

COMMERCE & ACCOUNTANCY**CODE :- 06****A**

Time Allowed: Two Hours

Marks: 100

Name: _____

Roll No. _____

*Read instructions given below before opening this booklet:***DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO**

1. Use only **BLUE Ball Point Pen**.
2. In case of any defect - Misprint, Missing Question/s Get the booklet changed. No complaint shall be entertained after the examination.
3. Before you mark the answer, read the instruction on the OMR Sheet (Answer Sheet) also before attempting the questions and fill the particulars in the ANSWER SHEET carefully and correctly.
4. There are FOUR options to each question. Darken only one to which you think is the right answer. There will be no Negative Marking.
5. Answer Sheets will be collected after the completion of examination and no candidate shall be allowed to leave the examination hall earlier.
6. The candidates are to ensure that the Answer Sheet is handed over to the room invigilator only.
7. Rough work, if any, can be done on space provided at the end of the Question Booklet itself. No extra sheet will be provided in any circumstances.
8. Write the BOOKLET SERIES in the space provided in the answer sheet, by darkening the corresponding circles.
9. Regarding incorrect questions or answers etc. Candidates kindly see NOTE at the last page of the Booklet.

1. Provision for bad and doubtful debts is created in anticipation of actual bad debts on the basis of :

(A) Conservatism concept	(B) Going concern concept
(C) Full disclosure concept	(D) Industry practice

2. Which accounting principle is violated by including personal expenses of the owner in the business expenses?

(A) Cost principle	(B) Going concern concept
(C) Entity concept	(D) Conservatism

3. X, Y, Z are partners in a firm. If B is to be admitted as a new partner:
 - (A) Old partnership has to be dissolved
 - (B) Old firm has to be dissolved
 - (C) Both old firm and partnership has to be dissolved
 - (D) Neither firm nor partnership need to be dissolved.

4. Indian Accounting Standard AS-10 is related to :

(A) Depreciation	(B) Accounting for Fixed Assets
(C) Cash Flow	(D) Valuation of Inventories

5. In the absence of an agreement to the contrary, the partners:
 - (A) Are entitled for 6% interest on their capitals, only when there are profits
 - (B) Are entitled for 9% interest on their capitals, only when there are profits
 - (C) Are entitled for interest on capital at the bank rate, only when there are profits
 - (D) Are not entitled for any interest on their capitals

6. New profit sharing ratio is calculated at the time of:

(A) Admission of a partner	(B) Retirement of a partner
(C) Death of a partner	(D) All of the above

7. A, B and C are three partners sharing profits and losses in the ratio of 4:3:2, D is admitted for 1/10 share, the new ratio will be:

(A) 5:4:3:2	(B) 4:4:3:2
(C) 4:3:2:1	(D) None of these

8. Sec. 37 of Partnership Act provides interest on the amount left by the retiring or deceased partner at:

(A) 5%	(B) 6%
(C) Bank rate	(D) Prime lending rate

9. A, B, C and D are equal partners. A, B and D died together in a plane crash. This accident results in:
 - (A) Dissolution of partnership
 - (B) Dissolution of firm
 - (C) Dissolution of firm as well as dissolution of partnership
 - (D) Neither dissolution of firm nor dissolution of partnership

10. On dissolution all assets are transferred to realisation account at :
 (A) Book value (B) Market value
 (C) Cost or market value, whatever is less (D) None of the above
11. Realisation account is a:
 (A) Personal a/c (B) Real a/c
 (C) Nominal a/c (D) Memorandum a/c
12. Definition of a public company is given in the Indian Companies Act 1956 :
 (A) Section 3 (1) (i) (B) Section 3 (1) (ii)
 (C) Section 3 (1) (iii) (D) Section 3 (1) (iv)
13. Equity Shareholders are:
 (A) Customers of the company (B) Owners
 (C) Creditors (D) None of these
14. On an equity share of Rs. 10, the minimum amount of share application under the law should be:
 (A) Rs. 0.50 (B) Re. 1
 (C) Rs. 2 (D) Rs. 2.50
15. When shares are forfeited, called up amount on shares is debited to:
 (A) Forfeiture Account (B) Capital Reserve Account
 (C) General Reserve A/c (D) Capital A/c
16. Redeemable preference shares can be redeemed :
 (A) Only if they are fully paid
 (B) Even if they are partly paid
 (C) If they are paid not less than 50% of the nominal value of shares
 (D) Only if they are issued at a premium
17. Bonus shares are issued by the companies because :
 (A) Surplus cash is available
 (B) There is heavy competition from similar companies
 (C) There is heavy accumulated general reserve
 (D) They have high gross profit ratio
18. The interest on Debenture Redemption Fund Investments is credited to :
 (A) Debenture A/c
 (B) Debenture Redemption Fund A/c
 (C) Debenture Redemption Fund Investment A/c
 (D) Name of the above
19. The analysis by a banker for the purpose of granting cash credit is an example of:
 (A) Internal analysis (B) External analysis
 (C) Critical analysis (D) Horizontal analysis

20. Vertical analysis is known as:
 (A) Static analysis (B) Structural analysis
 (C) Both (A) & (B) (D) Dynamic analysis
21. Price-earning ratio is useful to:
 (A) Short term creditors (B) Investors in shares
 (C) Debenture holders (D) None of these
22. Capital employed is equal to:
 (A) Total assets (B) Total assets – total liabilities
 (C) Fixed Assets + working capital (D) None of the above
23. According to AS-3 (Revised), purchase of fixed assets is treated as:
 (A) Operating activity (B) Investing activity
 (C) Financing activity (D) None of these
24. Cash flow statement is prepared from:
 (A) Balance Sheet (B) Profit and Loss A/c
 (C) Additional Information (D) All of the above
25. Which of the following will not change working capital?
 (A) Purchase of goods for cash
 (B) Purchase of machine for cash
 (C) Purchase of machine against cheque
 (D) Sale of old machine against cheque
26. A transaction does not result into flow of funds :
 (A) When a current assets is converted into another current assets
 (B) When a fixed assets is bought out of current assets
 (C) When a long term liability is paid out of current assets
 (D) None of the above
27. Generally Auditing is not necessary for small sole trading business because :
 (A) Legally it is not necessary
 (B) Its scope is limited
 (C) Its proprietor has full control on it
 (D) None of the above
28. The selection of transactions is made for test checking:
 (A) According to plan (B) As per tradition
 (C) Random (D) As per future strategy
29. Audit Note Book contains:
 (A) Various dates of reference
 (B) Details of work done
 (C) Notes regarding item requiring clarification explanations, etc.
 (D) All of the above

30. Which of the following has a broader scope?
 (A) Internal control (B) Internal checking
 (C) Internal audit (D) None of the above
31. An Internal Auditor is:
 (A) Temporary Employee (B) Permanent Employee
 (C) Daily wager (D) None of the above
32. The main object of vouching is :
 (A) To prepare trial balance
 (B) To conduct routine checking
 (C) To verify authenticity and authority of transactions
 (D) Checking of vouchers
33. Which one of the following is true?
 (A) Entry can be made without a voucher
 (B) Comparing the vouchers with entries is not essential
 (C) There should be no entry without vouchers and no vouchers without entry
 (D) All of the above
34. Valuation is the base of:
 (A) Verification (B) Vouching
 (C) Marketing (D) None of the above
35. The double entry system of book-keeping was evolved by:
 (A) Luca Pacioli (B) Stevenson
 (C) Wilson (D) Churchill
36. Under which section of the Companies Act, the remuneration of the auditor is finalised?
 (A) 224 (B) 225
 (C) 224 (8) (D) 231
37. Under which section of the Companies Act the branch auditor is appointed?
 (A) 224 (B) 228
 (C) 225 (D) 231
38. Dividend can be distributed from which of the following?
 (A) Current year's profit (B) Last year's profit
 (C) Both (A) and (B) (D) None of the above
39. Alteration of name clause in Memorandum of Association requires :
 (A) Special resolution with approval of Central Government in writing
 (B) Ordinary resolution with approval of Central Government in writing
 (C) Special resolution with the approval of Company Law Board
 (D) Ordinary resolution with the approval of Company Law Board

40. Under which of the following section of the Companies Act, shares of a company are issued at a premium?
 (A) Section 78 (B) Section 79
 (C) Section 81 (D) None of the above
41. While auditing accounts of a Railway, Company Auditor should see:
 (A) That the provisions of Memorandum and Articles of Association are formed
 (B) The Director's Statement Book and all other agreements
 (C) The Act passed in the parliament
 (D) All of the above
42. "A plan is a trap to capture the future". This statement is of:
 (A) Newman (B) Hurley
 (C) Allen (D) Terry
43. The concept of bounded rationality has been given by:
 (A) George R. Terry (B) Peter F. Drucker
 (C) Herbert A. Simon (D) R.S. Davar
44. "Management by objectives have failed to motivate people". This statement is of:
 (A) Harry Levison (B) R.S. Davar
 (C) A.M. Brown (D) E.F.L. Brech
45. SWOT analysis is used in:
 (A) Environment Analysis
 (B) Strategy formulation
 (C) Environment analysis and strategy formulation both
 (D) None of the above
46. "Wrong organisation structure prevents business performance upto the extent that it destroys it". This statement is of:
 (A) Drucker (B) Terry
 (C) Allen (D) Brech
47. Factor which is common to Maslow, Herzberg and McGregor is that they have propounded theories of:
 (A) Control (B) Leadership
 (C) Motivation (D) Communication
48. Departmentation is suitable for:
 (A) Small Industries (B) Large Industries
 (C) Cottage Industries (D) All type of industries
49. Maximum discipline exists in:
 (A) Line and staff organization (B) Committee organisation
 (C) Line organization (D) Functional organisation

50. X and Y Theory of motivation has been propounded by:
 (A) Maslow (B) Ouchi
 (C) Herzberg (D) McGregor
51. "The main reason of most business enterprises becoming unsuccessful is the inefficient leadership." This statement is of:
 (A) Koontz and O'Donnell (B) Peter F. Drucker
 (C) George R. Terry (D) Mooney and Reley
52. Likert's management systems are:
 (A) 4 (B) 5
 (C) 6 (D) 8
53. Contingency Model is given by:
 (A) Fiedler's (B) Likert's
 (C) Blake and Mouton (D) Victor Vroom
54. "Change is compulsory in management." This statement is of:
 (A) Terry (B) Allen
 (C) Taylor (D) Fayol
55. 'NCLAT' stands for:
 (A) National Corporate Law Appellate Tribunal
 (B) National Company Law Appellate Tribunal
 (C) National Corporate Law Appeal Tribunal
 (D) National Company law Appeal Tribunal
56. The Securities and Exchange Board of India was set up in the year:
 (A) 1991 (B) 1992
 (C) 1981 (D) 1982
57. Minimum number of members required to incorporate a company in case of banking business are:
 (A) 5 (B) 7
 (C) 10 (D) 20
58. Corporate veil can be lifted or pierced under following circumstances :
 (A) Under statutory provisions
 (B) Under judicial interpretation
 (C) (A) and (B) both
 (D) None of the above
59. "A company limited by share" is defined under section _____ of Companies Act 1956.
 (A) Sec. 12 (1) (a) (B) Sec. 12 (2) (a)
 (C) Sec. 12 (1) (b) (D) Sec. 12 (2) (b)

60. A Government company is defined under section _____ of Companies Act 1956.
 (A) 617 (B) 617 A(1)
 (C) 619 A(2) (D) 620
61. Filing of Article of Association to the Registrar for the incorporation is _____ for the public company adopting Table A.
 (A) Compulsory (B) Optional
 (C) Necessary (D) Recommendatory
62. Change of Registered office from one state to another state requires :
 (A) Ordinary resolution only
 (B) Ordinary resolution and sanction of the company law board
 (C) Special resolution only
 (D) Special resolution and sanction of the company law board.
63. The Doctrine of Ultra Vires implies to those acts which are outside of the ambit of:
 (A) Object clause
 (B) Capital clause
 (C) Liability clause
 (D) All of the above
64. Doctrine of Constructive Notice applies to:
 (A) Article of Association
 (B) Memorandum of Association
 (C) (A) and (B) Both
 (D) None of the above
65. Under which of the following section of the Companies Act, Self prospectus is defined?
 (A) 60A (B) 60B
 (C) 61A (D) 61B
66. Book building is a method of:
 (A) Issuing shares (B) Buy back of share
 (C) Issuing debenture (D) Redemption of debenture
67. A partnership firm having more than 20 partners is termed as:
 (A) A company (B) Limited Liability partnership
 (C) Illegal association (D) Association not for profit.
68. The first auditor or auditors are appointed by:
 (A) Central Government (B) Company Law Board
 (C) Board of Directors (D) Shareholders
69. Special Audit is specified under section _____ of Companies Act.
 (A) 233A (B) 233B
 (C) 232A (D) 232B

70. Disqualification of Director includes:
- | | |
|----------------------------|------------------------------|
| (I) Unsound mind | (II) Undischarged insolvent |
| (III) Convicted by a court | (IV) failed to pay any call. |
- (A) I and II
 (B) I, II and III
 (C) I, II, III and IV
 (D) II, III and IV
71. After the commencement of the Companies (Amd.) Act 2000, no person can be director of more than:
- | | |
|------------------|------------------|
| (A) 10 companies | (B) 20 companies |
| (C) 15 companies | (D) 12 companies |
72. Criminal Liability of Director includes:
- | | |
|------------------------|--------------------------------|
| (A) Willful Misconduct | (B) Misstatement in prospectus |
| (C) Acting dishonestly | (D) Breach of trust |
73. Match the following:
- | | | |
|--------------------------------|-------|-----|
| (a) Issue of share at discount | (i) | 79A |
| (b) Issue of share at premium | (ii) | 79 |
| (c) Sweat equity share | (iii) | 77A |
| (d) Buy Back of own share | (iv) | 78 |
- | | | | | |
|-----|-------|-------|-------|-------|
| | (a) | (b) | (c) | (d) |
| (A) | (i) | (ii) | (iii) | (iv) |
| (B) | (ii) | (iv) | (i) | (iii) |
| (C) | (iii) | (iv) | (i) | (ii) |
| (D) | (i) | (iii) | (iv) | (ii) |
74. Special resolution is required to pass for the following:
- (a) To pass annual account
 (b) To declare dividend
 (c) To alter memorandum
 (d) To issue sweat equity share
- (A) a and b
 (B) b and c
 (C) c and d
 (D) d and a
75. Extraordinary General Meeting can be called by:
- | | |
|-----------------------|----------------------|
| (A) Directors | (B) Requisitionists |
| (C) Company Law Board | (D) All of the above |
76. How many day's written notice to every shareholder, director and auditor of the company to call an annual general meeting is required?
- | | |
|-------------|---------------|
| (A) 14 days | (B) 15 days |
| (C) 21 days | (D) one month |

77. The Board meeting of the Directors should be held at least:
 (A) 2 times a year (B) 3 times a year
 (C) 4 times a year (D) 5 times a year
78. Which of the following is a statutory duty of a Company Secretary?
 (A) To sign documents requiring authentication
 (B) To sign annual return
 (C) To sign annual accounts of the company
 (D) All of the above
79. The theory of trusteeship of the business assets was pronounced by:
 (A) Henry fayol (B) Mahatma Gandhi
 (C) Jawaharlal Nehru (D) Karl Marx
80. In which form of combination, all the member units submit their output on paper to the central authority which in turn allocates the output to all the member units:
 (A) Pool (B) Gentlement agreement
 (C) Cartels (D) Amalgamation
81. "Delegation means assigning work to others and giving them authority to do it." This statement is given by:
 (A) Brech (B) Terry
 (C) Allen (D) F.G.Moore
82. Horizontal integration is combination of companies engaged in the production of :
 (A) Same product
 (B) Product in successive stages of production
 (C) Product having a number of by product
 (D) Different type of unrelated product.
83. FICCI was formed in the year of:
 (A) 1921 (B) 1926
 (C) 1930 (D) 1953
84. A partner who merely lends his name to the firm is called:
 (A) Dormant partner (B) Nominal partner
 (C) Active partner (D) Partner by holding out
85. The equity share of a company are first issued in the:
 (A) Money market (B) Primary market
 (C) Secondary market (D) None of the above
86. EPCG schemes in international trade allows:
 (A) Duty free imports of all goods
 (B) Duty free import of capital-goods
 (C) Remission of duty in export
 (D) Duty drawback in export

87. 'Bill of lading' in export is issued by:
 (A) Commercial bank
 (B) Shipping company
 (C) Custom authorities
 (D) Exporter
88. Import procedure begins with:
 (A) Indent
 (B) Marine insurance
 (C) Mat's Certificate
 (D) Shipping order
89. Duty ad valorem means imposition of duty according to:
 (A) Weight of goods
 (B) Number of items
 (C) Value of goods
 (D) None of the above
90. Trading on equity leads to higher returns for:
 (A) Equity shareholder
 (B) Preference shareholder
 (C) Debenture holder
 (D) All of the above
91. When custom duty is levied according to the weight of goods, it is known as :
 (A) Ad valorem duty
 (B) Specific duty
 (C) Excise duty
 (D) General duty
92. Principle of utmost good faith is applicable to:
 (A) Insurer only
 (B) Insured only
 (C) Both insurer and insured
 (D) Insured in some policies and insurer in other
93. Fidelity insurance policy covers risk of loss due to :
 (A) Theft by outsider
 (B) Theft by employees
 (C) Fraud by supplier
 (D) All of the above
94. Principle of Indemnity does not apply to:
 (A) Life insurance
 (B) Marine insurance
 (C) Life and marine insurance
 (D) Fire insurance
95. Bombay Stock Exchange was established in:
 (A) 1887
 (B) 1900
 (C) 1912
 (D) 1925
96. In stock market terminology, a Taravaniwala is a:
 (A) Broker
 (B) Dealer
 (C) Agent of broker
 (D) None of the above
97. The minimum number of members required to form a co-operative society is :
 (A) 2
 (B) 5
 (C) 10
 (D) 20

98. Which of the following has implied authority to bind HUF firm of his conduct in business?
- (A) Only karta
 - (B) Only co-parceners of the firm
 - (C) Karta as well as co-parceners
 - (D) None of the above
99. Which of the following type of organisation can be wind-up very easily ?
- (A) Sole proprietorship
 - (B) Co-operative society
 - (C) Government company
 - (D) Public limited company
100. Dematerialisation of shares means :
- (A) Selling shares to non registered member
 - (B) Holding shares in electronic form
 - (C) Future trading of the share
 - (D) Repurchase of share from the market