

M.Com semester III – Financial Management

SAMPLE QUESTIONS

Following questions are provided for the benefit of Students. These are indicative

- 1 Share capital is _____
- 2 Debt capital refers to _____
- 3 The most widely used source of short-term funding is _____
- 4 A loan backed by collateral is called a _____
- 5 A firm's profit that is distributed to shareholders is called _____
- 6 Ordinary shares are also called as _____
- 7 Who are the real owners of a company?
- 8 Equity shares cannot be issued for the purpose of:
- 9 Advantages of internal finance do NOT include
- 10 External sources of finance do not include _____
- 11 Internal sources of finance do not include _____
- 12 Which of the following is liability of a bank?
- 13 Commercial paper is a type of _____
- 14 If an amount of Rs. 50 crores is borrowed in the call money market, then the interest rate is decided by _____
- 15 Concept of maximum permissible bank finance was introduced by _____
- 16 The minimum amount of working capital required to enable the concern to operate at the lowest level of activity _____
- 17 Cash working capital includes _____
- 18 Under the gross working capital concept the working capital is equal to _____
- 19 Net operating cycle period is _____
- 20 Which of the following is not an item of current liabilities?
- 21 Total current assets without deducting current liabilities is _____
- 22 Current assets – Current liabilities
- 23 Shortage of working capital may result in _____
- 24 _____ refers to idle funds which earns no return
- 25 Permanent working capital is also known as _____
- 26 If net working capital is negative then it indicates that _____
- 27 The duration of the net operating cycle can be reduced by _____

- 28 Which of the following is not a spontaneous liability?
- 29 In which of the following types of factoring the bad debt loss is not borne by the factor?
- 30 Cash budget does not include _____
- 31 Concentration banking helps in _____
- 32 Miller -Orr model deals with _____
- 33 Baumol's model of Cash management attempts to _____
- 34 Marketable securities are primarily _____
- 35 A lock – box system _____
- 36 Which of the following is not a motive for the companies to hold cash?
- 37 Which of the following defines the amount of cheques deposited by a company in the bank awaiting clearances?
- 38 Which of the following is not a motive to hold cash?
- 39 Difference between the bank balance as per cash book and Pass-book may be due to _____
- 40 Methods of accelerating cash collections include all of the following except _____
- 41 Which security is most often held as a substitute for cash?
- 42 Which of the following is included in the broader sense of cash?
- 43 In a monthly cash report which of the following comes under cash receipts?
- 44 Amul Ltd A/C with a bank is showing a ledger balance of INR 2,00,000/- after issuing a cheque for INR 3000/- and depositing a cheque for INR 800/-. What is the amount of net float in the A/C?
- 45 Suppose the upper limit and lower limit of cash balances are INR 80000/- and INR 20000/- respectively. The return point according to Miller and Orr model will be _____
- 46 5 C's of the credit does not include _____
- 47 Ageing schedule incorporates the relationship between _____
- 48 Which of the following is not a technique of receivables management?
- 49 Which of the following is not a part of credit policy?
- 50 Credit policy of a firm should involve a trade-off between increased _____
- 51 If closing balance of receivables is less than the opening balance for a month then which one is true out of _____
- 52 When a company offers credit terms of 2/10, net 30, the annual interest cost based on 360 days is _____
- 53 Which of the following cost is not a cost of maintaining receivables?

- 54 The one item listed below that is not considered in credit and collection policy decisions is the _____
- 55 EOQ is the quantity that minimizes _____
- 56 In ABC inventory management system, class "A" items may require _____
- 57 Use of safety stock by a firm would _____
- 58 ABC analysis is useful for analysing the inventories/
- 59 Cost of not carrying sufficient inventory is known as _____
- 60 System of procuring goods when required is known as _____
- 61 What is Economic order quantity?
- 62 The Economic order quantity is the order quantity which _____
- 63 The optimal level of inventory is affected by all the following except _____
- 64 An example of a carrying cost is _____
- 65 Just in time manufacturing philosophy reduces the following except
- 66 Avani buys materials from supplier on 8 weeks credit. Materials are delivered and held for 2 weeks before issuing to production. Processing time is 5 weeks and finished goods are held for 4 weeks before being sold. Customers allows 4 weeks credit. How long is cash conversion cycle of business?
- 67 Which of the following equations describes the net operating cash cycle?
- 68 Preference shares, in case the holders of these have a right to convert their preference shares into equity shares at their option according to the terms of issue, such shares are called _____
- 69 Which of the following will cause a decrease in the net operating cycle of a firm?
- 70 If the conversion period is arrived at as 10, it means _____
- 71 What is the annual benefit for a firm with daily sales of INR 30,000/- speeds up collections by 3 days, assuming a 6% p.a. of cost of funds?
- 72 What can be annual cost for a firm, for maintaining accounts receivables if its daily sales are INR 40,000/-, average collection period is 4 days and cost of funds is 8% p.a.
- 73 80% sales of INR 10,00,000 of a firm are on credit. It has receivable Turnover ratio of 8. What is the Average collection period (360 days a year) and Average Debtors of the firm?
- 74 Cash discount term 3/15, net 40 means
- 75 If the EOQ is 400 units, the ordering cost is INR 0.20/-, the carrying cost INR 20/-. How many orders are placed per year?
- 76 Price per unit INR 150/-, annual consumption 2,000 units, ordering cost INR 300 per order and other charges 20% of cost. What should be the quantity of each order?

- 77 The following information regarding inventory policy was assembled by the company. The company uses a 50 week year in all calculations. Sales = 12000 units per year; order quantity = 4000 units; safety work= 1500 units; lead time = 5 weeks. The reorder point is ___
- 78 If a share of Rs. 10 is issued at 10% premium, then issue price of share will be?
- 79 Which of the following results in a collection float?
- 80 Preference shareholders have _____
- 81 A manufacturer used 400 units of component every month and he buys them entirely from outside supplier @INR 40/- per unit. The order placing and receiving cost is INR 100/- and carrying cost is 15% of the value of stock. He should place an order for _____ units.
- 82 Total cost of ordering and carrying inventory INR 870/-
Quantity per order – 1000 units ; Carrying cost @3% ; Fixed cost per order INR 100/-;
Purchase price INR 10/-. The annual usage of material is _____
- 83 A firm averages INR 4000 in sales per day and is paid, on an average within 30 days of the sale. After invoice is received by customer, 55% of customer pay by cheque, while 45% pay by credit card. How much would the company show in accounts receivable on its balance sheet on any given date?
- 84 Amogh Ltd. present sales is INR 20,00,000/- and has extended credit period to 45 days. The company is expecting to increase its sales by INR 5,00,000/- and contribution to sales ratio is 20%. What is additional profit arising out of new sales?
- 85 What is the benefit for firm with daily sales of INR 15000/- to be able to speed up by 2 days. Assuming an 8% annual opportunity cost of funds?

M.Com semester IV – Corporate Financial Accounting
Sample questions

- 1 The sources of regulation which comprise the regulatory framework for financial reporting include _____
2. The abbreviation "GAAP" stands for _____
3. Standards issued by the International Accounting Standards Board (IASB) are known as _____
- 4 One of the main advantages of standardisation in financial reporting is _____
- 5 IFRS1 *First-time Adoption of International Financial Reporting Standards* defines the date of _____

- transition to IFRS as _____
- 6 The role of the IFRS Advisory Council is to _____
- 7 A conceptual framework for financial reporting is _____
- 8 The primary users of general purpose financial reports are _____
- 9 The elements of financial statements which relate to financial position are _____
- 10 An entity which complies with IFRS may depart from the requirements of an international standard _____
- 11 The main financial performance statement is _____
- 12 The main purpose of the statement of changes in equity is _____
- 13 Which of the following items qualifies as property, plant and equipment?
- 14 The "carrying amount" of an item of property, plant and equipment generally refers to _____
- 15 Which of the following would not be included in the cost of an item of property, plant and equipment?
- 16 Which of the following items cannot be included in the cost of inventories?
- 17 The convergence of the Indian Accounting Standards with IFRS began in _____
- 18 The International Accounting Standards Committee was set up in _____
- 19 The accounting process in which the financial statements of a parent company and its subsidiaries are added together to yield a unified set of financial statements is called —
- 20 Accounting in India is governed by the _____
- 21 IAS 33 is required to be used by _____
- 22 Put options on ordinary shares are contracts that give the holder the right to _____
- 23 When an undertaking presents both consolidated and separate financial statements, the disclosures required by IAS 33 need be presented _____
- 24 Dilution is _____
- 25 Basic earnings per share amounts uses the profit attributable to _____
- 26 Basic earnings per share shall be calculated by dividing the numerator by the number of ordinary shares outstanding (the denominator) _____
- 27 Diluted earnings per share is required when _____

- 28 The time weighting factor is the number of _____ that the shares are outstanding
- 29 A loan payable has a carrying value of INR 1000. The repayment of loan will have no tax consequences. Tax rate is 10%. The tax base of loan is _____
- 30 Capitalisation of borrowing cost should cease on the date on which the asset is _____
- 31 Money value of the reputation of a concern measured in terms of its future earning capacity
- 32 Rate of Capital estimated or expected on capital employed
- 33 Excess of average profit earned by the firm over and above the normal profit is _____
- 34 Which is the best method among these for valuation of a firm where not much data about its profit is available and its shares are not actively traded?
- 35 _____ profits are directly related to Goodwill.
- 36 For calculating capital employed assets and liabilities are taken at _____ value.
- 37 _____ method is used to value the shares which is based on the assumption that the company is a going concern.
- 38 _____ profit includes the adjustment for the income and expenses which will be incurred in the past and will incur in the future.
- 39 _____ method value of share is equal to Average rate of dividend divided by NRR and multiplied by amount per equity share.
- 40 Value of share under Intrinsic value method is _____
- 41 The asset which is not fictitious but intangible in nature, having realisable value _____
- 42 For calculating Future maintainable profit _____ are adjusted
- 43 Capital employed for calculation of goodwill is _____
- 44 Which is the best method for valuation of a firm where not much data about its profit is available and its shares are not actively traded.
- 45 Value of equity share under yield method is _____
- 46 Net asset method is used for valuation of _____
- 47 The profit earned more than the normal profit is called _____
- 48 Capitalisation of earnings method is used in the _____ approach.
- 49 Amount of capital used by business concern to run its business activities
- 50 Asset backing method of used for calculation of share is also called _____
- 51 Net tangible assets = _____
- 52 Dividend Divided by Market price of the share X 100 = _____
- 53 Find out Assets available to equity shareholder If total assets = 15,70,000 and current liabilities 1,00,000, General reserve 5,00,000, preference share capital 5,00,000
- 54 Fair value method is used to find out _____

- 55 For calculation of future maintainable profit, the expenses will not incur after amalgamation is _____ from average profit
- 56 _____ is otherwise called minority interest
- 57 Current year profit upto the date of acquisition by holding company is treated as _____
- 58 When the value of investment is less than the cost of investment in shares of subsidiary company, the difference is considered as _____
- 59 _____ is difference between cost of investment and value of investment.
- 60 Deferred tax is a tax on _____
- 61 X acquired 54,000 shares of Y Ltd by exchange of two shares in X Ltd. For every three shares in Y Ltd. The face value of the shares of X Ltd is Rs. 1 each and its market price is Rs. 5 . Find out purchase consideration
- 62 Find out average profit if the profit of 2012 is 10,000 and 2013 is 20,000 and expected that after acquisition there will be auditor's fee to be paid 2,000
- 63 Find the value of Normal profit if average capital employed is 5,90,000 and normal rate of return is 30%
- 64 Find out the value of share under yield method if expected rate of dividend is 15%, normal rate of dividend is 10% and paid up value per share is Rs. 8
- 65 Find out Non-controlling interest. If H company holds 1,20,000 shares and S company holds 80,000 shares.
- 66 Jain Ltd. has a building. The carrying value is INR 60,00,000/-. The company decides to revalue it to a fair value of INR 1,20,00,000/-. Tax rate is 20%. Temporary difference is _____
- 67 Paani Ltd recognised sales tax of INR 60,000/- payable in 2018. But it was paid in 2019. Tax rate is 20%. Deferred tax asset is _____
- 68 ABC Ltd. is having issued Share capital of 40,00,000 shares on 1/1/2013. It issued further 20,00,000 shares for cash on 1/10/2013. Its weighted average number of shares will be _____
- 69 Company's taxable income for the year 2019 is INR 8,00,000. The tax rate applicable to the company is 30%. For the year company had provided INR 2,00,000 for income tax. The actual liability for 2019 was decided at INR 2,15,000. What is paid in 2020?
- 70 An entity buys a machinery on 1st April 2018 for 10 lakhs. This asset has a useful life of 5 years and is depreciated under SLM basis. As per Tax laws depreciation allowed @ 25% SLM. What is the tax base of the asset?
- 71 Calculate goodwill if the goods will of a company is estimated at three years purchase of the average profits of the last five years which are as follows: 2010 – Rs. 12,000 ; 2011 – Rs. 18,000; 2012 – 24,000; 2013 – 30,000; 2014- 36,000
- 72 Find out the value of the share under Net asset method if Capital employed Rs. 10,00,000 and 1,000 equity shares of 10 each.
- 73 Find out the fair value of the share if value of share under net asset method is 150 and Yield method

is 250.

- 74 Deferred tax assets are the taxes recoverable, in future periods, in respect of which of the following
- Deductible temporary difference
 - Unused tax losses
 - Unused tax credits
 - Taxable temporary difference
- 75 The current liabilities of an entity include fines and penalties for environmental damage. The fines & penalties are stated at INR 10 million. The fines and penalties are not deductible for tax purposes. What is the tax base?
- 76 DEL Ltd. is a NBFC company having net worth of INR 600 crores on 1/2/2018. Should the company comply with IND AS?
- 77 Calculate basic EPS if profit is INR 50,00,000/-; 10% Preference shares INR 1,00,00,000/-; no. of shares at the beginning of the year 10,00,000; bonus issued in middle of year 5,00,000.
- 78 Foreign currency loan payable has carrying value of INR 14,000/- after recognizing an exchange gain of INR 1,000/- in come statement. Temporary difference is _____
- 79 Hopeful Ltd wishes to acquire faithful ltd.
For Hopeful Ltd = NPAT– 3,00,000; no. of equity shares – 1,50,000; MPS – INR 20/- per share
For faithful ltd = NPAT– 60,000; no. of equity shares – 60,000; MPS – INR 8/- per share
Number of shares required to be issued by Hopeful Ltd for acquisition of faithful ltd _____
- 80 Mehul ltd issued 10,00,000 equity shares of INR 100 each. Company also issued 10,00,000 10% Debentures convertible of INR 100 each. Conversion ratio is 1:1. NPAT is INR 50,00,000/- rate of tax 30%. Calculate diluted EPS

Indirect taxes – Sample Questions

- GST was introduced in India with effect from _____.
- Constitution Amendment Act, 2016 for GST was ____
- As a result of constitution amendment for GST a Separate List --- has been inserted in the constitution.
- The incidence of tax on tax is called
- Under GST, 'value addition' refers to
- UTGST is applicable when _____.
- Integrated Goods and Services Tax is applicable when _____.

8. SGST is applicable when_____.
9. The tax which was not merged into GST_____.
10. Goods and service tax is a – tax system
11. Goods and service tax is -____
12. Registration limit for supply of goods only in the state of Telengana is_____.
13. Dealers with annual turnover of Rs. 5 crore and above must use -- for their invoices.
14. Registration limit for supply of goods only in the state of Nagaland is_____.
15. Input tax credit in respect of food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery belong to
16. Base metals, gold, silver, articles of jewellery are taxable in India at the rate of_____.
17. The highest GST rate applicable now is

18. Tax Deducted at Source at the rate of 1% is applicable in the case of supplies received by_____.
19. Composite tax is applicable for dealer with turnover up to_____.
20. Under GST law Compensation cess is applicable on_____.
21. Goods which get input tax credit without being liable to collect output tax is called as _____.
22. GST can be collected by_____.
23. -- confers powers to Government of India to collect tax on intra-state supply of goods or services or both.
24. Supply of goods provided, or agreed to be provided, continuously or on recurrent basis, under a contract, is_____.
25. Any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business is_____.

26. A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks, and fruit juices when supplied for a single price is_____.
27. Any person who occasionally undertakes transactions involving supply of goods or
or
services or both, but who has no fixed place of business or residence in India is_____.
28. Supply of goods or services which constitutes the predominant element of a composite supply is called_____.
29. The place of supply of goods imported into India shall be_____.
30. GST registration is mandatory for a dealer dealing in services only in the states other than Special category of States if the aggregate turnover in a financial year exceeds_____.
31. GST payable Rs.100000. Due date 10/10/2020. Actually paid on 10/11/2020. (assume 360 days). Calculate Interest payable under the act.
32. A wholesaler in Ernakulam sends an agent to procure 1,000 bags of sugar from a factory in Chennai. The invoice and other documents are handed over to the agent in Theni as directed by the wholesaler. Later the sugar bags are brought to Ernakulam. Amount paid online from SBI branch Calicut. The place of supply _____
33. Supplied goods Interstate Rs.100000 @18% GST. Calculate CGST payable.
34. Supplier in Maharashtra supplies of Exempt goods Rs.1000000, taxable goods Rs.1000000 and he also provided services of Rs.500000. Calculate aggregate turnover and state whether he is liable to register or not.
35. A supplier supplied goods of Rs. 2240000 inclusive of 12% GST. Calculate aggregate turnover.
36. CGST liability (Rs.150000.) SGST liability Rs. 200000. IGST payable Rs.200000. Calculate net CGST payable.
37. GST liability (Rs.180000.) SGST liability Rs. 350000. IGST payable Rs.350000. Calculate net SGST payable.

38. CGST liability (Rs.150000.) SGST liability Rs. 200000. IGST payable Rs.200000.
Calculate net IGST payable.

39. Output SGST payable Rs.500000. Opening balance of E-credit ledger in SGST Rs.300000. Opening balance of E-cash ledger in SGST Rs.100000. Calculate Net SGST payable.

40. Output Tax collected IGST Rs. 10000 and Input tax credit IGST Rs.5000.
Calculate IGST Payable.

1. GST was introduced in Jammu and Kashmir with effect from___.

2. UTGST is applicable when___.

3. The tax which was not merged into GST___.

4. Goods and service tax is a – tax system.

5. When a GST dealer in Kerala sells a product to a GST dealer or customer in Tamilnadu, the tax collected is ___.

6. After introduction of GST import into India is –

7. After introduction of GST supplies to SEZ are___.

8. GST is a matter of jurisdiction of___.

9. GST dealers with annual turnover of --- are not required to use HSN code

10. Dealers whose annual turnover between Rs. 1.5 crore and Rs. 5 crores need to use___.

11. The lowest tax rate under GST is -----

12. In respect of the additional payment for value of supply like interest, late fee etc., the time of supply is

13. Under GST law SAC refers to –

14. The place of supply of goods imported into India shall be

15. Place of supply of goods exported from India shall be

16. Tax and other dues of a registered person is recorded in

17. GST applicable on Five star Hotel Restaurants is___.

18. Tax Collected at Source at the rate of 2% is applicable in the case of

19. Composite tax is applicable for dealer with turnover up to

20. Registration limit for supply of services only in the state of Manipur is___.

21. Time of supply means the date of issue of invoice or date of payment___

22. Registration limit for supply of goods and services in the state of Maharashtra is___.

22. GST can be collected by

23. ---- confers powers to Government of India to collect tax on intra-state supply of goods or services or both.

24. Under GST law “Aggregate turnover” of a dealer

25. Under GST law “Aggregate turnover” of a dealer is determined

26. Under GST law “Agriculturist” means

27. If it is not possible to determine the time of supply, the time of supply shall be___.

28. Any person who occasionally undertakes transactions involving supply of goods or services

or both, but who has no fixed place of business or residence in India is

29. Output tax of a taxable person,

30. TIN stands for__.

31. A wholesaler in Ernakulam sends an agent to procure 1,000 bags of sugar from a factory in Chennai. The invoice and other documents are handed over to the agent in Theni as directed by the wholesaler. Later the sugar bags are brought to Ernakulam. Amount paid online from SBI branch Calicut. The place of supply is

32. Mr. C sold goods worth Rs. 30000 to Mr. D on 5.8.2017, which were sent on 6.8.2017, the invoice date being 15.8.2017 and the goods were received by Mr. D on 5.9.2017. Time of supply is

33. Mr. Kumar sold goods worth Rs. 40,000 to Mr. Lalu on 2.8.2017, but the payment was received from Mr. Lalu on 2.10.2017. Time of supply is –

34. The managers of ITC Ltd., Kolkata (not registered under GST) are given one week training in Munnar, by Infosys Ltd. Bangalore, for a sum of Rs. 10 Lakhs. Payment given at Mumbai.

The place of supply of service is

35. GST payable Rs.250000. Due date 10/10/2020. Actually, paid on 10/11/2020. (assume 360 days). Calculate Interest payable under the act

36. Supplied goods Interstate Rs.100000 @18% GST. Calculate IGST payable.

37. Supplier in Delhi supplies of Exempt goods Rs.900000, taxable goods Rs.1100000 and he also provided services of Rs.100000. Calculate aggregate turnover and state whether he is liable to register or not

38. A supplier supplied goods of Rs. 3360000 inclusive of 12% GST. Calculate aggregate turnover.

39. CGST liability Rs. 400000 SGST liability (Rs.300000.). IGST payable Rs.400000. Calculate net SGST payable.

40. CGST liability Rs. 300000 SGST liability (Rs.200000.). IGST payable Rs.300000. Calculate net SGST payable.