

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

COMBINED COMPETITIVE (PRELIMINARY) EXAMINATION, 2010

Serial No.

COMMERCE

Code No. 06



Time Allowed : Two Hours

Maximum Marks : 300

INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET DOES NOT HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS, ETC, IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
 2. ENCODE CLEARLY THE TEST BOOKLET SERIES **A, B, C OR D** AS THE CASE MAY BE IN THE APPROPRIATE PLACE IN THE RESPONSE SHEET.
 3. You, have to enter your Roll Number on this Test Booklet in the Box provided alongside.
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4. This Booklet contains 120 items (questions). Each item comprises *four* responses (answers). You will select *one* response which you want to mark on the Response Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
 5. In case you find any discrepancy in this test booklet in any question(s) or the Responses, a written representation explaining the details of such alleged discrepancy, be submitted within three days, indicating the Question No(s) and the Test Booklet Series, in which the discrepancy is alleged. Representation not received within time shall not be entertained at all.
 6. You have to mark all your responses **ONLY** on the separate Response Sheet provided. *See directions in the Response Sheet.*
 7. All items carry equal marks. Attempt **ALL** items. Your total marks will depend only on the number of correct responses marked by you in the Response Sheet.
 8. Before you proceed to mark in the Response Sheet the response to various items in the Test Booklet, you have to fill in some particulars in the Response Sheet as per instructions sent to you with your Admit Card and Instructions.
 9. While writing Centre, Subject and Roll No. on the top of the Response Sheet in appropriate boxes use **“ONLY BALL POINT PEN”**.
 10. After you have completed filling in all your responses on the Response Sheet and the examination has concluded, you should hand over to the Invigilator only the Response Sheet. You are permitted to take away with you the Test Booklet.

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ROUGH WORK

1. Journal is a
(A) Book of final entry (B) Book of prime entry
(C) Set of accounts (D) Basis for accounting
2. The process of recording a transaction in the journal is called.....
(A) Posting (B) Journalizing
(C) Tallying (D) Balancing
3. The sequence of an accounting cycle is (1) Journalizing, (2) Balancing, (3) Posting (4) Position statement, (5) Trial balance (6) Income statement.
(A) 1, 3, 5, 4, 2, 6 (B) 2, 3, 1, 5, 3, 4
(C) 1, 3, 2, 5, 6, 4 (D) 1, 2, 3, 4, 5, 6
4. Recovered 60 paisa in a rupee from a person who owed Rs. 1000 is shown as
(A) Discount allowed account be debited with Rs. 400
(B) Bad debt recovered account be debited with Rs. 600
(C) Bad debt account be credited with Rs. 400
(D) Bad debt account be debited with Rs. 400
5. Goodwill is
(A) Real account (B) Nominal account
(C) Personal account (D) Nominal and personal account
6. Subscription received in advance is
(A) An income (B) Liability
(C) An asset (D) Expenditure
7. In the absence of an agreement, interest on partner's loan shall be paid at the rate of...
(A) 6 per cent (B) 8 per cent
(C) 10 per cent (D) 12 per cent
8. The documents supporting various transactions are popularly called.....
(A) Journal (B) Voucher
(C) Stamps (D) Ledger

9. Which one of the following is not a limitation of accounting ?
- (A) Accounting does not record all events of business
 - (B) Accounting does not reflect current values
 - (C) Accounting does not disclose correct value of various items
 - (D) Accounting does provide the required information and help in decision-making
10. Assets are equal to liabilities plus capital is the concept of
- (A) Money measurement concept
 - (B) Business entity concept
 - (C) Historical record concept
 - (D) Dual aspect concept
11. "Every receiver is also a giver and every giver also a receiver." It is related to the concept of :
- (A) Single entity concept
 - (B) Matching concept
 - (C) Going concern concept
 - (D) Dual aspect concept
12. Discount on issue of shares is asset :
- (A) Fictitious
 - (B) Fixed
 - (C) Tangible
 - (D) Floating
13. Which one of the following is shown in Balance Sheet ?
- (A) All personal accounts only
 - (B) All real and personal accounts only
 - (C) All real accounts only
 - (D) All nominal accounts only
14. A brief explanation of the entry is called ...
- (A) Description
 - (B) Narration
 - (C) Summary
 - (D) Transaction
15. Which one of the following is not capital profit ?
- (A) Profit on sale of fixed assets
 - (B) Profit on reissue of forfeited shares
 - (C) Profit on purchase and sale of stock
 - (D) Premium on issue of shares

16. Which one of the following is not related to the compound journal entry ?
- (A) Debiting one account and crediting two or more accounts
 - (B) Debiting two or more accounts and crediting one account
 - (C) Debiting several accounts and crediting several accounts
 - (D) Debiting one account and crediting one account
17. Opening entries are entered in
- (A) Journal proper
 - (B) Bills payable book
 - (C) Bills receivable book
 - (D) Sales book
18. Which one of the following is shown in trading account ?
- (A) Expenses incurred towards packing the goods fit for sale
 - (B) Expenses incurred towards packing the goods for delivery
 - (C) Expenses incurred towards samples
 - (D) Expenses incurred towards salary and wages
19. Which one of the following is not commission ?
- (A) Amount given to selling agent
 - (B) Amount given to broker
 - (C) Amount given to import-export agent
 - (D) Amount given to the wholesaler for bulk purchases
20. Goods worth Rs. 500 received back have not been entered in the Returns Inward Book. It is called
- (A) Error of omission
 - (B) Error of commission
 - (C) Error of compensatory
 - (D) Error of principle
21. Goods given as samples are debited to
- (A) Sales account
 - (B) Advertisement account
 - (C) Discount account
 - (D) Purchase account
22. Consignment account is in the nature of a
- (A) Real account
 - (B) Nominal account
 - (C) Personal account
 - (D) Real and personal account
23. Which one of the following account always shows debit balance ?
- (A) Cash account
 - (B) Bank account
 - (C) Sales account
 - (D) Capital account

24. Cash book is a
- (A) Ledger (B) Journal
(C) Book-keeping (D) Ledger and journal
25. If the debit and credit aspects of a transaction are recorded in cash book, it is called
- (A) An open entry (B) A compared entry
(C) A contra entry (D) A transfer entry
26. A Partnership Firm prepares Revaluation/Profit & Loss Adjustment Account on :
- (A) Dissolution of Partnership
(B) Dissolution of Partnership Firm
(C) Only on admission of a new partner to the Firm
(D) On amalgamation of two Firms.
27. Which one of the following is recorded in journal proper ?
- (A) Sale of goods (B) Purchase of goods
(C) Rectification of entries (D) Cash purchases of assets
28. Heavy advertising expenditure to launch a new product is expenditure :
- (A) Capital (B) Revenue
(C) Deferred revenue (D) Capital and revenue
29. Which one of the following equation is correct ?
- (A) Capital = assets + liabilities
(B) Capital + assets = liabilities
(C) Assets = Liabilities - equity
(D) Capital + liabilities = assets
30. Which one of the following error causes disagreement of trial balance ?
- (A) Total bills payable Rs. 5000 is posted to the credit of Bills Receivable account
(B) Goods worth Rs. 100 drawn by the proprietor for personal use is omitted to be recorded in the books
(C) Rs. 500 incurred towards transportation of plant purchased debited to transport account
(D) Rs. 1000 paid to Ravi had been wrongly posted to Siva
31. Errors which affect one account is called.....
- (A) Errors of commission (B) Errors of principle
(C) Errors of pooling (D) Errors of omission

32. Preparation of trial balance helps in detection of
- (A) Errors of principle (B) Errors of compensating
(C) Errors of whole omission (D) Errors of commission
33. Which one of the following is not correct ?
- (A) Depreciation is non-cash expenditure
(B) Depreciation is a source of fund
(C) Depreciation is an accounting charge
(D) Depreciation is an estimate of consumption of capital
34. Average collection period reflects the firm's
- (A) Benefit derived from credit sales
(B) Credit policy
(C) Collecting policy
(D) Credit and collection policies
35. As per Garner Vs Murray decision, the loss caused by insolvency of a partner is shared by the solvent partners
- (A) In profit sharing ratio
(B) In capital ratio
(C) In the ratio in which they buy share of the insolvent partner
(D) Equally
36. A partnership must dissolve when
- (A) Partner misbehaves (B) Partner dies
(C) Business running at loss (D) Partner joins as partner in another firm
37. Non-trading institutions prepare account.
- (A) Income and expenditure (B) Trading
(C) Manufacturing (D) Profit and loss
38. Sale of old news papers is
- (A) Capital income (B) Capital expenditure
(C) Revenue expenditure (D) Revenue income

39. Accounting standards are issued by
- (A) Recognized Professional Accounting Bodies
 - (B) Share holders of companies
 - (C) Board of directors
 - (D) Company Law Board
40. The closing stock is not shown in trial balance. The reason is
- (A) Journal entry is not passed for closing stock
 - (B) Payment is not made for closing stock
 - (C) Because it is not yet sold
 - (D) It is part of purchases which is already shown in trial balance
41. In the absense of an agreement a partner of a Firm is entitled to interest on his capital @ :
- (A) 6% per annum
 - (B) 12% per annum
 - (C) 15% per annum
 - (D) Not entitled to any interest
42. If the partnership deed is silent, profits and losses are
- (A) Shared in the proportion of the capitals of the partners
 - (B) Shared in the proportion of the drawings of the partners
 - (C) Shared equally
 - (D) Profits are not at all shared by the partners
43. The company issued 1000 shares of Rs. 10 at a premium of Rs. 3 per share. The amount payable on allotment including premium was Rs. 5. Amount credited to capital account at the time of allotment of 1000 shares would be
- (A) Rs. 10000
 - (B) Rs. 5000
 - (C) Rs. 3000
 - (D) Rs. 2000
44. The distinction between capital and revenue expenditure is based upon
- (A) Period of benefit derived
 - (B) Nature of expenditure
 - (C) Heads of expenditure
 - (D) Amount of expenditure
45. Which one of the following is known as document of title to goods ?
- (A) Bill of entry
 - (B) Letter of credit
 - (C) Invoice issued by seller
 - (D) Bill of lading

46. Trading account shows
- (A) All indirect expenses
 (B) Expenses production and non- production
 (C) Expenses of production only
 (D) Expenses other than production
47. Goodwill is treated as asset :
- (A) Tangible (B) Intangible
 (C) Fictitious (D) Current
48. Which one of the following are current assets- (1) Cash, (2) Goodwill, (3) Building (4) Stock, (5) Prepaid expense, (6) Work-in-progress, (7) Motor vehicle, (8) Preliminary expenses ?
- (A) 1, 4, 5 (B) 1, 3, 5, 8
 (C) 1, 2, 3 (D) 1, 6, 7
49. Wages paid towards installation of machinery is shown in
- (A) Profit and Loss account (B) Trading account
 (C) Balance sheet (D) Profit and Loss appropriation account
50. Which one of the following is not an operating expense ?
- (A) Factory overheads (B) Interest expenses
 (C) Postage expenses (D) Administrative expenses
51. Marshalling refers to presentation of
- (A) Assets and liabilities in proper order in Balance Sheet
 (B) Expenses and incomes in Profit and Loss account
 (C) Expenses and incomes in Trading account
 (D) Expenses and incomes Trial Balance
52. Which one of the following assets is excluded in calculating quick ratio ?
- (A) Debtors (B) Stock-in-trade
 (C) Bill receivable (D) Debtors and stock-in-trade
53. Test of liquidity is reflecting in ratio.
- (A) Current (B) Debt-equity
 (C) Fund (D) Audit

54. Which one of the methods does not show the time value of money ?
- (A) Profitability index
 - (B) Net Present Value
 - (C) Net present value Accounting rate of return
 - (D) Internal rate of return
55. Auditing begins when
- (A) Management ends
 - (B) Book-keeping ends
 - (C) Accounting ends
 - (D) Business ends
56. An auditor is a watch-dog and not a bloodhound. This was stated in the case of
- (A) London Oil Storage Company
 - (B) Kingston Cotton Mills Ltd
 - (C) Cox Cotton Mills Ltd
 - (D) Blue Cotton Mills Ltd
57. Statutory duties of an auditor are determined by
- (A) Memorandum of Association
 - (B) Articles of Association
 - (C) The Companies Act, 1956
 - (D) Table-A
58. Management audit means
- (A) Audit of management accounting
 - (B) Audit of financial accounting
 - (C) Audit on behalf of a management
 - (D) Audit of systematic appraisal of management's observations and procedures on the state of affairs.
59. Conversion of debenture into equity share will result in
- (A) Decrease in net worth
 - (B) Increase in net worth
 - (C) Increase in current liability
 - (D) Increase in total capitalization
60. The doctrine of Ultra Vires covers the acts which are beyond
- (A) The powers of the directors
 - (B) The powers of the chief executive of company
 - (C) The powers of the debenture holders and creditors
 - (D) The objectives stated in Memorandum of Association

61. Even if all the shareholders died in an accident, the company will
- (A) Not continue (B) Continue
(C) Be dissolved (D) Be wind up
62. Bad debts, written off in the past year but received during the current accounting year, are credited to
- (A) Cash account (B) Reserve account
(C) Profit and Loss account (D) Debtors account
63. The accounting principle which anticipates no profit but provides for all probable losses is referred to as the principle.
- (A) Consistency (B) Timeliness
(C) Prudence (D) Materiality
64. The partners have to bring their personal assets to clear the losses of the firm, if any, because of...
- (A) Partners are different from partnership
(B) Partnership is different from partners
(C) Partnerships and partners are not different
(D) Partnership and partners are different
65. By behaviour and expression, a person giving an impression that he is a partner. He is
- (A) Nominal partner (B) Sleeping partner
(C) Partner by estoppels (D) Minor partner
66. Which one of the following is a statutory organisation ?
- (A) RBI (B) NTPC
(C) HMT (D) BHEL
67. Which one of the following enactments govern the business combination like mergers and takeover ?
- (A) MRTP Act, 1969
(B) Indian Contract Act, 1872
(C) Indian Partnership Act, 1932
(D) SEBI Act, 1992

68. When at least 51 per cent of shares are in the hands of the Government, it is called
- (A) Public limited company (B) Public corporation
(C) Govt. company (D) Departmental organization
69. Whether “S. V. Electronics & Company” is
- (A) A private company (B) A public company
(C) A statutory company (D) Not a company at all
70. Sick public enterprises are referred to the
- (A) Bureau of public enterprises
(B) Committee on public undertakings
(C) Board for Industrial and Financial Reconstruction
(D) Ministry of industries
71. Which one of the following is not included under organization function ?
- (A) Listing of activities (B) Grouping of activities
(C) Defining relationship (D) Appraising the performance
72. Which one of the following is not an essential feature of coordination ?
- (A) Coordination is relevant for group efforts
(B) Coordination is a continuous and dynamic process
(C) Coordination emphasizes unity of efforts
(D) Coordination leads to the building of an institution
73. Which one of the following is not characteristic of authority ?
- (A) Getting things done (B) Decision-making
(C) Implementation (D) Coordination
74. Under which of the following Acts, audit is not compulsory ?
- (A) Companies Act, 1956 (B) Banking Companies Act, 1949
(C) Partnership Act, 1932 (D) Insurance Companies Act, 1938
75. An important feature of sole proprietorship is
- (A) Undivided risk (B) Limited liability
(C) Separate entity (D) Lack of coordination

76. An economic activity that established linkages between the producers and the ultimate consumers is termed....
- (A) Business (B) Profession
(C) Commerce (D) Production
77. The maximum number of partners in a partnership firm carrying on banking business is
- (A) 10 (B) 7
(C) 20 (D) 50
78. A dividend in the form of securities in lieu of cash payment is called
- (A) Bonus share (B) Stock dividend
(C) Script dividend (D) Property dividend
79. If goods are imported in India for the purpose of export to China, it is called
- (A) Export trade (B) Import trade
(C) Entrepot (D) Trade between two countries
80. A letter of credit is provided by
- (A) An exporter (B) An importer
(C) Customer bank (D) Indent house
81. Which one of the following deals exclusively with the import and export of goods ?
- (A) Foreign banks (B) Commercial banks
(C) Exim bank (D) Foreign exchange banks
82. Indemnity means
- (A) A promise to pay (B) A promise to compensate
(C) A promise to reimburse (D) A policy to pay
83. The principle of subrogation is applicable to
- (A) All insurance (B) Only for marine insurance
(C) Only for health insurance (D) All insurance other than the life insurance
84. If Andhra Bank insures the risk of its insured-customer with LIC, it is called
- (A) Double insurance (B) Special insurance
(C) Reinsurance (D) Voyage insurance

85. If a ship is insured against any type of risk, it is called
- (A) Double insurance (B) Hull insurance
(C) Time policy (D) Single insurance
86. The conversion of a mutual insurance company into a stock insurance company is called
- (A) Demutalization (B) Dematerialization
(C) Penetration (D) Diversification
87. The terms of insurance cover and the rates of premium for a year transaction of marine dispatches fixed by the insured is called
- (A) Voyage policy (B) Annual policy
(C) Declaration policy (D) Open cover
88. The goal of scientific management is
- (A) Maximization of employment (B) Maximization of social welfare
(C) Maximization of production (D) Higher industrial efficiency
89. Business means – (1) industry, (2) selling goods, (3) trade (4) aids to trade
- (A) 1, 4 (B) 1, 2
(C) 1 (D) 1, 3, 4
90. In what way the management functions and management principles are related to each other ?
- (A) Management principles are derived from management functions
(B) Management functions are derived from management principles
(C) Principles make up the management functions
(D) Both are derived from management theory
91. Which of the following is not rule ?
- (A) Throw of waste paper in dust bin
(B) No- smoking sign board in the premises
(C) Work plan made in sequence and conformity with the firm
(D) Recruitment with 55 per cent of marks
92. Describing an organization's goals in Memorandum of Association is
- (A) Operational goals (B) Official goals
(C) Operative goals (D) Working goals

93. Planning includes
- (A) Decision-making
 - (B) Implementation
 - (C) Deciding in advance what is to be done
 - (D) Monitoring
94. A special plan formulation in accordance with the tactics adopted by the competitors is known as.....
- (A) Policy
 - (B) Procedure
 - (C) Program
 - (D) Strategy
95. Which one of the following statement represents a statement of objective ?
- (A) Make more profits
 - (B) Reduce costs by eight per cent
 - (C) Reduce price to capture more market
 - (D) Produce more products quantity
96. When day-to-day routine problems are looked after by the lower level management and when the management is paying attention to more important areas, it is called.....
- (A) Management by objective
 - (B) Management by crisis
 - (C) Management by exception
 - (D) Management by results
97. Decision making is based on
- (A) Government directions
 - (B) Rational thinking with course of action
 - (C) Competitors policies
 - (D) Selective alternatives
98. Controlling is a function of
- (A) Line managers
 - (B) Top managers
 - (C) Staff managers
 - (D) Middle managers

99. Organization chart explains
- (A) The division of work
 - (B) The grouping of activities
 - (C) The relation between managers and subordinates
 - (D) The authority of employees
100. The planning activity process goes in hierarchy of (1) Corporate plan, (2) Departmental plan, (3) Divisional plan, (4) Sectional plan :
- (A) 1, 3, 2, 4
 - (B) 1, 2, 3, 4
 - (C) 2, 3, 1, 4
 - (D) 4, 1, 3, 2
101. Esprit de corps means
- (A) Strength
 - (B) Harmony
 - (C) Team spirit
 - (D) Divide and rule
102. Who said that administration is thinking function and management is doing function ?
- (A) Sheldon
 - (B) Henry Fayol
 - (C) Drucker
 - (D) Gullick
103. If a minister determines all policy himself and assigns the work to each bureaucratic is called
- (A) The participative style
 - (B) The cooperative style
 - (C) The country style
 - (D) The authoritative style
104. Which one of the following is the first step in the process of decision-making ?
- (A) Identifying the problem
 - (B) Making forecast
 - (C) Exploring alternatives
 - (D) Evaluating alternatives
105. Which one of the following represents a proper sequence of event ?
- (A) Execution, planning and control
 - (B) Control, planning and execution
 - (C) Execution, control and planning
 - (D) Planning, execution and control
106. The principles that a subordinate should receive order and be responsible to only one boss is known
- (A) Unity of command
 - (B) Unity of direction
 - (C) Unity of organization
 - (D) Span control

107. Establishment of standards is related to the function of
- (A) Organizing (B) Controlling
(C) Directing (D) Staffing
108. The main objective of controlling is
- (A) Motivating subordinates
(B) Maintaining discipline
(C) Improving skills of employees
(D) Reducing gap between planning and performance
109. Span of management refers to
- (A) Authority relationship (B) Decentralization
(C) Life of organization (D) No. of subordinates supervised by a manager effectively
110. The probability of happening of future events can be known through
- (A) Estimation (B) Forecasting
(C) Planning (D) Speculation
111. Decisions of repetitive nature are called
- (A) Programmed decisions (B) Non-programmed decisions
(C) Strategic decisions (D) One-time decisions
112. Which one of the following permission is required to install and use franking machine in office ?
- (A) State Government (B) Central Government
(C) Telephone department (D) Post-office
113. O and M stands for ...
- (A) Operation and Management
(B) Organization and Management
(C) Organization and Method
(D) Office and Men
114. Which one of the following is not modern method of filing ?
- (A) Horizontal filing (B) Vertical filing
(C) Alphabetical order filing (D) Lateral filing

115. The document stating office systems and procedure is
- (A) Office manual (B) Office record
(C) Office procedure (D) Office register
116. A company can appoint only..... as a Company Secretary :
- (A) An individual possessing required qualifications
(B) A Partnership Firm
(C) A Body Corporate
(D) A Society registered under the Societies Registration Act
117. If a company's share capital is Rs. 2.5 crores, which one of the following will be eligible for appointment as secretary ?
- (A) Member of Institute of Chartered Accountants of India
(B) The degree holder in Law
(C) The post-graduate degree holder in Commerce
(D) Member of Institute of Company Secretaries of India
118. Which one of the following is not a statutory duty of company secretary ?
- (A) Calling the meeting of Board of Directors
(B) Affixing signature in the annual reports of the company
(C) Issues of shares certificates
(D) Responsibility of maintenance of books and registers properly
119. The company secretary is appointed by
- (A) Government (B) Debenture holders
(C) Share holders (D) Board of Directors
120. Which one of the following decisions is not taken at Annual General Body meeting ?
- (A) Changes in Memorandum of Association and Articles of Association
(B) Appointment of new directors in the place of retired directors
(C) Appointment of auditor and fixing his salary
(D) Approving and declaring dividend to share holders

ROUGH WORK

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