

093/2022

Maximum : 100 marks

Time : 1 hour and 30 minutes

1. An item is valued at the exchange price at the date of acquisition and shown in the financial statements at that value or an amortised portion of it. This is as per the principle of:
(A) Full disclosure (B) Cost
(C) Materiality (D) Consistency

2. When a sole proprietor decided to use same bank account for his business as well as personal affairs, the ————— accounting principle is violated.
(A) Going concern (B) Entity
(C) Objectivity (D) Materiality

3. ————— is the basis of maintaining accounts followed by Indian Companies.
(A) Cash Basis
(B) Accrual Basis
(C) Accrual basis and double entry system
(D) Double entry system

4. Given Opening stock = 17600, Closing stock = 10560
Cost of goods sold = 1,83,040.
The amount of purchase will be
(A) 1,76,000 (B) 1,54,880
(C) 1,65,440 (D) 1,44,320

5. As per the ————— concept, capital is shown in the liability side of Balance sheet.
(A) Entity concept
(B) Dual aspect concept
(C) Accrual concept
(D) Going concern concept

6. Which of the following conditions is not true in case remuneration payable to partners is allowed as a deduction of a partnership firm under Income tax Act 1961?
- (A) Remuneration must be authorized by partnership deed
 - (B) Remuneration can be paid to all partners
 - (C) Partnership deed cannot authorize payment of remuneration for any earlier period
 - (D) None of these
7. Which of the following is true with respect to Interest on Capital of partners?
- (A) It is credited to partner's capital account
 - (B) It is credited to partner's current account
 - (C) Either (A) or (B)
 - (D) It is calculated on average capital of partners
8. At the time of retirement, continuing partners acquire the share of outgoing partners in _____ ratio.
- (A) Gaining ratio
 - (B) Sacrificing ratio
 - (C) New profit - sharing ratio
 - (D) Old profit - sharing ratio
9. Which of the following is not true in case of dissolution of a partnership firm?
- (A) Business comes to an end
 - (B) Revaluation account is created
 - (C) Books of accounts are closed
 - (D) The entire firm including the relation among all partners ceases to exist
10. The proceeds from the sale of assets along with the contribution of partners at the time of dissolution of a firm are first used to pay off:
- (A) Partner's Capital
 - (B) Partners additional capital
 - (C) External Liabilities
 - (D) Partners loan to the firm
11. The firms cost of capital is equal to the opportunity cost of equity capital in a _____ firm.
- (A) All debt financed firm
 - (B) All equity financed firm
 - (C) Equity and debt financed firm
 - (D) Preference and equity financed firm

12. Companies with falling or constant profits can:
- (A) Avoid paying dividend during inflation
 - (B) Paying more dividend during inflation
 - (C) Either (A) or (B)
 - (D) None of these
13. Maximization of the owner's wealth/ Shareholder's wealth is represented by which of the following:
- (A) Market price of a share
 - (B) Book value of firm's assets
 - (C) Salary paid to employees
 - (D) All of these
14. _____ dividend amounts to capitalization of earnings and distribution of profits among the existing shareholders without affecting the cash position of the firm.
- (A) Scrip dividend
 - (B) Bond dividend
 - (C) Stock dividend
 - (D) Property dividend
15. Which among the following is not a determinant of dividend policy?
- (A) Legal restrictions
 - (B) Nature of Industry
 - (C) Capital market conditions
 - (D) Taxation policy
16. According to _____ whatever increase in the value of the firm results from the payment is dividend will be exactly offset by the decline in the market price of share.
- (A) James. E. Walter
 - (B) Modigliani and Miller
 - (C) Myron Gordon
 - (D) None of these
17. Which one of the following is not an assumption of Walter's Model of dividend?
- (A) the internal rate of return and cost of capital of the firm are constant
 - (B) the investments of the firm are financed using external sources of funds
 - (C) earnings and dividends do not change while determining value
 - (D) the firm has a very long life
18. The cash kept aside by the investor equips him to exploit an attractive investment opportunity. This motive is termed as:
- (A) Precautionary motive
 - (B) Speculative motive
 - (C) Transaction motive
 - (D) None of these

19. _____ approach of working capital depends more on short term funds.
- (A) Aggressive approach (B) Conservative approach
(C) Hedging approach (D) All of these
20. Under _____ technique of inventory control, inventory items are classified based on their annual usage value in monetary terms.
- (A) VED analysis (B) GOLD analysis
(C) HML Analysis (D) ABC analysis
21. The basic requirement of _____ technique is the separation of fixed and variable cost.
- (A) Marginal costing (B) Standard costing
(C) Direct costing (D) Uniform costing
22. _____ are those cost that can be specifically and exclusively identified with a particular cost object:
- (A) Indirect cost (B) Direct cost
(C) Product cost (D) Period cost
23. The predetermined or target costs that are incurred under efficient operating conditions are:
- (A) Budgeted Cost (B) Opportunity Cost
(C) Standard Cost (D) Process Cost
24. _____ is equal to the difference between the standard wage rate per hour (SR) and the actual wage rate (AR) multiplied by the actual number of hours worked (AH).
- (A) Labour efficiency variance (B) Variable expenditure variance
(C) Wage rate variance (D) Variable efficiency variance
25. The term _____ describes the situation where all business function are involved in the process of continuous quality improvement.
- (A) Life cycle costing (B) Business Process Re-engineering
(C) Quality cost report (D) TQM
26. Profit Volume Ratio establishes the relationship between:
- (A) Contribution and sales (B) Contribution and fixed cost
(C) Sales and fixed cost (D) Sales and variable cost

27. _____ is the aggregate amount of revenue available after variable costs to cover fixed expenses and provide profit to the company.
- (A) Gross Income (B) Contribution margin
(C) Net Income (D) Committed fixed income
28. Time lost in the normal course of activity is known as:
- (A) Normal idle time (B) Abnormal idle time
(C) Abnormal loss (D) Normal loss
29. The margin of safety is the difference between _____ and break-even point.
- (A) Profit (B) Price-cost margin
(C) Contribution (D) Actual sales
30. The combination of indirect material, indirect labour and indirect expenses are:
- (A) Overheads cost (B) Marginal cost
(C) Economic cost (D) Accounting cost
31. _____ is the father of modern theory of management.
- (A) Max Weber (B) Henry Fayol
(C) Luther Gulick (D) Peter F Drucker
32. _____ developed the theory of motivation based on the hierarchy of needs.
- (A) Elton Mayo (B) Abraham Harold Maslow
(C) Peter F Drucker (D) Luther Gulick
33. Which among the following is not a technique of TQM?
- (A) Quality measurement (B) Six Sigma
(C) Kaizen (D) Zero defect program
34. Who conducted the Hawthorne experiment?
- (A) Max Weber (B) F.W Taylor
(C) Elton Mayo (D) M.P Follet
35. The concept of MBO was introduced by:
- (A) Peter F. Drucker (B) F.W Taylor
(C) Elton Mayo (D) Tom Peter

36. The number of subordinate being efficiently and effectively managed by the individual manager:
- (A) Espirit de Corpse (B) Authority
(C) Span of control (D) Level of management
37. _____ is the oldest form of organization structure.
- (A) Functional (B) Line
(C) Committee (D) Matrix
38. The _____ approach of management treated organisation as a closed system.
- (A) Human relations (B) Classical
(C) Social systems (D) Behavioural science
39. Coaching is a method of _____ training.
- (A) Role-play (B) Classroom
(C) On the job (D) Vestibule
40. The communication pattern under which the subordinate can communicate with and through one manager:
- (A) Circular (B) Free flow
(C) Wheel (D) Chain
41. A New product is only an outgrowth of the existing product, depends on the _____ approach.
- (A) Substitute (B) Demand growth
(C) Evolutionary (D) Preference
42. A firm can have supernormal profits in the long run under:
- (A) Monopoly (B) Duopoly
(C) Perfect competition (D) Oligopoly
43. Fixing a higher price in the initial stage is known as:
- (A) Market penetration (B) Market skimming
(C) Target return (D) Price discrimination

44. Predictive analysis, conjoint analysis, client intent surveys and the Delphi Method are the methods of:
- (A) Demand Analysis (B) Demand Forecasting
(C) Demand Estimation (D) Demand Elasticity
45. Demand estimation process includes:
- (A) The forecast
(B) An estimation of its accuracy
(C) Description of the dependency relationship
(D) All the above
46. The _____ measures the percentage change in sales for a given percentage change in the good's price, all other factors held constant.
- (A) Price elasticity of demand
(B) Demand estimation
(C) Demand forecasting
(D) Mark-up price
47. The _____ function depicts the relation between physical outputs of a production process and factors of production.
- (A) The classical theory (B) Cost theory
(C) Theory of production (D) Theory of consumption
48. When the economy experiences rapid growth, low interest rates, increase in production it is known as
- (A) Expansion (B) Peak
(C) Contraction (D) Trough
49. _____ demand forecasting is related to the business conditions prevailing in the economy as a whole.
- (A) Micro level (B) Macro level
(C) Industry level (D) Firm level
50. The Investments may increase when the rate of interest is _____ in the economy.
- (A) Very high (B) High
(C) Moderate (D) Low

51. Maximum number of members in a private company is:
- (A) 20 (B) 50
(C) 100 (D) 200
52. Annual Return filed with the _____ in Form No.MGT-7 provides information about Companies.
- (A) Registrar of companies (B) Co-operative department of Kerala
(C) Ministry of Home Affairs (D) None of the above
53. Which of the following statement is/are correct about general meeting of a company?
- (i) Giving not less than twenty-one day's notice either in writing or through electronic mode is a pre-requisite before a general meeting of a company.
- (ii) As per proviso to section 101 of the companies Act 2013, a general meeting may be called after giving shorter notice than that specified in the statement (i)
- (iii) The notice of every general meeting shall not be given to every director of the company
- (iv) In the case of a private company, one member personally present, shall be the quorum for a meeting of the company.
- (A) Only (i) (B) Only (i) and (ii)
(C) Only (i) and (iii) (D) All of the above (i),(ii),(iii) and (iv)
54. Nomination and Remuneration Committee shall be constituted from the auditors of the company:
- (A) The above statement is Correct
(B) The above Statement is incorrect.
(C) In the case of listed public companies, the above statement is correct
(D) In the case of private companies, the above statement is correct
55. Two modes of Winding up as per section 270 of the Companies Act 2013 are:
- (A) Winding Up by Ministry of Corporate Affairs and Voluntary winding up
(B) Members voluntary winding up and Creditors voluntary winding up
(C) Liquidation and dissolution
(D) Winding Up by National Company Law Tribunal and Voluntary winding up

56. Overriding preferential payments as per section 326 and Preferential payments as per section 327 of the Companies Act 2013 are applicable in the case of
- (A) Winding up of a company
 - (B) Disposal of Profit of Companies
 - (C) Distribution of Dividends
 - (D) Issue of Securities
57. Which of the following statement is/are correct as per Companies Act 2013?
- (i) Minimum number of directors in public company is five
 - (ii) Minimum number of directors in public company is three
 - (iii) Minimum number of directors in private company is two
- (A) Only (i)
 - (B) Only (i) and (ii)
 - (C) Only (ii) and (iii)
 - (D) All of the above (i),(ii),(iii)
58. Which of the following statement is/are correct as per Companies Act 2013?
- (i) Normally, independent directors are executive directors of the company
 - (ii) Every listed public company shall have atleast one-third of the total number of directors as independent directors
- (A) Only (i)
 - (B) Only (ii)
 - (C) Both (i) and (ii)
 - (D) none of the above
59. As per Section 132 of the Companies Act 2013, the Central Government can constitute _____ to provide for matters relating to accounting and auditing standards.
- (A) A National Financial reporting authority
 - (B) Institute of Chartered Accountants of India
 - (C) Institute of Cost Accountants of India
 - (D) Institute of Company Secretaries of India

60. A company which is formed for the promotion of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object is known as:
- (A) Section 5 Company as per the Companies Act 2013
 - (B) Section 7 Company as per the Companies Act 2013
 - (C) Section 8 Company as per the Companies Act 2013
 - (D) Sections 10 Company as per the Companies Act 2013
61. The Centralized web based complaints redress system of SEBI is known as:
- (A) SCORES
 - (B) Stock Exchange
 - (C) SAT
 - (D) SIFO
62. Angel fund is created to invest in :
- (A) Banks
 - (B) Hospitals
 - (C) Start up business
 - (D) None of the above
63. A Company may issue bonus shares to its members out of:
- (i) Its free reserves
 - (ii) The Securities premium account
 - (iii) The capital redemption reserve account
- (A) Only (i) is correct
 - (B) Only (i) and (ii) are correct
 - (C) Only (i) and (iii) are correct
 - (D) All of the above (i),(ii) and (iii) are correct
64. Which of the following statement is/are correct as per Companies Act 2013?
- (i) A Public company can issue Right shares and bonus shares
 - (ii) A Private company can issue Right shares and bonus shares
- (A) Only (i) is correct
 - (B) Both (i) and (ii) are correct
 - (C) Only (ii) is correct
 - (D) Both (i),(ii) are not correct

65. Which of the following statement is/are correct?
- (i) Financial assets are intangible assets which are expected to provide future benefits in the form of claim to future cash
 - (ii) Indian financial system consists of both organized and unorganized financial system
 - (iii) Money market can be divided into two namely primary segment and secondary segment
- (A) Only (i) is correct
 - (B) Only (i) and (ii) are correct
 - (C) Only (ii) is correct
 - (D) All the above (i),(ii) and (iii) are correct
66. Commercial banks Collect cheques, demand drafts, bills etc on behalf of their customers as part of :
- (A) Agency services
 - (B) General utility services
 - (C) Primary functions
 - (D) Advancing loans
67. Demutualization is the process by which member owned organization can become a shareholder company. Demutualization is the term which is related with:
- (A) Shares
 - (B) Banks
 - (C) Mutual fund
 - (D) Stock exchanges
68. _____ as a tool which helps to curb excess volatility in the stock exchanges.
- (A) Circuit Breakers
 - (B) NSCCL
 - (C) SCORES
 - (D) BSE
69. Listed companies can file appeal against the orders of stock exchanges in the _____ as per securities Contract (Regulation) Act, 1956.
- (A) Competition Commission of India
 - (B) National Company law Appellate Tribunal
 - (C) Securities Appellate Tribunal
 - (D) Consumer Protection Council

70. Which of the following Statement is/ are correct?

- (i) Companies have to obey Indian Companies Act 2013 for listing of shares. It is not necessary to obey SEBI regulations to list their shares in stock exchanges.
 - (ii) Companies have to obey SEBI Regulations for listing of shares. It is not necessary to obey Companies Act 2013 to list their shares in stock exchanges.
 - (iii) Companies have to obey both SEBI Regulations and the Indian Companies Act 2013 to list their shares in stock exchanges.
- (A) Only (i) is correct
 - (B) Only (iii) is correct
 - (C) Only (ii) is correct
 - (D) All of the above statements are incorrect

71. Cultural factors consist of culture, subculture and:

- (A) Social influence
- (B) Social class
- (C) Both of them
- (D) None of them

72. Pick the correct option based on the statement given below:

The dimensions of product mix are

- (a) Width
 - (b) Length
 - (c) Depth
 - (d) Consistency
- (A) Only (a)
 - (B) Only (a) and (b)
 - (C) Only (a),(c) and (d)
 - (D) All of the above (a),(b),(c),(d)

73. Which of these statement is correct about investigation vs auditing?

- (A) Auditing is done by qualified Chartered Accountant whereas for investigation no specific qualification is required
- (B) The person entrusted with the work of audit is called auditor and who are entrusted with the work of investigation is called checker
- (C) In both cases of audit and investigation prima facie evidence is considered
- (D) Preparation of Audit and Investigation report is not done in a prescribed form

74. Minor's income is clubbed to:
- (A) Father's income
 - (B) Mother's Income
 - (C) Father's income or Mother's income whichever is greater
 - (D) None of these
75. Which of the supporting voucher is needed to vouch the receipts from Bill Receivables?
- (A) Previous year audited Balance Sheet
 - (B) Loan Agreement
 - (C) Debtors explanation for outstanding debts
 - (D) Auctioneer's note
76. Out of which income deduction u/s 80G is not allowed?
- (A) Income from salary
 - (B) Short term capital Gain u/s 111A
 - (C) Income from other sources
 - (D) Income from house property
77. Towards the end of this stage, prices of product begin to fall and profits peak. By this time most firms have recovered their development cost and their main priority is to increase or retain market share and to enhance profit. Which stage of product life cycle is mentioned here:
- (A) Maturity
 - (B) Decline
 - (C) Growth
 - (D) Introduction
78. Which of the statement is not true about auditing working papers?
- (A) It can be used as a permanent record for future references
 - (B) It shows the extent of adherence to accounting principles and auditing standards
 - (C) It provides a means to control the ongoing audit work
 - (D) It only mentions the name, nature and Board of directors of company
79. A Non-speculative business discontinued in the previous year 2019-20. The brought forward loss can be set off against income from:
- (A) Income from salary
 - (B) Speculative business
 - (C) Under any head of income
 - (D) Income from business

80. Among the following which of these is an example of Pull Marketing strategy?
- (A) Direct selling to customers
 - (B) Media coverage
 - (C) Maintaining an Efficient Supply Chain
 - (D) Direct mail Ads
81. A super Senior Citizen shall be that individual for the purpose of Income tax whose age is more than:
- (A) 60 years
 - (B) 75 years
 - (C) 80 years
 - (D) 85 years
82. Who has introduced the concept of Market segmentation?
- (A) Rosser Reeves
 - (B) N.H. Borden
 - (C) Wendel R. Smith
 - (D) None of them
83. Which one is not related to auditing?
- (A) Trial balance
 - (B) Audit working papers
 - (C) Audit Memorandum
 - (D) Permanent audit file
84. Interest credited in Recognized Provident fund account is exempt upto:
- (A) 7%
 - (B) 9.5%
 - (C) 10%
 - (D) 12%
85. Concealment of shortage by delaying the recording of cash receipt is known as:
- (A) Misappropriation
 - (B) Embezzlement
 - (C) Lapping
 - (D) None of these
86. Dividing buyers into groups based on their knowledge, attitude, uses or response to a product is called:
- (A) Geographic segmentation
 - (B) Demographic segmentation
 - (C) Psychographic segmentation
 - (D) Behaviourial segmentation
87. Principles of Auditing Professional ethics are:
- (A) Principles of Auditing
 - (B) Principle of Independence
 - (C) Code of conduct and professional ethics of Auditors
 - (D) Code of the Behaviour of Auditor

88. Arrears of rent received during the previous year Rs 1,00,000. From this amount deduction is to be allowed:
- (A) 50,000 (B) 20,000
(C) 30,000 (D) None of the above
89. The principal objective of audit is:
- (A) Prevention of errors and frauds
(B) To report to management of business whether the balance sheet exhibits a true and fair view of the state of affairs of the business
(C) To detect errors and frauds
(D) To verify the assets and liabilities
90. From the following which is an admissible expense?
- (A) Expenses on assessment of income tax
(B) Income tax
(C) Capital expenses incurred
(D) Charities and Donations
91. Which of these Companies uses the tagline “Think Different”?
- (A) Apple (B) Amazon
(C) Facebook (D) Google
92. Audit Programme is a:
- (A) It is an action plan containing the details regards to the conduct of Particular Audit
(B) It is a routine checking of transactions
(C) It is a statement of important documents
(D) It is a test check of business transaction
93. Capital Gain on depreciated assets will always be :
- (A) STCG (B) LTCG
(C) Tax Free (D) None of these

94. Which of these is not a correct statement about the features of Modern Marketing?
- (A) Modern marketing Strategy is target marketing
 - (B) Modern Marketing begins and end with the consumers
 - (C) Modern Marketing is Producer oriented
 - (D) Modern Marketing precedes and succeeds production
95. Income from sub letting of house property is taxable under :
- (A) Income from Capital Gain
 - (B) Income from House Property
 - (C) Income From Other Sources
 - (D) None of the above
96. Which of the following is not an element of Promotion mix?
- (A) Sales Promotion
 - (B) Advertisement
 - (C) Branding
 - (D) Personal Selling
97. Loan against the Security of Land and Property are verified from:
- (A) The Directors minutes book
 - (B) The Cash Book
 - (C) The Bank Book
 - (D) The Mortgage Deed
98. Which of these is true about section 80 D of Income Tax Act?
- (A) Medical treatment of handicapped dependent
 - (B) Medical Insurance Premium
 - (C) Life Insurance Premium
 - (D) Repayment of loan taken for higher education
99. Among the option given, which of these cannot be considered as a role that customers play in a buying decision?
- (A) Influencer
 - (B) Buyer
 - (C) Initiator
 - (D) Stocker
100. Which of these cannot be considered as an objective of Internal control system?
- (A) The transactions are executed in accordance with the management's authorisation
 - (B) All the transactions are recorded in an appropriate manner as required
 - (C) Assets are safeguarded from unauthorised access, use or disposition
 - (D) Assets not be verified, mere recording is enough
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