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PAPER-II

Code No.: 021802FAGB-II(80)

BOOKLET FOR OBJECTIVE TYPE TEST

Answer *all* the Questions.

Full Marks : 80

Time Allowed : 1.30 Hours

GENERAL INSTRUCTIONS

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

1. Verify the seriality of the page numbers. If there is any discrepancy, bring it to the Invigilator's notice.
2. All the boxes, ovals and the entries in the Answer Sheet must be filled up using **Black Ball-Point Pen** only.
3. Before you mark in the Answer Sheet, please fill the following in the appropriate places:
 - Write name of the **Examination Centre**.
 - Write your full name in **Capital Letters**.
 - Put your Left Thumb Impression and full signature.
 - Write your Roll No. (10 digits) and darken the corresponding 10 ovals.
 - Darken the oval corresponding to your **Category**.
 - Darken the oval to denote your **Gender**.



4. All questions are of Multiple Choice answer type. Please darken only one of the four probable answers [A], [B], [C] or [D]. Darkening more than one oval means you are writing a wrong answer.
5. There will be negative marking for each wrong answer @1:4.
6. There are blank pages at the end of this Booklet for rough work.
7. **Hand over the OMR Answer Sheet to the Invigilator before leaving the Examination Hall.**
8. Please do not leave the Examination Hall until the examination is over.
9. Please do not fold, scratch, scrimp or tear any portion of the Answer Sheet by any chance as this will render the Answer Sheet unsuitable for computer evaluation. Keep the Sheet away from gum.
10. Please ensure that the blank dotted line along the left side of margin of side 1 as also the right side of side 2 is not damaged in any way as it may affect the computer evaluation.
11. If error is detected in any particular question the candidates are advised not to attempt the same. The Commission do not award any marks to questions having any type of error.

13713/021802FAGB-II(80)

Please Turn Over

1. Charging of capital expenditure to revenue results in

- (A) Secret reserve
- (B) Capital reserve
- (C) Revenue reserve
- (D) None of the above

2. Liquidity ratios are expressed in

- (A) Pure ratio form
- (B) Percentage
- (C) Rate or time
- (D) None of the above

3. Internal check is meant for

- (A) prevention of frauds.
- (B) detection of frauds.
- (C) helping audit in depth.
- (D) valuing assets.

4. Debt Equity Ratio is 3 : 1, the amount of total assets Rs.20 lac, current ratio is 1.5 : 1 and owned funds Rs. 3 lac. What is the amount of current asset?

- (A) Rs. 5 lac
- (B) Rs. 3 lac
- (C) Rs. 12 lac
- (D) None of the above

5. Quick assets do not include

- (A) Govt. bond
- (B) Book debts
- (C) Advance for supply of raw materials
- (D) Inventories

6. A company offered 10000 shares of Rs. 10 at premium of Rs. 2 each payable as Rs. 2 on application, Rs. 5 on allotment including premium and balance on one call. The shares were allotted on a pro rata basis to the applicants of 12000 shares. Mr. Z to whom 400 shares were allotted on pro-rata basis failed to pay allotment money. Calculate the total allotment money received by the company.

- (A) Rs. 48,000
- (B) Rs. 44,160
- (C) Rs. 46,000
- (D) Rs. 49,840

7. When shares are forfeited, the share capital account is debited with the

- (A) Nominal value of shares
- (B) Paid up value of shares
- (C) Called up value of shares
- (D) None of the above

8. The hire purchaser can record the assets at its

- (A) cash down price
- (B) hire purchase price
- (C) market price
- (D) None of the above

9. General Profitability ratios are based on

- (A) Investments
- (B) Sales
- (C) Both (A) and (B)
- (D) None of the above

10. The cash flow statement consists of the following sections:

- (A) Operating and non-operating
- (B) Current and non-current
- (C) Operating, investing, and financing
- (D) Trading and financial

11. In holding companies dividends received out of profits of the subsidiary companies must be

- (A) debited to Investment Account.
- (B) credited to Investment Account.
- (C) debited to Revenue Account.
- (D) credited to Revenue Account.

12. Collection of debtors

- (A) decreases current ratio.
- (B) increases current ratio.
- (C) has no effect on current ratio.
- (D) None of the above

13. The Term 'Person' includes- (In case of Income Tax)

- (A) An individual
- (B) A Hindu undivided Family
- (C) A Company
- (D) All of the above

14. Auditing can be defined as

- (A) preparation of books of accounts.
- (B) examination of books of accounts.
- (C) rendering expert advice to management regarding accounting matters.
- (D) All of the above

15. The minimum number of directors in a public limited company is

- (A) 2
- (B) 3
- (C) 7
- (D) 10

16. The Reserve Bank of India was set up on the recommendation of the

- (A) Narsimham Committee
- (B) Hilton-Young Commission
- (C) Fazal Ali Commission
- (D) Mahalanobis committee

17. Except in special cases, the retiring auditor is automatically

- (A) Re-appointed
- (B) Dismissed
- (C) Disqualified
- (D) Suspended

18. Verification includes:

- (A) Checking Vouchers
- (B) Examining audit report
- (C) Checking Vouchers with cash book
- (D) None of the above

19. Income Tax Act came into force from-

- (A) 1960
- (B) 1961
- (C) 1962
- (D) 1963

20. Employee is required to furnish evidence of tax deduction claimed by him in _____ to the employer

- (A) Form No. 12B
- (B) Form No 12BA
- (C) Form No. 10E
- (D) None of the above

21. 'Overdraft' should be classified as
 (A) Current asset
 (B) Current Liabilities
 (C) Fixed assets
 (D) None of the above
22. Which method of depreciation is suggested for coal mines?
 (A) Diminishing Balance method
 (B) Depletion method
 (C) Fixed Instalment method
 (D) Sum of years' Digits method
23. Expenditure incurred by a publisher for acquiring copy rights is a
 (A) Revenue expenditure
 (B) Deferred revenue expenditure
 (C) Capital expenditure
 (D) Goodwill
24. Redeemable preference shares of Rs. 1,00,000 are redeemed at a premium of 5% for which fresh equity shares of Rs. 40,000 are issued at par. What amount should be transferred to Capital Redemption Reserve Account?
 (A) Rs. 1,05,000
 (B) Rs. 60,000
 (C) Rs 40,000
 (D) Nil
25. Rent paid for the period from 1-10-2013 to 30-09-2014 was Rs. 12,000, Rent paid for the period from 1-10-2014 to 30-09-2015 was Rs. 18,000, Rent to be debited to the P/L A/c for the year ended 31-03-2015 =?
 (A) Rs. 15,000
 (B) Rs. 12,000
 (C) Rs. 20,000
 (D) Rs. 13,000
26. A and B are partners in a firm. Their profit sharing ratio is 3:2. Capitals of A and B are Rs. 90,000 and Rs. 60,000 respectively. New partner C is admitted and invested Rs. 35,000. C acquired one-third of A's interest. What is the amount of premium for goodwill?
 (A) Rs. 30,000
 (B) Rs. 15,000
 (C) Rs. 5,000
 (D) Rs. 11,667
27. Financial leverage means
 (A) use of more debt capital to increase profit.
 (B) high degree of solvency.
 (C) low bank finance.
 (D) None of the above
28. Which of the following falls under Profitability ratios?
 (I) General Profitability ratios
 (II) Overall Profitability ratios
 (III) Comprehensive Profitability ratios
 (A) (I) and (II)
 (B) (I) and (III)
 (C) (II) and (III)
 (D) None of the above
29. Which one of the following is NOT a feature of sole proprietorship business?
 (A) Easy Formation
 (B) Easy Dissolution
 (C) Unlimited Liability
 (D) Separate Legal Entity
30. Which of the following particular/s is/are included in receipt voucher?
 (A) Name of organization
 (B) Bank receipt
 (C) Date
 (D) All of the given options

31. Net profit for the year is Rs. 13,000. Interest received in advance on 1-1-2014 is Rs. 1,000 and 31-12-2014 is Rs. 2,000. Cash from operation will be

- (A) Rs. 12,000
- (B) Rs. 8,000
- (C) Rs. 14,000
- (D) Rs. 10,000

32. What will be the Gross Profit if, total sales is Rs. 2,60,000, cost of net goods sold is Rs. 2,00,000 and sales return is Rs. 10,000?

- (A) 13%
- (B) 28%
- (C) 26%
- (D) 20%

33. Wages paid Rs. 6000 for installation of new machinery wrongly debited to wages A/c instead of machinery A/c. It is an error of _____.

- (A) Omission
- (B) Principle
- (C) Commission
- (D) Clerical error

34. Which one of the following is not a part of goodwill of a Partnership Firm?

- (A) Institutional Goodwill
- (B) Persona Goodwill
- (C) Goodwill related to casual event
- (D) Implied goodwill

35. The comparison of financial statements of one year with that of another year is possible only when _____ concept

- (A) Materiality
- (B) Going concern
- (C) Consistency
- (D) Accrual

36. Operating performance is best measured by:

- (A) P/E
- (B) Margin on sales
- (C) ROTA
- (D) ROE

37. Cash receive from debtors results into

- (A) source of fund
- (B) application of fund
- (C) no flow of fund
- (D) reserve fund

38. Verification of assets involve

- (A) physical verification of assets.
- (B) verification of proper values of assets.
- (C) verifying that assets were acquired for the business.
- (D) All of the above

39. Who among the following is known as 'the father of local self government' in India ?

- (A) Mahatma Gandhi
- (B) Lord Canning
- (C) Lord Ripon
- (D) Lord Wellesley

40. Cost audit means

- (A) auditing the cost of goods produced.
- (B) audit of cost accounts.
- (C) audit by a cost accountant.
- (D) None of the above

41. The central banking institution of India is
 (A) State Bank of India
 (B) Ministry of Finance
 (C) Reserve Bank of India
 (D) Financial Commission of India
42. When the loan is guaranteed for purchase of white goods it is called
 (A) White goods loan
 (B) Consumer durable loan
 (C) Business loan
 (D) Consumption loan
43. Which of the following is not an asset of a bank?
 (A) Notes and small coins
 (B) Overdue recurring deposits
 (C) Short term loans
 (D) Staff advances
44. Which of the following is a non-depository institution?
 (A) Credit unions
 (B) Commercial banks
 (C) Mutual funds
 (D) Regional rural banks
45. Vouching relates to
 (A) Cash receipts
 (B) Cash payments
 (C) Credit transactions
 (D) All of the above
46. The stance of RBI monetary policy is
 (A) inflation control with adequate liquidity for growth.
 (B) improving credit quality of the banks.
 (C) strengthening credit delivery of the banks.
 (D) Any of the above
47. Village Panchayat is accountable to the—
 (A) Panchayat Samiti
 (B) Zila Parishad
 (C) Chairman of the Village Panchayat
 (D) None of the above
48. The 'Statutory Report' must be circulated at least _____ days before the date of the meeting.
 (A) 15 days
 (B) 21 days
 (C) 25 days
 (D) 27 days
49. In piecemeal distribution of cash on the dissolution of a firm, cash is distributed to partners in the
 (A) profit sharing ratio
 (B) sacrificing ratio
 (C) ratio of capitals
 (D) None of the above
50. Outstanding wages is classified as
 (A) Revenue expenditure
 (B) Deferred revenue expenditure
 (C) Capital expenditure
 (D) None of the above

51. Goodwill of a firm is valued at Rs. 30,000. It is appearing in the books at Rs. 12,000. New partner, C is admitted for one-fourth share. What amount he is supposed to bring for goodwill?

- (A) Rs. 5,500
- (B) Rs. 4,500
- (C) Rs. 7,500
- (D) Rs. 10,500

52. Sacrificing ratio is calculated in the case of—

- (A) Admission of new partner
- (B) Death of partner
- (C) Retirement of partner
- (D) Insolvency of partner

53. Ashok Mehta Committee recommended for the establishment of—

- (A) Nagar Panchayat
- (B) Panchayat Samiti
- (C) Mandal Panchayat
- (D) Gram Panchayat

54. Cash and other resources that are expected to turn to cash or to be used up within one year of the balance sheet date are called

- (A) Current liability
- (B) Current assets
- (C) Fixed assets
- (D) Long-term assets

55. What will be debited, if business bought goods on credit from Mr. Bali?

- (A) Purchases account
- (B) Mr. Bali account
- (C) Cash account
- (D) Sales account

56. Prepaid rent given in the Trial Balance will be treated as a (an)

- (A) Asset
- (B) Liability
- (C) Revenue
- (D) Deferred expense

57. Expenditure incurred in acquiring the patent right for the business is an example of

- (A) Revenue expenditure
- (B) Capital expenditure
- (C) Deferred revenue expenditure
- (D) Administrative expenditure

58. Which of the following Organization converts raw material into finished goods?

- (A) Trading concern
- (B) Manufacturing concern
- (C) Merchandising concern
- (D) Service concern

59. Cash from operation is equal to—

- (A) Net Profit + increase in current assets
- (B) Net Profit + decrease in current liabilities
- (C) Net Profit + Non-cash expenses + decrease in current assets
- (D) Net Profit after tax

60. Double entry book-keeping was fathered by

- (A) F. W. Taylor
- (B) Henry Fayol
- (C) Lucas Pacioli
- (D) Newton

61. When cash is Rs. 10,000, stock Rs. 25,000, investment Rs. 5,000 and creditors Rs. 22,000 and bank overdraft Rs. 8,000, the current ratio is

- (A) 2 : 1
- (B) 4 : 3
- (C) 7 : 6
- (D) 3 : 4

62. Opening stock Rs. 69,500; Closing stock Rs. 83,500; Sales Rs. 1,60,000; Purchases Rs. 1,10,000; G.P. on sales =?

- (A) 40%
- (B) 35%
- (C) 45%
- (D) 30%

63. Continuous audit is

- (A) Interim audit
- (B) Audit at the year end
- (C) Internal audit
- (D) Regular audit

64. RBI generally reviews the Monetary policy for every

- (A) Three months
- (B) Six months
- (C) Nine months
- (D) Ten months

65. Which is 'Tax Assessment Period'?

- (A) 1 January to 31 December
- (B) 1 April to 31 March
- (C) 1 July to 30 June
- (D) 1 October to 30 September

66. In which of the following statement opening stock is shown?

- (A) Profit and loss account
- (B) Balance sheet
- (C) Cash flow statement
- (D) Owner's equity

67. Internal auditors is appointed by

- (A) the management
- (B) the shareholders
- (C) the government
- (D) statutory auditor

68. The base rate is set by

- (A) Individual banks
- (B) RBI
- (C) Government of India
- (D) RBI in consultation with Government

69. The term current assets does not include

- (A) Debtors
- (B) Bills Receivable
- (C) Stock
- (D) Goodwill

70. An auditor is like a _____ dog.

- (A) mad
- (B) thirsty
- (C) watch
- (D) greedy

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- (A) Current assets
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 - (D) Goodwill
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- (A) Asset
 - (B) Liability
 - (C) Revenue
 - (D) Deferred expense
75. Increase in net RBI credit for central government represents
- (A) Budgetary deficit
 - (B) Revenue deficit
 - (C) Fiscal deficit
 - (D) Monetized deficit
76. Test checking reduces the
- (A) work of an auditor
 - (B) liability of an auditor
 - (C) both work and liability of an auditor
 - (D) work of dealing clerk
77. Test checking implies
- (A) checking only a few items in details.
 - (B) checking each and every item.
 - (C) checking a representative sample of items.
 - (D) None of the above
78. The liability of an auditor can be
- (A) Civil
 - (B) Criminal
 - (C) Civil and/ or criminal
 - (D) None of the above
79. Which is direct tax?
- (A) Sales tax
 - (B) GST
 - (C) Income tax
 - (D) All of the above
80. Who conceived the concept of Gram Swaraj?
- (A) Jaya Prakash Narain
 - (B) Vinoba Bhave
 - (C) Mahatma Gandhi
 - (D) Swami Dayanand