

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

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.

SEAL

Candidate's full signature

Invigilator's signature

RS - 12/23

(Turn over)

2018

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