PAPER - B
WRITTEN TEST PAPER FOR SELECTION OF TEACHERS: CSB 2013
COMMERCE (PGT): SUBJECT CODE: P43

1. The term “current asset” does not include
   (a) Cash   (b) Stock-in-trade
   (c) Furniture   (d) Advance payment

2. According to the _______ concept, the proprietor is treated
   as a creditor to the extent of his capital.
   (a) Cost   (b) Entity
   (c) Money measurement   (d) Dual aspect

3. The comparison of net profit with the sales of the same year
   is termed _______ comparison
   (a) Horizontal   (b) Vertical
   (c) Elliptical   (d) Multidimensional

4. Convertible debentures are those on which
   (a) Accrued interest payable is converted into equity
   (b) Interest is not paid when the company is running in a loss
   (c) Interest is payable and if not paid, keeps on accounting
   (d) Equity shares may be exchanged at the option of the
   debenture holders

5. Heavy initial expenditure on advertising the launch of a new
   product should be classified as
   (a) Capital expenditure   (b) Revenue expenditure
   (c) A loss   (d) Deferred revenue expenditure

6. Insurance unexpired account is a _______ account
   (a) Personal   (b) Nominal
   (c) Real   (d) Fictitious

7. Which of the following is/are member(s) of the International
   Accounting Standards Committee?
   (a) The ICAI   (b) The ICWAI
   (c) Both (a) and (b)   (d) Neither (a) nor (b)

8. Mark out which is not a capital expenditure.
   (a) Cost of issuing shares and debenture
   (b) Wages paid for construction of a new office
   (c) Purchase of a new spark plug for Rs. 9.75
   (d) Repair on a secondhand vehicle newly purchased

9. If Rs. 15,000 is spent on the repair of a secondhand
   machinery and Rs. 2,500 on freight in connection with its
   acquisition, what is the amount of capital expenditure?
   (a) Rs 15,000   (b) Rs 17,500
   (c) Rs 12,500   (d) Rs 2,500

10. When net profit is Rs 44,000 and profit on sale of a fixed
    asset is Rs 4,000, what is the fund from operations?
    (a) Rs 40,000   (b) Rs 44,000
    (c) Rs 48,000   (d) Cannot be computed

11. When total sources of funds are Rs 1,25,000 and total
    applications of funds are Rs 1,50,000, the result would be
    (a) Net increase in working capital by Rs 25,000
    (b) Net decrease in working capital by Rs 25,000
    (c) No effect on working capital
    (d) None of the above

12. _______ consistency calls for financial statements for a
    number of years to be reviewed and analysed.
    (a) Horizontal   (b) Vertical
    (c) Internal   (d) External

13. Window dressing is prohibited owing to
    (a) Convention of disclosure
    (b) Convention of materiality
    (c) Convention of conservatism
    (d) Accrual concept

14. If stock worth Rs 10,000 (that has not been insured) is
    destroyed by fire, the accounting entry is
    (a) Dr Profit & Loss A/c Rs 10,000
    Cr Trading A/c Rs 10,000
    (b) Dr Stock A/c Rs 10,000
    Cr Trading A/c Rs 10,000
    (c) Dr Trading A/c Rs 10,000
    Cr Stock A/c Rs 10,000
    (d) None of the above

15. An entry of Rs 840 being debited to Surbhi’s A/c as Rs 480
    would be an error of
    (a) Principle   (b) Commission
    (c) Omission   (d) Negligible significance

16. If M. Gul, a debitor of Rs 4000 has become insolvent and a
    dividend of 50% is declared, the entry is
    (a) Dr Bad Debts 2000
    To P & L A/c 2000
    (b) Dr Cash 2000
    To Bad Debts 2000
    (c) Dr Cash 2000
    To Debtors 2000
    (d) Dr Bad Debts 2000
    To Debtors 2000

17. Investment by the owner would result in _______ in capital and increase in _______
    (a) Increase; liability   (b) Decrease; liability
    (c) Increase; asset   (d) Decrease; asset

18. Given: Net assets of a business on Jan. 1 are Rs 40,000, and
    on Jan. 31 Rs 8,000. Find the net income for January.
    (a) 6000   (b) 8000
    (c) 2000   (d) Zero

19. Which of the following transaction result in increase of
    assets and increase in owner’s equity?
    (a) Issue of bonus shares
    (b) Shares issued in payment of bills payable
    (c) Shares issued for purchase of land and buildings
    (d) None of the above

20. Identify the transaction that will result in decrease in owner’s equity and increase in liabilities.
    (a) Issue of bonus shares
    (b) Shares issued in payment of bills payable
    (c) Shares issued for purchase of land and buildings
    (d) None of the above

21. In the absence of an agreement to the contrary, the partners
    are entitled to _______ interest on loans to the firm.
    (a) 6% only when there are profits
    (b) 9% only when there are profits
    (c) 6% whether or not there are profits
    (d) 9% whether or not there are profits

22. X and Y are partners sharing profits in ratio of 3:2. A is
    admitted as a partner entitled to 1/3 Share of the profit. Tick
    the new profit sharing of X, Y, and A.
    (a) 3:2:1   (b) 1:2:3
    (c) 5:4:6   (d) 6:4:5

23. A, B, and C are partners in the ratio of 1/5 : 1/3 : 7/15. C retires
    and his share is taken up by A and B in the ratio of 3:2. The
    new profit-sharing ratio will be
    (a) 13:12   (b) 14:15
    (c) 15:14   (d) 12:13
24. What would be the accounting entry for a partner’s withdrawal of cash in lieu of salary?
(a) Dr salary A/c
   To Cash A/c
(b) Dr Cash A/c
   To Partner’s Current A/c
(c) Dr Cash A/c
   To Salary A/c
(d) Dr Partner’s Current A/c
   To Cash A/c

25. Adjustment Entry for rent received in advance would be-
(a) Cash A/c’ Dr,
   To Rent Received in Advance A/c
(b) Cash A/c Dr,
   To Rent A/c
(c) Rent A/c Dr,
   To Rent Received in Advance A/c
(d) Advance Rent A/c Dr,
   To Rent A/c

26. The minimum amount called on application for issue of shares is —— of face value.
(a) 5%  
(b) 25%
(c) 30%  
(d) 40%

(a) Rs 1150  
(b) Rs 1650
(c) Rs 850  
(d) Rs 1050

28. What amount on account of subscription income will be parted to the Income and Expenditure A/c for the year ended Dec. 31, 2011?
(a) Rs 8000  
(b) Rs 8200
(c) Rs 8400  
(d) Rs 8600

29. To arrive at the subscription income for a year, which of the following would you deduct from the amount of subscription received during the year?
a) Subscription received pertaining to the previous year
b) Subscriptions received in advance for the following year
c) Subscriptions in arrear in the beginning of the year
d) All of the above

30. Given: Machinery cost Rs 30,000. Scrap value Rs 10,000. Life 5 years. Rate of interest 5%. Reference to sinking fund table 0.180975. The depreciation per year will be
(a) Rs 4,000  
(b) Rs 3619.50
(c) Rs 8,000  
(d) Rs 5429.25

31. When a company issues shares at a premium, the premium amount will be received by it along with
a) Application money
b) Allotment money
c) Call
   (d) Any of the above

32. To what rate does the law limit the commission payable on the issue of debentures?
a) 2%  
(b) 2 1/2%
(b) 3 1/2%  
(d) 4 1/2%

33. What rate should the commission payable on the issue of debentures not exceed?
a) 2%  
(b) 3%
(c) 4%  
(d) 5%

34. When FIFO method is in use, the closing inventory is valued at
a) Prevailing market price
b) Recent cost paid
c) Old stock price paid
d) Price furthest from actual cost

35. If the cost of goods sold is Rs 1 Lakh and the opening and closing stocks are Rs 20,000 and Rs 30,000 respectively, what will be the stock turnover ratio?
(a) 3.33 times  
(b) 4 times
(c) 5 times  
(d) 6 times

36. Match the following:

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</table>
| I. Acid test ratio  
II. Debt equity ratio  
III. Debtor’s turnover ratio  
IV. ROI |
| a) | b) | c) | d) |
| I | II | III | IV |
| I | II | I | IV |
| IV | III | II | I |
| d | III | I | IV |

37. If at an annual general meeting, no auditors are appointed or reappointed,
a) The board of directors appoint a person to fill the vacancy
b) The union government appoints an auditor
c) The managing director appoints an auditor
d) An extraordinary meeting is called

38. In which year the Chartered Accountants Act was passed?
(a) 1947  
(b) 1948
(c) 1949  
(d) 1950

39. What determines the duties of an auditor of a partnership firm?
a) The Partnership Act
b) The Partnership deed
c) The agreement entered between the partnership and auditor
d) Relevant provisions of the Companies act

40. During the course of an audit, the auditor stumbled upon a balance of Rs 12,500 in the Goodwill A/c and ascertained that it had not been written off over a long period. What may the auditor do with it?
a) Advise the concern to write it off
b) Hide it from the management
c) Insist that it be written off the same year
d) Recommend to the concern that it be written off over a period of five years

41. Matrix type of marketing organization is most suited for
a) Single product, single market situation
b) Multiple product, multiple market situation
c) Multi product, single market situation
d) Single product, multiple market situation

42. Generated increased sales by neglecting quality control, production efficiency and/or cash flow management are.
a) Over marketing
b) Remarketing
c) Under marketing
   (d) demarcating

43. When a change in customers tastes and preferences and market structures in general occurs, it is termed as
a) market inertia
b) market planning
c) Market drift.
   (d) market change

44. Market orientation is a technique of selecting.
a) Product integration
b) Concentrated marketing
c) Additional segmentation
   (d) Marketing mix

45. When buyers have too narrow an image of brand, is known as
a) under positioning error
b) doubtful positioning error
c) confused positioning error
d) over positioning error

46. Under the companies act, 1956, a person can be a director in
a) 7 companies
b) 10 companies
c) 20 companies.
   (d) 25 companies

47. Which one of the following is not an example of profitability ratios?
a) OPERATING RATIO  
(b) ROI
(c) EPS
   (d) INTEREST COVERAGE RATIO
48. The budget which commonly takes form of budgeted profit and loss account and balance sheet is:
   a) cash budget  b) master budget.
   c) flexible budget  d) sales budget.

49. The physical possession of equity shares in case of GDR is with:
   a) depository  b) custodian.
   c) foreign investor  d) Government.

50. For calculating the value of equity share by yield method information is required regarding:
   a) NRR.  b) net asset of business.
   c) face value of share  d) all of the above.

51. Life insurance premiums received by an insurance company should be classified as:
   a) accrued asset  b) accrued liability.
   c) prepaid expense  d) unearned revenue.

52. The speculative activity that seeks a profit from price variations of securities in the different markets is:
   a) Margin trading  b) Market rigging.
   c) Option dealings  d) Arbitrage.

53. The maximum limit of partners in a firm has been specified by:
   a) the Indian partnership act 1932
   b) the Indian contract act 1872
   c) the Indian companies act 1956
   d) both A & B.

54. Accounting entry for recording loss on the realization of sinking fund investment is:
   a) Sinking fund a/c Dr Sinking fund investment a/c
   b) Sinking fund investment a/c Dr Sinking fund A/c
   c) Profit & loss A/c Dr Sinking Fund A/c
   d) Sinking fund investment A/c Dr Profit & loss A/c

55. The method ignores cash generation beyond period when cash inflow exceeds investment:
   a) pay back method.  b) ARR
   c) NPV  d) IRR.

56. Contango charge is one paid by a __________ spectator to a __________ spectator.
   a) Bear, bull  b) Bull, bear
   c) Lame duck, bull  d) Lame duck, bear.

57. When the name of the transferee is not filled in the transfer deed, it is called a/an:
   a) Carryover  b) Option dealing
   c) Blank transfer  d) Forward dealing.

58. The salient features of Deep Discount Bonds don't include:
   a) it carries a fixed rate of interest
   b) DDBs are issued to face value bond
   c) These are zero interest bonds
   d) difference between sales price and original cost is investors profit.

59. Total leverage is a combination of:
   a) financial leverage and EPS
   b) operating leverage and EPS
   c) financial leverage and operating leverage
   d) financial leverage and operating leverage and EPS.

60. ________ risk refers to risk which is caused due to factors unique or related to a firm or industry:
   a) systematic  b) unsystematic
   c) market  d) interstate.

61. According to DOW theory the market is always considered as having ______ movements, all growing at the same time:
   a) 1  b) 3  c) 2  d) 4.

62. The fixed price at which an option may be exercised, known as strike price:
   a) striking  b) bid
   c) hammer  d) called up.

63. For registering the transfer of shares in the name of the buyer share transfer stamps are required at ______% ad valorem:
   a) 0.25  b) 0.5
   c) 1  d) all of the above.

64. Black- scholes pricing model is used for:
   a) option  b) forward
   c) future  d) all of the above.

65. An investor would buy a bond if:
   a) the intrinsic value is lower than the market value
   b) the intrinsic value is higher than the market value
   c) the current market value is lower than the redemption value
   d) the required rate of return is equal to coupon rate of interest.

66. Low asset turnover may indicate:
   a) low assets  b) high cost of maintenance
   c) idle assets  d) all of the above.

67. The phenomenon of over trading in working capital is characterized by:
   a) less amount of cash invested in current assets
   b) overcapitalization of the company as compared to volume of sales
   c) high amount of cash invested in current assets
   d) All of the above.

68. Underwriting commission on shares as per SEBI guide lines:
   a) 4% and above  b) 3.5 to 4%
   c) 3 to 2.5%  d) up to 2.5%.

69. 'Ulta badla' is a charge payable by a ______ to a ________:
   a) Bull, broker  b) Bear, broker
   c) Bear, bull  d) Bull, bear.

70. Euro convertibles bonds issued by Indian companies refer to bonds issued in foreign currency in:
   a) India or any country outside India
   b) European countries only
   c) India and any country in Europe
   d) any country other than India.

71. Which of the following provides liquidity to money market instruments by creating a secondary market where they can be traded:
   a) DFHI  b) NSDL
   c) SBI  d) OTCEI.

72. GIVEN FIXED COST = Rs 20000/-, the operating BEP in units=2500 and financial BEP = Rs 4000, the overall BEP in units is:
   a) 3000  b) 5000
   c) 8000  d) 4000.

73. The agency which has to give approval to any company intending to come out with a public or rights issue, issue related guidance etc is:
   a) RBI  b) SEBI
   c) STCL  d) CCI.

74. As per earning per share approach cost of equity can be calculated as (where g is growth rate)
   a) EPS(1+g)/current market price
   b) EPS/CURRENT MARKET PRICE
   c) EPS(1+g)/current market price (1-g)
   d) EPS/current market price(1+g).

75. What does 'blue chip' denote?
   a) Shares likely to yield meager returns
   b) Shares listed in the stock exchange
   c) Shares guaranteed by the government
   d) Shares consistently yielding high returns.
76. When credit balance in invisibles account is greater than the debit balance in merchandise account, there is:
   a) capital account surplus
   b) current account surplus
   c) capital account deficit
   d) current account deficit

77. If the convertibility of currency is restricted to certain foreign currency transactions, it is termed as:
   a) full convertibility
   b) partial convertibility
   c) current account convertibility
   d) capital account convertibility

78. The exchange market of India consists of:
   a) authorized dealers
   b) RBI
   c) overseas banks to some extent
   d) all of the above

79. Which committee was formulated to look into the matter of capital account convertibility in India?
   a) Narasimham committee
   b) Tarapore committee
   c) Tendal committee
   d) Choice committee

80. A TOM rate quoted is for delivery on the:
   a) same day
   b) second working day
   c) third working day
   d) following day

81. According to Haney, ‘excessive competition’ served as a force in leading to the formation of business combinations.
   a) Beckoning
   b) Driving
   c) Facilitating
   d) Compelling

82. Leading and lagging are used for:
   a) hedging
   b) speculating
   c) reducing taxes
   d) any of the above

83. Which of the following are the internal techniques for managing foreign exchange exposure?
   a) netting
   b) futures
   c) leading and lagging
   d) all except (b)

84. When operating profit ratio is 25% and capital turnover ratio is 20%, what is the ROI?
   a) 75%
   b) 50%
   c) 25%
   d) none of the above

85. Cash flow statement is prepared as per accounting standard:
   a) As-5
   b) As-4
   c) As-3
   d) As-2

86. Which one of the following formulae is used to calculate cross relationship under the span of control?
   a) $n(n-1)$
   b) $n(2n-1)$
   c) $n(2n+1)$
   d) None of the above

87. Cartel is a form:
   a) Federation
   b) Trade association
   c) Chamber of Commerce
   d) Complete consolidation

88. Complete consolidation as a class of business combination may include:
   a) Mergers and acquisitions
   b) Pools and cartels
   c) Trusts and holding companies
   d) Trade associations and chambers of commerce

89. In stock exchange operations, when the speculator buys the right to sell ascertain number of shares on an agreed amount at a specified time, it is known as:
   a) no option
   b) call option
   c) put option
   d) double option

90. Where all the debentures are redeemed, the balance left in the redemption sinking fund account is transferable to:
   a) debentures a/c
   b) sinking fund investment a/c
   c) capital redemption reserve
   d) general reserve

91. Capital employed in a business is Rs 150000, profits are Rs 50000, and the normal rate of profits is 20%. The amount of goodwill as per capitalization method would be:
   a) Rs 100000
   b) Rs 150000
   c) Rs 200000
   d) Rs 300000

92. The basis of theory Z is the reliance on:
   a) external control of human behaviour
   b) self control and self direction
   c) the belief that productivity is linked to trust, openness, subtlety and intimacy in the work environment
   d) Government regulatory framework

93. Which of the following forms of combinations involve certain degree of control over supply of goods in the market?
   a) Trade association
   b) Chamber of commerce
   c) Pool
   d) All of the above

94. Deferred payment arrangement aims at financing:
   a) working capital needs
   b) redemption of debts
   c) purchase of GDRs
   d) import of plant and machinery

95. The combination of firms in successive stages of the same industry may be referred to as:
   a) horizontal integration
   b) vertical integration
   c) forward integration
   d) backward integration

96. The motivational process and not the motivators as such is associated with:
   a) need hierarchy theory
   b) two factor theory
   c)berg theory
   d) expectancy theory

97. When jobs are broad ended in scope and complexity so that the persons overall area of job responsibility increases, it is a case of:
   a) job evaluation
   b) job specification
   c) job enlargement
   d) job enrichment

98. Owners equity stands for:
   a) fixed assets - fixed liabilities
   b) fixed assets - current liabilities
   c) current assets - fixed liabilities
   d) total assets - total liabilities

99. The form of combination that sees a group of common shareholders or directions managing the policies of several companies, without any formal central administration, is:
   a) Community of interest
   b) Trust
   c) Informal agreement
   d) Holding company

100. The ACC (Associated Cement Company) in India that does not operate its own plant, but was established only to control the subsidiaries is an instance of a/an:
   a) Offspring
   b) Pure
   c) Mixed
   d) Primary
ARMS WELFARE EDUCATION SOCIETY
WRITTEN TEST PAPER FOR TEACHERS SELECTION: 09 DEC 2012
PART-‘B’ : Commerce (PGT) : SUBJECT CODE : (P43)

GENERAL INSTRUCTIONS

1. DO NOT open this booklet until you are asked to do so.

2. FILL SCHOOL CODE, REGN NUMBER ON OMR ANSWER SHEET CAREFULLY AND SIGN ON THE RIGHT BOTTOM CORNER OF OMR SHEET.

3. Total duration of the test is 2 Hours and Maximum Marks are 120.

4. There are total 100 questions. All questions are objective type-multiple choices. All questions carrying equal marks.

5. DO NOT write anything on this question booklet.

6. After the test, please return this booklet along with OMR-Answer sheet to the invigilator.

7. You are not allowed to leave the examination hall before 1300h.

Instructions for filling the OMR Sheet

8. Read instructions printed on the OMR Sheet carefully before answering. Each item has four choices; A, B, C and D. Each choice is denoted by a circle. Shade the appropriate circle using Blue/Black Pen. Be absolutely sure of your option before shading the circle since you are not permitted to erase your response once shaded. More than one response will make your answer invalid. There is NEGATIVE MARKING for wrong answer.

Rough Work

9. For any rough work use the separate sheet provided along with the test booklet. DO NOT do any rough work on the answer sheet or any other paper.