

90/2014

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. Which of the following income is not taxable under the head income from salary?
  - (A) Salary of a Govt. employee
  - (B) Pension
  - (C) Salary of a Govt. employee posted abroad
  - (D) Salary of a member of parliament
2. Any income from slump sale is taxable under :
  - (A) Income from other sources
  - (B) Capital gain
  - (C) Profits and gains from business or profession
  - (D) Income from house property
3. Which of the following is not a casual income?
  - (A) Winning from lottery
  - (B) A gift from relative
  - (C) Habitual betting
  - (D) Income from card games
4. Variable working capital is required to meet :
  - (A) Seasonal demand
  - (B) Special exigencies
  - (C) Temporary needs
  - (D) All of the above
5. Which of the following is not a method of slowing cash outflows?
  - (A) Lock box system
  - (B) Centralization of payments
  - (C) Making use of float
  - (D) Reducing frequency of payments
6. Cost of capital is not similar to one of the following :
  - (A) Cut off rate
  - (B) Target rate
  - (C) Hurdle rate
  - (D) Internal Rate of Return
7. Which of the following factor does not influence the capital structure decision?
  - (A) Cost of capital
  - (B) Risk
  - (C) Corporate tax
  - (D) Composition of fixed assets
8. Capital Index Bonds are linked with :
  - (A) BSE sensx
  - (B) NSE nifty
  - (C) Consumer price index
  - (D) BSE — 100



9. Open ended mutual fund schemes are :
- (A) Open for a particular period (B) Have fixed period of maturity  
(C) Listed in the stock exchange (D) Open on a continuous basis
10. Compulsory delisting of a company from stock market is due to :
- (A) Violation of listing agreement (B) Capital size is small  
(C) Merger (D) Thin trading
11. Market value of bond depends on :
- (A) The coupon rate (B) Years to maturity  
(C) Expected yield to maturity (D) All the above
12. What is the dividend yield of a stock having a face value of Rs.10? Which has declared 35% dividend for the current year? The present market value of the stock is Rs. 40 :
- (A) 35 % (B) 70 %  
(C) 8.75 % (D) 8.5 %
13. Diversification of investments helps to reduce :
- (A) Interest rate risk (B) Market risk  
(C) Unique risk (D) Inflation risk
14. The put option buyer gains :
- (A) In the bullish market  
(B) In the bearish market  
(C) In the stable market  
(D) When the strike price is lower than stock price
15. The mutual funds listed in the stock exchange are :
- (A) Closed-end funds (B) Open-end funds  
(C) Growth schemes (D) Stock index funds
16. Among the following which one represents a potential use of working capital :
- (A) Sale of fixed assets at a loss (B) Net loss from operation  
(C) Declaration of dividend (D) Payment to creditors
17. The father of scientific management is :
- (A) F.W. Taylor (B) F.E.L. Brach  
(C) Peter. F. Drucker (D) Michael. J. Jucious



18. Periodical cost is also known as :
- (A) Variable cost (B) Revenue cost  
(C) Marginal cost (D) Fixed cost
19. The process of delegation is always :
- (A) Circular (B) Horizontal  
(C) Top down (D) Bottom up
20. Management By Objective was developed as a philosophy by :
- (A) Peter. F. Drucker (B) F.W. Taylor  
(C) Mayo (D) Simon
21. Financial structure represents :
- (A) Long term liabilities (B) Capital structure  
(C) Long term and short term liabilities (D) Working capital
22. Usually dividend declared and paid as a percentage of :
- (A) Authorized capital (B) Issued capital  
(C) Called up capital (D) Paid up capital
23. To determine the intrinsic value of share, which of the following data is essential :
- (A) Dividend per share (B) Market value per share  
(C) Expected rate of return (D) Net equity
24. In a fund flow statement (working capital basis) a current liability repaid by the organization :
- (A) Is shown as a source of working capital  
(B) Is shown as an application of working capital  
(C) Is shown as a decrease in cash  
(D) Do not affect the working capital
25. A manager who works with the help of rules and regulations is called :
- (A) Traipest leader (B) Laissez faire leader  
(C) Participator leader (D) Bureaucratic leader
26. Income Tax is imposed by :
- (A) Central Govt. (B) State Govt.  
(C) Local authority (D) Central and State Govt.
27. Inflation can be checked through :
- (A) Reducing public expenditure (B) Increasing direct taxation  
(C) Surplus budgeting (D) All of these







36. Which of the following will result in decreasing margin of safety?
- (A) Increase in variable cost
  - (B) Reduction in fixed cost
  - (C) Increase in selling price
  - (D) Change in sales mix in order to increase contribution
37. In Maslow's Need Hierarchy Theory, in which of the following order human needs arise :
- (A) Physiological needs, social needs, safety needs, ego needs, self actualization needs
  - (B) Physiological needs, social needs, ego needs, safety needs, self actualization needs
  - (C) Physiological needs, safety needs, social needs, ego needs, self actualization needs.
  - (D) Physiological needs, safety needs, ego needs, social needs, self actualization needs
38. The activity which is not helpful in controlling money supply?
- (A) CRR
  - (B) Free market policy
  - (C) Bank rate
  - (D) Change in margin requirements
39. 'Stagflation' means :
- (A) Inflation with depression
  - (B) Inflation with growth
  - (C) Deflation with growth
  - (D) Inflation after deflation
40. Purchase and distribution of imported products by Govt. is called :
- (A) Cartel
  - (B) Canalization
  - (C) Grey marketing
  - (D) None of the above
41. Generally, orientation is given to :
- (A) Supervisory staff
  - (B) Clerical staff
  - (C) New entrants
  - (D) Previous employees
42. Full cost pricing method means :
- (A) Fixed cost plus mark-up
  - (B) All cost plus normal profit margin
  - (C) Standard cost plus mark-up
  - (D) Market price plus mark-up
43. When a balance sheet is arranged in liquidity order, which of the following is correct?
- (A) Fixed assets, short term investments, cash and current assets
  - (B) Cash, short term investments, current assets, fixed assets
  - (C) Cash, current assets, short term investments, fixed assets
  - (D) Short term investments, cash, current assets, fixed assets



44. Risk involved in a firm is higher where :
- (A) Cost of capital is low (B) Cost of capital is high  
(C) Cost of capital is neutral (D) None of these
45. In respect of planning, which of the following statement is incorrect?
- (A) Planning is forward looking  
(B) Planning is intellectual activity  
(C) Planning is not performed by top management  
(D) Planning is related to objectives
46. A company acquired assets worth Rs.1,98,000 and the purchase price is paid by issue of equity shares of Rs. 10 each at 10% discount. The number of shares issued :
- (A) 19,800 (B) 20,000  
(C) 22,000 (D) 18,000
47. Which one of the following is not a distinctive feature of co-operative organization?
- (A) Service motto (B) Democratic management  
(C) One share one vote system (D) Corporate status
48. Harish LTD furnished the following information :
- |                              |               |
|------------------------------|---------------|
| 10% preference share capital | Rs. 12,00,000 |
| 12% debentures               | Rs. 8,00,000  |
| Equity share holders fund    | Rs. 50,00,000 |
- The capital gearing ratio of Harish LTD was
- (A) 0.40 (B) 0.60  
(C) 2.50 (D) 0.16
49. Gopal LTD furnished the following information
- Return on total assets- 10% :  
Return on net worth- 20%  
Net worth – 10,00,000
- The total assets of the company were
- (A) Rs. 10,00,000 (B) Rs. 20,00,000  
(C) Rs. 12,00,000 (D) Rs. 15,00,000
50. Y LTD has furnished the following information :
- | Period | Sales    | Profit/Loss  |
|--------|----------|--------------|
| I      | 7,00,000 | 10,000(loss) |
| II     | 9,00,000 | 10,000       |
- The variable cost of period II is
- (A) 6,30,000 (B) 7,20,000  
(C) 8,90,000 (D) 8,10,000



51. Geethu LTD has furnished the following information  
 Fixed cost Rs. 1,50,000  
 Variable cost per unit Rs.10  
 Selling price per unit Rs.15  
 To brought down the break even point to 25000 unit, the selling price should be  
 (A) Rs. 10 (B) Rs.6  
 (C) Rs. 16 (D) Rs.20
52. Five 'm's of management are :  
 (A) Marketing, monitoring, motivation, machinery and methods  
 (B) Manager, muscle, machinery and methods  
 (C) Man, money, material, machinery and methods  
 (D) Marketing, man power, muscle, motivation and methods
53. Current ratio = 2.8  
 Acid- test ratio = 1.5  
 Working capital = 1,62,000  
 The amount of current asset :  
 (A) 90,000 (B) 2,52,000  
 (C) 1,35,000 (D) 1,52,000
54. In life insurance, age of applicant and the insurance premium is :  
 (A) Positively correlated (B) Negatively correlated  
 (C) Zero correlated (D) None of the above
55. Credit sales Rs.1,20,000  
 Debtors Rs. 20,000  
 Bills receivable Rs. 10,000  
 Average collection period is :  
 (A) 4 months (B) 5 months  
 (C) 3 months (D) 6 months
56. In determining the fund from operation gain on sale of fixed assets should be \_\_\_\_\_  
 from the net profit and the loss on sale of fixed asset should be \_\_\_\_\_ to the net profit.  
 (A) Added, deducted (B) Added, added  
 (C) Deducted, added (D) Deducted, deducted
57. Net profit — 60,000  
 Total purchase —1,40,000  
 Opening creditors — 48,000  
 Closing creditors — 72,000  
 The amount of cash from operation will be  
 (A) 2,00,000 (B) 60,000  
 (C) 1,32,000 (D) 84,000