

a) high growth b) aggressive stocks c) value stocks

12. Overvalued stocks should be _____.
a) sold b) purchased c) short sold
13. From the following, which one is not fixed income bearing security?
a) Equity shares b) Preference shares c) Debentures
14. Higher Volatility in the market leads to higher β (Beta) generally.
a) True b) False c) Partly False
15. In CAPM, expression $R_m - R_f$ stands for _____.
a) market return b) market risk c) Risk Premium
16. Higher Risk generally leads higher return.
a) True b) False c) Partly True
17. Equity is a risk asset class.
a) True b) False c) Partly True
18. Quick Ratio represents solvency in very short period.
a) True b) False c) Partly False
19. Calculation of various ratios facilitates appropriate comparison.
a) True b) False c) Partly False
20. CAPM stands for Capital Asset pricing model.
a) True b) False c) Partly False
21. Risk Averse means persons who don't want to be take high risk generally.
a) True b) False c) Partly False
22. Which of the following is risky security?
a) 8% GOI, 2028 b) 10% Debentures c) Shares of TATA motors
23. Collection of securities is known as _____.
a) Bunch b) Group c) Portfolio
24. CAPM deals with both systematic and unsystematic risk.
a) True b) False c) Partly True
25. Two major stock exchanges in India.
a) NSE & BSES b) CSE & DSE c) RBI & SEBI
26. State from the following who is the market regulator?

a) IRDA b) NABARD c) SEBI

27. State which of the following can be classified as alternative Investment.

a) Mutual fund b) shares c) Investment in antiques

28. Mutual Funds help investors to diversify their Portfolio.

a) True b) False c) Partly False

29. Diversification helps to reduce risk.

a) True b) False c) Partly False

30. Beta (β) measures _____.

a) Systematic risk b) Unsystematic Risk c) Total risk

$$PE \times EPS = MPS$$

31.

a) True b) False c) Partly False

32. Higher EPS means higher profitability.

a) True b) False c) Partly False

$$\text{Inventory Turnover Ratio} = \frac{\text{COGS}}{\text{Average stock}}$$

33.

a) True b) False c) Partly False

34. As age grows, it is good to invest more in debt securities rather than equity.

a) True b) False c) Partly False

$$MPS \times \text{Number of shares outstanding} = \underline{\hspace{2cm}}$$

35.

a) Profit b) Sales c) Market Capitalization

36. Capital expenditure leads to creation of an asset generally.

a) True b) False c) Can't say

37. Revenue expenditure is incurred on day to day basis.

a) True b) False c) Can't say

38. LIFO stands for Low input & fast output.

a) True b) False c) Can't say

39. Higher COGS leads to higher profit.

a) True b) False c) Can't say

40. Debit what goes out and credit what comes in is rule of Real Account.
a) True b) False c) Can't say
41. LIFO method is useful during inflationary environment.
a) True b) False c) Can't say
42. Expense incurred on purchase of land should be added to the cost of land.
a) True b) False c) Can't say
43. Process Account helps to calculate cost per unit.
a) True b) False c) Can't say
44. Accounting principles and method of applying them means accounting policies.
a) True b) False c) Can't say
45. LIFO method is used for recording cost in India.
a) True b) False c) Can't say
46. Purchase of heavy machinery is capital expenditure.
a) True b) False c) Can't say
47. Personal, Real and Nominal are three types of accounts used in Book keeping.
a) True b) False c) Can't say
48. Stock ledger is prepared by Cost accounting department.
a) True b) False c) Can't say
49. Going concern is one of the assumptions while preparing financial statements.
a) True b) False c) Can't say
50. Straight line method of depreciation leads to recording same amount of depreciation every year.
a) True b) False c) Can't say
51. Cash Account is a real Account.
a) True b) False c) Can't say
52. Higher closing stock leads to higher profitability.
a) True b) False c) Can't say
53. Assets are shown on the credit side of Profit and Loss statement.
a) True b) False c) Can't say

54. Balance Sheet is Account prepared at the end of every reporting period.
a) True b) False c) Can't say
55. Dividend received is Income to be recorded on debit side of Profit and Loss Account.
a) True b) False c) Can't say
56. SALES minus COGS =Gross Profit.
a) True b) False c) Can't say
57. Income and Gains are recorded on credit side of P&L Account.
a) True b) False c) Can't say
58. Loss on sale of Asset is shown on debit side of P&L Account.
a) True b) False c) Can't say
59. Gross profit Ratio is not useful in service industries.
a) True b) False c) Can't say
60. Higher profitability is sign of cost effectiveness in business.
a) True b) False c) Can't say