

Hall Ticket Number

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Q.B. No.

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Booklet Code :

A

Marks : 100

Time : 120 minutes

JL-419-COMM

Signature of the Candidate

Signature of the Invigilator

Total No. of Questions : 100

Total No. of Printed Pages : 24

INSTRUCTIONS TO THE CANDIDATE

(Read the Instructions carefully before Answering)

1. Separate Optical Mark Reader (OMR) Answer Sheet is supplied to you alongwith Question Paper Booklet. Please read and follow the instructions on the OMR Answer Sheet for marking the responses and the required data.
2. The candidate should ensure that the **Booklet Code printed on OMR Answer Sheet and Booklet Code supplied are same.**
3. **Immediately on opening the Question Paper Booklet by tearing off the paper seal, please check for (i) The same booklet code (A/B/C/D) on each page, (ii) Serial Number of the questions (1-100), (iii) The number of pages and (iv) Correct Printing.** In case of any defect, please report to the invigilator and ask for replacement of booklet with same code within five minutes from the commencement of the test.
4. Electronic gadgets like Cell Phone, Calculator, Watches and Mathematical/Log Tables are not permitted into the examination hall.
5. **There will be 1/4 negative mark for every wrong answer.** However, if the response to the question is left blank without answering, there will be no penalty of negative mark for that question.
6. Record your answer on the OMR answer sheet by using Blue/Black ball point pen to darken the appropriate circles of (1), (2), (3) or (4) corresponding to the concerned question number in the OMR answer sheet. *Darkening of more than one circle against any question automatically gets invalidated and will be treated as **wrong answer.***
7. Change of an answer is **NOT** allowed.
8. Rough work should be done only in the space provided in the Question Paper Booklet.
9. **Return the OMR Answer Sheet and Question Paper Booklet to the invigilator before leaving the examination hall.** Failure to return the OMR sheet and Question Paper Booklet is liable for criminal action.

1. The cost of equity -
 - (1) Increases as the amount of debt increases.
 - (2) Decreases as the amount of debt increases.
 - (3) Minimised at the optimal capital structure.
 - (4) Depends on our assumptions about bankruptcy costs and T_c .

2. The principle that deals with the ideal capital structure which should minimize cost of financing and maximize the earnings per share is -
 - (1) Risk principle.
 - (2) Control principle.
 - (3) Cost principle.
 - (4) Flexibility principle.

3. Using the CAPM to calculate the cost of capital for a risky project assumes that :
 - (1) Using the firm's beta is the same measure of risk as the project.
 - (2) The firm is all-equity financed.
 - (3) The financial risk is equal to business risk.
 - (4) Both (1) and (2).

4. The term "capital structure" refers to :
 - (1) Long-term debt, preferred stock, and common stock equity.
 - (2) Current assets and current liabilities.
 - (3) Total assets minus liabilities.
 - (4) Shareholders' equity.

5. EBIT is usually the same thing as
 - (1) Funds provided by operations.
 - (2) Earnings before taxes.
 - (3) Net income.
 - (4) Operating profit.

6. Retained earnings are -
- (1) An indication of a company's liquidity.
 - (2) The same as cash in the bank.
 - (3) Not important when determining dividends.
 - (4) The cumulative earnings of the company after dividends.
7. The dividend-payout ratio is equal to -
- (1) The dividend yield plus the capital gains yield.
 - (2) Dividends per share divided by earnings per share.
 - (3) Dividends per share divided by par value per share .
 - (4) Dividends per share divided by current price per share.
8. Which of the following statements best describes the optimal capital structure?
- (1) The optimal capital structure is the mix of debt, equity, and preferred stock that maximizes the company's earnings per share (EPS).
 - (2) The optimal capital structure is the mix of debt, equity, and preferred stock that maximizes the company's stock price.
 - (3) The optimal capital structure is the mix of debt, equity, and preferred stock that minimizes the company's weighted average cost of capital (WACC).
 - (4) Statements (2) and (3) are correct.
9. Low levels of marketable securities are maintained for financing working capital according to the -
- (1) Restrictive approach.
 - (2) Flexible approach.
 - (3) Conservative approach.
 - (4) Hedging approach.
10. The term 'inventory' includes :
- (1) Raw material + work-in-progress + finished goods.
 - (2) Raw material + work-in-progress + machine spare parts.
 - (3) Raw material + work-in-progress + finished goods + machine spare parts.
 - (4) Raw material + work-in-progress + finished goods + machine spare parts + tables + chairs.

11. The insurance paid against fire and theft of inventories is regarded as the following cost :
- (1) Carrying cost
 - (2) Ordering cost
 - (3) Capital cost
 - (4) Storage cost
12. The credit term 5/10 net 60 signifies :
- (1) Credit period 10 days, cash discount 5%, cash discount period 60 days.
 - (2) Credit period 60 days, cash discount 10%, cash discount period 5 days.
 - (3) Credit period 60 days, cash discount 5%, cash discount period 10 days.
 - (4) Credit period 5 days, cash discount 10%, cash discount period 60 days.
13. Holding inventory to take advantage of changes in prices and getting quality discounts is regarded as -
- (1) Transaction motive.
 - (2) Speculative motive.
 - (3) Precautionary motive.
 - (4) Financial motive.
14. A proposal is NOT a Capital Budgeting Proposal if it
- (1) is related to Fixed assets.
 - (2) brings long-term benefits.
 - (3) brings short-term benefits only.
 - (4) has very large investment.
15. A firm with high operating leverage has :
- (1) low fixed costs in its production process.
 - (2) high variable costs in its production process.
 - (3) high fixed costs in its production process.
 - (4) high price per unit.

16. One of the following concepts state that revenue is recognized when it is realized and it is immaterial whether cash is received or not.
- (1) Cost
 - (2) Realization
 - (3) Accrual
 - (4) Business entity
17. Revenue is considered as being earned on the date at which it is realized as per the concept of
- (1) Matching
 - (2) Realization
 - (3) Accrual
 - (4) Cost
18. The revenue recognition principal dictates that all types of incomes should be recorded or recognized when
- (1) Cash is received.
 - (2) At the end of accounting period.
 - (3) When they are earned.
 - (4) When interest is paid.
19. Accounting Standard 6 deals with
- (1) Disclosure of accounting policies.
 - (2) Fixed assets.
 - (3) Inventory valuation.
 - (4) Depreciation.
20. Heavy advertising to launch a new product is a
- (1) Capital expenditure.
 - (2) Revenue expenditure.
 - (3) Deferred Revenue expenditure.
 - (4) Semi-variable expenditure.

21. The main objective of providing depreciation is to
- (1) Calculate true profit.
 - (2) To show the true financial position in the Balance Sheet.
 - (3) To reduce tax burden.
 - (4) To provide funds for replacement of fixed assets.
22. $\text{Gross profit} + \text{Opening stock} + \text{Purchases} + \text{Direct expenses} - \text{Sales} =$
- (1) Closing stock
 - (2) Net profit
 - (3) Cost of sales
 - (4) Wages
23. Unearned income account is
- (1) Asset
 - (2) Liability
 - (3) Expense
 - (4) Liability and expense.
24. Any sum which is appropriated out of profit and loss appropriation account and is not meant to cover up liability, contingency, commitment or reduction in the value of an asset is a
- (1) Provision
 - (2) Bad debt
 - (3) Reserve
 - (4) Doubtful debt
25. A statement or report that records the fluctuation in business's capital is referred as
- (1) Balance Sheet
 - (2) Income statement
 - (3) Cash flow statement
 - (4) Statement of changes in equity.

26. Under single entry system, the ledger contains the following account(s).
- (1) Personal
 - (2) Real
 - (3) Nominal
 - (4) Personal and Nominal.
27. At the beginning of accounting year, Assets are Rs.25,000, Liabilities Rs.5,000; Debit balance of Income and Expenditure Account Rs.2,500. Then Capital Fund will be (Rs.)
- (1) 32,500
 - (2) 17,500
 - (3) 27,500
 - (4) 22,500
28. Rent paid in the accounting year Rs. 6,000; Rent paid in advance at the end of the year Rs.500, Rent outstanding but not yet paid for the year Rs. 1,000. The amount to be debited to Income and Expenditure Account is Rs.
- (1) 6,500
 - (2) 5,500
 - (3) 6,000
 - (4) 7,000
29. A Company has sales of Rs.2,00,000, a contribution margin of 20% and a margin of safety of Rs. 80,000, the Company's fixed cost is Rs.
- (1) 16,000
 - (2) 24,000
 - (3) 80,000
 - (4) 96,000

30. At the break-even point, the contribution margin equals total
- (1) Variable costs
 - (2) Sales revenues
 - (3) Selling and administrative costs.
 - (4) Fixed costs
31. The method of cost accounting that lends itself to break-even analysis is
- (1) Variable (Marginal)
 - (2) Standard
 - (3) Absolute
 - (4) Absorption
32. Which of the following is an application of funds?
- (1) Funds lost in operation.
 - (2) Issue of shares.
 - (3) Raising long term loans.
 - (4) Sale of fixed assets.
33. Given Net profit for the year Rs.2,50,000; transfer to General Reserves Rs.40,000 and old machinery bought for Rs. 50,000; was sold for Rs. 20,000; Funds from operations is Rs.
- (1) 2,80,000
 - (2) 2,20,000
 - (3) 2,90,000
 - (4) 3,00,000
34. Which technique is used for figures of two or more periods placed side by side to facilitate easy and meaningful comparisons?
- (1) Comparative statement.
 - (2) Common-size statement.
 - (3) Trend analysis.
 - (4) Ratio analysis.

35. The technique of taking first year figures as base and comparing with the subsequent years is called
- (1) Ratio analysis.
 - (2) Common-size statement.
 - (3) Trend Analysis.
 - (4) Comparative statement.
36. Each manager has to justify his entire budget request in detail from scratch in
- (1) Activity based Costing.
 - (2) Cash budgeting.
 - (3) Production budgeting.
 - (4) Zero base budgeting.
37. A technique of cost accounting used to determine efficiency of the operations so that any remedial action may be taken immediately is known as
- (1) Budgeting.
 - (2) Marginal costing.
 - (3) Standard costing.
 - (4) Contract costing.
38. Which of the following costs would decrease if production levels increase within the relevant range?
- (1) Total fixed costs.
 - (2) Variable costs per unit.
 - (3) Total variable costs.
 - (4) Fixed costs per unit.
39. Those costs that have both fixed and variable element are called
- (1) Variable costs.
 - (2) Total fixed costs.
 - (3) Semi variable costs.
 - (4) Prime cost.

40. The indicator that results in total revenues being equal to total cost is called the
- (1) Break-even volume.
 - (2) Marginal cost.
 - (3) Profit mix.
 - (4) Marginal volume.
41. According to Taylor's Differential plan, the worker is paid according to his
- (1) Degree of efficiency.
 - (2) Degree of understanding.
 - (3) Degree of flexibility.
 - (4) Degree of loyalty.
42. When standard output is 10 units per hour and actual output is 12 units per hour, efficiency is?
- (1) 80%
 - (2) 100%
 - (3) 110%
 - (4) 120%
43. It is possible for an item of overhead expenses to be shared amongst many departments. It is also possible that this same item may relate to just one specific department. If the item was charged specifically to a single department, this would be an example of?
- (1) Apportionment
 - (2) Allocation
 - (3) Re-apportionment
 - (4) Absorption rate.

44. Which of the following items would not be classified as direct material for an automobile manufacturer?
- (1) Steel
 - (2) Wipers
 - (3) Tires
 - (4) Screws
45. Absorption costing is closely related to which of the following cost elements?
- (1) Total costs
 - (2) Overheads
 - (3) Prime costs
 - (4) Direct labor
46. Which of the following System applies when standardized goods are produced under a series of inter-connected operations?
- (1) Job Order Costing
 - (2) Process Costing
 - (3) Standard Costing
 - (4) All of the given options.
47. If the Gross Profit is Rs.5,000 and the net profit is 25% of the Gross Profit. The expenses?
- (1) Rs. 3,750
 - (2) Rs. 1,250
 - (3) Rs. 4,150
 - (4) Rs. 6,250
48. Conversion cost = Direct labor plus
- (1) Labor
 - (2) F.O.H
 - (3) Material
 - (4) Machine cost

49. Which of the following is NOT included under the head of FOH cost?
- (1) Indirect Material
 - (2) Indirect Labor
 - (3) Indirect Expense
 - (4) Direct labor
50. A firm had beginning finished goods inventory of Rs. 15,000; ending finished goods inventory of Rs. 20,000 and cost of goods sold of Rs.80,000. What was the cost of goods manufactured?
- (1) Rs.80,000
 - (2) Rs.85,000
 - (3) Rs.75,000
 - (4) Rs.65,000
51. During costing process, to arrive at the gross profit of a trading business, which one of the following formula is applied?
- (1) $\text{Sales} - (\text{Opening Stock} - \text{Purchases} - \text{Closing Stock})$.
 - (2) $\text{Sales} - (\text{Opening Stock} + \text{Purchases} + \text{Closing Stock})$.
 - (3) $\text{Sales} - (\text{Opening Stock} + \text{Purchases} - \text{Closing Stock})$.
 - (4) $\text{Sales} - (\text{Opening Stock} - \text{Purchases} + \text{Closing Stock})$.
52. As a cost accountant, calculate the gross profit if; Sales Rs. 6000; Cost of sales Rs. 5,000; Opening stock Rs. 1,000; Purchases Rs. 4,000; Wages Rs. 2,000; and Office rent Rs. 1,000?
- (1) Loss Rs.2,500
 - (2) Loss Rs.1,500
 - (3) Profit Rs.2,500
 - (4) Profit Rs.1,000
53. The break-even point can be defined as ?
- (1) The level of activity at which there is neither profit nor loss.
 - (2) The level of activity where cash flow is zero.
 - (3) The level of activity where profits equal fixed costs.
 - (4) The level of activity where variable costs are covered by sales revenue.

54. A company has fixed costs of Rs.50,000 and variable costs per unit of output of Rs.8. If the selling price is Rs.18, what is the break-even quantity?
- (1) Rs.2,500
 - (2) Rs.5,000
 - (3) Rs.1,500
 - (4) Rs.7,500
55. The Costing System in which individual activities are identified as the cost object is known as
- (1) Standard Costing.
 - (2) Activity Based Costing.
 - (3) Uniform Costing.
 - (4) Single or output Costing.
56. A tabular representation of different quantities of commodities that consumers are willing to purchase at specific price and time while other factors are constant is
- (1) Law of Demand.
 - (2) Demand Schedule.
 - (3) Demand Function.
 - (4) Demand Elasticity.
57. Desire to Buy, Willingness to Buy, Capacity to buy are the three conditions necessary for
- (1) Effective Demand.
 - (2) Elasticity of Demand.
 - (3) Inferior Goods.
 - (4) Superior Goods.

58. It helps in understanding the mechanism of individual markets
- (1) Macro Economics.
 - (2) Micro Economics.
 - (3) Welfare Economics.
 - (4) Industrial Economics.
59. If the change in Quantity Demanded is proportionately more than the change in Price and the total expenditure of the consumer increases, it is a case of
- (1) Unity Elasticity.
 - (2) Elasticity is less than Unity.
 - (3) Elasticity is more than Unity.
 - (4) Demand is inelastic.
60. Implicit costs are :
- (1) equal to total fixed costs.
 - (2) comprised entirely of variable costs.
 - (3) "payments" for self-employed resources.
 - (4) always greater in the short run than in the long run.
61. The short run is a time period in which :
- (1) All resources are fixed.
 - (2) The level of output is fixed.
 - (3) The size of the production plant is variable.
 - (4) Some resources are fixed and others are variable.
62. Variable costs are
- (1) sunk costs.
 - (2) multiplied by fixed costs.
 - (3) costs that change with the level of production.
 - (4) defined as the change in total cost resulting from the production of an additional unit of output.

63. When a firm doubles its inputs and finds that its output has more than doubled, this is due to
- (1) economies of scale.
 - (2) constant returns to scale.
 - (3) diseconomies of scale.
 - (4) a violation of the law of diminishing returns.
64. Which of the following market types has all firms selling products so identical that buyers do not care from which firm they buy?
- (1) Perfect competition.
 - (2) Oligopoly.
 - (3) Monopolistic competition.
 - (4) Monopoly.
65. The law of diminishing returns states that :
- (1) as a firm uses more of a variable resource, given the quantity of fixed resources, the average product of the firm will increase.
 - (2) as a firm uses more of a variable resource, given the quantity of fixed resources, marginal product of the firm will eventually decrease.
 - (3) in the short run, the average total costs of the firm will eventually diminish.
 - (4) in the long run, the average total costs of the firm will eventually diminish.
66. Economies and diseconomies of scale explain why the :
- (1) short-run average fixed cost curve declines so long as output increases.
 - (2) marginal cost curve must intersect the minimum point of the firm's average total cost curve.
 - (3) long-run average total cost curve is typically U-shaped.
 - (4) short-run average variable cost curve is U-shaped.

- 67.** During the Communication process, which of the following is most likely to result in lost information?
- (1) Information Processing.
 - (2) Information Overload.
 - (3) Information Filtering.
 - (4) Effective Communication.
- 68.** The two factor theory is based on the following factors
- (1) Hygiene and behavioural.
 - (2) Safety and self - esteem.
 - (3) Self - actualisation and status quotient.
 - (4) Self - actualisation.
- 69.** A comprehensive theory of motivation called the performance - satisfaction model has been advocated by
- (1) Festinger and Heider.
 - (2) Jacques and Patchen.
 - (3) Porter and Lawler.
 - (4) Weick and Adams.
- 70.** What is the term for power derived from status or position in an organisation?
- (1) Referent
 - (2) Expert
 - (3) Reward
 - (4) Legitimate
- 71.** What do you call a style of leadership that takes account of others' views, opinions and ideas?
- (1) Autocratic
 - (2) Laissez-faire
 - (3) People-oriented
 - (4) Democratic

72. Father of Human Relations is
- (1) William Gilbreth
 - (2) Henry Fayol
 - (3) F.W. Taylor
 - (4) Elton Mayo
73. Which among these is a simulation training technique?
- (1) Case study.
 - (2) Role playing.
 - (3) Case study and Role playing.
 - (4) Sensitivity training.
74. An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop. This training is known as
- (1) On-the job training.
 - (2) Mentoring
 - (3) Vestibule training
 - (4) Apprenticeship
75. The set of all product lines and individual products that a firm sells is described as
- (1) Product Line.
 - (2) Product Width.
 - (3) Product Assortment.
 - (4) Product Depth.
76. The study of the life style patterns of consumers is known as
- (1) Psychographics.
 - (2) Demographics.
 - (3) Behavioural Science.
 - (4) Sociology.

77. The no. of different product lines a company carries is known as
- (1) Product Line.
 - (2) Product Width.
 - (3) Product Assortment.
 - (4) Product Depth.
78. By bringing buyers and sellers together to a single physical location, they promote the goods they handle and actively negotiate the sale of those goods. Their participation in a channel is limited to facilitating transfer of ownership. They are the
- (1) Selling agents.
 - (2) Auction companies.
 - (3) Commission merchants.
 - (4) Brokers.
79. Management is Cost-focused, try to attain economies of scale in order to minimise cost of production. This is described as
- (1) Production orientation.
 - (2) Product orientation.
 - (3) Selling orientation.
 - (4) Marketing orientation.
80. The 7 Ps Integrated Marketing Mix is applicable to the marketing of
- (1) Industrial Goods.
 - (2) Fast-Moving Consumer Goods.
 - (3) Goods and Services.
 - (4) Durable Consumer Goods.
81. Which Consumer Behaviour Model is based on experiments done by a Russian psychologist on a dog?
- (1) Sigmund Freud.
 - (2) Pavlovian Learning Model.
 - (3) Marshalian Economic Model.
 - (4) Howard-Sheth Model.

82. Homogenising the heterogenous markets is the main objective of
- (1) Market Targeting.
 - (2) Product Positioning.
 - (3) Niche Marketing.
 - (4) Market Segmentation.
83. Consumers buy the products after a thorough comparison of competing brands. Such products are
- (1) Speciality products.
 - (2) Shopping products.
 - (3) Convenience products.
 - (4) Unsought products.
84. Two or more unrelated companies put their resources together to exploit an emerging market opportunity which is described as
- (1) Value added resellers.
 - (2) Merchant wholesalers.
 - (3) Horizontal Marketing System.
 - (4) Vertical Marketing System.
85. The value that occurs with the greatest frequency is called
- (1) Mean
 - (2) Median
 - (3) Mode
 - (4) Index number
86. Square root of the mean of the squared deviation from the arithmetic mean is called
- (1) Mean deviation
 - (2) Standard deviation
 - (3) Correlation
 - (4) Regression

87. Algebraic signs are ignored in
- (1) Mean deviation.
 - (2) Quartile deviation.
 - (3) Standard deviation.
 - (4) Skewness
88. In a positively skewed distribution, the value of the mean and mode respectively are :
- (1) Maximum and least.
 - (2) Minimum and maximum.
 - (3) Both maximum.
 - (4) Both minimum.
89. To find out co-variability or lack of it between two attributes, we can use
- (1) Skewness
 - (2) Correlation
 - (3) Regression
 - (4) Rank correlation.
90. Quantification of relationship is possible in
- (1) Regression
 - (2) Correlation
 - (3) Rank correlation.
 - (4) Standard deviation.
91. Estimating the unknown values of one variable from known values of another variable is possible in
- (1) Time series
 - (2) Standard deviation.
 - (3) Regression
 - (4) Chi-square

92. Relating a variable or variables in a given period to the same variable or variables in another period is called
- (1) Time series.
 - (2) Index numbers.
 - (3) Correlation.
 - (4) Regression.
93. A set of statistical observations arranged in chronological order is called
- (1) Time series
 - (2) Index numbers
 - (3) Skewness
 - (4) Quartile deviation
94. The straight line trend is represented by
- (1) $X_c = a + by$
 - (2) $y_c = Xa + b$
 - (3) $X_c = ya + b$
 - (4) $y_c = a + bX$
95. If data is collected for each and every unit, it is called
- (1) Enumeration method.
 - (2) Census method.
 - (3) Complete survey method.
 - (4) Sampling.
96. The value obtained from the study of a sample is known as
- (1) Sampling
 - (2) Statistic
 - (3) Average
 - (4) Dispersion

97. If each and every item of the population is having equal chance of being included in the sample, it is :
- (1) Systematic sampling.
 - (2) Stratified Random sampling.
 - (3) Multi-stage sampling.
 - (4) Simple Random sampling.
98. When the population is heterogencous type, we use :
- (1) Stratified sampling.
 - (2) Systematic sampling.
 - (3) Sequential sampling.
 - (4) Convenience sampling.
99. A single value obtained to describe the characteristics of a population is called
- (1) Statistic
 - (2) Parameter
 - (3) Average
 - (4) Numerical
100. Selecting one unit at random and then selecting additional units at evenly spaced intervals is called
- (1) Cluster sampling.
 - (2) Stratified sampling.
 - (3) Systematic sampling.
 - (4) Random sampling.
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(Space for Rough Work)

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