

QUESTION PAPER BOOKLET CODE : **A**

BE(313) & FAA(314)

Question Paper Booklet No.

--

Roll No. :

--	--	--	--	--	--

Time Allowed: 1 hour 30 minutes

Maximum Marks : 200

Total Number of Questions: 100 (50 Questions in each Paper)

Total No. of Printed Pages : 16

Instructions :

1. Candidates should use blue/black ballpoint pen ONLY to fill-in all the required information in OMR Answer Sheet and this Question Paper Booklet.
2. Answer Sheet cannot be taken out from the Examination Hall by the examinees and the same is required to be properly handed over to the Invigilator/Supervisory staff on duty and acknowledgement be obtained for doing so on the Admit Card before leaving the Examination Hall.
3. Candidates are required to correctly fill-in the Question Paper Booklet Code and the Question Paper Booklet No. (as mentioned on the top of this booklet) in the OMR Answer Sheet, as the same will be taken as final for result computation. Institute shall not undertake any responsibility for making correction(s) at later stage.
4. This Question Paper Booklet consists of two papers, each having 50 questions. All questions are compulsory and carry TWO marks each. There will be no negative marking for wrong answers.
5. Seal of this Question Paper Booklet MUST NOT be opened before the specified time of examination.
6. Immediately on opening of Question Paper Booklet, candidates should ensure that it contains 100 Questions in total (50 Questions in each Paper) and none of its page is missing/misprinted. In case of any discrepancy, the booklet shall be replaced at once.
7. Each question is followed by four alternative answers marked as A, B, C and D. Candidates shall choose one most appropriate answer to each question and mark the same in the OMR Answer Sheet by darkening the appropriate circle only in the manner as prescribed in the OMR Answer Sheet.
8. Darkening of more than one circle corresponding to any question or leaving all the circles blank or overwriting/cutting any answer(s) shall be taken as wrong answer for computation of result. Ticking/marking/writing of answer(s) in the Question Paper Booklet shall not be considered in any circumstance for award of marks. The Institute shall neither entertain any claim nor be liable to respond to any of the query in the aforesaid matter.
9. Rough work, if any, should be done only on the space provided in this Question Paper Booklet.
10. The Copyright of this Question Paper Booklet and Multiple Choice Questions (MCQs) contained therein solely vests with the Institute.
11. Candidates are required to secure a minimum of 40% marks in each paper separately and 50% marks in aggregate of all the papers put together to 'Pass' Foundation Programme Examination.

.....
(SIGNATURE OF CANDIDATE)

PAPER-3 (Q. No. 1 to 50)

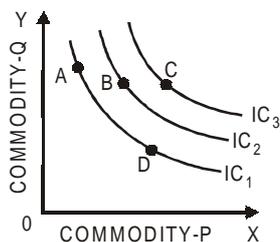
BUSINESS ECONOMICS

PART-A
ECONOMICS

1. Among the following, which of the statement is reflecting both positive and normative economics —
- (A) If the general price level goes up, borrowers gain but lenders gain more
- (B) Inflation hurts the poor more but they can find employment opportunities
- (C) Inflation hurts the poor class more; therefore, the government should arrange to supply commodities at subsidised rates to this section of the society
- (D) If the government supplies luxurious goods at cheaper rates, demand for such goods may fall.
2. An economic problem arises primarily due to scarcity of resources. Scarcity of resources is best reflected in the market supply of —
- W. Wheat and rice
- X. Sand at sea shore
- Y. High-brand jewellery
- Z. Free air.
- Correct option is —
- (A) WX
- (B) XZ
- (C) WY
- (D) YZ.
3. Indian economy, at present juncture can be best represented as a —
- (A) Mixed socialist economy
- (B) Mixed capitalist economy
- (C) Purely capitalist economy
- (D) Perfectly competitive market economy.
4. With a fall in the price of a commodity-X demand for commodity-Y also falls. This best represents —
- (A) An exception to the law of demand
- (B) Universal application of the law of supply
- (C) Relationship between two goods that are substitutes for each other
- (D) A market economy where pricing decisions are difficult to make.
5. A functional relationship is given as follows :
- $$Q_N = f(P_N)$$
- Where Q_N stands for quantity demanded of commodity-N and P_N stands for the price of commodity-N. The law of demand states that other variables remain constant, there is an inverse relationship between price of a commodity and its quantity demanded. It means that if —
- (A) The price of a commodity goes up, quantity demanded of its substitute will fall
- (B) The demand for a commodity goes up, its price will also go up
- (C) The price of a commodity falls, its quantity demanded will rise
- (D) None of the above.

6. If consumption of each additional unit of a commodity is expected to give an increasing marginal utility, total utility derived by consumer will —
- Initially rise, but eventually fall
 - Rise at an increasing rate as long as marginal utility keeps rising
 - Rise at an increasing rate as long as marginal utility is more than zero
 - Not reflect any increasing trend.
7. In case of a commodity for which no price is to be paid, a consumer will reach equilibrium —
- At any point on the vertical axis
 - At the point where the falling marginal utility curve cuts the horizontal axis
 - Only when the consumer is taken away from the table
 - Only when the marginal utility begins to fall.
8. Which of the following is not correct ? Normally, an indifference curve —
- Slopes downwards from left to right
 - Does not have a concave shape
 - Can touch any other indifference curve
 - Can cut through a budget line.

9.



In figure above, the highest desired level of satisfaction is being represented by —

- Point A
- Point B
- Point C
- Point D.

10. If the income elasticity co-efficient for demand of a Commodity-X is +0.5; with an increase in the consumer's income, share of income spent on this commodity will —
- Rise
 - Fall
 - Remain same
 - Not be determined.
11. Cross elasticity of demand for Commodity-X and Commodity-Y is (-) 0.5. It means that —
- Commodity-X and Commodity-Y are not related
 - An increase in price of Commodity-Y results in a fall in the price of Commodity-X
 - Commodity-X and Commodity-Y are substitute goods
 - None of the above.

12. Study the three tables given below —

Table -1		Table-2		Table-3	
Input-X	Input-Y	Input-X	Input-Y	Input-X	Input-Y
1	20	1	10	1	20
2	10	2	10	2	16
3	4	3	10	3	8

Which of the above tables is showing fixed factor proportions —

- Table-1
- Table-2
- Table-3
- None of the above.

13. Which of the following figures is showing correct relationship between average product and marginal product under production theory ?

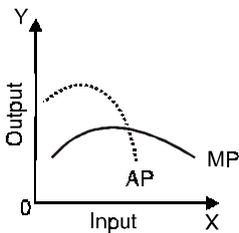


Figure 1

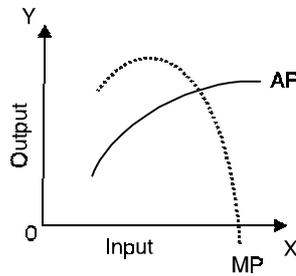


Figure 2

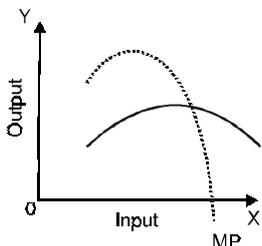


Figure 3

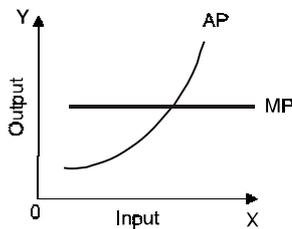


Figure 4

Correct option is —

- (A) Figure 1
 (B) Figure 2
 (C) Figure 3
 (D) Figure 4.
14. With an increase in the units of a variable input, total product keeps rising at a constant rate, marginal product curve will be best represented as a —
- (A) Rising straight line
 (B) Falling straight line
 (C) Vertical straight line
 (D) Horizontal straight line.
15. In the production theory, the optimum level of output is represented at a point where —
- (A) Marginal product curve begins to fall
 (B) Average product curve begins to fall
 (C) Marginal product becomes zero
 (D) Average product becomes zero.

16. Increasing returns to scale are obtained when —

- (A) Fixed factors begin to yield increasing marginal returns
 (B) Proportionate increase in output is more than the proportionate increase in inputs.
 (C) The total output reflects an erratic behaviour
 (D) None of the above.

17. Which of the following type of commodities, normally, do not operate in an oligopoly market structure ?

- (A) High-brand luxury goods
 (B) Air-line services
 (C) High end beauty parlours
 (D) Metro rails.

18. Market for mobile phone-sets in India demonstrates the characteristics of a —

- (A) Perfectly competitive market
 (B) Oligopoly
 (C) Monopsony
 (D) Monopoly.

19. Given below is the short-run cost-sheet of a perfectly competitive firm, at equilibrium level of output :

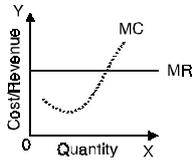
Average variable cost = ₹9 per unit

Average fixed cost = ₹2 per unit

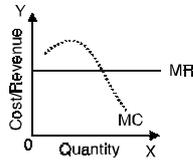
The firm would be well advised to continue to produce if the per unit market price of the commodity is —

- (A) ₹6
 (B) ₹7
 (C) ₹8
 (D) ₹10.

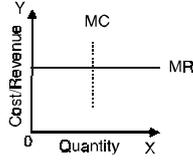
20. Which of the following figures best represents the profit being earned by a perfectly competitive firm ?



(Figure 1)



(Figure 2)



(Figure 3)

Correct option is —

- (A) Figure 1
 (B) Figure 2
 (C) Figure 3
 (D) None of the above.
21. Which one of the following is not true about the Indian economy ?
 (A) Indian population has been rising
 (B) Output of cereals has been rising
 (C) Rate of growth of India's population has been rising
 (D) The share of work force engaged in agriculture has been falling.
22. In terms of contribution made to the GDP, the predominant sector in the Indian economy is —
 (A) Agricultural sector
 (B) Manufacturing sector
 (C) Industrial sector
 (D) Service sector.
23. A good measure of economic welfare in an economy is —
 (A) An increase in nominal GDP
 (B) An increase in real GDP
 (C) An increase in real per capita income
 (D) An increase in supply of money and ATM cards.
24. Demographic dividend accrues to an economy due to a change in —
 (A) Density of population
 (B) Sex composition of population
 (C) Age composition of population
 (D) Rural-urban distribution of population.
25. Current account deficit of a country measures the excess of —
 (A) Monetary value of exports of merchandise over the monetary value of imports of merchandise
 (B) Monetary value of imports of goods over the monetary value of exports of goods during a year
 (C) Monetary value of imports of goods and services over the monetary value of exports of goods and services
 (D) Receipts of foreign capital over withdrawal of foreign capital.
26. A distinguishing feature of unemployment in India is largely the presence of —
 (A) Disguised unemployment
 (B) Seasonal unemployment
 (C) Technological unemployment
 (D) Cyclical unemployment.
27. If the rate of inflation falls down from current 8% to 6%, the price of your favourite ice-cream may —
 (A) Fall
 (B) Rise
 (C) Remain unchanged
 (D) None of the above.

28. The current economic crises in the Euro-zone and the USA have led to —
- (A) Serious inflation in India
 - (B) Significant fall in the volume of exports from India
 - (C) Heavy fall in agricultural output
 - (D) Sharp rise in the cost of production in the Indian industry.
29. An important monetary policy tool among the following is —
- (A) Better access to Public Distribution System (PDS)
 - (B) Higher expenditure on social services
 - (C) Rationing of credit
 - (D) Increased subsidies on petroleum, food, exports and fertilizers.
30. Fiscal deficit in India, currently, is financed by —
- (A) Selling the equity in PSUs
 - (B) Raising the interest rates
 - (C) Raising the rate of different taxes
 - (D) Printing of new currency.
31. Which of the following does not have a fixed tenure ?
- (A) Planning Commission
 - (B) Finance Commission
 - (C) Five Year Plan
 - (D) Foreign Trade Policy.
32. Which of the following is classified as a development bank in India ?
- (A) IDBI Bank
 - (B) ICICI Bank
 - (C) Axis Bank
 - (D) IFCI.
33. If the target of the Central Bank is to reduce the rate of inflation in the economy, it should not —
- (A) Reduce the bank rate
 - (B) Raise the Cash Reserve Ratio (CRR)
 - (C) Raise the Statutory Liquidity Ratio (SLR)
 - (D) Raise the Repo rate.
34. Which of the following is the regulator for telecommunication sector in India ?
- (A) TRAI
 - (B) IRDA
 - (C) RBI
 - (D) PFRDA.
35. Arrange the following poverty alleviation programmes in the ascending order of the year of launch/implementation :
- (I) Employment Assurance Scheme
 - (II) Prime Minister Rozgar Yojana (PMRY)
 - (III) Swaran Jayanti Rozgar Yojana
 - (IV) Jawahar Gram Samridhi Yojana
- Correct option is —
- (A) (I), (II), (III), (IV)
 - (B) (II), (I), (III), (IV)
 - (C) (III), (IV), (I), (II)
 - (D) (IV), (III), (II), (I).

PART-B
ELEMENTARY STATISTICS

36. Arrange the following stages of a statistical enquiry in proper order :
- (I) Organisation and presentation of data
(II) Interpretation of data
(III) Collection of data
(IV) Analysis of data.
- Correct option is —
- (A) (III), (I), (IV), (II)
(B) (I), (II), (III), (IV)
(C) (IV), (III), (II), (I)
(D) (II), (I), (III), (IV).
37. Which of the following statements qualifies to be called 'statistics' ?
- (A) Metro rail length all-over India is 600 Kms.
(B) Indian automobile industry produced 2 million cars during the year 2012-13
(C) The minimum support price for wheat for the crop season 2013-14 has been fixed at ₹1,800 per quintal, as against ₹1,750 in the previous season
(D) More people are making use of public transport, thereby easing traffic problems.
38. The quote about the nature of statistics, "Statistics are like the clay from which you can make a God or a devil as you please", is attributed to —
- (A) Croxton and Cowden
(B) W. I. King
(C) A. L. Bowley
(D) Lincoln L. Chao.
39. One of the following is a secondary source of data —
- (A) Collection of demographic data from your neighborhood
(B) Data collected by an investigator from the shops selling coffee seeds
(C) Output data related to the production of wheat from the World Bank Reports
(D) Counting the number of persons visiting a shrine on a particular day.
40. An 'ogive' can be used to estimate the value of —
- (A) Mean
(B) Mode
(C) Quartiles
(D) Harmonic mean.
41. In a moderately asymmetrical distribution, Arithmetic mean = 50, and Mode = 37.5. The value of median will be —
- (A) 45.83
(B) 42.15
(C) 43.20
(D) 44.00.
42. The sum of deviations of a set of observations is zero when the deviations are taken from their —
- (A) Mode
(B) Median
(C) Arithmetic mean
(D) None of the above.

43. The mean and standard deviations of 10 observations are 35 and 2 respectively. If each observation is increased by 4, the changed mean and standard deviation respectively will be —
- (A) 35 and 2
(B) 40 and 4
(C) 39 and 2
(D) None of the above.
44. An index number is a —
- (A) Measure of dispersion
(B) Measure of correlation
(C) Measure of regression
(D) Special type of average expressed in percentage or rate over a period of time.
45. Test of adequacy requires that the formulae for calculating an index number should give consistent results in both the directions. This test is satisfied by —
- (A) Fisher Ideal Index
(B) Bowley Index
(C) Kellys Index
(D) Walche Index.
46. What is the probability of getting a sum of 9 from two throws of a dice ?
- (A) $1/9$
(B) $2/9$
(C) $1/36$
(D) $1/3$.
47. Mutually exclusive events mean —
- (A) No events can be expected to occur in preference to any other event in the same experiment
(B) Events which can be decomposed further into elementary events
(C) The occurrence of one event prevents the occurrence of other event in the same experiment
(D) Events which are independent of one another.
48. In what period, the compound interest on ₹30,000 at 7% per annum amounts to ₹4,347 —
- (A) 2 years
(B) 3 years
(C) 1.5 years
(D) 4 years.
49. A bag contains 6 black and 8 white balls. One ball is drawn at random. The probability that the ball drawn is white will be —
- (A) $1/14$
(B) $1/7$
(C) $3/7$
(D) $4/7$.
50. Given are the Country-X's exports (in ₹ crores) to different regions between April, 2012 and February, 2013 :
- | Region | Europe | Asia | America | Africa |
|---------|--------|--------|---------|--------|
| Exports | 31,516 | 42,516 | 23,495 | 5,133 |
- Which of the following region has 18° in the Pie Chart —
- (A) Europe
(B) Asia
(C) America
(D) Africa.

PAPER-4 (Q. No. 51 to 100)

FUNDAMENTALS OF ACCOUNTING AND AUDITING

PART-A

FUNDAMENTALS OF ACCOUNTING

51. Atul purchased a car for ₹5,00,000, by making a down payment of ₹1,00,000 and signing a ₹4,00,000 bill payable due in 60 days. As a result of this transaction —
- (A) Total assets increased by ₹5,00,000
 (B) Total liabilities increased by ₹4,00,000
 (C) Total assets increased by ₹4,00,000
 (D) Total assets increased by ₹4,00,000 with a corresponding increase in liabilities by ₹4,00,000.
52. Gauri paid ₹1,000 towards a debt of ₹1,050, which was written-off as bad debt in the previous year. Which of the following account will be credited for this amount —
- (A) Gauri's personal account
 (B) Bad debts account
 (C) Bad debts recovered account
 (D) None of the above.
53. While finalising the current year's profit, the company realised that there was an error in the valuation of closing stock of the previous year. In the previous year, closing stock was valued more by ₹50,000. As a result —
- (A) Previous year's profit was overstated and current year's profit is also overstated
 (B) Previous year's profit was understated and current year's profit is overstated
 (C) Previous year's profit was understated and current year's profit is also understated
 (D) Previous year's profit was overstated and current year's profit is understated.
54. ₹1,000 was paid as rent to the landlord, Krishna. This amount was debited to Krishna's personal account. This error will —
- (A) Affect agreement of the trial balance.
 (B) Not affect agreement of the trial balance
 (C) Affect the suspense account
 (D) None of the above.
55. Dinesh Garments purchased a machine for ₹50,000 and spent ₹6,000 on its erection. On the date of purchase it was estimated that the effective life of the machine will be ten years and after ten years its scrap value will be ₹6,000. The amount of depreciation for each year on straight line basis is —
- (A) ₹5,000
 (B) ₹5,600
 (C) ₹6,000
 (D) None of the above.
56. An equipment was purchased on 1st January, 2012 for ₹25,000 and is to be depreciated at 30% based on reducing balance method. If the company closes its books of account on 31st March every year, what would be the net book value of the equipment as at 31st December, 2013 —
- (A) ₹12,250
 (B) ₹10,000
 (C) ₹17,750
 (D) ₹12,545.

57. A firm earns a profit of ₹1,10,000. The normal rate of return in a similar type of business is 10%. The value of total assets (excluding goodwill) and total outside liabilities are ₹11,00,000 and ₹1,00,000 respectively. The value of goodwill is —
- (A) ₹1,00,000
(B) ₹10,00,000
(C) ₹10,000
(D) None of the above.
58. Which of the following is true about a partnership —
- (A) All partners invest an equal amount of capital in the partnership's business
(B) All partners are personally liable for the debts of the Partnership business
(C) Partnerships get favourable tax treatment compared to corporations
(D) A partnership requires at least three persons.
59. At the time of retirement of a partner from a partnership firm, the adjustment of goodwill is done in —
- (A) Old profit sharing ratio
(B) Gaining ratio
(C) Sacrificing ratio
(D) New profit sharing ratio.
60. A, B and C share profits and losses of a firm on 1:1:1 basis. B retired from business and his share is purchased by A and C in 40:60 ratio. New profit and loss sharing ratio between A and C would be —
- (A) 1:1
(B) 2:3
(C) 7:8
(D) 3:5.
61. G Ltd. purchased land and building from H Ltd. at a book value of ₹2,00,000. The consideration was paid by issue of 12% debentures of ₹100 each at a discount of 20%. For this transaction, the debentures account would be credited with —
- (A) ₹2,60,000
(B) ₹2,50,000
(C) ₹2,40,000
(D) ₹1,60,000.
62. Solid Ltd. issued 2,000, 10% preference shares of ₹100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 equity shares of ₹100 each at a premium of 20% per share. At the time of redemption of preference shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be —
- (A) ₹50,000
(B) ₹40,000
(C) ₹2,00,000
(D) ₹2,20,000.
63. A company forfeited 1,000 shares of ₹10 each (which were issued at par) held by Saurabh for non-payment of allotment money of ₹4 per share. The called-up value per share was ₹8. On forfeiture, the amount debited to share capital account will be —
- (A) ₹10,000
(B) ₹8,000
(C) ₹2,000
(D) ₹18,000.

64. In a partnership firm, in the beginning of the year, capital of one partner is ₹80,000. During the year, he introduced ₹7,000 as additional capital. In addition to this, he withdraws ₹2,000 in the middle of every month. The firm does not pay any interest on capital but charges 6% interest on drawings. His share of profit after interest on drawings is ₹20,000. At the end of the year, his capital in the firm would be —
 (A) ₹83,000
 (B) ₹1,05,000
 (C) ₹82,280
 (D) ₹1,09,000.
65. The rule 'every transaction affects two or more ledger accounts' is based on the concept of —
 (A) Going concern
 (B) Double entry system of book-keeping
 (C) Money measurement
 (D) Periodicity.
66. Expenses incurred for obtaining a license for starting a factory are —
 (A) Capital Expenditure
 (B) Revenue Expenditure
 (C) Deferred Revenue Expenditure
 (D) Prepaid Expenses.
67. Which of the following is correct about 'Accounting Concept' —
 (A) Accounting concepts are based on accounting conventions
 (B) Accounting concepts are established by common accounting practices
 (C) Accounting concepts are methods or procedures accepted by general agreement
 (D) Personal judgment has no role in the adoption of accounting concepts.
68. Madhur and Company purchases a machine for a certain sum. The company has a policy of charging 8% depreciation on written down value. The depreciated value of the machine after three years in the books of Madhur and Company is ₹3,89,344. What was the purchase value of machine —
 (A) ₹5,00,000
 (B) ₹4,60,000
 (C) ₹4,23,000
 (D) ₹5,52,000.
69. Which of the following accounting equation is correct —
 (A) Capital (₹15,000) = Fixed Assets (₹12,000) + Cash (₹4,000)
 (B) Trade payables (₹3,000) + Capital (₹17,000) + Bills Payable (₹4,000) = Fixed Assets (₹20,000)
 (C) Capital (₹15,000) = Cash (₹3,000) + Fixed Assets (₹9,000)
 (D) Trade payables (₹8,000) + Capital (₹7,000) = Fixed Assets (₹8,000) + Cash at Bank (₹4,000) + Cash (₹3,000).
70. X Limited is in the business of trading. It is to receive ₹7,000 from Vinod and to pay ₹8,000 to Vinod. Similarly, it is to pay ₹8,000 to Sudhir and to receive ₹9,000 from Sudhir. Except above but after all the adjustment, the books of X Limited show the debtors balance at ₹72,000 (Dr.) and creditors balance at ₹39,000 (Cr.). The correct value of debtors and creditors to be shown in balance sheet would be —
 (A) Debtors (₹72,000), Creditors (₹39,000)
 (B) Debtors (₹88,000), Creditors (₹55,000)
 (C) Debtors (₹80,000), Creditors (₹47,000)
 (D) Debtors (₹79,000), Creditors (₹46,000).

71. The value of a fixed asset after deducting depreciation is known as its —
(A) Book value
(B) Market value
(C) Face value
(D) Realisable value.
72. Which of the following is true about bank reconciliation statement —
(A) Bank reconciliation statement need not to be prepared where the balance of cash book and pass book matches
(B) Bank reconciliation statement is to be prepared necessarily as per the Income-tax Act, 1961
(C) Bank reconciliation statement is prepared on yearly basis
(D) Bank reconciliation statement is to be prepared and supplied by bank.
73. M and N are partners sharing profit and loss in equal ratio. Their capital balances stood at ₹23,000 and ₹27,000 respectively. They wanted to grow their business and admitted P as a working partner for 1/3rd share. P is to bring capital in the proportion of his share of profit and besides capital, he is to bring ₹9,000 as goodwill. What will be the amount of capital to be brought in by P —
(A) ₹27,000
(B) ₹23,000
(C) ₹36,000
(D) ₹29,500.
74. The imprest system pertains to —
(A) Purchases book
(B) Sales book
(C) Cash book
(D) Petty cash book.
75. The statement showing balance of all the ledger accounts is known as —
(A) Trial balance
(B) Balance sheet
(C) Bank reconciliation statement
(D) Profit and loss account.
76. General reserve is created on the basis of convention of —
(A) Conservatism
(B) Uniformity
(C) Materiality
(D) Full disclosure.
77. Which of the following errors is an error of omission —
(A) Sale of ₹1,000 was recorded in the purchase journal
(B) Salary paid to Mohan and Vikas have been debited to their personal accounts
(C) The total of sales journal has not been posted to the sales account
(D) Repairs to building have been debited to building account.
78. The maximum amount beyond which a company is not allowed to raise funds by issue of its shares, is called —
(A) Subscribed capital
(B) Called-up capital
(C) Paid-up capital
(D) Authorised capital.

79. Which of the following errors are revealed by the trial balance —
- Errors of principle
 - Errors of omission
 - Errors of commission
 - None of the above.
80. Revaluation account is a —
- Nominal account
 - Real account
 - Personal account
 - None of the above.
81. If the insurance premium paid is ₹1,000 and prepaid insurance is ₹300, the amount of insurance premium shown in profit and loss account will be —
- ₹1,300
 - ₹700
 - ₹1,000
 - ₹300.
82. Pious Limited purchases a machine worth ₹1,15,000 from Indigo Traders. Payment was made as ₹10,000 by cheque and the remaining by issue of equity shares of the face value of ₹10 each fully paid-up at an issue price of ₹10.50 each. Amount of share premium would be —
- ₹6,000
 - ₹5,000
 - ₹7,000
 - ₹4,000.
83. The expired cost of a deferred revenue expense is known as —
- Asset
 - Expense
 - Liability
 - Provision.
84. Which of the following errors will result into non-agreement of the trial balance ?
- Totalling the returns inwards journal as ₹11,400 instead of ₹12,600
 - Recording a sales invoice for ₹5,600 as ₹6,500 in the Sales Journal
 - Failing to record a purchase invoice for ₹54,000 in the Purchases Journal
 - Recording in the Purchases Journal, an invoice for acquiring a non-current asset for ₹60,000.
85. If prepaid rent appears in the trial balance, while preparing the final accounts it will be shown in —
- Assets side of the balance sheet
 - Liabilities side of the balance sheet
 - Profit and Loss A/c and asset side of the balance sheet
 - Profit and Loss A/c and liabilities side of balance sheet.

PART-B
AUDITING

- 86.** The statutory auditor of a company can act as —
- (A) Internal Auditor
(B) Cost Auditor
(C) Tax Auditor
(D) None of the above.
- 87.** Statutory audit report of a company is addressed to —
- (A) Board of Directors
(B) Ministry of Corporate Affairs
(C) Employees of the company
(D) Members of the company.
- 88.** Which of the following are techniques of gathering audit evidence ?
- X. Inspection
Y. Enquiry
Z. Observation
- Correct option is —
- (A) X and Y
(B) Y and Z
(C) X and Z
(D) X, Y and Z.
- 89.** In general, what is the period covered in a statutory audit ?
- (A) 1 Year
(B) 2 Years
(C) 3 Years
(D) Depending upon the auditor's wish.
- 90.** Who is the custodian authority for audit working papers ?
- (A) Shareholders
(B) Managing Director
(C) Company Secretary
(D) Auditor.
- 91.** As per the Companies Act, 1956, which of the following audit is voluntary for all companies in India :
- X. Secretarial Audit
Y. Statutory Audit
Z. Cost Audit
W. Internal Audit
- Correct option is —
- (A) X and Y
(B) X and W
(C) X and Z
(D) X, Y, Z, and W.
- 92.** Which of the following are the rights of a Statutory Auditor ?
- X. To receive remuneration
Y. To attend Board of Directors' meeting
Z. To attend the general meeting
W. To visit the branch office
- Correct option is —
- (A) X and Y
(B) X, Y and Z
(C) X, Z and W
(D) X, Y, Z and W.

93. The nature, time and extent of audit procedure are covered under —
(A) Audit Programme
(B) Audit Execution
(C) Audit Plan
(D) None of the above.
94. Which of the following technique is used to ascertain the correctness of debtors balance in books ?
(A) Observation
(B) Enquiry
(C) Computation
(D) Confirmation.
95. In general, the scope of management audit is —
(A) Flexible
(B) Rigid
(C) Prescribed by law
(D) Prescribed by the appointing authority.
96. For auditors, which of the following document generally contains the scope of work —
(A) Appointment letter
(B) Terms of engagement
(C) Offer letter
(D) None of the above.
97. The form and basic contents of statutory audit report are —
(A) Provided in the Companies Act, 1956
(B) Provided in the Chartered Accountants Act, 1949
(C) Provided in the Code of Civil Procedure, 1908
(D) Not provided anywhere.
98. Detection and prevention of fraud is the _____ objective of auditing activity.
(A) Primary
(B) Secondary
(C) Single
(D) Specific.
99. Which of the following is necessarily to be included in an auditor's report —
(A) Whether the company has followed best HR practices in recruitment of employees.
(B) Whether the company is an equal opportunities employer
(C) Whether the company has taken any loan from its directors
(D) Whether any director is disqualified from being appointed under section 274(1)(g).
100. 'Disclaimer of Opinion' means —
(A) The auditor gives clean report
(B) The auditor gives qualified report
(C) The auditor gives adverse report
(D) The auditor is unable to express his opinion.

BE-313 & FAA-314

: 16 :

Space for Rough Work