

1. **Motivation may be defined as the sum of**
  - A) Desire and selective manifestation
  - B) **Desire and behavior**
  - C) **Desire and direction**
  - D) Desire and active principle

Motivation at work has been defined as 'the sum of the processes that influence the arousal, direction, and maintenance of behaviors relevant to work settings'. Kerala Set has taken B as answer, But C can also be the answer. Desire, Direction, Behaviour all are important components of motivation.
  
2. Match the following
 

a. Need Hierarchy theory of motivation	1. Taylor
b. M.B.O	2. Maslow
c. Scientific Management	3. Herzberg
d. Hygiene Theory	4. Peter F. Drucker

  

A) a - 2, b - 1, c - 4, d - 3	B) a - 3, b - 2, c - 4, d - 1
C) a - 1, b - 2, c - 3, d - 4	D) <b>a - 2, b - 4, c - 1, d - 3</b>
  
3. Hawthorne Experiments were carried out at
 

A) General Motor Co.	B) Honda Motor Co.
C) <b>Western Electric Co.</b>	D) Suzuki International
  
4. Which of the following better explains the nature of management?
  - A) **Attainment of goals in an efficient manner through planning, organizing, directing and controlling.**
  - B) Getting things done through others
  - C) What managers do every day
  - D) Management is what it does.
  
5. The phrase "War of Talent" was coined by:
 

A) <b>Mc Kinsey</b>	B) Chester Barnard
C) Mary Parker Follet	D) Frederic Taylor
  
6. From the below mentioned personalities **who opposed the idea of CSR?**

A) <b>Milton Friedman</b>	B) Ratan Tata
C) Mukesh Ambani	D) Kris Gopalakrishnan
  
7. Horizontal complexity is.
  - A) The depth of organizational hierarchy.
  - B) **A high degree of specialization between different organizational units.**
  - C) Dispersal of activities in the organization.
  - D) Fast pace of technological change.

In Horizontal complexity the number of department or section in the organizational line of authority is arranged horizontally
  
8. Which is not included in the Need Hierarchy Theory proposed by Maslow?
 

A) Esteem	B) Belongingness
C) <b>Achievement</b>	D) Safety.

The term talent—as in “war of talent,” a phrase coined by Steven Hankin of McKinsey & Company in 1997—refers to finding the most skilful candidates for the vacant positions.

The Hawthorne studies were conducted on workers at the Hawthorne plant of the Western Electric Company by Elton Mayo and Fritz Roethlisberger in the 1920s. The Hawthorne studies were part of a refocus on managerial strategy incorporating the socio-psychological aspects of human behavior in organizations.



17. Data integrity refers to the
- A) Simplicity of data
  - B) Privacy of data
  - C) **Validity of data**
  - D) Security of data

18. A sub-system, whose processes are not defined but its inputs and outputs are known is called

- A) Closed system
- B) **Black Box**
- C) Probabilistic System
- D) User-machine system



19. A physical system is a
- A) Conceptual system
  - B) Logical system
  - C) Intangible system
  - D) None of the above

In computer, Physical computing involves interactive systems that can sense and respond to the world around them.

20. MIS performs the following activities
- A) Captures data, processes data and store information
  - B) Retrieve information and disseminate information
  - C) **(A) and (B)**
  - D) None of the above

21. Enterprise Resource Planning system is
- A) **An integrated information system**
  - B) Transaction processing system
  - C) Decision support system
  - D) Expert system

22. Match the following

- |    |                     |    |        |
|----|---------------------|----|--------|
| a. | Related Records     | 1. | RDBMS  |
| b. | Group of fields     | 2. | Files  |
| c. | SQL                 | 3. | Fields |
| d. | Group of Characters | 4. | Record |

- A) a - 3, b - 2, c - 4, d - 1
- B) **a - 2, b - 4, c - 1, d - 3**
- C) a - 2, b - 3, c - 1, d - 4
- D) a - 1, b - 2, c - 3, d - 4

23. State whether the following two statements are TRUE or FALSE.

I In waterfall model of system development, the output of one phase becomes the input of the next phase

II A prototype is a comprehensive system and include all requirements of the user

- A) I and II are true
- B) **I is true and II is false**
- C) I is false and II is true
- D) I and II are false

24. The term “Minimum Subscription” refers to:

- A) Minimum amount to be collected by a company from its Board of Directors
- B) Minimum amount collected by a private company from its promoters
- C) **Minimum amount to be collected by a public company on its public issues of shares**
- D) Minimum amount to be contributed by a public company towards the Provident fund account of its employees

25. State whether the following two statements are TRUE or FALSE.  
 I. Simple profit method of valuing goodwill is commonly used in case of joint stock companies  
 II. Net asset method of valuation of shares is useful in case of going concerns  
 A) I and II are true  
 B) I is true and II is false  
 C) I is false and II is true  
 D) **I and II are false**
26. For calculating the value of an equity share by yield method, information is required regarding:  
 A) **Normal rate of return**  
 B) Net asset of the business  
 C) Face value of the shares  
 D) Capital employed in the business
27. If vendors are issued fully paid shares of Rs.1,00,000 in consideration of net assets of Rs.80,000, the balance will be debited to:  
 A) Profit and loss account  
 B) **Goodwill account**  
 C) Capital Reserve Account  
 D) Share Premium Account
28. The balance of Debentures Sinking Fund after redemption of debentures is transferred to:  
 A) Profit and Loss Account  
 B) **General Reserve Account**  
 C) Capital Reserve Account  
 D) Debentures Account
29. State whether the following two statements are TRUE or FALSE.  
 I. Reconstruction necessarily involves liquidation of the company concerned  
 II. The balance in the issue of share premium account can be transferred to capital reduction account at the time of Internal Reconstruction  
 A) I and II are true  
 B) I is true and II is false  
 C) **I is false and II is true**  
 D) I and II are false
30. Match the following
- |                                                             |                            |
|-------------------------------------------------------------|----------------------------|
| a. Of two companies, one exists                             | 1. Amalgamation            |
| b. Two companies windup; a new company is formed            | 2. Absorption              |
| c. One company purchases majority shares of another company | 3. Internal reconstruction |
| d. The Same company exists                                  | 4. Holding company         |
- A) **a - 2, b - 1, c - 4, d - 3**  
 B) a - 4, b - 2, c - 3, d - 1  
 C) a - 2, b - 3, c - 1, d - 4  
 D) a - 3, b - 1, c - 4, d - 2
31. The accumulated losses under scheme of reconstruction are written off against  
 A) Share Capital Account  
 B) **Capital Reduction Account**  
 C) Capital Reserve Account  
 D) None of these
32. The share capital to the extent already held by the purchasing company is closed by the vendor company by crediting it to:  
 A) Investments account  
 B) **Purchasing company's account**  
 C) Share capital account  
 D) None of these

26. 
$$\text{Expected Rate of Earning} = \frac{\text{Profit after tax}}{\text{Equity Share's paid up value}} \times 100$$

$$\text{Value per Share} = \frac{\text{Expected rate of earning}}{\text{Normal rate of return}} \times \text{Paid up Equity value}$$

27. If the purchase consideration is more than the net assets worth, the difference amount will be considered as payment of goodwill.  
 If the purchase consideration is lower than the net assets worth, the difference amount will be considered as capital reserves.

33. State whether the following two statements are TRUE or FALSE.  
I. The convention of conservatism takes into account all prospective profits but leaves all prospective losses.  
II. The convention of disclosure implies that all material information should be disclosed in the accounts.  
A) I and II are true  
B) I is true and II is false  
C) I is false and II is true  
D) I and II are false
34. The practice of appending notes regarding contingent liabilities in accounting statements is in pursuant to :  
A) Convention of consistency  
B) Going concern concept  
C) Convention of conservatism  
D) Convention of disclosure
35. Match the following  
a. Valuation of closing stock  
b. Closing stock is taken as opening stock in the beginning  
c. Income rounded to the nearest rupee in tax statement  
d. Assets = Liabilities  
1. Materiality  
2. Conservatism  
3. Dual aspect  
4. Consistency  
A) a – 4, b- 2, c – 3, d – 1  
B) a – 2, b – 3, c – 1, d – 4  
C) a – 3, b – 1, c – 4, d – 2  
D) a – 2, b – 4, c -1, d – 3
36. State whether the following two statements are TRUE or FALSE.  
I. ‘Salary paid in advance’ is not an expense because it neither reduces assets nor increases liabilities  
II. Premium paid for the life policy of the proprietor is debited to the Profit and Loss Account  
A) I and II are true  
B) I is true and II is false  
C) I is false and II is true  
D) I and II are false  
**Premium paid on the life policy of the proprietor should be debited to Insurance Premium Account.**
37. State whether the following two statements are TRUE or FALSE.  
I. A Non-Parametric test does not depend on the particular form of distribution of the population.  
II. There is no restriction for minimum size of samples for Non-Parametric tests.  
A) I and II are true  
B) I is true and II is false  
C) I is false and II is true  
D) I and II are false
38. An interview made as an attempt to identify the cause of certain abnormalities is known as:  
A) Diagnostic Interview  
B) Clinical Interview  
C) Focused Interview  
D) Selection interview
39. Linear Programming identifies  
A) The optimum quantities of the variables  
B) The maximum profit or minimum cost that can be expected  
C) Both A and B  
D) None of the above

40. Quantitative techniques used to solve business problems are called  
A) Operations management                      B) Operation science  
C) **Operations research**                      D) Management operation

41. Which of the following is an Operations Research tool?  
A) Queuing Theory                      B) Game Theory  
C) Search Models                      D) **All above**

42. State whether the following statements are true or false:  
Statement I: Accepting a null hypothesis which is actually false is known as type I error  
Statement II: Rejecting a null hypothesis which is actually true is known as type II error

- A) I is false and II is true                      B) I is true and II is false  
C) **Both are false**                      D) Both are true

43. "Law of improbable events" is also known as:  
A) **Poisson distribution**                      B) Binomial distribution  
C) Hyper geometric distribution                      D) Normal distribution

The Poisson Distribution is a discrete distribution named after French mathematician Simeon-Denis Poisson.

44. A transportation problem with 'm' origins and 'n' destinations is said to be degenerate when the basic feasible solution has occupied cells:  
A) Equal to  $m+n-1$                       B) Greater than  $m+n-1$   
C) **Less than  $m+n-1$**                       D) Greater than or equal to  $m+n-1$

45. The mean and variance of a data set is 12 and 9 respectively. If 3 is added to every observation in the data set then, what will be the coefficient of variation of the resulting data set?  
A) 7.5 %                      B) **20 %**                      C) 25 %                      D) 50 %

46. A research study for which data are gathered just once to answer the research question  
A) Panel study                      B) Longitudinal study  
C) **Cross sectional study**                      D) Qualitative study

type of observational study that analyzes data from a population, or a representative subset, at a specific point in time—that is, cross-sectional data.

47. A scale that has an absolute zero origins, and hence indicates not only the magnitude, but also the proportion of the differences.  
A) Rating scale                      B) **Ratio scale**  
C) Ranking scale                      D) Nominal scale

48. Find whether the following statements are TRUE or FALSE.  
I. Sampling involves both design choice and sample size decisions.  
II. The sample characteristics cannot always be generalized to population.  
A) I and II are true                      B) **I is true and II is false**  
C) I is false and II is true                      D) I and II are false

42. Type I Error = rejecting the null hypothesis when it is true.  
Type II Error = Accepting a null hypothesis which is false

49. Match the following.
- |                                                        |                        |
|--------------------------------------------------------|------------------------|
| a. Analogue of the two independent sample t-test       | 1. Chi-square test     |
| b. Test for independence of two attributes             | 2. Sign test           |
| c. A good test for ranked data                         | 3. ANOVA               |
| d. Test for equality of more than two population means | 4. Mann-Whitney U test |
- A) a-2 b-3 c-4 d-1  
 B) a-4 b-1 c-2 d-3  
 C) a-1 b-2 c-4 d-3  
 D) a-2 b-3 c-1 d-4
50. You need a Working Capital in your business. What does the term working capital means?
- A) The investment made on it                      B) Its fixed assets  
 C) **Its circulating assets**                              D) Amount spent for building up stock
51. The method which recognizes the time value of money by combining pay-back with the present value is:
- A) **Pay- back profitability**                              B) **Discounted pay –back period**  
 C) IRR                                                      D) ARR
- Kerala SET has taken the answer A. But B seems to be the right answer. Explanation is in the bottom of the page.*
52. State whether the following two statements are TRUE or FALSE
- I. Cash management is an important task of the finance manager  
 II. Investment decisions are outside the purview of financial decisions
- A) I and II are true                                      B) **I is true and II is false**  
 C) I is false and II is true                              D) I and II are false
53. The value today of the sum to be received in the future is known as
- A) Compound value                                      B) Future value  
 C) **Present value**                                              D) None of these
54. State whether the following two statements are TRUE or FALSE
- I. Financial management deals with two major decisions/ functions, namely investment and financing decisions  
 II. Profit/ EPS maximization is the objective of financial management.
- A) I and II are true                                      B) I is true and II is false  
 C) **I is false and II is true**                              D) **I and II are false**
- Kerala SET has taken the answer D. But C seems to be the right answer. Explanation is in the bottom of the page.*
55. State whether the following two statements are TRUE or FALSE
- I. According to NOI approach, cost of equity is Residual  
 II. In the traditional approach, the cost of equity is independent of amount of debt
- A) I and II are true                                      B) I is true and II is false  
 C) I is false and II is true                              D) **I and II are false**
56. Calculate the pay- back period for a project which requires a cash outlay of Rs 50000 but the same generates a cash inflow of Rs 20000, Rs 15000, Rs 10000, Rs 10000.
- A) **3 years 6 months**                                      B) 3 years 8 months  
 C) 3 years 9 months                                      D) 3 years 4 months

51. A discounted payback period gives the number of years it takes to break even from undertaking the initial expenditure, by discounting future cash flows and recognizing the time value of money.

54. There are four main financial decisions Capital Budgeting or Long term Investment decision (Application of funds), Capital Structure or Financing decision (Procurement of funds), Dividend decision (Distribution of funds) and Working Capital Management Decision in order to accomplish goal of the firm







64. Current Ratio is 2.6:1; Liquid Ratio is 1.5:1 and Current Liabilities is Rs.50,000, then the value of Inventory is:  
 A) Rs.1,30,000 B) Rs.75,000  
 C) **Rs.55,000** D) Rs.62,000
65. Debt-Equity Ratio is the relationship between Outsiders fund and:  
 A) Equity Share holders fund  
 B) Preference Shareholders Fund  
 C) **Both Equity & Preference Share holders Fund**  
 D) None of these
66. ROI can be improved :  
 A) By improving Net Profit Ratio  
 B) By improving Capital Turnover ratio  
 C) **Either by improving Net Profit ratio or by improving Capital Turn Over Ratio or both**  
 D) None of these
67. The classification of cost as fixed and variable is based on  
 A) Controllability of cost B) **Behaviour of the cost**  
 C) Identifiability of cost D) Elements of Cost
68. State whether the following two statements are TRUE or FALSE.  
 I. EOQ is the size of the order which produces the lowest ordering cost  
 II. EOQ is that quantity which minimizes the sum of carrying cost and ordering cost  
 A) I and II are true B) I is true and II is false  
 C) **I is false and II is true** D) I and II are false
69. Match the following  
 a. Job Costing  
 b. Operating Costing  
 c. Process Costing  
 d. Unit Costing  
 1. Electricity Supply Company  
 2. Bricks Making  
 3. Ship Building  
 4. Oil Refinery  
 A) a – 2, b – 1, c -4, d – 3 B) a – 4, b- 2, c – 3, d – 1  
 C) a – 2, b – 3, c – 1, d – 4 D) **a – 3, b – 1, c – 4, d – 2**
70. Variable cost per unit:  
 A) **Remains constant for any level of activity**  
 B) Increases with increase in level of activity  
 C) Decreases with decrease in level of activity  
 D) Varies less than in proportion to change in activity  
**Variable cost changes as per change in level of activity. Variable cost per unit remains the same.**
71. State whether the following two statements are TRUE or FALSE.  
 I. Marginal cost comprises of Prime Cost plus variable overheads  
 II. Fixed costs are set off against contribution  
 A) **I and II are true** B) I is true and II is false  
 C) I is false and II is true D) I and II are false

72. Match the following
- |                       |                                 |
|-----------------------|---------------------------------|
| a. Total fixed cost   | 1. Cost not assigned to product |
| b. Unit variable cost | 2. Added value of a new product |
| c. Period cost        | 3. Remains constant per unit    |
| d. Incremental cost   | 4. Remains constant in total    |
- A) a - 4, b - 2, c - 3, d - 1      B) a - 4, b - 3, c - 1, d - 2  
 C) a - 2, b - 3, c - 1, d - 4      D) a - 3, b - 1, c - 4, d - 2
73. State whether the following two statements are TRUE or FALSE.  
 I. At break-even point, contribution will be equal to profit  
 II. P/V ratio can be improved only by making profits  
 A) I and II are true      B) I is true and II is false  
 C) I is false and II is true      D) I and II are false
74. When sales are Rs.5,00,000 and P/V ratio is 50%, variable cost will be :  
 A) Rs. 3,00,000      B) Rs.6,00,000  
 C) Rs.2,50,000      D) Rs.1,50,000
75. Given information, Fixed cost Rs. 75,000; Sales Rs.3,00,000; Direct Materials Rs.1,00,000; Direct labour Rs.60,000; and Direct expenses Rs.40,000, the BEP is  
 A) Rs.2,00,000      B) Rs. 2,25,000      BEP = FC/PV Ratio  
 C) Rs. 2,75,000      D) Rs. 3,00,000      BEP= 75000/33.33%
76. Match the following:
- |                      |                                                             |
|----------------------|-------------------------------------------------------------|
| List I               | List II                                                     |
| a. Job rotation      | 1. Adding higher level responsibility with existing job     |
| b. Job enrichment    | 2. Arranging the components of job for specific Performance |
| c. Job specification | 3. Making the work versatile                                |
| d. Job design        | 4. Detailing the responsibility, qualification and skills   |
- A) a-3, b-4, c-1, d-2      B) a-2, b-4, c-1, d-3  
 C) a-3, b-2, c-4, d-1      D) a-1, b-2, c-3, d-4
77. A function of management which ensures smoothening of all the activities connected with an enterprise:  
 A) Directing      B) Staffing      C) Co-ordinating      D) Motivating
78. State whether the following statements are true or false with regard to Maslow's theory of need hierarchy.  
 Statement I: The more people advance to higher order needs, the lesser they display their satisfaction and motivation to work  
 Statement II: The needs of people are arranged in the order of their perceived priority of hierarchy  
 A) I is true and II is false      B) Both are false  
 C) Both are true      D) I is false and II is true



88. State whether the following statements are true or false:  
 Statement I: Under transaction processing systems, more than one system is processed together to produce an undated status and business results where the systems are networked and interfaced  
 Statement II: System boundaries define the scope and coverage of the system
- A) **I is false and II is true**                      B) I is true and II is false  
 C) Both are true                                      D) Both are false
89. Match the following:
- |    | List I                      |    | List II |
|----|-----------------------------|----|---------|
| a. | Cash flow statement         | 1. | AS 6    |
| b. | Borrowing cost              | 2. | AS 3    |
| c. | Depreciation                | 3. | As 10   |
| d. | Accounting for fixed assets | 4. | AS 16   |
- A) a-3, b-1, c-4, d-2                      B) a-1, b-3, c-2, d-4  
 C) a-3, b-2, c-4, d-1                      D) a-1, b-2, c-3, d-4
90. State whether the following statements are true or false:  
 Statement I: Trial balance can be prepared under single entry system also  
 Statement II: In an income statement, excess of revenues over expenses is known as deficit
- A) I is false and II is true                      B) I is true and II is false  
 C) Both are true                                      D) **Both are false**
91. Following details are available in respect of salary account of an enterprise for the year 2017-18: Opening salary outstanding Rs.500, opening salary prepaid Rs. 200, Closing salary outstanding Rs.700, closing salary prepaid Rs. 400 and salary paid during the year Rs. 60,000. What is the amount of salary to be charged to P/L account?  
 A) **Rs. 60,000**    B) Rs. 60,400    C) Rs. 60,600    D) Rs. 59,600
92. If a share having face value of Rs. 10 is forfeited for non payment of second and final call amounting to Rs. 4, what shall be the minimum price at which it can be re-issued as fully paid?  
 A) Rs.10              B) Rs. 6              C) Rs. 5              D) **Rs.4**
93. Which one of the following will not affect P/L account of an entity?  
 A) Provision for doubtful debts  
 B) **Claims against the company pending before a court of law**  
 C) Provision for doubtful debts no longer required written back  
 D) Interest on investments
94. If dividend declared is 30 % of paid up capital, what is the minimum percentage of current year profits needs to be transferred to general reserve as per Companies' Transfer to General Reserves Rules?  
 A) 2.50              B) 5              C) 7.50              D) **10**

95. Capital funds as per opening and closing statements of affairs are Rs. 60,000 and Rs. 80,000 respectively. If drawing amounts to Rs. 5,000, interest on capital Rs. 8,000 and interest on drawings Rs. 500, what will be the amount of current year profit?  
 A) Rs. 33,000    B) **Rs. 32,500**    C) Rs. 17,000    D) Rs. 16,500
96. Locate the correct sequence with regard to the steps involved in database design:  
 A) Graphical representation—Data analysis—Relational identity—Design process  
 B) Data analysis—Relational identity—Graphical representation—Design process  
 C) Graphical representation—Relational identity—Data analysis—Design Process  
 D) **Graphical representation—Relational identity—Design Process—Data Analysis**
97. Under which one of the following sampling techniques, the sampling unit and unit of enquiry are never identical?  
 A) Stratified sampling    B) Quota sampling  
 C) Simple random sampling    D) **Cluster sampling**
98. Measurable function of sample values is known as:  
 A) **Statistic**    B) Variable    C) Parameter    D) Element
99. Control Group is a term used in:  
 A) Historical research    B) Survey research  
 C) Descriptive research    D) **Experimental research**
100. Which one of the following is not a valid assumption of linear programming?  
 A) Proportionality of objective function and constraints  
 B) Additivity of variables  
 C) **Uncertainty existing among coefficients of objective function and Constraints**  
 D) Continuity in decision variables
101. State whether the following statements are true or false:  
 Statement I: A set of variables is called a feasible solution to LPP, if it satisfies the constraints as well as non-negativity restrictions  
 Statement II: If the value of objective function can be increased or decreased indefinitely, the solution is called unbound solution  
 A) I is false and II is true    B) I is true and II is false  
 C) Both are false    D) **Both are true**
102. Which one of the following time estimates will be the highest when compared with others in PERT?  
 A) **Pessimistic**    B) Most likely  
 C) Optimistic    D) Cannot be said
103. Identify the rule which doesn't fit into, while constructing a network diagram:  
 A) Arrows pointing in opposite direction need to be avoided  
 B) **Two or more activities may have the same tail and head events**  
 C) No subsequent activity can begin until its tail event is completed  
 D) Arrows should not cross each other

102. PERT is an estimating technique that uses a weighted average of three numbers (see below) to come up with a final estimate.  
 The most pessimistic (P) case when everything goes wrong  
 The most optimistic (O) case where everything goes right  
 The most likely (M) case given normal problems and opportunities

104. Four different paths exist for completion of a construction project. Which one of the following can be its critical path?  
 A) **60 days**      B) 40 days      C) 45 days      D) 55 days

The critical path consists of the longest sequence of activities from project start to finish.

105. Lower corporate tax rate will result into ----- effective cost of debt.  
 A) Constant      B) **Higher**      C) Lower      D) Minimum

106. MM Model argues that dividend is irrelevant as:  
 A) Dividend decision is a residual decision  
 B) Investors buy shares for capital appreciation  
 C) **Value of the firm depends upon earning capacity of the firm**  
 D) Dividend payment is insignificant when compared to the investment  
 According to this concept, investors do not pay any importance to the dividend history of a company and thus, dividends are irrelevant in calculating the valuation of a company.

107. The value of EBIT at which EPS is equal to zero is known as:  
 A) **Financial breakeven point**      B) Operating breakeven point  
 C) Combined breakeven point      D) Margin of safety

108. If profitability index is 1.75 and PV of cash outflows is Rs. 2,00,000, what will be PV of cash inflows:  
 A) Rs. 1,75,000      B) Rs. 2,50,000      C) Rs. 3,00,000      D) **Rs. 3,50,000**  
 1.75 \* 2,00,000

109. State whether the following statements are true or false:  
 Statement I: When total current liabilities exceeds total current assets, the resultant figure is known as temporary working capital  
 Statement II: Financing short term needs with short term funds alone is designated as liberal working capital policy

- A) I is false and II is true      B) I is true and II is false  
 C) Both are true      D) **Both are false**

110. If ' $r = K_e$ ', then as per Walter's and Gordon's models, the market price of equity shares for different payout ratios would be:  
 A) Different      B) Constant      C) **Equal**

1. When  $R > K$ , Price per share decreases
2. When  $R < K$ , Price per share increases
3. When  $R = K$ , No change in Price per share

111. State whether the following statements are true or false:  
 Statement I: A situation in which consumer purchases are unplanned is called impulse buying  
 Statement II: Reference group means group of people likely to buy the identified Product

- A) I is false and II is true      B) **I is true and II is false**  
 C) Both are true      D) Both are false

A reference group includes individuals or groups that influence our opinions, beliefs, attitudes and behaviors. They often serve as our role models and inspiration.

112. Match the following:

- | List I                      |    | List II     |
|-----------------------------|----|-------------|
| a. Geographic segmentation  | 1. | Loyalty     |
| b. Behavioural segmentation | 2. | Performance |
| c. Demographic segmentation | 3. | Rural       |
| d. Segmentation by benefit  | 4. | Income      |

- A) **a-3, b-1, c-4, d-2**      B) a-3, b-1, c-2, d-4  
 C) a-1, b-3, c-4, d-2      D) a-1, b-2, c-3, d-4

107. Financial Break even point is a point defining the level before the EBIT (earnings before interest and tax) at which the earnings per share of the company is equal to zero. Or, we can say, it is the level of EBIT that equals the fixed financial costs for the company, such as interest on the debt, preference dividend and more. Or, we can also call it the minimum EBIT that a company should earn to meet its fixed commitments.

113. Pick the one which is a cash flow associated with investing activity:
- A) Cash payment or refunds of taxes on corporate profits  
 B) Cash payment to and on behalf of employees  
 C) **Cash advances and loans made to third parties by a company other than a financial enterprise**  
 D) Payment of dividend on preference shares
114. If profit for the year is Rs. 2,00,000 and variable cost to sales ratio is 60 %, what will be the margin of safety?
- A) Rs. 4,00,000 B) **Rs. 5,00,000** C) Rs. 10,00,000 D) Rs. 12,00,000
- $MOS = \text{Profit} / \text{PV Ratio}$   
 $= 2,00,000 / 40\%$
115. An increase in selling price:
- A) Lowers profit B) **Lowers BEP**  
 C) Increases BEP D) Does not affect BEP
116. If EPS is Rs. 5 and PE ratio is 20 times, what will be the market price of the share?
- A) Rs. 4 B) Rs. 20 C) **Rs. 100** D) Rs.200
- $PE = \text{MPS} / \text{EPS}$   
 $\text{MPS} = \text{PE} * \text{EPS}$
117. State whether the following statements are true or false:  
 Statement I: Contingent liabilities are liabilities which may or may not arise in the future on account of events which are certain to happen \*Uncertain to happen  
 Statement II: When the exact amount of losses or expenditure is not ascertainable, provision is created
- A) I is true and II is false B) **I is false and II is true**  
 C) Both are true D) Both are false
118. Match the following:
- |    | List I                   |    | List II           |
|----|--------------------------|----|-------------------|
| a. | Profitability ratio      | 1. | Stock velocity    |
| b. | Liquidity ratio          | 2. | Debt-equity ratio |
| c. | Long term solvency ratio | 3. | Acid test ratio   |
| d. | Activity ratio           | 4. | ROE               |
- A) a-2, b-4, c-1, d-3 B) **a-4, b-3, c-2, d-1**  
 C) a-3, b-2, c-4, d-1 D) a-1, b-2, c-3, d-4
119. A company produces two types of gels through a joint process. Gel A can be sold at split off while Gel B can either be sold at Rs. 2 at split off or at Rs.7 after further processing. What should be the maximum amount of further processing cost per unit that can be incurred so that a profit of Re. 1 per unit is ensured?
- A) Rs. 5 B) **Rs. 4** C) Rs. 3 D) Rs. 2
120. A product which is recovered incidentally from the materials used in the manufacturing activity is known as:
- A) Joint product B) **By product**  
 C) Co-product D) Defectives

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