

26/2015

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. Balance sheet shows :
(A) dynamic financial position (B) fund flow position
(C) static financial position (D) none of these
2. Cash payment as interest on debentures and loans is a _____ activity.
(A) operating (B) financing
(C) lending (D) investing
3. The portion of the value of work that the architect of the contractee agrees as to have been done is :
(A) work retained (B) work completed
(C) work uncertified (D) work certified
4. Works on cost is otherwise called :
(A) works overhead (B) works cost
(C) cost of production (D) prime cost
5. In funds flow statement, fund means :
(A) total capital (B) total assets
(C) total cash and bank (D) working capital
6. Dividend declared in between two annual general meeting is :
(A) internal dividend (B) interim dividend
(C) final dividend (D) scrip dividend
7. The discount on reissue of forfeited shares should not exceed :
(A) the amount paid by the original holder
(B) the amount unpaid by the original holder
(C) the called up value of shares
(D) the face value of shares

8. Production budget is a _____ Budget.
 (A) master (B) fixed
 (C) functional (D) none of these
9. _____ is an application of fund.
 (A) Depreciation (B) Sale of fixed asset
 (C) Purchase of fixed asset (D) Fund from operation
10. _____ cost is also known as period cost.
 (A) Variable (B) Fixed
 (C) Product (D) All of these
11. Piece meal distribution is in connection with :
 (A) incorporation of firm (B) consignment
 (C) joint venture (D) dissolution of firm
12. _____ commission is given for bearing risk of bad debts.
 (A) Delcredere (B) Overriding
 (C) Special (D) Brokerage
13. Debit note is prepared in connection with :
 (A) credit sale (B) credit purchase
 (C) return inwards (D) return outwards
14. _____ system is a method of accelerating the cash inflows.
 (A) JIT (B) Lock box
 (C) ABC (D) Factoring
15. A buffer to meet the un anticipated increase in the usage of material is called :
 (A) minimum stock (B) maximum stock
 (C) safety stock (D) danger level stock
16. A project requires an initial investment of Rs. 8,00,000 with annual cash inflow of Rs. 2,00,000 for fiver years. Its pay back period is :
 (A) 4 years (B) 5 years
 (C) 3 years (D) $3\frac{1}{2}$ years
17. Assets sold by a firm in the capital market to raise fund is called :
 (A) real assets (B) fictitious assets
 (C) financial assets (D) current assets

18. Capital gearing refers to the relationship between equity capital and :
(A) creditors (B) reserves
(C) short term debts (D) long term debts
19. Profitability index is a method of :
(A) preparing an index (B) ascertaining profitability
(C) evaluation of investment projects (D) ascertaining the financial position
20. Working capital is also known as _____ capital.
(A) circulating (B) fixed
(C) period (D) all of these
21. The method which recognises the time values of money by combining pay back with the net present value is :
(A) pay back reciprocal (B) discounted pay back period
(C) pay back profitability (D) ARR
22. The funds invested in total current assets is termed as :
(A) working capital (B) positive working capital
(C) net working capital (D) gross working capital
23. The quality of management is not directly disclosed in the books of accounts because of :
(A) going concern concept (B) cost concept
(C) money measurement concept (D) realization concept
24. Amount withdrawn by the proprietor for personal use reduces both :
(A) liabilities and capital (B) assets and owners equity
(C) expenses and liabilities (D) none of these
25. Cost of equity share is influenced by :
(A) dividend growth rate (B) growth rate of earnings
(C) both (A) and (B) (D) none of these
26. _____ represents minimum requirements for extending credit to a customer.
(A) Credit standard (B) Credit rating
(C) Credit evaluation (D) Credit cards

27. The difference between the total present value of a stream of cash flow of a given rate of discount and the initial capital outlay is known as :
- (A) IRR (B) ARR
(C) Net working capital (D) NPV
28. According to _____ approach, the total value of the firm remains constant irrespective of the debt-equity mix.
- (A) net operating income (B) net income
(C) traditional (D) none of these
29. The arbitrage process is the operational justification of :
- (A) Derivatives (B) MM hypothesis
(C) FCCB (D) ADR
30. _____ refers to that EBIT level at which EPS remains the same irrespective of the Debt-Equity mix.
- (A) Optimum capital structure (B) Under capitalization
(C) Over capitalization (D) Point of indifference
31. In case of _____ factoring, the factor assumes the risk of bad debts.
- (A) advance (B) recourse
(C) non recourse (D) none of these
32. In case of firms having $r > k$, the optimum dividend policy requires _____ pay out ratio.
- (A) 100% (B) 50%
(C) 0% (D) 1%
33. _____ committee suggested inventory and receivable norms for 15 major industries.
- (A) Rangarajan (B) Tandon
(C) Chore (D) Marathe
34. JIT inventory system was pioneered in :
- (A) Japan (B) USA
(C) Canada (D) China
35. Depreciation is included in costs in case of _____ method.
- (A) Pay back (B) IRR
(C) NPV (D) ARR

36. _____ is a form of equity financing designed specially for funding high risk and high reward project.
- (A) Venture capital (B) Seed capital
(C) Bridge capital (D) Sweat equity
37. Operating lease is favoured by lessee in respect of assets which depreciate in value on account of:
- (A) wear and tear (B) exhaustion
(C) obsolescence (D) none of these
38. Stock split is a remedy for:
- (A) under capitalization (B) over capitalization
(C) capital gearing (D) leasing
39. The accept-reject result of NPV and IRR is the same if:
- (A) projects are mutually exclusive (B) projects are independent
(C) both (A) and (B) (D) none of these
40. In India, the issue of commercial papers came into being after the recommendations of:
- (A) Tandon committee (B) Chore committee
(C) Kannan committee (D) Vaghul committee
41. The loss incurred on an incomplete contract is transferred to _____ account.
- (A) contract (B) profit and loss
(C) work-in-progress (D) inventory
42. _____ is a selective inventory control technique.
- (A) FSN analysis (B) LED analysis
(C) Perpetual inventory (D) ABC analysis
43. The guidance and regulation of the cost of operating by executive action is called:
- (A) cost control (B) cost audit
(C) cost reduction (D) cost manipulation
44. _____ is that segment of activity of a business which is responsible for both revenue and expenses.
- (A) conversion centre (B) cost centre
(C) profit centre (D) production centre

45. Bonds issued without any rate of interest is called :
- (A) NCD (B) Zero coupon bond
(C) FCCB (D) Flexi bond
46. When the same transaction is recorded twice in the books of accounts, the error is called :
- (A) error of duplication (B) error of principle
(C) error of commission (D) error of compensation
47. Carriage outward is an item of _____ overhead.
- (A) production (B) selling
(C) administration (D) distribution
48. _____ refers to excess of absorbed overhead over the actual overhead.
- (A) Under absorption (B) Over absorption
(C) Full absorption (D) Over trading
49. Operating cycle is :
- (A) inventory conversion period only
(B) inventory conversion period minus debtors conversion period
(C) inventory conversion period plus debtors conversion period
(D) none of these
50. If the debentures carry interest @ 10% per annum and corporate tax rate is @ 30%, cost of debt is :
- (A) 10% (B) 5%
(C) 3% (D) 7%
51. The essentials of a valid contract is provided under, _____ of the Indian Contract Act.
- (A) Section 10 (B) Section 17
(C) Section 25 (D) Section 18
52. A contract without consideration is :
- (A) Valid (B) Voidable
(C) Illegal (D) Void
53. A minor's contract was held to be void in the case :
- (A) Scarf V Jardine
(B) Carlill V Carbolic Smoke ball company
(C) Mohoribibi V Dharmodas Ghosh
(D) Cox V. Hickman

54. Section 13 (f) of the Indian Partnership Act provides for :
- (A) Indemnity in favour of the partner against the firm
 - (B) Indemnity in favour of the firm against a partner
 - (C) Indemnity in favour of third parties against the firm
 - (D) None of the above
55. Which is correct about the following statements?
- (1) A counter offer terminates the original offer
 - (2) Quotation of price is an offer
 - (3) Acceptance to an offer is like a lighted match to a train of gun powder
- (A) (1) and (3) are correct
 - (B) (2) and (3) are correct
 - (C) (1), (2) and (3) are correct
 - (D) Only (3) is correct
56. When goods are displayed in a shop window with price tags attached to them, it amounts to :
- (A) an offer
 - (B) invitation to an offer
 - (C) counter offer
 - (D) acceptance
57. The damages under Section 73 of the Indian Contract Act are :
- (A) liquidated
 - (B) penal
 - (C) compensatory
 - (D) none of the above
58. Which section of the Indian Contract Act, deals with agreement in restraints of legal proceedings?
- (A) Sec. 27
 - (B) Sec. 29
 - (C) Sec. 30
 - (D) None of the above
59. A partner has no implied authority :
- (A) to borrow money in case of a commercial firm
 - (B) to enter into partnership with other person in other business
 - (C) neither (A) nor (B)
 - (D) both (A) and (B)
60. Where one of the parties is under a mistake as to matter of fact, the contract is?
- (A) voidable
 - (B) valid
 - (C) illegal
 - (D) void

61. A property belonging to a partner on entering into a partnership and used for the purposes of partnership :
- (A) becomes the property of the partners in their profit sharing ratio
 - (B) becomes the property of the firm
 - (C) remain the property of the partner
 - (D) either (A) or (B)
62. Section 40 of Indian Partnership Act provides for :
- (A) compulsory dissolution
 - (B) dissolution by court
 - (C) dissolution by notice
 - (D) dissolution by agreement
63. Which one of the following does not amount to fraud?
- (A) a promise made without any intention of performing it
 - (B) active concealment of a fact
 - (C) suggestion of a fact of that which is not true by one who does not believe it to be true
 - (D) a representation made without knowing it to be false, honestly believing it to be true
64. Which one of the following is a contract?
- (A) an undertaking in writing duly signed to pay the time-barred debt
 - (B) an agreement to do a lawful act by an unlawful means
 - (C) an agreement in restraint of trade
 - (D) a wagering agreement
65. The liability of a partner :
- (A) joint only
 - (B) joint and several
 - (C) several only
 - (D) either joint or several
66. Section _____ of sale of Goods Act, 1930, enumerates the doctrine of 'Nemo dat quod non habet'.
- (A) Section 26
 - (B) Section 27
 - (C) Section 16
 - (D) Section 17
67. The term 'Mercantile agent' defined under sale of Goods Act means an agent having in the customary course of business as such agent authorised to :
- (A) raise money on the security of goods
 - (B) buy goods
 - (C) sell goods or consign goods for the purpose of sale
 - (D) either (A) or (B) or (C)