

## Examrace

### Competitive Exams: Commerce MCQs (Practice\_Test 99 of 99)

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1. Under the law, the inspector who does the inspection of the company's accounts has to submit his report to the
  - a. company's Board of Directors
  - b. Secretary to the company
  - c. Central Government
  - d. shareholders of the company
  
2. Account books for how many preceding years should be preserved in good condition?
  - a. 5
  - b. 8
  - c. 10
  - d. 13
  
3. A qualified company Secretary is needed to be appointed as Secretary to a company only on the basis of the
  - a. business of the company
  - b. paid up capital of the company
  - c. location of the company
  - d. listing of the company on any stock exchange
  
4. Match List I with List II and select the correct answer:

List-I	List-II
A. Statutory functions of a Secretary	1. Non-statutory function
B. Advice to the Managing Body	2. Executive function
C. Filing tax returns	3. Functions imposed by law
D. Image of organisation	4. Public Relations Officer

**A B C D**

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a. 1 2 3 4

b. 3 2 1 4

c. 4 3 2 1

d. 3 4 1 2

5. ◦ **Assertion (A)** : Amount realised on the disposal (sale) of discarded machine of the factory should be treated as revenue receipt.
- **Reason (R)** : Sale proceeds are usually of revenue in nature.
- Both A and R are true and R is the correct explanation of A
  - Both A and R are true but R is NOT the correct explanation of A
  - A is true but R is false
  - A is false but R is true
6. ◦ **Assertion (A)** : Financial leverage is beneficial only when the rate of earning is higher than the cost of debt.
- **Reason (R)** : Debt-equity ratio indicates the short-term financial soundness of a business concern.
- Both A and R are true and R is the correct explanation of A
  - Both A and R are true but R is NOT the correct explanation of A
  - A is true but R is false
  - A is false but R is true
7. ◦ **Assertion (A)** : Now-a-days, it is obligatory on the part of companies to disclose in their Annual Reports, work done for the benefit of the society.
- **Reason (R)** : Annual Reports are used by members of the society in one capacity or another.
- Both A and R are true and R is the correct explanation of A
  - Both A and R are true but R is NOT the correct explanation of A
  - A is true but R is false
  - A is false but R is true

8. ◦ **Assertion (A)** : Co-ordination implies the avoidance, of all splintering efforts.
- **Reason (R)** : One of the four benefits of co-ordination is unity of direction.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are 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
9. ◦ **Assertion (A)** : Break-even chart merely depicts the relationship between sales and expenses in such a way as to show at what volume revenues exactly cover expenses.
- **Reason (R)** : The break-even chart shows that at any lesser volume of sale, the company would suffer a loss. And at a greater volume of sale it would enjoy a profit.
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are 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
10. ◦ **Assertion (A)** : Programmed decisions are under conditions of certainty.
- **Reason (R)** : Conditions of certainty provide. Reliable information about consequences of alternatives
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are 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
11. ◦ **Assertion (A)** : Management by Exception is not a control technique.
- **Reason (R)** : The principles of Management by Exception has first propounded by F. W. Taylor
- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are 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
12. ◦ **Assertion (A)** : Audit is conducted to find out the financial position of a concern.

- **Reason (R)** : The objects of audit are the detection and prevention of errors and fraud
  - a. Both A and R are true and R is the correct explanation of A
  - b. Both A and R are 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
- 13. ◦ **Assertion (A)** : Internal audit must be carried out by a qualified Chartered Accountant.
  - **Reason (R)** : It is a management tool.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are 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
- 14. ◦ **Assertion (A)** : If the directors of a company commit any irregular act but within the provisions of the Companies Act or Memorandum of Articles, such acts will be binding on the company. But, in turn, the company may claim damages from the directors for such acts.
  - **Reason (R)** : The directors have to conduct the, affairs of the business in a manner which is not detrimental to the interests of the company.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are 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
- 15. ◦ **Assertion (A)** : An accounting principle is that the relatively small item and values should be ignored from accounts.
  - **Reason (R)** : The cost of the efforts in the allocation of small. Items over a long period does not justify the t benefit deprived from this operation and the cost of such items is treated as expense for the period in which they are acquired.
    - a. Both A and R are true and R is the correct explanation of A
    - b. Both A and R are 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

## Frequently Asked Questions (FAQs)

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( - bi...@ on 24-Jul-2019)

*1 Answer*

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*1 Answer*

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