

1. The merchant banking companies also act as..... for debenture holders

- A) agents B) advisers
- C) trustees D) officers.

2. Commercial papers are unsecured promissory notes issued for a period of

- A) 1 - 3 months B) 3 - 6 months
- C) 9 - 12 months D) none of these.

3. Which one of the following is not a capital market instrument ?

- A) Debenture B) Shares
- C) Public sector bonds D) Treasury bills.

4. Credit rating refers to

- A) Rating of different financial institutions
- B) Rating of different financial instruments
- C) Customer's credit worthiness rating
- D) Customer's bills rating.

5. IRCI was set up in 1971 with the assistance of

- A) ICICI B) ARDC
- C) IDBI D) RBI.

6. Trade statistics reveal that India depends more on the developed countries for its major proportion of

- A) Imports B) Exports
- C) Imports and Exports D) Manufacturing.

7. India's new economic and trade policy measures have started paying

- A) Interest B) Dividend
- C) Profit D) Interest and Dividend.

8. In foreign trade, the exporter sends the documents directly to the importer for the payment of invoice called as

A) Payment in advance B) Documentary bill  
C) Open account D) Letter of Credit.

9. The 'terms of trade' is the name given to

- A) unilateral trade agreement between countries
- B) the excess of imports over exports
- C) the relationship between price of imports and price of exports
- D) bilateral agreements.

10. No mutual fund may keep a close ended scheme open for subscription for more than

- A) 50 days B) 45 days
- C) 60 days D) 70 days.

11. A company is having 40,000 equity shares of Rs. 10 paid. If the dividend per share is Rs. 1.50 and the expected rate of return is 12%, the market value of share will be

- A) Rs. 12 B) Rs. 8.33
- C) Rs. 10 D) Rs. 12.50.

12. If the actual profits are more than the expected normal profits, the difference is termed as

- A) average profit B) superprofit
- C) gross profit D) net profit.

13. The factor proportions theory was empirically tested by

- A) Heckscher B) Ohlin
- C) Leontief D) Becker.

14. As per the existing scheme the unit value of Special Drawing Account ( SDA ) is expressed in terms of

- A) Silver B) Gold
- C) Monetary value D) Both (A) and (B).

15. In September 2003, the WTO Conference was held at

- A) Taha B) Mexico
- C) London D) Sydney.

16. Contingent liability appears as a footnote in the balance sheet. This is in accordance with the accounting principle,

- A) Consistency B) Disclosure
- C) Conservatism D) Materiality.

17. The policy of 'anticipating no profit and provide for all possible losses' arises due to convention of

- A) Consistency B) Disclosure
- C) Matching D) Conservatism.

18. The salary of 4 clerks for a period of 6 months before the date of liquidation, was in arrears. If the salary of each clerk is Rs. 6,000 per month, the amount to be included in preferential creditors will be

- A) Rs. 96,000 B) Rs. 1,44,000
- C) Rs. 80,000 D) Rs. 72, 000.

19. The liquidator of a Company is entitled to a remuneration of 2% on assets realised and 3% on the amount distributed to unsecured creditors. The assets realized Rs. 1,00,000 including cash balance of Rs. 3,000. Amount available for distribution to unsecured creditors before paying liquidator's remuneration was Rs. 46,350. The liquidator's remuneration will be

- A) Rs. 3,100 B) Rs. 3,140
- C) Rs. 3,290 D) Rs. 3,330.

20. A business is having adjusted net profits of Rs. 1,00,000 and capital employed Rs. 6,00,000. If goodwill is taken at 3 years, purchase of superprofits and the expected rate of return is 10%, the value of goodwill will be

- A) Rs. 3,00,000 B) Rs. 5,00,000
- C) Rs. 1,20,000 D) Rs. 1,80,000.

21. Laspeyre's index is based on

- A) base year quantities
- B) current year quantities
- C) both of these
- D) average of current and base years.

22. If with a rise of 10% in prices the wages are increased by 20%, the real wage increase is by  
A) 10% B) more than 10%  
C) less than 10% D) none of these.
23. Much of the development in the theory of probability is associated with the name of  
A) Fisher B) Karl Pearson  
C) Gosset D) Bayes.
24. As per AS-14 purchase consideration is what is payable to  
A) shareholders  
B) shareholders and debenture holders  
C) shareholders and creditors  
D) debenture holders and creditors.
25. According to money measurement concept, which one of the following will be recorded in the books of accounts ?  
A) Excellent morale of workers  
B) Quality control in the business  
C) Managing ability of the manager  
D) Cost of machinery.
26. The measure of variation that is least affected by extreme observations is  
A) Range B) Mean deviation  
C) Standard deviation D) Quartile deviation.
27. When population under investigation is infinite, we should use the  
A) sample method B) census method  
C) either census or sample D) none of these.
28. Non-sampling errors include  
A) bias B) mistakes  
C) both bias and mistakes D) none of these.

29. When coefficient of skewness is zero, the distribution is

- A) J-shaped B) U-shaped
- C) Symmetrical D) L-shaped.

30. When  $B_2 < 3$ , the distribution is

- A) Leptokurtic B) Platykurtic
- C) Mesokurtic D) none of these.

31. The probable error is

- A)  $0.6745 \times SE$  B)  $0.6457 SE$
- C)  $0.6753 SE$  D) none of these.

32. The limit of population correlation is given by

A)  $r \pm P.E.$  B)

$r \pm 3.5 P.E.$

C)

$3 P.E.$

D) none of these.

33. While forming grouped frequency distribution, the number of classes should be

- A) less than 5 B) more than 20
- C) between 4 and 10 D) between 5 and 15.

34. Which of the following would you regard as discrete variables ?

- A) Weight B) Height
- C) Time D) Number of persons in a family.

35. The ranks according to two attributes in a sample are given below :

R1 1 2 3 4 5

R2 5 4 3 2 1

The rank correlation between them is

- A) 0 B) +1
- C) -1 D) none of these.

36. A new company is formed in

- A) Absorption
- B) Amalgamation
- C) Internal Reconstruction
- D) None of these.

37. DIC was established in

- A) 1976 B) 1977
- C) 1978 D) None of these.

38. SIPCOT's financial assistance for medium and major industries will be in the form of

- A) term loan under IDBI's refinance scheme
- B) seed capital under IDBI's seed capital scheme
- C) underwriting the capital issues and participation in equity
- D) all of these.

39. Statistics can

- A) prove anything
- B) disprove anything
- C) neither prove nor disprove anything, but it is just a tool
- D) none of these.

40. Secondary data

- A) should never be used
- B) should be used after careful scrutiny
- C) no scrutiny is required while using it
- D) none of these.

41. The word 'entrepreneur' has been taken from

- A) the French language B) the Spanish language
- C) the Latin language D) the German language.

42. Entrepreneurs are motivated to start business enterprises due to

- A) ambitious factors B) compelling factors
- C) facilitating factors D) all of these.

43. Finding the enterprises with high technology, involving high risk and having high rewards is called

- A) seed capital B) venture capital
- C) working capital D) fixed capital.

44. Project appraisal in case of proposed projects is called

- A) post-ante analysis B) ex-ante analysis
- C) break-even analysis D) decision free analysis.

45. According to RBI, a sick unit is one which

- A) incurs cash losses for one year and is likely to continue to incur cash losses for the current year as well as the following year
- B) has an imbalance in its financial structure such as current ratio less than 1 : 1 and worsening debt equity ratio
- C) the cumulative losses exceed capital and reserves
- D) any of these.

46. Administrative overheads are recovered as a percentage of

- A) direct materials B) direct wages
- C) prime cost D) works cost.

47. A factory is manufacturing only one uniform type of product. Which method of absorbing factory overheads would you suggest ?

- A) Percentage of direct wages
- B) Direct labour hour rate
- C) Machine hour rate
- D) Rate per unit of output.

48. Closing stock in costing books is valued at

- A) cost of production
- B) cost or market price whichever is less
- C) factory cost of the goods produced
- D) selling price.

49. The increase or decrease in total costs that results from any variation in operation is called

- A) marginal costs B) additional costs
- C) differential costs D) none of these.

50. Differential costs do not find place in

- A) accounting records B) auditing records
- C) annual reports D) financial statements.

51. 50 units are put in a process at a total cost of Rs. 90. Wastage is normally 10% without any scrap value. If output is 40 units, the amount of abnormal loss would be

- A) Rs. 80 B) Rs. 8
- C) Rs. 10 D) Rs. 9.

52. If the P/V ratio is 40% and sales Rs. 10,000, what is the amount of variable cost ?

- A) Rs. 8,000 B) Rs. 6,000
- C) Rs. 2,000 D) RS. 4,000.

53. Cost Volume Profit (CVP) analysis is an important profit planning tool and provides information about the

- A) behaviour of cost in relation to volume
- B) sensitivity of profit due to variation of output
- C) amount of profit for a projected sales
- D) amount of sales for a projected profit.

54. The break-even chart helps the management in

- A) forecasting costs and profits
- B) cost control
- C) long term planning and growth
- D) all of these.

55. In absorption costing, managerial decisions are guided by net profit but in marginal costing, decisions are guided by

- A) contribution B) key factor
- C) BEP D) margin of safety.

56. The Accountant's concept of marginal cost differs from the Economist's concept of marginal cost in the matter of

exclusion of

- A) fixed cost B) variable cost
- C) semi-variable cost D) none of these.

57. Profit-volume ratio establishes the relationship between

- A) contribution and sales value
- B) contribution and profit
- C) fixed cost and contribution
- D) profit and sales.

58. The document which provides information regarding the progress of each job at each operation is known as

- A) progress advice B) job ticket
- C) job order D) information card.

59. A system of single costing is used in the case of

- A) Motor workshop B) Hotels
- C) Brick works D) Oil mills.

60. The type of process loss that should not affect the cost of inventory value is

- A) abnormal loss B) normal loss
- C) seasonal loss D) standard loss.

61. Is there any arbitrary cuts or increase in budget estimation in zero-base budgeting ?

- A) Yes B) No
- C) Sometimes D) Irrelevant.

62. Which of the following statements is /are correct ?

Statement I : Fixed expenses are estimated on the basis of past records

Statement II : Variable expenses are estimated on the basis of budgeted output.

Of these :

- A) Statement I is correct, but not Statement II
- B) Both the statement are correct

- C) Statement II is correct, but not Statement I
- D) Both the statement are wrong.

63. What do you mean by gestation period ?

- A) Time taken to make capital decisions
- B) Time taken to select an investment proposal
- C) Time taken to get return
- D) None of these.

64. The minimum rate of return below which a project would not be recommended is called

- A) Profit point B) Break-even point
- C) Cut-off point D) None of these.

65. Excess working capital may result in

- A) liberal credit policy B) defective credit policy
- C) bad debts D) all of these.

66. If the net profit for a period is Rs. 50,000 after crediting a gain on sale of asset Rs. 5,000 and debiting depreciation of Rs. 20,000 on fixed assets, the funds from operation will be

- A) Rs. 70,000 B) Rs. 75,000
- C) Rs. 65,000 D) Rs. 55,000.

67. "Budget is only a management tool. It is not a substitute for management." The above statement is

- A) correct
- B) wrong
- C) correct depending upon the situation
- D) incomplete.

68. What is the accepted standard for current ratio ?

- A) 2 : 1 B) 1 : 2
- C) 2 : 3 D) 1 : 3.

69. Which of the following statements is true ?

Statement I : Interpretation is impossible without analysis

Statement II : Analysis without interpretation is possible but has no value. Of these :

- A) Statement I is true B) Statement II is true
- C) Both are true D) Both are false.

70. The technique of zero-base budgeting was introduced in 1961 in

- A) USA B) UK
- C) France D) India.

71. Advertisement made at the place of sale is called as

- A) outdoor advertisement
- B) point-of-purchase advertisement
- C) press publicity
- D) direct mail advertising.

72. Who is considered as the father of consumer movement?

- A) John F. Kennedy B) Ralph Nader
- C) Mahatma Gandhi D) Abraham Lincoln.

73. The consumer Protection Act, 1986 envisages three-tier quasi-judicial machinery and they are

- A) Supreme Court, High Court and District Council
- B) National Commission, High Court and District Forum
- C) National Commission, State Commission and District Forum
- D) Supreme Court, State Commission and District Forum.

74. What is the effect of the collection of accounts receivable on the current ratio and net working capital ?

Current ratio Net Working Capital

- A) no effect - no effect
- B) increase - increase
- C) increase - no effect
- D) no effect - increase.

75. Ratio of performing assets to total assets is peculiar to

- A) Banking industry B) Insurance industry
- C) Public utility D) Airlines company.

76. The field of marketing is divided into few functions according to

- A) product approach B) systems approach
- C) institutional approach D) functional approach.

77. Marketing is a/an

- A) social process B) economic process
- C) exchange process D) both (A) and (B).

78. Which one of the following does not belong to pure retailers ?

- A) Small departmental stores B) General stores
- C) Ltd. line stores D) Chain stores.

79. Which one of the following is not related to dimension of product concept ?

- A) Managerial dimension B) Price dimension
- C) Consumer dimension D) Social dimension.

80. "Breaking the bulk" is possible when there is

- A) channel of distribution B) middleman
- C) transportation D) none of these.

81. "World Environment Day" is observed on

- A) June 5 B) July 10
- C) December 8 D) March 8.

82. The first state in India to implement "Panchayat Raj"

System was

- A) Punjab B) Rajasthan
- C) Tamil Nadu D) Gujarat.

83. What is the chemical name for "Baking Soda" ?

- A) Sodium carbonate B) Sodium bicarbonate
- C) Sodium nitrite D) Sodium nitrate.

84. The vitamin which helps in "clotting of blood" is

- A) A B) D
- C) E D) K.

85. The Chief Justice of India is

- A) R.C. Lahoti B) Subhashan Reddy
- C) G.B. Pattanaik D) A.R. Lakshmanan.

86. The Red Fort of Delhi was built by

- A) Shah Jahan B) Jahangir
- C) Aurangzeb D) Akbar.

87. Tropical cyclones in China and Japan are known as

- A) Hurricanes B) Tornadoes
- C) Typhoons D) Willy-willies.

88. Match the following :

- a) Annie Besant 1. Young India
- b) G. Subramaniya Ayyar 2. The Hindu
- c) Motilal Nehru 3. New India
- d) M.K. Gandhi 4. Independent.

Codes :

a b c d

A) 1 2 3 4

B) 3 4 2 1

C) 1 4 3 2

D) 3 2 4 1.

89. The next Olympic Games will be held at

- A) London B) Beijing
- C) Sydney D) Paris.

90. On which river has the Hirakud Dam been built ?

- A) Mahanadi B) Godavari
- C) Narmada D) Ravi.

91. In the theory of psycho-social development Erik Erikson refers to ego-identity crisis to be arising in adolescence when

- A) there is hostile feeling towards others
- B) the individual undergoes social conflict
- C) there is problem of egoism
- D) the individual finds it difficult to choose a social role suitable for himself.

92. Rational thinking is affected by

- A) emotions B) prejudice
- C) environment D) attitude.

93. Content of functional education includes

- A) literacy and numeracy
- B) numeracy
- C) literacy and technocracy
- D) literacy, numeracy and technocracy.

94. The very popular technical innovation in teaching is

- A) science laboratory B) language laboratory
- C) computer laboratory D) technical laboratory.

95. When the urge for action is in the action motivation, it is said to be

- A) extrinsic B) intrinsic
- C) intrinsic and extrinsic D) achievement oriented.

96. An emotion is

- A) a psychological predicament
- B) excited or agitated state of mind
- C) mentally disturbed condition
- D) arousal of reaction to stimuli.

97. One of the most difficult development tasks of early childhood is

- A) learning to relate emotionally to other people
- B) learning to walk
- C) learning to read
- D) learning to eat by themselves.

98. The carriers of heredity in any species are

- A) the cells B) the tissues
- C) the genes D) cytoplasm.

99. Intra-individual differences mean

- A) differences within the individual
- B) differences between the individuals
- C) personality difference between individuals
- D) attitude difference between individuals.

100. Spirit of enquiry in teachers education could be enhanced through the study of

- A) general psychology
- B) clinical psychology
- C) educational psychology
- D) experimental psychology.

101. The major aim of population education is A) to make the individual aware of the processes and consequences of population growth.

- B) to provide family planning education
- C) to persuade people to have small family
- D) to provide family and health education.

102. Esteem and self-esteem need best to be met

- A) through achievements B) through affiliation
- C) through security D) through failures.

103. Literature, painting, music and other fine arts can be grouped under

- A) reproductive imagination
- B) pragmatic imagination
- C) aesthetic imagination
- D) receptive imagination.

104. Intelligence tests are useful for

- A) curriculum changes
- B) identifying the learning capacity
- C) comparing different groups
- D) arranging extra coaching.

105. Mental growth of a child is related to

- A) exercises
- B) the rate of physical growth
- C) the quality of the environment
- D) the neurological growth.

106. Human Rights education aims at

- A) creating awareness of human rights and ways to practise them
- B) equipping the citizens to fight for their rights
- C) protect the poor and socially deprived people
- D) establishing protection homes for women and children.

107. A woman is said to play a dual role because

- A) she is a mother and a wife
- B) she is a wife and a daughter-in-law
- C) she rules as well as serves
- D) she is a home maker as well as a bread winner.

108. A good leader is one who

- A) receives involuntary co-operation from followers
- B) acts according to the wishes of the followers
- C) is always punctual
- D) takes delayed decisions.

109. Guidance in education is a process of

- A) allocation of round pegs to round holes
- B) diagnosis and prognosis
- C) testing and appraisal of pupil
- D) orientation of pupils towards social expectations.

110. Social education is aimed to

- A) develop social change alone
- B) improve the standard of living
- C) create social awareness and develop social change
- D) eradicate illiteracy.

111. Decision making forms an integral part of

- A) planning B) co-ordinating
- C) evaluating D) researching.

112. If a value helps in the achievement of certain end or purpose, that value is called

- A) instrument value B) inherent value
- C) intrinsic value D) inducive value.

113. Education related to the needs of the people and the improvement of their socio-economic status is known as

- A) adult education B) functional education
- C) vocational education D) environmental education

114. Many problems in India are due to

- A) poverty
- B) overpopulation
- C) indifferent attitude towards environment
- D) ignorance of people.

115. The application of the principle of distributive justice in respect of good education is called as

- A) social education

- B) education for women's equality
- C) same education for all
- D) equalisation of educational opportunities.

116. "A candle that stops burning can never light another candle." It is said by

- A) Jawaharlal Nehru B) Tagore
- C) Swami Vivekananda D) Dr. Radhakrishnan.

117. The emigration of talented trained persons is known as

- A) brain drain B) exploitation of experts
- C) brain storming D) individual's interest.

118. The salient feature of Gandhian concept of basic education is

- A) self-realising B) self-supporting
- C) self-learning D) job-oriented.

119. The first essential thing that promotes National Integration is to

- A) celebrate national days
- B) teach comparative religion
- C) arrange national integration camps
- D) bring out emotional integration.

120. The best approach in educational administration is

- A) democratic B) scientific
- C) sociological D) increased literacy rate.

121. A firm of architects submitted a building plan in a competition and won a prize. The prize money will be

- A) taxable B) not taxable
- C) partly taxable D) none of these.

122. The term SEZ refers to

- A) Special Export Zones B) State Export Zones
- C) Special Excellent Zones D) Special Economic Zones.

123. Direct taxes are

- A) convenient B) uncertain
- C) elastic D) equitable.

124. Due date filing of returns by a non-business assessee is

- A) 31st August B) 31st July
- C) 31st October D) 31st December.

125. Value of rent free accommodation in case of semigovernment employee shall be taxable upto..... of employee's salary.

- A) 10%
- B) 12 %
- C) 7 %
- D) 15%.

126. A contributory is

- A) a creditor
- B) a shareholder
- C) a debenture holder
- D) a convertible debenture holder

127. Directors of a company are trustees for

- A) the creditors
- B) individual shareholders
- C) company
- D) third parties having contracts with the company.

128. Depreciation allowance is given under

- A) Sec. 33 B) Sec. 10 B
- C) Sec. 32 D) Sec. 35 A.

129. Dr. Aruna, a Government employee, went on deputation to the WHO office in New York in 1994. Every year, she visits India for a period of 75 days. Determine her residential status for AY 2002-03.

- A) Non-resident
- B) Resident
- C) Resident but not ordinary resident.
- D) none of these.

130. Under the IT Act, the incidence of taxation depends on the tax payer's

- A) Citizenship B) Age
- C) Residential status D) all of these.

131. Which of the following does not call for physical verification?

- A) Goodwill B) Plant
- C) Loose tools D) Stamp.

132. Budget manual contains

- A) the objectives and principles of the budgetary control
- B) duties and powers of the budget officer and committee
- C) accounts classification and budget period
- D) all of these.

133. In order to perform any task effectively and successfully, a person (entrepreneur) needs to possess a set of

- A) knowledge B) skills
- C) motive D) all of these.

134. The co-efficient of determination is defined as

- A)  $r^2$  B)  $r^3$
- C)  $1 - r^2$  D) none of these.

135. The classical school of thought on probability assumes that all possible outcomes of an experiment are

- A) equally likely
- B) mutually exclusive
- C) mutually exclusive and equally likely
- D) none of these.

136. The Accounting Standard - 2 issued by the Council of the Institute of Chartered Accountants of India deals with

- A) Valuation of fixed assets
- B) Valuation of inventories
- C) Valuation of investments
- D) Depreciation accounting

137. When prices show a rising trend, which one of the following methods of inventory valuation results in lower income and lower valuation of inventory ?

- A) FIFO B) LIFO
- C) Simple Average Method D) Weighted Average Method

138. "Teeming and Lading" is a technique exercised by the staff of the client with motive of

- A) Defalcation of cash
- B) Misappropriation of goods
- C) Falsification of accounts
- D) none of these.

139. In which of the following cases auditor was acquitted for breach of duty in connection with valuation and verification of stock-in-trade ?

- A) London and General Bank Case ( 1893 )
- B) London Oil Storage Co. vs Seear Hasluck and Co.(1904)
- C) Re : Kingston Cotton Mills Ltd. ( 1896 )
- D) Rex vs Kyslant and Moveland ( 1931 ).

140. Section 224 of the Companies Act, 1956 deals with

- A) Special audit
- B) Cost audit
- C) Power of auditors
- D) Appointment and remuneration of auditors.

141. "An auditor is a watchdog and not a bloodhound." - This was observed in the case of

- A) London Oil Storage Company

- B) Kingston Cotton Mills Ltd.
- C) London vs General Bank
- D) Delightful Cigarette Company Limited.

142. The Chartered Accountants Act was enacted in the year

- A) 1951 B) 1955
- C) 1959 D) 1949.

143. A written plan containing the details regarding the conduct of a particular audit is called

- A) Audit programme B) Audit memorandum
- C) Audit note book D) none of these.

144. What is the correct sequence of the following aspects in auditing ?

- I. Special audit II. Internal audit
- III. Internal check IV. Annual audit

Select the correct answer using the codes given below :

- A) I, III, II, IV B) III, IV, I, II
- C) III, II, IV, I D) I, II, III, IV.

145. 'Weakness Letter' is concerned with evaluation of

- A) Internal audit B) External audit
- C) Internal control D) Internal check.

146. To prevent recurrence of scam in Indian capital market the Govt. of India has assigned regulatory powers to

- A) SEBI B) RBI
- C) SBI D) ICICI.

147. A company may change its name by passing

- A) an ordinary resolution
- B) a special resolution
- C) unanimous resolution of the board
- D) a special and an ordinary resolution.

148. The capital of company can be reduced under the orders of

- A) the court
- B) the Registrar of Companies
- C) the Company Law Board
- D) none of these.

149. Qualification shares for a director are provided in the

- A) Companies Act
- B) Memorandum of Association
- C) Articles of Association
- D) Contract between Company and Directors.

150. If a public company limited by shares does not have its own Articles, it may adopt

- A) Table A of Schedule I
- B) Table B of Schedule I
- C) Table C of Schedule I
- D) Table D of Schedule I.