

ENTRANCE EXAMINATION FOR ADMISSION, MAY 2012.

M.Com. (ACCOUNTING AND TAXATION)

COURSE CODE : 311

Register Number :

Signature of the Invigilator
(with date)

COURSE CODE : 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 of the 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. Under Income Tax Act Section 115JB regulate the provision regarding _____
 (A) MAT (B) Donation
 (C) Depreciation (D) Interest

2. 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

3. 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		

4. Which one of the following is not subject to wealth tax
 (A) Individual (B) HUF
 (C) Firm (D) Company

5. Income earned by which one of the following is exempted from income tax
 (A) Mutual fund (B) Venture capital Company
 (C) Employee's state insurance fund (D) All the above

6. "Figures at best are not easy for the mind to grasp and hold long enough for purpose of comparison" This statement said by
 (A) W.I. King (B) Bowley
 (C) Logo (D) M.M. Blair

7. Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties, is
 (A) Exempted up to Rs. 3,00,000
 (B) Exempted up to Rs. 3,50,000
 (C) Totally exempted under section 10(19)
 (D) Totally chargeable to tax

8. An asset which was acquired for Rs. 5,00,000 was earlier used for scientific research. After the research was completed, the machinery was brought into the business of the assessee. The actual cost of the asset for the purpose of inclusion in the block of asset shall be:
 - (A) Rs. 5,00,000
 - (B) Nil
 - (C) Market value of the asset on the date it was brought into business
 - (D) None of the above

9. Where a partner transfers any capital asset into the business of firm, the sale consideration of such asset to the partner shall be :
 - (A) Market value of such asset on the date of such transfer
 - (B) Price at which it was recorded in the books of the firm
 - (C) Cost of such asset to the partner
 - (D) All of these

10. If an employer transfers second hand motor car to the employee, the perquisite is valued at –
 - (A) Actual cost less depreciation @ 30% for every completed year under straight line method
 - (B) Actual cost less depreciation @ 20% for every completed year under WDV method
 - (C) Actual cost less depreciation @ 30% for every completed year under WDV method
 - (D) Actual cost less depreciation @ 20% for every completed year under SLM method

11. A partnership firm's profit as per the profit and loss account is Rs. 10,00,000. Its total income determined according to the provisions of the Income- tax Act, 1961 is Rs. 9,00,000. A partner who has 20% share in the firm can claim exemption of amount of Rs. _____ under Section 10(2A).

(A) 2,00,000	(B) 1,80,000
(C) 20,000	(D) None of the above

12. Long-term capital gains arising on compulsory acquisition of agricultural land held by a domestic company within specified urban limits is _____
 - (A) Not exempted under Section 10(37)
 - (B) Exempted under Section 10(37) in full
 - (C) 50% of the receipt is exempted under Section 10(37)
 - (D) 25% of the receipt is exempted under Section 10(37)

13. Gift received from one or more unrelated person(s) during the previous year shall form part of an individual's income, if the aggregate of gifts exceeds _____
 (A) Rs. 50,000 (B) Rs. 1,00,000
 (C) Rs. 1,35,000 (D) Rs. 1,65,000
14. The following is not an asset as envisaged by Sec.2 (ea) of the Wealth-tax Act.
 (A) Bullion
 (B) Urban Land
 (C) Jeep used in business of manufacture of medicines
 (D) Motor boats of fishing business
15. 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
16. Current ratio is sometimes referred to as
 (A) The profitability ratio (B) The solvency ratio
 (C) The working capital ratio (D) None of these
17. The proportion of term liabilities to net worth is ascertained by
 (A) Debt-equity ratio (B) Proprietary ratio
 (C) Capital gearing ratio (D) Acid test ratio
18. Income from business or profession is charged to income tax under section
 (A) 15 (B) 28
 (C) 24 (D) 45
19. Accounting standard is a
 (A) Rules (B) Concepts
 (C) Methods (D) Guidelines
20. If the life span of 2 projects is different, the appraisal method useful for evaluating the projects is
 (A) Payback period (B) Accounting rate of return
 (C) Internal rate of return (D) Annual capital charge

21. Which one of the following factors has led to the development of strong, independent professional accountancy associations within specific countries?
 - (A) Predominantly small, family-run businesses
 - (B) Wide share ownership
 - (C) Banks owning majority of shares of large companies
 - (D) Communist governments

22. The status of International Accounting Standards (IASs) was given a significant boost in 2001 when which one of the following events occurred?
 - (A) The President of the United States endorsed IASs for American companies
 - (B) IASs received World Heritage Status from the United Nations
 - (C) The European Commission proposed that from 2005 listed companies throughout the EU should be obliged to follow IASs rather than national standards
 - (D) IASs were made compulsory throughout Asia and Australasia

23. Cash has been described as:

(A) The lifebuoy of the business	(B) The lifeboat of the business
(C) The lifeline of the business	(D) The lifeblood of the business

24. The definition of cash as used in Cash Flow Statements includes:
 - (A) Only cash balances
 - (B) Only bank balances
 - (C) Bank balances and bank overdrafts
 - (D) Cash in hand plus bank balances less bank overdrafts

25. How can a profitable business fail?
 - (A) Because it can't pay its bills
 - (B) Because it has more current liabilities than current assets
 - (C) Because it has a bank overdraft
 - (D) Because it has too much cash

26. The maximum number of person required to form a private limited company and public limited company respectively are

(A) 2 and 5	(B) 5 and 7
(C) 2 and 7	(D) 7 and 2

27. Bills rediscounting facility is offered by

(A) All public sector banks	(B) Some of cooperative banks
(C) IDBI	(D) All SFCs

28. An interest rate that has been annualized using compound interest is termed as
- (A) Simple interest rate
 - (B) Annual interest rate
 - (C) Discount interest rate
 - (D) Effective annual interest rate
29. Risk –return trade-off implies
- (A) Increasing the profit of the firm through increased production
 - (B) Not granting credit to risky customers
 - (C) Taking decisions in such a way which optimizes the balance between risk and return
 - (D) Minimizing all risks
30. Degree of total leverage can be applied in measuring change in
- (A) EBIT to a percentage change in quantity
 - (B) EPS to a percentage change in EBIT
 - (C) EPS to a percentage change in quantity
 - (D) Quality to percentage change in EBIT.
31. At operating breakeven point which of the following is true
- (A) Sales revenue just covers the fixed cost
 - (B) Sales revenue is just equal to the variable cost
 - (C) Fixed cost is same as that of the variable cost
 - (D) EBIT is zero
32. Net working capital can be said to be financed by
- (A) Cash credit
 - (B) Overdraft
 - (C) Equity capital only
 - (D) Long term sources of capital
33. Primary memory stores
- (A) data alone
 - (B) programs alone
 - (C) results alone
 - (D) all of these
34. Which device can understand difference between data & programs?
- (A) input device
 - (B) output device
 - (C) memory
 - (D) microprocessor

35. Memory unit is one part of
- (A) input device (B) control unit
(C) output device (D) central processing unit
36. Which of the following is not an output device?
- (A) Scanner (B) Printer
(C) Flat screen (D) Touch screen
37. A is admitted as a new partner and agree to pay Rs.5000 as premium, but brings only Rs. 4000 in cash. The balance of Rs. 1000 must be debited to
- (A) Good will account (B) A's loan account
(C) A's current account (D) A's capital account
38. Profit or loss on revaluation when a partner retires is transferred to capital/current account in
- (A) Capital ratio (B) Gaining ratio
(C) Old profit sharing ratio (D) Sacrificing ratio
39. Which one of the following statements correctly explains the Accounting Period Concept?
- (A) A business organization is assumed to carry on its operations forever.
(B) A business organization is assumed to carry on its operations for a long period.
(C) The period of income statement to be prepared must be specified.
(D) The accounting entity of business is distinct from its owners.
40. Which of the following accounting standards deals with the effect of changes in foreign exchange rates?
- (A) AS-11 (B) AS-3
(C) AS-9 (D) AS-19

41. Under which of the following approaches a grant is treated as a part of shareholders' funds as per Accounting Standard - 12?
- (A) Capital approach (B) Income approach
(C) Revenue approach (D) Expense approach
42. Goods returned to Raja are entered as
- (A) Goods a/c Dr.
To Raja a/c.
(B) Raja a/c Dr.
To sales a/c.
(C) Purchases a/c Dr.
To Purchases returns a/c.
(D) Raja a/c Dr.
To Purchases returns a/c.
43. On the basis of concept of accounting, assets are categorized into fixed assets and current assets
- (A) Business entity (B) Cost
(C) Going concern (D) Money measurement
44. In what circumstance Special audit is carried out
- (A) The financial position of any company is such as to endanger its solvency
(B) First auditor was removed without notice to shareholders
(C) Subsequent auditor was removed without notice to shareholders
(D) Part -I of schedule VI is not properly prepared
45. Who will lay the annual Account at Annual General Meeting?
- (A) Shareholders (B) Board of directors
(C) Chartered accounts (D) Company secretary
46. Which of the following items is a non-cash item?
- (A) Salary paid (B) Purchase of asset
(C) Sale of asset (D) Depreciation on asset

47. Which of the following statements is FALSE?
- (A) Net profits are ascertained on the basis of historical costs
 - (B) The profit and loss account does not disclose the effect of non-financial items
 - (C) Profit and loss account is prepared for a certain period and hence it is an interim statement
 - (D) Profit and loss account is prepared for a particular day or date
48. Which of the following is NOT a fundamental principle by which an accountant should be governed in the conduct of his professional relationship with others?
- (A) Integrity
 - (B) Objectivity
 - (C) Independence
 - (D) Non-technical standard
49. Costs which vary in total directly in proportion to the volume of output are called
- (A) Variable costs
 - (B) Semi-variable costs
 - (C) Fixed costs
 - (D) Opportunity costs
50. The selling price per unit of the product remains the same even if volume varies is one of the assumptions of
- (A) Direct costing
 - (B) Uniform costing
 - (C) Historical costing
 - (D) Marginal costing
51. In which of the following costing techniques the question of under or over absorption of fixed overheads does not arise?
- (A) Marginal costing
 - (B) Absorption costing
 - (C) Historical costing
 - (D) Output costing
52. The difference between the amounts of the costs for two alternatives is called
- (A) Differential costs or incremental costs
 - (B) Sunk costs
 - (C) Abnormal costs
 - (D) Composite costs
53. In which of the following circumstances an organization may accept additional orders or special orders?
- (A) To increase prices
 - (B) To utilize surplus capacity
 - (C) To utilize latest technology
 - (D) To maintain good relations with customers

54. Sunk costs are
- | | |
|------------------|-----------------------|
| (A) Future costs | (B) Present costs |
| (C) Past costs | (D) Opportunity costs |
55. Cost drivers for activities are sometimes called
- | | |
|-------------------------|----------------------|
| (A) Activity drivers | (B) Activity movers |
| (C) Activity navigators | (D) Activity helpers |
56. Which of the following equations is correct in relation to target costing?
- | |
|--|
| (A) Target cost = Sales price (for the target market share) – Desired profit |
| (B) Target cost = Sales price (for the target market share) – Total cost |
| (C) Target cost = Sales price (for the target market share) – Fixed cost |
| (D) Target cost = Sales price (for the target market share) – Contribution |
57. Can be defined as “the accumulation of costs for activities that occur over the entire life cycle of a product, from inception to abandonment by the manufacturer and the customer.”
- | | |
|----------------------------|------------------------|
| (A) Life cycle costing | (B) Target costing |
| (C) Activity based costing | (D) Absorption costing |
58. The net value added is derived by deducting _____ from the gross value added
- | | |
|------------------|------------------------|
| (A) Depreciation | (B) Cost of production |
| (C) Interest | (D) Cost of material |
59. According to opportunity cost approach, the value of is determined according to its alternative use in case of valuation of human resources
- | | |
|-------------------|----------------|
| (A) An employee | (B) A director |
| (C) A shareholder | (D) A supplier |
60. Which of the following tools is a tool that quantifies the economic value of brand?
- | | |
|-----------------------|---------------------------|
| (A) Earning Valuation | (B) Cost Method |
| (C) Brand Valuation | (D) Market Value Addition |

61. Which of the following statements is TRUE?
- (A) The basic concepts related to balance sheet are realization and matching
 - (B) The basic concepts related to profit and loss account are cost concept and business entity
 - (C) The basic concepts related to balance sheets are cost concept and business entity
 - (D) The basic concepts related to profit and loss account are matching concept and going concern
62. As per AS-11 the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction is called
- (A) Fair value
 - (B) Forward rate
 - (C) Average rate
 - (D) Forward contract
63. Accounting for Retirement Benefits (AS-15) deals with which of the following?
- (A) Gratuity
 - (B) Provident Fund
 - (C) Leave Encashment at the time of retirement
 - (D) Ex gratia
64. If the total assets of the company were Rs. 8,00,000 which consist of current assets of Rs. 3,50,000 and fixed assets of Rs. 4,50,000, outside liabilities were Rs. 5,00,000, capital of the company is
- (A) Rs. 5,00,000
 - (B) Rs. 4,50,000
 - (C) Rs. 2,00,000
 - (D) Rs. 3,00,000
65. From the information given below, find the value of gross Profit, if the Gross Profit is 25% of the Cost of Goods Sold.

Particulars	Amt.(Rs)
Sales	6,00,000
Purchases	2,10,000
Opening Stock	75,000

- (A) Rs. 1,25,000
- (B) Rs. 2,00,000
- (C) Rs. 1,20,000
- (D) Rs. 2,20,000

66. The following information is related to Swetha Ltd.

Particulars	Amt.(Rs.)	Particulars	Amt. (Rs.)
Opening Stock	20,000	Closing Stock	26,000
Net Sales	1,64,000	Net Purchases	88,000
Sales Returns	6,000	Purchase Returns	20,000
Cost of good sold	82,000	Preliminary Expenses paid	22,000
Selling Expenses paid	22,000	Income Tax paid	24,000
Loose Tools purchased	12,000		

The gross profit and Net profit will be

- (A) Rs. 82,000 and 44,000 (B) Rs. 64,000 and 44,000
 (C) Rs. 82,000 and 36,000 (D) Rs. 86,000 and 42,000
67. If we want to produce 10,000 units, the maintenance costs to be incurred are Rs. 15,000, and if we want to produce 15,000 units, the maintenance costs would be Rs. 17,500. Determine the total fixed costs from the above information assuming that the maintenance costs are semi variable.
- (A) Rs. 10,000 (B) Rs. 8,000
 (C) Rs. 7,000 (D) Rs. 6,500
68. Fixed expenses are Rs. 3,00,000, Variable cost Rs. 20 and Selling price per unit is Rs. 30. What is the Contribution per unit?
- (A) Rs. 10 (B) Rs. 20
 (C) Rs. 30 (D) Rs. 60
69. A system whereby separate tribal 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
70. Which of the following represent the short-term tool of financial statement analysis?
- (A) Fund flow statements (B) Cash flow statements
 (C) Comparative statements (D) Common size statements

71. Which of the following is a benefit of using Activity Based Costing (ABC)?
- (A) ABC is based on future costs
 - (B) ABC highlights the causes of cost
 - (C) ABC classifies costs into variable and fixed
 - (D) ABC is less costly compared to many traditional methods of applying costs to the products
72. Which of the following is NOT a method of valuation of Human resources?
- (A) Historical Cost Approach
 - (B) Replacement Cost approach
 - (C) Opportunity Cost Approach
 - (D) Marginal Cost Approach
73. Treasury Bills Market, Markets for Commercial Paper and Certificate of Deposits are some of the examples of a
- (A) Money market
 - (B) Debt market
 - (C) Capital market
 - (D) Commodity market
74. For calculation of income tax dividend comes under the head of
- (A) Salary
 - (B) Income from Business
 - (C) Income from Other sources
 - (D) None of all
75. 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 an called
- (A) Provision
 - (B) Reserve
 - (C) Sinking Funds
 - (D) None of all
76. 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
77. Select an example of direct tax
- (A) Custom duty
 - (B) VAT
 - (C) Wealth tax
 - (D) Excise duty

78. The profit or loss of each job is measured by preparing
(A) Cost sheet (B) Job cost sheet
(C) Profit and loss A/C (D) None of all
79. It is the minimum rate of return that company should earn to sustain in the business
(A) Cost of capital (B) Cost of equity
(C) Cost of debt (D) None of all
80. Zero interest rate bond are sold at
(A) Discount (B) Premium
(C) Face value (D) None of all
81. For which kinds of business Tonnage Tax is applicable?
(A) Shipping business (B) Software business
(C) Textile business (D) None of the above
82. Accounting Standard is a _____
(A) Rules (B) Concepts
(C) Methods (D) Guidelines
83. Seed capital scheme was introduced by
(A) ICICI (B) IDBI
(C) IFCI (D) SFC's
84. "Legal tender money" refers to
(A) Cheques (B) Drafts
(C) Bills of exchange (D) Currency notes
85. In India, the company which actually deals with the corpus of the mutual fund is called
(A) Sponsor Company (B) Trustee Company
(C) Asset Management Company (D) Mutual fund Company

86. Linear relationship refers to
- (A) Straight line
 - (B) Constant change in dependent variable
 - (C) Curves
 - (D) None of the above
87. In "less than" cumulative frequency distribution, the omitted limit is _____
- (A) Lower
 - (B) Upper
 - (C) Last
 - (D) Middle
88. "F" ratio contains
- (A) Two estimates of population variance
 - (B) Two estimation of population mean
 - (C) One estimate of population and one population mean
 - (D) None of the above
89. A normal curve is completely defined by the
- (A) Mean and standard deviation
 - (B) Mean and mean deviation
 - (C) Mean and quartile deviation
 - (D) None of the above
90. The difference between the largest and smallest value is called
- (A) Range
 - (B) Array
 - (C) Variable
 - (D) Mark
91. Standard error is
- (A) Deviation from original value
 - (B) Deviation from sample of original value
 - (C) Deviation from the critical value
 - (D) None of the above
92. Margin of Safety is equal to
- (A) Actual sales- Break even sales
 - (B) Sales – Contribution
 - (C) Sales- Fixed cost
 - (D) None of all

93. A partner has an implied authority to
- (A) Acquire immovable property on behalf of the firm
 - (B) Enter into a partnership on behalf of firm
 - (C) To borrow money on behalf of the firm
 - (D) None of these
94. Depletion is a term used for writing off
- (A) Intangible Assets
 - (B) Wasting Assets
 - (C) Fictitious Assets
 - (D) Contingent Assets
95. Clear profit is a concept applicable to
- (A) Insurance companies
 - (B) Public utility companies
 - (C) Banking companies
 - (D) Petroleum companies
96. Opportunity cost helps in
- (A) Ascertainment of cost
 - (B) Controlling cost
 - (C) Managerial cost
 - (D) Ascertainment of profit
97. The proportion of share capital which can be called up exact on the winding up is known as
- (A) Called up capital
 - (B) Paid up capital
 - (C) Authorized capital
 - (D) Reserve capital
98. Contribution margin is also known as
- (A) Surplus
 - (B) Gross profit
 - (C) Marginal income
 - (D) Net income
99. Total return after payback period is not considered in case of
- (A) Payback period
 - (B) Internal rate of return
 - (C) Accounting rate of return
 - (D) Net present value
100. A "sale and lease back" arrangement is suitable for a lessee having
- (A) Liquidity crisis
 - (B) Low profits
 - (C) High profit
 - (D) Retained earnings