

Competitive Exams: Commerce MCQs (Practice-Test 22 of 99)

1. Export promotion is indispensable for overcoming disequilibrium in
 - a. balance of payments
 - b. Balance of trade
 - c. Terms of trade
 - d. All the above three

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

List-I

- a. Horizontal combination
- b. Vertical combination
- c. Diagonal combination
- d. Circular combination

List-II

- a. Mixed combination
- b. Service combination.
- c. Industry combination
- d. Trade combination

A B C D

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

3. The marine policy which insures incidental inland risks along with the marine perils is called

- a. Block policy
 - b. Currency policy
 - c. Blanket policy
 - d. Voyage policy
4. Which of the following does not mean the Qualified Institutional Buyer (QIB) under the SEBI (Disclosure & Investor Protection) guidelines as amended by the recent DIP Circular?
- a. Mutual Funds
 - b. Pension Funds with a corpus below Rs. 20 crores
 - c. Pension Funds with minimum corpus of Rs. 25 crores.
 - d. Provident Funds with minimum corpus of Rs. 25 crores
5. The process of determining how to pursue long-term goals with the expected resource available to the organization is called
- a. Operational planning
 - b. Strategic planning
 - c. Intermediate planning
 - d. Tactical planning
6. The dividend per share in a company is Rs. 2, earning per share is Rs. 5, and the market value is Rs. 25. What will be its yield?
- a. 20%
 - b. 12.5%
 - c. 8%
 - d. 25%
7. Which one of the following statements related to auditing is not correct?
- a. Chances of frauds are maximum in the case of cash sales
 - b. While routine checking is carried out, vouching may be considered unnecessary
 - c. While vouching the cash receipts, the auditor should study the system of internal check in operation

d. Vouching is the essence of auditing

8. When an Annual General Meeting can be called after giving shorter notice than that specified?

- a. If consent is accorded to by all the members entitled to vote
- b. If consent is accorded to by 30% of the members entitled to vote
- c. If Board of Directors takes a majority decision in this regard
- d. If the company secretary so wishes

9. Under which one of the following circumstances, the Central Government is empowered to direct special audit of the companies?

- a. Where any director has misappropriated the company's fund
- b. Where a shareholder has complained to the Government about the non-payment of dividend
- c. Where the company has continuously defaulted in the payment of interest to the debenture holders
- d. Where the conduct of management is in the manner which is injurious to trade, industry or business to which it pertains

10. Consider the following statements

- a. Although purchasing department in a Departmental Store is a key department, only the sales department and not the purchasing department can be considered as line activities
- b. Line managers offer staff managers advice through research and analysis
- c. Functional authority is the authority of members of staff department to control the activities of other departments

Which of the statements given above is/are correct?

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

11. While auditing the financial statements of non-corporate enterprises, the auditor's duties and scope of work would be governed by
- The Statute passed by the Parliament
 - The Companies Act, 1956 & the client concerned jointly
 - The agreement with his client
 - The provisions of the Income Tax Act, 1961
12. Consider the following statements
- First auditors of a company are appointed by the Board of Directors within one month of the, incorporation
 - Subsequent auditors of a company are appointed every year by the shareholders in the Annual General Meeting
 - A body corporate can be appointed as auditor of a company
 - Section 226 of the Companies Act, 1956 prescribes the qualifications and disqualifications for appointment of the auditors of companies

Which of the statements given above are correct?

- 1, 2 and 3
- 1 and 2
- 1, 2 and 4
- 2 and 3

13. Consider the following statements

- The auditor should verify that the Directors do not enter into contracts for which they are not authorized to do so by the Articles of Associations, the Board and the Statute
- The auditor should ensure that the qualification shares are held by the Directors as laid down by the Articles of Association
- The auditor should refer to the Minutes of the Meeting of Board of Directors if remuneration has been paid on the bills of their attendance at the Board's

Meetings

Which of the statements given above is/are correct?

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

14. Under Section 25 of the Companies Act; 1956 there is a power to dispense with the word 'Limited' in name to certain association that may be registered as a company with limited liability. Who has the power of this dispensation?

- a. National Company Law Tribunal
- b. Central Government
- c. SEBI
- d. Registrar of Companies

15. Which one of the following is not a valid observation with reference to the declaration or payment of dividend for any financial year?

- a. Depreciation for the current financial year must be provided
- b. Arrears of depreciation must be provided
- c. Losses incurred in previous year (s) must be set off
- d. 10% of the profits must be transferred to the reserves in all cases