

Competitive Exams: Commerce MCQs (Practice-Test 73 of 99)

1. The cost auditor in a company shall be appointed by
 - a. the Board of Directors
 - b. the Board of Directors with the previous approval of the Central Government
 - c. the members of the company with the previous approval of the Central Government
 - d. the C & AG

2. For appointing an auditor other than a retiring auditor
 - a. special resolution is required
 - b. ordinary resolution and approval of C & AG are required
 - c. unanimous resolution and approval of the Central Government are required
 - d. special notice is required

3. A company Secretary has
 - a. neither statutory liabilities nor contractual liabilities
 - b. only statutory liability
 - c. only contractual liability
 - d. both statutory and contractual liabilities

4. Secretarial Audit is
 - a. compulsory in companies having paid-up share capital of less than Rs. 50 lakhs
 - b. compulsory where the statutory audit reveals inadequacy of internal check in secretarial department
 - c. optional and would help the Board of Directors and the Registrar of Companies in regard to compliance aspects, mainly under the Companies Act, 1956
 - d. compulsory in such companies as may be notified by the Central Government

5. The membership of the Institute of Company Secretaries of India is a must for a person to become the Secretary of a company having paid-up share capital of

- a. Rs. 25 lakhs
 - b. Rs. 50 lakhs
 - c. Rs. 1 crore
 - d. Rs. 2 crores
6. • **Assertion (A):** Management accounting provided management with information for decision making.
- **Reason (R):** Management accounting is a branch of cost accounting
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
7. • **Assertion (A):** Under diminishing balance method of depreciation, the charge for depreciation keeps on diminishing year after year in all subsequent years.
- **Reason (R):** Under diminishing balance method, the rate per cent of which depreciation is written off goes on diminishing from year to year.
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
8. • **Assertion (A):** No item of capital expenditure finds its place in the Trading and Profit & Loss Account or some other form of revenue accounts.
- **Reason (R):** Capital expenditure consists of expenditure, the benefit of which is not fully consumed in one accounting period but is spread over several periods.
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true

9. • **Assertion (A):** Now-a-days many companies prepare their Balance Sheet in a vertical form rather than in the traditional horizontal form.
- **Reason (R):** Part IV of Schedule VI to the Companies Act, 1956 permits both the forms.
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
10. • **Assertion (A):** When pro-rate allotment of shares is made, the surplus application money is transferred to Share Allotment A/c.
- **Reason (R):** The company is not required to pay any interest on such surplus application money.
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
11. • **Assertion (A):** One single primary ratio, that measures the financial outcome of all recorded business activities, is RO.
- **Reason (R):** In practice, however, variations are also found in the ratio because capital and return are subject to different interpretations by firms.
- 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 the correct explanation of A
 - c. A is true but R is false
 - d. A is false but R is true
12. • **Assertion (A):** ROI is the index to study management efficiency.
- **Reason (R):** Earning power in relation to total investment is measured by ROI.
- 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 the correct explanation of A

c. A is true but R is false

d. A is false but R is true

13. • **Assertion (A):** Detection of errors is not of considerable importance to an auditor.
- **Reason (R):** Some mistakes which appear to be in the first instance merely clerical errors are ultimately found to be fraudulent manipulation of accounts, but vast majority of mistakes are merely clerical errors committed due to either carelessness or ignorance on the part of clerical staff.
- 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 the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
14. • **Assertion (A):** Detection of frauds committed by the manipulation of accounts is a very difficult task for an auditor.
- **Reason (R):** Frauds of the type 'Manipulation of Accounts' are committed without any misappropriation of cash or goods.
- 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 the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true
15. • **Assertion (A):** E-commerce is an emerging field, which cannot be ignored.
- **Reason (R):** The legal framework relating to E-commerce is yet to be crystallised.
- 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 the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true