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Subject Code :

0 9

Test Booklet No. : 03309

TEST BOOKLET COMMERCE

Time Allowed : 2 (Two) Hours

Full Marks : 200

INSTRUCTIONS

1. The name of the Subject, Roll Number as mentioned in the Admission Certificate, Test Booklet No. and Subject Code shall be written legibly and correctly in the space provided on the Answer Sheet with black ball pen.
2. Space provided for Series in the Answer Sheet is not applicable for Optional Subject. So the space shall be left blank.
3. All questions carry equal marks. Your total marks will depend only on the number of correct responses marked by you in the Answer Sheet.
4. No candidate shall be admitted to the Examination Hall/Room 20 minutes after commencement of distribution of the paper. The Supervisor of the Examination Hall/Room will be the time-keeper and his/her decision in this regard is final.
5. No candidate shall leave the Examination Hall/Room without prior permission of the Supervisor/Invigilator. No candidate shall be permitted to hand over his/her Answer Sheet and leave the Examination Hall/Room before expiry of the full time allotted for each paper.
6. No Mobile Phone, Pager, etc., are allowed to be carried inside the Examination Hall/Room by the candidates. Any Mobile Phone, Pager, etc., found in possession of the candidate inside the Examination Hall/Room, even if on off mode, shall be liable for confiscation.
7. No candidate shall have in his/her possession inside the Examination Hall/Room any book, notebook or loose paper, except his/her Admission Certificate and other connected paper permitted by the Commission.
8. Complete silence must be observed in the Examination Hall/Room. No candidate shall copy from the paper of any other candidate, or permit his/her own paper to be copied, or give, or attempt to give, or obtain, or attempt to obtain irregular assistance of any kind.
9. After you have completed filling in all your responses on the Answer Sheet and the Examination has concluded, you should hand over to the Invigilator *only the Answer Sheet*. You are permitted to take away with you the Test Booklet.
10. Violation of any of the above Rules will render the candidate liable to expulsion from the Examination Hall/Room and disqualification from the Examination, and according to the nature and gravity of his/her offence, he/she may be debarred from future Examinations and Interviews conducted by the Commission for appointment to Government Service.
11. Smoking inside the Examination Hall/Room is strictly prohibited.
12. This Test Booklet contains one sheet (two pages) for Rough Work at the end.

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[No. of Questions : 100]

SEAL

1. Which of the following is the correct statement in the context of 'Accounting Period Concept'?

- (A) The life of the business is divided into appropriate time segment to find out the results of operations.
- (B) The business will be carried on for a long period of time.
- (C) Accounts will be prepared after dissolution of the firm.
- (D) Accounting policies are followed from time to time without any change.

2. Which of the following is not the cause of depreciation?

- (A) Constant use
- (B) Expiry of time
- (C) Reduction in market price
- (D) Obsolescence

3. A and B are partners in a firm sharing profits in the ratio 3:2 and advanced a loan of ₹ 2,00,000 to the firm in that ratio on 01-04-2014. Accounts are closed on 31st March each year. In the absence of partnership deed, the interest on A's loan will be

- (A) ₹ 6,000
- (B) ₹ 3,600
- (C) ₹ 2,400
- (D) ₹ 1,200

4. Section 40 of the Indian Partnership Act states about the dissolution

- (A) by notice
- (B) on happening of certain contingencies
- (C) by agreement
- (D) compulsorily

5. At the time of dissolution, trade debtors amounted to ₹ 4,50,000 and provision balance was ₹ 25,000. The amount of trade debtors that shall be transferred to Realisation Account is

- (A) ₹ 25,000
- (B) ₹ 4,25,000
- (C) ₹ 4,50,000
- (D) ₹ 4,75,000

6. Preliminary expense means

- (A) petty expense
- (B) asset installation expense
- (C) expense incurred before incorporation
- (D) contingent expense

7. Purchase price of an asset of ₹ 17,60,000 was paid by issuing shares of ₹ 100 each at a premium of 10%. The number of shares to be issued is

(A) 17600

(B) 16000

(C) 22000

(D) 20000

8. Anand Milk Union Ltd. (AMUL) is a

(A) public limited company

(B) private limited company

(C) government undertaking

(D) cooperative society

9. In the theory of management, who stated the concept of separation of planning and control?

(A) Henry A. Gantt

(B) Frank Gilbreth

(C) Henry Fayol

(D) Frederick W. Taylor

10. 'Management by Results' means

(A) attainment of result

(B) organizational result

(C) results from planning

(D) management by objective

11. 'Great man theory' is also known as

(A) charismatic leadership theory

(B) trait theory of leadership

(C) P & L model of motivation

(D) need theory

12. Consider the following data :

Cost of goods sold—₹ 2,50,000

Opening inventory—₹ 40,000

Closing inventory—₹ 60,000

The inventory-turnover ratio is

(A) 5 times

(B) 10 times

(C) 4 times

(D) 9 times

13. Primary market and secondary market are the components of

- (A) share market only
- (B) capital market
- (C) money market
- (D) call money market only

14. Return on Investment (ROI) is the relationship between

- (A) net profit and loan fund
- (B) net profit and shareholders' fund
- (C) operating profit and equity share capital
- (D) operating profit and loan fund

15. Demat Account is opened for the purpose of investment in

- (A) money market
- (B) gold market
- (C) banks
- (D) securities

16. Who are called jobbers in stock exchanges?

- (A) Persons working under a broker
- (B) Security merchants dealing in shares and debentures as independent operators
- (C) Employees of stock exchanges
- (D) Job seekers in stock exchanges

17. The function that precedes all other managerial functions is called

- (A) communicating
- (B) motivating
- (C) organizing
- (D) planning

18. Face value of an equity share is ₹ 10 and its market price is ₹ 50. The number of equity shares is 50000 and profit is ₹ 2,00,000 (available to equity shareholders). The earning-yield ratio is

- (A) 7%
- (B) 8%
- (C) 4%
- (D) 5%

19. 'Span of control' is
- (A) number of subordinates who can be managed effectively by a superior
 - (B) workload assigned to the subordinates
 - (C) different categories of controlling authorities
 - (D) control techniques

20. 'Coordination' in management means

- (A) orderly synchronizing of efforts
- (B) unity of individuals
- (C) cooperation of unions of workers
- (D) cooperation of officers

21. Interim audit is conducted

- (A) for a part of the year with some interim purpose
- (B) after every three months
- (C) for a fixed intention during the whole year
- (D) periodically

22. The organization of office duties in such a way as to prevent or dislodge errors and frauds is known as

- (A) systematic audit
- (B) internal audit
- (C) management audit
- (D) internal check

23. Which of the following ratios expresses the relationship between shareholders' fund and total assets?

- (A) Proprietary ratio
- (B) Solvency ratio
- (C) Fixed assets ratio
- (D) Debt-equity ratio

24. The main function of EXIM Bank is

- (A) granting of direct loans in India and outside for the purpose of exports and imports
- (B) granting of loans to industrial houses established abroad
- (C) granting of license for export and import
- (D) None of the above

25. Who is the custodian of Minute Book of a company?

- (A) Company Secretary
- (B) Company Auditor
- (C) Company Solicitor
- (D) Managing Director

26. 'Benevolent autocrat' is a/an

- (A) leadership style
- (B) auditor
- (C) communication channel
- (D) organization structure

27. 'Virtual organization' means

- (A) flat structure of organization
- (B) tall structure of organization
- (C) structureless organization
- (D) circular organization

28. Who led the 'Hawthorne experiments' in management?

- (A) F. W. Taylor
- (B) Mary Parker Follett
- (C) G. E. Mayo
- (D) Peter F. Drucker

29. Control technique of critical path method was developed by

- (A) Du Pont Company
- (B) General Electric Company
- (C) General Motors
- (D) TISCO

30. IDBI Bank is a/an

- (A) commercial bank
- (B) development bank
- (C) government bank
- (D) industrial bank

31. It is an economic resource which is owned by a business organization and is expected to benefit future operations. It is known as

- (A) share capital
- (B) revenue
- (C) receipt
- (D) asset

32. Bill of lading is a document used in

- (A) wholesale trade
- (B) foreign trade
- (C) consignment business
- (D) road transportation

33. An asset is recorded in the books of accounts at

- (A) cost price
- (B) market price
- (C) out-of-pocket value
- (D) realizable value

34. Matching concept relates to the preparation of

- (A) Profit and Loss Account
- (B) Balance Sheet
- (C) Cash Flow Statement
- (D) Fund Flow Statement

35. Contingent liability is shown in the Balance Sheet under

- (A) Consistency Principle
- (B) Materiality Principle
- (C) Disclosure Principle
- (D) Going-Concern Principle

36. Revenue is considered as being earned, when

- (A) cash is received
- (B) production is completed
- (C) sale is effected
- (D) process is going on

37. Subscription received in advance is

- (A) an income
- (B) an asset
- (C) a liability
- (D) an equity

38. Goodwill is

- (A) a right asset
- (B) a fictitious asset
- (C) an intangible asset
- (D) a nominal asset

39. Premium brought in by the new partner is shared by the old partners in

- (A) sacrificing ratio
- (B) gaining ratio
- (C) old profit sharing ratio
- (D) new profit sharing ratio

40. On dissolution of a firm, if an unrecorded liability is paid, it is shown in

- (A) Debit side of Bank Account
- (B) Partners' Capital Account (Credit side)
- (C) Liability Account (Credit side)
- (D) Debit side of Realization Account

41. Discount allowed on reissue of forfeited shares is debited to

- (A) Discount on Issue of Shares Account
- (B) Share Forfeiture Account
- (C) Reissue of Shares Account
- (D) Share Capital Account

42. Short-term solvency is tested by

- (A) current ratio
- (B) debt-equity ratio
- (C) asset-turnover ratio
- (D) operating ratio

43. If current ratio is 2.5 : 1 and current liabilities amount to ₹ 80,000, current assets will amount to

- (A) ₹ 1,60,000
- (B) ₹ 1,80,000
- (C) ₹ 2,00,000
- (D) ₹ 2,40,000

44. Showing revenue expenditure as capital expenditure is a/an

- (A) error of omission
- (B) error of commission
- (C) error of principle
- (D) compensating error

45. As per SEBI guidelines, the amount payable on application on each share shall not be less than what percent of the nominal value of share?

- (A) 6%
- (B) 10%
- (C) 5%
- (D) 8%

46. 'Reserve capital' denotes

- (A) reserve of capital profits
- (B) reserve of revenue profits
- (C) reserve fund for capital expenditure
- (D) uncalled portion of capital

47. Accounting principles are generally based on

- (A) convenience in recording
- (B) discretion of the accountant
- (C) practicability
- (D) subjectivity

48. The cost which is influenced by a decision is generally termed as

- (A) opportunity cost
- (B) implied cost
- (C) cash cost
- (D) relevant cost

49. Plan to buy equipment or material is called

- (A) sequencing plan
- (B) plan on time
- (C) supporting time
- (D) operational plan

50. Employer-employee relationship is an example of

- (A) controllable premises
- (B) tangible premises
- (C) internal premises
- (D) intangible premises

51. Policies involved when managers repeatedly make some decisions in similar situations over a period of time are

- (A) specific policies
- (B) express policies
- (C) implied policies
- (D) appealed policies

52. Visual representation of organization structure is known as

- (A) organization system
- (B) organization chart
- (C) organization pattern
- (D) line organization

53. Workload analysis, workforce analysis and comparison thereof are the essential steps of

- (A) recruitment
- (B) selection
- (C) training and development
- (D) manpower requirement

54. Motivation, leadership and communication are the three main components of

- (A) supervision
- (B) goal-setting process
- (C) direction
- (D) HR management

55. The expectation theory of motivation was developed by

- (A) Victor H. Vroom
- (B) J. Stacy Adams
- (C) Clayton Alderfer
- (D) B. F. Skinner

56. Cognitive theory of motivation is based on

- (A) need
- (B) perception
- (C) behaviour
- (D) reinforcement

57. Control that chooses the best inputs to avoid defective outputs is known as

- (A) feedback control
- (B) concurrent control
- (C) feedforward control
- (D) strategic control

58. Tactical level controls are exercised by

- (A) middle-level managers
- (B) lower-level managers
- (C) top-level managers
- (D) managers at all levels

59. The relationship between a superior and his immediate subordinate is

- (A) direct relationship
- (B) cross-relationship
- (C) group relationship
- (D) indirect relationship

60. Authority flows from leaders to followers in

- (A) formal organization
- (B) informal organization
- (C) divisional organization
- (D) both formal organization and informal organization

61. Classical theory of organization focuses on

- (A) work
- (B) people
- (C) system
- (D) administration

62. Teamwork has no place in

- (A) committee organization
- (B) project organization
- (C) matrix organization
- (D) virtual organization

63. Dual accountability violates the principle of

- (A) unity of command
- (B) discipline
- (C) responsibility
- (D) order

64. The concept of 'learning organization' is introduced by

- (A) Tom Peters
- (B) Michael Porter
- (C) Peter Senge
- (D) C. K. Prahalad

65. Delegation to subordinate in the same level is called

- (A) vertical delegation
- (B) overlapping delegation
- (C) lateral organization
- (D) direct delegation

66. The first secretary of a company is appointed by the

- (A) promoters of a company
- (B) board of directors
- (C) shareholders
- (D) central government

67. In case of a private company, the maximum number of members as per the Companies Act, 2013 is restricted to

- (A) 50
- (B) 100
- (C) 150
- (D) 200

68. The statement which is not included as Financial Statement of a company as per the Companies Act, 2013 is

- (A) Cash Flow Statement
- (B) Fund Flow Statement
- (C) Balance Sheet
- (D) Statement of Changes in Equity

69. Equity shares issued by a company to its directors and employees who have provided their know-how or have contributed in intellectual property rights or value addition are known as

- (A) rights shares
- (B) sweat equity shares
- (C) privileged equity shares
- (D) sugar-coated shares

70. The market price of a mutual fund unit is not a function of

- (A) net asset value
- (B) life of the fund
- (C) market sentiment
- (D) investors' sentiment

71. OTCEI was established in the year

- (A) 1992
- (B) 1987
- (C) 1990
- (D) 1994

72. Trade association is a form of

- (A) simple combination
- (B) compound combination
- (C) mixed combination
- (D) parallel combination

73. Payments in NSEI are to be settled within

- (A) 10 days
- (B) 15 days
- (C) 7 days
- (D) 30 days

74. Which scheme is introduced by the Government for market and commodity research and participation in trade fairs and exhibitions?

- (A) Market Development Assistance
- (B) Market Access Initiative
- (C) Cash Compensating Support
- (D) Export Promotion Assistance

75. Trademark Account is a

- (A) personal account
- (B) real account
- (C) nominal account
- (D) deferred asset account

76. What is meant by pro-rata allotment of shares?

- (A) Allotment of shares in certain proportion
- (B) Rejection of some applications and rest are allotted in full
- (C) Proportionate allotment to promoters and other applicants
- (D) All applicants are allotted shares in equal numbers

77. Which is not the internal cause of depreciation?

- (A) Wear and tear
- (B) Exhaustion
- (C) Obsolescence
- (D) Overwork

78. SEBI was established to regulate

- (A) money market
- (B) capital market of shares only
- (C) securities market
- (D) company administration

79. Trade Receivables include

- (A) Trade Debtors
- (B) Bills Receivables and Suppliers
- (C) Trade Debtors and Suppliers
- (D) Trade Debtors and Bills Receivables

80. Issue of Bonus Shares is a process of

- (A) attracting more investors in shares
- (B) capitalization of profits
- (C) employee motivation
- (D) distribution of gift to officers

81. 'Trading on Equity' means

- (A) doing business with equity shares only
- (B) selling of equity shares privately
- (C) share trading in Stock Exchanges
- (D) use of debt capital with equity capital in capital structure

82. The Articles of Association of a company may be altered by passing

- (A) ordinary resolution
- (B) special resolution
- (C) general resolution with the consent of creditors
- (D) bill in the parliament

83. According to 'Du Pont Triangle', profit is a function of

- (A) price and quantity
- (B) cost and investment
- (C) sales and cost
- (D) sales and assets

84. The type of market where single seller dominates the entire market is referred to as

- (A) perfect
- (B) imperfect
- (C) local
- (D) global

85. Working capital management basically aims at striking balance between

- (A) debtors and creditors only
- (B) long-term fund and short-term fund
- (C) profitability and liquidity
- (D) fixed assets and current assets

- 86.** Watered capital means
- (A) overcapitalization
 - (B) undercapitalization
 - (C) excess equity capital
 - (D) part of the capital not represented by assets

- 87.** Overdraft is a short-term financial instrument to
- (A) pay taxes
 - (B) repay loan
 - (C) redeem debentures only
 - (D) meet working capital requirement

- 88.** Sole-trading business is subject to the
- (A) general laws of the land
 - (B) MRTP Act
 - (C) One-Contract Act
 - (D) Negotiable Instrument Act

- 89.** 'Par value' can also be named as
- (A) face value
 - (B) redemption value
 - (C) market value
 - (D) realizable value

- 90.** Motivation is important to managers, because

- (A) it is a significant contributor to high performance
- (B) it does not explain the differences in intensity of behaviour
- (C) it explains the differences in attitude and personality
- (D) not all employees know how to use it effectively

- 91.** Organizational design is based on decisions about

- (A) work specialization and mechanisms
- (B) chain of command and span of control
- (C) centralization and matrices
- (D) strategy and structure

- 92.** Parallel integration of business units is known as

- (A) vertical combination
- (B) horizontal combination
- (C) lateral combination
- (D) diagonal combination

93. Which of the following is/are public documents of a company?
- (A) Books and Accounts
 - (B) Registers
 - (C) Certificate of Incorporation
 - (D) Memorandum and Articles
94. A company secretary is
- (A) a member of the company
 - (B) a creditor of the company
 - (C) a custodian of the company
 - (D) an officer of the company
95. Cumulative Preference Shareholders can claim unpaid dividend of earlier years as a matter of right, only when
- (A) there are sufficient profits
 - (B) company goes into winding-up
 - (C) there are sufficient liquid funds
 - (D) directors refuse to pay despite available cash balance
96. The main objective of controlling is to
- (A) punish the guilty person
 - (B) ensure that performance is as per planning
 - (C) maintain discipline
 - (D) fix responsibility of subordinates
97. The subsidiary voucher produced in the absence of primary voucher is called
- (A) general voucher
 - (B) collateral voucher
 - (C) notebook voucher
 - (D) counterfoil
98. The statutory report of a company is prepared by the
- (A) shareholders in general meeting
 - (B) registrars
 - (C) secretary
 - (D) directors
99. The balance of which of the following items may have credit balance too?
- (A) Cash
 - (B) Bank
 - (C) Investment
 - (D) Stock
100. A and B are two partners in a firm. They admit C giving him one-fourth share in future profits. The new profit sharing ratio of these partners will be
- (A) 1 : 1 : 4
 - (B) 3 : 1 : 2
 - (C) 3 : 3 : 2
 - (D) 3 : 3 : 4