_\_\_\_ requires mutual understanding among the firm to implement it successfully
  - a) Inter firm comparison
  - b) Operating costing
  - c) Marginal costing
  - d) Job costing
  
5. The important objective of Uniform Costing is to make available with reliable cost data for \_\_\_\_\_.
  - a) preparing cost sheet
  - b) inter-firm comparison
  - c) inviting tenders
  - d) reducing cost

6. Uniform costing helps \_\_\_\_\_ in regulating the prices of production.
  - a) Customer
  - b) Shareholder
  - c) Government
  - d) Wholesalers
7. Uniform costing helps to create customer confidence and improve relation between the \_\_\_\_\_ and the business.
  - a) Customer
  - b) Government
  - c) Participating firms
  - d) Supplier
8. The adoption of Uniform costing is a \_\_\_\_\_ for the successful implementation of the Inter-firm comparison scheme.
  - a) Application
  - b) Pre-requisite
  - c) Tool
9. Inter firm comparison is one of the aims of \_\_\_\_\_.
  - a) Unit costing
  - b) Uniform costing
  - c) Standard costing
  - d) Marginal costing
10. In case of Non Integrated system we prepare \_\_\_\_\_ A/c to give second effect of financial items.
  - a) Cost control Account
  - b) Leger account
  - c) Material Account
  - d) None of the above.
11. The production activity is covered in \_\_\_\_\_ A/c
  - a) Stores ledger control account
  - b) WIP control account
  - c) Overhead control account
  - d) Finished goods control account.
12. There is no journal entry for \_\_\_\_\_ transaction in non-integrated cost accounting system.
  - a) Purchase of material
  - b) Payment of wages
  - c) Transfer of material
  - d) Return of material
13. When material is returned to supplier under non-integrated costing system, the journal entry is \_\_\_\_\_.
  - a. Stores control A/C Debited, Supplier A/C credited
  - b. Supplier A/C Debited , Stores control A/C credited
  - c. Cost ledger Control A/C Debited, Stores control A/C credited
  - d. Stores control A/C Debited, Cost ledger Control A/C
14. \_\_\_\_\_ involves interlocking of cost and financial records.
  - a. Integrated
  - b. Non integrated
  - c. Control account

- d. Subsidiary account
15. Factory overhead incurred Rs. 5,000. Factory Overhead absorbed to WIP A/C 8,000. It refers to as
- a. Under absorption
  - b. Transfer to WIP Account
  - c. Over absorption
  - d. Neither over absorption nor under absorption.
16. The entry to record cost of goods sold includes a credit to \_\_\_\_\_
- a) Raw material inventory
  - b) Finished goods inventory
  - c) Sales
  - d) work in progress inventory
17. In entry under integrated system for Abnormal spoilage \_\_\_\_ A/c is Debited
- a) Profit & Loss
  - b) Finished goods control
  - c) Cost of sales
  - d) Creditors
18. The application of factory overhead usually would be recorded as an increase in \_\_\_\_
- a) Cost of goods sold
  - b) work in progress control
  - c) factory overhead control
  - d) finished goods control
19. Cost unit of a Goods transport company is \_\_\_\_\_
- a) Per Passenger KM
  - b) Ton KM
  - c) KG
  - d) Rate per good
20. Repair of tyre \_\_\_\_\_ cost in operating costing
- a) Variable
  - b) Fixed
  - c) Semivariable
  - d) None of the above
21. If cost is 2,00,000 and profit is 20% on Net takings, calculate profit.
- a) 40,000
  - b) 4,000
  - c) 50,000
  - d) 5,000

22. Cost of oxygen is \_\_\_\_\_ cost

- a) Variable
- b) Semi variable
- c) Fixed
- d) Historical cost

23 . Cost of vehicle Rs. 20,00,000 Life of the asset 10 years, Salvage – Rs. 2,00,000.

Find out depreciation per month.

- a) 1,80,000
- b) 15,000
- c) 18,000
- d) 1,500

24. Operating costing uses the method of \_\_\_\_\_ costing when ascertain the cost of supply of electricity

- a) Operation
- b) Marginal
- c) Process
- d) Job

25. Cost per kilometer is \_\_\_\_\_

- a)  $\text{Operating cost} \div \text{Effective km}$
- b)  $\text{Carriage capacity} \times \text{usage rate}$
- c) cost per K.M
- d) per passenger K.M

26. Applicability of process Account in which industries not applicable\_\_\_\_\_

- a) Mineral
- b) Ore
- c) Quarries
- d) Service

27. \_\_\_\_\_ is loss f material in processing having no recoverable value is called\_\_\_\_\_

- a. **Scrap**
- b. **Waste**
- c. **Spoilage**
- d. **Salvage**

28. On sale of normal loss of material \_\_\_\_\_ account is debited.

- a. **Normal loss**
- b. **Process**
- c. **Sales**
- d. **Cash**

29. Cost of material Rs. 3,00,000 transferred from Process A to Process B at a profit of 25% on selling price. Find out the profit.
- 75,000
  - 1,00,000
  - 7,500
  - 10,000
30. Sale value of abnormal gain is credited to \_\_\_\_\_
- Abnormal gain account
  - Sales account
  - Costing P&L account
  - Cash account
31. Input of Material 1000 kg. Normal loss is expected 10%. Actual output is 1200 units. Find out abnormal gain.
- 300
  - 900
  - 100
  - 600
32. Opening WIP 2000 units, Input of Material 1000 units, Normal loss 100 units, closing WIP 500 units, Calculate units completed and transferred to next process applying FIFO method.
- 2,400
  - 400
  - 500
  - 100
33. \_\_\_\_\_ costing helps to find out the cost of product at different stages of production.
- Process
  - Job
  - Batch
  - Contract
34. Popular method for calculating equivalent production are \_\_\_\_\_
- FIFO
  - Average cost
  - Both a and b
  - Neither a nor b
35. The cost of units of abnormal loss is credited to the \_\_\_\_\_
- Margin A/c
  - Process A/c
  - Loss A/c
  - standard A/c
36. The sale value of units of abnormal loss is credited to the \_\_\_\_\_
- Normal loss account
  - sale account
  - purchase account
  - abnormal loss account
37. In an entry of integral cost accounting of abnormal spoilage or waste \_\_\_ account is debited
- Waste

- b) Profit & loss
- c) Spoilage
- d) Store ledger

38. In process costing what are equivalent units\_\_\_\_

- a) Production output expressed as expected performance
- b) Production of homogeneous goods
- c) Notional whole units representing incomplete work
- d) Unit produced in more than one process

39. Any element that would cause a changes in the cost of activity is cost\_\_\_\_\_

- a) Driver
- b) Centre
- c) Allocation
- d) Production

40. Most appropriate cost driver for the ordering and receiving material cost pool\_\_\_\_

- a) Number of receiving clerk
- b) Number of sales invoice
- c) Number of parts ordered
- d) Number of purchase orders

41. Task associate with an ABC system\_\_\_\_

- a) Calculation of cost application rates
- b) Identification of cost rates
- c) Assignment of cost to product
- d) All of the above

42. ABC leads to control over\_\_\_\_

- a) Labour cost
- b) Material cost
- c) Overhead cost
- d) Machine cost

43. In process costing average method is used when \_\_\_\_ is not given

- a) Stage of completion
- b) Cost of opening WIP
- c) Abnormal loss
- d) Abnormal gain

44. In ABC building depreciation is generally considered an organizational or \_\_\_\_ cost
- a) Maintenance cost
  - b) Standard cost
  - c) Facility cost
  - d) Volume cost
45. Any element that would cause a changes in the cost of activity is cost\_\_\_\_\_
- e) Driver
  - f) Centre
  - g) Allocation
  - h) Production
46. Which of the following is a collection of overheads costs related to cost object\_\_\_\_\_
- a) Cost pools
  - b) Cost drivers
  - c) Cost objects
  - d) Cost allocation**
47. Which of the following is typical cost pool\_\_\_\_\_
- a) Product manufactured
  - b) A service offered to customer
  - c) Direct labour
  - d) A machine used for packaging product
48. Relatives to traditional product costing, ABC differ in the way costs are\_\_\_\_\_
- a) Processed
  - b) Allocated
  - c) Benchmarked
  - d) Incurred
49. In activity based costing final cost allocations assign cost to\_\_\_\_\_
- a) Department
  - b) Processes
  - c) Products
  - d) Activities
50. In ABC direct material used would typically be classified as a\_\_\_\_\_
- a) Unit level activity
  - b) Batch level activity
  - c) Product sustaining activity
  - d) Facility level activities



SEM (SEM V )

TYBAF

SUBJECT: FINANCIAL ACCOUNTANCY –VI

1. Interest payable on deposits which is accrued but not due is shown under \_\_\_\_\_

- A] Deposits
- B] Other liabilities
- C] Advances
- D] Contingent Liabilities

2. Balance sheet of bank is in \_\_\_\_ form as per banking regulation act 1949

- A] A
- B] B
- C] C
- D) D

3. A Banking company must hold a license issued by \_\_\_\_\_

- A] RBI
- B] SEBI
- C] SBI
- D] Central government

4. Normal profit is \_\_\_\_\_.

- A] average profit earned
- B] profit earned by similar companies in the same industry
- C] Loss incurred by similar companies in the same industry
- D] loss incurred

5. Balance sheet & P & L A//C must be prepared as per the form given in \_\_\_\_\_

- A] 1<sup>st</sup> Schedule
- B] 3<sup>rd</sup> Schedule
- C] 2<sup>nd</sup> Schedule
- D) 5<sup>th</sup> Schedule

6. Saving Bank account are disclosed under \_\_\_\_\_

- A] Deposits
- B] Current Liabilities
- C] Fixed Asset
- D] Investments

7. Building Acquired in satisfaction of claim is shown by a bank under \_\_\_\_\_

- A] Fixed Asset
- B] Other Assets
- C] Current Asset
- D] Contingent Liabilities

8. Bills Payable is shown in final accounts of a Bank in \_\_\_\_\_

- A] Schedule 3
- B] Schedule 4
- C] Schedule 5
- D] Schedule 6

9. Provision for non-performing assets of non-banking financial institution is .....for outstanding balance in case of sub-standard assets . \_\_\_\_\_

- A] 10%
- B] 20%
- C] 15%
- D] 5%

10. The policy in which the liability of the insurer is limited is \_\_\_\_\_

- A] Specific policy
- B] Valued policy
- C] Floating policy
- D] Excess policy

11. While deciding net asset value, fictitious assets \_\_\_\_\_ .

- A] should be considered
- B] should not be considered
- C] added to total assets
- D] none of the above

12. Outstanding premium is shown in the Balance sheet under \_\_\_\_\_.

- A] Current Assets
- B] Current liabilities
- C] Advances
- D] Other Assets

13. NBFC's are required to accept public deposits for a minimum period of \_\_\_\_\_ months.

- A] 6 months
- B] 12 months
- C] 18 months
- D] 24 months

14. Calculate Operating Expenses when advertising and publicity is Rs.6000 Auditors fees Rs.1000 ,Legal expenses Rs.400,Commission exchange brokerage Rs.400

- A] 6200
- B] 6600
- C] 7400
- D] 5800

15. The Liability of the Partners in LLP is limited to the extent of their \_\_\_\_\_

- A] As per their mutual understanding
- B] contribution
- C] Equal basis
- D) Profit sharing Ratio

16. All accounting standards and guidance notes issued by .....are applicable to non-banking financial institution .

- A] ICICI
- B] RBI
- C] SEBI
- D] ICAI

17. Insurance business is controlled by \_\_\_\_\_

- A] RBI
- B] SBI
- C] IRDA Regulation2002
- D] SEBI

18. Non- banking financial company are registered under \_\_\_\_\_.

- A] Banking Regulation Act 1949
- B] Companies Act 1956
- C] Reserve Bank of India
- D] IRDA

19. . Following are the factors affecting goodwill except \_\_\_\_\_

- A] Nature of business
- B] Efficiency of management
- C] Technical know how
- D] location of the customers

20 Find the net premium when the Premium earned is 700000, Reinsurance accepted is 200000 and Reinsurance ceded is Rs 50000

- A] 450000
- B] 650000
- C] 500000
- D] 550000

21. Agent Balance is shown in balance sheet of Insurance Company under \_\_\_\_\_

- A] Provisions
- B] Current Liabilities
- C] Advances and other assets
- D] Loans

22. . The total number of schedules to an insurance company's financial statements in India is \_\_\_\_\_

- A] 10
- B] 15
- C] 20
- D] 25

23. General Insurance covers \_\_\_\_\_

- A] Real Property
- B] Personal property
- C] Personal or Real property
- D] Personal and Real property

24. Normal Rate of Return depends on \_\_\_\_\_

- A] Rate of return on investment
- B] Normal Profit
- C] No of years of purchase of super profit
- D] Past performance

25. Insurance business deals with\_\_\_\_\_

- A] Risk Management
- B] Wealth Management
- C] Portfolio Management
- D] Marketing Management

26. General Insurance covers \_\_\_\_\_

- A] Real Property
- B] Personal property
- C] Personal or Real property
- D] Personal and Real property

27. At least \_\_\_\_\_ of the designated partners of every limited liability partnership shall be a resident in India.

- A] One
- B] Two
- C] three
- D] seven

28. . The agency regulates and supervises NBFCs.

- A] Finance Ministry
- B] SEBI
- C] Reserve Bank of India
- D] Respective State Government

29. A partner of LLP has the following right only if provided in the LLP agreement \_\_\_\_

- A] participate in the management of the LLP
- B] get remuneration for participating in the management of LLP
- C] share equal profits in the LLP
- D] transfer his right to share in the profit/Losses of the LLP

30. . Nidhi companies are regulated by \_\_\_\_

- A] RBI
- B] IRDA
- C] SBI
- D) SEBI

31. Revenue A/c is prepared in the form

- A] RA
- B] B- RA
- C] C- RA
- D) D- RA

32. Commission, exchange and brokerage should be treated as \_\_\_\_\_

- A] Other Income
- B] Statutory Reserve
- C] Capital reserve
- D) Revenue Reserve

33. Money at call and short notice of a Bank is shown in schedule number \_\_\_\_

- A] 8
- B] 9
- C] 7
- D] 10

34. NBFC can accept public deposits for a maximum period of \_\_\_\_ months.

- A] 36
- B] 60
- C] 48
- D) 120

35. Other assets does not include \_\_\_\_

- A] Stationery & Stamps
- B] Inter-Office Adjustments
- C] Interest Accrued
- D] Premises

36. . Equipment leasing company is an example of .....

- A] Banking Company
- B] Merchant Banking
- C] Non-banking financial institution
- D] Insurance Company

37. Super profit is the profit earned over and above the \_\_\_\_\_.

- A] Normal profit
- B] Estimated profit
- C] Notional profit
- D] Speculative profit

38. For valuation of shares based on profits an investor compares expected rate of return with \_\_\_\_\_.

- A] Estimated rate of returns
- B] Normal rate of return
- C] Reasonable rate of returns
- D] Future rate of return

39. While calculating capital employed \_\_\_\_\_

- A] Tangible trading assets should be considered
- B] Intangible assets should be considered
- C] Fictitious assets should be considered
- D] All assets should be considered

40. The First Item under Assets in the balance sheet of a Bank is \_\_\_\_\_

- A] Cash and Balance with RBI
- B] Investments
- C] Balance with banks and money at call and short notice
- D] Advances

41. Goodwill is \_\_\_\_\_.

- A] an intangible asset
- B] a current asset
- C] unrealisable
- D] tangible asset

42. Super profit is \_\_\_\_\_.

- A] excess of average profit over normal profit
- B] average profit earned by similar companies
- C] extra profit earned
- D) Average profit

43. . Under capitalisation of super profit method, Goodwill is equal to \_\_\_\_\_

- A] Capitalised value of super profit at NRR
- B] Capitalised value of maintained profit
- C] Capitalised value of total profit at NRR
- D] Capitalised value of normal profit

44. Super Profit is Rs.9,867 and the Normal Rate of Return is 10%. Goodwill as per capitalisation of Super Profit method is equal to \_\_\_\_\_

- A] 98,670
- B] 90,600
- C] 67,910
- D] 95,000

45. If the share of Rs.10 are sold at Rs.12 then Rs.12 is value at \_\_\_\_\_

- A] Par
- B] Premium
- C] Discount
- D) Market

46. Following is the factor that effects goods except \_\_\_\_\_

- A] Nature of Business
- B] Technical know how
- C] Efficiency of management
- D) Location of customer

47. If Average profit = Rs.60000 Normal Profit is Rs.10000, NRR = 10%

Find value of goodwill by capitalization of Super profit.

- A] Rs.500000

- B] Rs.400000
- C] Rs.150000
- D] Rs.300000

48. Capital employed=Rs.200000, average profit for last 3 years is Rs.40000 and NRR is 15%. Calculate goodwill at 4 years purchase of Super profit.

- A] Rs.1,20,000
- B] Rs.40000
- C] Rs.30000
- D] Rs.20000

49. In the absence of LLP agreement, the rights of partners are determined by \_\_\_\_\_ of LLP Act 2008

- A] Schedule I
- B] Schedule II
- C] Schedule III
- D] Schedule IV

50. LLP has minimum\_\_\_\_\_

- A] 7 partners
- B] 2 partners
- C] 50 partners
- D] 3 partners

QUESTION BANK  
TYBAF GST  
SEM 5

1. Mr. Dinesh in Karnataka supplies a television to Mr. Ram in Maharashtra. The television's price is Rs.50000. Mr. Dinesh wants to arrive at the value of tax if rate of tax is 18%. How much it will be?

- SGST and CGST Rs. 3813
- SGST and CGST Rs. 7627
- IGST Rs. 7627
- IGST Rs.9000

2.Mr. Raj purchased goods worth Rs.236000 which included amount of GST at 18%. The seller incurred Rs.5000 towards loading expenses which were not included in the price. Calculate the value of supply as per provisions of section 15 of CGST Act.

- Rs. 241000
- Rs. 205000
- Nil
- Rs.231000

3.Base fare Rs.10000. Convenience charges Rs.1000. Calculate value of supply in case of Domestic bookings for air travel agent

- Rs.5000
- Rs.500
- Rs.550
- Rs.1000

4.Base fare Rs.10000. Calculate value of supply in case of international bookings for air travel agent.

- Rs.10000
- Rs.11000
- Rs.500
- Rs.1000

5.In case of foreign currency exchanged, RBI rate is 1 US\$ = Rs.70 Selling rate is 1 US\$ = Rs.60 Units exchanged = 5000 units Calculate value of supply.

- Rs.50000
- Rs.100000
- Rs.300000
- Nil

6.Number of digits of HSN code required to be placed if turnover in the financial year exceeds Rs.5 crores will be\_\_\_.

- Nil
- 2
- 4
- 5

7.Number of digits of HSN code required to be placed if turnover in the financial year does not exceed Rs. 1.5 crores will be\_\_\_.

- Nil
- 2
- 4
- 5

8.Where on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who has made the payment, \_\_\_\_\_ against the payment.

- Receipt voucher
- Payment voucher
- Refund voucher
- Tax invoice

9.Where a tax invoice has been issued for supply of any goods or services or both and where the goods supplied are returned by the recipient, \_\_\_\_\_ is issued.

- Debit note
- Credit Note
- Tax invoice
- Refund voucher

10. Where a tax invoice has been received for purchase of any goods or services or both and where the goods received are returned to the supplier, \_\_\_ is issued.

- Debit note
- Credit Note
- Tax invoice
- Refund voucher

11. Following contains the details of GST.

- Bill of supply
- Composition scheme dealer's bill
- Rough bill
- Refund voucher

12. Following is there in blocked credit list.

- Purchases from registered dealer
- Purchases from registered dealer but inter-state
- purchases for personal use
- Goods purchased within the state

13. Banking companies get option to pay tax where proportionate Input tax credit disallowable under section \_\_\_\_.

- 17 (1)
- 17 (2)
- 17 (4)
- 15 (4)

14. M/s Punia enterprises has provided information regarding GST paid on Inward supplies for the month of March 2018. You are required to calculate ITC available for the month of March, 2018. i) Audit fees paid to Mr. Joshi for providing sales promotion services Rs.10000 ii) tally services availed Rs.13800 iii) Raw materials used in production process Rs.70000

- Rs.93800
- Rs.70000
- Rs.10000
- Rs.23800

15.M/s Rohit catering services has provided information regarding GST paid on inward supplies for the month of March 2018. You are required to calculate ITC available for the month of March, 2018. i) Purchase of food items from M/s Narmada foods Rs.50000. ii) Outdoor catering services from M/s Shantabai Catering services Rs.10000 iii) Food lost in serving, ITC on which was Rs.14000.

(1.5 Points)

- Rs.60000
- Rs.74000
- Rs.46000
- Rs.20000

36.GST payable as follows: IGST Rs. 50000 SGST Rs.40000 CGST Rs.40000 Opening balance of E-Cash ledger was as follows: IGST Rs. 5000 SGST Rs.30000 CGST Rs.30000 Opening balance of E-Credit ledger was as follows: IGST Rs. Nil SGST Rs.15000 CGST Rs.10000 Calculate Net amount of IGST, SGST and CGST payable.

(1.5 Points)

- IGST Rs. 45000 SGST (Rs.5000) CGST Nil
- IGST Rs.30000 SGST Nil CGST Nil
- IGST Rs.45000 SGST Rs.5000 CGST Rs.10000
- IGST Nil SGST Rs. 10000 CGST Rs.Nil

37.Mr. Kadam is a registered dealer in the state of Maharashtra under GST provides the following information about his business for the month of February 2018. Opening balance of E-Credit ledger: IGST Nil CGST Rs.10000 SGST Rs.12000 Input tax credit available on inward supplies during the month IGST Rs.20000 CGST Rs.30000 SGST Rs.30000 Transactions during the month Sold goods to customer in mumbai Rs.200000 @12% Sold goods to a customer in Pune Rs.300000 @18% Sold goods to a customer in Madhya Pradesh Rs.500000@12%. Calculate Net tax payable by Mr. Kadam

(1.5 Points)

- IGST Rs. Nil SGST Nil CGST Nil
- IGST Rs. 16000 SGST Nil CGST Nil
- IGST 20000 SGST (1000) CGST (3000)
- IGST Rs.20000 SGST (1000) CGST Nil

38.Following purchase is disallowed from not getting Input tax credit.

(1.5 Points)

- Personal goods
- From composition dealer
- From a registered dealer without tax invoice
- Business goods

16.Mr. C provides the following: Value of taxable supply of goods Rs.1500000 @18% Exempt value of supply of goods Rs.1000000 Input tax credit available Rs.200000 Calculate Net tax payable by Mr.C

- Rs. 70000
- Rs. 270000
- Rs.150000
- Rs.120000

17.Composition scheme cannot be availed when turnover exceed Rs.\_\_\_\_\_.

- 5 crores
- 10 crores
- No limit
- 1.5 crores

18.Registration of Non-resident taxable person will be valid for \_\_\_\_ days.

- 30
- 60
- 90
- 120

19.Following is not a special category state.

- Rajasthan
- Uttarakhand
- nagaland
- Tripura

20.The turnover limit who is supplying services only in the state of Maharashtra is Rs.\_\_\_\_\_.

- No Limit
- 2000000
- 4000000

1000000

21. Issue of registration certificate should be done in GST REG \_\_\_\_.

01

02

03

06

22. Sambhaji industries provides you the following information for the month of Oct 2019. Calculate aggregate turnover under GST. Intra-state goods taxable @18% (inclusive of GST) Rs.17,70,000. Intra-state goods taxable @5% (inclusive of GST) Rs. 735000. Intra-state services taxable@12% (inclusive of GST) Rs.448000 Export of goods to USA Rs.450000 Export of goods to Indonesia Rs.310000. Value of inward supplies under RCM Rs.150000. Exempt Service Rs.160000 Exempt goods Rs.300000

Rs.3173000

Rs.4173000

Rs.5000000

Rs.2505000

23. Tax invoice may not be issued if value of goods does not exceed Rs. \_\_\_\_.

500

1000

200

800

24. The revenue of GST will go to \_\_\_\_.

Central Government

State Government

Central and State Government

Private Individuals

25. Following should obtain registration irrespective of turnover.

Agriculturist

Export supply

- Exempt supply
- Inter-state suppliers

26. Following are the demerits of indirect taxes.

- Social welfare
- Difficult to evade
- Flexibility
- No differentiation between rich and poor

27. Mr. Daniyal in Karnataka supplies a television to Mr. Shyam in Maharashtra. The television's price (inclusive of GST) is Rs.50000. Mr. Daniyal wants to arrive at the value of tax if rate of tax is 18%. How much it will be?

- SGST and CGST Rs. 3813
- SGST and CGST Rs. 7627
- IGST Rs. 7627
- IGST Rs.9000

28. Mr. Daniyal in Karnataka supplies a television to Mr. Shyam in Maharashtra. The television's price (inclusive of GST) is Rs.50000. Mr. Daniyal wants to arrive at the value of television if rate of tax is 18%. How much it will be?

- Rs.7627
- Rs. 9000
- Rs. 41000
- Rs. 42372

29. \_\_\_\_\_ means two or more individual supplies of goods and services or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a principle supply.

- Contra supply
- Composite Supply
- Mixed supply
- bundled supply

30.i) Rent from a building let out to Sure Success Coaching classes for providing coaching of TYBAF Rs. 300000. ii) Deluxe hotel rooms are let out at declared tariff of Rs. 1200 per room per day. Number of days for which it is let out= 200 days. Total rooms are 5. Amount Rs.1200000. iii) Normal rooms let out at declared tariff of Rs.1100 per room per day and actual room rent

charged is Rs.700 per room per day. Total amount Rs.505000. Calculate value of taxable services.

- Rs.1500000
- Rs.1200000
- Rs. Nil
- Rs. 2005000
  
- Financial position of supplier

31.Find out the time of supply from the following information: Date of invoice 25/11/2019 Date of statement of accounts 16/11/2019 Date of receipt of payment 20/11/2019

- 25/11/2019
- 16/11/2019
- 20/11/2019
- 5/12/2019

32.Mr. Rutuj purchased goods worth Rs.118000 which included amount of GST at 18%. The seller incurred Rs.3000 towards loading expenses which were not included in the price. Further, municipal taxes paid on such goods were Rs.3200. Mr. Rutuj paid cargo charges expenses of Rs.3000 to bring the goods to his factory. Calculate the value of supply as per provisions of section 15 of CGST Act.

- Rs.145000
- Rs.100000
- Rs. 106200
- Rs.109200

33..Base fare Rs.10000. Convenience charges Rs.1000. Calculate value of supply in case of domestic bookings for air travel agent.

- Rs.10000
- Rs.11000
- Rs.500
- Rs.550

34..Number of digits of HSN code required to be placed if turnover in the financial year exceeds Rs.1.5 crores and up to Rs.5 crores will be\_\_\_.

- Nil
- 2
- 4
- 5

35..Where on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who has made the payment, \_\_\_\_\_ against the payment.

- Receipt voucher
- Payment voucher
- Refund voucher
- Tax invoice

36.GST payable as follows: IGST Rs. 50000 SGST Rs.40000 CGST Rs.40000  
Opening balance of E-Cash ledger was as follows: IGST Rs. 5000 SGST Rs.30000 CGST Rs.30000  
Opening balance of E-Credit ledger was as follows: IGST Rs. Nil SGST Rs.15000 CGST Rs.10000  
Calculate Net amount of IGST, SGST and CGST payable.

(1.5 Points)

- IGST Rs. 45000 SGST (Rs.5000) CGST Nil
- IGST Rs.30000 SGST Nil CGST Nil
- IGST Rs.45000 SGST Rs.5000 CGST Rs.10000
- IGST Nil SGST Rs. 10000 CGST Rs.Nil

37.Mr. Shinde is a registered dealer in the state of Maharashtra under GST provides the following information about his business for the month of February 2018. Opening balance of E-Credit ledger: IGST Nil CGST Rs.10000 SGST Rs.12000  
Input tax credit available on inward supplies during the month IGST Rs.20000 CGST Rs.30000 SGST Rs.30000  
Transactions during the month Sold goods to customer in mumbai Rs.200000 @12% Sold goods to a customer in Pune Rs.300000 @18% Sold goods to a customer in Madhya Pradesh Rs.500000@12%. Calculate Net tax payable by Mr. Shinde

- IGST Rs. Nil SGST Nil CGST Nil
- IGST Rs. 16000 SGST Nil CGST Nil
- IGST 20000 SGST (1000) CGST (3000)

IGST Rs.20000 SGST (1000) CGST Nil

38. Following purchase is allowed as Input tax credit.

- Personal goods
- From composition dealer
- From a registered dealer without tax invoice
- Business goods

39. Value of taxable supply of goods Rs.1500000 @18% Exempt value of supply of goods Rs.1000000 Input tax credit available Rs.200000 Calculate Net tax payable.

- Rs. 70000
- Rs. 270000
- Rs.150000
- Rs.120000

40. Composition scheme can be availed when turnover does not exceed Rs.\_\_\_\_\_.

- 5 crores
- 10 crores
- No limit
- 1.5 crores

41. Registration application has to be submitted within \_\_\_ from the day when aggregate turnover of dealer exceeds prescribed limits.

- 60 days
- 30 days
- anytime
- 90 days

42. Following is not an example of E-commerce operator.

- Amazon
- Flipkart
- Zomato
- Subway

43. First two digits of GSTIN are\_\_\_

- State code
- PAN
- TAN
- Checksum character

44. Registration of Casual taxable person will be valid for \_\_\_ days.

- 30
- 60
- 90
- 120

45. Special category state is\_\_\_

- Mizoram
- West bengal
- Andaman
- Andhra Pradesh

46. The turnover limit who is supplying goods only in the state of Uttarakhand is Rs.\_\_\_\_.

- No Limit
- 2000000
- 4000000
- 1000000

47. Application for registration should be made in GST REG\_\_\_.

- 01
- 02
- 03
- 04

48. Shivaji industries provides you the following information for the month of Oct 2019. Calculate aggregate turnover under GST. Intra-state goods taxable @18% (inclusive of GST) Rs.17,70,000. Intra-state goods taxable @5% (inclusive of GST) Rs. 735000. Intra-state services taxable@12% (inclusive of GST) Rs.448000 Export of goods to USA Rs.450000 Export of goods to

Indonesia Rs.310000. Value of inward supplies under RCM Rs.150000. Exempt Service Rs.160000 Exempt goods Rs.300000

- Rs.3173000
- Rs.4173000
- Rs.5000000
- Rs.2505000

49. Decide whether Mr. A of Maharashtra is liable to register or not. Intra state supply of goods Rs.3000000 Inter-state supply of goods Rs. 500000

- Liable to register
- Not liable to register
- GST to be paid on this transaction
- Not allowed to decide

50. No tax invoice if the value is less than Rs.\_\_\_\_\_.

- 500
- 1000
- 200
- 800

**VIDYALANKAR SCHOOL OF INFORMATION TECHNOLOGY**

**SAMPLE QUESTIONS**

**CLASS: TYBAF; SEMESTER: V**

**SUBJECT: FINANCIAL MANAGEMENT - II**

1. The basic objective of Financial Management is:
  - Maximization of profits.
  - Profit Planning of the organization
  - Maximization of shareholders' wealth
  - Ensuring financial discipline in the organization
  
2. Finance is vital for which of the following business activity (activities)?
  - Marketing Research
  - Product Pricing
  - Design of marketing & distribution channels
  - Marketing Research, Product Pricing and Design of marketing & distribution channels
  
3. Which of the following is a tax-deductible expenditure?
  - Interest on Debt
  - Preference Dividend
  - Equity Dividend
  - Capital appreciation
  
4. Decision involving purchase of fixed assets are also termed as
  - Capital Structure Decisions
  - Capital Budgeting
  - Capital Restructuring
  - Capital Mix Decisions
  
5. Time Value of Money is based on the principle of

A stitch in time; saves nine

A bird in hand; is worth two in a bush

As you sow; so, shall you reap

Hard Work pays in the long run

6. Present Value of a Rupee is always

Equal to its Future Value

Greater than its Future Value

Less than its Future value

Is not related to its Future Value

7. The payback period is the period \_\_\_\_\_

equal to estimated life of the project

Project takes to recover its initial Cash outflow

Project takes to earn maximum

Project takes to earn minimum profit

8. Capital Budgeting decisions involve risk due to \_\_\_\_\_

Time Factor

Money Factor

Human Factor

Calculation Factor

9. Returns on bonds are termed as \_\_\_\_\_

Interest

Dividend

Premium

Bonus

10. A type of preference shares which can be converted into Equity Shares \_\_\_\_\_

Participating Preference Shares.

Cumulative Preference Shares.

Secured Preference Shares.

Convertible Preference Shares

11. Dividend declared between two Annual General Meetings (AGM's) is termed as

\_\_\_\_\_

Stock Dividend

Cash Dividend.

Interim Dividend.

Liquidation Dividend.

12. Capitalization of reserves is also termed as:

Bonus Issue.

Stock Dividend.

Cash Dividend

Liquidation Dividend.

13. Which of the following is an item of Current Assets?

Bank Overdraft.

Receivables.

Outstanding Expenses.

Short Term Loan taken

14. A Balance Sheet tallies; because

It is based on Double Entry System of Accounting.

It is based on Single Entry System of Accounting.

All accounts are Computerized.

Total of Assets equals to the total of Liabilities.

15. Inventories are also termed as \_\_\_\_\_

Stock

Fixed Assets

Current Assets

Shares

16. \_\_\_\_ is a regulatory authority over the entire Capital Markets in India.

RBI.

SEBI.

Stock Exchanges

IRDA

17. Which of the following is an item of current Liability?

Bank Balance.

Bank Overdraft

Cash Balance

Unsecured Loans

18. The abbreviation “NAV” in a mutual fund stands for Lo

New Asset Value.

Non-Achievable Value.

Net Asset Value.

Net Annual Value.

19. The abbreviation “IPO” stands for,

Indian Public offer.

Indian Post Office.

Initial Private Offer.

Initial Public Offering.

20. The abbreviation “SIP” in Mutual Funds stands for.

Simple Investment Plan.

Systematic Investment Plan.

Small Investment Plan.

Social Investment Programme.

21. Internal Funds is also termed as

Ploughing Back of Profits.

Self-financing.

Internal Financing

Ploughing Back of Profits, Self-financing and Internal Financing

22. Rights issue is also called as

Privileged Subscription.

Equity Shares.

Stock Dividend.

Bonus Shares.

23. \_\_\_\_\_ shares are issued free of cost.

Equity.

Rights

Preference.

Bonus.

24. \_\_\_\_\_ increases the number of shares without actually increasing the paid – up value of share capital

Consolidation of Shares

Stock Split-ups

Bonus Issue

Rights Issue.

25. The term “Cum - Dividend” states \_\_\_\_

Including Dividend.

Excluding Dividend

Less Dividend.

None of the above.

26. Dividend Payout ratio is \_\_\_\_

DPS divided by MPS.

DPS divided by EPS.

DPS divided by Face Value.

EPS divided by DPS.

27. The cost of \_\_\_\_\_ capital is the highest.

Equity.

Preference.

Debt.

International.

28. Interest rate is fixed on the principle of

Higher the risk, Higher the return

Higher the risk, Lower the return.

Lower the risk, Lower the return

Lower the risk, Lower the returns and Higher the risk, Higher the return

29. Original investment of XYZ ltd is Rs.9,00,000 and its average annual cash inflows of Rs.75,000. Therefore, it's payback period is\_\_\_\_\_

10.5 years

12 years

5.85 years

6.75 years

30. Annual Cash inflows for a project is Rs.32,500 and its initial investment is Rs. 2,00,000. Therefore, its ARR is \_\_\_\_\_

20.5%

16.25%

18.5%

22.57%

31. NPV of a project with Cash inflows of Rs.1,94,565 and a cash outlay of Rs.1,70,000 is \_\_\_\_\_

13260

24,565

34,565

14,565

32. Market price of TCS ltd is Rs.160 and its EPS is Rs.20. Therefore, its P/E Ratio is \_\_\_\_\_

15 times

8 times

10 times

12 times

33. \_\_\_\_\_ is said to be the lifeblood of the economy

Human Resource

Land

Finance

Premises

34. The word 'Deber' means \_\_\_\_\_

To own something

To owe something to someone

To take something

To give something

35. Secured Debentures are also called as \_\_\_\_\_

Redeemable debentures

Convertible debentures

Mortgage Debentures

Bearer debentures

36. Relationship between bond price and interest rate is \_\_\_\_\_

Direct

Inverse

Unrelated

Correlated

37. An investor requires compensation for assuming risk, which is called \_\_\_\_\_

Interest rate

Risk free rate

Risk premium

Market risk premium

38. The process of calculating future values of cashflows is \_\_\_\_\_

Discounting

Compounding

Factoring

Multiplying

39. \_\_\_\_\_ is an example of annuity.

Principal

Maturity value

Insurance premium

Intrinsic Value

40. \_\_\_\_\_ is used to determine profit per equity shares.

Earnings per share

Return on Capital employed

Return on net worth

Economic profit

41. \_\_\_\_\_ measures how much net profit operating profit exceeds the capital charge.

Economic Value Added

Market Value Added

Shareholder Value Added

Wealth maximization

42. \_\_\_\_\_ is required by an organization during the establishment, expansion, technological innovation, and research and development.

Short-term capital

Long-term capital

Medium term capital

Quick Capital

43. \_\_\_\_\_ are the type of preference shares in which the dividend gets accumulated and paid.

Participating preference shares

Cumulative preference shares

Convertible preference shares

Irredeemable preference shares

44. Type of bonds which can be converted into equity shares are known as \_\_\_\_\_

Callable bonds

Puttable bonds

Junk Bonds

Convertible bonds

45. Debentures which are not easily transferable are known as \_\_\_\_\_

Bearer debentures  
Secured debentures  
Registered Debentures  
Non-convertible debentures

46. The rate of return which is positive even in the absence of any risk is called \_\_\_\_

Interest rate  
Risk free rate  
Risk premium  
Market risk premium

47. \_\_\_\_\_ is a stream of constant cash flows occurring at regular intervals of time.

Annuity  
Principal  
Maturity value  
Intrinsic Value

48. In calculation of \_\_\_\_\_ earnings are related to the total capital employed.

Earnings per share  
Return on Capital employed  
Return on net worth  
Economic profit

49. \_\_\_\_\_ is a traditional profit-based measure.

Economic Value Added  
Market Value Added  
Shareholder Value Added  
Net Operating Profit after tax

50. In weighted average cost of capital, the term “weight” refers to

Rate of interest

Proportion of total capital raised by the firm

Proportion of each source of capital raised

Income tax consideration





13. Purchase consideration as per AS-14 is the amount

- i) shareholders and creditors
- ii) shareholders and debenture holders
- iii) shareholders

- a) only i
- b) Only iii
- c) i and ii
- d) All i, ii, iii

14. On amalgamation if preference shares are Settled at a premium, the premium is \_\_\_\_\_

- a) Debited to Realisation Account
- b) Credited to Realisation Account
- c) Credited to securities premium Account
- d) Debited to Profit and Loss Account

15. . Intrinsic value of each equity share of the transferor company is Rs. 250 and Rs. 400. The ratio of exchange of shares on the basis of intrinsic value is

- a) 2 : 1
- b) 5 : 8
- c) 8 : 5
- d) 1:1

16. Kiran Ltd take over business of Amit ltd and agrees to pay Rs. 70,000 in cash and allot to Amit lts. 50,000 equity shares of Rs.100 each fully paid at an agreed value of Rs.150 per shares. Calculate purchase consideration.

- a) 75,70,000
- b) 75,00,000
- c) 50,70,000
- d) 50,00,000

17. . If total Fixed Assets is Rs. 8,00,000 and outside liabilities is Rs. 1,00,000. Purchase Consideration is Rs.6,00,000, then Realisation Profit or loss will be

- a) 300000 Profit
- b) 100000 Profit
- c) 100000 Loss
- d) 300000 Loss

18. Shareholders holding not less than 90% of the face value of equity share capital in the Vendor Company become the equity shareholders in the purchasing company

- a) In the nature of merger
- b) In the if amalgamation is nature of purchase of business
- c) In the nature of absorption
- d) In the nature of internal reconstruction

19. Sinking Fund appearing in the Balance Sheet o

- a) Realisation Account

- b) Equity Shareholders Account
- c) Preference shareholder Account
- d) Purchasing Co. Account

20. When the merger involves liquidation of one exiting sick company and formation of one new company , it is called \_\_\_\_\_

- a) internal reconstruction
- b) external reconstruction
- c) amalgamation
- d) absorption

21. Stock are converted into Shares. This is known as \_\_\_\_\_

- a) Subdivision of Shares
- b) Re conversion of Shares
- c) Surrender of Shares
- d) Consolidation of Shares

22. Internal Reconstruction is Governed by Sec.

- a) 68
- b) 666
- c) 67
- d) 66

23. Reduction of share capital of a company means reduction in \_\_\_\_\_

- a) Only called up share capital
- b) Subscribed and / or paid-up share capital
- c) Only authorized capital
- d) Only uncalled share capital

24. The scheme of capital reduction is to be approved by \_\_\_\_\_

- a) NCLT
- b) SEBI
- c) Central Government
- d) Shareholders

25. The scheme of internal reconstruction involves \_\_\_\_\_ company

- a) one
- b) two
- c) three
- d) many

26) Balance in Capital Reduction should be transferred to \_\_\_\_\_.

- a) security premium
- b) capital reserve
- c) share capital
- d) Profit & Loss Account

27) When arrears of Preference dividend are cancelled \_\_\_\_\_.

- a) No Entry
- b) Debited to Capital Reduction A/c
- c) Credited to Capital Reduction A/c
- d) Debited to P & L A/c

28) MM Ltd. has 80,000 equity shares of Rs. 100 each fully paid. Each share is sub-divided into equity shares of Rs. 10 each. The number of shares after sub-division will be \_\_\_\_\_

- a) 800000
- b) 8000
- c) 80000
- d) 88000

29) Creditors of the company for Rs. 20,00,000 decided -to forego 40% of his claim. He is allotted 30,000 equity shares of Rs. 40 each in full satisfaction. The amount transferred to capital reduction is

- a) Rs. 8,00,000      b) Rs. 10, 00,000      c) Rs. 4,00,000      d) Rs. 5,00,000

30. Reduction in Share capital of a company means reduction in

- a) Paid up capital                                      b) Called up capital  
c) Authorized capital                                      d) Uncalled capital

31. If the remuneration to liquidator is payable as a percentage of collection

- a) Include opening cash and bank balance  
b) Exclude closing cash and bank balance  
c) Exclude opening cash and bank balance  
d) Exclude both opening and closing cash and bank balance

32. If the remuneration to liquidator is payable on distribution.

- i) Exclude distribution to preferential and unsecured creditors and contributories.  
ii) Include distribution to preferential and unsecured creditors but exclude distribution to contributories  
iii) Exclude distribution to preferential creditors but include distribution to unsecured creditors and contributories  
iv) Include distribution to preferential and unsecured creditors and contributories.  
a) i, ii  
b) i, ii, iii, iv  
c) i, ii,iv

33. Liquidator's statement is prepared under section

- a) 143      b) 153      c) 156      d) 173

34. The first item in order of payment to be made by liquidator is:

- a. Secured creditors  
b. Preferential creditors  
c. *Liquidation expenses*  
d. Preferential creditors

35. The liquidator remuneration was fixed at Rs. 1500 + 2.5% on sale of Asset  
Realised from Assest

Land & Building Rs. 322500, Plant And Machinery 75000, office equipment 19,500,  
Furniture 12,000. The liquidator total Remuneration will be

- a) 10750      b) 12225      c) 1500      d) 12325

36. A creditor for Rs. 10000 holding a charge on the stock of the book value Rs. 12000 (Market value Rs. 8000) is called

- a. Partly Secured creditors
- b. Preferential creditors
- c. Unsecured creditors
- d. Preferential creditors

37. B" List of contributories are not liable:

- i. If shares are fully paid up
- ii. For liabilities after they are ceases to be member of the company.
- iii. If present shareholders paid the unpaid amount of the shares transferred by them.

a) only i b) Only ii c) i and ii d) All i, ii, iii

38. Amount of Call in advance is treated as

- a) Partly Secured creditors
- b. Preferential creditors
- c. Unsecured creditors
- d. Preferential creditors

39. Interest on debentures and unsecured loan is payable up to date of actual payment

- i) If the company is solvent
  - ii) If the company is insolvent
  - iii) Both A and B
  - iv ) Whether company is go on liquidation
- a) Only i b) Only ii c) iii d) iv

40. . In case of voluntary winding up Liquidator remuneration fixed by

- i. Court
  - ii. Members
  - iii. Creditors or Members
- a) only i b) Only ii c) i and ii d) All i, ii, iii

41. The underwriting commission in case of Rs. 4 lakh preference share capital subscribed to by the public under Ministry of finance guidelines, should not exceed

- a) 2.5 percent
- b) 1 percent
- c) 2.00 percent
- d) 1.5 percent

42. According to the companies act the underwriting commission on shares should not exceed

- a) 5 percent
- b) 2.5 percent
- c) 10 percent
- d) 1 percent

43. Marked applications refers to

- i) Application bearing the seal of underwriting
- ii) Application bearing the signature of applicants
- iii) Application issued by company
- iv) Full underwriting by underwriter
  - a) i,
  - b) i, ii,
  - c) i, ii,iv
  - d) iv

44. After receiving intimation from the company regarding unsubscribed shares, the underwriter should subscribe for such unscrbed shares within\_\_\_\_\_

- a) 45day b) 90 days c) 30 day d) 60 days

45. Mahendra Ltd issued 30,000 6% Debentures. Mr. A underwrites 60% of these. Applications received for 28,000 Debentures. Marked applications were 60% of the applications. The net liability of Mr.A would be to subscribe for

- a) 2,000 Debentures
- b) 18,000 Debentures
- c) 1200 Debentures
- d) 16,800 Debentures

46. The underwriter is entitled to claim remuneration on \_\_\_\_\_

- a) The issue price of shares underwritten
- b) The face value of shares purchased
- c) The face value of shares not purchased by him
- d) The Market value of shares

47. When commission is due underwriter A/c is\_\_\_\_\_

- a) Debited b) Credited c) Transfer to Capital A/c d) Transfer to Bank

48. Authorised capital of J Ltd. was 12,50,000 Equity Shares of Rs. 10 Each company issued 80% shares at premium of 2 per shares. The underwriter commission will be .

- a) 6,00,000 b) 4,50,000 c) 5,00,000 d) 6,25,000

49. Authorised capital of J Ltd. was 12,00,000 Equity Shares of Rs. 10 Each company issued all shares at premium of 2 per shares. The underwriter commission will be .

- a) 8,00,000 b) 6,50,000 c) 5,00,000 d) 7,20,000

50. SEBI Established in the year

- a) 1993 b) 1992 c) 1980 d) 1994

