

## =====ANSWERS=====

### Commerce and Accountancy

Q.1) (b)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This is a conceptual question. If you have read about qualitative characteristics of accounting, then you must be aware of the fact, that there are four qualitative characteristics of accounting which are, verifiability, relevance, reliability, and comparability.

The examiner has kept Accountability in the options to confuse you. If you don't know the Qualitative Characteristics exactly then you will think Accountability is also a qualitative feature because in general terms it is a qualitative feature but IT IS NOT A QUALITATIVE FEATURE IN ACCOUNTING TERMS.

The takeaway from this question is, study properly and memorize the key facts from every chapter otherwise you will find the paper difficult.

Q.2) (a)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This is a factual question. Through this question, examiner wants to check your retention power. You should learn all the important Indian Accounting Standards with numbering for adding up 2 marks in your scorecard.

Q.3) (a)

Explanation:

This question was asked from the commerce and accountancy section of the syllabus. The first thing that you should observe after reading this question is the use of the word INCORRECT in the statement. Please be very careful with SUCH EXTREME WORDS in the questions. These words are intentionally used by examiners to check your level of alertness.

As this is a conceptual question, if you have read the topic of debenture well, then you can figure out that all options other than (a) are features of debentures.

And if you read the question carefully, you will find, that the very first line states that debenture is a long-term business debt. So, in no case, you can call it owned capital.

Q.4) (a)

Explanation:

This question was asked from the Commerce and Accountancy

section of the syllabus. The nature of the question is very basic as it is just asking you to identify the intangible asset.

The two categories of assets are taught to students in Class 11<sup>th</sup>. So, you can see the level of this question is easy. If you just know the meaning of the term, Intangible then also you will find this question doable. As all options other than (a) can be touched.

Q.5) (a)

Explanation:

This question was asked from Commerce and Accountancy. This is a conceptual question. Options have been framed in an order to confuse you, but you can use elimination skills in this question.

Renunciation of right share is a process of renouncing, transferring or selling of the right to other interested investors at a better price.

Q.6) (a)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This is a conceptual question. If you have studied Methods of Preparing Account Current then you can do this question easily as all interests other than Red Ink Interest don't even exist.

You must be aware of the fact if the due date of a bill is after the date of closing the account, then we charge no interest for that. We just write that interest in Red-Ink in the relevant side of the Account current.

Q.7) (e)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This is a conceptual question. While studying about Profit and Loss Account you must have studied about Exceptional Items and Extraordinary items. Don't get confused between the two.

Both are unusual expenses that are large enough to have an impact on the financial results. However, extraordinary items are not part of a company's ordinary business dealings. Exceptional items are.

Please be attentive while reading the question as there is the use of the word "NOT" in the question. And the only option that is not shown under the exceptional item is option (e).

**NOTE:** We are not providing you a detailed list of exceptional items here because our target is to equip you with the approach of solving objective papers. In this question, we have emphasized the areas where you can make mistakes.

Q.8) (d)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This is a conceptual question that also tests your factual knowledge. There are various conditions for buy-back of shares and you have to identify the right one from the options available.

In option (a), the word NOT has been used to make the option incorrect. You will observe this thing in other questions as well. Examiner in many cases uses NOT to make the statement incorrect. So, you should get extra alert whenever you see NOT in your question. You can eliminate (a) here.

There are various conditions regarding the buyback of shares. You must have studied those in detail while doing questions on Shares. Here, all the conditions other than in option (d) are hypothetical and need to get eliminated.

Q.9) (b)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This question not only checks your fundamental knowledge but also checks your retention power.

In accounting, there are three types of expenditure: Capital Expenditure, Revenue Expenditure, and Deferred Revenue Expenditure. So, there are high chances that you might get confused in these three types if your fundamentals are not clear. The takeaway from this question is whenever there are types in a particular topic then you should use some trick to distinguish among the types.

Q.10) (a)

Explanation:

This question was asked from the Commerce and Accountancy section of the syllabus. This topic is not explicitly mentioned in your syllabus. But if you have understanding of contingent liabilities then you can use elimination skills in this question.

Option (b) is not relatable to the question being asked. Option (c) and option (d) are classified as Contingent Liabilities. Thus, you can eliminate these two options.

Arrears of fixed cumulative dividends on preference shares are disclosed separately and they are not a part of commitments. Hence, you can eliminate option (e) as well.

Only, option (a) can be classified as commitment. Thus, it is the answer.

## Management

Q.11) (a)

Explanation:

This question was asked from the management section of the syllabus. You can use elimination skills to solve this question.

The question is in respect of sharing responsibility and authority so, how can clarity of objective, training policy, and learning period be the answer? So, you can eliminate option (b), (c), and (d).

Now, if you compare options (a) and (e), you will find option (a) fits best here, as the very meaning of the term 'delegation' is sharing responsibility.

Q.12) (a)

Explanation:

This question was asked from the management section of the syllabus. If you have studied various theories in management then you can do this question easily otherwise it is a hard nut to crack.

You can hardly use any of the tricks discussed above to solve this question because of the factual nature of this question. In the previous questions, I have already discussed the reason behind framing of factual questions.

Q.13) (b)

Explanation:

This question was asked from the management section of the syllabus. This question is an easy catch for you if you have studied various roles of a leader.

You can eliminate option (c) here, as the term 'exchange' is incomplete in itself. Examiner has not clearly specified, exchange of what? Whether, exchange of views and ideas or anything else? In rest of the options, you can figure out the characteristics of a leader and the roles played by him. Now, you need to brainstorm on every option and then reach the right one. And after brainstorming you will find, that no option other than networker is satisfying the need of the question.

But yes, you can reach the correct answer only if you are calm during the exam otherwise you can get confused among the options.

Q.14) (c)

Explanation:

This question was asked from the management section of the syllabus. This is a very easy question because the options in this question have been framed in a manner to help you.

In many questions, you will realise that examiner has tried to help you in reaching the right answer. Examiner frame these kinds of questions to check whether you can catch the hint given by him or not.

Here in this question, options other than 'supervision' are just irrelevant.

**NOTE:** We are not providing you the definition of each and every option because our aim is to take you on a tour to examiner mind. Here, in this question, we have explained the intention of the examiner behind framing such questions.

Q.15) (d)

Explanation:

This question was asked from the management section of the syllabus. Questions directly from the syllabus always act like bonus points for you, and you should never miss the opportunity to get marks from straightforward questions.

If you have studied various styles of leadership then you will definitely do this question right. Else, you can use elimination skills in some options.

As you know autocracy is linked with showing authority i.e., controlling everything rather than letting people decide things for themselves. So, there is no scope for transparency and genuineness in autocracy. Hence, you can eliminate option (a).

Similarly, servant leadership cannot be the answer because under servant leadership an individual interacts with others to achieve authority. You can eliminate option (e) as well.

Rest of the options are positive; you need to have clear understanding of various styles of leadership to reach the correct answer otherwise you can get confused among the remaining options.

Q.16) (a)

Explanation:

This question was asked from the management section of the syllabus. This is an approachable question if you have studied the topic of morale and motivation while covering the management section.

As you know, morale is a positive group phenomenon then how can options (b) and (c) be the answer as both of these are showing negativity.

With high morale, you can enjoy your work, but this doesn't mean that you start having entertainment at the workplace. So, you can eliminate option (d) as well.

With high morale, you can become efficient and do your work effectively but high morale does not give you a guarantee of having a lot of money. Hence, you can eliminate option (e).

Now, you are left with the answer that is option (a).

Q.17) (c)

Explanation:

This question has been asked from the management section of the syllabus. This is a conceptual question wherein options are confusing and with close meanings. However, the question could be answered if you focus on key words 'integrating men, material, machine'.

Q.18) (d)

Explanation:

This question has been asked from the management section of the syllabus. This is again a conceptual question which requires good understanding about the communication process. The keywords in the question are 'uses' and 'according to audience' which can help you reach to the correct answer.

## Finance

Q.19) (e)

Explanation:

This question was asked from the finance section of the syllabus. It is a factual question with some information on NBFC. All information provided to you is not always useful. There are two purposes of providing information. Firstly, the examiner wants you to waste your time and then see how you respond. Secondly, the examiner wants to provide you hints through such information and see if you can catch them or not.

Here, the information given is of no use to you as you just have to answer the maximum period of deposits.

Q.20) (e)

Explanation:

This is a straight question that is testing your conceptual clarity. If you are aware of the definition of CRR and its usage, this question is a sure shot for you.

CRR is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank. RBI JUST DON'T PAY ANY INTEREST on CRR.

Again, we cannot let these questions slip out of our hands. These questions are opportunities and not threats. Make sure that you are not leaving out conceptual questions.

Q.21) (c)

Explanation:

This question was asked from the Finance Section of the syllabus. This is a second question on the topic of NBFC. So, the takeaway from these questions is, that you should prepare the topic of NBFC in full detail as important topics are asked again and again in the exam.

This is an easy question if you have studied the features of NBFC. It's difficult if you are a procrastinator or a student running after everything under the sun but not covering what's relevant.

NBFC always remains in news, hence you can't say that this question is not doable.

Q.22) (a)

Explanation:

This question was asked from the Finance section of the syllabus. You can use elimination skills in this question.

The term "equity" is used with shares, so it makes no sense with gold receipts. Hence, you can eliminate option (b) and option (e). Terms used in options (c) and (d) don't even exist in respect of gold receipts. Hence, you can eliminate these.

Now, you must have noticed that the present government is emphasizing a lot on getting things digitalized. So, you can also make a guess in this option regarding electronic gold receipts.

Q.23) (c)

Explanation:

No scheme of the angel fund shall have more than two hundred angel investors.

Q.24) (a)

Explanation:

This question was asked from the finance section of the syllabus. You can solve this question by using common sense and elimination skills.

You can easily eliminate option (d) and (e) because calling an option European or American just on the basis of increase in strike price makes no sense.

Similarly, there is nothing like “at the money option”. So, you can eliminate option (c) as well.

Now, in the question it is written that the strike price is more than market price so, how can it be “in the money”. So, you can eliminate option (b) as well.

Now, you are left with option (a) only and it also makes sense.

Q.25) (c)

Explanation:

This question was asked from the finance Section of the syllabus. You can use common sense and elimination skills to solve this question.

Options (a) and (b) are incomplete because they are not specifying the condition of increase or decrease in the value of derivative. Hence, you can eliminate these.

Option (e) is a bit extreme because there is use of the word “always”. Whenever examiner uses words like “always, never, only” in any statement, then you should give double attention to that statement because the chances of that statement being wrong is ALWAYS HIGH. The intention of examiner behind framing such statements is to eliminate extreme thinkers from the merit list.

Option (d) is incorrect as the value of derivative does not remain constant in fact it fluctuates with the underlying market price or asset.

Q.26) (e)

Explanation:

This question was asked from the finance section of the syllabus. Although it is an easy question as you can solve it on the basis of general awareness but there is a little scope of confusion as well. All the options from (a) to (d) are given with their regulatory bodies but option (e) is confusing in nature because AMFI is also linked with mutual funds as it is a nodal association of mutual funds across India BUT it doesn't regulate mutual funds. SEBI is the regulatory body of Mutual Funds. Hence, the answer is (e) because you have to find the incorrect option.

Q.27) (c)

Explanation:

This question was asked from the finance section of the syllabus. Although it is a factual question but you can do this if you have studied open ended schemes.

You can directly eliminate option (a), (d), and (e) because they do not have any lock-in period, whereas small cap fund has a lock-in period of less than 1 year. So, you can eliminate option (b) as well. Now, you are left with ELSS and it is the answer.

## Costing

Q.28) (a)

Explanation:

This question was asked from the Costing section of the syllabus. Examiner has framed this question to check your concepts. The Lean system is very clearly mentioned in your syllabus. So, it is your moral duty to study this topic in detail.

All the options from (b) to (e) are part of the lean system. In option (a) examiner has used the opposite of pull, just to make the option wrong. Please be very careful whenever you encounter opposite words in options as there are high chances of that option being wrong.

Q.29) (a)

Explanation:

This question was asked from the Costing section of the syllabus. Again, there is use of the word NOT in the question and option. So, extra attention is needed while interpreting the question and marking the right answer.

This is a conceptual question that also checks your memory. Examiner not only checks your concepts through such questions but also checks whether you can keep certain facts regarding the topic in mind or not.

All the options other than (a) are features of budgetary control. And if you don't read option (a) with focus then you might miss the word, NOT, and option (a) will also appear correct.

Q.30) (b)

Explanation:

This question was asked from the Costing section of the syllabus. Total Productive Maintenance is a separate topic under costing under which there are eight pillars that focus on proactive and TMP is used to eliminate breakdown maintenance Hence , it cannot be included under TPM.

Q.31) (b)

Explanation:

This question was asked from the Costing section of the syllabus. This is a straight factual question. If you know the full form of DMAIC, then you will mark this option right without taking any anytime otherwise if you approached this question then it can kill

your time.

In such an “acronym” type of questions, you should try to understand the mechanism behind the full form. This helps in memorizing not only the full form but also the sequence and order of the acronym.

Like, in DMAIC you can understand the chain process.

For example, only after defining something you can measure it, only after measuring you can analyze it, after analysing you can improve it, and afterward you can CONTROL it. Here, the word Correct just does not fit in.

Q.32) (e)

Explanation:

This question was asked from the Costing section of the syllabus. Again, you have to find the incorrect statement from the given options. So, based on the questions discussed above, you can conclude that questions in your exam will not be direct, there will be twists and turns in the questions.

Here, from options (a) to (d), the examiner has given you the features of the Kanban system. But in option (e) he has used the opposite of “explicit” i.e., “implicit” just to puzzle you.

Q.33) (a)

Explanation:

This question was asked from the Lean System under Costing Section of the syllabus.

Lean System and Innovation is given in detail in your syllabus. Hence, you should do this topic from the heart. Examiner has kept the techniques of the lean system in all the options. If you know techniques of the lean system then you can mark the right option otherwise you can make mistake.

Through this question, you can observe that examiner is interested in checking your in-depth knowledge regarding a particular topic. So, you should make a point to study each and every topic mentioned in the syllabus in length and breadth because you never know from which topic the examiner will frame the questions.

Q.34) (a)

Explanation:

Here, you got the second question from Lean System in a row. Thus, you can realise how much important the topic of Lean System is. And again, there is use of the word, “NOT” in the question. So, please focus on the terminology in the examination. There are 5 steps in this methodology: Sort, Set in order, Shine, Standardize, and Sustain. If you try to understand the order of this sequence then you will not need to mug up all 5S mentioned here. Creating a short story and mnemonics help in memorizing such sequence-based questions.

Q.35) (d)

Explanation:

This question was asked from the Costing section of the syllabus. But you must have studied about two types of material i.e., direct

material and indirect material while doing Microeconomics in class 11<sup>th</sup>.

If you just know the raw meaning of direct material then you can do this question right. Direct materials are those materials that are core to the production process and can be directly traced to the specific product manufactured. Options from (a) to (c) and option (e) fits into our definition of direct material. From here, you can conclude that option (d) is your answer.

## Companies Act

Q.36) (b)

Explanation:

This question was asked from the Companies Act. This is again a factual question and you can expect more factual questions from the Companies Act.

You can apply some tricks for remembering the tenure of various dignitaries. The term of five years is the most common one as five years is the tenure of Lok Sabha, president, and others. So, you can club the dignitaries having the same tenure in one group and this will definitely help you in the exam.

Q.37) (d)

Explanation:

Again, this is a factual question from the Companies Act. Yes, there will be many facts that you have to memorize. It's a harsh reality of government exams like SEBI that you must accept.

Just remember, the examiner wants to check your factual memory through fact-based questions. Thus, practice them without questioning his intentions. Criticism of the examiner will not take. It will take you to the finish line of SEBI examination.

Q.38) (b)

Explanation:

This question was asked from the Companies Act. Again, this is a factual question. From the above analysis, you can realise that if you really want to clear this exam then you just can't even think of skipping the facts that come your way.

According to Section 27 of the Companies Act, A company shall not vary the terms of the contract referred to in the prospectus except by general meeting by way of special resolution.

In this question, options are framed in an order to make you feel uncomfortable in the exam. Students who have read the Companies Act in detail can do this question right else there are high chances of marking this question wrong.

Q.39) (e)

Explanation:

This question was asked from the Companies Act. Once again, it is a factual question from the Companies Act. You need to go through all the key concepts of the Companies Act to solve questions from this section of the syllabus. There will

be approximately 9 questions from the Companies Act in your exam. So, please prepare this topic seriously for your exam if you want to clear it.

In this question, the options are very close and confusing. Examiner often plays with digits while making your question paper. You need to be wide awake to catch such tricks of the examiner.

Q.40) (c)

Explanation:

This question was asked from the Companies Act. Although it is a factual question but an easy one. Yes, if you have not studied the conditions of residence anywhere, then it might become a tough question for you.

During graduation, you are taught to consider a stay of 182 days to calculate the residential days of a taxpayer in India. So, if you can recall even this knowledge on your exam day, then also you can mark option (c) as the answer.

Q.41) (a)

Explanation:

This question was asked from the Companies Act. We are noticing again and again that questions from the Companies Act are factual in nature. So, the only panacea for factual questions is reading the factual topics again and again so that all the facts can get registered in your mind.

Section 47 of the Companies Act 2013 relates to the voting rights of shareholders in a company. The voting right on a poll available to equity shareholders will be in the percentage of his share in the paid-up equity share capital associated with the company. So, the answer is (a).

Q.42) (e)

Explanation:

This question was asked from the Companies Act. It is not surprising to see the factual question again as we have already analyzed the trend of questions from the Companies Act.

No logic, no elimination skills can help you in such kinds of questions. These questions come under the category of "Do or Die". If you know the answer then it's good enough if you don't know the answer you just can't do guesswork here. If you lack clarity in such types of factual questions then you should leave such questions to avoid negative marking and save time.

Q.43) (b)

Explanation:

This is the last question from the Companies Act, it comes directly under the factual type of questions where the objective is to check your memory. We tend to under-rate such questions but for the examiner, judging your memory and retentions forms an important part of the overall analysis of the student's capability to be a good officer.

In short, it's a simple expected question that a SEBI student is

expected to know. The fact is not even unimportant.

## Economics

Q.44) (a)

Explanation:

This question was asked from the economics section of the syllabus. Cost and its various types are taught to students in class 12<sup>th</sup>. So, you can see the level of this question is not much.

In the question, you are given definition of "Cost" that is of no use to you as you are asked about imputed cost only. Examiner gives such extra information to waste your time.

You cannot use guesswork in this question as you need to have conceptual understanding of various types of costs to solve this question. Blind guessing will fetch you negative marks.

Q.45) (a)

Explanation:

This question was asked from the economics section of the syllabus. The formula and concept of GDP and GNP are a part of the macroeconomics of class 12<sup>th</sup>.

You should prepare the topic of national income very well as it not only remains in news but it is also expected from aspirants to have a basic understanding of national income.

Examiner has given so much time in framing options of this question hence there is so much scope of negative marking in this question. Touch this question only when you know the formula otherwise you will lose marks because of this question.

Q.46) (a)

Explanation:

This question was asked from the economics section of the syllabus. Again, different types of markets are taught to students in class 12<sup>th</sup>. So, you can see the questions asked from the economics section are very basic.

If you just know the basic definition and features of oligopoly then you can use logic to solve this question.

Logic 1: Cartel is a formal agreement among firms in an oligopolistic industry. There is cooperation among firms that are part of the cartel. Hence, you can use this information to eliminate option (b).

Logic 2: In perfect competition, there are so many buyers and sellers. Hence, it is more competitive than Oligopoly. Option (c) eliminated.

Logic 3: There are limited firms in Oligopoly and that is why they have a lot of control over the price of commodities. Option (d) eliminated.

Logic 4: Free entry and exit is a feature of perfect competition, not oligopoly. Hence, option (e) is eliminated.

Now, you are left with option (a) only and it is the answer.

Q.47) (e)

Explanation:

This question was asked from the economics section of the syllabus. LM curve is taught to students during graduation. So, you can see that examiner has tried to increase the level of question here.

You just can't apply any type of trick or guesswork in this question as this is a conceptual question. The examiner is always focused on checking your conceptual clarity. Majority questions that you see in the exam are targeted at differentiating an average or poor student from an excellent student. You need to be amongst excellent students but for it to happen, your concepts have to be crystal clear.

Q.48) (b)

Explanation:

This question was asked from the economics section of the syllabus. It is a numerical question based on concepts. If you know, for creating a situation of equilibrium demand should be equal to supply then you can solve this numerical easily.

Demand = Supply

$$12 - p = -3 + 4p$$

$$5p = 15$$

$$p = 3$$

$$\text{Putting } p = 3 \text{ in } S = -3 + 4p$$

$$q = 9$$

Q.49) (e)

Explanation:

This question was asked from the economics section of the syllabus. The elasticity of demand and supply is part of the microeconomics of class 12<sup>th</sup>. So, you can see the examiner has again started asking questions from class 12<sup>th</sup> syllabus for making a balanced paper.

This is a conceptual question but it checks your level of understanding. I would say that it is the duty of examiner to ask such questions where the concepts of students are checked.

If the producer is bearing the tax burden, then he will take out the amount of taxes paid by him through the public. So, the demand will fluctuate inversely to the taxes being imposed on the producer. Hence, the demand of goods will be elastic and supply would be inelastic.

Q.50) (b)

Explanation:

This question was asked from the economics section of the syllabus. Balance of Payment is a part of the macroeconomics of class 12<sup>th</sup>. You can use elimination skills and logic to solve this question.

Logic 1: Imports are usually not equal to exports. It is quite difficult to have imports and exports in a balanced state. Countries like India import more and export less, whereas countries like China export more and import less. Hence, you can eliminate option (a).

Logic 2: The current account tracks actual transactions, such as import and export of goods, whereas capital account tracks the net balance of international investments. So, how can they have same items? Hence, you can eliminate option (c).

Logic 3: International flow of money and products can also cause surplus or deficit. So, how can it help in balancing? So, you can eliminate option (d) as well.

Logic 4: The statement in option (e) is extreme because there is use of the word 'ALWAYS' in it. I have told you earlier as well that statements with extreme words have a high tendency of being wrong.

And in this question option (e) is also contradictory to the fact being asked in the question. Hence, option (e) will also get eliminated.

Now, you are left with option (b) only and it is the answer.