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NET, IAS, State-SET (KSET, WBSET, MPSET, etc.), GATE, CUET, Olympiads etc.: Commerce MCQs (Practice_Test 15 of 99)

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- Assertion (A): Rules of Constructive Notice and Articles of Association are known to everyone who deals with the company.
 - **Reason (R)**: After registration of the company, Memorandum and Articles of Association become public documents.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually 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
- **2. Assertion (A)**: Doctrine of Indoor Management does not apply to forgery.
 - **Reason (R)**: Company Law recognizes ultra virus or illegal acts.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually 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
 - Assertion (A): A Director of a company in his individual capacity can exercise
 powers conferred on him by the Companies Act, Memorandum and the Articles of
 Association of the company.
 - **Reason (R)**: The Directors have the power to enter into contract on behalf of the company with other parties.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually 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
- 3. Assertion (A): Capital expenditure is incurred for the purpose of acquiring fixed asset.
 - **Reason (R)**: Capital expenditure item is shown in the asset side of the Balance
 - Sheet.

- a. Both A and R are individually true and R is the correct explanation of A
- b. Both A and R are individually 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
- **Assertion (A)**: Staff officers are assigned an 'authority of ideas' and line officers an authority to command.
- **Reason (R)**: Functional authority is not restricted to managers of a particular type of department.
 - a. Both A and R are individually true and R is the correct explanation of A
 - b. Both A and R are individually 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
- 4. According to the Companies Act, account books of a company are to be preserved for the preceding
 - a. six years
 - b. eight years
 - c. five years
 - d. nine years
- 5. Cost of goods purchased for resale is an example of
 - a. capital expenditure
 - b. revenue expenditure
 - c. deferred revenue expenditure
 - d. None of the above
- 6. One of the important weaknesses of the decentralized structure is
 - a. unsuitability in a fast-changing environment
 - b. difficulty in pinpointing responsibilities
 - c. difficulty in coordinating common functions
 - d. difficulty in promoting innovations
- 7. Which of the following is/are included in income and expenditure account?
 - a. Accrued expenses
 - **b.** Credit purchases
 - c. Prepaid expenses
 - d. Opening cash balance
 - Select the correct answer using the codes given below
 - a. 1 only

- b. 1 and 2
- c. 2 and 3
- d. 3 and 4
- 8. For which of the following industry/industries, I. G. Patel Enquiry Committee was constituted by the Government of India for examining the justification of existence of Managing Agency System in the Company?
 - a. Sugar industry
 - b. Cotton-textile industry
 - c. Jute Industry
 - d. Cement Industry
 - e. Paper Industry
 - Select the correct answer using the codes given below:
 - a. 1 and 2
 - b. 5 only
 - c. 1,2, 3,4 and 5
 - d. 3 and 4
- 9. Under which of the following circumstances, the Directors of a Company, being the agents/representatives become personally responsible?
 - a. When they act beyond their power
 - b. When they are convicted for any fraud
 - c. When they have given any false statement in the prospectus
 - *a.* When they have clearly accepted the responsibility of being liable for some fault of theirs.
 - Select the correct answer using the codes given below:
 - a. 2 and 3
 - b. 1 and 4
 - c. 1,2, 3 and 4
 - d. 1,3 and 4
- 10. Which one of the following types of duties, is not to be performed by a dulyappointed Secretary of a Company?
 - a. All statutory duties of the Company
 - b. Duties towards Directors of the Company
 - c. Duties towards Shareholders of the Company
 - d. Duties towards Registrar of the
 - Company

- 11. Within how much period a copy of the Profit and Loss Account and Balance Sheet of Company are to be filed with the Registrar?
 - a. 14 days of Annual Meeting of the Company
 - b. 21 days of Annual Meeting of the Company
 - c. 30 days of Annual Meeting of the Company
 - d. 45 days of Annual Meeting of the
 - Company
- 12. Following particulars are given for a firm: Closing Stock- ₹ 45,000 Other Current Assets-₹ 1,05, 000 Current Liabilities- ₹ 70,000 Sales- ₹ 3,20, 000 The Working Capital Turnover Ratio is
 - a. 5:1
 - b. 4:1
 - c. 3:1
 - d. 2:1
- 13. Match List I with List II and select the correct answer:

List-I	List-II
 a. VED Analysis b. Ratio Analysis c. Fund-flow Analysis d. Income and Expenditure Analysis 	 a. Sources and uses of fund b. Inventory control c. Analysis and interpretation of financial statements d. Non-profit organization
Table Supporting: NET, IAS, State-SET (KSET, WBSET, MPSET, Etc.) , GATE, CUET, Olympiads Etc. : Commerce MCQs	

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- 14. Management by objectives is implemented in an organization by stages. One such stage action planning includes
 - a. assigning responsibilities for achieving objectives
 - b. choosing strategies appropriate to the objectives
 - c. allocating resources for achieving objectives
 - d. scheduling specific activities to achieve maximum resource utilization
 - Identify horn the following combinations the correct sequence in which the, action planning stage& are implemented

- a. 1,2, 3,4
- b. 2,3, 4,1
- c. 3,4, 1,2
- d. 2,1, 3,4
- 15. The concept 'Management by Exception' implies
 - a. Exceptional contributions by the top management
 - b. achievement of objectives by participation of all concerned
 - c. that the immediate superior has to deal with deviations only and not with details of the work assigned to the subordinate
 - a. that the highest officer need not worry about the results if he/she has delegated his/her authority