

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

# TEST BOOKLET NO-25025

MAIN PAPER

COMMERCE

Time : 3:00 hrs

Total Marks: 200

## INSTRUCTIONS TO CANDIDATES

*Read the instructions carefully before answering the questions: -*

1. This Test Booklet consists of 12 (twelve) pages and has 64( SIXTY FOUR ) items (questions).
2. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
3. Please note that it is the candidate's responsibility to fill in the Roll Number and other required details carefully and without any omission or discrepancy at the appropriate places in the OMR Answer Sheet and the Separate Answer Booklet. Any omission/discrepancy will render the OMR Answer Sheet and the Separate Answer Booklet liable for rejection.
4. Do not write anything else on the OMR Answer Sheet except the required information. Before you proceed to mark in the OMR Answer Sheet, please ensure that you have filled in the required particulars as per given instructions.
5. Use **only Black Ball Point Pen** to fill the OMR Answer Sheet.
6. This Test Booklet is divided into 4 (four) parts - Part - I, Part - II, Part III and Part IV.
7. All parts are **Compulsory**.
8. **Part-I** consists of **Multiple Choice-based Questions**. The answers to these questions have to be marked in the OMR Answer Sheet provided to you.
9. **Part - II, III & IV** consists of **Conventional Questions**. The answers to these questions have to be written in the **Separate Answer Booklet** provided to you.
10. In Part-I, each item (question) comprises of 04 (four) responses (answers). You are required to select the response which you want to mark on the OMR Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
11. After you have completed filling in all your responses on the OMR Answer Sheet and the Answer Booklet(s) and the examination has concluded, you should hand over to the Invigilator **only the OMR Answer Sheet and the Answer Booklet(s)**. You are permitted to take the Test Booklet with you.
12. **Penalty for wrong answers in Multiple Choice-based Questions:**  
THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE.
  - (i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one-third** of the marks assigned to the question will be deducted as penalty.
  - (ii) If a candidate gives more than one answer, it will be treated as a **wrong answer** even if one of the given answers happens to be correct and there will be same penalty as above to the question.
  - (iii) If a question is left blank. i.e., no answer is given by the candidate, there will be **no penalty** for that question.

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## MULTIPLE CHOICE BASED QUESTIONS

Instructions for Questions 1 to 50:

- Choose the correct answer for the following questions
- Each question carries 2 marks (50 x 2 = 100 marks)

1. Which accounting principle requires expenses to be recorded in the same period as the related revenues?

- A. Consistency Principle
- B. Materiality Principle
- C. Matching Principle
- D. Conservatism Principle

2. The database in Accounting Information System is used to:

- A. Store legal documents
- B. Monitor employee Performance
- C. Store financial data
- D. Generate advertisement

3. If assets are ₹90,000 and liabilities are ₹40,000, capital will be:

- A. ₹30,000
- B. ₹50,000
- C. ₹90,000
- D. ₹1,30,000

4. Which transaction will increase both assets and liabilities?

- A. Purchase of machinery for cash
- B. Purchase of goods on credit
- C. Owner's withdrawal
- D. Rent paid in cash

5. Which one is an accounting assumption, not a principle?

- A. Going Concern
- B. Matching
- C. Consistency
- D. Disclosure

6. If the owner brings capital into the business, it will:

- A. Decrease assets
- B. Increase both assets and capital
- C. Increase liabilities
- D. Not effect

7. Which of the following will increase only assets?

- A. Cash collected from debtor
- B. Cash payment to supplier
- C. Capital withdrawn
- D. Goods purchased on credit

8. If goods worth ₹10,000 are sold on credit, the effect will be:

- A. Increase in debtors and capital
- B. Increase in creditors
- C. Increase in cash
- D. Increase in liabilities

9. There are 100 members each paying an annual subscription of 500. The Receipt and Payment account shows arrear subscription of 4,500, advance subscriptions 6,000 and Current 44,500. How much amount is to be credited in the Income and Expenditure account?

- A. 55,000
- B. 49,000
- C. 44,500
- D. 50,000

10. Endowment fund receipt is treated as

- A. Capital Receipt
- B. Revenue Receipt
- C. Loss
- D. Expenses

11. The primary purpose of an audit is to:

- A. Detect fraud
- B. Express an opinion on the financial statements
- C. Prepare financial statements
- D. File tax returns

12. An audit conducted by internal employees of an organization is called:

- A. Internal Audit
- B. Government Audit
- C. Statutory Audit
- D. External Audit

13. The person who audits the financial statements of a company is called a:

- A. Accountant
- B. Bookkeeper
- C. Auditor
- D. Cashier

14. Which of the following is NOT a type of audit?

- A. Statutory Audit
- B. Cost Audit
- C. Marketing Audit
- D. Internal Audit

15. The term "true and fair view" is associated with:

- A. Tax audit
- B. Financial audit
- C. Compliance audit
- D. Operational audit

16. Vouching in auditing refers to:

- A. Examination of supporting documents
- B. Preparing vouchers
- C. Posting entries
- D. Filing reports

17. Which of the following is an example of a preventive control in auditing?

- A. Audit trail
- B. Segregation of duties
- C. Internal audit report
- D. Rechecking trial balance

18. Which document gives authority to the auditor to conduct a company audit?

- A. Memorandum of Association
- B. Appointment letter from shareholders
- C. Audit certificate
- D. Income Tax Act

19. The final output of an audit process is:

- A. Balance sheet
- B. Audit report
- C. Trial balance
- D. Voucher file

20. Audit working papers are:

- A. Published documents
- B. Financial statements
- C. Evidence supporting the audit opinion
- D. Reports for investors

21. Which of the following is a feature of a sole proprietorship?

- A. Limited liability
- B. Single ownership
- C. Legal entity separate from owner
- D. Compulsory registration

22. Which form of business is owned by shareholders and managed by a board of directors?

- A. Company
- B. Sole proprietorship
- C. Partnership
- D. Cooperative society

23. In a partnership firm, the maximum number of partners allowed (as per Indian law in general business) is:

- A. 10
- B. 50
- C. 20
- D. Unlimited

24. The agreement between partners in a partnership is known as:

- A. Memorandum of Association
- B. Articles of Incorporation
- C. Partnership Deed
- D. Contract Note

25. In the absence of a partnership agreement, partners share profits and losses:

- A. In the ratio of capital contributed
- B. As decided by the senior partner
- C. Equally
- D. Based on experience

26. A joint stock company is created by:

- A. Mutual agreement of members
- B. Registration under the Companies Act
- C. Agreement between directors
- D. Approval of shareholders

27. The liability of shareholders in a joint stock company is:

- A. Unlimited
- B. Limited to the amount unpaid on shares
- C. Joint and several
- D. None of the above

28. The capital market deals with:

- A. Short-term funds
- B. Long-term securities and investments
- C. Consumer goods
- D. Real estate

29. Which of the following is the main function of a stock exchange?

- A. Granting loans
- B. Collecting taxes
- C. Facilitating buying and selling of securities
- D. Auditing companies

30. Mutual funds collect money from investors and invest primarily in:

- A. Diversified portfolio of stocks and bonds
- B. Real estate only
- C. Gold and silver
- D. Commodities market only

31. Which regulatory body controls and regulates the securities market in India?

- A. RBI
- B. IRDAI
- C. SEBI (Securities and Exchange Board of India)
- D. NITI Aayog

32. FEMA was enacted in India to:

- A. Control black money
- B. Regulate domestic trade
- C. Facilitate external trade and manage foreign exchange
- D. Monitor income tax returns

33. The principle of insurance that ensures the insured does not profit from a loss is called:

- A. Contribution
- B. Indemnity
- C. Subrogation
- D. Proximate Cause

34. Which leadership style involves high task orientation and low relationship orientation, where the leader gives specific instructions and closely supervises performance?

- A. Participative Leadership
- B. Transformational Leadership
- C. Autocratic Leadership
- D. Laissez-faire Leadership

35. Transformational leadership is best characterized by a leader who:

- A. Focuses only on short-term goals
- B. Inspires and motivates followers to exceed expectations and embrace change
- C. Delegates all responsibility to team members
- D. Relies solely on authority and hierarchy

36. Strategic management primarily focuses on:

- A. Day-to-day operations
- B. Financial reporting
- C. Long-term planning and competitive advantage
- D. Routine human resource tasks

37. Which of the following is the first step in the strategic management process?

- A. Strategy implementation
- B. Environmental scanning and analysis
- C. Strategy evaluation
- D. Budget preparation

38. Which of the following is NOT a statutory compliance in payroll processing?

- A. Provident Fund (PF)
- B. Employees' State Insurance (ESI)
- C. Performance Bonus
- D. Professional Tax

39. Which of the following is NOT a key element of delegation?

- A. Responsibility
- B. Motivation
- C. Authority
- D. Accountability

40. Kurt Lewin's Change Management Model includes which of the following stages?

- A. Planning, Acting, Reviewing
- B. Unfreezing, Changing, Refreezing
- C. Input, Process, Output
- D. Directing, Delegating, Controlling

41. Which of the following is the first step in effective crisis management?

- A. Recovery
- B. Crisis preparedness and planning
- C. Communication with stakeholders
- D. Media handling

42. Which of the following is NOT a benefit of automation in business processes?

- A. Increased speed
- B. High manual errors
- C. Cost reduction
- D. Improved accuracy

43. Which of the following is an example of office automation software?

- A. Photoshop
- B. Microsoft Excel
- C. AutoCAD
- D. VLC Media Player

44. Which of the following best explains the concept of a joint stock company?

- A. A company owned by a single individual with unlimited liability
- B. A business entity formed for short-term trading only
- C. A voluntary association of individuals with limited liability, separate legal entity, and perpetual succession
- D. A government department engaging in commerce

45. In a joint stock company, the principle of 'separate legal entity' implies that:

- A. Shareholders manage the company directly
- B. The company can own property, sue and be sued in its own name
- C. The company ceases to exist if a shareholder dies
- D. Shareholders are liable for company debts

46. The Board of Directors can delegate their powers to:

- A. Only shareholders
- B. Committees of the board or executives, as allowed by law
- C. External consultants permanently
- D. Government officials

47. The duty of care, skill, and diligence by directors means they must:
- A. Act in good faith and with reasonable competence
  - B. Ensure maximum profit at any cost
  - C. Only attend board meetings
  - D. Take no responsibility for company decisions
48. As per the Companies Act, 2013, the books of account must be preserved for a minimum period of:
- A. 5 years
  - B. 8 years
  - C. 10 years
  - D. 3 years
49. Which of the following is a statutory function of a company secretary under the Companies Act, 2013?
- A. Maintaining employee attendance records
  - B. Ensuring compliance with legal and regulatory requirements
  - C. Approving company loans
  - D. Conducting external audits
50. To be appointed as a company secretary in a company, an individual must be a member of:
- A. Institute of Chartered Accountants of India (ICAI)
  - B. Institute of Company Secretaries of India (ICSI)
  - C. Institute of Cost Accountants of India (ICMAI)
  - D. Bar Council of India

## **PART – II**

### **SHORT ANSWER TYPE QUESTIONS**

(10x 5 marks each = 50 marks)

- 51. Explain the difference between capital expenditure and revenue expenditure.
- 52. How is ROI calculated? Give a simple example to illustrate the formula.
- 53. Explain the difference between test checking and routine checking in auditing.
- 54. Compare partnership and joint stock Company as forms of business organisation.
- 55. What is a stock exchange, and what role does it play in the capital market?
- 56. What is a mutual fund, and how does it work?
- 57. Name and explain any two export promotion incentives provided by the Government of India.
- 58. What are the key assumptions of Maslow's Hierarchy of Needs theory. Explain in brief?
- 59. What is crisis management, and why is it important for organizations?
- 60. State one exception to the Doctrine of Indoor Management with a suitable example.

**PART – III**  
**LONG ANSWER TYPE QUESTIONS**

(2 x 10 marks each = 20 marks)

61. Critically evaluate the role of sole proprietorship in the development of small-scale industries and entrepreneurship in India.
62. Discuss the various techniques of auditing. How does an auditor decide which technique to apply in a given situation?

**PART – IV**  
**ESSAY TYPE QUESTIONS**  
(2 x 15 marks each = 30 marks)

63. Critically examine the arguments for and against the social responsibility of business. Support your answer with examples.
64. Compare and contrast life, fire, marine, and general insurance in terms of their objectives, coverage, and benefits.

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