

[Examrace: Downloaded from examrace.com \[https://www.examrace.com/\]](https://www.examrace.com/)

For solved question bank visit [doorsteptutor.com](https://www.doorsteptutor.com)

[\[https://www.doorsteptutor.com\]](https://www.doorsteptutor.com) and for free video lectures visit [Examrace](https://youtube.com/c/Examrace/)
[YouTube Channel \[https://youtube.com/c/Examrace/\]](https://youtube.com/c/Examrace/)

NET, IAS, State-SET (KSET, WBSET, MPSET, etc.), GATE, CUET, Olympiads etc.: Commerce MCQs (Practice_Test 54 of 99)

Glide to success with Doorsteptutor material for competitive exams : [get questions, notes, tests, video lectures and more \[https://www.doorsteptutor.com/\]](https://www.doorsteptutor.com/) - for all subjects of your exam.

1.
 - **Assertion (A)** : Existence of secret reserve contradicts the disclosed network of a business.
 - **Reason (R)** : Secret reserve helps promote managerial efficiency.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
2.
 - **Assertion (A)** : Entrance fees in case of non-profit concerns can be treated as revenue receipt or capital receipt.
 - **Reason (R)** : Some accountants consider entrance fees to be recurring in nature, whereas others consider it to be nonrecurring.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
 - **Assertion (A)** : Performance ratios show where we are goin.
 - **Reason (R)** : Balance Sheet ratios show how we stand.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
3.
 - **Assertion (A)** : One single primary ratio that measures the final outcome of all recorded business activities is ROI.
 - **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 A
 - b. Both A and R are true but R is NOT the correct explanation of A

- 2 of 4

- **Assertion (A)** : The Companies Act. 1956 requires that internal audit must be carried out by a Chartered Accountant.
- **Reason (R)** : It is to help the management to protect the interests of the shareholders and the society.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
- 6. ◦ **Assertion (A)** : Certificate of Origin is an export-related document and it is issued by the Chamber of Commerce.
- **Reason (R)** : Certificate of Origin is used by importer to take delivery of goods.
- **Assertion (A)** : A company registered under the Companies Act, 1956 is a judicial person distinct from its members.
- **Reason (R)** : Corporate veil cannot be lifted.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
- 7. ◦ **Assertion (A)** : The doctrine of indoor management does not give absolute protection to outsiders who deal with a company.
- **Reason (R)** : Lithe majority of members have their way, the minority has its say.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
- **Assertion (A)** : The powers of Board of Directors that are to be exercised by Board only at its meeting cannot go beyond those prescribed under Section 292 of the Companies Act, 1956.
- **Reason (R)** : The members in general meeting cannot impose restriction on the exercise of powers by the Board of Directors.
 - a. Both A and R are true and R is the correct explanation A
 - b. Both A and H are true but R is NOT the correct explanation of A
 - c. A is true but R is false
 - d. A is false hut R is true
- 8. Accounting is generally understood as
 - a. summarization of business transactions

- b.* language of the business
 - c.* source of business information
 - d.* means of communication
- Select the correct answer using the codes given below:
 - a.* 1 only
 - b.* 1 and 2
 - c.* 2 and 3
 - d.* 1,2,3 and 4
- 9. Which one of the following types of information, a creditor would be interested to gather while reading Annual Reports of an enterprise?
 - a.* Profitability
 - b.* Liquidity
 - c.* Continuity
 - d.* Solvency