
PART-'B' : Commerce (PGT) : SUBJECT CODE : (P43)
GENERAL INSTRUCTIONS

1. DO NOT open this booklet until you are asked to do so.
2. FILL SCHOOL CODE, REGN NUMBER ON OMR ANSWER SHEET CAREFULLY AND SIGN ON THE RIGHT BOTTOM CORNER OF OMR SHEET.
3. Total duration of the test is 2 Hours and Maximum Marks are 120.
4. There are total 100 questions. All questions are objective type-multiple choices. All questions carrying equal marks.
5. DO NOT write anything on this question booklet.
6. After the test, please return this booklet along with OMR-Answer sheet to the invigilator.
7. You are not allowed to leave the examination hall before 1300h.

Instructions for filling the OMR Sheet

8. Read instructions printed on the OMR Sheet carefully before answering. Each item has four choices; A, B, C and D. Each choice is denoted by a circle. Shade the appropriate circle using Blue/Black Pen. Be absolutely sure of your option before shading the circle since you are not permitted to erase your response once shaded. More than one response will make your answer invalid. There is NEGATIVE MARKING for wrong answer.

Rough Work

9. For any rough work use the separate sheet provided along with the text booklet. DO NOT do any rough work on the answer sheet or any other paper.

PAPER - B
WRITTEN TEST PAPER FOR SELECTION OF TEACHERS : CSB 2013
COMMERCE(PGT) : SUBJECT CODE : P43

1. The term "current asset" does not include
(a) Cash (b) Stock-in-trade
(c) Furniture (d) Advance payment
2. According to the _____ concept, the proprietor is treated as a creditor to the extent of his capital.
(a) Cost (b) Entity
(c) Money measurement (d) Dual aspect
3. The comparison of net profit with the sales of the same year is termed _____ comparison
(a) Horizontal (b) Vertical
(c) Elliptical (d) Multidimensional
4. Convertible debentures are those on which
(a) Accumulated interest payable is converted into equity shares
(b) Interest is not paid when the company is running in a loss
(c) Interest is payable and if not paid, keeps on accounting
(d) Equity shares may be exchanged at the option of the debenture holders
5. Heavy initial expenditure on advertising the launch of a new product should be classified as
(a) Capital expenditure (b) Revenue expenditure
(c) A loss (d) Deferred revenue expenditure
6. Insurance unexpired account is a _____ account
(a) Personal (b) Nominal
(c) Real (d) Fictitious
7. Which of the following is/are member (s) of the International Accounting Standards Committee?
(a) The ICAI (b) The ICWAI
(c) Both (a) and (b) (d) Neither (a) nor (b)
8. Mark out which is not a capital expenditure.
(a) Cost of issuing shares and debenture
(b) Wages paid for construction of a new office
(c) Purchase of a new spark plug for Rs.9.75
(d) Repair on a secondhand vehicle newly purchased
9. If Rs.15,000 is spent on the repair of a secondhand machinery and Rs.2,500 on freight in connection with its acquisition, what is the amount of capital expenditure ?
(a) Rs 15,000 (b) Rs 17,500
(c) Rs 12,500 (d) Rs 2,500
10. When net profit is Rs 44,000 and profit on sale of a fixed asset is Rs4,000, what is the fund from operations?
(a) Rs 40,000 (b) Rs 44,000
(c) Rs 48,000 (d) Cannot be computed
11. When total sources of funds are Rs 1,25,000 and total applications of funds are Rs 1,50,000, The result would be
(a) Net increase in working capital by Rs 25,000
(b) Net decrease in working capital by Rs25,000
(c) No effect on working capital
(d) None of the above
12. _____ consistency calls for financial statements for a number of years to be reviewed and analysed.
(a) Horizontal (b) Vertical
(c) Internal (d) External
13. Window dressing is prohibited owing to
(a) Convention of disclosure
(b) Convention of materiality
(c) Convention of conservatism
(d) Accrual concept
14. If stock worth Rs.10,000 (that has not been insured) is destroyed by fire, the accounting entry is
(a) Dr Profit & Loss A/c 10,000
 Cr Trading A/c 10,000
(b) Dr Stock A/c 10,000
 Cr Trading A/c 10,000
(c) Dr Trading A/c 10,000
 Cr Stock A/c 10,000
(d) None of the above
15. An entry of Rs 840 being debited to Surbhi's A/c as Rs 480 would be an error of
(a) Principle (b) Commission
(c) Omission (d) Negligible significance
16. If M.Gul a debtor of Rs 4000 has become insolvent and a dividend of 50% is declared, the entry is
(a) Dr Bad Debts 2000
 To P & L A/c 2000
(b) Dr Cash 2000
 To Bad Debts 2000
(c) Dr Cash 2000
 To Debtors 2000
(d) Dr Bad Debts 2000
 To Debtors 2000
17. Investment by the owner would result in _____ in capital and increase in _____.
(a) Increase; liability (b) Decrease; liability
(c) Increase; asset (d) Decrease; asset
18. Given: Net assets of a business on Jan.1 are Rs 40,000, and on Jan.31 Rs 8,000. Find the net income for January.
(a) 6000 (b) 8000
(c) 2,000 (d) Zero
19. Which of the following transaction result in increase of assets and increase in owner's equity ?
(a) Bonus shares issued (b) shares issued for cash
(c) A dividend is declared (d) All of the above
20. Identify the transaction that will result in decrease in owner's equity and increase in liabilities.
(a) Issue of bonus shares
(b) Shares issued in payment of bills payable
(c) Shares issued for purchase of land and building
(d) None of the above
21. In the absence of an agreement to the contrary, the partners are entitled to _____ interest on loans to the firm, _____.
(a) 6%; only when there are profits
(b) 9%; only when there are profits
(c) 6%; whether or not there are profits
(d) 9%; whether or not there are profits
22. X and Y are partners sharing profits in ratio of 3:2. A is admitted as a partner entitled to 1/3 Share of the profit. Tick the new profit sharing of X, Y and A.
(a) 3:2:1 (b) 1:2:3
(c) 5:4:6 (d) 6:4:5
23. A, B and C are partners in the ratio of 1/5 : 1/3 : 7/15 .C retires and his share is taken up by A and B in the ratio of 3 : 2. The new profit-sharing ratio will be
(a) 13 : 12 (b) 14 : 15
(c) 15 : 14 (d) 12 : 13

24. What would be the accounting entry for a partner's withdrawal of cash in lieu of salary ?
- Dr salary A/c
To Cash A/c
 - Dr Cash A/c
To Partner's Current A/c
 - Dr Cash A/c
To Salary A/c
 - Dr Partner's Current A/c
To Cash A/c
25. Adjustment Entry for rent received in advance would be-
- Cash A/c ' Dr,
To Rent Received in Advance A / c
 - Cash A/c Dr.
To Rent A / c
 - Rent A/c Dr.
To Rent Received in Advance A/ c
 - Advance Rent A / c Dr.
To Rent A / c
26. The minimum amount called on application for issue of shares is — of face value.
- 5%
 - 25%
 - 30%
 - 40%
27. Given: Stock of stationery on Jan. 1, 2011 Rs 400. Stock of stationery on Dec. 31, 2011 Rs 100. Payment for stationery during 2011 Rs. 1200. Creditor for stationery on Dec. 31, 2011 Rs 150.
What is the amount of stationery that will be posted to the Income and Expenditure A/c for the year ending Dec. 31, 2011?
- Rs. 1150
 - Rs. 1650
 - Rs. 850
 - Rs. 1050
28. What amount on account of subscription income will be parted to the Income and Expenditure A/c for the year ended Dec. 31, 2011?
- Rs 8000
 - Rs 8200
 - Rs 8400
 - Rs 8600
29. To arrive at the subscription income for a year, which of the following would you deduct from the amount of subscription received during the year ?
- Subscription received pertaining to the previous year
 - Subscriptions received in advance for the following year
 - Subscriptions in arrear in the beginning of the year
 - All of the above
30. Given: Machinery cost Rs 30,000. Scrap value Rs 10,000. Life 5 years. Rate of interest 5% . Reference to sinking fund table 0.180975. The depreciation per year will be
- Rs 4,000
 - Rs 3619.50
 - Rs 8,000
 - Rs 5429.25
31. When a company issues shares at a premium, the premium amount will be received by it along with
- Application money
 - Allotment money
 - Calls
 - Any of the above
32. To what rate does the law limit the commission payable on the issue of debentures?
- 2%
 - 2 ½ %
 - 3 ½ %
 - 4 ½ %
33. What rate should the commission payable on the issue of debentures not exceed?
- 2%
 - 3%
 - 4%
 - 5%
34. When FIFO method is in use, the closing inventory is valued at
- Prevailing market price
 - Recent cost paid
 - Oldest price paid
 - Price furthest from actual cost
35. If the cost of goods sold is Rs 1 Lakh and the opening and closing stocks are Rs 20,000 and Rs 30,000 respectively, what will be the stock turnover ratio ?
- 3.33 times
 - 4 times
 - 5 times
 - 6 times
36. Match the following:
- | | | | |
|----|--------------------------|-----|------------------------------|
| | List I | | List II |
| | A. Test of activity | | I. Acid test ratio |
| | B. Test of liquidity | | II. Debt equity ratio |
| | C. Test of profitability | | III. Debtor's turnover ratio |
| | D. Test of solvency | | IV. ROI |
| | | A | B |
| | | C | D |
| a) | I | II | III |
| b) | II | I | IV |
| c) | IV | III | II |
| d) | III | I | IV |
37. If at an annual general meeting, no auditors are appointed or reappointed,
- The board of directors appoint a person to fill the vacancy
 - The union government appoints an auditor
 - The managing director appoints an auditor
 - An extraordinary meeting is called
38. In which year the Chartered Accountants Act was passed?
- 1947
 - 1948
 - 1949
 - 1950
39. What determines the duties of an auditor of a partnership firm ?
- The Partnership Act
 - The Partnership deed
 - The agreement entered between the partnership and auditor
 - Relevant provisions of the Companies act
40. During the course of an audit, the auditor stumbled upon a balance of Rs 12,500 in the Goodwill A/c and ascertained that it had not been written off over a long period. What may the auditor do with it ?
- Advise the concern to write it off
 - Hide it from the management
 - Insist that it be written off the same year
 - Recommend to the concern that it be written off over a period of five years
41. Matrix type of marketing organization is most suited for
- Single product, single market situation
 - Multi product, multi market situation.
 - Multi product, single market situation
 - single product, multi market situation
42. Generated increased sales by neglecting quality control, production efficiency and /or cash flow management are.
- Over marketing
 - Remarketing
 - Under marketing
 - demarcating
43. When a change in customers tastes and preferences and market structures in general occurs, it is termed as
- market inertia
 - market planning
 - Market drift.
 - market change
44. Market orientation is a technique of selecting.
- Product integration
 - Concentrated marketing
 - Additional segmentation
 - Marketing mix
45. When buyers have too narrow an image of brand, is known as
- under positioning error
 - doubtful positioning error
 - confused positioning error
 - over positioning error.
46. Under the companies act, 1956, a person can be a director in
- 7 companies
 - 10 companies
 - 20 companies.
 - 25 companies
47. Which one of the following is not an example of profitability ratios?
- OPERATING RATIO
 - ROI
 - EPS
 - INTEREST COVERAGE RATIO

48. The budget which commonly takes form of budgeted profit and loss account and balance sheet is
a) cash budget b) master budget.
c) flexible budget d) sales budget
49. The physical possession of equity shares in case of GDR is with
a) depository b) custodian.
c) foreign investor d) Government
50. For calculating the value of equity share by yield method information is required regarding
a) NRR. b) net asset of business
c) face value of share d) all of the above
51. Life insurance premiums received by an insurance company should be classified as
a) accrued asset b) accrued liability
c) prepaid expense d) unearned revenue
52. The speculative activity that seeks a profit from price variations of securities in the different markets is
a) Margin trading b) Market rigging
c) Option dealings d) Arbitrage
53. The maximum limit of partners in a firm has been specified by
a) the Indian partnership act 1932
b) the Indian contract act 1872
c) the Indian companies act 1956
d) both A & B
54. Accounting entry for recording loss on the realization of sinking fund investment is
a) Sinking fund a/c Dr
 Sinking fund investment a/c
b) Sinking fund investment a/c Dr
 Sinking fund A/c
c) Profit & loss A/c Dr
 Sinking Fund Investment A/c
d) Sinking fund investment A/c Dr
 Profit & loss A/c
55. The method ignores cash generation beyond period when cash inflow exceeds investment
a) pay back method. b) ARR
c) NPV d) IRR
56. Contango charge is one paid by a _____ spectator to a _____ spectator.
a) Bear, bull b) Bull, bear
c) Lame duck, bull d) Lame duck, bear
57. When the name of the transferee is not filled in the transfer deed, it is called a/an
a) Carryover b) Option dealing
c) Blank transfer d) Forward dealing
58. The salient features of Deep Discount Bonds doesn't include
a) it carries a fixed rate of interest
b) DDBs are issued to face value bond
c) These are zero interest bonds
d) difference between sales price and original cost is investors profit
59. Total leverage is a combination of
a) financial leverage and EPS
b) operating Leverage and EPS
c) financial leverage and operating leverage
d) financial leverage and operating leverage and EPS
60. _____ risk refers to risk which is caused due to factors unique or related to a firm or industry
a) systematic b) unsystematic
c) market d) interstate
61. According to DOW theory the market is always considered as having _____ movements, all growing at the same time
a) 1 b) 3 c) 2 d) 4
62. The fixed price at which an option may be exercised, known as _____ price
a) striking b) bid
c) hammer d) called up
63. For registering the transfer of shares in the name of the buyer share transfer stamps are required at _____ % *ad valorem*
a) 0.25 b) 0.5 c) 1 d) 5
64. Black- scholes pricing model is used for
a) option b) forward
c) future d) all of the above
65. An investor would buy a bond if
a) the intrinsic value is lower than the market value
b) the intrinsic value is higher than the market value.
c) the current market value is lower than the redemption value
d) the required rate of return is equal to coupon rate of interest
66. Low asset turnover may indicate
a) low assets b) high cost of maintenance
c) idle assets d) all of the above
67. The phenomenon of over trading in working capital is characterized by
a) less amount of cash invested in current assets
b) overcapitalization of the company as compared to volume of sales
c) high amount of cash invested in current assets
d) All of the above
68. Underwriting commission on shares as per SEBI guide lines
a) 4% and above b) 3.5 - 4%
c) 3 - 3.25% d) up to 2.5%
69. '*Uta badla*' is a charge payable by a _____ to a _____.
a) Bull, broker b) Bear, broker
c) Bear, bull d) Bull, bear
70. Euro convertible bonds issued by Indian companies refer to bonds issued in foreign currency in
a) India or any country outside India
b) European countries only
c) India and any country in Europe
d) any country other than India
71. Which of the following provides liquidity to money market instruments by creating a secondary market where they can be traded?
a) DFHI b) NSDL
c) SBI d) OTCEI
72. GIVEN FIXED COST=Rs 20000/-, the operating BEP in units=2500 and financial BEP = Rs 4000, the overall BEP in units is...
a) 3000 b) 5000
c) 8000 d) 4000
73. The agency which has to give approval to any company intending to come out with a public or right issue, issue related guidance etc is
a) RBI b) SEBI
c) STCL d) CCI
74. As per earning per share approach cost of equity can be calculated as (where g is growth rate)
a) $EPS(1+g)/\text{current market price}$
b) $EPS/\text{CURRENT MARKET PRICE}$
c) $EPS(i+g)/\text{current market price}(1-g)$
d) $EPS/\text{current market price}(1+g)$
75. What does 'blue chip' denote ?
a) Shares likely to yield meager returns
b) Shares listed in the stock exchange
c) Shares guaranteed by the government
d) Shares consistently yielding high returns

76. When credit balance in invisibles account is greater than the debit balance in merchandize account, there is a
a) capital account surplus
b) current account surplus
c) capital account deficit
d) current account deficit
77. If the convertibility of currency is restricted to certain foreign currency transactions, it is termed as
a) full convertibility
b) partial convertibility
c) current account convertibility
d) capital account convertibility
78. The exchange market of India consists of
a) authorized dealers
b) RBI
c) Overseas banks to some extent
d) all of the above
79. Which committee was formulated to look into the matter of capital account convertibility in India?
a) Narasimham committee b) Tarapore committee
c) Tendon committee d) Chore committee
80. A TOM rate quoted is for delivery on the
a) same day b) second working day
c) third working day d) following day
81. According to Haney, 'excessive competition' served as a _____ force in leading to the formation of business combinations.
a) Beckoning b) Driving
c) Facilitating d) Compelling
82. Leading and lagging are used for
a) hedging b) speculating
c) reducing taxes d) any of the above
83. Which of the following are the internal techniques for managing foreign exchange exposure?
a) netting b) futures
c) leading and lagging d) all except(b)
84. When operating profit ratio is 25% and capital turnover ratio is 2% what is the ROI?
a) 75% b) 50%
c) 25% d) none of the above
85. Cash flow statement is prepared as per accounting standard
a) As-5 b) As-4 c) As-3 d) As-2
86. Which one of the following formulae is used to calculate cross relationship under the span of control?
a) $n(n-1)$ b) $n\{2n-1\}$
c) $n\{2n+n-1\}$ d) None of the above
87. Cartel is a form
a) Federation
b) Trade association
c) Chamber of commerce
d) Complete consolidation
88. Complete consolidation as a class of business combination may include
a) Mergers and acquisitions
b) Pools and cartels
c) Trusts and holding companies
d) Trade associations and chambers of commerce
89. In stock exchange operations, when the speculator buys the right to sell ascertain number of shares on an agreed amount at a specified time, it is known as
a) no option b) call option
c) put option d) double option
90. Where all the debentures are redeemed, the balance left in the debenture sinking fund account is transferable to
a) debentures a/c
b) sinking fund investment a/c
c) capital redemption reserve
d) general reserve
91. Capital employed in a business is Rs 150000. profits are Rs 50000/- and the normal rate of profits is 20%. the amount of goodwill as per capitalization method would be
a) Rs100000 b) Rs150000
c) Rs 200000 d) Rs 300000
92. The basis of theory Z is the reliance on
a) external control of human behaviour
b) self control and self direction
c) the belief that productivity is linked to trust, openness, subtlety and intimacy in the work environment.
d) Government regulatory frame work
93. Which of the following forms of combinations involve certain degree of control over supply of goods in the market ?
a) Trade association
b) Chamber of commerce
c) Pool
d) All of the above
94. Deferred payment arrangement aim at financing
a) working capital needs
b) redemption of debts
c) purchase of GDRs
d) import of plant and machinery
95. The combination of firms in successive stages of same industry may be referred to as
a) horizontal integration
b) vertical integration
c) forward integration
d) backward integration
96. The motivational process and not the motivators as such is associated with
a) need hierarchy theory
b) two factor theory
c) berg theory
d) expectancy theory
97. When jobs are broad ended in scope and complexity so that the persons overall area of job responsibility increases, it is a case of
a) job evaluation b) job specification
c) job enlargement d) job enrichment
98. Owners equity stands for
a) fixed assets- fixed liabilities
b) fixed assets – current liabilities
c) current assets-fixed liabilities
d) total assets –total liabilities
99. The form of combination that sees a group of common shareholders or directions managing the policies of several companies, without any formal central administration, is
a) Community of interest b) Trust
c) Informal agreement d) Holding company
100. The ACC (Associated Cement Company) in India that does not operate its own plant, but was established only to control the subsidiaries is an instance of a/an _____.
a) Offspring
b) Pure
c) Mixed
d) Primary