TEST BOOKLET
AO (INDUST.)/2015

Time Allowed : 2 Hours

(Maximum Marks : 100)

All questions carry equal marks.

INSTRUCTIONS

1. Immediately after the commencement of the examination, you should check that test booklet does not have any unprinted or torn or missing pages or items, etc. If so, get it replaced by a complete test booklet.

2. Write your Roll Number only in the box provided alongside. Do not write anything else on the Test Booklet.

3. This Test Booklet contains 100 items (questions). Each item comprises four responses (answers). Choose only one response for each item which you consider the best.

4. After the candidate has read each item in the Test Booklet and decided which of the given responses is correct or the best, he has to mark the circle containing the letter of the selected response by blackening it completely with Black or Blue ball pen. In the following example, response “C” is so marked:

A  B  C  D

5. Do the encoding carefully as given in the illustrations. While encoding your particulars or marking the answers on answer sheet, you should blacken the circle corresponding to the choice in full and no part of the circle should be left unfilled.

6. You have to mark all your responses ONLY on the ANSWER SHEET separately given according to ‘INSTRUCTIONS FOR CANDIDATES’ already supplied to you. Responses marked on the Test Booklet or in any paper other than the answer sheet shall not be examined.

7. All items carry equal marks. Attempt all items. Your total marks will depend only on the number of correct responses marked by you in the Answer Sheet. There will be no negative marking.

8. Before you proceed to mark responses in the Answer Sheet fill in the particulars in the front portion of the Answer Sheet as per the instructions sent to you.

9. After you have completed the test, hand over the Answer Sheet to the Invigilator.

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO
1. M/s Bhaskaran & Co. drew a three months' bill of Rs. 6,000 on M/s Patel & Co. on 1.1.2006 payable to M/s Surendran & Co. or bearer. Here the payee will be:

(A) M/s Bhaskaran & Co.

(B) M/s Patel & Co.

(C) M/s Surendran & Co. or bearer

(D) All of the above

2. All of the following have debit balance except one. That account is:

(A) Wages account

(B) Debtors accounts

(C) Bills payable account

(D) Goodwill

3. Unless given otherwise, the ratio of sacrifice is the same as .........................

(A) New profit sharing ratio

(B) Equal ratio

(C) Old profit sharing ratio

(D) None of the above
4. Prepaid salary has a:

(A) Credit balance

(B) Debit balance

(C) Negative balance

(D) None of the above

5. Credit balance in the cash book means:

(A) Overdraft as per pass book

(B) Favourable balance as per pass book

(C) Both (A) and (B)

(D) None of the above

6. Mr. Ashok buys clothing of Rs. 50,000 paying cash Rs. 20,000. What is the amount of expense as per the accrual concept?

(A) Rs. 50,000

(B) Rs. 20,000

(C) Rs. 30,000

(D) Nil
7. 'Advance received from customers is not taken as sale' is based on:

(A) Money measurement concept
(B) Accrual consent
(C) Consistency concept
(D) Conservation

8. Salary Rs. 2,000 payable to clerk is credited to ...........................................

(A) Salary account  (B) Cash account
(C) Clerks account  (D) None of these

9. A sum of Rs. 1,10,000 was spent on painting the new factory. It is a:

(A) Capital expenditure
(B) Deferred revenue expenditure
(C) Revenue expenditure
(D) None of the above
10. If the incoming partner brings any additional amount in cash other than his capital contributions then it is termed as:

(A) Capital
(B) Reserves
(C) Goodwill
(D) Premium for goodwill

11. The transfer of assets from public sector to the private sector is referred to as:

(A) Privatisation
(B) Deregulation
(C) Ownerism
(D) Nationalization

12. Goods purchased from A for Rs. 2,000 passed through the sales book. The rectification of this error will result in

(A) Decrease in Gross profit
(B) No effect on Gross profit
(C) Increase in Gross profit
(D) Increase in Sundry debtors
13. **PEST analysis is:**

(A) A broad framework to help managers understand the environment in which their business operates

(B) A checklist to ask how political, economic, strategic, or technological developments can influence an industry and a company

(C) A checklist for forecasting political, economic, strategic or technological factors

(D) A framework for strategic analysis of internal and external environment

14. Which of the following trading structures is *not* an example of a business organisation?

(A) An employee

(B) A limited liability company

(C) A limited liability partnership

(D) A sole trader

15. Which of the following statements is *not* correct?

(A) P/V ratio can be improved by reducing fixed cost

(B) Contribution is also known as gross margin

(C) P/V ratio can be improved by increasing the selling price

(D) Margin of safety can be improved by reducing fixed cost
16. A variable such as activity that causes cost over a given time is:

(A) Cost Driver
(B) Cost Behaviour
(C) Cost Centre
(D) None of the above

17. If net profit is Rs. 25,000 after writing off preliminary expenses of Rs. 5,000 then the funds from operation will be:

(A) Rs. 25,000  (B) Rs. 30,000
(C) Rs. 20,000  (D) Rs. 10,000

18. Trading on equity means:

(A) Trading on arrears funds
(B) Trading on borrowed funds
(C) Trading on family funds
(D) Trading on friends funds
19. Which of the following economic systems occurred first?

(A) Laissez-Faire System  (B) Socialism

(C) Communism  (D) Capitalism

20. If cost of goods sold is Rs. 80,700, opening stock Rs. 5,800 and closing stock Rs. 6,000, then the amount of purchase will be:

(A) Rs. 80,500  (B) Rs. 74,900

(C) Rs. 74,700  (D) Rs. 80,900

21. A and B are partners sharing profits and losses in the ratio 5 : 3. On admission, C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B and C are 7 : 5 : 4. The sacrificing ratio among A : B will be:

(A) 3 : 1  (B) 4 : 7

(C) 5 : 4  (D) 2 : 1
22. A, B and C are partners sharing profits and losses in the ratio 9 : 4 : 3.

They took joint life policy of Rs. 25,000 for A, Rs. 20,000 for B and Rs. 51,000 for C. What is the share of C in the JLP amount?

(A) Rs. 18,000  
(B) Rs. 25,000  
(C) Rs. 51,000  
(D) Rs. 20,000

23. If average stock = Rs. 12,000. Closing stock is Rs. 3,000 more than opening stock then the value of closing stock will be:

(A) Rs. 12,000  
(B) Rs. 24,000  
(C) Rs. 10,500  
(D) Rs. 13,500

24. G. Ltd. acquired assets worth Rs. 7,50,000 from H Ltd. by issue of shares of Rs. 100 at a premium of 25%. The number of shares to be issued by G Ltd. to settle the purchase consideration will be:

(A) 6,000 shares  
(B) 7,500 shares  
(C) 9,375 shares  
(D) 5,625 shares
25. Which of the following statements is correct regarding calculation of weighted cost of capital?

(A) Retained earnings are always excluded

(B) Preference capital is given more weight

(C) Cost of issue is considered

(D) Weights are always based on the book value

26. Which of the following statements is/are correct?

(A) The generation born immediately following World War II was called the 'baby boomers'

(B) Customer market that buys goods and services for further processing is called a business market

(C) Business market would be considered a customer market

(D) All of the above

27. Fiscal deficit in the union budget means:

(A) The sum of budgetary deficit and net increase in internal and external borrowings

(B) The difference between current expenditure and current revenue

(C) The sum of monetised deficit and budgetary deficit

(D) Net increase in Union Government borrowings from the Reserve Bank of India
28. Arrange the following Acts according to their establishment in India:

(1) Factories Act
(2) Industrial Disputes Protection Act
(3) Consumer Protection Act
(4) Competition Act

Codes:

(A) (4), (3), (2), (1)  (B) (2), (1), (3), (4)
(C) (3), (4), (1), (2)  (D) (2), (3), (1), (4)

29. When did the Foreign Exchange Regulation Act (FERA) come into being?

(A) 1973  (B) 1975
(C) 1980  (D) 1981

30. Intellectual property rights are pertaining to:

(A) Medicine already patented
(B) Matters published on or before 1990
(C) Imports of goods and services
(D) None of the above
31. If interest expenses for a firm rise, firm has taken on more:
   (A) Operating leverage
   (B) Financial leverage
   (C) Fixed assets
   (D) None of the above

32. The ................. is the percentage change in operating income that results from a percentage change in sales.
   (A) Break even point
   (B) Degree of financial leverage
   (C) Degree of operating leverage
   (D) None of the above

33. Which one of the following is not merit of net present value?
   (A) Considers all cash flows
   (B) True measures of profitability
   (C) Based on the concepts of the time value of money
   (D) Requires estimate of cash flows which is a tedious task
34. Which one of the following points is not merit of payback period method?

(A) Easy to understand

(B) Emphasises liquidity

(C) Not a measure of probability

(D) Uses cash flow information

35. The cost of issuing new stock is called:

(A) The cost of equity

(B) Marginal cost of capital

(C) Floatation cost

(D) None of the above

36. Kyoto protocol is related to:

(A) Competition

(B) Consumer protection

(C) Environment protection

(D) Atomic energy generation
37. The working capital ratio is:

(A) Working capital + Sales

(B) Working capital + Total Assets

(C) Current Assets + Sales

(D) Current Assets + Current Liabilities

38. In the case of giffen goods like bajra, a fall in its price tends to:

(A) Reduce the demand

(B) Increase the demand

(C) Demand will remain constant

(D) None of the above

39. Trading on equity means:

(A) Trading on arrears funds

(B) Trading on borrowed funds

(C) Trading on family funds

(D) Trading on friends funds
40. The elasticity of demand for luxury goods is:

(A) Infinite  (B) More than one
(C) Less than one  (D) Equal to one

41. Use of fixed interest securities in the capital structure is called:

(A) Operating leverage  (B) Financial leverage
(C) Overall leverage  (D) None of these

42. If NPV is positive, the IRR will be:

(A) Positive  (B) \( K = R \)
(C) \( K < R \)  (D) None of these

43. Sensitivity analysis is performed to:

(A) Ascertainty Risk
(B) Determine profitability
(C) Build scenario for risk profile
(D) None of the above
44. Ceteris paribus, a change in the price of a commodity causes the quantity purchased of its complements to move:

(A) In the same direction
(B) In the opposite direction
(C) In an improper manner
(D) Cannot be determined

45. Under rigid dividend policy, the rate of dividend is:

(A) 0  (B) −1
(C) 1  (D) 2

46. Baumol has suggested as an alternative objective for profit maximization, the maximization of:

(A) Sales  (B) Profit
(C) Income  (D) None of these

47. “Dividend policy determines the division of earnings between payments to shareholders and retained earnings” who said this?

(A) Weston and Brigham  (B) Gerstenberg
(C) Bonneville  (D) None of these
48. Which of the following statements is incorrect?

(A) If demand increases and supply decreases, equilibrium price will rise
(B) If supply increases and demand decreases, equilibrium price will fall
(C) If demand decreases and supply increases, equilibrium price will rise
(D) If supply decline and demand remain constant, equilibrium price will rise

49. "The financial plan of a corporation has a two-fold aspect, it refers not only to the capital structure of the corporation but also to the financial policies which the corporation has adopted or intends to adopt." Who said this?

(A) Solomon and Pringle  (B) JH Bonneville
(C) Walker and Baughn  (D) None of these

50. .................................. method is also known as adjusted rate of return method.

(A) Account rate of return method
(B) Net present value method
(C) Internal rate of return method
(D) None of the above
51. Which one is not the characteristic of oligopoly firm?

(A) Conflicting attitude of firms
(B) Advertising and sales promotions
(C) One firm
(D) Few sellers

52. ........................ leverage explains the relationship between sales revenue and EBIT?

(A) Financial  (B) Operating
(C) Combined  (D) None of these

53. Which method is a “Crude rule thumb” of capital budgeting?

(A) NPV method
(B) Payback method
(C) Adjusted rate of return method
(D) None of the above
54. Net present value is equal to:

(A) Total present value of cash inflow – Total present value of cash outflow

(B) Total present value of cash outflow – Total present value of cash inflow

(C) Total present value of cash outflow + inflows

(D) None of the above

55. In monopoly when abnormal profits are made:

(A) The price set is > the average cost

(B) The price is < the marginal cost

(C) The average revenue = marginal cost

(D) Revenue = total cost

56. Sampling error is ......................... incomplete enumeration.

(A) Existent

(B) Non-existent

(C) Estimated

(D) None of these
57. Degree of operating leverage is equal to:

(A) % change in EBIT/operating profit

(B) % change in EBIT/change in sales

(C) C/EBIT

(D) None of the above

58. Which factor(s) is/are reasonable for over capitalisation?

(A) High promotion expenses

(B) Wrong estimate of earning at the time of promotion

(C) Liberal dividend policy

(D) All of the above

59. Incorrect understandings, prestige bias, self interest, respondent’s inability are the examples of:

(A) Compiling errors

(B) Response errors

(C) Non-response error

(D) Publication error
60. The degree of confidence with, which it is asserted that a particular value of the population lies within the certain limits is known as the:

(A) Parameter
(B) Level of confidence
(C) Level of significance
(D) Level of standard error

61. Which leverage refers to the use of fixed cost in the operation of the firm?

(A) Operating leverage
(B) Financial leverage
(C) Both (A) and (B)
(D) None of these

62. A firm will not have operating leverage, if:

(A) Its ratio of fixed cost to total cost is nil
(B) Its ratio of variable cost to total cost is nil
(C) Its ratio of production cost to total cost is nil
(D) Its ratio of fixed cost to production cost is nil
63. Total cash flow after tax before depreciation for 5 years are rupees 45,800 and total depreciation amount to Rs. 32,000. Initial investment is Rs. 30,000.

Thus average rate of return would be:

(A) 18%  
(B) 18.2%

(C) 18.4%  
(D) 18.5%

64. Goods purchase by individual for their own personal use rather than for business or industrial is called ....................

(A) Convenience goods  
(B) Capital goods

(C) Consumers goods  
(D) None of these

65. Issue of new shares ......................

(A) The current ratio will improve

(B) The current ratio will be declined

(C) No change in current ratio

(D) All of the above
66. Which is not the concept of marketing?

(A) Capital budgeting       (B) Market strategy
(C) Market dominance       (D) Market research

67. Marketing mix means:

(A) Combination of fair input  (B) Combination of discipline
(C) Combination of process    (D) None of these

68. The trading on equity is a ......................... financial leverage.

(A) Positive            (B) Negative
(C) Even              (D) None of these

69. Net cash inflow can be found as:

(A) Net Loss + Depreciation
(B) Net Profit after tax + Depreciation
(C) Net Profit + Reserves and Surplus
(D) Net Loss + Reserves and Surplus
70. The opportunity cost of ..................... is income forgone from the alternative 
use an account of acceptance of the project.

(A) Investment proposal
(B) Formation of company
(C) Total cost of production
(D) Total fixed capital

71. Stock dividend is known as ......................

(A) Inventory 
(B) Fund
(C) Profit
(D) Bonus share

72. If the P.V. of cash inflows is equal to or more than the initial investment, 
then the proposal is :

(A) Accepted 
(B) Rejected
(C) May be considered
(D) All of these

73. Payment of current liabilities :

(A) The current ratio is improved
(B) The current ratio is declined
(C) The current ratio is not changed
(D) None of the above
74. Purchase of fixed assets:
   (A) The current ratio will decline
   (B) The current ratio will improve
   (C) The current ratio is not changed
   (D) None of the above

75. Which of the following is not source of fund?
   (A) Funds provided by operations
   (B) Funds provided by sale of equity
   (C) Funds provided by sale of land
   (D) Purchase of plant

6. Which of the following steps are not involved in the environmental scanning?
   (A) Analysis of the decision
   (B) Identification of key decision factors
   (C) Analysis of each of the key variable separately
   (D) None of the above
77. If fixed cost increases, the degree of operating leverage will:
   
   (A) Increase  
   (B) Decrease  
   (C) Equal  
   (D) None of these

78. It is a structure, in which a few sellers control the major supply of the product:

   (A) Monopoly  
   (B) Oligopoly  
   (C) Monopolistic competition  
   (D) Pure competition

79. The planet nearest to the sun is:

   (A) Mercury  
   (B) Saturn  
   (C) Jupiter  
   (D) Mars

80. The smallest planet is:

   (A) Mercury  
   (B) Pluto  
   (C) Uranus  
   (D) Neptune
81. Which lake is the source of Parbati river?

(A) Sarvalsar lake          (B) Karali lake
(C) Surajtal                (D) Mantilai

82. In which district of H.P. is Miyar glacier?

(A) Shimla                  (B) Kinnaur
(C) Chamba                  (D) Lahaul-Spiti

83. Which pass joins Lahaul and Bharmaur?

(A) Kalicho                 (B) Sach
(C) Chuari                  (D) Waru

84. During the rule of which raja of Kangra his state was besieged by Feroz Shah Tughluq?

(A) Parab Chand             (B) Rup Chand
(C) Prithvi Chand           (D) Megh Chand
85. At which place in Kullu district is Basheswar Mahadev temple?

(A) Jagatsukh  (B) Sultanpur
(C) Katrain   (D) Bajaura

86. Near which town in Shimla district is Talra sanctuary?

(A) Theog  (B) Kumarsain
(C) Jubbal  (D) Chhaila

87. What is the sex ratio (females per thousand males) in Himachal Pradesh among its elderly population (60 years and above)?

(A) 955  (B) 990
(C) 1022 (D) 1062

88. What G2C (Government to Citizen) services are available at the Lok Mitra Kendras in HP?

(A) Issuance of Nakal Jamabandi
(B) Copies of Shajra Nasab
(C) Issuance of HPTC bus tickets
(D) All of the above
89. When was Administrative Reforms Unit set up in H.P.?

(A) November 1963  (B) December 1964

(C) November 1966  (D) January 1971

90. Which raja of Hindur invaded the territory of Kehlur and captured the forts of Fatehpur, Ratanpur and Bahadurpur?

(A) Ram Saran Singh  (B) Man Chand

(C) Bije Singh  (D) Ugar Singh

91. Who is the author of the book titled ‘The Dramatic Decade’?

(A) Kuldip Nayar  (B) Pranab Mukherjee

(C) Inder Malhotra  (D) Rajender Sachar

2. By what margin did Omar Abdullah win Beewah assembly seat in J&K during 2014 elections?

(A) 470 votes  (B) 910 votes

(C) 1590 votes  (D) 2240 votes
93. What is the new name of Rajiv Gandhi Gramin Vidyut Yojna

(A) Atal Bihari Vajpayee Gramin Vidyut Yojna
(B) Deen Dayal Upadhayaya Gramin Jyoti Yojna
(C) Madan Mohan Malviya Gramin Vidyut Yojna
(D) Vivekananda Gramin Vidyut Yojna

94. Who is the President of FICCI?

(A) Jyotsna Suri  (B) Mukesh Ambani
(C) Gautam Adani  (D) Azim Premji

95. Where is Dargaha of Khawaja Moinuddin Chisti?

(A) Jaipur  (B) Ajmer
(C) Pushkar  (D) Udaipur

96. Who was crowned Miss World, 2014?

(A) Koyal Rana of India
(B) Edina Kulesar of Hungary
(C) Elizabeth Safrit of USA
(D) Rolene Strauss of South Africa
97. Which is the latest country to join the European union?

(A) Latvia  
(B) Belarus

(C) Lithuania  
(D) Estonia

98. Which is the largest among dwarf planets of the solar system discovered in 2005?

(A) Eris  
(B) Disnomia

(C) Triton  
(D) Shoe maker

99. Which blackman was choked to death in the United States by the white policeman for selling loose untaxed cigarettes?

(A) Michal Brown  
(B) Eric Garner

(C) Akai Gurley  
(D) Trayvon Martin

100. Which country’s Prime Minister is Helle Thorning Schmidt?

(A) Italy  
(B) Denmark

(C) Sweden  
(D) Norway