

Competitive Exams: Commerce MCQs (Practice-Test 17 of 99)

1. Which one of the following is the correct explanation of the Principle of Constructive Notice?
 - a. The company will have to deliberately inform everybody about what it is for and what it is doing
 - b. The company will canvass about its Articles of Association and Memorandum of Association time and again
 - c. The Articles of Association and Memorandum of Association are considered to be public documents and accessible to all
 - d. Every one dealing with the company is not supposed to know the contents of the Articles of Association

Memorandum of Association

2. In case of a cultural club subscriptions received during a particular accounting period as per Receipt and Payment Account amount to Rs. 57, 360. Subscription outstanding (Opening and Closing) were Rs. 4, 800 and Rs. 6, 000 respectively. Subscription received in advance (Opening and Closing) were Rs. 3, 600 and Rs. 2, 160 respectively. The amount to be credited to Income and Expenditure account would be
 - a. Rs. 57, 360
 - b. Rs. 54, 000
 - c. Rs. 60, 000
 - d. Rs. 63, 360
3. Receipts and Payments account records transaction of
 - a. Revenue receipts and payments only
 - b. Capital receipts and payments only
 - c. All receipts and payments relating to the current year only
 - d. All receipts and payments relating to the current year, succeeding year as well as preceding year

4. X and Y are sharing profits in the ratio of 2: 1. They admit Z into the firm with $\frac{1}{4}$ shares in profits for which he brings Rs. 12, 000 as his share of capital. The partners decide to have their capitals according to the new profit sharing ratio. As a result, the adjusted capital of Y will be
- Rs. 10, 000
 - Rs. 12, 000
 - Rs. 16, 000
 - Rs. 24, 000
5. Which of the following will not be the source for buying back of share by a company?
- Company's free reserves
 - Company's securities premium account
 - Proceeds of any shares or other specified securities as per Section 77 A (1) (iii)
 - Company's borrowings from financial institutions
6. Any person aggrieved by any decision or order of the National Company Law Appellate Tribunal can appeal to which one of the following and within how much period?
- High Court, within 30 days
 - Supreme Court, within 60 days
 - SEBI, within 90 days
 - Department of Companies Affairs, within 60 days
7. When an incoming partner purchases his share from any one of the existing partners, then
- Total assets of the firm do not change
 - Total assets of the firm will be augmented to the extent of payment received from the new partner
 - Total assets of the firm will be reduced to the extent of payment received from the new partner
 - Change in total assets of the firm will depend upon the new profit sharing ratio of the partners
8. If the goodwill raised at the time of retirement of a partner is to be written off, then the capital accounts of the remaining partners are debited in

- a. New profit sharing ratio
- b. Capital ratio
- c. Old profit sharing ratio
- d. Sacrificing ratio

9. Consider the following statements regarding proceedings at general meetings of a company

- a. The chairman, if any, of the Board shall preside as chairman at every general meeting of the company
- b. The chairman may adjourn the meeting
- c. When a meeting is adjourned for 15 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting

Which of the above statements is/are correct?

- a. 1 only
- b. 2 and 3
- c. 3 only
- d. 1 and 2

10. Consider the following statements:

- a. Audit programme is the management's plan of action
- b. The primary basis of preparing an audit programme is the system of internal control
- c. The idea implied in the preparation of an audit programme is to ensure to the auditor a complete grip over his staff

Which of the statements given above is/are correct?

- a. 3 only
- b. 1, 2 and 3
- c. 1 and 2
- d. 2 and 3

11. Match List I with List II and select the correct answer using the codes given below the Lists

List-I

- a. Partners current accounts
- b. Goodwill account
- c. Partners drawings account
- d. Realization account

List-II

- a. Dissolution of partnership
- b. Admission of a partner
- c. Fixed capital of partners
- d. Goods taken by partner for self consumption

A B C D

- a. 1 4 2 3
- b. 3 2 4 1
- c. 1 2 4 3
- d. 3 4 2 1

12. Identify the correct sequence of the following steps with regard to delegation of authority

- a. Creation of obligation
- b. Authorization for actions
- c. Determination of the expected results
- d. Assignment of duties

Select the correct answer using the codes given. Below

- a. 3 - 2 - 4 - 1
- b. 1 - 2 - 4 - 3
- c. 1 - 4 - 2 - 3
- d. 3 - 4 - 2 - 1

13. Which one of the following securities cannot be issued by a Public limited company in India?

- a. Participating preference shares
- b. Redeemable preference shares
- c. Deferred shares
- d. Debentures

14. Which of the following are included in auditor's working papers?

- a. Audit manuals
- b. Audit programme
- c. Audit procedures
- d. Audit note-book

Select the correct answer using the codes given below

- a. 1 and 2
- b. 3 and 4
- c. 1, 2 and 3
- d. 2 and 4

15. Match List (Theories of Wages) with List II (Theorists Who Developed) and select the correct answer using the codes given below:

List-I

- a. Subsistence theory
- b. The surplus value theory of wage
- c. Residual claimant theory
- d. Marginal productivity theory

List-II

- a. Philip Henry and John Bats
- b. Francis A Walker
- c. David Ricardo
- d. Karl Marx

A B C D

a. 3 1 2 4

b. 2 4 3 1

c. 3 4 2 1

d. 2 1 3 4

16. The tool used by auditor to monitor and control the progress of audit work is

- a. Engagement diary
- b. Audit programme
- c. Audit working papers
- d. Audit notes