

1. AS-2 is related with
  - A) Depreciation Accounting
  - B) Contract Account
  - C) Segment Reporting
  - D) Inventory Valuation
  
2. IFRS-2 deals with
  - A) Share based payment
  - B) Financial instruments
  - C) Insurance contract
  - D) Consolidated financial statement
  
3. As per the revised Schedule VI of the Final Accounts of companies, the Profit and Loss Account is renamed as
  - A) Income Statement
  - B) Statement of Profit and Loss
  - C) Schedule of Profit and Loss
  - D) None of these
  
4. Which of the reserve does not appear in the Balance Sheet of a company ?
  - A) General Reserve
  - B) Capital Reserve
  - C) Specific Reserve
  - D) Secret Reserve
  
5. Pooling of interest is applicable for amalgamation in the nature of
  - A) Consolidation
  - B) Reconstruction
  - C) Realization
  - D) Merger
  
6. Which of the following is a Statutory Reserve ?
  - A) Development Allowance Reserve
  - B) Workmen's Compensation Fund
  - C) Capital Redemption Reserve
  - D) Capital Reserve
  
7. Alteration of shares of smaller amounts into shares of larger amount is called
  - A) Surrender of shares
  - B) Subdivision of shares
  - C) Consolidation of shares
  - D) None of these
  
8. Dividend paid in the form of shares are called
  - A) Final dividend
  - B) Interim dividend
  - C) Unclaimed dividend
  - D) Strip dividend

9. Intrinsic value of share means

- A)  $\frac{\text{Total Assets}}{\text{No. of Preference Shares}}$       B)  $\frac{\text{Total Liabilities}}{\text{No. of Equity Shares}}$
- C)  $\frac{\text{Gross Capital}}{\text{No. of Equity Shares}}$       D)  $\frac{\text{Net Assets}}{\text{No. of Equity Shares}}$

10. The accounting standard deals with amalgamation is

- A) AS-16      B) AS-13      C) AS-21      D) AS-14

11. Gross profit of pre-incorporation and post-incorporation period is apportioned on the basis of

- A) Time      B) Wholly to the period after incorporation
- C) Respective sales ratio      D) None of these

12. Which of the following account is debited when Statutory Reserve of the transferor company is taken over by the transferee company ?

- A) Goodwill Account      B) Amalgamation Adjustment Account
- C) Capital Reserve Account      D) Statutory Reserve Account

13. Voluntary return of shares by shareholders to the company for cancellation is called

- A) Transfer of shares      B) Forfeiture of shares
- C) Surrender of shares      D) Buy back of shares

14. Under the scheme of buy back of shares, the company in order to perform its obligation is required to open an account called

- A) Fixed Deposit      B) ESCROW Deposit
- C) Savings Deposit      D) Current Deposit

15. Consolidation of fully paid shares are called

- A) Stock      B) Employees stock option
- C) Sweat shares      D) None of these

16. Capital Reduction Account is used to

- A) Write off losses      B) Transfer to capital
- C) Issue of bonus shares      D) None of these



17. A set of characteristics that sets one group of people apart from another is called as  
A) Ethics                      B) Culture                      C) Values                      D) None of these
18. Certain norms governing the conduct of workers involved in a work situation is called  
A) Work ethos                      B) Work dynamics  
C) Work group                      D) Group dynamics
19. The application of ethical principles rather than actual specified action refers to  
A) Ethical standards                      B) Virtue ethics  
C) Morality                      D) None of these
20. How many stages are in the model of an organisation social responsibility progression ?  
A) 4                      B) 3                      C) 5                      D) 6
21. Article 15 of Indian Constitution deals with  
A) Education                      B) Gender Equality  
C) Health                      D) Freedom of Speech
22. The term that best describes when a company is presenting an environmentally responsible public image that is unfounded or intentionally misleading  
A) Stewardship                      B) Greenwashing  
C) Due diligence                      D) Lobbying
23. Ethics is a  
A) Normative Science                      B) Pure Science  
C) Inexact Science                      D) None of these
24. A written document in which one person appoints another person to act as an agent on his or her behalf conferring authority on the agent to perform certain acts or functions on behalf of principal  
A) Partnership Deed                      B) Power of Attorney  
C) Lease Agreement                      D) Gift Deed

25. Which of the following is the fundamental document of a company ?  
A) Memorandum of Association      B) Prospectus  
C) Articles of Association      D) Statement in Lieu of Prospectus
26. The new Section 60 B introduced by the Companies (Amendment) Act 2000 is related to  
A) Prospectus      B) Information Memorandum  
C) Articles of Association      D) None of these
27. Articles of Association can be altered by  
A) A special resolution      B) Permission from company law tribunal  
C) An ordinary resolution      D) A resolution of board of directors
28. A company sells an asset to another party who in turn leases it back to the company is called  
A) Open ended lease      B) Sale and lease back  
C) Leveraged lease      D) None of these
29. Technique of material cost control which leads to low carrying cost as a result of low investment in inventory  
A) JIT inventory system      B) Perpetual inventory system  
C) ABC analysis      D) VED analysis
30. The smallest segment of activity or area or responsibility for which costs are accumulated  
A) Cost centre      B) Cost driver      C) Cost object      D) None of these
31. Added value is the change in  
A) Agreed value      B) Market value      C) Cost      D) Income
32. Which of the following is a recorded fact ?  
A) Debtors      B) Market value of investments  
C) Replacement cost      D) None of these
33. At Break Even Point contribution will be equal to  
A) Fixed Cost      B) Variable Cost      C) Profit      D) Semi Variable Cost



34. The first step in preparing the budget is determining the  
 A) Cost of goods sold                      B) Cost of material purchase  
 C) Cash    D) Sales
35. The costing method used in automobile industry  
 A) Operation Costing                      B) Multiple Costing  
 C) Operating Costing                      D) Contract Costing
36. Average cost method is suitable in inventory valuation in times of  
 A) Falling prices                              B) Rising prices  
 C) Prices are stable                      D) Price fluctuates considerably
37. ZBB was first used in  
 A) Japan                      B) America                      C) Korea                      D) India
38. Capital Budgeting is a  
 A) Strategic decision                      B) Administrative decision  
 C) Operative decision                      D) None of these
39. The contribution per unit is Rs. 2 and Fixed Costs are Rs. 15,000. For earning a profit of Rs. 50,000, the company must have sales of  
 A) Rs. 1,30,000                      B) Rs. 1,00,000  
 C) Rs. 32,500                      D) 32500 units
40. When margin of safety is 60% and P/V ratio is 25%, the profit earned will be  
 A) 35%                      B) 15%                      C) 25%                      D) 20%
41. When profit is Rs. 5,000 and P/V ratio is 20%, margin of safety is  
 A) 25,000                      B) 10,000                      C) 30,000                      D) 50,000
42. Which of the following is a Period Cost ?  
 A) Direct material                      B) Indirect material  
 C) Factory utilities                      D) Administrative expenses
43. Part of the capital not represented by assets are called  
 A) Average stock                      B) Base stock  
 C) Watered stock                      D) Stock in trade

44. EBIT level at which EPS remains same irrespective of the debt equity mix is termed as
- A) BEP  
B) Optimum capital mix  
C) Point of difference  
D) Trading on equity
45. Which of the following is not a capital budgeting decision ?
- A) Expansion programme  
B) Replacement of an asset  
C) Inventory valuation  
D) Merger
46. Real rate of return is equal to
- A) Nominal Rate  $\times$  Inflation Rate  
B) Nominal Rate  $-$  Inflation Rate  
C) Nominal Rate  $+$  Inflation Rate  
D) Nominal Rate  $\div$  Inflation Rate
47. Cost of capital for government securities is known as
- A) Risk free rate of interest  
B) Maximum rate of return  
C) Rate of interest on fixed deposit  
D) None of these
48. Financial Leverage is zero if
- A) EBIT = Interest  
B) EBIT = 0  
C) EBIT = Fixed cost  
D) EBIT = Preference dividend
49. Judicious use of leverage is suggested by
- A) Net income approach  
B) Net operating income approach  
C) Traditional approach  
D) None of these
50. Which method is based on conservative principle ?
- A) Pay back period  
B) Internal rate of return  
C) Net present value  
D) None of these
51. The flotation cost is higher in case of
- A) Equity shares  
B) Debt  
C) Preference shares  
D) Bank borrowings
52. If the operating profit of the firm change by 30% due to change in sales by 15%, then operating leverage will be
- A) 0.5  
B) 1.0  
C) 1.5  
D) 2.0



53. A preference share having face value Rs. 100 carry a dividend rate of 12%. If the required rate of return is 15% on a similar risk class, then intrinsic value will be  
 A) 60                      B) 80                      C) 97                      D) 100
54. Special audit can be ordered by  
 A) Central Government                      B) Shareholders  
 C) SEBI                      D) Debentureholders
55. Audit in depth means  
 A) Audit of each and every item  
 B) Audit of few selected items  
 C) Intensive audit of each and every item  
 D) Intensive audit of few items
56. Valuation of assets on wrong basis is called  
 A) Compensation error                      B) Clerical error  
 C) Technical error                      D) Error of principle
57. Section 224 of the Companies Act 1956 deals with  
 A) Special Audit                      B) Secretarial Audit  
 C) Cost Audit                      D) Appointment and Remuneration of Auditor
58. Government may order for special audit under  
 A) Section 227                      B) Section 224  
 C) Section 233(A)                      D) Section 233(B)
59. For granting subsidy to sick units, the audit required would be  
 A) Management Audit                      B) Statutory Audit  
 C) Internal Audit                      D) Financial Audit
60. Statutory auditor of a company in the case of a casual vacancy may be appointed by  
 A) Managing Director                      B) Board of Directors  
 C) Extra Ordinary General Meeting                      D) Government
61. Consider the following documents.  
 I) Audit note book                      II) Audit programme  
 III) Audit report                      IV) Audit files  
 The correct sequence in which an auditor prepares these documents is  
 A) II, I, III, IV                      B) I, II, III, IV                      C) II, I, IV, III                      D) I, II, IV, III

058/2016

62. International Standards on Auditing are issued by  
A) ICMA                      B) IASB                      C) IFAC                      D) ICAI
63. An audit note book is maintained by  
A) Auditor    B) Management  
C) Audit Clerk    D) None of these
64. The scope of work of internal audit is decided by  
A) Government      B) Shareholders      C) Management      D) Law
65. Which of the following is the most detailed audit ?  
A) Continuous Audit    B) Statutory Audit  
C) Balance Sheet Audit    D) Interim Audit
66. The first stock exchange to be set up in India was in  
A) Calcutta                      B) Madras                      C) Delhi                      D) Bombay
67. What denotes the acquisition of a right to purchase securities ?  
A) Put option                      B) Double option      C) Call option                      D) None of these
68. The gilt edged market refers to the market for  
A) Shares and debentures  
B) Public limited company securities  
C) Industrial securities  
D) Government and semi government securities
69. The total number of recognized stock exchanges in India at present are  
A) 24                      B) 26                      C) 25                      D) 23
70. In BSE, F list deals with  
A) Derivatives    B) Government Securities  
C) Equity Shares    D) Debentures and Preference Shares
71. Section 77A, 77 AA, 77 B of the Companies Act 1956 deals with  
A) Right issue of shares    B) Bonus issue of shares  
C) Fresh issue of shares    D) Buy back of shares