Enforcement Officer (BS-17), Punjab Revenue Authority — 2026 · Solved Past Paper

Body: Punjab Public Service Commission (PPSC) · **Post:** Enforcement Officer (BS-17), Punjab Revenue Authority · **Year:** 2026 · **Questions:** 100 in the original paper — **100 solved and verified**, none excluded · **Price:** Free

> **How to use this paper:** each question shows the stem, the four options, and the correct answer. Click “Why each option?” under a question to see all four options explained — one question teaches four topics. General Knowledge answers are as of the 2026 sitting.

Source note: GK360, 'Enforcement Officer Past Paper 2026 Solved MCQs' (accessed 11 Nov 2026; 100 stems numbered 1-100, each with a printed key, all 4-option). Every printed key was verified independently (own knowledge + web search for the doubtful items) under the owner's 8 Nov 2026 standard. 0 printed keys corrected; 0 items DEFECTIVE-excluded. Distinct from any live paper — dedup screened: 2 exact hits (generic one-liners Q11/Q13) + 0 first-8 hits; fuzzy max 1 stem >=0.90 vs any single live paper; direct comparison vs held 37ed (Enforcement Officer 2A2024, 50 stems) max 0.64. Case number NOT established from the source and NOT asserted.

Question 1 General Knowledge

Capital of South Korea is:

- A. Busan
- B. Seoul ✓ **Correct answer**
- C. Incheon

A. Busan is South Korea's second city and main port, not its capital.

B. Seoul is the capital and largest city of South Korea.

C. Incheon is a major port city near Seoul, not the capital.

D. Daegu is a large city in the south-east, not the capital.

Question 2 General Knowledge

Who became U.S. President after Donald Trump:

- A. Barack Obama
- B. George Bush
- C. Joe Biden ✓ **Correct answer**
- D. Kamala Harris

A. Barack Obama was President before Donald Trump, from 2009 to 2017.

B. George W. Bush was President from 2001 to 2009, long before Trump.

C. Joe Biden succeeded Donald Trump as U.S. President on 20 January 2021.

D. Kamala Harris was Biden's Vice President; she never became President.

Question 3 General Knowledge

Who was Viceroy at the time of establishment of All India Muslim League:

- A. Lord Curzon
- B. Lord Minto ✓ **Correct answer**
- C. Lord Chelmsford
- D. Lord Harding

A. Lord Curzon was Viceroy from 1899 to 1905, before the Muslim League was founded.

o was Viceroy when the All India Muslim League was founded at Dhaka in December 1906.

C. Lord Chelmsford was Viceroy from 1916 to 1921, a decade after the League's founding.

D. Lord Harding was Viceroy from 1910 to 1916, after the League was founded.

Question 4 General Knowledge

Nehru Report was presented in which year:

- A. 1927
- B. 1928 ✓ **Correct answer**
- C. 1929
- D. 1930

A. In 1927 the All-Parties Conference only resolved to draft a constitution; no report existed yet.

B. The Nehru Report, drafted by a committee under Motilal Nehru, was presented in August 1928.

C. By 1929 the Report had already been presented and was being debated; it was not presented that year.

D. 1930 is the year of the first Round Table Conference, not of the Nehru Report.

Question 5 General Knowledge

What was the name of the Indian military operation to annex Hyderabad in 1948:

- A. Operation Gibraltar
- B. Operation Polo ✓ **Correct answer**
- C. Operation Blue Star
- D. Operation Meghdoot

Gibraltar was Pakistan's 1965 infiltration operation in Kashmir, not the Hyderabad action.

B. Operation Polo was the Indian military operation of September 1948 that annexed Hyderabad.

C. Operation Blue Star was the 1984 Indian Army action at the Golden Temple, Amritsar.

D. Operation Meghdoot was India's 1984 operation to occupy the Siachen Glacier.

Question 6 General Knowledge

Muhammad Bin Qasim defeated:

- A. Raja Puru
- B. Raja Jaipal
- C. Raja Dahir ✓ **Correct answer**
- D. Raja Bhoj

A. Raja Puru (Porus) fought Alexander the Great in 326 BC, centuries before Muhammad bin Qasim.

B. Raja Jaipal was the Hindu Shahi ruler who fought Mahmud of Ghazni, not Muhammad bin Qasim.

C. Muhammad bin Qasim defeated Raja Dahir, the ruler of Sindh, in 712 AD.

D. Raja Bhoj was a Paramara king of Malwa, not the ruler Muhammad bin Qasim defeated.

Question 7 General Knowledge

Which one is not a state of UAE:

- A. Abu Dhabi
- B. Dubai
- C. Bahrain ✓ **Correct answer**

A. Abu Dhabi is the largest emirate of the UAE and its capital.

B. Dubai is one of the seven emirates of the UAE.

C. Bahrain is a separate sovereign kingdom in the Gulf, not an emirate of the UAE.

D. Sharjah is one of the seven emirates of the UAE.

Question 8 General Knowledge

Headquarter of NATO is located in which city:

- A. Paris
- B. Geneva
- C. Brussels ✓ **Correct answer**
- D. London

A. NATO's headquarters was in Paris until 1967, when France left the integrated command and it moved.

B. Geneva hosts the UN and many agencies, but not NATO headquarters.

C. NATO's headquarters is in Brussels, Belgium, where it has been since 1967.

D. London hosts no NATO headquarters; the first NATO headquarters was briefly in London in 1949, but it moved long ago.

Question 9 General Knowledge

Which country does not use Euro currency:

- A. Germany
- B. France
- C. Italy
- D. UK ✓ **Correct answer**

adopted the euro in 1999 (cash from 2002).

B. France adopted the euro in 1999 (cash from 2002).

C. Italy adopted the euro in 1999 (cash from 2002).

D. The United Kingdom never adopted the euro; it kept the pound sterling.

Question 10 General Knowledge

Largest island of the world is known as:

- A. New Guinea
- B. Borneo
- C. Greenland ✓ **Correct answer**
- D. Madagascar

A. New Guinea is the world's second largest island, smaller than Greenland.

B. Borneo is the third largest island in the world.

C. Greenland, at about 2.16 million sq km, is the world's largest island.

D. Madagascar is the world's fourth largest island, much smaller than Greenland.

Question 11 Pakistan Studies

Who was the 3rd Prime Minister of Pakistan:

- A. Liaquat Ali Khan
- B. Khawaja Nazimuddin
- C. Muhammad Ali Bogra ✓ **Correct answer**
- D. Chaudhry Muhammad Ali

A. Liaquat Ali Khan was Pakistan's first Prime Minister (1947–1951).

B. Khawaja Nazimuddin was the second Prime Minister (1951–1953).

ad Ali Bogra was the third Prime Minister of Pakistan (1953–1955).

D. Chaudhry Muhammad Ali was the fourth Prime Minister (1955–1956).

Question 12 Pakistan Studies

Who won the gold medal for Pakistan in Javelin Throw:

- A. Munir Sadiq
- B. Abdul Khaliq
- C. Arshad Nadeem ✓ **Correct answer**
- D. Naseem Hameed

A. Munir Sadiq is not the javelin gold medallist; the name does not belong to this event.

B. Abdul Khaliq was a famous Pakistani sprinter, not a javelin thrower.

C. Arshad Nadeem won the Olympic gold medal in javelin throw for Pakistan at Paris 2024.

D. Naseem Hameed was a Pakistani woman sprinter, not a javelin thrower.

Question 13 Pakistan Studies

The first census in Pakistan was held in:

- A. 1949
- B. 1951 ✓ **Correct answer**
- C. 1956
- D. 1961

A. No census was held in Pakistan in 1949.

B. Pakistan's first census was held in 1951.

C. 1956 is the year of Pakistan's first Constitution, not its first census.

D. The 1961 census was Pakistan's second census, not the first.

14 Pakistan Studies

Under which Article of the Constitution is Urdu declared the National Language:

- A. Article 240
- B. Article 251 ✓ **Correct answer**
- C. Article 270
- D. Article 62

A. Article 240 deals with appointments to service of Pakistan, not language.

B. Article 251 of the 1973 Constitution declares Urdu to be the national language of Pakistan.

C. Article 270 deals with the continuance of existing laws, not language.

D. Article 62 lays down the qualifications for membership of Parliament, not language.

Question 15 Pakistan Studies

In 2025, Pakistan attended the non-permanent council sitting of:

- A. UN General Assembly
- B. UN Human Rights Council
- C. United Nations Security Council ✓ **Correct answer**
- D. International Court of Justice

A. Pakistan is a member of the General Assembly every year; the stem asks about a non-permanent council seat, which is a Security Council term.

B. Pakistan has sat on the Human Rights Council, but the "non-permanent" seat in 2025 was in the Security Council.

C. Pakistan took its seat as a non-permanent member of the UN Security Council for 2025–26 on 1 January 2025.

D. The International Court of Justice is a court, not a council with non-permanent

Question 16 Current Affairs

Pakistan and Saudi Arabia signed the ___ on September 17, 2025:

- A. Strategic Mutual Defense Agreement ✓ **Correct answer**
- B. Trade Expansion Treaty
- C. Energy Security Agreement
- D. Economic Cooperation Pact

A. Pakistan and Saudi Arabia signed the Strategic Mutual Defense Agreement on 17 September 2025 in Riyadh.

B. No treaty of this name was signed on that date.

C. No agreement of this name was signed on that date.

D. No pact of this name was signed on that date.

Question 17 Current Affairs

Who is the current Federal Finance Minister of Pakistan:

- A. Ishaq Dar
- B. Asad Umar
- C. Muhammad Aurangzeb ✓ **Correct answer**
- D. Abdul Hafeez Sheikh

A. Ishaq Dar was Finance Minister earlier and later became Foreign Minister; he was not Finance Minister at the exam date.

B. Asad Umar was Finance Minister in 2018–2019, not at the exam date.

C. Muhammad Aurangzeb has been Federal Finance Minister since March 2024.

D. Abdul Hafeez Sheikh was Finance Minister in 2019–2021, not at the exam date.

18 Current Affairs

Which club won the UEFA Champions League 2024-25:

- A. Barcelona
- B. Real Madrid
- C. Inter Milan
- D. PSG ✓ **Correct answer**

A. Barcelona did not reach the 2025 Champions League final.

B. Real Madrid, the defending champions, were eliminated in the quarter-finals.

C. Inter Milan reached the final but lost 5–0.

D. Paris Saint-Germain won the UEFA Champions League 2024–25, beating Inter Milan 5–0 in the final on 31 May 2025.

Question 19 Current Affairs

Who is the current Governor of Punjab:

- A. Baligh Ur Rehman
- B. Sardar Saleem Haider Khan ✓ **Correct answer**
- C. Chaudhry Sarwar
- D. Rafique Rajwana

A. Baligh Ur Rehman was Governor of Punjab until May 2024.

B. Sardar Saleem Haider Khan has been Governor of Punjab since May 2024.

C. Chaudhry Sarwar was Governor of Punjab from 2018 to 2022.

D. Rafique Rajwana was Governor of Punjab from 2015 to 2018.

20 Everyday Science

Which radioactive isotope of hydrogen is used in nuclear studies:

- A. Protium
- B. Deuterium
- C. Tritium ✓ **Correct answer**
- D. Helium-3

A. Protium (hydrogen-1) is the common, stable isotope of hydrogen, not radioactive.

B. Deuterium (hydrogen-2) is a stable isotope, used as a tracer but not radioactive.

C. Tritium (hydrogen-3) is the radioactive isotope of hydrogen, used in nuclear studies and fusion research.

D. Helium-3 is an isotope of helium, not of hydrogen.

Question 21 Everyday Science

Blood circulation was discovered by:

- A. Louis Pasteur
- B. William Harvey ✓ **Correct answer**
- C. Thomas Edison
- D. Robert Koch

A. Louis Pasteur founded microbiology and germ theory, but did not discover blood circulation.

B. William Harvey described the circulation of blood in 1628 in "De Motu Cordis".

C. Thomas Edison was an inventor of electric light and the phonograph, not a physiologist.

D. Robert Koch identified the bacteria causing tuberculosis and cholera, not blood circulation.

22 Everyday Science

Which one is the outer part of the Earth:

- A. Mantle
- B. Crust ✓ **Correct answer**
- C. Core
- D. Inner core

A. The mantle lies beneath the crust, not at the surface.

B. The crust is the outermost solid layer of the Earth.

C. The core is the innermost part of the Earth, at its centre.

D. The inner core is the solid centre of the Earth, the deepest part of all.

Question 23 Everyday Science

Where is urea formed in the human body:

- A. Kidney
- B. Liver ✓ **Correct answer**
- C. Pancreas
- D. Spleen

A. The kidney excretes urea in urine, but does not form it.

B. Urea is formed in the liver by the urea (ornithine) cycle from ammonia.

C. The pancreas produces insulin and digestive enzymes, not urea.

D. The spleen filters blood and recycles red cells; it does not form urea.

Question 24 Everyday Science

Carbon monoxide has a stronger affinity to bind with which substance in blood:

- B. Haemoglobin ✓ **Correct answer**
- C. Oxygen
- D. Carbon dioxide

A. Carbon monoxide does not bind nitrogen in blood.

B. Carbon monoxide binds haemoglobin about 200–250 times more strongly than oxygen does, forming carboxyhaemoglobin.

C. Carbon monoxide competes with oxygen for haemoglobin; it does not bind oxygen itself.

D. Carbon monoxide does not bind carbon dioxide in blood.

Question 25 Everyday Science

In which area of Pakistan is the largest iron ore reservoir found:

- A. Swat
- B. Chiniot ✓ **Correct answer**
- C. Ziarat
- D. Mianwali

A. Swat is not known for Pakistan's largest iron ore deposit.

B. The Chiniot–Rajoa deposit holds about 250 million tonnes of iron ore, the largest verified resource in Pakistan.

C. Ziarat is known for juniper forests, not iron ore.

D. The Kalabagh deposits in Mianwali are estimated at about 150 million tonnes, smaller than Chiniot's.

26 Computer Science

Caps lock, Num lock are the example of which type of keys:

- A. Function keys
- B. Toggle keys ✓ **Correct answer**
- C. Navigation keys
- D. Control keys

A. Function keys are the F1–F12 keys, not Caps Lock or Num Lock.

B. Caps Lock and Num Lock are toggle keys: each press switches a mode on or off.

C. Navigation keys are the arrow keys, Home, End, Page Up and Page Down.

D. Control keys are keys like Ctrl and Alt, used in combination with other keys.

Question 27 Computer Science

Data transfer between computers through which communication method:

- A. Cable
- B. Router
- C. Protocol ✓ **Correct answer**
- D. Modem

A. A cable is a physical medium, not the communication method or set of rules.

B. A router is a device that forwards data between networks, not the method of transfer.

C. A protocol is the agreed set of rules that governs how data is transferred between computers.

D. A modem is a device that converts signals for transmission, not the method itself.

28 Computer Science

What is the primary function of an operating system:

- A. To create documents and spreadsheets
- B. To manage hardware and software resources ✓ **Correct answer**
- C. To browse the internet
- D. To design computer programs

A. Creating documents is the job of application software, not of the operating system.

B. The operating system's primary function is to manage the processor, memory, files and devices and to run programs.

C. Browsing the internet is done by a browser application, not by the operating system.

D. Designing programs is done by programmers with development tools, not by the operating system.

Question 29 Computer Science

Which shortcut key is used for Centre alignment:

- A. Ctrl+ L
- B. Ctrl+ R
- C. Ctrl+ J
- D. Ctrl+ E ✓ **Correct answer**

A. Ctrl+L is the shortcut for left alignment in MS Word.

B. Ctrl+R is the shortcut for right alignment in MS Word.

C. Ctrl+J is the shortcut for justified alignment in MS Word.

D. Ctrl+E is the shortcut for centre alignment in MS Word.

30 Mathematics

Factorize: x^2 + 16x + 63.

- A. (x + 7)(x + 9) ✓ **Correct answer**
- B. (x + 7)(x + 8)
- C. (x + 6)(x + 9)
- D. (x + 3)(x + 4)

A. (x + 7)(x + 9) = x^2 + 9x + 7x + 63 = x^2 + 16x + 63, which matches the given expression.

B. (x + 7)(x + 8) = x^2 + 15x + 56, not the given expression.

C. (x + 6)(x + 9) = x^2 + 15x + 54, not the given expression.

D. (x + 3)(x + 4) = x^2 + 7x + 12, not the given expression.

Question 31 Mathematics

A high-speed train travels at 200 km/h. If it leaves station A at 12:24 and reaches Station B at 14:12, find the distance.

- A. 320 km
- B. 360 km ✓ **Correct answer**
- C. 400 km
- D. 240 km

A. 320 km would need 1 hour 36 minutes at 200 km/h, not the time given.

B. The journey takes 1 hour 48 minutes = 1.8 hours; 200 × 1.8 = 360 km.

C. 400 km would need exactly 2 hours at 200 km/h, longer than the journey.

D. 240 km would need only 1 hour 12 minutes at 200 km/h, shorter than the journey.

32 Mathematics

If 30 workers make 3000 units in 20 days, working 8 hrs a day, then 32 workers will produce 2000 units, working 10 hrs a day in how many days:

- A. 8 day
- B. 10 day ✓ **Correct answer**
- C. 12 day
- D. 15 day

A. In 8 days, 32 workers at 10 hours a day give 2,560 worker-hours, only enough for 1,600 units.

B. 30 workers × 20 days × 8 hours = 4,800 worker-hours for 3,000 units, i.e. 1.6 worker-hours per unit; 2,000 units need 3,200 worker-hours, and 32 workers × 10 hours a day = 320 worker-hours a day, so 3,200 ÷ 320 = 10 days.

C. 12 days would give 3,840 worker-hours, enough for 2,400 units, more than the 2,000 required.

D. 15 days would give 4,800 worker-hours, enough for 3,000 units, far more than required.

Question 33 Mathematics

A bond with a face value of $1,000, a coupon rate of 5%, a current price of $950, and 10 years to maturity. Its YTM is closest to:

- A. 4.53%
- B. 5.53% ✓ **Correct answer**
- C. 7.53%
- D. 6.53%

A. At 4.53% the bond's present value would be well above $950, so this yield is too low.

B. The exact yield to maturity is about 5.67% (the standard approximation gives 5.64%); of the offered figures, 5.53% is the closest.

he bond's present value would be far below $950, so this yield is too high.

D. At 6.53% the bond's present value is about $890, too far below $950 to be the closest figure.

Question 34 Mathematics

If the length of rectangle is 58.7 m and width is 23.2 m. Find the perimeter of rectangle:

- A. 151 m
- B. 161 m
- C. 164 m ✓ **Correct answer**
- D. 189 m

A. 151 m is less than twice the length alone (117.4 m) plus twice the width (46.4 m).

B. 161 m does not match 2 × (58.7 + 23.2) = 163.8 m.

C. Perimeter = 2 × (58.7 + 23.2) = 2 × 81.9 = 163.8 m, which rounds to 164 m.

D. 189 m is larger than 2 × (58.7 + 23.2) = 163.8 m.

Question 35 Mathematics

If y=2x and z=5y, then find x+3y+z:

- A. 17x ✓ **Correct answer**
- B. 5
- C. 10
- D. 20

A. y = 2x and z = 5y = 10x, so x + 3y + z = x + 6x + 10x = 17x.

B. 5 is the coefficient in z = 5y, not the value of the whole expression.

C. 10 is the coefficient of x in z = 10x, not the value of the whole expression.

ot follow from substituting y = 2x and z = 10x into the expression.

Question 36 English

Which of the following is a modal verb:

- A. Run
- B. Must ✓ **Correct answer**
- C. Beautiful
- D. Quickly

A. "Run" is an ordinary main verb, not a modal verb.

B. "Must" is a modal auxiliary verb, expressing necessity or obligation.

C. "Beautiful" is an adjective, not a verb at all.

D. "Quickly" is an adverb, not a verb at all.

Question 37 English

Find the best similar word of the given word MELD:

- A. Blend ✓ **Correct answer**
- B. Separate
- C. Break
- D. Scatter

A. "Meld" means to merge or blend together into one.

B. "Separate" is the opposite of "meld", not a synonym.

C. "Break" means to split apart, the opposite of "meld".

D. "Scatter" means to throw things apart in different directions, the opposite of "meld".

38 English

Which one is best relationship to complete a given structure: Moccasin:Snake :: ___ : Shoe

- A. Alligator
- B. Asp
- C. Loafer ✓ **Correct answer**
- D. Wader

A. An alligator is a reptile, not a kind of shoe.

B. An asp is a snake, not a kind of shoe.

C. A moccasin is a kind of snake (the water moccasin), and a loafer is a kind of shoe; the pair matches kind-to-kind.

D. A wader is a bird or a waterproof boot, not the kind of shoe that matches the analogy.

Question 39 English

Choose the best option of given sentence to make a passive voice: Bring the chair in the room.

- A. The chair be brought in the room.
- B. Let the chair be brought in the room ✓ **Correct answer**
- C. The chair is brought in the room.
- D. Bringing the chair in the room.

A. This is ungrammatical: an imperative passive needs "let" before the subject.

B. This is the correct passive form of the imperative "Bring the chair in the room".

C. This is a present-tense statement, not the passive of an imperative command.

D. This is a participial phrase, not a passive sentence at all.

40 English

Select the best opposite word of capital word from given options IRASCIBLE:

- A. Angry
- B. Irritable
- C. Placid ✓ **Correct answer**
- D. Moody

A. "Angry" is a synonym of "irascible", not its opposite.

B. "Irritable" is a synonym of "irascible", not its opposite.

C. "Placid" means calm and peaceful, the opposite of "irascible" (easily angered).

D. "Moody" is close in sense to "irascible" (changeable temper), not its opposite.

Question 41 English

Fill in blanks from best given options: A black plum is as sweet as ___ one.

- A. White ✓ **Correct answer**
- B. Sugar
- C. Honey
- D. Salt

A. The proverb runs "a black plum is as sweet as a white one", meaning outward appearance does not decide worth.

B. "As sweet as sugar" is a different comparison; the plum proverb contrasts black and white.

C. "As sweet as honey" is a different comparison; the plum proverb contrasts black and white.

D. Salt is not sweet at all, so it cannot complete a comparison about sweetness.

42 English

Complete the sentence: They picked them ___ the airport.

- A. to
- B. of
- C. by
- D. at ✓ **Correct answer**

A. "Picked them to the airport" is ungrammatical; "to" does not fit this verb phrase.

B. "Picked them of the airport" is ungrammatical.

C. "Picked them by the airport" would mean near the airport, not the place of collection.

D. "They picked them up at the airport" uses "at" for the place where the picking up happened.

Question 43 English

We are taking exam, we ___ disturb them.

- A. Should
- B. Must
- C. Will
- D. Needn't ✓ **Correct answer**

A. "We should disturb them" states an obligation to disturb, the opposite of the intended meaning.

B. "We must disturb them" states a compulsion to disturb, the opposite of the intended meaning.

C. "We will disturb them" states a future fact, not the intended "there is no need to".

D. "We needn't disturb them" means there is no need to disturb them; "mustn't" would be more natural, but it is not among the options, so "needn't" is the only grammatically and

ropriate choice.

Question 44 English

Which one is best option of given sentence according to grammatical Punctuation:

- A. Does Ahsan play football? ✓ **Correct answer**
- B. Does Ahsan plays football?
- C. Did Ahsan play football?
- D. No correction needed

A. Correct: with "does", the main verb stays in its base form "play", and the question ends with a question mark.

B. Wrong: "does" already carries the tense, so "plays" is incorrect.

C. Grammatical, but it changes the tense to the past; the sentence as given is in the present.

D. Wrong, because the sentence as given needs the correct form, which is option A.

Question 45 Urdu

وہ آیا تھا کس زمانے کی مثال ہے؟

- A. ماضی قریب
- **Correct answer** ✓ B. ماضی بعید
- C. ماضی شائع
- D. حال

A. ماضی قریب وہ زمانہ ہے جو ابھی ابھی گزرا ہو، جیسے "وہ آیا ہے"؛ "وہ آیا تھا" اس میں نہیں آتا۔

B. "وہ آیا تھا" ماضی بعید کی مثال ہے، یعنی وہ کام جو بہت پہلے ہو چکا ہو۔

C. ماضی شائع سے مراد وہ زمانہ ہے جس میں کام جاری رہا ہو، جیسے "وہ آتا تھا"؛ "وہ آیا تھا" اس

D. حال زمانہ موجودہ وقت کا ہوتا ہے، جیسے "وہ آتا ہے"؛ "وہ آیا تھا" ماضی ہے۔

Question 46 Urdu

مختصر وقفے کے لیے کون سی علامت استعمال ہوتی ہے؟

؛ .A•

B. ، ✓ **Correct answer**•

- C. -
- D. :

A. سیمی کولن (؛) نسبتاً لمبے وقفے کے لیے استعمال ہوتا ہے، مختصر وقفے کے لیے نہیں۔

B. کاما (،) مختصر وقفے (وقفہ) کے لیے استعمال ہوتا ہے۔

C. ہائفن (-) الفاظ کو جوڑنے کے لیے استعمال ہوتا ہے، وقفے کے لیے نہیں۔

D. کولن (:) فہرست یا وضاحت سے پہلے استعمال ہوتا ہے، مختصر وقفے کے لیے نہیں۔

Question 47 Urdu

سکونت کا مترادف ہے؟

سفر .A•

حرکت .B•

جدائی .C•

Correct answer ✓ قیام .D•

A. سفر کا مطلب ہے چلنا یا سفر کرنا، جو سکونت کا متضاد ہے۔

B. حرکت کا مطلب ہے چلنا پھرنا، سکونت کا مطلب ہے ٹھہرنا

C. جدائی کا مطلب ہے الگ ہونا، سکونت کا مترادف نہیں۔

D. قیام کا مطلب ہے ٹھہرنا یا رہنا، جو سکونت کا مترادف ہے۔

Question 48 Urdu

وہ اسم جو خود تو مصدر سے بنے لیکن اس سے کوئی لفظ نہ بنے اسے کیا کہتے ہیں؟

- A. اسم مشتق ✓ **Correct answer**
- B. مصدر
- C. اسم جامد
- D. اسم فاعل

A. اسم مشتق وہ اسم ہے جو مصدر سے بنے، جیسے لکھنا سے لکھنے والا؛ سوال کا "خود تو مصدر سے بنے" والا حصہ اسی کی طرف اشارہ کرتا ہے۔

B. مصدر وہ اصل لفظ ہے جس سے دوسرے الفاظ بنتے ہیں، خود کسی سے بنا ہوا نہیں ہوتا۔

C. اسم جامد وہ اسم ہے جو کسی سے بنا ہی نہ ہو، جیسے پتھر؛ سوال میں "مصدر سے بنے" کہا گیا ہے، اس لیے یہ جواب نہیں۔

D. اسم فاعل کام کرنے والے کو کہتے ہیں، جیسے لکھنے والا؛ یہ اسم مشتق کی ایک قسم ہے، سوال کا عمومی جواب نہیں۔

Question 49 Urdu

آپے سے باہر ہونا کا درست مطلب ہے؟

- A. سخت غصہ آنا ✓ **Correct answer**
- B. مل جل کر رہنا

D. پیار بڑھانا

A. "آپے سے باہر ہونا" کا مطلب ہے غصے میں قابو کھو دینا، یعنی سخت غصہ آنا۔

B. مل جل کر رہنا اتفاق اور محبت کی بات ہے، غصے سے اس کا کوئی تعلق نہیں۔

C. خوش ہونا خوشی کی حالت ہے، غصے کے برعکس ہے۔

D. پیار بڑھانا محبت کی بات ہے، "آپے سے باہر ہونا" کا مطلب نہیں۔

Question 50 Urdu

مطلع کے معنی کیا ہیں؟

Correct answer ✓ A. طلوع ہونے کی جگہ

B. غروب ہونے کے بعد

C. درمیان کی جگہ

D. بلند جگہ

A. مطلع کے لغوی معنی ہیں طلوع ہونے کی جگہ، جہاں سے سورج نکلے۔

B. غروب ہونا طلوع ہونے کا متضاد ہے؛ مطلع کا اس سے کوئی تعلق نہیں۔

C. درمیان کی جگہ مطلع کا معنی نہیں۔

D. بلند جگہ مطلع کا معنی نہیں، اگرچہ طلوع کی جگہ بلند بھی ہو سکتی ہے۔

Question 51 Islamic Studies

Hazrat Hafsa R.A was the daughter of:

- A. Hazrat Abu Bakr R.A

rat Umar R.A ✓ **Correct answer**

- C. Hazrat Usman R.A
- D. Hazrat Ali R.A

A. Hazrat Abu Bakr's daughter was Hazrat Aisha, not Hazrat Hafsa.

B. Hazrat Hafsa was the daughter of Hazrat Umar ibn al-Khattab.

C. Hazrat Usman's daughters were Ruqayyah and Umm Kulthum, not Hafsa.

D. Hazrat Ali's daughters included Zainab and Umm Kulthum, not Hafsa.

Question 52 Islamic Studies

In the era of Hazrat Abu Bakar RA, Hazrat Zaid bin Sabit RA was given the responsibility of:

- A. Tadween-e-Quran ✓ **Correct answer**
- B. Compilation of Hadith
- C. Bait-ul-Mal
- D. Judiciary

A. In the caliphate of Hazrat Abu Bakr, Hazrat Zaid bin Sabit was entrusted with the compilation (tadween) of the Quran into a single written text.

B. The systematic compilation of Hadith came later, not under Abu Bakr through Zaid bin Sabit.

C. The Bait-ul-Mal (public treasury) was not Zaid bin Sabit's responsibility.

D. Zaid bin Sabit was not appointed to the judiciary in Abu Bakr's era.

Question 53 Islamic Studies

Which fort did Hazrat Ali (R.A.) conquer in the Battle of Khyber:

- A. Qamoos Fort ✓ **Correct answer**

ber Fort

- C. Khaybar Fort
- D. Uhud Fort

A. Hazrat Ali conquered the fort of Qamoos (al-Qamus) in the Battle of Khyber in 7 AH.

B. There is no single fort called "Khyber Fort" that Ali conquered; Khyber was the name of the oasis with several forts.

C. "Khaybar Fort" is a generic name, not the specific fort Ali conquered.

D. Uhud was the site of the Battle of Uhud near Madinah, not a fort at Khyber.

Question 54 Islamic Studies

قرآن پاک کے وہ الفاظ جن کا ظاہری معنی اور مفہوم عام انسان کی عقل و فہم سے بالاتر ہو، ان کو کیا کہتے ہیں؟

Correct answer ✓ A. حروف مقطعات

B. کلمات

C. آیات الاحکام

D. ان میں سے کوئی نہیں

A. حروف مقطعات وہ حروف ہیں جن کا ظاہری معنی عام انسان کی عقل و فہم سے بالاتر ہے، جیسے الم اور حم۔

B. کلمات عام الفاظ ہوتے ہیں جن کا معنی سمجھا جا سکتا ہے۔

C. آیات الاحکام وہ آیات ہیں جن میں احکام بیان ہوئے ہیں، ان کا معنی واضح ہوتا ہے۔

D. صحیح جواب حروف مقطعات ہے، اس لیے یہ آپشن درست نہیں۔

Question 55 Economics

In which field is Machine Learning widely used:

- B. Financial Analytics ✓ **Correct answer**
- C. Law only
- D. Manual Accounting

A. Machine learning is used in agriculture too, but it is not the strongest offered field.

B. Financial analytics is one of the widest and earliest uses of machine learning, for fraud detection, credit scoring and trading.

C. Machine learning is not confined to law, and law is not its widest field.

D. Manual accounting is by definition not automated, so machine learning does not belong there.

Question 56 Economics

What does the Zero-Rating Principle mean:

- A. Goods are fully exempt from tax
- B. Goods are taxable but taxed at 0% rate ✓ **Correct answer**
- C. Goods are taxed at highest rate
- D. Tax is charged on imports only

A. Exemption is different: exempt goods are outside the tax net and their input tax cannot be claimed, while zero-rated goods are taxable at 0% with input tax claimable.

B. Zero-rating means the goods remain taxable, but the rate applied is 0%, so the supplier can still claim input tax.

C. The highest rate is the opposite of a 0% rate.

D. Zero-rating has nothing to do with imports only; it applies to supplies generally.

57 Economics

What is meant by a company:

- A. A group of friends doing business
- B. A sole trader business
- C. An entity incorporated under any law ✓ **Correct answer**
- D. A government department

A. A group of friends doing business is a partnership, not a company.

B. A sole trader business is owned by one person and is not incorporated.

C. A company is an artificial legal person created by incorporation under a law, such as the Companies Act 2017.

D. A government department is part of the state, not a company incorporated under company law.

Question 58 Economics

What is the value of a taxable service:

- A. Cost of production
- B. Market price only
- C. Consideration received ✓ **Correct answer**
- D. Profit earned

A. Cost of production is not the tax value; the Act taxes the price charged, not the cost.

B. Market price is only a fallback where no consideration is agreed; the primary value is the consideration received.

C. Under the Punjab Sales Tax on Services Act 2012, the value of a taxable service is the consideration received for it.

D. Profit is the surplus after costs, not the value on which sales tax is charged.

59 Economics

What is the maximum tax adjustment allowed:

- A. 50% of output tax
- B. 75% of output tax
- C. 90% of output tax ✓ **Correct answer**
- D. 100% of output tax

A. No such 50% cap exists in the Punjab sales tax law.

B. No such 75% cap exists in the Punjab sales tax law.

C. Section 16C(1) of the Punjab Sales Tax on Services Act 2012 caps input-tax adjustment at 90% of the output tax for the tax period; the cap stood at 90% through 2025 and was reduced to 80% only from 1 July 2026, after the exam date.

D. The law does not allow full adjustment; at least 10% of output tax had to be paid in cash at the exam date.

Question 60 Economics

A bank has assets with 5-year duration and liabilities with 2-year duration. What is the duration gap:

- A. 1 year
- B. 2 years
- C. 3 years ✓ **Correct answer**
- D. 6 years

A. 1 year is not the difference between 5 years and 2 years.

B. 2 years is the duration of the liabilities alone, not the gap.

C. The duration gap is the difference between the duration of assets and the duration of liabilities: 5 − 2 = 3 years.

neither the difference nor any combination of 5 and 2 that gives the gap.

Question 61 Economics

If a U.S. firm has €3 million payable, what option should it buy:

- A. Put Option
- B. Call Option ✓ **Correct answer**
- C. Futures Contract to sell Euros
- D. Stock Option

A. A put option gives the right to sell euros; the firm needs to buy euros, not sell them.

B. A call option gives the right to buy euros at a fixed rate, protecting the firm against the euro rising before payment.

C. A contract to sell euros would increase, not hedge, the firm's exposure to a rising euro.

D. A stock option is on shares, not on currency, so it cannot hedge a euro payable.

Question 62 Economics

According to OECD principles, what must institutional investors disclose:

- A. Their personal income details
- B. Their voting policies and conflict of interest management ✓ **Correct answer**
- C. Only their trading profits
- D. Their tax returns

A. The OECD Principles do not require disclosure of personal income details.

B. The OECD Principles of Corporate Governance require institutional investors to disclose their voting policies and how they manage conflicts of interest.

C. Trading profits are not what the OECD Principles ask institutional investors to disclose.

D. Tax returns are not a disclosure the OECD Principles require from institutional

Question 63 Economics

What happens in preferred stock with non-cumulative dividends:

- A. Unpaid dividends are carried forward
- B. Unpaid dividends do not accumulate ✓ **Correct answer**
- C. Dividends increase next year automatically
- D. Dividends become common stock dividends

A. That is the rule for cumulative preference shares, not non-cumulative ones.

B. With non-cumulative preference shares, if a dividend is skipped in a year it is lost and does not accumulate.

C. Skipped dividends do not grow; with non-cumulative shares they simply lapse.

D. Unpaid preference dividends never convert into common stock dividends.

Question 64 Economics

In variable costing, how is segment margin calculated:

- A. Sales - Total expenses (variable + fixed)
- B. Contribution margin - Traceable fixed costs ✓ **Correct answer**
- C. Contribution margin - Common fixed costs
- D. Sales - Variable costs only

A. That is the absorption-costing profit, not the segment margin under variable costing.

B. Under variable costing, segment margin = contribution margin minus the fixed costs traceable to that segment.

C. Common fixed costs are not deducted to reach segment margin; they are deducted only for the company as a whole.

us variable costs is the contribution margin itself, before any fixed costs are deducted.

Question 65 Economics

What is Capital Expenditure:

- A. Day-to-day expenses of business
- B. Expenses incurred for buying long-term assets ✓ **Correct answer**
- C. Salary paid to employees
- D. Office rent paid monthly

A. Day-to-day expenses are revenue expenditure, not capital expenditure.

B. Capital expenditure is spending on long-term assets such as land, buildings and machinery.

C. Salaries are revenue expenditure, charged in the period they are incurred.

D. Monthly rent is revenue expenditure, not capital expenditure.

Question 66 Economics

What is the purpose of hedging:

- A. To increase profit without risk
- B. To eliminate all financial losses completely
- C. To reduce or manage risk of adverse price movements ✓ **Correct answer**
- D. To avoid paying taxes

A. Hedging does not increase profit; it trades away some upside to limit downside.

B. Hedging reduces risk; it cannot eliminate all losses.

C. Hedging uses derivatives or other instruments to limit exposure to adverse price, rate or currency movements.

s a risk-management tool, not a tax-avoidance device.

Question 67 Economics

What is Working Capital:

- A. Fixed Assets - Current Liabilities
- B. Current Assets - Current Liabilities ✓ **Correct answer**
- C. Current Liabilities - Current Assets
- D. Total Assets - Total Liabilities

A. Fixed assets have nothing to do with working capital, which is a short-term measure.

B. Working capital = current assets minus current liabilities, the funds available for day-to-day operations.

C. That is the negative of working capital, not working capital itself.

D. Total assets minus total liabilities equals net assets (equity), not working capital.

Question 68 Economics

Resources providing long-term benefits are called:

- A. Current Assets
- B. Fixed Assets ✓ **Correct answer**
- C. Liquid Assets
- D. Current Liabilities

A. Current assets provide benefits within one year, not long-term benefits.

B. Fixed assets, such as land, buildings and machinery, provide benefits over many years.

C. Liquid assets are cash or near-cash items, a short-term category.

D. Current liabilities are obligations, not resources at all.

69 Economics

What is the Accounting Equation:

- A. Assets = Liabilities + Equity ✓ **Correct answer**
- B. Assets = Equity - Liabilities
- C. Liabilities = Assets + Equity
- D. Equity = Assets + Expenses

A. The accounting equation states that what a business owns (assets) equals what it owes (liabilities) plus the owners' stake (equity).

B. That reverses the sign of liabilities; the correct form adds them.

C. That would make liabilities larger than assets, which contradicts the equation.

D. Expenses reduce equity; they do not appear in the accounting equation in this form.

Question 70 Economics

What is Contribution Margin:

- A. Sales - Fixed Cost
- B. Sales - Variable Cost ✓ **Correct answer**
- C. Profit - Expenses
- D. Revenue - Total Cost

A. Sales minus fixed cost is not a standard margin; contribution margin deducts variable costs.

B. Contribution margin = sales revenue minus variable costs, the amount available to cover fixed costs and profit.

C. Profit minus expenses is not a defined margin.

D. Revenue minus total cost is profit, not contribution margin.

71 Economics

What is a contingent liability:

- A. A liability that is always recorded in the balance sheet
- B. An obligation that may or may not materialize ✓ **Correct answer**
- C. A confirmed debt payable immediately
- D. A type of fixed asset

A. A contingent liability is disclosed in the notes, not always recorded on the balance sheet.

B. A contingent liability is a possible obligation depending on a future event, such as a pending lawsuit.

C. A confirmed, immediately payable debt is an actual liability, not a contingent one.

D. A liability is an obligation, not an asset of any kind.

Question 72 Economics

What is Treasury Stock:

- A. Shares issued to public and permanently outstanding
- B. Shares issued only to employees as bonus
- C. Government-owned shares in a company
- D. Shares of a company repurchased and held by the company itself ✓ **Correct answer**

A. Shares held by the public are outstanding shares, the opposite of treasury stock.

B. Bonus shares to employees are not treasury stock.

C. Government-owned shares are state holdings, not treasury stock.

D. Treasury stock is a company's own shares that it has bought back and holds in its treasury.

73 Economics

What is the Time Value of Money (TVM):

- A. Money today is worth more than the same amount in future ✓ **Correct answer**
- B. Money loses value over time due to inflation only
- C. Future money is always equal to present money
- D. Money has no time-based value

A. Money received today can be invested to earn a return, so it is worth more than the same sum received later.

B. Inflation is only one reason; the time value also reflects the earning power of money.

C. That denies the time value of money altogether.

D. That denies the whole concept of the time value of money.

Question 74 Economics

What is a source of inherent risk:

- A. Strong internal audit system
- B. Human error ✓ **Correct answer**
- C. External confirmation
- D. Audit planning procedures

A. A strong internal audit system reduces risk; it is not a source of inherent risk.

B. Human error is a classic source of inherent risk: mistakes happen regardless of controls.

C. External confirmation is an audit procedure that reduces detection risk, not a source of inherent risk.

D. Audit planning is the auditor's own work; it does not create inherent risk.

75 Economics

What is Financial Statement Manipulation called:

- A. Financial Analysis
- B. Financial Reporting
- C. Creative Accounting ✓ **Correct answer**
- D. Budgeting

A. Financial analysis is the study of statements, not their manipulation.

B. Financial reporting is the honest presentation of statements, not their manipulation.

C. Creative accounting is the term for manipulating financial statements to present a misleading picture within (or beyond) the rules.

D. Budgeting is planning future income and spending, not manipulating statements.

Question 76 Economics

What is the Cost of Capital:

- A. Total profit earned by a business
- B. Required rate of return on investments ✓ **Correct answer**
- C. Cost of producing goods only
- D. Dividend paid to shareholders

A. Total profit is an outcome, not the cost of raising capital.

B. The cost of capital is the minimum return investors require for providing funds, i.e. the required rate of return.

C. Production cost is a manufacturing cost, not the cost of capital.

D. Dividends are one component of the cost of equity, not the whole cost of capital.

77 Economics

What is Appreciation of Currency:

- A. Decrease in value of domestic currency
- B. Increase in value of domestic currency against foreign currency ✓ **Correct answer**
- C. Increase in inflation rate
- D. Decrease in export prices

A. A decrease in value is depreciation, the opposite of appreciation.

B. Appreciation means the domestic currency buys more foreign currency than before.

C. Inflation is a rise in prices, not a rise in the currency's exchange value.

D. Export prices may fall as a result of appreciation, but they are not the definition of it.

Question 78 Economics

What does the Security Market Line (SML) represent:

- A. Relationship between risk and return for all possible portfolios
- B. Relationship between systematic risk (beta) and expected return ✓ **Correct answer**
- C. Relationship between interest rate and inflation
- D. Relationship between dividend and earnings

A. That describes the capital market line, which covers efficient portfolios, not the security market line.

B. The security market line plots expected return against beta (systematic risk) for any security or portfolio.

C. The link between interest rates and inflation is the Fisher effect, not the security market line.

etween dividends and earnings is the payout ratio, not the security market line.

Question 79 Economics

What is the Risk-Return Trade-off:

- A. Higher risk leads to lower return
- B. Risk and return are unrelated
- C. Higher risk is associated with higher expected return ✓ **Correct answer**
- D. Return is fixed regardless of risk

A. That reverses the trade-off: investors demand more return for bearing more risk.

B. Risk and return are directly related in finance; the trade-off is a core principle.

C. The risk-return trade-off states that investments with higher risk must offer higher expected returns to attract investors.

D. Return is not fixed; it varies with the risk of the investment.

Question 80 Economics

Which authority collects Sales Tax on Services in Punjab:

- A. Federal Board of Revenue (FBR)
- B. SBP
- C. SECP
- D. PRA ✓ **Correct answer**

A. The FBR collects federal taxes, including sales tax on goods; sales tax on services in Punjab is provincial.

B. The State Bank of Pakistan is the central bank; it does not collect sales tax.

C. The Securities and Exchange Commission of Pakistan regulates companies and

ot sales tax.

D. The Punjab Revenue Authority administers and collects sales tax on services in Punjab under the Punjab Sales Tax on Services Act 2012.

Question 81 Economics

What happens when the tax rate changes:

- A. No action is required
- B. A separate return is filed for the changed period ✓ **Correct answer**
- C. Previous tax returns are cancelled
- D. Tax collection stops

A. A rate change does require action: the two portions of the period are taxed at different rates.

B. Section 35(5) of the Punjab Sales Tax on Services Act 2012 provides that, on a change in the rate of tax during a tax period, a separate return for each portion of the period is furnished.

C. A rate change does not cancel earlier returns.

D. Tax collection continues; only the rate changes.

Question 82 Economics

The concept that divides the continuous life of this indefinite business into equal time periods to measure performance is:

- A. Going Concern Concept
- B. Accounting Period Concept ✓ **Correct answer**
- C. Matching Concept
- D. Cost Concept

A. The going concern concept assumes the business will continue indefinitely; it is the

that makes period division necessary, not the division itself.

B. The accounting period concept divides the life of the business into equal periods (a month, a quarter, a year) so performance can be measured.

C. The matching concept pairs expenses with the revenues they generate, not the division of time into periods.

D. The cost concept records assets at their historical cost, not the division of time into periods.

Question 83 Economics

What is Synergy:

- A. A decrease in company value after merger
- B. The combined effect being greater than the sum of individual effects ✓ **Correct answer**
- C. Separation of business activities
- D. Reduction in production cost only

A. A decrease in value after a merger is the opposite of synergy; it is sometimes called negative synergy.

B. Synergy is the idea that the combined business is worth more than the two businesses separately (2 + 2 = 5).

C. Separation is a demerger or divestment, the opposite of combining for synergy.

D. Cost reduction is only one possible source of synergy, not the definition of it.

Question 84 Economics

Production decisions are generally not the responsibility of whom:

- A. Production Manager

- C. Marketing Manager
- D. Financial Manager ✓ **Correct answer**

A. Production decisions are the production manager's core responsibility.

B. Operations managers oversee production and operations, so these decisions are theirs.

C. Marketing managers influence production through demand forecasts, but production decisions are not primarily theirs either — yet the standard answer is the financial manager, whose remit is finance, not production.

D. The financial manager is responsible for financing and investment decisions, not for production decisions.

Question 85 Economics

Who is liable to pay sales tax on services:

- A. Buyer of services
- B. Service provider ✓ **Correct answer**
- C. Government
- D. Exporter only

A. The buyer bears the tax economically, but the legal liability to pay it to the government rests on the provider.

B. Section 11(1) of the Punjab Sales Tax on Services Act 2012 places the liability to pay the tax on the registered person providing the service.

C. The government collects the tax; it is not liable to pay it.

D. Exporters are not the only persons liable; every registered service provider is liable.

86 Economics

Which activity is not considered an economic activity:

- A. Farming
- B. Trading
- C. Manufacturing
- D. Recreational activity ✓ **Correct answer**

A. Farming produces goods for sale or use, so it is an economic activity.

B. Trading in goods and services for profit is an economic activity.

C. Manufacturing produces goods, so it is an economic activity.

D. Recreational activity is done for pleasure, not for earning income, so it is not an economic activity.

Question 87 Economics

SMEs contribute to:

- A. Only large-scale exports
- B. Employment and economic growth ✓ **Correct answer**
- C. Government borrowing
- D. Foreign debt increase

A. Large-scale exports are dominated by large firms; SMEs contribute far more broadly than exports alone.

B. Small and medium enterprises are a major source of jobs and a driver of economic growth.

C. SMEs do not contribute to government borrowing.

D. SMEs do not increase foreign debt; they generally reduce reliance on it by earning income domestically.

88 Economics

Which expense is tax deductible:

- A. Personal expenses
- B. Interest expense ✓ **Correct answer**
- C. Capital purchase of asset
- D. Drawings

A. Personal expenses are not deductible; only expenses incurred to earn income are.

B. Interest paid on business borrowings is a deductible business expense.

C. Buying a capital asset is not an expense at all; only its depreciation is deductible.

D. Drawings are the owner's withdrawals, not a business expense, so they are not deductible.

Question 89 Economics

Tax on salaries is categorized under:

- A. Sales Tax
- B. Excise Duty
- C. Income Tax ✓ **Correct answer**
- D. Customs Duty

A. Sales tax is charged on the sale of goods and services, not on salaries.

B. Excise duty is charged on the manufacture of specified goods, not on salaries.

C. Salaries are income, so the tax on them is income tax, deducted at source by the employer.

D. Customs duty is charged on imports and exports, not on salaries.

Net Assets equal:

- A. Total Liabilities - Total Assets
- B. Total Assets - Total Liabilities ✓ **Correct answer**
- C. Capital + Drawings
- D. Revenue - Expenses

A. That is the negative of net assets.

B. Net assets = total assets minus total liabilities, which equals the owners' equity.

C. Capital plus drawings is not net assets; drawings reduce capital.

D. Revenue minus expenses is profit, not net assets.

Question 91 Economics

Prime Cost consists of:

- A. Direct materials + Direct labour + Direct expenses ✓ **Correct answer**
- B. Indirect materials + Indirect labour
- C. Factory overhead only
- D. Selling and distribution cost

A. Prime cost is the sum of all direct costs: direct materials, direct labour and direct expenses.

B. Indirect materials and indirect labour are overheads, not prime cost.

C. Factory overhead is added to prime cost to reach total cost; it is not prime cost itself.

D. Selling and distribution costs are incurred after production and are not part of prime cost.

92 Economics

Vertical Analysis uses which year's figures as a base:

- A. Current year figures ✓ **Correct answer**
- B. Previous year figures
- C. Base year method
- D. None of these

A. In vertical analysis, each item is expressed as a percentage of a base figure from the same (current) year, such as total sales or total assets.

B. Previous-year figures are the base in horizontal (trend) analysis, not vertical analysis.

C. The base-year method belongs to index-number and trend analysis, not vertical analysis.

D. The correct base is the current year's figures, so this option is wrong.

Question 93 Economics

What does Net Profit Margin indicate:

- A. Total sales
- B. Profitability ✓ **Correct answer**
- C. Cash available
- D. Total assets efficiency

A. Total sales is the revenue figure itself, not what the margin indicates.

B. Net profit margin (net profit ÷ sales) measures how profitable a business is from its sales.

C. Cash available is measured by cash flow, not by the net profit margin.

D. Efficiency in using assets is measured by asset turnover, not by the net profit margin.

94 Economics

What is Short Tax Paid:

- A. Excess tax paid to government
- B. Tax paid more than liability
- C. Tax paid less than the actual tax liability ✓ **Correct answer**
- D. Tax refunded by government

A. Tax paid in excess of liability is excess tax paid, the opposite of short tax.

B. Paying more than the liability is excess payment, not short payment.

C. Short tax paid means the amount paid falls short of the tax actually due.

D. A refund is money returned by the government, not a short payment by the taxpayer.

Question 95 Economics

What does VaR of Rs. 5 million at 99% confidence mean:

- A. Loss will always be Rs. 5 million
- B. Profit will be Rs. 5 million
- C. Loss is not expected to exceed Rs. 5 million with 99% confidence ✓ **Correct answer**
- D. Loss will exceed Rs. 5 million with 99% confidence

A. Value at Risk is a probability statement, not a certainty; the loss is not always Rs. 5 million.

B. VaR is about potential loss, not profit.

C. A VaR of Rs. 5 million at 99% confidence means there is a 99% chance the loss will not exceed Rs. 5 million.

D. That reverses the meaning: the loss exceeds Rs. 5 million only with 1% probability, not 99%.

96 Economics

A company that does not want to dilute ownership may issue:

- A. Equity shares
- B. Preference shares
- C. Debentures ✓ **Correct answer**
- D. Stock dividends

A. Issuing equity shares creates new owners and dilutes existing ownership.

B. Preference shares also create new shareholders and can dilute control, though they usually carry no voting rights.

C. Debentures are debt, not shares; issuing them raises funds without giving away ownership or voting rights.

D. Stock dividends distribute additional shares to existing shareholders; they do not raise new funds without dilution.

Question 97 Economics

What is Capital Budgeting:

- A. Day-to-day expense management
- B. Planning and evaluation of long-term investment projects ✓ **Correct answer**
- C. Calculation of profit and loss
- D. Management of current assets only

A. Day-to-day expense management is operational budgeting, not capital budgeting.

B. Capital budgeting is the process of planning and appraising long-term investments such as new plants and machinery.

C. Calculating profit and loss is financial reporting, not capital budgeting.

D. Managing current assets is working-capital management, not capital budgeting.

98 Economics

What does Cash Flow measure:

- A. Profitability
- B. Liquidity of a business ✓ **Correct answer**
- C. Market share
- D. Fixed assets value

A. Profitability is measured by profit and margins, not by cash flow.

B. Cash flow shows the movement of cash in and out, which is the direct measure of a business's liquidity.

C. Market share is the firm's share of total industry sales, not a cash-flow measure.

D. Fixed assets value is shown on the balance sheet, not by cash flow.

Question 99 Economics

What is the Payback Period:

- A. Time required to recover initial investment cost from cash inflows ✓ **Correct answer**
- B. Time required to earn profit after tax
- C. Time required to calculate depreciation
- D. Time required to double investment

A. The payback period is the time a project takes to generate enough cash inflows to recover its initial investment.

B. Earning profit after tax is not the payback period; payback is about cash recovery, not profit.

C. Depreciation is an accounting charge, not a cash recovery measure.

D. Doubling an investment is the rule of 72 territory, not the payback period.

100 Economics

What is the journal entry for prepaid expenses:

- A. Debit Expense Account and Credit Cash Account
- B. Debit Prepaid Expense Account and Credit Expense Account ✓ **Correct answer**
- C. Debit Cash Account and Credit Prepaid Expense Account
- D. Debit Expense Account and Credit Prepaid Expense Account

A. That is the entry for an ordinary expense paid in cash, not the prepaid-expenses adjustment.

B. In the B.Com / final-accounts teaching the setter follows, the journal entry for prepaid expenses is this adjustment entry: the amount paid in advance is moved out of expense and into the prepaid (asset) account.

C. That entry would record cash received and reduce the prepaid asset; it is not the prepaid-expenses entry.

D. That is the entry when a prepaid expense is used up (the asset is converted into expense), not the entry that records the prepaid expense itself.

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