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**COMBINED COMPETITIVE (PRELIMINARY) EXAMINATION, 2013**

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  
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*DO NOT* write *anything else* on the Test Booklet.
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.

Your Roll No.

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## ROUGH WORK

1. Accounting rules, procedures and methods should be observed alike and should not be changed from year to year. This is called accounting convention of :  
 (A) Consistency (B) Full disclosure  
 (C) Conservation (D) Going concern
2. The accounting convention of matching means :  
 (A) Profit for the sales to be matched with the sales revenue  
 (B) Profit for the period to be matched with the investment  
 (C) Expenses of a period to be matched with the revenue of the same period  
 (D) Partners must get equal share in profit
3. According to the money measurement concept the following will be recorded in the books of accounts :  
 (A) quality control in business (B) commission payable to salesman  
 (C) directors and managers discussion (D) none of these
4. The convention of conservatism implies that :  
 (A) expected future losses must be provided for  
 (B) revenue must not be recognised unless it is accrued  
 (C) both of the above  
 (D) none of these
5. Going concern assumption of accounting is also known as :  
 (A) continuity assumption (B) monetary unit assumption  
 (C) accounting period assumption (D) none of the above
6. When shares are forfeited Share Capital Account will be debited by :  
 (A) nominal value of shares (B) paid-up amount of shares  
 (C) called up amount of shares (D) forfeited amount of shares
7. After reissue of forfeited share the balance of share forfeited account will be transferred to :  
 (A) Share Capital Account (B) Capital Reserve Account  
 (C) Shareholder's Account (D) General Reserve A/c
8. 'A' and 'B' are partners sharing profits in the ratio of 7:3. C is admitted for  $\frac{3}{7}$  share in the profits. The new profits sharing ratio of the partners will be :  
 (A) 14:6:15 (B) 7:6:7  
 (C) 7:3:3 (D) 5:3:3
9. In the event of dissolution of a partnership firm, the provision of doubtful debt is transferred to :  
 (A) Realisation A/c (B) Partner's Capital A/c  
 (C) Sundry Debtor's A/c (D) Profit and Loss A/c

10. Liability of partners for firm's debt is :  
(A) Joint (B) Separate  
(C) Joint and separate (D) None of the above
11. Assets of the business means :  
(A) Liabilities - capital (B) Cash + capital  
(C) Liabilities + capital (D) Capital + drawings
12. Which of the following is not correctly matched ?  
(A) Secured debentures - mortgage deed  
(B) Rights share-Issued to new shareholders  
(C) Convertible - debentures  
(D) Redeemable - preference shares
13. Revenue is generally recognised as being earned at the point of time, when :  
(A) Sale is effected (B) Production is complete  
(C) Cash is received (D) In financial year
14. Unless written off, the loss on issue of debentures is shown :  
(A) On the asset side of the balance sheet (B) On the debit side of P & L A/c  
(C) None of the above (D) Both (A) and (B)
15. In case of admission of a new partner, the amount of goodwill brought in by him in the firm is shared by the old partners :  
(A) in their old profits sharing ratio (B) in the ratio of their capital  
(C) in their sacrificing ratio (D) in the new ratio
16. When all partners are insolvent the loss is borne by :  
(A) Government (B) Employers  
(C) Partners (D) All of the above
17. The owner of the business is treated as a creditor for the money invested by him is :  
(A) Lost concept (B) Money measurement concept  
(C) Realisation concept (D) Business entity concept
18. Break even, means :  
(A) Costs are more than revenue (B) Revenues and cost are equal  
(C) Revenues are more than cost (D) None of the above
19. Goodwill is a :  
(A) Liquid asset (B) Fictitious asset  
(C) Current asset (D) Intangible asset

20. Copyright is a :  
 (A) Personal account (B) Real account  
 (C) Nominal account (D) None of the above
21. Which of the following is a current liability ?  
 (A) Debenture (B) Long term loan  
 (C) Bank overdraft (D) Share premium
22. 'Garner Vs Murray' relates to :  
 (A) Deficiency A/c (B) Insolvency  
 (C) Contract (D) Hire purchase
23. Current account is prepared under :  
 (A) Fixed capital (B) Fluctuating capital  
 (C) None (D) Both fixed and fluctuating
24. On Admission of a partner which account is not prepared ?  
 (A) Realisation A/c (B) Distribution A/c  
 (C) Revaluation A/c (D) Adjustment A/c
25. When a goodwill account is raised at the time of admission of a new partner then credit is given to the old partners in their :  
 (A) Capital ratio (B) Sacrificing ratio  
 (C) Old profit sharing ratio (D) New ratio
26. In case of an unregistered firm a partner cannot :  
 (A) get a share in profit (B) get interest on his capital  
 (C) file a suit against another partner (D) get interest on loan
27. The balance-sheet is only :  
 (A) An account (B) A summary  
 (C) A statement (D) None of the above
28. Intangible assets usually fall in the category of :  
 (A) current assets (B) fixed assets  
 (C) semi fixed assets (D) none of the above
29. Which one of the following is shown first when the assets are arranged in the order of their liquidity ?  
 (A) Cash in hand (B) Debtors  
 (C) Investment (D) B/R

30. A company can purchase its own :  
 (A) Equity shares (B) Preference shares  
 (C) Debentures (D) All of these
31. Amount set aside out of divisible profits for a specific purpose and invested outside is known as :  
 (A) Reserve (B) Fund  
 (C) Capital Reserve (D) Secret Reserve
32. While preparing funds flow statement an increase in working capital is regarded as :  
 (A) application of funds (B) source of funds  
 (C) neither application nor source (D) both application as well as source
33. Which of the following is not a source of funds ?  
 (A) Issue of share capital  
 (B) Sale of fixed assets  
 (C) Issue of bonus shares  
 (D) Issue of shares for consideration other than cash
34. Teeming and lading relates to :  
 (A) pilferage of stock  
 (B) misappropriation of cash  
 (C) frauds relating to the receipt of money from debtors  
 (D) bribery of cash for some benefits
35. In the absence of partnership deed, the interest on capital will be provided at \_\_\_\_\_ % per annum.  
 (A) 5% (B) will not be provided  
 (C) 6% (D) 10%
36. When we buy furniture on cash, we debit \_\_\_\_\_.  
 (A) Cash account (B) Furniture account  
 (C) Purchase account (D) None of the above
37. When two or more existing companies go into liquidation and a new company is formed to take over their business, this activity is known as :  
 (A) Absorption (B) Internal reconstruction  
 (C) External reconstruction (D) Amalgamation
38. The application money payable on a share should not be less than \_\_\_\_\_ % of face value of share.  
 (A) 5% (B) 10%  
 (C) 25% (D) 15%

39. 'A' and 'B' were sharing profit of a business in the ratio of 3:2. They admit 'C' into partnership, who gets  $\frac{1}{3}$  of the share of profit from 'A',  $\frac{1}{2}$  of share of profit from 'B'. What will be the new profit sharing ratio ?
- (A) 3:2:5 (B) 2:1:2  
(C) 3:2:1 (D) 3:2:2
40. Which of the following errors will not affect the trial balance ?
- (A) Goods for Rs. 300 purchased on cash, expenses account was debited instead of purchase account  
(B) Purchase returns book for December was overcast by Rs. 200  
(C) Sales book c/f Rs. 2200 instead of Rs. 2000  
(D) None of the above
41. Current ratio of a firm is 2:1, which one would improve the ratio ?
- (A) to pay a current liability  
(B) to borrow money for a short period  
(C) purchase goods for cash  
(D) to give an interest bearing promissory note to creditor in payment of the full amount due to him
42. Acid test ratio is :
- (A) Current assets : current liabilities (B) Quick assets : current liabilities  
(C) Total assets : total liabilities (D) Fixed assets : fixed liabilities
43. Gearing ratio means the following ratio :
- (A) Long term debt+ preference capital/net worth  
(B) Long term debt/equity capital  
(C) Long term debt/ preference capital  
(D) Long term debt/equity capital + preference capital
44. If current assets are Rs. 2,00,000, Stock Rs. 1,00,000 and working capital Rs. 1,20,000, then the current ratio will be :
- (A) 2.5:1 (B) 1.25:1  
(C) 2.75:1 (D) 1.5:1
45. If the total assets are Rs. 2,60,000, total debt Rs. 1,80,000, current liabilities Rs. 20,000, then the debt-equity ratio will be :
- (A) 4:1 (B) 3:1  
(C) 2:1 (D) 1:1
46. The cost of goods sold is Rs. 50,000, the value of opening and closing stock is Rs. 15,000 and Rs. 25,000 respectively. The stock turnover ratio will be :
- (A) 2 times (B) 2.5 times  
(C) 3.3 times (D) 1.25 times

47. The current ratio of a firm is 5 : 3. Its net working capital is Rs. 20,000. The value of its current assets will be :  
 (A) Rs. 30,000 (B) Rs. 50,000  
 (C) Rs. 20,000 (D) Rs. 60,000
48. If trade creditors are Rs. 10,000, unpaid expenses 10% of creditors and there is no other current liability, current ratio is 2:1 and stock is Rs. 7,000, then quick assets will be :  
 (A) Rs. 10,000 (B) Rs. 12,000  
 (C) Rs. 14,000 (D) Rs. 15,000
49. Liquidity ratios are used :  
 (A) to assess the financial position of the firm at a point of time  
 (B) to evaluate the performance of the firm over a period of time  
 (C) to judge a firm's ability to meet short term obligations  
 (D) to assess the present and expected earnings of the firm
50. If current ratio is 2.5, quick ratio is 1.5 and the net working capital is Rs. 15,000, the value of inventory will be :  
 (A) Rs. 10,000 (B) Rs. 15,000  
 (C) Rs. 37,500 (D) Rs. 52,500
51. The current ratio of a firm is 2:1, which would reduce the ratio :  
 (A) To pay a current liability  
 (B) To borrow money for a short period  
 (C) To purchase goods for cash  
 (D) To give an interest bearing promissory note to a creditor in payment of the full amount due to him
52. ROI ratio is calculated to measure the following :  
 (A) Long term solvency of business  
 (B) Earning power of net assets of business  
 (C) Short term liquidity position of business  
 (D) The relationship between goods sold and inventory level
53. Statement (A) : Ratio analysis is an important tool of judging the financial soundness of the Company.  
 Statement (B) : Ratio analysis is one of the guides to an investor for deciding about investing or not investing in a company.  
 (A) Both (A) and (B) are true and (B) is the correct explanation of (A)  
 (B) Both (A) and (B) are true and (B) is not the correct explanation of (A)  
 (C) (A) is true but (B) is false  
 (D) None of the above

54. If earning price (EP) ratio is 0.05 and Earnings per share is Rs. 8, the market price of share = :  
 (A) Rs. 40 (B) Rs. 100  
 (C) Rs. 160 (D) Rs. 0.40
55. The debt equity ratio of a company for three consecutive years was as follows :  
 1989 - 399 : 28  
 1990 - 493 : 34  
 1991 - 624 : 42  
 The above ratios show :  
 (A) That the company's financial structure is sound  
 (B) That the company is capable of meeting its short term liabilities  
 (C) That the interests of creditors are not safe in the company  
 (D) That the long term liquidity of the company is improving from year to year
56. Which of the following is not a limitation of Ratio Analysis ?  
 (A) Only quantitative factors are considered  
 (B) Not free from bias  
 (C) Accuracy of accounts are considered  
 (D) Reality behind the statements are not considered
57. What is ratio ?  
 (A) The ratio refers to the numerical relationship between two variables  
 (B) The ratio is an assessment of one number in relation to the other  
 (C) None of the above  
 (D) Both (A) and (B)
58. Which of the following are profitability ratios ?  
 (A) Dividend Ratio (B) Current Ratio  
 (C) Leverage Ratio (D) Expenses Ratio
59. Which of the following is earning ratio ?  
 (A) Payout ratio (B) Capital turn over  
 (C) Current ratio (D) Leverage ratio
60. Which of the following is activity ratio ?  
 (A) Gross profit ratio (B) Earning per share  
 (C) Capital turnover (D) Liquidity ratio
61. The EXIM Bank was set up in the year \_\_\_\_\_.  
 (A) 1972 (B) 1982  
 (C) 1985 (D) 1960

62. Which of the following is not a lending function of EXIM Bank ?  
 (A) Technology and consultancy services (B) Loans to farmers  
 (C) Refinance facilities to Banks (D) All of the above
63. Loans to commercial banks in India include :  
 (A) Export bills rediscounting scheme (B) Refinance of export credit  
 (C) Both of these (D) None of these
64. The New issue market is regulated by :  
 (A) Finance Ministry (B) Reserve Bank of India  
 (C) Securities and Exchange Board of India (D) None of the above
65. Underwriters means :  
 (A) They are writers  
 (B) Share brokers  
 (C) Who agree to take up securities which are not subscribed  
 (D) None of the above
66. When was LIC started ?  
 (A) 1976 (B) 1986  
 (C) 1956 (D) 1952
67. Which of the following is true ?  
 (A) Insurance Act 1887 (B) Insurance Act 1974  
 (C) Insurance Act 1938 (D) Insurance Act 1991
68. Which of the following is true ?  
 (A) IRDA Act 1999 (B) IRDA Act 1992  
 (C) IRDA Act 1993 (D) IRDA Act 1996
69. The 'MRTP Act' 1969 was brought into effect from :  
 (A) 1969 (B) 1958  
 (C) 1970 (D) None of these
70. MRTP Act extends to whole country except :  
 (A) Nagaland (B) Jammu & Kashmir  
 (C) Assam (D) Tripura
71. Principle of 'Span of Control' is concerned with :  
 (A) Class of employees to be controlled (B) Number of employees to be controlled  
 (C) Managerial level of employees (D) None of these

72. Span of management refers to :  
 (A) Activities performed by a manager  
 (B) Number of subordinates supervised by a manager  
 (C) Number of superiors a manager has to report to  
 (D) None of the above
73. Process of planning begins with :  
 (A) Forecasting  
 (B) Setting objectives  
 (C) Setting policies  
 (D) None of the above
74. MBO refers to :  
 (A) Management by objectives  
 (B) A technique of achieving organisational goals  
 (C) Performance review  
 (D) None of the above
75. Which among these is not a feature of decision making process ?  
 (A) Persuasiveness  
 (B) Intellectual  
 (C) Line function  
 (D) None of these
76. Problem finding process involves :  
 (A) Finding out the competitors  
 (B) Finding out a deviation from past experiences  
 (C) Finding out deviation from planned course of action  
 (D) None of these
77. The chief drawback of a committee organisation is :  
 (A) Misuse of authority  
 (B) Divided responsibility  
 (C) Lack of participation  
 (D) None of the above
78. Motivation means to :  
 (A) Co-ordinate people to work united  
 (B) Guide people to work efficiently  
 (C) Induce people to work willingly  
 (D) Control the work done by the people
79. Who has propounded the X and Y theory of motivation ?  
 (A) Mc Gregor  
 (B) Vroom  
 (C) Herzberg  
 (D) O'Donnel
80. Which of the following is the function of a leader ?  
 (A) Representing  
 (B) Integrating  
 (C) Guiding  
 (D) All of these

81. Communication is an exchange of :  
(A) Information (B) Feelings and gestures  
(C) Ideas and opinions (D) All of the above
82. The main advantage of functional organisation is :  
(A) Simplicity (B) Specialisation  
(C) Experience (D) None of these
83. Delegation of authority implies :  
(A) Delegation of authority to lowest level of management  
(B) Delegation of responsibility  
(C) Delegation of authority to immediate subordinates  
(D) None of the above
84. Management is :  
(A) A Science (B) An Art  
(C) A Science as well as Art (D) None of the above
85. Which among these is not a sub-function of directing ?  
(A) Command (B) Motivation  
(C) Control (D) Supervision
86. Objectives state the :  
(A) Destination (B) Route map  
(C) Major policies (D) None of these
87. Who introduced the concept of MBO ?  
(A) Mary Parker Follet (B) Keith Device  
(C) Peter Drucker (D) None of the above
88. Which of the following determines what to do ?  
(A) A Policy (B) Strategy  
(C) Procedure (D) Objective
89. Strategic plans are formulated by the :  
(A) Low level managers (B) Middle level managers  
(C) Top level managers (D) None of the above
90. Chain of communication in the organisation is provided by :  
(A) Line authority (B) Staff authority  
(C) Informal authority (D) None of the above

91. The chief advantage of line and staff organisation is :  
(A) Quick decisions (B) Expert advice  
(C) Centralisation of authority (D) None of the above
92. An informal organisation :  
(A) Is officially created (B) Has formal authority relationship  
(C) Is a result of interpersonal contacts (D) None of these
93. Need Hierarchy theory of motivation is propounded by :  
(A) Maslow (B) Mc Gregor  
(C) Herzberg (D) None of the above
94. The leadership style which is based on consultations with his group is called :  
(A) Autocratic style (B) Democratic style  
(C) Paternalistic style (D) None of the above
95. The concept of Managerial Grid has been propounded by :  
(A) Black and Mouton (B) Likert  
(C) Fiedler (D) None of the above
96. When a leader does not interfere with the working of his group, the leadership style is known as :  
(A) Free rein style (B) Participative style  
(C) Authoritarian style (D) None of the above
97. The theory of leadership which believes that effective leadership is a result of certain personal qualities, is known as :  
(A) Trait theory (B) Follower theory  
(C) Situation theory (D) None of the above
98. Ethics may be defined as :  
(A) A code of conduct (B) A code of material  
(C) A code of manager (D) None of the above
99. Factor causing unethical conduct in business is :  
(A) Fair competition (B) Government policies  
(C) Economic greed (D) Increasing social values
100. Which cause is responsible for ethical conduct of business ?  
(A) Consumerism (B) Increasing public awareness  
(C) Buyers market (D) All of the above

101. Which of the following is involved in office management ?  
(A) Division of work (B) Record keeping  
(C) Both (A) and (B) (D) None of the above
102. What is importance of plant layout ?  
(A) It ensures efficiency in office work (B) It improves supervision  
(C) It facilitates effective communication process (D) All of the above
103. What are the principles of office layout ?  
(A) Principles of effective supervision (B) Principle of morale and loyalty  
(C) Both (A) and (B) (D) None of the above
104. Who defined about records management ?  
(A) Henry Fayol (B) Reffiningwell  
(C) Robinson (D) Both (B) and (C)
105. What are the objectives of office automation ?  
(A) It develops necessary data of management (B) To install computers  
(C) To install automatic response system (D) All of the above
106. Communication involves :  
(A) A systematic and continuous process of telling (B) Listening and understanding  
(C) Both (A) and (B) (D) None of the above
107. For effective communication in office management, we need, effective :  
(A) Internet (B) Wide Area Network  
(C) Internal Communication (D) None of the above
108. Methods for office communication :  
(A) Oral Communication (B) Written Communication  
(C) Both (A) and (B) (D) None of the above
109. What do Staffing functions include ?  
(A) Selection (B) Training  
(C) Development and appraisal of personnel (D) All of the above
110. Importance of office communication :  
(A) To improve public image of the firm (B) It eases office systems and routines  
(C) Both (A) and (B) (D) None of the above
111. Every company shall have a whole time secretary, which has a paid-up share capital of not less than :  
(A) Rs. 50 lakhs (B) Rs. 1 crore  
(C) Rs. 2 crores (D) Rs. 25 lakhs

112. The person with a capacity as secretary, who helps the promoters in carrying out all preliminary work connected with function of company is referred as :  
(A) General Secretary (B) Protem Secretary  
(C) Regular Secretary (D) None of these
113. A copy of the resolution appointing a person as secretary must be forwarded to Registrar of Companies within :  
(A) 20 days (B) 30 days  
(C) 60 days (D) 90 days
114. The company secretary must serve the best interests of :  
(A) Promoters (B) Directors  
(C) Debenture holders (D) Share holders
115. Appointment and qualification of secretary rules came into force in :  
(A) December 1988 (B) June 1988  
(C) December 1995 (D) June 1985
116. Company secretary may be acting as :  
(A) Agent of directors (B) Liaison officer  
(C) Office executive (D) All of above
117. Statutory meeting of the shareholders of a public company is held :  
(A) Only once during the life time (B) Every 2 years  
(C) Every 5 years (D) Every 10 years
118. The notice for a general meeting of a company must be given at least \_\_\_\_\_ before the meeting.  
(A) 7 days (B) 14 days  
(C) 21 days (D) 30 days
119. A special resolution is one to pass which the votes cast in favour must be :  
(A) Twice the votes cast against it (B) Three times the votes cast against it  
(C) Three-fourth of the total votes cast (D) One-fifth the votes cast against it
120. The Central Government has power to call :  
(A) An annual general meeting (B) A statutory meeting  
(C) An extraordinary meeting (D) None of these

## ROUGH WORK