

**PSC Accounts Officer - Kelpam  
Examination  
Previous Year Question Paper**

***Exam Name: Accounts Officer - Kelpam***

***Date of Test : 30.12.2015***

***Question Paper Code: 239/2015***

***Medium of Questions: English***



**239/2015**

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. Accountants treat a business as distinct from the persons who own it. This concept is termed as :  
(A) Business Entity Concept (B) Money Measurement Concept  
(C) Going Concern Concept (D) Dual Aspect Concept
2. The expenditure which results in the acquisition of an asset, tangible or intangible which can later be sold or converted into cash or which results in an increase in the earning capacity of a business or which affords some other advantage to the firm :  
(A) Revenue Expenditure (B) Capital Expenditure  
(C) Deferred Revenue Expenditure (D) Development Expenditure
3. The assets which constantly change in value through transactions that are entered into are called :  
(A) Fixed Assets (B) Current Assets  
(C) Floating Assets (D) Tangible Assets
4. The accounting practices should remain the same from one year to another as per :  
(A) Convention of consistency (B) Convention of conservatism  
(C) Convention of disclosure (D) None of these
5. Retained Earnings is a :  
(A) Liability to the Management (B) Asset to the Company  
(C) Liability to the Company (D) None of these
6. The arithmetical accuracy of the accounts can be checked by preparing :  
(A) Balance sheet (B) Trading Account  
(C) Trial Balance (D) Profit and loss account
7. The dual aspect of accounting is ensured in the :  
(A) Double entry system (B) Single entry system  
(C) Double and single entry system (D) None of the above



8. Transactions are entered in the books of account at the amount actually involved in the concept of :
- (A) Cost concept (B) Dual aspect concept  
(C) Going concern concept (D) Money measurement concept
9. The Balance sheet is also called :
- (A) Income Statement (B) Position Statement  
(C) Transaction Statement (D) Asset Statement
10. "The art of recording classifying and summarising in a significant manner and in terms of money transactions and events which are in part at least, of a financial character and interpreting the results thereof..." :
- (A) Accounting (B) Journalising  
(C) Book keeping (D) None of these
11. The shares whose value which fluctuates in the market with the fortunes of the company :
- (A) Bonus Shares (B) Preference shares  
(C) Equity Shares (D) None of these
12. The maximum capital that the company is authorised to raise :
- (A) Subscribed capital (B) Nominal capital  
(C) Called-up capital (D) None of these
13. Super Profit Method is used in the valuation of :
- (A) Floating Assets (B) Goodwill  
(C) Fixed Assets (D) Current Assets
14. The issue of debentures is regulated by :
- (A) SEBI (B) Controller of Capital issues  
(C) RBI (D) Finance Department
15. When one company takes over another company, it is called?
- (A) Amalgamation (B) External reconstruction issues  
(C) Internal Reconstruction (D) Absorption



16. When the purchase consideration is given directly by stating the amount to be paid by the purchasing company to the shareholders of the vendor company?
- (A) Net payment method (B) Net asset method  
(C) Lump sum payment method (D) Share exchange method
17. When the shares are issued for the first time by the company to the public it is called?
- (A) Bonus issue (B) Right issue  
(C) Initial public issue (D) None of these
18. When shares are forfeited the share holder?
- (A) relieved of his duties  
(B) gets the benefits soon after the forfeiture  
(C) name will be removed from the register of members  
(D) no effect
19. Issue of bonus shares can otherwise be called as :
- (A) Redemption of Shares (B) Capitalisation of Profit  
(C) Public issue (D) None of these
20. The aggregate of the shares and other securities issued and payment in cash by the buyer company to the shareholders of the vendor company :
- (A) Sales consideration (B) Selling price  
(C) Purchasing price (D) Purchase consideration
21. The amount of expenditure actual or notional incurred or attributable to a given thing :
- (A) Cost (B) Profit  
(C) Loss (D) Expense
22. The optimum quantity for which order is placed when materials are to be purchased :
- (A) Purchase Quantity (B) EBQ  
(C) EOQ (D) Purchase order
23. The method of ascertaining cost in those industries in which goods are manufactured or services are rendered against specific orders from customers :
- (A) Contract costing (B) Product costing  
(C) Operation costing (D) Job costing



24. Provision for increase in the contract price to accommodate increase in materials and labour cost :
- (A) Fixed price (B) Fluctuating price  
(C) Escalation clause (D) De escalation clause
25. The statement which is designed to show the output of a particular accounting period along with break-up of costs :
- (A) Spread sheet (B) Output sheet  
(C) Scrap sheet (D) Cost Sheet
26. The smallest segment of activity or area or responsibility for which costs are accumulated :
- (A) Process (B) Factory  
(C) Cost centre (D) Job area
27. The change in costs due to change in the level of activity or pattern or method of production is called :
- (A) Differential cost (B) Co-product cost  
(C) By products cost (D) Scrap cost
28. All joint products are treated as :
- (A) Co-products (B) Main products  
(C) By products (D) Relative products
29. The process of setting up of standards or targets and comparing actual performance with a view to ascertain deviations from standards and taking corrective actions is termed as :
- (A) Cost control (B) Cost reduction  
(C) Cost management (D) Waste control
30. The most important criteria for distinguishing between joint products and by-products :
- (A) Cost (B) Profit  
(C) Sales value (D) Demand
31. Various grades of coal produced in mining should be treated as :
- (A) By product (B) Joint products  
(C) Main product (D) Co-product



32. Budgetary control is a method of :  
(A) Cost control (B) Sales control  
(C) Purchase control (D) None of these
33. The national productivity council was established in 1958 with its headquarters at :  
(A) New Delhi (B) Bangalore  
(C) Mumbai (D) Chennai
34. The change in market value resulting from an alteration in the form, location or availability of a product or service excluding the cost of brought-in-material and services :  
(A) Expansion of product (B) Modernisation of product  
(C) Value added to product (D) None of these
35. The management takes corrective actions on the basis of :  
(A) profit analysis (B) variance analysis  
(C) standard analysis (D) cost control
36. The amount at any given volume of output by which the aggregate costs are changed if the volume of output is increased or decreased by one unit :  
(A) Out of pocket cost (B) Sunk cost  
(C) Marginal cost (D) Fixed cost
37. A document which sets out the responsibilities of the persons engaged in the routine of and the forms and records required for budgetary control :  
(A) Budget act (B) Budget manual  
(C) Marginal book (D) None of these
38. Costs can be classified into horizontal costs and predetermined cost on the basis of :  
(A) Functions involved (B) Amount of expense incurred  
(C) Time (D) None of these
39. The costs which are not related to operations but can be controlled by the management is called :  
(A) Opportunity cost (B) Discretionary cost  
(C) Variable cost (D) None of these



40. Sales – Variable cost = :  
(A) Fixed cost (B) Profit  
(C) Marginal cost (D) Contribution
41. Financial management is concerned with :  
(A) Mobilization of fund from the market  
(B) Committing fund in long term sources  
(C) Mobilization of fund and its effective utilization  
(D) Management of working capital
42. Capital budgeting is a :  
(A) Operative Decision (B) Strategic Decision  
(C) Administrative Decision (D) All of the above
43. In Pay back period method, we accept the project having :  
(A) Short life (B) Long life  
(C) Shortest payback period (D) Longest pay back period
44. Dividend decision is not influenced by :  
(A) Profits trend (B) Age of company  
(C) Taxation policy (D) Cost of Capital
45. Technique which enable the company to select the best alternative from among a number of alternative proposal is called :  
(A) Finance plan (B) Marginal costing  
(C) Capital structure (D) Capital budgeting
46. Net operating income approach is put forwarded by :  
(A) Gordan (B) Walter  
(C) Modigliani-Miller (D) David Durand
47. Working Capital Decision is not influenced by :  
(A) Nature of business (B) Production policy  
(C) Size of business (D) Depreciation policy



48. EBIT means :
- (A) Accounting profit (B) Profit after depreciation  
(C) Profit after tax (D) Operating profit
49. Rate at which present value of cash inflow equates present value of cash outflow :
- (A) NPV (B) IRR  
(C) CRR (D) SLR
50. Which is the cheapest source of capital?
- (A) Equity capital (B) Preference capital  
(C) Debt capital (D) Retained earnings
51. Capital which is not represented by assets of a company is known as :
- (A) Over capitalization (B) Under capitalizations  
(C) Fair capitalization (D) Watered stock
52. Stock dividends and Bonus shares are :
- (A) Synonymous (B) Anonymous  
(C) Different terms (D) None of the above
53. Financial leverage arise due to :
- (A) Debt capital (B) Retained earnings  
(C) Equity capital (D) Equity capital and Retained earnings
54. Trading on equity magnifies the profits when :
- (A) Rate of return equals to cost of capital  
(B) Rate of return greater than cost of capital  
(C) Rate of return less than cost of capital  
(D) Cost of capital is equal to interest
55. When liquidity of a firm increases then profitability?
- (A) Increases (B) Decreases  
(C) No effect (D) None of the above
56. Which of the following is not a cash management model?
- (A) Baumol Model (B) CAPM Model  
(C) Stone Model (D) Miller Orr model



57. Hard core working capital refers to :  
(A) Working capital invested in inventories  
(B) Fixed working capital  
(C) Variable portion of working capital  
(D) None of the above
58. Make up of capitalization refers to :  
(A) Financial plan  
(B) Financing Decision  
(C) ROI  
(D) Capital Structure
59. Risk associated with the use of fixed cost securities is called :  
(A) Operating risk  
(B) Financial risk  
(C) Business risk  
(D) Composite risk
60. Main objective of financial management is :  
(A) Preparation of financial statements  
(B) Audit of accounts  
(C) Wealth maximization  
(D) None of the above
61. \_\_\_\_\_ acts as a tax shield.  
(A) Appreciation in assets  
(B) Depreciation of assets  
(C) Revaluation of assets  
(D) None of the above
62. Hurdle rate means :  
(A) ARR  
(B) Cost of capital  
(C) Return from investment  
(D) Which is difficult to earn
63. The term capitalization is associated with :  
(A) Sole Proprietor  
(B) Partnership  
(C) Company  
(D) All of the above
64. Over capitalization refers to :  
(A) Excess of capital  
(B) Raising more of capital than supported by its earning power  
(C) High capitalization rate  
(D) None of the above
65. Which of the following is not a concept of working capital?  
(A) Net working capital  
(B) Gross working capital  
(C) Full cost concept  
(D) Both (A) and (B)



66. Dividend pay out ratio of a growing firm is :  
(A) High (B) Low  
(C) Initially high (D) None of the above
67. Gordon model is associated with :  
(A) Working capital management (B) Cash management  
(C) Dividend Policy (D) None of the above
68. Combination of debt and equity that leads to maximization of the value of the firm is known as :  
(A) Wealth Maximization (B) Financial leverage  
(C) Investment decision (D) Optimum capital structure
69. Two alternative financial plans give the same EPS such a situation is known as :  
(A) Indifference point (B) Trading on equity  
(C) Margin of safety (D) None of the above
70. The cost associated with issuing securities is known as :  
(A) Preliminary Expenses (B) Registration cost  
(C) Flotation cost (D) None of the above
71. Ascertaining the future value of a present sum is known as :  
(A) Discounting (B) Compounding  
(C) Rediscounting (D) None of the above
72. EVA stands for :  
(A) Economic Value Addition (B) Environmental Value Attained  
(C) Economic Value Achieved (D) None of the above
73. Holding of cash for investing in profitable opportunities as and when it arise is known as :  
(A) Speculative motive (B) Transaction motive  
(C) Precautionary motive (D) None of the above
74. Deheja committee report relates to :  
(A) Dividend decision (B) Financing Decision  
(C) Working capital financing (D) Fixed capital financing



75. The criteria which a firm follows in selecting customers for the purpose of credit extension is known as :
- (A) Credit standards (B) Credit analysis  
(C) Credit evaluation (D) None of the above
76. Which of the following is not a basic feature of an ideal financial plan?
- (A) Simplicity (B) Rigidity  
(C) Flexibility (D) Foresight
77. The most common form of dividend is :
- (A) Stock dividend (B) Bond dividend  
(C) Interim dividend (D) Cash dividend
78. The automatic sources of short term funds arising in the normal course of business are :
- (A) Long term financing (B) Short term financing  
(C) Spontaneous financing (D) None of the above
79. Finance function involves :
- (A) Deciding capital requirement  
(B) Determination of source of fund  
(C) Determining composition of different sources  
(D) All of the above
80. The estimated requirement of total funds for working capital should be met from long term sources is known as :
- (A) Matching approach (B) Aggressive approach  
(C) Conservative approach (D) None of these
81. The Vice-Roy who introduced financial decentralisation in India :
- (A) Lord Rippon (B) Lord Mayo  
(C) Lord Lytton (D) Lord Curzon
82. The directive principles included in our constitution from articles :
- (A) 36 – 51 (B) 12 – 35  
(C) 35 – 51 (D) 36 – 51 A



83. The journal "Athma Vidhya Kahalam" was started by :  
(A) Swami Agamananda (B) C. Krishnan  
(C) Dr. Palpu (D) Swamy Vagbhatananda
84. 'Keralam Malayalikalude Mathrubhumi' is a famous book written by :  
(A) E.M.S. Nomboothiripadu (B) B.M.P. Veerendrakumar  
(C) P. Krishna Pillai (D) Lalithambika
85. The parliament passed the National Rural Employment Guarantee Act on :  
(A) 2<sup>nd</sup> October 2005 (B) 23<sup>rd</sup> October 2009  
(C) 2<sup>nd</sup> February 2006 (D) 23<sup>rd</sup> August 2005
86. The right to information laws were first successfully enacted by the State Government of :  
(A) Karnataka (B) Rajasthan  
(C) Goa (D) Kerala
87. The Public Service Commission in Travancore was setup in the year :  
(A) 1937 (B) 1934  
(C) 1936 (D) 1932
88. The only Chief Justice of the Supreme Court of India who took the charge as President of India :  
(A) Mohammad Hidayathullah (B) K.G. Balakrishnan  
(C) R.M. Lodha (D) Altamas Kabir
89. The character 'Savithri' is related with the novel :  
(A) Delhi (B) Duravastha  
(C) Odayil Ninnu (D) Oppol
90. The Folk Art 'Kanniyar kali' is the art form of the district :  
(A) Palakkad (B) Malappuram  
(C) Thrissur (D) Idukki
91. "Raja Suyam" the Attakatha was the work of :  
(A) Kottarakkara Thampuran (B) Karthika Thirunal  
(C) Unnai Warriar (D) Irayimban Thambi



92. The First Indian President to visit the official residence of Santa Claus?
- (A) Pranab Mukerjee (B) A.P.J. Abdul Kalam  
(C) K.R. Narayanan (D) R. Venkataraman
93. The Kerala state sports day is celebrated on :
- (A) May 12 (B) August 29  
(C) October 13 (D) April 29
94. "Unbreakable" is the autobiography of :
- (A) Jackie Chan (B) Muhammed Ali  
(C) Mary Kom (D) Viswanath Anand
95. Moorthi Devi award is given for excellence in the field of :
- (A) Science (B) Art  
(C) Social Service (D) Literature
96. The organisation called Samatra Samajam was established in the year :
- (A) 1936 (B) 1836  
(C) 1834 (D) 1920
97. Allahabad is the head quarters of which railway zone in India?
- (A) North Central Railway (B) North Western Railway  
(C) Western Railway (D) Central Railway
98. The winner of the Wimbledon 2014 Grand Slam Championship :
- (A) Rafael Nadal (B) Roger Federer  
(C) Novak Djokovic (D) Fernando Verdasco
99. The head quarters of the Amnesty International is situated at :
- (A) Hague (B) Gland  
(C) Geneva (D) London
100. The study of Oneirology is related to :
- (A) Sleep (B) Wealth  
(C) Dreams (D) Language