

**M. COM. PART II : SEMISTER IV**  
**CORPORATE FINANCIAL ACCOUNTING**  
**PRACTICE QUESTIONS**

Following are the summarised balance sheets of Bada Ltd. and Chota Ltd. as on 31<sup>st</sup> March, 2020 :

**Balance Sheets as on 31<sup>st</sup> March, 2020**

<b>Equity and Liabilities</b>	<b>Bada Ltd. ₹</b>	<b>Chota Ltd. ₹</b>
Paid-up Capital (Shares of ₹ 10 each)	10,00,000	3,00,000
General Reserve	4,00,000	1,25,000
Profit & Loss A/c	3,00,000	1,75,000
Creditors	1,00,000	70,000
<b>Total</b>	<b>18,00,000</b>	<b>6,70,000</b>
<b>Assets</b>		
Fixed Assets	8,80,000	3,10,000
Investments (21,000 shares in Chota Ltd. at cost)	2,60,000	--
Debtors	3,00,000	1,70,000
Stock	3,20,000	1,60,000
Cash on hand	40,000	30,000
<b>Total</b>	<b>18,00,000</b>	<b>6,70,000</b>

Bada Ltd. acquired the shares of Chota Ltd. on 01.04.2019 when the balances in its Profit and Loss A/c and General Reserve were ₹ 75,000 and ₹ 80,000 respectively.

**Answer the following questions :**

- What is the amount of Pre Acquisition (Capital) Profit of Chota Ltd. ?
  - 1,55,000
  - 3,00,000
  - 1,25,000
  - 1,75,000
- What is the amount of Post Acquisition (Revenue) Profit of Chota Ltd. ?
  - 3,00,000
  - 1,25,000
  - 1,45,000
  - 1,75,000
- What is the share of Bada Ltd. in the Pre Acquisition (Capital) Profit of Chota Ltd. ?
  - 1,08,500
  - 2,10,000
  - 1,25,000
  - 1,75,000
- What is the share of Bada Ltd. in the Post Acquisition (Revenue) Profit of Chota Ltd. ?
  - 2,10,000
  - 70,000
  - 50,000
  - 1,01,500

5. What is the amount of Goodwill / Capital Reserve on Acquisition ?
- a. No Goodwill No Capital Reserve
  - b. Goodwill 58,500
  - c. Goodwill 25,500
  - d. Capital Reserve 58,500
6. What is amount of Minority Interest ?
- a. 90,000
  - b. 1,80,000
  - c. 30,000
  - d. 1,10,500

Anand Ltd. acquired 80% of equity shares of Babita Ltd. on 31.03.2019, when Babita Ltd. had a balance of ₹ 5,000 in its Profit & Loss A/c and ₹ 20,000 in General Reserve. The Balance Sheets of two companies as on 31<sup>st</sup> March, 2020 were as follows :

<b>Equity and Liabilities</b>	<b>Anand Ltd. ₹</b>	<b>Babita Ltd. ₹</b>
Equity Shares of ₹ 10 each, fully paid	5,00,000	1,00,000
Capital Reserve	1,00,000	--
General Reserve	1,20,000	30,000
Profit & Loss A/c	40,000	10,000
Creditors	1,49,700	36,000
Bills Payable	21,300	1,000
Bank Overdraft	--	6,400
<b>Total</b>	<b>9,31,000</b>	<b>1,83,400</b>
<b>Assets</b>		
Freehold Property	2,30,000	20,000
Furniture	15,500	3,000
Investments in Shares of Babita Ltd. at cost	1,20,000	--
Stocks	4,14,000	1,23,000
Debtors	87,000	37,400
Cash	64,500	--
<b>Total</b>	<b>9,31,000</b>	<b>1,83,400</b>

**Answer the following questions :**

7. What is the amount of Pre Acquisition (Capital) Profit of Babita Ltd. ?
  - a. 40,000
  - b. 30,000
  - c. **25,000**
  - d. 10,000
8. What is the amount of Post Acquisition (Revenue) Profit of Babita Ltd. ?
  - a. 40,000
  - b. **15,000**
  - c. 30,000
  - d. 25,000
9. What is the share of Anand Ltd. in the Pre Acquisition (Capital) profit of Babita Ltd. ?
  - a. **20,000**
  - b. 32,000
  - c. 24,000
  - d. 8,000
10. What is the share of Anand Ltd. in the Post Acquisition (Revenue) Profit of Babita Ltd. ?
  - a. 24,000
  - b. 8,000
  - c. 32,000
  - d. **12,000**

11. What is the amount of Goodwill / Capital Reserve on Acquisition ?
- a. Goodwill 20,000
  - b. No Goodwill No Capital Reserve
  - c. Capital Reserve 20,000
  - d. Capital Reserve 2,000
12. What is amount of Minority Interest ?
- a. 28,000
  - b. 20,000
  - c. 6,000
  - d. 8,000

13. Auditors' report is addressed to \_\_\_\_\_ .
- Government
  - Ministry of Corporate Affairs
  - Members**
  - Board of Directors
14. The auditor's report shall be \_\_\_\_\_ to every financial statement.
- Attached**
  - Annexed
  - Joined
  - Part of
15. Corporate Governance Report is certified by the \_\_\_\_\_ .
- Internal Auditor
  - Secretarial Auditor
  - Statutory Auditor**
  - Company Secretary
16. \_\_\_\_\_ is not a part of Financial Statements.
- Balance Sheet
  - Statement of Changes in Equity
  - Cash Flow Statement
  - Report of Board of Directors**
17. IFRS stands for \_\_\_\_\_ .
- Internal Financial Reporting Standard
  - International Financial Reporting Standard**
  - Interim Financial Reporting Standard
  - Internal Financial Reporting Science
18. Financial penalty for contravention of Section 134 for the Company is a fine of ₹ \_\_\_\_\_ .
- 50,000 – 25,00,000**
  - 50,000 – 5,00,000
  - 1,00,000
  - 5,00,000

**MCOM SEMESTER IV**  
**FINANCIAL MANAGEMENT**  
**SAMPLE QUESTION BANK**

**Module 1**

- 1) The security on which the rate of dividend is not fixed is\_\_\_\_\_.
  - a. **Equity shares**
  - b. Preference shares
  - c. Debentures
  - d. Public Deposits
  
- 2) Private equity funds provide finance for \_\_\_\_\_.
  - a. **3 to 8 years**
  - b. 10 to 15 years
  - c. 15 to 20 years
  - d. 20 to 25 years
  
- 3) Debentures may be convertible into \_\_\_\_\_.
  - a. Employees
  - b. **Equity shares**
  - c. Equity shareholders
  - d. Preference shares
  
- 4) Trade credit is on \_\_\_\_\_ basis.
  - a. Employees
  - b. **Continuous**
  - c. Appreciation
  - d. Fixed
  
- 5) \_\_\_\_\_ is paid out of profit.
  - a. Liquidity
  - b. Appreciation
  - c. **Dividend**
  - d. Expense

- 6) The security which has controlling right is \_\_\_\_\_.
- a. Preference shares
  - b. Debentures
  - c. Equity Shares**
  - d. Public Deposits
- 7) Insurance is provided in respect of \_\_\_\_\_.
- a. Public Deposit**
  - b. Debentures
  - c. Term loans
  - d. Trade credit
- 8) Equity shareholders are \_\_\_\_\_.
- a. Creditors
  - b. Owners**
  - c. Loan creditors
  - d. Partners
- 9) \_\_\_\_\_ is convertibility into cash.
- a. Liquidity**
  - b. Interest
  - c. Dividend
  - d. Profitability
- 10) Commercial paper is for Rs. \_\_\_\_\_ or in multiple of it.
- a. 2 lakhs
  - b. 3 lakhs
  - c. 5 lakhs**
  - d. 4 lakhs

## Module 2

- 11) \_\_\_\_\_ are very risky.
- Scrap Values
  - Short Term decisions
  - Long Term decisions**
  - Expenses
- 12) Deprecation is added to \_\_\_\_\_ to get cash inflow.
- Gross Profit
  - Net Profit**
  - Cost of Capital
  - Cost of asset
- 13) ARR method \_\_\_\_\_.
- takes into account time value of money
  - does not take into account time value of money**
  - most modern of capital of expenditure decisions
  - is similar to IRR
- 14) PV of cash inflow of a project is Rs.2,38,000 and investment is Rs.2,00,000. The PI is \_\_\_\_\_.
- 1.19**
  - 1.2
  - 1.21
  - 1.4
- 15) Working capital required is treated as \_\_\_\_\_.
- Cash Outflow**
  - Cash Inflow
  - Cost of Capital
  - Profit

16) The most reliable method for financing capital budget decisions

- a. **NPV**
- b. ARR
- c. Payback
- d. Post audit method

17) NPV of project A, B, C & D is Rs. 25,000, Rs. 38,000, Rs. 32,000 and Rs. 40000 respectively. The most profitable project is \_\_\_\_.

- a. A
- b. **D**
- c. C
- d. B

18) For capital budgeting decisions \_\_\_\_\_

- a. **depreciation is to be considered**
- b. depreciation is to be ignored
- c. depreciation is to be calculated at 20 %
- d. depreciation is to be calculated at 10 %

19) Training cost of employees is considered as \_\_\_\_\_ in capital budgeting.

- a. **Cash outflow**
- b. Cost of tax
- c. Cash Inflow
- d. Social benefit

20) Capital budgeting decisions are \_\_\_\_\_.

- a. Short Term decisions
- b. Scrap Value
- c. **Long Term decisions**
- d. Simple

**Vivekanand Education Society`s College of Arts,  
Science & Commerce, Chembur, Mumbai.**

**PRACTICE QUESTIONS FOR M.COM SEM-IV REGULAR - INDIRECT  
TAX - INTRODUCTION TO GOODS AND SERVICE TAX - 2020**

Q.1 GST was introduced in India on \_\_\_\_\_

- a) 01-04-2017
- b) 01-05-2017
- c) 01-06-2017
- d) 01-07-2017

Answer : - 01-07-2017

Q.2 India Gst model has \_\_\_\_\_ tier rate structure

- a) 3
- b) 4
- c) 5
- d) 6

Answer : - 4

Q.3 Which of the following tax is not subsumed in GST?

- a) VAT
- b) Stamp Duty
- c) Entry Tax
- d) Entertainment Tax

Answer :- Stamp Duty

Q.4 Which of the following forms are used for registration?

- a) Form GSTR-1
- b) Form GSTAPL-01
- c) Form GST REG-01
- d) Form GST RFD-01

Answer :- Form GST REG-01

Q.5 Within how many days a person should apply for registration?

- a) within 60 days from the date he becomes liable for registration
- b) within 30 days from the date he becomes liable for registration
- c) within 90 days from the date he becomes liable for registration
- d) No time Limit

Answer :- within 30 days from the date he becomes liable for registration

Q.5 A person having \_\_\_\_\_ Business verticals in a state \_\_\_\_\_ obtain a separate registration for each business verticals

- a) Single, Shall
- b) Multiple, Shall

- c) Multiple, May
- d) Single, May

Answer :- Multiple, May

Q.6 What is the validity of the registration certificate ?

- a) One year
- b) No validity
- c) Valid till is cancelled
- d) Five years

Answer :- Valid till is cancelled

Q.7 Who can submit application for registration in form GST REG-09?

- a) Non- Resident taxable Person
- b) Input service distributor
- c) Person deducting tax at source
- d) Person collecting tax at source

Answer :- Non- Resident taxable Person

Q.8 \_\_\_\_\_ is a tax that is shifted from one taxpayer to another.

- a) Direct Tax
- b) Indirect tax
- c) Entry Tax
- d) GST

Answer :- Indirect tax

Q.9 Indirect tax is a \_\_\_\_\_

- a) Regressive tax
- b) Progressive tax
- c) Tax on tax
- d) Value added tax

Answer :- Regressive tax

Q.10 GST was introduced in Jammu and Kashmir with effect from

- a) 1.8.2017
- b) 1.7.2017
- c) 1.1.2018
- d) 8.7.2017

Answer :- 8.7.2017

Q.11 When a GST dealer in Mumbai sells a product to a GST dealer or customer in Baroda, the tax collected is \_\_\_\_\_

- a) SGST
- b) CGST

c) Integrated GST

d) UTGST

Answer :- Integrated GST

Q.12 Under GST law, tax rates are determined by

a) Central Government

b) State Government

c) GST Council

d) Central Government in consultation with state governments

Answer :- GST Council

Q.13 The highest GST rate applicable now is

a) 100%

b) 18%

c) 50%

d) 28%

Answer : - 28%

Q.14 GST can be collected by

a) Any registered dealer

b) Any GST dealer

c) Any service provider

d) Any dealer

Answer :- Any GST dealer

Q.15 A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business is

a) Business person

b) Casual taxable person

c) Composite dealer

d) Non- resident dealer

Answer :- Casual taxable person

Q.16 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

a) Business person

b) Casual taxable person

c) Composite dealer

d) Non- resident dealer

Answer :- Non- resident dealer

Q.17 The rate of IGST is equal to the rate of

- a) CGST
- b) SGST
- c) CGST plus the rate of SGST
- d) SGST plus UTGST

Answer :- CGST plus the rate of SGST

Q.18 GST registration is not compulsory in the case of

- a) Casual taxable persons making taxable supply
- b) Persons under reverse charge
- c) Non-resident making taxable supply
- d) Person dealing in exempt goods alone

Answer :- Person dealing in exempt goods alone

Q.19 If a person liable to be registered has operation in more than one State or UT, he should

- a) Obtain registration in all states
- b) Obtain registration in any one state
- c) Registration is optional
- d) Registration not mandatory

Answer :- Obtain registration in all states

Q.20 A casual taxable person or a non-resident taxable person shall apply for registration at least --- prior to the commencement of business

- a) 3 days
- b) 5 days
- c) 10 days
- d) 15 days

Answer :- 5 days

Q.21 GSTIN refers to

- a) GST Information Number
- b) GST Information and Network
- c) General sales tax identification number
- d) GST identification Number

Answer :- GST identification Number

Q.22 GST number is of how many digits?

- a) 10
- b) 15
- c) 12
- d) 27

Answer :- 15

Q.23 A person getting registered on [www.gst.gov.in](http://www.gst.gov.in)

- a) *Gets simultaneous registration under CGST Act and SGST Act or UTGST Act.*
- b) Gets CGST registration only
- c) Gets SGST registration only
- d) Does not get complete registration under GST

Answer :- Gets simultaneous registration under CGST Act and SGST Act or UTGST Act.

Q.24 Which of the following is not a reason for cancellation of registration?

- a) Business has been discontinued
- b) Business transferred fully
- c) Taxable person is no longer liable to be registered
- d) Shifted the business place

Answer :- Shifted the business place

Q.25 GST REG -02 is \_\_\_\_\_

- a) E Acknowledgement for registration application
- b) Application for registration
- c) Issue of Registration certificate
- d) Application for registration for non-resident taxable person

Answer :- E Acknowledgement for registration application