

351 PU M Com Business Finance

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The basic goal of financial management is:-

- Maximising the profit
- Minimising the business risk
- Maximising the rate of dividend
- Maximising the shareholders' wealth in the long run

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Bad loans in banking terminology are generally known as:-

- BPOs
- NPAs
- Prime Asset
- Performing assets

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According to factories Act 1948 adolescence period is age group between:-

- 18-21
- 15-18
- 15- 20
- 13-18

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A machinery is purchased for Rs. 3,00,000 and Rs. 50,000 is spent on its installation. Rs. 5,000 is spent on fuel. What will be the amount of capital expenditure?

- Rs. 3,55,000
- Rs. 3,50,000
- Rs. 3,00,000
- Rs. 3,45,000

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Which of the following is NOT an example of compressed data?

- Data array
- Ogive
- Histogram

- Frequency distribution

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Re-order level is calculated as:-

- Maximum consumption x Maximum re-order period
- Maximum level - Minimum level
- Minimum consumption x Minimum re-order period
- 1/2 of (Minimum + Maximum consumption)

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The most effective form of business organization for raising capital is the:-

- Joint venture
- Partnership
- Corporation
- Proprietorship

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For the sample size greater than 30, the sampling distribution of MEAN is approximately which distribution?

- Chi-Square distribution
- Normal distribution
- t distribution
- Binomial distribution

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A partner liable to third parties after discovering the facts, is the real partner but does not appear in any way as partner is:-

- Dormant partner
- Nominal partner
- Secret partner or Dormant partner
- Secret partner

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Name the business organization which has the feature of 'separate legal entity'.

- HUF
- Partnership

- Sole proprietorship
- Cooperative society

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The term 'funds' as used in 'funds flow statement' means:-

- Current liabilities
- Cash
- Current assets
- Current asset minus current liabilities

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Diversification is one way in which insurance companies can protect themselves against:-

- Moral hazard
- Parameter change
- The law of large numbers
- Random fluctuation

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The use of management accounting is:-

- Compulsory to some and optional to others
- Legally obligatory
- Compulsory
- Optional

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Capital budgeting decisions are generally:-

- Irrevocable
- Reversible
- Irreversible
- Revocable

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Which one is not an important objective of Financial Management?

- Profit Maximization
- Value Maximization

- Wealth Maximization
- Maximization of social benefits

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Statutory duties of a company auditor are determined by:-

- Agreement between Client and Auditor enforced by Law
- Companies ACT 2013
- Articles of Association
- Memorandum of Association

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Caveat emptor means:-

- Buyer to perform due diligence before making a purchase
- Ancient principle for protection of Buyers
- Seller should intimate all functional and future prospectus of subject matter of contract
- Flow of information between the parties

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Determinant of the maximum profit for a firm is _____.

- Average cost
- Both average cost and price
- The output level
- Price

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Which of the following results in the flow of funds?

- Creditors issued bills payable
- Transfer to general reserve
- Building sold on credit
- Loss on the sale of machinery

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Suppose you are told that there is a direct relationship between TWO VARIABLES: PRICE AND RAIN FALL.

- A lack rain causes prices to rise

- Prices tend to be low when rainfall is high
- Prices tend to be high when rain fall is high
- A large amount of rain causes prices to rise

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Indian sale of goods Act came in force on:-

- 1st June, 1930
- 1st July, 2000
- 1st July, 1930
- 1st June, 2000

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Which of the following is not a responsibility center?

- Profit center
- Production center
- Cost center
- Revenue center

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Normally Demand curve slopes:-

- Vertical
- Downward
- Upward
- Horizontal

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In a cooperative society the principle followed is:-

- One share one vote
- Multiple votes
- One man one vote
- Dual votes

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Select the expanded form of ULIP used in insurance:-

- Unit Linked Insurance Policy

- Unit Linked Investment Policy
- Umbrella Life Insurance Policy
- Universal Life Insurance Policy

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A good secretary should have qualities:-

- a) Sound Accounting, finance, law and business knowledge
- b) Accuracy, time sense and Action orientation
- c) Experienced and motivated personality
- d) Both a & b

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The branch of accounting which primarily deals with processing and presenting accounting data for internal use is:-

- Cost accounting
- Inflation accounting
- Management accounting
- Financial accounting

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Good marketing is no accident, but a result of careful planning and _____.

- selling
- execution
- research
- strategies

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Goodwill should be classified as a:-

- Floating asset
- Intangible asset
- Liquid asset
- Current asset

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Which of the following does not call for physical verification in the process of Auditing?

- Stamp
- Intellectual capital recorded
- Human Resource Value
- Good will

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Which of the following is not the method of audit evidence?

- Computation
- Inspection
- Observation
- Accounting statistics

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Contracts in which manifestation of assent is purely acts, rather than words is:-

- Default contract
- Implied contract
- Quasi contract
- Expressed contract

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The form of business organization that has the largest sales volume is:-

- Partnership
- Sole Proprietorships
- Corporations
- Cooperatives

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An association of cement manufacturers is an example of:-

- Diagonal combination
- Horizontal combination
- Lateral combination
- Vertical combination

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A type of Cooperative that focuses on retail business such as grocery, general merchandise, etc.

- Consumers Cooperative
- Producers Cooperative
- Multi-purpose Cooperative
- Credit Cooperative

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In insurance the, contingency insured against is usually the _____.

- Loss of profit
- Financial loss
- Certain financial loss
- Uncertain financial loss

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An entry of Rs. 500 was wrongly posted to wages account instead of machinery account, as wages are to be capitalized. It is an error of:-

- Principle
- Commission
- Clerical error
- Omission

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Which of the following errors are not disclosed by Trial Balance?

- Errors of Principle
- Errors of Omission
- Compensatory Errors
- All the three

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Accounting Standard - 2 is dealt with:-

- Depreciation accounting
- Revenue recognition
- Valuation of inventories
- Cash flow statements

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The pay-back period refers to:-

- The time required to attain break-even point
- The number of instalments to make payment
- The number of years a project takes to recover its investment (original) cost
- The time-lag between investment and commissioning of the project

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In capital budgeting, the term capital rationing implies:-

- That limited funds are available for investment
- That no retained earnings are available
- That no fresh investment is required in current year
- That no external funds can be raised

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Which of the following is the test of long term liquidity of a business?

- Interest coverage ratio
- Stock turnover ratio
- Current ratio
- Operating ratio

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To manage a business well is to manage its future and to manage the future is to manage information is termed as:-

- Management information system
- Future information system
- Marketing information system
- General information system

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'AamAdmiBimaYojana' is an insurance scheme for rural landless households introduced by:-

- Life Insurance Co
- National Insurance Co
- ICICI Life Prudential Co.
- UTI

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An insurance contract is:-

- Contract of Obligation
- Contract of retrospective Guarantee
- Contract of guarantee
- Contract of indemnity

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In the absence of an agreement to the contrary, partners share profits and losses in:-

- the ratio of their capitals in the beginning of the year
- the ratio of average capital
- equal ratio
- the ratio of their capitals at the end of the year

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According to which of the following accounting concept, even proprietor of a business is treated as a creditor to the extent of his capital?

- Cost concept
- Business entity concept
- Dual aspect concept
- Money measurement concept

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Duties of bailee exclude:-

- Not to make any unauthorized use of goods
- To return goods in specie
- Not to setup adverse title
- To disclose known facts relating to goods bailed

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Which of the following is? Not A type of direct marketing?

- Retail marketing
- Telemarketing
- Direct mail marketing
- Email direct marketing

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Mortgage of movable property is called:-

- Sub mortgage
- Anomalous mortgage
- Hypothecation
- Charge

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The subsequent auditor of the company can be appointed by the:-

- Share Holders
- Central Government
- Board of Directors
- Company management at approval of shareholders and promoters

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The minimum of members allowed in cooperative society is:-

- 20
- 10
- 2
- 7

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In the model of consumer behaviour given by Philip Kotler, what constitutes the marketing stimuli?

- Marketing environment
- Four P's of marketing
- Consumer needs and wants
- None of the above

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The set of all actual and potential buyers of a product is known as:-

- Industry
- Customer group
- Market
- None of the above

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What is government agency that regulates Cooperatives?

- Cooperative Authority of India
- Federation of Credit Cooperatives
- All India cooperative society
- Cooperative Development Authority

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Preparation of cash flow statement is:-

- required under Companies Act
- required under the Income Tax Act
- mandatory
- recommendatory

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Which of the following assets is not a quick asset for the purpose of calculating acid test ratio?

- Debtors less provision for bad and doubtful debts
- Cash
- Stock
- Short term bills receivable

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Cash payments to employees is a cash flow from:-

- Financing activities
- Investing activities
- Operating activities
- It is not a cash flow

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Which of the following is known as backbone of Auditing?

- Verification of Assets
- Vouching
- Internal Audit
- Internal Check

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Which of the following equations is correct?

- Share premium = Issue price - Par value
- Share premium = Issue price/Par value
- Share premium = Issue price + Par value
- Share premium = Issue price x Par value

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Lapping is:-

- A method of vouching the cash transactions
- Technique of correction of cash payments from employees
- A device to detect miss use of cash collected from debtors
- A malpractice under which cashier makes private use of money for some time

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Because GE is organized into different divisions, one for each business, it is known as a:-

- poorly managed firm
- multidivisional enterprise
- multi-corporate concern
- multi-business unit

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Which is not the assumption of marginal utility analysis?

- Cardinal measurability of utility
- Constancy of the marginal utility of money
- Ordinal measurability of utility
- Rationality of human behavior

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The right of company to have lien on shares is conferred by:-

- The contract with share holders
- Companies Act 1956
- The Memorandum of association
- The Articles of association

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Diversification reduces:-

- Unique risk
- Interest rate risk
- Market risk
- Inflation risk

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Internal audit facilitates:-

- Cost Audit
- Final Audit
- Internal control
- Internal check

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If the price of the Japanese Yen declines considerably against the British Pound:-

- it is always because of British government interference
- it is always because of Japanese government interference
- Japanese goods are relatively cheaper for British consumers
- British goods are relatively cheaper for Japanese consumers

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Placing a rupee value on the worth of a job is known as:-

- Pay grades
- Single-rate system
- Job pricing
- Pay ranges

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Group of nations that are gathered to work for common goals in regulation of international level trade is called:-

- economic community
- geographical community
- socio-economic community
- geo-political community

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The purpose of central banks is:-

- to ensure the stability of the financial system
- only to control the availability of money and to ensure low inflation
- to control the availability of money and credit to ensure low inflation, high growth, and the stability of the financial system
- only to ensure that the economy sees high growth

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Communication between two members of a project team from different function, but the same level of authority is _____ communication.

- Lateral
- Diagonal
- Downward
- UP ward

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Which of the following is not a reason to erect trade barriers?

- Protect local jobs
- Encourage local production
- Promote import activity
- Reduce reliance on foreign suppliers

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Degree of Financial Leverage (DFL) express the relationship between:-

- EPS and P/E
- EPS and EBIT
- EPS and sales
- EPS and EAIT

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Workers' compensation benefits fall into all of these major categories except:-

- Death benefits
- Medical care
- Retirement benefits

- Disability income

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Which of the following is a document of the title to the goods?

- Bill of entry
- Letter of credit
- Bill of lading
- Certificate of origin

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The directors of a public company can issue rights shares to the shareholders if:-

- The sanction of the company law board is obtained
- They pass a resolution in board meeting to that effect
- The shareholders pass a special resolution to that effect
- None of the above

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For a monopolist, price is 16 and marginal revenue is 4, the elasticity of demand will be:-

- 4/3
- 1/4
- 3/4
- 4

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Human Resource Management aims to maximize employees as well as organizational:-

- Performativity
- Effectiveness
- Economy
- Efficiency

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One drawback to the technology of today is:-

- it can keep employees too busy to stay in touch with their employers and organizations
- it can reduce the need for familiar methods of communication such as telegraph and faxes
- it can decrease waste and efficiency in organizations

- it can actually accelerate the speed at which crises can strike a nation

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The option is at the money when:-

- Strike price > Stock price
- Stock price = strike price
- There is a high premium
- Stock price > strike price

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When prices show a rising trend through which method of inventory valuation lower income and lower valuation of stock can be resulted?

- LIFO
- FIFO
- Simple Average method
- Weighted Average method

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Cost Unit is defined as:-

- Centers concerned with earning an adequate return on investment
- A location, person or an item of equipment or a group of these for which costs are ascertained and used for cost control
- Centers having the responsibility of generating and maximizing profits
- Unit of quantity of product, service or time in relation to which costs may be ascertained or expressed

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In country A, it takes 10 labor hours to produce cloth and 20 labor hours to produce grain. In country B, it takes 20 labor hours to produce cloth and 10 labor hours to produce grain. Which country should produce grain?

- B
- A
- Both A and B should produce grain
- No country should produce grain

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Which account is not a liability account?

- Accounts payable

- Cash
- Accrued Expenses
- Notes Payable

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Which of the following will not be used in calculation of Earnings per Share (EPS)?

- Profit after Tax,
- Preference Dividend,
- PBIT
- Number of Equity Shares

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What the minimum amount is of paid up capital required to start up a Public Limited Company?

- 100000
- 200000
- 700000
- 500000

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Capital Redemption Reserve account is available for:-

- re-organisation of share capital
- redemption of redeemable preference shares
- redemption of redeemable debentures
- issue of bonus shares

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Book building is managed by the:-

- Lead manager
- Registrar and book runner
- registrar
- Book runner and lead manager

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The principle of subrogation applies to:-

- Fire and marine insurance

- Marine insurance only
- Fire Insurance only
- Life insurance only

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Consider the following stages, an auditor has undergo before commencing a new audit:-

- i. Ascertain the scope of audit work
- ii. Knowledge about business of his client
- iii. The agreement with the client
- iv. Instruction to and information from the client

What is the correct sequence?

- (iii), (i), (iv) (ii),
- (iii), (i), (ii), (iv)
- (i), (ii), (iii), (iv)
- (iii), (ii), (iv) (i),

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Income from asset transferred to spouse will be taxable in the hands of transferor if:-

- asset was transferred for an adequate consideration
- asset was transferred for inadequate consideration
- asset was transferred before marriage
- asset has been transferred in pursuance of an agreement to live apart

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FRANCO price cover:-

- Only charges for placing the goods near the ship
- Only cost freight and insurance
- Only cost of loading the goods on board the ship
- All charges necessary for sending the goods to the buyers place of business

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Which of the following does not follow the scalar chain?

- Divisional structure
- Informal organisation
- Formal organisation

- Functional structure

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What is the amount of gross profit or loss when?

Cost of goods sold = Rs. 7,900

Sales = Rs. 11,000

Purchases = Rs. 3000

- Rs. 4,900
- Rs. 100 (loss)
- Rs. 8,000
- Rs. 3100

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The valuation of the firm and its cost of capital are independent of its capital structure. Which among the following four theories of Capital Structure works on this theory?

- Net Operating Income Approach
- Traditional Approach
- Modigliani-Miller Approach
- Net Income Approach

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The rate of interest paid by the company is not fixed in _____.

- Equity Warrants
- Zero Coupon Bonds
- Floating Rate Bonds
- Deep Discount Bonds

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The mode has all of the following disadvantages except:-

- The mode is unduly affected by extreme values
- Every value in a data set may be a mode
- A data set may have no modal value
- A multimodal data set is difficult to analyse

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Which of the following theories holds that countries will produce and export products that use large amounts of production factors that they have in abundance?

- The theory of absolute advantage
- Mercantilism
- The factor endowment theory
- None of the above

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Auditor has to ensure that the premiums received on shares cannot be used for which of the following?

- For writing off the preliminary expenses of the company
- For distributing dividend
- For writing off the discount on company's debentures
- For premium payable on redemption of preference shares

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Theoretically, with the issue of rights share the value of existing shares:-

- will increase
- may increase or decrease
- will not change
- will reduce