

1.Free cash flow to equity shareholders is what remains

- a. after settlement of debt
- b. before settlement of debt
- c. before interest expenses
- d. before settlement of taxes

2.yield value is also known as _____

- a. net asset value
- b. asset backing value
- c. market value
- d. breakup value

3.under which method, it is recognized that the amount of super profit will go on decreasing year after year

- a. capitalization of super profit
- b. annuity of super profit
- c. no. of years purchase of super profit
- d. sliding scale method

4.in valuing equity shares having different paid up value a notional call equal to _____ value on each share should be make.

- a. market value
- b. face value
- c. paid up value
- d. unpaid value

5.investments are _____ assets

- a. non trading
- b. trading
- c. fictitious
- d. operating

6.under capitalization of super profit method, goodwill is equal to _____

- a. capitalized value of maintainable profits
- b. capitalized value of average profits
- c. capitalized value of super profit at NRR
- d. Future maintainable profits

7. Average profit is rs.19167 and normal profit is rs.10000. the super profit is _____

- a. 29167
- b.19167
- c.9167
- d.10000

8.Any non trading income should be _____ which is included in the profit.

- A. deducted
- B. added
- C. ignored
- D. first deducted then added

9.Goodwill as per purchase of super profit method is equal to

- a. average profit x no. of years of purchase
- b. super profit
- c. super profit x amount of purchases
- d. super profit x no. of years of purchase

10.EPS is calculated on the basis of

- a. NPAT
- b. NPBT
- c. NPAT – Preference dividend
- d. NPBT – TAXES

11. In amalgamation, all the assets and liabilities of the transferor company are pooled into the books of transferee company at
a. market value b. book value c. fair value d. realizable value
12. ____ refers to acquiring of ownership right in the assets and property.
a. merger b. amalgamation c. absorption d. takeover
13. The ____ are subtracted from ____ to get the book value of share.
a. liabilities , assets
b. assets, assets
c. liabilities, liabilities
d. assets , liabilities
14. As a result of ____ a new company comes into existence.
a. absorption b. amalgamation c. acquisition d. demerger
15. Amalgamation is governed by
a. AS14 b. AS 3 c. AS 31 d. AS 32
16. The three broad approaches to company valuation do not include
a. future earnings valuation
b. inventory valuation
c. stock market valuation
d. asset valuation
17. 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 and profitability
c. one of the two firms becomes a wholly owned subsidiary of the other firm
d. one firm gets separated from the other.
18. the main objectives of ____ mergers are to benefit from economies of scale, reduce competition , achieve monopoly status and achieve the market.
a. horizontal b. vertical c. conglomerate d. concentric
19. the purchase of the business of an enterprise by another enterprise is known as ____
a. merger b. acquisition c. synergies d. amalgamation
20. the main objective of a ____ merger is to achieve a big size.
a. horizontal b. vertical c. conglomerate d. concentric
21. synergies that increase the over all revenue through expanded markets, products cross selling and an increase in prices is called ____ synergies
a. cost b. revenue c. reverse d. subsidiary
22. a ____ merger in a small industry will definitely help in increasing the market share.
a. horizontal b. reverse c. subsidiary d. revenue
23. The ways in which merger and acquisitions occur do not include:
a. vertical integration b. conglomerate integration c. diversification
d. horizontal integration

24. the three broad approaches to company valuation do not include :
- future earning valuation
 - inventory valuation
 - stock market valuation
 - asset valuation
25. which of the following is not possible advantage of leasing?
- protection against obsolescence
 - cheaper financing
 - 100% financing at fixed rates
 - no tax advantage for the lesser
26. the type of lease that includes a third party, a lender is called ____
- sale and lease back
 - direct leasing arrangement
 - leveraged lease
 - operating lease
27. the principal reason for the existence of leasing is that
- intermediate term loans are difficult to obtain
 - this is a type of financing unaffected by changes in tax law
 - companies, financial institutions and individuals derive different benefits from owning assets
 - leasing is a renewable source of intermediate term funds
28. one difference between a financial lease and operating lease is that
- there is often a call option in a financial lease
 - there is often an option to buy in an operating lease
 - an operating lease is often cancelled by the lessee
 - a financial lease is often cancellable by the lessee
29. a finance lease
- transfer ownership of an asset to lessee
 - does not transfer ownership of asset to lessee
 - the lessee is likely to exercise the option of purchase
 - both a and c
30. saving of tax on depreciation is ____ to the lessor
- finance income
 - cash inflow
 - cash outflow
 - loss
31. interest in higher purchase transaction is charged on cash price which is ____
- down payment
 - full cash price
 - half cash price
 - outstanding cash price
32. under hire purchase agreement right of ownership is not passed on the purchaser unless
- agreement is signed
 - down payment is made
 - interest paid
 - last installment paid
33. which of the following does not give a difference between a hire purchase and a normal purchase?
- total cost of asset
 - timing for payment of asset
 - quality of asset purchased
 - legal ownership of asset
34. the depreciation over an asset purchase through hire purchase should be
- based on cost price of asset only
 - should be straight line only
 - based on total cost including interest
 - no depreciation should be provided until the final payment is made
35. hire purchase price is equal to
- cash price
 - cash price – interest
 - cash price + interest
 - down payment

36. the act of buying an asset without having to make full payment in the immediate future is known as
a. operating lease b. hire purchase c. finance lease d. sale and lease back
37. the maximum price at which a business can be acquired is ____
a. fair value b. salvage value c. replacement value d. economic value
38. ____ is the average of market value , book value , and intrinsic value
a. fair value b. salvage value c. replacement value d. economic value
39. ____ is the accounting record of value of assets that is shown in the balance sheet
a. book value b. market value c. present value d. liquidation value
40. net working capital refers to
a. current assets b. total assets – fixed assets c. current assets – stock
d. current assets – current liabilities
41. factoring involves
a. borrowing from banks b. borrowing against bill of exchange
c. management of debtors d. management of creditors
42. interest on debenture is paid out of
a. profit b. debentures c. income d. dividend
43. working capital finance is provided against
a. current assets b. current liabilities c. machinery d. land and building
44. spontaneous source of working capital
a. debtor b. shares c. debentures d. creditors
45. which of the following is the external short term source
a. bank overdraft b. stock c. debtors d. bank loan
46. ____ means an acquirer takes over the control of target company
a. joint venture b. take over c. disinvestment d. demerger
47. ____ means the action of an organisation government selling or liquidating an asset or subsidiary
a. merger b. joint venture c. takeover d. disinvestment
48. ____ merger involves firm's engaged in unrelated types of activities.
a. vertical b. horizontal c. conglomerate d. demerger
49. ____ is an arrangement whereby the assets of two or more companies come under the control of one company
a. absorption b. merger c. demerger d. acquisition
50. goodwill is a/an ____ asset
a. fixed b. fictitious c. current d. intangible