

COMMERCE

1. The most important purpose of cost accounting is to :
 - (a) Ascertain the financial health
 - (b) Help in the valuation of inventory
 - (c) Provide information to management for decision-making
 - (d) All of the above
2. Which one of the following is the best example of a variable cost ?
 - (a) Interest on capital
 - (b) Cost of materials
 - (c) Depreciation on machinery
 - (d) Property taxes
3. Fixed cost per unit :
 - (a) Remains constant at all levels of output
 - (b) Varies with the changes in the level of output
 - (c) Both (a) and (b)
 - (d) None of the above
4. Cost of idle time arising due to non-availability of raw materials is :
 - (a) Charged to costing profit and loss account
 - (b) Charged to factory overheads
 - (c) Recovered by inflating the wage rate
 - (d) None of the above
5. Salary of a foreman should be classified as a :
 - (a) Fixed overhead
 - (b) Variable overhead
 - (c) Semi-variable overhead
 - (d) Direct cost

6. Apportionment means :
- (a) Charging of overheads to cost centres
 - (b) Charging of overheads to cost units
 - (c) Charging of overheads to both cost centres and cost units
 - (d) None of the above
7. Which of the following items is *not* included in cost accounts ?
- (a) Interest received on bank deposits
 - (b) Dividends paid on share capital
 - (c) Debenture discount
 - (d) All of the above
8. Preference shares are those which enjoy preference :
- (a) Over equity shares with regard to dividend and repayment of capital
 - (b) Over debentureholders with regard to dividend and repayment of capital
 - (c) In voting right over equity shareholders
 - (d) All of the above
9. In which of the following securities, it is more risky to invest ?
- (a) Equity shares
 - (b) Preference shares
 - (c) Debentures
 - (d) Real estate
10. When company offers new shares to the existing shareholders on pro rata basis, it is called as :
- (a) Preferential issue
 - (b) Rights issue
 - (c) Bonus issue
 - (d) Private placement

11. Speculation in stock exchange means :
- (a) Investment in securities
 - (b) Gambling in securities
 - (c) Buying and selling of securities in the hope of making profit due to changes in prices
 - (d) All of the above
12. Planning function of management is performed by :
- (a) Top management
 - (b) Middle level management
 - (c) Lower level management
 - (d) All of the above
13. A plan when expressed in quantitative terms is known as :
- (a) Policy
 - (b) Procedure
 - (c) Objective
 - (d) Budget
14. Decentralization has the effect of :
- (a) Lessening the burden on top executive
 - (b) Increasing the burden on top executive
 - (c) Does not affect the burden on top executive
 - (d) None of the above
15. A positive leader is one who motivates people by :
- (a) Creating fear
 - (b) Centralizing authority
 - (c) Increasing their satisfaction
 - (d) Holding the threats of loss of job

16. Directing function of management embraces activities of :
- (a) Issuing of orders to subordinates
 - (b) Supervising subordinates
 - (c) Providing adequate leadership to subordinates
 - (d) All of the above
17. 'Unity of Command' principle of effective direction means :
- (a) Subordinates should be responsible to one superior
 - (b) There should be unity amongst subordinates
 - (c) There should be unity amongst superiors
 - (d) A person can supervise a limited number of subordinates
18. General Manager had delegated authority to production manager for achieving budgeted production. Who is responsible for low production to Board of Directors ?
- (a) Production Supervisors
 - (b) Production Manager
 - (c) General Manager
 - (d) All of the above
19. Registration of Joint Stock Company is :
- (a) Compulsory
 - (b) Optional
 - (c) Compulsory for public companies and optional for private companies
 - (d) Compulsory for companies with liability limited by shares and optional for companies with liability limited by guarantee
20. A private limited company :
- (a) Must issue prospectus
 - (b) May not issue a prospectus but in that case it must file a statement in lieu of prospectus
 - (c) May neither issue prospectus nor file a statement in lieu of prospectus
 - (d) Must issue a prospectus and also file a statement in lieu of prospectus

21. Which of the following documents defines the scope of the company's activities ?
- (a) Memorandum of Association
 - (b) Articles of Association
 - (c) Prospectus
 - (d) Statutory Declaration
22. A prospectus means any document :
- (a) Inviting deposits from the public
 - (b) Inviting offers from the public for the purchase of shares
 - (c) Inviting offers from the public for the subscription of debentures
 - (d) All of the above
23. 'Object Clause' of the Memorandum can be altered through :
- (a) Ordinary resolution
 - (b) Special resolution
 - (c) Special resolution and confirmation by the Registrar of Companies
 - (d) Special resolution and confirmation by the Company Law Board
24. In calculating the Earning Per Share (EPS), the net profit after preference dividend is divided by :
- (a) Number of equity shares
 - (b) Number of preference shares
 - (c) Number of equity plus preference shares
 - (d) None of the above
25. "Higher the Ratio, the more favourable it is". This *does not* apply to :
- (a) Debt ratio
 - (b) Operating profit ratio
 - (c) Stock turnover ratio
 - (d) Total asset turnover ratio

26. **Assertion** : Debt-equity ratio indicates the long-term solvency of a company.
Reasoning : It measures the ability of a company to pay off its long-term liabilities.
- (a) Both assertion and reasoning are correct and reasoning correctly explains the assertion
 - (b) Both assertion and reasoning are correct but reasoning does not explain the assertion correctly
 - (c) Assertion is correct but reasoning is wrong
 - (d) Both assertion as well as reasoning is wrong
27. Assets in the balance sheet of a company are arranged in the order of :
- (a) Liquidity
 - (b) Permanence
 - (c) Book value
 - (d) Market value
28. 'Provision for tax' is shown in the liability side of a company's Balance Sheet under the heading :
- (a) Reserves and surpluses
 - (b) Secured loans
 - (c) Unsecured loans
 - (d) Current liabilities and provisions
29. In the event of liquidation, the shareholders will be asked to contribute for paying liabilities and meeting liquidation costs to the extent of an :
- (a) Unpaid amount on the shares held
 - (b) Amount fixed by the court
 - (c) Amount sufficient to pay all the liabilities and liquidation costs
 - (d) Not required to contribute any amount
30. Annuity is a contract between the insurer and the insured whereby :
- (a) An insurance company agrees to pay a certain sum of money per year to the insured person
 - (b) An insurance company agrees to pay a lump sum amount to the insured person
 - (c) An insurance company agrees to meet all the expenses of the insured person
 - (d) All of the above

31. An advertisement to sell a thing by auction is :
- (a) An offer
 - (b) An invitation to offer
 - (c) No offer at all
 - (d) A contract
32. S and P go into a shop. S says to the shopkeeper, C, "Let P have the goods, and if he does not pay you, I will". This is a :
- (a) Contract of guarantee
 - (b) Contract of indemnity
 - (c) Wagering agreement
 - (d) Quasi-contract
33. A bailee has :
- (a) A right of particular lien over the goods bailed
 - (b) A right of general lien
 - (c) A right of both particular and general lien
 - (d) No lien at all over the goods bailed
34. The doctrine of *caveat emptor* applies :
- (a) In case of implied conditions and warranties
 - (b) When the buyer does not intimate the purpose to the seller and depends upon his own skill and judgment
 - (c) When goods are sold by sample
 - (d) When goods are sold by description
35. Which one of the following is India's Central Bank ?
- (a) NABARD
 - (b) State Bank of India
 - (c) Bank of India
 - (d) Reserve Bank of India

36. A situation in which the general level of prices is steadily increasing is called as :
- (a) Deflation
 - (b) Inflation
 - (c) Disinflation
 - (d) None of the above
37. Gresham's law states that :
- (a) Bad money drives good money out of circulation
 - (b) Good money drives bad money out of circulation
 - (c) With the introduction of new coins, both good and bad money remains in circulation
 - (d) All of the above
38. Deflation is beneficial to :
- (a) Debtors
 - (b) Consumers
 - (c) Traders and businesspersons
 - (d) All of the above
39. Auditing can be defined as :
- (a) Preparation of books of accounts
 - (b) Examination of books of accounts
 - (c) Rendering expert advice to management regarding accounting matters
 - (d) All of the above
40. Internal auditor is appointed by :
- (a) The management
 - (b) The shareholders
 - (c) The government
 - (d) The statutory auditor

41. The existence of a good system of internal check reduces to a great extent :
- (a) The work of an auditor
 - (b) The liability of an auditor
 - (c) Neither work nor liability of an auditor
 - (d) Both work and liability of an auditor—
42. Where the provisions of the Companies Act are violated, the auditor must report the same to the :
- (a) Central Government
 - (b) Board of Directors
 - (c) Managing Director
 - (d) Shareholders
43. Internal check is a part of the whole system of :
- (a) Internal audit
 - (b) Internal control
 - (c) Annual audit
 - (d) Cost audit
44. Contingent liability is reported due to :
- (a) Convention of full disclosure
 - (b) Convention of conservatism
 - (c) Convention of materiality
 - (d) Dual aspect concept
45. The cost of three small files (of Rs. 4 each) was charged to expenses when purchased even though they had a useful life of several years. This was done according to the :
- (a) Cost principle
 - (b) Conservatism principle
 - (c) Going concern concept
 - (d) Materiality

46. Income and Expenditure Account is a :
- (a) Personal account
 - (b) Real account
 - (c) Nominal account
 - (d) Suspense account
47. Admission fee received by a cricket club is :
- (a) Revenue receipt
 - (b) Capital receipt
 - (c) Liability and to be shown in the balance sheet
 - (d) None of the above
48. The excess of dead rent over royalty means :
- (a) Shortworking
 - (b) Surplus
 - (c) Shortworking recoverable
 - (d) Loss to landlord
49. Failure to pay an instalment by a hire purchaser to a vendor is to result in the :
- (a) Repossession of the goods by the vendor and the forfeiture of instalments already paid
 - (b) Repossession of the goods by the vendor and the return of instalments already paid
 - (c) Increase in selling price of the goods sold
 - (d) None of the above
50. Random sampling is one where :
- (a) every item of the universe has an equal chance of being selected in the sample
 - (b) only selected items of the universe are being selected for sample study
 - (c) both of the above
 - (d) none of the above

51. Which of the following are used to measure dispersion in a given frequency ?
- (a) Interquartile Range and the Quartile Deviation
 - (b) Mean Deviation
 - (c) Standard Deviation
 - (d) All of the above
52. Partial Correlation reveals extent of relationship between :
- (a) Two variables
 - (b) Three or more variables
 - (c) Both of the above
 - (d) None of the above
53. Standard Error of estimate enables to find the :
- (a) Likely error in the estimated values of Y or X variable
 - (b) Estimated value of X variable with the help of Y variable
 - (c) Error in calculating the values of two or more variables
 - (d) All of the above
54. A statistical technique used to estimate the unknown values of Y variable corresponding to particular values of X variable is called as :
- (a) Association of Attributes
 - (b) Interpolation
 - (c) Correlation
 - (d) Regression
55. A statistical technique of Regression Analysis is associated with :
- (a) Karl Pearson
 - (b) Spearman
 - (c) Sir Francis Galton
 - (d) None of the above

56. An assessee under the Income Tax Act of 1961 is a person :
- (a) By whom income tax or other sum of money is payable under the Act
 - (b) In respect of whom any proceeding under the act has been taken for the assessment of his income or loss
 - (c) Who is assessable in respect of income or loss of another person ?
 - (d) All of the above
57. Which one of the following does *not* qualify for deduction under 80C ?
- (a) Investment in the equity shares of any listed company
 - (b) Life insurance premium
 - (c) Contribution to the Retirement Benefit Pension Fund of UTI
 - (d) Term deposit for a period of 5 years or more
58. While computing income from house property, which one of the following is allowed as deduction under Sec. 24 ?
- (a) Cost of repairs of house property
 - (b) Salary of liftman
 - (c) Interest on the capital borrowed for the construction of house property
 - (d) Electricity and water charges of the house property
59. Any sum of money exceeding Rs. 50,000 received without consideration by an individual on or after April 1, 2006 is chargeable to tax under the head :
- (a) Income from salary
 - (b) Income from house property
 - (c) Income from other sources
 - (d) Income from business or profession
60. An agreement not enforceable by law is said to be :
- (a) Void
 - (b) Voidable
 - (c) Unenforceable
 - (d) Illegal