

M/10

ENTRANCE EXAMINATION FOR ADMISSION, MAY 2011.
M.Com. (~~BUSINESS FINANCE~~/ACCOUNTING AND TAXATION)

COURSE CODE : ~~351~~/311

Register Number :

Signature of the Invigilator
(with date)

COURSE CODE : 351/311

Time : 2 Hours

Max : 400 Marks

Instructions to Candidates :

1. Write your Register Number within the box provided on the top of this page and fill in the page 1 of the answer sheet using pen.
2. Do not write your name anywhere in this booklet or answer sheet. Violation of this entails disqualification.
3. Read each question carefully and shade the relevant answer (A) or (B) or (C) or (D) in the relevant box of the ANSWER SHEET using HB pencil.
4. Avoid blind guessing. A wrong answer will fetch you -1 mark and the correct answer will fetch 4 marks.
5. Do not write anything in the question paper. Use the white sheets attached at the end for rough works.
6. Do not open the question paper until the start signal is given.
7. Do not attempt to answer after stop signal is given. Any such attempt will disqualify your candidature.
8. On stop signal, keep the question paper and the answer sheet on your table and wait for the invigilator to collect them.
9. Use of Calculators, Tables, etc. are prohibited.

1. The correlation coefficient provides
 - (A) A measure of the extent to which changes in one variable cause changes in another variable
 - (B) A measure of the strength of the linear association between two categorical variables
 - (C) A measure of the strength of the association (not necessarily linear) between two categorical variables
 - (D) A measure of the strength of the linear association between two quantitative variables

2. The probability that the Red River will flood in any given year has been estimated from 200 years of historical data to be one in four. This means
 - (A) The Red River will flood every four year
 - (B) In the next 100 years, the Red River will flood exactly 25 times
 - (C) In the last 100 years, the Red River flooded exactly 25 times
 - (D) In the next 100 years, the Red River will flood about 25 times

3. Declaration of dividends by company comes under the section
 - (A) 201-203
 - (B) 202-205
 - (C) 204-207
 - (D) 205-207

4. An agent middle man is one who
 - (A) Takes title
 - (B) Does not take title
 - (C) Act as a purchaser
 - (D) Sells convenience goods

5. If $p = q = 1/2$, the frequency distribution will be
 - (A) Perfectly symmetrical
 - (B) Non perfectly symmetrical
 - (C) 0
 - (D) +1

6. In initial investment is Rs. 100,000 and the annual cash flow is 20,000 then the pay back reciprocal will be
 - (A) $1/5^{\text{th}}$ or 20%
 - (B) $1/4^{\text{th}}$ or 25%
 - (C) $1/2$ or 50%
 - (D) $1/6$ or 15%

7. Performance appraisal is a primary HRM process that links employees organizations and provides input for other processes through these means
 - (A) Identification, Measurement, Management
 - (B) Assessment, Direction, Development
 - (C) Recruitment, Selection, On boarding
 - (D) Skill, Effort, Responsibility

8. _____ is the most important source of revenue for states
- (A) Property tax (B) Income tax
(C) Sales tax (D) All of the above
9. Time an activity would take assuming very unfavorable conditions is represented by the
- (A) Optimistic time (B) Most likely time
(C) Deterministic time (D) Pessimistic time
10. A unit of the Unit Trust of India is a
- (A) Share (B) Debenture
(C) Negotiable Instrument (D) None of these
11. Corporate governance success includes three key groups. Which of the following represents these three groups?
- (A) Suppliers, managers, and customers
(B) Board of Directors, executive officers, and common shareholders
(C) Suppliers, employees, and customers
(D) Common shareholders, managers, and employees
12. The ordinal scale of measurement
- (A) Has a meaningful zero point
(B) Is based on ranks
(C) Cannot assume negative values
(D) All of the above
13. All of the following are the examples of capital expenditure except:
- (A) Purchasing a new police vehicle
(B) Lawn maintenance
(C) Constructing a new school
(D) All of the above
14. For calculation of income tax dividend coming under the head of
- (A) Salary (B) Income from Business
(C) Income from Other sources (D) None of all

15. Sum payable based on output to the owner for use of right vested to him
- (A) Rent (B) Royalties
(C) Interest (D) None of all
16. Break even analysis refers to ascertainment of level of operations where total revenue is equal to
- (A) Variable cost (B) Total cost
(C) Fixed cost (D) None of all
17. The time difference between the payment is initiated and funds available in the bank account in spend able form is known as
- (A) Cash cycle (B) Lock box system
(C) Float (D) None of all
18. Notional cost is a
- (A) Product cost (B) Sunk cost
(C) Period cost (D) Hypothetical cost
19. What is CRR?
- (A) Cash Reserve Ratio (B) Current Ratio Rate
(C) Review Report (D) Credit Rating Record
20. The rate of which discounting the bills of first class banks is done by RBI is called
- (A) Bank Rate (B) Prime Lending Rate
(C) Loan Rate (D) Discounting Rate
21. NGO is the term associated with
- (A) SHG (B) PMRY
(C) SEEUY (D) Agri. Advances
22. C.R.A. in banking parlance stands for
- (A) Credit Rating Association (B) Credit Rating Agency
(C) Credit Risk Assessment (D) None of these
23. Who is the Governor of RBI?
- (A) Bimal Jalan (B) Y V Reddy
(C) K J Udeshi (D) None of these

24. Concerning organizational cultures,
- (A) A strong culture is a more productive environment
 - (B) A weak culture is a more productive environment
 - (C) The specific culture that contributes to positive effectiveness is well known
 - (D) The stronger the culture, the more influential it is on employee behavior
25. In order from lowest to highest, what are Maslow's five classes of needs?
- (A) Social-esteem-physiological-safety-self-actualization
 - (B) Physiological-safety-social-self-actualization-esteem
 - (C) Physiological-safety-social-esteem-self-actualization
 - (D) Self-actualization-esteem-safety-social-physiological
26. What is the key word in understanding organization structure?
- (A) Control
 - (B) Change
 - (C) Process
 - (D) Delegation
27. The definition of communication implies that
- (A) Communication is mostly verbal
 - (B) Communication is mostly written
 - (C) Most communication is in a vertical direction
 - (D) Understanding must occur to have communication
28. Selling a very high price, initially for a new product, latterly on, the price will be gradually reduced depends upon competition
- (A) Prestige pricing
 - (B) Skimming pricing
 - (C) Dual pricing
 - (D) Cost plus pricing
29. Where there is no legal separation between the assets and liabilities of a business, and the assets and liabilities of an individual, the business is
- (A) A sole trader
 - (B) A limited company
 - (C) A cooperative
 - (D) A partnership
30. A business arrangement where one party allows another party to use a business name and sell its products or services is known as
- (A) A cooperative
 - (B) A franchise
 - (C) An owner-manager business
 - (D) A limited company

31. S&P CNX Nifty includes _____ most liquid stocks that trade on NSEIL
(A) 50 (B) 30
(C) 500 (D) 100
32. Which of the following is not the main objective of SEBI?
(A) Protecting the interest of investors in securities market
(B) Regulating the securities market
(C) Promoting and developing Forex Market in India
(D) Promoting the development of securities market
33. When key factor is operating the formula for calculating profitability is
(A) Contribution / key factor (B) Sales / key factor
(C) Profit / key factor (D) None of the above
34. Which of the following is a benefit of participation in a depository?
(A) No stamp duty on transfer of securities
(B) Elimination of risks associated with physical certificates such as bad delivery, fake securities, etc.
(C) Nomination facility
(D) All of the above
35. The negotiable financial instrument is different from the non-negotiable financial instrument in terms of
(A) Maturity period (B) Interest rate
(C) Transferability (D) Face value
36. Which one of the following is not a money market security?
(A) Treasury bills (B) National savings certificate
(C) Certificate of deposit (D) Commercial paper
37. Commercial papers are
(A) Unsecured promissory notes (B) Secured promissory notes
(C) Sold at a premium (D) Issued for a period of 1 to 2 years
38. On the admission of a new partner, the increase in value of assets is debited to
(A) Asset account (B) Profit and loss adjustment account
(C) Old partner's capital account (D) None of the above

39. If A and B are sharing profits in the ratio of 3 : 2, admit C to one-third share in the future profit, the profit-sharing ratio will be.
- | | A | B | C |
|-----|-------------------|------|------|
| (A) | 2/5 | 4/15 | 1/3 |
| (B) | 3/5 | 2/5 | 2/15 |
| (C) | 4/15 | 3/15 | 2/15 |
| (D) | None of the above | | |
40. On the retirement of a partner the whole goodwill amount is credited to the account of
- (A) Only retiring partner
 (B) All partners including retiring partner
 (C) Only remaining partner
 (D) None of the above
41. On dissolution, realization account is debited with
- (A) All assets to be realized
 (B) All outside liabilities of the firm
 (C) Cash received on sale of assets
 (D) None of the above
42. Goods worth Rs. 1,000 taken by the proprietor for personal use should be credited to
- (A) Purchases account
 (B) Sales account
 (C) Drawings account
 (D) None of the above
43. A Fund of Funds is a scheme that invests primarily
- (A) In money market instruments
 (B) In other schemes of the same mutual fund or other mutual funds
 (C) In the bullion market
 (D) Only in primary market
44. Consignee's account is a
- (A) Nominal account
 (B) Personal account
 (C) Real account
 (D) All the above
45. A truck cost Rs. 6,000 with a residual value of Rs. 2,000. The truck is expected to have a useful life of 50,000 miles. By assuming the truck is driven 20,000 miles the first year, the depreciation expenses would be
- (A) 2,400
 (B) 240
 (C) 16,000
 (D) 1,600

46. Use the following information to calculate net cash from operating activities: cash sales \$100,000; cash from account receivable payments \$200,000; cash dividends received \$3,000; dividends paid \$4,000; rent paid \$5,000; and amortization expense \$6,000.
- (A) \$298,000 (B) \$292,000
(C) \$98,000 (D) \$294,000
47. In the periods of rising prices and stable or increasing inventory quantity LIFO method of inventory valuation will
- (A) Increase income before tax (B) Will Reduce COGS and Cash Flow
(C) Will reduce Net Income (D) None of the above
48. A agrees to sell his car worth Rs. 1,00,000 to B for Rs. 20,000 only A's consent was obtained by coercion. Here the agreement is
- (A) Void (B) Valid
(C) Voidable (D) Unlawful
49. The negotiable instruments Act makes specific mention of three instruments namely Cheque, Bill of exchange and
- (A) Promissory note (B) Funds
(C) Banks draft (D) Customary note
50. Matured term deposit accounts are classified as
- (A) Contingent liability (B) Time liability
(C) Current liability (D) Demand liability
51. Amortization is a term used for writing off
- (A) Wasting assets (B) Intangible assets
(C) Contingent assets (D) Liquid assets
52. Limiting factor is a term used in
- (A) Absorption costing (B) Standard costing
(C) Marginal costing (D) Differential costing
53. Idle time variance arises in the context of
- (A) Labour cost variance (B) Variable overhead variance
(C) Fixed overhead variance (D) All the above

54. Escalation clause is a clause applicable in
(A) Operating costing (B) Operation costing
(C) Process costing (D) Contract costing
55. Reverse cost method is a method used in
(A) By-products costing (B) Joint products costing
(C) Unit costing (D) Job costing
56. Income from business on profession is charged to income tax under section
(A) 15 (B) 28
(C) 24 (D) 45
57. Which one of the following is not a quick asset?
(A) Marketable securities (B) Prepayments
(C) Receivables (D) Outstanding income
58. Trade off between liquidity versus profitability is the crux of
(A) Capital budgeting (B) Capital structure
(C) Working Capital Management (D) Dividend decision
59. Valuation Balance Sheet is prepared by
(A) Life insurance Company (B) Banking Company
(C) Govt. Company (D) All the above
60. The founder of the Behaviouralistic School of management is
(A) F.W Taylor and Others (B) Elton Mayo and his followers
(C) Henry Fayol and his followers (D) None of the above
61. NABARD is the
(A) Apex bank for agricultural and rural development
(B) Apex bank for urban development
(C) Apex bank for industrial development
(D) None of the above
62. The present number of public sector commercial bank is
(A) 28 (B) 14
(C) 27 (D) 26

63. The present system of banking followed in India is
(A) Unit banking system (B) Correspondent banking system
(C) Branch banking system (D) None of the above
64. The theory of law of demand states that other things remaining constant
(A) When the price falls down the quantity demand would increase
(B) When the price of gold increases still the demand would increase
(C) When the price for the goods and services increase the quantity demanded would also increase
(D) None of the above
65. Utility analysis was based upon the belief
(A) The satisfaction derived from the consumption of a commodity can be measured and quantified
(B) The satisfaction derived from the consumption of a particular commodity can be ranked
(C) The demand for that commodity would increase if the utility is less
(D) None of the above
66. The Indian who got Nobel Prize in economics is
(A) Dr. Manmohan Singh (B) Dr. B.R. Ambedhkar
(C) Dr. Amertia Sen (D) Dr. Montek Singh Ahluwalia
67. The economic system which emanated from India is
(A) Capitalism (B) Socialism
(C) Communism (D) Democratic socialism
68. The doctrine of "Indoor management" implies that
(A) The outsiders need not necessarily know about the internal management of the company other than what is stated in Articles of Association
(B) The outsiders have the right to think that the internal management as per the articles of association
(C) Both are right
(D) None of the above
69. The first meeting of a company in the life time is known as a
(A) Statutory meeting (B) First annual general body meeting
(C) Promoters meeting (D) Directors meeting

70. The member who signs in the memorandum of association for starting a company is known as
- (A) Shareholders (B) Promoters
(C) Directors (D) None of the above
71. Consideration in Commercial Law implies
- (A) Something in return
(B) The price paid for the goods purchased
(C) The obligation performed in return for some service
(D) All of the above
72. If profit is one fourth of selling price, the share of profit to cost will be
- (A) $\frac{1}{3}$ (B) $\frac{1}{4}$ (C) $\frac{1}{5}$ (D) $\frac{1}{6}$
73. The balance of the share forfeiture account, after the re-issue of forfeited shares is transferred to
- (A) Capital redemption reserve (B) Capital reserve
(C) General reserve (D) P & L account
74. Higher the ratio, the lower the profitability is applicable to
- (A) Gross profit ratio (B) Net profit ratio
(C) Operating ratio (D) Return on investment
75. The term 'funds' as used in 'funds flow statement' means
- (A) Cash
(B) Current assets
(C) Current liabilities
(D) Current assets minus current liabilities
76. Plant and machinery on 1st January 2010 is Rs. 5,000 and on 31st December 2010 is Rs. 80,000, depreciation of Rs. 10,000 was provided during the year. This has resulted in
- (A) Source of funds Rs. 30,000 (B) Application of funds Rs. 30,000
(C) Application of funds Rs. 40,000 (D) Source of funds Rs. 40,000
77. A person had insured his goods worth Rs. 10,000 for Rs. 8,000 against fire and his loss by fire was Rs. 9,000. His claim is
- (A) Rs. 8,000 (B) Rs. 9,000
(C) Rs. 10,000 (D) None of the above

78. The interval between two annual general meeting should not be more than
(A) 12 months (B) 15 months
(C) 18 months (D) 20 months
79. Privatization of ownership through sale of equity shares is called
(A) Denationalization (B) Disinvestment
(C) Contracting (D) None of these
80. Which among these have not been opened for private sector participation?
(A) Telephone sector (B) Power
(C) Railways (D) None of these
81. The commonly used method of absorbing factory over head is
(A) Prime cost (B) Machine cost
(C) Labour cost (D) Material cost
82. IMF stands for
(A) International machinery fund (B) International monetary fund
(C) Indian machinery fund (D) Indian monetary fund
83. NYSE is acronym for
(A) New York stock exchange (B) New York script exchange
(C) New York special exchange (D) National York securities exchange
84. A pledge is
(A) A general contract of promise
(B) A contract of agency
(C) A contract of indemnity
(D) A special type of contract of guarantee
85. Marketing refers to the
(A) Sale of product
(B) Goods and services are exchanged too each other
(C) Goods distribution
(D) All of these

86. Which one of the following is not an element of marketing mix?
(A) Promotion (B) Place
(C) Product (D) None of these
87. The concept of Marketing Myopia was given by
(A) Peter Drucker (B) Philip Kotler
(C) Theodore Levitt (D) Henry Fayol
88. Banking sector reforms are recommended by
(A) Janakiraman committee (B) Nadkarni committee
(C) Narasimhan committee (D) L.C. Gupta committee
89. Accounting standard is a
(A) Rules (B) Concepts
(C) Methods (D) Guidelines
90. The term 'CENVAT' is associated with
(A) Transportation (B) Auditing
(C) Banking (D) Taxation
91. The phrase 'lenders of last resort' refers to
(A) World Bank
(B) Reserve bank of India
(C) Industrial development bank of India
(D) Yes bank
92. Cluster sampling is a
(A) Probability sampling (B) Non probability sampling
(C) Deliberate sampling (D) None of the above
93. Which one of the following is not an indirect tax?
(A) Export duty (B) Import duty
(C) Estate duty (D) Excise duty

94. When a new company with the similar or same name is formed to take over the business of existing companies it is called
- (A) Absorption (B) Acquisition
(C) Internal reconstruction (D) External reconstruction
95. Which one of the following is an example of capital gearing ratio?
- (A) Debt-equity ratio (B) Proprietary ratio
(C) Working capital ratio (D) None of the above
96. CRISIL is a
- (A) Bank (B) Insurance company
(C) Credit rating agency (D) Police force
97. SHCIL performs
- (A) Finance function (B) Manufacturing function
(C) Marketing function (D) Depository function
98. When refereeing to a curve that tails of to the left you would call it
- (A) Symmetrical (B) Skewed right
(C) Positively skewed (D) None of the above
99. The weight used in quantity index
- (A) Percentage of quantity (B) Prices
(C) Average quantity (D) None of the above
100. Which of the following index numbers is used for measuring the changes in the general level of prices?
- (A) Consumer price index numbers (B) Cost of living index numbers
(C) Fisher's ideal index numbers (D) Wholesale price index