

• Question No. 1

Which among the following correctly describes Margin of Safety?

**Options :**

1. Actual Sales – Break Even Sales
2. Budgeted Sales – Actual Sales
3. Actual Sales – Budgeted Sales
4. Break Even Sales – Actual Sales
5. None of the above

Answer : Actual Sales – Break Even Sales

• Question No. 2

Which among the following represent the potential benefits an individual, investor, or business misses out on when choosing one alternative over another?

**Options :**

1. Sunk Cost
2. Relevant Cost
3. Irrelevant Cost
4. Variable Cost
5. Opportunity Cost

Answer : Opportunity Cost

• Question No. 3

Which among the following is a branch of economics involving the application of economic methods in the managerial decision-making process?

**Options :**

1. Cost Accounting
2. Financial Economics
3. Management Accounting
4. Managerial Economics
5. Econometrics

Answer : Managerial Economics

• Question No. 4

If the Current Assets are less than Current liabilities by 5000, what is the amount of Net Working Capital?

Options :

1. +5000
2. -5000
3. -2500
4. +2500
5. +10000

Answer : -5000

• Question No. 6

Commission given on each unit of sales will fall under which of the following cost?

Options :

1. Office & Administration Cost
2. Selling Cost
3. Factory Cost
4. Manufacturing Cost
5. Works Cost

Answer : Selling Cost

• Question No. 6

Prime cost refers to which among the following?

**Options :**

1. Direct Cost + Indirect Cost
2. All the overheads
3. Direct Material + Indirect Material
4. Direct Labour + Indirect Labour
5. Direct Material + Direct Labour + Direct Expenses

Answer : Direct Material + Direct Labour + Direct Expenses

• Question No. 7

Any accidental loss to the consigned goods or loss caused by carelessness will be classified as which among the following in the terminology of Process Costing?

**Options :**

1. Normal Loss
2. Abnormal Loss
3. Non-Operating Loss
4. Extra-ordinary Loss
5. Operating Loss

Answer : Abnormal Loss

• Question No. 8

Depreciation is charged on \_\_\_\_\_ as per the \_\_\_\_\_ of accounting.

**Options :**

1. Capital Receipts, accrual concept
2. Capital Expenditures, matching concept

3. Revenue Receipts , prudence concept
4. Revenue Expenditure, going concern concept
5. Revenue expense, business entity concept

Answer : Capital Expenditures, matching concept

• Question No. 9

An auditor cannot audit a firm if his/her relative is indebted to the company in excess of \_\_\_\_\_

**Options :**

1. Rs.1 lakh
2. Rs.2.5 lakh
3. Rs.5 lakh
4. Rs.7.5 lakh
5. Rs.10 lakh

Answer : Rs.5 lakh

• Question No. 10

Which of the following best describes a merger of two companies where a financially sick or distress business is merged with a sound company as part of a financial rehabilitation under the supervision of a financial body?

**Options :**

1. Arranged Merger
2. Friendly Merger
3. Negotiated Merger
4. Hostile takeover
5. Offer for Sale

Answer : Arranged Merger

Direction:

**Refer to the following information to answer the next 4 questions (Q1 to Q4)**

**Balance Sheet as on 31 March 2020**

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
Equity Share capital	40,000	Plant & Machinery	24,000
Capital Reserve	8,000	Land and Building	40,000
8% Debentures	32,000	Furniture and fixtures	16,000
Creditors	16,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Taxation:		Investments (Short term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit & Loss A/c	12,000		
	<b>1,20,000</b>		<b>1,20,000</b>

- Question No. 11

Calculate the current ratio based on above information?

Options :

1. 1.00
2. 1.29
3. 1.43
4. 1.50
5. 1.67

Answer : 1.43

Direction:

Refer to the following information to answer the next 4 questions (Q1 to Q4)

**Balance Sheet as on 31 March 2020**

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
Equity Share capital	40,000	Plant & Machinery	24,000
Capital Reserve	8,000	Land and Building	40,000
8% Debentures	32,000	Furniture and fixtures	16,000
Creditors	16,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Taxation:		Investments (Short term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit & Loss A/c	12,000		
	<b>1,20,000</b>		<b>1,20,000</b>

- Question No. 12

What will be the quick ratio of the company as per above information?

Options :

1. 1.00
2. 1.29
3. 1.43
4. 1.50
5. 1.67

Answer : 1.00

Direction:

Refer to the following information to answer the next 4 questions (Q1 to Q4)

**Balance Sheet as on 31 March 2020**

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
Equity Share capital	40,000	Plant & Machinery	24,000
Capital Reserve	8,000	Land and Building	40,000
8% Debentures	32,000	Furniture and fixtures	16,000
Creditors	16,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Taxation:		Investments (Short term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit & Loss A/c	12,000		
	<b>1,20,000</b>		<b>1,20,000</b>

- Question No. 13

Calculate the Debt Equity ratio of the company.

Options :

1. 0.53
2. 0.60
3. 0.75
4. 1.33
5. 1.88

Answer : 0.53

Direction:

Refer to the following information to answer the next 4 questions (Q1 to Q4)

**Balance Sheet as on 31 March 2020**

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
Equity Share capital	40,000	Plant & Machinery	24,000
Capital Reserve	8,000	Land and Building	40,000
8% Debentures	32,000	Furniture and fixtures	16,000
Creditors	16,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Taxation:		Investments (Short term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit & Loss A/c	12,000		
	<b>1,20,000</b>		<b>1,20,000</b>

- Question No. 14

Calculate the Proprietary ratio of the company, from the above information.

Options :

1. 0.20
2. 0.33
3. 0.40
4. 0.43
5. 0.50

Answer : 0.50

Direction:

Refer to the following information to answer the next 4 questions (Q5 to Q8)

**Trading and Profit & Loss Statement for period ended 31 March 2020**

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
To Opening stock	76,250	By Sales	5,00,000
Purchases	3,15,250	Closing stock	98,500
Carriage and freight	2,000		
Wages	5,000		
Gross Profit c/d	2,00,000		
	<b>5,98,500</b>		<b>5,98,500</b>
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
Selling and dist. Expenses	12,000	Non-operating incomes:	
Non-operating expenses	2,000	Interest on securities	1,500
Financial expenses	7,000	Dividend on shares	3,750
Net profit c/d	84,000	Profit on sale of shares	750
	<b>2,06,000</b>		<b>2,06,000</b>



- Question No. 15

From the above information, calculate the gross profit ratio.

**Options :**

1. 33.4%
2. 40.0%
3. 63.4%
4. 68.3%
5. 97.1%

Answer : 40.0%

Direction:

Refer to the following information to answer the next 4 questions (Q5 to Q8)

**Trading and Profit & Loss Statement for period ended 31 March 2020**

<u>Particulars</u>	<u>Amount</u>	<u>Particulars</u>	<u>Amount</u>
To Opening stock	76,250	By Sales	5,00,000
Purchases	3,15,250	Closing stock	98,500
Carriage and freight	2,000		
Wages	5,000		
Gross Profit c/d	2,00,000		
	<b>5,98,500</b>		<b>5,98,500</b>
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
Selling and dist. Expenses	12,000	Non-operating incomes:	
Non-operating expenses	2,000	Interest on securities	1,500
Financial expenses	7,000	Dividend on shares	3,750
Net profit c/d	84,000	Profit on sale of shares	750
	<b>2,06,000</b>		<b>2,06,000</b>

- Question No. 16

From the above information, calculate the operating ratio.

Options :

1. 31.0 %
2. 69.0%
3. 80.2%
4. 82.6%
5. 84.7%

Answer : 82.6%

Direction:

Refer to the following information to answer the next 4 questions (Q5 to Q8)

**Trading and Profit & Loss Statement for period ended 31 March 2020**

<u>Particulars</u>	<u>Amount</u>	<u>Particulars</u>	<u>Amount</u>
To Opening stock	76,250	By Sales	5,00,000
Purchases	3,15,250	Closing stock	98,500
Carriage and freight	2,000		
Wages	5,000		
Gross Profit c/d	2,00,000		
	<b>5,98,500</b>		<b>5,98,500</b>
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
Selling and dist. Expenses	12,000	Non-operating incomes:	
Non-operating expenses	2,000	Interest on securities	1,500
Financial expenses	7,000	Dividend on shares	3,750
Net profit c/d	84,000	Profit on sale of shares	750
	<b>2,06,000</b>		<b>2,06,000</b>

- Question No. 17

What will be the net profit ratio of the company, as per the above information, for the year ended 31 March 2020?

Options :

1. 14.0%
2. 16.6%
3. 16.8%

4. 40.8%

5. 42.0%

Answer : 16.8%

Direction:

Refer to the following information to answer the next 4 questions (Q5 to Q8)

**Trading and Profit & Loss Statement for period ended 31 March 2020**

<u>Particulars</u>	<u>Amount</u>	<u>Particulars</u>	<u>Amount</u>
To Opening stock	76,250	By Sales	5,00,000
Purchases	3,15,250	Closing stock	98,500
Carriage and freight	2,000		
Wages	5,000		
Gross Profit c/d	2,00,000		
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To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
Selling and dist. Expenses	12,000	Non-operating incomes:	
Non-operating expenses	2,000	Interest on securities	1,500
Financial expenses	7,000	Dividend on shares	3,750
Net profit c/d	84,000	Profit on sale of shares	750
	<b>2,06,000</b>		<b>2,06,000</b>

- Question No. 18

What is the stock turnover ratio of the company for the year ended 31 March 2020?

**Options :**

1. 2.29 times
2. 3.43 times
3. 3.05 times
4. 3.93 times
5. 2.03 times

Answer : 3.43 times

Direction:

Refer to the following information to answer the next 4 questions (Q9 to Q12)

Nidhi Company is an NBFC (Non-Banking Financial Company). Nidhi in simple terms means a company which is formed with the object of cultivating the habit of thrift and savings. These are regulated entities and the rules and directions governing Nidhi Companies are issued from time to time.

The formation of the Nidhi Company is very easy process. It requires only \_\_\_\_\_ members out of which 3 members would be the directors. The Nidhi company takes hardly 10-5 days to get registered. Also no. of the documents required for the registration are very less.

• Question No. 19

Consider the following statements and state which among the following are the correct statements for Nidhi companies?

- A. Nidhi companies can borrow from and lend to, its members only
- B. Nidhi companies follow the Nidhi Rules 2014 issued by the RBI
- C. Nidhi companies are registered with RBI as NBFCs

**Options :**

- 1. Only A
- 2. Only A and B
- 3. Only B and C
- 4. Only A and C
- 5. All of the above

Answer : Only A

Direction:

**Refer to the following information to answer the next 4 questions (Q9 to Q12)**

Nidhi Company is an NBFC (Non-Banking Financial Company). Nidhi in simple terms means a company which is formed with the object of cultivating the habit of thrift and savings. These are regulated entities and the rules and directions governing Nidhi Companies are issued from time to time.

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required for the registration are very less.

• Question No. 20

What is the minimum number of members required to be incorporated as a Nidhi company?

**Options :**

1. 2
2. 3
3. 5
4. 7
5. 10

Answer : 7

Direction:

**Refer to the following information to answer the next 4 questions (Q9 to Q12)**

Nidhi Company is an NBFC (Non-Banking Financial Company). Nidhi in simple terms means a company which is formed with the object of cultivating the habit of thrift and savings. These are regulated entities and the rules and directions governing Nidhi Companies are issued from time to time.

The formation of the Nidhi Company is very easy process. It requires only \_\_\_\_ members out of which 3 members would be the directors. The Nidhi company takes hardly 10-5 days to get registered. Also no. of the documents required for the registration are very less.

• Question No. 21

What is the minimum paid-up share capital to incorporate a Nidhi company?

**Options :**

1. Rs. 1 Lakh
2. Rs. 2 Lakhs
3. Rs. 5 Lakhs
4. Rs. 10 Lakhs

5. Rs. 50 Lakhs

Answer : Rs. 5 Lakhs

Direction:

**Refer to the following information to answer the next 4 questions (Q9 to Q12)**

Nidhi Company is an NBFC (Non-Banking Financial Company). Nidhi in simple terms means a company which is formed with the object of cultivating the habit of thrift and savings. These are regulated entities and the rules and directions governing Nidhi Companies are issued from time to time.

The formation of the Nidhi Company is very easy process. It requires only \_\_\_\_\_ members out of which 3 members would be the directors. The Nidhi company takes hardly 10-5 days to get registered. Also no. of the documents required for the registration are very less.

• Question No. 22

Within one year of incorporation, what should be the ratio of net owned funds to the deposits for Nidhi companies?

**Options :**

1. 1:5

2. 1:2

3. 1:10

4. 1:20

5. 1:25

Answer : 1:20

Direction:

**Refer to the following information to answer the next 4 questions (Q13 to Q16)**

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation. Audit can be done internally by employees or heads of a particular department and externally by an outside firm or an independent auditor. The idea is to check and verify the accounts by an independent authority to ensure that all books of accounts are done

in a fair manner and there is no misrepresentation or fraud that is being conducted. All the public listed firms have to get their accounts audited by an independent auditor before they declare their results for any quarter.

• Question No. 23

\_\_\_\_\_ examines and evaluates a firm's or individual's financial records to derive evidence used in a court of law or legal proceeding.

**Options :**

1. Forensic Audit
2. Cost Audit
3. Financial Audit
4. Investigation
5. Supervision

Answer : Forensic Audit

Direction:

**Refer to the following information to answer the next 4 questions (Q23 to Q26)**

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation. Audit can be done internally by employees or heads of a particular department and externally by an outside firm or an independent auditor. The idea is to check and verify the accounts by an independent authority to ensure that all books of accounts are done in a fair manner and there is no misrepresentation or fraud that is being conducted. All the public listed firms have to get their accounts audited by an independent auditor before they declare their results for any quarter.

• Question No. 24

\_\_\_\_\_ refers to the attitude that includes a questioning mind and a critical assessment of audit evidence.

**Options :**

1. Professional suspicion
2. Professional skepticism

3. Professional cynicism
4. Professional incredulity
5. Professional pessimism

Answer : Professional skepticism

Direction:

**Refer to the following information to answer the next 4 questions (Q23 to Q26)**

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation. Audit can be done internally by employees or heads of a particular department and externally by an outside firm or an independent auditor. The idea is to check and verify the accounts by an independent authority to ensure that all books of accounts are done in a fair manner and there is no misrepresentation or fraud that is being conducted. All the public listed firms have to get their accounts audited by an independent auditor before they declare their results for any quarter.

- Question No. 25

Which term is the synonyms term to full range of frauds committed by business and government professionals?

**Options :**

1. Blue collar crime
2. White collar crime
3. Yellow collar crime
4. Brown collar crime
5. Black collar crime

Answer : White collar crime

Direction:

**Refer to the following information to answer the next 4 questions (Q23 to Q26)**

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation. Audit can be done internally by employees or heads of a particular department and externally by an outside firm or an independent auditor. The



idea is to check and verify the accounts by an independent authority to ensure that all books of accounts are done in a fair manner and there is no misrepresentation or fraud that is being conducted. All the public listed firms have to get their accounts audited by an independent auditor before they declare their results for any quarter.

• Question No. 26

\_\_\_\_\_ refers to the information collected by an auditor to ascertain the accuracy and compliance of a company's financial statements.

**Options :**

1. Investigation
2. Audit evidence
3. Working papers
4. Vouching
5. Verification

Answer : Audit evidence

Direction:

**Refer to the following information to answer the next 4 questions**

To better understand what motivates human beings, a famous American psychologist proposed that human needs can be organized into a hierarchy. It is one of the most popular theories on motivation that explains that humans are highly motivated to fulfill their needs, which is based on hierarchical order that starts with the most basic needs and subsequently moves on to higher levels.

The main goal of this need hierarchy theory is to attain the highest position or the last of the needs. According to the theory, when a lower need is met, the next need on the hierarchy becomes our focus of attention.

• Question No. 27

Which theory is being talked about in the given passage?

**Options :**

1. Maslow's Hierarchy of needs

2. Herzberg's Factor theory
3. Alderfer's ERG theory
4. McClelland's Theory of needs
5. Gregor's Theory X and Y

Answer : Maslow's Hierarchy of needs

Direction:

**Refer to the following information to answer the next 4 questions**

To better understand what motivates human beings, a famous American psychologist proposed that human needs can be organized into a hierarchy. It is one of the most popular theories on motivation that explains that humans are highly motivated to fulfill their needs, which is based on hierarchical order that starts with the most basic needs and subsequently moves on to higher levels.

The main goal of this need hierarchy theory is to attain the highest position or the last of the needs. According to the theory, when a lower need is met, the next need on the hierarchy becomes our focus of attention.

- Question No. 28

What is the lowest level of need as per the hierarchy given in this theory?

**Options :**

1. Safety needs
2. Physiological needs
3. Self-actualization needs
4. Love and social belonging needs
5. Esteem needs

Answer : Physiological needs

Direction:

**Refer to the following information to answer the next 4 questions**

To better understand what motivates human beings, a famous American psychologist proposed that human needs can be organized into a hierarchy. It is one of the most popular theories on motivation that explains that humans are highly motivated to fulfill their needs, which is based on hierarchical order that starts with the most basic needs

and subsequently moves on to higher levels.

The main goal of this need hierarchy theory is to attain the highest position or the last of the needs. According to the theory, when a lower need is met, the next need on the hierarchy becomes our focus of attention.

• Question No. 29

Which need is categorized at the highest level of need as per the hierarchy given in this theory?

**Options :**

1. Safety needs
2. Physiological needs
3. Love and social belonging needs
4. Self-actualization needs
5. Esteem needs

Answer : Self-actualization needs

Direction:

**Refer to the following information to answer the next 4 questions**

To better understand what motivates human beings, a famous American psychologist proposed that human needs can be organized into a hierarchy. It is one of the most popular theories on motivation that explains that humans are highly motivated to fulfill their needs, which is based on hierarchical order that starts with the most basic needs and subsequently moves on to higher levels.

The main goal of this need hierarchy theory is to attain the highest position or the last of the needs. According to the theory, when a lower need is met, the next need on the hierarchy becomes our focus of attention.

• Question No. 30

Which design/shape is used to describe this need hierarchy theory of motivation?

**Options :**

1. Ladder
2. Pyramid

3. Square

4. Steps

5. Star

Answer : Pyramid

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