

Competitive Exams: Commerce MCQs (Practice-Test 29 of 99)

1. First Auditors of a company are appointed by Board of Directors
 - a. Within gestation period
 - b. After commencement of the production
 - c. Within one month of the date of registration of the company
 - d. Within six months of the date of registration of the. Company
2. Consider the following statements: The books of accounts and other books and papers of every company shall be open to inspection during business hours by the following:
 - a. The Registrar of Companies
 - b. Such officers of the government as may be authorized by the Central Government in this behalf.
 - c. Such officers of the Securities

Exchange Board of

India as may be authorized by it.

Which of the above is/are correct when such inspection is made without giving any previous notice to the company?

- a. 1 only
 - b. 1 and 2
 - c. 2 and 3
 - d. 1, 2 and 3
3. Consider the. Following statements: The National Advisory Committee on Accounting Standards shall consist of
 - a. One member each to be nominated by ICAI, ICWAI and ICSI
 - b. One representative each of the Central Government, RBI and Comptroller and Auditor General of India.

- c. A professor of Accountancy, Finance or Business Management from any university or a deemed university.

Which of the statements given above is/are correct?

- a. 1 only
- b. 1 and 2
- c. 1, 2 and 3
- d. 2 and 3
4. Section 161 (1) of the Companies Act requires the Annual Report of the companies to be signed by which of the following?
- a. Auditor and Company Secretary
- b. Chairman and Company Secretary
- c. Managing Director and Company Secretary
- d. General Manager and Company

Secretary

5. • **Assertion (A):** Improvement in the social environment benefits both society and business.
- **Reason (R):** Society must pay for the social environment of business through higher prices.
- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
6. • **Assertion (A):** The companies prefer to issue debt securities in their private placements.
- **Reason (R):** It helps them to go for trading on equity.
- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false

d. A is false but R is true

7. • **Assertion (A):** Internal check is a system of organizing accounting function whereby duties of different clerks are arranged in such a way that work of one person is automatically checked by another.
- **Reason (R):** Fraud is not possible without collusion between two or more persons, and at the same time possibilities of errors are reduced to a minimum by internal check.
- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
8. • **Assertion (A):** Vouching is an inspection by auditor of documentary evidence supporting and substantiating transactions in the books of accounts.
- **Reason (R):** A thorough vouching system reduces the need for verification of assets & liabilities.
- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
9. • **Assertion (A):** Accounting information refers to only those events which are concerned with entity.
- **Reason (R):** Accounting information is presented in the form of financial statements.
- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
10. • **Assertion (A):** An agreement of a trial balance is not a conclusive evidence of accuracy of ledger posting.

- **Reason (R):** A ledger may contain mistakes relating to errors of commission.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually true but R is not the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true

- 11. • **Assertion (A):** In a fund flow statement, an issue of shares for an asset is to be disclosed on its both sides.
 - **Reason (R):** The fund flow statement discloses what is not disclosed by the balance sheet.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually true but R is not the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true

- 12. • **Assertion (A):** Matters which cannot be decided because of limitation of authority may be referred to superiors.
 - **Reason (R):** Maintenance of intended delegation requires that decisions without authority of individual be made by them.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually true but R is not the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true

- 13. Consider the following statements: Redeemable Preference Shares can be redeemed
 - a. out of the proceeds of new issue of shares for the purpose.
 - b. out of profits available for dividend.
 - c. out of sale proceeds of the assets.
 - d. out of the grants received from the government.

Which of the statements given above are correct?

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

14. On 1.4. 2002, the position o X Company Ltd. Was as follows On 31.3. 2003, the company's ship sank and all records and the cash were sunk. However, it was revealed that creditors and debtors were 20% more than at

- a. 4.2002 position. Stock and Bank was at the same level. The current ratio-had always been
- b. What was the amount of cash sunk on 31.3. 2003?
 - i. Rs. 5, 000
 - ii. Rs. 15, 000
 - iii. Rs. 10, 000
 - iv. Rs. 20, 000

15. The following is the Balance Sheet of Z company: What is the absolute liquidity ratio of the company?

- a. 2: 1
- b. 1.06: 1
- c. 0.92: 1
- d. 1.90: 1