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# Kerala SET

**Previous Year Paper  
(Commerce)**  
**22 Jan, 2023**



# A

**23105**

**120 MINUTES**

1. Under Profitability Index method of capital budgeting, a project will qualify for acceptance if its:  
A)  $PI = 0$       B)  $PI = 1$       C)  $PI \leq 1$       D)  $PI \geq 1$
2. Match the following:

List I	List II
a. Debt collection period	1. Operating cycles
b. Duration between procurement of Materials to sales realisation	2. Collection float
c. Duration between placement or order For material and receipt of material	3. Credit policy
d. Time required to realise a cheque	4. Re-order period

  

A) a-3, b-1, c-2, d-4	B) a-4, b-3, c-1, d-2
C) a-1, b-3, c-2, d-4	D) a-3, b-1, c-4, d-2
3. Which one of the following doesn't result in a tax shield effect equivalent to a cash inflows, while taking capital budgeting decisions?  
A) Depreciation      B) Release of working capital investment  
C) Interest expenses      D) Capital loss on sale of assets
4. The longer is the production cycle of an enterprise:  
A) lesser will be the working capital requirement  
B) larger will be the working capital requirement  
C) no investment in working capital will be required  
D) is not going to affect its working capital requirement
5. Liberal working capital management policy cannot be associated with:  
A) Stock out situation  
B) Overdue receivables  
C) Presence of non-moving and slow moving inventory  
D) Idle cash and bank balance
6. An undertaking given by a banker stating that the bank guarantees payment of an invoiced amount, if all the underlying agreements are met is known as:  
A) Hypothecation      B) Mortgage  
C) Letter of credit      D) Bill discounting
7. The level of EBIT which is equal to firm's fixed financial cost is known as:  
A) Financial BEP      B) Financial Leverage  
C) Combined Leverage      D) Operating Leverage

8. Match the following in relation to 4 Ps of marketing mix:
- | List I       | List II             |
|--------------|---------------------|
| a. Product   | 1. Discounts        |
| b. Price     | 2. Personal selling |
| c. Place     | 3. Design           |
| d. Promotion | 4. Channels         |
- A) a-1, b-3, c-2, d-4      B) a-3, b-4, c-2, d-1  
 C) a-3, b-1, c-2, d-4      D) a-3, b-1, c-4 d-2
9. Marketing research done in the areas like brand preference, brand attitudes, purchase intentions and product satisfaction falls under:
- A) Pricing      B) Buying behaviour  
 C) Promotion      D) Distribution
10. The phase of life cycle of a product featured by slow down in sales growth, since the product has achieved acceptance by most potential buyers is known by the term:
- A) Decline      B) Growth      C) Maturity      D) Introduction
11. According to matching concept ---- is prepared.
- A) a Balance Sheet      B) a Profit and Loss statement  
 C) a Cash Flow Statement      D) a Statement of Changes in Equity
12. In the case of sale of goods on approval basis, revenue should not be recognised until:
- A) Goods have been formally accepted by the buyer  
 B) Time period for rejection has elapsed  
 C) Where no time has been fixed for rejection, a reasonable time has elapsed  
 D) All of the above
13. Income and Expenditure account is an example of a---- account.
- A) Nominal      B) Real      C) Fictitious      D) Personal
14. In the books of transferor company, liquidation expenses met by it is shown under:
- A) debit side of realisation account  
 B) credit side of realisation account  
 C) credit side of shareholders' account  
 D) ignored from recording
15. State whether the following statements are true or false:
- I. Security premium account cannot be used for payment of dividend  
 II. Forfeited shares cannot be re-issued
- A) I is true and II is false      B) I is false and II is true  
 C) Both I and II are true      D) Both I and II are false
16. Which one of the following is the most recent instance of disinvestment of PSEs in India?
- A) Coal India Ltd.      B) GAIL  
 C) ONGC Ltd.      D) LIC

17. How many stocks of companies are included in NIFTY?
- A) 20      B) 30      C) 50      D) 500
18. ADR stands for:
- A) Arabian Depository Receipt  
B) American Depository Receipt  
C) Australian Depository Receipt  
D) American Discount Rate
19. A system which is self-contained and does not exchange information with its environment is known as ----- system.
- A) Empirical      B) Open      C) Closed      D) Adaptive
20. While solving a maximisation Linear Programming Problem, the incoming variable has:
- A) The least negative value in the net evaluation row  
B) The highest positive value in the net evaluation row  
C) Zero value in the net evaluation row  
D) Any positive value in the net evaluation row
21. Artificial variables are introduced:
- A) Only in respect of a maximisation problem  
B) Only in respect of a minimisation problem  
C) In order to convert inequalities of less than or equal to constraints into equations  
D) In order to convert inequalities of greater than or equal to constraints into equations
22. Two events are mutually exclusive if:
- A) Both events cannot occur at the same time  
B) Sum of their probabilities is equal to 1  
C) They contain every possible outcome of the experiment  
D) Sum of their probabilities are less than 1
23. State whether the following statements are true or false:
- I. If the value of 'p' in a binomial distribution is 0.5, then the distribution is symmetrical.  
II. The right and left tails of a normal distribution touch the horizontal axis only at infinity.
- A) I is true and II is false      B) I is false and II is true  
C) Both I and II are true      D) Both I and II are false
24. Breakdown of electricity supply in a city follows ----- distribution.
- A) Normal      B) Binomial      C) Poisson      D) Exponential

25. In a normal distribution, the mode is:
- A) Greater than mean  
B) Greater than median  
C) Greater than mean and median  
D) Equal to mean and median
26. Observing and collecting information about the gender of the respondents is an example of ----- scale.
- A) Ordinal      B) Nominal      C) Interval      D) Ratio
27. In a cluster sampling design, eight clusters are selected at random with each cluster consisting of 200 units. Then the sample size of the study is reckoned as:
- A) 725 units      B) 200 units      C) 1600 units      D) 800 units
28. Which one of the following is **not** a primary data collection method?
- A) Interviewing      B) Survey  
C) Focus group      D) Research publications
29. Match the items given in list I with list II with regard to management thoughts:
- | List I                      | List II                      |
|-----------------------------|------------------------------|
| a. Theory Z concept         | 1. TJ Peters and RH Waterman |
| b. Mc Kinsey's 7S framework | 2. Peter F Drucker           |
| c. Human relations approach | 3. WG Ouchi and AM Jaepre    |
| d. MBO                      | 4. Elton Mayo                |
- A) a-4, b-1, c-3, d-2      B) a-3, b-1, c-4, d-2  
C) a-2, b-1, c-4, d-3      D) a-1, b-3, c-2, d-4
30. When a horizontal set of divisional reporting relationships is superimposed on a hierarchical functional organisation structure, we get ----- structure.
- A) Matrix      B) Divisional  
C) Functional      D) Hybrid
31. State whether the following statements are true or false:
- I. Staff functions are those that have a direct influence on accomplishing the objectives of an organisation.  
II. Delegation primarily refers to the entrustment of authority and responsibility to another person or persons.
- A) I is true and II is false      B) I is false and II is true  
C) Both I and II are true      D) Both I and II are false
32. Which one of the following is identified as the last phase in staffing process?
- A) Recruitment      B) Selection      C) Placement      D) Induction
33. As per Herzberg's two factor theory of motivation, which one of the following is not a motivational factor?
- A) Recognition      B) Working conditions  
C) Achievement      D) Advancement

34. Match leadership styles in List I with emotional intelligence base provided in List II:
- | List I           | List II  |
|------------------|--|
| a. Authoritarian | 1. Collaboration, team leadership and communication        |
| b. Coercive      | 2. Developing others' potential empathy and self-awareness |
| c. Coaching      | 3. Desire to achieve, intuition and self-control           |
| d. Democratic    | 4. Self-confidence, empathy and catalyst of change         |
- A) a-2, b-1, c-3, d-4      B) a-4, b-3, c-1, d-2  
 C) a-4, b-3, c-2, d-1      D) a-3, b-4, c-2, d-1
35. A summarised depiction of the environmental factors and their likely impact on the organisation is otherwise known as:
- A) Scenario development  
 B) Environmental threat and opportunity profile  
 C) Environmental search  
 D) Environmental diagnosis
36. A summarised statement which provides an overview of strengths and weaknesses in key result areas likely to affect future operations of the organisation is popularly known as:
- A) Organisational capability profile  
 B) Resource deployment matrix  
 C) Composite index matrix  
 D) Value chain index
37. A process of identifying, understanding and adapting outstanding practices from within the same organisation or from other business to help improve performance is called:
- A) Strategic intent      B) Core competence  
 C) Benchmarking      D) Competitive advantage
38. ----- strategy **cannot** be viewed as part of a retrenchment strategy.
- A) Turnaround      B) Growth      C) Divestment      D) Liquidation
39. Which one of the following does **not** relate to restructuring strategies?
- A) Downsizing      B) Down scoping  
 C) Leveraged buyouts      D) Franchising
40. In a BCG Portfolio Matrix, a 'problem child' is known by the name:
- A) Star      B) Cash cows  
 C) Question marks      D) Dogs
41. The act of designing the firm's offerings and images, so that the target market understands and appreciates what the firm stands for in relation to its competitors is known as:
- A) Market segmentation      B) Product positioning  
 C) Product mix      D) Product life cycle

42. Cost of goods sold + Selling and distribution OH =  
A) Sales B) Cost of production  
C) Cost of sales D) Works cost
43. Which one of the following is **not** a correct statement as far as a bin card is concerned?  
A) It records only quantitative details of the materials.  
B) It is maintained by Cost Accounting Department.  
C) It is used for physical control of materials.  
D) Posting in it is normally done before or at the time of transaction.
44. When materials are damaged in manufacturing operations in such a way that they cannot be rectified and brought back to normal specifications, it is known as:  
A) Scrap B) Waste C) Spoilage D) Defective
45. State whether the following statements are true or false:  
I. Perpetual Inventory Control System and Continuous Stock Taking are one and the same.  
II. Bill of materials is an invoice received from the supplier of materials.  
A) I is true and II is false B) I is false and II is true  
C) Both I and II are true D) Both I and II are false
46. Given that Re-order period as 20 to 40 days and consumption 400 to 600 units per day. What will be its Re-order Level?  
A) 8,000 units B) 12,000 units C) 16,000 units D) 24,000 units
47. When profit is divided with contribution per unit, we get:  
A) Break even sales in units B) Break even sales in value  
C) Margin of safety in value D) Margin of safety in units
48. Given that current liability of company as Rs. 3,00,000, current ratio 3:1 and quick ratio 1:1. Then what will be the value of stock in trade?  
A) Rs. 3,00,000 B) Rs. 4,50,000 C) Rs. 6,00,000 D) Rs. 7,50,000
49. Which one of the following is **not** reckoned as cash flow from operations?  
A) Payment of Income Tax  
B) Interest paid on Debentures  
C) Cash paid to suppliers of raw materials  
D) Salary and wages paid through bank
50. Which one of the following transactions results in a decrease of working capital?  
A) Underwriting commission paid  
B) Issue of debentures  
C) Creditors taking over investments as part of settlement  
D) Settlement of creditors at a discount

51. "Management is a problem solving process of effectively achieving organisational objectives through the efficient use of scarce resources in a changing environment." This definition to management was given by:  
A) Peter F. Drucker      B) Henry Fayol  
C) Robert Kreitner      D) Harold Koontz

52. "The Principles of Scientific Management" published in 1911 was written by:  
A) Robert Owen      B) Mathew Robinson Bolton  
C) Fredrick W. Taylor      D) Charles Babbage

53. Who among the following is popularly known as the father of Management Process School?  
A) Fredrick W. Taylor      B) Elton Mayo  
C) Henry Fayol      D) Chester Bernard

54. State whether the following statements are true or false:  
I. A policy is a statement and a pre-determined guideline that provides direction for decision making and taking action  
II. Policies are standing organisational plans  
A) Both I and II are False      B) I is True and II is False  
C) Both I and II are True      D) I is False and II is True

55. Job Specification cites:  
A) Operations and responsibilities for successful performance of a job  
B) The works to be performed and the responsibilities and duties involved, conditions under which the work is performed.  
C) The personality requirements and lists qualifications both physical and mental, necessary to perform the job properly.  
D) None of the Above

56. MBO as a management philosophy was first described and advocated by:  
A) Peter F. Drucker      B) Henry Fayol  
C) George Odiorne      D) Chester Bernard

57. Which theory of learning well describes the statement "Behaviour is a function of its Consequences"?  
A) Classical Conditioning Theory  
B) Operant Conditioning Theory  
C) Cognitive Theory  
D) Social Learning Theory

58. Which of the following is **not** a Group Decision Technique?  
A) Brainstorming      B) Fish Bowling  
C) Didactic Interaction      D) None of the Above

59. The activities in the Value chain concerned with receiving, storing and distributing raw materials and inputs to the production or service divisions is known as:  
A) Marketing and Sales      B) Outbound Logistics  
C) Inbound Logistics      D) Operations.

60. Spin-Offs and Equity Crave-out are the two strategies in:
- A) Corporate Restructuring      B) Mergers and Acquisitions  
C) Turnaround Strategy      D) None of the above
61. State whether the following statements are true or false:
- I. Identification of Critical Success Factors is the starting point for analysing strategy  
II. To develop a sustainable strategy, it is not enough to identify the present CSFs, but to identify the emerging CSFs.
- A) I is True and II is False      B) I is False and II is True  
C) Both I and II are False      D) Both I and II are True
62. Expand DMAIC in Six Sigma Approach:
- A) Develop, Maintain, Alter, Implement and Control  
B) Define, Measure, Analyse, Improve and Control  
C) Define, Make, Allocate, Introduce and Capture  
D) Do, Make, Ask, Improve and Control
63. Match the following:
- | List I                  | List II                                  |
|-------------------------|--|
| a. Micro Environment    | 1. The demographic profile of population |
| b. Social Environment   | 2. Per capita Income                     |
| c. Legal Environment    | 3. Customers                             |
| d. Economic Environment | 4. The Indian Companies Act              |
- A) a-4, b-2, c-1, d-3      B) a-3, b-1, c-4, d-2  
C) a-4, b-3, c-2, d-1      D) a-3, b-1, c-2 d-4
64. The sequence of processes in Environmental Analysis is:
- A) Assessment-Forecasting- Monitoring-Scanning  
B) Scanning-Monitoring-Forecasting-Assessment  
C) Monitoring-Forecasting-Scanning- Assessment  
D) Scanning- Assessment- Monitoring- Forecasting
65. Which among the following explains well Greenfield Investment as a strategy for going global?
- A) An investment having least environmental impact  
B) Setting up of operations newly through subsidiaries in a foreign market  
C) Investment in Agricultural sector  
D) None of these
66. Foreign Direct Investment is banned in:
- A) Insurance      B) Telecommunications  
C) Lottery Business      D) None of these

67. Among the following which one is the loosest form of economic integration?

  - A) Common Market
  - B) Free Trade Area
  - C) Preferential Trading Agreement
  - D) Political Integration

68. "When Mc Donald's commenced franchisee operations in India, it ensured that sandwiches did not contain any beef" is a method of adaptation of political risk. In which of the following category this adaptation belong to:

  - A) Insurance
  - B) Lobbying
  - C) Localisation
  - D) None of these

69. Competition Act, 2002 is the new avatar of the erstwhile

  - A) FERA
  - B) FEMA
  - C) MRTP Act
  - D) COFEPOSA

70. Among the following which one is **not** a PPP model?

  - A) Build- Operate – Transfer
  - B) Build-Own-Operate- Transfer
  - C) Design- Build- Finance-Operate
  - D) Mergers and Acquisitions

71. The first Export Processing Zone (EPZ) in India:

  - A) Visakhapatnam (AP)
  - B) Kandla (Gujrat)
  - C) Chennai (TN)
  - D) Cochin (Kerala)

72. The working version of an information system or part of the system which is a preliminary model is popularly known as:

  - A) ERP
  - B) Prototype
  - C) EIS
  - D) None of these

73. Costs and Incomes are recognised when they are incurred/realised rather than actual payment/receipt explains ----- Concept.

  - A) Dual Aspect
  - B) Matching
  - C) Accrual
  - D) Separate Entity

74. "An Item should be regarded as material if there is reason to believe that knowledge of it would influence the decision of informed investor" defines

  - A) Convention of Disclosure
  - B) Convention of Materiality
  - C) Convention of Consistency
  - D) Convention of Conservatism

75. If Gross Profit is 25% of Cost of Goods Sold, and Sales is Rs.80000/- Cost of Goods Sold is Rs:

  - A) 64000
  - B) 60000
  - C) 80000
  - D) 16000

76. In Single entry system, financial position is ascertained through:

  - A) Profit and Loss Account
  - B) Balance Sheet
  - C) Statement of Affairs
  - D) None of these

77. The Opening payables of a business is Rs.15000/- Total payments made to suppliers during the year is Rs.14000/-. Discounts received Rs.500 and Closing payables Rs. 13000/- What is total purchases during the year?  
A) Rs.12500      B) Rs.12000      C) Rs.16500      D) Rs.16000
78. Receipts and Payments Account of a non-trading concern includes:  
A) Only capital Items  
B) Only Revenue Items  
C) Both Capital and Revenue Items  
D) Neither Capital nor Revenue Items
79. The part of capital that can be called up during winding up of the company is called:  
A) Reserve Capital      B) Capital Reserve  
C) Uncalled Capital      D) None of these
80. After forfeiture of shares, the balance remaining in Share Forfeiture account is transferred to:  
A) General Reserve      B) Profit and Loss Account  
C) Capital Reserve      D) Share premium Account
81. Subscribed Capital – Called up Capital =  
A) Callers in Arrears      B) Uncalled Capital  
C) Paid up Capital      D) Authorised Capital
82. “Pooling of Interest” is a method of  
A) Calculating Purchase consideration  
B) Accounting during mergers and acquisitions  
C) Charging depreciation  
D) None of these
83. Goodwill computed during amalgamation is  
A) To be retained in the books of the transferee company  
B) Adjusted in the Reserves and P&L account of transferee company  
C) Amortised to income on a systematic basis  
D) None of the above
84. If preference shares are settled at a premium during amalgamation, then the premium is ----.  
A) credited to share premium account  
B) debited to Capital reserve Account  
C) debited to Realisation Account  
D) credited to Realisation Account
85. AS-3 deals with:  
A) Revenue Recognition      B) Accounting for Investments  
C) Cash Flow Statement      D) Depreciation Accounting

86. Select the correct sequence in Research Process:
- A) Define Research Problem- Formulate Hypothesis- Design Research- Collect Data- Analyse Data- Interpret and Report
  - B) Define Research Problem- Collect Data- Design Research- Formulate Hypothesis- Analyse data –Interpretation and Reporting
  - C) Define Research Problem- Analyse the data- Formulate Hypothesis- Collect Data- Design Research- Interpretation and Reporting
  - D) Formulate Hypothesis- Design Research- Define Research Problem- Collect Date- Analyse Data- Interpretation and Reporting
87. Principle of Local control implies:
- A) That the experiment should be repeated again and again to test its effectiveness
  - B) The units and treatments are randomly assigned to control extraneous variables
  - C) Measuring and eliminating the effect of extraneous variables
  - D) None of these
88. State whether the following statements are True/False
- I. An individual's " Personal, Professional and Academic Experience" are one of the best sources of a problem
  - II. Technical and Social changes and its developments offer a good source of research opportunities
- A) Both I and II are True      B) Both I and II are False
  - C) I is True and II is False      D) I is False and II is True
89. Identify the correct sequence of steps in Defining the problem:
- 1. State the Unit of Analysis
  - 2. Develop a Conceptual framework
  - 3. Develop Hypothesis
  - 4. Determine the essential and relevant variables
  - 5. Specify the relationship between variables
- A) 1-2-3-4-5      B) 2-1-4-5-3      C) 3-2-5-4-1      D) 4-5-1-2-3
90. The relationship between Standard Error and Sample Size is:
- A) No relationship      B) Positive Relationship
  - C) Inverse Relationship      D) None of these
91. In hypothesis testing  $(1-\beta)$  describes:
- A) Significance Level      B) Power of a Test
  - C) Type II Error      D) Type I Error
92. In hypothesis testing, the Null Hypothesis will be accepted when:
- A) The Calculated Test Statistic is More than the Critical Value (Table Value)
  - B) Calculated Test Statistic is Less than the Critical Value (Table Value)
  - C) Both calculated value and table value are equal
  - D) None of the above

93. Identify the correct sequence of the following steps in Operations Research:
1. Formulation and Definition of the Problem
  2. Establishing Controls over the Solution
  3. Construction of the Model
  4. Testing the Solution of the Model
  5. Solution of the Model
  6. Validation of the Model
  7. Implementation of Results
- A) 1-3-6-5-4-2-7      B) 1-3-5-4-2-6-7  
C) 7-6-5-1-3-2-4      D) 7-5-4-3-6-1-2
94. State whether the following statements are True or False
- I. Model Building is the essence of Operations Research
  - II. The more complicated the model, the more useful it generally is.
- A) Both I and II are True      B) Both I and II are False  
C) I is True and II is False      D) I is False and II is True
95. Linear Programming is:
- A) A Constrained Optimisation Model
  - B) A Constrained Decision Making Model
  - C) A Mathematical Programming Model
  - D) All of the Above
96. PERT is a:
- A) Deterministic Model
  - B) Probabilistic Model
  - C) Both Deterministic and Probabilistic Model
  - D) None of these
97. The aspect of financial decision making with reference to current assets or short-term assets is popularly termed as:
- A) Capital Budgeting      B) Working Capital Management  
C) Financing Decision      D) Dividend Decision
98. Economic Value Added (EVA) =
- A) After tax operating profit of an investment less the cost of funds used to finance investment
  - B) Cost of Capital
  - C) Capitalisation rate
  - D) Operating Profit before tax
99. Ranking of acceptable investment projects and allocating funds based on predetermined criterion is popularly known as
- A) Portfolio Management      B) Capital Rationing  
C) Trading on Equity      D) None of these

100. The ability of a firm to use fixed financial charges to magnify the effect of changes in EBIT on the EPS is known as
- A) Operating Leverage
  - B) Financial Leverage
  - C) Degree of Operating Leverage
  - D) None of these
101. State whether the following statements are True or False
- I. At Financial Break Even Point, EPS is zero
  - II. The degree of operating leverage is a measure of financial risk
- A) Both I and II are True
  - B) Both I and II are False
  - C) I is True and II is False
  - D) I is False and II is True
102. According to traditional approach to capital structure, what is the effect of increase in degree of leverage on the valuation of the firm?
- A) Increases
  - B) Decreases
  - C) Remains unaffected
  - D) Increases first and then decreases
103. State whether the following statements are True or False
- I. Equity capital does not carry any cost as company is under no legal obligation to pay dividends
  - II. Beta is a measure of unsystematic risk
- A) Both I and II are True
  - B) Both I and II are False
  - C) I is True and II is False
  - D) I is False and II is True
104. Identify the correct sequence of stages in buying process:
- A) Evaluation of alternatives – Problem Recognition – Information Search – Purchase decision- Post Purchase reaction
  - B) Problem Recognition- Information Search- Evaluation of Alternatives- Purchase Decision- Post Purchase reaction
  - C) Purchase decision- Evaluation of alternatives- Information Search- Problem Recognition- Post purchase reaction
  - D) Post Purchase Reaction- Evaluation of alternatives- Information search- Problem recognition- Purchase decision
105. “The art of designing the company’s offering and image to occupy a distinctive place in the target market’s mind” is known as:
- A) Target Marketing
  - B) Market Segmentation
  - C) Market Positioning
  - D) None of these
106. State whether the following Statement/s are True or False.
- I. The basic objective of Cost Accounting is to ascertain the cost of a Cost Centre
  - II. The main objective of Cost Centre is to minimize the centre’s cost
- A) I is True and II is False
  - B) I is False and II is True
  - C) Both I and II are True
  - D) Both I and II are False

107. Identify the correct sequence of following stages in New Product Development:
1. Business Analysis
  2. Idea Generation-
  3. Concept Testing
  4. Screening the ideas
  5. Developing the Product
  6. Commercialisation
  7. Testing the Product
- A) 2-1-3-4-5-7-6      B) 2-4-1-3-5-7-6  
 C) 3-5-1-4-7-6-2      D) 3-6-7-5-1-4-2
108. Which of the following statement is FALSE regarding installation of Costing System?
- A) The general nature of the business should be considered to determine suitability
  - B) The behavior of the consumers should be surveyed before installation
  - C) The size and layout of the organization should be studied
  - D) Existing methods and procedures should be studied
109. Cost Accounting Department is an example for ----- Cost Centre.
- A) Process      B) Production      C) Operation      D) Service
110. The two basic methods of Costing are:
- A) Job Costing and Process Costing
  - B) Job Costing and Batch Costing
  - C) Process Costing and Operations Costing
  - D) Contract Costing and Process Costing
111. Interest on Owned Capital is an Example for:
- A) Sunk Cost      B) Fixed Cost
  - C) Imputed Cost      D) None of these
112. Which of the following item of expenditure is EXCLUDED in Cost Accounting?
- A) Replacement Cost      B) Direct Labour
  - C) Underwriting Commission      D) Research and Development Costs
113. Suggest suitable costing methods for the following industries
- | List I                 | List II              |
|------------------------|----------------------|
| a. Bridge Construction | 1. Batch Costing     |
| b. Hospital            | 2. Process Costing   |
| c. Cotton Textiles     | 3. Contract Costing  |
| d. Toy-making          | 4. Operating Costing |
- A) a-3, b-4, c-2, d-1      B) a-2, b-3, c-1, d-4  
 C) a-4, b-3, c-1, d-2      D) a-3, b-4, c-1, d-2

114. State whether the following statements are True or False:
- I. Cost Accounting can be used only in manufacturing concerns
  - II. Fixed Cost per unit remains fixed
- A) I is true and II is False      B) I is False and II is True  
C) Both I and II are True      D) Both I and II are False
115. While computing EOQ, the Cost of Insurance is included in:
- A) Ordering Cost      B) Carrying Cost
  - C) Not included      D) Both Ordering and Carrying Cost
116. To minimize the carrying costs, material handling costs, spoilage, obsolescence etc is the main objective of:
- A) Standard Costing      B) Budgetary Control
  - C) Marginal Costing      D) JIT purchasing
117. The list of all standard quantities of all materials required for a particular job or work order or a process is known as:
- A) Bill of Materials      B) Material Requisition
  - C) Purchase Order      D) None of these
118. What is the accounting treatment of Overtime Premium when it is required to make up any shortfall in production due to abnormal conditions, such as flood, earthquake, breakdown of machinery etc.
- A) Treated as part of cost and hence charged to the job at an inflated wage rate
  - B) Treated as production overhead
  - C) Charged to Costing Profit and Loss Account
  - D) Charged directly to the job or work concerned
119. PV Ratio 40%, Margin of Safety 60%, Sales Rs. 150000/-. Calculate Break Even Sales:
- A) Rs.24000      B) Rs.60000      C) Rs.35000      D) Rs.30000
120. The comparison of financial data of a company for several years is known as----Analysis.
- A) Vertical      B) Trend      C) Horizontal      D) External
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