

PSC Chief Internal Auditor - KSEB Examination Previous Year Question Paper

Exam Name: Chief Internal Auditor - KSEB

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Medium of Questions: English



131/2015

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. The fund which do not have fixed date of redemption :
(A) Close ended funds (B) Diversified funds
(C) Open ended funds (D) Both (A) and (B)
2. Credit rating of debt security is :
(A) Merely opinion (B) Guarantee repayment
(C) Positive suggestion (D) None of these
3. Which of the following is not available in India?
(A) Commodity futures (B) Index futures
(C) Commodity options (D) Index option
4. In India, derivatives interest rate are regulated by :
(A) Securities and exchange board of India
(B) Forward market commission
(C) Ministry of finance
(D) Reserve bank of India
5. Commercial paper are generally issued at a price :
(A) Equal to face value (B) More than face value
(C) Equal to redemption value (D) Less than face value
6. Based on the accounting profession, which of the following would be considered a cash flow item from an investing activity :
(A) Cash outflow to acquire fixed assets (B) Cash inflow from interest income
(C) Cash inflow from dividend income (D) All of the above
7. Use of funds include a/an :
(A) Decrease in cash (B) Increase in fixed assets
(C) Cash refund (D) Increase in any liability

8. Primary duty of a merchant banker is :
(A) Giving loans to clients (B) Maintaining records of clients
(C) Working as a capital market (D) None of the above
9. Which of the following is not a cash outflow for the firm?
(A) Depreciation (B) Dividend
(C) Interest payment (D) Taxes
10. The most basic requirement for a firm's marketable securities :
(A) Marketability (B) Safety
(C) Yield (D) None of these
11. Marketable securities are primarily :
(A) Long term debt instruments (B) Short term equity securities
(C) Short-term debt instruments (D) Long term equity securities
12. The capital investment is one that :
(A) Applies only to investment in fixed assets
(B) Has the prospects of short term benefits
(C) Is only undertaken by large corporations
(D) Has the prospects of long term benefits
13. Assets management company is formed :
(A) To manage bank's assets
(B) To manage mutual funds investments
(C) To construct infrastructure projects
(D) To run a stock exchange
14. Margin are imposed on options sellers to safeguard the interest of :
(A) Exchange (B) Brokers
(C) Buyers (D) All the above
15. If strike price is more than the spot price of the assets, the call option is known :
(A) Out of money (B) In-the money
(C) At-the money (D) None of the above

16. Which of the following ratios indicates the short term liquidity of a business?
(A) Inventory turnover ratio (B) Debt-equity ratio
(C) Proprietary ratio (D) Acid test ratio
17. Notional cost is also known as :
(A) Variable cost (B) Imputed cost
(C) Out of pocket cost (D) Opportunity cost
18. A power house which generates and supplies power is called :
(A) Profit centre (B) Cost centre
(C) Service cost centre (D) Production cost centre
19. The value of abnormal loss is debited to :
(A) Material account (B) Process account
(C) Costing profit and loss account (D) Abnormal loss account
20. If the fixed cost is Rs. 20,000 and Profit-Volume (PV) ratio is 50%, the break-even will be :
(A) Rs. 40,000 (B) Rs. 1,00,000
(C) Rs. 80,000 (D) Rs. 20,000
21. Which of the following costing reduces the possibility of under pricing?
(A) Marginal (B) Variable
(C) Absorption (D) Direct
22. The point at which joint products become separately identifiable is called :
(A) Post separation point (B) Split-off point
(C) Further processing stage (D) Point of separation
23. Costs involve cash outlay or payment to other parties is called :
(A) Out of pocket cost (B) Period cost
(C) Book cost (D) Urgent cost
24. Which of the following can improve break-even point?
(A) Increase in variable cost (B) Increase in sale price
(C) Increase in fixed cost (D) Increase in sales volume

25. Which one of the following Multiple costing is not used in :
(A) Electronics (B) Automobiles
(C) Computers (D) Chemicals
26. The direct material usage budget and direct material purchases budget differ because of which of the following?
(A) A change in the level of finished goods stock
(B) The level of material scrap forecast to occur
(C) The level of efficiency of men or machines
(D) A planned change in the level of material stock
27. A standard that is never altered once established is known as a/an :
(A) Basic standard (B) Ideal standard
(C) Attainable standard (D) Projected standard
28. Which of the following is true at break-even point?
(A) Total Sales revenue = Variable cost
(B) Profit = Fixed cost
(C) Sales revenue = Total cost – Variable cost
(D) Contribution = Fixed cost
29. Which of the following term is not used interchangeably with the word 'standard costs'?
(A) Planned cost (B) Predicted cost
(C) Scheduled cost (D) Estimated cost
30. Operations budgets normally cover a period of :
(A) One year or less (B) One to two years
(C) One to Five years (D) One to ten years
31. Difference between standard cost and revised standard cost :
(A) Revision variance (B) Overhead variance
(C) Yield variance (D) Calendar variance
32. The difference between hours paid and hours worked is known as :
(A) Labour rate variance (B) Idle time variance
(C) Net efficiency variance (D) Labour efficiency variance

33. 'Bird in hand' argument is given by :
(A) Walker's model (B) Gordon's model
(C) Residual theory (D) MM Model
34. In case of net income approach, the cost of equity is :
(A) Constant (B) Decreasing
(C) Increasing (D) None of the above
35. The personal leverage can replace corporate leverage is assumed by :
(A) Traditional approach (B) MM Model
(C) Net income approach (D) Net operating income approach
36. The base value of the index of NIFTY is :
(A) 10 (B) 50
(C) 100 (D) 1000
37. Cost of issuing new shares to the public is known as :
(A) Cost of capital (B) Cost of equity
(C) Floatation cost (D) Marginal cost of capital
38. Dividend irrelevance argument of MM Model is based on :
(A) Issue of bonus shares (B) Issue of debentures
(C) Arbitrage (D) Hedging
39. If risky cash flows are recast in terms of their certainty equivalent, they should be discounted at :
(A) The required rate of return (B) A risk-free rate of return
(C) The accounting rate of return (D) The company wide hurdle rate
40. According to Walter, 100% dividend is payable in :
(A) Growth firm (B) Normal firm
(C) Declining firm (D) None of the above
41. NOI approach advocates that the degree of debt financing is :
(A) Relevant (B) Irrelevant
(C) May be irrelevant (D) May be relevant

42. Cost of capital means :
- (A) Required rate of return (B) Dividend
(C) Floatation cost (D) None of the above
43. Which of the following projects does not involve a capital budgeting decision?
- (A) A proposal to purchase a computer system
(B) A proposal to replace a 2 years old company van with a new van
(C) A proposal by a retail food store to increase the number of cans of a particular tomato paste held in inventory
(D) A proposal for a 5 year research and development programme by a car manufacturer to develop an engine that would get 100 miles per gallon
44. Which of the following cost of capital requires tax adjustment?
- (A) Cost of debentures (B) Cost of preference shares
(C) Cost of equity shares (D) Cost of retained earnings
45. Which of the following is not used in capital budgeting?
- (A) Time value of money (B) Sensitivity analysis
(C) Cash flows (D) Net assets method
46. In capital budgeting sunk cost is excluded because it is :
- (A) Not incremental (B) Not reversible
(C) Involves small amount (D) All the above
47. Which of the following capital expenditure planning and control techniques has been criticised because it fails to consider investment profitability?
- (A) Index of profitability technique
(B) Discounted pay back technique
(C) Internal rate of return technique
(D) Net present value technique
48. The method of project selection which considers the time value of money in a capital budgeting decision is accomplished by computing the :
- (A) Pay-back period
(B) Accounting rate of return on initial investment
(C) Accounting rate of return on average investment
(D) Discounted cash flow

49. A formal legal commitment to extend credit up to some maximum amount over a stated period of time :
- (A) Letter of credit (B) Line of credit
(C) Revolving credit agreement (D) Trade credit
50. Which of these is not a component of the feasibility report?
- (A) Profit margin (B) Overheads
(C) Works cost (D) Pre-commissioning expenses
51. Arrange the following elements of the project cycle in the right order :
- (a) Project appraisal
(b) Feasibility analysis
(c) Negotiation
(d) Project selection
- (A) a-b-c-d (B) b-a-c-d
(C) b-a-d-c (D) a-b-d-c
52. Use of which one of the common investment appraisal methods directly promotes wealth maximisation?
- (A) accounting rate of return (B) internal rate of return
(C) net present value (D) payback period
53. The maximum amount beyond which a company is not allowed to raise :
- (A) Issued capital (B) Reserve capital
(C) Subscribed capital (D) Nominal capital
54. The work defined at the lowest level of the breakdown structure to estimate as well as manage time and cost is called the :
- (A) Activity (B) Work package
(C) Cost account (D) Task
55. Which of the following is not a commonly used method of financial appraisal of strategy options?
- (A) return on capital employed (B) break-even analysis
(C) net cash flow (D) price/earnings ratio
56. Which of the following is not one of the types of transactions that occur in the traditional foreign exchange market?
- (A) forward transactions (B) spot transactions
(C) swap transactions (D) virtual transactions

57. The presence of more fixed cost in the capital structure of a firm indicates :
(A) Financial leverage (B) Operating leverage
(C) Super leverage (D) None of the above
58. Which of the following costs would be considered a fixed cost?
(A) Raw material (B) Depreciation
(C) Production labour (D) Bad-debt losses
59. The cash required during a specific period to meet interest expenses and principal payments is referred to as the :
(A) Debt capacity (B) Debt-Service burden
(C) Fixed charge burden (D) Adequacy capacity
60. _____ involve the exchange of currency the second day after the date on which the two traders agree to the transaction.
(A) Spot transaction (B) Currency transaction
(C) Virtual transaction (D) Forward transaction
61. Functions of factor exclude :
(A) Credit administration (B) Credit rating
(C) Credit financing (D) Credit recording
62. Another name for open-ended credit :
(A) A box of credit (B) Convenience credit
(C) Revolving credit (D) Instalment credit
63. Uncollected cheques also referred :
(A) Un presented cheques (B) Bounced cheques
(C) Outstanding cheques (D) Un credited cheques
64. Which of the following is a measure of debt serving capacity of a firm?
(A) Current ratio (B) Acid-test ratio
(C) Debtors turnover ratio (D) Interest coverage ratio
65. Market in which funds are transferred from those who have excess funds available to those who have a shortage of funds are called?
(A) Funds markets (B) Commodity markets
(C) Derivative exchange markets (D) Financial markets

66. Finance companies raise funds in the money market by selling :
(A) Commercial paper
(B) Federal funds
(C) Eurodollars
(D) Negotiable certificate of deposits
67. The interest rate that equates the present value of the cash flow received from a debt instrument with its market price today is the :
(A) Discount rate
(B) Simple interest rate
(C) Yield to maturity
(D) Real interest rate
68. The riskiest capital market security is :
(A) Preferred stock
(B) Common stock
(C) Treasury bonds
(D) Corporate bonds
69. If a firm sells an option :
(A) There is a negative cash flow
(B) There is a positive cash flow
(C) The hedge is avoided
(D) Cash flow is not affected
70. Bonds with relatively low risk of default are called :
(A) Investment grade bond
(B) Zero coupon bonds
(C) Junk bonds
(D) None of the above
71. The riskiness of an assets return that results from interest rate changes is called :
(A) Coupon-rate risk
(B) Reinvestment risk
(C) Yield-to-maturity risk
(D) Interest – rate risk
72. MNC rely mostly on _____ to reduce transaction exposure.
(A) Currency hedges
(B) Options
(C) Risk-taking
(D) Forward hedges
73. The forward market is especially well-suited to offer hedging :
(A) Translation risk exposure
(B) Transactions risk exposure
(C) Political risk exposure
(D) Taxation
74. The simplest hedging method, which involves the purchase or sale of foreign currency using a forward contract is the :
(A) Currency option
(B) Symmetric hedge
(C) Forward hedge
(D) Derivative

75. The value of a derivative contract is ultimately determined by :
(A) The value of underlying assets (B) Security regulation
(C) The bank of Canada (D) The risk-free rate of return
76. An option whose intrinsic value is calculated by comparing the strike price with the average spot price over the period of the option is a/an :
(A) American option (B) European option
(C) Barrier option (D) Asian option
77. All of the following are hedge against exchange rate risk – except :
(A) Balancing monetary assets and liabilities
(B) Foreign-currency Swaps
(C) Use of spot market
(D) Adjustment of funds commitments between countries
78. As an option approaches its maturity date, its price will converge to :
(A) The time value of the option
(B) The price of the underlying asset
(C) The market interest rate.
(D) Its intrinsic value
79. An individual selling a commodity or financial instrument can reduce risk by buying a _____ option.
(A) Call (B) Put
(C) Clearing house (D) Sweep
80. An increase in the market price of the underlying assets will cause the price of a call option to :
(A) Rise (B) Fall
(C) Remain unchanged (D) Change in an unpredictable manner
81. Central Information Commission was formed on :
(A) 2005 (B) 2006
(C) 2004 (D) 2007
82. National Employment Guarantee Scheme inaugurated at :
(A) Ramachandrapuram (B) Pune
(C) Bundlapalli (D) Rangpur

83. In which state of India Sivapuri National Park situated :
(A) Andhra Pradesh (B) Madhya Pradesh
(C) Karnataka (D) Maharashtra
84. Sadhujana Paripalana Sangam was formed by :
(A) Sahodaranayyappan (B) Chattambi Swamikal
(C) Ayyankali (D) Vaikunda Swamikal
85. Who is called Bharatha Kesari?
(A) Mannathu Padmanabhan (B) K. Kelappan
(C) P. Krishnapillai (D) C. Kesavan
86. The drama Puthiya Akasam Puthiya Bhoomi written by :
(A) C.N. Sreekandan Nair (B) N. Krishnapillai
(C) S.L. Puram Sadanandan (D) Thoppil Basi
87. Which female leader is known as Jowan of Arch of Kerala?
(A) A.V. Kuttimalu Amma (B) Parvathi Nenmenimangalam
(C) Anna Chandi (D) Akkamma Cheriyan
88. Who is regarded as Kerala Kalidasan?
(A) A.R. Raja Raja Varmma
(B) Vallathole
(C) Kerala Varmma Valiya Koyithampuran
(D) N. Krishnapillai
89. The first women judge in India :
(A) Leela Seth (B) Omanakunjamma
(C) Fathima beevi (D) Annachandy
90. The idea of constitutional amendment of Indian Constitution taken from which constitution :
(A) America (B) Soviet Union
(C) South Africa (D) Canada
91. The Indian President who proclaimed National Emergency in 1975?
(A) Dr. Radhakrishnan (B) V.V. Giri
(C) R. Venkitta Raman (D) Fakrudheen Ali Ahmmad

92. Which article of Indian constitution deals about the compulsory and free education to children up to the age 14?
(A) Article – 24 (B) Article – 45
(C) Article – 40 (D) Article – 44
93. The Indian Prime Minister who was died in a foreign country?
(A) Lal Bahadur Sastri (B) Morarji Desai
(C) Gulsarilal Nanda (D) Jawaharlal Nehru
94. The Indian National Flag accepted by Indian Constitutional Assembly on :
(A) 1947-July-22 (B) 1950-January-26
(C) 1950-January-24 (D) 1956-November-1
95. Who give Kunchikanna the title 'Vagbadananda'?
(A) Ananda Theerthan (B) Alathur Swami Sivanandayogi
(C) Vaikunda Swamikal (D) Agamananda Swami
96. Sree Narayana Guru died on :
(A) 1928-September-20 (B) 1928-October-20
(C) 1929-September-20 (D) 1929-October-20
97. The real name of Brahmananda Sivayogi :
(A) Karatt Achuthamenon (B) Krishnan Nambiadiri
(C) Raman Pillai (D) Karatt Govindamenon
98. The emblem of Indian Rupee accepted on :
(A) 2010-June-15 (B) 2010-July-15
(C) 2010-August-15 (D) 2010-September-15
99. The leader of Ezhava memorial :
(A) G.P. Pillai (B) K.P. Sankaramenon
(C) Dr. Palppu (D) Mannath Padmanabhan
100. The founder of the newspaper Swadeshabhimani :
(A) K. Ramakrishnapillai (B) Moulana Abdul Kalam Azad
(C) Muhammed Abdul Rahman (D) Vakkam Abdul Khader Moulavi