

**J.K. SHAH<sup>®</sup>**  
**C L A S S E S**  
***THE RANKERS FACTORY***

**CAFC → INTER CA → FINAL CA ↗**

PRINCIPAL

**PROF. J. K. SHAH**

**INTER CA**  
**Multiple Choice**  
**Questions**

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# INTER C.A. – LAW

## INDEX

Sr. No.	PARTICULARS	Page No.	No. of MCQ's
<b>CORPORATE LAW</b>			
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4.	Share Capital And Debentures		
5.	Acceptance of Deposits By Companies	3	10
6.	Registration of Charges	4	5
7.	Management And Administration	5 – 6	20
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<b>OTHER LAWS</b>			
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## INTER C.A. – DIRECT TAX

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4.	Income From House Property	39 – 41	25
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14.	Tax Deducted at Source (TDS)	73 – 74	18
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## INTER C.A. – INDIRECT TAX

### INDEX

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4.	Exemptions from GST	85 – 88	37
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6.	Input Tax Credit	91 – 93	25
7.	Registration	94 – 98	40
8.	Tax Invoice, Credit and Debit Notes	99 – 102	30
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## INTER C.A. – AUDIT

### INDEX

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3.	Audit Documentation and Audit Evidence	112 – 123 Included in SA	TOTAL 81 MCQ's for all SA
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6.	Audit in an Automated Environment		
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4.	Risk Assessment and Internal Control	124 – 125	20
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<b>Total</b>			<b>220</b>

## INTER C.A. – INFORMATION TECHNOLOGY

### INDEX

Sr. No.	PARTICULARS	Page No.	No. of MCQ's
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3.	Information Systems and its Components	140 – 143	37
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# INTER C.A. – STRATEGIC MANAGEMENT

## INDEX

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2.	Dynamics of Competitive Strategy	151 – 158	86
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7.	Organisation and Strategic Leadership	170 – 173	35
8.	Strategy Implementation and Control	174 – 176	26
<b>Total</b>			<b>263</b>

# **CORPORATE LAW**

**CHAPTER 1 – PRELIMINARY****CHAPTER 2 – INCORPORATION OF COMPANY AND MATTERS****INCIDENTIAL THERETO****CHAPTER 3 – PROSPECTUS AND ALLOTTMENT OF SECURITIES****CHAPTER 4 – SHARE CAPITAL AND DEBENTURES****Q.1. State the following statements are true or false**

1. It is mandatory to incorporate a company
2. MOA and AOA is prepared as per Schedule II
3. The procedure for incorporation of Company is given under section 11 of Companies Act 2013
4. A private company can issue Shares to public at large for raising funds
5. The person who conceives the idea of doing business in a form of a company is called as Promoter of the company
6. Generally the liability of every member in a company is Limited in nature
7. Every member is a shareholder as well
8. The Articles of a company limited by guarantee having no share capital is prepared as per Table G of Companies Act 2013
9. Royal British bank vs Turquand is a case reference for Doctrine of Constructive Notice
10. Appointment of Debenture Trustee is mandatory when prospectus is issued to 500 or more persons

**Q.2. Fill in the Banks**

1. A public company can issue securities either by public offer or issue of Right shares or Bonus shares or through \_\_\_\_\_
2. A company by passing \_\_\_\_\_ in general meeting can alter AOA
3. In case of alteration to Name Clause under sec 13 of Companies Act, 2013 Form no \_\_\_\_\_ shall be filed to ROC within 30 days of passing \_\_\_\_\_
4. In case of compulsory conversion of an OPC into private or public company the OPC shall within period of \_\_\_\_\_ days from the date of ceasing to be an OPC give notice to ROC in form no \_\_\_\_\_ informing that it has ceased to be a One Person Company
5. The purpose of MOA is two folded i.e for \_\_\_\_\_ and \_\_\_\_\_
6. \_\_\_\_\_ is applicable to unlimited companies having no share capital for Forming MOA
7. Penalty under sec 470 of companies Act 2013 for imprisonment for a term not less than \_\_\_\_\_ months but it can be extended for \_\_\_\_\_ years in case of fraud involving public interest
8. The minimum subscription provided in the prospectus must have been received within \_\_\_\_\_ days from the date of issue of prospectus or such other period as prescribed by SEBI.
9. Return of Allotment should be filed to registrar under e- form No \_\_\_\_\_
10. The company shall not make any issue of same kind of shares/securities (including right shares) within a period of \_\_\_\_\_ months from the date of completing of Buy back.

**Q.3. Choose the correct Alternates**

1. For Buy back of shares company shall pass  
a) SR b) OR c) Creditors Resolution d) None of the Above
2. Which of the following is covered classification of Share Capital  
a) Authorised Share Capital b) Issued Share capital  
c) Paid up capital d) all of these
3. Provisions for GDR is given under section  
a) Sec 24 b) Sec 39c) Sec 40d) Sec 41
4. Prospectus of a company must be in \_\_\_\_\_  
a) Writing b) oral  
c) Television Advertisement d) Film Advertisement
5. Shifting of Registered office from one state to another state requires passing of  
a) SR b) OR c) promoters resolution d) None of these
6. The third clause inside the MOA of company is \_\_\_\_  
a) Liability clause b) Capital Clause  
c) Object Clause d) Name Clause
7. AOA of a company having unlimited liability and having share capital is prepared as per \_\_\_\_\_  
a) Table F b) Table H c) Table G d) Table I
8. Relaxation to an OPC:-  
a) OPC is not required to hold AGM  
b) Reduction in Information to be provided in Directors Report  
c) Certain provisions applicable to an Private company shall not apply to an OPC  
d) All of these
9. Which of the following is a company which is not classified on the basis of Members  
a) Private Company b) Public Company  
c) One person Company d) None of the Above
10. Arrange the following in chronological order for procedure of Incorporation of a company  
1. Filing of Documents 2. Select the type of company  
3. Reservation of name 4. Preparation of MOA and AOA  
a) 1,2,3,4 b) 2,3,4,1c) 4,3,1,2d) 3,2,1,4

**Answers for true and false**

- 1) True 2) False 3) False 4) False 5) True 6) True  
7) False 8) False 9) False 10) True

**Answers for Fill in the blanks**

- 1) Private Placement 2) Special Resolution  
3) MGT 14 ; SR 4) 60 Days ; INC 5  
5) Prospective Shareholder; Outsiders and Creditors  
6) Table D 7) 3 years ; 10 years 8) 30 Days  
9) PAS.3 10) 6 months

**Answers for MCQ**

- 1) a 2) d 3) d 4) a 5) a 6) c  
7) d 8) d 9) d 10) b



**CHAPTER 5- ACCEPTANCE OF DEPOSITS**

1. The provision of acceptance of deposit are not applicable to
  - A. Banking company
  - B. Insurance company
  - C. Listed company
  - D. Private company
2. Maximum tenure for which any company can accept deposit is...
3. Deposits from public can be accepted by
  - A. Private company
  - B. Public company
  - C. Opc.
  - D. Eligible public company
4. A company \_\_\_\_ change condition to the disadvantage of the depositor after acceptance of deposit.
5. The maximum amount of deposits which can be accepted by a government eligible company is \_\_\_\_
6. If a company defaults in the repayment of public deposits it is chargeable with penal interest at \_\_\_\_%
7. If a company violates any provisions of section 73 or 76 the maximum penalty levied Upon A company is \_\_\_\_
8. Every company before issuing deposits shall issue a circular or a circular in the form of advertisement in form number \_\_\_\_
9. Acceptance of deposits by a chit fund company shall be considered as a deposit. True or false?
10. Money received by a company from an Indian Bank is considered to be a deposit. True or false?

**Answers**

1. A
2. 36 months
3. D
4. Cannot
5. 35% of paid up share capital and free reserve
6. 18%
7. 10,00,000/-
8. DPT 1
9. False
10. False

**CHAPTER 6 - REGISTRATION OF CHARGES**

1. A charge created by the borrower shall be registered in the favour of the lender in form number \_\_\_\_
2. A charge created with the r o c shall be registered within \_\_\_\_ days.
3. If a charge is unregistered beyond 300 days then it can be registered only with prior approval of \_\_\_\_
4. On satisfaction of the charge the borrower shall file \_\_\_\_ along with CHG4.
5. Lender of an unregistered charge when the borrower is a Going Concern Shall be \_\_\_\_

**Answers**

1. chg 1
2. 30
3. Central Government
4. No dues letter
5. Secured

**CHAPTER 7 - MANAGEMENT AND ADMINISTRATION**

1. Every company shall prepare its register of members in form number \_\_\_\_
2. Register of members can be kept open in one financial year for aggregate period of maximum \_\_\_\_ days.
3. Members holding beneficial ownership of \_\_\_\_% shall be considered as having significant influence in the company
4. Provisions regarding conducting general meetings shall not applied to \_\_\_\_ company
5. Maximum time gap from the end of the first financial year and the first Annual General Meeting Shall be \_\_\_\_
6. Maximum time gap between two Annual General meetings Shall be
7. An Annual General Meeting cannot be conducted on \_\_\_\_
8. Chairman of the company has a special power of \_\_\_\_
9. Every company shall send a minimum period of \_\_\_\_days as notice for Annual General Meeting.
10. Forum for an Annual General Meeting of a private limited company Shall be \_\_\_\_members.
11. A special resolution Shall be considered as passed if \_\_\_\_ votes received in favour.
12. Annual General Meeting can be held during \_\_\_\_ hours of the day
13. A proxy shall be counted for the quorum of an Annual General Meeting. True or false?
14. In voting through poll method votes shall be counted as\_\_\_\_
15. Electronic voting shall be compulsory for a company with minimum \_\_\_\_ members
16. For discussing a special business at AGM the company shall send an explanatory statement. True or false?
17. There are only 4 ordinary businesses to be discussed at every AGM .true or false?
18. It is compulsory for every company to conduct a extraordinary General Meeting in every calendar year. True or false?
19. A individual can act as a proxy for maximum \_\_\_\_ members of the company
20. A company shall be liable for a penalty of rupees \_\_\_\_ for not conducting Annual General Meeting

**Answers.**

1. MGT. 1
2. 45
3. 25%
4. OPC
5. 9 months
6. 15 months
7. National holiday
8. Casting vote
9. 21 clear
10. 2
11. 75%
12. Business
13. False.
14. One share one vote
15. 1000
16. True
17. True
18. False
19. 50
20. 100000

**CHAPTER 8 - DECLARATION AND PAYMENT OF DIVIDEND**

1. Dividend is paid on market value of share. true or false.?
2. A one person company can declare dividend true or false?
3. For partly paid up shares dividend is paid in proportion of paid up value of shares true or false?
4. Interim dividend is declared by board of directors at board meeting true or false?
5. Dividend once declared has to be paid by the company within \_\_\_day
6. Dividend can be paid by the company in kind true or false?
7. If a company fails to pay declared dividend within 30 days it shall be liable to pay interest at \_\_\_ rate
8. If the dividend remains unclaimed for a period of seven years in unpaid dividend account then it shall be transferred to \_\_\_\_
9. For calculation of net profit for arriving at dividend depreciation shall be taken as per Income Tax Act true or false?
10. After the expiry of 30 days if the shareholder fails to claim the dividend for a further 7 days then search unclaimed dividend is transferred to \_\_\_\_

**Answers.**

1. False
2. True
3. True
4. True
5. 30 days
6. False
7. 18% per annum
8. IEPF account
9. False
10. Unpaid dividend account

**CHAPTER 9 – ACCOUNTS OF COMPANIES**

- 1 BOD may contribute to Bonafide Charitable funds upto \_\_\_% without prior permission of the Company  
(a) 5% (b) 7.50% (c) 10% (d) 3%
- 2 Dividend cannot be paid unless  
(a) overdue preference shares are redeemed  
(b) overdue preference dividend is paid  
(c) overdue deposits & debentures have been paid.  
(d) All of the above
- 3 Dividend can be revoked in which of the following case:  
(a) Company ceases to be a going concern  
(b) Company does not have adequate funds  
(c) Directors have proposed dividend at a rate higher than what some of the shareholders deem appropriate.  
(d) There was no profit in the year of such declaration
- 4 If Shareholders fail to appoint the first auditor in case of a non govt co., who will appoint the auditor:  
(a) ROC  
(b) Central Government  
(c) National Company Law Tribunal  
(d) None of the above
- 5 Rotation of auditor is applicable to Public Companies having Paid Up Capital in excess of  
(a) 10 Cr. (b) 20 Cr. (c) 50 Cr. (d) 100 Crs.
- 6 In case of resignation by an auditor, the auditor will have to file form \_\_\_\_\_  
(a) ADT 1  
(b) ADT 2  
(c) ADT 3  
(d) None of the above. The company needs to intimate the ROC
- 7 Which of the following statements is not true  
(a) A partnership firm can be appointed as a statutory auditor of limited company  
(b) Appointment can be made in the name of the firm  
(c) Majority of the partners should be CA's practicing in India  
(d) All partners should be chartered accountants
- 8 The term of First Auditor of a Non- Government Company is from the date of appointment to \_\_\_\_\_  
(a) The conclusion of the First AGM (b) Conclusion of next GM  
(c) Conclusion of 6th AGM (d) Conclusion of the First GM
- 9 For the purpose of Sec 141(1)(g), the number of partners of a firm which shall be taken into account would be as on the date of \_\_\_\_\_  
(a) Completion of Audit  
(b) Auditor's Report  
(c) Acceptance of Audit  
(d) Starting the audit work

- 10 Mr. Narayan, a Chartered Accountant, has nineteen audits. Out of following audits, which audits should he accept to ensure he doesn't violate provisions of section 141(3)(g)
- (a) Raj Ltd. A Private Company having Paid Up Share Capital of 57 Crores
  - (b) Audit of a branch of Capitol Ltd., a foreign Company
  - (c) Ganesh Ltd., a small company
  - (d) All of the above
- 11 The auditor of a government company is appointed by the C&AG and his remuneration is decided by \_\_\_\_\_
- (a) C&AG
  - (b) Board of Directors
  - (c) Shareholders
  - (d) Shareholders at an AGM
- 12 The retiring auditor does not have a right to
- (a) make written representations
  - (b) get his representation circulated
  - (c) be heard at the meeting in which he is being removed.
  - (d) speak as a member of the company
- 13 Who out of the following cannot be appointed as a company's auditor
- (a) Internal Auditor
  - (b) Relative of Director
  - (c) CFO of the Company
  - (d) All of the above
- 14 A statutory auditor has a right to access to which of the following documents at all times:
- (a) Books, Vouchers and accounts of the company
  - (b) Books, Vouchers and accounts of the Company's subsidiary
  - (c) Books and account's of the Company's associate company
  - (d) All of the above
- 15 The principal auditor, as per clarification issued by ICAI, does not have any right to
- (a) Inspect the working papers of the branch auditor
  - (b) Visit the branch
  - (c) Seek information necessary for his audit from the branch auditor
  - (d) Incorporate the branch auditor's report in his audit report
- 16 Under which of the following section does the auditor have a duty to enquire into six specified matters and report by exception
- (a) 141(1)
  - (b) 143(1)
  - (c) 146
  - (d) 145
- 17 Under Sec. 143(1), the auditor has to enquire into different aspects related to shares allotted for cash for the purpose of the auditor to include
- (a) Shares against whose allotment cash has actually been received
  - (b) Shares allotted for consideration other than cash
  - (c) Shares allotted against a debt payable
  - (d) All of the above
- 18 The date on auditor's report should not be \_\_\_\_\_
- (a) the date of the AGM
  - (b) later than the date on which the accounts are approved in the Board's meeting
  - (c) earlier than the date on which the accounts are approved by the management
  - (d) A & B

- 19 The inventory consists of about one per cent of all assets. The client has imposed restriction on auditor to prohibit observation of stock take. The auditor cannot apply alternate audit procedures.  
 (a) Unqualified opinion (b) Qualified Opinion  
 (c) Adverse Opinion (d) Disclaimer of Opinion
- 20 Companies exempted from CARO does not include  
 (a) A Banking Company  
 (b) An Insurance Company  
 (c) a private limited company with paid up capital and reserves not more than 10 Crores  
 (d) A Small Company
- 21 Which section gives an auditor right to attend AGM  
 (a) 142 (b) 143 (c) 146 (d) 145
- 22 What is the value of security that can be held by a relative of an auditor in the Company in which he is being appointed as an auditor, keeping in mind the provisions of Sec 141(3)(d)(i)  
 (a) No security can be held by the person or his partner or relative  
 (b) Upto FV 1 lakh  
 (c) Upto Market value 1 Lakh  
 (d) Upto FV of Rs. 5 Lakhs
- 23 Which of the following services are not prohibited u/s 144  
 (a) Tax Consultancy  
 (b) Internal Audit  
 (c) Investment Banking  
 (d) Actuarial Sciences
- 24 Who has the right to remove an auditor before the expiry of his tenure  
 (a) Board Of Directors  
 (b) ROC  
 (c) Central Government  
 (d) Shareholders
- 25 Who shall fill the casual vacancy in the office of an auditor of a non government company, arising out of resignation  
 (a) The BOD within 30 days  
 (b) C&AG within 30 days  
 (c) Shareholders within 30 days  
 (d) BOD within 30 days. But shareholders need to ratify within 3 months

**ANSWER**

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



**CHAPTER 10 – AUDIT & AUDITORS**

- 1 BOD may contribute to Bonafide Charitable funds upto \_\_\_% without prior permission of the Company  
(a) 5% (b) 7.50% (c) 10% (d) 3%
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 (a) Board Of Directors  
 (b) ROC  
 (c) Central Government  
 (d) Shareholders
- 25 Who shall fill the casual vacancy in the office of an auditor of a non government company, arising out of resignation  
 (a) The BOD within 30 days  
 (b) C&AG within 30 days  
 (c) Shareholders within 30 days  
 (d) BOD within 30 days. But shareholders need to ratify within 3 months

**ANSWER**

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

**OTHER**

**LAWS**

**CHAPTER 1 - INDIAN CONTRACT ACT 1872**

1. Contract of indemnity is defined under which section?  
a. Sec 125      b. Sec 124      c. Sec 127      d. Sec 126
2. Contract of indemnity is a \_\_\_\_\_ contract.  
a. Conditional      b. Contingent  
c. Both a and b      d. Unconditional
3. To recover the sums paid under compromise, it shall not be prudent and authorized by the indemnifier.  
a. True      b. Partly true      c. False      d. Partly False
4. A assures to B for C, for C to pay a sum of Rs. 5,00,000 to B. In case of default, A shall discharge the entire liability to B. In the following case C is :  
a. Creditor      b. Principal Debtor      c. Surety      d. General Debtor
5. Which of the following is not an essential of a valid guarantee?  
a. Existence of a principal debt  
b. If the co-surety does not join, contract of guarantee is not valid  
c. It shall be in writing only.  
d. Consent of surety shall not be obtained by fraud
6. For surety's liability the term 'co-extensive' means :  
a. Surety is liable for what the principal debtor is liable  
b. Surety is liable even if principal debtor is discharged  
c. Surety is discharged even if principal debtor is liable  
d. All of the Above
7. \_\_\_\_\_ guarantee is irrevocable.  
a. Continuing.      b. Fidelity      c. Specific      d. Special
8. A becomes surety to C for B's conduct as a manager in C's bank. Afterwards, B and C contract, without A's consent, that B's salary shall be raised, and that he shall become liable for 1/4th of the losses on overdrafts. B allows a customer to overdraw, and the bank loses a sum of money. In this case A is discharged from his surety ship under section :  
a. 134      b. 135      c. 139      d. 133
9. Where a contract to give time to the principal debtor is made by the creditor with a third person, and not with the principal debtor, the surety is \_\_\_\_\_  
a. Not discharged      b. Discharged  
c. Partly discharged      d. Liable for 50%
10. The concept of invalid guarantee is covered under sections :  
a. 142-146      b. 142-144      c. 143-147      d. 140-143
11. In every contract of guarantee there is an express promise by the principal debtor to indemnify the surety.  
a. True      b. Partly true      c. False      d. Partly False
12. What is the purpose of contract of guarantee?  
a. Reimbursement of loss      b. Benefit of principal debtor  
c. Security of creditor      d. Commission to surety

13. \_\_\_\_\_ is transferred in case of bailment
- Possession
  - Custody
  - Both a and b
  - Ownership
14. Which of the following is not a form of bailment?
- Finder of goods.
  - Delivery of goods for carriage
  - A sold book to B for Rs. 50
  - Hiring of goods
15. Which of the following are duties of the bailor?
- To bear extra ordinary expenses
  - To disclose the faults
  - To receive consideration
  - Both a and b
16. Which of the following are not duties of the bailee?
- Not make unauthorized use of goods
  - Not to mix the goods
  - Not to take the possession of goods
  - Take care of the goods
17. A delivers a watch to be repaired to B, if A does not pay the charges B is entitled to retain the watch till payment of price. This is which type of lien :
- General Lien
  - Particular Lien
  - Retention of goods.
  - Both a and b
18. Raman gives a loan to Baman for Rs. 1,50,000 against security of a gold chain that belongs to Baman. In this case Raman is
- Pawnor
  - Pawnee
  - Bailee
  - Bailor
19. “Quit facitper alium, facitper se” means:
- Delegatee cannot further delegate
  - Something in return
  - He who acts through an agent is acting himself
  - For an act of agent, principal is liable
20. What are essentials of valid ratification?
- It shall be expressly done by the principal who purports to be a principal
  - Knowledge may be requisite
  - Act to be ratified must be valid
  - Ratification can be done at any time
21. Requisites of a valid agency :
- Agent should act bonafide
  - Agent should adopt reasonable and practicable course
  - Agent should act within authority
  - All of the above
22. Identify what is non inclusive in the duty of an agent:
- Act in good faith
  - Skill and diligence
  - Communicate with principal
  - Indemnify third party for default of principal

23. A resident of USA appointed an agent B in India to conduct his sales in India. A defaults in discharging the contract with C in India made via B for A. Who shall be held liable to C?
- a. A      b. No one      c. B      d. Partly A and partly B.
24. When is agency terminated by operation of Law :
- a. Expiry of time  
b. Mutual Agreement  
c. Renunciation by agent  
d. Revocation by principal
25. Which of the following is a valid appointment?
- a. Appointment of sub agent  
b. Appointment of substituted agent  
c. Appointment of sub agent after ratification by principal  
d. Both B and C

**ANSWER**

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

**CHAPTER 2 - NEGOTIABLE INSTRUMENTS ACT 1881**

- (1) The Negotiable Instruments Act 1881, section 13 covers \_\_\_\_\_.  
(a) Promissory note (b) Bills of Exchange (c) Cheque (d) all of them
- (2) Every instrument is presumed to made, drawn, endorsed or negotiated for \_\_\_\_\_.  
(a) Choice (b) Consideration (c) debt (d) none of them
- (3) \_\_\_\_\_ is a bill of exchange in a vernacular language.  
(a) Promissory note (b) Bills of Exchange (c) Cheque (d) Hundi
- (4) Drawer and payee in a Bill of exchange may be same parties.  
(a) True (b) False (c) Partly true (d) Partly false
- (5) Cheque is a special kind of Bill of Exchange.  
(a) True (b) False (c) Partly true (d) Partly false.
- (6) Cheque is always payable on demand.  
(a) True (b) False (c) Partly true (d) Partly false
- (7) Validity of Cheque is 6 months.  
(a) True (b) False (c) Partly true (d) Partly false
- (8) Cheque doesn't require any stamping.  
(a) True (b) False (c) Partly true (d) Partly false
- (9) Payment on a crossed cheque can be made in cash on the counter of the bank.  
(a) True (b) False (c) Partly true (d) Partly false
- (10) No one other than RBI and central Government can make a Promissory note payable to bearer on demand.  
(a) True (b) False (c) Partly true (d) Partly false
- (11) Bill of exchange and Promissory Note is required to be made on a stamp paper.  
(a) True (b) False (c) Partly true (d) Partly false
- (12) The Cheque is valid for \_\_\_\_\_ months.  
(a) 2 months (b) 3 months (c) 6 months (d) none of this
- (13) The cheque is to be presented for payment within \_\_\_\_\_ months.  
(a) 2 months (b) 3 months (c) 6 months (d) none of the above
- (14) The dishonor of cheque is a punishable offence under section \_\_\_\_\_ of the Negotiable Instruments Act 1881.  
(a) 140 (b) 139 (c) 138 (d) 141
- (15) The Dishonor of Cheque is punishable for a maximum term up to \_\_\_\_\_ years.  
(a) 1 year (b) 5 years (c) 2 years (d) 4 years
- (16) The dishonor of cheque is punishable if it is dishonored due to \_\_\_\_\_.  
(a) Insufficient Balance in drawers account  
(b) Account closed by drawer  
(c) Countermanded payment by drawer  
(d) All of these



- (17) The case for dishonor of cheque is to be filled in the court of \_\_\_\_\_.
- (a) Judicial Magistrate First Class                      (b) Metropolitan Magistrate  
(c) Both (a) & (b)    (d) none of them
- (18) The Negotiation of instrument to any person receiving it by paying consideration, before maturity & in good faith is termed as \_\_\_\_\_.
- (a) Holder    (b) Holder In due course    (c) (a) & (b)    (d) None of them
- (19) The notice of dishonor of cheque is to be given with in \_\_\_\_\_ of its knowledge to receiver.
- (a) 10 days                      (b) 30 days                      (c) (a) & (b)                      (d) 15 days.
- (20) The criminal complaint for dishonor of cheque is to be filled in court within \_\_\_\_\_ of the Drawer failing to pay.
- (a) 30 days                      (b) 1 month                      (c) (a) & (b)                      (d) None of them.
- (21) By the notice for dishonor of cheque the Drawer is to be granted \_\_\_\_\_ time for payment.
- (a) 10 days                      (b) 30 days                      (c) 7 days                      (d) 15 days.
- (22) The transfer of ownership rights of negotiable instrument is called \_\_\_\_\_.
- (a) Negotiation                      (b) Assignment                      (c) Gift                      (d) Negotiation
- (23) The Negotiable Instruments Act, 1881 applies to
- (a) The whole of India  
(b) The whole of India except the State of Jammu and Kashmir  
(c) Those states as notified by the Union Government from time to time in the Official Gazette  
(d) The whole of India except the State of Jammu and Kashmir and the North-Eastern States.
- (24) The undertaking contained in a promissory note, to pay a certain sum of money is
- (a) Conditional  
(b) Unconditional  
(c) May be conditional or unconditional depending upon the circumstances  
(d) None of the above
- (25) A bill of exchange contains a/an
- (a) Unconditional undertaking    (b) Unconditional order  
(c) Conditional undertaking    (d) Conditional order.
- (26) Cheque is a special kind of
- (a) Promissory note    (b) bill of exchange  
(c) Both (a) and (b) above    (d) None of the above.
- (27) The term "a cheque in the electronic form" is defined in the Negotiable Instruments Act, 1881 - under
- (a) Section 6(a)    (b) section 6(l)(a)  
(c) explanation 1(a) of section 6    (d) section 6A.
- (28) To whom of the following, payment of the amount due on a promissory note, bill of exchange or cheque must be made in order to discharge the maker or acceptor
- (a) holder of the instrument    (b) endorser of the instrument  
(c) Both (a) & (b)    (d) none of the above

- (29) The term 'negotiation' in section 14 of the Negotiable Instruments Act, 1881 refers to
- (a) The transfer of a bill of exchange, promissory note or cheque to any person, so as to constitute the person the holder thereof
  - (b) The payment by a bank on a negotiable instrument after due verification of the instrument
  - (c) The bargaining between the parties to a negotiable instrument
  - (d) all of the above.
- (30) If an instrument may be construed either as a promissory note or bill of exchange, it is
- (a) A valid instrument
  - (b) An ambiguous instrument
  - (c) A returnable instrument
  - (d) none of the above
- (31) If in an instrument the amount undertaken or ordered to be paid is stated differently in figures and in words
- (a) The instrument is void due to uncertainty
  - (b) The amount stated in figure shall be the amount undertaken or ordered to be paid
  - (c) The amount stated in words shall be the amount undertaken or ordered to be paid
  - (d) None of the above.
- (32) Under section 16 of the Negotiable Instrument Act, 'endorsement in blank' of an instrument means
- (a) Where the endorser does not write anything on the instrument
  - (b) Where the endorser signs his name only on the instrument
  - (c) Where the endorser writes the name of the person who is directed to pay
  - (d) None of the above.
- (33) 'At sight' under section 21 of the Negotiable Instrument Act, 1881, means
- (a) On presentation
  - (b) On demand
  - (c) On coming into vision
  - (d) none of the above.
- (34) A promissory note or bill of exchange which is not expressed to be payable on demand, at sight or on presentment, is at maturity
- (a) On the 30<sup>th</sup> day after the day on which it is expressed to be payable
  - (b) On the 3<sup>rd</sup> day after the day on which it is expressed to be payable
  - (c) On the 5<sup>th</sup> day after the day on which it is expressed to be payable
  - (d) On the 4<sup>th</sup> day after the day on which it is expressed to be payable.
- (35) If a minor draws, indorses, deliver or negotiates an instrument, such instrument binds
- (a) All parties to the instrument including the minor
  - (b) Only the minor and no other parties to the instrument
  - (c) All parties to the instrument except the minor
  - (d) None of the above.
- (36) In a promissory note, the amount of money payable
- (a) Must be certain
  - (b) May be certain or uncertain
  - (c) Is usually uncertain
  - (d) none of the above.
- (37) An authority to draw bills of exchange
- (a) Itself import an authority to indorse
  - (b) Does not itself import an authority to indorse
  - (c) Sometime import an authority to indorse
  - (d) none of the above.

- (38) The term 'legal representative' in section 29 of the Negotiable Instruments Act, 1881
- (a) Includes legal heirs
  - (b) Includes Authorised agents
  - (c) Includes executors
  - (d) All of them
- (39) Can a drawer escape from his liability?
- (a) No, a drawer can never escape from his liability
  - (b) Yes, a drawer can limit or exclude his liability by inserting in the bill an express stipulation to that effect
  - (c) In certain cases although he can escape from his liability but always he cannot so escape
  - (d) None of the above.
- (40) The Drawer shall be held \_\_\_\_\_ under section 138 if he has stopped payment after issuing the cheque.
- (a) Not liable
  - (b) liable
  - (c) not sure
  - (d) Both (a) & (b)
- (41) A bill is drawn payable to 'A' or order. 'A' indorses it to 'B', the endorsement not containing the words "or order" or any equivalent words. Can 'B' negotiate the instrument?
- (a) Yes
  - (b) no
  - (c) not always
  - (d) none of the above.
- (42) Where an endorser of an instrument excludes his liability and afterwards becomes the holder of the instrument, who are liable to him?
- (a) No one is liable to him
  - (b) All intermediate indorsers are liable to him
  - (c) Only the immediate prior indorser is liable to him
  - (d) None of the above.
- (43) Can the legal representative of a deceased person negotiate a promissory note, bill of exchange or cheque payable to order by delivery only which was indorsed by the deceased but not delivered by him?
- (a) Yes, the legal representative can negotiate the instrument by delivery only
  - (b) No, the legal representative cannot negotiate an instrument by delivery only. He must re-indorse and deliver the instrument for negotiating it
  - (c) An instrument indorsed by a deceased person has no legal validity and is void
  - (d) None of the above.
- (44) Can the holder of a negotiable instrument indorsed in blank convert the endorsement into an endorsement in full?
- (a) No
  - (b) yes
  - (c) Both (a) & (b)
  - (d) none of the above.
- (45) The endorsement of a negotiable instrument followed by delivery
- (a) Yes
  - (b) no
  - (c) Both (a) & (b)
  - (d) none of the above.
- (46) When presentment for payment is to be made under section 65 of the Act?
- (a) Presentment for payment can be made at any reasonable time.
  - (b) Presentment for payment must be made during the usual hours of business and, if at a banker's, within banking hours.
  - (c) There is no such stipulation on the time for presentment.
  - (d) None of the above.

- (47) In determining reasonable time for the purpose of payment of a negotiable instrument
- (a) Public holidays are included
  - (b) Public holidays are excluded
  - (c) Only the holidays observed by the banks are excluded
  - (d) none of the above.
- (49) A noting under section 99 of the Negotiable Instruments Act should contain among other things.
- (a) Place of the notary
  - (b) charges of notary
  - (c) Both (a) and (b)
  - (d) none of the above.
- (50) Under section 118 of the Negotiable Instruments Act, 1881, it is presumed, until the contrary is proved, that every transfer of a negotiable instrument was made
- (a) After its maturity
  - (b) before its maturity
  - (c) At its maturity
  - (d) none of the above.
- (51) Which of the following is not a justified ground of dishonouring of cheque by banker?
- (a) The cheque is post-dated and presented before the ostensible date
  - (b) The banker had sufficient funds, but the funds are not properly applicable towards the payment of the cheque
  - (c) If the cheque is altered in parts
  - (d) If the cheque is duly presented.
- (52) When the acceptor of an instrument is also a drawer, notice of dishonour is
- (a) Necessary
  - (b) Not necessary
  - (c) Not always necessary but under certain circumstances mentioned in section 98A of the Act, it is a must
  - (d) None of the above.
- (53) Under section 97, of the Negotiable Instruments Act when the party to whom notice of dishonour is dispatched is dead, but the party despatching the notice is ignorant of his death, the notice is
- (a) Sufficient
  - (b) Not sufficient
  - (c) Null and void and has no effect
  - (d) None of the above
- (54) If the words "not negotiable" are used with special crossing in a cheque, the cheque is
- (a) Not transferable
  - (b) Transferable
  - (c) Negotiable under certain circumstances
  - (d) None of the above
- (55) Crossing of a cheque effects the
- (a) Negotiability of the cheque
  - (b) mode of payment on the cheque
  - (c) Both (a) and (b)
  - (d) none of the above
- (56) Who among the following cannot cross a cheque?
- (a) Drawer
  - (b) Holder
  - (c) Banker
  - (d) Foreigner
- (57) As per section 147 of the Negotiable Instruments Act, 1881, every offence punishable under the Act are
- (a) Compoundable
  - (b) Non-compoundable
  - (c) Cognizable
  - (d) Both (b) and (c) above

- (58) Under the provisions of section 143 of the Negotiable Instruments Act, 1881, all offences under the Act are to be tried by
- (a) Any Judicial Magistrate
  - (b) Judicial Magistrate of the First Class or by a Metropolitan Magistrate
  - (c) Only a District Judge
  - (d) None of the above.
- (59) For what term of imprisonment an offender under section 138 of the Negotiable Instruments Act can be punished?
- (a) For a term which may extend to two years
  - (b) For a term which may extend to one year
  - (c) For a term not exceeding three years
  - (d) None of the above.
- (60) Dishonour by non-acceptance takes place
- (a) drawee is not found
  - (b) drawee is incompetent
  - (c) Drawee is insolvent
  - (d) All of the above.
- (61) The presumption as to the date of a negotiable instrument under section 118 is that, every negotiable instrument bearing a date was made or drawn
- (a) Prior to that date
  - (b) on such date
  - (c) May be on or prior to that date
  - (d) none of the above.
- (62) When a cheque has become invalid because of the expiry of the stipulated period, can it be re-validated by the drawer by alteration of dates?
- (a) Yes, the drawer can re-validate the cheque by alteration of dates
  - (b) No, the drawer cannot re-validate it by so alteration of dates
  - (c) Although the drawer cannot revalidate the cheque, but the drawee can at his discretion revalidate it
  - (d) None of the above.
- (63) For the purpose of attracting the provisions of section 138 of the Negotiable Instruments Act, 1881, a cheque has to be presented to the bank
- (a) Within a period of six months
  - (b) Within a period of three months from the date on which it is drawn or within the period of its validity, whichever is earlier
  - (c) Within a period of 15 days from the date on which it is drawn
  - (d) None of the above
- (64) Cognizance of an offence under section 138 can be taken by a court only on a/an
- (a) Police report
  - (b) complaint
  - (c) Application to the District Judge
  - (d) none of the above.
- (65) Who should make a complaint to a court for the purpose of taking cognizance of an offence under section 138?
- (a) The holder in due course of the cheque
  - (b) Any person who is entitled to get payment
  - (c) The payee
  - (d) All of the above.

- (66) A complaint against an offence under section 138 of the Negotiable Instrument Act, 1881
- (a) Must be in writing (section 142) -
  - (b) May be oral or in writing (section 142)
  - (c) Must be in writing containing a declaration by the drawee that he consents to such filing of the complaint (section 142)
  - (d) None of the above.
- (67) Under section 143 of the Negotiable Instruments Act, an endeavour shall be made to conclude the trial within..... Months from the date of filing of the complaint
- (a) 9
  - (b) 3
  - (c) 6
  - (d) 12
- (68) A protest must contain
- (a) The name of the person for whom the instrument has been protested
  - (b) The name of the person against whom the instrument has been protested
  - (c) The instrument itself or its literal transcript
  - (d) All of the above.
- (69) The liability under section 138 of the Negotiable Instruments Act, 1881, is
- (a) Strict liability
  - (b) vicarious liability
  - (c) Both (a) and (b)
  - (d) none of the above.
- (70) A post-dated cheque remains only a bill of exchange till the date on its face and only from that date it becomes a cheque being payable on demand. The statement is -
- (a) False
  - (b) true
  - (c) Both (a) & (b)
  - (d) None

**ANSWER**

1	D	2	B	3	D	4	A	5	A
6	A	7	B	8	A	9	B	10	A
11	A	12	B	13	B	14	C	15	C
16	D	17	C	18	B	19	B	20	B
21	D	22	A	23	A	24	B	25	B
26	B	27	A	28	A	29	A	30	B
31	C	32	B	33	B	34	B	35	C
36	A	37	A	38	D	39	B	40	A
41	A	42	B	43	C	44	B	45	A
46	B	47	B	48	B	49	C	50	B
51	D	52	B	53	A	54	A	55	C
56	D	57	A	58	B	59	C	60	D
61	B	62	B	63	B	64	B	65	D
66	A	67	D	68	D	69	C	70	B

**CHAPTER 3 - THE GENERAL CLAUSES ACT, 1897**

1. The General Clauses Act, 1897 was enacted on:
  - a. 11th March, 1897
  - b. 14th January, 1897
  - c. 14th January, 1887
  - d. 3rd January, 1868
  
2. Application of the General Clauses Act
  - a. Whole of India including Jammu & Kashmir
  - b. Whole of India except Jammu & Kashmir
  - c. The Act does not define any "territorial extent" clause
  - d. Whole of India- India before partition
  
3. 'Central Act' shall mean an Act of Parliament, and shall include-
  - (a) An Act of the \_\_\_\_\_ or of the Indian Legislature passed before the commencement of the Constitution and
  - (b) An Act made before such commencement by the \_\_\_\_\_ in Council or the Governor General, acting in a legislative capacity;
    - a. Dominion Legislature, Governor General
    - b. Parliament Legislature, President General
    - c. Dominion Legislature, President General
    - d. Parliament Legislature, President General
  
4. The word defined is not restricted to the meaning assigned to it but has extensive meaning. Such definition is known as
  - a. Inclusive definition
  - b. Exhaustive definition
  - c. Statutory definition
  - d. Non-Statutory definition
  
5. An honest purchase made carelessly without making proper enquiries
  - a. Can be said to have been made in good faith so as to convey good title.
  - b. Cannot be said to have been made in good faith so as to convey good title.
  - c. Cannot be said to have been made in good faith so as to convey bad title.
  - d. Can be said to have been made in good faith so as to convey bad title
  
6. 'Repeal' of provision is same as 'deletion' of provision.
  - a. True
  - b. False
  - c. Partly true
  - d. Partly false
  
7. For the purposes of any Central Act or Regulation made after the commencement of this Act, any distance shall be measured in a \_\_\_\_\_ unless otherwise mentioned.
  - a. Vertical line on a horizontal plane
  - b. Straight line on a vertical plane
  - c. Straight line on a horizontal plane
  - d. Horizontal line on a straight plane
  
8. The General Clauses Act, 1897 intends to:
  - a. Provide general definitions.
  - b. Applicable to all Central Acts and Regulations.
  - c. Applicable where there is no definition, unless there is anything repugnant in the subject or context.
  - d. All of the above.

9. The preamble is most important in any legislation, it:
  - a. Provides definitions in the Act.
  - b. Expresses scope, object and purpose of the Act.
  - c. Provides summary of the entire Act.
  - d. None of the above.
  
10. As per a Rule of an Educational Institution, every student may come on weekends for extra classes but every student shall appear on a weekly test conducted in the institute, which means:
  - a. Attending weekend classes is optional but appearing in weekly test is compulsory.
  - b. Attending weekend classes is compulsory but appearing in weekly test is optional.
  - c. Attending weekend classes and appearing in weekly test, both are compulsory for students.
  - d. Attending weekend classes and appearing in weekly test both are optional for students.
  
11. Which of the following is not an Immovable Property:
  - a. Land
  - b. Building
  - c. Timber
  - d. Machinery permanently attached to the land
  
12. Under which section of the General Clauses Act, 1897 is provided the definitions?
  - a. Section 3
  - b. Section 2
  - c. Section 13
  - d. Section 19
  
13. State True or False under the General Clauses Act, 1897:-  
Gender and Number is defined under section 13.
  - a. True
  - b. False
  - c. Partly true
  - d. Partly false
  
14. State whether the statement is correct or not correct under The General Clauses Act 1897: A person can be punished twice for the same offence.
  - a. Correct
  - b. Incorrect
  - c. Partly correct
  - d. Partly incorrect
  
15. Under the General Clauses Act, 1897 if power to make an appointment is conferred to any authority, he shall have unless the different intention appears-
  - a. Power to suspend any person so appointed
  - b. Power to dismiss any person so appointed
  - c. Both (a) and (b).
  - d. None of these
  
16. Under the General Clauses Act, 1897 if any power is conferred, how is that power is to be exercised by the Officer?
  - a. Power may be exercised any time.
  - b. Power may be exercised as occasion arises.
  - c. Both (a) and (b).
  - d. None of these



17. Under the General Clauses Act, 1897, how is an appointment to be made to fill any office?
- a. By name
  - b. By virtue of office
  - c. Both (a) and (b).
  - d. None of these
18. 'Person' shall include:
- a. Any company, or
  - b. Association, or
  - c. Body of individuals, whether incorporated or not
  - d. All of above
19. Any expression used in the notification, order, scheme, rule, form, or by-law shall have the \_\_\_\_.
- a. Same meaning as in the Act or regulation unless otherwise mentioned.
  - b. Different meaning as in the Act or regulation unless otherwise mentioned.
  - c. Depends
  - d. Both a & b
20. Where any legislation or regulation requires any document to be served by post, then unless a different intention appears, the service shall be deemed to be effected by:
- a. Properly addressing, post paying, posting by registered post
  - b. Properly addressing, pre paying, posting by registered post
  - c. Properly addressing, pre paying, posting by ordinary post
  - d. Addressing, pre paying, posting by registered post

**ANSWERS**

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

**CHAPTER 4 - INTERPRETATION OF STATUTES**

1. The term “law” does not include which of the following :  
a. Rule    b. Bye-laws    c. Notification    d. Official Gazette
2. Which of these is not an element of document?  
a. Matter    b. Record    c. Object    d. Substance
3. “ To read the statute literally, which means by giving to the words used by the legislature their ordinary, natural and grammatical meaning” is the cardinal rule of :  
a. Interpretation    b. Construction    c. Analysis    d. Both a and b
4. Literal construction involves arriving at the meaning of the words without reference to legal decisions.  
a. True    b. False    c. Partly true    d. Partly false
5. Which rule of interpretation states the following : “ The words of the statute must be constructed so as to lead to a rational , fair and sensible meaning”  
a. Harmonious Construction    b. Literal Construction  
c. Beneficial Construction    d. Reasonable Construction
6. The court shall consider which of the matters in case of mischief rule?  
a. What was the law before making the Act  
b. What is the remedy that the Act has provided  
c. What is the reason for the remedy  
d. All of the above
7. Following is the essence of which rule :  
i. Provisions to be reconciled  
ii. Act to be read as a whole  
a. Rule of Eiusdem Generis    b. Rule of Exceptional Construction  
c. Rule of Harmonious Construction    d. None of the above
8. For the construction of the word “shall” or “must”, where giving it a mandatory interpretation would result in absurd results, Provision must be considered as :  
a. Mandatory only    b. Directory  
c. Either a or b    d. None
9. The term “ Eiusdem Generis” means:  
a. Same class or species    b. Common Terms  
c. Related Terms    d. All of the above
10. In construing the words ‘ medicines and drugs available ‘ the word drugs can only refer to vital life saving medicines. It cannot cover narcotics. This implies which rule of interpretation?  
a. Noscitur a Sociis  
b. Expressio Unis Est Exclusio Alterius  
c. Contemporanea Expositio  
d. Eiusdem Generis
11. A heading is a \_\_\_\_\_ to the provisions following it and therefore the heading is treated as a key to interpretation of sections covered by it.  
a. Title    b. Name    c. Preamble    d. Explanation

12. Many courts have held that marginal notes can be referred to for the purpose of constructing a statute.  
a. True.    b. Partly True    c. False    d. Partly False
13. \_\_\_\_\_ is used to remove special cases from general enactment and provide for them specially.  
a. Saving Clause    b. Exception    c. Proviso    d. All of the above
14. Read the statute as a whole is the \_\_\_\_\_ principle that construction of a statute is to be made of all its parts taken together and not of one part only.  
a. Elementary    b. Basic    c. Primary    d. Secondary
15. Which of the following is an external aid of interpretation?  
a. Historical Setting    b. Usage  
c. Dictionary definitions    d. All of the Above

**ANSWER**

<b>1</b>	D	<b>2</b>	C	<b>3</b>	B	<b>4</b>	A	<b>5</b>	D
<b>6</b>	D	<b>7</b>	C	<b>8</b>	B	<b>9</b>	A	<b>10</b>	C
<b>11</b>	C	<b>12</b>	C	<b>13</b>	C	<b>14</b>	A	<b>15</b>	D

**DIRECT**

**TAX**

**CHAPTER 1 - INTRODUCTION**

- 1) as per section 2 (31) person includes
  - a) individual
  - b) local authority
  - c) artificial juridical person
  - d) all of the above
- 2) What is the basic tax rate for firm and local authority
  - a) flat rate of 10%
  - b) flat rate of 30%
  - c) flat rate of 20%
  - d) flat rate of 35%
- 3) what is the basic tax rate for a foreign company
  - a) flat rate of 30%
  - b) flat rate of 40%
  - c) flat rate of 35%
  - d) flat rate of 20%
- 4) what is the tax rate for resident senior citizens for an income more than 3 lakh up to 5 lacs
  - a) 2%
  - b) 5%
  - c) 7%
  - d) 20%
- 5) what is the tax rate for resident senior citizens for an income more than 5 lacs upto 10 lacs
  - a) 2%
  - b) 5%
  - c) 7%
  - d) 20%
- 6) what is the tax rate for resident senior citizens for an income more than 10 lacs
  - a) 2%
  - b) 30%
  - c) 7%
  - d) 20%
- 7) what will be surcharge if total income of an individual is 75 lacs
  - a) 5% of basic tax
  - b) 10% of basic tax
  - c) 15% of basic tax
  - d) 20% of basic tax
- 8) what will be surcharge for an Indian company if total income is 6 crore
  - a) 5% of basic tax
  - b) 6% of basic tax
  - c) 7% of basic tax
  - d) 12% of basic tax
- 9) what is the basic exemption limit for a HUF
  - a) 2 lakh
  - b) 250000
  - c) 3 lacs
  - d) 5 lacs
- 10) what is the tax rate for health and education cess
  - a) 3% of (basic tax - rebate + surcharge)
  - b) 4% of (basic tax - rebate + surcharge)
  - c) 4% of (basic tax + surcharge)
  - d) 3% of (basic tax + surcharge)
- 11) Identify which is not the condition for rebate under section 87A
  - a) Assessee should be resident in India
  - b) total income of an assessee does not exceed 350000
  - c) Assessee should be company
- 12) Identify which of the statement is correct in reference of rounding of income tax
  - a) Paise shall be ignored
  - b) if the last figure in the amount is five or more then amount increased to next higher multiple of 10
  - c) if the last figure is less than 5 then amount will be reduced to next lower amount which is a multiple of 10
  - d) all of the above

**ANSWER**

<b>1</b>	D	<b>2</b>	B	<b>3</b>	B	<b>4</b>	B	<b>5</b>	D
<b>6</b>	B	<b>7</b>	B	<b>8</b>	C	<b>9</b>	B	<b>10</b>	B
<b>11</b>	C	<b>12</b>	D						

**CHAPTER 2 - RESIDENTIAL STATUS**

1. Mr. Rajesh citizen of India has a stay of 183 days in India in P.Y. 18-19 and he is resident in 5 years out of 10 years preceding P.Y. 18-19. His aggregate stay in 7 years preceding PY. 18-19 is 705 days. His residential stays for A.Y. 19-20 will be
  - (a) Resident and ordinarily resident
  - (b) Resident but not ordinarily resident
  - (c) Non- Resident
  - (d) None of the above
2. Mr. Sunil, citizen of India, leaves India for the first time on 07-05-2018 for employment abroad and does not come back till 31-3-2019. His residential status for A.Y. 19-20 will be
  - (a) Resident and ordinarily resident
  - (b) Resident but not ordinarily resident
  - (c) Non- resident
  - (d) None of the above
3. In above situation if Mr. Sunil should have arrived back and 22-02-19 and left on 24-03-19, what would be for AY 19 – 20.
  - (a) Resident and ordinarily resident
  - (b) Resident but not ordinarily resident
  - (c) Non- resident
  - (d) None of the above
4. Mr. Ram, citizen of India leaves India for the first time on 27-03-18 and comes back on 04-04-19, what is his residential status for PY 18-19 AY 19-20.
  - (a) Resident and ordinarily resident
  - (b) Resident but not ordinarily resident
  - (c) Non- resident
  - (d) None of the above
5. Rohit HUF's income is partly controlled from India and partly from London. Mr. Rohit is the Karta of the HUF and regularly comes to India on a visit every year since many years for minimum 60 days and maximum 100 days. Determine residential status of Rohit HUF.
  - (a) Resident and ordinarily resident
  - (b) Resident but not ordinarily resident
  - (c) Non- resident
  - (d) None of the above
6. XYZ Limited an Indian company is having all of its offices factory showroom etc abroad and all board meetings are conducted outside India. The residential status of Indian company is, and income taxable is
  - (a) Resident, taxable only Indian income.
  - (b) Non – Resident, taxable only Indian income.
  - (c) Resident, taxable only Foreign income
  - (d) Resident, taxable world income
7. A foreign company would be resident in India for PY 18-19 AY 19-20 if
  - (a) Majority of its directors are resident in India
  - (b) At least one board meeting is conducted in India.
  - (c) both (a) and (c)
  - (d) None of the above
8. The residential status of FIRM/ AOP/ BOI/ AJP resident in India if:
  - (a) The taxable Income in India is wholly controlled from India.
  - (b) The taxable Income in India is wholly controlled from outside India
  - (c) The taxable Income in India is wholly or partly controlled from India.
  - (d) None of above.

9. Mr. Sohan worked in India with Reliance Limited till 31-08-18. He resigned and left India for the first time for employment abroad on 15-09-18 and did not come back till 31-03-19. His remuneration from Reliance Limited was ₹ 8,00,000 received in bank account in India and ₹ 7,00,000 remuneration from abroad was received initially in a bank account outside India and later on transferred to Indian bank account. The taxability in India will be as under.
- (a) Only remuneration from Reliance Ltd. (b) Both Indian and foreign remuneration  
(c) Only foreign remuneration (d) None of the above.
10. Incomes earned and received initially outside India are taxable for
- (a) Resident but not ordinarily resident (b) Resident and ordinarily resident  
(c) Non – Resident (d) All of the above
11. Incomes earned outside India and received initially in India are taxable for
- (a) Resident and ordinarily resident  
(b) Resident but not ordinarily resident  
(c) Non Resident  
(d) All of the above
12. Rental Income from property located in India which is received initially outside India and rental agreement made outside India, will be taxable in the hands of
- (a) Resident and ordinarily resident (b) Resident but not ordinarily resident  
(c) Non Resident (d) All of the above
13. Mr. John, foreign citizen an employee of Microsoft was in India to attend some meetings on behalf of Microsoft. His remuneration in relation to his services rendered in India exceeds ₹ 2,50,000, then the excess will be taxable in India if he is
- (a) R or OR (b) R but NOR (c) NR (d) All of the above
14. Mr. Swadesh, an officer of Indian foreign services is working as high commissioner of Indian embassy in France. The taxability of the following Income will be in India as a Non-Resident who has earned and received initially outside India.
- (a) Entire remuneration  
(b) Only basic salary  
(c) Only basic salary and allowances  
(d) None of the above
15. Mr. Rajan a non-resident has given a loan to Mr Pratik another non – resident. Mr. Pratik earned house property as well as business Income from such loan in India and paid interest on loan from such Indian Income to Mr. Ranjan's bank account directly outside India: Interest Income in the hands of Mr. Rajan will be taxable in India
- (a) Entire Interest Income  
(b) Only Interest in relation to loan for house property income of Mr. Pratik  
(c) Only interest in relation to loan for business and profession income of Mr. Pratik  
(d) None of the above.
16. Mr. Sharp, a foreign citizen gave his patented invention to Reliance Ltd. in India. Reliance Ltd. paid him royalty for the same directly outside India from various incomes generated to Reliance Industries from such invention. The royalty income is taxable in the hands of Mr. Sharp in India if he is
- (a) R & OR (b) R but NOR (c) NR (d) All of the above

17. Royalty received from central government initially outside India, and such patented technology was used by government of India for a project outside India taxable in the hands of  
(a) R & OR (b) R but NOR (c) NR (d) All of the above
18. Short term capital gains on sale of shares of Tata co. Ltd, which is sold and the gains received initially outside India is taxable in the hands of  
(a) R & OR (b) R but NOR (c) NR (d) All of the above
19. Income from Business located in Kenya, controlled from India, received initially outside India taxable for  
(a) R & OR (b) R but NOR  
(c) NR (d) R & OR and R but NOR
20. Interest on debentures of foreign income of PY 14-15, received initially outside India, and sent in Indian bank account in PY 18-19, taxable in India.  
(a) R & OR (b) R but NOR (c) NR (d) None of the above

**ANSWER**

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



**CHAPTER 3 - INCOME FROM SALARIES**

1. The maximum ceiling limit for exemption under section 10(10) in respect of gratuity for employees covered by the Payment of Gratuity Act, 1972 is -  
(a) ₹ 10,00,000 (b) ₹ 5,00,000 (c) ₹ 3,50,000 (d) ₹ 20,00,000
2. The maximum ceiling limit for exemption under section 10(10C) with respect to compensation received on voluntary retirement is -  
(a) ₹ 2,50,000 (b) ₹ 3,00,000 (c) ₹ 3,50,000 (d) ₹ 5,00,000
3. The HRA paid to an employee residing in Patna is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary and -  
(a) 30% of salary  
(b) 40% of salary  
(c) 50% of salary  
(d) 60% of salary
4. Anirudh stays in New Delhi. His basic salary is ₹ 10,000 p.m., D.A. (60% of which forms part of pay) is ₹ 6,000 p.m., HRA is ₹ 5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of ₹ 5,500 p.m. The turnover achieved by him during the current year is ₹ 12 lakhs. The amount of HRA exempt under section 10(13A) is –  
(a) ₹ 48,480 (b) ₹ 45,600 (c) ₹ 49,680 (d) ₹ 46,800
5. Where there is a decision to increase the D.A. in March, 2019 with retrospective effect from 1.4.2017, and the increased D.A. is received in April, 2019, the increase is taxable -  
(a) in the previous year 2017-18  
(b) in the previous year 2018-19  
(c) in the previous year 2019-20  
(d) in the respective years to which they relate
6. Rajesh is provided with a rent free unfurnished accommodation, which is owned by his employer, XY Pvt. Ltd., in New Delhi. The value of perquisite in the hands of Rajesh is -  
(a) 20% of salary (b) 15% of salary  
(c) 10% of salary (d) 7.5% of salary
7. Anand is provided with furniture to the value of ₹ 70,000 along with house from February, 2018. The actual hire charges paid by his employer for hire of furniture is ₹ 5,000 p.a.. The value of furniture to be included along with value of unfurnished house for A.Y.2019-20 is-  
(a) ₹ 5,000 (b) ₹ 7,000 (c) ₹ 10,500 (d) ₹ 14,000
8. For the purpose of determining the perquisite value of loan at concessional rate given to the employee, the lending rate of State Bank of India as on \_\_\_\_\_ is required;  
(a) 1st day of the relevant previous year  
(b) Last day of the relevant previous year  
(c) the day the loan is given  
(d) 1st day of the relevant assessment year

9. Mr. Kashyap received basic salary of ₹ 20,000 p.m. from his employer. He also received children education allowance of ₹ 3,000 for three children and transport allowance of ₹1,800 p.m. The amount of salary chargeable to tax for P.Y. 2018-19 is-
- (a) ₹ 2,62,600 (b) ₹ 2,22,600 (c) ₹ 2,22,200 (d) ₹ 2,07,800
10. The entertainment allowance received by a Government employee is exempt up to the lower of the actual entertainment allowance received, 1/5th of basic salary and-
- (a) ₹ 4,000 (b) ₹ 6,000 (c) ₹ 5,000 (d) ₹ 10,000.
11. Mr. A, an employee instructs his employer that he is not interested in receiving the salary for April 2018 and the same might be donated to a charitable institution. What will be the tax implication for the salary income.
- (a) not taxable  
(b) taxable as salary income  
(c) taxable as salary income & deduction u/s.80G allowed  
(d) none of the above
12. Mr. A, a citizen of India, is posted in the United States as our Ambassador. Obviously, he renders his services outside India. He also receives his salary outside India. He is also a non-resident. The question, therefore, arises whether he can claim exemption in respect of his salary paid by the Government of India to him outside India.
- (a) Yes Exemption available u/s. 10(7)  
(b) Taxable as salary as deemed to be accrued u/s. 9(1)(iii)  
(c) Taxable as IFOS  
(d) None of the above
13. Allowances paid to the Judges of Supreme Court, High Court are:
- (a) Fully exempt  
(b) Fully taxable  
(c) Partly Taxable, Partly Exempt
14. Mr. Raj Kumar has the following receipts from his employer:
- (1) Basic pay ₹ 3,000 p.m.  
(2) Dearness allowance (D.A.) ₹ 600 p.m.  
(3) Commission ₹ 6,000 p.a.  
(4) Motor car for personal use (expenditure met by the employer) ₹ 500 p.m.  
(5) House rent allowance ₹ 900 p.m.
- Find out the amount of HRA eligible for exemption to Mr. Raj Kumar assuming that he paid a rent of ₹ 1,000 p.m. for his accommodation at Kanpur. DA forms part of salary for retirement benefits.
- (a) ₹ 10,800 (b) ₹ 17,280 (c) ₹ 7,680 (d) ₹ 3,120
15. Special Compensatory (Tribal Areas / Schedule Areas / Agency Areas) Allowance [Specified States] is exempted upto \_\_\_\_\_ per month
- (a) ₹ 250 (b) ₹ 200 (c) ₹ 300 (d) ₹ 150
16. Any allowance granted to an employee to meet the hostel expenditure on his child is exempted upto
- (a) ₹ 200 p.m. per child for any number of children  
(b) ₹ 300 p.m. per child maximum 2 children  
(c) ₹ 100 p.m. per child maximum 2 children  
(d) ₹ 250 p.m. per child maximum 2 children

17. Mr. Kumar has two sons. He is in receipt of children education allowance of ₹ 200 p.m. for his elder son and ₹ 120 p.m. for his younger son. Both his sons are going to school. He also receives the following allowances:  
Transport allowance : ₹ 1,800 p.m.  
Tribal area allowance : ₹ 500 p.m.  
Compute his taxable allowances.  
(a) ₹ 26,640      (b) ₹ 25,800      (c) ₹ 29,040      (d) ₹ 23,800
18. The Central Government has notified the following allowances and perquisites for serving Chairman and members of UPSC, for the purpose of exemption under section 10(45) except :  
(a) the value of rent free official residence,  
(b) the value of conveyance facilities including transport allowance,  
(c) the sumptuary allowance and  
(d) the value of medical perquisites
19. Mr. Kishan retired on 1.10.2018 receiving ₹ 5,000 p.m. as pension. On 1.2.2019, he commuted 60% of his pension and received ₹ 3,00,000 as commuted pension. You are required to compute his taxable pension assuming He is a private sector employee, receiving gratuity of ₹ 5,00,000 at the time of retirement.  
(a) ₹ 24,000    (b) ₹ 1,57,333    (c) ₹ 74,000    (d) ₹ 50,000
20. Gratuity received during the period of service is fully taxable.  
(a) True      (b) False
21. Mr. Saxena retired on 15.6.2018 after completion of 26 years 10 months of service and received gratuity of ₹ 6,00,000. At the time of retirement, his salary was:  
Basic Salary : ₹ 5,000 p.m.  
Dearness Allowance : ₹ 3,000 p.m. (60% of which is for retirement benefits)  
Commission : 1% of turnover (turnover in the last 12 months was ₹ 12,00,000)  
Bonus : ₹ 12,000 p.a. Compute his taxable gratuity assuming, He is private sector employee and covered by the Payment of Gratuity Act 1972.  
(a) ₹ 4,75,385      (b) ₹ 4,98,600      (c) Nil      (d) ₹ 6,00,000
22. Where leave salary is received in any earlier year from a former employer and again received from another employer in a later year, the limit of ₹ 3,00,000 will be reduced by the amount of leave salary exempt earlier.  
(a) True      (b) False
23. Where exemption for voluntary retirement compensation under section 10(10C) has been allowed in any assessment year, then exemption there under shall be allowed to him in any other assessment year for the unexhausted amount out of ₹ 500,000.  
(a) True      (b) False
24. The amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds \_\_\_\_\_ is taxable perquisite  
(a) ₹ 1,00,000      (b) ₹ 1,50,000      (c) ₹ 50,000      (d) ₹ 75,000
25. Telephone provided by an employer to an employee at his residence is a  
(a) Taxable Perquisite  
(b) Exempted Perquisite  
(c) Partly Exempted Perquisite

26. An employee does not avail any LTC for the block 2014-17. He avails it during 2018. He is allowed to carry forward maximum one such holiday to be used in the succeeding block. Therefore, he will be eligible for exemption and two more journeys can be further availed.  
(a) True (b) False
27. Any expenditure incurred by the employer towards expenditure incurred outside India on medical treatment requires RBI's permit & limit for  
(a) Travelling Expenses (b) Medical Treatment  
(c) Stay Abroad (d) both b & c
28. Value of Rent Free Unfurnished Accommodation in case of Government Employees is calculated as follows:  
(a) 15% of Salary  
(b) 7.5% of Salary  
(c) As per Licence Fees determined by Cent. Govt. Or State Govt.  
(d) As per Licence Fees determined by Cent. Govt. Or State Govt. Less rent actually paid by the employee
29. If Mr. Abhi has been provided a Rent Free Accommodation in Hyderabad, the House property is taken on lease by the Employer, what will the Value of Rent Free Accommodation.  
(a) 10% of Salary  
(b) 7.5% of Salary  
(c) Actual Rent paid by the employer  
(d) 15% of Salary or Actual Rent paid by Employer whichever is lower.
30. Mr. Chintan is a Software Manager in Chintamani Ltd. The company has provided him with rent-free unfurnished accommodation in Chennai. He gives you the following particulars:  
Basic salary ₹ 12,000 p.m.  
Dearness Allowance ₹ 4,000 p.m. (30% is for retirement benefits)  
Bonus ₹ 3,000 p.m.  
Even though the company allotted the house to him on 1.4.2018, he occupied the same only from 1.11.2018. Calculate the taxable value of the perquisite for A.Y.2019-20.  
(a) ₹ 12,150 (b) ₹ 13,500 (c) ₹ 6,075 (d) None of the above
31. no value of perquisites would be charged if loans are made available for medical treatment in respect of prescribed diseases (like cancer, tuberculosis, etc.) or where the amount of loans are not exceeding in the aggregate ₹ 20,000  
(a) True (b) False
32. A Santro Car which is owned by X Ltd. and given to Mr. Y to be used both for official and personal purposes. All running and maintenance expenses are fully met by the employer. He is also provided with a chauffeur. What is the taxable value of perquisite.  
(a) ₹ 32,400 (b) ₹ 21,600 (c) ₹ 39,600 (d) ₹ 18,000
33. Accommodation taken on lease by X Ltd. for ₹ 15,000 p.m. ₹ 5,000 p.m. is recovered from the salary of Mr. Y. What is the value of Concessional Rent Accommodation.  
(a) ₹ 90,000 (b) ₹ 1,80,000 (c) ₹ 1,20,000 (d) ₹ 30,000

34. A standard deduction of ₹ 40,000 or the amount of salary, whichever is lower, is to be provided to the employees.  
(a) True (b) False
35. Deduction for Entertainment Allowance is allowed to  
(a) All Employees (b) Only Non Govt. Employees  
(c) Only Govt Employees (d) Self Employed
36. Mr. X's Employer has provided a motor cycle for his son's use belonging to the company. The company had purchased this motor cycle for ₹ 60,000 on 1.5.2015. The motor cycle was finally sold to him on 1.8.2018 for ₹ 30,000. What is the value of perquisite w.r.t transfer of motor cycle?  
(a) ₹ 12,000 (b) ₹ 30,000 (c) ₹ 42,000 (d) No Perquisite
37. A personal loan of ₹ 5,00,000 is granted to Mr. Ameya by his employer on 1.7.2018 on which it charges interest @ 6.75% p.a. The entire loan is still outstanding. (Assume SBI rate of interest to be 12.75% p.a.). what is the value of taxable perquisite w.r.t. concessional rate of interest loan ?  
(a) ₹ 63,750 (b) ₹ 22,500  
(c) ₹ 33,750 (d) ₹ 25,313
38. Mr. Z is provided with a Laptop facility by Employer, the cost of the Laptop is ₹ 60,000, what will be the value of perquisite  
(a) ₹ 6,000 (b) ₹ 12,000 (c) Nil (d) ₹ 30,000
39. Employer's Contribution to the Recognised Provident Fund will be exempted upto  
(a) 15% of Salary (b) 9.5% of Salary  
(c) 12% of Salary (d) 10% of Salary
40. Interest Credited to the Recognised Provident Fund will be exempted upto  
(a) 12.5% of Salary (b) 10.5% of Salary  
(c) 13.5% of Salary (d) 9.5% of Salary
41. In case of employees not covered by the Payment of Gratuity Act, 1972, the maximum limit of Gratuity exemption is  
(a) ₹ 20,00,000 (b) ₹ 15,00,000  
(c) ₹ 10,00,000 (d) ₹ 5,00,000
42. If Mr. X retires on 30.06.2018 and receives ₹ 500,000 as his commuted pension (75% commuted) & he also received Gratuity ₹ 12,00,000 (Covered under Gratuity ). What will be his Exemption for -Commuted Pension U/s. 10(10A).  
(a) ₹ 5,00,000 (b) ₹ 2,22,222  
(c) ₹ 2,77,778 (d) ₹ 700,000
43. Where leave salary is received from two or more employers in the same year, then the aggregate amount of leave salary exempt from tax cannot exceed ₹ 3,00,000.  
(a) True (b) False
44. Salary for the purpose of Leave Encashment means basic salary and dearness allowance, if provided in the terms of employment for retirement benefits and commission which is expressed as a fixed percentage of turnover.  
(a) True (b) False

45. Mr. Dutta received voluntary retirement compensation of ₹ 7,00,000 after 30 years 4 months of service. He still has 6 years of service left. At the time of voluntary retirement, he was drawing basic salary ₹ 20,000 p.m.; Dearness allowance (which forms part of pay) ₹ 5,000 p.m. Compute his taxable voluntary retirement compensation, assuming that he does not claim any relief under section 89.  
 (a) ₹ 7,00,000 (b) ₹ 5,00,000 (c) ₹ 2,00,000 (d) Nil
46. Mr. Dhaval went on a holiday on 25.11.2018 to Manali with his wife and three children (one son – age 7 years; twin daughters – age 5 years). They went by flight (economy class) and the total cost of tickets reimbursed by his employer was ₹ 70,000 (₹ 55,000 for adults and ₹ 15,000 for the three minor children). Compute the amount of LTC exempt.  
 (a) ₹ 5,000 (b) ₹ 70,000 (c) ₹ 55,000 (d) Fully Exempted
47. Any premium paid by an employer in relation to an employee to effect an insurance on the health of such employee is a taxable perquisite in the hands of the employee.  
 (a) True (b) False
48. If an employer takes personal accident insurance policies on the life of employees and pays the insurance premium, no immediate benefit would become payable and benefit will accrue at a future date only if certain events take place, it is a taxable perquisite for the employees.  
 (a) True (b) False
49. Free food and non-alcoholic beverages provided by such employer during  
 • working hours at office or business premises or  
 • through paid vouchers which are not transferable and usable only at eating joints, to the extent the value thereof either case does not exceed fifty rupees per meal, will not be treated as a Taxable Perquisite.  
 (a) True (b) False
50. AB Co. Ltd. allotted 1000 sweat equity shares to Sri Chand in June 2018. The shares were allotted at ₹ 200 per share as against the fair market value of ₹ 300 per share on the date of exercise of option by the allottee viz. Sri Chand. The fair market value was computed in accordance with the method prescribed under the Act. What is the perquisite value of sweat equity shares allotted to Sri Chand?  
 (a) ₹ 3,00,000 (b) ₹ 2,00,000 (c) ₹ 1,00,000 (d) Nil

**ANSWER**

<b>1</b>	D	<b>2</b>	D	<b>3</b>	B	<b>4</b>	A	<b>5</b>	B
<b>6</b>	B	<b>7</b>	A	<b>8</b>	A	<b>9</b>	B	<b>10</b>	C
<b>11</b>	C	<b>12</b>	B	<b>13</b>	A	<b>14</b>	D	<b>15</b>	B
<b>16</b>	B	<b>17</b>	A	<b>18</b>	D	<b>19</b>	B	<b>20</b>	A
<b>21</b>	A	<b>22</b>	A	<b>23</b>	B	<b>24</b>	B	<b>25</b>	B
<b>26</b>	A	<b>27</b>	D	<b>28</b>	D	<b>29</b>	D	<b>30</b>	A
<b>31</b>	A	<b>32</b>	A	<b>33</b>	A	<b>34</b>	A	<b>35</b>	C
<b>36</b>	A	<b>37</b>	B	<b>38</b>	C	<b>39</b>	C	<b>40</b>	D
<b>41</b>	C	<b>42</b>	B	<b>43</b>	A	<b>44</b>	A	<b>45</b>	C
<b>46</b>	D	<b>47</b>	B	<b>48</b>	B	<b>49</b>	A	<b>50</b>	C

**CHAPTER 4 - INCOME FROM HOUSE PROPERTY**

- (1) Which is the charging section of income from house property?  
(a) Section 15 (b) Section 22 (c) Section 24 (d) Section 23
- (2) Income from vacant plot is taxable under the head \_\_\_\_\_.  
(a) Income from house property  
(b) Income from Other Sources  
(c) Profits & Gains of Business or Profession  
(d) Capital Gains
- (3) The assessee, who was deriving income from “House property” realised a sum of Rs. 52,000 on account of display of advertisement hoarding of various concerns on the roof of the building. The same will be taxable under:  
(a) Income from House property  
(b) Income from Other Sources  
(c) Profits & Gains of Business or Profession  
(d) None of above
- (4) Ganesh owns a house, which is self-occupied upto 30-6-2018 and from 1-7-2018 the property is let out to Kartikeya at Rs. 40000p.m. Determine the Net Annual Value of the house if the municipal value is Rs. 2,50,000; Fair Rent Rs. 3,50,000 and standard rent is Rs. 3,10,000 and the tenant has paid 10% of municipal value as municipal taxes.  
(a) Rs. 4,20,000 (b) Rs. 4,30,000 (c) Rs. 3,35,000 (d) Rs. 4,15,000
- (5) The construction of a house was completed on 31st January ,2019. The owner of the house took a loan of Rs. 20,00,000 @ 6% p.a. on 1st June 2018. In this case the deduction allowable for the previous year 2018-19 towards interest on borrowing is \_  
(a) Rs. 1,22,000 (b) Rs. 1,24,000  
(c) Rs, 1,00,000 (d) None of the above
- (6) Shiva purchased a house for his residential purpose after taking a loan in June, 2017. During the previous year 2018-19, he paid interest on loan Rs. 2,17,000. While computing income from house property, the deduction is allowable to the extent of \_\_\_\_\_  
(a) Rs. 30,000 (b) Rs, 1,00,000 (c) Rs. 2,17,000 (d) Rs. 2,00,000
- (7) The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for repairs of house property used for self occupation is:  
(a) Rs. 30,000 (b) Rs. 2,00,000  
(c) Rs. 50,000 (d) Rs. 60,000
- (8) The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for acquisition or construction of such property is:  
(a) Rs. 30,000 (b) Rs. 2,00,000  
(c) Rs. 50,000 (d) Rs. 60,000
- (9) Arjuna acquired a property in May, 2018 for self residential use. The loan interest payable to State Bank of India for the financial year 2018-19 amounts of Rs. 2,10,000. The amount eligible for deduction under section 24 is:  
(a) Rs. 30,000 (b) Rs. 2,00,000  
(c) Rs. 2,10,000 (d) Rs. 1,50,000

- (10) Mihir took a loan of Rs. 8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 30-06-2017. The entire loan is still outstanding on 31-03-2019. Interest deductible for 18-19 will be Rs. \_\_\_\_\_  
(a) Rs. 60,000 (b) Nil (c) Rs. 75,000 (d) Rs. 96,000
- (11) Raj took a loan of Rs. 8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 12%p.a. The construction is completed on 31-3-2017. The entire loan is still outstanding on 31-3-2019. The pre-construction period interest will be Rs. \_\_\_\_\_  
(a) Rs. 96,000 (b) Nil (c) Rs. 1,92,000 (d) Rs. 1,50,000
- (12) Ashish borrowed Rs. 5,00,000 @ 12%p.a. on 1-4-2014 for construction of house property which was completed on 15-3-2018. The amount is still unpaid. The deduction of interest for previous year 2018-19 shall be:  
(a) Rs. 60,000 (b) Rs. 96,000  
(c) Rs. 1,80,000 (d) Rs. 2,40,000
- (13) Meera received Rs. 30,000 as arrears of rent during the P.Y. 2018-19. The amount taxable u/s 25A would be \_\_\_\_\_  
(a) Nil (b) Rs. 30,000 (c) Rs. 21000 (d) Rs. 25000
- (14) Simran owns a house property which is let out @ Rs. 20,000 p.m. During the previous year ending 31st March 2019, she received \_\_\_\_\_  
(i) Arrears of rent of Rs. 30,000; and  
(ii) Unrealized rent of Rs. 20,000  
Compute her income chargeable to tax under the head 'Income from House Property'.  
(a) Rs. 84,000 (b) Rs. 1,04,000 (c) Rs. 1,25,000 (d) Rs.2,03,000
- (15) Mohan let out a property for Rs. 25,000 per month during the year 2018-19. The municipal tax on the let-out property was enhanced retrospectively. Hence, she paid Rs. 60,000 as municipal tax which included arrears of municipal tax of Rs. 45,000 Her income from house property is-  
(a) Rs. 1,80,000 (b) Rs. 1, 57,500  
(c) Rs. 1,68,000 (d) Rs. 1,36,500
- (16) X is the owner of commercial property let out at Rs. 20,000p.m. The municipal tax on property is Rs. 25,000 annually, 50% of which is payable by the tenant. This tax was actually paid on 15-4-2019. He had borrowed a sum of Rs. 10 lacs from his cousin, resident in U.S.A.(in dollars) for the construction of the property on which interest @10% is payable. He has also received arrears of rent of Rs. 20,000 during the year, which was not charged to tax in the earlier years. What is the property income of X for assessment year 2019-20  
(a) Rs. 82,000 (b) Rs. 73,250 (c) Rs. 83,625 (d) Rs. 88,000
- (17) Jayesh owns two house properties. First property was used half for running his business and the other half was let-out at Rs. 4000 per month. The second property was wholly used as a residence by Jayesh. Municipal values of the two properties are same at Rs. 72,000 each per annum and local taxes @10%. Suresh's income from house property for the previous year 2018-19 will be-  
(a) Rs. 33,600 (b) Rs. 31,080 (c) Rs. 28,560 (d) Rs. 62,160



- (18) Vihaan, a U.K. citizen, is resident and ordinarily resident in India during the PY ending on 31-3-2019. He was the owner of a building located in London. The same was let out on rent @ £ 10,000p.m. The Municipal Corporation of London was paid taxes on such building of £ 10,000 on 12-2-2018. The value of one £ in Indian rupee remained at Rs. 80 throughout the year. X wants to know his taxable income for house property for assessment year 2019-20.  
 (a) Rs. 58,80,000 (b) NIL (c) Rs. 67,20,000 (d) Rs. 90,00,000
- (19) Shyam Ltd. is engaged in construction of residential flats. One building consisting of 25 residential flats was constructed and completion certificate was obtained on 1-7-2016. Out of 25 residential flats 5 flats remained unsold upto 31-3-2019. The expected rent of each flat is Rs. 30,000 per month. You are required to determine Income from House Property for assessment year 2019-20.  
 (a) NIL (b) Rs. 3,60,000  
 (c) Rs. 18,00,000 (d) Rs. 12,60,000
- (20) For determining Income from House Property, Unrealised rent shall be deducted from  
 (a) Expected Rent (b) Actual rent  
 (c) Both Expected and Actual rent (d) Annual Value u/s 24
- (21) Standard Deduction u/s 24 is  
 (a) 30% of NAV (b) 40,000  
 (c) 1/3rd of NAV (d) None of the above
- (22) Municipal Taxes should be deducted from GAV if  
 (a) Paid by owner during previous year  
 (b) Paid by tenant during previous year  
 (c) Paid by any person(either owner or tenant) during previous year  
 (d) Accrued during previous year
- (23) Municipal taxes of building occupied for business or profession shall be deducted  
 (a) u/h Income from House Property  
 (b) u/h Profits and Gains of Business or Profession  
 (c) u/h Income from other sources  
 (d) u/c VI-A
- (24) Ganesh and Rajesh are co-owners of self occupied property. They own 50% share each. Interest paid by each co-owner during the previous year on loan taken for acquisition of property during the year 2008 is 2,10,000 Deduction allowed for interest in respect of each co-owner is  
 (a) 1,05,000 (b) 2,10,000 (c) 2,00,000 (d) 1,00,000
- (25) Interest deductible u/s 24  
 (a) On accrual basis (b) On payment basis  
 (c) On method of accounting followed (d) None of the above

**ANSWER**

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

**CHAPTER 5 - INCOME FROM BUSINESS & PROFESSION**

1. Mr. A took a building on rent for business use and incurred expenditure on repairs of capital nature. In respect of this expenditure:  
A) He will not get deduction  
B) He will get deduction U/S 30  
C) He will get depreciation U/S 32  
D) He will get deduction U/S 37
2. Deduction U/S 31 of repairs and insurance premium is available in respect of which assets?  
A) Plant      B) Machinery      C) Furniture      D) All of the above
3. Asset 'A' is purchased on 1st December of the current previous year and put to use on the same day. Depreciation on this asset for the current previous year:  
A) Entire depreciation      B) No depreciation      C) 50% of entire depreciation
4. Asset 'A' is purchased on 1st December of the current previous year and put to use on 1st March of next previous year. Depreciation on this asset for the current previous year:  
A) Entire depreciation      B) No depreciation      C) 50% of entire depreciation
5. Asset 'A' is purchased on 1st December of the current previous year and put to use on 1st March of next previous year. Depreciation on this asset for the next previous year:  
A) Entire depreciation      B) No depreciation      C) 50% of entire depreciation
6. Which assessee is entitled to take depreciation U/S 32, on SLM basis?  
A) Manufacturer.  
B) Manufacturer who carries out business in notified backward areas.  
C) Engaged in the business of power generation.  
D) Engaged in the business of power generation and distribution.  
E) A and B.      F) C and D.      G) A and C.      H) B and D.
7. Additional depreciation is available when asset:  
A) Is acquired before 1-4-2003.  
B) Is put to use before 1-4-2003.  
C) Is acquired before 1-4-2005.  
D) Is put to use before 1-4-2005.  
E) Is acquired and put to use before 1-4-2005.  
F) Is acquired on or after 1-4-2005.  
G) Is put to use on or after 1-4-2005.  
H) Is acquired and put to use on or after 1-4-2005.
8. Additional depreciation is available on which asset?  
A) Building      B) Plant      C) Furniture and fittings  
D) Eligible plant or machinery      E) Intangible asset
9. Which assessee is entitled for additional depreciation?  
A) Professional.      B) Manufacturer.  
C) Power generation assessee.      D) B and C.  
E) A and C.      F) A and B.
10. Additional depreciation is available in which year?  
A) The year in which it is acquired.      B) The year in which it is put to use.

11. Is it necessary to acquire and put to use the asset in the same year for claiming additional depreciation?  
A) Yes                      B) No
12. Out of the following, which asset is not subject to additional depreciation?  
A) Computer                      B) Air condition installed in office  
C) Machinery installed in factory                      D) Air condition installed in factory
13. What is the rate of additional depreciation?  
A) 15%                      B) 20%                      C) 25%                      D) 40%
14. Additional investment allowance U/S 32AD is not available if assessee sets up an enterprise or undertaking in notified backward areas of states of: Choose all the states that are not eligible.  
A) Maharashtra                      B) West Bengal                      C) Gujarat                      D) Patna  
E) Bihar                      F) Telangana                      G) Andhra Pradesh
15. Which asset is not eligible for additional investment allowance U/S 32AD?  
A) Computer                      B) Air condition installed in factory  
C) Machinery installed in factory                      D) All of the above
16. What is the period during which additional investment allowance U/S 32AD is available?  
A) 3 years                      B) 5 years                      C) 7 years                      D) 2 years
17. Asset 'A' is purchased on 1st December 2018 and put to use on 1st March 2020, additional investment allowance U/S 32AD:  
A) Is available in PY 18-19  
B) No additional investment allowance  
C) Is available in PY 19-20
18. Additional depreciation U/S 32 for assessee who is also eligible for additional investment allowance U/S 32AD;  
A) Is eligible for additional depreciation at 20%  
B) Is eligible for additional depreciation at 35%  
C) Is not eligible for additional depreciation at all
19. Deduction U/S 35ABB is available from the previous year;  
A) In which business is commenced  
B) In which TRAI authorized operations  
C) In which payment is made  
D) In which business is commenced or payment is made whichever is later  
E) In which business is commenced or payment is made whichever is earlier
20. In which cases, the amount released from special account or withdrawn from any account opened by assessee as per the provisions of section 33AB is taxable?  
A) Closure of business  
B) Partition of HUF  
C) Dissolution of Firm  
D) Liquidation of Company  
E) Death of assessee  
F) All of the above

21. In which cases, the amount released from special account or withdrawn from any account opened by assessee as per the provisions of section 33ABA is taxable?
- A) Closure of business                      B) Partition of HUF  
C) Dissolution of Firm                      D) Liquidation of Company  
E) Death of assessee                      F) All of the above
22. XYZ Ltd., acquired machine costing 10, 00,000 for scientific research on 1st December in current previous year and put to use on the same day. Profits for the current year is 8, 00,000. What will be the tax treatment?
- A) No deduction.                      B) Depreciation of 75000  
C) Deduction of 8, 00,000                      D) Deduction of 10, 00,000  
E) Deduction of 15, 00,000                      F) Depreciation of 150000
23. Out of the following which expenditure is allowed U/S 35?
- A) Expenditure incurred within 5 years before the commencement of business for purchase of materials  
B) Expenditure incurred within 3 years before the commencement of business for purchase of materials  
C) Expenditure incurred within 3 years before the commencement for electricity in lab building
24. Deduction U/S 35, for capital expenditure is an allowance against profit?
- A) Yes                      B) No
25. Which assessee is eligible for deduction at 150% for expenditure incurred for scientific research?
- A) Firm engaged in the business of biotechnology  
B) Company engaged in the business of biotechnology  
C) Firm engaged in the business of manufacturing  
D) Company engaged in the business of running hospitals
26. Out of the following, which expenditure is allowed as deduction U/S 35AD?
- A) Cost of building                      B) Cost of goodwill  
C) Cost of financial instruments                      D) Cost of land
27. Mr. R purchased asset costing 10, 00,000 on 1st June of the current previous year and put to use the asset on 1st February of the current previous year. Asset was financed by a bank through loan of 70% at 12% p.a. On the basis of above, what will be the actual cost of asset as per section 43(1)?
- A) 10, 00,000                      B) 10, 14,000                      C) 10, 56,000                      D) 7,00,000
28. Interest payable by firm to its partners is allowable as deduction under which section to the firm while computing pgbp income?
- A) Section 28                      B) Section 37                      C) Section 36                      D) Section 40(b)
29. Salary, bonus, commission, and remuneration payable by firm to partners is allowable as deduction under which section to the firm while computing pgbp income?
- A) Section 28                      B) Section 37                      C) Section 36                      D) Section 40(b)

30. ABC Ltd., incurred advertisement expenditure of rupees 15, 00,000. Out of which 5,00,000 was for advertisement on TV, 2, 50,000 on radio, 3, 50,000 in manifesto of political party, 4, 00,000 in newspaper. What is the amount of deduction while computing pgbp?  
A) 4, 00,000      B) 11, 50,000      C) 7, 50,000      D) 6, 00,000
31. Mr. A purchased an asset costing 8, 00,000 on 1st day of the previous year and put to use on the same day, however, this asset is being used for personal purposes also. Personal usage is 30%. Rate of depreciation is 15%. While computing pgbp income, what will be the amount of disallowance?  
A) 1,20,000      B) 36,000      C) As determined by A.O  
D) 84,000      E) 60,000
32. Mr. T took a loan for business purposes from PFI, during PY 18-19, on which interest for the PY 18-19 is 2, 00,000. This interest is paid on 10th June 2020. Due date of filing of ROI for PY 18-19 is 30th September 2019 and for PY 19-20 is 31st July 2020. In which year this interest payment of 2, 00,000 will be allowed as deduction?  
A) PY 18-19      B) PY 19-20      C) PY 20-21      D) No deduction at all
33. Westlife Ltd., a trading company, is having a block of assets (rate of depreciation 15%) whose opening WDV is 30, 00,000. During PY, it purchased another asset of this block for 10, 00,000 on 1st June of the current previous year and put to use on the same day. Thereafter it sold this entire block for 60, 00,000 to One Direction Ltd under the scheme of amalgamation on 1st January of the current previous year. What is the actual cost of this block in the hands of One Direction Ltd?  
A) 30, 00,000      B) 40, 00,000      C) 60, 00,000      D) 35, 55,367  
E) 55, 55,367
34. Blue Ltd. is engaged in specified business and during PY 18-19, purchased asset (rate of depreciation 15%) for the specified business costing 10, 00,000 on 1-7-2018 and put to use on the same day. For this, company got deduction U/S 35AD for PY 18-19. However, it used this asset for another business which is not a specified business on 1-11-21. What is the amount which would be chargeable under the head pgbp in PY 21-22?  
A) 10, 00,000      B) 6, 14,125      C) 3, 85,875      D) 9, 25,000
35. Mr. Raju opted for disclosing income U/S 44AD for PY 18-19. Its sales during the said PY was 80, 00,000. Out of which 50, 00,000 is received during PY 18-19 by way of ECS. Another 10, 00,000 is received on 10th June 2019 in cash, another 15, 00,000 is received on 25<sup>th</sup> June 2019 by way of account payee cheque and balance 5, 00,000 is received on 1st December 2019 by way of ECS. What is the amount of pgbp income from this business?  
A) 4, 00,000      B) 6, 40,000      C) 5, 10,000      D) 6, 10,000

**ANSWERS**

<b>1</b>	C	<b>2</b>	D	<b>3</b>	C	<b>4</b>	B	<b>5</b>	A	<b>6</b>	F	<b>7</b>	H
<b>8</b>	D	<b>9</b>	D	<b>10</b>	B	<b>11</b>	B	<b>12</b>	B	<b>13</b>	B	<b>14</b>	A
<b>15</b>	A	<b>16</b>	B	<b>17</b>	C	<b>18</b>	B	<b>19</b>	D	<b>20</b>	A& C	<b>21</b>	F
<b>22</b>	C	<b>23</b>	B	<b>24</b>	A	<b>25</b>	B	<b>26</b>	A	<b>27</b>	C	<b>28</b>	C
<b>29</b>	B	<b>30</b>	B	<b>31</b>	C	<b>32</b>	C	<b>33</b>	B	<b>34</b>	B	<b>35</b>	C

**CHAPTER 6 - AGRICULTURAL INCOME**

- 1) For disintegration of a composite business in case of tea growing and manufacturing how much percentage will be treated as Agriculture Income
  - a) 40%
  - B) 50%
  - C) 65%
  - d) 60%
  
- 2) Identify which of the following is not a agricultural income
  - a) Income derived from sale of the seeds
  - b) Income from growing of bamboo
  - c) Income from breeding of livestock
  - d) Income from growing of flowers and Creepers
  
- 3) Assessee will be covered under partial integration if agricultural income exceeds
  - a) 3000
  - b) 5000
  - c) 2500
  - d) 4000
  
- 4) Identify what will not be treated as Agriculture Income as per definition
  - a) Rent derived from land situated in India used agricultural purposes
  - B) Rent from agricultural land situated outside India
  - c) Agriculture income derived from any farm building required for agricultural operation
  
- 5) for disintegrating a composite business income of centrifuged latex or cenex or latex based crepes or block rubbers how much will be treated as non agricultural income
  - a) 30%
  - b) 35%
  - c) 60%
  - d) 65%
  
- 6) Identify what will be treated as agricultural income
  - a) Income from poultry farming
  - b) Rent received from land used for grazing of cattle required for agricultural activities
  - c) Income from fisheries
  - d) Income from dairy farming
  
- 7) Scheme of partial integration of non agricultural income with agricultural income not be applicable if
  - a) Non agricultural income does not exceed 8 lacs
  - b) Non agricultural income does not exceed 6 lakh
  - c) Non agricultural income does not exceed 4 lakh
  - d) Non agricultural income does not exceed basic exemption limit

**ANSWER**

<b>1</b>	D	<b>2</b>	C	<b>3</b>	B	<b>4</b>	B	<b>5</b>	B
<b>6</b>	B	<b>7</b>	D						

**CHAPTER 7 - CAPITAL GAINS**

1. As per section 45(2), capital gains on transfer by way of conversion of capital asset into stock in trade is chargeable in the PY in which
  - a. Conversion took place.
  - b. Capital asset acquired.
  - c. Such stock in trade is sold.
  - d. Consideration is received for sale.
  
2. As per section 45(1A), which of the following is/are not covered
  - a. Capital asset destroyed by flood.
  - b. Capital asset destroyed by earthquake.
  - c. Capital asset stolen from the factory.
  - d. Capital asset damaged due to accidental fire.
  
3. As per section 45(3), what will be FVOC if partner transferred jewellery as a capital contribution to firm?
  - a. FMV of capital asset on the date of transfer.
  - b. FMV of capital asset on the date of use by asset.
  - c. Book value recorded in the books of the firm.
  - d. Value determined by VVO.
  
4. As per section 45(4), what will be FVOC if firm distributes capital asset to partner on dissolution?
  - a. FMV of capital asset on the date of receipt of capital asset by partner.
  - b. Value recorded in dissolution deed.
  - c. FMV of capital asset on the date of distribution of capital asset.
  - d. Capital account balance of partner
  
5. Assesse sold a building for rupees 50,00,000. But the SDV of the building was 60,00,000. The matter was referred to a valuation officer, whose value was 48,50,000. What will be FVOC?
  - a. 50,00,000.
  - b. 48,50,000.
  - c. 60,00,000.
  - d. 50,00,000 or 48,50,000, whichever is lower
  
6. Mr. X had purchased a building in 2003-2004 for rupees 10,00,000. In the year 2012, he entered into an agreement for sale of this house for rupees 50,00,000 and took advance money of rupees 6,00,000. However, buyer, later refused to purchase property due to which advance money was forfeited by Mr. X. He subsequently gifted this house to his friend Mr. K in the year 2013. In the year 2013, he also forfeited advance money of rupees 8,00,000 as negotiations did not result in transfer of the building. On the above facts, what is the forfeited amount which can be deducted while computing capital gains of Mr. K?
  - a. 10,00,000.
  - b. 14,00,000.
  - c. 8,00,000.
  - d. 6,00,000.
  
7. Mr. R forfeited advance money of rupees 2,00,000 in 2017 because negotiations failed and it did not result in transfer of capital asset. What will be the treatment in respect of this 2,00,000?
  - a. Not taxable.
  - b. Taxable under the head IFOS.
  - c. Reduce from the cost of acquisition.
  - d. b or c at the option of assessee

8. Which of the following transactions is/are not covered by section 47?
- Distribution of capital asset by HUF to its members on Partition.
  - Conversion of preference shares of a company into equity shares of that company.
  - Transfer of GDR mentioned in sec 115AC by NR to another NR outside India.
  - Transfer of capital asset being shares allotted under ESOP, by way of gift.
9. Mr. Mohan had purchased 500 shares of Westlife Ltd at rupees 150 per share on 1-7-12. Company offered rights to acquire 250 right shares at rupees 750 per share. Instead of subscribing the shares, he renounced his rights to Mr. Raj for rupees 100 per right share entitlement. What is the cost of acquisition of per rights share to Mr. Raj?
- 750.
  - 850.
  - 100.
  - None of the above
10. Mr. Z purchased 1000 shares of ABC Ltd on 1-7-18 for rupees 80 per share. STT was paid at 0.075% and brokerage at 1%. During PY he had business income of rupees 2,30,000. During PY he also paid life insurance premium of rupees 6000. He sold the above shares on 1-2-19 for rupees 200 per share. STT and brokerage at same rates were paid. What is total tax payable?
- 11630.
  - 13680.
  - 14230.
  - 4740.
11. Mr. Rahul purchased 500 debentures of Blue Ltd on 1-6-2012 for rupees 1,50,000. Blue Ltd converted these debentures into its 1500 equity shares on 1-9-2015. FMV of these shares on the date of conversion was 150 per share. What will be the cost of acquisition of equity shares of Blue Ltd.?
- 2,25,000.
  - 1,50,000.
  - 75,0000.
  - None of the above
12. In the following cases in which case or cases, the option to take FMV on 1-4-2001 as cost of acquisition is not available, if acquired before 1-4 -2001.
- Equity shares.
  - Preference shares.
  - Self-generated goodwill.
  - Bonus shares.
13. To claim exemption u/s 54EC, investment in bonds of NHAI/REC should be redeemable after
- 3 years.
  - 5 years.
  - 7 years.
  - 10 years.
14. To claim exemption u/s 54EC, which capital asset should be transferred?
- Land/Building (Long term)
  - Any long term capital asset.
  - Any short term capital asset.
  - Land/Building (Short term)
15. Mr. Vicky purchased land on 1-9-1998 for rupees 5,00,000. He incurred development cost of rupees 2,00,000 on 1-7-2003. Mr. Vicky gifted this land to his brother Mr. Ashish on 1-3-2006. Mr. Ashish incurred further development cost of rupees 3,00,000 on 1-7-2010. Mr. Ashish sold this land to his friend in PY 18-19. FMV of land as on 1-4-2001 was 6,50,000. What will be the total deduction in the name of cost to Mr. Ashish while computing capital gains, ignoring indexation?
- 11,50,000.
  - 9,50,000.
  - 10,00,000.
  - 8,00,000.



16. Investment in equity shares is on 2-1-2017 for rupees 7,50,000. These are sold on 1-3-2018 for rupees 10,50,000. FMV of these shares as on 31-1-2018 was 8,50,000. Assume shares are listed at the time of acquisition and at the time of transfer and on both the occasions STT was levied. What is the amount of taxable capital gain?
- Nil.
  - 2,00,000.
  - 1,00,000.
  - 3,50,000
17. What will be the rate of tax on short term capital gain of 8,00,000 in the hands of Mr. X, arising from sale of listed bonus shares of ABC Ltd (No STT paid on transfer)?
- Slab rates.
  - 15%.
  - 10%.
  - 20%.
18. Out of the following, in which transfer, indexation benefit is available while computing Long term capital gains?
- Slump sale.
  - Listed debentures.
  - Unlisted debentures.
  - Land.
19. SRK Ltd purchased land for rupees 4,00,000 on 1-3-2004. It sold this land to its wholly owned subsidiary company Rihanna Ltd for rupees 18,00,000 on 1-7-2007 and enjoyed the exemption of section 47. Subsequently SRK Ltd sold its 25% holding in Rihanna Ltd on 1-10-2010. What will be the cost of acquisition of this land in the hands of Rihanna Ltd?
- 4,00,000.
  - 18,00,000.
  - 14,00,000.
20. Out of the following, which transaction is/are not taxable in the hands of transferor that is donor, due to section 47?
- Gift of land to brother.
  - Gift of building to friend.
  - Gift of bonus shares to director of company.
  - All of the above
21. Mr. K sold house property(long term capital asset) in the current previous year, on which the gross capital gains is 20,00,000. He purchased two adjacent flats in Mumbai and carried out renovation where by both the flats were connected by a common door so that it can be used as one house. The costs of the two flats were 7,50,000 and 5,00,000 with different agreements and on different dates. He also purchased one house property for 7,00,000 in Singapore. What will be the taxable capital gain?
- 7,00,000.
  - 7,50,000
  - 13,00,000.
  - 20,00,000.
22. What is the time limit for purchasing house property for claiming exemption U/S 54?
- Within 3 years after the date of transfer of original house property.
  - Within 2 years after the date of transfer of original house property.
  - Within 1 year before the date of transfer of original house property.
  - Within 1 year before and 2 years after the date of transfer of original house property.

23. Out of the following capital assets, which ones are eligible for exemption U/S 54EC, on their transfer?
- Long term shares.
  - Short term shares.
  - Long term Immovable Property
  - Short term Immovable Property
24. Mr. Raju purchased a land in 2007-2008 for rupees 15, 00,000. This land was compulsory acquired by Indian government in 2014-2015. Government awarded compensation of rupees 50, 00,000 in PY 17-18 which is received in PY 18-19. What is the year of chargeability?
- PY 2007-2008.
  - PY 2014-2015.
  - PY 2017-2018.
  - PY 2018-2019.
25. Out of the following capital assets, for which assets, holding period of 12 months shall be considered to classify as long term capital asset?
- Listed debentures.
  - Land.
  - Building.
  - Unit of HDFC debt oriented Mutual Fund.
26. Mr. Akshay purchased 500 shares of ABC Ltd on 1-7-1994 for rupees 50,000. On 1-11-1997, company allotted 250 bonus shares to Mr. Akshay, the FMV of which on that day was 45,000; however, FMV of bonus shares as on 1-4-2001 was 75000. Mr. Akshay sold these bonus shares in PY 18-19, the FMV of bonus shares on the date of transfer is 95,000. What is the cost of acquisition of these bonus shares?
- 75,000.
  - 95,000.
  - 45,000.
  - 50,000.
27. Out of the following capital assets, cost of acquisition of which assets is/are not ascertainable?
- Self-generated trade mark associated with business.
  - Purchased trade mark associated with business.
  - Self-generated tenancy rights.
  - Self-generated goodwill of profession.
28. What is the time limit for investment in asset for claiming exemption U/S 54G?
- Within 1 year before the date of transfer of original asset.
  - Within 1 year before and 3 years after the date of transfer of original asset.
  - Within 1 year before and 2 years after the date of transfer of original asset.
  - Within 2 years after the date of transfer of original asset.
29. Mr. Rahul purchased stock in trade for rupees 40, 000 in 2007-2008. He subsequently converted this stock in trade into his investments i.e. capital asset in 2011-2012. FMV of this asset in 2011-2012 was 70,000. He sold this investments in PY 2018-2019 for rupees 2, 50,000. What is the income chargeable under the head PGBP?
- 40,000.
  - 70,000.
  - 2,50,000.
  - 2,10,000.
30. When will be the period of holding start for calculation of CG in the example no 29?
- 2011-2012.
  - 2007-2008.
  - 2018-2019.
  - 2014-15

**ANSWERS**

<b>1</b>	<b>C</b>	<b>16</b>	<b>A</b>
<b>2</b>	<b>C</b>	<b>17</b>	<b>A</b>
<b>3</b>	<b>C</b>	<b>18</b>	<b>D</b>
<b>4</b>	<b>C</b>	<b>19</b>	<b>B</b>
<b>5</b>	<b>A</b>	<b>20</b>	<b>D</b>
<b>6</b>	<b>C</b>	<b>21</b>	<b>B</b>
<b>7</b>	<b>B</b>	<b>22</b>	<b>D</b>
<b>8</b>	<b>D</b>	<b>23</b>	<b>C</b>
<b>9</b>	<b>B</b>	<b>24</b>	<b>D</b>
<b>10</b>	<b>A</b>	<b>25</b>	<b>A</b>
<b>11</b>	<b>B</b>	<b>26</b>	<b>A</b>
<b>12</b>	<b>C</b>	<b>27</b>	<b>D</b>
<b>13</b>	<b>B</b>	<b>28</b>	<b>B</b>
<b>14</b>	<b>A</b>	<b>29</b>	<b>B</b>
<b>15</b>	<b>A</b>	<b>30</b>	<b>C</b>

**CHAPTER 8 - INCOME FROM OTHER SOURCES**

- (1) Which is the charging section for income chargeable under the head income from other sources?  
(a) Section 15      (b) Section 28      (c) Section 22      (d) Section 56
- (2) Dividend derived from the shares held as stock-in-trade are taxable under the head  
(a) Income from other sources  
(b) Income from profits & Gains of business or profession  
(c) Capital gains  
(d) Either capital gains or income from profits and gains of business or profession .
- (3) Bhavin was dealing in the business of lotteries. He himself won a lottery. Income earned from such lottery will be  
(a) Taxable under the head profits and gains of business or profession  
(b) taxable under the head Income from Other Sources  
(c) Exempt  
(d) None of these
- (4) Salary received by member of parliament will be-  
(a) Taxable under the head Profit and Gains from Business or Profession  
(b) Taxable under the head Income from other sources  
(c) Exempt  
(d) None of these
- (5) Jainith entered into an agreement with Shiva for sale of a building for Rs. 50 lakh in June, 2018. Jainith received advance of Rs. 5 lakh. Subsequently the agreement was cancelled and Jainith forfeited the advance money. The advance money is-  
(a) To be reduced from the cost of acquisition  
(b) To be reduced from indexed cost of acquisition  
(c) Taxable as capital gains  
(d) Taxable as income under the head 'income from other sources'
- (6) Janay received Rs. 10,000 as director's fee from a company. This amount will be taxable under the head:  
(a) Salaries  
(b) Profit and Gain of Business & Professions  
(c) Exempt  
(d) Income from other sources
- (7) Income earned by Mayuresh from the letting on hire plant, machinery or furniture belonging to him and also buildings and where letting of buildings is inseparable from the letting of the said plant, machinery or furniture shall be taxable under the head:  
(a) Income from other sources  
(b) Income from house property  
(c) Income from Business and Profession  
(d) Any of the above
- (8) A private limited company engaged in manufacturing activity had general reserve of Rs. 20 lakh. It granted a loan of Rs. 5 lakh to a director who held 13% shareholding cum voting rights in the company. The said loan was re-paid by him before the end of the year. The amount of deemed dividend arising out of the above transaction is-  
(a) Rs. 2,60,000      (b) Rs. 2,40,000      (c) Rs. 5,00,000      (d) Nil

- (9) Shri Hari Ltd reduced its share capital and for that distributed to its shareholders an amount of Rs. 55,00,000. The company possessed accumulated profits of Rs. 35,00,000 as on the date of distribution. What shall be the amount to be assessed as deemed dividend?
- (a) Rs. 55,00,000 (b) Rs. 35,00,000  
(c) Rs. 20,00,000 (d) No deemed dividend
- (10) Libra P. Ltd. engaged in trading activity had accumulated profits of Rs. 15,00,000 as on 1-4-2018, Mr. Gautam having 30% of the equity shares and voting rights in the company received Rs. 5 lakhs as loan on 1-6-2018 from the company. The loan was repaid by him on 30-11-2017. The amount liable to tax in the hands of Mr. Gautam as deemed dividend is :
- (a) Rs. 4,50,000 (b) Rs. 15,00,000  
(c) Rs. 5,00,000 (d) Rs. 1,50,000
- (11) X Ltd. gave a loan of Rs. 9,00,000 to PQR & Co. The company possess nil accumulated profits as on the date of advancement of laon to PQR & Co , then what shall be the amount to assesseed as deemed dividend in the hands of shareholders?
- (a) Rs. 3,80,000 (b) Rs. 9,00,000  
(c) Rs. 5,20,000 (d) No deemed dividend
- (12) An Indian company having 30% voting power in a foreign company received dividend of Rs. 10 lakh from the foreign company. The dividend so received by the Indian company is –
- (a) Exempt (b) Taxable @ 15%  
(c) Taxable at the regular rate (d) Taxable @20%
- (13) Winnings from horse race (net) Rs. 84,000. Calculate the amount to be included while computing income under the head 'Income from Other sources'
- (a) Rs. 58,800 (b) Rs. 1,20,000  
(c) Rs. 109,200 (d) Rs. 60,500
- (14) If interest on securities is received after deduction of tax at source then the amount to be included in the total income is :
- (a) Gross interest (b) Net interest  
(c) No amount to be included (d) None of these
- (15) Rakesh acquired a motor car for Rs. 3,00,000 from his friend (non-relative) when the fair market value of the motor car was Rs. 5,00,000. The amount liable to tax in the hands of Rakesh from the transaction is :
- (a) Rs. 3,00,000 (b) Rs. 2,00,000 (c) Rs. 1,50,000 (d) Nil
- (16) A lady received gifts worth Rs. 1,00,000 from her relatives as defined under the Income –tax Act, 1961 and Rs. 60,000 from her office colleagues on her marriage anniversary. The taxable amount of gift would be-
- (a) Rs. 1,60,000 (b) Rs. 60,000 (c) Rs. 10,000 (d) Rs. 1,10,000
- (17) A cash gifts or immovable or movable property is taxable u/s 56(2)(x), if it is being received by:-
- (a) Individual or HUF (b) Partnership firm  
(c) AOP or BOI (d) Any person

- (18) Raj received a gift of Rs. 30,000 each on 22nd May, 2018 from his three friends. The amount chargeable to tax in this case would be-
- (a) Rs. 50,000      (b) Rs. 90,000      (c) Nil      (d) Rs. 55,000
- (19) On 5th February, 2019 Rajat gets a gift of motor car from a relative Madan. Fair market value of the car is Rs. 3,60,000. The amount taxable in the hands of Rajat under section 56(2)(x) is –
- (a) Rs. 3,60,000      (b) Rs. 3,10,000  
(c) Nil      (d) Rs. 50,000
- (20) Mahesh purchased bullion for Rs. 4,00,000 whose fair market value is Rs. 4,85,000. What will be the taxable amount?
- (a) Rs. 85,000      (b) Rs. 4,85,000      (c) Rs. 35,000      (d) Nil
- (21) Mr. Ram received cash gift of Rs. 51,000 from his friends on the occasion of his 50th birthday. None of the friends are relative. The amount liable to tax in the hands of Mr. Ram would be:
- (a) Nil      (b) Rs. 1,000      (c) Rs. 51,000  
(d) Rs. 46,000 after deducting casual income of Rs. 5,000
- (22) Agni (P) Ltd. issued equity shares of Rs. 10 each at Rs. 40 per share. The fair market value of the shares on the date of issue was ascertained as Rs. 25 per share. The company issued 1,00,000 equity shares. The amount liable to tax in the hands of the company would be:
- (a) Rs. 15,00,000      (b) Rs. 30,00,000      (c) Nil      (d) Rs. 40,00,000
- (23) X Pvt. Ltd. issued 1,00,000 shares. The face value of shares is Rs. 100, Fair Market value Rs. 120 and issue price Rs. 130. Calculate the amount to be considered as income in hands of X Pvt. Ltd. as per section 56(2)(viib)
- (a) Nil      (b) Rs. 20,00,000  
(c) Rs. 10,00,000      (d) Rs. 5,00,000
- (24) Sameer received the following income during financial year 2018-19: Directors fees Rs. 5000, income from agriculture land in Pakistan Rs. 15,000, rent from let out of land in Jaipur Rs. 20,000, interest on deposit with HDFC Bank Rs. 1,000 and dividend from Indian company Rs. 5,000. His income from other sources is-
- (a) Rs. 41000      (b) Rs. 46,000      (c) Rs. 31,000      (d) Rs. 26,000
- (25) Rishabh received the following gifts during the previous year:
- (i) Rs. 50,000 from his employer  
(ii) Rs. 1,00,000 from mother's sister  
(iii) Rs. 10,000 from his friend on the occasion of his marriage  
(iv) Rs. 60,000 in the form of scholarship from a registered charitable trust.  
The amount of taxable gift under the head 'Income from other sources' is-
- (a) Nil      (b) Rs. 50,000      (c) Rs. 1,50,000      (d) Rs. 2,10,000
- (26) Mehta Pvt. Ltd. issued 10,000 equity shares to Pawan at Rs. 18 per share when the fair market value of each shares was determined at Rs. 11 per share. The tax implication of the transaction is –
- (a) Rs. 70,000 taxable as income for Mehta Pvt. Ltd.  
(b) Rs. 20,000 taxable as income from Pawan  
(c) Rs. 10,000 taxable as income from Pawan  
(d) Nil.

- (27) Interest on compensation / enhanced compensation shall-
- Be taxable in the year of receipt.
  - Be taxable in the year of accrual.
  - Be taxable receipt /accrual, whichever is earlier.
  - Not be taxable
- (28) Sarath has received a sum of Rs. 3,40,000 as interest on enhanced compensation for compulsory acquisition of land by State Government in May 2017, of this, only Rs. 12,000 pertains to the current year and rest pertains to earlier years. The amount chargeable to tax for the assessment year 2018-19 would be-
- Rs. 12,000
  - Rs. 6,000
  - Rs. 3,40,000
  - Rs. 1,70,000
- (29) Royalty received from a publisher by Yogesh was of Rs.1,00,000 He spent Rs. 10,000 on books, stationary, typing , etc. Calculate the amount of income chargeable to tax under the head Income from other sources?
- Exempt
  - Rs. 1,00,000
  - Rs. 90,000
  - Rs. 10,000
- (30) Soni received family pension Rs. 15,000 per month during the previous year 2018-19. Also, she was employed in a private firm where she got monthly consolidated salary of Rs. 20,000 per month. Her total income chargeable to tax is :
- Rs. 4,20,000
  - Rs. 2,40,000
  - Rs. 3,60,000
  - Rs. 4,05,000
- (31) Altaf is in receipt for family pension of Rs. 15,000 per month during 2018-19. Income chargeable to tax for assessment year 2019-20 of Altaf is –
- Rs. 1,80,000
  - Rs. 1,20,000
  - Rs. 1,65,000
  - Nil.
- (32) In order to be entitled to concessional rate of tax for dividend received from a foreign company, the Indian company should have the following minimum shareholding in such foreign company –
- 10%
  - 25%
  - 26%
  - 51%
- (33) Amit received Rs. 70,000 being winning from lottery after deduction of tax at source. His gross winning from lottery to be included in the total income is-
- Nil
  - Rs. 1,00,000
  - Rs. 70,000
  - Rs. 30,000
- (34) Mrs. Laxmi , 70 years old , received Rs. 30,000 every month from SBI under reverse mortgage scheme by mortgaging her residential house property. She also received monthly family pension of Rs. 15,000. Her Total income for the assessment year 2018-19 is-
- Rs. 5,40,000
  - Rs. 1,80,000
  - Rs. 1,65,000
  - Rs. 3,60,000
- (35) The dividend received by an individual from an company in excess of Rs. \_\_\_\_\_ is chargeable to tax @ \_\_\_\_\_
- Rs. 10,00,000, 10%
  - Rs. 5,00,000, 20%
  - Rs. 1,00,000, 10%
  - None of above.

**ANSWER**

<b>1</b>	D	<b>2</b>	A	<b>3</b>	B	<b>4</b>	B	<b>5</b>	D
<b>6</b>	D	<b>7</b>	A	<b>8</b>	C	<b>9</b>	B	<b>10</b>	C
<b>11</b>	D	<b>12</b>	B	<b>13</b>	B	<b>14</b>	A	<b>15</b>	D
<b>16</b>	B	<b>17</b>	D	<b>18</b>	B	<b>19</b>	C	<b>20</b>	A
<b>21</b>	C	<b>22</b>	A	<b>23</b>	C	<b>24</b>	A	<b>25</b>	A
<b>26</b>	A	<b>27</b>	A	<b>28</b>	D	<b>29</b>	C	<b>30</b>	D
<b>31</b>	C	<b>32</b>	C	<b>33</b>	B	<b>34</b>	C	<b>35</b>	A

**CHAPTER 9 - CLUBBING OF INCOME**

1. Income of a minor child suffering from any disability of the nature specified in section 80U is -
  - (a) To be assessed in the hands of the minor child
  - (b) To be clubbed with the income of that parent whose total income, before including minor's income, is higher
  - (c) Completely exempt from tax
  - (d) To be clubbed with the income of father
  
2. Income arising to a minor married daughter is -
  - (a) To be assessed in the hands of the minor married daughter
  - (b) To be clubbed with the income of that parent whose total income, before including minor's income, is higher
  - (c) Completely exempt from tax
  - (d) To be clubbed with the income of her husband
  
3. Where a member of a HUF has converted or transferred his self-acquired property for inadequate consideration into joint family property, income arising therefrom is -
  - (a) Taxable as the income of the transferor-member.
  - (b) Taxable in the hands of the HUF.
  - (c) Taxable in the hands of the karta of the HUF.
  - (d) Exempt from tax.
  
4. If the converted property is subsequently partitioned among the members of the family, the income derived from such converted property as is received by the spouse of the transferor will be taxable -
  - (a) As the income of the karta of the HUF
  - (b) As the income of the spouse of the transferor
  - (c) As the income of the HUF.
  - (d) As the income of the transferor-member
  
5. Exemption of a certain amount (not exceeding the income clubbed) is available under section 10(32), where a minor's income is clubbed with the income of the parent. The maximum exemption available is -
  - (a) upto ₹ 1,200 in respect of each minor child
  - (b) upto ₹ 1,500 in respect of each minor child
  - (c) upto ₹ 2,000 in respect of each minor child
  - (d) upto ₹ 1000 in respect of each minor child
  
6. Mr. A gifts cash of ₹ 1,00,000 to his brother's wife Mrs. B. Mr. B gifts cash of ₹ 1,00,000 to Mrs. A. From the cash gifted to her, Mrs. B invests in a fixed deposit, income there from is ₹ 10,000. Aforesaid ₹ 10,000 will be included in the total income of .....
  - (a) Mr. A
  - (b) Mrs. A
  - (c) Mrs. B
  - (d) Mr. B
  
7. Scholarship received by a minor child is –
  - (a) To be assessed in the hands of the minor child
  - (b) To be clubbed with the income of that parent whose total income, before including minor's income, is higher
  - (c) Completely exempt from tax
  - (d) To be clubbed with the income of father



8. Income of a minor child from a fixed deposit with a bank, made out of income earned from scholarship is –
- (a) To be assessed in the hands of the minor child
  - (b) To be clubbed with the income of that parent whose total income, before including minor's income, is higher
  - (c) Completely exempt from tax
  - (d) To be clubbed with the income of father
9. Mr. X transfers income of ₹ 51,000 from rent to his major son without transfer of house property. Rent of ₹ 51,000 is –
- (a) Taxable in the hands of the transferor-father
  - (b) Taxable in the hands of the his son
  - (c) Taxable in the hands of the that parent whose total income is higher
  - (d) Exempt from tax
10. Interest from a fixed deposit received by a minor married daughter is –
- (a) To be assessed in the hands of the minor child
  - (b) To be clubbed with the income of that parent whose total income, before including minor's income, is higher
  - (c) Completely exempt from tax
  - (d) To be clubbed with the income of her husband
11. Income on asset gifted by Father in law to daughter in law shall be clubbed in hands of
- (a) Taxable in hands of daughter in law only
  - (b) Clubbed in hands of father in law
  - (c) Clubbed in hands of husband
  - (d) Clubbed in hands of father in law or husband, whose income is higher
12. Income on asset gifted by son in law to father in law shall be taxable in hands of
- (a) Taxable in hands of father in law
  - (b) Clubbed in hands of son in law
  - (c) Clubbed in hands of daughter in law
  - (d) Clubbed in hands of son in law or daughter in law, whose income is higher.
13. Husband is having 33% profit sharing in partnership firm in profession of Chartered Accountancy. Wife is paid remuneration of 240000 p.a. Wife is inter CA and gold medalist in B.Com. Remuneration is taxed in hands of
- (a) Clubbed with husband u/s 64(1) (ii)
  - (b) Taxable in hands of wife only
  - (c) Disallowed in hands of partnership firm u/s 40A (2)
  - (d) None of the above
14. In above case what would be your answer if wife is from field of arts?
- (a) Clubbed with husband u/s 64(1) (ii)
  - (b) Taxable in hands of wife only
  - (c) Disallowed in hands of partnership firm u/s 40A (2)
  - (d) None of the above
15. Total income of husband and wife is 300000 and 310000 respectively. Income on asset gifted by husband to wife is Rs. 25000/-. Income of minor child on debentures of tata motors is Rs. 25000/-. Income taxable in hands of wife
- (a) Rs. 310000
  - (b) Rs 335000
  - (c) Rs 333500
  - (d) Rs. 360000

16. In above case income taxable in hands of husband is  
 (a) 350000 (b) 325000 (c) 348500 (d) 300000
17. Mr. X has two twin daughters. Income of first minor daughter is Rs. 1200 p.a as dividend from foreign Co, while second daughter is Rs. 2000 p.a. as interest on fixed deposit. Income to be clubbed u/s 64(1A) is  
 (a) 300 (b) 200 (c) 500 (d) 2000
18. Mr Prithvi, a minor has income of Rs. 340000/- from sports. He invested 340000 in term deposit with bank earning interest of Rs. 30000/-. Tax payable by prithvi is  
 (a) 4680 (b) 2080 (c) 6240 (d) 5000
19. Mr Yash irrevocably transferred building to Hansaben Charitable Trust. Rent income earned by trust on let out of above building is assessed in hands of  
 (a) Mr Yash (Clubbed u/s 61)  
 (b) Trust (Not Clubbed as per Section 62)  
 (c) Partially in hands of Yash and trust  
 (d) None of above
20. Income of minor child, once clubbed with father will always be clubbed with father till child attains majority. The statement is  
 (a) False.  
 (b) Completely true  
 (c) True subject to assessing officer can change hands if he wants to do so.  
 (d) Clubbing is also attracted after child attains majority.

**ANSWERS :-**

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

**CHAPTER 10 - SET OFF AND CARRY FORWARD OF LOSSES**

1. According to section 80, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3), shall be carried forward. The exceptions to this are -
  - (a) Loss from specified business under section 73A
  - (b) Loss under the head “Capital Gains” and unabsorbed depreciation carried forward under section 32(2)
  - (c) Loss from house property and unabsorbed depreciation carried forward under section 32(2)
  - (d) Loss from speculation business under section 73
  
2. Section 70 enables set off of losses under one source of income against income from any other source under the same head. The exceptions to this section are -
  - (a) Loss under the head “Capital Gains”, Loss from speculative business, Loss from house property and loss from the activity of owning and maintaining race horses
  - (b) Long-term capital loss, Loss from speculative business, Loss from specified business and loss from the activity of owning and maintaining race horses
  - (c) Short-term capital loss and loss from speculative business
  - (d) Loss from specified business and short-term capital loss
  
3. Mr. X incurred long-term capital loss from sale of listed shares in recognized stock exchange and STT is paid at the time of acquisition and sale of such shares. Such loss –
  - (a) Can be set-off only against long-term capital gains
  - (b) Can be set-off against both short-term capital gains and long-term capital gains
  - (c) Can be set-off against any head of income.
  - (d) Is not allowed to be set-off
  
4. The maximum period for which speculation loss can be carried forward is -
  - (a) 4 years
  - (b) 8 years
  - (c) Indefinitely
  - (d) Not allowed to be carry forward
  
5. Mr. A incurred short-term capital loss of ₹ 10,000 on sale of shares through the National Stock Exchange. Such loss -
  - (a) Can be set-off only against short-term capital gains
  - (b) Can be set-off against both short-term capital gains and long-term capital gains
  - (c) Can be set-off against any head of income.
  - (d) Not allowed to be set-off
  
6. The maximum period for which loss from specified business can be carried forward is
  - (a) 4 years
  - (b) 8 years
  - (c) Indefinitely
  - (d) Not allowed to be carry forward
  
7. Loss from house property of 3,10,000 of A.Y. 2016-17 is allowed to be set-off against income from house property of A.Y. 2018-19 of 5,00,000 to the extent of –
  - (a) 2,00,000
  - (b) fully allowed i.e, 3,10,000
  - (c) 2,50,000
  - (d) 1,00,000

8. Any loss from the specified business referred to in section 35AD can be set off against -
- Only profit and gains of same specified business of the assessee
  - Profits and gains of any business of the assessee
  - Profit and gains of any other specified business of the assessee
  - Income from any other head
9. Business loss of the current year cannot be set-off against –
- Any income other than business income
  - Long-term capital gain
  - Either long-term capital gain or short-term capital gain
  - Salary income
10. Brought forward loss from house property can be set-off –
- Against any head of income to the extent of ₹ 2,00,000
  - Against income from house property to the extent of ₹ 2,00,000
  - Against income from house property without any limit
  - Against any head of income without any limit
11. Casual losses except horse races can be set off against
- Casual Income
  - Any income from other sources
  - Any head except salary
  - It cannot be set off at all
12. Loss from owning and maintaining horse races can be set off against
- Any casual income
  - Any income from other sources
  - Income from owning and maintaining horse races
  - Any profits or gains from business or profession.
13. Dividend income from Indian co. is 1700000. Loss from business is 1200000/-. Total income for the year is
- 500000
  - 700000
  - Nil
  - 1700000
14. In above case business loss to be carried forward is
- 1200000
  - 500000
  - Nil
  - 1700000
15. Income from house property is Rs. 270000 and Long term capital gains of Rs. 330000/-. Business loss is Rs. 240000/-. Total income is
- 600000
  - 400000
  - 200000
  - 360000
16. In above case, assessee should set off 240000 against which income to get the maximum tax benefit?
- Against house property
  - Against LTCG
  - Against any income
  - First against HP and balance against LTCG
17. Unabsorbed depreciation is an exception to
- Time limit for c/f for limited number of years
  - Time limit to file Return of Income within Due date for c/f
  - Set off under same head after being c/f
  - All of the above

18. Loss from partnership firm is Rs. 200000 in hands of Ram. Remuneration and interest income taxable is Rs. 540000/-. Total income of Ram is  
(a) 340000 (b) 540000 (c) 200000 (d) None of the above
19. In above case, tax payable is  
(a) 21320 (b) 2080 (c) Nil (d) 4500
20. Business loss, once c/f can be set off against  
(a) Any head except salary  
(b) Only against profits or gains from business or profession  
(c) Any head except salary or casual income  
(d) Any head except salary, casual income or capital gains

**ANSWERS**

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

**CHAPTER 11 - DEDUCTIONS FROM GROSS TOTAL INCOME**

1. Deduction u/s 80 C in respect of LIP, Contribution to provident fund etc. is allowed to
  - (a) Any assessee
  - (b) An Individual and HUF
  - (c) An individual
  - (d) An individual or HUF who is resident in India
2. Deduction u/s 80-C is allowed to the maximum of
  - (a) 70,000
  - (b) 1,40,000
  - (c) 1,50,000
  - (d) None of the above
3. For claiming deduction u/s 80-C in respect of life insurance premium it can be paid by assessee for
  - (a) Himself only
  - (b) Himself spouse and any child
  - (c) Himself or spouse
  - (d) None of the above
4. In the case of HUF, deduction u/s 80 C in respect of life insurance premium shall be allowed for
  - (a) Karta of HUF
  - (b) Karta and Coparcener of the HUF
  - (c) Any member of HUF
  - (d) None of the above
5. An assessee has paid life Insurance premium of 35,000 during the previous year for policy of 1,50,000 taken on 01/01/2011. He shall:
  - (a) Not be allowed deduction u/s 80C
  - (b) Be allowed Deduction u/s 80C to the extent of 20% of the capital sum assured i.e. 30,000
  - (c) Be allowed Deduction for the entire premium as per the provisions of section 80C
  - (d) None of the above
6. For claiming Deduction u/s 80 C the payment or deposit should be made
  - (a) Out of any income
  - (b) Out of any income chargeable to income tax
  - (c) During the current year out of any source
  - (d) None of the above
7. Annual interest accrued on NSCs shall be
  - (a) Exempt
  - (b) Taxable on the basis of annual accrual
  - (c) Taxable in year of receipt
  - (d) b or c, as the method of accounting followed by assessee
8. Deduction u/s in respect of tuition fee is allowed to
  - (a) An individual only
  - (b) Any assessee
  - (c) Individual or HUF
  - (d) None of the above
9. Deduction u/s 80 - C for tuition fee shall be allowed for the purpose of:
  - (a) Any full time education in a school or college
  - (b) Any full or part time education
  - (c) Any part time education in a college abroad
  - (d) None of the above
10. Deduction u/s 80C in respect of tuition fee is allow to an individual for
  - (a) Any of his children
  - (b) Any two children of such individual
  - (c) Any of his minor children
  - (d) None of the above

11. Deduction u/s 80 in respect of term deposit with a scheduled bank is allowed if the term deposit is for a period  
(a) Not less than 3 years (b) Not less than 2 years  
(c) Not less than 5 years (d) None of the above
12. Deduction under section 80CCC is allowed to the extent of  
(a) 2,00,000 (b) 1,00,000 (c) 4,00,000 (d) 1,50,000
13. Deduction in respect of construction for annuity plan to certain pension fund under 80CCC is allowed to  
(a) Any assessee (b) An Individual or HUF  
(c) Individual only (d) None of the above
14. Deduction u/s 80 D respect of medical insurance premium is allowed to  
(a) Any assessee (b) Individual only  
(c) An individual or HUF (d) None of the above
15. Deduction u/s 80 D is allowed to an individual for premium paid to insure the health of  
(a) Individual himself  
(b) Individual and his family  
(c) Individual his spouse, parents and dependent children  
(d) None of the above
16. The payment for Insurance premium under section 80D should be :  
(a) In cash (b) Cash / by cheque  
(c) By any mode other than cash (d) None of the above
17. The quantum of deduction allowed under section 80 D should be :  
(a) 20,000 (b) 25,000 (c) 15,000 (d) None of the above
18. Deduction u/s 80 DD in case of dependent with severe disability shall be allowed  
(a) To the extent of actual expenditure (b) 5,000  
(c) 1,25,000 irrespective of actual expenditure (d) None of the above
19. Deduction u/s 80 E shall be allowed in respect of amount paid by way of interest on loan taken from  
(a) Any person (b) Financial institution or approved charitable institution  
(c) Any relative (d) None of the above
20. The deduction u/s 80 E shall be allowed for the higher education of  
(a) 25,000 (b) Any amount (c) 40,000 (d) None of the above
21. Deduction u/s 80 E shall be allowed for the higher education of  
(a) Assessee himself (b) Assessee and dependent children  
(c) Assessee spouse and children (d) None of the above
22. Deduction u/s 80 U in case of person with disability is allowed  
(a) An individual who is citizen of India (b) Any individual assessee  
(c) An individual who is resident of India (d) None of the above
23. The quantum of deduction allowed u/s 80 U is  
(a) 40,000 (b) 50,000 (c) 75,000 (d) 70,000

24. Mr Mohit Kapoor has income under the head salary 75,000, income from long term capital gains 2,10,000 and Lottery prize 35,000. Maximum amount deduction under Ch. VIA shall be  
(a) 2,85,000 (b) 3,20,000 (c) 75,000 (d) Nil
25. An individual assessee resident in India, has made the following investments during the in the previous year. Contribution to the public provident fund - 90,000 Insurance premium paid on the life of the spouse (policy taken on 1.4.2014 - 25,000 (Assured Value 1,00,000) The deduction allowable under section 80C for A.Y.  
(a) 1,15,000 (b) 1,10,000 (c) 1,00,000 (d) 90,000
26. The gross total income of Mr. X for the A.Y. is 5,00,000. He has made the following investment /payments during the F. Y.  
(a) Contribution of PPF  
(b) Payment of tuition fees for education of his son studying in Class XI  
(c) Repayment of housing loan taken from Standard Chartered Bank  
(d) Contribution to approved pension fund of LIC  
The eligible deduction under Chapter VI –A for the A. Y. is  
(a) 1,10,000 (b) 1,40,000 (c) 1,00,000 (d) 1,50,000
27. AB has paid following amounts - Premium for LIC policy taken in the name of dependent father 11,000 Premium for LIC policy taken in the name of independent married daughter 21,000 (sum assured 1,00,000) taken on 1/4/17. Amount eligible for deduction u/s 80 C is  
(a) 38,000 (b) 26,000 (c) 16,000 (d) 10,000
28. Mr. A aged 40 years, paid medical insurance premium of 12,000 to insure his health as well as the health of his spouse. He also paid medical insurance premium of 17,000 during the year to insure the health of his father, aged 63 years, who is not dependent on him. He contributed 2,400 to Central Government Health Scheme during the year. He has incurred 3,000 in cash on preventive health check - up of himself and his spouse and 4,000 by cheque on preventive health check-up of his father. The deduction allowable under section 80D for the A. Y 2017-18 is –  
(a) 14,400 (b) 15,000 (c) 36,400 (d) 35,000
29. Mr. Y. aged 40 year, paid medical insurance premium of 12,000 during the P.Y. 2016-17 to ensure his health as well as the health of his spouse and dependent children. He also paid Medical insurance premium of 21,000 during the year to insure the health of his father, aged 67 year who is not dependent on him. He contributed 2,400 to Central Government Health Scheme during the year. The deduction allowance under section 80D for the A.Y 2017-18 is  
(a) 12,000 (b) 14,400 (c) 30,000 (d) 35,400
30. Mr. X is a resident individual. He deposits a sum of 25,000 with Life Insurance Corporation for the maintenance of his handicapped grandfather who is wholly dependent upon him. He can claim deduction u/s 80 DD of  
(a) 25,000 (b) 50,000 (c) 1,00,000 (d) Nil
31. Mr. X has paid premium of 4,000 of medi-calim policy by cheque of each of the person given below: (i) Self (ii) Spouse (iii) Dependent son (iv) Dependent daughter (v) Independent son (vi) Dependent brother (vii) Independent father (viii) Independent mother Amount eligible for deduction for deduction u/s 80D is -  
(a) 32,000 (b) 35,000 (c) 24,000 (d) 27,000



32. Individual is having bank saving interest income as under :
- (i) Yes bank Rs. 4000 (ii) Post office saving interest 5000  
 (iii) Indusind Bank 3000.  
 Deduction allowed u/s 80TTA is  
 (a) 10000 (b) 8500 (c) 12000 (d) 7000
33. In above case if interest from Yes bank is Rs. 6500 than what is your answer  
 (a) 10000 (b) 11000 (c) 14500 (d) 4500
34. Maximum deduction in case of Royalty income earned u/s 80QQB is  
 (a) Net Eligible Income (b) Rs. 3 lakhs  
 (c) A or B whichever is lower (d) None of the above
35. Donations given in cash of Rs. 5000/- to Prime Minister National Relief Fund is allowed as deduction u/s 80G to the extent of  
 (a) 100% (b) 50%  
 (c) 100% subject to income limit (d) Not allowed
36. Blankets of Rs. 50000 during winter was distributed amongst orphan children in an orphanage home registered u/s 12AA of Income tax act. Deduction u/s 80G is  
 (a) 100% (b) 50%  
 (c) 50% subject to income limit (d) Not allowed
37. Donations given through paytm by JK Shah Education Private Limited to Mumbai Cricket Association for development of new stadium is allowed as deduction u/s 80G to the extent of  
 (a) 100% (b) 50% (c) 100% subject to income limit (d) Not allowed
38. What would be your answer be different if donation is given by JK Shah Sir (Individual)?  
 (a) 100% (b) 50% (c) 50% subject to income limit (d) Not allowed
39. Donations in cash to political parties or electoral trusts can be claimed as deduction to the extent of  
 (a) Rs 5000 (b) Rs 10000 (c) Rs 2000 (d) Rs 20000
40. First house is purchased by assessee in P.Y 2016-17 of Rs. 45 lakhs by borrowing 30 lakhs from DHFL Housing Finance Co. House is used by assessee for own residence. Rate of interest is 9% p.a. Deduction allowed u/s 80EE is  
 (a) 50000 (b) 270000 (c) 70000 (d) 200000

**ANSWERS**

<b>1</b>	<b>B</b>	<b>2</b>	<b>C</b>	<b>3</b>	<b>B</b>	<b>4</b>	<b>C</b>	<b>5</b>	<b>B</b>
<b>6</b>	<b>A</b>	<b>7</b>	<b>D</b>	<b>8</b>	<b>A</b>	<b>9</b>	<b>A</b>	<b>10</b>	<b>B</b>
<b>11</b>	<b>C</b>	<b>12</b>	<b>D</b>	<b>13</b>	<b>C</b>	<b>14</b>	<b>C</b>	<b>15</b>	<b>C</b>
<b>16</b>	<b>C</b>	<b>17</b>	<b>B</b>	<b>18</b>	<b>C</b>	<b>19</b>	<b>B</b>	<b>20</b>	<b>B</b>
<b>21</b>	<b>B</b>	<b>22</b>	<b>B</b>	<b>23</b>	<b>C</b>	<b>24</b>	<b>B</b>	<b>25</b>	<b>C</b>
<b>26</b>	<b>D</b>	<b>27</b>	<b>D</b>	<b>28</b>	<b>C</b>	<b>29</b>	<b>D</b>	<b>30</b>	<b>D</b>
<b>31</b>	<b>C</b>	<b>32</b>	<b>B</b>	<b>33</b>	<b>A</b>	<b>34</b>	<b>C</b>	<b>35</b>	<b>D</b>
<b>36</b>	<b>D</b>	<b>37</b>	<b>C</b>	<b>38</b>	<b>D</b>	<b>39</b>	<b>C</b>	<b>40</b>	<b>A</b>

**CHAPTER 12- ASSESSMENT PROCEDURE**

1. Rahul, who is 54 years old has dividend Income from Indian companies which is exempt u/s 10(34) in his hands. He has invested in bank FDR from which interest income is 90,000 (entitled for 80C deduction). He has to file return of income u/s 139 (1) if his "Net Taxable Total Income" is :  
(a) 1,60,000 (b) 1,61,000 (c) 1,50,000 (d) None of the above
2. The due date of filing return by a partnership firm covered by tax audit u/a 44AB and its partners (working as well as sleeping partners) will be :  
(a) For firm and all partners 30/9 of A.Y.  
(b) For firm and working partners 30/9, but for sleeping partner 31/7 of A.Y.  
(c) For all firm and partners 31/10 of A.Y.  
(d) For all firm and partners 31/7 of A.Y.
3. The due date of filing the return by a company having loss in the current P.Y. is:  
(a) 31/7 of A.Y. (b) 30/9 of A.Y. (c) 30/11 of A.Y. (d) None of the above
4. Mr. A, has house property loss and has business income also (not covered by 44AB provisions). He filed his return of income on 31/10 of A.Y. The House property loss (after section 70 & 71) u/s 139(3):  
(a) Will not be allowed to be carried forward u/s 71B  
(b) Will be allowed to be carried forward u/s 71B  
(c) Loss in excess of ₹ 2,00,000 which is not allowed to be set off u/s 71, will be not allowed to be carried forward u/s 71B  
(d) None of the above
5. Mr. Sunil has business loss after set off u/s 70 and 71 of ₹ 5,00,000. He filed his return on 27/12 of A.Y. The carry forward of non - speculation business loss u/s 72.  
(a) Will not be allowed to be carried forward u/s 139(3)  
(b) Will be allowed to be carried forward u/s 139 (3)  
(c) Will be partly allowed to be carried forward u/s 72  
(d) None of the above
6. Mr. Gyani has a net taxable total income of ₹ 4,75,000 in A.Y. 19 – 20. He files his return of income on 9/2/20, the fee u/s 234F for delayed filing of return is –  
(a) ₹ 5000 (b) ₹ 10,000 (c) ₹ 1,000 (d) None of the above
7. Mr. Tejasvi has a net taxable total income of ₹ 9,00,000 (not covered by tax audit u/s 44AB) and his due date of filing return u/s 139(1) is 31/7/19. He files return on 11/12/19, fee payable u/s 234F will be:  
(a) ₹ 5000 (b) ₹ 10,000 (c) ₹ 1,000 (d) None of the above
8. Mr. Sharma has a salaried income of ₹ 15,00,000 and files his return of income for A.Y. 19 – 20 on 27 – 01 – 2020, fee payable u/s 234F will be.  
(a) ₹ 10,000 (b) ₹ 15,00,000 (c) ₹ 1,000 (d) None of the above

9. Mr. Nagraj has filed his return of income before due date u/s 139 (1) for A.Y. 19 – 20. He later finds an erroneous (unintended mistake) on 10 January 2020 and files his revised return u/s 139 (5), the revised return is :
- (a) Valid in law if no assessment is completed prior to this date
  - (b) Invalid if assessment was completed on 20/12/19 u/s 143(3) i.e. regular assessment
  - (c) Both (a) and (b)
  - (d) None of the above
10. Miss Sonali filed a belated return on 26/10/19 (due date u/s 139(1) 31/7/19). She wants to revise such return u/s 139(5) on 10/1/20 in relation to such belated return: -
- (a) She can never revise a belated return u/s 139(4).
  - (b) She can file a revised return u/s 139(5) even if the assessment is completed.
  - (c) She can file a revised return up till 5/5/20 u/s 139(5)
  - (d) She can file a revised return u/s 139(5) on or before 31/3/2020 provided assessment is not completed till that date u/s 143(3) or 144 (best judgement assessment).
11. When will it be compulsory to apply for Permanent Account Number?
- (a) If a person's taxable income exceeds the minimum non – taxable limit applicable
  - (b) A person who has business / profession income and sales / receipts exceeds ` 5,00,000 in the relevant P.Y.
  - (c) Both (a) and (b) above
  - (d) None of the above
12. With effect from (w.e.f) A.Y. 19 – 20 the following persons have to apply for PAN u/s 139A.
- (a) Resident person having a financial transaction aggregating to ₹ 2,50,000 or more in the P.Y.
  - (b) MD, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of person mentioned in (a) above or representative person of (a) above
  - (c) Both (a) and (b)
  - (d) None of the above
13. A permanent Account Number is comprised of the following alpha numeric characters:
- (a) 7
  - (b) 9
  - (c) 10
  - (d) 12
14. A minor not having any taxable income in his own hands, if he has entered into a transaction for which PAN is compulsory to be quoted. He will have to quote the PAN of his.
- (a) Father
  - (b) Mother
  - (c) Guardian
  - (d) Any of the above whichever is applicable
15. It is mandatory to quote AADHAR number in the application of PAN u/s
- (a) 139(1)
  - (b) 139A
  - (c) 139AA
  - (d) None of the above

16. The assessing officer on his own can allot PAN to any person who has no liability to pay tax
- Correct Statement
  - Incorrect Statement
  - He can do so only after giving the person an opportunity to be heard in the matter.
  - None of the above
17. The return of income can be signed and verified by the following persons in the case of a firm u/s 140.
- Managing Partner
  - Any other partner if the managing partner is not able to verify the return
  - A partner of a firm who is a minor
  - (a) or (b) above
18. In case of an individual, the return of income will be verified by the following person u/s 140.
- Himself
  - In his absence by authorised representative
  - In case assessee is mentally incapacitated, his guardian / care taker competent to sign on his behalf
  - All of the above
19. In case of verification of the return of a company u/s 140, the following persons are entitled.
- Managing Director / Any other director in his absence
  - In case of a foreign company, the person in India who has a valid power of attorney.
  - If the company is being liquidated, the liquidator
  - All of the above
20. In case of HUF, the return of income could be verified by the following person's u/s 140
- Karta
  - Any Other adult member of the family in the absence of Karta
  - In case of Karta is mentally incapacitated, then any other adult member of the family
  - All of the above

**ANSWER**

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

**CHAPTER 13 - ADVANCE TAX AND INTEREST**

1. U/s 207 the liability to pay advance tax arises in.  
(a) The P.Y. itself (b) The A.Y.  
(c) Partly in P.Y. and Partly in A.Y. (d) None of the above
2. If the resident individual who is 60 years of age or more who does not have which of the under mentioned income in the P.Y. is not liable to pay advance tax.  
(a) Income from salary (b) Income from house property  
(c) Income from Business and Profession (d) Capital Gains
3. U/s 208 if an assessee who has an advance tax liability of the following amount is liable to pay advance tax in the P.Y.  
(a) More than 10,000 (b) 10,000 or more  
(c) Less than 10,000 (d) None of the above
4. If a person has not been subject to regular assessment u/s 143 (3) earlier.  
(a) Is not liable to pay advance tax u/s 208  
(b) Is liable to pay advance tax u/s 208  
(c) Is liable to pay advance tax only at the instructions of assessing officer.  
(d) None of the above
5. Advance tax instalments payable in the P.Y. are –  
(a) 3 in number (b) 4 in number  
(c) 5 in number (d) None of the above
6. The individual and cumulative percentage of advance tax installment u/s 211 are:  
(a) 15% / 15%, 30% / 45%, 30% / 75%, 25% / 100%  
(b) 20% / 20%, 30% / 50%, 25% / 75%, 25% / 100%  
(c) 10% / 10%, 40% / 50%, 40% / 90%, 10% / 100%  
(d) None of the above
7. For an assessee who is covered by section 44AD (Presumptive taxation), he has to pay advance tax as under.  
(a) As per the prescribed percentage for all assessee's u/s 211  
(b) In two instalments of 15/12 and 15/3 of P.Y.  
(c) The entire advance tax in one instalment on or before 15/3 of P.Y.  
(d) Is not liable to pay advance tax.
8. If on the due date of payment of advance tax, the banks are closed then the assessee has to make the payment on the following day to avoid interest liability.  
(a) One day prior to bank holiday  
(b) Two days prior to bank holiday  
(c) On the immediately following working day after the bank holiday  
(d) As per the wish of the assessee
9. U/s 234A interest liability arises if the assessee has:  
(a) Not filled his return of income on or before due date as mentioned u/s 139(1)  
(b) Not paid the required advance tax  
(c) Both (a) and (b)  
(d) None of the above

10. The rate of interest payable by assessee u/s 234A, 234B, 234C is –
- (a) 1.5% per month or part thereof      (b) 2% per month or part thereof  
(c) 1% per month or part thereof      (d) 0.5% per month or part thereof
11. The period for calculation of interest u/s 234A is: -
- (a) From the due date applicable till the date the return is actually filed.  
(b) From the due date applicable till the date of completion of assessment u/s 144 if no return is filed.  
(c) (a) and (b) above  
(d) None of above
12. For calculating interest u/s 234A and 234B the following is to be considered.
- (a) Returned income for Sec 234A and Sec 234B  
(b) Assessed income for Sec 234A and Sec 234B  
(c) Both (a) & (b)  
(d) None of the above
13. Interest liability u/s 234B arises towards.
- (a) Non – payment of aggregate advance tax  
(b) Payment of advance tax < 95% of total advance tax payable  
(c) Payment of advance tax < 90% of total advance tax payable  
(d) None of the above
14. Interest u/s 234C arises on
- (a) Non – payment of prescribed percentages of advance tax instalments as enumerated u/s 211.  
(b) The deficit that generates in relation to the prescribed percentages u/s 211  
(c) (a) and (b) above  
(d) On the excess payment by assessee in relation to the prescribed percentages u/s 211.
15. Interest u/s 234C is always calculated considering
- (a) Returned income as base at times  
(b) Assessed income as base at times  
(c) Always assessed income if assessment is completed  
(d) Always returned income even if assessment is completed
16. If the advance tax instalment payable on 15<sup>th</sup> June of P.Y. of 15% and payable upto 15<sup>th</sup> September cumulative percentage of 45% is actually paid at –
- (a) 80% of the prescribed percentages above, there will be no interest liability u/s 234C  
(b) If the deficit of payment is 20% or less of the prescribed percentages, there will be no interest liability u/s 234C  
(c) If the payment made is 12% & 36% respectively at 15<sup>th</sup> June & 15<sup>th</sup> September, there will be no interest liability u/s 234C  
(d) All of above
17. Assessee aged 50 years has assessed income of ₹ 11,50,00 for AY 19 – 20. He has TDS credit of ₹ 14,576 and has paid advance tax of ₹ 88,936. Due date of filling return is 31/7/2019. He files return on 15/02/20, Interest liability u/s 234A is
- (a) ₹ 4,500    (b) ₹ 4,214    (c) ₹ 5,287    (d) None of the above

18. Assessee aged 52 years has net taxable total income of ₹ 12,30,000 of A.Y. 19 – 20. (His assessment got completed on 18 – 02 – 2020) and got TDS credit of ₹ 53,512. He has paid total advance tax of ₹ 1,23,000, his interest liability u/s 234B will be.  
 (a) 14,877 (b) 15,000 (c) Nil (d) None of the above
19. In the above question if assessee had paid total advance tax of ₹ 95,000, then his interest liability u/s 234B would be –  
 (a) 4422 (b) 5544 (c) 6688 (d) None of the above
20. Assessee aged 53 years has returned income of 13,50,000 of A.Y 19 – 20 and assessed income u/s 143 (3) of ₹ 15,00,000. He has TDS credit of ₹ 47,932. He has paid the following advance tax instalments as under.  
 15/6/18 ₹ 20,000  
 15/9/18 ₹ 30,000  
 15/12/18 ₹ 55,000  
 15/03/19 ₹ 15,000  
 The interest u/s 234C will be  
 (a) 3660 (b) 2550 (c) 1440 (d) None of the above

**ANSWER**

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

**CHAPTER 14 - TAX DEDUCTED AT SOURCE**

- 1) In case of section 192 ( salary) TDS will be deducted....
  - a) at the time of payment
  - b) at the time of credit or payment whichever is earlier
- 2) What is TDS deduction rate for Section 193 : interest on securities
  - a) 5%
  - b) 10%
  - c) 15%
  - d) 20%
- 3) Identify which of the statement is correct in reference of section 194
  - a) TDS will be deducted in case of all forms of dividend payment
  - b) TDS will be deducted in case of dividend within the meaning of section 2 (22) (e ) for any paymen
  - c) TDS will be deducted for Dividend within the meaning of section 2 (22) (e ) when the payment exceeds 1000
  - d) TDS will be deducted when dividend paid within the meaning of section 2 (22)(e) when payment exceeds 2500 @ 10%
- 4) In case of section 194A TDS will not be deducted if interest paid to
  - a) Life Insurance Corporation of India
  - b) unit Trust of India
  - c) interest paid by the partnership firm to a partner
  - d) all of the above
- 5) In case of section 194 B TDS will be deducted @ 30% if payment exceed
  - a) 5000
  - b) 10000
  - c) 15000
  - d) 20000
- 6) Identify which of the statements is incorrect in reference of section 194 C
  - a) rate of deduction of tax in case of payment to an individual and HUF is 1%
  - b) rate of deduction of tax in case of payment to any other person is 2%
  - c) no TDS will be deducted If the amount of single payment does not exceed 40000
  - d) no TDS will be deducted if the aggregate of the sum of payment made during the does not exceed 1 lakh
- 7) What is the rate of deduction of tax section 194D for non corporate assessee
  - a) 10%
  - b) 5%
  - c) 15%
  - d) 20%
- 8) What is the rate of tax deduction in reference of sec 194E payment to non resident sportsmen or sports association
  - a) 10%
  - b) 20%
  - c) 15%
  - d) 25%
- 9) In case of section 194B TDS will be deducted if Payer is
  - a) Auditable individual
  - b) non auditable individual
  - c) company
  - d) all Assessee
- 10) Which of the following person is not responsible to deduct Tax under section 194 I
  - a) company
  - b) non auditable individual
  - c) auditable individual
  - d) partnership firm
- 11) In case of section 194I rate of tax for rent on machinery or plant is
  - a) 5%
  - b) 6%
  - c) 10%
  - d) 2%



- 12) In case of section 194 IB TDS rate is  
 a) 2%      b) 5%      c) 10%      d) 8%
- 13) What is the TDS rate for section 194J if engage only in business of operation of call centre  
 a) 2%      b) 6%      c) 5%      d) 10%
- 14) Identify which of the following statement is correct in reference of section 194LA payment of compensation on acquisition of certain immovable property  
 a) TDS will be deducted the aggregate amount of payment during financial year exceeds 100000  
 b) TDS to be deducted by an aggregate amount of payment during financial year exceeds 2 lakh  
 c) TDS will be deducted if aggregate amount of payment during financial year exceeds 240000  
 d) TDS will be deducted by the aggregate amount of payment during financial year exceeds 250000
- 15) What is the due date for TDS deposit for the month of April to February  
 a) 5 days from end of month  
 b) 6 days from end of month  
 c) 7 days from end of month  
 d) eight days from end of month
- 16) Identify which of the following person is liable to deduct TDS under section 194 B  
 a) individual liable to audit in preceding financial year  
 b) partnership firm  
 c) company  
 d) all Assessee
- 17) What is the due date for deposit of TDS if income is credited or paid in the month of March  
 a) 7 days from end of month  
 b) 30th April  
 c) 15th April  
 d) 21st April

**ANSWER**

<b>1</b>	A	<b>2</b>	B	<b>3</b>	D	<b>4</b>	D	<b>5</b>	B
<b>6</b>	C	<b>7</b>	B	<b>8</b>	B	<b>9</b>	D	<b>10</b>	B
<b>11</b>	D	<b>12</b>	B	<b>13</b>	A	<b>14</b>	D	<b>15</b>	C
<b>16</b>	D	<b>17</b>	B						

**CHAPTER 15 - NON TAXABLE INCOME**

- 1) Which of the following agricultural income is exempt under section 10(1)
  - a) agricultural income from foreign
  - b) agricultural income from India
  - c) agricultural income only from rural agricultural land
  - d) agricultural income only from urban agricultural land
  
- 2) In which section share of profit from partnership firm is exempt
  - a) section 10(2)
  - b) section 10(2A)
  - c) section 10(10)
  - d) section 10(32)
  
- 3) Which of the following is not the condition for exemption under section 10 (37)
  - a) asset should be urban agricultural land
  - b) compensation should be approved by Central Government or RBI
  - c) Asset should be used for at least three years before date of transfer
  - d) It should be acquired by way of compulsory acquisition
  
- 4) Under which section pension received by an individual who has been awarded Param Vir Chakra is exempt
  - a) section 10(16)
  - B) section 10(18)
  - c) section 10(17A)
  - d) section 10(19)
  
- 5) Under section 10AA tax holiday for newly established units in special economic zone identify which of the following statement is correct in reference of first five years of its business
  - a) 100% of profit is exempt derived from total turnover
  - b) 100% of profit derived from export turnover
  - c) 50% of profit exempt derived from domestic turnover
  - d) 100% of profit exempt derived from domestic turnover
  
- 6) What is the tax treatment of any sum received by an individual from Hindu undivided family as a member of such Hindu undivided family
  - a) fully exempt
  - b) fully taxable
  - c) taxable @10 %
  - d) taxable @ flat 30%

**ANSWER**

<b>1</b>	C	<b>2</b>	B	<b>3</b>	C	<b>4</b>	B	<b>5</b>	B
<b>6</b>	A								

# **INDIRECT TAX**

**CH 1 - INTRODUCTION**

1. GST is one of the widely accepted indirect taxation system prevalent in more than ..... countries across the globe.  
a) 140      b) 160      c) 170      d) 190
2. ....was first country to adopt GST as indirect system of taxation  
a) France      b) Germany      c) UK      d) India
3. GST has rolled out with effect from .....  
a) 01-07-2017      b) 15-07-2017      c) 01-04-2017      d) 05-09-2017
4. GST is .....consumption tax  
a) Origin based      b) Destination based  
c) Purchase based      d) Sales based
5. India has adopted .....model of GST based on federal structure  
a) Dual      b) Single      c) Triple      d) None of the above
6. The GST is recommended by the .....on implementation of the Fiscal Responsibility and Budget Management (FRBM), Act, 2003.  
a) Kelkar task force      b) Chidambaram task force  
c) Jaitely task force      d) None of the above
7. The first State which ratified the GST Bill in India  
a) Kerala      b) Bihar      c) Jharkhand      d) Assam
8. The items which will be taxable both under current Central Excise Law and new GST even after the implementation of the GST Act.  
a) Motor spirit  
b) Alcoholic Liquor for Human Consumption  
c) Tobacco and Tobacco Products  
d) Naturala Gas
9. The recommendation of the GST Council will be .....  
a) Mandatory      b) Only advisory power  
c) Mandatory and sometimes advisory      d) Mandatory on states only
10. The decision of the GST council should be taken based on majority votes not less than :  
a) ½ of the weighted votes      b) 2/3rd of the weighted votes  
c) 1/3rd of the weighted votes      d) 3/4th of the weighted votes
11. The weightage of the votes of the central government in GST council decision will be.....  
a) ½ of the votes      b) 2/3rd of the votes  
c) 1/3rd of the votes      d) 3/4th of the votes
12. The quorum required for a meeting of the GST council will be ...  
a) ½ of the members      b) 2/3rd of the members  
c) 1/3rd of the members      d) 3/4th of the members

**ANSWER**

<b>1</b>	B	<b>2</b>	A	<b>3</b>	A	<b>4</b>	B	<b>5</b>	A
<b>6</b>	A	<b>7</b>	D	<b>8</b>	C	<b>9</b>	B	<b>10</b>	D
<b>11</b>	C	<b>12</b>	A						

**CH 2 - SUPPLY UNDER GST**

1. What are different types of supplies covered under the scope of supply?
  - a) Supplies made without consideration
  - b) Supplies made with consideration
  - c) Both of the above
  - d) None of the above
  
2. Classification of certain transactions or activities as supply of goods or supply of service is given provided in \_\_\_\_\_
  - a) Schedule I
  - b) Schedule III
  - c) Schedule II
  - d) Section 8
  
3. Supply includes import of services for a consideration .....
  - a) In the course or furtherance of business
  - b) Not in the course or furtherance of business
  - c) Whether or not in the course or furtherance of business
  - d) None of the above
  
4. Activities made or agreed to be made without a consideration covered in scope of supply are specified in ....
  - a) Schedule I
  - b) Schedule III
  - c) Schedule II
  - d) Section 8
  
5. Activities or transactions specified in ..... shall be treated neither as a supply of goods nor a supply of services
  - a) Schedule I
  - b) Schedule III
  - c) Schedule II
  - d) Section 8
  
6. Activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated as .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
7. Transfer of the title in goods shall be treated as .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
8. Transfer of right in goods or of undivided share in goods without the transfer of title thereof shall be treated as .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
9. Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed.....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services

10. Any lease, tenancy, easement, licence to occupy land is.....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
11. Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
12. Any treatment or process which is applied to another person's goods is ..
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
13. Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is ..... by the person.
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
14. Where, by or under the direction of a person carrying on a business, goods held or used for the purpose of the business are put to any private use or are used, or made available to any person for use, for any purpose than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
15. Renting of immovable property is .....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services
  
16. Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier is.....
  - a) Supply of goods
  - b) Neither as a supply of goods nor a supply of services
  - c) Supply of services
  - d) Either as a supply of goods or as a supply of services

17. Temporary transfer or permitting the use or enjoyment of any intellectual property right is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
18. Development, design, programming, customization, adaptation, up-gradation, enhancement, implementation of information technology software is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
19. Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
20. Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration is.....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
21. Works contract as defined in Section 2(119) of CGST Act, 2017, being composite supply shall be treated as.....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
22. Supply by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration shall be .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
23. Supply of goods by any un-incorporated association or body of person to a member thereof for cash, deferred payment or other valuable consideration is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services

24. The functions performed by the members of parliament, members of state legislature, members of panchayats, members of Municipalities and members of other local authorities is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
25. Activity of funeral, burial, crematorium or mortuary including transportation of the deceased is .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
26. Actionable claims, other than lottery, betting and gambling are .....
- Supply of goods
  - Neither as a supply of goods nor a supply of services
  - Supply of services
  - Either as a supply of goods or as a supply of services
27. Gifts not exceeding .....in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- Rs. 50,000
  - Rs. 5,000
  - Rs.1,00,000
  - Rs.1,50,000
28. The .....shall be treated as supply even if made without consideration :
- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets
  - Permanent transfer or disposal of business assets where input tax credit has not been availed on such assets
  - Both of the above
  - None of the above
29. ....shall be treated as supply even if made without consideration
- Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal
  - Supply of goods by an agent to his principal where the agent undertakes to supply such goods on behalf of the principal
  - Both of the above
  - None of the above
30. ....shall be treated as supply even if made without consideration
- Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal
  - Supply of goods by an agent to his principal where the agent undertakes to supply such goods on behalf of the principal
  - Permanent transfer or disposal of business assets where input tax credit has been availed on such assets
  - All of the above



31. Import of services by a taxable person from a related person or from any of his other establishment outside India, in the course or furtherance of business shall .....
- Not be treated as supply of services
  - Be treated as supply when made with consideration
  - Be treated as supply even when made without consideration
  - Be treated as supply of goods
32. Example for a supply of goods in which possession of the goods are transferred, but, the title on the same will be transferred at a future date
- Normal sale of goods
  - Sales on approval basis or hire purchases
  - Rent a car
  - None of the above
33. Example for a supply of goods in which possession of the goods is transferred, but the title of the goods is not transferred at all and thereby attains the character of a supply of service
- Normal sale of goods
  - Sales on approval basis or hire purchases
  - Rent a car
  - None of the above
34. Suppose, a person has a permit to operate a business venture, but, he refrain from operating such a business venture as per a contract between the other business man in the same line of business for a consideration. Whether it is a taxable supply of service in GST?
- Yes
  - No
  - A contract void Abinitio
  - Exempted
35. Which of the following free supply of goods and services are taxable supply in GST/
- Free transfer of business assets to someone else or assets retained after de-registration
  - Temporary application of business asset for a non-business needs or self supply of goods or service
  - Stock / branch transfer out to another state
  - All of the above
36. Actionable claims are .....
- Specifically included in the definition of goods
  - Specifically included in the definition of services
  - Specifically excluded from the definition of goods
  - Specifically excluded from the definition of services
37. Money is .....
- Specifically included in the definition of goods
  - Specifically included in the definition of services
  - Specifically excluded from the definition of goods as well as services
  - Specifically excluded from the definition of services only
38. What are the supplies on which reverse charge u/s 9(3) of CGST Act 2017 applies?
- Notified categories of goods or services or both
  - Inward supply of goods or services or both from an unregistered dealer
  - Both of the above
  - None of the above

39. Means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.  
 a) Mixed supply    b) Principal supply  
 c) Inward supply    d) Exempt supply
40. ....means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary  
 a) Mixed supply    b) Principal supply  
 c) Inward supply    d) Exempt supply
41. ....means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or an combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.  
 a) Composite supply    b) Mixed supply  
 c) Exempt supply    d) Inward supply
42. What are the factors differentiating composite supply and mixed supply?  
 a) Nature of bundling i.e. artificial or natural  
 b) Existence of principal supply  
 c) Both of the above  
 d) None of the above

**ANSWERS**

<b>1</b>	C	<b>2</b>	C	<b>3</b>	C	<b>4</b>	A	<b>5</b>	B	<b>6</b>	B	<b>7</b>	A
<b>8</b>	C	<b>9</b>	A	<b>10</b>	C	<b>11</b>	C	<b>12</b>	C	<b>13</b>	A	<b>14</b>	C
<b>15</b>	C	<b>16</b>	C	<b>17</b>	C	<b>18</b>	C	<b>19</b>	C	<b>20</b>	C	<b>21</b>	C
<b>22</b>	C	<b>23</b>	A	<b>24</b>	B	<b>25</b>	B	<b>26</b>	B	<b>27</b>	A	<b>28</b>	A
<b>29</b>	C	<b>30</b>	D	<b>31</b>	C	<b>32</b>	B	<b>33</b>	C	<b>34</b>	A	<b>35</b>	D
<b>36</b>	A	<b>37</b>	C	<b>38</b>	A	<b>39</b>	A	<b>40</b>	B	<b>41</b>	A	<b>42</b>	A

**CH 3 - CHARGE OF GST**

1. Intra state supply is liable to .....
  - a) CGST
  - b) SGST
  - c) CGST and SGST
  - d) IGST
  
2. The tax applicable to interstate supplies will be :
  - a) SGST only
  - b) CGST only
  - c) IGST only
  - d) CGST + IGST
  
3. Supply of the following is not liable to CGST .....
  - a) Alcoholic liquor for industrial consumption
  - b) Alcoholic liquor for medicinal consumption
  - c) Alcoholic liquor for human consumption
  - d) Lottery
  
4. The central tax on the supply of .....shall be levied with effect from such data as may be notified by the Government on the recommendations of the council
  - a) Petroleum crude
  - b) High speed diesel
  - c) Motor spirit
  - d) All of the above
  
5. ....is the maximum rate prescribed under CGST Act, 2017
  - a) 12%
  - b) 28%
  - c) 20%
  - d) 40%
  
6. .... notifies the rate of central tax to be levied under CGST act, 2017?
  - a) Central government
  - b) State government
  - c) GST Council
  - d) Central government as per the recommendations of the GST council
  
7. What are the supplies on which reverse charge mechanism would apply?
  - e) Notified categories of goods or services or both
  - f) Inward supply of goods or services or both from an unregistered dealer
  - g) Both of the above
  - h) None of the above
  
8. Mr.Raman owner of car provided transport service to Mr Yash through SULA CAB ECO who is liable to pay GST?
  - a) Mr.Raman                      b) Mr.Yash
  - c) Sula cab                        d) None of the above.
  
9. Mr.Khot a carpenter register under GST provide house keeping service through ECO to Mrs.Prachi. Who is laible to pay GST?
  - a) Mrs Prachi                      b) Mr.Khot                      c) Eco                      d) Gst not payable

10. Miss Priya provided legal service to JK Ltd, who is registered under GST. Who is liable to pay GST?  
a) Miss Priya                      b) JK Ltd  
c) GST exempted                  d) None of the above
11. Mr Ashish running restaurant and provide consultancy services in Delhi. What is turnover limit for him to opt for composition levy?  
a) Rs.1 crore                      b) Rs.75 lakhs  
c) rs.1.5 crore                      d) Composition levy not applicable.
12. Standard Chartered bank provide sponsorship to Mumbai Marathon. Who is liable to pay GST?  
a) Standard Chartered bank                  b) Mumbai Marathon  
c) GST exempt                      d) None
13. GTA provides transport service to X Ltd. Who is liable to pay GST if GTA does not opt for 6% option?  
a) GTA                      b) X Ltd co                  c) GST exempt                  d) none

**ANSWER**

<b>1</b>	C	<b>2</b>	C	<b>3</b>	C	<b>4</b>	D	<b>5</b>	C
<b>6</b>	C	<b>7</b>	G	<b>8</b>	C	<b>9</b>	B	<b>10</b>	B
<b>11</b>	D	<b>12</b>	A	<b>13</b>	B				

**CHAPTER 4 - EXEMPTIONS**

1. Which of the following transportation is not exempt  
(a) Milk (b) Paddy (c) Rice (d) Sugar
2. Which of the statement is true  
(a) Services to RBI is exempt (b) Services by RBI is exempt  
(c) Both a and b (d) None of the above
3. Which of the activities under section 12 AA of income tax act is exempt  
(a) Specified health (b) Specified education  
(c) Religion and spirituality (d) All of the above
4. Which transportation of goods by GTA is not exempt  
(a) newspaper (b) railway equipment (c) rice (d) relief material
5. Which of the life insurance schemes is exempt  
(a) aam aadmi bima yojna  
(b) pradhan mantra jan dhan yojna  
(c) life micro insurance policy upto 200000 approved by IRDA  
(d) all of the above
6. Which services to educational bodies (upto HSC) is not exempt  
(a) online magazines (b) transportation of faculties  
(c) transportation of staff (d) house keeping
7. Which of the post office services is exempt  
(a) speed post (b) registered post  
(c) life insurance (d) distribution services
8. Which of the following transportation of passengers is exempt?  
(a) A/C chair car (b) A/C local trains  
(c) A/C Metro (d) First Class
9. Which of the service to recognized sports body is taxable?  
(a) Services by players (b) Services by umpire  
(c) Services by curators (d) Services by team manager
10. Which of the service by artist is exempt?  
(a) Classical Music (b) Sculpture of classical dancer  
(c) Classical dance (d) Folk dance
11. Which health care services is not exempt?  
(a) Lip treatment of new born baby  
(b) Cosmetic surgery of accident victim  
(c) Cosmetic surgery to restore anatomy  
(d) Hair transplant of actor

12. Which of the pure labour services related to construction is not exempt?  
(a) hut (b) bungalow (c) Row house (d) Duplex bungalow
13. Right to admission to following is taxable?  
(a) Circus Rs 300 (b) Award function Rs. 500  
(c) Ancient monuments Rs 2000 (d) Movie ticket Rs 200
14. Which of the following service related to agriculture is not exempt?  
(a) Harvesting of rice  
(b) Storage of rice  
(c) Fumigating of warehouse of agricultural product  
(d) Rearing of horses
15. Which of the following medicines is not recognized?  
(a) Unani (b) Ayurveda  
(c) Homeopathy (d) none of the above
16. Which of the hiring of means of transportation is exempt?  
(a) Bus to stage carriage (b) Truck to GTA  
(c) School bus to a person providing service to a school for transportation of students  
(d) All of the above
17. Which of the service by tour operator is exempt?  
(a) To a foreigner for foreign tour (b) To a Indian for Indian tour  
(c) To a foreigner for indian tour (d) To a Indian for foreign tour
18. Which of the following is taxable  
(a) Black tea (b) Green tea  
(c) White tea (d) All of the above
19. Which of the following renting of immovable property is taxable?  
(a) Vacant land to agriculturalist/farmer  
(b) Vacant land with structure to farmer  
(c) Renting of bungalow with furniture  
(d) Renting of land to school
20. Which of the following is exempt for a bank?  
(a) Extending deposits to company  
(b) Extending loan to farmers  
(c) Bill discounting  
(d) all of the above
21. Which of the legal service by lawyer is taxable?  
(a) Services to other than business entities  
(b) Service to business entity whose previous year turnover is 21 lakhs  
(c) Services to Government  
(d) Services to business entities whose previous year turnover is 15 lakhs
22. Which of the services of IIM is taxable?  
(a) Executive development programmes (b) 2 year full time PG programme  
(c) Fellow programme in management (d) 5 year integrated programme

23. Which of the Services by unincorporated body to members is taxable
- (a) As a trade union
  - (b) By RWA upto amount 7500 per month per member
  - (c) For the welfare of industrial or agriculture labour or farmers
  - (d) None of the above
24. Which of the following is taxable
- (a) Toll charges
  - (b) Toll charges by way of annuity
  - (c) Commission to Toll agent
  - (d) None of the above
25. Which of the following educational services are taxable?
- (a) Private tutions
  - (b) Foreign university
  - (c) Coaching classes
  - (d) All of the above
26. Which of the agriculture services are exempt
- (a) Services by Tea board
  - (b) Service by rubber board
  - (c) Service by APMC
  - (d) All of the above
  - (e) None of the above
27. Which of the services to school is not exempt
- (a) Transportation of students
  - (b) Wifi services in classroom
  - (c) Canteen services
  - (d) Security services
  - (e) None of the above
28. Which of the following services related to recognized health is taxable
- (a) Rent of rooms provided to patients
  - (b) Food to in patients
  - (c) Food to doctors
  - (d) Consultancy by senior doctors who are not employees
  - (e) None of the above
29. Which of the following GTA services are taxable
- (a) Single consignment 1000
  - (b) Single consignment 2000
  - (c) Single consignee 600
  - (d) Single consignee 700
  - (e) None of the above
30. Which of the following GTA services are taxable
- (a) Service to factory
  - (b) Service to casual taxable person
  - (c) Service to society
  - (d) All of the above
  - (e) None of the above
31. Which of the following exchange of foreign currency are taxable
- (a) Between bank
  - (b) Between foreign exchange dealers
  - (c) To individual
  - (d) Between bank and foreign exchange dealer
  - (e) All of the above
  - (f) None of the above

32. Which of the following vocational courses are exempt
- By NSDC
  - By SSC
  - By assessing partners of NSDC SSC
  - All of the above
  - None of the above
33. Which of the following entry fees are taxable
- zoo
  - museum
  - circus
  - wildlife sanctuary
  - all of the above
  - none of the above
34. Which of the following service by electricity transmission/ distribution is exempt
- transmission of electricity
  - duplication bill charges
  - rental charges for meter
  - charges for shifting of meter
35. Which of the following service is exempt
- services by TBI
  - Services by STEP
  - Services by bio incubators
  - All of the above
  - None of the above
36. Which of the services provided by government is exempt
- Testing fees
  - Calibration
  - Safety check
  - Passport visa
  - Driving license
  - Registration fees
  - All of the above

**ANSWER**

<b>1</b>	D	<b>2</b>	B	<b>3</b>	D	<b>4</b>	B	<b>5</b>	D
<b>6</b>	A	<b>7</b>	B	<b>8</b>	C	<b>9</b>	C	<b>10</b>	B
<b>11</b>	D	<b>12</b>	C	<b>13</b>	D	<b>14</b>	D	<b>15</b>	D
<b>16</b>	D	<b>17</b>	A	<b>18</b>	D	<b>19</b>	D	<b>20</b>	D
<b>21</b>	B	<b>22</b>	A	<b>23</b>	D	<b>24</b>	C	<b>25</b>	D
<b>26</b>	D	<b>27</b>	B	<b>28</b>	C	<b>29</b>	B	<b>30</b>	D
<b>31</b>	C	<b>32</b>	D	<b>33</b>	C	<b>34</b>	A	<b>35</b>	D
<b>36</b>	G								



**CHAPTER 5 - TIME OF SUPPLY**

1. When does the liability to pay GST arise in case of supply of goods?
  - (a) On raising of invoice
  - (b) At the time of supply of goods
  - (c) On receipt of payment
  - (d) Earliest of a,b
  
2. What is time of supply of goods?
  - (a) Date of issue of invoice or due date to issue invoice, whichever is earlier
  - (b) Date of receipt of consideration by the supplier
  - (c) Date of dispatch of goods
  - (d) None of the above
  
3. What is time of supply of goods liable to tax under reverse charge mechanism?
  - (a) Date of receipt of goods
  - (b) Date on which the payment is made
  - (c) Date immediately following 30 days from the date of issue of invoice by the supplier
  - (d) Earlier of a/b/c
  
4. What is date of receipt of payment?
  - (a) Date of entry in the books
  - (b) Date of payment credited into bank account
  - (c) Earlier of a and b
  - (d) Later of a or b
  
5. In case of time of supply of service if the invoice is issued within 30 days than time of supply is \_\_\_\_\_
  - (a) Date of issue of invoice
  - (b) Date on which the supplier receives payment
  - (c) Date of provision of service
  - (d) Earlier of (a) & (b)
  - (e) Earlier of a b or c
  
6. Time of supply of service for the supply of taxable services up to Rs.1000 in excess of the amount indicated in the taxable invoice is?
  - (a) Invoice date or Date of receipt of consideration at the option of the supplier
  - (b) Date of issue of invoice
  - (c) Date of receipt of consideration.
  - (d) Date of entry in books of account
  
7. How is the date of receipt of consideration by the supplier determined?
  - (a) Date on which the receipt of payment is entered in the books of account
  - (b) Date on which the receipt of payment is credited in the bank account
  - (c) Earlier of (a) & (b)
  - (d) Later of (a) & (b)
  - (e) None of the above
  - (f) No such conditions
  
8. Time of supply of service in case of reverse charge mechanism?
  - (a) Date on which payment is made to the supplier
  - (b) Date immediately following 60 days from the date of issue of invoice
  - (c) Date of invoice
  - (d) Earlier of (a) & (b)

9. What is the time of supply of service in case an associated enterprise receives services from the service provider located outside India?  
 (a) Date of entry in the books of account of associated enterprise(recipient)  
 (b) Date of payment  
 (c) Later of (a) and (b)  
 (d) Earlier of (a) & (b)  
 (e) Date of entry in the books of the supplier of service
10. What is the time of supply of vouchers when the supply with respect to the voucher is identifiable?  
 (a) Date of issue of voucher (b) Date of redemption of voucher  
 (c) Earlier of (a) & (b) (d) Later of (a) & (b)
11. What is the time of supply of vouchers when the supply with respect to the voucher is not identifiable?  
 (a) Date of issue of voucher  
 (b) Date of redemption of voucher  
 (c) Earlier of (a) & (b)  
 (d) Later of (a) & (b)
12. What is the time of supply of goods in case of movement of goods ?  
 (a) Invoice date (b) Removal of goods  
 (c) Earlier of (a) & (b) (d) Later of (a) & (b)
13. What is the time of supply of in case of sale on approval basis?  
 (a) Date of removal  
 (b) Date of acceptance  
 (c) 6 months from removal of goods  
 (d) Earlier of (a) & (b)  
 (e) Earlier of (b) & (c)
14. Minimum period required to constitute a continuous supply of services with periodic payment is ?  
 (a) Exceeding 1 month (b) Exceeding 2 months  
 (c) Exceeding 3 months (d) Exceeding 6 months
15. If goods are not received within 6 months in case of sale on approval basis it will be treated as?  
 (a) Sales return (b) Purchase return  
 (c) Good rejected (d) Deemed supply
16. In case of banks invoice is required to be issued within?  
 (a) 30 days (b) 45 days (c) 60 days (d) 90 days

**ANSWER**

<b>1</b>	<b>B</b>	<b>2</b>	<b>A</b>	<b>3</b>	<b>D</b>	<b>4</b>	<b>C</b>	<b>5</b>	<b>D</b>
<b>6</b>	<b>A</b>	<b>7</b>	<b>C</b>	<b>8</b>	<b>D</b>	<b>9</b>	<b>D</b>	<b>10</b>	<b>A</b>
<b>11</b>	<b>B</b>	<b>12</b>	<b>C</b>	<b>13</b>	<b>E</b>	<b>14</b>	<b>C</b>	<b>15</b>	<b>D</b>
<b>16</b>	<b>B</b>								

**CHAPTER 6 – INPUT TAX CREDIT**

1. Whether definition of Inputs includes capital goods  
(a) Yes (b) No (c) Cant say (d) None of the above
2. Credit on capital goods can be taken  
(a) Immediately (b) 50% immediately  
(c) Only After usage of such capital goods (d) None of the above
3. The dealer is required to fulfilled -----for the entitlement of credit?  
(a) All the conditions (b) Any one conditions  
(c) Any two Conditions (d) Ant three conditions
4. Whether credit on inputs should be availed based on receipt of documents or receipt of goods/services  
(a) Receipt of goods and services  
(b) Receipt of Documents related to goods and services  
(c) Both a and b  
(d) Either a or b
5. Input tax credit on capital goods and Inputs can be availed in one installment or in multiple installments?  
(a) In 2 equal installments (b) In 12 monthly installments  
(c) In 36 monthly installment (d) In 1 installments
6. The time limit to pay the value of supply with taxes to avail the input tax credit?  
(a) No such conditions (b) Immediately  
(c) 180 days (d) Till the date of filing of Annual Return
7. What is the last due date for taking input tax credit  
(a) No such time limit  
(b) 1 year from the date of invoice  
(c) 180 days from the date of receipt of invoice  
(d) Due date of furnishing of the return for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier
8. Whether depreciation on GST component of capital goods and Input tax credit can be claimed simultaneously?  
(a) No  
(b) Input tax credit is eligible if depreciation on tax component is not availed  
(c) None of the above
9. What is the maximum time limit to claim the Input tax credit?  
(a) Latest Till the date of filing annual return  
(b) 20th October (Due date of September month)  
(c) Earliest of (a) or (b)  
(d) Later of (a) or (b)

10. Prorata ITC for capital goods is allowed
  - (a) for business and non-business purpose
  - (b) for business or non-business purpose
  - (c) both of the above
  - (d) none of the above
  
11. Banking company or Financial Institution have an option of claiming:
  - (a) Eligible Credit or 50% credit
  - (b) Only 50% Credit
  - (c) Only Eligible credit
  - (d) Eligible credit and 50% credit
  
12. Punjab national Banking wish to withdraw the option of availing actual credit during the financial year Is it allowed?
  - (a) Yes
  - (b) No
  - (c) Yes with permission of Authorized officer
  
13. Rent a cab provided to an employee is eligible for ITC?
  - (a) No
  - (b) Yes
  - (c) No, but in case it is obligatory for an employer to provide to its employees under any law for the time being in force, then it is eligible
  - (d) Not applicable
  
14. If a assessee obtains voluntary registration can it avail credit on inputs lying in stock. What is the time limit for taking said credit
  - (a) 1 year from the date of invoice
  - (b) 2 year from the date of invoice
  - (c) 3 year from the date of invoice
  - (d) 4 year from the date of invoice
  
15. Input Tax credit as credited in Electronic Credit ledger can be utilized for
  - (a) Payment of Interest
  - (b) Payment of penalty
  - (c) Payment of taxes
  - (d) Payment of all
  
16. A dealer will be eligible for ITC on the Stock in business just preceding to the date of exceeding the taxable limit, provided, he should have applied for registration within :
  - A) 60 days of crossing the Threshold Limit of ` 20/-Lakhs
  - B) 45 days of crossing the Threshold Limit of ` 20/-Lakhs
  - C) 30 days of crossing the Threshold Limit of ` 20/- Lakhs
  - D) 15 days of crossing the Threshold Limit of ` 20/-Lakhs
  
17. If dealer crossed the registrable limit on 05-11-2018. But, he applied for GST registration on 26-11-2018 and he was granted GST registration on 28-11- 2018. What will be his effective date of registration?
  - A) 05-11-2018
  - B) 26-11-2018
  - C) 28-11-2018
  - D) 04-11-2018
  
18. If dealer crossed the registrable limit on 05-11-2018. But, he applied for GST registration on 26-12-2018 and he was granted GST registration on 28-12- 2018. What will be his effective date of registration?
  - A) 05-11-2018
  - B) 26-12-2018
  - C) 28-12-2018
  - D) 04-11-2018

19. Which of the following is included for computation of taxable supplies for the purpose of availing credit?
- A) Zero-rated supplies
  - B) Exempt supplies
  - C) Both
  - D) None of the above
20. Is it mandatory to capitalize the capital goods in books of Accounts?
- A) Yes
  - B) No
  - C) Optional
  - D) None of the above

**ANSWER**

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

**CHAPTER 7 – REGISTRATION**

- 1 Every supplier shall be liable to be registered under GST Act in the state / UT if his aggregate turnover in a financial year exceeds -----
  - a) Rs. 10 lakhs
  - b) Rs. 75 lakhs
  - c) Rs. 20 lakhs
  - d) Rs. 1 crores
  
- 2 Mr A started supply of Goods in Jammu & Kashmir. He is required to obtain registration if his aggregate turnover exceeds ----
  - a) Rs. 10 lakhs
  - b) Rs. 30 lakhs
  - c) Rs. 20 lakhs
  - d) Rs. 50 lakhs
  
- 3 Where a person makes taxable supply of Goods or services or both from any of the special category states, he shall be liable to get registered if aggregate turnover exceeds-----
  - a) Rs. 10 lakhs
  - b) Rs. 75 lakhs
  - c) Rs. 20 lakhs
  - d) Rs. 1 crores
  
- 4 Aggregate turnover includes -----
  - a) Taxable supplies
  - b) exports
  - c) Exempt supplies
  - d) all of the above
  
- 5 The calculation of Aggregate turnover to decide registration limit will be based on -----
  - a) state wise turnover
  - b) state wise turnover except Exports
  - c) All India Turnover
  - d) All India turnover excluding export
  
- 6 Suppose one undertake Agriculturist activity without his personal supervision or his family members. Whether it will be taxable event under GST?
  - a) Yes, it will be taxable
  - b) It will be partly taxable
  - c) No
  - d) Outside the purview of GST
  
- 7 The dealers who are not eligible for threshold limit for registration under GST law are?
  - a) Casual & NON -resident taxable person
  - b) Dealers making interstate supplies
  - c) A person liable to pay tax under reverse charge
  - d) all of the above
  
- 8 Suppose a dealer who is a resident of Kerala has business places both at Karnataka & Kerala. From where he has to take GST registration?
  - a) From Kerala only
  - b) From Karnataka only
  - c) From either of the states
  - d) Has to take separate registration for both with same PAN
  
- 9 Suppose one MNC has places of business all over India . Can such an MNC take a single Centralised GST registration?
  - a) Yes
  - b) No ( it has to take registration in all states)
  - c) Registration only from the state in which HO is located
  - d) Either of ( a ) or ( c )
  
- 10 A Casual taxable person or Non-resident taxable person shall apply for registration at least \_\_\_\_\_prior to the commencement of the business.
  - a) 3 days
  - b) 5 days
  - c) 15 days
  - d) 30 days

11. Whether all persons are mandatorily required to obtain registration?
  - a) yes
  - b) not required if he is an agriculturist engaged into exempted goods
  - c) no, only if specified threshold limit exceeds in a financial year
  - d) not required if he is agriculturist or person carrying supply not exceeds the limit
  
12. Which of the following persons are compulsorily required to obtain registration?
  - a) Person making Interstate taxable supply
  - b) Casual taxable persons
  - c) Non-resident taxable persons
  - d) all of the above
  
13. Which of the following persons are not liable for registration?
  - a) any person engaged exclusively in exempted services
  - b) any person engaged exclusively in exempted goods
  - c) both ( a ) & ( b )
  - d) none of the above
  
14. Where a business is carried on by a taxable person registered under this ACT is transferred to another person as a going concern,-----
  - a) the transferee shall be liable to be registered
  - b) both transferor & transferee are required to obtain fresh registration
  - c) transferors registration shall be taken as a transferee registration
  - d) none
  
15. Whether the dealers making the exclusive supply of Liquor or Petrol should have to take the registration under GST law ?
  - a) yes      b) no      c) optional      d) either ( a ) or ( c )
  
16. Threshold limit of registration is applicable to the following cases :
  - a) Non-resident taxable person
  - b) Casual taxable person
  - c) Every Electronic Commerce Operator ( ECO )
  - d) None of the above
  
17. The dealers liable to make estimated Advance tax remittance to obtain GST Registration are -----
  - a) Dealers having Business Verticals
  - b) Casual Dealers
  - c) Non resident taxable persons
  - d) E-Commerce operator
  
18. Within how many days a person should apply for registration?
  - a) within 30 days from the date when he becomes liable
  - b) within 60 days from the date when he becomes liable
  - c) within 90 days from the date when he becomes liable
  - d) no such limit
  
19. Determine effective date of registration, if Aggregate turnover exceeds on 29th April, submits application for registration on 25th May & allotted Registration certificate on 1st June
  - a) 29th April              b) 25th May
  - c) 1st June                d) none of the above

20. Determine effective date of registration, if Aggregate turnover exceeds on 24th Nov, submits application for registration on 24th Dec & allotted Registration certificate on 31st Dec.  
a) 24th Nov            b) 24th Dec            c) 25th Dec            d) 31st Dec
21. Determine effective date of registration, if Aggregate turnover exceeds on 24th April, submits application for registration on 25th May & allotted Registration certificate on 1st June  
a) 24th April            b) 25th May            c) 1st June            d) 24th may
22. A Casual taxable person must obtain registration -----commencement of its business.  
a) at least 5 days prio to            b) within 5 days after  
c) atleast 15 days prior to            d) within 30 days after
23. A person having -----business verticals in a state -----obtain a separate registration for each business vertical  
a) single , shall            b) multiple , may  
c) multiple, shall            d) single , may
24. Which of the following statement is correct?  
a) Voluntary registration is not possible under GST  
b) Person may apply for voluntary registration  
c) Voluntary registered person need not have to pay GST  
d) None
25. An E- Commerce Operator (ECO) should get registered irrespective of is threshold limit?  
a) Yes  
c) No, required to register only if Turnover exceeds the limit  
b) Yes, if he is located in north - western states  
d) he is required to register only if he is liable to collect tax at source.
26. What is the validity of the Registration certificate?  
a) one year            b) Valid till it is cancelled  
c) no validity            d) 5 years
27. What is the validity of the registration certificate issued to Causal taxable person & Non-resident taxable person?  
a) 90 days from effective date of registration  
c) earliest of ( a ) & ( b )  
b) period specified in the application for registration  
d) 180 days from effective date of registration
28. Which of the following requires amendment in the Registration certificate  
a) Change of the name of registered person  
b) Switching from composition scheme to normal scheme  
c) Change in the constitution of the registered person  
d) all of the above



- 29 When can a Voluntary registered person's registration be cancelled?
- a) If the person does not start business within 6 months from registration
  - b) Non filing of returns for a continuous period of 6 months
  - c) Business has been discontinued or transferred for any reason
  - d) all of the above
- 30 The proper officer may cancel the registration under GST of a person paying tax u/s.10 i.e. Composition levy has not furnished returns for -----
- a) 3 consecutive periods
  - b) 6 consecutive periods
  - c) 9 consecutive periods
  - d) 12 consecutive periods
- 31 GST registration is -
- a) Aadhar based
  - b) PAN based
  - c) Passport based
  - d) none
- 32 A person is having multiple business requires registration -----
- a) Single
  - b) Each business separately
  - c) Either (a) or (b)
  - d) None
- 33 The proper officer may cancel the registration of a person who applied for voluntary registration if he has not commenced business within --- from the date of registration
- a) 3 months
  - b) 6 months
  - c) 9 months
  - d) 12 months
- 34 Registration is deemed to be granted -----
- a) After 4 working days
  - b) after 3 common working days
  - c) After 5 working days
  - d) after 7 working days
- 35 Within how many days an application for revocation of cancellation of registration can be made?
- a) Within 7 days from the date of service of cancellation order
  - b) Within 30 days from the date of service of cancellation order
  - c) Within 15 days from the date of issue of cancellation order
  - d) Within 45 days from the date of issue of cancellation order
- 36 State which of the following statement is correct in respect of obtaining a separate registration for Business Verticals
- a) Person can obtain centralised registration
  - b) He can have only two registration in a state
  - c) Person shall obtain a separate registration for each of his verticals
  - d) Either of (a) or (c)
- 37 Business which has centralised registration under existing ACT-----
- a) Shall obtain a centralised registration under GST law
  - b) Shall obtain registration on temporary basis
  - c) Shall obtain separate registration for each of his verticals
  - d) No need to apply for registration under GST

- 38 In GST, a dealer can apply for the Revocation of the cancellation of registration-----
- Within 15 days from the date of service of cancellation order
  - Within 30 days from the date of service of cancellation order
  - Within 45 days from the date of service of cancellation order
  - Within 60 days from the date of service of cancellation order
- 39 An Unique identity Number (UIN) will be allotted to the following persons upon submitting an application-----
- All the Taxable persons can apply
  - Only Unregistered persons can apply
  - Specified agency of UNO or Foreign embassy
  - None of the above
- 40 Can a person apply for registration to pay tax u/s.10 for any of his business verticals at his choice.....?
- Yes, irrespective of the registration status of other business verticals
  - Yes, provided majority of thee business verticals are paying tax u/s.10
  - No all of his other business verticals also should have obtained registration to pay u/s.10
  - Yes, if all the business vertical in a state are obtained registration to pay tax u/s.10

**ANSWER**

<b>1</b>	C	<b>2</b>	C	<b>3</b>	A	<b>4</b>	D	<b>5</b>	C
<b>6</b>	A	<b>7</b>	D	<b>8</b>	D	<b>9</b>	B	<b>10</b>	B
<b>11</b>	D	<b>12</b>	D	<b>13</b>	C	<b>14</b>	A	<b>15</b>	B
<b>16</b>	D	<b>17</b>	D	<b>18</b>	A	<b>19</b>	A	<b>20</b>	A
<b>21</b>	C	<b>22</b>	A	<b>23</b>	B	<b>24</b>	B	<b>25</b>	A
<b>26</b>	B	<b>27</b>	C	<b>28</b>	D	<b>29</b>	D	<b>30</b>	A
<b>31</b>	B	<b>32</b>	A	<b>33</b>	B	<b>34</b>	B	<b>35</b>	B
<b>36</b>	C	<b>37</b>	C	<b>38</b>	B	<b>39</b>	C	<b>40</b>	C

**CHAPTER 8– TAX INVOICE, CREDIT & DEBIT NOTES**

- 1 Tax invoice must be issued by-----
  - a) Every trader
  - b) Registered person paying tax under Composition scheme
  - c) Every taxable person
  - d) Registered person not paying tax under Composition scheme
  
- 2 A registered person supplying taxable goods shall issue a Tax invoice showing ----
  - a) the description
  - b) the tax charged thereon
  - c) quantity & value of goods
  - d) all of the above
  
- 3 A registered person supplying taxable goods shall issue invoice -----where the supply involves the movement of goods
  - a) before or at the time of removal of goods
  - b) within 30 days after the removal of goods
  - c) before or at the time of delivery of such goods
  - d) within 60 days after the removal of goods
  
- 4 A registered person supplying taxable goods shall issue invoice -----where the supply involves no such movement of goods
  - a) before or at the time of removal of goods
  - b) within 30 days after the removal of goods
  - c) before or at the time of delivery of such goods
  - d) within 60 days after the removal of goods
  
- 5 Where the Goods are sent on Approval basis or Sale or Return basis , the Invoice shall be issued -----
  - a) Before or at the tiime of supply
  - b) 6 months from the date of removal
  - c) before or at the time of supply or within 6 months from date of removal whichever is earlier
  - d) before or at the time of supply or within 6 months from date of removal whichever is later
  
- 6 A Bill of Supply ( BOS ) can be issued in case of inter-state or intra - state-----
  - a) Exempted supplies
  - b) Supplies by Composite Dealers
  - c) both (a) & (b)
  - d) either (a) or (b)
  
- 7 An Invoice must be issued -----
  - a) before or at the time of removal of goods
  - b) on receipt of payment for the supply
  - c) after removal of goods
  - d) earliest of the above dates
  
- 8 K Ltd. Supplies goods to S ltd. The goods were removed from its Factory on 24th Nov., K td. May issue Tax invoice-----
  - a) on or before 24th Nov
  - b) on 24th Nov
  - c) after 24th nov
  - d) on 24th dec
  
- 9 An acknowledgment must be given on receipt of advance payment in respect of supply of Goods or services
  - a) Yes, in the form of provisional invoice
  - b) Yes, in the form of invoice
  - c) Yes, as a Receipt Voucher
  - d) Yes,as a Refund Voucher

- 10 A continuous supply of goods requires one of the following as a must -----
- the goods must be notified by the commissioner
  - the supply is made always by means of a wire only
  - the contract for supply lasts for a minimum period of 3 months
  - supplier invoices the recipient on a regular or periodic basis
- 11 The recipient must issue an Invoice in the following cases -----
- the supplier fails to issue an invoice
  - the goods or services received for tax on reverse charge
  - the supplier is unregistered
  - all of the above
- 12 A payment voucher need not be raised if the supplier is an unregistered person
- True, as the recipient is required to issue an invoice
  - False, a Payment voucher is the only document of evidence
  - True, if the unregistered person does not require
  - False, payment voucher should be issued in addition to raise an invoice.
- 13 The time limit for issue of Tax invoice in case of continuous supply of goods
- at the time of issue of statement of accounts
  - at the time of receipt of payment, if payment are received prior to issue of accounts
  - on a monthly basis
  - as and when demanded by the recipient
- 14 If the Supply of Services has ceased under a contract before the completion of supply
- invoice has to be issued within 30 days from cessation
  - invoice has to be issued to the extent of supply done
  - no need of invoice to be issued
  - none of the above
- 15 Tax invoice should be issued -----the date of supply of taxable service
- within 15 days from
  - within 30 days from
  - within 60 days from
  - within 1 month from
- 16 In case of taxable supply of service , invoice shall be issued within a period of ----- from the date of supply of service
- 30 days
  - 45 days
  - 60 days
  - 90 days
- 17 In case of taxable supply of service of Insurer, invoice shall be issued within a period of ----- from the date of supply of service
- 30 days
  - 45 days
  - 60 days
  - 90 days
- 18 In case of continuous supply of service, where due date of payment is ascertainable from the contract ,invoice shall be issued -----
- before or at the time when the supplier receives payment
  - on or before the due date of payment
  - either of (a) or ( b )
  - none

- 19 In case of continuous supply of service, where due date of payment is not ascertainable from the contract ,invoice shall be issued -----
- a) before or at the time when the supplier receives payment
  - b) on or before the due date of payment
  - c) either of (a) or ( b )
  - d) none
- 20 A Credit note is issued by -----and its document accepted for GST purposes
- a) supplier, for reducing tax or taxable value
  - c) recipient, for reducing tax or taxable value
  - b) supplier, for increasing tax or taxable value
  - d) recipient, for increasing tax or taxable value
- 21 For an increase in the tax payable or taxable value , a Debit note for GST purposes----
- a) must be issued by the supplier
  - c) must be issued by the recipient
  - b) may be issued by the supplier
  - d) may be issued by the recipient
- 22 The last date for declaring the details of Credit note issued on 30-01-2018 for a supply made on 20-09-2017 is-----
- a) 31-12-2018 ( being the actual date of filing Annual return )
  - c) 20-07-2018
  - b) 20-09-2018
  - d) 20-10-2018
- 23 The receipt voucher must contain -----
- a) details of goods or services
  - b) full value of supply
  - c) invoice reference
  - d) none of the above
- 24 The impact of the issuance of a Debit note by a supplier in his value of supplies will ----
- a) be decrease
  - b) be of no impact
  - c) be an increase
  - d) any of the above subject to the nature of Debit note issued
- 25 The impact of the issuance of a Credit note by a supplier in his value of supplies will ---
- a) be decrease
  - c) be an increase
  - b) be of no impact
  - d) any of the above subject to the nature of Credit note issued
- 26 A registered person who is liable to pay tax under reverse charge basis shall issue a --
- at the time of making payment to the supplier
  - a) Credit note
  - b) Debit note
  - c) Receipt Voucher
  - d) Payment voucher

- 27 A registered person shall on receipt of advance payment with respect to any supply of Goods or services may issue-----
- a) Credit note                      b) Debit note  
c) Receipt Voucher                      d) Payment voucher
- 28 A Registered person may not issue a Taxinvoice if the vau of Goods or services or both supplied is less than -----
- a) Rs.200    b) Rs.2,000    c) Rs.250    d) Rs.500
- 29 Continuous supply of service means a supply of services which is provided or agreed to be provided continuously on recurring basis under a contract for a period exceeding---
- a) 1 month                      b) 3 months                      c) 6 months                      d) 12 months
- 30 A person who has applied for Registration-----
- a) can provisionally collect tax till his registration is approved  
c) can neither collect tax nor claim Input tax credit  
b) can issue Revised Tax invoice within 1 month from getting registration certificate  
d) all of the above

**ANSWER**

<b>1</b>	D	<b>2</b>	D	<b>3</b>	A	<b>4</b>	C	<b>5</b>	C
<b>6</b>	C	<b>7</b>	A	<b>8</b>	A	<b>9</b>	C	<b>10</b>	D
<b>11</b>	C	<b>12</b>	D	<b>13</b>	A	<b>14</b>	B	<b>15</b>	B
<b>16</b>	A	<b>17</b>	B	<b>18</b>	B	<b>19</b>	A	<b>20</b>	A
<b>21</b>	A	<b>22</b>	D	<b>23</b>	A	<b>24</b>	C	<b>25</b>	A
<b>26</b>	D	<b>27</b>	C	<b>28</b>	A	<b>29</b>	B	<b>30</b>	B

**CHAPTER 9 – PAYMENT OF TAX**

- 1 Which of these Electronic ledgers are maintained online ?
  - a) Electronic Cash ledger
  - b) Electronic Credit ledger
  - c) Electronic Liability register
  - d) all of the above
  
- 2 Deposits towards Tax, Interest , penalty etc...are credited into -----of a Taxable person
  - a) Electronic Cash ledger
  - b) Electronic Credit ledger
  - c) Electronic Liability register
  - d) all of the above
  
- 3 Input Tax credit as self assessed in the return of the registered person shall be credited to which of the following ledgers
  - a) Electronic Cash ledger
  - b) Electronic Credit ledger
  - c) Electronic Liability register
  - d) all of the above
  
- 4 In GST , the order of discharging tax & other liabilities will be -----
  - a) Previous tax , Current Tax & additional demand
  - b) Current tax, Previous tax & additional demand
  - c) any order as per the descretion of the proper officer
  - d) none of the above
  
- 5 Electronic credit ledger is credited by-----
  - a) cash deposit towards tax remittance
  - b) cash deposit towards fees , fine, interest, penalty.
  - c) Input tax credit on IGST, CGST & SGST
  - d) advance tax remittance
  
- 6 The permissible order of cross utilisation of IGST credit over the tax liabilities
  - a) SGST, CGST & IGST
  - b) IGST , CGST & SGST
  - c) CGST , SGST & IGST
  - d) no such order prescribed
  
- 7 The amount available in E-cash ledger may be used for making payment towards -----
  - a) Tax
  - b) Interest
  - c) Penalty
  - d) all of the above
  
- 8 The amount available in E-Credit ledger may be used for making payment towards -----
  - a) Tax
  - b) Interest
  - c) Penalty
  - d) all of the above
  
- 9 Input tax credit as self assessed in the return of registered person shall be credited to -----
  - a) Electronic Cash ledger
  - b) Electronic Credit ledger
  - c) Personal A/c
  - d) Refund A/c

- 10 The amount can be credited in E-cash ledger by-----  
a) Internet banking                      b) NEFT / RTGS  
c) Credit Card / Debit Card              d) any of the above
- 11 which of the following statement is true ? Which date is considered as date of deposit of the Tax dues  
a) Date of presentation of cheque  
b) date of credit of amount in the account of Government  
c) date of payment  
d) none of the above
- 12 Interest is calculated for -----  
a) Delay in filing GST returns              b) Delay in making payment of Tax  
c) both ( a ) & ( b )                      d) either (a) or (b)
- 13 Interest for delayed payment of GST is calculated at the rate of -----  
a) 12 % p.a                      b) 18 % p.a.  
c) 24 % p.a.                      d) either of (b) or ( c )
- 14 Interest is calculated -----  
a) from last day such tax was due to be paid  
b) after 30 days following the day on which such tax becomes due  
c) no period is specified  
d) from the day following the day on which tax becomes due to be paid
- 15 Which of the following shall be discharged first, while discharging liability of a taxable person?  
a) All dues related to previous tax period  
b) All dues related to current tax period  
c) Demand raised u/s. 73 & 74  
d) no such condition is mandatory
- 16 Which of the following liability cannot be adjusted against Input Tax credit of SGST  
a) IGST                      b) SGST  
c) all of the above              d) none of the above
- 17 Which of the following liability can be adjusted against Input Tax credit of CGST  
a) IGST                      b) CGST  
c) all of the above              d) none of the above
- 18 Which of the following liability cannot be adjusted against Input Tax credit of SGST  
a) IGST                      b) CGST  
c) all of the above              d) none of the above
- 19 Interest is payable on -----  
a) Belated payment of tax  
b) undue / excess reduction in output tax liability  
c) undue / excess claim of Input tax credit  
d) all of the above
- 20 Balance in E-credit ledger under SGST can be used against which liability ?  
a) SGST only                      b) SGST & IGST  
c) SGST, IGST & CGST              d) none of the above





**CHAPTER 10 - RETURNS**

- 1 The details of Outward supplies of Goods or services shall be submitted by -----
  - a) 10th of succeeding month
  - b) 15th of succeeding month
  - c) 18th of succeeding month
  - d) 20th of succeeding month
  
- 2 The details of Outward supplies of Goods or services shall be submitted in -----
  - a) GSTR 2
  - b) GSTR 1
  - c) GSTR 3
  - d) GSTR 4
  
- 3 Due date of filing GSTR – 3B is -----
  - a) on 10th day of the next month
  - b) on 15th day of the next month
  - c) on 17th day of the next month
  - d) on or before 20th of the next month
  
- 4 The normal permissible time period to upload the statement of Outward supply will be -----
  - a) from 1st to 10th of next month
  - b) from 11th to 15th of next month
  - c) from 15th to 18th of next month
  - d) from 11th to 20th of next month
  
- 5 The Registered person shall not be allowed to upload the details of outwards supply during-----
  - a) from 1st to 10th of next month
  - b) from 11th to 15th of next month
  - c) from 15th to 18th of next month
  - d) from 11th to 20th of next month
  
- 6 Who is required to furnish details of Outward supplies in Form GSTR - 1?
  - a) Person paying tax under composition scheme
  - b) Non-resident taxable person
  - c) both (a) & (b)
  - d) none of above
  
- 7 Which form is furnished for submission of details of Outward supplies u/s.37?
  - a) GSTR - 1
  - b) GSTR - 2
  - c) GSTR -3
  - d) GSTR -5
  
- 8 Which form is required to furnished returns u/s.39 ?
  - a) GSTR - 1
  - b) GSTR - 3
  - c) GSTR -5
  - d) both (b) & (c )
  
- 9 Composition tax payer is required to file return in form No. -----
  - a) GSTR - 1
  - b) GSTR – 2
  - c) GSTR -3
  - d) GSTR -4
  
- 10 Every tax payer paying tax u/s.10 (Composition levy) shall file the return -----
  - a) by 18th of next quarter
  - b) by 10th of next month
  - c) by 18th of next month
  - d) by 10th of next quarter

- 11 What is the Time limit for rectification of returns filed by registered supplier?
- Return can be rectified within 6 months from date of filing returns
  - Return have to be rectified before the due date for filling the returns
  - Return can be rectified within 90 days from date of filing returns
  - Return can be rectified before the date of filing Sept return of next Year or date of filing annual return, whichever is earlier
- 12 Which of the following are not required to file Annual Return?
- Input Service Distributor ( ISD )
  - Non Resident taxable person ( NRTP )
  - Casual Taxable person ( CTP )
  - All of the above
- 13 Every registered taxable person who is required to get his accounts audited u/s. 35 shall furnish electronically -----
- Annual return
  - Reconciliation statement
  - Audited copy of Annual accounts
  - All of the above
- 14 The Final return shall be filed by the registered taxable person within -----
- 3 months of the date of cancellation
  - date of order of cancellation passed by officer
  - later of (a) or (b)
  - earlier of (a) or (b)
- 15 Due date of filing Annual return is.....
- 20th of next month
  - 18th of succeeding quarter
  - 31st Deceber of next financial year
  - within 3 months of date of actual cancellation or order of cancellation whichever is earlier
- 16 Due date of filing Regular Normal return is.....
- 20th of next month
  - 18th of succeeding quarter
  - 31st December of next financial year
  - within 3 months of date of actual cancellation or order of cancellation whichever is earlier
- 17 Due date of filing Composition return is.....
- 20th of next month
  - 18th of succeeding quarter
  - 31st December of next financial year
  - within 3 months of date of actual cancellation or order of cancellation whichever is earlier
- 18 Due date of filing Final return is.....
- 20th of next month
  - 18th of succeeding quarter
  - 31st December of next financial year
  - within 3 months of date of actual cancellation or order of cancellation whichever is later

- 19 Any registered person who fails to furnish the return before the due date will be laible to -----  
 a) Interest u/s. 50                      b) late fee u/s.47  
 c) both (a) & (b)                      d) none of the above
- 20 Any registered person who fails to furnish the return before the due date will be laible to -----  
 a) Interest @ 1 % p.m.  
 b) late fee of Rs.100 per day, upto Rs.5,000.  
 c) both (a) & (b)  
 d) none of the above
- 21 A Goods & Service tax practitioner ( GSTP ) can undertake the following activities if authorised by the taxable person-  
 a) furnish details of inward & outward supplies  
 b) Furnish Annual & Final return  
 c) Furnish monthly / quarterly return  
 d) all of the above
- 22 The time limit for filing Annual return & audited financial statements in GST will be.....  
 a) on or before 30th Sept of succeeding financial year  
 b) on or before 31st Dec of succeeding financial year  
 c) on or before 31st Oct of succeeding financial year  
 d) none of the above
- 23 Which of the following are required to file Annual Return ?  
 a) Input Service Distributor ( ISD )  
 b) Non Resident taxable person ( NRTP )  
 c) Casual Taxable person ( CTP )  
 d) none of the above
- 24 Which of the following are required to file Annual Return?  
 a) Input Service Distributor ( ISD )  
 b) Non Resident taxable person ( NRTP )  
 c) A person liable to pay tax under reverse charge  
 d) none of the above

**ANSWER**

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

**AUDIT**

**CHAPTER 1 – INTRODUCTION TO AUDIT & BASIC CONCEPTS**

1. Scope of Audit depends on which factors :  
(a) Terms of Engagement                      (b) Applicable Laws & Regulations  
(c) ICAI Pronouncements                      (d) All of the above.
2. The following are the different types of audit  
(a) Statutory Audit                      (b) Voluntary Audit  
(c) Both of the above.                      (d) None of the above.
3. Which of the following is NOT a basic principles Governing an Audit.  
(a) Planning                      (b) Confidentiality  
(c) Audit evidence                      (d) Audit Procedures
4. Which of the following is NOT a quality of an Auditor  
(a) Tact                      (b) Caution                      (c) Short temper                      (d) Patience

**ANSWER**

<b>1</b>	D	<b>2</b>	C	<b>3</b>	D	<b>4</b>	C
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**CHAPTER 2 – AUDIT STRATEGY AND AUDIT PLANNING**

- 1) The audit plan is \_\_\_\_\_ detailed than the overall audit strategy  
(a) Less (b) More (c) Equal (d) none of the above
2. Planning is \_\_\_\_\_ process of an audit that often begins shortly after (or in connection with) the completion of the previous audit and continues until the completion of the current audit engagement:  
(a) Continuous (b) discreet  
(c) neither continuous nor discreet (d) all of the above
3. The auditor shall develop an audit plan that shall include a description of:  
(a) The nature, timing and extent of planned risk assessment procedures  
(b) The nature, timing and extent of planned further audit procedures at the assertion level.  
(c) Other planned audit procedures that are required to be carried out so that the engagement complies with SAs.  
(d) All of the above
4. With reference to SA 300, the auditor shall document:  
(a) The overall audit strategy (b) The audit plan  
(c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.  
(d) All of the above
5. The overall audit strategy and the audit plan remain the \_\_\_\_\_ responsibility.  
(a) auditor's (b) management's  
(c) those charged with governance (d) All of the above
6. Determining a percentage to be applied to a chosen benchmark (in relation to materiality) involves the exercise of \_\_\_\_\_  
(a) Independence (b) Professional Judgment  
(c) Professional skepticism (d) All of the above
7. Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate planning benefits the audit of financial statements in several ways described hereunder except-  
a) Proper Selection of Engagement Team  
b) Deciding the level of risk of material misstatement  
c) Timely resolution of Potential Problems  
d) Proper Organization and Management of Audit Engagement.
8. As per SA 300 'Planning an audit of financial statement' the auditor shall document-  
a) The overall audit strategy;  
b) The audit plan; and  
c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes as under  
d) All of the above.
9. Audit programme is prepared by  
(a) the auditor (b) the client  
(c) the audit assistants (d) the auditor and his audit assistants

10. Which of the following statements is not correct about materiality?
- a) Materiality is a relative concept
  - b) Materiality judgments involve both quantitative and qualitative judgments
  - c) Auditor's consideration of materiality is influenced by the auditor's perception of the needs of an informed decision maker who will rely on the financial statements
  - d) At the planning state, the auditor considers materiality at the financial statement level only
11. ....the audit risk,..... The materiality and .....the audit effort
- a) Lower, Higher, Lower
  - b) Lower, Lower, Higher
  - c) Higher, Lower, Lower
  - d) Lower, Higher, Higher
12. In determining the level of materiality for an audit, what should not be considered?
- a) Prior year's errors
  - b) The auditor's remuneration
  - c) Adjusted interim financial statements
  - d) Prior year's financial statements

**ANSWER**

<b>1</b>	B	<b>2</b>	A	<b>3</b>	D	<b>4</b>	D	<b>5</b>	A
<b>6</b>	B	<b>7</b>	B	<b>8</b>	D	<b>9</b>	D	<b>10</b>	D
<b>11</b>	A	<b>12</b>	B						



**CHAPTER 3 – AUDIT DOCUMENTATION AND AUDIT EVIDENCE.****CHAPTER 5 – FRAUD AND REONSIBILITS OF THE AUDITORIN THIS REGARD.****CHAPTER 7 – AUDIT SAMPLING.****CHAATER 8 – ANALYTAL PROCEDRES.****CHAPTER 9 – AUDIT OF ITEMS OF FINANCIAL STATMENT.****(ALL ABOVE CHAPTERS COVERS DIFFIRENT STANDARD ON AUDITING)****PART I : INTRODUCTION TO STANDARDS**

1. SA 210 deals with \_\_\_\_\_  

A. Terms of Engagement	B. Audit Evidence
C. External Confirmation	D. Using the work of an expert
  
2. SA 220 Deals with \_\_\_\_\_  

A. Sampling	B. Comparative Statements
C. Documentation	D. None of the above
  
3. SA 230 deals with \_\_\_\_\_  

A. Joint Auditors	B. Planning
C. Documentation	D. All of the above
  
4. SA 240 deals with \_\_\_\_\_  

A. Materiality	B. Service Auditors
C. Opening Balances	D. None of the above
  
5. SA 250 deals with \_\_\_\_\_  

A. Consideration of Laws and Regulations	B. Quality Control
C. Comparatives	D. Vouching
  
6. SA 260 and SA 265 details about auditor having a communication with \_\_\_\_\_  

A. Other Auditor	B. Internal Auditor
C. Expert	D. Management and where appropriate, Those charged with governance
  
7. SA 299 explains regarding Responsibility of \_\_\_\_\_  

A. Management	B. Secretary
C. Branch Auditors	D. None of the above
  
8. SA 300 explains that Auditor must \_\_\_\_\_ his work.  

A. Document	B. Plan	C. Record	D. Authenticate
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9. SA 315 discusses about identifying risk of  

A. Fraud	B. Error	C. Material Misstatement	D. Forgery
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10. SA 320 talks about \_\_\_\_\_  

A. Annual Report	B. Auditor's Independence
C. Communication with Management	D. Materiality

11. SA 402 details the responsibility of \_\_\_\_\_  
A. User Auditor                      B. Service Auditor  
C. Internal Auditor                  D. Other Auditor
12. Evaluation of misstatements identified during the course of Audit is dealt by SA \_\_\_\_\_  
A. 620      B. 820      C. 320      D. 450
13. SA 500 deals with \_\_\_\_\_  
A. Management                      B. Those Charged with governance  
C. Audit Evidence                  D. Auditor's opinion
14. Initial Audit Engagements : \_\_\_\_\_ is dealt by SA \_\_\_\_\_.  
A. Opening Balances, SA 510      B. Closing Balances, SA 510  
C. Opening Balances, SA 710      D. Closing Balances, SA 710
15. As per SA \_\_\_\_\_, Auditor must perform \_\_\_\_\_ Procedures.  
A. 650, Sufficient                      B. 720, Appropriate  
C. 520, Sufficient And Appropriate      D. None of the above
16. As per SA 530, Auditor can use \_\_\_\_\_ technique.  
A. Sampling      B. Processing      C. Proper      D. Any
17. SA 540 helps the auditor in auditing \_\_\_\_\_  
A. Accounting Estimates              B. Fair Value Accounting Estimates  
C. Related Disclosures              D. All of the above
18. SA 550 explains the specific situation regarding \_\_\_\_\_  
A. Associate parties                      B. Related Parties  
C. Common Parties                      D. insured Parties
19. Auditor can check the "going concern" position of an organisation by following guidelines given by \_\_\_\_\_  
A. SA 600      B. SA 705      C. SA 570      D. SA 750
20. SA 580 explains the concept of \_\_\_\_\_  
A. Oral Representations  
B. Oral and Written Representation  
C. Written Representation  
D. None of the above
21. SA 600, SA 610 and SA 620 deals with using the work of \_\_\_\_\_ respectively.  
A. Another Auditor, Internal Auditor and Auditor's Expert  
B. Auditor's Expert, Another Auditor and Internal Auditor  
C. Internal Auditor, Auditor's Expert and Another Auditor  
D. None of the above

**SA 200**

1. Audit risk is a function of \_\_\_\_\_ and detection risk.  
A. Inherent Risk                      B. Control Risk  
C. Risk of Material Misstatement      D. Fraud
2. Risk of material misstatement consists of two components, \_\_\_\_\_ and  
A. Inherent Risk and Control Risk      B. Control Risk and Audit Risk  
C. Audit Risk and Detection Risk      D. All of the above

3. A structured representation of historical financial information including related notes is known as \_\_\_\_\_
- A. Audit Evidence                      B. Financial Statements  
C. Notes to accounts                  D. Documentation
4. Misstatements can arise due to \_\_\_\_\_ and
- A. Auditor and management  
B. Management and those charged with governance  
C. Auditor and those charged with governance  
D. Fraud and Error
5. Attitude of questioning mind and being alert to conditions indicating misstatement due to error or fraud \_\_\_\_\_ is known as
- A. Professional Judgement  
B. Professional Skepticism  
C. Misstatement  
D. Independence

**SA 210**

1. If limitation on the scope of an audit is imposed in a way that auditor is supposed to \_\_\_\_\_ his opinion, he should not accept such a limited assignment.
- A. Disclaim  
B. Negate  
C. Accept  
D. None of the above
2. For ensuring that precondition for an audit are present or not, auditor must ensure that financial statements are prepared and presented using \_\_\_\_\_
- A. Computers  
B. Pen  
C. Applicable Financial Reporting Framework  
D. Skills and competence
3. Audit engagement letter (or any other such document) must be in \_\_\_\_\_
- A. English  
B. Written format  
C. Oral Format  
D. Written and oral, both format
4. Auditor shouldn't agree to change the terms of engagement unless there is \_\_\_\_\_ justification to do so.
- A. Real  
B. Logical  
C. Reasonable  
D. All of the above
5. If auditor is unable to agree to change the terms of engagement and management doesn't permit the auditor to continue the original audit engagement, auditor must \_\_\_\_\_ from the engagement.
- A. Continue                      B. Withdraw                      C. Change                      D. None of the above

**SA 220**

1. Partner/other person of the firm who is responsible for the engagement & its performance is known as \_\_\_\_\_  
A. External Partner                      B. Engagement Partner  
C. Assurance Partner                    D. Expert Partner
2. Procedures designed to provide evidence of compliance by engagement team in relation to completed engagement can be called\_\_\_\_\_.  
A. Inspection  
B. Monitoring  
C. Engagement Quality Control Review
3. \_\_\_\_\_ is an individual outside the firm with capabilities to act as engagement partner who can perform Engagement Quality Control Review.  
A. Expert  
B. Engagement Partner  
C. Suitably qualified external person  
D. Auditor
4. Engagement partner and his team must follow relevant \_\_\_\_\_ requirements.  
A. Independent    B. Legal            C. Ethical            D. All
5. Before accepting the client, auditor usually performs \_\_\_\_\_  
A. Sufficient Procedure  
B. Appropriate Procedure  
C. Client Continuance Procedure  
D. Client Acceptance Procedure
6. Process comprising an ongoing consideration & evaluation of firm's quality control system is called \_\_\_\_\_  
A. Inspection                      B. Monitoring  
C. Audit Procedures                D. Risk Assessment Procedures
7. If differences arise within engagement team, engagement team shall follow\_\_\_\_\_policies for resolving disputes.  
A. Legal                      B. Official            C. Authoritative    D. Firm's

**SA 230**

1. Folder/Storage Media in physical/electronic form comprising documents related to an audit can be called as \_\_\_\_\_  
A. Working Papers                      B. Working File  
C. Audit File                              D. Pen Drive
2. If there is \_\_\_\_\_ from relevant requirements, it should be documented.  
A. Departure                      B. Illegality            C. Dispute            D. Opportunity
3. Auditor should not delete documentation before the end of \_\_\_\_\_ period.  
A. Audit                      B. Yearly                C. Quarterly            D. Retention

**SA 240**

1. SA 240 expands on how \_\_\_\_\_ & \_\_\_\_\_ are to be applied in relation to Risk of Material Misstatement due to fraud.  
A. Frauds & Errors                      B. SA 210 & SA 220  
C. SA 610 & SA 620                      D. SA 315 & SA 320
2. The risk of not detecting a material misstatement resulting from \_\_\_\_\_ is higher than the risk of not detecting material misstatement resulting from \_\_\_\_\_.  
A. Theft ; Mistake                      B. Frauds ; Errors  
C. Errors ; Frauds                      D. Management ; Those Charged With Governance
3. The risk of not detecting a material misstatement resulting from \_\_\_\_\_ is higher than the risk of not detecting material misstatement resulting from \_\_\_\_\_.  
A. Management Fraud ; Employee Fraud  
B. Employee Fraud ; Management Fraud  
C. Auditor ; Management  
D. None of the above
4. Auditor must maintain an attitude of \_\_\_\_\_ throughout the audit.  
A. Professional Judgement                      B. Professional Skepticism  
C. Arrogance                      D. Being judgemental
5. Events/conditions indicating an incentive to commit fraud is known as \_\_\_\_\_.  
A. Going Concern                      B. Difficult Conditions  
C. Dangerous Conditions                      E. Fraud Risk Factors
6. Where responses to inquiries of management or those charged with governance are \_\_\_\_\_, auditor shall investigate inconsistencies.  
A. Incorrect                      B. Inconsistencies  
C. Correct                      D. Problematic

**SA 250**

1. SA 250 is designed to assist the auditor in identifying material misstatement of financial statement due to non - compliance with all \_\_\_\_\_.  
A. Frauds & Errors                      B. Audit Requirements  
C. Laws & Regulations                      D. Required Audit Procedures
2. Auditor is \_\_\_\_\_ responsible for preventing non compliance with laws & regulations.  
A. Not                      B. Completely                      C. Absolutely                      D. Only
3. Apart from ensuring compliance with provisions of those regulations which has direct effect on financial statements, SA 250 also deals with auditor's responsibilities relating to ensuring compliance with provisions of those laws & regulations which are \_\_\_\_\_ to the operating aspects of the business.  
A. Related                      B. Not Related                      C. Fundamental                      D. Miniscule
4. Act of omission by the entity which is contrary to prevailing laws and regulations is known as \_\_\_\_\_.  
A. Crime                      B. Fraud  
C. Non – Compliance                      D. Error of Management

5. In case auditor suspects non-compliance, auditor shall discuss the matter with \_\_\_\_  
A. Police                      B. Lawyer  
C. Management              D. None of the above
6. If auditor is stopped by management/those charged with governance from obtaining sufficient appropriate audit evidence, auditor shall express \_\_\_\_  
A. Silence                              B. Solidarity  
C. Unmodified opinion              D. Qualified or Adverse Opinion

**SA 260**

1. Audit of the financial statement \_\_\_\_\_relieve management/Those Charge With Governance of their responsibilities.  
A. Does    B. Does Not    C. May    D. May Not
2. The communication with Those Charged With Governance should be done \_\_\_\_  
A. In oral                              B. In writing  
C. Oral as well as writing              D. Not at all
3. Auditor shall communicate with Those Charged With Governance on a \_\_\_\_ basis.  
A. Daily    B. Monthly                      C. Quarterly    D. Timely

**SA 265**

1. Auditor shall communicate \_\_\_\_ deficiencies in internal control to those charged with governance on a timely basis.  
A. All              B. No    C. Significant    D. Non Significant

**SA 299**

1. The joint auditors shall discuss \_\_\_\_\_, \_\_\_\_\_ & \_\_\_\_\_ of audit procedures for common and specific allotted areas of audit.  
A. Completeness, accurateness & reliability  
B. Nature, Timing and Extent  
C. Sufficiency, appropriateness and Risk Factor  
D. None of the above
2. Joint Auditor shall obtain \_\_\_\_ engagement letter & management representation letter.  
A. Common                              B. Separate  
C. Common and Separate              D. Detailed

**SA 300**

1. Preliminary engagement activities involve performing client continuance procedures & complying ethical requirements as per \_\_\_\_ and establishing an understanding of terms of engagement as per \_\_\_\_.  
A. Law ; Regulations              B. SA 220 ; SA 210  
C. SA 210 ; SA 220              D. Audit ; Law
2. Auditor must develop an overall audit strategy that sets the \_\_\_\_ , \_\_\_\_ & \_\_\_\_ of the audit.  
A. Scope, Timing & Direction              B. Nature, Timing & Extent  
C. Plan, Scope & Risk                      D. None of the above

**SA 315**

1. What are representations made by management, which are embodied in the financial statements, can be called as?  
A. Evidences            B. Confirmations  
C. Assertions            D. None of the Above
2. \_\_\_\_\_ is a risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely effect an entity's ability to achieve its objectives.  
A. Business Risk    B. Significant Risk  
C. Audit Risk        D. Control Risk
3. An identified and assessed risk of material misstatement that requires special audit consideration is known as \_\_\_\_\_  
A. Business Risk            B. Significant Risk  
C. Detection Risk            D. Inherent Risk
4. Sometimes substantive procedures alone may not provide sufficient appropriate audit evidence. Hence, auditor may also perform \_\_\_\_\_  
A. Risk Assessment Procedure            B. Accurate Procedures  
C. Test of Controls                          D. External Procedures

**SA 320**

1. The auditor considers not only the size but also the \_\_\_\_\_ of uncorrected misstatements, when evaluating their effects on financial statements.  
A. Nature    B. Quantity    C. Quality                          D. Correctness
2. \_\_\_\_\_ materiality refers to the amount set by the auditor at less than materiality level for particular class of transactions.  
A. Lower    B. Reduced    C. Accurate    D. Performance

**SA 330**

1. Audit procedures designed to detect material misstatements at the assertion level can be called as \_\_\_\_\_  
A. Substantive Procedures            B. Test of Controls  
C. Material Procedures                D. Risk Assessment Procedures
2. \_\_\_\_\_ are the audit procedures designed to evaluate the operating effectiveness of controls.  
A. Substantive Procedures            B. Control Procedures  
C. Test of Controls                      D. Associate Procedures
3. While designing further audit procedures, auditor must consider \_\_\_\_\_ risk and \_\_\_\_\_ risk.  
A. Error ; Fraud                      B. Theft ; Mistake  
C. Inherent ; Control                D. Audit ; Detection
4. If there are no changes to controls, auditor shall test controls once in every \_\_\_\_\_ audit.  
A. Fifth            B. Fourth            C. Second            D. Third

**SA 402**

1. If user auditor is unable to obtain sufficient understanding regarding services provided by service organisation from the user entity, user auditor can obtain \_\_\_\_ or \_\_\_\_ Report.  
A. Simple ; Detailed      B. Incomplete ; Complete  
C. Type 1 ; Type 2      D. Small Form ; Long Form
2. While determining sufficiency and appropriateness of audit evidence provided by a Type 1 or Type 2 Report, Auditor must consider Service Auditor's \_\_\_\_ competence.  
A. Independent      B. Skills      C. Professional      D. Total

**SA 450**

1. Auditor shall communicate with those charged with governance the effect of uncorrected misstatements related to \_\_\_\_\_ period.  
A. Correct      B. Prior      C. Next      D. Concurrent

**SA 500**

1. Evidence gathered by auditor must be \_\_\_\_ as well as \_\_\_\_ .  
A. Correct ; Conclusive      B. Conclusive ; Persuasive  
C. Persuasive ; Conclusive      D. Sufficient ; Appropriate
2. When designing & performing audit procedures, auditor shall consider relevance & \_\_\_\_ of audit procedures.  
A. Appropriateness      B. Reliability  
C. Sufficiency      D. Correctness
3. When auditor uses the work of an expert, he must consider competence, capabilities and \_\_\_\_ of that expert.  
A. Objectivity      B. Honesty      C. Style      D. Arrogance

**SA 505**

1. Audit evidence obtained as a direct written response to the auditor from a third party is known as \_\_\_\_.  
A. External Confirmation      B. Internal Confirmation  
C. Written Response      D. Written Representation
2. A request that confirming party respond to the auditor whether the confirming party agrees or disagrees with the information in the request is a type of \_\_\_\_  
A. Negative Confirmation Request      B. Positive Confirmation Request  
C. Proper Request      D. None of the above
3. A request that confirming party respond to the auditor only if the confirming party disagrees with the information in the request is a type of \_\_\_\_  
A. Negative Confirmation Request  
B. Positive Confirmation Request  
C. Proper Request  
D. None of the above



4. A response that indicates a difference between information requested to be confirmed and information provided by the confirming party is known as \_\_\_\_.
- A. Negative Confirmation Request  
B. Positive Confirmation Request  
C. Exception  
D. Inconsistency
5. Negative Confirmation provides less \_\_\_\_ audit evidence.
- A. Valuable      B. Proper      C. Correct      D. Persuasive

**SA 510**

1. Account balances existing at the beginning of the prior period is known as \_\_\_\_ balances.
- A. Carried Forward      B. Opening      C. Closing      D. Relevant
2. \_\_\_\_ Auditor is the auditor from a different audit firm, who audited the financial statements of an entity in the prior period and who has been replaced by the current auditor.
- A. Real      B. Current      C. Concurrent      D. Predecessor
3. Auditor shall obtain sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been \_\_\_\_ applied.
- A. Correctly      B. Properly      C. Adequately      D. Consistently
4. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express a \_\_\_\_ or \_\_\_\_ opinion.
- A. Adverse ; Disclaimer      B. Clean ; Modified  
C. Qualified ; Disclaimer of an      D. Proper ; Improper

**SA 520**

1. Auditor must perform \_\_\_\_ procedures to evaluate financial information through analysis of plausible relationships among both, financial and non-financial data.
- A. Risk Assessment      B. Compliance  
C. Test      D. Analytical
2. If analytical procedures performed identify fluctuations that are \_\_\_\_ with other relevant information, auditor shall investigate such differences.
- A. Matching      B. Inconsistent  
C. Joining      D. Relating

**SA 530**

1. The risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure is known as \_\_\_\_ risk.
- A. Sampling      B. Non-Sampling      C. Business      D. Political
2. A misstatement or a deviation that is not representative of misstatement/deviation in a population is known as \_\_\_\_.
- A. Abnormality      B. Anomaly  
C. Lie      D. None of the above

3. Auditor shall determine a sample size sufficient to \_\_\_\_ sampling risk to an acceptably low level.  
A. Accept    B. Increase    C. Reduce    D. Change
4. The auditor shall investigate \_\_\_\_ and \_\_\_\_ of deviations or misstatements identified.  
A. True ; False  
B. Correctness ; Incorrectness  
C. Propriety ; Impropropriety  
D. Nature ; Cause

**SA 550**

1. \_\_\_\_ is a transaction which conducted on such terms and conditions as between a willing buyer & willing seller who are unrelated.  
A. Related Party Transaction    B. Fraudulent Transaction  
C. Arm's length transaction    D. Business Transaction
2. SA 550 deals with \_\_\_\_ party transaction.  
A. Related    B. Concerned    C. All    D. Political
3. Auditor shall maintain \_\_\_\_ for related party information when reviewing records or documents.  
A. Attitude    B. Eye    C. Schedule    D. Alertness

**SA 570**

1. If financial statements have not been prepared on a going concern basis, this fact \_\_\_\_ be disclosed.  
A. Must    B. Must Not    C. May    D. May Not
2. The \_\_\_\_ of any reference to going concern uncertainty an auditor's report can't be viewed as a guarantee as to the entity's ability to continue as a going concern.  
A. Presence    B. Absence    C. Mention    D. Showing
3. The events/conditions that may cast significant doubt on the entity's ability to continue as a going concern can be either a \_\_\_\_ indicator, \_\_\_\_ indicator & \_\_\_\_ indicator.  
A. Positive ; Negative ; Total    B. Correct ; Incorrect ; Absolute  
C. Financial ; Operating ; Other    D. None of the above
4. The factors indicating uncertainty regarding entity's ability to continue as a going concern can be \_\_\_\_ by positive factors.  
A. Maximised    B. Mitigated    C. Increased    D. Accentuated
5. If adequate disclosures about material uncertainty regarding entity's ability to continue as a going concern, auditor must express \_\_\_\_ opinion.  
A. Qualified    B. Adverse    C. Disclaimer    D. Unmodified

**SA 580**

1. A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence is known as \_\_\_\_\_.
  - A. Letter
  - B. Audit Engagement Letter
  - C. Written Representation
  - D. Appointment letter
  
2. Written representation is about \_\_\_\_\_.
  - A. Management's responsibility regarding preparation & presentation of Financial Statements
  - B. Management's responsibility regarding information to be provided to the auditor
  - C. Any information required by the auditor
  - D. All of the above
  
3. The written representation shall be in the form of \_\_\_\_\_ addressed to the auditor.
  - A. Explanation
  - B. Representation Letter
  - C. Report
  - D. None of the above

**ANSWERS**

**INTRODUCTION TO SA**

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

**SA -200**

<b>1</b>	C	<b>2</b>	A	<b>3</b>	B	<b>4</b>	D	<b>5</b>	B
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**SA-210**

<b>1</b>	A	<b>2</b>	C	<b>3</b>	B	<b>4</b>	C	<b>5</b>	B
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**SA-220**

<b>1</b>	B	<b>2</b>	A	<b>3</b>	C	<b>4</b>	C	<b>5</b>	D
<b>6</b>	B	<b>7</b>	D						

**SA-230**

<b>1</b>	C	<b>2</b>	A	<b>3</b>	D				
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**SA-240**

<b>1</b>	D	<b>2</b>	B	<b>3</b>	A	<b>4</b>	B	<b>5</b>	D
<b>6</b>	B								

**SA-250**

<b>1</b>	C	<b>2</b>	A	<b>3</b>	C	<b>4</b>	C	<b>5</b>	D
<b>6</b>	D								

**SA-260**

<b>1</b>	B	<b>2</b>	B	<b>3</b>	D				
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**SA-265**

<b>1</b>	C								
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**SA-299**

<b>1</b>	B	<b>2</b>	A						
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**SA-300**

<b>1</b>	B	<b>2</b>	A						
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**SA-315**

<b>1</b>	C	<b>2</b>	A	<b>3</b>	B	<b>4</b>	C		
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**SA-320**

<b>1</b>	A	<b>2</b>	D						
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**SA-330**

<b>1</b>	A	<b>2</b>	C	<b>3</b>	C	<b>4</b>	D		
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**SA-402**

<b>1</b>	C	<b>2</b>	C	<b>3</b>		<b>4</b>		<b>5</b>	
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**SA-450**

<b>1</b>	B								
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**SA-500**

<b>1</b>	D	<b>2</b>	B	<b>3</b>	A				
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**SA-505**

<b>1</b>	A	<b>2</b>	B	<b>3</b>	A	<b>4</b>	C	<b>5</b>	D
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**SA-510**

<b>1</b>	B	<b>2</b>	D	<b>3</b>	D	<b>4</b>	C		
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**SA-520**

<b>1</b>	D	<b>2</b>	B						
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**SA-530**

<b>1</b>	A	<b>2</b>	B	<b>3</b>	C	<b>4</b>	D		
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**SA-550**

<b>1</b>	C	<b>2</b>	A	<b>3</b>	D				
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**SA-570**

<b>1</b>	A	<b>2</b>	B	<b>3</b>	C	<b>4</b>	D	<b>5</b>	B
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**SA-580**

<b>1</b>	C	<b>2</b>	D	<b>3</b>	B				
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**CHAPTER 4 RISK ASSEMENT AND INTERNAL CONTROL**

1. Audit risk is a function of the risks of material misstatement and \_\_\_\_\_  
(a) detection risk. (b) inherent risk  
(c) control risk (d) business risk
2. For a given level of audit risk, the acceptable level of detection risk bears \_\_\_\_\_ relationship to the assessed risks of material misstatement at the assertion level.  
(a) direct. (b) Inverse (c) no (d) none of the above
3. Risk of material misstatement has \_\_\_\_\_ components  
(a) one (b) two (c) three (d) four
4. Controls can be \_\_\_\_\_ related to an assertion.  
(a) directly (b) indirectly  
(c) directly or indirectly (d) none of the above
5. Control activities, whether within IT or manual systems, have various objectives and are applied at various organisational and functional levels. Which of the following is an example of control activities:  
(a) Authorization. (b) Performance reviews.  
(c) Information processing. (d) All of the above
6. Knowledge of the entity's business does not help the auditor to  
a) Reduce inherent risk  
b) Identify problem areas  
c) Evaluate reasonableness of estimates  
d) Evaluate appropriates of GAAP.
7. If the auditor assesses control risk as high....  
a) Document the conclusions  
b) Documents the reasons along with conclusions  
c) Perform tests of control  
d) Perform walk through tests
8. The overall attitude and awareness of an entity's board of directors concerning the importance of internal control is reflected in  
a) Accounting controls (b) Control environment  
c) Control procedures (d) Supervision
9. Which of the following are included in test of control?  
a) Performance and observation (b) Inquiry and analytical procedures  
c) Comparison and conformation (d) Inspection and verification
10. Control risk is assessed at  
a) Overall financial statements level (b) Fraud risk factor level  
c) Financial statement assertion level (d) Control environment level
11. Which of the following statements is not correct?  
a) Intern risk and control risk cannot be controlled by the management i.e are uncontrollable  
b) Detection risk is related directly to the effectiveness of the auditor prosecutor  
c) Detection risk related inversely to control risk  
d) Internet risk and control risk are highly interrelated
12. The performance of tests of control is documented in  
a) auditprogramme (b) Flow charts  
c) Working papers (d) Any of the above

13. A flow chart, made by the auditor, of an entity’s internal control system is a graphic representation that depicts the auditor’s.
  - a) Understanding of the system
  - b) Understanding of fraud risk factors
  - c) Documentation of assessment of control risk
  - d) Both (a) and (c)
  
14. An auditor assesses control risk because it
  - a) Affects the audit risk
  - b) Affects the level of detection risk that auditor may accept
  - c) Helps him to fix materiality level for each financial assertion
  - d) Is directly related to inherent risk
  
15. Tests of control are not concerned with\_
 

a) Existence of controls	b) Effectiveness of controls
c) Continuity of controls	d) Designing of controls
  
16. The sequence of steps in the auditor’s consideration of internal control is as follows –
  - a) Obtain an understanding, design substantive test, perform tests of control, make a preliminary assessment of control risk
  - b) Design substantive tests, obtain an understanding, perform tests of control, make a preliminary assessment of control risk
  - c) Obtain an understanding, make a preliminary assessment of control risk, perform tests of control, design substantive procedures.
  - d) Perform tests of control, obtain and understanding, make a preliminary assessment of control risk, design
  
17. Which of the following is not an inherent limitation of internal control system?
 

a) Management override	b) Collusion among employees
c) Inefficiency of internal auditor	d) Abuse of authority
  
18. An auditor should study and evaluate internal controls to
  - a) determine whether assets are safeguarded
  - b) Suggest improvements in internal control
  - c) Plan audit procedures
  - d) express and opinion
  
19. XYZ Ltd. Conducts quarterly review of operations. It discovers that unrest in a south east Asian country may affect the supply of raw materials to it the next quarter. This is an example of :
 

a) risk assessment	b) control procedure
c) supervision	d) control environment
  
20. The primary purpose of performing tests of control is to provide reasonable assurance that\_
  - a) there are no material misstatements due to fraud or error in financial statement
  - b) accounting system is well documented
  - c) Written evidence is there to support transactions
  - d) if internal control is effective

**ANSWER**

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

**CHAPTER 10 – COMPANY AUDIT**

- 1 Rotation of auditor is applicable to Public Companies having Paid Up exceeding or equal to  
(a) 10 Cr. (b) 20 Cr. (c) 50 Cr. (d) 100 Crs
- 2 The company shall inform the appointment of the auditor to ROC concerned within \_\_\_\_\_ under section 139(1)  
(a) 30 days (b) 15 days. (c) 60 days (d) none of the above
- 3 The cost accountant shall provide his report to board of director within 180 days from the closer of financial year in form no \_\_\_\_\_ ?  
(a) CRA -1 (b) CRA-2 (c) CRA-3 (d) CRA-4
- 4 If Shareholders fail to appoint the first auditor in case of a non govt co., who will appoint the auditor:  
(a) ROC (b) Central Government  
(c) National Company Law Tribunal (d) None of the above
- 5 Rotation of auditor is applicable to Public Companies having Paid Up exceeding or equal to  
(a) 10 Cr. (b) 20 Cr. (c) 50 Cr. (d) 100 Crs.
- 6 In case of resignation by an auditor, the auditor will have to file form \_\_\_\_\_  
(a) ADT 1  
(b) ADT 2  
(c) ADT 3  
(d) None of the above. The company needs to intimate the ROC
- 7 Which of the following statements is not true  
(a) A partnership firm can be appointed as a statutory auditor of limited company  
(b) Appointment can be made in the name of the firm  
(c) Majority of the partners should be CA's practicing in India  
(d) All partners should be chartered accountants
- 8 The term of First Auditor of a Non- Government Company is from the date of appointment to \_\_\_\_\_  
(a) The conclusion of the First AGM (b) Conclusion of next GM  
(c) Conclusion of 6th AGM (d) Conclusion of the First GM
- 9 For the purpose of Sec 141(3)(g), the number of partners of a firm which shall be taken into account would be as on the date of \_\_\_\_\_  
(a) Completion of Audit (b) Auditor's Report  
(c) Acceptance of Audit (d) Starting the audit work
- 10 Mr. Narayan, a Chartered Accountant, has nineteen audits. Out of following audits, which audits should he accept to ensure he doesn't violate provisions of section 141(3)(g)  
(a) Raj Ltd. A Private Company having Paid Up Share Capital of 57 Crores  
(b) Audit of a branch of Capitol Ltd., a foreign Company  
(c) Ganesh Ltd., a small company  
(d) All of the above

- 11 ABC & Firm is a firm of chartered accountant having three partners, out of them Mr A one of the partner is also full time employee elsewhere, moreover Mr. B is having 7 audit in his personal capacity decide with reference to provisions of section 141(3)(g) How many new audit assignment can be taken in the name of the firm?  
(a) 60 Audit (b) 40 Audit  
(c) 33 Audit (d) None of the above.
- 12 The retiring auditor does not have a right to  
(a) make written representations  
(b) get his representation circulated  
(c) be heard at the meeting in which he is being removed.  
(d) speak as a member of the company
- 13 Who out of the following cannot be appointed as a company's auditor  
(a) Internal Auditor (b) Relative of Director  
(c) CFO of the Company (d) All of the above
- 14 A statutory auditor has a right to access to which of the following documents at all times:  
(a) Books, Vouchers and accounts of the company  
(b) Books, Vouchers and accounts of the Company's subsidiary  
(c) Books and account's of the Company's associate company  
(d) All of the above
- 15 The principal auditor, as per clarification issued by ICAI, does not have any right to  
(a) Inspect the working papers of the branch auditor  
(b) Visit the branch  
(c) Seek information necessary for his audit from the branch auditor  
(d) Incorporate the branch auditor's report in his audit report
- 16 Under which of the following section does the auditor have a duty to enquire into six specified matters and report by exception  
(a) 141(1) (b) 143(1) (c) 146 (d) 145
- 17 Under Sec. 143(1), the auditor has to enquire into different aspects related to shares allotted for cash for the purpose of the auditor to include  
(a) Shares against whose allotment cash has actually been received  
(b) Shares allotted for consideration other than cash  
(c) Shares allotted against a debt payable  
(d) All of the above
- 18 The date on auditor's report should not be \_\_\_\_\_  
(a) the date of the AGM  
(b) later than the date on which the accounts are approved in the Board's meeting  
(c) earlier than the date on which the accounts are approved by the management  
(d) A & B
- 19 Who shall fill the casual vacancy in the office of an auditor of a government company, arising out of resignation?  
(a) The BOD within 30 days  
(b) C&AG within 30 days  
(c) Shareholders within 30 days  
(d) BOD within 30 days. But shareholders need to ratify within 3 months



- 20 Companies exempted from CARO does not include  
 (a) A Banking Company  
 (b) An Insurance Company  
 (c) a private limited company with paid up capital and reserves not more than 10 Crores  
 (d) A Small Company
- 21 Which section gives an auditor right to attend AGM  
 (a) 142 (b) 143 (c) 146 (d) 145
- 22 What is the value of security that can be held by a relative of an auditor in the Company in which he is being appointed as an auditor, keeping in mind the provisions of Sec 141(3)(d)(i)  
 (a) No security can be held by the person or his partner or relative  
 (b) Upto face value 1 lakh  
 (c) Upto Market value 1 Lakh  
 (d) Upto face value of Rs. 5 Lakhs
- 23 Which of the following services are not prohibited u/s 144  
 (a) Tax Audit  
 (b) Internal Audit  
 (c) Investment Banking  
 (d) Actuarial Sciences
- 24 Who has the right to remove an auditor before the expiry of his tenure under section 140(1).  
 (a) Board Of Directors  
 (b) ROC  
 (c) Central Government  
 (d) Shareholders
- 25 Who shall fill the casual vacancy in the office of an auditor of a non government company, arising out of resignation?  
 (a) The BOD within 30 days  
 (b) C&AG within 30 days  
 (c) Shareholders within 30 days  
 (d) BOD within 30 days. But shareholders need to ratify within 3 months

**ANSWER**

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

**CHAPTER 11 – AUDIT REPORT**

1. In order to form the opinion, the auditor shall conclude as to whether the auditor has obtained \_\_\_\_\_ about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
  - (a) reasonable assurance
  - (b) absolute assurance
  - (c) Limited assurance
  - (d) None of the above
  
2. Which of the following is not a type of modified opinion:
  - (a) Qualified opinion
  - (b) adverse opinion
  - (c) disclaimer of opinion
  - (d) None of the above
  
3. The auditor shall express \_\_\_\_\_ opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
  - (a) Adverse
  - (b) Qualified
  - (c) Disclaimer
  - (d) None of the above
  
4. SA-700 requires the use of specific headings, which are intended to assist in making auditor's reports that refer to audits that have been conducted in accordance with SAs more recognizable. Which of the following is that specific heading :
  - (a) Key audit matters
  - (b) Basis of opinion
  - (c) Date
  - (d) All of the above
  
5. The Opinion section of the auditor's report shall :
  - (a) Identify the entity whose financial statements have been audited.
  - (b) State that the financial statements have been audited;
  - (c) Identify the title of each statement comprising the financial statements;
  - (d) All of the above
  
6. The auditor shall express \_\_\_\_\_ opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements
  - (a) Adverse
  - (b) Qualified
  - (c) Disclaimer of opinion
  - (d) Clean
  
7. When does an auditor shall modify the opinion in the auditor's report?
  - (a) When, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement.
  - (b) When, unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.
  - (c) (a) and (b) both.
  - (d) Either (a) or (b).
  
8. In order to form the opinion, the auditor shall conclude as to whether the auditor has obtained \_\_\_\_\_ about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
  - (a) reasonable assurance
  - (b) absolute assurance
  - (c) Limited assurance
  - (d) None of the above

9. SA-700 requires the use of specific headings, which are intended to assist in making auditor’s reports that refer to audits that have been conducted in accordance with SAs more recognizable. Which of the following is that specific heading :
  - (a) Key audit matters
  - (b) Basis of opinion
  - (c) Date
  - (d) All of the above
  
10. The inventory consists of about one per cent of all assets, and the auditor is unable to obtain sufficient and appropriate audit evidence about the existence of inventory, in such case auditor shall express.
  - a) Unmodified opinion
  - b) Qualified opinion
  - c) Disclaimer of opinion
  - d) Adverse opinion
  
11. The inventory consists of about ten per cent of all assets. The client has imposed restriction on auditor to prohibit observation of stock take. The auditor cannot apply alternate audit procedures.
  - a) Unmodified opinion
  - b) Qualified opinion
  - c) Disclaimer of opinion
  - d) Adverse opinion
  
12. The client changed method of depreciation from straight line to written down value method. This has been disclosed as a note to the financial statements. It has an immaterial effect on the current financial statements. It is expected, however, that the change will have a significant effect on future periods. Which of the following option should the auditor express?
  - a) Unmodified opinion
  - b) Qualified opinion
  - c) Disclaimer of opinion
  - d) Adverse opinion
  
13. The management of a company, to which AS3. is not applicable, does not include statement of cash flows in its annual report. The auditor should express
  - a) Unmodified opinion
  - b) Qualified opinion
  - c) Adverse opinion
  - d) Any of these depending upon materiality and pervasiveness and adequacy of disclosure
  
14. A departure from recognized accounting principle is disclosed in a note to the financial statements. The auditor should
  - a) Issue a standard unmodified audit report
  - b) Issue a qualified report
  - c) Issue an unqualified report with ‘emphasis of matter’ paragraph
  - d) Disclaim opinion
  
15. The auditor should state the reasons for his reservation in audit report and should try to quantify the effect on them. This should be done in case he has expressed \_
  - i) A qualified opinion
  - ii) An Unmodified opinion
  - iii) An adverse opinion
  - iv) A disclaimer of opinion
  - a) i) only
  - b) i) and (iv) only
  - c) i), iii) and (iv) only
  - d) All of the above

**ANSWER**

<b>1</b>	A	<b>2</b>	D	<b>3</b>	A	<b>4</b>	D	<b>5</b>	D
<b>6</b>	A	<b>7</b>	C	<b>8</b>	A	<b>9</b>	D	<b>10</b>	A
<b>11</b>	C	<b>12</b>	A	<b>13</b>	A	<b>14</b>	A	<b>15</b>	C

**CHAPTER 12 – BANK AUDIT**

1. Form A of third schedule to the banking regulation act, 1949 is?
  - a) Balance Sheet.
  - b) Statement of Profit and Loss.
  - c) Cash Flow Statement.
  - d) None of the above.
  
2. Auditor of Nationalized Bank is appointed by
  - a) Board of directors with prior approval of RBI.
  - b) Shareholders in General Meeting.
  - c) Comptroller and Auditor General of India.
  - d) Central Government.
  
3. The format of audit report in case of banks is prescribed by
  - a) Reserve Bank of India
  - b) The ICAI
  - c) Ministry of Corporate affairs
  - d) No such format prescribed
  
4. Auditor needs to disclose \_\_\_\_\_ details about unaudited branches in his audit report
  - a) Number of unaudited branches
  - b) advances of such branches
  - c) deposits of such branches
  - d) all of the above
  
5. LFAR is....
  - a) Long Form Audit Report prescribed by RBI
  - b) List of Fixed Assets Register
  - c) List of Foreign Affairs by RBI
  - d) None of the above
  
6. What is BASEL III framework?
  - a) voluntary regulatory framework on bank capital adequacy.
  - b) mandatory regulatory framework on bank capital adequacy.
  - c) Banks Adequate Stable Equity and Liquidity
  - d) None of the above
  
7. BCBS is the abbreviation for..
  - a) Basel Committee on Banking Supervision
  - b) Basel Committee on Banking Statute
  - c) Basel Committee on Bank Shares
  - d) Banking Channel Board Supervision
  
8. CRR is the abbreviation for..
  - a) Cash Recovery Reserve
  - b) Cash Reserve Regulations
  - c) Cash Reserve Ratio
  - d) Cash Ratio by RBI
  
9. SLR is the abbreviation for..
  - a) Statutory liquidity Reserve
  - b) Statutory liquidity ratio
  - c) Statutory legal reserve
  - d) None of the above
  
10. General criteria for classifying loan/advance as NPA is..
  - a) Amount remains overdue for more than 90 days
  - b) Amount remains overdue for 90 days or more
  - c) Amount remains overdue for more than 6 months
  - d) None of the above

11. Overdraft/Cash Credit (OD/CC) is classified as NPA when..
- Account remains out of order
  - Amount overdue for 90 days or more
  - Amount overdue for 6 months or more
  - Security is inadequate
12. for short duration crops, account is treated as NPA if..
- Amount remains overdue for more than 90 days
  - Account remains out of order
  - instalment remains overdue for two crop seasons
  - instalment remains overdue for one crop season
13. A loan or advance will be treated as standard asset even though it remains overdue for 90 days or more if it is guaranteed by
- Central Government
  - State Government
  - Reserve Bank of India
  - No such exception
14. In case of Sale/Purchase of NPA by Bank, the auditor should examine only such NPA has been sold which has remained NPA in the books of the bank for at
- atleast 3 years
  - least 2 years
  - at least 1 year
  - No such rule
15. The Third Schedule to the Banking Regulation Act, 1949 requires fixed assets to be classified into two categories in the balance sheet, viz.,
- Current and Non-current
  - Tangible and intangible
  - Premises and Other Fixed Assets
  - No such classification
16. A banking company cannot hold any immovable property, howsoever acquired (i.e., whether acquired by way of satisfaction of claims or otherwise) , for a period exceeding \_\_\_\_ years from the date of acquisition, except such as is required for its own use
- Four
  - Seven
  - Eight
  - No such restriction
17. Tier I capital consists mainly of...
- share capital and disclosed reserves
  - certain reserves and certain types of subordinated debt.
  - debt funding
  - Shareholder's funds and all other reserves
18. The CRAR is computed as follows
- (capital funds/total assets) \*100
  - (capital funds/risk weighted assets) \*100
  - (capital funds/risk weighted assets and off balance sheet items) \*100
  - None of these
19. letter of comfort means..
- letter of credit
  - bank will certify the credibility but not issue a guarantee
  - it is an official guarantee by the bank
  - None of these

20. Concurrent audit should atleast cover
- 50% of advances and deposits
  - 50% of advances and 75% of deposits
  - 50% of advances and deposits and 100% of treasury functions
  - No such prescribed coverage
21. The option to consider whether concurrent audit should be done by bank's own staff or external auditors is left to the discretion of individual banks.
- Statement is correct
  - Statement is incorrect
  - Recommendation is done by RBI and appointment by the bank
  - RBI appoints the auditor
22. The bank is a consortium member of Cash Credit Facilities of ` 50 crores to X Ltd. Bank's own share is ` 10 crores only. During the last two quarters against a debit of ` 1.75 crores towards interest the credits in X Ltd's account are to the tune of ` 1.25 crores only. It has classified the account of X Ltd as performing
- Incorrect, X ltd is NPA
  - Correct, X ltd is performing asset
  - X ltd's classification is subjective
  - None of these

**ANSWER**

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

**CHAPTER 13 – AUDIT OF DIFFERENT TYPE OF ENTITY**

1. Auditor of Multistate- Co-operative Society should be a
  - a) CA in Practice
  - b) Diploma in Co-operative accounts
  - c) Either A or B
  - d) None of these
2. Auditor of Maharashtra State Co-operative Society can be
  - a) CA in Practice
  - b) Diploma in Co-operative accounts
  - c) Either A or B
  - d) None of these
3. Co-operative Society can invest its funds in
  - a) Government Security
  - b) Stock Market
  - c) Foreign business
  - d) None of these
4. Auditor of co-operative Society is appointed by
  - a) Members
  - b) Central Government
  - c) Registrar
  - d) Comptroller and Auditor General of India
5. Co-operative Society has to transfer prescribed percentage of its profits to \_\_\_\_\_
  - a) Investor Protection Fund
  - b) Prime Minister's Relief Fund
  - c) Reserve Fund
  - d) None of these
6. Co-operative Society \_\_\_\_\_ make loans to any person other than its members
  - a) Can
  - b) Cannot
  - c) Can conditionally
  - d) None of these
7. Cinema Halls should provide \_\_\_\_\_ depreciation on furniture than other entities
  - a) Higher
  - b) Lesser
  - c) No
  - d) Minimum
8. Scope and authority of Government Audit is governed by
  - a) The ICAI
  - b) Comptroller and Auditor General of India
  - c) Central Government
  - d) None of these
9. Propriety audit means verifying the \_\_\_\_\_
  - a) Prudence
  - b) Performance
  - c) Compliance
  - d) all of these
10. Performance audit focuses on \_\_\_\_\_
  - a) Economy
  - b) Efficiency
  - c) Effectiveness
  - d) all of these
11. According to Sec 143(5), (6) & (7) of Companies Act, 2013, Comptroller and Auditor General of India has a right to order
  - a) Test audit
  - b) Investigation
  - c) Criminal proceeding
  - d) None of these
12. According to Sec 143(5), (6) & (7) of Companies Act, 2013, Comptroller and Auditor General of India has a right to order \_\_\_\_\_ audit within \_\_\_\_\_ days of receiving audit report
  - a) Test audit/30 days
  - b) investigation/45 days
  - c) Supplementary audit/60 days
  - d) None of these

13. Efficiency audit focuses on  
 a) input/output ratio      b) Results  
 c) Cost optimization      d) None of these
14. Which of the following is not a principle of propriety  
 a) Improve input/output ratio      b) No personal benefit  
 c) Prudence      d) Reasonableness
15. Comptroller and Auditor General of India is appointed by  
 a) President of India      b) Prime Minister of India  
 c) Governor of State      d) Public Accounts Committee
16. Once appointed Comptroller and Auditor General of India holds his office for \_\_\_\_\_ years and retirement age being \_\_\_\_ years  
 a) Five/sixty five      b) four/sixty five  
 c) six/sixty five      d) six/sixty
17. Appointment, rights and duties of Comptroller and Auditor General of India are contained in Article \_\_\_\_\_ of Constitution of India  
 a) 140-144      b) 148-151  
 c) 155-160      d) None of these
18. Which of the following document is not relevant for audit of Hotels  
 a) Rental register      b) Purchase of groceries  
 c) Fee receipt      d) GST register
19. In audit of Local Bodies, Compensatory grants are given due to  
 a) Tax takeover      b) Tax loss  
 c) Tax exemption      d) Any of these
20. Which of the following is not relevant for audit of Hospital  
 a) Kitchen Order Tickets  
 b) Register of bed charges  
 c) Surgical equipments' register  
 d) None of these

**ANSWER**

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



# **INFORMATION TECHNOLOGY**

**CHAPTER 1 - AUTOMATED BUSINESS PROCESSES**

1. Which of the following is not an objective of Enterprise Information Systems?  
(a) Reduce service cycles                      (b) Identify manual processes  
(c) Reduce costs                                      (d) Increase operational efficiency .
2. Which one of the following represents Operational Processes?  
(a) Deals with legal compliance  
(b) Deal with the core business and value chain  
(c) Deal with core processes and functions within an organization  
(d) Deals with measuring, monitoring and control activities
3. Which one of the following is not a benefit of business process automation?  
(a) Reduce turnaround time                      (b) Operational efficiency  
(c) Legal compliance                              (d) Reduce costs
4. Which of the following is not a Business Risk?  
(a) Strategic                      (b) Financial  
(c) Operational                      (d) Environmental
5. Which one of the following does not represent a system of Internal Control?  
(a) Meeting sales targets  
(b) Safeguarding assets  
(c) Prevention and detection of fraud and error  
(d) Completeness of accounting records
6. Which of the following is not a Flowcharting symbol?  
(a) Process   (b) Decision   (c) Document   (d) Risk
7. Which of the following is not a component of Enterprise Risk Management?  
(a) Internal environment                      (b) Organisation chart  
(c) Objective setting                              (d) Ever t identification
8. Which one of the following is not an objective of Internal Control?  
(a) Compliance with applicable laws and regulations  
(b) Meeting sales targets  
(c) Reliability of reporting  
(d) Effectiveness and efficiency of operations
9. Which one of the following deals with Section 143 of the Companies Act 2013?  
(a) Acquisition and Mergers  
(b) Powers and duties of Board of Directors  
(c) Powers and duties of auditors and auditing standards  
(d) Penalties due to non-compliance
10. Which one of the following is not defined as Sensitive Personal Information?  
(a) Home address                                      (b) Password  
(c) Financial information                              (d) Biometric information
11. Which one of the following represents Management Processes?  
(a) Deals with legal compliance  
(b) Deal with the core business and value chain  
(c) Deal with core processes and functions within an organization  
(d) Deals with measuring, monitoring and control activities

12. Which one of the following deals with Section 134 of the Companies Act 2013?
  - (a) Acquisition and Mergers
  - (b) Powers and duties of Board of Directors
  - (c) Powers and duties of auditors and auditing standards
  - (d) Penalties due to non-compliance
  
13. Which one of the following is not a benefit of Enterprise Risk Management?
  - (a) Align Risk appetite with strategy
  - (b) Link risk, return and growth
  - (c) Seize opportunity
  - (d) Reduce turnaround time
  
14. Which one of the following is not an objective of Business process Automation or Success factors of BPA?
  - (a) Confidentiality
  - (b) Integrity
  - (c) Adequacy
  - (d) Timeliness
  
15. Which one of the following is not a benefit of flow charts?
  - (a) Quicker grasp of relationships
  - (b) Documentation
  - (c) Program Debugging
  - (d) Reproduction
  
16. Which of the following is not a symbol of DFD?
  - (a) Process
  - (b) Decision Box
  - (c) Data Flow
  - (d) External Agent
  
17. \_\_\_\_\_ is referred as risk management strategy which ensures taking action to reduce the likelihood or impact related to the risk.
  - (a) Avoidance
  - (b) Reduction
  - (c) Sharing
  - (d) Accept
  
18. \_\_\_\_\_ is a cyber crime where homepage of a website is replaced with a defamatory page.
  - (a) Web defacement
  - (b) Cyber Terrorism
  - (c) Phishing
  - (d) Email Account Hacking
  
19. Which of the following is not a category of business process?
  - (a) Accounting Process
  - (b) Operational Process
  - (c) Supporting Process
  - (d) Management Process
  
20. Which of the following is not a goal of process improvement activity under BPA?
  - (a) Specific
  - (b) Measurable
  - (c) Accurate
  - (d) Relevant
  
21. \_\_\_\_\_ is a risk of BPA where all data & programs could be lost if there is no proper backup in the event of a disaster and the business could come to a standstill?
  - (a) Input & Access
  - (b) Processing
  - (c) Data
  - (d) Infrastructure
  
22. All of the following are Risk response strategy under ERM except?
  - (a) Avoidance
  - (b) Reduction
  - (c) Management
  - (d) Share

**ANSWER**

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

**CHAPTER 2 - FINANCIAL AND ACCOUNTING SYSTEMS**

1. What is not a part of Inventory Master Data?  
(a) Stock Item                      (b) Stock Group  
(c) Salary Structure                (d) Godowns
2. Which of the following is a main characteristic of Integrated ERP System?  
(a) Separate data maintenance by each department  
(b) Centralised Database  
(c) No direct inter department communication  
(d) None of the above
3. ERP stands for \_\_\_\_\_  
(a) Enterprise Resource Policy  
(b) Enterprise Rating Points  
(c) Enterprise Report Presentation  
(d) Enterprise Resource Planning
4. Which of the following about Back End is false?  
(a) Communicates with user directly  
(b) Processes the data  
(c) Communicates with front end directly  
(d) Generates the report
5. XBRL is used by \_\_\_\_\_.  
(a) Government only                (b) Accountants only  
(c) Investors only                    (d) All of above
6. If Cash ledger is grouped under Indirect income, \_\_\_\_\_.  
(a) It shall be displayed in profit and loss account  
(b) It shall still be considered in balance sheet as it is a cash ledger  
(c) Software shall show error message  
(d) None of above
7. Which sentence is true about installed software application?  
(a) It is installed on the hard disc of the computer of the user  
(b) It is installed on the web server  
(c) It is installed on cloud  
(d) It is installed on a website
8. Extract Transform Load (ETL) is a part of \_\_\_\_\_.  
(a) Business Reporting                (b) Inventory Accounting  
(c) Financial Accounting                (d) Payroll Accounting
9. OLAP stands for \_\_\_\_\_.  
(a) Offline Analytical Processing  
(b) Online Analytical Processing  
(c) Online Analytical Product  
(d) Offline Analytical Product
10. Which of the following is not an attribute of Information?  
(a) Availability                        (b) Mode and Format  
(c) Completeness                        (d) Inadequacy

11. Which of the following is not a type of Master data?  
 (a) Accounting (b) Inventory (c) Finance (d) Statutory
12. Which of the following about Front End is true?  
 (a) Communicates with user directly  
 (b) Display information to user  
 (c) Communicates with back end  
 (d) All of the above
13. All are various criteria of MIS report except?  
 (a) Relevant (b) Timely (c) Accurate (d) Complex
14. RBAC stands for\_\_\_\_\_.  
 (a) Rule based access control  
 (b) Role based access control  
 (c) Restriction based access control  
 (d) Regular based access control
15. As per RBAC which of the following access options is false?  
 (a) Create (b) Print (c) Listen (d) Alter
16. Which voucher type is used for recording of all non-cash/bank transactions?  
 (a) Contra (b) Journal (c) Memorandum (d) Receipt
17. Which voucher type is used for recording of transaction which will be in the system but will not affect the trial balance?  
 (a) Contra (b) Journal (c) Memorandum (d) Receipt
18. Master Data is created by?  
 (a) Database Administrator (b) User  
 (c) Data Administrator (d) Management
19. Which of following is not an example of Accounting Master Data?  
 (a) Capital (b) Sale (c) Purchase (d) GST
20. Which of following is not an example of ERP?  
 (a) SAP (b) Finnacle (c) Oracle (d) MFG Pro

**ANSWER**

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

**CHAPTER 3 - INFORMATION SYSTEMS & IT'S COMPONENTS**

1. Which of the following is not a component of Information Systems?  
(a) People (b) Data  
(c) Network (d) Transaction Processing System
2. Which of the following is not a functional unit of Central Processing Unit (CPU)?  
(a) Control unit (b) Input Devices  
(c) Registers (d) Arithmetic and Logic Unit
3. The full form of RAM is \_\_\_\_\_.  
(a) Random Access Memory (b) Read Access Memory  
(c) Random Accessible Memory (d) Random Authorization Memory
4. Which of the following term is not used in Relational Database Models?  
(a) Relations (b) Attributes (c) Objects (d) Tables
5. Which of the following is not a Corrective Control?  
(a) Backup Procedure (b) Rerun Procedure  
(c) Contingency Planning (d) Hash Totals
6. \_\_\_\_\_ is the conversion of data into a secret code for storage in databases and transmission over networks.  
(a) Cipher Text (b) Encryption (c) Decryption (d) Logging
7. Under Data Coding Control, occurs when a digit or character is removed from the end of a code.  
(a) Transposition Error (b) Substitution Error  
(c) Addition Error (d) Truncation Error
8. In computer networks, \_\_\_\_\_ refers to the ability of a network to recover from any kind of error like connection failure, loss of data etc.  
(a) Routing (b) Resilience (c) Contention (d) Bandwidth
9. Under Application Controls, maintains the chronology of events that occur when a user attempts to gain access to and employ systems resources.  
(a) Boundary Controls (b) Input Controls  
(c) Communication Controls (d) Processing Controls
10. Under Application Controls, \_\_\_\_\_ maintains the chronology of events that occur either to the database definition or the database itself.  
(a) Output Controls (b) Input Controls  
(c) Database Controls (d) Processing Controls
11. Which of these is not a mobile operating system?  
(a) Android (b) iOS (c) Tywin (d) Windows Phone OS
12. Which of these is not an example of Relational Database?  
(a) Access (b) MySQL (c) Java (d) Oracle
13. VoIP stands for \_\_\_\_\_.  
(a) Visual Over Internet Protocol (b) Voice Over Internet Programme  
(c) Voice Outside Internet Protocol (d) Voice Over Internet Protocol

14. technique involves embedding audit software modules within a host application system to provide continuous monitoring of the system's transactions.
- (a) Audit hooks
  - (b) SCARF
  - (c) Integrated Test Facility (ITF)
  - (d) Continuous and Intermittent Simulation (CIS)
15. SCARF stands for \_\_\_\_\_.
- (a) System Control Audit Review File
  - (b) System Control Audit Report File
  - (c) Simulation Control Audit Review File
  - (d) System Control Audit Review Format
16. Which one is not an component of IS.
- a) People    b) Hardware    c) Data    d) Processing
17. \_\_\_\_\_ bridge the speed differences between Registers and Primary Memory (RAM).
- a) Registers                      b) ROM
  - c) Cache memory                d) Virtual memory
18. \_\_\_\_\_ controls the flow of data and instruction to and from memory , interprets the instruction and control which task to execute and when.
- a) Control Unit                      b) Hardware
  - c) User interface                    d) Application software
19. Windows 7, windows 10, Linux , Unix are the examples of \_\_\_\_\_
- a) Operating System                b) Application Software
  - c) Computer                         d) System management
20. \_\_\_\_\_ software is used to perform a specific task.
- a) Operating Software    b) Application Software                c) Linux    d) Dos
21. \_\_\_\_\_ is very crucial resources for an organization.
- a) Finance    b) Data    c) Information    d) None of the above
22. \_\_\_\_\_ represents collection of database .
- a) Records    b) Field    c) Files    d) Data
23. \_\_\_\_\_ represents collection of bits.
- a) Database                      b) Characters    c) Field    d) Records
24. \_\_\_\_\_ refers to such massively large data sets that conventional database tools do not have the processing power to analyze them.
- a) Large data                      b) Big data                      c) Database                      d) Data mining
25. ETL stands for \_\_\_\_\_
- a) Extraction Transformation Load
  - b) Extracting Transfer Location
  - c) Extraction Transfer Load
  - d) Executing Telecommunication line

26. Which one is not a part of LAN Communication  
a) Ring Topology    b) Star Topology  
c) Bus Topology    d) Mesh Topology
27. \_\_\_\_\_ if the formal set of rules for error free and reliable data communications.  
a) IP address    b) Protocol  
c) Packet    d) None of the above
28. \_\_\_\_\_ do not replace the original control & are not as effective as the original control.  
a) Environmental Control    b) Compensatory Control  
c) Preventive Control    d) Detective Control
29. \_\_\_\_\_ involves the change of data before or as they are entered into the system.  
a) Data Leakage    b) Data Diddling  
c) Data Access    d) Data Store
30. \_\_\_\_\_ does not allow data packets entry to private network server from unauthorized users, sources and with malicious content.  
a) Enforced Path    b) Encryption  
c) Data Management    d) Firewall
31. SCARF stands for \_\_\_\_\_  
a) System Development Life Content    b) System Development Life Cycle  
c) Synchronize Decode List Control    d) None of the above
32. \_\_\_\_\_ are used for detecting errors in data before the data is processed.  
a) Input control    b) Processing Control  
c) Output Control    d) Verification Control
33. Which one do not represent input validation control .  
a) Field Interrogation    b) Record Interrogation  
c) File Interrogation    d) Database Interrogation
34. \_\_\_\_\_ represent Batch Controls.  
a) Physical Control    b) Logical Control  
c) Both    d) None of the above
35. \_\_\_\_\_ do not represent Transcription Error.  
a) Addition Errors    b) Substitution Errors  
c) Truncation Errors    d) Data Diddling
36. \_\_\_\_\_ is not an objectives of IS Auditing.  
a) Assets Safeguarding Objectives  
b) Maintenance Of Privacy  
c) System Effectiveness Objectives  
d) Incorrect Decision Making
37. \_\_\_\_\_ refers to the record of audit procedure performed, relevant audit evidence obtained, and conclusions the auditor reached.  
a) Auditing    b) Audit Documentation    c) Audit Verification    d) SCARF



**ANSWERS**

<b>1</b>	D	<b>2</b>	B	<b>3</b>	A	<b>4</b>	C	<b>5</b>	D
<b>6</b>	B	<b>7</b>	D	<b>8</b>	B	<b>9</b>	A	<b>10</b>	C
<b>11</b>	C	<b>12</b>	C	<b>13</b>	D	<b>14</b>	B	<b>15</b>	A
<b>16</b>	D	<b>17</b>	C	<b>18</b>	A	<b>19</b>	A	<b>20</b>	B
<b>21</b>	B	<b>22</b>	C	<b>23</b>	B	<b>24</b>	B	<b>25</b>	A
<b>26</b>	D	<b>27</b>	B	<b>28</b>	B	<b>29</b>	B	<b>30</b>	D
<b>31</b>	B	<b>32</b>	A	<b>33</b>	D	<b>34</b>	C	<b>35</b>	D
<b>36</b>	D	<b>37</b>	B						

**CHAPTER 4 - E-COMMERCE, M-COMMERCE & EMERGING TECHNOLOGIES**

1. Which one of the following is not an Operating system?  
(a) Android (b) Blackberry OS (c) FireFox OS (d) Chrome OS
2. In two-tier architecture, \_\_\_\_\_ is an interface that allows user to interact with the e-commerce / m-commerce vendor.  
(a) Presentation Tier (b) Database Tier  
(c) Physical Tier (d) Application Tier
3. FEMA stands for \_\_\_\_\_.  
(a) Foreign Exchange Management Activity  
(b) Foreign Exchange Management Act  
(c) Foreign Exchange Managerial Act  
(d) Foreign Enterprise Management Act
4. UPI stands for \_\_\_\_\_.  
(a) Universal Payment Interface (b) Unified Payment Interface  
(c) Unified Payment Interface (d) Unified Payment Interaction
5. BHIM (Bharat Interface for Money) is an example of \_\_\_\_\_.  
(a) Mobile App (b) Mobile Hardware  
(c) Mobile Operating System (d) Mobile Wallet
6. Which of the following is not a best practice under Green Computing?  
(a) Dispose e-waste according to central, state and local regulations  
(b) Purchase of desktop computers, notebooks and monitors based on environmental attributes  
(c) Power-down the CPU and all peripherals during extended periods of inactivity  
(d) Use Cathode Ray Tube (CRT) monitors than Liquid Crystal Display (LCD) monitors
7. GSM stands for \_\_\_\_\_.  
(a) Global Service for Mobile Communication  
(b) Global System for Mobile Communication  
(c) Global Semantics for Mobile Communication  
(d) Global System for Mobile Code
8. Which of the following is the correct sequence of Mobile Computing?  
(i) The user enters or access data using the application on handheld computing device.  
(ii) Now both systems (handheld and site's computer) have the same information and are in sync.  
(iii) The process work the same way starting from the other direction.  
(iv) Using one of several connecting technologies, the new data are transmitted from handheld to site's information system where files are updated and the new data are accessible to other system user.  
(a) (i), (ii), (iii), (iv) (b) (iv), (iii), (ii), (i)  
(c) (i), (ii), (iv), (iii) (d) (i), (iv), (ii), (iii)

9. AEPS stands for \_\_\_\_\_.
- (a) Aadhaar Enabled Payment Station
  - (b) Aadhaar Employed Payment Service
  - (c) Aadhaar Enabled Payment Service
  - (d) Aadhaar Enterprise Payment Service
10. Which instance of SaaS allows users to explore functionality of Web services such as Google Maps, Payroll processing, and credit card processing services etc.?
- (a) Testing as a Service (TaaS)
  - (b) Communication as a Service (CaaS)
  - (c) Data as a Service (DaaS)
  - (d) API as a Service (APIaaS)
11. SSI stands for \_\_\_\_\_ --
- a) Secure Socket Layer                      b) Secure source Layer
  - c) Secret Socket Layer                      d) None of the above
12. \_\_\_\_\_ is a special library with a focused collection of digital objects that include text, visual material , video material stored as electronic media formats.
- a) Mobile    b) Digital                      c) Electronic    d) Functional
13. \_\_\_\_\_ interface allows user to interact with e-commerce / m-commerce inter face .
- a) Database tier                      b) Presentation tire
  - c) Application tire                      d) None of the above
14. API stands for
- a) Application Program Interface
  - b) Application Process Interface
  - c) Application presentation interface
  - d) Assistance Programming Interface
15. Which among the following is not an threat for BYOD
- a) Application Risk                      b) Implementation Risk
  - c) Device Risk                      d) Efficiency Risk
16. Components of Web 3.0
- a) Semantic Web                      b) Web Services
  - c) Both of the above                      d) None of the above
17. Which among the following is not an risk of AI (Artificial Intelligence )
- a) Kill human skills of thinking the unthinkable
  - b) Security Risk
  - c) Incorrect data
  - d) Time Risk
18. \_\_\_\_\_ is a type of Artificial Intelligence (AI) that provides computers with the ability to learn without being explicitly programmed.
- a) Machine Learning                      b) Mechanical Learning
  - c) Encryption                      d) Decryption
19. Which amongst the following is not an component of Mobile Computing \_\_\_\_\_
- a) Mobile Hardware                      b) Mobile Communication
  - c) Mobile Software                      d) Mobile Database

20. SaaS Stands for \_\_\_\_\_  
 a) Software as a Service                      b) Software as a Secure  
 c) Security as a Service                      d) Storage as a Service
21. \_\_\_\_\_ is an exclusive cloud used by only specific community  
 a) Community Cloud                      b) Private Cloud  
 c) Public Cloud                      d) Hybrid Cloud
22. \_\_\_\_\_ cloud is/ are less secure.  
 a) Private    b) Public                      c) Hybrid                      d) Community
23. \_\_\_\_\_ lies in Partitioning, which divides a single physical server into multiple logical servers.  
 a) Grid Computing                      b) E-computing  
 c) Virtualization                      d) Virtual networking master
24. A \_\_\_\_\_ is an revolutionary idea, where to make payments through mobiles there is neither need for internet nor any smart phone.  
 a) USSD    b) UPI    c) IMPS    d) None of the above
25. Which among the following is not an traditional method of digital payment \_\_\_\_\_  
 a) Cheque    b) Debit card    c) Credit card    d) E – wallet
26. Information Technology Act was passed in the year \_\_\_\_\_  
 a) 2008    b) 2000    c) 2011    d) 2001
27. NIST stands for  
 a) National Institute of Standards and technology  
 b) National Institute of Standardization and technology  
 c) Net Institute Service and Technology  
 d) National Inter State Terminals
28. \_\_\_\_\_ is an electronic communication of data.  
 a) Data Transfer                      b) Data Sharing  
 c) Data Interchange                      d) Data Interface
29. Which among the following is not an characteristics of a cloud-computing environment.  
 a) Pay per use                      b) On demand  
 c) Multi tendency                      d) Multi language support
30. Which among following in not an risk of e-commerce  
 a) Quality issue                      b) Delivery issues  
 c) Raw material issues                      d) Security and Credit card issues

**ANSWERS**

<b>1</b>	D	<b>2</b>	A	<b>3</b>	B	<b>4</b>	C	<b>5</b>	A
<b>6</b>	D	<b>7</b>	B	<b>8</b>	D	<b>9</b>	C	<b>10</b>	D
<b>11</b>	A	<b>12</b>	B	<b>13</b>	B	<b>14</b>	A	<b>15</b>	D
<b>16</b>	C	<b>17</b>	D	<b>18</b>	A	<b>19</b>	A	<b>20</b>	A
<b>21</b>	A	<b>22</b>	B	<b>23</b>	C	<b>24</b>	A	<b>25</b>	A
<b>26</b>	B	<b>27</b>	A	<b>28</b>	C	<b>29</b>	D	<b>30</b>	C

**CHAPTER 5 - CORE BANKING SYSTEMS**

1. Which of the following is not a core banking services?  
(a) Advances (b) Letters of Credit  
(c) Reporting (d) Deposits
2. Which of the following is an application control?  
(a) Configuring system software (b) Setting parameters in masters  
(c) Transaction Logging (d) Back up of data
3. Which of the following is a General control?  
(a) Setting Database Security (b) Edit checks  
(c) Completeness check (d) Format check
4. Which of the following is a core feature of CBS?  
(a) Transactions are posted in batches  
(b) Databases are maintained as per branch  
(c) Loan processing is done at branch
5. Which of the following is one of the primary objective of implementing controls?  
(a) All computer errors are prevented  
(b) Frauds are detecting pro-actively  
(c) Undesired events are prevented or detected and corrected  
(d) Revenue targets are achieved
6. Which of the following best defines a risk?  
(a) Undesired events are prevented  
(b) Inherent vulnerabilities are identified  
(c) Physical threats are documented  
(d) Threat exploits vulnerability
7. Which of the following best defines Money Laundering?  
(a) Converting proceeds of crime and projecting it as untainted property  
(b) Tax Planning as per provision of IT Act  
(c) Gifting immoveable property to relatives do Transferring fixed deposit to employees
8. Which of the following is not computer related offence as per in IT Act,2000?  
(a) Identify theft (b) Stealing of mobile  
(c) Stealing computer resource (d) Violation of privacy
9. What is the primary objective of SPDI?  
(a) Protecting computer software (b) Securing critical information  
(c) Securing Personal Information (d) Identifying sensitive information
10. Which of the following is a cybercrime?  
(a) Breaking into ATM (b) Physical theft at branch  
(c) Software piracy (d) Altering name in demand draft
11. \_\_\_\_\_ is defined as the process of identifying security risks and determining their magnitude and impact on an organization.  
a) Risk Assessment b) Risk  
c) Risk Analysis d) Risk monitor

12. \_\_\_\_\_ is a sophisticated computer that accepts service requests from different machines called clients.  
a) Server                      b) Client                      c) Terminal                      d) Router
13. Which one is not an example of CBS Software  
a) bankMate                      b) Flexcube                      c) BaNKS                      d) BaNCS
14. PBF Stands For  
a) Positive Balance File                      b) Position Balance File  
c) Permission Bank File                      d) Procedure Balance Force
15. \_\_\_\_\_ server stores the data of Internet Banking facility users.  
a) IBCS                      b) IBAS                      c) IBDS                      d) ATMS
16. Which among the following is not an fund based activity \_\_\_\_\_  
a) Cash Credit                      b) Term Loan  
c) Issue of LC                      d) Discounting of Bills Of Exchange
17. \_\_\_\_\_ team in mortgage loan procedure verifies the PDC and create customer master .  
a) Loan Approval team                      b) Disbursement team  
c) Relationship manager                      d) Credit and risk management team
18. Banking regulation Act Was passed in \_\_\_\_\_  
a) 1959                      b) 1956                      c) 1949                      d) 1934
19. \_\_\_\_\_ section covers co-operative banks under purview of Banking Regulation Act, 1949.  
a) Section 65                      b) Section 56                      c) Section 43                      d) Section 19
20. \_\_\_\_\_ is the process by which the proceeds of the crime and the true ownership of those proceeds are concealed or made opaque so that the proceeds appear to come from a legitimate source.  
a) Money Transfer                      b) Money Laundering  
c) Off shore transfer                      d) Off shore banking
21. \_\_\_\_\_ is also known as computer crime is a crime that involves use of a computer and a network.  
a) Cyber crime                      b) Logic bomb  
c) Time bomb                      d) None of the above
22. Crimes cover under sec43 of Information Act are punishable under section \_\_\_\_\_ of IT Act , 2000  
a) Section 65                      b) Section 66  
c) Section 66B                      d) Section 66F
23. CIBIL Stands for \_\_\_\_\_--  
a) Credit Information Bureau (India) Limited  
b) Credit Information and Banking (India) Limited  
c) Credit Interest Bank of (India) Limited  
d) None of the above

24. Which one is not an example of Reports under CBS  
 a) Summary of transactions of day  
 b) Daily General Ledger (GL) of day  
 c) Deposit Transaction receipt / payment  
 d) MIS report for each product or service
25. "Interest may be incorrectly computed leading to incorrect recording of in- come/ expenditure." – which type of risk it is \_\_\_\_\_  
 a) Application Risk                      b) Database Risk  
 c) Boundary Risk                         d) Information Security Risk
26. "Inadequate preventive measure for key server and IT system in case of environmental threat like heat, humidity, fire, flood etc." - which type of risk is  
 a) Application Risk                      b) Database Risk  
 c) Information Security Risk          d) Boundary Risk
27. "Timely execution and complete processing and availability of data may not be ensured." – which type of risk  
 a) Data Centre and Network Operations  
 b) Application Processing Risk  
 c) Network Management Risk  
 d) Boundary Risk
28. \_\_\_\_\_ includes risk management, responsibility for treasury accounting, and documentation of various types, producing the financial results, analysis and budget forecasts for the treasury business unit, input into regulatory reporting.  
 a) Front office                      b) Back Office  
 c) Middle Office                      d) All of the above
29. Which one is not a type of mortgage loan:  
 a) Home Loan                      b) Top up Loan  
 c) Educational Loan                      d) Loans for under construction Property
30. \_\_\_\_\_ Server is a computer that offers a computer network service to allow clients to make indirect network connections to other network services.  
 a) Web Server                      b) Application Server  
 c) Proxy Server                      d) Anti virus Server

**ANSWERS**

<b>1</b>	C	<b>2</b>	C	<b>3</b>	A	<b>4</b>	A	<b>5</b>	C
<b>6</b>	D	<b>7</b>	A	<b>8</b>	B	<b>9</b>	C	<b>10</b>	C
<b>11</b>	C	<b>12</b>	A	<b>13</b>	C	<b>14</b>	A	<b>15</b>	C
<b>16</b>	C	<b>17</b>	D	<b>18</b>	C	<b>19</b>	B	<b>20</b>	B
<b>21</b>	A	<b>22</b>	B	<b>23</b>	A	<b>24</b>	C	<b>25</b>	A
<b>26</b>	C	<b>27</b>	A	<b>28</b>	C	<b>29</b>	C	<b>30</b>	C

# **STRATEGIC MANAGEMENT**



**CHAPTER 1 – INTRODUCTION TO STRATEGIC MANGEMENT**

1. The origin of business policy can be traced back to \_\_\_\_\_, when Harvard Business School introduced an integrative course in management.  
a. 1911    b. 1921    c. 1931    d. 1941
2. Strategy' as a long range blueprint of an organization's \_\_\_\_\_.  
a. Intent    b. Mission    c. Vision    d. Goal
3. \_\_\_\_\_ integration strategies that some hospitals are pursuing.  
a. Horizontal    b. Forward    c. Vertical    d. Backward
4. The whole strategic landscape of healthcare is changing because of the \_\_\_\_\_.  
a. Internet    b. Transport    c. Finance    d. Technology
5. \_\_\_\_\_ recently began offering a new secure medical service.  
a. Dell    b. Google    c. Intel    d. HP
6. Strategy is \_\_\_\_\_ for sound, alert and responsible management.
7. The overall objectives of strategic management are \_\_\_\_\_ fold.  
a. Two    b. Four    c. Three    d. One
8. Strategic management serves as a corporate \_\_\_\_\_ against mistakes and pitfalls.  
a. defence mechanism    b. attack mechanism
9. Strategic management helps the organisation to develop \_\_\_\_\_ and \_\_\_\_\_.
10. A typical large organization is a \_\_\_\_\_ organisation.
11. A strategic business unit is a \_\_\_\_\_ division.
12. Strategic management seeks to prepare the organisation to face the future and act as \_\_\_\_\_ to various business opportunities.  
a. Direction    b. Guide book    c. Pathfinder    d. Planning
13. There are \_\_\_\_\_ main levels of management.  
a. Two    b. Four    c. Three    d. One

**ANSWER**

1	A
2	C
3	D
4	A
5	C
6	No substitute
7	A
8	A
9	certain core competencies and competitive advantages.
10	multi divisional
11	self-contained
12	C
13	C

**CHAPTER 2 – DYNAMICS OF COMPETITIVE STRATEGIES**

1. The \_\_\_\_\_ is highly dynamic and continuously evolving.  
A. Business environment      B. Mind set of employees  
C. Culture of the organisation      D. None of the above
2. \_\_\_\_\_ and \_\_\_\_\_ are highly relevant and important for all the managers in organisations in order to achieve competitive advantage, high performance for success and to ensure company's survival and growth.  
A. Strategic thinking and strategic management  
B. Internal and external Environment  
C. Core competition and competitive advantage  
D. All of the above
3. The external environment affects the....  
A. Culture of the firm      B. Internal environment of the firm.  
C. Objective of the firm      D. Employees of the firm
4. The \_\_\_\_\_ components of the external environment are considered as major factors leading to \_\_\_\_\_ for the organization and also creating threats.  
A. Plan and policies, challenges  
B. Plan and objectives, business environment  
C. economic and technical, new opportunities  
D. Leader and challenger, Follower
5. The objective of a competitive strategy is to generate competitive advantage.  
A. Core competition      B. Corporate strategy  
C. Customers response      D. competitive advantage
6. Having a competitive advantage is necessary for a firm to...  
A. compete in the market      B. Survive in the market  
C. Prosper in the market      D. Efficient in the market
7. Competitive advantage comes from a firm's ability to perform activities more....  
A. Efficiently than its rivals.      B. Collectively than its rivals.  
C. Technically than its rivals.      D. Effectively than its rivals.
8. By knowing if it is a leader, challenger, or follower, it can adopt appropriate.....  
A. Collective strategy.      B. Competitive strategy.  
C. Consider strategy.      D. Perfect strategy.
9. Competitive landscape is a business analysis which identifies competitors.....  
A. Either direct or indecent.      B. Either direct or different.  
C. Either indirect or direct.      D. Either direct or indirect.
10. Understanding of competitive landscape requires an application of "competitive intelligence".  
A. "Collective intelligence".      B. "Competitive intelligence".  
C. "Common intelligence".      D. "Collusive intelligence".

11. An \_\_\_\_\_ of a firm's competition allows it to assess the competitor's strengths and weaknesses in the marketplace and helps it to choose and implement effective strategies that will improve its competitive advantage.
- A. In-depth investigation and analysis
  - B. Shallow investigation and analysis
  - C. Hollow investigation and analysis
  - D. Shallow investigation and analysis
12. Strategy formulation is a task in which managers can get by with intuition, opinions, instincts, and creative thinking.
- A. Right
  - B. Wrong
  - C. Absolutely Wrong
  - D. Absolutely right and Correct
13. Judgments about what strategies to pursue need to flow directly from \_\_\_\_\_ of a firm's external environment and its internal resources and capabilities.
- A. Adjustment
  - B. Allocation
  - C. Analysis
  - D. Assumption
14. Accurate \_\_\_\_\_ of the company's situation is necessary for managerial preparation for deciding on a sound long-term direction, setting appropriate objectives, and crafting a winning strategy.
- A. Dialogue
  - B. Diagnosis
  - C. Dialysis
  - D. Distinguish
15. There are different forces that drive and constrain strategy and that must be \_\_\_\_\_ in any strategic decision.
- A. Buttered
  - B. Benefited
  - C. Balanced
  - D. Adjusted
16. An important aspect of strategic analyses is to consider the possible implications of \_\_\_\_\_
- A. Routine decisions.
  - B. Strategic decisions.
  - C. Non-Strategic decisions.
  - D. Non routine decisions.
17. Strategy of a firm, at a particular point of time, is result of a series of \_\_\_\_\_ taken over an extended period of time.
- A. Smell decisions
  - B. Smile decisions
  - C. Smart decisions
  - D. Small decisions
18. External risk is on account of \_\_\_\_\_ between strategies and the \_\_\_\_\_ in the environment.
- A. Inconsistencies, forces
  - B. Consistencies, forces
  - C. Forces, Consistencies
  - D. None of the above
19. Industry and competitive conditions change because forces are in motion that creates incentives or pressures for changes.
- A. Driving forces
  - B. Drive in forces
  - C. Trigger forces
  - D. Well Driving forces
20. All industries are characterized by trends and new developments that gradually produce changes important enough to require a strategic response from participating firms.
- A. Tingles of Change
  - B. Terminology for change
  - C. Test of change
  - D. Triggers of Change

21. One technique for revealing the competitive positions of industry participants is .....
- A. Strategic group tapping                      B. Strategic group mapping  
C. Strategic group tracking                      D. Strategic group clapping
22. Rival firms which have similar competitive approaches and positions in the market is known as...
- A. Straight group                      B. Strike group  
C. Group Strike                      D. Strategic Group
23. \_\_\_\_\_ by their very nature are so important that all firms in the industry must pay close attention to them.
- A. KCFs    B. KSFs                      C. KFCs                      D. KSFCs
24. Attractiveness is \_\_\_\_\_, not absolute.
- A. Real    B. Non relative    C. Relative                      D. Superlative
25. Core competencies are capabilities that serve as a source of \_\_\_\_\_ for a firm over its rivals.
- A. Competitive advantage                      B. Consumption advantage  
C. Core Competitive advantage                      D. None of the above
26. Core competency as the \_\_\_\_\_ in the organization, especially coordinating diverse production skills and integrating multiple streams of technologies.
- A. Learning                      B. Planning  
C. Collective leaving                      D. Collective learning
27. Core competencies can be built on one capability or single technological know-how, instead, it has to be the integration of many resources. Correct or incorrect
- A. Incorrect                      B. Correct  
C. No idea                      D. None of the above
28. Core competence must be applicable to the whole organization; it cannot be only one particular skill or specified area of expertise. Correct or incorrect
- A. Correct                      B. Incorrect  
C. Semi Correct                      D. None of the above
29. \_\_\_\_\_ are the activities concerned with receiving, storing and distributing the inputs to the product/service.
- A. Outbound logistics                      B. Procurement  
C. purchase                      D. Inbound logistics
30. \_\_\_\_\_ collect, store and distribute the product to customers. For tangible products this would be warehousing, materials handling, transport, etc.
- A. Inbound logistics                      B. Logistic Inground  
C. Operations                      D. Outbound logistics
31. \_\_\_\_\_ are all those activities, which enhance or maintain the value of a product/ service, such as installation, repair, training and spares.
- A. Sound service                      B. Service Sound  
C. Service                      D. Self service
32. \_\_\_\_\_ refers to the processes for acquiring the various resource inputs to the primary activities (not to the resources themselves).
- A. Purchase                      B. Support Activities    C. Procurement    D. VCA

33. The period over which a competitive advantage is sustained depends in part on the rate at which a firm's resources and capabilities deteriorate. This is known as.....  
A. Durability      B. Suitability      C. Profitability      D. Sustainability
34. The concept of value creation was introduced primarily for providing products and services to the customers\_\_\_\_\_.  
A. with more worth      B. with more profit  
C. with more work      D. with more prosperity
35. Competitive advantage leads to superior profitability.  
A. True      B. False      C. Don't Know      D. None of the above
36. A unit of the company that has a separate mission and objectives and which can be run independently from other company businesses. This known  
A. BABU      B. SABU      C. SBU      D. UBS
37. The \_\_\_\_\_ can be a company division, a product line within a division, or even a single product or brand.  
A. Small business unit      B. Smart business unit  
C. Successful business unit      D. Strategic business unit
38. SBUs are common in organisations that are located in \_\_\_\_\_ with independent manufacturing and marketing setups.  
A. TNCs      B. MNCs  
C. Multiple countries      D. None of the above
39. The experience curve concept is akin to a learning curve which explains the efficiency increase gained by workers through repetitive nonproductive work. Correct or Incorrect  
A. Correctly      B. Incorrectly correct  
C. Incorrect      D. None of the above
40. Experience curve is based on the commonly observed phenomenon that \_\_\_\_\_ decline as a firm accumulates experience in terms of a cumulative volume of production.  
A. Total costs      B. Unit costs  
C. Profit per unit      D. Production cost
41. PLC is an S-shaped curve which exhibits the relationship of\_\_\_\_\_.  
A. Cost with respect of time  
B. Production with respect of time  
C. Only time  
D. sales with respect of time
42. The first stage of PLC is the \_\_\_\_\_ in which competition is almost negligible, prices are relatively high and markets are limited.  
A. Introduction stage      B. Growth stage  
C. Maturity stage      D. Declining stage
43. The second phase of PLC is\_\_\_\_\_. In the growth stage, the demand expands rapidly, prices fall, competition increases and market expands.  
A. Introduction stage      B. Growth stage  
C. Maturity stage      D. Declining stage

44. The third phase of PLC is \_\_\_\_\_. In this stage, the competition gets tough and market gets stabilised. Profit comes down because of stiff competition. At this stage, organisations have to work for maintaining stability.
- A. Introduction stage                      B. Growth stage  
C. Maturity stage                          D. Declining stage
45. In the \_\_\_\_\_ of PLC, the sales and profits fall down sharply due to some new product replaces the existing product. So a combination of strategies can be implemented to stay in the market either by diversification or retrenchment.
- A. Introduction stage                      B. Growth stage  
C. Maturity stage                          D. Declining stage
46. In BCG the vertical axis represents \_\_\_\_\_ rate and provides a measure of market attractiveness.
- A. Growth Market                      B. Market growth  
C. Market shine                          D. Market share
47. The horizontal axis represents relative market share and serves as a measure of company strength in the market.
- A. Growth Market                      B. Market growth  
C. Market shine                          D. Market share
48. These are the products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. They represent best opportunities for expansion.
- A. Star      B. Cash Cow      C. Dogs      D. Question Mark
49. These are the low-growth, high market share businesses or products. They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share.
- A. Star      B. Cash Cow      C. Dogs      D. Question Mark
50. These are the sometimes called problem children or wildcats, are low market share business in high-growth markets.
- A. Star      B. Cash Cow      C. Dogs      D. Question Mark
51. These should be minimised by means of divestment or liquidation.
- A. Star      B. Cash Cow      C. Dogs      D. Question Mark
52. Here the objective is to increase market share, even by forgoing short-term earnings in favour of building a strong future with large market share.
- A. Build      B. Hold      C. Harvest      D. Divest
53. Here the objective is to preserve market share.
- A. Build      B. Hold      C. Harvest      D. Divest
54. Here the objective is to increase short-term cash flow regardless of long-term effect.
- A. Build      B. Hold      C. Harvest      D. Divest
55. Here the objective is to sell or liquidate the business because resources can be better used elsewhere.
- A. Build      B. Hold      C. Harvest      D. Divest

56. It is achieved by making more sales to present customers without changing products in any major way.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
57. \_\_\_\_\_ is also done by effort on increasing usage by existing customers.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
58. \_\_\_\_\_ might require greater spending on advertising or personal selling.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
59. \_\_\_\_\_ refers to a growth strategy where the business seeks to sell its existing products into new markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
60. It refers to a growth strategy where business aims to introduce new products into existing markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
61. It is a strategy for company growth by offering modified or new products to current markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
62. It refers to a growth strategy where a business markets new products in new markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
63. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
64. This strategy is risky because it does not rely on either the company's successful product or its position in established markets.
- A. Market Penetration                      B. Market Development  
C. Product Development                    D. Diversification
65. The ADL matrix (derived its name from Arthur D. Little) is a portfolio analysis technique that is based on \_\_\_\_\_.
- A. Product life cycle                      B. BSG  
C. ANSOFF                                      D. GE Matrix
66. Competitive position is a measure of business strengths that helps in categorization of products or SBU's into one of five competitive positions: dominant, strong, favourable, tenable and weak.
- A. ADL      B. ANSOFF      C. BCG      D. SWOT

67. This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.  
A. Dominant      B. Strong      C. Favourable  
D. Tenable:      E. Weak:
68. By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors.  
A. Dominant      B. Strong      C. Favourable      D. Tenable:  
E. Weak:
69. This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.  
A. Dominant      B. Strong      C. Favourable      D. Tenable  
E. Weak
70. Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.  
A. Dominant      B. Strong      C. Favourable  
D. Tenable      E. Weak
71. The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.  
A. Dominant      B. Strong      C. Favourable  
D. Tenable      E. Weak
72. The strategic planning approach in this model has been inspired from traffic control lights.  
A. GE Matrix      B. BCG      C. TOWS      D. SWOT
73. This model uses two factors while taking strategic decisions: Business Strength and Market Attractiveness.  
A. SWOT      B. TOWS      C. ADL      D. GE
74. It is an inherent capability of the organization which it can use to gain strategic advantage over its competitors.  
A. Strength      B. Weakness      C. Opportunity      D. Threat
75. It is an inherent limitation or constraint of the organization which creates strategic disadvantage to it.  
A. Strength      B. Weakness      C. Opportunity      D. Threat
76. It is a favourable condition in the organisation's environment which enables it to strengthen its position.  
A. Strength      B. Weakness      C. Opportunity      D. Threat
77. It is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position.  
A. Strength      B. Weakness      C. Opportunity      D. Threat



78. Heinz Wehrich developed a matrix called \_\_\_\_\_ matrix by matching strengths and weaknesses of an organization with the external opportunities and threats.  
 A. WOTS B. OTWS C. TOWS D. SWOT
79. SO is a position that any firm would like to achieve. The strengths can be used to capitalize or build upon existing or emerging opportunities.  
 A. SO(Maxi-Maxi) B. ST(Maxi-Mini)  
 C. WO(Mini-Maxi) D. WT(Mini-Mini)
80. It is a position in which a firm strives to minimize existing or emerging threats through its strengths.  
 A. SO(Maxi-Maxi) B. ST(Maxi-Mini)  
 C. WO(Mini-Maxi) D. WT(Mini-Mini)
81. The firm needs to overcome internal weaknesses and make attempts to exploit opportunities to maximum.  
 A. SO(Maxi-Maxi) B. ST(Maxi-Mini)  
 C. WO(Mini-Maxi) D. WT(Mini-Mini)
82. It is a position that any firm will try to avoid. A firm facing external threats and internal weaknesses may have to struggle for its survival. WT strategy is a strategy which is pursued to minimize or overcome weaknesses and as far as possible, cope with existing or emerging threats.  
 A. SO(Maxi-Maxi) B. ST(Maxi-Mini)  
 C. WO(Mini-Maxi) D. WT(Mini-Mini)
83. It is of multiple units (located in different parts of the globe) but all linked by common ownership. Multiple units draw on a common pool of resources, such as money, credit, information, patents, trade names and control systems. These are the features of  
 A. Conglomerate B. MNC C. TNC D. SNC
84. SNC It operates as a private business without direct obligations.  
 A. True B. False C. Don't know D. None of the above
85. Multinational companies own a home company and its subsidiaries.  
 A. True B. False C. Don't know D. None of the above
86. Transnational companies do not have subsidiaries but just many companies.  
 A. False B. True C. Don't know D. None of the above

**ANSWERS**

1	A	2	A	3	B	4	C	5	D	6	A	7	D
8	B	9	D	10	B	11	A	12	A	13	C	14	B
15	C	16	A	17	D	18	A	19	A	20	D	21	B
22	D	23	B	24	C	25	A	26	D	27	A	28	A
29	D	30	D	31	C	32	C	33	A	34	A	35	A
36	C	37	D	38	C	39	A	40	B	41	D	42	A
43	B	44	C	45	D	46	B	47	D	48	A	49	B
50	D	51	C	52	A	53	B	54	C	55	D	56	A
57	A	58	A	59	B	60	C	61	C	62	D	63	D
64	D	65	A	66	A	67	A	68	B	69	C	70	D
71	E	72	A	73	D	74	A	75	B	76	C	77	D
78	C	79	A	80	B	81	C	82	D	83	A	84	A
85	A	86	B										

**CHAPTER 3 – STRATEGIC MANAGEMENT PROCESS**

1. \_\_\_\_\_ means deciding what needs to be done in the future.  
a) Planning                      b) Organising                      c) Directing                      d) Staffing
2. \_\_\_\_\_ is a managerial process of selecting the best course of action out of several alternative courses for the purpose of accomplishment of the organizational goals.  
a) Strategy making      b) Decision making      c) Execution                      d) Group discussion
3. \_\_\_\_\_ is defined as a dynamic process of formulation, implementation, evaluation, and control of strategies to realise the organization's strategic intent.  
a) Strategic Management                      b) Strategic decision  
c) Strategic foundation                      d) Strategic process
4. Who defines following definition "Strategic decisions encompass the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives".  
a) Jauch and Glueck                      b) Michel Vaz                      c) Adi Godrej                      d) C. k. Prahalad
5. Following is the vision statement of which organisation.  
"To be the most admired and responsible Integrated Power Company with international footprint, delivering sustainable value to all stakeholder."  
a) Tata Power                      b) Reliance Energy      c) Adani Energy      d) None of the above
6. A \_\_\_\_\_ is an answer to basic question 'what business are we in and what we do.'  
a) Mission                      b) Vision                      c) Goals                      d) Objectives
7. \_\_\_\_\_ statement should reflect the philosophy of the organizations that is perceived by the senior managers.  
a) Vision      b) Mission      c) Organisation goal statement      d) None of the above
8. \_\_\_\_\_ act as "a statement which defines the role that an organization plays in the society."  
a) Vision                      b) Mission                      c) Philosophy                      d) None of the above
9. \_\_\_\_\_ environment of a firm consists of economic, social, technological, market and other forces which affect its functioning.  
a) External                      b) Internal                      c) Both a & b                      d) None of the above
10. \_\_\_\_\_ provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives.  
a) Strategic management                      b) Strategic Intent  
c) Strategic mission                      d) Strategic vision
11. Select the major dimensions of strategic decisions from following :  
a) Requires top level management involvement                      b) Future oriented  
c) Significant impact on long term prosperity                      d) All of the above
12. \_\_\_\_\_ are open ended attributes that denote the future state or outcomes.  
a) Goals                      b) Objectives                      c) Mission                      d) Vision

13. \_\_\_\_\_ are close-ended attributes which are precise and expressed in specific terms.  
a) Goals                      b) Objectives                      c) Mission                      d) None of the above
14. Organisation need to set \_\_\_\_\_ objectives.  
a) Long term                      b) Short term                      c) Both a & b                      d) None of the above
15. \_\_\_\_\_ is/are the type(s) of environmental and organisational analysis.  
a) Environment scanning                      b) Organisational analysis  
c) Both A & C                      d) Operational Analysis

**ANSWERS**

<b>1</b>	A	<b>2</b>	B	<b>3</b>	A	<b>4</b>	A	<b>5</b>	A
<b>6</b>	A	<b>7</b>	A	<b>8</b>	B	<b>9</b>	A	<b>10</b>	B
<b>11</b>	A	<b>12</b>	A	<b>13</b>	B	<b>14</b>	C	<b>15</b>	C

**CHAPTER 4 - CORPORATE LEVEL STRATEGIES**

1. In the introduction phase, which strategy is used by a company.  
(a) Market Development (b) Market penetration  
(c) Stability (d) Turnaround
2. Which strategy is focused on operational efficiency:-  
(a) Growth (b) Stability  
(c) Retrenchment (d) Liquidation
3. Stability strategy is a “DO nothing “Strategy, This statement is :-  
(a) True (b) False  
(c) Hypothetical (d) None of the Above
4. On The Maturity Stage, Which strategy should be used :-  
(a) Expansion (b) Divestment  
(c) Stability (d) Combination
5. Stability Strategy Consists of :-  
(a) Same product, Different market  
(b) Same business, Same product  
(c) Different product, Different Market  
(d) None of Above
6. Status-Quo Oriented Strategy is:-  
(a) Stability (b) Expansion (c) Retrenchment (d) None
7. Stability Strategy requires:-  
(a) More Investments (b) Less investments  
(c) Moderate Investments (d) Inadequate Investments
8. “Redefinition of business” is involved in :-  
(a) Stability Strategy (b) Expansion Strategy  
(c) Turnaround Strategy (d) All of Above
9. Intensification & Diversification are routes of:-  
(a) Expansion (b) Stability  
(c) Retrenchment (d) None
10. When A New Business is initiated which has no affinity with its existing business, is Called:-  
(a) Horizontal Diversification (b) Vertical Diversification  
(c) Concentric Diversification (d) Conglomerate Diversification
11. Market Penetration is about:-  
(a) Existing Product, Existing Market  
(b) New Product, New Market  
(c) New Product, Existing Market  
(d) Existing Product, New Market
12. Market Development Means:-  
(a) Exploring New Product (b) Modification in old product  
(c) Exploring new market (d) Modification in Existing Market

13. Product Development Means:-  
(a) New Market (b) New Product  
(c) New Market, New Product (d) None
14. Diversification Means:-  
(a) Existing Product (b) New Product  
(c) New Market (d) A & C
15. A Step towards creation of effective supply of inputs is called.  
(a) Horizontal Integration (b) Vertical Integration  
(c) Backward Vertical Integration (d) Forward Vertical Integration
16. A Step towards the value chain analysis or distribution channels is called :-  
(a) Forward vertical integration (b) Backward vertical integration  
(c) Conglomerate Diversification (d) A & B Both
17. Any Acquisition of similar businesses or making any By-Product or Complementary products is called:-  
(a) Vertical Integration (b) Horizontal Integration  
(c) Conglomerate Diversification (d) Intensification
18. When the new business is linked to the existing businesses through process. Technology or marketing is called:-  
(a) Conglomerate-Diversification (b) Concentric-Diversification  
(c) Market Development (d) Product Development
19. Which of the following is the instant means of expansion?  
(a) Intensification (b) Diversification  
(c) Acquisition & Merger (d) Joint Venture
20. When Two companies come together to expand their business operations is called.  
(a) Acquisition (b) Turnaround (c) Merger (d) All
21. When A Strong Company Takes over the other organization is called.  
(a) Merger (b) Acquisition  
(c) Co-genetic Intensification (d) Concentric Diversification
22. Acquisition often happens in the phase of :-  
(a) Boom (b) Expansion (c) Recession (d) Recovery
23. When the two competitive firms are merged, is called :-  
(a) Vertical Merger (b) Co-Generic Merger  
(c) Horizontal Merger (d) Conglomerate Merger
24. Merger of two organizations but at different stages of production or distribution system is called:-  
(a) Vertical Merger (b) Horizontal Merger  
(c) Co-Generic Merger (d) Conglomerate Merger
25. When two firms are merged in such a way that is unrelated to each other, is called:-  
(a) Vertical Merger (b) Horizontal Merger  
(c) Co-Generic Merger (d) Conglomerate Merger

26. When Two or more businesses create a synergy for achieving certain strategic objectives which neither would be able to achieve on its own, is called.  
 (a) Merger (b) Acquisition  
 (c) Strategic Alliance (d) Political Alliance
27. Which of the following is the disadvantage of strategic alliance?  
 (a) Barriers on entry (b) Reduction in cost  
 (c) Sharing (d) Economics of Scale
28. When an organization focuses on ways and means to reverse the process of decline is called.  
 (a) Liquidation (b) Turnaround (c) Divestment (d) Retrenchment
29. When the retrenchment is done internally, is called .  
 (a) Liquidation (b) Turnaround  
 (c) Divestment (d) Retrenchment
30. Which of the following is not a danger signal of turnaround strategy?  
 (a) Declining market share  
 (b) Negative cash flow  
 (c) High Turnover in terms of revenue  
 (d) Mis-Management
31. Divestment Means:-  
 (a) Sale of business  
 (b) Shut down of a portion of business  
 (c) Re-Definition of business  
 (d) All of Above
32. Which is called last resort & the most extreme strategy?  
 (a) Turnaround (b) Divestment  
 (c) Liquidation (d) None
33. "A dead business is worth more than alive," this statement is known for:-  
 (a) Turnaround (b) Divestment  
 (c) Liquidation (d) None
34. A big organization should use:-  
 (a) Stability strategy  
 (b) Expansion Strategy  
 (c) Retrenchment  
 (d) Combination Strategy

**ANSWERS**

1	B	2	B	3	B	4	C	5	B	6	A
7	B	8	B	9	A	10	D	11	A	12	C
13	B	14	D	15	C	16	A	17	B	18	B
19	C	20	C	21	B	22	C	23	C	24	A
25	D	26	C	27	C	28	B	29	B	30	C
31	B	32	C	33	C	34	D				

**CHAPTER 5- BUSINESS LEVEL STRATEGIES**

1. A successful \_\_\_\_\_ strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts.  
a) Cost leadership                      b) Differentiation                      c) Both                      d) None of the above
2. \_\_\_\_\_ does not guarantee competitive advantage, especially if standard products sufficiently meet customer needs or if rapid imitation by competitors is possible.  
a) Differentiation                      b) Similarities                      c) Managerial skills                      d) None of the above
3. A \_\_\_\_\_ strategy requires competing based on price to target a narrow market.  
a) Focused cost leadership                      b) Focused differentiation  
c) Both                      d) None of the above
4. \_\_\_\_\_ defines “strategy is a pattern in a stream of decision”.  
a) Henry Ford                      b) Henry Mintzberg                      c) Henry Fayol                      d) Michael Porter
5. \_\_\_\_\_ which one is not a barrier to entry.  
a) Capital requirement                      b) Brand identity  
c) Product differentiation                      d) Brand loyalty
6. \_\_\_\_\_ had given five forces model- competitive analysis.  
a) Michael Ford                      b) Henry Mintzberg                      c) Henry Fayol                      d) Michael Porter
7. Broad target of competitive scope and low cost product of competitive advantage reflects \_\_\_\_\_ strategy.  
a) Differentiation                      b) Cost leadership  
c) Focused cost leadership                      d) Focused differentiation
8. Narrow target of competitive scope and low cost product of competitive advantage reflects \_\_\_\_\_ strategy.  
a) Differentiation                      b) Cost leadership  
c) Focused cost leadership                      d) Focused differentiation
9. Broad target of competitive scope and differentiated product of competitive advantage reflects \_\_\_\_\_ strategy.  
a) Differentiation                      b) Cost leadership  
c) Focused cost leadership                      d) Focused differentiation
10. Narrow target of competitive scope and differentiated product of competitive advantage reflects \_\_\_\_\_ strategy.  
a) Differentiation                      b) Cost leadership  
c) Focused cost leadership                      d) Focused differentiation
11. \_\_\_\_\_ helps to achieve cost leadership strategy.  
a) Optimum utilization of resources                      b) Economies of scale  
c) Standardization of product                      d) All of the above
12. \_\_\_\_\_ not a basis of differentiation.  
a) Product                      b) Pricing                      c) Organisation                      d) Rivalry





**CHAPTER 6 - FUNCTIONAL LEVEL STRATEGIES**

- Q.1. Marketing Process is :-  
(a) Analyzing  
(b) Selecting  
(c) Developing marketing opportunities  
(d) All of Above
- Q.2. Marketing mix consists \_\_\_\_ :-  
(a) 1 (b) 2 (c) 3 (d) 4
- Q.3. 4 Ps are from----- angle:-  
(a) Customer's (b) Marketer's (c) Both (d) None
- Q.4. 4 Cs are from \_\_\_\_ angle:-  
(a) Customer's (b) Marketer's (c) Both (d) None
- Q.5. Product Stands for:-  
(a) Cost (b) Customer's Solution  
(c) Communication (d) Convenience
- Q6. Price Stands for:-  
(a) Cost (b) Customer's Solution  
(c) Communication (d) Convenience
- Q7. Place Stands for:-  
(a) Cost (b) Customer's Solution  
(c) Communication (d) Convenience
- Q8. Promotion Stands for :-  
(a) Cost (b) Customer's Solution  
(c) Communication (d) Convenience
- Q9. Skimming Price policy stands for :-  
(a) Very high Level (b) Very Low Level  
(c) Moderate Level (d) Free of Cost
- Q10. Promotion includes:-  
(a) Advertisement (b) Personal Selling  
(c) Sales Promotion (d) All
- Q11. Face to Face Interaction Means:-  
(a) Advertisement (b) Personal Selling  
(c) Sales Promotion (d) All
- Q12. Non-Personal Promotional Method is :-  
(a) Sales Promotion (b) Advertisement  
(c) Publicity (d) B & C
- Q13. A Method which has no cost content:-  
(a) Sales Promotion (b) Advertisement  
(c) Publicity (d) B & C

- Q14. Exhibition is an example of :-  
(a) Sales Promotion (b) Personal Selling  
(c) Advertisement (d) All
- Q15. How many expanded marketing mixes are there:-  
(a) 1 (b) 2 (c) 3 (d) 4
- Q16. People Stands for:-  
(a) Caring (b) Co-Ordination (c) Communication (d) All
- Q17. Process Stands for:-  
(a) Caring (b) Co-Ordination (c) Communication (d) All
- Q18. Physical Evidence Stands for:-  
(a) Co-Ordination (b) Communication  
(c) Confirmation (d) Caring
- Q19. Marketing which is done for social purpose/Campaign :-  
(a) Augmented Marketing (b) Social Marketing  
(c) Relationship Marketing (d) Direct Marketing
- Q20. Tourism marketing is an example of :-  
(a) Synchro – Marketing (b) De-marketing  
(c) Place-Marketing (d) Service-Marketing
- Q21. Marketing-Technique is used to reduce the demand for product:-  
(a) Synchro – Marketing (b) De-marketing  
(c) Place-Marketing (d) Service-Marketing
- Q22. Sense of Mission marketing is a part of :-  
(a) Place Marketing (b) Person Marketing  
(c) Enlightened Marketing (d) All
- Q23. Source of funds means:-  
(a) Net Profits (b) Sale of assets (c) Debt (d) All of Above
- Q24. Budget is :-  
(a) End (b) Tool (c) Both (d) None
- Q25. Net worth is the sum of:-  
(a) Common Stock (b) Additional paid in Capital  
(c) Retained Earnings (d) All
- Q26. Logistics Management is related to :-  
(a) Competitive Management (b) Customer Satisfaction  
(c) Both (d) None
- Q27. Supply chain management Consists the process from:-  
(a) Manufacturing to Customers  
(b) Sourcing to Manufacturing  
(c) Sourcing to End Users  
(d) Retailer to Customers

- Q28. ----- involves delivering the right product at right time to right place and at right price.  
(a) Logistics Management (b) Sales Management  
(c) Supply Chain Management (d) Stock Management
- Q29. Supply Chain Management stresses on \_\_\_\_\_ manufacturing process:-  
(a) Fixed (b) Flexible (c) Rigid (d) Blank
- Q30. Just in time is a Feature of :-  
(a) Logistics Management (b) Sales Management  
(c) Supply Chain Management (d) Stock Management
- Q31. Physical Distribution Means:-  
(a) Right place at right time (b) Right time at right cost  
(c) Right time at inappropriate place (d) Not fix place & Time
- Q32. When the technical progress is low & The rate of market growth is moderate, which one is preferable:-  
(a) No Change in Technology (b) Exclusive Outsourcing  
(c) Acquisition of R & D Firm (d) In house R & D.
- Q33. If Technology is Changing Rapidly and market is growing slowly, which one is preferable:-  
(a) No Change in Technology (b) Exclusive Outsourcing  
(c) Acquisition of R & D Firm (d) In house R & D.
- Q34. If the technological change is slow but market is growing quickly, than which one is preferable.  
(a) No Change in Technology (b) Exclusive Outsourcing  
(c) Acquisition of R & D Firm (d) In house R & D.
- Q35. If Both technical progress and market growth are fast. Then which situation is preferable:-  
(a) No Change in Technology (b) Exclusive Outsourcing  
(c) Acquisition of R & D Firm (d) In house R & D.
- Q36. The second approach of R & D Strategy is to be:-  
(a) First mover (b) Innovative Imitator  
(c) Law –Cost Provider (d) Differentiator
- Q37. The First approach of R & D Strategy is to be :-  
(a) First mover (b) Innovative Imitator  
(c) Law –Cost Provider (d) Differentiator
- Q38. The third approach of R & D Strategy is to be:-  
(a) First mover (b) Innovative Imitator  
(c) Law –Cost Provider (d) Differentiator
- Q39. Job –Analysis is a Practice of:-  
(a) Pre-Selection (b) Selection (c) Post Selection (d) Owner
- Q40. Training is the Example of:-  
(a) Pre-Selection (b) Selection  
(c) Post Selection (d) Owner

**ANSWERS**

1	D	2	D	3	B	4	A	5	B	6	A
7	D	8	C	9	A	10	D	11	B	12	D
13	C	14	A	15	C	16	A	17	B	18	C
19	B	20	C	21	B	22	C	23	D	24	B
25	D	26	B	27	C	28	C	29	B	30	C
31	A	32	D	33	A	34	B	35	C	36	B
37	A	38	C	39	A	40	C				

**CHAPTER – 7 – ORGANISATION AND STRATEGIC LEADERSHIP**

1. \_\_\_\_\_ may result in company rigidity and red tapism, given the complexity and need for rapid changes in today's competitive landscape.  
A. Destructive planning                      B. Demand and supply  
C. Organised structure                        D. Ineffective strategy/structure
2. Structure can also \_\_\_\_\_ strategy.  
A. Influence                      B. Injects                      C. Plan                      D. Adjust
3. Simple organizational structure is most appropriate for companies that follow a \_\_\_\_\_ and offer a line of products in a \_\_\_\_\_.  
A. single business strategy, single geographic market  
B. Multiple business strategy, Multiple geographic market  
C. Digital business strategy, multiple geographic market  
D. single geographic market, single business strategy
4. The \_\_\_\_\_ also is appropriate for companies implementing focused cost leadership or focused differentiation strategies.  
A. simple structure                      B. Matrix structure  
C. Hourglass structure                      D. Division structure
5. A simple structure is an organizational form in which the owner-manager makes all major decisions directly and monitors all activities, while the company's staff merely serves as an executor. Correct or Incorrect  
A. Incorrect                      B. Correct  
C. Both of the above                      D. None of the above
6. In the simple structure, communication is \_\_\_\_\_, and new products tend to be introduced to the market quickly, which can result in a competitive advantage.  
A. Slow                      B. indirect                      C. A and B                      D. frequent and direct
7. A widely used structure in business organisations is functional type because of its \_\_\_\_\_.  
A. simplicity and realistic cost                      B. simplicity and average cost  
C. simplicity and low cost                      D. simplicity and high cost
8. Differences in functional specialization and orientation may \_\_\_\_\_ communications and coordination.  
A. correct                      B. improve                      C. Adjust                      D. impede
9. Who often may develop a myopic (or narrow) perspective, losing sight of the company's strategic vision and mission.  
A. Target Specialists                      B. Functional specialists  
C. Related specialists                      D. Non Functional specialists
10. In which structure, functional activities are performed both centrally and in each division separately.  
A. Divisional structure                      B. Functional structure  
C. Simple structure                      D. Matrix structure

11. When a few major customers are of paramount importance and many different services are provided to these customers, then which structure can be the most effective way to implement strategies.
- A. divisional structure by process      B. divisional structure by customer  
C. divisional structure by area      D. divisional structure by product
12. Which structure was developed in the 1920s, in response to coordination- and control-related problems in large firms.
- A. Simple structure or S-form      B. Multidivisional or M-form  
C. Divisional or D-form      D. classical or C-form
13. When the firm is \_\_\_\_\_, strategic controls are used to manage divisions.
- A. More developed      B. less diversified  
C. More diversified      D. diversified
14. \_\_\_\_\_ refers to the operational understanding by corporate officers of the strategies being implemented within the firm's separate business units.
- A. Implementation control      B. Special alert control  
C. Strategic alliance      D. Strategic control
15. Which is the most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication.
- A. Divisional structure      B. Hour glass structure  
C. A matrix structure      D. A detailed structure
16. Functional and divisional structures depend primarily on vertical flows of authority and communication. Is this statement correct?
- A. Partially correct      B. Correct  
C. Not correct      D. None of the above
17. The matrix structure is widely used in many industries, including construction,
- A. healthcare, research and defence.  
B. Cement  
C. Educational industries  
D. healthcare, research and defence.
18. (A) Cross-functional task forces, (C) Product/brand management, (B) Mature matrix, as per Davis and Lawrence arrange in order of preference.
- A. B,C,A      B. A,C,B      C. B,A,C      D. C,A,B
19. the network structure is an example of what could be termed a "\_\_\_\_\_"
- A. Wrong structure      B. non-structure  
C. full structure      D. True-structure
20. The network structure becomes most useful when the environment of a firm is \_\_\_\_\_ and is expected to remain so.
- A. The stable      B. Well stable      C. unstable      D. Stable
21. The role played by \_\_\_\_\_ is diminishing as the tasks performed by them are increasingly being replaced by the technological tools.
- A. Middle management      B. Top management  
C. Corporate level management      D. Functional management

22. Hourglass organization structure consists of three layers with constricted middle layer.  
A. Constricted means Shrunken      B. Constricted means Large  
C. Constricted means very large      D. Constricted means tiny
23. Which structure has a short and narrow middle-management level.  
A. Multi divisional structure      B. Functional structure  
C. Hourglass structure      D. None of the above
24. A strategic leader is a change agent to initiates strategic changes in the organisations and ensure that the changes successfully implemented. Correct or Incorrect?  
A. Correct      B. Incorrect      C. Can't say      D. None of the above
25. Transformational leadership style uses \_\_\_\_\_ to inspire people to exert them for the good of the organization.  
A. Authority and responsibility      B. charisma and enthusiasm  
C. carrot and stick formula      D. Law and order
26. Transformational leadership style may be appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes. Correct or Incorrect  
A. Incorrect      B. Correct  
C. Can't say      D. None of the above
27. Which type of \_\_\_\_\_ leaders offer excitement, vision, intellectual stimulation and personal satisfaction.  
A. Modern      B. Traditional  
C. Transformational      D. Non Transformational
28. Which style of leadership focuses more on designing systems and controlling the organization's activities and are more likely to be associated with improving the current situation.  
A. Accounting leadership      B. Transformational  
C. Both      D. Transactional leadership
29. Transactional leadership style may be appropriate in \_\_\_\_\_ environment.  
A. Static      B. Non Static      C. Very Static      D. Volatile
30. An organization's \_\_\_\_\_ is either an important contributor or an obstacle to successful strategy execution.  
A. Plan and policies      B. Traditions and Legends  
C. Terminologies      D. Culture
31. The person who perceives the business idea and take steps to implement the idea is known as an \_\_\_\_\_.  
A. Entrepreneur      B. Intrapreneur  
C. Both      D. None of the above
32. An \_\_\_\_\_ is a person who searched for business opportunity and starts a new enterprise to make use of that opportunity.  
A. Intrapreneur      B. Entrepreneur  
C. Both      D. None of the above





**CHAPTER 8 – STRATEGIC IMPLEMENTATION AND CONTROL**

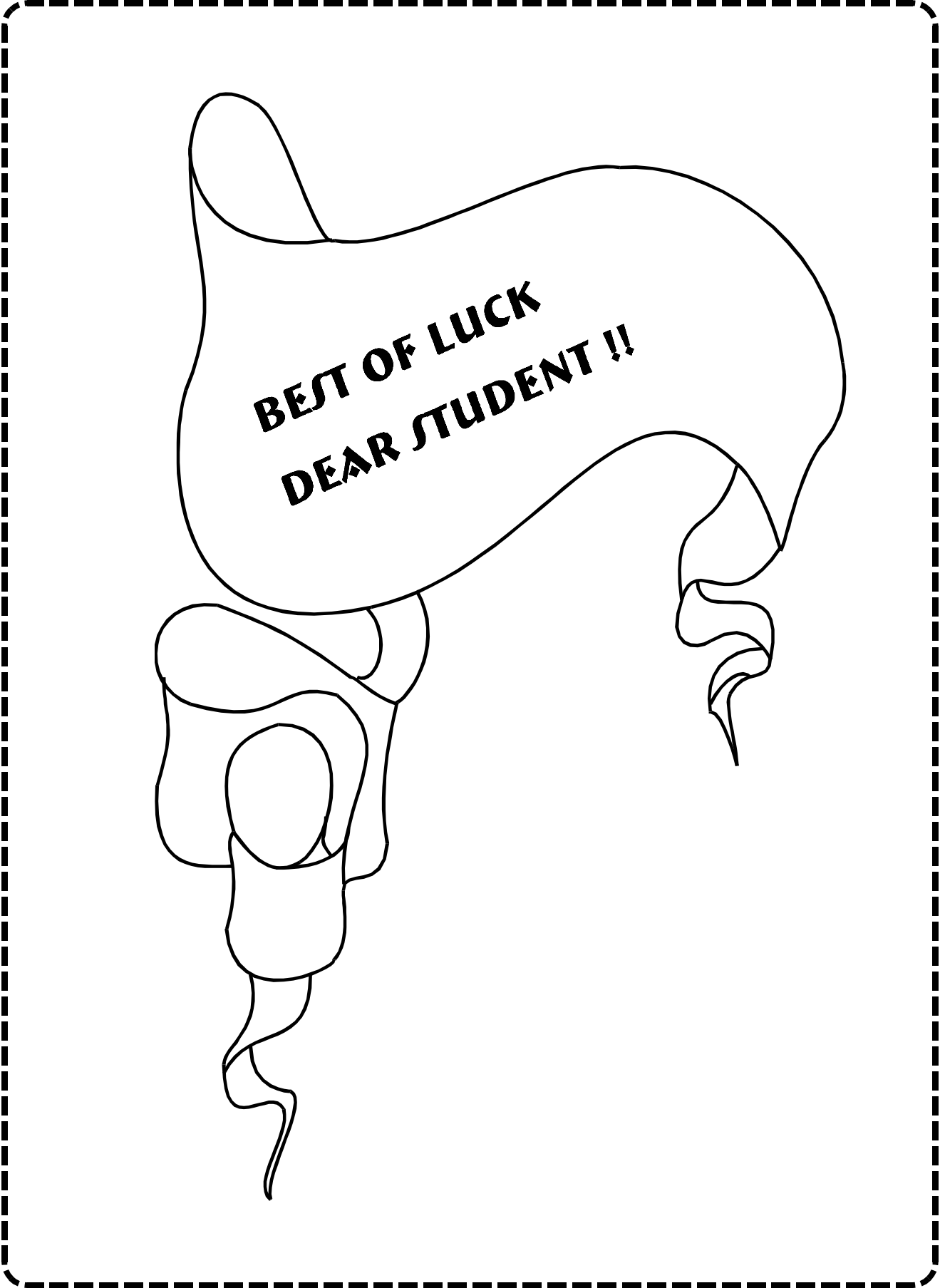
1. \_\_\_\_\_ concerns the managerial exercise of putting a freshly chosen strategy into action.  
a) Strategy implementation      b) Strategy Planning  
c) Strategy evaluation          d) None of the above
2. \_\_\_\_\_ is concerned with translating a strategic decision into action, which presupposes that the decision (i.e, the strategic choice) was made with some thought being given to feasibility and acceptability.  
a) Strategy implementation      b) Strategy Planning  
c) Strategy evaluation          d) None of the above
3. A company will be successful only when the \_\_\_\_\_ is sound and implementation is excellent.  
a) Strategy formulation          b) Management  
c) None of the above            d) Strategy evaluation
4. Successful strategy formulation does not guarantee successful \_\_\_\_\_.  
a) Strategy implementation      b) Strategy evaluation  
c) Strategy planning            d) None of the above
5. Strategy formulation focuses on \_\_\_\_\_.  
a) Effectiveness    b) Efficiency    c) Both    d) None of the above
6. Strategy implementation focuses on \_\_\_\_\_.  
a) Effectiveness    b) Efficiency    c) Both    d) None of the above
7. Strategy formulation is primarily an \_\_\_\_\_ process.  
a) Intellectual      b) Operational    c) Activity      d) None of the above
8. Strategy implementation is primarily an \_\_\_\_\_ process.  
a) Operational      b) Intellectual  
c) Action            d) None of the above
9. \_\_\_\_\_ requires conceptual intuitive and analytical skills.  
a) Strategy formulation      b) Strategy implementation  
c) Both                          d) None of the above
10. \_\_\_\_\_ requires motivation and leadership skills.  
a) Strategy formulation      b) Strategy implementation  
c) Both                          d) None of the above
11. \_\_\_\_\_ requires coordination among the executives at the top level.  
a) Strategy formulation      b) Strategy implementation  
c) Both                          d) None of the above
12. \_\_\_\_\_ requires coordination among the executives at the middle and lower levels.  
a) Strategy formulation      b) Strategy implementation  
c) Both                          d) None of the above

13. \_\_\_\_\_ has proposed three methods for reassigning new patterns of behaviour (a) Compliance (b) Identification (c) Internalization.  
a) H.C. Kellman                      b) Michel Porter  
c) C. K. Prahalad                      d) None of the above
14. \_\_\_\_\_ occurs when the new behaviour becomes a normal way of life. The new behaviour must replace the former behaviour completely for successful and permanent changes to take place.  
a) Refreezing                      b) Freezing  
c) Change                      d) None of the above
15. \_\_\_\_\_ process is not one time application but a continuous process due to dynamism and ever changing environment.  
a) Change    b) Refreezing    c) Freezing    d) None of the above
16. According to \_\_\_\_\_ “Strategic control focuses on the dual questions of whether: 1) the strategy is being implemented as planned ; 2) the results produced by the strategy are those intended”  
a) Michel Porter                      b) Schendel and Hofer  
c) H. C. Kellman                      d) None of the above
17. \_\_\_\_\_ is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.  
a) Special Alert Control                      b) Premise Control  
c) Both                      d) Strategy control
18. \_\_\_\_\_ At times, unexpected events may force organizations to reconsider their strategy.  
a) Special Alert Control                      b) Premise Control  
c) Both                      d) Strategy control
19. Strategic implementation control is not a replacement to \_\_\_\_\_.  
a) Operational control                      b) Strategy management  
c) Strategy audit                      d) None of the above
20. A \_\_\_\_\_ is an examination and evaluation of areas affected by the operation of a strategic management process within an organization.  
a) Strategy audit                      b) Strategy management  
c) None of the above                      d) Control
21. \_\_\_\_\_ refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies.  
a) Consonance                      b) Core process  
c) Creativity                      d) None of the above
22. \_\_\_\_\_ business process are critical in a company’s evaluation by its customers.  
a) Core                      b) Non-core  
c) Procurement                      d) None of the above
23. \_\_\_\_\_ refers to the analysis and redesign of workflows and processes both within and between the organizations  
a) BPR                      b) Strategy performance  
c) Strategy implementation                      d) None of the above

24. \_\_\_\_\_ means starting all over, starting from scratch.”  
a) BPR            b) Benchmarking            c) Core            d) None of the above
25. \_\_\_\_\_ is an approach of setting goals and measuring productivity based on best industry practices.  
a) BPR            b) Benchmarking            c) Core            d) None of the above
26. \_\_\_\_\_ helps in improving performance by learning from best practices and the processes by which they are achieved.  
a) BPR            b) Benchmarking            c) Core            d) None of the above

**ANSWERS**

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



**BEST OF LUCK  
DEAR STUDENT !!**