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TEST BOOKLET

Sl. No. **02830**

Subject Code : 05

Subject : Commerce

LECTURERS FOR NON-GOVT. AIDED COLLEGES OF ODISHA

Time Allowed : 3 Hours

Maximum Marks : 165

: INSTRUCTIONS TO CANDIDATES :

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET CONTAINS 31 PAGES AND DOES NOT HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. You have to enter your **Roll No.** on the Test Booklet in the Box provided alongside. **DO NOT** write anything else on the Test Booklet.

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3. The Test Booklet contains **165** questions. Each question comprises four answers. You have to select the correct answer which you want to mark (darken) on the Answer Sheet. In case, you feel that there is more than one correct answer, you should mark (darken) the answer which you consider the best. In any case choose **ONLY ONE** answer for each question. If more than one answer is darkened it will be considered as wrong.
4. You have to mark (darken) all your answers **ONLY** on the **separate OMR Answer Sheet** provided, by using **BLACK BALL POINT PEN**. You have to do rough work on the space provided in the Test Booklet only. See instruction in the Answer Sheet.
5. All questions carry equal marks, i.e. of one mark for each correct answer and each wrong answer will result in negative marking of **0.25** mark.
6. Before you proceed to mark (darken) in the Answer Sheet the answers to various questions in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per the instructions in your Admit Card.
7. After you have completed filling in all your answers on the Answer Sheet and after completion of the examination, you should hand over to the Invigilator the **Original Answer Sheet (OMR Answer Sheet)** issued to you. You are allowed to take with you the candidate's copy/second page of the Answer Sheet along with the Test Booklet after completion of the examination for your reference.

Candidate's full signature

Invigilator's signature

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1. What is not the example of convention of consistency ?
- (A) The valuation of stock at cost or market price whichever is less
- (B) Valuation of investment at market price or cost whichever is less
- (C) Change of methods of charging depreciation due to change in expected life of an asset or any other reason
- (D) Charging of depreciation or expired cost to profit and loss account
2. Which is/are accounting concept ?
- (a) Verifiability and objectivity
- (b) Materiality
- (c) Consistency
- (d) Dual aspect
- (e) Full disclosure
- (A) c and b only
- (B) a and d only
- (C) a, e and c
- (D) d and e only
3. What is not a method of preparing trial balance ?
- (A) Compound method
- (B) Balance method
- (C) Total method
- (D) Dual balance method
4. Which of the following is TRUE about a merchandising company ?
- (A) A merchandising company's business is to buy and sell products
- (B) A merchandising company must use the perpetual system to account for merchandising inventory
- (C) A merchandising company's business is to provide services
- (D) A merchandising company can do any business
5. Sale of goods to Amir is wrongly debited to Umair A/c instead of Amir A/c. Both are debtors of business, this is an example of :
- (A) Error of omission
- (B) Error of commission
- (C) Error of principle
- (D) Error of original entry

6. Which of the following statements (in general) is CORRECT ?
- (A) A low receivable turnover is desirable
 - (B) The lower the debit-to-equity ratio, the lower financial risk for a firm
 - (C) An increase in net profit margin with no change in sales or assets means a weaker ROI
 - (D) The higher the tax rate for a firm, the lower the interest coverage ratio
7. Office supplies are purchased on account. The company uses a perpetual inventory system. What is the correct journal entry for this purchase of office supplies ?
- (A) Debit – purchases ; Credit – cash
 - (B) Debit – Merchandise inventory; Credit – Cost of good sold
 - (C) Debit – Office supplies; Credit – Account payable
 - (D) Debit – Merchandise inventory; Credit – Account payable
8. Which of the following opinions state that the financial statements do not present fairly the financial position, results of operations etc, in conformity with GAAP ?
- (A) Unqualified opinion
 - (B) Adverse opinion
 - (C) Qualified opinion
 - (D) Disclaimer of opinion
9. Which ratio explains that how much portion of earning is distributed in the form of dividend ?
- (A) Equity-Debit ratio
 - (B) Pay-out ratio
 - (C) Earning Yield ratio
 - (D) Dividend-Debt ratio
10. Assertion (A) : The liability of shareholders in a private limited company is limited to the amount.
Reason (R) : The number of shareholders of a private limited company is limited to fifty.
- (A) Both A and R are true but R is correct explanation of A
 - (B) Both A and R are true but R is not correct explanation of A
 - (C) A is true R is false
 - (D) R is true A is false

11. The legal process of formation of a company is called _____.
- (A) Incorporation
(B) Liquidation
(C) Winding up
(D) Absorption
12. A person who is appointed to conduct the proceedings of winding up is called _____.
- (A) Executor
(B) Registrar
(C) Liquidator
(D) Vendor
13. When one or more existing companies go into liquidation and some existing company buys the business, it is known as _____.
- (A) External reconstruction
(B) Liquidation
(C) Absorption
(D) Amalgamation
14. _____ is a person who is liable to contribute to the assets of the company in the case of winding up.
- (A) Liquidator
(B) Vendor
(C) Subsidiary
(D) Contributory
15. If the gross profit is Rs. 5,000 and net profit is 25% of the gross profit, the expense will be :
- (A) Rs. 3,750
(B) Rs. 1,250
(C) Rs. 4,150
(D) Rs. 6,250
16. Conversion cost = direct labor + _____
- (A) Labor
(B) F. O. H.
(C) Material
(D) None of these
17. On a multiple-step income statement, the excess of net sales over the cost of merchandise sold is called :
- (A) Cost of good sold
(B) Net profit
(C) Gross profit
(D) Operating income

18. Which of the following cost is used in the calculation of cost per unit ?

- (A) Total production cost
- (B) Cost of goods available for sale
- (C) Cost of goods manufactured
- (D) Cost of goods sold

19. The term management accounting was first coined in :

- (A) 1960
- (B) 1950
- (C) 1945
- (D) 1955

20. The management accounting can be stated an extension of :

- (a) Cost Accounting
 - (b) Financial Accounting
 - (c) Responsibility Accounting
- (A) Both (a) and (b)
 - (B) Both (a) and (c)
 - (C) Both (b) and (c)
 - (D) (a), (b) and (c)

21. Which of the following statements are false about management accounting ?

- (a) Management accounting is concerned with historical events
- (b) Management accounting is related only with such instances which can be expressed in monetary terms
- (c) Management accounting is a part of Financial Management
- (d) Management accounting information can be disclosed to outsiders

- (A) (a), (b) and (d)
- (B) (a), (c) and (d)
- (C) (a), (b) and (c)
- (D) (a), (b), (c) and (d)

22. Sum payable based on output to the owner for use of right vested to him :

- (A) Rent
- (B) Royalties
- (C) Interest
- (D) None of these

23. If X and Y are sharing profits in the ratio of 3 : 2, admit Z to one-third share in the future profit, the profit-sharing ratio will be :

	X	Y	Z
(A)	2/5	4/15	1/3
(B)	3/5	2/5	2/15
(C)	4/15	3/15	2/15
(D)	Equally		

24. Contract costing is a method of costing and is categorized as :

- (A) Specific order costing
- (B) Continuous order costing
- (C) Direct costing
- (D) Uniform costing

25. Window dressing is associated with :

- (A) Current ratio
- (B) Quick ratio
- (C) Debt-equity ratio
- (D) Proprietary ratio

26. Clear profit is a concept applicable to :

- (A) Insurance companies
- (B) Public utility companies
- (C) Banking companies
- (D) Petroleum companies

27. In case of holding company accounts, liability in respect of bills discounted is a :

- (A) Contingent liability
- (B) Current liability
- (C) Long-term liability
- (D) Intangible liability

28. Opportunity cost helps in :

- (A) Ascertainment of cost
- (B) Controlling cost
- (C) Managerial decision
- (D) Ascertainment of profit

29. The process of managing the sales ledger of a client by a financial service company is :

- (A) Forfeiting
- (B) Factoring
- (C) Leasing
- (D) Securitization of debt

30. Variance from standards may be the result of :

- (A) Change in volume
- (B) Change in efficiency
- (C) Change in management
- (D) Neither volume nor efficiency

31. Value engineering stresses upon :
- (A) Profit maximization
 - (B) Human relation
 - (C) Method study
 - (D) Functional analysis
32. Red ink interest is noted in which one of the following :
- (A) Current account
 - (B) Account current
 - (C) Capital account
 - (D) Cash account
33. A statement which emerges after the marshaling of entries relating to a person, an assets or item of expenses or income for a particular period is known as :
- (A) Accounts
 - (B) Ledger
 - (C) Accounting
 - (D) Posting
34. Who does not makes or accepts any offer for a contract ?
- (A) Proposer
 - (B) Promisor
 - (C) Offerer
 - (D) Stranger
35. An acceptance with a variation is nothing but a :
- (A) Counter offer
 - (B) Specific offer
 - (C) Public offer
 - (D) Private offer
36. Where a guardian is appointed for a minor, he becomes major on completing :
- (A) 16 years
 - (B) 18 years
 - (C) 21 years
 - (D) 14 years
37. A false statement of facts made without any intention to deceive the other party falls under the category of :
- (A) Fraud
 - (B) Coercion
 - (C) Misrepresentation
 - (D) Undue Influence

38. An illegal agreement is void. However, a collateral transaction of an illegal agreement is :
- (A) Valid
 - (B) Voidable
 - (C) Void
 - (D) Legal
39. _____ means a substitution of a new contract for the original one.
- (A) Rescission
 - (B) Novation
 - (C) Remission
 - (D) Cancellation
40. _____ agent occupies the position of both a guarantor and an agent.
- (A) General
 - (B) Auctioneer
 - (C) Del credere
 - (D) Factor
41. The term "goods" for the purpose of sale of goods act, does not include :
- (A) Money
 - (B) Actionable claims
 - (C) Immovable property
 - (D) Stock
42. Which of the following is not an implied condition in a contract of sale ?
- (A) Condition as to title
 - (B) Condition as to freedom from encumbrance
 - (C) Condition as to description
 - (D) Condition as to a sample
43. A banking partnership business can have :
- (A) Not more than 10 partners
 - (B) Not more than 20 partners
 - (C) Not more than 50 partners
 - (D) Any number of partners
44. Current accounts of the partners should be opened when the capitals are :
- (A) Fluctuating
 - (B) Fixed
 - (C) Either fixed or fluctuating
 - (D) None of these
45. What is the time span within which company shall hold the first meeting of the Board of Director, of the date of its incorporation :
- (A) 7 days
 - (B) 10 days
 - (C) 15 days
 - (D) 30 days

46. Who is an independent director in relation to a company ?
- (A) Person of integrity
 - (B) Possesses relevant expertise
 - (C) Not a promoter of the company or its holding
 - (D) One of the ministers
47. What is the first stage of formation of a company ?
- (A) Registration
 - (B) Incorporation
 - (C) Promotion
 - (D) Capital subscription
48. What is the maximum fine applicable for every person who is knowingly a party to the issue of prospectus without registration ?
- (A) Rs. 50,000
 - (B) Rs. 1,00,000
 - (C) Rs. 2,50,000
 - (D) Rs. 3,00,000
49. Which section of the company empowers a private company to convert into public company voluntarily :
- (A) Sec. 34
 - (B) Sec. 14
 - (C) Sec. 54
 - (D) Sec. 64
50. What is the maximum duration till which auditors are appointed ?
- (A) 2 years
 - (B) 5 years
 - (C) 6 years
 - (D) 10 years
51. What is the maximum age limit for whole-time director ?
- (A) 65 years
 - (B) 68 years
 - (C) 70 years
 - (D) 75 years
52. Which of the following are the rules, regulation and bye-laws for governing the internal affairs of the company ?
- (A) Company vision
 - (B) Memorandum of association
 - (C) Articles of association
 - (D) Company HR Policy

53. What is the duration given to a company after incorporation to wind up, if it fails to commence business ?
- (A) 3 months
 (B) 6 months
 (C) 9 months
 (D) One year
54. When a public company has issued prospectus without receiving the minimum subscription it is called _____.
- (A) Splitting of allotment
 (B) Return of allotment
 (C) Renunciation of allotment
 (D) Irregular allotment
55. The minutes of the shareholder's meeting are to be kept at the _____ office of the company and must be open to inspection.
- (A) Registered
 (B) Divisional
 (C) Head
 (D) None of these
56. Amendments to NSDL Bye-Laws require _____.
- (A) No approvals
 (B) The approval of both, the Board of Directors of NSDL and that of SEBI
 (C) The approval of the Board of Directors of NSDL only
 (D) The approval of SEBI only
57. The Delivery Instruction Slip is to be submitted by the investor to his DP in _____.
- (A) Duplicate, one extra for 'acknowledgement'
 (B) No such requirement
 (C) Single copy
 (D) Triplicate, one for acknowledgement and other for sending to NSDL
58. For a company accessing the capital market for the first time need to adhere :
- (A) No restrictions
 (B) Norms prescribed by the Department of Company Affairs
 (C) RBI stipulated restrictions
 (D) Eligibility requirements prescribed by SEBI

59. In the context of dividend distribution, what is the full form of ECS ?
- (A) Electronic Credit System
 (B) Extended Clearing System
 (C) Electronic Clearing System
 (D) Extended Credit System
60. In the International Securities Identification Number (ISIN), the first two letters stand for which of the following ?
- (A) The country code
 (B) Name of the company
 (C) The term of the security
 (D) The type of the security
61. To provide legal counter-party guarantee eliminate the risk, _____ is created.
- (A) Disclosure and Risk Management Cell
 (B) A Settlement Guarantee Fund
 (C) A Market Regulation Committee
 (D) An Investor Protection Fund
62. Can an investor holding dematerialised securities, apply for ECS facility in case of cash corporate benefits ?
- (A) No, this facility is not available in case of dematerialised securities
 (B) Yes, however investor has to provide MICR code to the DP
 (C) Yes, but only for sensex scripts and by a written request to the Issuing Co.
 (D) Yes, by a written request to NSDL, provided the issuing Co. is providing this facility
63. What is 'shut period' ?
- (A) It is the period during which a company shall stop registering transfer of the securities
 (B) It is the period during which the Stock Exchanges will not operate
 (C) It is the period when NSDL shuts its operations
 (D) It is the period applicable to government securities, during which RBI will not register transfer of securities

64. SEBI, the capital market regulator,

- _____
- (A) Is a division of the Ministry of Finance
 - (B) Has been set-up by self-regulatory bodies like AMFI, AMBI, Stock Exchanges etc., to police the capital market
 - (C) Is an autonomous body set-up under an Act of Parliament
 - (D) Was set up by the Government of India to meet the requirements stipulated by IOSCO

65. The DP-Client Agreement _____

- (A) Is uniform across dps but, does not form a part of NSDL Bye-Laws
- (B) Is uniform across dps, forms a part of NSDL Bye-Laws and has been approved by SEBI
- (C) Is optional and may or may not be signed depending on the rapport between DP and client
- (D) Varies from DP to DP

66. The pay-in and pay-out dates for the settlement calendar is declared :

- (A) By SEBI
- (B) As per the Securities Contract Regulation Act, 1957
- (C) By NSDL
- (D) By the respective Stock Exchange

67. In graphical representation of LPP the bounded region is known as _____ region.

- (A) Solution
- (B) Basic solution
- (C) Feasible solution
- (D) Optimal

68. Linear programming model which involves funds allocation of limited investment is classified as :

- (A) Ordinance budgeting model
- (B) Capital budgeting models
- (C) Funds investment models
- (D) Funds origin models

69. In simplex method basic solution set as $(n-m)$, all variables other than basic are classified as :
- (A) Constant variable
 - (B) Non-positive variables
 - (C) Basic variables
 - (D) Non-basic variable
70. The linear function of variables which is to be maximized or minimized is called _____.
- (A) Constraints
 - (B) Objective function
 - (C) Basic requirements
 - (D) Any numbers
71. A constraint in an LP model restricts :
- (A) Values of the objectives function
 - (B) Use of the available resources
 - (C) Value of the decision variable
 - (D) All of these
72. In the simplex method for solving of LPP number of variables can be _____.
- (A) Not more than three
 - (B) At least two
 - (C) At least three
 - (D) Any numbers
73. Which of the following is not an inventory ?
- (A) Machines
 - (B) Raw material
 - (C) Finished products
 - (D) Consumable tools
74. The cost of insurance and taxes are included in :
- (A) Cost of ordering
 - (B) Set up cost
 - (C) Inventory carrying cost
 - (D) Cost of shortages
75. "Buffer stock" is the level of stock :
- (A) Half of the actual stock
 - (B) At which the ordering process should start
 - (C) Minimum stock level below which actual stock should not fall
 - (D) Maximum stock in inventory

76. The minimum stock level is calculated as :
- (A) Reorder level - (Normal consumption × Normal delivery time)
- (B) Reorder level + (Normal consumption × Normal delivery time)
- (C) (Reorder level + Normal consumption) × Normal delivery time
- (D) (Reorder level + Normal consumption) / Normal delivery time
77. The time period between placing an order its receipt in stock is known as :
- (A) Lead time
- (B) Carrying time
- (C) Shortage time
- (D) Overtime
78. Average stock level can be calculated as :
- (A) Minimum stock level + $\frac{1}{2}$ of Re-order level
- (B) Maximum stock level + $\frac{1}{2}$ of Re-order level
- (C) Minimum stock level + $\frac{1}{3}$ of Re-order level
- (D) Maximum stock level + $\frac{1}{3}$ of Re-order level
79. A-B-C analysis is used in _____.
- (A) CPM
- (B) PERT
- (C) Inventory control
- (D) All of these
80. PERT analysis is based upon _____.
- (A) Optimistic time
- (B) Pessimistic time
- (C) Most likely time
- (D) All of these
81. Queuing theory is associated with _____.
- (A) Inventory
- (B) Sales
- (C) Waiting time
- (D) Production time

82. The artificial activity which indicates that an activity following it, cannot be started unless the preceding activity is complete, is known as :

- (A) Free float
- (B) Event
- (C) Dummy
- (D) Constant

83. A numerical value used as a summary measure for a sample, such as sample mean, is known as a :

- (A) Population Parameter
- (B) Sample Parameter
- (C) Sample Statistic
- (D) Population Mean

84. The sum of the percent frequencies for all classes will always equal :

- (A) One
- (B) The number of classes
- (C) The number of items in the study
- (D) 100

85. In a five number summary, which of the following is not used for data summarization ?

- (A) The smallest value
- (B) The largest value
- (C) The median
- (D) The 25th percentile

86. Since the mode is the most frequently occurring data value, it :

- (A) Can never be larger than the mean
- (B) Is always larger than the median
- (C) Is always larger than the mean
- (D) None of the above answers is correct

87. The combined arithmetic mean of two samples of sizes 6 and 4 respectively whose means are 15 and 25 is :

- (A) 20
- (B) 19
- (C) 40
- (D) 21

88. Median = $1 + c(N/2 - m)/f$ where 'm' is :

- (A) Cumulative frequency of the median class
- (B) Frequency of the median class
- (C) Cumulative frequency of the class preceding the median class
- (D) Frequency of the class preceding the median class

89. In a Poisson probability distribution :

- (A) The mean and variance of the distribution are same (equal)
- (B) The probability of success is always greater than 5
- (C) The number of trials is always less than 5
- (D) It always contains a contingency table

90. A listing of the possible outcomes of an experiment and their corresponding probability is called :

- (A) Random variable
- (B) Contingency table
- (C) Probability distribution
- (D) Frequency distribution

91. The probability function is always :

- (A) Negative
- (B) Non-negative
- (C) Infinity
- (D) None of these

92. If "time" is used as the independent variable in a simple linear regression analysis, then which of the following assumption could be violated :

- (A) There is a linear relationship between the independent and dependent variables
- (B) The residual variation is the same for all fitted values of Y
- (C) The residuals are normally distributed
- (D) Successive observations of the dependent variable are uncorrelated

93. The correlation coefficient r is independent of :

- (A) Origin only
- (B) Scale of measurement only
- (C) Both change of origin and scale of measurement
- (D) None of these

94. The percent of total variation of the dependent variable Y explained by the set of independent variables X is measured by :
- (A) Coefficient of Correlation
 (B) Coefficient of Skewness
 (C) Coefficient of Determination
 (D) Standard Error or Estimate
95. In chain base method, the base period is :
- (A) Fixed
 (B) Not fixed
 (C) Constant
 (D) Zero
96. Purchasing power of money can be accessed through :
- (A) Simple index
 (B) Fisher's index
 (C) Consumer price index
 (D) Volume index
97. Fisher's ideal index number is the geometric mean of the :
- (A) Laspeyre's and Marshall Edgeworth indices
 (B) Laspeyre's and Paasche's indices
 (C) Paasche's and Marshall Edgeworth indices
 (D) All of these
98. Assignment problem has to be a _____.
- (A) Square matrix
 (B) Identity matrix
 (C) Body
 (D) None of these
99. North-West corner rule is applied for _____.
- (A) Linear programming
 (B) Transportation problems
 (C) Assignment problems
 (D) Game theory
100. Which of the following approach has emerged from the finding of Hawthorne Experiments ?
- (A) Human behavior approach
 (B) Systems approach
 (C) Human relations approach
 (D) Decision theory approach

101. The term "Gang Boss" is related to :
- (A) Functional foremanship
 - (B) Separation of planning and doing
 - (C) Job analysis
 - (D) Standardization
102. The author of "Administration Industrielle at General" is :
- (A) Henry Fayol
 - (B) Taylor
 - (C) Max Weber
 - (D) Maslow
103. "Management is what management does" is associated with the name :
- (A) Peter F Druker
 - (B) Terry
 - (C) Louis Allan
 - (D) Henry Fayol
104. Esteem need is also called as :
- (A) Social need
 - (B) Self-realization need
 - (C) Ego need
 - (D) Safety need
105. The management function that regulates the activities :
- (A) Co-ordination
 - (B) Control
 - (C) Direction
 - (D) Planning
106. Cost volume profit analysis is otherwise called as :
- (A) Budget control technique
 - (B) Statistical control
 - (C) Break even analysis
 - (D) Cost control
107. Specifying the manner of executing the policy is known as :
- (A) Objective
 - (B) Schedule
 - (C) Procedure
 - (D) Budget
108. The orders, instructions or direction are delegated to a particular person specially known as :
- (A) General delegation
 - (B) Formal delegation
 - (C) Specific delegation
 - (D) Informal delegation

109. The leader acts as a liaison officer between the employee and outside world is :
- (A) Positive style
 - (B) Free-rein style
 - (C) Autocratic style
 - (D) Democratic style
110. Strategic thinking is a _____ process.
- (A) Short-term
 - (B) Long-term
 - (C) Continue
 - (D) None of these
111. The organization's _____ must be conducive to productivity and quality improvement.
- (A) Culture
 - (B) Development
 - (C) Policy
 - (D) Environment
112. Point method is suitable for :
- (A) Small size organization
 - (B) Mid-size organization
 - (C) Large organization
 - (D) Both (B) and (C)
113. In factor comparison method, each factor is ascribed a :
- (A) Money value
 - (B) Ranking
 - (C) Scale
 - (D) Grade
114. What is that describes the duties of the job, authority relationship, skill requirement, condition of work etc ?
- (A) Job analysis
 - (B) Job enlargement
 - (C) Job enrichment
 - (D) Job evaluation
115. Greater consumer control means that companies must rely more on marketing by _____ than by _____.
- (A) Socialization; information
 - (B) Producing; selling
 - (C) Inspiration; competition
 - (D) Interaction; intrusion

116. An increasingly large number of firms are changing their organizational focus from _____ to _____.
- (A) Product management; functional management
 - (B) Brand management; customer relationship management
 - (C) Territory management; functional management
 - (D) Product management; territory management
117. Ending prices with 99p is called :
- (A) Price lining
 - (B) Prestige pricing
 - (C) Odd-even pricing
 - (D) Price skimming
118. Calculating prices on the basis of what the market will pay is called :
- (A) Competitive pricing
 - (B) Demand pricing
 - (C) Prestige pricing
 - (D) Penetration pricing
119. Starting with one or two areas and then adding new regions to the distribution area is called :
- (A) Rolling launch
 - (B) Sprinkler strategy
 - (C) Test marketing
 - (D) Skimming strategy
120. The _____ holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's wellbeing.
- (A) Customer-centered business
 - (B) Focused business model
 - (C) Societal marketing concept
 - (D) Ethically responsible marketing
121. _____ markets include a wide variety of profit and non-profit organizations, such as hospitals, government agencies and schools, which provide goods and services for the benefit of society.
- (A) Consumer
 - (B) Business-to-business (Industrial)
 - (C) Reseller
 - (D) Institutional

122. Listing alternatives that will solve the problem at hand and determining the characteristics of each occurs during which stage of the final consumer's decision process ?

- (A) Information search
- (B) Purchase
- (C) Evaluation of alternatives
- (D) Post purchase

123. When a project's internal rate of return is equal to cost of capital ?

- (A) Project should be accepted
- (B) Project should be rejected
- (C) Cannot say whether to accept or reject
- (D) Project's NPV will be positive

124. Capital gearing ratio are otherwise called as :

- (A) Liquidity ratio
- (B) Turnover ratio
- (C) Profitability ratio
- (D) Capital structure ratio

125. Relationship between Economic Value Added (EVA) and Net Present Value (NPV) is considered as :

- (A) Valued relationship

(B) Economic relationship

(C) Direct relationship

(D) Inverse relationship

126. In mutually exclusive projects, project which is selected for comparison with others must have :

- (A) Higher net present value
- (B) Lower net present value
- (C) Zero net present value
- (D) None of these

127. Second mortgages pledged against bond's security are referred as :

- (A) Loan mortgages
- (B) Medium mortgages
- (C) Senior mortgages
- (D) Junior mortgages

128. Bonds issued by corporations and exposed to default risk are classified as :

- (A) Corporation bonds
- (B) Default bonds
- (C) Risk bonds
- (D) Zero risk bonds

129. Cost of common stock is 13% and bond risk premium is 5% then bond yield would be :
- (A) \$18
 (B) 2.60%
 (C) 8%
 (D) 18%
130. Method of stock valuation which is multiple of earning per share, book value and net income is classified as :
- (A) Stock multiple analysis
 (B) Dividend multiple analysis
 (C) Market multiple analysis
 (D) Stock and multiple analysis
131. Dividend present value for period of non-constant growth in addition with horizon value is used to calculate :
- (A) Stock extrinsic value
 (B) Stock intrinsic value
 (C) Dividend intrinsic value
 (D) Stock intrinsic value
132. In calculation of net cash flow, depreciation and amortization are treated as :
- (A) Current liabilities
 (B) Income expenses
 (C) Non-cash revenues
 (D) Non-cash charges
133. Amount of Rs. 5,00,000 received by Ram & Co., as a compensation for premature termination of contract of agency in the month of April, 2017 is to be treated as :
- (A) Income from other sources
 (B) Taxable under Section 28 (ii)(c)
 (C) Revenue receipt which is exempt
 (D) Capital receipt which is not chargeable to tax
134. John is a foreign citizen born in USA. His father was born in Delhi in 1960 and his grand-father was born in Lahore in 1935 but his mother was born in UK in 1963. John came to India for the time on 1st June, 2017 and stayed in India for 183 days and then left for USA. His residential status for the A. Y. 2018-19 shall be :
- (A) Resident
 (B) Resident but not ordinary resident
 (C) Non-resident
 (D) Foreign national

135. The maximum amount of gratuity exempt and the maximum amount of leave encashment exempt under the Act respectively are :

- (A) Rs. 2,50,000 in each case
- (B) Rs. 10,00,000 and Rs. 3,00,000
- (C) Rs. 5,00,000 and Rs. 2,50,000
- (D) Rs. 10,00,000 in each case

136. Mr. X purchased in October, 2017, a flat in Chennai, to be used for his own residential purposes with the financial assistance of housing loan taken from PNB Housing Finance Ltd. He has paid interest on such loan till March, 2018 of Rs. 1,78,780. The amount of interest paid on such loan allowed u/s 24 is :

- (A) Rs. 1,25,000
- (B) Rs. 1,78,780
- (C) Rs. 1,50,000
- (D) None of these

137. Which out of the following elements you find are sufficient for bringing to tax as income from business or profession :

- (i) Ownership of the business is not necessary

- (ii) Business must be legal
- (iii) Income may be earned in cash or kind
- (iv) Profit motive is the sole consideration

- (A) (i), (ii) and (iv)
- (B) All the four
- (C) (i) and (iii)
- (D) (ii), (iii) and (iv)

138. Out of the following, which income is chargeable as capital gain ?

- (i) From transfer of self-generated goodwill of profession
- (ii) From transfer of personal jewellery
- (iii) From transfer of paintings and art-work
- (iv) From transfer of furniture utilised for personal use

- (A) (i) and (ii)
- (B) (ii) and (iii)
- (C) (i), (ii) and (iii)
- (D) (i) and (iv)

139. Base year for the purpose of calculation of indexed cost of acquisition or the cost of improvement in respect of long-term capital asset acquired prior to 1st April, 2001 shall be taken as :

- (A) 1981-82
- (B) 2001-02
- (C) 1991-92
- (D) 2011-12

140. Babu Lal won a prize of Rs. 1,00,000 in Rajasthan State Lottery and Lottery Department paid him an amount of Rs. 70,000 after deduction of tax at source of Rs. 30,000. He had purchased lottery tickets for Rs. 8,000. The amount chargeable to tax in the hands of Babu Lal under other sources shall be :

- (A) Rs. 70,000
- (B) Rs. 1,00,000
- (C) Rs. 92,000
- (D) Rs. 2,00,000

141. Provisions of Minimum Alternate Tax (MAT) are applicable to the companies which are :

- (i) Indian companies

(ii) Foreign companies in certain situations

(iii) LPP

- (A) (i) and (iii)
- (B) (i) and (ii)
- (C) All the three
- (D) Only (i)

142. First appeal can be filed by :

- (A) Department only
- (B) Assessee only
- (C) (A) or (B)
- (D) None of these

143. Rahim has shown an air-conditioner installed at his residence as having been installed at his factory, and claimed depreciation thereon. This is an act of :

- (A) Tax planning
- (B) Tax management
- (C) Tax evasion
- (D) Tax pruning

144. Goods and Service Tax (GST) noted to be a greatest tax reform in India and therefore was rolled-out with effect from 1st July, 2017. It transforms a system of taxation and administration into the digital world by adopting latest information technology. The GST model rolled out in India has been adopted from :

- (A) France
- (B) Canada
- (C) Argentina
- (D) None of these

145. Special purpose vehicle to cater the IT needs of GST is called :

- (A) HSN
- (B) GSTN
- (C) IGSTN
- (D) SGSTN

146. GST in India is levied on the basis of:

- (A) Consumption principle

(B) Set-off against that payable principle

(C) Destination base principle

(D) Both consumption and destination base principle

147. Construction of a complex, building, civil structure or the part thereof including a complex or building intended for sale to a buyer, wholly or partly except where the entire consideration has been received after issuance of completion certificate, where required, by a competent authority or after its first occupation, whichever is earlier for the purpose of taxability under the CGST Act, 2017 shall be treated as supply of :

- (A) Goods
- (B) Both goods and services
- (C) Services
- (D) Contract work

148. A registered person as per Section 35 of the GST Act, 2017 is required to maintain proper accounts and records and keep at his registered, principal place of business. Following are the records specified under this section are to be maintained by the registered person :

- (i) Production or manufacturing of goods
- (ii) Inward and Outward supply of goods or services or both
- (iii) Stock of goods
- (iv) Input credit availed
- (v) Output tax payable and paid
- (vi) Such other particulars as may be prescribed

- (A) (i), (iii) and (iv)
- (B) All the six as given in above
- (C) (i), (ii), (iii) and (v)
- (D) (i), (iii), (iv), (v) and (vi)

149. A casual taxable person or a non-resident taxable person shall be

required to apply for registration at least _____ days prior to the commencement of business.

- (A) 30
- (B) 5
- (C) 15
- (D) 7

150. Mr. Bala has made supply (within State) of taxable goods to the tune of Rs. 17 lakh, export supplies of Rs. 3 lakh and intra-state supply of exempt services of Rs. 4 lakh. His aggregate turnover as per Section 2(6) of the CGST/SGST Act, 2017 is :

- (A) Rs. 17 lakh
- (B) Rs. 20 lakh
- (C) Rs. 24 lakh
- (D) Rs. 16 lakh

151. Input Service Distributor shall file the return in GSTR-6 for the input service distributed by :

- (A) 10th of the next month
- (B) 18th of the next month
- (C) 13th of the next month
- (D) 20th of the next month

152. Section 56 of the CGST Act, 2017 specifies that if any tax ordered to be refunded after the order of an Appellate Authority is not refunded within 60 days from the date of application filed consequent to such order, interest at such rate not exceeding _____ shall be payable in respect of such refund.

- (A) 90%
- (B) 6%
- (C) 12%
- (D) 18%

153. Tax on inter-state supplies, import into India, supplies made outside India and supplies made in SEZ shall be charged to :

- (A) CGST and SGST
- (B) CGST and UTGST
- (C) CGST and IGST
- (D) IGST

154. The highest enabling limit of tax rate of IGST has been prescribed at :

- (A) 20%

- (B) 14%
- (C) 28%
- (D) None of these

155. The title of AAS2 issued by Council of ICAI is _____.

- (A) Objective and Scope of the Financial Statements
- (B) Objective and Scope of the Audit of Financial Statements
- (C) Objective and Scope of Business of an Entity
- (D) Objective and Scope of Financial Statements Audit

156. In case of unclaimed wages, the auditor should examine whether :

- (A) The amount has been deposited in a separate bank account
- (B) Deposited with the cashier
- (C) Held in a safe deposit box
- (D) All of these

157. While vouching wages, auditor should examine whether there is proper segregation of duties. Which of the following activities should not be done by same department ?

- (A) Maintaining personnel records and approving changing in wages rates
- (B) Proposing pay roll summary and disbursement of wages
- (C) Making salary statements and filing tax returns
- (D) Comparing time clock records with time reports prepared by supervisors and preparing list of workers employed along with the units of production for each one of them

158. While verifying intangible assets, an auditor would recomputed amortization charges and determine whether amortization period is reasonable. The auditor tries to establish _____ by doing it.

- (A) Valuation

- (B) Existence
- (C) Disclosure
- (D) Possession

159. Equity shares of XY Ltd. held by ABC Ltd. are in the custody of Stock Holding Corporation of India Limited. The auditor may verify this investment by :

- (A) Reviewing last year's working papers
- (B) Obtaining a certificate from a responsible official of the ABC Ltd.
- (C) Obtaining a certificate from SHCIL
- (D) Obtaining a certificate from XY Ltd.

160. Analytical procedures are least likely to be use in the audit of :

- (A) Cash balance
- (B) Investments
- (C) Bills receivables
- (D) Debtors

161. The sequence of steps in the auditor's consideration of internal control is as follows :
- (A) Obtain an understanding, design substantive test, perform tests of control, make a preliminary assessment of control risk
 - (B) Design substantive tests, obtain an understanding, perform tests of control, make a preliminary assessment of control risk
 - (C) Obtain an understanding, make a preliminary assessment of control risk, perform tests of control, design substantive procedures
 - (D) Perform tests of control, obtain an understanding, make a preliminary assessment of control risk, design control risk, design
162. The use of an audit engagement letter is the best method of documenting :
- (i) The required communication of significant deficiencies in internal control
 - (ii) Significantly higher control risk than that assessed in prior audit
 - (iii) Objective and scope of auditor's work
 - (iv) Notification of any changes in the original arrangements of the audit
163. Which of the following is not a fact of EPA ?
- (A) Economic audit
 - (B) Efficiency audit
 - (C) Expenditure audit
 - (D) Effectiveness audit



164. _____ the audit risk, _____ the materiality and _____ the audit effort.
- (A) Lower, Higher, Lower
 (B) Lower, Lower, Higher
 (C) Higher, Lower, Lower
 (D) Lower, Higher, Higher
165. AB & Co, chartered accountant, have been requested by their client XYZ Ltd. not to confirm accounts receivables because of concerns
- (A) Qualified opinion
 (B) Disclaimer of opinion
 (C) Unqualified opinion with an explanatory paragraph
 (D) Unqualified opinion
- about creasing conflicts with customers over amounts owed. The auditors were satisfied concerning receivables after applying alternative audit procedures AB & Co.'s auditors report likely contained :

SPACE FOR ROUGH WORK

SECRET OF ROYAL FORN

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