

M. Com.

1. Disclosure of Accounting Policies is envisaged in :
 - (A) IAS-1
 - (B) AS-2
 - (C) IAS-3
 - (D) IAS-4
2. Hire Purchase Price is equal to :
 - (A) Cash price
 - (B) Cash price plus interest charged
 - (C) Down payment made at the time of delivery
 - (D) Cash price less down payment
3. S. Collieries took from Punjab Brothers, a lease of a coal field for a period of 25 years from 1st April 1986 on a royalty of Rs. 25 per tonne of coal extracted with a dead rent of Rs. 2,20,000 a year with power to recoup short-workings during the first five years of the lease. The output in the first year ended 31st March 1987 was 2,000 tonnes. The amount of short-working for 1st Year was :
 - (A) Rs. 2,00,000
 - (B) Rs. 2,20,000
 - (C) Rs. 1,70,000
 - (D) Rs. 3,00,000
4. If stock worth Rs. 40,000 is insured only for Rs. 30,000 and if the loss amounts to Rs. 18,000, the claim admitted by the insurer as per average clause will be :
 - (A) Rs. 13,500
 - (B) Rs. 15,000
 - (C) Rs. 13,000
 - (D) Rs. 14,000

5. In case of Insolvency, the "list H" represents :
- (A) Deficiency account in statement of affairs
 (B) Assets in the balance sheet
 (C) Revenues and expenses in Profit & Loss
 (D) The income statement of an insurance company
6. The minimum issue of shares from (i) Preference shares to be redeemed Rs. 10,000; (ii) Premium on redemption 10%; (iii) Divisible Profit available Rs. 2,000; (iv) Fresh issue of equity shares is to be made at 25% premium, is :
- (A) Rs. 10,000
 (B) Rs. 8,000
 (C) Rs. 9,000
 (D) Rs. 11,000
7. The liquidity ratio implies :
- (A) The ability of a company to pay long-term debt
 (B) The profits generated by a company
 (C) The ability of a company to generate income
 (D) The ability of a company to pay short-term creditors
8. The following balance sheet is given to you :

Liabilities	Amount Rs.	Assets	Amount Rs.
1000 shares of Rs. 10 each	10,000	Fixed assets	5,000
100 Bonds @ Rs. 100	10,000	Current assets	10,000
Creditors	5,000	Profit & Loss Account	10,000
	25,000		25,000

From the above balance sheet, the intrinsic value of a share is :

- (A) Rs. 25
 (B) Rs. 20
 (C) Rs. 15
 (D) Rs. 10

9. The salary of 4 clerks for a period of 6 months before the relevant date was in arrears. If the salary of each clerk is Rs. 1,200 per month, the amount to be included in preferential creditors will be :
- (A) Rs. 28,800
 - (B) Rs. 19,200
 - (C) Rs. 16,000
 - (D) Rs. 1,20,000
10. A purchasing company has agreed to issue one share of Rs. 10 each, Rs. 8 called up for every three shares in the Vendor Company. If there are 50,000 shares in the Vendor Company and the shares of the purchasing company are quoted at Rs. 18 in the market. The amount as purchase consideration shall be :
- (A) Rs. 40,00,000
 - (B) Rs. 1,30,000
 - (C) Rs. 1,33,340
 - (D) Rs. 16,666
11. In case of Double account system, the term "clear profit" represents :
- (A) Receipts from sale of energy less discount
 - (B) The difference between the amount of income and expenditure and reduced by specific appropriations
 - (C) Income earned less special appropriations
 - (D) None of the above

12. A company purchased an asset for Rs. 10,000. After 5 years, the book value of the asset is Rs. 5,000. The used asset was sold in the market and it fetched Rs. 3,000. The depreciation charged for 5 years was Rs. 5,000. The sunk cost of the asset is :
- (A) Rs. 5,000
 - (B) Rs. 2,000
 - (C) Rs. 4,000
 - (D) Rs. 10,000
13. Telephone expenses through land-line (of BSNL) in India is a typical example of :
- (A) Semi-variable cost
 - (B) Fixed cost
 - (C) Variable cost
 - (D) None of the above
14. For computing costs of medicines in a pharmaceutical company, the company should apply :
- (A) Job costing
 - (B) Process costing
 - (C) Batch costing
 - (D) Contract costing
15. A company started production with 60,000 units in a month. The beginning inventory was 5,000 units (70% complete), and the ending inventory was 7,500 units (60% complete). If you are asked to calculate equivalent units under FIFO method from the above data, the equivalent units for the month would be :
- (A) 60,000 units
 - (B) 50,000 units
 - (C) 58,500 units
 - (D) None of the above

16. A owes B Rs. 1,000, but the debt is barred by limitation. A gives a letter to B agreeing to pay him Rs. 500 on account of the debt. The agreement is :
- (A) Valid
 - (B) Void
 - (C) Voidable
 - (D) All of the above
17. According to Section 11, which one of the following persons is *not* incompetent to contract under Indian Contract Act, 1872 :
- (A) minor
 - (B) person of unsound mind
 - (C) person disqualified by law to which he is a subject
 - (D) a person who has attained the age of 18 years
18. A, a teacher asked his student B to come to his home for tuition for a fee of Rs. 1,000 p.m. B was not willing to accept this offer, however, he felt the threat of shortage of attendance and agreed to A to attend the tuition for the agreed fee. Under the Indian Contract Act, 1872, it is the case of :
- (A) Coercion
 - (B) Fraud
 - (C) Mistake
 - (D) Undue influence

19. A gives a loan of Rs. 5,000 to B and C agrees to stand as a surety for repayment to the extent of Rs. 2,000. B fails to pay the whole amount. C is liable to the extent of :
- (A) Rs. 5,000
 - (B) Rs. 2,000
 - (C) Rs. 3,000
 - (D) Rs. 1,000
20. Five of the seven shareholders of a public company got killed in an accident. The company :
- (A) comes to an end
 - (B) does not come to an end
 - (C) becomes a private company
 - (D) becomes insolvent
21. A director of a company entered into a contract with an agency. The Director did not use the word "Limited" for his company while contracting with the agency on behalf of the company. In case of default :
- (A) The company is liable to agency
 - (B) The agency cannot enforce the contract
 - (C) The director is personally liable to the agency
 - (D) The shareholders are responsible
22. An act, though legal in itself, performed by the company but not authorised by objects clause in memorandum of association/the statute is said to be :
- (A) an illegal act
 - (B) an ultra-vires act
 - (C) an intra-vires act
 - (D) a doctrine of indoor management

23. A Public Ltd. Company issued an IPO. In the prospectus it had shown that the company has been making profit continuously for the past 4 years, while as it had only suffered losses. This misrepresentation is :
- (A) immaterial
 - (B) material
 - (C) none of the above
 - (D) all of the above
24. A and B are two brothers. A purchased debentures with "Pari-Passu Clause" on 1st Jan. 2007. B purchased the debentures of the same rank on 1st Jan. 2008. The company becomes bankrupt and does not have sufficient funds to repay A and B. The company should :
- (A) Pay A first as a preferential creditor
 - (B) Pay B first as a preferential creditor
 - (C) Pay A and B simultaneously and proportionately
 - (D) Not pay any of the brothers
25. For removing a director before the expiry of his term, according to section 284 of the Companies Act, 1956, the company needs to pass :
- (A) an ordinary resolution
 - (B) a special resolution
 - (C) an extraordinary resolution
 - (D) a resolution requiring a special notice

26. OKR Company Ltd. has been declaring dividend for the past 10 years. This year, the company has recorded a loss of Rs. 10,00,000. But it wants to keep its shareholders in good humour. It can :
- (A) declare dividends out of capital
 - (B) declare dividends by selling some of its assets
 - (C) not declare dividends
 - (D) declare dividends out of funds generated from loan
27. Mr. Atul, an auditor, has undertaken an in-depth examination to detect a suspected fraud in an enterprise. Mr. Atul has conducted :
- (A) an audit
 - (B) a management audit
 - (C) a cost audit
 - (D) an investigation
28. If an item is considered to be material, the audit is to be conducted in such a manner that the audit risk related to that item is :
- (A) high
 - (B) moderate
 - (C) low
 - (D) all of the above
29. As a cost auditor, you are restrained by the chief cost accountant to visit branches of the company arguing that sufficient vouchers are available in the head office. Under cost audit rules, your reaction should be :
- (A) To insist to visit all the branches
 - (B) To accept the argument of the cost accountant
 - (C) To check all the vouchers in the head office and not to insist for the visit of the branches
 - (D) make a report on half information without mentioning about this insufficient information

30. In case of a bank, if there is a clash between the directive of the RBI and the accounting standard issued by the ASB, you as an auditor while auditing the bank accounts should accept :
- (A) superiority of ASB and accordingly use it for audit
 - (B) superiority of RBI directive and accordingly use it for audit
 - (C) none of the above
 - (D) all of the above
31. Which is the appropriate measure of central tendency for the following data :
- 5, 3, 5, 2, 5, 4, 5 and 1 ?
- (A) Mean
 - (B) Median
 - (C) Mode
 - (D) None of the above
32. If in any problem solved in your B.Com. examination the value of r obtained lies outside the limits ± 1 , it implies that :
- (A) there is no relation between two variables
 - (B) there is correlation positive/negative between two variables
 - (C) there is high degree of positive correlation
 - (D) there is some mistake in calculations
33. In case of Chain Base method, the base period :
- (A) immediately precedes the period for which the index is sought
 - (B) is fixed
 - (C) is arbitrarily chosen
 - (D) none of the above

34. The equation $y = a + bx + cx^2$ implies :
- (A) a parabolic non-linear trend
 - (B) a linear trend
 - (C) a cubic third degree parabolic trend
 - (D) none of the above
35. Association of attributes is computed when :
- (A) the data relates to qualitative characteristics
 - (B) the data relates to variables
 - (C) the data relates to quantities of production
 - (D) none of the above
36. According to Economists money means :
- (A) all currency (coins and notes)
 - (B) all credit instruments
 - (C) all currency and credit instruments
 - (D) none of the above
37. Elasticity of money supply indicates :
- (A) the velocity of circulation of money
 - (B) the supply of money
 - (C) the demand for money
 - (D) the ability of the supply of money to adjust itself to changes in demand

38. During a state of inflation in the economy, the gainers are :
- (A) Debtors
 - (B) Creditors
 - (C) None of the above
 - (D) All of the above
39. Regulation "Q" as a measure of monetary policy is used by :
- (A) State Bank of India
 - (B) Ministry of Finance, Govt. of India
 - (C) Reserve Bank of India
 - (D) Standard Chartered Bank
40. Which is *not* a function of a Commercial Bank ?
- (A) Accept deposits
 - (B) Lend advances
 - (C) Provide ATM service
 - (D) Issue currency notes
41. Net National Product is equal to :
- (A) GNP - depreciation
 - (B) GNP + depreciation
 - (C) GNP + earnings on foreign investments
 - (D) All of the above

42. India has adopted as an economic system which one of the following ?
- (A) Socialism
 - (B) Capitalism
 - (C) Mixed economy
 - (D) None of the above
43. WTO was previously known as :
- (A) GATT
 - (B) IMF
 - (C) WHO
 - (D) None of the above
44. The privatisation and liberalisation policy was adopted by the :
- (A) Economic Policy of 1991
 - (B) Industrial Policy of 2006
 - (C) Industrial Policy of 1956
 - (D) Economic policy of 1971
45. Free economy refers to :
- (A) socialistic pattern of economy
 - (B) that type of economy where there is no interference by the state in production and distribution
 - (C) the mixed economy
 - (D) none of the above

46. "In union there is strength", represents which principle of Henry Fayol ?
- (A) Unity of command
 - (B) Scalar chain
 - (C) Esprit de corps
 - (D) Span of control
47. In the hierarchy of plans, Mission comes :
- (A) at the middle
 - (B) at the bottom
 - (C) at the top
 - (D) no where
48. Decentralisation in an organisation means :
- (A) When delegation is done by one manager to another
 - (B) When delegation is done by BOD to General Managers
 - (C) When delegation is done by middle management to lower management
 - (D) When delegation is done in an organisation-wide context
49. A successful leader is one who motivates people by :
- (A) Creating fear
 - (B) Centralising authority
 - (C) Increasing their satisfaction
 - (D) Holding the threats of loss of job

50. Abraham Maslow is associated with :
- (A) Theory X and theory Y
 - (B) Hygiene theory of motivation
 - (C) Need-Hierarchy theory
 - (D) Two-factor theory
51. Management by objectives was propounded by :
- (A) Henry Fayol
 - (B) F.W. Taylor
 - (C) Peter Drucker
 - (D) Koontz O'Donnell
52. When a company goes for Rights issue, the shares are allotted to the :
- (A) new shareholders
 - (B) existing shareholders
 - (C) debentureholders
 - (D) stock exchanges
53. The stock market regulator in India is :
- (A) Controller of capital issues
 - (B) Reserve Bank of India
 - (C) Ministry of Finance, Govt. of India
 - (D) Securities and Exchange Board of India

54. The SENSEX and NIFTY have :
- (A) 30 and 50 scrips respectively
 - (B) 40 and 55 scrips respectively
 - (C) 100 and 100 scrips respectively
 - (D) all of the above
55. A general manager of a company, on the information of the decision of the board regarding the new strategies of the company for wider expansion has purchased shares of the same company from the market with the belief that price shall go up. This happened as and when the strategy was launched. It is a case of :
- (A) Secret transaction
 - (B) Illegal deal
 - (C) Insider trading
 - (D) None of the above
56. A lawyer purchased books worth Rs. 20,000 during the previous year. How much depreciation he can claim under section 32 of the Income Tax Act, 1961 ?
- (A) 19% of Rs. 20,000
 - (B) 50% of Rs. 20,000
 - (C) 75% of Rs 20,000
 - (D) 100% of Rs. 20,000

57. x is provided as rent free house by his employer. The municipal valuation of the house is Rs. 70,000, rent of a similar house in the same locality is Rs. 75,000. The fair rental value in this case is :
- (A) Rs. 70,000
 - (B) Rs. 75,000
 - (C) Rs. 80,000
 - (D) None of the above
58. Prof. Alee, a Principal of a college in Srinagar got retired on 31st December, 2007. He received Rs. 15 lacs as gratuity from the Govt. Under section 10(10)(i) of the Income Tax Act, 1961, the amount which qualify for exemption from tax is :
- (A) Rs. 10 lacs
 - (B) Rs. 5 lacs
 - (C) Rs. 2 lacs
 - (D) Rs. 15 lacs
59. If you have to compute correlation among 5 series, you shall feed the data in the computer in :
- (A) MS-Power Point
 - (B) MS-Word
 - (C) MS-Excel
 - (D) None of the above
60. The programme which runs the computer is :
- (A) Interpreter
 - (B) Programme software
 - (C) Compiler
 - (D) System software