

1. _____ is a plan of action expressed in financial term.
 - a. Marginal costing
 - b. Uniform costing
 - c. Budgetary control
 - d. Standard costing
2. Budget is prepared for a...
 - a. Indefinite period
 - b. Definite period
 - c. Period of one year
 - d. Six months
3. A budget is tool which helps the management in planning and control of...
 - a. Purchase, production, sales, cash and expenses
 - b. Production activities
 - c. Purchase activities
 - d. Sales activities
4. _____ budget helps to prepare financial statement of the company.
 - a. Zero Base Budget
 - b. Cash Budget
 - c. Master Budget
 - d. Expenditure Budget
5. Under flexible budget _____ cost remains same with respect the number of units produced.
 1. Variable cost per unit
 2. Fixed cost per unit
 3. Total variable cost
 4. Total Fixed cost
 - a. 1 & 2
 - b. 1 & 3
 - c. 1 & 4
 - d. 4 & 3
6. Budgetary control is a _____ costing.
 - a. technique
 - b. method
 - c. procedure
 - d. computation
7. _____ is defined as the amount at any given volume of output by which aggregate costs are changed if the volume of output is Increased or decreased by one unit
 - A. Standard cost
 - B. Marginal cost
 - C. Cost reconciliation

- D. Break even point
8. At Break even point contribution is equal to _____
- A Variable cost
 - B Fixed cost
 - C Total cost
 - D total revenue
9. Marginal costing refers _____
- A Fixed cost
 - B Variable cost
 - C Absorption costing
 - D Total cost
10. Which of the following costs is not deducted from sales revenue in computation of contribution?
- A. Direct labour
 - B Direct material
 - C Variable selling overhead
 - D Fixed factory overhead
11. Under marginal costing cost of products is equal to _____
- A Prime cost and variable overhead
 - B Prime cost
 - C Prime cost and factory cost
 - D Prime cost and fixed overhead
12. Fixed cost = _____
- I Contribution-Profit
 - II BEP X P/V ratio
 - III Total cost – Variable cost
- A I , II
 - B I
 - C I, II, III
 - D I, III
13. Contribution is _____
- I Sales – Variable cost
 - II Sales + Variable cost
 - III Fixed cost + Profit
 - IV fixed cost – Profit
- A I , III
 - B I , II
 - C I, IV
 - D II , III
14. In make or buy decision _____ cost is relevant.
- a. Total cost
 - b. Variable cost
 - c. Fixed cost
 - d. Cost of purchase
15. A cost incurred in the past which do not have impact on current decision is called _____

- a. Fixed cost
- b. Direct cost
- c. Discretionary cost
- d. Sunk cost

16. The concept of _____ is very important for managerial decision making.
- a. Contribution
 - b. Break even point
 - c. Total cost
 - d. Volume of sales.

17. Find out the formula for contribution per Raw material when quantity of raw material is a key factor.

- a. $(\text{Sales} - \text{Variable cost}) / \text{Raw material cost}$
- b. $(\text{Sales} - \text{Variable cost}) / \text{Total quantity of material}$
- c. $\text{Contribution per unit} / \text{Raw material cost}$
- d. $\text{Contribution per unit} / \text{quantity of Raw material}$

18. The scarce factor of production is known as _____

- I Limiting factor
 - II restricted factor
 - III Key factor
 - IV Critical factor
 - V limiting factor
- a. I II III IV
 - b. I III IV V
 - c. II III IV V
 - d. I II III V

19. Expansion of the market is _____ decision.

- a. day to day
- b. long term
- c. short term
- d. normal

20. Labour Efficiency variance = _____

- I $(\text{SH} - \text{AH}) \times \text{SR}$
- II $(\text{AH} - \text{SH}) \times \text{SP}$
- III $(\text{SH} \times \text{SR}) - (\text{AH} \times \text{SR})$
- IV $(\text{SH} \times \text{SR}) + (\text{AH} \times \text{AR})$

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

21. _____ = Labour Mix variance + Labour Yield variance
- A. Labour cost variance
 - B. Labour efficiency variance
 - C. Labour rate variance
 - D. Labour usage variance
22. The difference between actual and _____ cost is known as variance analysis
- A. standard
 - B. budgeted
 - C. expected
 - D. predetermined
23. Material cost variance is non controllable when it arises due to _____
- a. Change in quantity.
 - b. Change in wastage.
 - c. Change in tax rate.
 - d. Change in purchase price.
24. Idle time variance is caused due to _____
- I Power failure
 - II Change in quantity.
 - III Change in efficiency.
 - IV Break down of machinery
- a. I II
 - b. II III
 - c. III IV
 - d. I IV
25. Labour efficiency variable is favourable is _____
- a. Actual hours are less than standard hours.
 - b. Standard hours are less than actual hours.
 - c. Actual hours are equal to standard hours.
 - d. Standard rate is less than actual wage rate.
- 26.** Total Sales (30% Cash sales) = Rs. 1,00,000 for the month of January. Credit period for one month. Find out the amount of sale appear in cash budget for the month of January and February.
- a. 1,00,000
 - b. 1,00,000 & 30,000
 - c. 30,000 & 70,000
 - d. 70,000 & 30,000
27. Find out variable cost and fixed cost producing 2000 units if the cost of producing 5000 units is 1,50,000 (60% variable)
- a. 60,000; 36,000
 - b. 24,000; 36,000

c. 24,000; 36,000

d. 60,000; 24,000

28. Find out the cost of lighting if the level of capacity is increased to 60% from 50%.
Cost of lighting at 50% capacity is 25,000(10% fixed)

a. 30,000

b. 29,500

c. 25,500

d. 27,000

29. Find out Number units to be produced for the months of June, July and August. Sales for the period May 10,000 units, June 15,000 , July 18000 and August 20,000.
Every month end 20% of the goods remains as a stock.

a. 16,000; 18,600, 20,400

b. 12,000; 17,400; 19,600

c. 14,000; 17,400; 19,600

d. 12,000; 18,600; 20,400

30. Find out estimated sale of the phone in Maharashtra region if the company expects 20% increase in sales and decided to decrease selling price by 10%. Old selling price Rs. 10,000 and sales in Mumbai – 30000 units: Pune – 20,000 and Solapur – 10,000 units.

a. 21,60,000 ; 10,80,000 ; 23,40,000

b. 23,40,000; 21,06,000; 10,80,000

c. 32,40,000; 21,60,000; 10,80,000

d. 33,50,000; 21,06,000; 10,80,000

31. Find out Sales at 50%, 80% and 100% capacity if cost of sales are 1,30,000 ; 1,50,000 and 2,00,000. Profit on sales 20%.

a. 32,500; 37,500; 50,000

b. 1,56,000; 1,80,000; 2,40,000

c. 1,62,500; 1,87,500; 2,50,000

d. 1,73,000 ; 2,00,000; 2,66,667

32. Find out contribution if P/V ratio – 40% and sales Rs. 4,00,000

A. 16,000,000

B. 1,60,000

C. 1,000,000

D. 1,00,000

33. Find out Marginal cost if Direct material Rs. 5000 ; Indirect material Rs. 3000; Direct labour Rs. 2000; Indirect labour Rs. 8000 and direct expenses Rs. 4000

A. 14000

B. 18000

C. 5000

D. 11000

34. Find out Break even point in units if Fixed cost 50,000; P/v ratio 50% and number of units produced 500
 A Rs. 200
 B 200 units
 C No sufficient data
 D 20 units
35. Find out desired profit if required sales is Rs. 10,000; Fixed cost Rs. 2000 and P/V ratio 10%
 A Profit 1000
 B Profit 98,000
 C Loss 1000
 D Loss 98000
36. Find out profit if Margin of safety is 40,000 and P/V ratio is 10%
 A. 4000
 B. 40,000
 C. 4,00,000
 D. 400
37. Find out P/ V ratio if sales and cost of 2001- 2,00,000; 1,60,000; 2002- 2,50,000 ; 2,00,000
 a.200%
 b. 800%
 c. 100%
 d. 120%
 (a)
38. Find out Fixed cost if loss is 1,000 ; required sales is Rs. 20,000; and P/V ratio 15%
 A Zero
 B 2,000
 C 4,000
 D 3,01,000
39. Find out profitable product mix and profit. Option 1- A-100 units B- 150 units; Option 2- A-150 units and B-100 units; option 3- A- 50 units and B-200 units; Option 4- A-200 and B-50. Contribution per unit of A-Rs. 5 and B-Rs.3 and fixed cost Rs. 300
 a. Option 4 850
 b. Option 4 550
 c. Option 4 650
 d. Option 4 750
40. Recommend whether the company should accept the export offer of additional 1000 units and price offered is Rs. 30 Per unit

Cost of production of 10000 units Rs. 3,50,000 which consists of variable cost of 1,50,000 and fixed cost of 1,00,000; Cost of export Rs. 20 per units.

- a. Company should accept the offer.
- b. Company should not accept the offer.
- c. Data is not enough to find.
- d. Company either accept or reject.

41. Find out the contribution per key factor if available material quantity is 5000Kg. Material cost for product A (Rs. 50 for 2 kg) – Rs. 10000 and product B (Rs. 20 for one kg)- Rs. 25,000. Contribution for product A- Rs. 50,000 and product B Rs. 80,000

- a. Rs. 125; Rs. 64
- b. Rs. 25; RS. 64
- c. Rs. 250; Rs. 1250
- d. Rs. 2500; Rs. 640

42. Rank the product according to profitability if labour hours is limited. sales Per unit Rs. 80. wages - X (Rs. 100 – 1 hr) Rs. 15,000 ; Y (Rs. 100- 1 hr)- Rs. 20,000; Z (Rs. 100 – 1 hr)- Rs. 40,000 and number of units produced X- 1000; Y – 1500 and Z- 2000 units. Fixed cost incurred is Rs. 50,000.

- a. Rank I- X Rank II – Y Rank III-Z
- b. Rank I- Y Rank II – X Rank III-Z
- c. Rank I- Z Rank II – Y Rank III-X
- d Insufficient data.

43. Calculate the cost saving for the company if they take the decision of shut down one of the plant A and buy the product from outside at Rs. 40 per unit Operating capacity of Plant A – 5000 units and Plant B- 8000 units. It incurs a variable cost of RS. 25 and fixed cost of RS. 1,00,000. Unused plant can be given for rent Rs. 2,00,000

- a. Loss of 75,000
- b. 1,25,000
- c. 2,75,000
- d. 2,00,000

44. Company incurs total variable cost of Rs. 2,00,000 and fixed cost of Rs. 50,000for producing 4,000 units . If the want to expand their market by increasing sales to 10,000 units, how much additional cost it will incur to the company.

- a. 3,50,000
- b. 3,00,000
- c. 5,00,000
- d. 5,50,000

45. Find out Standard cost if standard quantity 400 Kg Standard output 200 units and actual output 1000 units. Standard rate Rs. 10

- A 4000
- B 8000
- C 2000
- D 20,000

46. Standard skilled labour hours 100 and unskilled labour hours 50 ; Actual skilled labour hours is 200 and unskilled labour hours 100. Standard rate Rs. 2 and actual rate Rs. 5. Find out Labour mix variance for skilled labour.

A 200(A)

B 200 (F)

C Nil

D 500(A)

47. Find out Material usage variance if material cost variance is 10000(F) and material rate variance is 60000 (A)

- A 50000(A)
- B 70000(A)
- C 70000(F)
- D 50000(F)

48. Find out sales volume budget if budgeted sales is 1000 units actual sales 800 units and budgeted selling price RS. 20

- a. 4000 (F)
- b. 4000 (A)
- c. 200 (F)
- d. 200(A)

49. Find out Actual price of material if Actual cost is Rs. 10,000 and Standard Quantity is 200 units and actual quantity 100 units.

- A Rs. 50
- B Rs. 100
- C Rs. 5
- D Rs. 10

50. Find out Material Yield variance of Material A and B if Standard quantity of Material A- 300 units Material B – 200 units; Standard price Material A- Rs. 5 and Material B – Rs. 3. Actual quantity of Material A – 250 and Material B-350

- A 300(F);120(A)
- B 300(F);330(F)
- C 550(A); 120(A)
- D 300(A); 120(A)

TYBAF

Subject : Financial Accounting VII

SEM : VI

Sample Questions

1. IFRS are applicable to All the entities having network in excess of Rs.

- a) Rs. 500 crores
- b) Rs. 1500 crores
- c) Rs. 50 crores
- d) Rs. 1000 crores

2. On the Constitutional basis Mutual funds are classified as _____. i) Open—Ended scheme ii) Close—Ended scheme iii) Equity Funds iv) Interval Schemes

- a) i, ii,iii,iv
- b) ii,iii,iv
- c) i, ii,iv
- d) iv ,iii

3. Balance sheet of co-operative housing society has to prepared in _____. i) N form ii) Z form iii) D form iv) B form

- a) i, ii ,iii
- b) i, ii, iii, iv
- c) i, ii,iv
- d) i

4. Net profit of co-operative housing society Rs. 1,80,000 construction cost of flats excluding cost of land Rs. 50,00,000 how much should be transferred to: _____. 1) Reserve Fund 2) Sinking Fund

- a) Rs.45,000 & Rs.12,500
- b) Rs.50,000 & Rs.25,000
- c) Rs.40,000 & Rs.10,000
- d) Rs.55,000 & Rs.22,500

5. Adani Ltd has acquired plant and machinery costing Rs. 40,00,000. Useful life 15 years. The salvage value as per regulation is 10%. The Depreciation on Plant and Machinery will be

- a) Rs.4,00,000
- b) Rs. 2,40,000

- c) Rs.3,60,000
- d) Rs. 4,40,000

6. Statement I: Interest is calculated on face value of the securities.
Statement II : Ex-int price includes interest accrued.

- Statement I is true , Statement II is False
- Statement I is False , Statement II is True
- Both I and II False
- Both I and II True

7. Statement of Cash Flow is dealt with by

- IND AS 7
- IND AS 11
- IND AS 1
- IND AS 13

8. Long term investments are carried at _____

- a) Fair value
- b) Cost price
- c) Cost or market whichever is less
- d) Market value

9. The Maharashtra coop societies Act was passed in

- a) 1912
- b) 1960
- c) 1980
- d) 1961

10. The cost of right shares is _____

- a) Added to the cost of the investment
- b) Subtracted from the cost of investment
- c) No treatment is required
- d) Consider as new investment

11. Short term investments are carried out at _____

- a) Fair value

- b) Cost price
- c) Cost or market whichever is less
- d) Market value

12. Investments intended to be held for less than 12 months is called _____ investment.

- a) annual
- b) current
- c) long-term
- d) trade

13. If the investment are sold at loss then it adjusted in _____ A/c

- a) P & L A/c
- b) Dividend A/c
- c) Income & Expenditure A/c
- d) Loss on investment A/c

14. Each side of investments account have _____ columns of amount.

- a) 2
- b) 3
- c) 4
- d) 1

15. The requirements regarding investment are specified in Accounting Standard _____.

- a) 12
- b) 11
- c) 13
- d) 14

16. Register of members should be maintain in form

- a) A
- b. I
- C. D
- d. C

17. Balance Sheet and Profit and Loss A/c of a cooperative society should be prepared in form _____

- a. A
- b. C
- c. N
- d. B

18. Live Stock should be disclosed under _____

- a) Current Assets
- b) Fixed Assets
- c) Other Assets
- d) Misc. Expenditure

19. The amount to be set aside for charitable purpose is _____

- a. 10%
- b. 20%
- c. 25%
- d. 35%

20. Annual statements of accounts should be prepared within ____ days of close of the accounting year.

- a. 45 Days
- b. 90 Days
- c. 65 Days
- d. 180 Days

21. The ICAI has decided to adopt IFRS wef. ____

- a) 1-4-2012
- b) 1-4-2011
- c) 1-4-2013
- d) 1-4-2015

22. The countries which have adopted IFRS are _____

- a) Africa
- b) West Asia
- c) Asia Pacific Regions
- d) Africa , West Asia & Asia Pacific Region

23. IFRS are the__

- a) Sets of financial reporting standards
- b) Rules of accounting
- c) Sets of auditing standard
- d) Accounting Principle

24. The first reporting period as per IFRS is__

- a) 2009-10
- b) 2011-12
- c) 2008-09
- d) 2015-16

25. Till date the number of IFRS interpretations issued is _____.

- a) 12
- b) 18
- c) 16
- d) 21

26. Electricity tariffs are fixed_____

- a) By appropriate commissions
- b) Under Electricity (Supply) Act, 1948
- c) Under Electricity Act 1910
- d) Under Electricity Regulatory Commission Act, 1998.

27. Grant received under APDRP of Ministry of power is accounted for

- a) As a liability
- b) As a reserve
- c) As a capital reserve
- d) As a reduction in cost of fixed assets

28. The Full Form of SIP _____

- a) Systematic Investment Plan
- b) Systematic Inward Plan
- c) System Inward Progress
- d) Sound Investment Plan

29. Depreciation in Electricity company final accounts is provided as per ___

- a) Regulation 2009
- b) Regulation 2003
- c) Regulation 2004
- d) Regulation 2010

30. Depreciation Rates as per Central Electricity Regulatory Commission in the case of Power Plant is ___

- a) 5.25 percent
- b) 5.28 percent
- c) 6.33 percent
- d) 15 percent

31. Mutual fund costs include _____

- a) Operating Expenses
- b) Sales Charges
- c) Advertising Charges
- d) operating Exp + sales charges

32. NAV of Mutual Fund scheme means _____

- a) Net Assets Value
- b) Net Annual Value
- c) Normal Annual Value
- d) Normal Asset Value

33. The organization that manages the investment in Mutual Fund known as ___

- a) Assets Management Company
- b) Investment Company
- c) Management Company
- d) Performing Company

34. A Close Ended Scheme has a _____ Maturity period

- a) Fixed
- b) Stipulated
- c) Fluctuating
- d) Mid-interval

35.State Bank of India Launched Mutual Fund in ____ year

- a) 1964
- b)1956
- c) 1946
- d) 1987

36.Jay Ltd. holds 14% Debentures of the face value of Rs. 50,000 in Reliance Ltd. Interest is payable on 30th June & 31st Dec. every year. The debenture were purchased on 1st July,2019. Accounts closed on 31st March every year. The accrued interest on 31st March,2020 was _____.

- a) 3500
- b) 3250
- c) 1750
- d) 7000

37.Abhishek had 10000 equity shares of Rs. 10 each in Raja Ltd a cost of investment was Rs. 1,60,000. The company issued bonus shares in the ratio of in the ratio of 1 bonus share for every 4 shares. Then total no of shares were____ at the end of year.

- a) 12500
- b) 10000
- c) 20000
- d) 2,500

38.IFRS will Facilitate i) better access and reduction in the cost of capital raised from global market ii) easy borrowing from Indian Capital Market iii) improvement in comparability of financial information

- a.) Only i
- b.) Only ii
- c.) i & ii
- d) i,ii & iii

39.Match the pairs

Group A	Group B
1.IND AS 2	i. Lease
2.IND AS 17	ii. Biological asset
3.IND AS 33	iii. EPS
4.Living Animals	iv. Intangible assets
5.Patents	v. Inventories

- a.) 1-v , 2-i , 3-iv , 4-ii , 5-iii
- b.) 1-v , 2-i, 3-iii , 4-ii 5-iV
- c.) 1-iv , 2-i , 3-v , 4-ii , 5-iii

d.) 1-iv , 2-v, 3-i , 4-ii , 5-iii

40. The Maruti- Suzuki Ltd. is authorized to issue 2,00,000 shares of equity shares. It had issued 60,000 shares of Rs, 10 each till now company called Rs 5 from share holder then amount of i) in authorized share capital ii) and issued & paid up share capital will be

- a) Rs. 20,00,000 & 6,00,000
- b) Rs. 20,00,000 & 3,00,000
- c) Rs. 20,00,000 & 5,00,000
- d) Rs. 26,00,000 & 6,00,000

SEM VI

FACULTY: AGNUS A MELEDATH

SUBJECT: FM 3

SAMPLE QUESTIONS

Q.1. FILL IN THE BLANKS WITH APPROPRIATE OPTIONS

1) Commercial Papers is a type of _____

A] Fixed Coupon Bond

B] Unsecured Short Term Debt

C] Equity Share Capital

D] Government Bond

2) An acquirer offers to buy shares directly from the shareholder is known as _____

A] Poison pill

B] White Knight

C] Tender offer

D] Take over

3) In India, Commercial Papers are issued as per the guidelines issued by _____

A] SEBI

B] Forward Market Commission

C] RBI

D] Government

4) Public Deposits are accepted for a maximum of _____

A] 2 years

B] 3 years

C] 1 years

D] 5 years

5) Restructuring is a process of _____

a) Changing Capital structure

b) Changing staffing

c) Changing Organisation of a business

d) All of the above

6) _____ means the action of an organization or government selling or liquidating an asset or subsidiary.

A] Merger

B] Joint Venture

C] Takeover

D] Disinvestment

7) _____ is the process of making changes in the composition of a firm's one or more business portfolios in order to have a more profitable enterprise.

- A] Corporate reconstruction B] Communication
 C] Ownership D] Capital structure

8) Provision for taxation is Rs 1,00,000. The tax liability of the company is settled at Rs. 80,000 and it is paid immediately. Amount credited to capital reduction account is ____

- A] Rs. 85,000 B] Rs. 1,00,000
 C] Rs. 60,000 D] Rs. 20,000

9) Calculate EVA. when NOPAT = 1600, Capital employed = 1500 and WACC = 10%

- A] Rs 1600 B] Rs 1750
 C] Rs 1450 D] Rs 1500

10) Calculate P/E ratio when MPS = Rs 800 and EPS = Rs 20

- A] 0.025 B] Rs 50
 C] Rs 16000 D] Rs 40

11) Match the pairs

A	B
1) Financial Lease	a. Lessor bears insurance cost
2) Leasor	b. leasing for obtaining finance for running the business along with the asset
3) Operational Lease	c. Owner of equipment
4) Sales and Lease back	d. Capital Lease
	e. Right to use equipment

1-d , 2-c , 3- a , 4- b

1-e , 2-c , 3- a , 4- b

1-b , 2-c , 3- a , 4- d

1-d , 2-e , 3- a , 4- b

12) While calculating EPS _____

- A] Preference dividend is deducted from NPAT
- b) Preference dividend is ignored
- c] Preference dividend is added to NPAT
- d) None of the Above

13) Average Profit is Rs 19,167 and normal profit is Rs 10,000. The Super Profit is _____

- A] Rs 9,167
- B] Rs 29,167
- C] Rs 19,167
- D) Rs 10,000

14) Spontaneous source of working capital _____

- a) Trade creditor
- b) Bills Payable
- c) Notes payable
- d) all of these

15) Internal long term source include _____

- a) Retained profit
- b) Depreciation
- c) (a) and (b)
- d) Share Capital

16) External short -term sources include _____

- a) Bank overdraft
- b) all of these
- c) Public Deposits
- d) cash credit

17) Working capital finance is provided against _____

- a) Accounts Receivable
- b) Inventories

- c) Both (a) and (b)
- d) Machinery

18) The charge for working capital finance may be _____

- a) Floating
- b) Trust receipt
- c) Pledge of warehouse receipt
- d) all of these

19) Cash credit is permitted against _____

- a) Pledge
- b) Hypothecation
- c) Mortgage
- d) both (a) and (b)

20) Public deposit are accepted for a maximum of

- 2 year's
- 3 years
- 5 years
- 1 year

21) Factor advances up to 70% to 80% of debt due in _____

- a) Recourse factoring
- b) Non-Recourse factoring
- c) Finance Factoring
- d) all of the above

22) Under hire purchase agreement right of ownership

- a) Agreement is signed
- b) Last installment is paid
- c) Down payment is made
- d) none of these

23) In case of default in payment the seller under his higher purchase can

- a) Take back possession of goods Charge penalty to the buyer
- b) Take legal action against the buyer
- c) charge penalty to the buyer
- d) None of the above

24) Under hire purchase agreement the purchaser agrees to pay to the vendor

-
- a) Interest only
 - b) Cash price
 - c) Cash price and interest
 - d) None of the above

25) Pam Ltd. is intending to acquire Sam Ltd. by merger and the following information is available in respect of the companies.

PARTICULARS	PAM	SAM
Equity Shares	90000	40000
EAT	270000	80000
Market price(Rs)	24	12

Calculate the present EPS of both the companies

- 3 : 2
- 2: 2
- 24:12
- 4:6

26) Rock Ltd. is intending to acquire Star Ltd. by merger and the following information is available in respect of the companies.

PARTICULARS	Rock	Star
Equity Shares	50000	30000

EAT	250000	630000
Market price(Rs)	25	15

If the proposed merger takes place, what would be the new EPS for Rock Ltd. (assuming that the merger takes place by exchange of equity shares and the exchange ratio is based on the current market prices)?

5 : 21

7:21

4:3

13:12

(27) Sun Ltd. is intending to acquire Moon Ltd. by merger and the following information is available in respect of the companies.

PARTICULARS	Sun	Moon
Equity Share Capital(Rs 20 per share)	180000	160000
EAT	270000	640000
Market price(Rs)	25	15

Calculate the present Price Earnings Ratios (P/E Ratios) of both the companies?

0.833 : 0.188

0.123 : 0.134

0.333 : 2.342

1.234 : 4.322

(28) Following data is available for S and L Ltd.

Particulars	S Ltd	L Ltd
NPAT	1000 lakhs	200 lakhs
Equity shares	100lakhs	50 lakhs
P/E Ratio	10	5

Calculate the MPS for both the companies

200:40

100 :30

100 :20

200:10

(29) The good reasons for Merger and Acquisition do not include _____

1) supporting value-added growth

- 2) increasing earnings per share
- (3) complementing business strategies
- (4) stopping a competent or merging or taking over

(30) Justifications for Merger and Acquisition do not include _____

- 1) to gain economies of scale
- (2) to enter new markets
- (3) to increase risk
- (4) to achieve synergy

(31) Following data is available for A and B Ltd.

Particulars	A Ltd	B Ltd
NPAT	150000	250000
Equity shares	10000	90000

Calculate no of shares issued by A to B if the swap ratio is A will absorb B Ltd. by issuing 1 share for every two held by the shareholders of B Ltd,

- 6500
- 4500
- 6500
- 5000

(32) Managerial motives for Merger and Acquisition do not relate to _____

- a) emoluments
- b) job security
- c) power
- (d) dividends

(33) The three broad approaches to company valuation do not include

- a) future earnings valuation
- b) inventory valuation
- c) stock market
- d) asset valuation

(34) Asset-based company valuations do not include the

- a) marginal cost method
- b) book value method

- c) realizable value
- d) replacement cost method

(35) Earnings-based company valuations do not include the:

- a) P/E method
- b) DCF method
- c) ABC method
- d) ARR method

(36) Other reasons for company valuations do not include:

- (1) tax evasion
- (2) inheritance tax assessment
- (3) security for loans
- (4) capital gains tax assessment

(37) Which of the following are commonly cited reasons for M&As?

- (a) Synergy
- (b) Market power
- (c) Strategic realignment
- (d) All of the above

(38) A merger is a combination of businesses in which _____

- a) two businesses combine to form a new business.
- (b) the participants are necessarily comparable in size, competitive position, profitability, and market capitalization.
- (c) one of the two firms becomes a wholly owned subsidiary of the other firm
- (d) none of the above.

(39) Vertical mergers are those in which the participants are

- (i) in the same industry
- (ii) in different industries
- (iii) in different phases of the value chain
- (iv) none of the above

40) Financial motives for M&As do not relate to

- (1) earnings per share

- (2) corporation tax
- (3) value added tax
- (4) unemployed tax shields

41) State which is the correct statement :

Plant and Machinery Rs 2200000

If the assets are revalued :

Plant and Machinery Rs 1400000 as a part of reconstruction.

The Plant and Machinery A/c is credited by Rs 1400000

The Plant and Machinery A/c is debited by Rs 800000

The capital reduction account is debited by Rs 800000

The capital reduction account is credited by Rs 800000

42) State which is the correct statement :

The company has 30000 equity shares of Rs 10 each Rs 300000

When Equity shares are reduced to Re 1 each as a part of reconstruction.

The capital reduction account will be credited by Rs 180000

The capital reduction account will be credited by Rs 300000

The capital reduction account will be debited by Rs 200000

The Equity share capital account will be credited by Rs 200000

43) Calculate the WACOC

If Capital employed = Rs 1000 crores

Debt Equity Ratio is 1:4

Cost of Equity 18%

Cost of Debt 15%

Tax rate 35%

EBIT = Rs. 300 crores

16.35 %

12.34%

11.32%

14.25%

44) A firm sells 130 days commercial paper of Rs 100 each for Rs 96 net calculate the interest yield .Assume 360 days

11.54%

11.53%

12.34%

18.22%

45) Under lease transaction cost of machine is Rs 50000 ,Term of lease is 5 years what will be the installment amount.

20000

10000

30000

15000

46) The amount of current assets = Rs 340000

Current liabilities = Rs 210000

Find the MPBF by first method

97500

34500

67500

27600

47) Under hire purchase contract the machine cost Rs 30,00,000 on the following terms:

Interest Rate ;15% for 3 years

Calculate the interest for the third year.

450000

250000

300000

150000

48) Fair value of a share is equal to _____

a) Intrinsic Value only

- b) Yield value only
- c) Average of Intrinsic and Yield Value
- d) None of the above

49) Match the pairs

A	B
1) Friendly Takeover	a. Only happen in public Listed company
2) Hostile takeover	b. Buying and selling of company's assets that comprise of far greater than half of the target companies consolidated assets.
3) Asset Liability reconstruction	c. Golden parachute
4) Defensive tactics	d. Diluting the ownership in the firm
	e. Board member are usually the shareholders

1- e .2- a .3- b . 4- c

1 -d .2- a .3- b . 4- c

1- e .2- d .3- b . 4- c

1 - e .2- a .3- d . 4- c

50) The amount of current assets = Rs 560000

Current liabilities = Rs 110000

Find the MPBF by second method.

310000

350000

230000

320000

Sample Questions

TYBAF SEM VI INDIRECT TAXES-II

April 2021

Note: This is just an advisory question bank which may or may not be necessarily asked in main exam.

1. Advance received but no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, _____ against such payment.

Receipt Voucher

Refund Voucher

Payment Voucher

Bill of supply

2. Every registered person shall on receipt of advance payment with respect of supply of goods and services issue _____ .

Receipt Voucher

Payment Voucher

Refund Voucher

Bill of supply

3. Every registered person shall retain accounts and records until the expiry of _____ from the due date of furnishing of annual return.

72 months

60 months

30 months

72 days

4. Unique number generated under E-way bill shall be valid for a period of _____ days for updation.

7

15

30

60

5. Following is not a type of E-ledgers.

credit

cash

liability

composition ledger

6. Interest on delayed payment of tax is _____.

18%

24%

12%

5%

7. Interest on excess claim of Input Tax Credit is _____.

18%

24%

12%

5%

8. TDS provisions are applicable to _____.

Central department

State department

Local authority

All of the above

9. TDS can be deducted if transaction amount exceeds _____.

Rs. 50000

Rs. 250000

Rs. 200000

Rs. 300000

10. GST return for details of outward supplies is _____.

GSTR-1

GSTR-2

GSTR-3

GSTR-4

11. GST return for monthly summary details of outward supplies and inward supplies is _____.

GSTR-1

GSTR-2

GSTR-3

GSTR-4

12. GST return for composition dealers is _____.

GSTR-1

GSTR-2

GSTR-3

GSTR-4

13. Last return of the business is _____.

First return

GSTR – 5

Final return

Annual return

14. IGST stands for _____.

Integrated Goods and Service Tax

Inter-state Goods and Service Tax

A and B

B and C

15. Objectives of custom duty are:

Prevent Smuggling

Regulating exports

Protecting Indian industry from undue competition

A, B and C

16. _____ refers to any cargo, vessel, etc abandoned in the sea with no hope of recovery.

Derelict

Flotsam

Jetsam

Wreck

17. Following is not the type of duty:

Basic Custom duty

Protective duty

CGST

GST Compensation cess

18. _____ means entry of goods for exportation.

Bill of entry

Bill of export

let export order

Tax invoice

19. When turnover during a financial year exceeds --- the accounts and other records must be audited by a chartered accountant or a cost accountant

20.

1 crore

2 crores

3 crores

4 crores

21. Maintaining books of accounts in electronic form is

compulsory

optional

compulsory if turnover is more than 1 crore

compulsory if turnover is more than 10 crore

22.The incidence of tax on tax is called

Tax Cascading

Tax Pyramidding

Tax evasion

Indirect tax

23.The turnover limit of composition scheme is not applicable to ____.

Tripura

Maharashtra

Gujrat

Goa

24.If the refund so claimed is rejected, the amount deducted to the extent of rejection shall be credited to the e-cash ledger by proper officer by an order made in FORM GST PMT__.

1

2

3

4

25.The process of checking and assessment of GST related transactions is called as ____.

Statutory audit

Internal audit

Tax audit

Secretarial audit

26.TCS provisions are applicable to ____.

Central department

State department

Local authority

E-Commerce Operator

27. Custom duty is charged on ____.

Imports of goods only

Exports of goods only

Import and export of goods and services

Interstate purchases

28. Custom duty is ____.

Direct tax

Indirect tax

direct and indirect tax

direct or indirect tax

29. Custom duty is the revenue of ____.

State government

Central government

Private individuals

Prime businessmen

30. BCD stands for ____.

Basic Custom Department

Basic Custom Duty

Base of Custom duty

Basic Central Duty

31. SWS Stands for ____.

Social Welfare standards

Society welfare Surcharge

Social Welfare Surcharge

Social Well wisher Surcharge

32. Calculate SGST payable. A dealer sells goods of Rs.448000 inclusive of GST @12%. He purchased goods of Rs. 200000 @12% GST. Balance of E-credit ledger was: CGST Rs.1000, SGST Rs.500.

60000

48000

22500

11500

33. Raw material Rs.500000. Labour and other charges Rs.100000. Company sold goods with 20% profit margin. Rate of GST for all transactions is 18%. Calculate net GST payable

50000

20000

21600

129600

34. GST liability is as follows: CGST Rs. (15000). SGST Rs. 10000. IGST Rs.10000. Net IGST payable will be Rs._____.

10000

25000

Nil

(5000)

35. GST liability is as follows: CGST Rs. (15000). SGST Rs. 10000. IGST Rs.10000. Net SGST payable will be Rs._____.

10000

25000

Nil

(5000)

36. Net GST payable is Rs. 100000. Paid to government on 15/10/2019. Due date of payment was 10/7/2019. Calculate interest payable under GST. (use number of days)

Rs.4784

Rs. 2392

Rs. 5430

Rs.5000

37.Import of goods worth Rs. 1000000. Basic Customs duty @10%. Social Welfare surcharge @10%. Calculate total custom duty payable.

55000

1000000

100000

110000

38.FOB value Rs. 20,00,000. Cost of air freight Rs. 600000. Cost of insurance not ascertainable. Calculate CIF value.

2422500

2400000

2000000

2622500

39.Landed value Rs. 3000000. Export price Rs. 2400000. Calculate anti dumping duty.

Rs.600000

Rs.300000

Rs. 2400000

Rs.240000

40.FOB value Rs. 500000. Cost of Freight by vessel is Rs.50000. Cost of Insurance is not ascertainable. BCD rate is 10%. Calculate Net custom duty payable.

Rs. 60000

Rs.61121

Rs.70000

Rs. 555000

41.Total imports Rs.500000 Mr. A imported goods from developing country of Rs. 10000. Safeguard duty is 10%. Calculate safeguard duty payable by Mr.A.

Rs.50000

Rs. 25000

Rs. 500000

Nil

42. Custom duty is payable on ____

Imports only

Exports only

Import and export

None of the above

43. basic custom duty is charged on ____.

Total value for IGST

Total factory cost

CIF price

Assessable value

44. IGST is charged on ____.

Total value for IGST

Total factory cost

CIF price

Assessable value

45. GST Compensation cess is charged on ____.

Total value for IGST

Total value for IGST + IGST charged

CIF price

Assessable value

46. Anti-dumping duty is calculated after ____.

BCD + SWS

BCD

Total value for IGST

Assessable value

47. SWS is always chargeable on ____.

Assessable value + BCD

BCD

Total value for IGST

Assessable value

48. SWS rate is ____.

5

10

20

30

49. Safeguard duty is not payable on ____.

Import from developed countries

Import from under developed countries

Both a and b

Import from developing countries beyond 3% of total imports

50. Duty drawback on cars is allowed to be claimed if it is re-exported within ____.

1 year

2 years

3 years

4 years

Security Analysis & Portfolio Management

Sample Questions

1. Investment means current commitment of funds for a period of time in order to derive a future flow of funds that will compensate investor for _____
 - a. the time the funds are committed
 - b. for expected rate of inflation
 - c. for uncertainty involved in future flow of funds
 - d. the time the funds are committed, for expected rate of inflation and for uncertainty involved in future flow of funds

2. Depositing money in fixed deposit is an example of _____ investment.
 - a. Financial
 - b. Economic
 - c. group
 - d. company

3. Investors who invest in risky securities to satisfy their urge to take risk are known as risk _____ investors.
 - a. averse
 - b. taking
 - c. indifferent
 - d. avoiding

4. A well-planned activity of committing funds with the aim of achieving returns is referred to as _____.
 - a. speculation
 - b. investment
 - c. gambling
 - d. money laundering

5. _____ returns are the total returns earned by an investor during the time period for which the investment is held.
 - a. Holding period
 - b. Annualized
 - c. Expected
 - d. Future

6. Risk is associated with _____ returns
 - a. Past
 - b. present
 - c. future
 - d. current

7. _____ is best measure of total risk.
- Range
 - Variance
 - Standard Deviation
 - Covariance
8. _____ is not a source of systematic risk.
- Interest rates
 - Business cycle
 - Inflation rate
 - Personnel changes
9. An investment portfolio should ideally be _____
- tailor-made as per investor's requirement.
 - standardized for all investors
 - common for all
 - indifferent
10. Beta reflects the stock risk for investor which is usually _____
- Collective
 - Individual
 - Linear
 - Weighted
11. As per Capital Asset Pricing Model, beta is a measure of _____ risk.
- company specific
 - unsystematic
 - total
 - systematic
12. Jensen's measure provides ____ of a security.
- Beta
 - Alpha
 - Gamma
 - Theta
13. Fundamental analysis assumes that the stock price of a company depends on _____
- Emotions of stock markets
 - Capacity to generate income in future
 - Tips and rumours about the company
 - Advice from friends

14. Under economic analysis an analyst will study _____.
- Government policies
 - Country's GDP
 - Government policies and Country's GDP
 - Company's profit
15. _____ is/are the measures of economic activity of a country.
- Inflation
 - Fiscal & Monetary policy
 - Monsoon & Agriculture
 - Inflation, Fiscal & Monetary policy and Monsoon & Agriculture
16. Study of company's financial statements is a part of _____ analysis.
- Technical
 - Fundamental
 - Moral
 - Social
17. Income statements are thoroughly analyzed under _____ analysis
- Industry
 - Economy
 - Company
 - Technical
18. Low interest rates will have _____ impact on share value.
- Negative
 - Positive
 - Neutral
 - Zero
19. Current ratio is a _____ ratio.
- Activity
 - solvency
 - profitability
 - liquidity
20. High current ratio & low quick ratio will generally indicate _____
- high Stock levels
 - low stock levels
 - high cash balance
 - low cash balance

21. High asset turnover & high operating profit will lead to high _____
- Debt equity
 - Return on Investment
 - Leverage
 - Liquidity
22. Stock Turnover ratio is a _____ ratio.
- Activity
 - Solvency
 - Profitability
 - Liquidity
23. A _____ is a professionally managed form of collective investment that pools money from many investors and invests it in stocks, bonds, short-term money market instruments, and /or other securities.
- Deposits
 - Debentures
 - Mutual Fund
 - Equity Capital
24. _____Market deals in the securities already issued or offered to the public.
- Capital Market
 - Secondary Market
 - Financial Market
 - Primary Market
25. _____ refers to appreciation of investment.
- Liquidity
 - Risk
 - Capital Growth
 - Dividend
26. The type of risk is avoidable through proper diversification_____
- Portfolio risk
 - Systematic risk
 - Unsystematic risk
 - Total risk
27. High risks are associated with _____ return.
- High
 - Low
 - No
 - Moderate

28. _____ approach involves plotting the price movement of the stock and drawing inferences from the price movement of the market.
- Technical
 - Efficient market theory
 - Fundamental
 - Psychology
29. Expected return of a security with five years return of 8%, 9%, 10%, 11% and 12% is _____
- 25%
 - 14%
 - 10%
 - 16%
30. Using CAPM, the expected rate of return of a security whose R_f is 7%, beta value is 1.5 and market returns of 15% is _____
- 19%
 - 18%
 - 20%
 - 21%
31. Portfolio B has an average return of 15% and a standard deviation of 0.3. The risk-free rate of return is 8%. Its Sharpe's ratio is
- 23.33%
 - 3.08%
 - 5.45%
 - 14%
32. Market price of TCS ltd is Rs.1600 and its EPS is Rs.80. Therefore, its P/E Ratio is _____
- 15 times
 - 20 times
 - 10 times
 - 12 times
33. Dividend pay-out Ratio of M&M ltd with EPS of Rs.50 and DPS of Rs.35 is _____
- 70%
 - 50%
 - 67%
 - 43%
34. Net Profit Margin of a company with Net Sales of Rs.5,00,000 and a Net profit of Rs.91,000 is _____

- a. 18.2%
- b. 15.56%
- c. 21%
- d. 19.96%

35. Current Ratio of the company whose Current assets is Rs. 40,000 and a net working capital of Rs.12,000 is_____

- a. 1.43: 1
- b. 1.23: 1
- c. 1.16: 1
- d. 2.1: 1

36. Portfolio A has an average return of 12% and a beta of 1.3. The risk-free rate of return is 8%. Its Treynor's ratio is _____

- a. 3.08%
- b. 16%
- c. 5.45%
- d. 14%

37. Match the following:

Column A	Column B
1. Dow theory	a. Efficient market hypothesis
2. Public Information	b. Strong EMH
3. Random Walk theory	c. Semi strong EMH
	d. Elliot wave theory

- a. 1-a, 2-d, 3-c
- b. 1-d, 2-c, 3-a
- c. 1-a, 2-b, 3-c
- d. 1-d, 2-b, 3-a

38. 10% preference share capital 5000000

Equity shares @ Rs.100 each 7000000

Profit after tax 50% 1500000

Calculate EPS.

- a. 12
- b. 13.56
- c. 14.29
- d. 14

39. Calculate expected rate of return of Security A

State of Economy	Probability	Security A %
Boom	0.3	50
Normal	0.5	20
Recession	0.2	5

- a) 22
- b) 27
- c) 26
- d) 24

40. If Risk free rate is 8%, according to Treynors Measure which portfolio is outperforming?

	Average returns	SD	Beta
X	14%	0.25	1.25
Y	10%	0.15	1.1

- a) Portfolio X
- b) Portfolio Y
- c) Both are outperforming
- d) Both are underperforming

41. Match the following:

Column A	Column B
1. Perfect positive correlation	a. -1
2. Perfect negative correlation	b. Coefficient of correlation
3. No correlation	c. +1
	d. Zero

- a) 1-a, 2-b, 3-c
- b) 1-c, 2-a, 3-c
- c) 1-c, 2-a, 3-d
- d) 1-d, 2-a, 3-b

42. Calculate Dividend Yield

Equity shares (10 each)	1000000
DPS	RS.1

- a) 1
- b) 10
- c) 8
- d) 100

43. Calculate beta

Year	Return on A	Market Return
1	18	18
2	20	14
3	16	13
4	18	15

- a) 0.67
- b) 1
- c) 1.2
- d) 1.57

44. Mr. X is a risk-averse investor. Mr. Y is a less risk-averse investor as compared to Mr. X, therefore, _____

- a) for the same risk, Mr. Y requires a higher rate of return as compared to Mr. X.
- b) for the same returns, Mr. X tolerates higher risk as compared to Mr. Y.
- c) for the same returns, Mr. Y tolerates higher risk as compared to Mr. X.
- d) for the same risk, Mr. x requires a lower rate of return as compared to Mr. Y

45. Calculate standard deviation (Risk) if expected return is 8%

Company A	
Return %	Probability %
4	0.1
6	0.2
8	0.4
10	0.2
12	0.1

- a) 4.8
- b) 2.19
- c) 1.34
- d) 2.14

46. _____is/are the measures of economic activity of a country.

- a) Inflation
- b) Fiscal & Monetary policy
- c) Monsoon & Agriculture
- d) Inflation, Fiscal & Monetary policy and Monsoon & Agriculture

47. Calculate Co variance between Return on Security A and Return on Security B.

Year	Return on Security A %	Return on Security B %
1	10	12
2	12	11
3	15	14
4	10	12
5	8	11

- a) 1.4
- b) 2.5
- c) 3.2
- d) 0.5

48. If Risk free rate is 8%, calculate Sharpe's index(Si).

	Average returns	SD	Beta
X	10%	0.15	1.25

- a) 13.33
- b) 16
- c) 24
- d) 14

49. The risk free rate of return is 9%. Calculate return as per Jenson's Measure.

Portfolio	Average return	Beta
A	12%	0.8
Market Index	13%	1

- a. 1
- b. 1.2
- c. 0.2
- d. (0.2)

50. For the year 2019-20 a company has sales Rs.60000, variable cost Rs.30000 and fixed costs Rs.24000. capital employed Rs.50000. the management of co. wishes to frame a strategy to increase return on capital employed to 15%. What changes would be required to achieve this objective in sales volume, with no change in variable cost and capital employed?

- a. Increase in sales volume by 1500
- b. Decrease in sales volume by 1500
- c. No changes in sales volume
- d. Increase in sales volume by 2500