

MCQs

**International Finance
305-Fin (2019 Pat)**

Sr. No.	Question	Answer
1	<p>Which of the following is not seen as an advantage of the gold standard?</p> <p>A. For a given stock of gold, a rise in real money supply can only occur if the price level declines.</p> <p>B. Inflation is unlikely to emerge as a significant problem.</p> <p>C. No country needs to serve at the centre of this fixed exchange rate system.</p> <p>D. The monetary mechanism has credibility.</p>	A
2	<p>The Bretton Woods System is referred to as the "gold exchange standard" because...</p> <p>A. ...it replaced sterling which had been the silver exchange standard.</p> <p>B. ..gold was the fundamental standard of value based on the ability of the US to maintain the parity of \$35 per ounce.</p> <p>C. ...all central banks exchanged their foreign exchange reserves for gold to become members of the system.</p> <p>D. ...gold could be exchanged between countries, all other capital was controlled.</p>	B
3	<p>The functions of the International Monetary Fund include all of the following except...</p> <p>A. ...to provide emergency loans to countries facing balance of payments problems</p> <p>B. ...to monitor macroeconomic developments continuously in member countries.</p> <p>C. ...to serve as the world central bank.</p> <p>D. ...to provide a line of credit for each member country.</p>	C
4	<p>Which of the following best describes the existing legacy of structural adjustment policies?</p> <p>A. Structural adjustment policies have been largely successful in achieving their aims of macroeconomic security in the developing world.</p> <p>B. The neoliberal principles on which structural adjustment policies have been based have proven well suited to promoting human welfare in developing countries.</p> <p>C. Neoliberal based adjustment policies have caused great and unnecessary hardship in developing countries and there is still no evidence they achieved their objectives for macroeconomic stability and growth.</p> <p>D. There is significant evidence that structural adjustment policies have promoted economic growth and macroeconomic stability in the countries in which they were applied</p>	C.

5	<p>Which of the following are economic objectives of IMF adjustment policies?</p> <p>A. Devaluation to promote exports and reduce demand for imports by raising their prices.</p> <p>B. Tighter monetary and credit policies with higher interest rates to reduce overall demand, and thus demand for imports; to limit or reduce the rate of inflation.</p> <p>C. All of the above.</p> <p>D. Public spending cuts to reduce the budget deficit and slow the growth of government debt.</p>	C.
6	<p>What, according to Classical economic theory, was the purpose of Mercantilism in the 18th century?</p> <p>A. Mercantilism was a means by which to strengthen the sovereign state, and inherently linked to international conflict.</p> <p>B. Mercantilism was a means by which to promote societal security for the populations of states.</p> <p>C. Mercantilism was a route to increasing imports and transnational trade.</p> <p>D. Mercantilism was not a significant economic theory until after the 18th century.</p>	A.
7	<p>How have the World Bank and International Monetary Fund, as international financial institutions (IFIs), affected the development of poorer countries?</p> <p>A. Financial policies advocated by the World Bank and IMF were readily adopted by developing countries that sought to bring their economic development into line with wealthier nations. The IFIs focus has been on achieving human security and the promotion of development at a societal level.</p> <p>B. Through the implementation of specific financial policies adopted at the bequest of global financial institutions, many developing countries have gained economic prosperity and the correlating levels of human security.</p> <p>C. The World Bank and IMF tend to operate in an economic arena that includes only major financial institutions and wealthy states; coupled with a respect for sovereignty, the scope of such institutions does not reach to interference in national politics.</p> <p>D. IFIs identified the economic failings of developing countries as being the result of political problems. Thus, IFIs adopted an approach that involved</p>	D.

	political and economic restructuring of these states, coercing governments into the adoption of specific financial policies designed to promote debt repayment and economic development.	
8	<p>Which of the following statements best describes our understanding of the term 'globalization'?</p> <p>A. Globalization refers to the process by which shared hegemonic values pervade societies across the globe, drawing them into an ideological community, most often based on the economic principles of capitalism.</p> <p>B. Best described as intensification of worldwide social relations and increasing interdependence, globalization is the result of the compression of space and time through the development of new technologies.</p> <p>C. Globalization is best described as the 'shrinking' of the global community, drawing people into closer contact with one another primarily at the economic and technical levels. This process began in the early 20th century and was based on the ideological expeditions that originated from western Europe.</p> <p>D. Globalization has occurred since the 1980s, originating in Western Europe as a centre of political power and technological advancement. The process is a direct result of technological advancement in communications and travel industries that facilitate the efficient transportation of physical objects, people and ideas across the globe.</p>	B.
9	<p>In the context of globalization, how can we best define the term 'development'?</p> <p>A. The term development refers to the human condition in which there is freedom from fear and want; there are sufficient resources to sustain life and this life can exist in a state free from the threat, or perceived threat, of sudden interruption.</p> <p>B. To be considered as developed, a nation must have achieved certain economic and political status within the global state system; the criterion for what constitutes a 'developed' state is thus defined by those requirements of interaction in this system.</p> <p>C. Development is a means to address the inequalities that accompany neoliberal globalization. In this context, development refers to the ability of a population or community to effectively utilize resources and increase efficiency in production and distribution, promoting the more equitable distribution of income within society.</p> <p>D. Development of a community refers to the ideological and ethical value systems to which its population subscribes. In the globalised international system this refers to the adoption of western liberal democratic ideology and free market economics.</p>	C.
10	<p>The commonly accepted goal of the MNC is to:</p> <p>A. maximize short-term earnings.</p> <p>B. maximize shareholder wealth.</p> <p>C. minimize risk.</p> <p>D. A and C.</p>	B
11	are most commonly classified as a direct foreign investment.	A

	<ul style="list-style-type: none"> A. Foreign acquisitions B. Licensing agreements C. Purchases of international stocks D. Exporting transactions 	
12	<p>An increase in the current account deficit will place _____ pressure on the home currency value, other things equal.</p> <ul style="list-style-type: none"> A. upward B. downward C. no D. upward or downward (depending on the size of the deficit) 	B
13	<p>Which of the following would likely have the least direct influence on a country's current account?</p> <ul style="list-style-type: none"> A. inflation B. national income C. exchange rates D. a tax on income earned from foreign stocks 	D
14	<p>A General Agreement on Tariffs and Trade (GATT) accord in 1993 called for</p> <ul style="list-style-type: none"> A. increased trade restrictions outside of North America. B. lower trade restrictions around the world C. uniform environmental standards around the world D. uniform worker health laws 	B
15	<p>is (are) income received by investors on foreign investments in financial assets (securities).</p> <ul style="list-style-type: none"> A. Portfolio income B. Direct foreign income C. Unilateral transfers D. Factor income 	D
16	<p>Assume that a bank's bid rate on Swiss francs is £0.25 and its ask rate is £0.26. Its bid-ask percentage spread is:</p> <ul style="list-style-type: none"> A. 4.00% B. 4.26% C. about 3.85% D. about 4.17% 	C
17	<p>The forward rate is the exchange rate used for immediate exchange of currencies.</p> <ul style="list-style-type: none"> A. TRUE B. FALSE C. NA D. Can't say 	B
18	<p>From 1944 to 1971, the exchange rate between any two currencies was typically:</p> <ul style="list-style-type: none"> A. fixed within narrow boundaries B. floating, but subject to central bank intervention C. floating, and not subject to central bank intervention 	A

	D. nonexistent; that is currencies were not exchanged, but gold was used to pay for all foreign transactions	
19	<p>Futures contracts are typically _____; forward contracts are typically _____.</p> <ul style="list-style-type: none"> A. sold on an exchange; sold on an exchange B. offered by commercial banks; sold on an exchange C. sold on an exchange; offered by commercial banks D. offered by commercial banks; offered by commercial banks 	C
20	<p>Which of the following are true regarding the options markets?</p> <ul style="list-style-type: none"> A. Hedgers and speculators both attempt to lower risk. B. Hedgers attempt to lower risk, while speculators attempt to make riskless profits. C. Hedgers and speculators are both necessary in order for the market to be liquid. D. all of the above 	C
21	<p>Which of the following is true of options?</p> <ul style="list-style-type: none"> A. The writer decides whether the option will be exercised. B. The writer pays the buyer the option premium. C. The buyer decides if the option will be exercised. D. More than one of these. 	C
22	<p>The purchase of a currency put option would be appropriate for which of the following?</p> <ul style="list-style-type: none"> A. Investors who expect to buy a foreign bond in one month. B. Corporations who expect to buy foreign currency to finance foreign subsidiaries. C. Corporations who expect to collect on a foreign account receivable in one month. D. all of the above 	B
23	<p>The exchange rate mechanism (ERM) crisis in 1992 represents the _____ in German interest rates that caused other European interest rates to _____, and resulted in less aggregate spending.</p> <ul style="list-style-type: none"> A. increase; increase B. increase; decrease C. decrease; decrease D. decrease; increase 	A
24	<p>Currency options are only traded on exchanges. That is, there is no over-the-counter market for options.</p> <ul style="list-style-type: none"> A. TRUE B. FALSE C. NA D. Full information has not provided. 	B
25	<p>A primary result of the Bretton Woods Agreement was:</p> <ul style="list-style-type: none"> A. the establishment of the European Monetary System (EMS). B. establishing specific rules for when tariffs and quotas could be imposed by governments. C. establishing that exchange rates of most major currencies were to be 	C

	<p>allowed to fluctuate 1% above or below their initially set values.</p> <p>D. establishing that exchange rates of most major currencies were to be allowed to fluctuate freely without boundaries (although the central banks did have the right to intervene when necessary).</p>	
26	<p>Due to _____, market forces should realign the relationship between the interest rate differential of two currencies and the forward premium (or discount) on the forward exchange rate between the two currencies.</p> <p>A. forward realignment arbitrage B. triangular arbitrage C. covered interest arbitrage D. locational arbitrage</p>	C
27	<p>Based on interest rate parity, the larger the degree by which the foreign interest rate exceeds the UK interest rate, the:</p> <p>A. larger will be the forward discount of the foreign currency. B. larger will be the forward premium of the foreign currency. C. smaller will be the forward premium of the foreign currency. D. smaller will be the forward discount of the foreign currency</p>	A
28	<p>If interest rate parity (IRP) exists, then the rate of return achieved from covered interest arbitrage should be equal to the rate available in the foreign country.</p> <p>A. TRUE B. FALSE C. NA D. Full information has not provided.</p>	B
29	<p>Assume a two-country world: Country A and Country B. Which of the following is correct about purchasing power parity (PPP) as related to these two countries?</p> <p>A. If Country A's inflation rate exceeds Country B's inflation rate, Country A's currency will weaken. B. If Country A's interest rate exceeds Country B's inflation rate, Country A's currency will weaken. C. If Country A's interest rate exceeds Country B's inflation rate, Country A's currency will strengthen. D. If Country B's inflation rate exceeds Country A's inflation rate, Country A's currency will weaken.</p>	A
30	<p>Which of the following forecasting techniques would best represent the use of today's forward exchange rate to forecast the future exchange rate?</p> <p>A. fundamental forecasting B. market-based forecasting C. technical forecasting D. mixed forecasting</p>	B
31	<p>If a particular currency is consistently declining substantially over time, then a market-based forecast will usually have:</p> <p>A. underestimated the future exchange rates over time B. overestimated the future exchange rates over time C. forecasted future exchange rates accurately</p>	B

	D. forecasted future exchange rates inaccurately but without any bias toward consistent underestimating or overestimating	
32	Which of the following is not a forecasting technique mentioned in text? A. accounting-based forecasting B. technical forecasting C. fundamental forecasting D. market-based forecasting	A
33	If a foreign country's interest rate is similar to the UK rate, the forward rate premium or discount will be _____, meaning that the forward rate and spot rate will provide _____ forecasts. A. substantial; similar B. substantial; very different C. close to zero; similar D. close to zero; very different	C
34	Factors such as economic growth, inflation, and interest rates are an integral part of _____ forecasting. A. technical B. fundamental C. market-based D. none of the above	B
35	Foreign exchange markets appear to be strong-form efficient A. True B. False C. NA D. Can't say	B
36	If a particular currency is consistently declining substantially over time, then a market-based forecast will usually have: A. underestimated the future exchange rates over time B. overestimated the future exchange rates over time C. forecasted future exchange rates accurately D. forecasted future exchange rates inaccurately but without any bias toward consistent underestimating or overestimating	B
37	Which of the following is true according to the text? A. Forecasts in recent years have been very accurate. B. Use of the absolute forecast error as a percent of the realized value is a good measure to use in detecting a forecast bias C. Forecasting errors are smaller when focused on longer term periods D. None of the above	D
38	The balance of payments summarizes the transactions that occur during a given time period between A. the government of one country and the government of another country B. the national government and local governments in the same country C. individuals, firms, and government of one country and individuals, firms, and governments throughout the rest of the world	C

	D. none of the above	
39	<p>The balance of payments is a</p> <p>A. flow variable measuring only transactions which involve payments of money</p> <p>B. flow variable measuring all economic transactions, even if no exchange of money occurs</p> <p>C. flow variable which is in equilibrium only when exports equal imports</p> <p>D. none of the above</p>	B
40	<p>The Purchasing Power Parity (PPP) theory is a good predictor of</p> <p>A. the long-run tendencies between changes in the price level and the exchange rate of two countries</p> <p>B. interest rate differentials between two countries when there are strong barriers preventing trade between the two countries</p> <p>C. All of the above</p> <p>D. none of the above</p>	A
41	<p>According to the Purchasing Power Parity (PPP) theory</p> <p>A. Exchange rates between two national currencies will adjust daily to reflect price level differences in the two countries</p> <p>B. In the long run, inflation rates in different countries will equalize around the world</p> <p>C. In the long run, the exchange rates between two national currencies will reflect price-level differences in the two countries</p> <p>D. none of the above</p>	C
42	<p>Interest-rate parity refers to the concept that, where market imperfections are few</p> <p>A. the same goods must sell for the same price across countries.</p> <p>B. interest rates across countries will eventually be the same.</p> <p>C. there is an offsetting relationship between interest rate differentials and differentials in the forward spot exchange market.</p> <p>D. "there is an offsetting relationship provided by costs and revenues in similar market environments</p>	C
43	<p>The forward market is especially well-suited to offer hedging protection against</p> <p>A. translation risk exposure.</p> <p>B. transactions risk exposure</p> <p>C. political risk exposure</p> <p>D. taxation</p>	B
44	<p>"If inflation goes up in the India relative to other countries, its currency value is expected to"</p> <p>A. fall</p> <p>B. may increase or decrease</p> <p>C. increase</p> <p>D. remain the same</p>	A
45	Interest-rate parity refers to the concept that, where market	B

	<p>A. Same goods must sell for the same price across countries B. Real interest rates across countries will eventually be the same C. Nominal interest rate across countries will be eventually the same D. Bank fixed deposits rate for similar maturity will be same.</p>	
46	<p>An investment that is hedged against transaction foreign exchange risk is said to be A. covered B. exposed C. risky D. arbitrated</p>	A
47	<p>Interest rate parity _____ opportunities for covered interest arbitrage. A. precludes B. increases C. decreases D. does not affect</p>	C
48	<p>A higher _____ in one country indicates the fact that the country's currency was expected to depreciate. A. nominal interest rate B. level of deflation C. expected real rate of return D. PPP</p>	A
49	<p>Special drawing rights are not A. a credit line allocated by the IMF to member countries according to each country's quota. B. backed by US dollars C. the IMF's unit of account. D. a basket of four currencies</p>	B
50	<p>If inflation goes up in the India relative to other countries, its currency value is expected to A. fall B. may increase or decrease C. increase D. remain the same</p>	A
51	<p>According to the International Fisher effect, if investors in all countries require the same real rate of return, the differential in nominal interest rates between any two countries: A. No difference B. Real rate of return cannot be same C. Governed by the change in exchange rate between these two countries D. Because of difference in inflation rate</p>	D
52	<p>Forecasting techniques that do not rely directly on the predictions embodied in forward rates and interest rates can be split into two main categories: A. fundamental analysis and technical analysis B. fundamental analysis and chartist analysis C. macroeconomic analysis and technical analysis</p>	A

	D. macroeconomic analysis and chartist analysis	
53	<p>The fatal flaw of the Bretton Woods system was that</p> <p>A. sterling was overvalued and the French franc was undervalued leading to a loss of gold reserves by Great Britain.</p> <p>B. the growth of the global economy brought with it a demand for dollars to be held as international reserves that exceeded the US gold reserve</p> <p>C. the World Bank was underfunded by member central banks.</p> <p>D. it was too weak to survive simultaneous speculative attacks on the Italian and UK currencies in 1992.</p>	B
54	<p>The functions of the International Monetary Fund include all of the following except</p> <p>A. to provide emergency loans to countries facing balance of payments problems.</p> <p>B. to monitor macroeconomic developments continuously in member countries.</p> <p>C. to serve as the world central bank.</p> <p>D. to provide a line of credit for each member country</p>	C
55	<p>If the USD fixed deposit rate for 1 year is deposit rate is 3% per year while Pound Sterling fixed deposit rate is 6% per year, by how much Pound Sterling is expected to devalue in the coming year?</p> <p>A. 2.00%</p> <p>B. 0.30%</p> <p>C. 3.00%</p> <p>D. 2.90%</p>	D
56	<p>Interest-rate parity refers to the concept that, where market</p> <p>A. Same goods must sell for the same price across countries.</p> <p>B. Real interest rates across countries will eventually be the same.</p> <p>C. Nominal interest rate across countries will be eventually the same</p> <p>D. Bank fixed deposits rate for similar maturity will be same</p>	B
57	<p>The currency used to buy imported goods is</p> <p>A. the currency of a third country</p> <p>B. the buyer's home currency</p> <p>C. special drawing rights</p> <p>D. the seller's home currency</p>	D
58	<p>"Which of the following statements is correct?</p> <p>I. The exchange rate is a price.</p> <p>II. The exchange rate is different from other prices because it is NOT determined by supply and demand."</p> <p>A. only I</p> <p>B. only II</p> <p>C. I and II</p> <p>D. neither I nor II</p>	A
59	<p>"When the value of one currency falls relative to another currency, the exchange rate for the first currency has"</p> <p>A. revalued</p> <p>B. depreciated</p>	B

	<p>C. appreciated D. demanded</p>	
60	<p>"Suppose that the exchange rate between the dollar and the peso changed from 6 pesos per dollar to 8 pesos per dollar. This change means that the</p> <p>A. peso appreciated B. peso depreciated C. dollar depreciated D. Both answers A and B are correct</p>	B
61	<p>"Suppose the exchange rate of the U.S. dollar was 1.00 euro = \$0.50 on Thursday, and on Friday the exchange rate was \$1.00 = 2.10 euros. Which of the following best explains what has happened between Thursday and Friday?"</p> <p>A. The U.S. dollar depreciated against the euro. B. The U.S. dollar appreciated against the euro. C. The euro appreciated against the U.S. dollar. D. Both answers B and C are correct.</p>	B
62	<p>With everything else the same, in the foreign exchange market</p> <p>A. the higher the exchange rate, the cheaper are U.S.-produced goods and services. B. the lower the exchange rate, the smaller is the expected profit from buying dollars C. larger the value of U.S. exports, the greater is the quantity of dollars demanded D. lower the exchange rate, the smaller the amount of U.S. exports</p>	C
63	<p>When the U.S. exchange rate rises, foreign goods become _____ and U.S. imports_____.</p> <p>A. more expensive; decrease B. less expensive; decrease C. more expensive; increase D. less expensive; increase</p>	D
64	<p>"If the exchange rate between the dollar and Japanese yen is below the equilibrium exchange rate, there will be a _____ of dollars, and the exchange rate will_____."</p> <p>A. shortage; change only when the supply curve shifts leftward B. shortage; rise to the equilibrium level C. surplus; fall to the equilibrium level D. surplus; rise to the equilibrium level</p>	B
65	<p>"Important factors that change the demand for dollars and shift the demand curve for dollars include which of the following?</p> <p>I. Interest rates around the world. II. The current exchange rate. III. The expected future exchange rate."</p> <p>A. II only</p>	C

	<p>B. I, II, and III C. I and III D. I and II</p>	
66	<p>"Which of the following exchange rate policies uses a target exchange rate, but allows the target to change?" A. fixed exchange rate B. flexible exchange rate C. crawling peg D. moving target</p>	C
67	<p>Arbitrageurs in foreign exchange markets: A. make their profits through the spread between bid and offer rates of exchange. B. take advantage of the small inconsistencies that develop between markets. C. need foreign exchange in order to buy foreign goods. D. attempt to make profits by outguessing the market.</p>	B
68	<p>Covered interest rate parity occurs as the result of: A. the actions of market-makers. B. purchasing power parity C. interest rate arbitrage. D. stabilising speculation</p>	C
69	<p>Which of the following best explains the fact that interest rates on the euro are lower than those on the pound? A. Unemployment is higher in the eurozone than in the UK. B. Inflationary expectations are higher in the UK than in the eurozone C. British markets are offshore from mainland Europe. D. The euro is a weaker currency than sterling</p>	B
70	<p>The balance of payments accounts includes the A. non-performing account B. export bank account C. current account D. exim bank account</p>	C
71	<p>In part, a country's current account measures A. its current debt as opposed to its long-term debt. B. "receipts from the sale of goods and services to foreigners and payments for goods and services bought from foreigners." C. net increases and decreases in a country's holdings of foreign currency. D. borrowing and lending activity between the country's residents and foreigners.</p>	B
72	<p>"In the foreign exchange market, the _____ of one country is traded for the _____ of another country." A. currency; currency B. currency; financial instruments C. currency; goods</p>	A

	D. goods; goods	
73	<p>"Which of the following apply to exchange rates?</p> <p>I. The exchange rate is a price.</p> <p>II. The exchange rate for a currency depends on which foreign exchange market you use.</p> <p>III. The foreign exchange rate is different from other prices because it is NOT determined by supply and demand."</p> <p>A. I B. II and III C. I, II, and III D. I and II</p>	A
74	<p>"The foreign exchange rate is the price at which the _____ of one country exchanges for the of another country."</p> <p>A. currency; goods B. currency; financial instruments C. currency; currency D. goods; goods</p>	C
75	<p>"In the foreign exchange market, which of the following results in a movement along the supply curve of dollars?"</p> <p>A. a change in the U.S. interest rate B. a change in the expected future exchange rate C. a change in the current exchange rate D. None of the above answers are correct</p>	C
76	<p>"Which of the following is a factor that determines the amount of dollars supplied in the foreign exchange market?"</p> <p>A. the exchange rates B. interest rates in foreign countries C. U.S. interest rate D. All of the above affect the number of dollars supplied in the foreign exchange market.</p>	D
77	<p>Global bond market consists of all bonds sold by issued companies, governments, or other firms</p> <p>A. within their own countries B. outside their own countries C. to London banks D. to developing nations only</p>	B
78	<p>More instability in currency is called as</p> <p>A. country risk B. financial risk C. currency risk D. liquidity risk</p>	C
79	<p>Foreign bonds issued in Japan are known</p> <p>A. bulldog bonds</p>	D

	<p>B. dragon bonds C. Yankee bonds D. samurai bonds</p>	
80	<p>Largest number of buyers and sellers, greater the A. liquidity B. speculation C. hedging D. forward rate</p>	A
81	<p>Differences in nominal interest rates are removed in exchange rate is A. fisher effect B. Leontief paradox. C. Combined equilibrium theory. D. purchasing power parity</p>	A
82	<p>Simplicity with which bondholders and shareholders can change their investments into cash is known A. barter B. hedging C. arbitrage D. liquidity</p>	D
83	<p>Eurobonds are admired because A. They are less risky than traditional bonds B. European companies are considered very stable C. of absence of government regulation D. they are always denominated in euro</p>	C
84	<p>Bid quote is for A. seller B. buyer C. hedger D. speculator</p>	B
85	<p>Bid-ask spread in foreign exchange market is the A. price of currency in foreign exchange market B. difference between bid and ask quotes for a currency C. price at which a bank will buy a currency D. price a bank will pay for a currency</p>	B
86	<p>Not aim of international capital market is A. preserving hard currencies to finance trade deficits B. reducing cost of money to borrowers C. reducing investor risk D. expanding money supply for borrowers</p>	A
87	<p>Which of following causes do investors employ foreign exchange market? A. currency hedging B. currency speculation C. currency conversion D. all of above</p>	D
88	<p>In 1944 international accord is recognized as A. Breton Wood Agreement</p>	A

	<p>B. Exchange Agreement C. International Trade D. Fisher Effect</p>	
89	<p>If a company agreement today for several future date of real currency exchange, they will be building use of a A. stock rate B. stock rate C. futures rate D. forward rate</p>	D
90	<p>International Money Market is for about A. 2 years B. 3 years C. 5 years D. 1 years</p>	D
91	<p>Case of foreign exchange A. Exchange of claims denominated in another currency. B. exchange of bank deposits C. Exchange of cash issued by a foreign central bank. D. All of above.</p>	D
92	<p>Gold standard introduced in A. 1913 B. 1990 C. 1876 D. 1944</p>	C
93	<p>Market in which currencies buy and sell and their prices settle on is called the A. Eurocurrency market B. International capital market C. International bond market D. Foreign exchange market</p>	D
94	<p>International capital market A. innovative financial instruments B. information technology C. deregulation D. foreign exchange rates</p>	A
95	<p>Q. 21 International capital market A. limits available set of lending opportunities B. increases overall portfolio risk for investors C. allows investors to reduce risk by holding international A. securities whose price move independently D. is easily accessible to everyone</p>	C
96	<p>Ask quote is for A. seller B. buyer C. hedger D. speculator</p>	A

97	<p>A firm that purpose to connect sellers and buyers of foreign currency denominated bank deposits is entitled</p> <p>A. a wholesaler B. a broker C. a bank D. an investor</p>	B
98	<p>A simultaneous purchase and sale of foreign exchange for two different dates</p> <p>A. currency devalue B. currency swap C. currency valuation D. currency exchange</p>	B
99	<p>If your local currency is in variable form and foreign currency is in fixed form quotation will be:</p> <p>A. indirect B. direct C. local form D. foreign form</p>	B
100	<p>In a quote exchange rate, currency that is to be purchase with another currency is called:</p> <p>A. liquid currency B. foreign currency C. local currency D. base currency</p>	D
101	<p>Holding an inventory have</p> <p>A. buying cost B. selling cost C. opportunity cost D. exchange rate risk</p>	C
102	<p>Today, important factor that result in augmentation in international bond market is</p> <p>A. low interest rates B. high interest rates C. moderate interest rates D. all of above</p>	A
103	<p>Governments enforce currency limitations to</p> <p>A. protect a currency from speculators B. keep resident individuals and businesses from investing in other nations C. preserve hard currencies to finance trade deficits or repay debts A. D. all of above</p>	D
104	<p>In primary markets, the first time issued shares to be publicly traded, in stock markets is considered as</p> <p>A. traded offering B. public markets C. issuance offering D. initial public offering</p>	D
105	<p>The exchange markets and over the counter markets are considered as two</p>	C

	<p>types of</p> <ul style="list-style-type: none"> A. floating market B. risky market C. secondary market D. primary market 	
106	<p>The current market price of common stock is \$15 and the conversion rate received on conversion is \$320 to calculate</p> <ul style="list-style-type: none"> A. \$3,800 B. \$2,800 C. \$4,800 D. \$5,800 	C
107	<p>The transaction cost of trading of financial instruments in centralized market is classified as</p> <ul style="list-style-type: none"> A. flexible costs B. low transaction costs C. high transaction costs D. constant costs 	B
108	<p>The bonds that are backed by cash flow from project and are sold to finance particular project are classified as</p> <ul style="list-style-type: none"> A. finance bonds B. revenue bonds C. financing bonds D. project bonds 	B
109	<p>The equation that shows the relationship between expected inflation, real interest rates, and nominal interest rates is called the</p> <ul style="list-style-type: none"> A. interest rate parity equation. B. Fisher equation. C. GDP deflator. D. net inflation index. 	B
110	<p>Which of the following is not an example of a frequently used Euro-instrument?</p> <ul style="list-style-type: none"> A. Eurobond B. Euro note C. Euro stock D. Euro commercial paper 	C
111	<p>When was IMF established?</p> <ul style="list-style-type: none"> A. Dec. 27, 1945 B. Jan. 30, 1947 C. Jan.1, 1946 D. Sept. 24, 1947 	A
112	<p>Export of goods is called trade in:</p> <ul style="list-style-type: none"> A. Visible goods B. Invisible goods C. Basic goods D. Non-real good 	B
113	<p>It helps countries to meet deficit in balance of payments:</p>	A

	<p>A. IMF B. WTO C. World Bank D. UNO</p>	
114	<p>Balance of payments of a country includes: A. Balance of trade B. Capital receipts and payments C. Saving and investment account D. Both (a) and (b)</p>	D
115	<p>Foreign Exchange transactions involve monetary transactions A. among residents of the same country B. between residents of two countries only C. between residents of two or more countries D. among residents of at least three countries</p>	B
116	<p>Under FEMA, the RBI has been authorised to make -----to carry out the provisions of the Act. A. rules B. regulations C. both rules and regulations D. notifications</p>	B
117	<p>The international parity conditions consist of A. CIRP and UIRP only B. UIRP, PPP, and the Fisher hypothesis only C. UIRP, PPP, CIRP, and the Fisher hypothesis only D. CIRP, UIRP, PPP, Mac PPP, and the Fisher hypothesis only</p>	C
118	<p>'Non-resident Bank Accounts' refer to A. nostro account B. vostro account C. accounts opened in offshore centres D. none of the above</p>	B
119	<p>Non-resident bank accounts are maintained in A. the permitted currencies B. the currency of the country of the bank maintaining the account C. the currencies in which FCNR accounts are permitted to be maintained D. Indian Rupee</p>	D
120	<p>The statutory basis for administration of foreign exchange in India is A. Foreign Exchange Regulation Act, 1973 B. Conservation of foreign Exchange and Prevention of Smuggling Act. C. Foreign Exchange Management Act, 1999 D. Exchange Control Manual</p>	C

121	<p>Full-fledged money changers are authorized to undertake</p> <p>A. only sale transactions B. only purchase transactions C. all types of foreign exchange transactions D. purchase and sale of foreign currency notes, coins and travellers' cheques</p>	D
122	<p>The acronym FEDAI stands for</p> <p>A. Foreign Exchange Dealers' Association of India B. Federal Export Dealers' Association of India C. Fixed Earners' Draft Agreement on Interest D. None of the above</p>	A
123	<p>An authorised person under FEMA does not include</p> <p>A. an authorised dealer B. an authorised money changer C. an off-shore banking unit D. an exchange broker</p>	D
124	<p>The authorised dealers under FEMA are classified into -----categories</p> <p>A. Three B. one C. two D. four</p>	A
125	<p>The term 'loro account' means</p> <p>A. our account with you B. your account with us C. their account with them D. none of the above</p>	C
126	<p>The term 'Nostro account' means</p> <p>A. our account with you B. your account with us C. their account with them D. none of the above</p>	A
127	<p>The term 'Vostro account' means</p> <p>A. our account with you B. your account with us C. their account with them D. none of the above</p>	B
128	<p>The market forces influencing the exchange rate are not fully operational under</p> <p>A. floating exchange rate system B. speculative attack on the market C. fixed exchange rate system D. current regulations of IMF</p>	C
129	<p>According to classification by IMF, the currency system of India falls under</p> <p>A. managed floating B. independently floating C. crawling peg</p>	A

	D. pegged to basket of currencies	
130	Under fixed exchange rate system, the currency rate in the market is maintained through A. official intervention B. rationing of foreign exchange C. centralising all foreign exchange operations with central bank of the country D. none of the above	A
131	The reduction in the value of a currency due to market forces is known as A. revaluation B. depreciation C. appreciation D. inflation	B
132	The largest foreign exchange market in the world is A. Newyork B. London C. Japan D. Swiss	B
133	Foreign exchange market is considered 24 hours market because A. it is open all through the day B. all transactions are to be settled with in 24 hours C. due to geographical dispersal at least one market is active at any point of time D. minimum 24 hours must lapse before any transaction is settled	C
134	The major players in the foreign exchange market are A. commercial banks B. corporates C. exchange brokers D. central bank of the country and the central government	A
135	Speculation in foreign exchange market refers to A. buying or selling of currencies in large volumes B. booking of forward contracts without intention to execute C. buying or selling with a view to make profits from movement in rates D. buying or selling with a view to making riskless profits	C
136	Arbitrageur in a foreign exchange market A. buys when the currency is low and sells when it is high B. buys and sells simultaneously the currency with a view to making riskless profit C. sells the currency when he has a receivable in future D. buys or sells to make advantage of market imperfections	B
137	The acronym SWIFT stands for A. Safety Width in Financial Transactions B. Society for Worldwide International Financial Telecommunication	C

	<p>C. Society for Worldwide Interbank Financial Telecommunication</p> <p>D. Swift Worldwide Information for Financial Transactions</p>	
138	<p>Indirect rate in foreign exchange means -</p> <p>A. the rate quoted with the units of home currency kept fixed</p> <p>B. the rate quoted with units of foreign currency kept fixed</p> <p>C. the rate quoted in terms of a third currency</p> <p>D. none of the above</p>	A
139	<p>Indirect rate of exchange is quoted in India for -</p> <p>A. sale of foreign travellers' cheque</p> <p>B. sale of rupee travellers' cheques</p> <p>C. purchase of personal cheques</p> <p>D. none of the above</p>	D
140	<p>In direct quotation, the unit kept constant is -</p> <p>A. the local currency</p> <p>B. the foreign currency</p> <p>C. the subsidiary currency</p> <p>D. none of the above</p>	B
141	<p>The maxim 'buy low; sell high' is applicable for</p> <p>A. quotation of pound-sterling</p> <p>B. indirect rates</p> <p>C. direct rates</p> <p>D. US dollars</p>	C
142	<p>In Mumbai, US Dollar is quoted as under: USD 1 = Rs.43.6725/6875. It means</p> <p>A. The buying rate is Rs.43.6725 and selling rate is Rs.43.6875.</p> <p>B. The buying rate is Rs.43.6875 and selling rate is Rs.43.6725</p> <p>C. The dollar is appreciating in value.</p> <p>D. The dollar is depreciating in value</p>	A
143	<p>In foreign exchange markets, 'American Quotation' refers to</p> <p>A. quotation by a US based bank</p> <p>B. quotation in New York foreign exchange market</p> <p>C. quotation in which the value of foreign currency is expressed per US dollar.</p> <p>D. quotation in which the value of US dollar is expressed per unit of foreign currency</p>	D
144	<p>Forward margin is</p> <p>A. the profit on forward contract</p> <p>B. commission payable to exchange brokers.</p> <p>C. difference between the spot rate and forward rate</p> <p>D. none of the above</p>	C
145	<p>In the following quote: Spot USD 1 = Rs.45.6500/650 Spot September 100/150 September forward buying rate for dollar is</p> <p>A. Rs.45.6800</p> <p>B. Rs.45.6600</p> <p>C. Rs.45.7500</p>	B

	D. Rs.45.6500	
146	<p>The transaction where the exchange of currencies takes place two days after the date of the contract is known as</p> <p>A. ready transaction B. value today C. spot transactions D. value tomorrow</p>	C
147	<p>The transaction where the exchange of currencies takes place on the same date is known as</p> <p>A. tom B. ready transaction C. spot transactions D. value tomorrow</p>	B
148	<p>A Transaction in which the currencies to be exchanged the next day of the transaction is known as</p> <p>A. ready transaction B. value today C. spot transactions D. Value tomorrow</p>	D
149	<p>The transaction in which the exchange of currencies takes place at a specified future date, subsequent to the spot date is known as a</p> <p>A. swap transaction B. forward transaction C. future transaction D. non-deliverable forwards</p>	B
150	<p>One-month forward contract entered into on 22nd March will fall due on</p> <p>A. 21th April B. 22nd April C. 23rd April D. 24th April</p>	D
151	<p>Which of the following statements is true?</p> <p>A. Exchange exposure leads to exchange risk B. exchange risk leads to exchange exposure C. exchange exposure and exchange risk are unrelated D. none of the above</p>	A
152	<p>A currency future is not</p> <p>A. traded on futures exchanges B. a special type of forward contract C. of standard size D. available in India</p>	D
153	<p>Normally forward purchase contract booked should be used by the customer</p> <p>A. for executing the export order for which the contract was booked B. for any export order from the same buyer C. for any export order for the same commodity D. for any export order</p>	A
154	<p>The bank should verify the letter of credit/sale contract for booking a</p>	B

	<p>A. Forward sale contract B. Forward purchase contract C. Cancelling a forward contract D. None of the above</p>	
155	<p>Under the forward exchange contract A. the exchange rate is determined on the future date A. B. the parties agree to meet at a future date for finalisation C. delivery of foreign exchange is done on a predetermined B. future date D. none of the above</p>	C
156	<p>The term risk in business refers to A. chance of losing business B. chance of making losses C. uncertainty associated with expected event leading to losses or gains D. threat from competitors</p>	C
157	<p>Derivatives can be used by an exporter for managing A. currency risk B. cargo risk C. credit risk D. all the above</p>	A
158	<p>Indirect quotation is also known as A. home currency quotation B. foreign currency quotation C. European quotation D. American quotation</p>	B
159	<p>In indirect quotation the principle adopted by the bank is to A. buy low only B. buy low; sell high C. buy high; sell low D. sell low only</p>	C
160	<p>In direct quotation the principle adopted by the bank is to A. buy low only B. buy low; sell high C. buy high; sell low D. sell low only</p>	B
161	<p>Direct quotation is also known as A. home currency quotation B. foreign currency quotation C. currency quotation D. American quotation</p>	A
162	<p>The difference between buying rate and selling rate is the gross profit for the bank and is known as the A. bid rate B. offer rate C. spread</p>	C

	D. swap	
163	The selling rate is also known as A. bid rate B. offer rate C. spread D. swap	B
164	The buying rate is also known as the A. bid rate B. offer rate C. spread D. swap	A
165	Which of the following is not contained in the notes to the financial statements under IAS 1? A. Measurement basis used B. A statement of compliance with IFRS C. Details of specific accounting policies used D. Numbers of employees	D
166	What is the term used to describe the time between the acquisition of assets for processing and their realization in cash or cash equivalents? A. Processing cycle B. Turnover C. Operating cycle D. Turnaround	C
167	Under IAS 1, which of the following must be disclosed on the face of the statement of financial position? A. Property, Plant and Equipment B. Biological Assets C. Provisions D. All of the above	D
168	Which sections of an annual report do IFRSs apply to? A. Management report B. Financial statements C. Auditors report D. Entire annual report	B
169	Which of the following is true? A. IAS 1 stipulates the order in which items should be presented B. IAS 1 stipulates that material items that are different in nature must be presented separately C. IAS 1 stipulates that material items may be aggregated D. None of the above	B
170	How many formats are permitted for income and expense items under IAS 1? A. One B. Two C. Three	B

	D. Four	
171	<p>Where should extraordinary items appear in an entity's Statement of Comprehensive Income?</p> <p>A. Other Comprehensive Income B. Income Statement C. Notes D. Nowhere</p>	D
172	<p>Which of the following is not a component of a Statement of Financial Position?</p> <p>A. Non-current assets B. Retained Earnings C. Cost of goods sold D. Deferred tax</p>	C
173	<p>Which of the following is not a requirement in the financial statements under IAS 1</p> <p>A. Name of the entity B. Chairman's commentary on performance C. The accounting periods D. Presentation currency</p>	B
174	<p>An entity shall recognise revenue to depict the transfer of promised goods or services to customers in the _____ amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. subscription who will be personally liable</p> <p>A. Net B. Residual C. Gross D. Cumulative</p>	C
175	<p>Which of the following is an exception for application of IFRS 15?</p> <p>A. Lease contracts B. Insurance contracts C. Pharmaceutical contracts D. A and B</p>	D
176	<p>According to IFRS 15, the asset is transferred to a customer</p> <p>A. When the asset is physically delivered to the customers premises B. On the day specified by a contract with the customer C. When the customer obtains control over it. D. On the day when the entity satisfies all performance obligations, specified in the contract with the customer</p>	C
177	<p>Changes in accounting policy are considered in depth in:</p> <p>A. IAS 1 B. IAS 8 C. IAS 10 A. D. IAS 18</p>	A
178	<p>A change in accounting policy is allowed when</p> <p>A. An entity decides to change the method of accounting it uses.</p>	C

	<p>B. An entity finds a better method for accounting for something which results in increased profits.</p> <p>C. A new standard is issued suggesting a new way of accounting</p> <p>D. Applying a new way of accounting for a transaction which was not used in the past because the item was immaterial.</p>	
179	<p>Under IAS 16 how often should the useful life of an asset be reviewed?</p> <p>A. At least at each financial year end</p> <p>B. Every six months</p> <p>C. At managements discretion</p> <p>D. Never</p>	A
180	<p>Under IAS 16 if an asset is idle</p> <p>A. Depreciation is paused</p> <p>B. Depreciation for the entire period does not apply</p> <p>C. Depreciation is ignored</p> <p>D. Depreciation continues</p>	D
181	<p>Which of these is an allowable cost of an asset under IAS 16?</p> <p>A. General overheads</p> <p>B. Professional fees</p> <p>C. Administration expenses</p> <p>D. General overheads</p>	B
182	<p>What is the net amount an entity expects to obtain for an asset at the end of its useful life?</p> <p>A. Depreciated value</p> <p>B. Residual value</p> <p>C. Present value</p> <p>D. Fair value</p>	B
183	<p>Under IAS 16, which of the following is not allowable as a directly attributable cost of a machine?</p> <p>A. Delivery</p> <p>B. Site preparation</p> <p>C. Estimated dismantling costs</p> <p>D. Initial test batches</p>	D
184	<p>What is the amount an asset could achieve if sold between knowledgeable, willing parties in an arm's length transaction?</p> <p>A. Current value</p> <p>B. Net present value</p> <p>C. Written down value</p> <p>D. Fair value</p>	D
185	<p>A company purchases land with an office building. The building has a useful life of 20 years. How should the land be depreciated?</p> <p>A. Depreciate over useful life of the land</p> <p>B. Don't depreciate the land</p> <p>C. Valid</p> <p>D. None of these</p>	B
186	<p>Which of the following is covered by IAS 16 Property, Plant and Equipment?</p>	A

	<ul style="list-style-type: none"> A. Office buildings B. Assets held for sale C. Exploration assets D. Biological assets related to agricultural activity 	
187	<p>Which of the following disclosures is not required when an asset is revalued?</p> <ul style="list-style-type: none"> A. Name of valuer B. Revaluation surplus C. Effective date of revaluation D. Whether valuer was independent 	A
188	<p>Under IAS 16, which two subsequent accounting treatments are allowed subsequently to initial recognition?</p> <ul style="list-style-type: none"> A. Cost model and present value model B. Cost model and revaluation model C. Fair value model and revaluation model D. Fair value model and cost model 	B
189	<p>When an asset is sold or disposed of, where is the gain or loss recognised?</p> <ul style="list-style-type: none"> A. Asset disposal account B. Profit and loss C. Revaluation reserve D. Depreciation 	B
190	<p>Which of the following is not a component of cost of an asset?</p> <ul style="list-style-type: none"> A. Purchase price B. Refundable sales tax C. Import duties D. Estimate of compulsory future dismantling cost 	B
191	<p>A change in depreciation method is a</p> <ul style="list-style-type: none"> A. Change in accounting policy B. Change in accounting estimate C. Change in accounting method D. Change in accounting standard 	B
192	<p>When an item of property, plant and equipment is revalued, what should be revalued?</p> <ul style="list-style-type: none"> A. A selection of assets decided by management B. A selection of assets picked at random C. The whole class of assets to which it belongs D. The individual asset 	C
193	<p>Under IAS 16, if assets are exchanged in an arm's length, commercial transaction, their value will be measured at</p> <ul style="list-style-type: none"> A. Written down value B. Fair value C. Carrying value D. Net present value 	B
194	<p>Which of the following is not an asset that falls under the scope of IAS 16?</p> <ul style="list-style-type: none"> A. Assets held for sale in the normal course of business B. Tangible assets C. Assets expected to be used for more than one period 	A

	D. Assets held for the production or supply of goods or services	
195	How should an asset be initially recognised in the financial statements? A. Measure at market value B. Measure at cost C. Measure at net realisable value D. Measure at fair value	B
196	Where is the amortisation of an intangible asset recognised? A. Equity B. Profit or Loss C. Statement of Financial Position D. Statement of Cash Flows	B
197	What is the initial recognition measurement of an intangible asset? A. Fair value B. Net present value C. Cost D. Market value	C
198	When an intangible asset is sold, the gain or loss is recognised A. in Equity B. in the Profit or Loss C. in the Statement of Financial Position D. in the Statement of Cash Flows	B
199	Which of the following is not a requirement to capitalise development costs under IAS 38 Intangible Assets? A. The commercial feasibility for the asset may be uncertain B. It must be technically feasible C. The entity intends to sell the completed intangible asset D. The entity can demonstrate how the asset will generate future economic benefits	A
200	An intangible asset with a finite useful life should be amortised over A. A period determined by management B. Five years C. Its expected useful life D. No foreseeable limit	C
201	What are intangible assets? A. Nonmonetary assets without physical substance B. Monetary assets without physical substance C. Monetary assets with physical substance D. Nonmonetary assets with physical substance	A
202	How often should the useful life of an intangible asset with a finite useful life be reviewed? A. Every year B. Every six months C. Every five years D. At managements discretion	A
203	Which of the following is an intangible asset under IAS 38? A. Patent rights	A

	<p>B. Market share C. Customer loyalty D. Technical knowledge training</p>	
204	<p>Which of the following measurement models is not permitted for the subsequent measurement of intangible assets under IAS 38? A. Revaluation model B. Fair value model C. Cost model D. Capital Assets pricing model</p>	D
205	<p>Which of the following is not an example of an intangible asset? A. Cash in bank B. Customer lists C. Trademarks s D. Software patents</p>	A
206	<p>Which of the following is not an example of investment property? A. Land held for undetermined future use B. Property leased to another entity under an operating lease C. Property leased to another entity under a finance lease D. Property being constructed for future use as an investment property</p>	C
207	<p>If an entity wishes to change from a cost model to fair value model under IAS 40 Investment Property, when may it do so? A. When a change will result in a more appropriate presentation B. When the board of directors approves a change C. When the value of the assets will improve with a revised model D. When the market for these properties is fluctuation</p>	A
208	<p>If an entity uses part of a building for their own use, and rents the remainder. How should this be treated? A. All as investment property under IAS 40 Investment Property B. All under IAS 16 Property Plant and Equipment C. Account for separately under IAS 16 Property Plant and Equipment and IAS 40 Investment Property D. None of these</p>	C
209	<p>An investment property should initially be measured at A. Cost B. Market value C. Fair value D. Net realisable value</p>	A
210	<p>Which of the following is not a transfer from or to investment property under IAS 40 A. Commencement of owner occupation B. End of construction of development C. Commencement of development with a view to sale D. Transfer from undetermined use to an operating lease</p>	D

211	<p>Under IAS 36 what is the recoverable amount of an asset?</p> <p>A. The lower of its cost and net realisable value B. The higher of fair value less costs of disposal and value in use. C. The lower of net present value and cost D. The higher of net present value and cost</p>	B
212	<p>How often should a cash generating unit to which goodwill has been assigned, be tested for impairment?</p> <p>A. Every year B. At managements discretion C. Every six months D. As often as practicable</p>	A
213	<p>What is the treatment of an impairment loss under IAS 36?</p> <p>A. Record it in Equity under Revaluations B. Write it off against profit over a defined period agreed by management C. Record a liability in the SOFP for Impairment losses D. Write it off against profit immediately</p>	D
214	<p>Which of the following is not permitted as a cost to sell under IAS 36?</p> <p>A. Cost to dismantle machine B. Standard wages for employees C. Auctioneers fees D. Transport costs for machine</p>	B
215	<p>Which of the following is not covered by IAS 36 Impairment?</p> <p>A. Inventory B. Property, Plant and Equipment C. Motor Vehicles D. Intangible assets</p>	A
216	<p>What is the correct treatment for all eligible borrowing costs under IAS 23?</p> <p>A. Expensed B. Capitalised C. Invested D. None of the above</p>	B
217	<p>Which of the following is not a qualifying asset under IAS 23 Borrowing Costs?</p> <p>A. Manufacturing plants B. Made to order inventory C. Mass produced inventory D. Investment property</p>	C
218	<p>Which of the following is not covered by IAS 20 Government Grants?</p> <p>A. Employment grants B. Subsidised loans C. Forgivable loans D. Tax breaks</p>	D
219	<p>If an entity receives a non-monetary asset as a grant, this is accounted for at</p> <p>A. Market value B. Present value</p>	D

	<p>C. Discounted value D. Fair value</p>	
220	<p>Which of the following disclosures is not a requirement of IAS 20?</p> <p>A. Accounting policy adopted for grants B. Current grant applications in process C. Nature and extent of grants recognised in the financial statements D. Unfulfilled conditions, contingencies attaching to recognised grants</p>	B
221	<p>Grants should be recognised at</p> <p>A. Net realisable value B. Current value C. Fair value D. Market value</p>	C
222	<p>Which of the following items should be disclosed as per the requirements of IAS 2?</p> <p>A. Carrying amount of inventories pledged as security for liabilities B. Average lead time of procurement for major classes of inventories C. List of major customers to whom the inventories were sold during the reporting period D. Average holding period of inventories of the entity as at the end of the reporting period</p>	A
224	<p>Which of the following items are excluded from the scope of IAS 2 Inventories?</p> <p>A. Inventories that are stated at Net Realisable Value B. Assets held for sale in the ordinary course of business C. Inventories whose fair value is more than the cost D. Agricultural produce at the point of harvest</p>	D
225	<p>Under IAS 2, fixed production overheads should be allocated to items of inventory on the basis of ____ production capacity.</p> <p>A. Actual B. Abnormal C. Normal D. Estimated</p>	C
226	<p>Inventory excludes</p> <p>A. Finished goods produced B. Goods purchased for resale C. Raw materials D. Construction works in progress</p>	D
227	<p>Which of the following costs must be expensed under IAS 2?</p> <p>A. Selling and distribution overheads incurred in the ordinary course of business B. Variable production overheads that are allocated to each unit based on actual usage</p>	A

	<p>C. Import duties on raw materials that are paid to the authorities</p> <p>D. Costs of purchase that are paid to the suppliers of raw materials</p>	
228	<p>An entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at</p> <p>A. Its deemed cost and use that deemed cost as its fair value at that date</p> <p>B. Its amortised cost and use that amortised cost as its deemed cost at that date</p> <p>C. Its historical cost and use that historical cost as its fair value at that date</p> <p>D. Its fair value and use that fair value as its deemed cost at that date</p>	D
229	<p>How does an entity adopt IFRSs for the first time?</p> <p>A. By reporting on its financial position, financial performance and cash flows in accordance with IFRSs</p> <p>B. By issuing its first financial statements in which the entity adopts IFRSs, by an explicit and unreserved statement of compliance with IFRSs</p> <p>C. By reporting on its financial position, financial performance and cash flows in accordance with national requirements, which do not contradict IFRSs</p> <p>D. By issuing its first financial statements in accordance with national requirements, which contain explicit and unreserved statement of compliance with IFRSs</p>	B
230	<p>Which of the following does IFRS 1 require an entity to do in the opening IFRS statement of financial position that it prepares as a starting point for its accounting under IFRSs?</p> <p>A. Recognise all assets and liabilities whose recognition is required by IFRSs</p> <p>B. Not recognise items as assets or liabilities if IFRSs do not permit such recognition</p> <p>C. Apply IFRSs in measuring all recognised assets and</p> <p>D. All of the above</p>	D
231	<p>Which of the following is the starting point for an entity accounting in accordance with IFRSs?</p> <p>A. The date when the decision about adopting IFRS has been made</p> <p>B. The date of issuance of the first financial statement in accordance with IFRS</p> <p>C. The date of transition to IFRSs</p> <p>D. The date when the explicit and unreserved statement of compliance with IFRSs has been made</p>	C
232	<p>Does IFRS 8 allow an entity to combine information about operating segments into one reportable segment?</p> <p>A. Yes, if the operating segments have similar economic characteristics</p> <p>B. Yes, if the operating segments share the majority of the aggregation criteria listed in this IFRS</p> <p>C. Yes, if the operating segments do not meet the quantitative thresholds</p> <p>D. All of the above</p>	D
233	<p>An entity may elect to measure an item of property, plant and equipment at</p>	D

	<p>the date of transition to IFRSs at _____ message or document</p> <p>A. Its deemed cost and use that deemed cost as its fair value at that date B. Its amortised cost and use that amortised cost as its deemed cost at that date C. Its historical cost and use that historical cost as its fair value at that date D. Its fair value and use that fair value as its deemed cost at that date</p>	
234	<p>A parent leases an office building to a subsidiary. In which financial statements will the property appear as investment property?</p> <p>A. Parent company B. Subsidiary C. Consolidated financial statements D. None of these</p>	A
235	<p>According to IAS 21, a foreign operation can be:</p> <p>A. a subsidiary B. a joint venture C. a branch D. all of the above</p>	D
236	<p>Which of the following is the type of currency which the financial statements of the group are not presented in? denial of service or other attacks by malicious hackers, who demand money in return for promising to stop the attacks</p> <p>A. Local currency B. Functional currency C. Presentation currency D. None of the above</p>	A
237	<p>According to which IAS are dividends paid at the spot rate?</p> <p>A. IAS 20 B. IAS 21 C. IAS 22 D. None of these</p>	B
238	<p>In which financial statement is foreign currency mainly disclosed?</p> <p>A. Statement of comprehensive income B. Statement of financial position C. Statement of cash flows D. None of the above</p>	C
239	<p>The recoverable amount of an asset is defined as</p> <p>A. 1. The assets resale value. B. 2. Its value to the firm as it is stored away in the warehouse. C. C. 3. Its value to the firm for internal use D. 1 and 2 only</p>	D
240	<p>Capitalisation is only started when</p> <p>A. Costs are being incurred for the asset law B. Borrowing costs are being incurred C. Action is being taken to prepare the asset for use of sale D. None of these</p>	B
241	<p>The International Accounting Standards Committee was established in</p>	B

	<p>A. 1976 B. 1973 C. 1982 D. 2009</p>	
242	<p>The process of converting foreign-subsiary financial statements into the home currency is known as A. Reconstruction B. Transmission C. Consolidation D. Transaction</p>	D
243	<p>The global key professional accounting body is A. The Financial Accounting Standards Board B. The International Accounting Standards Committee C. The Institute of Chartered Accountants of India D. The International Accounting Standards Board</p>	D
244	<p>Accounting in India is governed by the A. RBI B. Company law Board C. Income tax department D. ICAI</p>	D
245	<p>The convergence of the Indian Accounting Standards with IFRS began in A. April 2010 B. April 2012 C. April 2015 D. April 2000</p>	C
246	<p>Ind AS will apply to A. both consolidated as well as standalone financials of the company B. Only consolidated financials C. Only standalone financials D. Optional</p>	A
247	<p>Total Number of IAS which are notified as of date? government services A. 40 B. 41 C. 42 D. 43</p>	B
248	<p>Total Number of IFRSs which are notified as of date? A. 16 B. 17 C. 18 D. 19</p>	B
249	<p>Total Number of IFRIC Interpretations which are notified as of date? A. 23 B. 24 C. 25 D. 26</p>	A
250	<p>Which of the following countries have conceptual frameworks for</p>	D



DNYANSAGAR INSTITUTE OF MANAGEMENT AND RESEARCH

<p>accounting?</p> <ul style="list-style-type: none">A. IndiaB. SingaporeC. CanadaD. All the Above	
--	--

