


ENTRANCE EXAMINATION FOR ADMISSION, MAY 2010.

M.Com. (BUSINESS FINANCE)

COURSE CODE : 351

Register Number :


Signature of the Invigilator
(with date)

COURSE CODE : 351

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. It is an instrument in writing containing an unconditional undertaking signed by the maker, to pay certain sum of money only to or to the order of certain person.
(A) Cheques (B) Bill of exchange
(C) Promissory Note (D) None of all
2. A system whereby separate trial balance can be taken out from each ledger is called
(A) Self Balancing System (B) Sectional Balancing System
(C) Self Balancing Ledger (D) None of all
3. Amount set aside out of profits or other surpluses which are not meant to cover any liabilities, contingency, commitment or depreciation in the value of assets
(A) Provision (B) Reserve
(C) Sinking Funds (D) None of all
4. A business may be split into various divisions and located into various places are known as
(A) Branches (B) Department
(C) Segment (D) None of all
5. Margin of Safety is equal to
(A) Actual sales – Break even sales (B) Sales – Contribution
(C) Sales – Fixed cost (D) None of all
6. Under tax credit method VAT is equal to
(A) Sum of wages, profits, rent and interest
(B) Output – Input
(C) Percentage of sales
(D) Tax charged on sales – Tax paid on inputs
7. The technique and process of ascertaining cost is known as
(A) Cost accountancy (B) Costing
(C) Cost accounting (D) Cost centre
8. Marginal Costing is an example of
(A) Method of costing (B) Costing system
(C) Cost centre (D) None of above

9. Cost of indirect material, indirect labour and indirect expense is known as
- (A) Total cost (B) Prime cost
(C) Overhead cost (D) Production cost
10. A system of symbols designed to be applied to a classified set of items to give a brief accurate reference facilitating entry, collection and analysis is known as
- (A) Classification (B) Tabulation
(C) Codification (D) Division
11. The evaluation of an individual employee based on his character, intelligence, integrity, attendance, co-operation discipline to fix up his salary increment or promotion is known as
- (A) Merit rating (B) Job evaluation
(C) Job appraisal (D) None of all
12. The loss arises due to inherent characteristics of the process which is unavoidable called
- (A) Unavoidable cost (B) Normal losses
(C) Avoidable cost (D) None of all
13. 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
14. The networked cash management systems to ensure faster and reliable mobility of funds by adopting latest information technologies is known as
- (A) Electronic cash management (B) Electronic cash transfer
(C) Electronic bank (D) None of all
15. It is the minimum rate of return of a company should earn to sustain in the business.
- (A) Cost of capital (B) Cost of equity
(C) Cost of debt (D) None of all

16. Financial Leverage is equal to
 (A) Contribution / EBT (B) EBT / EBIT
 (C) EBIT / EBT (D) None of all
17. Venture capital is a long term commitment of investment in business and investment is based on
 (A) Past truck record (B) Regular return
 (C) Credibility of the projects success (D) None of all
18. A _____ is one in which a manager has control over cost as well as revenues
 (A) Cost Centre (B) Revenue Centre
 (C) Both (A) and (B) (D) Profit Centre
19. _____ is the differences between output and break even sales
 (A) Break Even Point (B) Profit Volume Ratio
 (C) Margin of Safety (D) Contribution
20. _____ is the stage in which sales continue to increase but at a lower rate and total sales becomes constant
 (A) Maturity (B) Saturation Period
 (C) Growth (D) Decline
21. The input costs that do not require an outlay of money by the concern called
 (A) Explicit Costs (B) Implicit Costs
 (C) Replacement Costs (D) Marginal Costs
22. Marginal revenue is _____ at maximum total revenue and negative beyond that point
 (A) +1 (B) -1 (C) Zero (D) One
23. The rate of change of total revenue with respect to quantity sold known as
 (A) Profit (B) Fixed revenue
 (C) Marginal Revenue (D) All of these

24. Co-efficient of range can be calculated as
- (A) $L + S/L - S$ (B) $L \times S/L + S$
 (C) $L - S/L + S$ (D) $L + S/L \div S$
25. Hawthorne Experiment was conducted by
- (A) Elton Mayo (B) Henry Fayol
 (C) F.W Taylor (D) P.F. Drucker
26. All possible losses should be accounted is according to
- (A) Business Entity Concept (B) Cost Concept
 (C) Prudence Concept (D) Money Measurement Concept
27. Which one of the following cannot be used for issue of bonus shares?
- (A) Capital Redemption Reserves (B) General Reserves
 (C) Share Premium (D) Revaluation Reserves
28. The father of scientific management is
- (A) Henry Fayol (B) Elton Mayo
 (C) Peter F. Drucker (D) None of the above
29. Income Tax Rates are given in
- (A) Income Tax Act (B) Finance Act
 (C) Income Tax Rules (D) None of the above
30. The norm for interest coverage ratio is
- (A) 7 to 8 times (B) 3 to 4 times
 (C) 10 to 12 times (D) None of the above
31. Section 25 of Companies Act is applicable to
- (A) Government Companies (B) Public Sector Undertakings
 (C) Non – Profit Making Companies (D) None of the above
32. What is paid or received is not important as per
- (A) Business Entity Concept (B) Cost Concept
 (C) Accrual Concept (D) Money Measurement Concept

33. Margin of Safety is calculated using the following formula
- (A) Fixed Cost \times Sales/Contribution (B) Profit \times Sales/Contribution
 (C) Fixed Cost/Profit Volume Ratio (D) All the above
34. Which one of the following is an example of direct tax
- (A) Sales Tax (B) Entertainment Tax
 (C) Professional Tax (D) None of the above
35. Variable Cost is the key element in
- (A) Standard Costing (B) Marginal Costing
 (C) Differential Costing (D) Absorption Costing
36. The minimum number of persons required to start a public limited company is
- (A) 2 (B) 7 (C) 50 (D) 10
37. Debtors Ledger Adjustments account is opened under
- (A) Self Balancing Systems (B) Single Entry Systems
 (C) Double Account System (D) None of the above
38. Variable Cost per unit
- (A) Remains Fixed
 (B) Fluctuates with the volume of Production
 (C) Varies in sympathy with the volume of sales
 (D) None of the above
39. The budget that is prepared first of all is:
- (A) Cash Budget (B) Master Budget
 (C) Budget for the Key factor (D) Production Budget
40. Contribution is also known as
- (A) Marginal Income (B) Gross Profit
 (C) Net Income (D) Operating Income

41. Depreciation is included in costs in case of
- (A) Pay – Back Method (B) Accounting Rate of return Method
(C) Present value index Method (D) Internal rate of Return Method
42. Finance Lease is also known as
- (A) Capital lease (B) Operating Lease
(C) Sale and Lease Back (D) Leveraged Lease
43. Caveat Emptor is the caution meant for
- (A) Buyers (B) Sellers
(C) Trade Unions (D) Trade Associations
44. When Satyam Scandal was exposed the chairman of SEBI was
- (A) C.B. Bhavé (B) D.R. Mehta
(C) Damodaran (D) Rangarajan
45. Insurance Companies are regulated by
- (A) SEBI (B) IRDA (C) FIPB (D) SFIO
46. Probability derived from past experience is called
- (A) Conditional Probability (B) Empirical Probability
(C) Prior Probability (D) None of these
47. Time series analysis which refers to any group of statistical information accumulated at regular intervals, may be classified as
- (A) Secular Trend (B) Cyclical Fluctuations
(C) Seasonal Variation (D) All of these
48. TATA steel acquired
- (A) Ford (B) Corus (C) Ashok Leyland (D) Bajaj

49. Mention the slab limit for the deduction under Section 80 C
(A) Rs. 180000 (B) Rs. 50000 (C) Rs. 80000 (D) Rs. 100000
50. What is WTO?
(A) World Tax Organization (B) World Telecom Organization
(C) World Trade Organization (D) None of the above
51. How many countries are there in the SAARC?
(A) 7 (B) 8 (C) 9 (D) 10
52. Current and savings deposits are called
(A) Demand Deposit (B) Time Deposit
(C) Either (A) or (B) (D) None of these
53. Which was the first private mutual fund company in India?
(A) Kothari pioneer (B) Sahara Mutual fund
(C) Unit trust of India mutual fund (D) LIC mutual fund
54. Which of the basis of the difference between primary and secondary?
(A) Originality (B) Collection
(C) Objective (D) All of these
55. Statistical errors may be
(A) Two types (B) Three types
(C) Four types (D) None of these
56. The difference between the largest and smallest value is called the _____ of data.
(A) Range (B) Array (C) Variable (D) Mark
57. A coin is tossed 4 times. What is the probability of getting exactly 2 heads?
(A) $\frac{2}{8}$ (B) $\frac{1}{8}$ (C) $\frac{3}{8}$ (D) $\frac{4}{8}$

58. In which method of sampling is done in stage?
- (A) Multistage sampling (B) Stratified
(C) Systematic (D) All of these
59. Which of the following is not Mathematical Average?
- (A) Arithmetic average (B) Geometric mean
(C) Harmonic mean (D) Median
60. Which of the following statistical method may be used for quality control?
- (A) Range (B) Mean
(C) Mode (D) All of these
61. Financial leverage occurs when
- (A) A firm borrows fund (B) A firm financing to the other
(C) A firm merge with other (D) None of these
62. The concept of cost of capital can also be explained in terms of _____ cost.
- (A) Variable cost (B) Capital cost
(C) Full cost (D) Opportunity cost
63. Which is a not example of current liabilities?
- (A) Provident fund dues
(B) Any other payment due within 12 months
(C) Statutory liabilities
(D) Sundry debtors
64. The schedule-1 of bank is related with-
- (A) Capital (B) Fixed assets (C) Reserves (D) Stock
65. The Governor of RBI appointed by
- (A) State Government (B) President of India
(C) Central Government of India (D) Finance Minister of India

66. Chain banking system originated in
 (A) America (B) Japan (C) India (D) Italy
67. In product layout, the equipment used should be
 (A) general purpose (B) special purpose
 (C) nothing specific (D) none of the above
68. Variance from standards may be the result of:
 (A) Change in volume (B) Change in efficiency
 (C) Both (D) Neither volume nor efficiency
69. It is form of equity financing especially designed for funding high risk and high rewarded projects
 (A) Seed capital (B) Venture capital
 (C) Bridge capital (D) Joint finance
70. Consumer protection act
 (A) 1956 (B) 1990 (C) 1986 (D) 1948
71. Seed capital scheme was introduced by
 (A) ICICI (B) IDBI (C) IFCI (D) SFC's
72. Leasing across national border is called
 (A) Foreign lease (B) International lease
 (C) Cross border lease (D) Multinational lease
73. Bank rate is
 (A) The rate of interest on bank advances
 (B) The rate of interest on inter-bank borrowings
 (C) The rate at which the Reserve Bank rediscounts eligible bills/securities of commercial banks
 (D) The rate of interest charged by commercial banks on advances of Regional Rural Banks (RRB)

74. Opportunity cost helps in
- (A) Ascertainment of cost
 - (B) Controlling cost
 - (C) Managerial decision
 - (D) Ascertainment of profit
75. A process layout is useful when
- (A) Demand for the product is high
 - (B) Paper work is to be minimized
 - (C) In process inventory is to be low
 - (D) Flexibility in production is required
76. The design of a good material handling system should focus on:
- (A) The speedy movement of materials
 - (B) The minimization of materials handling
 - (C) The maximization of profits
 - (D) The minimization of fixed investment
77. VED analysis is concerned with
- (A) Marketing function
 - (B) Material management
 - (C) Credit management
 - (D) None of the above
78. Job evaluation is used for
- (A) Study of progress of production
 - (B) Study of job composition
 - (C) Determining wage-rate differentials
 - (D) Rating the merit of an employee
79. The concept 'Management by Exception' implies:
- (A) Exceptional contributions by the top management
 - (B) Achievement of objectives by participation of all concerned
 - (C) That the immediate superior has to deal with aviations only and not with details of the work assigned to the subordinate
 - (D) That the highest need not worry about the results if he/she delegated his/her authority

80. The term 'organizational climate' best represents
- (A) Human environment prevailing in an organization
 - (B) Union management relations within an organisation
 - (C) Problems introduced by faulty organizational structure
 - (D) Socio-cultural environment in an organization
81. Dumping is an example of:
- (A) Monopolistic practice in international trade
 - (B) Monopoly in international trade
 - (C) Oligopoly in international trade
 - (D) Perfect competition in international trade
82. The degree of decentralization in an organization depends most on:
- (A) Technology
 - (B) Size of workforce
 - (C) Volume of transactions
 - (D) Competence of subordinates
83. The most important advantage of centralization of office services is:
- (A) Specialization
 - (B) Higher departmental loyalty
 - (C) No delay in providing services
 - (D) Less burden of work
84. A Joint Stock Company is registered under the
- (A) Statutory Act
 - (B) Chartered Act
 - (C) Companies Act
 - (D) All the above
85. "Commercial Papers" represent a new financial instrument issued for the purpose of
- (A) Project financing
 - (B) Working capital
 - (C) Leasing of plant and machinery
 - (D) Import of capital goods
86. Identify the source of finance that does not pose a burden on a company's finance
- (A) Debentures
 - (B) Public Deposits
 - (C) Loan from financial institutions
 - (D) Retained Earnings

87. The "Gilt Edged" market refers to the market for
- (A) Industrial Securities
 - (B) Govt and Semi Govt securities
 - (C) Shares and Debentures
 - (D) Public Limited Company Securities
88. The term "Duty Drawback" means
- (A) Higher rate of import duty
 - (B) Refund of Import Duty to exporters
 - (C) Handicap in the matter of exports
 - (D) Drawbacks in foreign trade
89. Insurance Contract is based on
- (A) Payment of premium
 - (B) Utmost good faith
 - (C) Acceptance of risk
 - (D) Coverage of risk
90. The process of grouping activities into units for the purpose of administration may be referred to as
- (A) Departmentalization
 - (B) Decentralization
 - (C) Co-ordination
 - (D) Specialization
91. Depreciation is provided on
- (A) Current Assets
 - (B) Liquid Assets
 - (C) Fictitious Assets
 - (D) Fixed Assets
92. A "Bill of Exchange" is drawn by a
- (A) Creditor
 - (B) Debtors
 - (C) Shareholders
 - (D) Debenture Holders
93. Cost of the goods sold is equal to
- (A) Sales – Gross Profit
 - (B) Sales – Net Profit
 - (C) Sales Proceeds
 - (D) None of the above

94. When a right to purchase security is acquired, it is known as
(A) Call option (B) Put option
(C) Double option (D) Right option
95. Share Premium is a
(A) Capital Receipt (B) Revenue Receipt
(C) Investment Receipt (D) None of these
96. Speculation in stock exchange means
(A) Investment in securities
(B) Gambling in securities
(C) Buying and selling of securities with a hope of making profits
(D) Long term holding of securities
97. Motivation is basically a
(A) Sociological process (B) Physiological process
(C) Psychological process (D) Intellectual process
98. A plan when expressed in quantitative terms is known as
(A) Policy (B) Procedure (C) Objective (D) Budget
99. A government short term debt instrument normally issued at a discount is called as
(A) Short term bill (B) Discount bill
(C) Treasury bill (D) Government bill
100. Bombay stock exchange sensitive index consists of
(A) 30 stocks (B) 40 stocks
(C) 50 stocks (D) 60 stocks