

**167/2024**

Maximum : 100 marks

Time : 1 hour and 30 minutes

1. State the correct sequence of an accounting cycle:
  - (A) Identifying, classifying, recording and summarising
  - (B) Identifying, recording, classifying and summarising
  - (C) Identifying, classifying, summarising and recording
  - (D) Identifying, recording, summarising and classifying
  
2. The Accounting convention followed by accountants to play safe:
  - (A) Conservatism
  - (B) Prudence
  - (C) Both (A) and (B)
  - (D) Consistency
  
3. Accounting systems are basically:
  - (A) Double Entry system
  - (B) Single Entry system
  - (C) Both (A) and (B)
  - (D) None of the above
  
4. The full form of AICPA:
  - (A) American Institute of Certificate Public Accounts
  - (B) American Institute of Certificate Private Accounts
  - (C) American Institute of Certified Private Accountants
  - (D) American Institute of Certified Public Accountants
  
5. Revenue is recognised:
  - (A) At the point of sale
  - (B) When cash or cheque received
  - (C) At the point when goods are delivered by the seller
  - (D) None of the above
  
6. Accounts which deal with persons and entities:
  - (A) Representative Account
  - (B) Property Accounts
  - (C) Personal Accounts
  - (D) None of the above
  
7. Prepaid Salary comes under:
  - (A) Owners equity
  - (B) Asset
  - (C) Liability
  - (D) None of the above
  
8. Income received in Advance Account is a:
  - (A) Nominal Account
  - (B) Real Account
  - (C) Personal Account
  - (D) Bank Account

**A**

**3**

**[P.T.O.]**

9. Statement showing arithmetic accuracy:
- (A) Trial Balance (B) P and L account  
(C) Balance Sheet (D) All of the above
10. How many categories are there in the modern approach of accounting?
- (A) Four (B) Three  
(C) Five (D) None of the above
11. Latest technology which is ushering in a new era of transparency and security in transactions:
- (A) Forensic Accounting (B) Green Accounting  
(C) Block chain (D) Artificial Intelligence
12. Gross profit in the form of equation:
- (A)  $\text{Gross profit} = \text{sales} - \text{Cost of Goods sold}$   
(B)  $\text{Gross profit} = \text{Sales} - (\text{opening stock} + \text{Net purchase} + \text{Direct expenses} - \text{Closing stock})$   
(C) Both (A) and (B)  
(D) None of the above
13. Amount charged from a person to whom training is given by business:
- (A) Premium (B) Apprentice Premium  
(C) Cash (D) Commission
14. Claim against the company not acknowledged as debt:
- (A) Current Liability (B) Secured Loan  
(C) Unsecured Loan (D) Contingent Liability
15. Companies Act 2013 is an Amendment to the companies Act:
- (A) 1947 (B) 1990  
(C) 1956 (D) 1979
16. When a company invests in fixed assets and investments it results in :
- (A) Increased Equity (B) Increased Liabilities  
(C) Decreased Cash (D) Increased Cash
17. Reconciliation between the opening balance and closing balance of shareholder's equity:
- (A) Statement of Retained earning (B) Statement of changes in equity  
(C) Both (A) and (B) (D) None of the above

18. Spreading an intangible asset's cost over that asset's useful life :
- (A) Depreciation (B) Amortization  
(C) Obsolescent (D) None of the above
19. Expenses incidental to the creation and floatation of a company is :
- (A) Establishment Expenses (B) Trade Expenses  
(C) Underwriting Expenses (D) Preliminary Expenses
20. Deferred Tax assets (net) come under the sub-heading of the Balance Sheet :
- (A) Non-current Assets (B) Current Assets  
(C) None of the above (D) Short term borrowings
21. If inventory is Rs. 2,00,000; current assets is Rs. 20,00,000 and Current liabilities is Rs. 10,00,000, the liquid ratio is :
- (A) 2.2 times (B) 2 times  
(C) 1.8 times (D) 2.5 times
22. Which of these reason may indicate high current ratio, but not a satisfactory position?
- (i) Slow moving goods  
(ii) Poor Debt Collection  
(iii) Idle cash on account of insufficient investment opportunities  
(iv) Inability to pay off liabilities on account of insufficient funds
- (A) (i) and (iii) only  
(B) (iv) only  
(C) All of the above  
(D) (i), (ii) and (iii) only
23. Du-Pont Control chart is ultimately based on two elements. Which are they?
- (A) Net Profit and Net sales  
(B) EBIT and EPS  
(C) Net profit and Capital Employed  
(D) Market Price per share and Earnings per share
24. Which of the following methods are the tools mainly employed in horizontal analysis?
- (i) Common Size Statements  
(ii) Comparative Statements  
(iii) Financial Ratios  
(iv) Trend Analysis
- (A) (i) and (iv) (B) (ii) and (iv)  
(C) (iii) and (iv) (D) (i) and (ii)

25. Which of the following transactions result(s) in flow of funds?
- (i) Conversion of debentures into shares
  - (ii) Sale of temporary investments
  - (iii) Discharge of Bills Payable
  - (iv) Sale of fixed asset on credit
- (A) (ii) and (iv) only
  - (B) (ii), (iii) and (iv) only
  - (C) (iv) only
  - (D) (ii) only
26. Which of the following is listed under the head 'Application of Funds'?
- (A) Raising of long-term loans
  - (B) Non-Trading Receipts
  - (C) Decrease in working capital
  - (D) Funds lost in operations
27. As per Accounting Standard 3, which of the following are considered as cash or equivalent?
- (i) Cash in hand
  - (ii) Demand deposits
  - (iii) Readily marketable securities
  - (iv) Cheques and Drafts on hand
- (A) (i) and (ii)
  - (B) (i), (ii) and (iii)
  - (C) (i), (ii) and (iv)
  - (D) All of the above
28. Which of the following statements is not true regarding cash flow statement?
- (A) It is based on accrual basis
  - (B) It is based on a narrower concept of fund when compared to fund flow statement
  - (C) It is more useful for short-term analysis and cash planning of the business
  - (D) The net difference in the inflow and outflows in cash flow statement represents a net increase or decrease in cash
29. Which ratio relates the shareholders' funds to total assets of the enterprise?
- (A) Debt-Equity Ratio
  - (B) Proprietary Ratio
  - (C) Capital Gearing Ratio
  - (D) Return on Investment
30. When Sales amount to Rs. 4,00,000, Gross Profit ratio is 25% and average inventory is Rs. 50,000, inventory turnover ratio is :
- (A) 8 times
  - (B) 4 times
  - (C) 6 times
  - (D) 2 times

31. Which of the following can be considered as the internal reason for using Human Resource Accounting as a managerial tool?
- (i) To improve the human resource management of the enterprise
  - (ii) To profile the enterprise and improve its image
  - (iii) To facilitate decisions like transfer vs retention, retrenchment vs retention etc.
  - (iv) To highlight the cost of employee turnover.
- (A) All of the above
  - (B) (i), (ii) and (iii) only
  - (C) (i), (iii) and (iv) only
  - (D) (ii), (iii) and (iv) only
32. Which method of HRA assigns value for employees who are considered as 'scarce'?
- (A) Standard Cost Approach
  - (B) Lev and Schwartz Model
  - (C) Opportunity Cost Model
  - (D) Certainty Equivalent Model
33. Which of the following methods considers two concepts- individual costs' and 'positional costs'?
- (A) Historical Cost Model
  - (B) Opportunity Cost Model
  - (C) Replacement Cost Model
  - (D) Standard Cost model
34. In traditional accounting, expenses on human resources of an organisation are treated as:
- (A) an investment
  - (B) a charge against revenue
  - (C) an intangible asset
  - (D) a fictitious asset
35. Which of the following is wrongly matched/paired in connection with Human Resource Accounting :
- (i) Historical Cost Approach – William Pyle
  - (ii) Replacement Cost Approach – Eric Flamholtz
  - (iii) Opportunity Cost Approach – Hekimian and Jones
  - (iv) Present Value of Future Earnings Approach – Lev and Schwartz
- (A) (i), (ii) and (iii)
  - (B) (ii) and (iii) only
  - (C) (i) and (iii) only
  - (D) None of the above
36. Who developed the concept of 'Fraud Triangle'?
- (A) Donald Cressey
  - (B) Wolf and Hermanson
  - (C) Crowe Horwath
  - (D) Steve Albrecht

37. Among the corporate frauds, which of the following statements is/are true?
- (i) Bribery and corruption include schemes like kickbacks, shell company schemes.
  - (ii) The most common type of fraud in terms of occurrence is financial statement fraud.
  - (iii) The practice of presenting a picture rosier than what it is in reality is termed as 'Ever Greening'.
  - (iv) Occupational frauds include frauds by not only employees or managers, but also by legal representatives.
- (A) (i), (ii), and (iii) only
  - (B) (i), (iii) and (iv) only
  - (C) (i), (ii) and (iii) only
  - (D) All of the above
38. If a login to a system or an application from an unusual ID or location is observed, it comes under which kind of flagging in connection with fraud detection?
- (A) Yellow Flag
  - (B) Green Flag
  - (C) Red Flag
  - (D) None of these
39. Which of the following is not a technique among the seven recognised investigating tools adopted by forensic specialists for fraud detection?
- (i) Interviews of Knowledgeable Persons
  - (ii) Laboratory Analysis of electronic evidences
  - (iii) Undercover Operations
  - (iv) Physical and Electronic Surveillance
- (A) (iii) only
  - (B) (i) only
  - (C) (i) and (iii) only
  - (D) None of the above
40. Which of the following statements is/are false?
- (i) Companies sometimes overstate the amounts of provisions to cover the expected costs of liabilities, and such reserves are 'cookie jar reserves'.
  - (ii) Many asset misappropriation schemes start at the entry point of the sale.
  - (iii) The type of fraud where an employee alters or converts one customer's payments and then uses a subsequent payment from another customer to cover the payment from the previous customer is known as Channel Stuffing.
  - (iv) A forensic technique that correlates information found on multiple hard drives is called Cross-drive analysis.
- (A) (i) and (ii) only
  - (B) (iii) only
  - (C) (iv) only
  - (D) (ii) only

41. Which of the following defines marketing?
- (A) Identifying customer needs (B) Creating customer value  
(C) Delivering customer satisfaction (D) All of the above
42. Which forecasting technique involves gathering data from experts?
- (A) Delphi method (B) Survey method  
(C) Experimental method (D) Historical method
43. Which concept focuses on creating shared value?
- (A) Social marketing (B) Green marketing  
(C) Experiential marketing (D) Co-creation
44. Consider the following statements :
- I. The production concept prioritizes quality and efficiency.  
II. The selling concept focuses on customer needs.
- (A) Both I and II are true. (B) Only I is true.  
(C) Only II true (D) Neither I nor II is true.
45. Evaluate the following statements :
- I. Customer relationship marketing aims to build long-term relationships.  
II. Database marketing involves collecting customer data.
- (A) Both I and II are true. (B) Only I is true.  
(C) Only II is true. (D) Neither I nor II is true.
46. Evaluate the following statements :
- I. Content marketing aims to attract and retain customers.  
II. Content marketing focuses solely on promotional content.
- (A) Both I and II are true. (B) Only I is true.  
(C) Only II is true. (D) Neither I nor II is true.
47. Consider the following statements :
- I. Co-creation involves customer participation in product development.  
II. Co-creation increases customer loyalty.
- (A) Both I and II are true. (B) Only I is true.  
(C) Only II is true. (D) Neither I nor II is true.

48. Evaluate the following statements :
- I. Production Concept prioritizes efficiency.
  - II. Product Concept focuses on quality.
  - III. Marketing Concept prioritizes customer needs.
- (A) I, II, and III are true                      (B) Only I is true  
 (C) Only II is true                                (D) Only III is true
49. Consider the following statements :
- I. Rural marketing targets low-income customers.
  - II. Rural marketing requires unique distribution channels.
  - III. Rural marketing focuses on agricultural products.
- (A) I and II are true                              (B) Only I is true  
 (C) Only II is true                                (D) I, II, and III are true
50. Which method estimates current demand using sales data?
- (A) Moving average method                      (B) Exponential smoothing method  
 (C) Regression analysis                        (D) Survey method
51. Which of the following characteristics is NOT typical of bureaucracy?
- (A) Clear hierarchy                                (B) Well-defined roles  
 (C) Flexibility                                      (D) Standardization
52. Who proposed the administrative theory of management?
- (A) Henri Fayol                                    (B) Luther Gulick  
 (C) Max Weber                                    (D) Mary Parker Follett
53. Which theory emphasizes flexibility and adaptability?
- (A) Contingency Theory                        (B) Systems Theory  
 (C) Chaos Theory                                (D) Learning Organization
54. What is turnaround management?
- (A) Restructuring                                (B) Reengineering  
 (C) Crisis management                        (D) All of the above



- 55.** Consider the following statements:
- I. Scientific management emphasizes efficiency and productivity.
  - II. Bureaucratic theory prioritizes flexibility and adaptability.
- (A) Both I and II are true                      (B) Only I is true  
(C) Only II is true                                      (D) Neither I nor II is true
- 56.** Evaluate the following statements:
- I. Human relations theory emphasizes social factors and employee needs.
  - II. Behavioral theory focuses solely on organizational structure.
- (A) Both I and II are true                      (B) Only I is true  
(C) Only II is true                                      (D) Neither I nor II is true
- 57.** Evaluate the following statements:
- I. Redundancy management involves downsizing and restructuring.
  - II. Redundancy management prioritizes employee well-being.
- (A) Both I and II are true                      (B) Only I is true  
(C) Only II is true                                      (D) Neither I nor II is true
- 58.** Evaluate the following statements:
- I. Emotional intelligence involves managing emotions.
  - II. Emotional intelligence is essential for effective leadership.
- (A) Only I is true                                      (B) Only II is true  
(C) Both I and II are true                      (D) Neither I nor II is true
- 59.** Which management approach prioritizes?
- I. Efficiency and productivity.
  - II. Employee satisfaction.
- (A) Classical Theory                                      (B) Neo-Classical Theory  
(C) Modern Management Theory                      (D) Human Relations Theory
- 60.** Evaluate the following statements:
- I. Total Quality Management (TQM) emphasizes continuous improvement.
  - II. Six Sigma methodology reduces defects.
  - III. Lean management enhances efficiency.
- (A) I, II, and III are true                      (B) Only I and II are true  
(C) Only I and III are true                      (D) Only II and III are true

**61.** Consider the following statements :

- (i) A budget is a mechanism to plan for the firm's operations and resources
- (ii) Budget should quantify the revenues to be realized from products/services and the expenses to be incurred on goods/services used in generating revenues.
- (iii) A budget is a comprehensive and coordinated plan expressed in non-monetary terms.

Which of the above statement is/are correct with regard to budget?

- (A) Statement (i) and (ii)
- (B) Statement (ii) and (iii)
- (C) Statement (i) and (iii)
- (D) Statement (i), (ii) and (iii)

**62.** Which of the following is not considered as a component of operating budget?

- (A) Purchase Budget
- (B) Sales Budget
- (C) Cash Budget
- (D) Direct Labour Budget

**63.** Consider the following statement:

- (i) Accept the project if its Internal Rate of Return is higher than the opportunity cost of capital
- (ii) Accept the project if its Internal Rate of Return is lower than the opportunity cost of capital
- (iii) The decision maker may indifferent if the Internal Rate of Return is equal to the opportunity cost of capital.

Which of the above statement is/are correct regarding the acceptance or rejection rule of Independent Projects using the Internal Rate of Return as an investment evaluation criteria?

- (A) Statement (i) and (ii)
- (B) Statement (i) and (iii)
- (C) Statement (ii) and (iii)
- (D) Statement (i), (ii) and (iii)

**64.** Consider the following statements:

- (i) In mutually exclusive project, accept the project with the highest positive Net Present Value.
- (ii) In independent project, if Net Present Value exceeds zero, reject the project.
- (iii) Zero Net Present Value implies that the firm is indifferent to accepting or rejecting the project.

Which of the above statement is/are not correct?

- (A) Statement (i) only
- (B) Statement (ii) only
- (C) Statement (iii) only
- (D) Statement (i), (ii) and (iii)

65. Profitability Index is calculated by:
- Initial cash outlay ÷ Present value of net cash inflows
  - Net profit ÷ Initial cash outlay
  - Initial cash outlay ÷ Net Profit
  - Present value of net cash inflows ÷ Initial cash outlay
66. Consider the following statements:
- Net Present Value measures absolute value while Internal Rate of Return measures Rate of Return.
  - The project with positive Net Present Value will have profitability index greater than one.
  - If the Discount rate is less than Internal Rate of Return, then the project has negative Net Present Value.
- Which of the above statement is/are not correct with regard to Investment evaluation criteria?
- Statement (i) only
  - Statement (ii) only
  - Statement (iii) only
  - Statement (i), (ii) and (iii)
67. Cash Rs.10,000:  
Inventory Rs.12,000  
Accounts Payables Rs.15,000  
Accounts Receivables Rs.8,000  
Then, the Net Working Capital is
- Rs. 5,000
  - Rs. 15,000
  - Rs. 21,000
  - Rs. 20,000
68. Inventory Conversion Period is 85 days:  
Payable Deferral Period is 36 days  
Receivable Collection Period is 28 days  
then, Cash Conversion Cycle Period is
- 77 Days
  - 121 Days
  - 93 Days
  - 113 Days
69. Which of the following statement is correct regarding Commercial Paper issue in India?
- RBI introduced the Commercial paper scheme in India in 1984.
  - Commercial papers can be issued in denominations of Rs. 2 Lakhs or multiples thereof.
  - All eligible participants of Commercial papers must not obtain Credit rating for issuance of commercial paper from the Credit Rating Agencies.
  - The tangible net worth of the issuing company as per the latest audited balance sheet is not less than Rs.4 Crores.

70. Which of the following is considered as an informal and spontaneous source of finance?
- (A) Trade Credit (B) Commercial Paper  
(C) Certificate of Deposit (D) Bank Credit
71. Which of the following is not an element of audit risk?
- (A) Inherent risk (B) Control risk  
(C) Detection risk (D) Financial risk
72. A system where the auditor takes up his work of checking the books of accounts and other related documents only at the end of the accounting period is known as:
- (A) Internal audit (B) Continuous audit  
(C) Periodical audit (D) Partial audit
73. The process of verifying documentary evidence that supports and substantiates transactions is known as:
- (A) Internal check (B) Vouching  
(C) Posting (D) Surprise checking
74. Match List I with List II and choose correct combination from the following codes:
- | List I               | List II  |
|----------------------|--|
| (i) Internal control | (a) An arrangement of the duties of the staff members of the accounting functions in such a way that the work performed by a person is automatically checked by another. |
| (ii) Internal check  | (b) Audit is conducted in between two annual audits  |
| (iii) Internal audit | (c) Various methods and procedures adopted for the control of production, distribution and whole system (financial and non-financial) of the enterprise.                 |
| (iv) Interim audit   | (d) Independent appraisal of activity within an organization for the review of accounting, financial and other business practices.                                       |
- (A) i- d, ii- c, iii - a, iv- a (B) i-b, ii-d, iii-c, iv-a  
(C) i- a, ii - b, iii - c, iv - d (D) i- c, ii - a, iii - d. iv - b
75. An independent assessment or examination of the extent to which an organization, programme or scheme operates economically, efficiently is known as:
- (A) Performance audit (B) Financial audit  
(C) Management audit (D) Compliance audit

76. An audit report in which there is no qualified or adverse opinion or disclaimer of opinion in the report is known as:
- (A) Qualified report (B) Adverse report  
(C) Piecemeal report (D) Clean report
77. In case of subsequent auditor for existing government companies in India, auditor is appointed by:
- (A) Comptroller and Auditor General of India  
(B) General Body Meeting  
(C) Board of Directors  
(D) Public Accounts Committee
78. Which of the following statement is correct regarding company audit?
- (A) An auditor has no right to attend in the general body meeting of the company  
(B) An auditor cannot access at all times to the books of accounts and vouchers.  
(C) A body corporate except LLP is eligible for appoint as an auditor.  
(D) An auditor shall make report to the members of the company on the accounts examined by him.
79. In auditing, CAAT stands for:
- (A) Cost Accounting and Auditing Technique  
(B) Company Accounts and Audit Technique  
(C) Computer Assisted Audit Technique  
(D) Computer Assisted Accounting Technique
80. A detailed plan of work, prepared by the auditor, for carrying out an audit is known as:
- (A) Audit working papers (B) Audit Programme  
(C) Audit Memorandum (D) Audit Note Book
81. The Foreign Exchange Management Act (FEMA) came into effect from :
- (A) January 1, 1973 (B) January 1, 1999  
(C) January 1, 2000 (D) April 1, 2000
82. Which of the following statement is/are correct about international monetary system?
- (i) The First phase of international currency system was the Bretton Woods system (1944-71)  
(ii) During Bretton Woods system the gold standard system was used to determine the values of national currencies.
- (A) Only (i) (B) Only (ii)  
(C) (i) and (ii) (D) Neither (i) nor (ii)

83. The Marshall – Lerner condition is associated with which approach to Balance of Payment?
- (A) Elasticity Approach (B) Absorption Approach  
(C) Monetary Approach (D) None of the above
84. Which of the following statement is / are correct about the value of currency options?
- (i) At any point of time the value of a currency option can never be negative.  
(ii) On exercise date the option value must be equal the greater of zero and the intrinsic value of the option.
- (A) Only (i) (B) Only (ii)  
(C) (i) and (ii) (D) Neither (i) nor (ii)
85. \_\_\_\_\_ is a single, summary statistical measure of possible loss in value of the portfolio due to normal market movements in the underlying risk factors over a given time horizon.
- (A) Beta (B) Standard Deviation  
(C) Covariance (D) Value at Risk
86. To give recommendations regarding capital account convertibility, RBI appointed a committee under the chairmanship of :
- (A) Rangarajan (B) S.S. Tharapore  
(C) Y.V. Reddy (D) M. Narasimham
87. Which of the following statement is / are correct about “exposure netting” technique of managing foreign exchange risk?
- (i) A firm can offset a long position in a currency with a short position in that same currency.  
(ii) If the exchange rate movements of two currencies are positively correlated, then the firm can offset a long position in one currency with a short position in the other currency.  
(iii) If the currency movements are negatively correlated, then short (or long) positions can be used to offset each other.
- (A) Only (ii) and (iii)  
(B) Only (i) and (ii)  
(C) All of the above (i), (ii) and (iii)  
(D) Only (i) and (iii)

88. Which of the following is an international reserve asset created by IMF in 1969 to support the Bretton Woods fixed exchange rate system?
- (A) Sovereign Wealth Funds (SWFs)      (B) Special Drawing Rights (SDRs)  
(C) Global Depository Receipt (GDR)      (D) Eurocurrency Reserve
89. Which of the following statement is / are correct about Balance of Payment (BOP)?
- (i) A capital account surplus arises when the import of capital is larger than the export of capital  
(ii) A surplus in the capital account indicates a country's strength.
- (A) Only (i)      (B) Only (ii)  
(C) (i) and (ii)      (D) Neither (i) nor (ii)
90. In a currency swap, two parties exchange principal and interest payments in different currencies. Which of the following is NOT a primary reason for companies to enter into a currency swap agreement?
- (A) To hedge against foreign exchange rate risk  
(B) To obtain financing in a foreign currency at a more favourable rate  
(C) To avoid making any payments on borrowed funds  
(D) To match foreign currency cash flows with liabilities in the same currency
91. In a portfolio, the risk reduction is greater when the security returns are :
- (A) negatively correlated      (B) positively correlated  
(C) uncorrelated      (D) all of the above
92. The variability in EPS due to the presence of debt in the capital structure of a company is referred to as :
- (A) Business risk      (B) Interest rate risk  
(C) Financial risk      (D) Systematic risk
93. The portfolios lying between the global minimum variance portfolio and the maximum return portfolio on the efficient frontier represents:
- (A) Inefficient portfolios      (B) Efficient portfolios  
(C) Aggressive portfolios      (D) Defensive portfolios
94. A stock has beta less than 1.0, then which of the following statements are true?
- (A) Variability in its returns would be comparatively lesser than the market variability.  
(B) Variability in its returns would be more volatile than the market returns.  
(C) Stock return moves in line with the market return.  
(D) All of the above

95. Two securities P and Q ,with expected returns of 10 percent and 15 percent respectively, and standard deviation of 30 percent and 50 percent respectively. Calculate the variance of the portfolio weighted equally between the two securities if their correlation is 1:
- (A) 1500 (B) 1600  
(C) 1200 (D) 1000
96. \_\_\_\_\_ is the statistical measure that indicates the interactive risk of a security relative to others in a portfolio of securities:
- (A) Beta (B) Standard deviation  
(C) Variance (D) Covariance
97. Which of the following statements are correct?
- (i) SML and CML postulates linear relationship between risk and return.  
(ii) CML is the basis of the capital asset pricing model.  
(iii) CML is valid only for efficient portfolios.  
(iv) Risk defined in SML is systematic risk.
- (A) (i) and (ii) (B) (i), (iii) and (iv)  
(C) (i) and (iii) (D) All of the above
98. The risk premium in CAPM is the excess of :
- (A) market return over risk free return  
(B) realized return over expected return  
(C) realized return over theoretical return  
(D) realized return over risk free return
99. Which of the following statements are true?
- (i) Beta is the measure of the variability of that asset relative to the variability of the market as a whole.  
(ii) For calculation of beta, the return of the individual security is taken as the dependent variable and the return of the market index as independent variable.  
(iii) Beta is an index of the systematic risk of an asset.  
(iv) Beta is calculated from historical data of returns to measure the systematic risk of a security.
- (A) (i) and (ii) (B) (i),(ii) and (iv)  
(C) (i) and (iii) (D) All of the above
100. Variability in return caused due to cost push inflation is a case of :
- (A) Systematic risk (B) Unsystematic risk  
(C) Business risk (D) Financial risk



**SPACE FOR ROUGH WORK**

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