

**ROYAL COLLEGE OF ARTS, SCIENCE AND COMMERCE**

Mira Road (East)

CLASS : M.COM. PART – II

SEMESTER : IV

SUBJECT : CORPORATE FINANCIAL ACCOUNTING

**: MULTIPLE CHOICE QUESTIONS :**

- 1) Super profit is \_\_\_\_\_.
  - a) excess of average profit over normal profit
  - b) extra profit earned
  - c) super profit earned by similar companies
  - d) goodwill
- b) \_\_\_\_\_ is equal to rate of interest plus rate of risk.
  - a) Normal rate of return
  - b) Rate of risk
  - c) Rate of interest
  - d) Rate of profit
- 3) Fair value is the \_\_\_\_\_ of intrinsic value and yield value.
  - a) Total
  - b) Average
  - c) calls in arrears
  - d) net value
- 4) EPS depends on net profit available to \_\_\_\_\_ shareholders.
  - a) Preference
  - b) calls in arrears
  - c) Equity
  - d) Debenture
- 5) Under net asset method, value of a share depends on \_\_\_\_\_.
  - a) net assets available to equity shareholders
  - b) net assets available to debentures holders
  - c) net assets available to preference shareholders
  - d) net assets for creditors
- 6) Capital employed at the end of the year is Rs. 9,00,000. Profit earned Rs. 50,000. Average capital employed is \_\_\_\_\_.
  - a) Rs. 8,50,000
  - b) Rs. 8,75,000
  - c) Rs.2,10,000
  - d) Rs. 87,500

7) Following details are extracted from the records of a company:

2000 9% Preference Shares of Rs. 100 each - Rs.2,00,000

50,000 Equity shares of Rs. 10 each, Rs.8 per share paid up - Rs.4,00,000

Expected Profit - Rs.2,18,000

Tax Rate 40%, Transfer to general reserve 20%, Normal rate of earning 15%

Yield value per share is \_\_\_\_\_.

a) Rs. 15

b) Rs. 11.55

c) Rs. 16

d) Rs. 17.50

8) Calculate Goodwill for three years purchase of Super profit if Capital employed is Rs. 1,20,000, NRR 10%, Average profit for last five years are Rs. 24,000, remuneration to directors is Rs. 6,000.

a) Rs. 18,000

b) Rs. 1,80,000

c) Rs.1,800

d)Rs. 18,00,000

9) Gross assets are Rs. 1,01,000, fictitious assets Rs. 350 are included in the gross assets. External liabilities are Rs. 7,500. 6% preference share capital is Rs. 45,000. Equity capital is 4,500 equity shares of Rs. 10 each fully paid. Average expected profit is Rs. 8,500. Transfer to reserves is 10% preference dividend is payable. NRR is 9%. The Net Asset Value Per share is \_\_\_\_\_.

a) Rs. 11

b) Rs. 10.70

c) Rs. 15

d) Rs. 20

10) Net Asset Method is also known as \_\_\_\_\_.

a) Asset-Backing

b)Asset-forwarding

c) Fair value

d) Break even point

11) The main objective of Financial statement is to provide information about the \_\_\_\_\_ position.

a) Personal

b) capital

c) drawing

d) financial

12) Information about \_\_\_\_\_ is useful in predicting the ability of the company to pay its financial commitments.

a) solvency

b) debtors

c) creditors

d) investors

13) Information about financial \_\_\_\_\_ is provided in Profit & loss statement.

- a) investors
- b) performance
- c) cash flow
- d) creditors

14) Debenture redemption reserve is part of \_\_\_\_\_.

- a) current liabilities
- b) fixed assets
- c) current assets
- d) reserves and surplus

15) Social reporting treats a business enterprise as a \_\_\_\_\_ entity.

- a) investor
- b) social
- c) debtors
- d) investor

16) Any tax advantage for foreign exchange earnings should be disclosed as a \_\_\_\_\_ in item of \_\_\_\_\_ cost.

- a) public
- b) capital
- c) social
- d) revenue

17) The most common type of audit report contains \_\_\_\_\_ opinion.

- a) Unqualified
- b) Qualified
- c) Adverse
- d) Disclaimer of

18) The standard audit report states that the financial statements are the responsibility of \_\_\_\_\_.

- a) management
- b) accountant
- c) shareholder
- d) creditors

19) Stores and spares are part of \_\_\_\_\_.

- a) Inventories
- b) current liabilities
- c) fixed assets
- d) share capital

20) Goodwill is \_\_\_\_\_ asset.

- a) Intangible
- b) current
- c) non-valuable
- d) tangible