

NAME OF THE PAPER SETTERS:	Class: T.Y.BCOM(ACCOUNTING & FINANCE)
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SUBJECT: FINANCIAL ACCOUNTING – VII	PAPER CODE: 85601

UNIT 1: MUTUAL FUND ACCOUNTING

MULTIPLE CHOICE QUESTIONS

1	A person can earn 12% by investing in Equity shares on his own. Now he is considering a recently announced equity based mutual fund scheme in which initial expenses 5% and annual recurring expenses are 1.5%. How much should the Mutual Fund earn to provide him a return of 10%	11.04%	12.02%	12.63%	12.98%	12.63														
2	XYZ Mutual fund had a net asset value of Rs. 10 at the beginning of a month, Made income and Capital Gain distribution of Rs. 0.05 and 0.02 respectively per unit during the month. The fund ended the month with a net asset value of Rs. 10.08. The monthly rate of return of XYZ mutual fund is	1.5%	1.9%	2.0%	2.2%	1.5%														
3	<p>The following information is available to a Mutual Fund Scheme:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Size of the scheme</td> <td style="text-align: center;">150 lakh</td> </tr> <tr> <td>Face value of the shares</td> <td style="text-align: center;">100</td> </tr> <tr> <td>No. of the outstanding shares</td> <td style="text-align: center;">1.5 lakhs</td> </tr> <tr> <td>Market value of the fund's investments</td> <td style="text-align: center;">220 Lakhs</td> </tr> <tr> <td>Receivables</td> <td style="text-align: center;">1 lakh</td> </tr> <tr> <td>Liabilities</td> <td style="text-align: center;">50,000</td> </tr> </tbody> </table> <p style="text-align: center;">NAV of the scheme is</p>		Rs.	Size of the scheme	150 lakh	Face value of the shares	100	No. of the outstanding shares	1.5 lakhs	Market value of the fund's investments	220 Lakhs	Receivables	1 lakh	Liabilities	50,000	145.00	145.90	146.60	147.00	147.00
	Rs.																			
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Receivables	1 lakh																			
Liabilities	50,000																			

4	A close ended Mutual Fund has a fixed	NAV	Fund Size	Rate of Return	Number of distributors	NAV
5	The maximum load that a fund can charge is determined by the	AMC	SEBI	AMFI	Distribution agents based on demand for the fund	SEBI
6	Of the following fund types, the highest risk is associated with	Balanced Funds	Gilt funds	Equity growth funds	Debt funds	Equity growth funds
7	The NAV of mutual fund	Is always constant	Keeps going up at a steady rate	Fluctuates with market price movements	Cannot go down at all	Fluctuates with market price movements
8	The 'Load' charged to an investor in a Mutual Fund is	Entry fee	Cost of the paper on which the unit certificates are printed	The fee the agent charges to the investor	The Expenses incurred by fund managers for marketing a mutual fund scheme	The Expenses incurred by fund managers for marketing a mutual fund scheme
9	A Mutual fund is owned by	The Government of India	SEBI	All its investors	AMFI	All its investors
10	A Mutual fund is not	Owned jointly by all investors	A company that manages investment portfolios	A pool of Funds used to purchase	An Alternative investment fund	A pool of Funds used to purchase securities on behalf of

			of high net worth individuals	securities on behalf of investors		investors
11	The most important advantage of a money market mutual fund is:	Quick capital appreciation	High regular income	Safety of principal	No loads	Safety of principal
12	The NAV of each scheme should be updated on AMFI's website:	Every quarter	Every month	Every hour	Every day	Every day
13	The greatest potential for growth in capital is offered by	Balanced Funds	Gilt funds	Equity growth funds	Debt funds	Equity growth funds
14	In Mutual Fund investors subscriptions are accounted for as	Liabilities	Deposits	Capital	Cash and Cash Subscriptions	Capital
15	Return on NAV is based on	Dividend	Capital gain	Change in price	Change in price + Dividend + Capital gain	Change in price + Dividend + Capital gain
16	Within how many days after declaration of dividend, warrant need to be sent to the investor	10 days	15 days	20 days	30 days	30 days
17	The difference between NAV and repurchase price is	Entry load	Expenses	Exit load	Taxes	Exit load
18	What is an open ended fund	It is the fund that buy and sells units	Units are available after end of NFO	The funds returns closely	Fund that offers sale after certain interval period	It is the fund that buy and sells units on continuous

		on continuous basis		the returns of a benchmark index		basis
19	For NAV calculation fixed income securities are considered at	Book value	Current yield	Cost price	Closing rate	Current yield
20	Funds have lower risk	Gilt fund	Liquid fund	Sector fund	Dividend yield fund	Liquid fund
21	Investment of mutual fund scheme are held by	Board of trustee	Custodian	Assets management company	Registrar and transfer agent	Custodian
22	Offer documents of mutual fund are prepared by	Trustee	Assets management company	SEBI	Registrar and transfer agent	Assets management company
23	Maximum portion of conventional debt investment is generally through	Capital gain	Interest	Dividend	Inflation	Capital gain
24	For NAV calculation all listed and traded securities are valued at	As per book value	Closing market rate	Current yield	Traded price	Closing market rate

Unit: 2 Accounts of Electricity Company

Sr. No.	Question	Option A	Option B	Option C	Option D	Correct Answer
25.	Profit on sale of Current is shown under	Other income	Revenue from operation	Reserve and Surplus	Other Assets	Revenue from operation

26.	Interest received on investment is shown under	Other Income	Reserve and surplus	Revenue from operation	Plus in investment	Other Income
27.	In balance sheet of electricity company Mains are shown under	Current assets	Other noncurrent assets	Fixed assets	Inventory	Fixed assets
28.	In accounts of electricity company Salaries and wages are shown under	Employees benefit cost	Finance cost	Other expenses	Operational expenses	Employees benefit cost
29.	Grant received under APDRP of Ministry of power is accounted for	As a liability	As a capital reserve	As a reserve	As a reduction in cost of fixed assets	As a capital reserve
30.	Interim dividend under double accounting system is shown in	Revenue account	Net Revenue account	Receipt and Expenditure account	General balance sheet	Net Revenue account
31.	Management expenses in double accounting system is shown in	Receipt and Expenditure account	Revenue account	Net Revenue account	General balance sheet	Revenue account
32.	Electricity companies are governed by	Electricity (Supply) Act, 1948	Electricity Act 1956	Electricity Act, 2003.	Electricity Regulatory Commissions Act, 1998.	Electricity Act, 2003.
33.	Transformer in account of electricity company account is shown under	Fixed assets	Current assets	Long term liabilities	Reserve and surplus	Fixed assets
34.	Meter rent in account of electricity company is shown under	Other income	Other Expenses	Liability	Revenue from operation	Other income

Unit: 3 Accounts of Cooperative Society

Sr. No.	Question	Option A	Option B	Option C	Option D	Correct Answer
35	The Maharashtra coop societies Act was passed in	1960	1961	1984	1956	1960
36	The amount of profit to be transferred to Reserve fund is	15%	20%	25%	30%	25%
37	Dead stock should be shown under	Investment	Other current assets	Fixed assets	Other assets	Fixed assets
38	Shares purchased should be disclosed under	Investment	Loans and Advances	Other assets	Current assets	Investment
39	Profit and loss Account and balance sheet must be prepared under Maharashtra cooperative societies act in	Form C	Form N	Form M	Form D	Form N
40	Payment of dividend by the society should not exceed	10%	12%	20%	15%	15%
41	Maharashtra coop societies rules are framed in	1960	1961	1962	1963	1961
42	Loose tools should be disclosed in balance sheet of cooperative society under	Other items	Fixed assets	Investment	Current assets	Fixed assets

43	Provisions relating to maximum cash balance given in cooperative societies act	Bye law no.143	Bye law no.144	Bye law no.145	Bye law no.146	Bye law no.145
44	Net profit of the cooperative society during the year is Rs.90,000. The amount transferred to reserve fund is	Rs.18,000	Rs.22,500	Rs.27,000	Rs.25,000	Rs.22,500

sr no	PARTICULARS	OPTION A	OPTION B	OPTION C	OPTION D	CORRECT OPTION
45	Capital of a co-operative society is in the form of	A) Share capital	B) Ear- marked fund	C) Corpus fund	D) Reserve Capital	A) Share capital
46	Working capital of a society as defined under the Maharashtra Co-op. Societies act includes	A) Paid up share capital	B) Funds built up out of profits	C) Money raised by borrowing	D) All of the above (a), (b) and (c)	D) All of the above (a), (b) and (c)
47	Under the Maharashtra Co-Op. Societies Act, audit of a Co-Op. society can be conducted by	A) A chartered Accountant	B) A person who holds a Government Diploma in Co-Op. accounts and audits	C) A person who has served as an auditor in the Co-Operative department of the state government	D) All of the Above	D) All of the Above

48	Under the Maharashtra Co-op. Societies Act, the term 'member' includes, in addition to a person duly admitted as a member	A) Only a sympathiser member	B) Only an associate member	C) Only a nominal member	D) All of above	D) All of above
49	The whole of the day to day management of a Co-operative society vests in	A) The General Body	B) The Managing Committee	C) The Secretary	D) The Chairman	B) The Managing Committee
50	Under the Maharashtra Co-Op. Societies Act, a society must prepare the following financial statements for an accounting year.	A) The profit & Loss A/c and The Balance Sheet	B) Receipts and Payments Accounts; the Income & Expenditure A/c; and the Balance Sheet	C) The Income and Expenditure A/c; The Balance Sheet and the Cash Flow Statement vide AS 3	D) Revenue Account	B) Receipts and Payments Accounts; the Income & Expenditure A/c; and the Balance Sheet
51	Under the Maharashtra Co-Op. Societies Act, a society must prepare the Profit & Loss A/c and the Balance sheet for the Accounting Year	A) As per Schedule VI	B) In Form M	C) In Form N	D) Form A	C) In Form N

52	A member who holds jointly a share of society with others, but whose name does not stand first in share Certificate.	A) Nominal Member	B) Sympathiser member	C) Associate Member	D) Co-Member	C) Associate Member
53	Expulsion of a member can be done	A) By managing Committee	B) By the General Body by simple majority	C) By the General body by 3/4 th majority	D) By the Chairman	C) By the General body by 3/4 th majority
54	Amendment of bye-laws of the society can be done	A) By the General body by 2/3 rd Majority	B) By the General body by 2/3 rd Majority subject to approval from Registrar	C) By the General Body by simple majority	D) By General Body by 3/4 th Majority	B) By the General body by 2/3 rd Majority subject to approval from Registrar
55	Proper custody and maintenance of property belonging to the society is the function of	A) The Chairman	B) The Managing Committee	C) The Secretary	D) The Treasurer	B) The Managing Committee

Unit: 4 Investment Accounting						
Sr. No.	Question	Option A	Option B	Option C	Option D	Correct Answer
56	Provisions relating to investment accounting are given in	AS 11	AS 12	AS 13	AS 14	AS 13

57	Long term investments are carried at	Fair value	Market value	Cost price	Cost or market value whichever is less	Cost price
58	Cost of investment includes	Purchases cost	Stamp Duty	Brokerage paid	Purchases cost + Stamp Duty + Brokerage paid	Purchases cost + Stamp Duty + Brokerage paid
59	Profit on sale of rights shares	Credited to Profit and loss A/c	Credited to investment A/c	Debited to profit and loss A/c	Debited to investment A/c	Credited to Profit and loss A/c
60	Bonus shares are issued at	Face value	Fair value	Market price	Free of cost	Free of cost
61	Interest on bond and debentures is calculated on	Nominal value	Market value	Cost	Ex-interest price	Nominal value
62	Which of the following is not fixed income earning investment	Government Bonds	Debentures	Preference share	Equity shares	Equity shares
63	Short term investments are carried out at	Cost price	Market value	Cost or market value whichever is less	Fair value	Cost or market value whichever is less
64	On 1 st August 2018 Mr.Ajay purchase 200, 12% debentures of Rs.100 each of the company for Rs.20,000 at cum interest price. Interest is payable on 30 th September and on 31 st March every year. The cost of acquisition of 200 debentures is	Rs.20,800	Rs.19,800	Rs.20,000	Rs.19,200	Rs.19,200
65	Mr.Sanjay purchase 400 equity shares of T ltd at Rs.22 per share. Out of these shares he sold 150 shares at Rs.24.5 per share. Profit on sale of shares is	Rs.375	Rs.500	Rs.250	Rs.625	Rs.375

66	Following is not a Fixed Income Bearing Security	a) Debentures	b) Equity Shares	c) Preference Shares	d) Government Security	b) Equity Shares
67	Interest is always calculated on the	a) Market value of the Security	b) Nominal Value of the Security	c) Book Value of the security	d) Weighted Average Cost of the Security	b) Nominal Value of the Security
68	Interest is paid	a) To the holder of the security on the due date prorata as per his actual period of holding	b) To the original investor if the security is sold cum-interest	c) To the holder of the security on the due date irrespective of his actual period of holding	d) To the original investor if the security is sold ex-interest	c) To the holder of the security on the due date irrespective of his actual period of holding
69	A Security is transferred on 31 st May 2020; while the next interest falls due on 30 th June, 2020	a) The purchaser has the right to claim the interest up to 31 st May, 2020 as his income	b) The seller has the right to claim the interest up to 31 st May, 2020 as his income	c) the right to claim the interest up to 30 th June, 2020 as his income	d) interest for June 2020 is divided equally between the seller and the purchaser	b) The seller has the right to claim the interest up to 31 st May, 2020 as his income
70	Long term investments are carried at	a) Fair value	b) Cost price	c) Cost or market whichever is less	d) Market value	c) Cost or market whichever is less

71	Short term investments are carried out at	a) Fair value	b) Cost price	c) Cost or market whichever is less	d) Market value	b) Cost price
72	B. Ltd. acquired 2,000 equity shares of AB Ltd on cum-right basis at Rs. 75 per share subsequently, AB Ltd made a right issue of 1:1 at Rs. 60 per share which was subscribed for by : Calculate the Total Price paid by B for purchase of Rights Shares and the Actual Shares:	a) 2,70,000	b) 1,50,000	c) 1,20,000	d) 30,000	a) 2,70,000
73	Cost of investment includes	a) Purchases cost + Brokerages	b) Cost of Purchase only	c) Stamp duty paid less purchase price	d) Purchase cost only	a) Purchases cost + Brokerages
74	Investment can be purchased at	a) Cost - Ex Interest	b) Cost with cum interest	c) Cost + Interest + Brokerage	d) Cash Paid + Ex-Interest	c) Cost + Interest + Brokerage

Unit: 5 Introduction to IFRS

Sr. No.	Question	Option A	Option B	Option C	Option D	Correct Answer
75.	IFRS are issued by	IASB	ICAI	ICMA	ICSI	IASB
76.	IASC was formed on	1-1-2008	1-7-2005	1-7-2007	1-4-2010	1-7-2005
77.	IFRS for Insurance contract	IFRS 2	IFRS 3	IFRS 4	IFRS 5	IFRS 4
78.	The ICAI has decided to adopt IFRS wef.	1-4-2012	1-1-2011	1-4-2013	1-4-2011	1-4-2011
79.	Financial statements as per	Historical cost	Fair value	Market value	Replacement value	Fair value

	IFRS are presented at					
80.	Exploration and evaluation assets	IFRS 5	IFRS 6	IFRS 7	IFRS 8	IFRS 6
81.	IFRS are applicable to All the entitles having network in excess of Rs.	Rs. 500 crores	RS.100 crores	Rs. 1000 crores	Rs. 10,000 crores	Rs. 500 crores
82.	Current assets are expected to realize within	12 months	24 months	20 months	36 months	12 months
83.	IFRS 1 was issued in	June 2003	January 2003	June 2005	January 2005	June 2003
84.	Medium enterprises are those enterprises whose investment in plant and machinery is	More than Rs. 5 crores but less than Rs. 10 crores	More than Rs. 5.5 crores but less than Rs. 15 crores	More than 7.5 crores but less than Rs. 20 crores	More than Rs. 10 crores but less than Rs. 25 crores	More than Rs. 5 crores but less than Rs. 10 crores