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2014

TEST BOOKLET SERIES

TEST BOOKLET

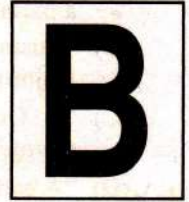
PAPER-II

Time allowed : $2\frac{1}{2}$ hours

Full marks : 200

Answer *all* the questions.

Questions are of equal value.



01094

Serial No.

Ticket No.

010014

Signature of the Candidate:

Sourav Das

INSTRUCTIONS

Candidates should read the following instructions carefully before answering the questions:

1. This booklet consists of 36 pages including this front page. Verify the Page Nos. and Test Booklet Series on each page and bring at once to the Invigilator's notice any discrepancy.
2. Answers will have to be given in the Special Answer-Sheet supplied for the purpose.
3. Before you proceed to mark in the Answer-Sheet in response to various items in the Test Booklet, you have to fill in some particulars in the Answer-Sheet as per instructions sent to you in the Admit Card. **Do not fold the Answer-Sheet as this will result in error in your marks.**
4. All questions are of multiple-choice answer-type. You will find **four** probable answers (A), (B), (C) and (D) against each question. Find out which of the four answers appears to be correct or the best. Now darken the oval corresponding to the letter of the selected answer in the Answer-Sheet with **Black Ball Point Pen** as per instructions printed on the reverse of the Admit Card and in the Answer-Sheet.
5. If more than one oval is encoded for a particular answer, it will be treated as a wrong answer.
6. **There will be negative marking of $\frac{1}{3}$ mark for each wrong answer.**
7. **There is a blank page at the end of this booklet for Rough Work.**
8. **The Special Answer-Sheet should be handed over to the Invigilator before leaving the Examination Hall. You are permitted to take away the used Test Booklet after completion of the examination.**

[Please Turn Over]

1. Which one of the following is correct?
- (A) "Sharing of Profits is a conclusive evidence of a partnership".
- (B) "Business of the firm must be carried on by majority of the Partners".
- (C) "A Co-owner is an agent of the other Co-owners".
- +1 ✓(D) "A partnership can be formed for carrying on a Profession".
2. Which one of the following is correct?
- (A) "It is compulsory to have a Partnership deed".
- (B) "It is compulsory for a Partnership to get itself registered".
- (C) "A third party cannot file a suit against an unregistered firm or its partners".
- +1 ✓(D) "A partner of an unregistered firm can file a suit for the dissolution of the firm".
- 3. Which one of the following is correct?
- (A) "A Proxy has every right to speak at the meeting".
- (B) "A Proxy need not be a member of the Company".
- ✓(C) "In the case of a Public Company, the Quorum is seven members personally present".
- ✗(D) "The notice of the general meeting must be given at least before clear twenty-one days".
- 4. Which one of the following is correct?
- (A) "A managing director need not be a director of the Company".
- (B) "A Company cannot have more than one manager".
- ✓(C) "The tenure of a whole-time director cannot be more than five years at a time".
- (D) "A director must be a shareholder".
- 5. Which one of the following is correct?
- (A) "The debenture holders are members of the Company".
- ✓(B) "Preference shareholders are entitled to rights and Bonus shares".
- (C) "The quantum of maximum remuneration payable by a Public Company to its directors shall be 13% of its net profit".
- (D) "None of the above".
6. Which one of the following is correct?
- +1 ✓(A) "Partnership at will is for an indefinite period".
- (B) "Partnership for a fixed period can not be dissolved before the expiry of that fixed period".
- (C) "A minor can become a partner with the consent of all other Partners".
- (D) "A minor has a right to have access to inspect and copy any of the books of the firm".
- +1 7. Which one of the following is correct?
- (A) "There should be five members in a Public Company".
- ✓(B) "Every Public Company shall have at least three directors".
- (C) "Articles of Association need not be filed by a Private Company at the time of incorporation".
- (D) "Registration of a Private Company is not necessary".
- 8. Which one of the following is correct?
- (A) "A Company can be registered under the name and style of U.N.O".
- (B) "A Private Company cannot commence business from the date of its incorporation".
- (C) "A Company cannot be a party to a contract before it has come into existence".
- ✓(D) "A Public Company can commence its business soon after its incorporation".
- +1 9. Which one of the following is correct?
- (A) "The Mutual rights and duties of partners are governed by the partnership agreement only".
- (B) "Every partner cannot take part in the conduct of the business".
- (C) "Every partner has a right to have access to and inspect and copy only the accounts books of the firm".
- ✓(D) "A partner is the agent of the firm for the purposes of the Business of the firm".
- 10. Which one of the following is correct?
- (A) "A person can be introduced as partner into a firm with the consent of majority of the Partners".
- (B) "A partner may retire with the consent of Majority of Partners".
- (C) "An outgoing partner may carry on a business competing with that of the firm and may advertise such Business".
- ✓(D) "Public notice of retirement must be given by the retired partner only".

- 11. Which one of the following is correct?
- (A) "Where a partner has become of unsound mind, the suit for dissolution may be brought by a friend of that partner".
- (B) "After the dissolution of a firm, the authority of each partner to bind the firm does not continue at all".
- (C) "A partner's private assets shall be applied first in payment of firm's debt".
- (D) "Public Notices relating to unregistered firm must be published in official gazette only".
- 12. Which one of the following is correct?
- (A) "Law of contract is the whole law of obligations".
- (B) "All agreements are contracts".
- (C) "A contract can be void from its inception".
- (D) "Collateral transactions to a void agreement do not become void".
- 13. Which one of the following is correct?
- (A) "A valid contract results from identical cross offers".
- (B) "A contract with a minor is voidable at the option of the minor".
- (C) "A minor can be a payee of a cheque".
- (D) "A Lunatic can never enter into a contract".
14. Which one of the following is correct?
- (A) "A firm can be appointed as a director".
- (B) "A person can be directors of twenty Public Companies".
- (C) "A Company can have thirty directors".
- (D) "A person can be the managing director of four Companies".
- 15. Which one of the following is correct?
- (A) "A Company shall within 30 days from the day on which it begins to carry on business have a Registered office".
- (B) "Any act outside the objects stated in the Memorandum is Ultra-Vires".
- (C) "The memorandum contains provisions relating to the internal management of the Company".
- (D) "Articles of Association contain provisions which relate to company and outsiders".
- + 16. Which one of the following is correct?
- (A) "Red Herring Prospectus contains complete particulars on the price of the Securities offered".
- (B) "Shareholders are liable for misstatement in Prospectus".
- (C) "Shareholders of a limited company are the Co-owner of its assets".
- (D) "A stock is always fully paid up".
- + 17. Which one of the following is correct?
- (A) "Shares can be allotted by a company before its subscription is declared open".
- (B) "A share certificate is conclusive evidence of its holder's title to shares".
- (C) "A minor can be a share holder".
- (D) "Persons who got shares due to transmission have no right to Cast Vote".
- + 18. Which one of the following is correct?
- (A) "Nobody can be a member of a company without being its share holder".
- (B) "In no case the directors can refuse to register a transfer".
- (C) "A Company must hold its first annual general meeting within a period of not more than Eighteen months from the date of its incorporation".
- (D) "A statutory meeting of a Company must be held every year".
- 19. Which one of the following is correct?
- (A) "The statutory meeting of a Company must be held within one year of its getting the certificate to commence business".
- (B) "The first directors of Company are appointed at the statutory meeting".
- (C) "A Public Company can never be converted into a Private Company".
- (D) "A Person applying for shares in a company in fictitious name is liable to be punished with imprisonment".
- 20. Which one of the following is correct?
- (A) "A Company having separate legal identity can be declared insolvent".
- (B) "Members Voluntary Winding up is possible only when the Company is solvent and is able to pay its liabilities in full".
- (C) "In Creditors Voluntary Winding up the liquidator is appointed by the members".
- (D) "Winding up of a Company is in no way related to the reduction in the number of membership".

21. Which one of the following is correct?
 (A) "An advertisement to sell goods by auction is an offer".
 (B) "A counter offer amounts to rejection of the original offer".
 (C) "A specific offer can be accepted by any one".
 (D) "Acceptance may be communicated by any person".
22. Which one of the following is correct?
 (A) "A minor is personally liable to the third party".
 (B) "A minor must give a public notice if he elects to become a partner on attaining majority".
 (C) "A minor need not give a public notice if he does not elect to become a partner on attaining majority".
 (D) "All Partners are bound to be just and faithful to each other".
- +23. Which one of the following is correct?
 (A) "The authority of a partner to bind the third party is called his implied authority".
 (B) "Implied authority can be restricted or extended by mutual agreement".
 (C) "For wrongful acts of a partner, the firm is not liable to the same extent as the partners".
 (D) "None of the above".
24. Which one of the following is correct?
 (A) "Dissolution of the firm necessarily means the dissolution of partnership".
 (B) "A firm may be dissolved with the consent of the Majority of the Partners".
 (C) "In the event of continued losses, the court may dissolve any partnership other than partnership for a fixed time".
 (D) "Where the partnership is at will, the firm may be dissolved by any partner giving notice in writing to the Registrar of firms of his intention to dissolve the firm".
25. Which one of the following is correct?
 (A) "Any surplus left after payment of firm's debts is divided among all the partners in their profit sharing ratio".
 (B) "When a partner has transferred the whole of his interest to a third party, the other partners can sue for dissolution".
 (C) "Where the goodwill of a dissolved firm is sold, the partners of the dissolved firm can not carry on a business competing with that of the buyer of the goodwill".
 (D) "Where a partner has paid a premium on entering into partnership for a fixed term, he is entitled to the repayment of proportionate premium on any premature dissolution".
- + 26. Planning includes
 (A) Mission
 (B) Strategy
 (C) Budget
 (D) All of the above
27. Which of the following will not lead to creation of secret reserve?
 (A) Undervaluation of closing stock
 (B) Charging capital expenditure to revenue
 (C) Goods sent on consignment being shown as actual sales
 (D) Charging higher rates of depreciation on fixed assets than actually required
- + 28. Which of the following is not a method of estimating national income?
 (A) Income method
 (B) Value added method
 (C) Expenditure method
 (D) Export-Import method
29. National Income estimates in India is prepared by
 (A) RBI
 (B) CSO
 (C) Finance Ministry
 (D) Planning Commission
- + 30. Management is
 (A) Science
 (B) Art
 (C) None of A & B
 (D) Both of A & B
- + 31. If a firm earns profit of 25% on cost by selling a product of Rs. 150 per unit, the profit per unit of the product is
 (A) Rs. 37.50
 (B) Rs. 35,00
 (C) Rs. 30.00
 (D) Rs. 25.00

32. The paid-up capital of company is Rs. 18,00,000. The company decided to propose a dividend of Rs. 2,16,000 out of current profit. How much of current profit is to be transferred to reserve?

- (A) At least 20%
- (B) At least 10%
- (C) At least 2.5%
- (D) None of the above

33. Which goes to increase the authority of subordinates is known as

- (A) Centralisation
- (B) Decentralisation
- (C) Unity of command
- (D) Unity of direction

34. In case of insufficient provision for depreciation, what type of audit report can an auditor submit?

- (A) Unqualified
- (B) Adverse
- (C) Qualified
- (D) Piecemeal

35. A firm manufactured 10,000 units of a product at a cost of Rs. 1,50,000 and its opening stock was 1,000 units which were valued at Rs. 13,000. It could sell 9,500 units at Rs. 20 per unit. If LIFO method is followed, the value of closing stock will be

- (A) Rs. 13,000
- (B) Rs. 19,500
- (C) Rs. 20,500
- (D) Rs. 22,500

36. Coordination is incomplete without

- (A) Command
- (B) Cooperation
- (C) Scalar chain
- (D) Equity

37. If a production function is homogenous of degree one it implies that

- (A) there is decreasing return to scale
- (B) there is increasing return to scale
- (C) there is constant return to scale
- (D) None of the above

38. Cost of Labour Turnover may be treated as

- (A) Direct Wages
- (B) Direct Expenses
- (C) Prime Cost
- (D) Overhead

39. Which of the following sections of Companies Act, 1956 deal with qualifications of the auditor?

- (A) Section 226 (1) and Section 226 (2)
- (B) Section 224 (1) and Section 224 (2)
- (C) Section 226 (3) and Section 226 (4)
- (D) Section 227 (1) and Section 227 (2)

40. Which one is not a forecasting technique?

- (A) Survey
- (B) Opinion poll
- (C) Control
- (D) Regression

41. The most appropriate measure of a country's economic growth is its

- (A) Gross Domestic Product
- (B) Net Domestic Product
- (C) Net National Product
- (D) Per Capita Real Income

42. The standard time required per unit of a product is 15 minutes. In a day of 8 working hours a worker gives an output of 40 units. If he gets a time rate of Rs. 20, his total earnings under Halsey Scheme will be

- (A) Rs. 150
- (B) Rs. 165
- (C) Rs. 175
- (D) Rs. 180

43. When an organisation assigns specialists to groups according to the projects they are working on, it is termed as

- (A) Divisional structure
- (B) Functional structure
- (C) Product structure
- (D) Matrix structure

44. The previous year for the Assessment Year 2014-15 is

- (A) 2012-13
- (B) 2013-14
- (C) 2014-15
- (D) All of the above

- 45. In economics the central problem is
 (A) consumption
 (B) money
 (C) scarcity
 (D) production
- 46. Which of the following committees suggested financial sector reforms in India?
 (A) Abid Hussain Committee
 (B) Bhagwati Committee
 (C) Chelliah Committee
 (D) Narasimham Committee
- 47. Overtime premium paid to a direct labour should be charged to a specific job when the overtime is caused by
 (A) Increase in the level of activity
 (B) Customer's demand for early completion of the job
 (C) Failure of the management to include the job in the production schedule
 (D) Management decision to complete the job before schedule
- 48. Who did develop the concept of 'Management by objectives'?
 (A) Maslow
 (B) Herbert Simon
 (C) Herzberg
 (D) P. F. Drucker
- 49. Previous year and Assessment year can
 (A) never be same
 (B) be same only under one situation
 (C) be same only under two situations
 (D) be same only under five situations
- 50. Indicate below what is not a factor of production?
 (A) Labour
 (B) Land
 (C) Capital
 (D) A bank loan
- 51. Authority and responsibility are _____ to each other
 (A) Supplementary
 (B) Complementary
 (C) Contradictory
 (D) Inconsistent
- 52. 13th Finance Commission was constituted under the Chairmanship of
 (A) YSP Thorat
 (B) Vijay L Kelkar
 (C) TS Vijayan
 (D) Laxmi Narayan
- 53. Under the income Tax Act, 1961 there are
 (A) 2 heads of income
 (B) 5 heads of income
 (C) 4 heads of income
 (D) 3 heads of income
- 54. Micro economics is not concerned with the behaviour of
 (A) Firms
 (B) Aggregate demand
 (C) Industries
 (D) Consumers
55. In a mill number of employees at the beginning and end of a certain period were 2000 and 1800 respectively. During the period 500 workers left while 300 persons joined in the mill. Labour turnover rate under Flux Method will be
 (A) 25.00%
 (B) 21.05%
 (C) 16.67%
 (D) 15.79%
- 56. Which school of thought had been developed on the idea that there is no single best method to find solutions to management problems?
 (A) Systems Approach
 (B) Empirical Approach
 (C) Contingency Approach
 (D) Operational Approach

† 57. Income of the P.Y 2012–13 is chargeable at the rate applicable to the year

- (A) 2012–13
- (B) 2011–12
- ✓(C) 2013–14
- (D) 2014–15

† 58. Opportunity costs arise in production because

- (A) resources are unlimited
- ✓(B) resources must be shifted away from producing one good in order to produce another
- (C) wants are limited in society
- (D) monetary costs of inputs usually outweigh non-monetary costs

† 59. A method of distributing general overheads over the cost centres on the basis of benefits received is known as

- (A) Overhead Identification
- (B) Overhead Absorption
- ✓(C) Overhead Apportionment
- (D) Overhead Analysis

† 60. SEBI is a

- (A) Constitutional body
- (B) Advisory body
- ✓(C) Statutory body
- (D) Non-statutory body

– 61. A firm will be treated as non-resident in India if percentage of control and management of its affairs situated outside India is

- (A) 20%
- ✓(B) 75%
- (C) 25%
- (D) 100%

† 62. If an economy's production possibilities frontier shifted to the right, this would illustrate

- (A) increasing opportunity cost
- (B) decreasing opportunity cost
- (C) A fall in resource utilization
- ✓(D) economic growth

† 63. Which of the following is not considered as one of the Productive causes of Idle Time?

- (A) Machine breakdown
- (B) Power Failure
- (C) Waiting for materials, Tools, Instructions, etc.
- ✓(D) Decrease in Demand

† 64. TRAI regulates the functioning of which of the following?

- (A) Trade
- (B) Transport
- ✓(C) Telecom
- (D) None of the above

† 65. Mr. X understated his taxable income by Rs. 2,50,000 and thereby reduced his tax liability. The policy adopted by him is known as

- (A) Unfair accounting
- (B) Tax avoidance
- ✓(C) Tax evasion
- (D) Tax planning

† 66. The relationship between price and demand is

- (A) direct
- ✓(B) inverse
- (C) proportionate
- (D) positive

† 67. Who did believe that leaders are not only born, but also developed through proper training in human behaviour?

- ✓(A) Mary Parker Follett
- (B) F. W. Taylor
- (C) C. K. Prahlad
- (D) P. F. Drucker

† 68. Finance Commission in India is constituted every

- (A) two years
- (B) three years
- ✓(C) five years
- (D) six years

- 69. In case of increase in demand, the demand curve
- (A) shifts backwards
 - ✓(B) shifts forward
 - (C) will have upward slope
 - (D) will be horizontal
- 70. Income by way of dividend from shares of a foreign company whose only source of income is agriculture is
- (A) Exempt from tax as a agricultural income
 - (B) Assessable under the head Income from other sources
 - ✓(C) Assessable under the head profits and gains of Business or profession
 - (D) Assessable under the head capital gains
- 71. Activity-based Costing system may not be used in a firm with
- (A) High incidence of overhead
 - ✓(B) Very insignificant amount of overhead
 - (C) Product Diversity
 - (D) Volume Diversity of Products manufactured
- 72. Which is the most important source of income for Government of India?
- (A) Interest
 - (B) Licence fee
 - (C) Income tax
 - ✓(D) Excise duty
- 73. A firm operating under conditions of perfect competitions can
- (A) determine the price of its product
 - ✓(B) determine only the size of its output
 - (C) promote the sales through effective advertisement
 - (D) capture the market by cutting down the price
- 74. Pre-determined overhead absorption rates help ascertaining
- ✓(A) Overhead to be charged to a job
 - (B) Direct labour Cost of the job
 - (C) Prime Cost of the job
 - (D) None of the above
- 75. From November 7, 2009, the SLR has been fixed at
- (A) 24%
 - (B) 26%
 - ✓(C) 25.5%
 - (D) 25%
- 76. An assessee resident in India suffering from 75% hearing impairment can claim a deduction u/s 80u for the A.Y. 2013-14 on account of this disability maximum up to
- (A) Rs. 75,000
 - (B) Rs. 1,00,000
 - (C) Rs. 60,000
 - ✓(D) Rs. 50,000
- 77. If the proportionate change in supply is exactly equal and proportionate to the change in price than elasticity of supply is
- (A) equal to zero
 - (B) greater than one
 - (C) less than one
 - ✓(D) equal to one
- 78. Which of the following assumptions is not usually made for Cost-Volume-Profit analysis?
- (A) The sales-mix of the products is constant
 - ✓(B) Quantities of inventory change during the year
 - (C) The behaviour of both revenues and cost is linear throughout the relevant range
 - (D) Material prices and wage rates remain unchanged
- 79. If output tax is Rs. 4,50,000 and tax on input is Rs. 1,50,000, VAT will be
- (A) Rs. 4,50,000
 - (B) Rs. 3,50,000
 - (C) Rs. 1,50,000
 - ✓(D) Rs. 3,00,000
- 80. In Human Development Report 2010, India has HDI ranking at
- (A) 126th
 - (B) 119th
 - (C) 127th
 - (D) 129th

81. Average revenue curve of the firm is the same as the demand curve of the consumer except in the context of
- (A) perfect competition
 - (B) monopolistic competition
 - (C) monopoly
 - (D) discriminatory monopoly
82. The basis of charging C.S.T. is
- (A) Sale or purchase in the course of interstate trade or commerce
 - (B) Sale within a state
 - (C) Sale in the course of import
 - (D) Sale in the course of export
83. Under-absorption of overhead means
- (A) Actual overhead is less than the absorbed overhead
 - (B) Actual overhead is more than the absorbed overhead
 - (C) Actual overhead is less than the budgeted overhead
 - (D) Actual overhead is more than the budgeted overhead
84. The process of searching for prospective employees and stimulating them to apply for the job is called
- (A) Selection
 - (B) Recruitment
 - (C) Training
 - (D) Placement
85. The main object of an audit is
- (A) Expression of opinion
 - (B) Detection and Prevention of fraud and error
 - (C) Both (A) and (B)
 - (D) Depends on the type of audit
86. If GDP in India is Rs. 260 million in 2013 and its population is 260000, GDP per capita is
- (A) 1000
 - (B) 10000
 - (C) 0.001
 - (D) 10,00,000
87. When was RBI nationalised?
- (A) 1st April, 1935
 - (B) 1st January, 1949
 - (C) 1st January, 1935
 - (D) 1st July, 1969
88. A sale to A was entered as a sale to B. This is an example of
- (A) Error of omission
 - (B) Error of commission
 - (C) Compensating error
 - (D) Error of principle
89. The cost per unit of a product in a factory is Rs. 200 (60% is variable) when level of production is 10,000 units. When level of production increases by 25%, the cost of production per unit will be
- (A) Rs. 170
 - (B) Rs. 178
 - (C) Rs. 184
 - (D) Rs. 195
90. The concave shape of the production possibilities curve illustrates
- (A) the law of increasing marginal cost
 - (B) that production is inefficient
 - (C) that production is unattainable
 - (D) the demand is relatively inelastic
91. Which of the following statements is not true?
- (A) Management fraud is more difficult to detect than employee fraud
 - (B) Internal control system reduces the possibility of occurrence of employee fraud and management fraud
 - (C) The auditor's responsibility for detection and prevention of errors and frauds is similar
 - (D) All statements are correct
92. Inflation in India is measured on the following index:
- (A) Cost of Living Index
 - (B) Consumer Price Index
 - (C) Wholesale Price Index
 - (D) Agricultural Price Index

- † 93. All levels of management between the supervisory level and top level of the organisation are known as
- (A) Middle managers
 - (B) First-line managers
 - (C) Supervisors
 - (D) Foremen
- † 94. Audit of banks is an example of
- (A) Statutory audit
 - (B) Balance sheet audit
 - (C) Concurrent audit
 - (D) All of the above
- † 95. The agricultural price support program is an example of
- (A) a price ceiling
 - (B) a price floor
 - (C) equilibrium pricing
 - (D) None of the above
- † 96. X Ltd. has sales of Rs. 3,00,000 with variable expenses of Rs. 2,25,000 and fixed expenses of Rs. 50,000 during a particular period. If the company wants to earn a profit of Rs. 1,00,000 its sales must be
- (A) Rs. 3,00,000
 - (B) Rs. 4,00,000
 - (C) Rs. 5,00,000
 - (D) Rs. 6,00,000
- † 97. Which of the following statements is not true about continuous audit?
- (A) It is conducted at regular interval
 - (B) It may be carried out on daily basis
 - (C) It is needed when the organization has a good internal control system
 - (D) It is expensive
- † 98. In pure monopoly, what is the relation between the price and the marginal revenue?
- (A) the price is greater than the marginal revenue
 - (B) the price is less than the marginal revenue
 - (C) there is no relation
 - (D) they are equal
- † 99. The former name of State Bank of India was
- (A) Central Bank of India
 - (B) United Bank of India
 - (C) Imperial Bank of India
 - (D) People's Bank of India
- † 100. Audit in depth is synonymous for
- (A) Complete audit
 - (B) Completed audit
 - (C) Final audit
 - (D) Detailed audit
- † 101. Salary surrendered by an employee is excluded while computing taxable income, if the surrender is made to
- (A) The Central Government
 - (B) The State Government
 - (C) A local authority
 - (D) A statutory corporation
- † 102. Deficit financing means that the Government borrows money from the
- (A) RBI
 - (B) local bodies
 - (C) big businessmen
 - (D) IMF
- † 103. Audit programme is prepared by
- (A) the auditor
 - (B) the client
 - (C) the audit assistants
 - (D) the auditor and his audit assistants
- † 104. In price discrimination, which section of the market is charged the higher price?
- (A) The section with the richest people
 - (B) The section with the oldest people
 - (C) The section with the most inelastic demand
 - (D) The section with the most elastic demand
- † 105. Break-even point refers to the point where
- (A) total profit equals total costs
 - (B) total contribution equals total fixed costs
 - (C) total costs equal total contribution
 - (D) total variable costs equals total contribution

- † 106. In case of an employee covered by the payment of Gratuity Act maximum exemption from gratuity income is restricted to
- (A) Rs. 2,50,000
 (B) Rs. 4,50,000
 (C) Rs. 10,00,000
 (D) Rs. 12,50,000
- † 107. Which one of the following is correct?
- (A) "Consideration must be adequate".
 (B) "A stranger to a consideration cannot sue".
 (C) "A stranger to a contract cannot sue".
 (D) "A promise to gift to wife is valid".
- † 108. The working papers which auditor prepares for financial statements audit are
- (A) Evidence for audit conclusions
 (B) Owned by the client
 (C) Owned by the auditor
 (D) Retained in auditor's office until a change in auditors
- 109. The demand curve for labour is the
- (A) marginal revenue product curve
 (B) marginal physical product curve
 (C) marginal cost curve
 (D) marginal utility curve
- † 110. For computing income from self occupied house property (constructed after 1.4.1999) maximum amount of deduction on account of interest on borrowings cannot exceed
- (A) Rs. 1,00,000
 (B) Rs. 1,50,000
 (C) Rs. 2,50,000
 (D) Rs. 3,00,000
- † 111. Which one of the following is correct?
- (A) "An act of Coercion must proceed from a party to the contract".
 (B) "A threat to commit suicide does not amount to Coercion".
 (C) "A threat to file a suit on false charges amounts to Coercion".
 (D) "If there is no damage, there is no fraud".
- † 112. Which management roles do involve people and other duties that are ceremonial and symbolic in nature?
- (A) Informational
 (B) Interpersonal
 (C) Technical
 (D) Decisional
- † 113. Which of the following best describes the primary purpose of audit programme preparation?
- (A) To detect errors or fraud
 (B) To comply with GAAP
 (C) To gather sufficient appropriate evidence
 (D) To assess audit risk
- † 114. Standard deduction for computing income from house property is fixed at
- (A) 45%
 (B) 40%
 (C) 35%
 (D) 30%
- † 115. Which one of the following is correct?
- (A) "The collateral transaction to an illegal agreement also become illegal".
 (B) "Dowry provided by the father of the Bride Voluntarily is not unlawful".
 (C) "The performance of a contingent contract must depend upon mere will of the promisor".
 (D) "The event in a contingent contract may be certain or Uncertain".
- † 116. B. Ltd. manufactures and sells 40,000 units of its single product at Rs. 25 per unit incurring variable costs and fixed costs per unit at Rs. 15 and Rs. 5 respectively. The break-even point (in units) of the company will be
- (A) 10,000
 (B) 15,000
 (C) 20,000
 (D) 25,000
- 117. Which of the following is a revenue reserve?
- (A) Capital redemption reserve
 (B) Security premium account
 (C) Debenture redemption reserve
 (D) Capital reserve

† 118. Which is the process of getting activities completed efficiently and effectively with and through other people?

- (A) Leading
- ✓(B) Management
- (C) Supervision
- (D) Controlling

- 119. Which one of the following is correct?

- (A) "No consideration need be there to create an agency".
- (B) "A verbal promise to pay a time barred debt is valid".
- ✓(C) "Completed gifts without consideration are valid only if they are out of natural love and affection and near relation".
- (D) "Past consideration is no consideration in India".

† 120. No capital gains liability will arise on transfer of

- (A) Plant and Machinery
- (B) Residential house
- ✓(C) Stock in trade
- (D) Jewellery

† 121. Who is responsible for the appointment of statutory auditor of a limited company?

- (A) Directors of the company
- ✓(B) Members of the company
- (C) The Central Government
- (D) All of the above

122. Sales and profit of a firm were Rs. 1,50,000 and Rs. 10,000 respectively during the first half of the year and those were Rs. 2,00,000 and Rs. 17,500 respectively in the second half of the year. If there is no change in fixed costs during the two halves of the year, the P/V Ratio will be

- (A) 10.00%
- (B) 12.50%
- (C) 15.00%
- (D) 22.25%

123. Which one of the following is correct?

- (A) "If either of the parties may win but can not lose, or may lose but cannot win, it is not a wagering agreement".
- (B) "Transactions collateral to wagering agreements are void".
- (C) "An agreement to do an impossible act, not known of the parties, is very much valid".
- (D) "Legal suit can be filled to recover the amount to be won on any wager".

124. A capital asset is converted into stock in trade on 31.12.2002. The stock is sold on 1.2.2012. Capital gains liability will arise in the p.y.

- (A) 2001-02
- (B) 2011-12
- (C) 2002-03
- (D) 2004-05

† 125. The Board of Directors shall appoint first auditor of a company

- (A) within one month of the promotion of the company
- (B) within one month of the commencement of the business of the company
- ✓(C) within one month of incorporation of the company
- (D) Of the above whichever is earlier

126. Efficiency refers to

- (A) The relationship between inputs and outputs
- (B) The additive relationship between costs and benefits
- (C) The exponential nature of costs and outputs
- (D) Increasing outputs regardless of cost

127. Y. Ltd. uses Standard Costing system for controlling cost. 2,500 Kg of a material @ Rs. 10 per Kg have been used for a product. If material price variance is found to be Rs. 6,000 (favourable) and usage variance as Rs. 4,000 (adverse), the standard material cost for actual production should be

- (A) Rs. 24,000
- (B) Rs. 27,000
- (C) Rs. 30,000
- (D) Rs. 33,000

128. Shares in X Ltd. was acquired by Mr. B at a cost of Rs. 50,000. During the current p.y. he got right to acquire fresh shares. On the date of receiving the right entitlement intimation fair market value of existing shares held by Mr.B was Rs. 60,000. Mr.B sold the right paper for Rs. 75,000. His capital gains liability would be

- (A) Rs. 25,000
- (B) Rs. 15,000
- (C) Rs. 75,000
- (D) Rs. 10,000

129. Life Insurance Corporation of India holds twenty-five per cent of subscribed capital of ABC Ltd. The appointment of statutory auditor in ABC Ltd. would be by

- (A) Ordinary resolution
- (B) Special resolution
- (C) (A) or (B)
- (D) None of the above

130. Which one of the following is correct?

- (A) "The liability of surety is primary".
- (B) "A continuing guarantee can never be revoked".
- (C) "Guarantee obtained by misrepresentation is invalid".
- (D) "In a contract of guarantee, the Principal debtor can not be a minor".

131. Which of the following is not a relevant cost information in a 'make or buy' decision?

- (A) Fixed cost
- (B) Loss of contribution to make the product
- (C) Purchase price
- (D) Variable cost of making

132. An eligible Plant & Machinery was acquired at a cost of Rs. 5,00,000 during the p.y. and used for 170 days. Additional depreciation to be charged

- (A) Rs. 1,25,000
- (B) Rs. 2,00,500
- (C) Rs. 50,000
- (D) Rs. 1,00,000

133. Which audit out of the following would not be regarded as one audit for the purposes of section 224(IB)?

- (A) Audit of one branch each of two different companies
- (B) Joint audit
- (C) Audit head office & branches
- (D) Audit of one or more branches of a company

134. The three groups of decision makers in the economy are

- (A) households, business firms and banks
- (B) households, business firms and governments
- (C) business firms, governments and banks
- (D) business firms, banks and foreign traders

135. A market situation where there are only a few large buyers for the product is called

- (A) oligopoly
- (B) pure competition
- (C) oligopsony
- (D) duopsony

136. When national income of a country is calculated in terms of constant prices, it is called as

- (A) nominal GNP
- (B) GNP at current prices
- (C) GNP at constant prices
- (D) GDP at constant prices

137. An assessee engaged in the business of generation and distribution of power sold a machinery (W.D.V. Rs. 75,000), depreciation on which was charged under S.L.M. at Rs. 50,000. Terminal depreciation would be

- (A) Rs. 30,000
- (B) Rs. 35,000
- (C) Rs. 50,000
- (D) Rs. 25,000

138. The authority to remove the first auditor before the expiry of term is with

- (A) the shareholders in a general meeting
- (B) the shareholders in the first annual general meeting
- (C) the board of directors
- (D) the Central Government

139. A principal budget factor is

- (A) a factor which is controllable by the manager of the budget centre
- (B) a factor which is common to all budget centre
- (C) the highest value item of cost
- (D) a factor that limits the activities of an enterprise

140. The retiring auditor does not have a right to

- (A) make written representations
- (B) get his representation circulated
- (C) be heard at the meeting
- (D) speak as a member of the company

141. Unabsorbed scientific research Rs. 7,65,000 (revenue nature Rs. 1,65,000) can be carried forward for a maximum period of

- (A) 8 years
- (B) Unlimited years
- (C) 5 years
- (D) 4 years

142. Which one of the following is correct?
- "Substitution of a new contract in place of an existing contract is called alteration".
 - "Cancellation of contract is called remission".
 - "The insolvency of the promisor discharges the contract".
 - "Commercial impossibility makes the contract void".
143. Three essential managerial skills include
- Technical, Human and Empirical
 - Human, Empirical and conceptual
 - Technical, Interpersonal and Controlling
 - Technical, Human and conceptual
144. The auditor has a right to
- Obtain information and explanation
 - Obtain information and explanation from the employees and officers
 - Obtain information and explanation necessary for the purpose of audit
 - Both (B) and (C)
145. Relevant cost for any decision may be described as
- a past cost that is same among all alternatives
 - a future cost that is same among all alternatives
 - a past cost that differs among alternatives
 - a future cost that differs among alternatives
146. Letting of house is inseparable from letting of furniture therein. Income from the house is assessable under the head
- Capital Gains
 - Income from house property
 - Profits and gains of Business or profession
 - Income from other sources
147. Which of the following management functions is no longer included in the basic functions of management?
- Planning
 - Staffing
 - Leading
 - Controlling
148. The principal auditor, as per clarification issued by the ICAI, does not have any right to
- Inspect working papers of the branch auditor
 - Visit branches
 - Seek information necessary for audit purposes
 - Incorporate the branch audit report in his audit report
149. Which one of the following is correct?
- "Impossibility of performance is not an excuse for non-performance of a contract".
 - "Discharge of contract by anticipatory breach of contract takes place when the performance is due".
 - "In quasi-contracts, the promise to pay is based on express agreement".
 - "A minor is personally responsible for necessities supplied to his dependents".
150. A security broker earned interest income of Rs. 70,000 from unsold stock of debentures of companies. Such income is assessable under the head
- Profits and gains of Business or profession
 - Income from other sources
 - Capital gains
 - Salary
151. In a production budget, quantity to be produced is
- Sales Quantity – Closing Stock + Opening Stock
 - Sales Quantity + Closing Stock – Opening Stock
 - Sales Quantity – Closing Stock – Opening Stock
 - Sales Quantity + Closing Stock + Opening Stock
152. Organising includes
- Defining organisational goals
 - Hiring organisational members
 - Motivating organisational members
 - Determining who does what tasks
153. The branch auditor is appointed by
- Shareholders in an annual general meeting
 - Shareholders in general meeting
 - Board of directors in board meeting
 - Any of the above

154. For an assessee loss from speculative business is Rs. 85,000 and gain from non-speculative business is Rs. 70,000. Speculative loss to be c/f.

- (A) Rs. 85,000
- (B) Rs. 70,000
- (C) Rs. 75,000
- (D) Rs. 50,000

155. Which one of the following is correct?

- (A) "A finder of lost goods is just like a bailee".
- (B) "An agreement 'Void ab initio' can be a quasi contract".
- (C) "The right to claim 'Quantum Meruit' arises out of the contract".
- (D) "A contract of guarantee cannot be oral".

156. Which key element of organisational design is violated in matrix structure?

- (A) Unity of command
- (B) Chain of command
- (C) Span of control
- (D) Decentralisation

157. If the actual output is lower than the budgeted output, which of the following costs is expected to be lower than that in the original budget?

- (A) Total Variable Cost
- (B) Total Fixed Cost
- (C) Variable Cost per unit
- (D) Fixed Cost per unit

158. Loss from the business of owning and maintenance of racing horses can be c/f. for

- (A) 8 years
- (B) 4 years
- (C) Unlimited number of years
- (D) 5 years

159. The date on auditor's report should not be

- (A) the date of AGM
- (B) later than the date on which the accounts are approved in board's meeting
- (C) earlier than the date on which the accounts are approved by the management
- (D) Both (A) and (B)

160. What type of function is resolving conflict among organisational members?

- (A) Controlling
- (B) Commanding
- (C) Directing
- (D) Leading

161. Which of the following is not a function of Cost Accounting?

- (A) Planning and Control
- (B) Cost Ascertainment
- (C) External Reporting
- (D) Decision Making

162. If deduction u/s. 80c, 80ccc and 80 CCD are Rs. 80,000, Rs. 75,000 and Rs. 65,000 respectively. Total deduction cannot exceed

- (A) Rs. 1,50,000
- (B) Rs. 2,20,000
- (C) Rs. 1,00,000
- (D) Rs. 2,00,000

163. To test whether sales have been recorded, the auditor should draw a sample from a file of

- (A) purchase orders
- (B) sales orders
- (C) sales invoices
- (D) bill of loading

164. Managers with good _____ are able to communicate, motivate and lead to get the best out of their people

- (A) Human skills
- (B) Conceptual skills
- (C) Technical skills
- (D) Visual skills

165. The quantity of raw material in the purchase budget may be higher than the quantity of raw material in the production budget because

- (A) the company obtains huge discount for bulk purchases of material
- (B) raw material prices have decreased
- (C) units sold are more than the units produced
- (D) stock levels are being reduced

166. For vouching of which item, the auditor is most likely to examine cost records?

- (A) Commission earned
- (B) Bad debts recorded
- (C) Credit sales
- (D) Sale of scrap

167. Which one of the following is correct?

- (A) "In bailment, the delivery of goods must be actual".
- (B) "A bailee is entitled to a general lien".
- (C) "A pledge can also be created of immovable property".
- (D) "In hypothecation, the debtor has the right to use the goods hypothecated".

168. Who did first argue that organisations were open systems?

- (A) Robert Owens
- (B) Hugo Munsterberg
- (C) Mary Parker Follett
- (D) Chester Barnard

169. In case of unclaimed wages, the auditor should examine whether

- (A) the amount has been deposited in a separate bank account
- (B) deposited with the cashier
- (C) held in a safe deposit box
- (D) All of the above

170. Business environment comprises of

- (A) PESTEL
- (B) DESTEL
- (C) PESTAK
- (D) DESTAK

171. Which of the following is not considered as an element of cost?

- (A) Labour
- (B) Overhead
- (C) Material
- (D) Expenses

172. In order to vouch, which of the expenses, the auditor will examine Bill of Entry?

- (A) Custom
- (B) Excise duties
- (C) Sales tax
- (D) Income tax

173. For a contract, work on which has sufficiently progressed, profit is estimated taking the difference between

- (A) Contract Value and Value of Work Certified
- (B) Value of Work Certified and Cash Received
- (C) Value of Work Certified and Cost of Uncertified Work
- (D) Value of Work Certified and Cost of Work Certified

174. A direct cost can be described as

- (A) Any cost which is incurred as a direct consequence of a management decision.
- (B) Any cost which cannot be identified with or attributed to the product with economic feasibility.
- (C) Any cost which can be identified with or attributed to the product with economic feasibility
- (D) Any cost for which management is not directly responsible.

175. In case of vouching, the auditor is least likely to examine authorization by appropriate authority in case of

- (A) bad debts written off
- (B) sales return
- (C) purchase return
- (D) discount allowed to customers as per organizational policy

176. According to Weber's ideal bureaucracy, what does occur when employees are placed in jobs based on technical qualification?

- (A) Career orientation
- (B) Authority hierarchy
- (C) Impersonality
- (D) Formal selection

177. Which pay principle was suggested by Taylor?

- (A) Monthly salary
- (B) Monthly salary with bonus
- (C) Seniority pay
- (D) Incentive pay

178. Purchase invoice is

- (A) Internal voucher
- (B) External voucher
- (C) Primary voucher
- (D) Subsidiary voucher

- 179.** Advantages of ABC analysis of inventory control include the following except
- (A) Stricter Control on High Value Items
 - (B) Low Inventory Turnover
 - (C) Optimum Investment in Inventory
 - (D) Reduction in Carrying Cost of Inventory
- 180.** Who did define management as "The art of knowing exactly what you want men to do and then see that they do it in the best and cheapest way"?
- (A) Henri Fayol
 - (B) F.W. Taylor
 - (C) Mary Parker Follett
 - (D) R. Likert
- 181.** The Hawthorne studies were initially devised to study
- (A) Productivity levels of groups versus individuals
 - (B) The effect of noise on employee productivity
 - (C) The effect of illumination levels on employee productivity
 - (D) Impact of cooperative versus competitive organisational environments on productivity
- 182.** Which of the following can be utilized to distribute dividend?
- (A) Revaluation Reserve
 - (B) Capital Redemption reserve
 - (C) Depreciation fund
 - (D) None of the above
- 183.** Which of the following cost items is most likely to be semi-variable in nature?
- (A) Rent
 - (B) Direct Material
 - (C) Remuneration of Sales Person
 - (D) Salaries of Office Staff
- 184.** The quantitative approach to management has also been referred to by which of the following names?
- (A) Sales optimisation
 - (B) Management science
 - (C) Managerial theory
 - (D) Statistical reformulation
- 185.** Effectiveness is synonymous with
- (A) Cost minimisation
 - (B) Resource control
 - (C) Goal attainment
 - (D) Efficiency
- 186.** State which of the following is a valid appointment?
- (A) On death of auditor, board of directors of A. Ltd. appoints Mr. A as auditor
 - (B) On death of auditor, Shareholders of B. Ltd. appoints Mr. B as auditor
 - (C) Both (A) and (B)
 - (D) None of (A) and (B)
- 187.** An Escalation Clause is usually included in the terms of contract in order to
- (A) Control the market price of materials used for the contract
 - (B) Protect the interest of the Contractee
 - (C) Protect the interest of the Contractor against increase in cost due to increase in the price level
 - (D) Help the contractor in realizing the agreed contract value in full
- 188.** Minimum stock level is fixed after considering the following factors except
- (A) Lead Time
 - (B) Re-order level
 - (C) Stock-out Costs
 - (D) Average rate of consumption
- 189.** Who were two of the pioneers in the area of Total Quality Management?
- (A) Fayol & Weber
 - (B) Taylor & Gilbreth
 - (C) Owen & Munsterberg
 - (D) Deming & Juran
- 190.** In a good system of internal check
- (A) the work of one is checked indirectly by the work of another
 - (B) the work of one is checked directly by the work of another
 - (C) Both (A) and (B)
 - (D) None of the above happens

191. Which of the following study does help to determine a fair day's work and rest period to complete it?

- (A) Work study
- (B) Time study
- (C) Motion study
- (D) All of the above

192. P. Ltd. maintains a safety stock of 500 units of a material. The supplier takes 3 to 5 days, from the date of placing the order, as delivery period. The Company uses 600 to 800 units of the material per day for manufacturing the product depending on demand for the product. The re-order level of the material will be

- (A) 1800 units
- (B) 3000 units
- (C) 2300 units
- (D) 4500 units

193. A system can be best defined as a/an

- (A) Grouping of separate and independent parts
- (B) Set of interrelated and interdependent parts
- (C) Ordering of distinct and unrelated parts
- (D) Set of connected but non-functional parts

194. Which of the following is true?

- (A) Vouching and Verification are similar
- (B) Board of directors appoints internal auditor
- (C) Statutory audit is continuous
- (D) All of the above

195. Interest on own capital is considered in Cost Accounting as

- (A) Part of Prime Cost
- (B) Sunk Cost
- (C) Notional Cost
- (D) Differential Cost

196. Who is most closely associated with the Hawthorne studies?

- (A) Adams Smith
- (B) Elton Mayo
- (C) Lawler
- (D) C. Barnard

197. Profit before depreciation and the amount of depreciation of X. Ltd. for two years are

	Profit before depreciation	Depreciation
2010-11	Rs. (-) 20,000	Rs. 15,000
2011-12	Rs. 1,00,000	Rs. 20,000

The amount of divisible profit for the year 2011-12 is

- (A) Rs. 80,000
- (B) Rs. 60,000
- (C) Rs. 65,000
- (D) Rs. 85,000

198. The management tool undertaken to find out the one best way of doing the thing is termed as

- (A) Job Analysis
- (B) Merit Rating
- (C) Job Enrichment
- (D) Job Evaluation

199. Which was the best known example of Taylor's Scientific Management?

- (A) Horseshoe
- (B) Pigiron
- (C) Blue collar
- (D) Fish tank

200. Secondary packing expenses are

- (A) Part of distribution overheads
- (B) Part of prime cost
- (C) Part of production overheads
- (D) Charged to costing profit & loss account