

Competitive Exams: Commerce MCQs (Practice-Test 42 of 99)

1. Declaration of dividend is an important part of the agenda of
 - a. statutory meeting
 - b. Annual General meeting
 - c. Extraordinary general meeting
 - d. Joint meeting of the shareholders and debenture
2. The minutes of the proceedings of every general meeting should be recorded in the books kept for that purpose within
 - a. 30 days of every such meeting
 - b. Three months of any such meeting
 - c. The intervening period between that meeting and the next meeting
 - d. Such time as approved by the

Chairman of the company

3. Which one of the following statements is correct?
 - a. Minutes have legal sanctity under the Company's Act, while reports have no such legal sanctity
 - b. Minutes have no legal sanctity but reports have legal sanctity by virtue of the provisions contained in the Company's act
 - c. Minutes contain a much more detailed account of all matters of the meeting whereas reports have fewer details
 - d. There is very little difference between the minutes and reports except that one is brief and contains only action points while the other (reports) contains details including pros and cons of a particular decision
4. • **Assertion (A):** The balance Sheet fails to reveal the worth of a business.
 - **Reason (R):** Assets are merely unamortized costs
 - a. Both A and R are true and R is the correct explanation of A

- b. Both A and R or true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
5. • **Assertion (A):** For ascertaining the correct profit current cost are to be matched with current revenues.
- **Reason (R):** LIFO method ensures matching of current cost with current revenues.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R or true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
6. • **Assertion (A):** An equal increases in both current assets and current liabilities decreases current ratio.
- **Reason (R):** Equal decreases in current assets and current liabilities also decrease current ratio.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R or true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
7. • **Assertion (A):** ROI has aptly been regarded as the primary ration as it specifies the relative net profit earned on capital employed. Du pont chart shows the manner in which the key elements converge into the ROI.
- **Reason (R):** An approximate measure of

Return on Equity (ROE) cannot be derived from ROI as the portion of assets financed by equity is difficult to determine.

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- b. Both A and R or true but R is NOT a correct explanation of A
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8. • **Assertion (A):** The cost of demolishing an old building preparatory to the construction of a new building in that place is to be treated as Capital Expenditure.
- **Reason (R):** Such cost is not incidental to the construction of the new building.
- a. Both A and R are true and R is the correct explanation of A
 - b. Both A and R or true but R is NOT a correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
9. • **Assertion (A):** Once incorporated, the name of a public limited company cannot be changed.
- **Reason (R):** The name of a public limited company must be distinct and should not mislead or resemble that any other company.
- a. Both A and R are true and R is the correct explanation of A
 - b. Both A and R or true but R is NOT a correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
10. • **Assertion (A):** A transferee of shares cannot sue the promoters of a company for misinformation in the prospectus.
- **Reason (R):** The information provided by the company promoters in the prospectus is addressed only to the original allottees.
- a. Both A and R are true and R is the correct explanation of A
 - b. Both A and R or true but R is NOT a correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
11. • **Assertion (A):** Effective motivation is moderated by organizational complexity and conflicts.
- **Reason (R):** An individual's motives may be complex and conflicting.
- a. Both A and R are true and R is the correct explanation of A
 - b. Both A and R or true but R is NOT a correct explanation of A

- c. A is true but R is false
- d. A is false but R is true
12. • **Assertion (A):** According to Theory X all employees dislike work and must be coerced, controlled or threatened to make them work.
- **Reason (R):** Theory X makes an assumption about the basic human nature which is relevant to the employees also.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
13. • **Assertion (A):** Everything that goes to increase the importance of the subordinate's role is delegation.
- **Reason (R):** Subordinates can be trained by delegation
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
14. • **Assertion (A):** An office system is a standard sequence of operations in a particular business activity and is concerned with how those operations are performed as well as by whom and when they are performed.
- **Reason (R):** Systems include operations, people and purpose.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is NOT a correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
15. • **Assertion (A):** Franking machines are used for printing postage on mailed letters.
- **Reason (R):** Franking machines are to be purchased from the market and it does not require a license from the postal dept.

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