

UNIT-I**CHAPTER-1****INTRODUCTION TO ACCOUNTING**

1. Following is the example of external users:
 - a) Government
 - b) Owners
 - c) Management
 - d) Employees
2. All the following statements are objectives of accounting except
 - a) Providing information about the assets, liabilities and capital of business entity.
 - b) Maintaining records of business
 - c) Providing information about the performance of business entity
 - d) Providing details about the personal assets and liabilities of the owner
3. Following is the example of internal users:
 - a) Government
 - b) Investors
 - c) Creditors
 - d) Employees
4. The information provided in the annual financial statements of an enterprise pertain to
 - a) Business Industry
 - b) Economy
 - c) Individual business entity
 - d) None of these
5. Following is not the example of external users
 - a) Government
 - b) Management
 - c) Investors
 - d) Suppliers & other creditors
6. A transaction is
 - a) Profit and loss A/c and Balance sheet
 - b) Language of business
 - c) A base for accounting
 - d) Business performance of trading activities
7. What is the important object of accounting?
 - a) To maintain records
 - b) Depiction of financial position
 - c) Make information available to various groups and users
 - d) all of the three
8. On January 1, Mohan paid wages amounting Rs.10, 000. This is _____.
 - a) An event
 - b) A transaction
 - c) Either (a) or (b)
 - d) Neither (a) nor (b)
9. On March 31, 2020, Narain Enterprises purchased a loader from Lakshmi Motors for Rs.1, 75,000. This is _____.
 - a) An event
 - b) A transaction
 - c) A transaction as well as an event
 - d) Neither a transaction under an event
10. On 31 December 2020, Ashok Ltd. purchased a machine from Mohan Ltd. For Rs.1, 75,000 and this is the closing balance of machinery account as well. (Year end 31 December 2020)
 - a) A transaction
 - b) An event
 - c) A transaction as well as an event
 - d) None of these

11. Which of the following is not a transaction?

- a) Goods are purchased on cash basis for Rs.1, 000
- b) Salaries paid for the month of May 2020
- c) Land is purchased for Rs.10 lacs
- d) An employee dismissed from the job

12. Accounting means recording of _____.

- a) Transactions
- b) Events
- c) Both (a) & (b)
- d) Neither (a) or (b)

13. Amit purchased a typewriter, for the purpose of sale, from Arvind for Rs.8, 000.

This is _____.

- a) An event,
- b) A transaction
- c) A transaction as well as event
- d) neither a transaction nor an event

14. On June 1, Sahel paid salary amounting Rs.20, 000. This is _____.

- a) A transaction
- b) An event
- c) Both (a) and (b)
- d) None of these

ANSWER KEYS:

1	2	3	4	5	6	7	8	9	10
A	D	D	C	B	D	B	B	B	C
11	12	13	14						
D	C	B	A						

FILL IN THE BLANKS:

1. Accounting records only the transactions of Financial nature.
2. Accounting is both as well as business parts.
3. Scope of Accounting is wide than that of Book keeping.
4. Accounting second where book-keeping primary.
5. Process of accounting starts with recording transactions.
6. Accounting records can be produced as evidence in a court of law.
7. Accounting measures the business transactions in terms of Money units.

CHAPTER-2**ACCOUNTING PRINCIPLES, CONCEPTS AND CONVENTIONS****MCQ'S:**

1. Fundamental accounting assumptions are
 - a) Materiality
 - b) Business entity
 - c) Going concern
 - d) Dual aspect
2. Mohan purchased goods for Rs.15, 00,000, sold 4/5th of the goods amounting. Rs.18, 00,000, and paid expenses amounting Rs.2, 70,000 during the year, 2022. He paid Rs.5, 000 for an electricity bill of Dec. 2021 and advance salaries amounting Rs.15, 000 was paid for the month of Jan. 2023. He counted net profit as Rs.3, 50,000. The profit calculated by him is correct according to
 - a) Entity concept
 - b) Periodicity concept
 - c) Matching concept
 - d) Conservatism concept
3. "Business unit is separate and distinct from the person who supply capital to it", is based on
 - a) Money measurement concept
 - b) Going concern concept
 - c) Business entity concept
 - d) Dual aspect concept
4. RPG Ltd. Purchased equipment from PQR Ltd. For Rs.50, 000 on 1 March 2021. The freight and cartage of Rs.2, 000 is spent to bring the asset to the factory and Rs.3, 000 is incurred on installing the equipment to make it possible for the intended use. The market price of machinery on 31st March, 2022 is Rs.60,000 and the accountant of the company wants to disclose the machinery at Rs.60,000 in financial statements. However, the auditor emphasizes that the machinery should be valued at Rs.55,000 ($50,000 + 2,000 + 3,000$) according to:
 - a) Money measurement principle
 - b) Historical cost concept
 - c) Full disclosure principle
 - d) Revenue recognition
5. Mr. A, the owner of M/s Apex Ltd. withdrew some goods from the business for his personal use. The accountant of the firm recorded this transaction because of selling price of goods. He justifies his contention on the basis that business and the proprietor are two different entities as per business entity concept and therefore drawings should be charged at the same price on which the goods are sold to the outside customers. However, Mr. A emphasizes that he should be charged with only the cost price of the goods withdrawn by him. At which price, the drawings should be recorded?
 - a) Fair value
 - b) Selling price
 - c) Cost price
 - d) None of the three
6. The cost of a small calculator is accounted as an expense and not shown as an asset in a financial statement of a business entity due to
 - a) Materiality concept
 - b) Matching concept
 - c) Periodicity concept
 - d) Conservatism concept
7. It is generally assumed that the business will not liquidate in the near foreseeable future because of
 - a) Periodicity
 - b) Materiality
 - c) Matching
 - d) Going concern
8. During the life time of an entity, accountants prepare financial statements at arbitrary points of time as per

- a) Prudence b) Consistency c) Periodicity d) Matching
9. Mr. Ashok buys clothing of Rs.50, 000 paying cash Rs.20, 000. What is the amount of expense as per the accrual concept?
 a) Rs.50, 000 b) Rs.20, 000 c) Rs.30, 000 d) Nil
10. According to money measurement concept, currency transactions and events are Recorded in the books of accounts
 a) In the ruling currency of the country in which transaction takes place
 b) In the currency set by the ministry of finance
 c) In the currency set by the government
 d) In the currency set by the Govt.
11. A businessperson purchased goods for Rs.25, 00,000 and sold 70% of such goods during the accounting year ended 31st March 2015. The market value of the remaining goods was Rs.5, 00,000. He valued the closing inventory at Rs.5,00,000 and not at Rs.7,50,000 due to
 a) Money measurement b) Conservatism
 c) Cost d) Periodicity
12. Mr. Mohan started a cloth business by investing Rs.50, 000, bought merchandise worth Rs.50, 000. He sold merchandise for Rs.60, 000. Customers paid him Rs.50, 000 cash and assured him to pay Rs.10, 000 shortly. The amount of revenue earned by him is
 a) Rs.50, 000 b) Rs.60, 000 c) Rs.1, 00,000 d) Rs.70, 000
13. 'Advance received from customers is not taken as sale' is based on
 a) Money measurement concept b) Accrual concept
 c) Consistency concept d) Conservatism
14. Stock is valued at cost or market value, whichever is less, is based on
 a) Entity concept b) Money measurement concept
 c) Accrual concept d) Conservatism
15. A trader purchased a machinery costing Rs.1, 00,000 on 1st Oct. 2021. Transportation and installation charges were incurred amounting Rs.10, 000 and Rs.4, 000 respectively. Dismantling charges of the old machine in place of which new machine was purchased amounted Rs.10, 000. Market value of machine was estimated at Rs.1, 20,000 on March 31, 2022, while finalizing the annual accounts. Trader values the machinery at Rs.1, 20,000 in his books which of the following concepts was violated by the trader.
 a) Cost concept b) Matching concept
 c) Realization d) Periodicity concept
16. A machinery is purchased for Rs.1, 00,000 and is recorded in the books at Rs.1, 00,000 even if its market value at that time happens to be Rs.1, 40,000. In case a year after, the market value of the asset comes down to Rs.90,000 it will ordinarily continue to be shown at Rs.1,00,000 and not Rs.90,000 due to:
 a) Realization concept b) Present value concept
 c) Replacement concept d) Cost concept
17. At the end of the accounting period, the provision is made for the amount outstanding for the electricity that has been consumed during the raid period. The statement is based on

- a) Accrual concept b) Matching
 c) Realization d) Money measurement
18. The accounting policies once adopted are not changed unless there is an urgent need for such change is based on:
 a) Money measurement concept b) Accrual concept
 c) Consistency d) Conservation
19. Human assets have no place in accounting records is based on
 a) Money measurement concept b) Accrual concept
 c) Consistency d) Conservation
20. A machine was purchased for Rs.1, 00,000 on 01.01.2006 and on 31.12.2016, its net realizable value was Rs.1, 50,000. Do you prefer to count this profit? If you count which of the following concepts will be violated.
 a) Realization b) Conservatism
 c) Accrual d) Matching
21. The accounting equation is based on
 a) Dual aspect b) Business Entity
 c) Going concern d) All of the above
22. The concept that "an accountant shouldn't anticipate profit, but must provide for all losses" is known as
 a) The conservatism concept b) The consistency concept
 c) The materiality concept d) the reduction concept
23. Transaction between business and owner are recorded following concept
 a) Periodicity b) Business Entity
 c) Prudence d) Going Concern
24. Profit and Loss account is prepared for a period of one year by following:
 a) Periodicity concept b) Business entity concept
 c) Accrual concept d) none of the above
25. Basic concepts related to balance sheet are
 a) Conservatism concept b) Business entity concept
 c) Going concern concept d) both (b) & (c)
26. Financial statements only consider
 a) Assets expressed in monetary terms
 b) Liabilities expressed in monetary terms
 c) Assets expressed in non-monetary terms
 d) Assets and liabilities expressed in monetary terms

ANSWER KEYS:

1	2	3	4	5	6	7	8	9	10
C	C	C	B	C	A	D	C	A	B
11	12	13	14	15	16	17	18	19	20
B	B	B	D	A	D	A	C	A	B
21	22	23	24	25	26				
A	A	B	A	D	D				

Fill in the Blanks:

1. Recognition of expenses in the same period as associated revenues is called _____ concept.
2. The accounting concept that refers to the tendency of accountants to resolve uncertainty and doubt in favour of understating assets and revenues and overstating liabilities and expenses is known as _____.
3. Revenue is generally recognized at the point of sale denotes the concept of _____.
4. The _____ concept requires that the same accounting method should be used from one accounting period to the next.
5. The _____ concept requires that accounting transaction should be free from the bias of accountants and others.

CHAPTER-3 ACCOUNTING STANDARDS

MCQ'S:

1. Accounting standards are
 - a) Basis for selection of accounting policy
 - b) Set of broad accounting policies to be followed by an entity
 - c) Basis for establishing and managing an entity
 - d) All of the above
2. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of final statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are
 - a) Accounting regulations
 - b) Accounting guidance notes
 - c) Accounting standards
 - d) Accounting framework
3. The first Accounting Standard (AS-1) issued by the Institute of Chartered Accountants of India is on
 - a) Disclosure of Accounting Policies
 - b) Valuation of Inventories
 - c) Revenue Recognition
 - d) Change in Financial Position of an Entity
4. Valuation of inventory is dealt within
 - a) AS-2
 - b) AS-3
 - c) AS-4
 - d) AS-5
5. Accounting Standards
 - a) Harmonize accounting policies
 - b) Eliminate the non-comparability of financial statements
 - c) Improve the reliability of financial statements
 - d) All the three
6. It is essential to standardize the accounting principles and policies in order to ensure
 - a) Transparency
 - b) Consistency
 - c) Comparability
 - d) All the three
7. Accounting Standards in India are issued by
 - a) Central Government.
 - b) State Government.
 - c) Institute of Chartered Accountants of India
 - d) Reserve Bank of India
8. How many Accounting Standards have been issued by ICAI?
 - a) 25
 - b) 20
 - c) 29
 - d) 27
9. Which of the following is/are limitations of Accounting Standards
 - a) The choice between different of Accounting Standards
 - b) There may be trend towards rigidity
 - c) Accounting Standards cannot override the statute
 - d) All of the above

ANSWER KEYS:

1	2	3	4	5	6	7	8	9
B	C	A	A	D	D	C	C	D

UNIT-II CHAPTER-1 ACCOUNTING TERMINOLOGY

MCO'S

1. Profit is a part of :
 - a) Income
 - b) Owner's Capital
 - c) Assets
 - d) All of the above
2. Income includes
 - a) Income earned
 - b) Income received
 - c) Income receivable
 - d) All of the above
3. Goodwill is
 - a) Current asset
 - b) Fictitious asset
 - c) Tangible asset
 - d) Intangible asset
4. Which of the following is fixed asset?
 - a) Plant and machinery
 - b) Inventory
 - c) Debtors
 - d) Cash
5. Land and building is a
 - a) Current asset
 - b) Fixed asset
 - c) Fictitious asset
 - d) None of these
6. Fixed assets are:
 - a) Fictitious assets
 - b) Kept in the business for use over a long period
 - c) Meant for resale
 - d) Meant for conversion into cash as quickly as possible
7. Account receivable is
 - a) A Liability
 - b) An Asset
 - c) An Expense
 - d) A Revenue
8. Which of the following is correct?
 - a) Liabilities = capital + assets
 - b) Capital = Assets - Liabilities
 - c) Capital = Assets + Liabilities
 - d) Assets = Liabilities - Capital
9. Which of the following will be treated as drawings:
 - a) Withdrawing money for payment of salary
 - b) Withdrawing money or payment to creditors
 - c) Withdrawing money from business for private expenses
 - d) Withdrawing money for purchase of asset

ANSWER KEYS:

1	2	3	4	5	6	7	8	9
B	D	D	A	B	B	B	B	C

Fill in the blanks: _____

1. Amount which the proprietor has invested in a business is known as _____.
2. Amount which the firm owes to outsiders is known as _____.
3. _____ is the cost incurred in producing goods and services.
4. Revenue means the income of a _____ nature.
5. The term 'sales' is used only for the sales of _____ and is never used for the

CHAPTER-2 **DOUBLE ENTRY SYSTEM**

MCO'S:

1. If two or more transactions of the same nature are journalized together having either the debit or the credit account common is known as
 - a) Compound journal entry
 - b) Separate journal entry
 - c) Posting
 - d) None of these
2. Drawings account is in the nature of
 - a) Personal A/c
 - b) Nominal A/c
 - c) Real A/c
 - d) None of the above
3. Outstanding salary account is:
 - a) Real account
 - b) Personal account
 - c) Nominal account
 - d) None of the above
4. Real accounts relate to assets of the firm and not
 - a) Machinery
 - b) Receivables
 - c) Debts (payables)
 - d) None of the three
5. Vikas & Co. account is a
 - a) Personal account
 - b) Nominal account
 - c) Real account
 - d) None of these
6. Bank account is
 - a) Personal A/c
 - b) Intangible Real A/c
 - c) Nominal A/c
 - d) Both (b) and (c)
7. Unexpired insurance / pre-paid insurance is :
 - a) Nominal A/c
 - b) Real A/c
 - c) Representative personal A/c
 - d) Both (a) and (b)
8. Commission received in advance is a
 - a) Personal A/c
 - b) Nominal A/c
 - c) Real A/c
 - d) None of these
9. Which of the following is nominal account
 - a) Debtors A/c
 - b) Loan A/c
 - c) Bad debts A/c
 - d) Bank overdraft
10. Bills payable is
 - a) Real A/c
 - b) Nominal A/c
 - c) Personal A/c
 - d) Both (a) and (b)
11. Patents Account is :
 - a) Secured Loan A/c
 - b) Nominal A/c
 - c) Real A/c
 - d) Debtors A/c
12. Prepaid insurance account is a
 - a) Nominal A/c
 - b) Personal A/c
 - c) Real A/c
 - d) None of these

ANSWER KEYS:

CHAPTER-3 JOURNAL

MCO'S:

1. Mohan paid Rs.500 towards a debt of Rs.2,500, which was written off as bad debt in the previous year. Mohan's account will be credited with
 a) Rs.2,500 b) Rs.2,000 c) Rs.500 d) None of these
2. Income tax liability of the owner Rs.2,000 was paid out of petty cash, Journal entry will be
 a) Income tax A/c Dr. Rs.2,000
 To Cash A/c Rs.2,000
 b) Drawings A/c Dr. Rs.2,000
 To Cash A/c Rs. 2000
 ✓ c) Drawings A/c Dr Rs.2,000
 To Petty Cash A/c Rs.2,000
 d) None of the these
3. Journal entry for Rs.6,000 stolen from the sale of the firm will be
 a) P & L A/c Dr Rs.6,000
 To Cash embezzlement A/c Rs.6,000
 ✓ b) Cash embezzlement A/c Dr Rs.6,000
 To Cash A/c Rs.6,000
 c) Cash A/c Dr. Rs.6,000
 To P & L A/c Rs.6,000
 d) None of the above
4. Stock worth Rs.20,000 (cost price Rs.15,000) taken by Naresh who is a clerk in the office. The same is to be deducted from his salary in the subsequent month.
 Journal entry will be
 ✓ a) Salaries A/c Dr Rs.15,000
 To Purchases A/c Rs.15,000
 b) Naresh A/c Dr Rs.15,000
 To Purchases A/c Rs.15,000
 c) Salary A/c Dr Rs.20,000
 To Purchases A/c Rs.20,000
 d) None of the above
5. Income tax paid by the sole-proprietor from business bank account is debited to
 a) Income tax A/c b) Bank A/c
 ✓ c) Capital A/c d) Not to be shown in the business books
6. Recording of a transaction in a journal is called
 a) Posting b) Entry c) Transfer d) Ruling
7. Narrations are given at the end of
 a) Final accounts b) Trial balance
 c) Each ledger account d) Each journal entry
8. In journal, transactions are recorded on
 ✓ a) Chronological order b) Ascending order of amount
 c) Descending order of amount d) None of these
9. Payment of personal expenses of the owners of the business need to be recorded as

- a) Drawings b) Liabilities
 c) Expenses d) None of these
10. Income tax in case of a sole trader is treated as
 a) Business expense b) Personal expense
 c) Debtors expense d) None of these
11. Goods worth Rs.1,000 taken by the proprietor for personal use should be credited to
 a) Sales A/c b) Purchase A/c
 c) Expenses A/c d) Proprietor's personal A/c
12. Which of following statement is not true?
 a) Book keeping is mainly concerned with recording of financial data
 b) Goods given as sample should be credited to purchase A/c
 c) The balance of petty cash is an asset
 ✓ d) In case of a debt becoming bad the amount should be credited to bad debts A/c
13. Goods worth Rs.500 given as charity should be credited to
 a) Sales A/c b) Purchases A/c
 c) Charity account d) None of the three
14. Debts written off as bad if recovered subsequently are
 a) Credited to Bad Debt recovered A/c b) Debited to Profit & Loss A/c
 c) Credited to debtors A/c d) None of these
15. Journal is a book of
 a) Original Entry b) All cash transactions
 c) Secondary Entry d) All non-cash transactions
16. Sales Tax Payable is a
 a) Current Assets b) Personal A/c
 c) Nominal A/c d) Real A/c
17. Sale of office furniture should be credited to
 a) Furniture A/c b) Sales A/c
 c) Cash A/c d) Purchase A/c
18. Goods distributed as free samples is debited to
 a) Advertisement A/c b) Charity A/c
 c) Purchases A/c d) Goods A/c
19. Drawing is a type of:
 a) Expenses b) Withdrawal of Capital
 c) Income d) None of the above
20. In the Journal there are:
 a) 4 columns b) 5 columns
 c) 6 columns d) 7 columns
21. Which of the following statements is not true?
 a) Petty cash is an assets
 b) In case of debt becoming bad the amount should be credited to bad debts A/c.
 c) Plant & Machinery is a fixed asset
 d) Goods distributed as sample is credited to Purchases A/c
22. Wages Rs.1,000 payable to labour will be credited
 a) Cash A/c b) Labour A/c

- c) Salary A/c
 23. Gowri paid Rs.10,000 towards a debt of Rs.10,500, which was written off as a bad debt in the previous year. Gowri's account should be credited with
 a) Rs.10,000
 b) Rs.10,500
 c) Nil
 d) None of these
24. Ram paid Rs.10,000 towards a debt of Rs.30,000 which was written off as bad debt in _____ the previous year. Ram's A/c will be credited with
 a) Rs.10,000
 b) Rs.30,000
 c) Rs.25,000
 d) Nil
25. Sales to A of Rs.6,000 not recorded in the books would affect
 a) Sales A/c
 b) A's A/c
 c) Cash A/c
 d) Sales A/c and A's A/c
26. A sale Rs.1,000 to A recorded in the Purchase Book would affect:
 a) Sales A/c
 b) Purchases Returns A/c
 c) Sales A/c, Purchases A/c & A A/c
 d) None of these
27. An amount of Rs.50,000 received from Pankaj credited to Pooja would affect
 a) Pooja's A/c
 b) Pankaj's A/c
 c) Pankaj's A/c and Pooja's A/c
 d) Cash A/c and Pooja's A/c

ANSWER KEYS:

1	2	3	4	5	6	7	8	9	10
D	C	B	A	C	B	D	A	A	B
11	12	13	14	15	16	17	18	19	20
B	D	B	A	A	B	A	A	B	B
21	22	23	24	25	26	27			
B	D	C	D	D	C	C			

FILL IN THE BLAKS:

1. Sale of goods to X for Cash will be credited to _____ A/c.
2. Goods taken by the proprietor for personal use will be credited to _____ A/c.
3. Loss of goods by fire should be credited to _____ A/c.
4. For goods returned by customer _____ A/c is debited.
5. Salary paid to Mohan will be debited to _____ A/c.
6. Cash received from Surender as rent will be credited to _____ A/c
7. Premium paid on the life insurance policy of the proprietor will be debited to _____ A/c
8. Outstanding rent will be debited to _____ A/c.
9. Rule of _____ A/c is "debit what comes in and credit what goes out".
10. Rule of _____ A/c is 'debit the receiver and credit the giver.'
11. Rule of _____ A/c is "debit all expenses and losses and credit all incomes and gains".
12. Journal is a book of _____.

CHAPTER -1

NATURE AND PURPOSE OF BUSINESS

1. Which type of industry is packaging?
 - a) Processing Industry
 - b) Primary Industry
 - c) Assembling Industry
 - d) Tertiary Industry
2. "Bad debts due to non-payment of debts by debtors" is an example of which type of Business risk?
 - a) Economic
 - b) Human
 - c) Physical
 - d) Natural
3. Which among the following is not a feature of Business?
 - a) Production and procurement of goods and services.
 - b) Dealing in goods and services in regular basis.
 - c) Profit Earning.
 - d) Certainty of Return.
4. Choose the odd one from the following industries:
 - a) Floury culture
 - b) Cement manufacturing
 - c) Fish Hatchery
 - d) Poultry Farming
5. It grew as a major center of textile industry and became popular for stunning gold silk Cloth and sandalwood workmanship.
 - a) Broach
 - b) Tamralipti
 - c) Varanasi
 - d) Surat
6. Aarushi cooks food at home for her family but Pramila cooks food and sells it to others in a restaurant. Who is engaged in business activity?
 - a) Aarushi
 - b) Pramila
 - c) Both of them
 - d) None of them

Mr. Liaquat Ali Khan runs a departmental store in Bhopal. He procures different kinds of products from all over India through railways, roadways and airways. He also owns a Go down to hold the stocks. He has also taken an insurance policy worth Rs 15 Crores for his business. Moreover, he has taken a loan of Rs.3, 00,000 from Axis Bank in order to meet short-term financial needs of his business. He has placed informed about his Store on the hoardings, billboards, etc. in order to popularize them.
7. The above situation relates which business activity?
 - a) Industry
 - b) Trade
 - c) Auxiliaries to Trade
 - d) Processing Industry
8. Match the following.

Column-I	Column-II
A. Advertising	1) Hindrance of person
B. Warehousing	2) Hindrance of place
C. Trade	3) Hindrance of time
D. Transport	4) Hindrance of information

Codes

A	B	C	D
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a) 1	2	3	4
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c) 1	3	4	2
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A	B	C	D
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b) 4	3	1	2
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d) 4	1	2	3
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9. No business can survive without enough amounts of funds. Banks are providing financial Assistance to the businesses to overcome one of the following hindrance of trade.

- a) Hindrance of place
c) Hindrance of finance
d) Hindrance of time
d) Hindrance of information.
10. Mr. Naresh Batra a businessperson incurred some financial loss due to the dishonesty of his workers. This loss is caused due to
 a) Natural b) Financial c) Human d) Economy
11. GMR industries entered the airports space in early 2000 and is today counted amongst the top 5 private airport developers and operator globally. GMR industries presently Owns and operates Delhi International airport and Hyderabad International airport. Apart from being the largest private airport company in India, GMR industries is the Only Indian Airport Developer to have developed and operated airports outside India. Identify the type of industry being discussed in above case.
 a) Primary b) Secondary c) Tertiary d) None of the above.
12. Match the various types of manufacturing industry given in column I with their Respective example given in column II.

Column-I	Column-II
A. Analytical industry	1) Manufacturing cement by mixing limestone, gypsum and coal.
B. Synthetic industry	2) Manufacturing sugar from sugarcane.
C. Processing industry	3) Producing petrol and diesel out of crude oil.

Codes	A	B	C	A	B	C	A	B	C	A	B
A)	1	2	3	2	1	3	1	2	3	2	1
b)	3	1	2	3	1	2	1	2	3	1	2
c)	1	3	2	1	2	3	2	1	3	1	2

Case Based MCQs

Direction Read the following case study and answer questions 15 to 19 based on the same.

Saloni, Rupali, Mukesh and Rakesh – all the four are members of the same family. Saloni passed her M.B.B.S examination recently. Immediately, she got a job of a doctor in a government hospital. Rupali has completed her studies in engineering and has given her interview for the post of a production manager in Sharda Cement limited. She is waiting for the result and is quite hopeful of her being selected. Mukesh has his own transport company. His company has about 150 vehicles. He had to suffer of heavy loss because of the pandemic Corona (covid-19). His company is on the edge of being closed. Rakesh is working in the Research and Development department of Balaji Services Limited. His full attention is focused on effecting innovation in the services provided by his company. He knows that in order to sustain for a long time in market, it is necessary to do something new and better.

13. Identify the type of work done by Dr. Saloni.
 a) Employment b) Profession c) Business d) Trade.
14. Identify the class of company in which Rupali has given her interview.
 a) Assembling industry b) Synthetic industry c) Processing industry d) Analytical industry.

15. Which business risk is Mukesh's company struggling against?
 a) Human cause b) Economic cause c) Natural cause d) None of these.
16. Identify the objective of business being fulfilled by Balaji Services Limited.
 a) Profit making b) Creation of customers
 c) Providing employment d) Innovation.
17. Identify the type of work done by Mukesh.
 a) Employment b) Profession c) Business d) None of these.

Direction: Read the following case study and answers questions 20 to 24 based on the same. Sampat Prasad, a small shopkeeper in Jaipur, Rajasthan used to sell the famous 'Bhujia-Sev'. It was a quick selling product for local customers. His son after completing his studies joined his father's business and wanted to expand the business by forming a company named Sampat Bhujia Ltd, offering a wide range of products to its local and to foreign customers like namkeen, sweets, bakery item, etc. under the same brand name. For fulfilling all the legal formalities to form the company, he appointed professionals. Now 'Sampat Bhujia Ltd' is a renowned name in snacks industry, which offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name.

'Sampat Bhujia' has an efficient marketing department working on minimizing business risks from their competitors by making effective marketing plans, related to physical distribution, promotion of the brand, effective pricing policies and product development. It has also worked upon managing public opinion by developing relation with the masses through sponsoring cultural and sporting events, maintenance of public parks, etc.

18. Name the service used by "Sampat Bhujia Ltd, to remove the hindrance of information
 a) Transportation b) Warehousing c) Promotion d) Marketing
19. For fulfilling all the legal formalities to form the company, he appointed professionals.
 Who among the following is appointed as a professional?
 a) Promoter b) Broker c) Banker d) All of these
20. 'Sampat Bhujia' has an efficient marketing department working on minimizing business risks from their competitors. Which type of risk is this?
 a) Pure risk b) Speculative risk c) financial risk d) Insurable risk
21. It has also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, maintenance of public parks, etc. Identify the objective fulfilled by the company by doing so.
 a) Economic b) Social c) Ethical d) Legal.
22. Which type of industry is 'Sampat Bhujia Ltd.'?
 a) Genetic b) Construction c) Manufacturing d) Extractive.

Answer:

1	2	3	4	5	6	7	8	9	10
D	B	D	B	C	B	C	B	C	C
11	12	13	14	15	16	17	18	19	20
B	C	A	B	C	D	C	C	B	D
21	22								
B	C								

CHAPTER - 2

FORMS OF BUSINESS ORGANISATION

1. At least 10 adults, no maximum limit in case of _____
 - a) Cooperative Society
 - b) Joint Hindu Family
 - c) Partnership
 - d) Company
2. What is the limit of members in case of a Private Company?
 - a) 2
 - b) 7
 - c) 10
 - d) 50
3. The capital of a company is divided into number of parts each one of which are called
 - a) Share
 - b) Dividend
 - c) Profit
 - d) Interest
4. In a cooperative society the principle followed is
 - a) One share one vote
 - b) One man one vote
 - c) No vote
 - d) Multiple votes
5. The structure in which there is separation of ownership and management as per law is

Called

 - a) Company
 - b) All business organizations
 - c) Partnership
 - d) Sole proprietorship
6. A _____ partner is an owner who has unlimited liability and is active in managing the firm
 - a) Senior partner
 - b) General partner
 - c) Silent partner
 - d) Limited partner
7. In how many days the amount of minimum subscription must be received.
 - a) Within 120 days of Date of issue
 - b) Within 110 days of the date of issue
 - c) Within 10 days of the date of issue
 - d) within 3 weeks of the date of issue.
8. A company cannot come into existence without
 - a) Getting certificate of incorporation
 - b) Electing directors
 - c) Issuing Prospectus
 - d) all the options
9. The maximum number of partners allowed in banking business are
 - a) Ten
 - b) No limit
 - c) Twenty
 - d) Two
10. Provision of residential accommodation to the members at reasonable rates is the Objective of
 - a) Housing cooperative
 - b) Producer cooperative
 - c) Credit cooperative
 - d) Sleeping Partner
11. Application for approval of name of a company is to be made to which authority?
 - a) Registrar of the company
 - b) SEBI
 - c) Government of India
 - d) State Government
12. The board of directors of a joint stock company is elected by
 - a) General public
 - b) Government bodies
 - c) Shareholders
 - d) Employees.
13. The Head of the Joint Hindu Family business is called:
 - a) Proprietor
 - b) Director
 - c) Karta
 - d) Manager
14. A partner whose association with the firm is unknown to the public is called:
 - a) Active partner
 - b) Sleeping partner
 - c) Nominal partner
 - d) Secret partner.

15. Memorandum of Association of a company is _____ charter.
 a) Convertible
 b) non-Convertible
 c) Transferable
 d) Nontransferable.
16. _____ is an important document of a company.
 a) Memorandum of Association
 b) Bill of exchange
 c) Treasures Bills
 d) Balance of payment
17. What do you understand by the term unlimited liability?
 a) The personal assets of the owner can be sold when the assets of the business are
 Not enough to
 b) The personal assets of the owner cannot be sold at all
 c) The personal assets of the owner can be sold, according to the wish of the creditors
 d) The personal assets of the owner can be sold, only to a limited extent
18. Hindu Succession Act was passed in _____
 a) 1960 b) 1956 c) 1952 d) 1932
19. Every partner is both an agent and a principal. Identify the characteristic of the Partnership being referred here.
 a) Mutual Agency
 b) Risk Bearing
 c) Membership
 d) Formation
20. A company cannot come into existence without
 a) Issuing prospectus
 b) Electing directors
 c) Certificate of incorporation
 d) all of the above

Answers:

1	2	3	4	5	6	7	8	9	10
A	D	A	A	A	B	A	A	A	A
11	12	13	14	15	16	17	18	19	20
A	C	C	D	B	A	A	B	A	C

CHAPTER - 3**PRIVATE, PUBLIC AND GLOBAL ENTERPRISES**

1. Steel Authority of India Limited is a public enterprise. Identify this form of public enterprises.
- Government Company
 - Departmental Undertaking
 - Statutory Corporation.
 - Multinational Company.
2. Which of the following enterprises may benefit the most by an established brand name at the time of incorporation?
- Departmental Undertaking
 - Statutory corporations
 - Government Company
 - Joint Venture
3. In the 2001 resolution on industrial policy the number of industries exclusively reserved for the public sector was brought down. This meant that the private sector could now enter all areas, except these and the public sector would have to compete with them. Which of the following areas are now exclusive for the public sector?
- Atomic energy
 - Arms
 - Communication
 - Railways
4. The shares of a Government Company are purchased in the name of which of the following?
- The Indian Government.
 - The President of India.
 - The Chief Minister of the state, where the head office of the company lies.
 - The Managing Director of the company.
5. Which of the following is true about statutory corporations?
- special act of the parliament.
- as Statutory corporations are subject to the same accounting and audit procedures as applicable to Government departments.
- Statutory enterprises are funded directly by the government treasury.
 - The employees of statutory enterprises are civil servants.
 - Centralized control in MNC's implies control exercised by
 - Branches
 - Subsidiaries
 - Headquarters
 - Parliament
7. Which of the following roles are played by the public sector in the economy?
- Regional balance
 - Economies of scale
 - Check over concentration of economic power
 - Import substitution
 - Development of infrastructure
 - Only 1, 2 and 4
 - Only 1, 2, 3 and 5
 - Only 1, 3, 4 and 5
 - Only 2, 3, 4 and 5
 - All of these
8. Public sector enterprises are accountable to public through
- Parliament
 - Media
 - Government
 - Public
9. The type of PSUs that has the highest degree of political interference is
- public corporation
 - Departmental Undertaking

- c) Government Company d) None of these.

10. Which policy was launched by Government of India in 1991?
a) GST b) LPG c) JPG d) MPG

11. If a public sector enterprise is making losses continuously, it was referred to the
a) GIFR b) CIFR c) TIFR d) BIFR

12. Which PSUs was the first to be privatized successfully in India?
a) GAIL b) LMGC c) ONGC d) BHEL

13. How many industries are now reserved for public sector?
a) 2 b) 3 c) 4 d) 17

14. In your neighborhood market, there are shops owned by sole proprietors or big retail
Organizations run by a company. They belong to which sector?
a) Public b) Private c) Mixed d) Social

15. Indian economy is a
a) Social economy b) Mixed economy
c) Political economy d) Global economy

16. Disinvestment of PSUs implies
a) Sale of equity share to public
b) Investing in new areas
c) Buying shares of PSUs
d) Closing down private sector or enterprise

17. The shares of a Government Company are purchased in the name of which of the following?
a) The Indian Government.
b) The President of India.
c) The Chief Minister of the state, where the head office of the company lies.
d) The Managing Director of the company.

18. Reconstruction of sick public sector units is taken up by
a) MOFA b) MOU c) BIFR d) NRF

19. According to the Indian Companies Act 1956, a government company means, any Company in which the central holds not less than _____ of the paid up capital Government or partly by central government, and partly by one or more state Governments.
a) 100 percent b) 91 percent c) 75 percent d) 51 percent

20. Which of the following has the power of the Government and the considerable amount
Of operating flexibility of private enterprises?
a) Departmental Undertakings b) Statutory Corporations
c) Government companies d) All of the above