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1.
 - **Assertion (A)** : The top management in an organization should be mainly concerned with very important and complex problems and not with routine day-to-day problem.
 - **Reason (R)** : This is stated by the scalar principle of organization.
 - a. Both A and R are individually true but 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)** : Only listed securities are dealt with in the stock exchanges.
 - **Reason (R)** : Listing at stock exchanges indicates that a company is a blue chip.
 - a. Both A and R are individually true but 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)** : While vouching an auditor should check entries against related vouchers and ascertain the genuineness and validity of vouchers.
 - **Reason (R)** : Vouching is a method of examination to substantiate an entry in the books of account.
 - a. Both A and R are individually true but 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)** : While vouching an auditor should check entries against related vouchers and ascertain the genuineness and validity of vouchers.
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- 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)** : The total assets of a business are always equal to its liabilities.
- **Reason (R)** : All assets of the business are claimed either by the owners or by the outsiders.
 - a.* Both A and R are individually true but 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. What is the limit of paid up capital for a company to mandatorily appoint a whole time company secretary?
 - a.* Not less than ₹ 25 lakhs
 - b.* Not less than ₹ 50 lakhs
 - c.* Not less than ₹ 1 crore
 - I d. Not less than ₹ 2 crores
- 5. Which one of the following statements is correct? A company's balance sheet and profit and loss account, other than a banking company, require the authenticity from
 - a.* the Managing Director only
 - b.* the Manager or the Secretary, if any, and by not less than two Directors of the company one of whom is Managing Director, if there is one
 - c.* any two Directors of the company and one of whom is the Managing Director, if there is one
 - d.* one of the Directors who is looking after the finance
- 6. Any dividend remaining unpaid/unclaimed for seven years is transferred to which one of following accounts?
 - a.* Investor Education and Protection Fund
 - b.* Central Government's General Revenue Fund
 - c.* Capital Redemption Reserve Account
 - d.* General Reserve Account
- 7. Consider the following statements: Share premium account may be used by the company
 - a.* in paying up un-issued share of the company to be issued to members of the company as fully paid bonus shares
 - b.* in providing for premium payable on redemption of preference shares or debentures

- c. in buying back of securities
 - d. in writing off the expenses or commission paid or discount allowed on issue of securities
 - o Which of the statements given above is/are correct?
 - a. 1,2, 3 and 4
 - b. 1,2 and 4 only
 - c. 2 and 4 only
 - d. 3 only
- 8. Which doctrine emanated from the famous case of Royal British Bank v. Turquand (1856) 119 ER 886?
 - a. Doctrine of ultra vires
 - b. Doctrine of subjugation
 - c. Doctrine of indoor management
 - d. Doctrine of proportional representation
- 9. In the event of not accepting the recommendations of the Audit Committee, what is the responsibility of the Board of Directors?
 - a. That it will simply pass a resolution by recording the reasons for not accepting the report.
 - b. That it will record the reasons and communicate such reasons to the shareholders
 - c. That it will record the reasons and communicate to the Central Government
 - d. That it will record the reasons and communicate to the Registrar of Companies
- 10. The public documents of a company should not only be read but to be understood as they are and therefore deemed to have been read by those who deal with the company. What is this rule known as?
 - a. The rule of equality
 - b. The rule of constructive notice
 - c. The rule of increasing liability
 - d. The rule of abrogation
- 11. What is the penalty for making any statement, promise or forecast which is false, deceptive or misleading, or by any other dishonest concealment of material fact to enter into any agreement for acquiring shares or debentures through the prospectus?
 - a. With imprisonment extending to five years or with a fine of rupees one lakh or with both
 - b. With imprisonment extending to three years or with a fine of rupees one lakh or with both
 - c. With imprisonment extending to five years only
 - d. With a fine of rupees one lakh only

12. Which one of the following statements in the context of the famous case of *Solomon v. Solomon & Co. Ltd* (1897) . AC 22, is correct?
- a. A company is entirely distinct from and independent of its members even if a member owns virtually the whole of its shares
 - b. A company is distinct from and independent of its members; but in case a member owns virtually the whole of its shares, they are actually the same
 - c. A company and its members are not distinct and independent from each other
 - d. A person having issued at least 51% of company's share would only be treated distinctly