

SEAL

DO NOT OPEN THE SEAL UNTIL INSTRUCTED TO DO SO

Question Booklet No.

790042

Invigilator's signature

2018

PGT—PAPER-I : ACCOUNTANCY

Time : 2 Hours

Maximum Marks : 100

ROLL NO.

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INSTRUCTIONS FOR CANDIDATES

1. This Question Booklet contains 50 optional questions. Each question comprises four responses (answers). You will select ONLY ONE response which you consider the best and darken the bubble on the OMR RESPONSE SHEET.
2. DO NOT write your Name or anything else except Roll No. and the actual answers to the question, anywhere on the OMR RESPONSE SHEET.
3. DO NOT handle your OMR RESPONSE SHEET in such a manner as to mutilate, fold, etc.
4. No candidate shall be admitted to the Examination Hall **20 minutes** after commencement of distribution of the Test Booklet. The invigilator of the Examination Hall will be the time-keeper and his decision in this regard is final.
5. No candidate shall have in his/her possession inside the Examination Hall any book, notebook or loose paper, calculator, mobile phone, etc., except his/her admit card and other things / paper permitted by the Commission.
6. Immediately after the final bell indicating the closure of the examination, stop bubbling. Be seated till the OMR RESPONSE SHEET is collected by the invigilator, thereafter you may leave the Examination Hall.
7. Violation of any of the above rules will render the candidate liable to expulsion from the examination and disqualification from the examination, and according to the nature and gravity of his/her offence, he/she may be debarred from future examinations and interviews to be conducted by the Commission and other such organizations (i.e., UPSC, SSC and SPSCs).

NB : CANDIDATES ARE ALLOWED TO TAKE THIS QUESTION BOOKLET ONLY AFTER COMPLETION OF 2 (TWO) HOURS OF EXAMINATION TIME.

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1. For recording purpose, each business transaction is
 - (A) dependent on other transactions
 - (B) independent of other transactions
 - (C) dependent on other transactions on certain occasion
 - (D) neither dependent nor independent on other transactions
2. Capital is
 - (A) the total fund of the business
 - (B) owner's equity
 - (C) creditor's equity plus fixed assets
 - (D) total of asset side of the balance sheet
3. To 'debit' a liability account means
 - (A) decrease in net worth
 - (B) increase in net worth
 - (C) decrease in outstanding obligation
 - (D) increase in outstanding obligation
4. Rent pre-paid account is
 - (A) Nominal Account
 - (B) Real Account
 - (C) Personal Account
 - (D) Contingency Account
5. Accounting principles are generally based on
 - (A) convenience in recording
 - (B) subjectivity
 - (C) discretion of the accountant
 - (D) practicability
6. An expenditure is treated as capital expenditure, when
 - (A) it is paid for meeting the normal expenses of the business
 - (B) the receiver of the amount is going to use it for the purpose of capital assets
 - (C) it increases the value/quality of fixed assets
 - (D) it decreases the value/quality of fixed assets
7. The practice of appending notes regarding the financial reports and statements is in pursuant to
 - (A) convention of consistency
 - (B) convention of conservatism
 - (C) convention of disclosure
 - (D) convention of materiality
8. Select the correct statement :
 - (A) Accounting principles are rules or conduct adopted universally while recording accounting transactions.
 - (B) Accounting principles are the morale conduct of an accountant while discharging his duties to the employer.
 - (C) Accounting principles are the methods applied to draw the ruling of journals, ledgers and other accounts.
 - (D) Accounting principles are the methods of presenting financial statements in accordance with the provision of Schedule VI of the Companies Act 1956.

9. Accounting Standards are statements prescribed by
 - (A) Registrar of Companies
 - (B) Stock Exchanges in which shares are listed
 - (C) Committee of Shareholders
 - (D) Professional Accounting Bodies
10. Convention of conservatism results in
 - (A) overstatement of assets
 - (B) understatement of assets
 - (C) understatement of liabilities
 - (D) understatement of expenses
11. Which of the following may be the effect of **not** providing for depreciation?
 - (A) Net worth will be overstated
 - (B) Cost of production will be overstated
 - (C) Profit will be understated
 - (D) Liabilities will be overstated
12. Stock at the end if appears in the trial balance,
 - (A) is taken only to trading account
 - (B) is taken only to profit and loss account
 - (C) is taken only to balance sheet
 - (D) is taken to trading account and balance sheet
13. Goods given as sample should be
 - (A) debited to sales account
 - (B) debited to purchase account
 - (C) credited to publicity account
 - (D) credited to purchase account
14. If both sides of trial balance do not agree, the difference is transferred temporarily to an account known as
 - (A) Variance Account
 - (B) Suspense Account
 - (C) Deferred Revenue Account
 - (D) Impersonal Account
15. Which of the following errors can be disclosed by a trial balance?
 - (A) Error of omission
 - (B) Error of principle
 - (C) Compensating error
 - (D) Omission to post an amount into ledger
16. The amount of loss of stock by fire is shown in the
 - (A) debit side of Trading Account
 - (B) credit side of Trading Account
 - (C) credit side of P/L Account
 - (D) asset side of Balance Sheet as unabsorbed losses
17. The current asset **does not** include
 - (A) payment made in advance
 - (B) accrued income
 - (C) advance income
 - (D) prepaid rent
18. Which of the following statements is true?
 - (A) 'Fund' is the difference between fixed assets and current assets.
 - (B) Fund flow statement is a substitute for income statement.
 - (C) Fund will increase when shares are issued against a purchase of a plot of land.
 - (D) Flow of funds means increase or decrease of working capital.
19. Which of the following is non-current item?
 - (A) Payment of wages
 - (B) Commission received
 - (C) Apprentice premium
 - (D) Profit and Loss Account

20. Statement of Changes in Financial Position (SCFP) is essentially an explanation of
- (A) the changes in assets only
 - (B) the changes in assets and owner's equity only
 - (C) the changes in liabilities and owner's equity only
 - (D) the change in assets, liabilities and owner's equity
21. When working capital is defined as (current assets – current liabilities), then cash paid to sundry creditors will cause
- (A) increase in working capital
 - (B) decrease in working capital
 - (C) either decrease or increase in working capital
 - (D) neither decrease nor increase in working capital
22. Share Capital Suspense Account is opened, when
- (A) balance sheet is not tallied
 - (B) dividend is declared but not paid
 - (C) shares are forfeited
 - (D) share application money is received but balance sheet is prepared before allotment of shares
23. Share Application and Allotment Account is
- (A) personal account
 - (B) deferred real account
 - (C) nominal account
 - (D) real account
24. As per the rule of Garner versus Murray, the deficiency in capital account of insolvent partner is shared by the solvent partners
- (A) in their profit and loss sharing ratio
 - (B) equally
 - (C) in the ratio of their last agreed capital balances
 - (D) in their sacrifice ratio
25. Unpaid dividends should be shown in the Balance Sheet of a company under the heading
- (A) Reserve and Surplus
 - (B) Provisions
 - (C) Current Liabilities
 - (D) Reserves
26. X and Y are partners sharing profits in the ratio of 2: 3. Goodwill appears in the books of the firm at Rs. 10,000. Z joins as new partner for 1/5th share of profits. His share of goodwill is estimated at Rs. 15,000. In this case total amount of goodwill is
- (A) Rs 50,000
 - (B) Rs. 40,000
 - (C) Rs. 75,000
 - (D) Rs, 65,000
27. At what price is the stock valued under conventional method?
- (A) At cost price
 - (B) At market price
 - (C) At cost price or market price whichever is lower
 - (D) At cost price or market price whichever is higher

28. Cumulative Preference Share holders can claim unpaid dividend of earlier years as a matter of right only, when
- there are sufficient profits
 - company goes into winding up
 - there are sufficient liquid funds
 - directors propose to distribute dividend to equity share holders before giving dividends to them
29. Securities premium cannot be applied
- for paying dividend to members
 - for issuing bonus shares to members
 - for writing off preliminary expenses of company
 - for writing off discount on issue of debentures
30. Which of the following methods is legally accepted for redemption of preference shares?
- Issue of equity shares
 - Issue of debentures
 - Sale of fixed assets of the company
 - Public deposits
31. A and B are partners in a firm. They admit C into partnership by giving him fourth share in future profits. The new profit sharing ratio of all the partners will be
- 2 : 2 : 1
 - 1 : 1 : 2
 - 3 : 3 : 2
 - 3 : 3 : 1
32. The face value of a company's share is Rs. 100. The company issued it at Rs. 150. The present market price of that share is Rs. 200. The company declares a dividend of 20% on these shares. The amount of dividend per share will be
- Rs. 10
 - Rs. 20
 - Rs. 30
 - Rs. 40
33. If own debenture of Rs. 1,000 is purchased for Rs. 975 from the market by the company, then the difference of Rs. 25 will be assumed as
- profit on redemption of debenture
 - loss on redemption of debenture
 - goodwill
 - None of the above
34. If debentures of Rs. 3,25,000 are issued for the consideration of net assets of Rs. 3,50,000, balance of Rs. 25,000 will be credited to
- Capital Reserve A/c
 - General Reserve A/c
 - Profit & Loss A/c
 - Goodwill A/c
35. $(\text{Capital employed} \times \text{Normal rate of return})/100 =$
- Average profit
 - Super profit
 - Normal profit
 - Adjusted average profit
36. Decrease in current liabilities is a
- source of cash
 - use of cash
 - decrease in equity
 - None of the above

37. Intrinsic value of share can be determined by
 (A) yield method
 (B) fair value method
 (C) net assets method
 (D) stock exchange quotation
38. The original cost of an asset is Rs. 4,15,000. The useful life of the asset is 20 years and net scrap value is estimated to be Rs. 65,000. The amount of depreciation to be charged every year will be
 (A) Rs. 17,000
 (B) Rs. 17,500
 (C) Rs. 18,000
 (D) Rs. 18,500
39. Which of the following is **not** a part of undistributed profit?
 (A) General Reserve A/c
 (B) Workmen Compensation Fund A/c
 (C) Securities Premium A/c
 (D) Dividend Equalisation Reserve A/c
40. The assets which are purchased to improve profitability in the business not for the purpose of resale, are called
 (A) fictitious assets
 (B) current assets
 (C) fixed assets
 (D) wasting assets
41. Basic objective of cost accounting is
 (A) tax compliance
 (B) cost ascertainment
 (C) profit analysis
 (D) financial audit
42. The cost which is to be incurred even when a business unit is closed is a/an
 (A) shutdown cost
 (B) imputed cost
 (C) historical cost
 (D) sunk cost
43. Direct material opening inventory add net purchases is called
 (A) material consumed
 (B) material available for use
 (C) total material purchased minus normal loss
 (D) material ending inventory
44. The flow of information through MIS is
 (A) management dependent
 (B) organization dependent
 (C) information dependent
 (D) need dependent
45. One byte is made of
 (A) four bits
 (B) eight bits
 (C) twelve bits
 (D) sixteen bits
46. The CCA method of inflation accounting means
 (A) Composite Cost Accounting method
 (B) Consolidated Cost Accounting method
 (C) Cascading Cost Accounting method
 (D) Current Cost Accounting method

47. Which of the following methods is **not** used in human resource valuations?
- (A) Historical Cost Method
 - (B) Replacement Cost Method
 - (C) Economic Value Method
 - (D) Economic Order Method
48. The scheme for hierarchical database is known as a
- (A) Tree
 - (B) B-Tree
 - (C) Graph
 - (D) Symbol
49. SET concept in database management is used in
- (A) network model
 - (B) hierarchical model
 - (C) relation model
 - (D) compute model
50. In the context of liquidation of companies, a contributory means
- (A) a shareholder
 - (B) a creditor
 - (C) a debentureholder
 - (D) a director