239/2015

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. Accountants treat a business as distinct from the persons who own it. This concept is termed as :
   - (A) Business Entity Concept
   - (B) Money Measurement Concept
   - (C) Going Concern Concept
   - (D) Dual Aspect Concept

2. The expenditure which results in the acquisition of an asset, tangible or intangible which can later be sold or converted into cash or which results in an increase in the earning capacity of a business or which affords some other advantage to the firm :
   - (A) Revenue Expenditure
   - (B) Capital Expenditure
   - (C) Defered Revenue Expenditure
   - (D) Development Expenditure

3. The assets which constantly change in value through transactions that are entered into are called :
   - (A) Fixed Assets
   - (B) Current Assets
   - (C) Floating Assets
   - (D) Tangible Assets

4. The accounting practices should remain the same from one year to another as per :
   - (A) Convention of consistency
   - (B) Convention of conservatism
   - (C) Convention of disclosure
   - (D) None of these

5. Retained Earnings is a :
   - (A) Liability to the Management
   - (B) Asset to the Company
   - (C) Liability to the Company
   - (D) None of these

6. The arithmetical accuracy of the accounts can be checked by preparing :
   - (A) Balance sheet
   - (B) Trading Account
   - (C) Trial Balance
   - (D) Profit and loss account

7. The dual aspect of accounting is ensured in the :
   - (A) Double entry system
   - (B) Single entry system
   - (C) Double and single entry system
   - (D) None of the above

8. Transactions are entered in the books of account at the amount actually involved in the concept of :

(A) Cost concept
(B) Dual aspect concept
(C) Going concern concept
(D) Money measurement concept

9. The Balance sheet is also called :

(A) Income Statement
(B) Position Statement
(C) Transaction Statement
(D) Asset Statement

10. "The art of recording classifying and summarising in a significant manner and in terms of money transactions and events which are in part at least, of a financial character and interpreting the results thereof..." :

(A) Accounting
(B) Journalising
(C) Book keeping
(D) None of these

11. The shares whose value which fluctuates in the market with the fortunes of the company :

(A) Bonus Shares
(B) Preference shares
(C) Equity Shares
(D) None of these

12. The maximum capital that the company is authorised to raise :

(A) Subscribed capital
(B) Nominal capita
(C) Called-up capital
(D) None of these

13. Super Profit Method is used in the valuation of :

(A) Floating Assets
(B) Goodwill
(C) Fixed Assets
(D) Current Assets

14. The issue of debentures is regulated by :

(A) SEBI
(B) Controller of Capital issues
(C) RBI
(D) Finance Department

15. When one company takes over another company, it is called?

(A) Amalgamation
(B) External reconstruction issues
(C) Internal Reconstruction
(D) Absorption

16. When the purchase consideration is given directly by stating the amount to be paid by the purchasing company to the shareholders of the vendor company?

(A) Net payment method
(B) Net asset method
(C) Lump sum payment method
(D) Share exchange method

17. When the shares are issued for the first time by the company to the public it is called?

(A) Bonus issue
(B) Right issue
(C) Initial public issue
(D) None of these

18. When shares are forfeited the share holder?

(A) relieved of his duties
(B) gets the benefits soon after the forfeiture
(C) name will be removed from the register of members
(D) no effect

19. Issue of bonus shares can otherwise be called as :

(A) Redemption of Shares
(B) Capitalisation of Profit
(C) Public issue
(D) None of these

20. The aggregate of the shares and other securities issued and payment in cash by the buyer company to the shareholders of the vendor company :

(A) Sales consideration
(B) Selling price
(C) Purchasing price
(D) Purchase consideration

21. The amount of expenditure actual or notional incurred or attributable to a given thing :

(A) Cost
(B) Profit
(C) Loss
(D) Expense

22. The optimum quantity for which order is placed when materials are to be purchased :

(A) Purchase Quantity
(B) EBQ
(C) EOQ
(D) Purchase order

23. The method of ascertaining cost in those industries in which goods are manufactured or services are rendered against specific orders from customers :

(A) Contract costing
(B) Product costing
(C) Operation costing
(D) Job costing

24. Provision for increase in the contract price to accommodate increase in materials and labour cost :

(A) Fixed price
(B) Fluctuating price
(C) Escalation clause
(D) De escalation clause

25. The statement which is designed to show the output of a particular accounting period along with break-up of costs :

(A) Spread sheet
(B) Output sheet
(C) Scrap sheet
(D) Cost Sheet

26. The smallest segment of activity or area or responsibility for which costs are accumulated :

(A) Process
(B) Factory
(C) Cost centre
(D) Job area

27. The change in costs due to change in the level of activity or pattern or method of production is called :

(A) Differential cost
(B) Co-product cost
(C) By products cost
(D) Scrap cost

28. All joint products are treated as :

(A) Co-products
(B) Main products
(C) By products
(D) Relative products

29. The process of setting up of standards or targets and comparing actual performance with a view to ascertain deviations from standards and taking corrective actions is termed as :

(A) Cost control
(B) Cost reduction
(C) Cost management
(D) Waste control

30. The most important criteria for distinguishing between joint products and by-products :

(A) Cost
(B) Profit
(C) Sales value
(D) Demand

31. Various grades of coal produced in mining should be treated as :

(A) By product
(B) Joint products
(C) Main product
(D) Co-product

32. Budgetary control is a method of :

(A) Cost control
(B) Sales control
(C) Purchase control
(D) None of these

33. The national productivity council was established in 1958 with its headquarters at :

(A) New Delhi
(B) Bangalore
(C) Mumbai
(D) Chennai

34. The change in market value resulting from an alteration in the form, location or availability of a product or service excluding the cost of brought-in-material and services :

(A) Expansion of product
(B) Modernisation of product
(C) Value added to product
(D) None of these

35. The management takes corrective actions on the basis of :

(A) profit analysis
(B) variance analysis
(C) standard analysis
(D) cost control

36. The amount at any given volume of output by which the aggregate costs are changed if the volume of output is increased or decreased by one unit :

(A) Out of pocket cost
(B) Sunk cost
(C) Marginal cost
(D) Fixed cost

37. A document which sets out the responsibilities of the persons engaged in the routine of and the forms and records required for budgetary control :

(A) Budget act
(B) Budget manual
(C) Marginal book
(D) None of these

38. Costs can be classified into horizontal costs and predetermined cost on the basis of :

(A) Functions involved
(B) Amount of expense incurred
(C) Time
(D) None of these

39. The costs which are not related to operations but can be controlled by the management is called :

(A) Opportunity cost
(B) Discretionary cost
(C) Variable cost
(D) None of these

40. Sales – Variable cost = :

- (A) Fixed cost
- (B) Profit
- (C) Marginal cost
- (D) Contribution

41. Financial management is concerned with :

- (A) Mobilization of fund from the market
- (B) Committing fund in long term sources
- (C) Mobilization of fund and its effective utilization
- (D) Management of working capital

42. Capital budgeting is a :

- (A) Operative Decision
- (B) Strategic Decision
- (C) Administrative Decision
- (D) All of the above

43. In Pay back period method, we accept the project having :

- (A) Short life
- (B) Long life
- (C) Shortest payback period
- (D) Longest pay back period

44. Dividend decision is not influenced by :

- (A) Profits trend
- (B) Age of company
- (C) Taxation policy
- (D) Cost of Capital

45. Technique which enable the company to select the best alternative from among a number of alternative proposal is called :

- (A) Finance plan
- (B) Marginal costing
- (C) Capital structure
- (D) Capital budgeting

46. Net operating income approach is put forwarded by :

- (A) Gordan
- (B) Walter
- (C) Modigliani-Miller
- (D) David Durand

47. Working Capital Decision is not influenced by :

- (A) Nature of business
- (B) Production policy
- (C) Size of business
- (D) Depreciation policy

48. EBIT means :

(A) Accounting profit (B) Profit after depreciation

(C) Profit after tax (D) Operating profit

49. Rate at which present value of cash inflow equates present value of cash outflow :

(A) NPV (B) IRR

(C) CRR (D) SLR

50. Which is the cheapest source of capital?

(A) Equity capital (B) Preference capital

(C) Debt capital (D) Retained earnings

51. Capital which is not represented by assets of a company is known as :

(A) Over capitalization (B) Under capitalizations

(C) Fair capitalization (D) Watered stock

52. Stock dividends and Bonus shares are :

(A) Synonymous (B) Anonymous

(C) Different terms (D) None of the above

53. Financial leverage arise due to :

(A) Debt capital (B) Retained earnings

(C) Equity capital (D) Equity capital and Retained earnings

54. Trading on equity magnifies the profits when :

(A) Rate of return equals to cost of capital

(B) Rate of return greater than cost of capital

(C) Rate of return less than cost of capital

(D) Cost of capital is equal to interest

55. When liquidity of a firm increases then profitability?

(A) Increases (B) Decreases

(C) No effect (D) None of the above

56. Which of the following is not a cash management model?

(A) Baumol Model (B) CAPM Model

(C) Stone Model (D) Miller Orr model

57. Hard core working capital refers to :

(A) Working capital invested in inventories

(B) Fixed working capital

(C) Variable portion of working capital

(D) None of the above

58. Make up of capitalization refers to :

(A) Financial plan

(B) Financing Decision

(C) ROI

(D) Capital Structure

59. Risk associated with the use of fixed cost securities is called :

(A) Operating risk

(B) Financial risk

(C) Business risk

(D) Composite risk

60. Main objective of financial management is :

(A) Preparation of financial statements

(B) Audit of accounts

(C) Wealth maximization

(D) None of the above

61. ———————— acts as a tax shield.

(A) Appreciation in assets

(B) Depreciation of assets

(C) Revaluation of assets

(D) None of the above

62. Hurdle rate means :

(A) ARR

(B) Cost of capital

(C) Return from investment

(D) Which is difficult to earn

63. The term capitalization is associated with :

(A) Sole Proprietor

(B) Partnership

(C) Company

(D) All of the above

64. Over capitalization refers to :

(A) Excess of capital

(B) Raising more of capital than supported by its earning power

(C) High capitalization rate

(D) None of the above

65. Which of the following is not a concept of working capital?

(A) Net working capital

(B) Gross working capital

(C) Full cost concept

(D) Both (A) and (B)