Hailey College of Commerce
SAMPLE QUESTIONS
Entry Test: M. Phil. & M. Com (18 years)

These questions and content may or may not be representative of questions you may see in the entrance test. They are meant for the help of the candidates and in no way are a full representative of level of difficulty or exact type of questions or number of questions that will be given in the entrance test.

The test will contain MCQs of 9 different categories as given below and, in addition, may have an essay type question that requires the students to write a comprehensive answer. The total duration of the test is 60 minutes and total number of questions will be 100.

For the convenience of the candidates, the answers to the MCQs are given in bold. On the test day, candidates will be required to fill an appropriate circle on an answer sheet depending on the correct answer. Only lead pencil is allowed. A specimen of answer sheet can be found with this sample test.

Section I: English Language Skills including verbal ability
1. Which word DOES NOT have a similar meaning to OUTCOME?
   a. Affect
   b. Result
   c. upshot
   d. Effect
   e. Product

The following passage is taken from an online encyclopedia. Read it and answer the following question (You may be asked to answer several questions from a bit longer passage):
Reading comprehension is defined as the level of understanding of writing. Proficient reading depends on the ability to recognize words quickly and effortlessly. If word recognition is difficult, students use too much of their processing capacity to read individual words, which interferes with their ability to comprehend what is read. Many educators believe that students need to learn to analyze text (comprehend it) even before they can read it on their own, and comprehension instruction generally begins in pre-Kindergarten or Kindergarten. But some other educators consider this reading approach to be completely backward for very young students, arguing that the students must learn how to decode the words in a story through phonics before they can analyze the story itself.

   2. Reading comprehension test helps to gauge the level of
      a. How students understand English
      b. How students understand written English
      c. How students understand writings in the language under consideration
      d. Ability of speaking a language
      e. Understanding very difficult words and phrases

Section 2: General Knowledge (General, Commerce, Current affairs)

3. The Prime minister of the UK is
   a. Tony Blair
   b. Gordon Brown
   c. David Cameron
   d. Barack Obama
   e. John Major
4. The International financial statistics is a compilation of financial data issued by
   a. The World Bank
   b. IMF
   c. New York Stock Exchange
   d. WTO
   e. UNO

5. Rupee is a currency of
   a. Pakistan only
   b. Two countries
   c. Three countries
   d. Four countries
   e. More than four countries

Section 3: Accounting (Basic principles, cost accounting, financial accounting, managerial accounting etc.)

6. Which of the following equations properly represents a derivation of the fundamental accounting equation?
   a. Assets + liabilities = owner’s equity.
   b. Assets = owner’s equity.
   c. Cash = assets.
   d. Assets - liabilities = owner’s equity.
   e. Cash = Assets + owner’s equity

7. The trading securities owned by a company are:
   a. reported on the balance sheet as a current asset.
   b. reported on the balance sheet as a noncurrent asset.
   c. reported on the balance sheet as a contra-equity account.
   d. reported on the balance sheet as a reduction of liabilities.
   e. Reported no where

8. Financial statement ratio analysis may be undertaken to study liquidity, turnover, profitability, and other indicators. To which does the current ratio most relate?
   a. Liquidity
   b. Turnover
   c. Profitability
   d. Other indicator
   e. none of the above

9. Machine lubricant used on processing equipment in a manufacturing plant would be classified as a:
   a. period cost/manufacturing overhead.
   b. period cost/SG&A.
   c. product cost/manufacturing overhead.
   d. product cost/SG&A.
   e. none of the above
10. The appropriate journal entry to record the application of overhead in a job costing system involves a debit to Work in Process and a credit to:
   a. Cost of Goods Sold
   b. **Factory Overhead**
   c. Cash
   d. Income Summary
   e. none of the above

**Section 4: Finance (Business finance, corporate/managerial finance, financial mathematics, and financial management)**

11. In case where actual increase or decrease in capital such as drawing and profit is not recorded in capital account, such kind of account is called:
   a. fluctuating capital account
   b. **Fixed capital account**
   c. Current account
   d. all of the above
   e. none of the above

12. Why would a firm generally choose to finance temporary assets with short-term debt?
   a. **Matching the maturities of assets and liabilities reduces risk.**
   b. Short-term interest rates have traditionally been more stable than long-term interest rates.
   c. A firm that borrows heavily long term is more apt to be unable to repay the debt than a firm that borrows heavily short term.
   d. Financing requirements remain constant.
   e. to take risk in order to earn profit

13. Interest rate risk is a type of
   a. Credit risk
   b. **Market risk**
   c. Operational risk
   d. All the above
   e. none of the above

14. Arbitrage is
   a. **Buying and selling in two markets simultaneously**
   b. A rate of interest
   c. A Fee
   d. Arbitrage is a dispute
   e. None of these

**Section 5: Management, Marketing and Human Resource Development**

15. Efficiency refers to
   a. Additive relationship between costs and benefits
   b. **Relationship between inputs and outputs**
   c. Exponential nature of costs and outputs
   d. Increasing outputs regardless of costs
   e. none of the above
16. Organizational culture is similar to an individual's
   a. skills
   b. personality
   c. Motivation
   d. ability
   e. rationality

17. Which one of the following is not the specific goal of human resource management
   a. attracting applicants
   b. retaining employees
   c. separating employees
   d. motivating employees
   e. all of the above

18. Jobs are compensated on the basis of
   a. Job analysis
   b. Job specification
   c. Job description
   d. Job worth
   e. qualification of employee

Section 6: Economics, Banking and International Business

19. The fundamental economic problem faced by all societies is:
   a. Unemployment
   b. inequality
   c. Poverty
   d. scarcity
   e. corruption

20. The demand for a product would be more inelastic:
   a. the greater is the time under consideration
   b. the greater is the number of substitutes available to buyers
   c. the less expensive is the product in relation to incomes
   d. all of the above
   e. none of the above is true

21. Which of the following represents the fisher's equation?
   a. Nominal interest rate = real interest rate + inflation
   b. Nominal interest rate + inflation = real interest rate
   c. Nominal interest rate = real interest rate - inflation
   d. Nominal interest rate = real interest rate / inflation
   e. Real interest rate = nominal interest rate + inflation

22. If there is no guarantee that a bond issuer will make the promised payments, this is known as:
   a. Default risk
   b. Inflation risk
   c. Interest rate risk
   d. Systematic risk
   e. none of the above

Section 7. Research (Statistics, Mathematics & Research Methodology, Research Aptitude)
23. Which of the following statements is INCORRECT about the sampling distribution of the sample mean:
   a. The standard error of the sample mean will decrease as the sample size increases.
   b. The standard error of the sample mean is a measure of the variability of the sample mean among repeated samples.
   c. The sample mean is unbiased for the true (unknown) population mean.
   d. The sampling distribution shows how the sample mean will vary among repeated samples.
   e. The sampling distribution shows how the sample was distributed around the sample mean.

24. While testing a hypothesis, if $\alpha = \text{probability of Type I error}$, then $1 - \alpha$
   a. Probability of rejecting $H_0$ when $H_0$ is true.
   b. Probability of not rejecting $H_0$ when $H_0$ is true.
   c. Probability of not rejecting $H_0$ when $H_A$ is true.
   d. Probability of rejecting $H_0$ when $H_A$ is true.
   e. $1 - \beta$

25. If the correlation between body weight and annual income were high, positive and significant, we could conclude that:
   a. high incomes cause people to eat more food.
   b. low incomes cause people to eat less food.
   c. high income people tend to spend a greater proportion of their income on food than low income people, on average.
   d. high income people tend to be heavier than low income people, on average.
   e. high incomes cause people to gain weight.

Section 8: Quantitative ability

26. If $x < 1$ then:
   a. $x^2 < x$.
   b. $x^3 < x^2$.
   c. $\sqrt{x} > x$.
   d. all of the above hold.
   e. none of the above is valid.

27. If quantity A is the average (arithmetic mean) of $x$ and $y$ and quantity B is the average (arithmetic mean) of $x-1$ and $y+1$
   a. the quantity A is greater than B.
   b. the quantity B is greater than A.
   c. Both quantities A and B are equal.
   d. $x-1$ is always equal to $y+1$.
   e. The relationship cannot be determined from the information given.

Section 9: Analytical ability

28. Mr. X goes either swimming or jogging every day. If it is snowing and windy then he goes swimming. If it is sunny and not windy then he goes jogging. Sometimes it can be snowing and sunny. Which of the following can be true
   a. If it is not sunny and is snowing then he goes swimming.
   b. If it is windy and he does not go swimming then it is not snowing.
   c. If it is windy and not sunny then he goes swimming.
   d. If it is windy and sunny then he goes swimming.
   e. If it is snowing and sunny then he goes swimming.
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**SAMPLE ANSWER SHEET**

**Entry Test (Master of Philosophy in Commerce/ M Com - 18 years)**

You need to fill in the appropriate circle depending on the correct answer. For example, you should fill in circle in column ‘a’ for question number 1. Filling in more than one circle is not allowed. Once you fill a circle, you cannot change your answer. For filling in the answer sheet, only lead pencil is allowed.

In the example below, only question 1 is filled.

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