

CIVIL SERVICES (PRE) EXAMINATION, 2007

Accounting Concepts, Standards

1. Assertion (A) : Accounts prepared by adhering to accounting standards are more reliable.
Reason (R) : Accounting standards ensure application of uniform accounting policies while preparing and presentation of financial statements.

Codes:

- a. Both A and R are individually true and R is the correct explanation of A
b. Both A and R are individually true but R is not the correct explanation of A
c. A is true but R is false
d. A is false but R is true

2. In accordance with generally accepted accounting principles, which of the following methods of amortization is normally recommended for intangible assets ?

- a. Sum of years' digits
b. Straight line
c. Units of production
d. Double-declining balance

3. Match List-I with List-II and select the correct answer by using the codes given below (the codes are :

List-I (Type of Asset)

- A. Lease
B. Freehold Building
C. Livestock
D. Quarries

List-II (Method of Depreciation)

1. Depletion method
2. Revaluation method
3. Fixed installment method
4. Fixed method
5. Annuity method

Codes:

- a. A-5, B-3, C-2, D-1
b. A-1, B-2, C-4, D-5
c. A-5, B-2, C-4, D-1
d. A-1, B-3, C-2, D-5

Accounts of Non-Profit

Organisations, Single Entry System,

Partnership Firm

4. The following particulars are available from the accounts of Mr. X:

Direct expenses Rs 8,000

Opening stock	Rs 12,000
Purchases	Rs 1,00,000
Interest paid	Rs 3,000
Closing stock	Rs 12,000

What is the cost of goods sold ?

- a. Rs 1,00,000
b. Rs 1,05,000
c. Rs 1,08,000
d. Rs 1,35,000

5. Which one of the following is the correct statement ?

On the death of a partner, the amount of joint life insurance policy shall be credited to the capital accounts of:

- a. all partners including the deceased partner in their profit sharing ratio
b. remaining partners in the new profit sharing ratio
c. remaining partners equally
d. all partners including the deceased partner in their then-capital ratio

6. Under Garner v/s Murray's rule, the deficiency of insolvent partner must be borne by the other solvent partners in proportion to :

- a. profit sharing ratio
b. capital ratio before the dissolution
c. capital ratio after the dissolution
d. cash received from partnership after dissolution

7. At the time of dissolution of a partnership firm, an unrecorded liability is taken over by a partner. What is the journal entry for recording the same in the books of the firm ?

- a. Realisation A/C debited; Partner's Capital A/C credited
b. Realisation A/C debited; Liability A/C credited
c. Liability A/C debited; Realisation A/C credited
d. Liability A/C debited; Partner's Capital A/C credited

8. Maximum Loss Method is associated with which one of the following ?

- a. Piecemeal distribution of cash to partners
b. Apportionment of loss of partnership firm to partners

- c. Preparation of profit and loss account of partnership firm
d. Distribution of realisation loss to partners
9. Consider the following data :
The adjusted maintainable profit : Rs 40,000
Capital employed : Rs 2,00,000
Normal rate of return : 15%
Capitalization rate : 20%
What is the value of goodwill on the basis of capitalization of super-profits?
a. Rs 50,000
b. Rs 40,000
c. Rs 2,00,000
d. Rs 60,000
10. A and B are partners sharing profits in the ratio of 4 : 3. C joins as a partner, the new profit sharing ratio among A, B and C being 7 : 4 : 3. What is the sacrificing ratio between A and B?
a. 1 : 1
b. 4 : 3
c. 2 : 1
d. 1 : 2
11. Credit purchases of Rs 105 from Mr. Y credited to him as Rs 501, whereas credit sales of Rs 236 to Mr. X debited to him as Rs 632. What is the rectification entry for the above error?
a. Purchase A/c Dr. 236
 To Y 236
b. X A/c Dr. 501
 To Sales 501
c. Y A/c Dr. 96
 To X 96
d. X A/c Dr. 396
 To Y 396
12. Consider the following data :

Opening balance of creditors	Rs. 80,000
Payments by cheques	Rs. 4,70,000
Payments by bills payable	Rs. 50,000
Payment in cash	Rs. 10,000
Amount received	Rs. 5,000
Purchase returns	Rs. 10,000
Closing balance of creditors	Rs. 95,000

 On the basis of the above data, what is the credit purchase?
a. Rs 5,00,000
b. Rs 5,00,000
c. Rs 6,00,000
d. Rs 4,60,000
13. Subscriptions received

during the year : Rs 7,000

Subscriptions outstanding at the beginning of the year : Rs 1,400

Subscriptions outstanding at the closing of the year : Rs 1,600

What is the subscription to be credited to Income and Expenditure Account of the year ?

- a. Rs 7,000
b. Rs 10,000
c. Rs 7,200
d. Rs 9,000

14. Which one of the following statements is correct?

In context of final account of non-profit organisations, legacy is

- a. added to the capital fund
b. shown in the Income and Expenditure Account
c. shown as a separate liability
d. not shown in the accounts

Financial Statements (Final Accounts)

Assertion (A) : While preparing Trading and Profit and Loss Account and Balance Sheet, adjustments given outside the Trial Balance are treated twice.

Reason (R) : Adjustments are to be made twice because of the application of matching principle.

Codes:

- a. Both A and R are individually true and R is the correct explanation of A
b. Both A and R are individually true but R is not the correct explanation of A
c. A is true but R is false
d. A is false but R is true

16. **Assertion (A) :** Fictitious assets are actually revenue expenditure which are temporarily capitalised.

Reason (R) : These assets, therefore, form a part of capital employed or the net worth of the business.

Codes:

- a. Both A and R are individually true and R is the correct explanation of A
b. Both A and R are individually true but R is not the correct explanation of A
c. A is true but R is false
d. A is false but R is true

17. What is the statement that shows the wealth which the business has created and how it has been distributed among those who have created, known as ?
 a. Income statement
b. Financial position statement
 c. Fund flow statement
 d. Value added statement
18. Which one of the following items does not appear under the head 'miscellaneous expenditure' ?
 a. Preliminary expenses
 b. Discount on issue of shares and debentures
 c. Underwriting commission on shares
d. Day to day miscellaneous administrative expenses
19. Consider the following data :
 Opening capital Rs 5,000
 Closing capital Rs 6,000
 Drawings Rs 1,000
 New capital introduced Rs 500
 What is the profit of the year ?
 a. Rs 2,000
b. Rs 1,500
 c. Rs 1,000
 d. Rs 500
20. While preparing final accounts, adjustment entries deal with which of the following ?
 1. Expenses incurred
 2. Income received
 3. Expenses outstanding
 4. Income received in advance
 Select the correct answer by putting the codes given below:
 a. 1, 2, 3 and 4
 b. 1 and 3
c. 3 and 4
 d. 1, 2 and 4
21. How should all arrears of cumulative preference dividends be shown in balance sheet?
 a. As a non-current liability
b. As a contingent liability
 c. As an outstanding liability
 d. As a current liability
22. What is the liability on bills of exchange re-discounted ?
a. Contingent liability
 b. Current liability
 c. Non-current liability
 d. Limited liability

23. Which one of the following is the correct statement ?
 The closing stock may appear in the trial balance only when it is
 a. added to total sale
 b. deducted from total sale
 c. adjusted against opening inventory
d. adjusted against purchase

Accounting for Share and Debentures

24. Which one of the following statement is correct? The balance of 'Capital Redemption Reserve' can be used for
 a. issuing partly paid up bonus shares
b. issuing fully paid up bonus shares
 c. writing off preliminary expenses
 d. declaring dividends
25. Which one of the following statements is correct for valuation of rights under Right Issue ?
 a. The market value of existing shares is to be considered with the issue price
 b. The face value of existing shares is to be considered with the issue price
 c. The market value of existing shares is to be considered with the face value
d. The market value of existing shares is to be considered with the average of face value and market value
26. Intrinsic value of shares is calculated on the basis of which one of the following ?
 a. Total assets
b. Net assets
 c. Fixed assets
 d. Gross current assets
27. Capital reduction account is prepared in the case of:
 a. External reconstruction of a company
b. Internal reconstruction of a company
 c. Absorption of a company
 d. Amalgamation of two companies
28. Consider the following statements relating to the computation of net asset value of shares :
 1. Net asset value can be computed either by the net asset method or by the net equity method.
 2. Intangible assets are taken into account in computing the net asset value.
 Which of the statements given above is are correct ?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Ratio Analysis

29. Assertion (A) : Trading on equity is recommended in a situation when rate of return is higher than the cost of capital.

Reason (R): Trading on equity magnifies the EPS.

Codes:

- a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually true but R is not the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
30. For what type of a company, high geared capital structure is suggested ?

Company

- a. which is newly set up and making moderate profit
- b. which is matured one but making loss
- c. which is matured one and making huge profits
- d. which is in the state of recovery after making losses for several years

31. A company with a paid up capital of Rs 5,00,000 shares of Rs 10 each has a capital turnover of four times with a margin of 8% on sales. What is the return on investment (ROI) of the company ?

- a. 28%
- b. 32%
- c. 35%
- d. 42%

32. As on 31.12.2006, a company's liabilities were :

Equity capital	Rs 1,00,000
Reserves	Rs 10,000
Debt	Rs 14,000
Loan	Rs 1,10,000
Creditors	Rs 30,000
Provision for taxation	Rs 34,000
Proposed dividend	Rs 10,000

What is the proprietary ratio of the company ?

- a. 1:1.89
- b. 1:0.89:1
- c. 1.35:1
- d. 1:1.03

33. Consider the following data :

Total assets turnover : 4 times
Net profit margin : 10%
Total assets : Rs 50,000
What is the net profit ?

- a. Rs 5,000
- b. Rs 10,000
- c. Rs 20,000
- d. Rs 25,000

34. The capital of a company is as follows :

	Rs
9% Preference shares of Rs 10/- each	1,00,000
Equity shares of Rs 10/- each	8,00,000
	11,00,000

Additional Information

Profit after tax : Rs 2,70,000

Equity dividend : 20%

Market price of equity shares : Rs 40

What is the price-earnings ratio ?

- a. 13.17
- b. 15
- c. 14.12
- d. 17.12

Fund Flow Statements, Cash Flow Statements

35. Assertion (A) : Decrease in current liabilities, without decrease in current assets, will increase working capital.

Reason (R) : Equal increase in current liabilities and current assets will increase working capital.

Codes:

- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

36. The following information is available from the financial statements of a company :

Net profit	Rs 20,000
Opening stock	Rs 20,000
Closing stock	Rs 24,000
Opening debtors	Rs 30,000
Closing debtors	Rs 40,000

What is the cash from operations of the company?

- a. Rs 10,000
- b. Rs 15,000
- c. Rs 12,000
- d. Rs 6,000

37. Which one of the following is not disclosed in the statement of cash flows, either on the face of the statement or in a separate schedule ?
- The major classes of gross cash receipts
 - The amount of income tax paid
 - A reconciliation of net income to net cash flow from operations

d. A reconciliation of ending retained earnings to net cash flows from operations

Auditing

38. Who conducts the efficiency and propriety audit?
- Professional Chartered Accountants**
 - Central Government Auditors
 - Comptroller and Auditor General of India
 - Local Fund Auditors
39. Assertion (A) : The duty of the auditor is to prepare the audit report and sign it.
Reason (R) : It is not the duty of the auditor to see that his report has been sent to shareholders.
Codes:

- Both A and R are individually true and R is the correct explanation of A
- Both A and R are individually true but R is not the correct explanation of A**
- A is true but R is false
- A is false but R is true

40. Consider the following statements
- Liability of professional accountants is unlimited.
 - Professional accountants can form only partnership firms.

Which of the statements given above is/are correct ?

- 1 only**
- 2 only
- Both 1 and 2
- Neither 1 nor 2

41. Which one of the following is an example of errors of principle ?
- Credit purchases of Rs 50,000 from Mr. X entered in Sales Day Book
 - Credit sales to Mr. Y Rs 50,000 is not recorded in Sales Day Book
 - Stationery Rs 5,000 debited to Salary Accounts

d. Rs 50,000 paid for the purchase of furniture debited to Purchases Account

42. In which of the following companies, the auditor is not required to look into the sale of shares,

debentures or other securities which have been sold at a price less than their cost?

- Banking company
- Manufacturing company
- Service oriented company
- Non-banking financial company**

43. What is the primary objective of Tax Audit u/s 44 AB of the Income Tax Act, 1961 ?

- To assist the management in computing tax liability accurately
- To assist the tax authorities in assessing the correct income of the assessee**
- To assist the management in regard to effective tax planning
- To assist the tax authorities to collect more tax revenue

44. In which of the following cases, does the auditor submit Long Form Audit Report (LFAR) in addition to the main audit report ?

- Manufacturing company audit
- Cooperative society audit
- Bank audit**
- Educational institution audit

45. The Manufacturing and Other Companies (Auditor Report) Order, 1988 (MAOCARO) does not include a company engaged in which one of the following activities ?

- Supplying and rendering services
- Trading
- The business of financing, investment, chit fund, nidhi or mutual benefit society
- Insurance**

46. What is an audit of executive action and plans bearing on the finance and the expenditure of the company, known as?

- Propriety audit
- Efficiency audit
- Performance audit**
- Operational audit

47. Match List-I with List-II and select the correct answer by using the codes given below the lists :

List-I (Transaction)

- Sales
- Purchases
- Payment

List-II (Types of Misappropriation of Cash)

- Concealing cash received
- Teeming and lading
- Suppressing credit notes

4. Money shown as wages by entering dummy names
Codes:
a. A-2, B-3, C-4
b. A-1, B-4, C-2
c. A-1, B-3, C-2
d. A-2, B-4, C-1
48. Which type of audit is compulsory for a banking organisation?
a. Periodical audit
b. Continuous audit
c. Management audit
d. Interim audit
49. Who directs a special audit of accounts of a company?
a. Shareholders of the company
b. Company Law Board
c. SEBI
d. Central Government
50. Match List-I with List-II and select the correct answer by using the codes given below the lists:
List-I (Types of Errors)
A. Errors of commission
B. Compensating errors
C. Errors of principle
List-II (Example)
1. Incorrect allocation of expenditure
2. Counter balanced error
3. Incorrect recording
Codes:
a. A-3, B-1, C-2
b. A-2, B-3, C-1
c. A-3, B-2, C-1
d. A-2, B-1, C-3
51. Match List-I with List-II and select the correct answer by using the codes given below the lists:
List-I (Method of Checking)
A. Vouching
B. Routine checking
C. Verification
D. Test checking
List-II (Example)
1. Checking of cost and posting
2. Checking of entries
3. Checking partial entries
4. Enquiry into the value
Codes:
a. A-4, B-3, C-2, D-1
b. A-2, B-1, C-4, D-3
c. A-4, B-1, C-2, D-3
d. A-2, B-3, C-4, D-1
52. What is the most important objective of internal audit?
a. Early detection of errors and fraud
b. Facilitating final audit
c. Early finalisation of annual accounts
d. Ensuring systematic accounting
53. In the context of audit, where are "what was done and by whom and what explanations and information were given and by whom" shown?
a. Working papers
b. Audit manual
c. Audit programme
d. Audit report
54. Teeming and lading is a technique exercised with the motive of:
a. Depletion of cash
b. Misappropriation of goods
c. Falsification of accounts
d. Early completion of accounts
55. Consider the following steps in estimation of sampling:
1. Determine the sample size
2. Take sample and determine the results
3. Determine sampling plan
4. Evaluate sample results
The correct sequence of the steps given above
a. 2-3-4-1
b. 3-1-2-4
c. 4-3-2-1
d. 1-2-3-4
- Capital Market (Stock Exchange)**
56. Consider the following statements regarding Mutual Funds:
1. Mutual funds can participate in options trading and carrying forward transactions in securities.
2. Mutual funds can invest in transferable securities in the money and capital markets.
Which of the statements given above is/are correct?
a. 1 only
b. 2 only
c. Both 1 and 2
d. Neither 1 nor 2
57. SEBI issued guidelines for disclosure and investors protection based on the guidelines given by the committee under whose chairmanship?

- a. Rangarajan
- b. Raja Chelliah
- c. Malegam
- d. Kelkar

58. The Committee constituted by SEBI under the chairmanship of Justice Dr. Dhanuka had which of the following terms of reference?

1. Review of inter-alia, the SEBI Act, SCR Act, Depositories Act and the provisions of the Companies Act pertaining to the capital market
2. To review the penal provisions contained in the Sections 15(A) to 15(J) of the Securities Laws (Amendment) Act

Select the correct answer by using the code given below:

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

59. In capital market, 'Beta' is used to measure:

- a. the riskiness of securities
- b. profitability of securities
- c. marketability of securities
- d. volatility in prices of securities

60. Match List-I with List-II and select the correct answer by using the codes given below the lists:

List-I (Regulator of Capital Market)

- A. Capital Market Board
- B. Securities Commission
- C. Securities and Futures Commission
- D. Federal Commission for the Securities Market

List-II (Country/Global Financial Market)

- 1. Russia
- 2. Hong Kong
- 3. Turkey
- 4. India and China
- 5. Malaysia

Codes:

- a. A-3, B-5, C-2, D-1
- b. A-2, B-1, C-4, D-5
- c. A-3, B-1, C-2, D-5
- d. A-2, B-5, C-4, D-1

61. Match List-I with List-II and select the correct answer by using the codes given below the lists:

List-I (Mutual Fund Scheme)

- A. Open-Ended Mutual Fund Scheme
- B. Close-Ended Mutual Fund Scheme

- C. Growth Fund Scheme
 - D. Off-shore Mutual Fund
- List-II (Characteristic)

1. It offers capital appreciation of the underlying investment
2. It is a fund accepted and liquidated on a continuous basis by a Mutual Fund Manager
3. It is also known as regional or country fund
4. No exit possible till the closure of the scheme

Codes:

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

62. Consider the following statements:

1. UTI is established by an Act of Parliament in 1963. UTI does not come under the SEBI regulations for mutual funds.
2. Mutual fund organisations can invest their mobilised funds abroad.

Which of the statements given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Ans. (d)

63. Consider the following statements:

1. SEBI acts as a judicial body and has the same powers of the Civil Courts under the Code of Civil Procedure, 1908, while trying a suit in certain matters.
2. SEBI shall have powers of both the Civil Courts and Criminal Courts under CPC and CRPC.

Which of the statements given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Business Organisation and Combination Insurance (Life, Fire, Marine, General)

64. Match List-I with List-II and select the correct answer by using the codes given below the lists:

List-I

- A. Marine insurance

- B. Voyage policy
- C. Block policy
- D. Jettison

List-II

- 1. Throwing off certain cargo
- 2. Value is decided at the time of forming policy
- 3. Lloyd's Association
- 4. Land and sea risks
- 5. Cargo

Codes:

- a. A-3, B-4, C-2, D-1
- b. A-1, B-5, C-4, D-3
- c. A-3, B-5, C-4, D-1
- d. A-1, B-4, C-2, D-3

65. Consequential Loss Policy is an example of insurance of:
- a. Existing assets
 - b. Non-existing assets
 - c. Re-insurance
 - d. Double insurance
66. Gross profit percentages on turnover for the last three years were: 20%, 25% and 24%. In the current year, there was a fire in May which destroyed all stock. Opening stock was Rs 30,000 at cost. Purchases and sales upto the date of fire amounted to Rs 80,000 and Rs 1,00,000 respectively. What is the value of closing stock for claim with insurance company?
- a. Rs 33,000
 - b. Rs 43,000
 - c. Rs 23,000
 - d. Rs 13,000

Foreign Trade (Export-Import)

67. All Industry Rates are associated with which one of the following?
- a. Duty drawback
 - b. Duty entitlement passbook
 - c. Market development assistance
 - d. Export credit
68. Who issues the Small Exporters' Policy?
- a. Export Credit Guarantee Corporation
 - b. Chambers of Commerce
 - c. Reserve Bank of India
 - d. Ministry of Commerce and Industry
69. Who issues the Let Export Order?
- a. Shipping agent
 - b. Customs authorities
 - c. Captain of the ship

- d. Clearing and forwarding agent
70. Consider the following statements :
- 1. Merchant bankers need not maintain balance sheet, a copy of the auditor's report and a statement of financial position of the issuing company.
 - 2. There is no stipulation for a lead manager to accept underwriting obligations.
- Which of the statements given above are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

71. Red Ink Interest is noted in which one of the following?

- a. Current account
- b. Account current
- c. Capital account
- d. Cash account

72. Consider the following statements :

- 1. Private remittance reduces pressure in the balance of payments.
- 2. Invisible receipts and payments are recorded in current account of balance of payments.

Which of the statements given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

73. Which one of the following statements is correct?

Exchange control measures are taken by the Reserve Bank of India to:

- a. avoid excessive volatility in fluctuation in the exchange rate
- b. control the flow of foreign currency into India
- c. reduce the availability of foreign currency with exporters
- d. check foreign currency speculation

Management

74. McClelland's Needs Theory of Motivation talks about different needs that are relevant to management. Which of the following are those?
- a. Power, actualization, people
 - b. Power, affiliation, achievement
 - c. Affiliation, prestige, actualization
 - d. People, prestige, achievement

75. Which of the following qualities are the four essential requirements of active listening ?
 a. Expression, empathy, acceptance, curiosity
b. Curiosity, desire to conform, empathy, acceptance
 c. Intensity, empathy, acceptance, willingness to take responsibility for completion
 d. Acceptance, empathy, expression, intensity
76. Which one of the following statements is correct?
 A job specification best describes
 a. job contents, environment and conditions of employment
b. minimum acceptable qualifications for a job, the knowledge, skills and abilities needed to do the job effectively
 c. the responsibilities and obligations, as well as the privileges of a job
 d. the job within the organisational structure
77. Which one of the following is not related to splintered authority ?
 a. Decision made by pooling of two or more managers
 b. Decision is cross-functional in nature
c. Managers have to report to more than one senior officer
 d. Delegated authority can be recovered
78. Which one of the following forms of organization would best describe the blend of departmentation by function and departmentation by product ?
 a. Virtual organisation
 b. Strategic business unit
 c. Brick and mortar
d. Matrix organisation
79. From a managerial perspective, which is the most desirable form of control ?
 a. Contingency control
 b. Feedback control
 c. Feed forward control
d. Concurrent control
80. Which one of the following is the correct statement ?
 In the context of coordination, a manager is said to be playing a boundary spanning role when
 a. he controls or takes responsibility across departmental boundaries
 b. he assumes an additional charge of a unit over and above his core charge
 c. he acts as a liaison between departments or organisations that are in frequent contact
d. he engages in cross functional interdepartmental communication, disregarding departmental boundaries
81. Which of the following statements characterise coordination as a function ?
 1. It is the orderly arrangement of group effort to ensure unity of action for accomplishing a common objective.
 2. It necessarily has time, quantity, quality or direction dimension.
 3. It is regarded by some as a all inclusive function of management and not just one of its functions.
 Select the correct answer by using the codes given below:
 a. 1 and 2 only
 b. 2 and 3 only
 c. 1 and 3 only
d. 1, 2 and 3
82. Consider the following statements :
 1. Theory X observes that people can exercise self-direction and accept responsibility.
 2. According to Douglas McGregor, assumptions of the theory Y best captured the true nature of workers and should guide management practice.
 Which of the statements given above is are correct ?
 a. 1 only
b. 2 only
 c. Both 1 and 2
 d. Neither 1 nor 2
83. Which one of the following is the power that arises from identification with a person who has desirable resources or personal traits in the contexts of leadership ?
 a. Reward power
 b. Legitimate power
 c. Expert power
d. Referent power
84. Which one of the following is not a type of leader identified by the path goal theory of leadership ?
 a. Directive leader
 b. Participative leader
c. Charismatic leader
 d. Supportive leader

85. Match List-I with List-II and select the correct answer by using the codes given below the lists :

List-I (Propounder)

- A. Rensis Likert
- B. Blake and Mouton
- C. Tannebaum and Schmidt
- D. Fred Fiedler

List-II (Theory)

- 1. Leadership as a continuum
- 2. Four systems of management
- 3. Contingency theory
- 4. Managerial Grid

Codes:

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

86. Match List-I with List-II and select the correct answer by using the codes given below the list:

List-I

- A. Typing test
- B. Verbal comprehension
- C. Self confidence test
- D. Clerical test

List-II

- 1. Personality test
- 2. Aptitude test
- 3. Achievement test
- 4. Intelligence test

Codes:

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

87. Which one of the following statements about selection is not valid?
- a. Recruitment is a positive exercise while selection is a negative exercise
 - b. The utility of interview as a tool of selection is affected by the possibility of interviewer bias
 - c. Aptitude tests form complete tools for managerial positions
 - d. References have a limited role in the selection process for employment
88. Which one of the following statements best explains the scalar principle?
- a. Superiors cannot escape responsibilities for organising activities of their subordinates

b. Clearer the line of authority, clearer will be the responsibility of decision-making by the subordinates

- c. Managers must make decisions that are within their authority
- d. Responsibility of actions cannot be more or less than the delegated authority to perform the same

89. Michael Porter had identified five forces in analysis of an industry. Which one of the following is not a part of the five forces?

- a. Competition among companies
- b. Bargaining power of customers concerned
- c. Bargaining power of suppliers
- d. Threat of new companies entering the market

90. Which one of the following statements is correct?

"No particular management action based on planning strategy will be suitable for all situations," is a basic premise of the

- a. systems approach
- b. human behaviour approach
- c. contingency approach
- d. role approach

Which one of the following statements is correct?

Bounded rationality approach to decision-making results in

- a. maximising decision
- b. optimum decision
- c. contingent decision
- d. satisfactory decision

92. In the context of hierarchical nature of planning, which one of the following is the correct hierarchy?

- a. Objectives—strategies—budget—programme
- b. Strategies—objectives—policies—procedures
- c. Objectives—strategies—policies—budgets
- d. Objectives—policies—strategies—programmes

93. Which one of the following statements is correct?

In a PERT chart, the critical path is

- a. the sequence of the most important events and activities in the project
- b. the most time consuming sequence of events and activities in the project

- c. the least time consuming sequence of events and activities
- d. the end points representing the completion of major activities

94. Which of the following is/are finding(s) of the Hawthorne Experiment?

- 1. Productivity increases as workers feel important as a result of being noticed
- 2. Productivity increases as rest time of the workers being modified
- 3. Productivity is independent of environmental variables

Select the correct answer by using the codes given below

- a. 1 only
- b. 2 only
- c. 1 and 3
- d. 1 and 2

95. Which one of the following statements is correct?

- a. Discretionary cost budgets are typically used for measuring marketing and sales effectiveness
- b. expense centres like administrative, legal or research department

c. manufacturing plants but also for any unit where output can be accurately measured

- d. managers who have responsibility for both expenses and revenues of their unit

96. Consider the following statements
Management can diagnose the state of growth of an enterprise by analysing the

- 1. profits earned through out the years.
- 2. decisions needed to attain objective.

Which of the statements given above is/are correct ?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

97. Workers performing work involving equal skill but greater risk are paid some amount above the minimum wage. What is this amount referred to as ?

- a. Real wage
- b. Incentive wage
- c. Fair wage
- d. Compensatory wage

98. Consider the following statements :
The principle of span of management states that

- 1. organisational variables affect the number of subordinates that can be effectively supervised by a manager.
- 2. the use of technology in the organisation affects the number of subordinates that can be effectively supervised by a manager.

Which of the statements given above is are correct ?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

99. Match List-I with List-II and select the correct answer by using the codes given below the lists:

List-I (Hierarchy of Objective)

- A. Mission
- B. Market share objectives
- C. Personal development objectives
- D. Departmental objectives

List-II (Level of Management)

- 1. Board level
- 2. Top management level
- 3. Middle level
- 4. Bottom level

Codes:

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

100. Which one of the following statements is correct?

Among the methods of bringing about change in the organisation and its human resources, sensitivity training refers to the practice of

- a. an outside consultant for helping the managers to perceive, understand and act on process events

b. assessing the attitudes of organisational members, identifying discrepancies among them and resolving the same through feedback communication

- c. changing behaviour through unstructured group interaction
- d. involving team members in interaction to learn how each member thinks and works

101. Among the standard symbols used for workflow in office management, what does an inverted triangle denote ?

- a. Operation
- b. Storage

- c. Inspection
d. Delay
102. Consider the following statements in the context of record management:
1. The only objective is to ensure availability of information for managerial decision-making.
 2. Procedure for disposal of records and the retention schedule both should be laid down in Records' Manual.
- Which of the statements given above is/are correct?
- a. 1 only
 - b. 2 only
 - c. Both 1 and 2
 - d. Neither 1 nor 2

Company Law Including Secretarial Practices

103. Consider the following statements relating to company administration:
1. Matters relating to alteration of memorandum of association.
 2. Matters relating to further issue of shares through preferential allotment.
- Which of the matters given above are decided by postal ballot of the shareholders?
- a. 1 only
 - b. 2 only
 - c. Both 1 and 2
 - d. Neither 1 nor 2
104. Which one of the following statements is correct?
- As per the clause 4 of the Listing Agreement, in case of an Executive Chairman,
- a. at least 50% of board should comprise independent directors
 - b. at least 40% of board should comprise independent directors
 - c. at least 30% of board should comprise independent directors
 - d. there is no specific percentage for independent directors
105. As per the Companies (Amendment) Act, 2002, the total remuneration paid to the director of a company should not exceed :
- a. 10% of the net profits for a given financial year
 - b. 11% of the net profits for a given financial year

- c. 10% of the gross profits for a given financial year
 - d. 11% of the gross profits for a given financial year
106. A copy of the Balance Sheet and Profit & Loss Account are to be filed with the Registrar of Companies within which one of the following?
- a. 14 days of Annual General Meeting
 - b. 21 days of Annual General Meeting
 - c. 28 days of Annual General Meeting
 - d. 45 days of Annual General Meeting
107. Consider the following statements
- The doctrine of indoor management does not apply in case
1. of an outsider having actual or implied knowledge of the lack of authority of the person acting on behalf of the company,
 2. where the outsider has no knowledge of the Memorandum and Articles of Association of the company.
- Which of the statements given above is/are correct?
- a. 1 only
 - b. 2 only
 - c. Both 1 and 2
 - d. Neither 1 nor 2
108. How can the share capital of a company be reduced?
- a. By a resolution passed by the Board of Directors
 - b. By an ordinary resolution in AGM
 - c. By a special resolution in AGM and permission from the Company Law Board
 - d. By permission from the Company Law Board only
109. Consider the following statements :
- Equity shareholders of the company have
1. pre-emptive right
 2. limited liability to the par value of shares
- Which of the statements given above is/are correct?
- a. 1 only
 - b. 2 only
 - c. Both 1 and 2
 - d. Neither 1 nor 2
110. Which one of the following statement about the role and position of the Company Secretary is not correct?
- a. He is a principal officer of a company under the provisions of the Income Tax Act

- b. He is an agent of the Board of Directors vis-a-vis the staff, shareholders and customers
c. He is a trustee of the Board
 d. He is an officer in charge of the secretarial work in the company
111. Consider the following statements :
 The company may by ordinary resolution
 1. convert any paid-up share into stock.
 2. reconvert any stock into paid-up shares of any denomination.
 Which of the statements given above is/are correct ?
 a. 1 only
 b. 2 only
c. Both 1 and 2
 d. Neither 1 nor 2
112. Which one of the following statements is correct?
 The limited liability clause of a company cannot be altered so as to make the liability of a director unlimited unless
 a. special permission of the court is obtained to do so
b. Articles permit such an alteration by a special resolution
 c. all the directors consent to do so
 d. Articles permit such an alteration by an ordinary resolution
113. Which one of the following statements is correct?
 In companies, where the Articles provide that a director shall hold qualification shares, these shares must be acquired
 a. before the person can be considered for directorship
 b. as a precondition to his holding the office of director
 c. as soon as he assumes the office of the director
d. within two months of assuming the office of the director
114. Which of the powers of a director can only be exercised at a Board Meeting ?
 1. Sell, lease or otherwise dispose off the whole, or substantially the whole of the undertaking of the company
 2. Remit or give time for repayment of any debt due by a director
 3. Make calls on shareholders in respect of money unpaid on their shares

Select the correct answer by using the codes given below:

- a. 1 and 2 only
b. 3 only
 c. 2 and 3 only
 d. None of these
115. Which one of the following statements is correct?
 The provision of Section 299 of the Companies Act require that the disclosure of interest by the interested director should be made
 a. at any of the Board meetings held in the financial year in which the interest was acquired
 b. at the Annual General Meeting held after the time when the interest was acquired
c. at the first meeting of the Board held after the interest was acquired
 d. in response to an express inquiry made by the Board

Miscellaneous

116. Which one of the following is not an example of source data automation ?
a. ERP
 b. MICR
 c. Optical mark recognition
 d. Optical bar code reader
117. Which one of the following statements is correct?
 A Relational Operator
 a. is placed in a microcomputer to take the burden of numbers off the CPU
 b. a software that translates a whole programme into machine language
c. describes connection between two data or expressions such as greater than, lesser than or equal to
 d. refers to the ability to run more than one programme at one time without interrupting the execution of another
118. In India, some companies have started reporting their human resources in their annual reports. Which model do they follow in valuing their human resources ?
 a. Hermanson model
 b. Giles and Robinson model
c. Lev and Schwartz model
 d. Flamholtz model
119. Match List-I with List-II and select the correct answer by using the codes given below the lists :

List-I (Committee)

- A. R. Chandrasekharan Committee
- B. L.C. Gupta Committee
- C. S.A. Dave Committee

List-II (Recommendation)

- 1. Regulations on Collective Investment Scheme
- 2. Recommendations in respect of working draft of the Companies Act
- 3. Introduction of derivatives
- 4. Safety and security features for security certifications

Codes:

- a. A-2, B-3, C-4
- b. A-4, B-1, C-2
- c. A-2, B-1, C-4

d. A-4, B-3, C-1

120. What is a number system that uses ten digits, 0 through 9, and six letters, A through F to represent values in base 16, called?

- a. Numeric data
- b. Alpha numeric
- c. Hexadecimal**
- d. Alphadecimal

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