BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 6

Time : 4 hours ***Maximum Marks : 200***

The test is divided into four sections.

Every correct answer carries + 1 mark each and – 0.25 mark will be deducted for each wrong answer.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. Transactions between owner and business are recorded as per

(a) Periodicity concept (b) Going concern concept
(c) Prudence concept (d) Business Entity concept

2. Which of the following items is an asset?

(a) Salary paid to manager (b) Accounts payable
(c) Sales (d) Debtors

3. The information provided in the annual financial statements of an enterprise pertain to:

(a) Business Industry (b) Economy
(c) Individual business entity (d) None of the three

4. Which of the following is not a transaction?

(a) Goods are purchased on cash basis for Rs.1,000.
(b) Salaries paid for the month of May, 2010.
(c) Land is purchased for Rs.10 lacs.
(d) An employee dismissed from the job.

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5. All the following statements are objectives of accounting except

(a) Providing information about the assets, liabilities and capital of business entity.
(b) Maintaining records of business.
(c) Providing information about the performance of business entity.
(d) Providing details about the personal assets and liabilities of the owner.

6. Payment of personal expenses of the owners of the business need to be recorded as:

(a) Drawings. (b) Liabilities.
(c) Expenses. (d) None of the three.

7. The purchases Journal records

(a) All purchases.
(b) All purchases of goods dealt in by the firm.
(c) Credit purchases of goods dealt in by firm.
(d) Cash purchase of goods dealt in by firm.

8. Which of the following lists the balance and the title of accounts given in the ledger, on a given date?

(a) P & L Account. (b) Balance sheet.
(c) Earnings Statement (d) Trial balance.

9. Under straight line method, depreciation is calculated on

(a) Written down value. (b) Scrap value.
(c) Original cost. (d) None of the three.

10. If the date of maturity of a bill is a holiday, then the bill will mature on:

(a) Next working day. (b) Preceding working day.
(c) Holiday itself. (d) Other agreed day.

11. A promissory note is drawn by _____ in favour of _____ .

(a) Drawer, Drawee. (b) Maker, Payee.
(c) Payer, Payee. (d) Drawer, Payee.

12. _____ principle requires that the same accounting method should be used from one accounting period to the next.

(a) Conservatism. (b) Consistency.
(c) Business entity. (d) Money measurement.

13. The left side of an account is known as _____ and the right side as _____.

(a) Debit, credit. (b) Credit, debit.
(c) Liability, asset. (d) None of the three.

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14. In double entry book keeping system, every transaction affects at least _____account(s).

(a) One. (b) Two.
(c) Three. (d) Four.

15. All expense and _____ accounts appearing in the trial balance are transferred either to the trading account or profit and loss account.

(a) Loss. (b) Income
(c) Asset. (d) Liability.

16. Scrap value of an asset means the amount that it can fetch on sale at the _____ of its useful life.

(a) Beginning. (b) End
(c) Middle. (d) None of the three.

17. The petty cashier generally work on_____ system.

(a) Accrual. (b) Balancing.
(c) Imprest. (d) None of the three.

18. Proforma invoice is a statement of information in the form of invoice prepared by the _____ to appraise the _____ about certain essential particulars of the goods.

(a) Consignee, Consignor. (b) Buyer/Seller.
(c) Consignor, Consignee. (d) None of the three.

19. Carriage charges paid for a new plant purchased if debited to carriage account would affect

(a) Plant account. (b) Carriage account.
(c) Plant and carriage accounts. (d) None of the three.

20. The amount due to the retiring partner on account of goodwill is debited to the continuing partners in their _____.

(a) Profit sharing ratio. (b) Sacrificing ratio.
(c) Capital ratio. (d) Gaining ratio.

21. Mr. A, the owner of M/s Apex Ltd. withdrew some goods from the business for his personal use. The accountant of the firm recorded this transaction on the basis of selling price of goods. He justifies his contention on the basis that business and the proprietor are two different entities as per business entity concept and therefore drawings should be charged at the same price on which the goods are sold to the outside customers. However, Mr. A emphasizes that he should be charged with only the cost price of the goods withdrawn by him.

At which price, the drawings should be recorded?

(a) Fair value. (b) Selling price.
(c) Cost price. (d) None of the three.

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22. The substance of the transactions gets preference over legal position. The transactions and events recorded in the books of account and presented in the financial statements, should be governed by the substance of such transactions and not merely by their legal form as per the concept of

(a) Faithful representation. (b) Substance over form.
(c) Neutrality. (d) Fair disclosure.

23. A and B are partners sharing profits in the ratio of 3:2. They admit C as a new partner for 3/10th share, which he acquires 2/10 from A and 1/10 from B. The new profit sharing ratio of A, B and C is

(a) 3:4:3. (b) 4:3:3.
(c) 3:3:4. (d) None of the three.

24. The profits for the last four years are given as follows:

Year	Rs.
2006	40,000
2007	50,000
2008	60,000
2009	50,000

The value of goodwill on the basis of three years' purchase of average profits based on the last four years will be

(a) Rs.1,00,000. (b) Rs.1,50,000.
(c) Rs.2,00,000 (d) None of the three.

25. G Ltd. acquired assets worth Rs. 75,000 from H Ltd. by issue of shares of Rs.10 each at a premium of Rs. 5. The number of shares to be issued by G Ltd. to settle the purchase consideration will be

(a) 6,000 shares (b) 7,500 shares
(c) 9,375 shares (d) 5,000 shares

26. A and B are partners in a firm sharing profits in the ratio of 3:2. They admit C as the new partner for 1/6th share in the profits. The firm's goodwill was valued at Rs.1,50,000. For adjustment of goodwill, C's account will be debited by

(a) Rs. 20,000. (b) Rs. 15,000.
(c) Rs. 25,000. (d) None of the three.

27. Following figures have been taken from the trial balance of a trader;

Purchases	Rs. 30,000
Purchase Returns	Rs. 5,000
Sales	Rs. 40,000
Sales Returns	Rs. 5,000

The amount of profit will be

(a) Rs. 10,000. (b) Rs. 5,000.
(c) Rs. 7,500. (d) None of the three.

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28. The balance of furniture and fixtures as on 1st April, 2009 was Rs. 10,000. Furniture of Rs.5,000 was purchased on 1st October, 2009. Depreciation is charged @ 10% p.a. on W.D.V. method. The depreciation for the year ended 31st March, 2010 will be _____

(a) Rs.1,500 (b) Rs.1,250
(c) Rs.1,750 (d) None of the above

29. Mr. Yatharth consigned to Mr. Ramesh 100 cases of tea costing Rs. 100 per case. He paid Rs. 1,000 as freight and cartage. Mr. Ramesh could take delivery of only 90 cases since 10 cases were loss in transit. The amount of abnormal loss will be _____

(a) Rs.1,000 (b) Rs.1,100
(c) Rs.1,050 (d) None of the three

30. Mr. Sharma holding 1,000 equity shares of Rs.10 each, issued at a discount of 10%, could pay Rs.3.50 on application, but could not paid the allotment money of Rs. 2.5 per share and his shares were forfeited. In the books of the company, shares forfeited account will be credited by _____

(a) Rs. 2,500 (b) Rs. 1,500
(c) Rs. 3,500 (d) Rs. 2,000

31. Omega Ltd. purchased assets of Alfa Ltd. for purchase consideration of Rs.60 lacs. It was decided that the purchase consideration will be discharged by issue of 10% debentures of Rs.1,000 each at a premium of 20%. The number of debentures issued will be _____

(a) 6,000 (b) 10,000
(c) 5,000 (d) None of the above

32. Asha Deep Company Ltd. issued 1,00,000, 7% debentures of Rs.100 each at a discount of 4% redeemable after 5 years at a premium of 6%. Loss on issue of debentures is _____

(a) Rs. 10,00,000 (b) Rs. 6,00,000
(c) Rs. 16,00,000 (d) Rs. 4,00,000

33. Om, Jai and Jagdish are partners sharing profits and losses in the ratio of 5: 3 :2. Om retires and goodwill is valued at Rs. 50,000. New profit sharing ratio of Jai and Jagdish will be equal. For the adjustment of goodwill, Jai and Jagdish's capital accounts will be debited by:

(a) Rs. 15,000 and Rs. 10,000 respectively
(b) Rs. 10,000 and Rs. 15,000 respectively
(c) Rs. 20,000 and Rs. 5,000 respectively
(d) Rs. 5,000 and Rs. 20,000 respectively

34. The date of maturity of bill is 10th October, 2009. The Government of India suddenly declared 10th October, 2009 as the holiday under the Negotiable Instruments Act, then the bill will mature on _____

(a) 9th October, 2009 (b) 10th October, 2009.
(c) 12th October, 2009. (d) 11th October, 2009.

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35. A Ltd. Company purchase machinery on 1st April, 2007 for Rs. 1,00,000. The depreciation on this machinery is charged @ 10% per annum on straight line method. On 30th September, 2009 machinery is sold for Rs.89,000. The profit or loss on sale of such machinery is:

(a) Profit of Rs. 12,000. (b) Loss of Rs. 12,000.
(c) Profit of Rs. 14,000. (d) Loss of Rs. 6,000.

36. The following are the details regarding purchases of a certain item during the month of January.

January 1	**Purchases**	**200 units**	**@Rs. 7**	**Rs. 1,400**
January 8	**Purchases**	**900 units**	**@Rs. 8**	**Rs. 7,200**
January 25	**Purchases**	**300 units**	**@Rs. 9**	**Rs. 2,700**
January 30	**Purchases**	**400 units**	**@Rs. 10**	**Rs. 4,000**
				Rs. 15,300

A physical inventory of the items taken on January 31 shows that there are 700 units in hand. The valuation of inventory as per FIFO method is:

(a) Rs. 5,400. (b) Rs. 6,700.
(c) Rs. 8,600 (d) Rs. 5,000.

37. A promissory note for Rs. 5,000 in favour of Mohan settled by sending him Tania's acceptance for Rs. 5,000. The required Journal entry will be

(a)	Mohan	Dr.	Rs. 5,000	
	To Tania			Rs. 5,000
(b)	Tania	Dr.	Rs. 5,000	
	To Mohan			Rs. 5,000
(c)	Bill receivable	Dr.	Rs. 5,000	
	To Bills payable			Rs. 5,000
(d)	Bill payable	Dr.	Rs. 5,000	
	To Bills receivable			Rs. 5,000

38. Shyam prepared a trial balance for his factory on 31st March, 2010. The debit total of the trial balance was short by Rs. 500. He transferred the deficiency to a suspense account. In April, 2010 after a close examination, he found that the purchases day book for September, 2009 was undercast by Rs.500. The necessary Journal entry to rectify the error will be _____

(a)	Purchases A/c	Dr.	Rs. 500	
	To Cash A/c			Rs. 500
(b)	Suspense A/c	Dr.	Rs. 500	
	To Purchases A/c			Rs. 500
(c)	Purchases A/c	Dr.	Rs. 500	
	To Suspense A/c			Rs. 500

(d) None of the above.

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39. The following particulars relate to the business of Mohan on March 31, 2010.

Balance as shown by the cash book	**Rs. 10,000**
Cheques issued but not presented for payment	**Rs. 4,000**
Cheque deposited but not yet collected	**Rs. 3,000**

Balance as shown by the Bank pass book will be

(a) Rs.9,000. (b) Rs.10,000.
(c) Rs.11,000 (d) None of the above.

40. Which of the following errors will affect the trial balance?

(a) Repairs to building wrongly debited to Building A/c
(b) Total of Purchase Journal cast short by Rs.1,000.
(c) Freight paid on new machinery debited to Freight A/c
(d) None of the three.

41. A's acceptance to B for Rs. 10,000 renewed for 2 months on the condition that Rs. 4,000 be paid in cash immediately and the remaining amount will carry interest @ 12% p.a. The amount of interest will be _____

(a) Rs. 120 (b) Rs. 80
(c) Rs. 90 (d) Rs. 160

42. On 1.1.2010, a machine costing Rs. 10,000 and a piece of furniture costing Rs.20,000 was purchased. Depreciation is provided @ 5% p.a. on furniture and 10% per annum on machine. The depreciation for the year ended 31st March, 2010 should be:

(a) Rs.1,000. (b) Rs.300
(c) Rs.625 (d) None of the three.

43. On 1st February, 2010, a loan of Rs.10,000 was given @ 12% per annum. Interest was received for 3 months from February to April in April, 2010. In the financial statements of the year ended 31st March, 2010 amount of accrued interest should be:

(a) Rs. 100. (b) Rs. 200
(c) Rs. 300 (d) Rs. 1,200

44. Goods costing Rs. 4,80,000 were sent on consignment basis. Goods are invoiced at 125% of the cost price. The invoice price and the loading will be:

(a) Rs. 6,00,000 and Rs. 1,00,000. (b) Rs. 5,00,000 and Rs. 1,00,000.
(c) Rs. 6,00,000 and Rs. 1,20,000. (d) Rs. 5,00,000 and Rs. 1,20,000.

45. Mr. A sent 250 units costing Rs. 10,000 each to Mr. B. Mr. B sold 150 units @ Rs. 14,200 per unit on credit and 75 units @ Rs. 14,000 for cash. Mr. B is entitled to a commission Rs.500 per unit. The amount of commission will be:

(a) Rs. 75,000 (b) Rs. 37,500
(c) Rs. 1,12,500 (d) Rs. 85,000

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46. Ram and Shyam enter into a joint venture. Both of them deposited Rs.65,000 and Rs.32,500 respectively into a joint venture. Goods were purchased for Rs.75,000 and expenses amounting Rs.10,950 were incurred. Goods sold for Rs.90,000 and goods unsold were taken over by Ram at an agreed value of Rs.2,700. The profit on joint venture is:

(a) Rs. 17,700 (b) Rs. 4,500
(c) Rs. 4,050 (d) Rs. 6,750

47. On 1st January Shilpa owes Rs.10,000 and accepts a 3 months bill for the amount. On the date of maturity Shilpa, not being able to honour the bill. She paid Rs.4,000 cash and requested to draw another bill for three months for the balance amount with interest @ 15% per annum. The amount of interest should be

(a) Rs. 200 (b) Rs. 225
(c) Rs. 500 (d) Rs. 900

48. A draws a bill of Rs.10,000 on B on 23rd December, 2009 for one month. The bill is accepted on 25th December, 2009 by B. The due date of the bill will be:

(a) 26th January, 2010. (b) 28th January, 2010.
(c) 27th January, 2010. (d) 25th January, 2010.

49. On 1st January, 2010, Vimal sold goods worth Rs.20,000 to Renu and drew a bill on Renu for 3 months. Renu accepted the bill and returned it to Vimal who discounted the bill with bank on 4th February, 2010 @ 15% per annum. The discounting charges will be:

(a) Rs. 3,000 (b) Rs. 750
(c) Rs. 500 (d) None of the three.

50. X and Y are partners sharing profit and losses in the ratio of 2:1. On 1st January, 2009, Z is admitted with 1/4th share in profits with guaranteed amount of Rs. 25,000. The profits for the year ended 31st December, 2009 amounting to Rs. 76,000. The share of Y in the profits should be:

(a) Rs.19,000 (b) Rs.38,000
(c) Rs.17,000 (d) None of the above.

51. Dheeraj and Gopal are partners in a firm with capitals of Rs. 5,00,000 each. They admit Deepak as a partner with ¼th share in the profits of the firm. Deepak bring Rs. 8,00,000 as his share of capital. The profit and loss account showed a credit balance of Rs. 4,00,000 as on the date of his admission. The value of hidden goodwill will be

(a) Rs. 14,00,000. (b) Rs. 18,00,000.
(c) Rs. 10,00,000. (d) None of the above.

52. Rent due for the month of March will appear_____ in the cash book

(a) On the receipt side (b) On the payment side
(c) As a contra entry (d) No where

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53. Alfa Ltd. issued 20,000, 8% debentures of Rs. 10 each at par. The debentures are redeemable at a premium of 20% after 5 years. The amount of loss on redemption of debentures should be:

(a) Rs. 50,000 (b) Rs. 40,000
(c) Rs. 30,000 (d) None of the above.

54. Gama Ltd. issued 10,000, 10% debentures of Rs.100 each at a discount of 10%. The entire amount is payable on application. Application were received for 12,000 debentures. The allotment of debentures was made on 10th October, 2009. The amount which should be credited to the debentures account on 10th October, 2009 will be:

(a) Rs. 12,00,000. (b) Rs. 10,80,000.
(c) Rs. 9,00,000 (d) Rs. 10,00,000

55. Indigo Ltd. had 9,000, 10% redeemable preference shares of Rs. 10 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of Rs.10 each fully paid up at a discount of 10%. The number of equity shares issued should be:

(a) 9,000 (b) 11,000
(c) 10,000 (d) None of the above.

56. A firm dealing in cloth has 15,000 meters of cloth on April 1, 2009 valued at Rs.1,50,000 according to LIFO. The firm purchased 20,000 meters @ Rs.12 per meter during the year ending 31st March, 2010 and sold 30,000 meters @ Rs.25 per meter during the same period. As per LIFO, the closing stock will be valued at:

(a) Rs. 60,000 (b) Rs. 1,25,000
(c) Rs. 50,000 (d) None of the above.

57. On January 1, 2010 Victory Ltd., purchased a second hand machinery for Rs. 50,000 and spend Rs. 2,000 as shipping and forwarding charges, Rs. 1,000 as import duty, Rs.1,000 as carriage inwards, Rs.500 is repair charges, Rs. 200 as installation charges, Rs.400 as brokerage of the middle man and Rs. 100 for an iron pad. Total cost of machinery is

(a) Rs. 55,100 (b) Rs. 55,000
(c) Rs. 54,600 (d) Rs. 55,200.

58. On 1-4-2009, Ram invested Rs.1,00,000 in a business. Interest on capital is to be allowed @ 12% per annum. Amount of interest to be charged to P & L Account for the year 2009-2010 is:

(a) Rs. 9,000. (b) Rs. 10,000
(c) Rs. 12,000 (d) None of the above.

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59. Goods costing Rs. 1,20,000 were sent on consignment basis. These goods are invoiced to give a gross margin of 20% on invoice price. The amount of loading is:

(a) Rs. 24,000. (b) Rs. 30,000.
(c) Rs. 20,000. (d) None of the above.

60. Mohan's trial balance contains the following information:

Discount received	**Rs.1,000**
Provision for discount on creditors	**Rs.1,600**

It is desired to maintain a provision for discount on creditors at Rs.1,100. The amount to be credited to P & L Account is :

(a) Rs.1,500 (b) Rs.3,500.
(c) Rs.1,000. (d) Rs.500.

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. A mate's receipt

(a) Is a document of title to goods
(b) Is an acknowledgement for the receipt of goods
(c) Both the above
(d) None of the above

62. Each partner is a principal as well as an agent of other partners.

(a) The above statement is correct
(b) The above statement is not correct in case of unregistered partnerships
(c) The above statement is incorrect
(d) The above statement is correct only in case of registered partnerships

63. A contract was entered before 1st September, 1872 is governed by The Indian Contract Act, 1872

(a) Yes if the contract was entered in Indian soil
(b) Yes if there was performance of the contract on or after 1st September 1872
(c) No as the act does not apply retrospectively
(d) No as there was no performance on or after 1st September 1872

64. A share in a partnership:

(a) Can be transferred in accordance with the terms and conditions contained in the partnership deed
(b) Can be transferred only if all the partners agree for such transfer
(c) Cannot be transferred at all.
(d) Can be transferred through the recognized stock exchanges.

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65. Which of the following is not correct?

(a) Joint Hindu Family is governed by law relating to registration of agreements.
(b) Joint Hindu Family is governed by Hindu Law.
(c) Joint Hindu Family is governed by the Civil Procedure Code.
(d) Both (a) & (c)

66. In case of sale

(a) Property in goods passes to the buyer.
(b) Risk in the goods passes to the buyer.
(c) Both the above.
(d) None of the above.

67. Which one of the following is not a contract?

(a) A engages B for a certain work and promises to pay such remuneration as shall be fixed by C. B does the work.
(b) A and B promise to marry each other.
(c) A takes a seat in a public vehicle.
(d) A invites B to a card party. B accepts the invitation.

68. Which of the statement is incorrect?

(a) All illegal agreements are void but all void agreements are not necessary illegal.
(b) A voidable contract is not voidable at the option of the aggrieved party.
(c) Contracts that are immoral or opposed to public policy are illegal in nature.
(d) All of the above.

69. The difference between contingent contract and wagering agreements are as follows:

(a) A wagering agreement consists of reciprocal promises whereas a contingent contract may not contain reciprocal promises.
(b) In a wagering agreement the uncertain event is the sole determining factor while in a contingent contract the event is only collateral.
(c) A wagering agreement is void whereas a contingent contract is valid.
(d) All of the above.

70. An agreement made without consideration is valid under the Indian Contract Act, 1872 if

(a) The agreement is expresses in writing.
(b) The agreement is made on account of natural love and affection or the parties to the agreement stand in a near relation to each other.
(c) The document is registered under the law for the time being in force for registration of such document.
(d) All of the above.

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71. Which of the following is not correct?

(a) Minor can always plead minority.
(b) Minor is liable for necessaries supplied to him.
(c) Minor is a person who has not completed 18 years of age.
(d) Minor can be a beneficiary.

72. Which of the following is not correct?

(a) Consideration must be at the desire of the promisor.
(b) Consideration may be past, present or future.
(c) Consideration need not be adequate, but should be real and supported by free consent.
(d) Consideration should be always monetary.

73. Novation means

(a) Substituting a new contract for the old one.
(b) Cancellation of the old contract.
(c) Modifying or altering the terms of contract such that it has the effect of substituting a new contract for the old one.
(d) Dispensing away the performance of the promise made by the other party.

74. The following may be treated as a breach of warranty:

(a) Breach of warranty. (b) Breach of condition.
(c) Both the above. (d) None of the above.

75. Registration of a partnership is complete

(a) Only after the issue of certificate of Registration by the Registrar of Firms.
(b) As soon as an application in the prescribed form with the prescribed fee and other relevant details is delivered to the Registrar of Firms.
(c) Only after the Registrar of Firms records an entry of the statement in the Register of Firms to this effect.
(d) After giving the information to the Central Government in this regard.

76. A company may be in the form of:

(a) An unincorporated association. (b) Incorporated association.
(c) Both the above. (d) None of the above.

77. A student was motivated by his teacher to sell his car (value being Rs. 10,00,000/-) for Rs. 5,00,000/-. The student sold the same at the desired price of the teacher. The student can sue the teacher on the ground of :

(a) Undue Influence. (b) Fraud.
(c) Misrepresentation. (d) Coercion.

78. Types of partners includes:

(a) Active Partner. (b) Sleeping Partner.
(c) Nominal Partner. (d) All of the above.

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79. 'Price' under the Sale of Goods Act, 1930 means

(a) Money or money's worth.
(b) Monetary consideration for the sale of goods.
(c) Any consideration that can be expressed in terms of money.
(d) None of the above.

80. Goods that are identified and agreed upon at the time of contract of sale are known as _____.

(a) Specific Goods (b) Existing Goods
(c) Future Goods (d) Generic Goods

81. A contract in which only one party has to fulfill his obligation at the time of the formation of the contract, the other party having fulfilled his obligation at the time of the contract or before the contract comes into existence is known as _____.

(a) Unilateral Contract (b) Bilateral Contract
(c) Quasi Contract (d) Express Contract

82. An offer made to the public in general which anyone can accept and do the desired act is _____.

(a) General Offer (b) Special Offer
(c) Cross Offer (d) Counter Offer

83. In case of an agreement to sell, subsequent loss or destruction of the goods is the liability of _____ .

(a) The buyer (b) The seller
(c) Both the buyer and the seller (d) The insurance company

84. An auction sale is an example of _____.

(a) Invitation to treat an offer
(b) Mere communication of information in the course of negotiation
(c) Statement of intention
(d) Offer

85. Agreement for the creation of monopolies_____.

(a) Is allowed in the interest of economy
(b) Is opposed to public policy and hence void
(c) Is not detrimental to any nation
(d) Is impossible because of perfect competition in today's scenario

86. Quasi – contracts arise _____.

(a) Where obligations are created without a contract
(b) Where obligations are created under a contract
(c) Out of natural causes
(d) Out of man-made causes

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87. Wagering agreements are

(a) Valid
(b) Void
(c) Unlawful
(d) Illegal

88. The relationship of principal and agent may arise by_____.

(a) Express or implied agreement (b) Ratification
(c) Operation of law (d) All of the above

89. Goods that are defined only by description and not identified and agreed upon at the time of contract of sale are known as_____.

(a) Specific Goods (b) Existing Goods
(c) Future Goods (d) Unascertained Goods

90. Delivery by acknowledgment is_____.

(a) Actual Delivery (b) Constructive Delivery
(c) Symbolic Delivery (d) None of the above

91. In case of a sale the position of a buyer is that of _____.

(a) Owner of the goods (b) Bailee of the goods
(c) Hirer of the goods (d) None of the above

92. Rights of an unpaid seller include_____.

(a) Right against the goods (b) Right of stoppage in transit
(c) Right of re-sale (d) All of the above

93. Registration of a partnership firm is _____.

(a) Compulsory from the beginning
(b) Not compulsory till first five years of beginning of the partnership
(c) Not compulsory at all
(d) Compulsory only if the Registrar of Firms gives an order in this regard

94. Death of a partner ordinarily leads to _____.

(a) Dissolution of the partnership.
(b) Revision of the partnership.
(c) Reconsidering of the partnership.
(d) Induction of a new partner to carry on the partnership.

95. A new partner is held liable for all acts of the firm done _____.

(a) Before he became a partner
(b) After he became a partner.
(c) Any time after even he ceases to be a partner and upto his death.
(d) Before or after he became a partner

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96. One of the essential elements of a partnership is agreement _____.

(a) Which is enforceable
(b) Which is legal
(c) Between two or more persons
(d) The object of which is not prohibited by law.

97. A person is deemed to be in a position to dominate the will of the other when he _____.

(a) Holds real authority over the other
(b) Holds apparent authority over the other
(c) Stands in a fiduciary relation to the other
(d) All of the above

98. As per the Indian Partnership Act, 1932 a partner may transfer his interest in the firm_____.

(a) By sale (b) By mortgage
(c) By charge (d) All of the above

99. D P Tyre Co. Ltd. sold tyres to a dealer S, who sold those to D, a sub-dealer on the condition that those tyres would not be sold at a price lower than the list price fixed by D P Tyre Co. Ltd. and if the tyres were sold at a price lower than the list price, a penalty of $ 2 for every tyre sold below the list price would be recovered as damages. D sold five tyres below the list price. D P Tyre Co. Ltd. filed a suit against S. Is D P Tyre Co. Ltd. entitled to maintain the suit?

(a) No since D P Tyre Co. Ltd. was not a party to the contract.
(b) No since only 5 tyres are involved and the amount is insignificant.
(c) Yes as D P Tyre Co. Ltd. is the producer of the tyres.
(d) Yes as D P Tyre Co. Ltd. sold the tyres to S who in turn sold to D.

100. A, B and C are partners in a firm. B was murdered by D, who wanted to become a partner of the firm, but B has raised objections to it. The Partnership Deed contains a provision that the firm would not be dissolved after the death of any partner. Which of the following is correct?

(a) Estate of B is liable for the act of the firm done after the death of B.
(b) Estate of B is not liable for the act of the firm done after the death of B.
(c) Estate of D is liable for the act of the firm done after the death of B.
(d) D is liable for the act of the firm done after the death of B.

SECTION – C : GENERAL ECONOMICS(50 MARKS)

101. The law of consumer surplus is based on :

(a) Indifference curve analysis (b) Revealed preference theory.
(c) Law of substitution (d) The law of diminishing marginal utility.

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102. Supply of a commodity is a:

(a) Stock concept (b) A flow concept
(c) Both stock and flow concept. (d) None of these.

103. If two goods were perfect substitutes of each other, it necessarily follows that

(a) An indifference curve relating the two goods will be curvilinear.
(b) An indifference curve relating the two goods will be linear.
(c) An indifference curve relating the two goods will be divided into two segments which meet at a right angle.
(d) An indifference curve relating the two goods will be convex to the origin.

104. The MC curve cuts the AVC and ATC curves

(a) At the falling part of each. (b) At different points.
(c) At their respective minimas. (d) At the rising part of each.

105. In general, most of the production functions measure

(a) The productivity of factors of production.
(b) The relation between the factors of production.
(c) The economies of scale.
(d) The relations between change in physical inputs and physical output.

106. Which of the following market situations explains marginal cost equal to price for attaining equilibrium?

(a) Perfect competition. (b) Monopoly
(c) Oligopoly. (d) Monopolistic competition.

107. The period of time in which the plant capacity can be varied is known as

(a) The short period (b) The market period
(c) The long period (d) All of the above.

108. A monopolist who is selling in two markets in which demand is not identical will be unable to maximize his profits unless he

(a) Sells below costs of production in both markets.
(b) Practices price discrimination.
(c) Equates the volume of sales in both markets.
(d) Equates marginal costs with marginal revenue in one market only.

109. Which of the following is not microeconomic subject matter?

(a) The price of apples.
(b) The cost of producing a fire truck for the fire department of Delhi, India
(c) The quantity of apples produced for the apple market.
(d) The national economy's annual rate of growth.

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110. Which of the following is a reason for the negative slope of the PPF?

(a) The inverse relationship between the use of technology and the use of natural resources.
(b) Scarcity at any point in time we have limited amounts of productive resources.
(c) Resource specialisation.
(d) Increasing opportunity costs.

111. SJSRY stands for

(a) Swaran Jayanti Shahari Rozgar Yojana
(b) Shahari Jeewan Sudhar Rashtriya Yojana
(c) Sampoorna Jeewan Shahari Rozgar Yojana
(d) None of the above.

112. Who is regulatory authority for telecom in India?

(a) SEBI (b) TRAI
(c) MTNL (d) BSNL

113. Which of the following has resulted in failure to achieve targets of industrial production?

(a) Poor planning (b) Power, finance and labour problems
(c) Technical complications (d) All of the above.

114. Oil and Natural Gas Corporation Indian Oil Corporation, Steel Authority of India, and Bharat Heavy Electricals are all examples of

(a) Small scale units. (b) Private sector units
(c) Public sector units (d) Sick units

115. Which of the following statements is correct with regard to external sector in the pre-reform period?

(a) The foreign trade policy was very liberal, it allowed import of all types of goods.
(b) Import of food grains was strictly prohibited
(c) The balance of payments situation was quite comfortable
(d) None of the above.

116. In the present context, money stock in India refers to:

(a) M_1 (b) M_2
(c) M_3 (d) M_4

117. Giffen goods are those goods _____

(a) For which demand increases as price increases
(b) That have a high income elasticity of demand
(c) That are in short supply
(d) None of these

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118. Three methods of computing national income are _____.

(a) Production, outlay and income methods.
(b) Balance of payments, income and consumption methods.
(c) Saving, investment and income methods.
(d) Outlay, depreciation and production methods.

119. When AR = Rs. 10 and AC = Rs. 8 the firm makes _____.

(a) Normal profit (b) Net profit
(c) Gross profit (d) Supernormal profit

120. If two goods are complements, this means that a rise in the price of one commodity will induce _____.

(a) An upward shift in demand for the other commodity.
(b) A rise in the price of the other commodity.
(c) A downward shift in demand for the other commodity.
(d) No shift in the demand for the other commodity.

121. _____ controls affect indiscriminately all sectors of the economy.

(a) Selective credit (b) Quantitative
(c) Margin requirements (d) Optional

122. 'The lender of last resort' means _____.

(a) The government coming to the rescue of poor farmers.
(b) Central bank coming to the rescue of other banks in times of financial crisis.
(c) Commercial banks coming to the rescue of small industrial units.
(d) People coming to the rescue of commercial banks in times of their financial crisis.

123. _____is the custodian of monetary reserves in India

(a) SBI (b) SIDBI
(c) NABARD (d) RBI

124. Demand for final consumption arises in _____.

(a) Household sector only.
(b) Government sector only.
(c) Both household and government sectors.
(d) Neither household nor government sector.

125. Service Tax was introduced in the financial year _____.

(a) 1991-92 (b) 2001-02
(c) 1994-95 (d) 1995-96

126. At present, the marginal rate of income tax(i.e. tax for the highest slab) is_____

(a) 10%. (b) 20%
(c) 30% (d) 40%

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127. About _____ percent of the external assistance has been in the form of loans.

(a) 40 (b) 30
(c) 10 (d) 90

128. _____ is a systematic record of all the economic transactions between one country and rest of the world

(a) Balance of trade (b) Balance of transactions
(c) Budget (d) Balance of payments

129. If borrowings and other liabilities are added to the budget deficit we get _____.

(a) Revenue deficit (b) Capital deficit
(c) Primary deficit (d) Fiscal deficit

130. _____ gives the financial assistance for construction of house to be given to the poor living in the rural area.

(a) NREGS (b) IAY
(c) IRDP (d) SGRY

131. According to National Sample Survey 2004-05 _____ percent of the population of India lives below poverty line. (as per URP Method)

(a) 27.5 (b) 25.7
(c) 22.5 (d) 21.5

132. In terms of deposit mobilization, _____ leads other states.

(a) U.P (b) Maharashtra
(c) Kerala (d) Bihar

Questions 133 to 137 are based on the Figure 1.

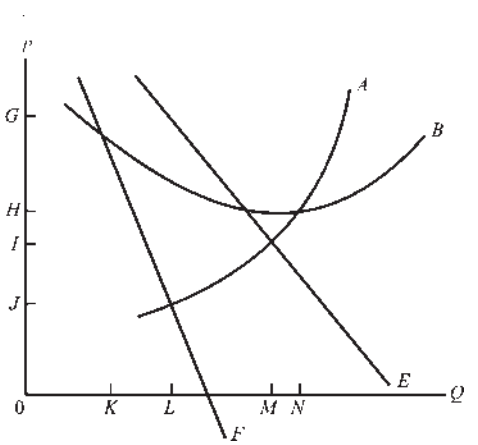


Figure 1

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133. Figure 1 represents a:

(a) Perfectly competitive firm. (b) Perfectly competitive industry.
(c) Monopolist (d) None of the above.

134. In figure 1, the firm's marginal revenue curve is curve

(a) E (b) A
(c) F (d) B

135. In Figure 1, curve E is the firm's:

(a) Marginal cost curve (b) Average cost curve
(c) Demand curve. (d) Marginal revenue curve

136. In figure 1, the firm's most efficient output is:

(a) K (b) L
(c) M (d) N

137. In figure1, the firm's most profitable output is:

(a) K (b) L
(c) M (d) N

Consider Sumit's production data given in the table 1. Use Table 1 to answer questions 138-142

Table 1

Number of Workers	Total Output
1	10
2	22
3	31
4	40
5	47
6	52
7	56
8	58
9	60
10	61

138. Suppose Sumit has to pay his workers Rs 20 per hour, and further suppose there are no other production costs at all. What is the marginal product of the 5th worker?

(a) 12 (b) 9
(c) 7 (d) 8

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139. In Table 1, Sumit's Average Total Cost when 40 units are produced is:

(a) Rs. 2 (b) Rs. 80
(c) Rs. 5 (d) Rs. 20

140. Using data in Table 1, we know that the approximate marginal cost of the 52nd unit of output is:

(a) Rs. 0.25 (b) Rs. 1.25
(c) Rs. 2.50 (d) Rs. 4.00

141. Suppose Sumit decides to purchase fire insurance which costs Rs. 87,600 a year.(As it happens, it works out to be Rs 10 per hour) The approximate marginal cost of the 52nd unit now is:

(a) Rs. 0.25 (b) Rs. 1.25
(c) Rs. 2.50 (d) Rs. 4.00

142. Sumit's marginal product of the 9th worker:

(a) 2 units (b) 3 units
(c) 5 units (d) 7 units

Read table 2 and answer Questions number 143-145

	% change in price	% change in quantity demanded(quantity supplied)	Elasticity
Demand for salt	20	-1	x
Demand for bananas	15	y	3
Supply of chicken	z	14	1

143. Refer Table 2 and find the value of x.

(a) -20 (b) -0.05
(c) -1 (d) Can not be determined

144. Refer Table 2 and find the value of y.

(a) -5 (b) 15
(c) -45 (d) -3

145. Refer table 2 and find the value of z.

(a) 14 (b) 1
(c) 0.07 (d) 5

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Read table 3 and answer Questions number 146-147
With the same amount of resources, a farmer can feed the following combinations of sheep and cows:

Table 3

	Sheep	Cows
Option I	84	22
Option II	75	25

146. Given the options available to him, what is the opportunity cost to the farmer of feeding one cow?

(a) 1 sheep (b) 3 sheep
(c) 9 cows. (d) 9 sheep.

147. Given the options available to him, what is the opportunity cost to the farmer of feeding one sheep?

(a) 9 sheep. (b) 3 cows.
(c) 1/3 sheep. (d) 1/3 cow.

148. If the quantity of CD demanded increases from 260 to 290 in response to an increase in income from Rs. 9,000 to Rs. 9,800, the income elasticity of demand is approximately:

(a) 3.4 (b) 0.01
(c) 1.3 (d) 2.3

149. If the quantity of good X demanded increases from 8 to 12 in response to an increase in the price of good Y from Rs. 23 to Rs. 27, the cross elasticity of demand for X with respect to the price of Y is approximately:

(a) 0.35 and X and Y are complements.
(b) 0.35 and X and Y are substitutes.
(c) 2.5 and X and Y are complements.
(d) 2.5 and X and Y are substitutes.

150. The following table provides a breakdown of a country's population (millions):

Table 4

Total population	**228**	**Children(below the working age)**	**36**
Unemployed people looking for a job	**18**	**Full-time students (not looking for a job)**	**4**
Retired people	**28**	**Employed people**	**126**
People confined to correctional institutions	**2**	**Other adults not in the labour force**	**14**

Based on the information in table 4, the country's unemployment rate is

(a) 7.9% (b) 12.5%
(c) 20.2% (d) 22.2%

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SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

151. Standard deviation of binomial distribution is :

(a) $(npq)^2$ (b) $\sqrt{npq}$

(c) $(np)^2$ (d) $\sqrt{np}$

152. A∪A' is equal to

(a) A (b) Sample Space

(c) ϕ (d) None of these

153. The integral of $\frac{x^3}{x^2+1}$ dx is equal to:

(a) $\frac{1+2x^2}{4(x^2+1)^2}+c$ (b) $\frac{1-2x^2}{4(x^2+1)^2}+c$

(c) $\frac{-(1+2x^2)}{4(x^2+1)^2}+c$ (d) None of these.

154. Find *f o g* for the functions $f(x) = x^8$, $g(x) = 2x^2 + 1$

(a) $x^8 (2x^2+1)$ (b) x^8

(c) $2x^2+1$ (d) $(2x^2+1)^8$

155. A sample survey is prone to:

(a) Sampling error. (b) Non-sampling error.

(c) Either (a) or (b). (d) Both (a) and (b).

156. Simple Aggregative Method is used for computing a:

(a) Relative index. (b) Price index.

(c) Value index. (d) None of these.

157. The algebraic sum of deviations of a set of observations from their A.M. is:

(a) Negative. (b) Positive.

(c) Zero. (d) None of these.

158. Number of petals in a flower is an example of:

(a) A continuous variable. (b) A discrete variable.

(c) An attribute. (d) All of these.

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159. A Qualitative characteristic is known as :

(a) An attribute. (b) A variable.
(c) A discrete variable. (d) A continuous variable.

160. Methods that are employed for the collection of primary data

(a) Interview method. (b) Questionnaire method.
(c) Observation method. (d) All of these.

161. The normal curve is _____.

(a) Bell-shaped (b) U-shaped
(c) J-shaped (d) Inverted J-shaped

162. The _____ is satisfied when $P_{ab} \times P_{bc} \times P_{ca} = 1$

(a) Time reversal test (b) Factor reversal test
(c) Circular test (d) Unit test

163. _____ is an extension of time reversal test.

(a) Factor reversal test (b) Circular test
(c) Unit test (d) None of these

164. For a set of observations, the sum of absolute deviations is _____, when the deviations are taken from the median.

(a) Zero (b) Maximum
(c) Minimum (d) None of these

165. The triplicate ratio of 4: 5 is _____.

(a) 125: 64 (b) 16:25
(c) 64:125 (d) None of these

166. When we want to divide the given set of observations into two equal parts, we consider _____.

(a) Mean (b) Median
(c) Mode (d) None of these

167. If $y = x^{2x}$ then $\frac{dy}{dx}$ is _____.

(a) $2x^{2x}(1 + \log x)$ (b) $2(1 + \log x)$
(c) $x^{2x}(1 + \log x)$ (d) None of these

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168. The value of $\lim_{x \to 1} \frac{2x^2 + x - 3}{x^3 + 9}$ is _____.

(a) 1 (b) 2
(c) 0 (d) 3

169. The two variables are known to be _____ if the movement on the part of one variable does not produce any movement on other variable in a particular direction.

(a) Correlated (b) Uncorrelated
(c) Positive correlated (d) Negative correlated

170. The correlation between demand and price (for normal goods) is _____.

(a) Zero (b) Positive
(c) Negative (d) None of these

171. Differentiate $\sqrt{1+x^2}$ w.r.t. x, we get :

(a) $\frac{2x}{\sqrt{1-x^2}}$ (b) $\frac{x}{\sqrt{1+x^2}}$

(c) $\frac{x^2}{\sqrt{1+x^2}}$ (d) None of these.

172. If $\lim_{x \to a} \frac{x^9 - a^9}{x - a} = 9$, the value of a is :

(a) 9,–9 (b) 1,–1
(c) 8,–8 (d) None of these

173. If the coefficient of correlation between two variables is –0.3, then the coefficient of determination is

(a) 0.3 (b) 0.09
(c) 0.7 (d) 0.9

174. If the coefficient of correlation between two variables is 0.6, then the percentage of variation accounted for is _____

(a) 60% (b) 40%
(c) 64% (d) 36%

175. What is the chance of picking a heart or a queen not of heart from a pack of 52 cards?

(a) 17/52 (b) 1/3
(c) 4/13 (d) 3/13

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176. In a single throw with two dice, chance of throwing 8 is

(a) 1/9 (b) 5/36
(c) 5/18 (d) 2/9

177. A bag contains 10 red and 10 green balls and a ball is drawn from it. The probability that it will be green is:

(a) 1/10 (b) 1/3
(c) 1/2 (d) None of these

178. If an event cannot take place, probability will be_____

(a) 1 (b) –1
(c) 0 (d) None of these

179. The mean of binomial distribution is 4 and standard deviation $\sqrt{3}$. What is the value of n?

(a) 14 (b) 16
(c) 18 (d) 20

180. Two variables x and y are related by 5x + 6y + 9 = 0 and $\bar{x}$ = 6, then $\bar{y}$ is

(a) 6.50 (b) 6.66
(c) – 6.50 (d) – 6.66

181. The mean weight for a group of 40 female students is 42 kg and that for a group of 60 male students is 52 kg. What is the combined mean weight?

(a) 46 (b) 47
(c) 48 (d) 49

182. The wages of 8 workers expressed in rupees are 42, 45, 49, 38, 56, 54, 55, 47. Find median wage?

(a) 47 (b) 48
(c) 49 (d) 50

183. Refer following table:

Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find class mark for the first class interval?

(a) 4 (b) 46
(c) 44 (d) 48

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184. Find the sum of 10 terms G. P with first term and common ratio being 8 and 3 respectively?

(a) 2,63,291 (b) – 2,36,192
(c) 2,19,631 (d) 2,36,192

185. If compounding is done quarterly, what will be the amount Mr. Ravi will receive for Rs. 4000 @10% rate of interest for 4 years?

(a) Rs. 5893.02 (b) Rs. 5938.02
(c) Rs. 5000 (d) None of these.

186. The equation of a line passing through (3, 4) and slope 2 is

(a) $y - 2x + 2 = 0$ (b) $y - 3x + 4 = 0$
(c) $y - 4x + 3 = 0$ (d) $y - 2x + 4 = 0$

187. Find the logarithmic of 58,564 to the base $11\sqrt{2}$

(a) 3 (b) 4
(c) 2 (d) None of these

188. Find the sum of progression 1, $\frac{1}{2}, \frac{1}{4}, \frac{1}{8}, \ldots\ldots\ldots\ldots$,10 terms.

(a) 1.9 (b) 1.989
(c) 1.998 (d) 1.89

189. Eleven students are participating in a race. In how many ways the first 5 prizes can be won?

(a) 44550 (b) 55440
(c) 120 (d) 90

190. Solve for x, $4^x - 3.2^{x+2} + 2^5 = 0$

(a) 4, 8 (b) –2, –3
(c) 2, 6 (d) 2,3

191. A sum of money doubles itself in 25 years. The number of years it would trebles itself is:

(a) 50 years. (b) 37.5 years.
(c) 75 years. (d) None of these.

192. The ratio compound of two ratios 4:3 and 7:3 is

(a) 12:21 (b) 28:9
(c) 9:28 (d) None of these

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193. Evaluate the value of $\int_0^3 (3x^2 + 5x + 2)\,dx$

(a) 55 (b) 55.5
(c) 57 (d) 56

194. The ratio of two quantities is 5:9. If the antecedent is 25, the consequent is:

(a) 9 (b) 45
(c) 40 (d) None of these

195. The sum of two numbers is 38 and their difference is 2. Find the two numbers?

(a) 20, 18 (b) 10, 12
(c) 17, 15 (d) None of these.

196. Mr. A plans to invest upto Rs. 50,000 in two stocks X and Y. Stock X(x) is priced at Rs. 175 and Stock Y(y) at Rs. 95 per share. This can be shown by _____

(a) $175x + 95y \leq 30{,}000$ (b) $175x + 95y \geq 30{,}000$
(c) $175x + 95y = 30{,}000$ (d) None of these

197. Find the value of n if (n + 1)! = 42 (n – 1)!

(a) 6 (b) –7
(c) 7 (d) –6

198. The number of subsets of the set {1, 2, 3, 4} is:

(a) 13 (b) 12
(c) 16 (d) 15

199. The derivative of $8x^2–2x+5$ w.r.t. x is :

(a) 16x + 2 (b) 16x – 2
(c) 16x – 2 + 5 (d) 16x + 7

200. A box contains 7 red, 6 white and 4 blue balls. How many selections of three balls can be made so that none is red?

(a) 90 (b) 120
(c) 48 (d) 24

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BOARD OF STUDIES

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COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 7

Time : 4 hours ***Maximum Marks : 200***

The test is divided into four sections.

Every correct answer carries + 1 mark each and – 0.25 mark will be deducted for each wrong answer.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. "Assets should be valued at the price paid to acquire them" is based on:

(a) Accrual concept. (b) Cost concept.
(c) Money measurement concept. (d) Realisation concept.

2. Cash book is a form of

(a) Trial Balance. (b) Journal.
(c) Ledger. (d) All of the above.

3. If bank balance as per cashbook differs from that appearing in the current account statement, then the balance considered for finalizing the accounts is of

(a) Adjusted cash book.
(b) Cash book before any adjustments.
(c) Pass book.
(d) Not taken to final accounts in case of difference in the balance.

4. Material costing Rs. 700 in the erection of the machinery and the wages paid for it amounting to Rs. 400 should be debited to:

(a) Material account. (b) Wages account.
(c) Purchases account. (d) Machinery account.

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5. Difference of totals of both debit and credit side of the trial balance is transferred to

(a) Difference account. (b) Trading account.
(c) Miscellaneous account. (d) Suspense account.

6. "Inventories should be out of godown in the sequence in which they arrive" is based on:

(a) HIFO. (b) LIFO.
(c) FIFO. (b) Weighted average.

7. The value of an asset after deducting depreciation from the historical cost is known as:

(a) Fair value. (b) Book value.
(c) Market value. (d) Net realisable value.

8. Expenses incurred to retain the title of a building is a

(a) Revenue expenditure. (b) Capital expenditure.
(c) Deferred revenue expenditure. (d) None of the above.

9. Carriage inwards is debited to

(a) Trading account.
(b) Profit and loss account
(c) Profit and loss appropriation account
(d) Balance sheet

10. A bill has been drawn on 26.2.2010 payable after 90 days. The maturity date of the bill will be _____

(a) 30.5.2010. (b) 29.5.2010.
(c) 28.5.2010. (d) 27.5.2010.

11. If total of all debits of a ledger account is more than the total of all credits of the same account, then the balancing figure is placed at the _____

(a) Debit side of that ledger account.
(b) Credit side of that ledger account.
(c) End of that ledger account as a footnote.
(d) None of the above.

12. The cost of a small calculator is accounted as an expense and not shown as an asset in a financial statement of a business entity due to _____

(a) Materiality concept. (b) Matching concept.
(c) Periodicity concept. (d) Conservatism concept.

13. A minimum quantity of stock always held as precaution against out of stock situation is called _____

(a) Zero stock. (b) Risk stock.
(c) Base stock. (d) None of the above.

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14. M/s Bhaskaran & Co. drew a three months' bill of Rs. 6,000 on M/s Patel & Co. on 1.1.2010 payable to M/s Surendran & Co. or bearer. Here the payee will be _____

(a) M/s Bhaskaran & Co.
(b) M/s Patel & Co.
(c) M/s Surendran & Co. or bearer.
(d) All of the above.

15. Fluctuating capital account is credited with _____

(a) Interest on capital.
(b) Profits of the year.
(c) Salaries or remuneration of the partners.
(d) All of the above.

16. If the incoming partner brings any additional amount in cash other than his capital contributions then it is termed as _____

(a) Capital. (b) Reserves.
(c) Profits. (d) Premium for goodwill.

17. Memorandum joint venture account is prepared _____

(a) When separate set of joint venture books is prepared.
(b) When each co-venturer keeps records of all the the joint venture transactions himself.
(c) When each co-venturer keeps records of their own joint venturer transactions.
(d) None of the above.

18. In case of del-credere commission provided by consignor to consignee, bad debts is a loss of _____

(a) Consignee. (b) Consignor.
(c) Both consignor and consignee. (d) Neither of the two.

19. The party who sends the goods for sale on fixed commission basis is _____

(a) Consignee. (b) Consignor.
(c) Drawee. (d) Drawer.

20. Discounting of bill by the drawer is done with_____

(a) Creditor. (b) Drawee.
(c) Bank. (d) Notary public.

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21. Under this method, the annual charge for depreciation decreases from year to year, so that the burden and benefits of later years are shared by the earlier years. Also, under this method, the value of asset can never be completely extinguished. The other advantage of this method is that the total charge to revenue is uniform when the depreciation is high, repairs are negligible; and as the repairs increase, the burden of depreciation gets lesser and lesser. This method of depreciation is:

(a) Straight Line Method. (b) Written Down Value Method.
(c) Annuity Method. (d) Sinking Fund Method.

22. M/s Mittal & Sen & Co. sends goods costing Rs. 50,000 to M/s Suneja & Jadeja & Co. for sale at invoice price. The invoice price of the goods was Rs. 60,000. Former spends Rs. 2,000 on freight for sending the delivery and later spends Rs. 1,500 for receiving the delivery. M/s Suneja & Jadeja & Co. sold 90% of goods at invoice price and earned a commission of Rs. 5,400. In the due course he made some credit sales also out of which some amount were proved to be bad and was borne by him only. Remaining goods were taken back by M/s Mittal & Sen & Co. The balance due was paid by M/s Suneja & Jadeja & Co. through a demand draft. The above transactions are in the nature of :

(a) Consignment
(b) Joint venture
(c) Sale of goods on sale or return basis
(d) Credit sales

23. It is decided to form a partnership with a total capital of Rs. 6,00,000. Three partners Ajay, Vijay and Sanjay who will share profits and losses in the ratio of 5:3:2, agreed to contribute proportionate capital. Their capital contribution will be:

(a) Rs. 3,00,000: Rs.1,80,000: Rs. 1,20,000
(b) Rs. 2,00,000: Rs.2,00,000: Rs. 2,00,000
(c) Rs. 3,00,000: Rs.2,00,000: Rs. 1,00,000
(d) Rs. 1,00,000: Rs.2,00,000: Rs. 3,00,000

24. Aditya Ltd. issued 50,000 equity shares of Rs. 10 each for subscription. 40,000 shares were subscribed by the public by paying Rs. 3 as application money. Number of shares allotted to public by Aditya Ltd. will be:

(a) 50,000 equity shares. (b) 40,000 equity shares.
(c) 30,000 equity shares. (d) 10,000 equity shares.

25. A company issued 1,00,000 equity shares of Rs.10 each at a premium of Rs. 2 and 5,000 10% Debentures of Rs. 100 each at 10% discount. All the shares and debentures were subscribed and allotted by crediting 10% Debentures account with :

(a) Rs. 10,00,000 (b) Rs. 12,00,000
(c) Rs. 5,00,000 (d) Rs. 4,50,000

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26. Preference shares amounting to Rs. 1,00,000 are redeemed at a premium of 5% by issue of shares amounting to Rs. 50,000 at a premium of 10%. The amount to be transferred to capital redemption reserve account will be:

(a) Rs. 55,000. (b) Rs. 50,000.
(c) Rs. 45,000. (d) Rs. 57,500.

27. On 1st June 2009, Harsh Ltd. issued 4,000 9% convertible debentures of Rs. 100 each at a premium of 10%. Interest is payable on September 30 and March 31, every year. Assuming that the interest runs from the date of issue, the amount of interest expenditure debited to profit and loss account for the year ended 31st March 2010 will be :

(a) Rs. 12,000. (b) Rs. 18,000.
(c) Rs. 36,000. (d) Rs. 30,000.

28. Followings are the information related to Great Ltd.:

(i) Equity share capital called up Rs. 3,00,000, (ii) Call-in advance Rs. 10,000, (iii) Call in arrears Rs. 15,000 and (iv) Proposed dividend 20%. The amount of dividend payable by Great Ltd. will be:

(a) Rs. 57,000 (b) Rs. 59,000.
(c) Rs. 60,000. (d) Rs. 58,000.

29. 3,000 shares of Rs. 10 each of Krishna were forfeited by crediting Rs. 5,000 to share forfeiture account. Out of these, 1,800 shares were re-issued to Radhe for Rs. 9 per share. The amount to be transferred to capital reserve account will be

(a) Rs. 3,200. (b) Rs. 2,000.
(c) Rs. 1,800. (d) Rs. 1,200.

30. Bittu Ltd. issued 10,000 shares of Rs.10 each to public. Applications were received for 12,000 shares by paying Rs.2 per share. Shares were allotted on pro-rata basis to the public and excess money was kept to be used in allotment and further calls. Kittu failed to pay the allotment money of Rs.3 per share and her 1,000 shares were forfeited after due notice. No further calls were made to her. Her call in arrears was

(a) Rs. 3,000. (b) Rs. 2,800.
(c) Rs. 2,600. (d) Rs. 2,400.

31. He, She and Me are partners in a firm sharing profits and losses in the ratio of 5:3:2. Firm took Separate Life Policy of Rs. 50,000, Rs.1,00,000 and Rs.1,50,000 for He, She and Me respectively. The share of C in the policy will be:

(a) Rs. 1,50,000. (b) Rs. 90,000.
(c) Rs. 60,000. (d) Rs. 3,00,000.

32. Vijay, Vineet and Vivek are partners in a firm sharing profits or losses in 3:2:1. Vijay retires and goodwill of the firm was revalued at Rs.18,000. If new profit sharing ratio is 2:1, then Vijay's share of goodwill debited respectively to Vineet and Vivek's capital account will be:

(a) Rs. 6,000: Rs. 3,000. (b) Rs. 9,000: Rs. 9,000.
(c) Rs. 4,500: Rs. 4,500. (d) Nothing is to be debited to their account.

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33. Amit, Rohit and Sumit are partners sharing profits and losses in the ratio of 5:4:3. Sumit retires and if Amit and Rohit shares profits of Sumit in 4:3, then new profit sharing ratio will be:

(a) 4:3. (b) 47:37.
(c) 5:4. (d) 5:3.

34. Rachna and Sapna are partners sharing profits equally. They admitted Ashna for 1/3 share in the firm. The new profit sharing ratio will be:

(a) 3:2:1. (b) 2:2:1.
(c) 1:1:1. (d) Cannot be calculated.

35. Find the goodwill of the firm using capitalization method from the following information:

Total capital employed in the firm	**Rs. 80,00,000**
Reasonable rate of return	**15%**
Profits for the year	**Rs. 12,00,000**

(a) Rs. 68,00,000. (b) Rs. 12,00,000.
(c) Rs. 11,88,000. (d) Nil.

36. A trader has credited certain items of sales on approval aggregating Rs. 60,000 to Sales Account. Of these, goods of the value of Rs.16,000 have been returned and taken into stock at cost Rs. 8,000 though the record of return was omitted in the accounts. In respect of another parcel of Rs.12,000 (cost being Rs. 6,000) the period of approval did not expire on the closing date. Cost of goods lying with customers should be:

(a) Rs. 12,000 (b) Rs. 54,000
(c) Rs. 6,000 (d) None of the above

37. On 1st January 2010 Nisha draws a bill for Rs. 5,000 on Disha for 3 months for mutual accommodation. On the same day, Disha draws a bill for Rs. 6,000 on Nisha for 4 months. Both the bills were discounted with the bank for Rs. 4,850 and Rs. 5,700 respectively. 50% of the receipt was sent to the other party. First bill was met on its due date. On the maturity date of Nisha's acceptance, Disha will send

(a) Rs. 3,000 (b) Rs. 2,850
(c) Rs. 2,425 (d) Rs. 2,500

38. Gaurav has to pay Rs. 10,000 to Saurabh on account of Bill accepted by him for credit purchases. Due to financial crisis, Gaurav was unable to pay the bill and was declared insolvent and his estate realized only 30 paisa in a rupee. The amount to be debited to bad debts account of Saurabh will be

(a) Rs. 3,000 (b) Rs. 7,000
(c) Rs. 10,000 (d) None of the above

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39. **Ram in a joint venture with Shyam purchased goods costing Rs. 20,000 and sends to Shyam for sale incurring Rs.1,000 on freight. Shyam took the delivery and paid Rs. 500 as carriage. He sold the goods costing Rs. 18,000 for Rs. 25,000 and kept the remaining goods at cost price. Sharing equal profits of the venture, amount to be paid by Shyam to Ram will be:**

(a) Rs. 25,000 (b) Rs. 22,250
(c) Rs. 23,750 (d) Rs. 24,500

40. **Expenses incurred by the consignor on sending the goods to the consignee is Rs.1,000 for insurance, Rs. 1,500 on freight and Rs.500 on packing the goods. While expenses incurred by the consignee on behalf of the consignment are Rs. 800 on octroi, Rs. 600 as godown charges and Rs. 1,200 as selling expenses. The amount to be excluded while calculating consignment stock will be:**

(a) Rs. 2,600 (b) Rs. 600
(c) Rs. 1,200 (d) Rs. 1,800

41. **The holder of debentures issued as collateral security is entitled to interest on**

(a) The amount of loan (b) Face value of debentures
(c) Both (a) and (b) (d) No interest will be payable.

42. **Opening stock of the year is Rs. 20,000, Goods purchased during the year is Rs. 1,00,000, Carriage Rs. 2,000 and Selling expenses Rs.2,000. Sales during the year is Rs. 1,50,000 and closing stock is Rs. 25,000. The gross profit will be:**

(a) Rs. 53,000. (b) Rs. 55,000.
(c) Rs. 80,000. (d) Rs. 51,000.

43. **Following errors have been rectified at the end of the year:**

(i) **The return inward book was undercast by Rs. 150.**
(ii) **The return outward book was overcast by Rs. 1,000.**
(iii) **A payment of Rs.1,500 on account of salaries has been posted twice in the salaries account although entered correctly in the cashbook.**

The above errors if rectified, will give correct trial balance. Before rectification, balance of suspense account was

(a) Rs. 150 (Dr.) (b) Rs. 1,150 (Dr.)
(c) Rs. 350 (Cr.) (d) Rs. 1,500 (Cr.)

44. **Given below are the ledger balances of a management consultancy firm:**

Capital Rs. 4,00,000, Computer Rs. 25,000, Air conditioner and furniture Rs. 1,00,000, Fixed Deposits Rs. 2,00,000, Salaries Rs. 8,00,000, Fees received Rs. 12,00,000, Travelling expenses Rs. 1,50,000, Rent and office expenses Rs. 2,40,000, Cash balances Rs. 1,80,000. Bank overdraft Rs. 95,000. The total of trial balance will be:

(a) Rs. 16,00,000. (b) Rs. 16,95,000.
(c) Rs. 14,50,000. (d) Rs. 15,00,000.

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45. M/s Delhi Stationers purchase goods from the manufacturers, do packaging and labelling and sell to their customers. At the year-end they had 1,000 pieces of toilet soaps in hand, purchase price of which is Rs. 3.25 per piece. These are yet not packed and labelled. The packaging cost per unit is Re. 0.35 per piece and selling price is Rs. 4.25 per piece. The historical cost and selling price of the closing stock will be

(a) Rs. 3,250 and Rs. 3,900 respectively.
(b) Rs. 3,600 and Rs. 4,250 respectively.
(c) Rs. 3,250 and Rs. 4,250 respectively.
(d) Rs. 3,600 and Rs. 3,900 respectively.

46. Depreciable amount of the machinery is Rs. 11,00,000. The machine is expected to produce 30 lakhs units in its 10 year life and expected distribution of production units is as follows:

1-3 year	**5 lacs units each year**
4-6 year	**3 lacs units each year**
7-10 year	**1.5 lacs units each year.**

Annual depreciation for 1-3 year, using production units method will be _____

(a) Rs. 1,10,000. (b) Rs. 55,000.
(c) Rs. 65,000. (d) Rs. 1,83,333.

47. The cashbook showed an overdraft of Rs. 2,000 as cash at bank, but the pass book made up to the same date showed that cheques of Rs. 200, Rs. 150 and Rs. 175 respectively had not been presented for payments; and the cheque of Rs. 600 paid into account had not been cleared. The balance as per the pass book will be _____

(a) Rs. 2,150. (b) Rs. 2,175.
(c) Rs. 1,475. (d) Rs. 2,075.

48. If cost of physical stock on 31.3.2010 is Rs.2,80,000 and out of which stock of Rs. 1,20,000 is held as consignee. Goods costing Rs. 25,000 were damaged beyond repair and were expected to realize Rs. 5,000 only. The value of own stock on 31.3.2010 will be _____

(a) Rs. 2,60,000 (b) Rs. 1,60,000
(c) Rs. 1,35,000 (d) Rs. 1,40,000

49. A lease is purchased on 1st January, 2010 for 4 years at a cost of Rs. 1,00,000. Lease is to be depreciated by the annuity method charging 5% interest. Annuity of Re.1 over 4 years charging 5% interest is Re. 0.282012. The amount of annual depreciation will be _____

(a) Rs. 28,201. (b) Rs. 20,000.
(c) Rs. 25,000. (d) None of the above.

50. 18% investment of Rs. 1,00,000 and interest received on investment Rs. 15,000 have been given in the trial balance for the period ended on 31.3.2010. The amount of interest outstanding in the final accounts will be _____

(a) Rs.18,000 (b) Rs.15,000
(c) Rs.3,000 (d) Nil

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51. Bank overdraft as per trial balance is Rs. 1,60,000. Bank has allowed the customer to overdrew 80% of the hypothecated value of the stock. Hypothecation of stock has been done by the bank at 80% of the original closing stock value. The amount of closing stock is:

(a) Rs. 2,00,000. (b) Rs. 2,50,000.
(c) Rs. 1,02,400. (d) Rs. 1,28,000.

52. Net profit before commission has been Rs. 1,20,000. Manager's commission is 20% of net profit before charging such commission. The amount of manager's commission is

(a) Rs. 22,000. (b) Rs. 25,000.
(c) Rs. 24,000. (d) Rs. 20,000.

53. Out of four floors of a building, ground floor is used as a store house for trading goods, first and second floor is used for office purpose and third floor is used for residential purposes. Total depreciation of a building amounts to Rs. 80,000. The depreciation of building to be shown in the business books will be _____

(a) Rs. 80,000. (b) Rs. 60,000.
(c) Rs. 40,000. (d) Rs. 20,000.

54. Closing stock was not taken on 31.3.2010 but only on 7.4.2010. Following transactions had taken place during the period from 1.4.2010 to 7.4.2010. Sales Rs. 2,50,000, purchases Rs. 1,50,000, stock on 7.4.2010 was Rs. 1,80,000 and the rate of gross profit on sales was 20%. Closing stock on 31.3.2010 will be _____

(a) Rs. 3,80,000. (b) Rs. 4,00,000.
(c) Rs. 2,30,000. (d) Rs. 1,50,000.

55. Ravi Ltd. issued 1,40,00,000, 9% debentures of Rs.100 each at a discount of 6%, redeemable at a premium of 5% after 3 years payable as Rs.50 on application and Rs.44 on allotment. Total amount of loss on issue of debentures will be

(a) Rs. 8,40,00,000. (b) Rs. 7,00,00,000.
(c) Rs. 15,40,00,000. (d) Rs. 1,40,00,000.

56. Kena Ltd. issued 10,000 12% Debentures of Rs.100 each at a discount of 10%payable in full on application by 31st March, 2010. Applications were received for 12,000 debentures. Debentures were allotted on 9th June, 2010. The amount of excess money refunded on the same date will be _____

(a) Rs. 1,80,000. (b) Rs. 1,00,000.
(c) Rs. 1,20,000. (d) Rs. 1,50,000.

57. Ankush Ltd. had issued 10,000, 10% Redeemable Preference Shares of Rs. 100 each, fully paid up. The company decided to redeem these preference shares at par, by issue of sufficient number of equity shares of Rs. 10 each at a premium of Rs.2 per share as fully paid up. The amount to be transferred to capital redemption reserve account will be _____

(a) Rs. 10,00,000. (b) Rs. 12,00,000.
(c) Rs. 8,00,000. (d) Nil.

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58. Bill of Rs. 10,000 accepted by Rajesh was endorsed by Ritesh to Dinesh on account of final settlement of Rs.10,500. The benefit of Rs.500 earned by Ritesh was:

(a) Credited to discount allowed account by Rs. 500.
(b) Credited to discount received account by Rs. 500.
(c) Credited to rebate account by Rs.500.
(d) Not shown in the books of Ritesh at all.

59. A company on non-receipt of First Call money of Rs. 2 per share and Final Call money of Rs. 3 per share from Rahul, debited Call-in-Arrears account by Rs. 2,000 and Rs. 3,000 respectively. After due notice 1,000 shares of Rs.10 each were forfeited from Rahul. The amount to be credited to First Call Account at the time of entry for forfeiture will be

(a) Rs. 2,000. (b) Rs. 3,000.
(c) Nil. (d) Rs. 10,000.

60. 1,000 shares of Rs. 100 each were issued to a promoter of the company for their legal services, rendered in the formation of the company. For this, company credited Share Capital Account and debited

(a) Goodwill account by Rs. 1,00,000.
(b) Legal services account by Rs. 1,00,000.
(c) Promoter's account by Rs. 1,00,000.
(d) Formation expenses account by Rs. 1,00,000.

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Which of the following is correct :

(a) A minor can be admitted as a partner provided the partnership deed is signed by the guardian of the minor on behalf of and in the best interest of such minor.
(b) A minor can enter into a contract of partnership provided it is a 'necessity' and not a 'luxury'.
(c) A minor cannot be admitted as a partner unless all the partners agree to it.
(d) A minor can be admitted to the benefits of partnership.

62. As per the Indian Contract Act, 1872 every person is competent to contract provided he:

(a) Is of the age of majority according to the law to which he is subject.
(b) Is of sound mind.
(c) Is not disqualified from contracting by any law to which he is subject.
(d) All of the above.

63. Necessary condition for existing goods is

(a) They should be in existence at the time of the contract of sale.
(b) They should be owned or possessed by the seller.
(c) Both of the above.
(d) None of the above.

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64. The action of goods being physically delivered to the buyer is known as:

(a) Actual Delivery. (b) Constructive Delivery.
(c) Symbolic Delivery. (d) All of the above.

65. A tells his wife that he would commit suicide, if she did not transfer her personal assets to him. She does so under his threat.

(a) The wife can avoid the contract.
(b) The wife cannot avoid the contract.
(c) The husband can enforce the contract.
(d) Both (b) & (c).

66. In case of a hire – purchase the hirer

(a) Can pass a goods title to a bonafide purchaser.
(b) Cannot pass a goods title to a bonafide purchaser.
(c) Can choose whether to pass or not to pass the goods title to a bonafide purchaser.
(d) All of the above.

67. Which of the following are the characteristics of a contingent contract:

(a) The performance of a contingent contract depends upon the happening or non-happening of a certain event in future.
(b) The event must be uncertain.
(c) The event must be collateral to the main contract.
(d) All of the above.

68. Agency by ostensible authority may happen in the following ways:

(a) By estoppel. (b) By a legal presumption.
(c) By holding-out. (d) All of the above.

69. A sold some land to B. At the time of sale both the parties believed to be in good faith that the area of the land sold was 10 hectares. It however, turned out that the area was 7 hectares only. How is the contract of sale affected?

(a) The agreement is void. (b) The agreement is illegal.
(c) The agreement is impossible. (d) All of the above.

70. Which one of the following is a legal requirement regarding consideration:

(a) Consideration should move at the desire of the promise.
(b) Consideration may move from promisee or any other person.
(c) Consideration may be past, present or future.
(d) All of the above.

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71. Exceptions to the statement "No consideration no contract" are the following:

(a) No consideration is required to create an agency as also in the case of completed gifts.
(b) A promise made without consideration is valid if it is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt, which is barred by the Law of Limitation.
(c) A promise made without any consideration is valid if it is a promise to compensate wholly or in part a person who has already voluntarily done something for the promisor or something which the promisor was legally compellable to do.
(d) All of the above.

72. In case of a firm carrying on the business other than banking

(a) There should be at least seven members and maximum number of members should not exceed fifty.
(b) There should be at least two members and maximum number of members should not exceed ten.
(c) There should be at least two members and maximum number of members should not exceed twenty.
(d) There should be at least two members and maximum number of members should not exceed fifty.

73. Which of the following agreements are void:

(a) An agreement to share the salary of a public officer.
(b) An agreement to sell a religious office.
(c) An agreement with the objective of procuring a public post.
(d) All of the above.

74. Following conditions are implied in a contract of sale of goods unless the circumstances of the contract show a different intention:

(a) Condition as to title. (b) Sale by description.
(c) Sale by sample. (d) All of the above.

75. The distinction between fraud and misrepresentation are the following:

(a) Misrepresentation is innocent whereas fraud is deliberate or willful.
(b) In misrepresentation the person making the suggestion believes it to be true while in case of a fraud he does not believe it to be true.
(c) In misrepresentation there can be no suit for damages whereas in fraud there can be a suit for damages.
(d) All of the above.

76. The following are the essential elements which need to co-exist in order to make a valid contract:

(a) Lawful Consideration. (b) Lawful Agreement.
(c) Free Consent. (d) All of the above.

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77. The test of good faith as required under Partnership Act includes the following:

(a) That the expulsion must be in the interest of the partnership.
(b) That the partner to be expelled is served with a notice.
(c) That the partner to be expelled is given an opportunity of being heard.
(d) All of the above.

78. Delivery which is effected without any change in the custody or actual possession of the thing is known as:

(a) Actual Delivery. (b) Symbolic Delivery.
(c) Constructive Delivery. (d) None of the above.

79. The essential elements of a partnership at will are:

(a) No period has been fixed by the partners for its duration.
(b) There is no provision in the partnership agreement for its determination.
(c) Both of the above.
(d) None of the above.

80. True test of partnership is _____.

(a) Sharing of profits
(b) Sharing of profits and losses
(c) Mutual agency
(d) Existence of an agreement to share profits of the business

81. Where a person asserts something which is not true, though he believes it to be true, his assertion amounts to _____.

(a) Coercion (b) Undue Influence
(c) Fraud (d) Misrepresentation

82. _____ does not exist.

(a) Liability for special damages
(b) Liability for exemplary damages
(c) Liability for nominal damages
(d) Liability for disciplinary damages

83. The communication of an acceptance is complete as against the acceptor, _____.

(a) When it is put in course of transmission to him so as to be out of reach of the acceptor
(b) When it comes to the knowledge of the proposer
(c) When both the proposer and the acceptor declare the acceptance
(d) When the acceptor accepts his acceptance in a court of law

84. Total substitution of new contract in place of the old contract takes place in case of _____.

(a) Remission (b) Recission
(c) Novation (d) Alteration

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85. Profits of a partnership firm must be distributed among the partners as per the partnership deed while the profits of a company _____.

(a) Must be distributed to its shareholders
(b) May or may not be distributed to its shareholders
(c) May or may not be distributed to its board of directors, shareholders and other stakeholders
(d) Are not distributable at all

86. The principle evolved in the case of Garner v. Murray (1904) is _____.

(a) Deficiencies in the capital of the insolvent partner are distributed among the solvent partners in the ratio of their capital
(b) Partners have a fiduciary relationship with each other
(c) Partners liability is unlimited
(d) Partners can make supernatural profits, provided proper disclosures are made in this regard

87. A intending to deceive B falsely represents that 750 tons of sugar is produced per annum at the factory of A and hereby induces B to buy the factory. The contract is avoidable at the option of _____.

(a) B
(b) A
(c) Congruence of A and B
(d) Either party cannot avoid the contract

88. An agency coupled with interest does not come to an end in case of _____.

(a) Death of the principal
(b) Insanity of the principal
(c) Insolvency of the principal
(d) Death or Insanity or Insolvency of the principal

89. A contract to do or not to do something if some event, collateral to such contract does or does not happen is _____.

(a) A contingent contract (b) A wagering contract
(c) Illegal (d) Void

90. A contracts to pay B Rs. 5,00,000/- if B's house is destroyed by fire. It is _____.

(a) A wagering contract
(b) A contingent contract
(c) A wagering contract plus a contingent contract
(d) Neither a contingent contract nor a wagering contract

91. All Contracts which are not made under seal are _____ contracts.

(a) Formal (b) Simple
(c) Unlawful (d) Illegal

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92. The latin maxim "Nemo dat quod non habet" means _____.

(a) An eye for an eye and a tooth for a tooth
(b) Never dare to quarrel with a good seller
(c) No one can give what he has not got
(d) Let the buyer beware.

93. Rules regarding delivery of goods are given in the _____ .

(a) Sale of Goods Act, 1930 (b) Indian Partnership Act, 1932
(c) Indian Contract Act, 1872 (d) None of the above

94. Right of lien is to _____.

(a) Retain possession (b) Regain possession
(c) Remove possession (d) Recharge possession

95. Non - Registration of a partnership firm_____.

(a) Is a Criminal offence
(b) Renders the partnership illegal
(c) Is compulsory to activate the partnership
(d) Is not compulsory but desirable

96. A person who finds goods belonging to another and takes them into his custody _____.

(a) Becomes the owner of those goods thereafter
(b) Is subject to the same responsibility as a bailee
(c) Is allowed to sell them and retain the money realized from such sale
(d) Has no obligation to return those goods, he may do so only a good gesture

97. Quasi – contracts arise _____.

(a) Where obligations are created without a contract
(b) Where obligations are created under a contract
(c) Out of natural causes
(d) Out of man-made causes

98. Discharge by mutual agreement may involve_____.

(a) Novation (b) Recission
(c) Alteration (d) Novation, Recission and alteration

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99. A & B are partners in a partnership firm. A introduced C, a former partner, as his partner to D. C remained silent at that moment, but later on informed D that he is actually a former partner of the firm. C had also issued public notice in the year of his retirement from the partnership firm. D, a trader supplied 500 refrigerators to the firm on credit. The credit period expired and D did not get the price of his supplies. D filed a suit against A & C for the recovery of price. In light of the above circumstances answer which of the following is correct:

(a) C is liable for the price to D.
(b) C is liable for the price to D, irrespective of the fact, whether C remained silent or not.
(c) C is not liable for the price to D.
(d) None of the above.

100. H contracted with NIC Corporation for the erection of a number of houses. In calculating his price for the houses, H by mistake deducted a particular sum twice over. The corporation affixed its seal to the contract, which correctly represented its intention.

(a) The contract is now binding.
(b) The contract can be avoided by H.
(c) There is no contract at all, since there is no consensus ad idem.
(d) The contract is not binding.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. An increase in the demand can result from:

(a) A decline in market price.
(b) An increase in income.
(c) A reduction in the price of substitutes.
(d) An increase in the price of complements.

102. In the short run if a perfectly competitive firm finds itself operating at a loss, it will:

(a) Reduce the size of its plant to lower fixed costs.
(b) Raise the price of its product.
(c) Shut down.
(d) Continue to operate as long as it covers its variable cost.

103. A competitive firm maximizes profit at the output level where:

(a) Price equals marginal cost.
(b) The slope of the firm's profit function is equal to zero.
(c) Marginal revenue equals marginal cost.
(d) All of the above.

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104. Which of the following is correct?

(a) Normative economics is not concerned with value judgment.
(b) A market is a process that reconciles consumer decision, production decisions and labour decisions.
(c) A mixed economy has a certain level of government intervention in the economy along with private sector ownership of the economy.
(d) Both (b) and (c).

105. A necessity is defined as a good having:

(a) A positive income elasticity of demand.
(b) A negative income elasticity of demand.
(c) An income elasticity of demand between zero and 1.
(d) An income elasticity of more than 1.

106. In the long run any firm will eventually leave the industry if:

(a) Price does not at least cover average total cost.
(b) Price does not equal marginal cost.
(c) Economies of scale are being reaped.
(d) Price is greater than long run average cost.

107. If a firm's average variable cost curve is rising, its marginal cost curve must be:

(a) Constant. (b) Above the total cost curve.
(c) Above the average variable cost curve. (d) All of the above.

108. You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	30
3	45
4	60
5	75

The above data is an example of:

(a) Constant returns to scale.
(b) Decreasing returns to scale.
(c) Increasing returns to scale.
(d) Globalization.

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109. Which of the following is incorrect?

(a) The central problem in economics is that of allocating scarce resources in such a manner that society's unlimited needs are satisfied as well as possible.
(b) In mixed economy, the government and the private sector interact in solving the basic economic questions.
(c) Microeconomics best describes the study of the behaviour of individual agents.
(d) An important theme in economics is that market systems are better than command (socialistic) economies.

110. When a market is in equilibrium:

(a) No shortages exist.
(b) Quantity demanded equals quantity supplied.
(c) A price is established that clears the market.
(d) All of the above are correct.

111. Which among the following is incorrect?

(a) India adopted planning as her way of life because she wanted to quicken industrialization and economic development with optimum utilization of resources and reduction of inequalities.
(b) Removal of poverty and the attainment of self reliance were two basic objectives of the fifth plan.
(c) India has never been able to achieve its targeted rate of growth.
(d) The Second plan was a very ambitious plan as seeds of industrialization were sowed.

112. Reserve Bank of India is India's:

(a) Central bank (b) Biggest commercial bank
(c) Biggest cooperative bank (d) All of the above

113. In infrastructure of an economy we include:

(a) Power (b) Transport
(c) Banking (d) All of the above

114. Find the odd one out:

(a) State Bank of India (b) Reserve Bank of India
(c) Bank of Baroda (d) Bank of India

115. Indian economy is mixed economy because:

(a) Agriculture and industry have both simultaneously developed in India.
(b) Agriculture and industry have both developed in the public sector.
(c) Private ownership and public ownership over means of production co-exist.
(d) Any of the above.

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116. What is the contribution of agriculture to National income in India (2009-10) Constant Price?

(a) 44% (b) 17%
(c) 34% (d) 50%

117. In a _____ budget revenue equals expenditure.

(a) Balanced (b) Deficit
(c) Surplus (d) Long term

118. Indian population registered a growth of 1.25% per annum during the decade _____.

(a) 1941-51 (b) 1961-71
(c) 1971-81 (d) 1981-91

119. India's population recorded the maximum growth rate of 2.22 % per annum during the decade _____.

(a) 1941-51 (b) 1961-71
(c) 1971-81 (d) 1981-91

120. Suppose India's GNP increased at an annual average rate of 6.6% during the Tenth plan, presuming that the growth rate of population is 2 per cent per annum; per capita income would increase at an annual average rate of_____.

(a) 3.3% (b) 4.6%
(c) 6.6% (d) 2%

121. About _____ area is rain fed in India.

(a) 50% (b) 40%
(c) 60% (d) 80%

122. The industrial production has grown at an annual average rate of _____ during the planning period.

(a) 10% (b) 8%
(c) 3.5% (d) 6.2%

123. After imposition of ceilings on the landholding in India, the total surplus area distributed has been of the order of _____.

(a) 2.18 million hectares (b) 2.98 million hectares.
(c) 5.58 million hectares. (d) 10 million hectares.

124. MSME sector contributes nearly _____ of the total exports in India.

(a) 60% (b) 35%
(c) 40% (d) 20%

125. India's share in the world total commercial services export in 2006 was _____%.

(a) 5.2 (b) 2.7
(c) 8.2 (d) 3.5

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126. Product method of calculating national income is also known as _____.

(a) Income method (b) Value added method
(c) Expenditure method (d) Distribution method

127. NDP is GDP minus _____.

(a) Depreciation. (b) Indirect taxes.
(c) Subsidies (d) NNP

128. In 2009-10, direct taxes were around _____ % of GNP.

(a) 10 (b) 15
(c) 12 (d) 9.5

129. Abolition of intermediaries and tenancy reforms are both parts of _____.

(a) Industrial reforms in India. (b) External sector reforms in India.
(c) Land reforms in India. (d) Banking reforms in India.

130. A sick industrial unit is one _____.

(a) Where most of the employees are sick.
(b) Which is unable to perform its normal functions and activities of production of goods and services at a reasonable profit on a sustained basis.
(c) Which is unable to make profits more than 10 percent of its capital employed.
(d) Which borrows money from bank for its fixed assets.

131. BPO stands for _____.

(a) Bharat Petro Organisation (b) Business Process Outsourcing
(c) Big Portfolio Outsourcing (d) Business Partners Organisation

132. India accommodates _____ percent of the world's population.

(a) 16.7% (b) 11.4%
(c) 15.1% (d) 25.8%

Questions 133 to 135 are based on Figure 1 which shows production possibilities curve (PPC) for grape juice and wine.

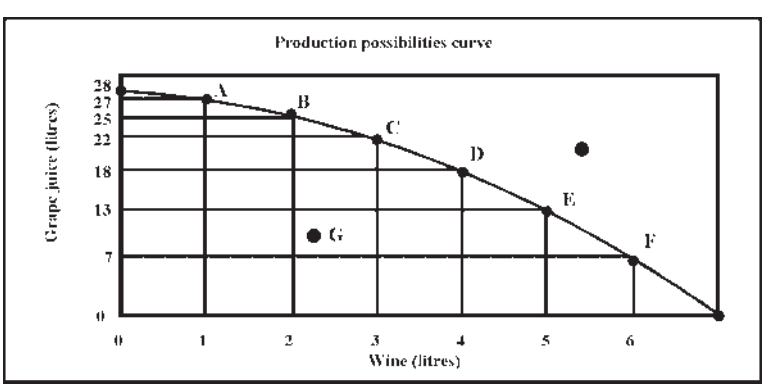


Figure 1

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133. The opportunity cost of increasing wine production from D to E is:

(a) 0 litres of grape juice. (b) 5 litres of grape juice.
(c) 1 litre of wine. (d) 0.2 litres of wine.

134. Assuming that the PPC does not shift, which of the following is true?

(a) Point A is desirable but is inefficient.
(b) Point D represents a more efficient allocation of resources than points A and F.
(c) Point H is desirable but is not attainable.
(d) If wine production equals 7 litres, the maximum amount of grape juice that can be produced simultaneously is 28 litres.

135. The PPC in the diagram reflects:

(a) Increasing opportunity cost of more wine production and constant opportunity cost of more grape juice production.
(b) Increasing opportunity cost of more wine production and decreasing opportunity cost of more grape juice production.
(c) Decreasing opportunity cost of more wine production and decreasing cost of more grape juice production.
(d) Increasing opportunity cost of more wine production and increasing cost of more grape juice production.

Read the following paragraph and answer questions 136 and 137.

John is Jacqueline's father. Both of them are unemployed. Jacqueline, a brilliant new Ph.D in Economics, has turned down many job offers because she hopes eventually to teach at one of the top ten universities in her field. John (now age 54) lost his job as a shipbuilder during the recession of 1991. His plant never reopened and he has very specialized skills that are no longer in demand.

136. The type of unemployment Jacqueline is experiencing is

(a) Frictional. (b) Structural.
(c) Seasonal. (d) Cyclical.

137. The type of unemployment John is experiencing is

(a) Frictional. (b) Structural.
(c) Seasonal. (d) Cyclical.

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138. In the table below what will be equilibrium market price?

Table 2

Price (Rs.)	Demand (tonnes per annum)	Supply (tonnes per annum)
1	1000	400
2	900	500
3	800	600
4	700	700
5	600	800
6	500	900
7	400	1000
8	300	1100

(a) Rs. 2 (b) Rs. 3
(c) Rs. 4 (d) Rs. 5

Read Table 3 and answer questions 139-143

Table 3

Labor Input	Output	Average Product	Marginal Product
0	0	- - -	- - -
2			25
4	90		

Labor Input	Output	Average Product	Marginal Product
6	120		
8	140		
10		14	
12		10	

139. At a labour input of 2, output is:

(a) 25 (b) 30
(c) 50 (d) 75

140. At a labour input of 4, output per worker is:

(a) 20 (b) 22.5
(c) 45 (d) 90

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141. At a labour input of 6, the marginal product of labor is:

(a) 120 (b) 20
(c) 15 (d) 10

142. Output per worker is maximized at a labour input of:

(a) 2 (b) 4
(c) 6 (d) 8

143. The firm's output is at a short run maximum at a labour input of :

(a) 6 (b) 10
(c) 12 (d) 2

Table 4 provides cost and price information for a firm called Comfy Cushions (CC). The firm produces and sells cushions using a fixed amount of capital equipment but can change the level of inputs such as labour and materials. Read Table 4 and answer questions 144-150

Table 4

Production (Q)	Price per unit (P)	Total Cost (TC)	Average Total Cost (ATC)	Marginal Cost (MC)	Total Revenue (TR)	Marginal Revenue (per unit) (MR)
0	250	500				
1	240	730				
2	230	870				
3	220	950				
4	210	1010				

Production (Q)	Price per unit (P)	Total Cost (TC)	Average Total Cost (ATC)	Marginal Cost (MC)	Total Revenue (TR)	Marginal Revenue (per unit) (MR)
5	200	1090				
6	190	1230				
7	180	1470				
8	170	1850				
9	160	2410				

144. What is the value of fixed cost incurred by CC?

(a) Rs. 250 (b) Rs. 730
(c) Rs. 500 (d) cannot be determined

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145. What is the average total cost when 5 units are produced?

(a) Rs. 218 (b) Rs. 1090
(c) Rs. 730 (d) Rs. 210

146. What is the marginal revenue (per unit) when production increases from 7 units to 8 units?

(a) 160 (b) 140
(c) 120 (d) 100

147. What is the marginal cost when production increases from 3 to 4 units?

(a) 140 (b) 80
(c) 60 (d) 240

148. To maximize its profit or minimize its loss, what level of production should CC choose?

(a) 7 units. (b) 6 units
(c) 4 units. (d) 8 units.

149. At the profit maximizing level, what price should be charged?

(a) Rs. 190 (b) Rs. 200
(c) Rs. 210 (d) Rs. 220

150. Calculate CC's maximum profit or minimum loss.

(a) Loss of Rs. 100 (b) Loss of Rs. 60
(c) Profit of Rs. 90 (d) Loss of Rs. 90

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

151. If q: p is the sub duplicate ratio of $q - x^2 : p - x^2$, then x^2 is

(a) $\frac{p+q}{pq}$ (b) $\frac{pq}{p-q}$

(c) $\frac{pq}{p+q}$ (d) None of these.

152. If p: q = r: s, implies q: p = s: r, then the process is called

(a) Componendo. (b) Invertendo.
(c) Alternendo. (d) Dividendo.

153. The gender of a baby is example of :

(a) A variable. (b) A discrete variable.
(c) A continuous variable. (d) An attribute.

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154. The coefficient of correlation

(a) Has no limits. (b) Can be less than one.
(c) Can be more than one. (d) Varies between ± 1.

155. If two events A and B are dependent, the conditional probability of B given A i.e., P(B/A) is calculated as

(a) P(AB)/P(B). (b) P(A)/P(B).
(c) P(AB)/P(A). (d) P(A)/P(AB).

156. Time reversal test is satisfied when

(a) $P_{01} \times P_{10} = 0$ (b) $P_{01} \times P_{10} = 1$
(c) $P_{01} \times P_{10} < 1$ (d) $P_{01} \times P_{10} > 1$

157. The mean of binomial distribution is

(a) $(np)^2$ (b) np
(c) $\sqrt{np}$ (d) None of these.

158. Standard deviation of poisson distribution is

(a) m (b) m^2
(c) $\sqrt{m}$ (d) $1/\sqrt{m}$

159. If A has 70 elements, B has 32 elements and $A \cap B$ has 22 elements then A B is

(a) 60 (b) 124
(c) 80 (d) None of these.

160. Which of the following statements is not false?

(a) Scatter diagram fails to measure the extent of relationship between the variables.
(b) Scatter diagram can measure correlation only when the variables are having a linear relationship.
(c) Scatter diagram can measure correlation only when the variables are having a non–linear relationship.
(d) None of these.

161. The value of the integral will be _____ for $\int\left(x-\frac{1}{x}\right)^2 dx$.

(a) $\frac{x^3}{3}-2x+\frac{1}{x}+c$ (b) $\frac{x^3}{3}+2x+\frac{1}{x}+c$

(c) $\frac{x^3}{3}-2x-\frac{1}{x}+c$ (d) None of these.

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162. The derivative of log x.e^x is _____.

(a) $\frac{e^3}{x} + e^x(\log x)$ (b) $e^x\left(\frac{1}{x} - \log x\right)$

(c) $e^x(1+\log x)$ (d) None of these.

163. The null set is given by _____.

(a) ϕ (b) $\{\phi\}$

(c) 0 (d) $\{0\}$

164. Quartiles are values dividing a given set of observations into _____ equal parts.

(a) Two (b) Four

(c) Six (d) Ten

165. The data are known to be _____ if the data, as being already collected, are used by a different person or agency.

(a) Primary (b) Secondary

(c) Specialized (d) Subsidiary

166. The amount of non responses is likely to be maximum in _____ method of collecting data.

(a) Telephone interview method

(b) Personal interview method

(c) Mailed questionnaire method

(d) Observation method

167. If two variables x and y are independent then the correlation coefficient between x and y is _____?

(a) Positive (b) Negative

(c) Zero (d) One

168. The slope of the equation x – y + 5 = 0 is _____.

(a) 1 (b) –1

(c) 5 (d) –5

169. The correlation between height and intelligence is _____.

(a) Zero (b) Positive

(c) Negative (d) None of these

170. The sixth term of a G.P. with common ratio as 2 and first term being 5 is_____.

(a) 160 (b) 32

(c) 800 (d) 64

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171. The gradient of the curve $y = 4x^2 - 2x$ at $x = 1$ is

(a) 4 (b) 6
(c) 8 (d) None of these.

172. Find the *f o g* for the functions $f(x) = x^2$, $g(x) = x + 1$

(a) $x^2 (x+1)$ (b) x^2
(c) $x+1$ (d) $(x+1)^2$

173. What is the annual rate of interest compounded annually doubles an investment in 2 years. Given that $\sqrt{2} = 1.4142135$.

(a) 46.04125 % (b) 14.142135
(c) 41.42135 % (d) None of these.

174. log 8 + log 9 is expressed as

(a) log 72 (b) log 27
(c) log 8/9 (d) None of these.

175. The value of ${}^8C_4 + {}^5C_4$ is

(a) 29 (b) 24
(c) 30 (d) 27

176. Determine the value of $\lim_{x \to 0}\left(\frac{10^x - 2^x}{x}\right)$

(a) 2 (b) 10
(c) 0.5 (d) 8

177. Find the sum of progression 8, 15, 12…… 10 terms.

(a) 40 (b) 45
(c) -45 (d) 42

178. In how many different ways 3 letters can be formed using the letters of the word SPECIAL?

(a) 5040 (b) 6
(c) 840 (d) 450

179. Determine the value of x for the equation $x^2 - 8x + 16 = 0$

(a) 4, 4 (b) –4, –4
(c) 2, 6 (d) 6, 2

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180. How much money should be invested to earn a monthly interest of Rs. 1800 at 9% per annum simple interest?

(a) Rs. 120,000 (b) Rs. 240,000
(c) Rs. 200,000 (d) None of these.

181. Division of Rs. 1100 into 3 parts in the ratio of 4:5:6 is

(a) 293.33, 366.67, 440 (b) 200 : 500 : 400
(c) 400 : 300 : 400 (d) None of these.

182. Evaluate $\int_{-3}^{3}\left(x^3 + x\right)dx$

(a) 0 (b) 3
(c) –3 (d) 1

183. The denominator of a fraction exceeds the numerator by 7 and if the 2 is added to the denominator then the fraction becomes $\frac{4}{7}$**. Find the fraction.**

(a) $\frac{12}{19}$ (b) $\frac{7}{14}$
(c) $\frac{9}{16}$ (d) $\frac{11}{18}$

184. A firm plans to purchase hens (x) for its canteen. There cannot be more than 20 hens, this can be shown by

(a) $x \leq 20$ (b) $x = 20$
(c) $x \geq 20$ (d) None of these.

185. Compute the value of 8!

(a) 120 (b) 362880
(c) 720 (d) 40320

186. The sum of progression (a+b), a, (a–b).....n term is

(a) $\frac{n}{2}[2a+(n-1)b]$ (b) $\frac{n}{2}[2a+(3-n)b]$
(c) $\frac{n}{2}[2a+(3-n)]$ (d) $[2a+(n-1)]$

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187. The mean of binomial distribution is 4 and standard deviation $\sqrt{3}$. What is the value of p?

(a) 1/3 (b) 1/4
(c) 1/5 (d) 3/4

188. If with a rise of 10% in prices the salaries are increased by 20%, the real salary increases by

(a) 10% (b) More than 10%
(c) 20% (d) Less than 10%

189. If A and B are mutually exclusive events and P(A) = 0.3 and P(B) = 0.4, find P(A∪B).

(a) 0.12 (b) 0.7
(c) 0.3 (d) None of these.

190. Two variables x and y are related by 10x + 9y + 8 = 0 and $\bar{x}$ = 5, then $\bar{y}$ is

(a) 6.33 (b) –6.33
(c) 6.44 (d) –6.44

191. The mean salary for a group of 20 female workers is Rs. 5,000 per month and that for a group of 30 male workers is Rs. 6,000 per month. What is combined mean salary?

(a) Rs. 5,400 (b) Rs. 5,500
(c) Rs. 5,600 (d) Rs. 5,700

192. The weight of 8 students expressed in kg. are 40, 35, 50, 45, 46, 39, 41, 42. Find median weight?

(a) 40.5 (b) 41
(c) 41.5 (d) 42

193. If the relationship between x and y is given by 4x– 6y =13 and if the median of x is 16. Find median of y.

(a) 7.50 (b) 8.00
(c) 8.50 (d) None of these.

194. Refer following table:

Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find width of class interval for the second class interval.

(a) 4 (b) 5
(c) 46 (d) 48

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195. **A bag contains 30 balls numbered from 1 to 30. One ball is drawn at random. The probability that the number of the drawn balls will be multiple of 5 or 7 is**

(a) 1/2 (b) 1/3
(c) 1/4 (d) None of these.

196. **A card is drawn from a pack of playing cards and then another card is drawn without the first being replaced. What is the probability of getting two kings?**

(a) 7/52 (b) 1/221
(c) 3/221 (d) None of these.

197. **A and B are two events such that P(A) = 1/ 2 , P(B) = 1/4 and $P(A \cap B) = 1/5$. Find $P(A \cup B)$?**

(a) 4/5 (b) 11/20
(c) 3/5 (d) None of these.

198. **If $u = (x^3+1)^5$ and $y = (x^3 + 5x+7)$ then $\frac{dy}{dx}$ is**

(a) $\frac{10x(x^2+1)^4}{3x^2+5}$ (b) $\frac{10(x^2+1)^4}{3x^2+5}$
(c) $5x\,(x^2+1)^4$ (d) None of these.

199. **Find Q_1 for the following observations:**
14, 16, 13, 15, 20, 18, 19, 22

(a) 14 (b) 14.25
(c) 15 (d) 15.25

200. **If the coefficient of correlation between two variables is – 0.2, then the coefficient of determination is:**

(a) 0.8 (b) 0.2
(c) 0.4 (d) 0.04

★★★

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COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 8

Time : 4 hours ***Maximum Marks : 200***

The test is divided into four sections.

Every correct answer carries + 1 mark each and – 0.25 mark will be deducted for each wrong answer.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. It is generally assumed that the business will not liquidate in the near foreseeable future because of_____ concept

(a) Periodicity (b) Materiality
(c) Matching (d) Going concern

2. Which of the following is correct?

(a) Capital is equal to assets plus liabilities
(b) Assets is equal to liabilities minus capital
(c) Liabilities is equal to capital plus assets
(d) Capital is equal to assets minus liabilities

3. Double column cash book records

(a) Only cash transactions
(b) All transactions
(c) Cash and bank transactions
(d) Cash purchase and cash sale transactions

4. Errors of commission do not permit

(a) Incorrect totaling of the trial balance
(b) Incorrect totaling of the Balance sheet
(c) Trial balance to agree
(d) None of the above

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5. All of the following have debit balance except

(a) Wages account (b) Debtors accounts
(c) Bills payable account (d) Goodwill

6. The term depletion is used for

(a) Fixed assets (b) Natural resources
(c) Intangible assets (d) None of the three

7. A bill of exchange when drawn requires

(a) Noting (b) Discounting
(c) Acceptance (d) None of the above

8. According to the provisions of the Reserve Bank of India, a promissory note cannot be made payable to the

(a) Bank (b) Endorser
(c) Bearer (d) None of the above

9. Rs.5,000 spent to remove a worn out part and replace it with a new one is

(a) Capital expenditure (b) Revenue expenditure
(c) Deferred revenue expenditure (d) None of the above

10. Outstanding salary account is

(a) Real account (b) Personal account
(c) Nominal account (d) None of the above

11. Drawings are deducted from: _____

(a) Sales (b) Purchases
(c) Expenses (d) Capital

12. The trial balance of Meghna shows the opening stock of Rs. 10,000, it will be_____

(a) Debited to the trading account
(b) Credited to the trading account
(c) Deducted from closing stock in the balance sheet
(d) Added to closing stock in the balance sheet

13. Purchase returns appearing in the trial balance are deducted from ____

(a) Sales returns (b) Capital
(c) Sales (d) Purchases

14. _____ will generally show a debit balance

(a) Bank Loan (b) Bad debts recovered
(c) Salary payable (d) Drawings

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15. Purchase of a fixed asset on credit basis is recorded in _____

(a) Cash book (b) Purchases book
(c) Journal proper (d) None of the above

16. Accounting means recording of _____

(a) Transactions (b) Events
(c) Both (a) and (b) (d) Neither (a) nor (b)

17. Unless given otherwise, the ratio of sacrifice is the same as_____

(a) New profit sharing ratio (b) Equal ratio
(c) Old profit sharing ratio (d) None of the above

18. The ratio in which the continuing partners acquire the outgoing (retired or deceased) partner's share is called _____

(a) Sacrificing ratio (b) Gaining ratio
(c) New profit sharing ratio (d) Old profit sharing ratio

19. A bill of exchange is called a _____ by one who is liable to pay it on the due date.

(a) Bill receivable (b) Noted bill of exchange
(c) Bill payable (d) None of the above

20. The amount of calls in arrear is deducted from_____ to arrive at_____.

(a) Issued capital, called up capital (b) Called up capital, issued capital
(c) Paid up capital, called up capital (d) Called up capital, paid up capital

21. Smita places an order to Priya for supply of certain goods yet to be manufactured. On receipt of order, Priya purchases raw materials, employs workers, produces the goods and delivers them to Smita. In this case, sale will be presumed to have been made at the time of

(a) Receipt of order (b) Production of goods
(c) Delivery of goods (d) Purchase of raw material

22. If a machinery is purchased for Rs. 1,00,000, the asset would be recorded in the books at Rs. 1,00,000 even if its market value at that time happens to be Rs. 1,40,000. In case a year after, the market value of this asset comes down to Rs. 90,000, it will ordinarily continue to be shown at Rs 1,00,000 and not at Rs. 90,000 due to

(a) Realization concept (b) Present value concept
(c) Replacement concept (d) Cost concept

23. Mr. Shyam deposited a cheque on 28th March, 2010 for a sum of Rs.10,000. The cheque was collected on 4th April, 2010. If the bank balance as per cash book on 31st March, 2010 is Rs.1,00,000, balance as per pass book will be

(a) Rs.1,10,000 (b) Rs.90,000
(c) Rs.1,00,000 (d) None of the above

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24. If cost of goods sold is Rs.1,00,000, sales is Rs.1,25,000, closing stock is Rs.20,000, the gross profit will be

(a) Rs.45,000 (b) Rs. 5,000
(c) Rs. 25,000 (d) None of the three

25. X enters into a joint venture with Y. The goods were purchased by X and Y amounting Rs.20,000 and Rs.40,000 respectively. Y incurred the expenses of Rs.5,000. Goods were sold by X and Y amounting Rs.22,000 and Rs.39,000. Goods unsold were taken over by Y for Rs.2,000. The profit or loss on joint venture is

(a) Profit of Rs. 2,000 (b) Loss of Rs. 2,000
(c) Profit of Rs. 1,000 (d) Loss of Rs.1,000

26. On 1st January, 2010, Mohan draws upon Sohan a bill of exchange for three months, of Rs.2,000 for mutual accommodation. On 4th January, 2010 Mohan discounts the bill @ 6% per annum and sends half of the proceeds to Sohan. The amount of proceeds sent to Sohan will be

(a) Rs.1,000 (b) Rs.970
(c) Rs.985 (d) Rs.2,000

27. ABC Ltd. sells goods to its approved customers on sale or return basis at a profit of 20% on sales, treating as actual sales. On 26th March, 2010 goods costing Rs.10,000 were sent to Annu Ltd. No confirmation has been received from Annu Ltd. till 31st March, 2010. The amount of stock with customers to be shown as closing stock in the balance sheet of ABC Ltd. as on 31st March, 2010 will be

(a) Rs. 12,500 (b) Rs. 8,000
(c) Rs. 10,000 (d) Nil

28. Somesh and Ramesh are equal partners. Their capitals are Rs.40,000 and Rs.80,000 respectively. The profits for the year before charging interest on capital was Rs.6,000. The accounts of the year were closed before providing interest @ 5% per annum as per partnership agreement. To rectify this mistake they decided to pass an adjustment entry between the partners. Therefore, Somesh's account needs to be debited by

(a) Rs.2,000 (b) Nil
(c) Rs.1,000 (d) None of the above

29. A, B and C are partners in the ratio of 3:2:1. D is admitted in the firm for 1/6th share in profits. C would retain his original share. The new profit sharing ratio between A, B, C and D will be

(a) 12:8:5:5 (b) 8:12:5:5
(c) 5:5:12:8 (d) 5:5:8:12

30. According to which concept, the owner of an enterprise pays the 'interest on drawings'?

(a) Accrual concept (b) Conservatism concept
(c) Dual aspect concept (d) Entity concept

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31. A firm earns profit of Rs.1,10,000. The normal rate of return in a similar type of business is 10%. The value of total assets (excluding goodwill) and total outside liabilities are Rs.11,00,000 and Rs.1,00,000 respectively. The value of goodwill by capitalisation method is

(a) Rs.1,00,000 (b) Rs.10,00,000
(c) Nil (d) None of the above

32. The cost of stock as per physical verification of Bharat Ltd. on 10th April, 2010 was Rs.1,20,000. The following transactions took place between 1st April, 2010 to 10th April, 2010:

Cost of goods sold	**Rs.10,000**
Cost of goods purchased	**Rs.10,000**
Purchase returns	**Rs.1,000**

The value of inventory as per books on 31st March, 2010 will be

(a) Rs. 1,19,000 (b) Rs. 1,11,000
(c) Rs. 1,21,000 (d) Rs. 1,20,000

33. The following data has been provided by Omega Ltd.:

Item No.	Units	Cost per unit	Realization value per unit
1	2	10	11
2	10	5	4
3	2	2	2

The value of inventory on item by item basis will be

(a) Rs. 40 (b) Rs.64
(c) Rs.66 (d) Rs.60

34. Sushila's business disclosed the following profits for the last two years:

2008 Rs.40,000 (including an abnormal gain of Rs.5,000)

2009 Rs.50,000 (After charging an abnormal loss of Rs.10,000)

The value of goodwill on the basis of one year purchase of the average profit of last two years is

(a) Rs.45,000 (b) Rs.37,500
(c) Rs.47,500 (d) None of the three

35. Ram sells goods for Rs.1,00,000 to Hari on 1st January, 2010 and on the same day draws a bill on Hari at three months for the amount. Hari accepts it and returns it to Ram, who discounts it on 4th January, 2010 with his bank at 12% per annum. The discounting charges are

(a) Rs.12,000 (b) Rs.4,000
(c) Rs.3,000 (d) Nil

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36. Nidhi started her business with capital of Rs.45,000 on 1st January, 2009. Interest on drawings Rs.5,000 and interest on capital Rs.2,000 were appearing in the Profit and Loss A/c for the year ended 31st December, 2009. Nidhi withdrew Rs.14,000 during the year and profit earned during the year amounted to Rs.15,000. Her capital on 31st December, 2009 is

(a) Rs. 67,000 (b) Rs. 47,000
(c) Rs.45,000 (d) Rs. 43,000

37. The accountant of M/s ABC & Bros. paid personal income tax for the proprietor amounting Rs.10,000. This income tax should be

(a) Added to capital (b) Credited to Profit & Loss Account
(c) Debited to Trading Account (d) Deducted from capital

38. Suresh's Trial balance provides you the following information:

Bad debts	**Rs.10,000**
Provision for doubtful debts	**Rs.15,000**

Suresh wants to make a provision of Rs.20,000 at the end of the year. The amount debited to the Profit & Loss Account is

(a) Rs. 45,000 (b) Rs. 5,000
(c) Rs. 15,000 (d) None of the above

39. Following are the extracts from the Trial Balance of a firm as at 31st March, 2010:

Name of Account	**Debit Balance**	**Credit Balance**
	Rs.	**Rs.**
Salaries	**16,000**	
P.F. deducted from salaries		**1,000**

Provide for employer's share of P.F. equivalent to employee's share to P.F. The amount at which salaries expense will be shown in the Profit and Loss A/c is

(a) Rs.15,000 (b) Rs.17,000
(c) Rs.16,000 (d) None of the above.

40. Dinesh Garments purchased a machine for Rs.50,000 and spent Rs.6,000 on its erection. On the date of purchase it was estimated that the effective life of the machine will be ten years and after ten years its scrap value will be Rs.6,000. The amount of depreciation for each year on straight line basis is

(a) Rs.5,000 (b) Rs. 5,600
(c) Rs.6,000 (d) None of the above

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41. **Xeta Ltd. was formed as a Public Limited Company with an authorized capital of Rs.20,00,000 divided into shares of Rs.10 each. Xeta Ltd. issued fully paid up shares of Rs.10 each at a premium of 20%, in consideration for acquiring assets worth Rs.3,64,800 from M/s Rahim Bros. To record this transaction, share capital need to be credited by**

(a) Rs.3,80,000 (b) Rs.76,000
(c) Rs.2,00,000 (d) Rs.3,04,000

42. **Mr. Rajiv was the holder of 200 shares of Rs.10 each in RPG Ltd. upon which Rs.5 per share had been called up but he had paid only Rs.2.5 per share thereon. The company forfeited his shares and afterwards sold them to Satbir, credited as Rs.5 per share paid for Rs.900. The amount to be transferred to capital reserve is**

(a) Rs.300 (b) Rs.500
(c) Rs.400 (d) None of the above

43. **A Ltd. forfeited 1,000 equity shares of Rs.10 each, issued at a discount of 10%, for non-payment of first call of Rs.2 and second call of Rs.3 per share. For recording this forfeiture, calls in arrear account will be credited by**

(a) Rs. 4,000 (b) Rs. 1,000
(c) Rs. 5,000 (d) Rs. 10,000

44. **A fire broke out on 30th March, 2010 in the godown of Mahesh. Stock of invoice value Rs.1,600 was destroyed. The goods were invoiced at 25% above cost. The insurance company admitted claim of 50% only. The insurance claim accepted was**

(a) Rs. 640 (b) Rs. 600
(c) Rs. 800 (d) None of the above

45. **Salary has been paid for 11 months from April 2009 to February, 2010 amounting Rs.22,000. The amount of outstanding salary shown in the balance sheet will be**

(a) Rs.1833 (b) Rs.2,000
(c) Rs.1,000 (d) None of the above

46. **On 1st April, 2009, Raghu invested capital of Rs.2,00,000. He withdrew Rs.50,000 during the year. Interest on drawings is provided @ 10% per annum. The amount of interest on drawings deducted from capital is**

(a) Rs. 5,000 (b) Rs. 15,000
(c) Rs. 2,500 (d) Rs.7,500

47. **The Bank Account of Mukesh was balanced on 31st March, 2010. It showed an overdraft of Rs.50,000. It was observed that one cheque amounting Rs.20,000 deposited but not collected by bank till 31st March. Bank charges of Rs.500 were also charged by the bank during March but accounted in the book of Mukesh on April 4, 2010. The bank statement of Mukesh shows balance of**

(a) Rs.70,500 (b) Rs.69,500
(c) Rs.70,000 (d) Rs.50,000

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48. Rs.5,000 was spent by Saroj for addition to machinery in order to increase the production capacity. The amount is

(a) Revenue in nature
(b) Deferred revenue in nature
(c) Capital in nature
(d) Liability in nature

49. Prakash sells goods at 25% on sales. His sales were Rs.10,20,000 during the year. However, he sold damaged goods for Rs.20,000 costing Rs.30,000. This sale is included in Rs.10,20,000. The amount of gross profit is

(a) Rs. 1,90,000
(b) Rs.2,50,000
(c) Rs.2,40,000
(d) Rs.2,00,000

50. The total of the debit and credit side of a trial balance of Mr. Rajiv as on 31st March, 2010 were Rs.20,000 and Rs.10,000 respectively. The difference was transferred to suspense account. On 4th April, 2010, it was found that the total of purchase returns book was carry forward as Rs.1,500 instead of Rs.1,400. The balance of the suspense account after the rectification of this error will be

(a) Rs.10,000
(b) Rs. 9,900
(c) Rs. 11,500
(d) Rs.10,100

51. Capital introduced by Mr. A on 1.4.2009 Rs. 3,00,000; further capital introduced during the year was Rs. 50,000 in the mid of the year. Mr. A withdrew Rs. 2,000 per month and the profit earned during the year was Rs. 20,000. Capital as on 31.3.2010 will be

(a) Rs. 3,94,000
(b) Rs. 3,46,000
(c) Rs. 2,94,000
(d) None of the three

52. Goods costing Rs.10,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be

(a) Rs.12,500
(b) Rs.12,000
(c) Rs.10,000
(d) None of the above

53. A, B and C are the partners sharing profits in the ratio 1:1:2. C died on 30th June 2010 and profits for the accounting year ended on 31st December, 2009 were Rs. 24,000. How much share in profits for the period 1st January, 2010 to 30th June, 2010 will be credited to C's Account?

(a) Rs. 12,000
(b) Rs. 6,000
(c) Nil
(d) Rs. 3,000

54. A purchased a car for Rs. 5,00,000, making a down payment of Rs. 1,00,000 and signing a bill payable of Rs. 4,00,000. As a result of this transaction

(a) Assets will increase by Rs. 5,00,000
(b) Liabilities will increase by Rs. 4,00,000
(c) Assets will increase by Rs. 4,00,000
(d) Both (b) and (c)

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55. Rekha purchased a machinery for Rs. 50,000 on 1.4.2009. She paid electricity and salary amounting Rs. 1,000 and Rs. 2,000 respectively. Telephone bill amounting Rs. 200 was outstanding on 31.3.2010. The amount of expenses for the year ended 31st March, 2010 will be

(a) Rs. 53,200 (b) Rs. 3,000
(c) Rs. 53,000 (d) Rs. 3,200

56. Goods costing Rs. 10,000 is supplied to Ram at an invoice price of 10% above cost and a trade discount of 5%. The amount of sales is

(a) Rs. 11,000 (b) Rs. 10,450
(c). Rs. 10,500 (d) None of the above

57. Gauri paid Rs. 1,000 towards a debt of Rs. 1,050, which was written off as bad debt in the previous year. Gauri's account should be credited with

(a) 1,000 (b) 1,050
(c) Nil (d) None of the three

58. Ramesh, an employee gets salary Rs. 10,000 per month. He withdrew goods worth Rs. 1,500 for personal use and got salary of Rs. 9,000 in cash in the month of March, 2010. The excess payment of Rs. 500 should be debited to

(a) Salaries account
(b) Goods account
(c) Drawing account
(d) Salaries paid in advance account

59. An old furniture was purchased for Rs. 10,000, it was repaired for Rs. 100. The repairs account should be debited by

(a) Rs.10,000 (b) Rs.10,100
(c) Rs.100 (d) Nil

60. Rs.1,000 paid as rent to Krishna, the landlord, was debited to Krishna's personal account. This error will

(a) Affect the trial balance
(b) Not affect the trial balance
(c) Affect the suspense account
(d) None of the three

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SECTION – B : MERCANTILE LAWS (40 MARKS)

61. A wager means:

(a) A promise to give money or money's worth upon the determination or ascertainment of an uncertain future event.
(b) A promise to give money or money's worth upon the determination or ascertainment of a certain future event.
(c) A promise to give money or money's worth upon the happening of future event the outcome of which is predetermined.
(d) A promise to give money or money's worth upon the non-happening of certain future events the outcome if which is predetermined.

62. Following conditions are implied in a contract of sale of goods unless the circumstances of the contract show a different intention:

(a) Condition as to wholesomeness.
(b) Sale by description as well as by sample.
(c) Condition as to quality or fitness.
(d) All of the above.

63. Jus in personam means:

(a) A right against or in respect of a thing.
(b) A right against or in respect of a person.
(c) Both (a) and (b).
(d) None of the above.

64. Which of the following is not correct:

(a) Partner of firm cannot enter into a contract with the partnership firm.
(b) A member of a company can enter into a contract with the company.
(c) Partner of a firm can enter into a contract with the partnership firm.
(d) All of the above.

65. Persons who do not fall under the category of persons of unsound mind

(a) Lunatics (b) Alien
(c) Drunkard (d) Idiot

66. Delivery of goods in case of transit made by handing over documents of title to goods is

(a) Actual Delivery. (b) Constructive Delivery.
(c) Symbolic Delivery. (d) All of the above.

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67. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of performance are of the following types:

(a) Executed Contracts.
(b) Executory Contracts.
(c) Partly Executed or Partly Executory Contracts.
(d) All of the above.

68. A share certificate

(a) Allows the person named therein to transfer the share mentioned therein by mere endorsement on the back of the certificate.
(b) Allows the person named therein to transfer the share mentioned therein by mere delivery of the certificate.
(c) Allows the person named therein to transfer the share mentioned therein by mere endorsement on the back of the certificate and the delivery of the certificate.
(d) None of the above.

69. A person employed to do any act for another or to represent another in dealings with the third parties is:

(a) Principal. (b) Agent.
(c) Servant. (d) Bailee.

70. Coercion involves:

(a) Physical force or threat. (b) Mental pressure.
(c) Both (a) and (b). (d) None of the above.

71. Implied authority of the partner does not empower him to

(a) Submit a dispute relating to the business of the firm to arbitration.
(b) Withdraw a suit or proceedings filed on behalf of the firm.
(c) Both (a) and (b).
(d) None of the above.

72. A proposal may be revoked in the following ways:

(a) By notice of revocation. (b) By lapse of time.
(c) By death or insanity. (d) All of the above.

73. Which of the following is correct?

(a) Recission must be communicated to the other party in the same manner as a proposal is communicated.
(b) Recission must be revoked in the same manner as a proposal is communicated.
(c) Communication of recission is optional.
(d) Both (a) and (b)

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74. Which of the following statement is / are correct?

(a) The general rule is "unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not".
(b) Where the delivery of the goods has been delayed through the fault of either the buyer or the seller, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault.
(c) In ordinary circumstances, risk is borne by the buyer only when the property in the goods passes over to him. However, the parties may by special agreement stipulate that risk will pass sometime after or before the property has passed.
(d) All of the above.

75. A fraudulently informs B that A's estate is free from incumbrance. B thereupon buys the estate. The estate is subject to mortgage. Now

(a) B may avoid the contract.
(b) B may insist upon its performance.
(c) B may get the mortgage debt redeemed.
(d) All of the above.

76. Dissolution of a firm may take place in the following manner:

(a) Compulsory dissolution. (b) Dissolution by agreement.
(c) By intervention of the court. (d) All of the above.

77. Dissolution by agreement is:

(a) Dissolution by the adjudication of all the partners or of all the partners but one as insolvent.
(b) Dissolution as a result of any agreement between all the partners.
(c) Dissolution by the business of the firm becoming unlawful.
(d) All of the above.

78. Misrepresentation means and includes:

(a) The positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true.
(b) Any breach of duty, which, without an intention to deceive, gains an advantage to the person committing it, or any one claiming under him, by misleading another to his prejudice or to the prejudice of any one claiming under him.
(c) Causing, however innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement.
(d) All of the above.

79. A person may be admitted as a new partner:

(a) In accordance with a contract between the existing partners or with the consent of all the existing partners.
(b) In accordance with a contract between the existing partners or with the consent of all the existing partners subject to the provisions of Section 30 of the Act.

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(c) After obtaining specific approval of the Registrar of Firms & Societies, to this effect.
(d) By simply taking the consent of the new partner.

80. The Doctrine of Privity of Contract states that_____.

(a) A contract cannot confer any right on one who is not a party to the contract, even though the very object of the contract may have been to benefit him
(b) A contract can confer right on one who is not a party to the contract, if the contract benefits him
(c) A contract always confers right on one who is not a party to the contract
(d) A contract can confer rights on strangers

81. A proposes by letter, to sell a house to B at a certain price. A revokes his proposal by telegram. The revocation is complete as against B when _____.

(a) A writes the telegram but the same has not been sent to B
(b) A dispatches the telegram
(c) B receives the telegram
(d) B responds to the telegram

82. The Indian Contract Act, 1872 came into operation on and from_____.

(a) 1st October, 1872 (b) 1st July, 1872
(c) 15th August, 1872 (d) 1st September, 1872

83. In case of a contract of guarantee _____.

(a) There is only one contract
(b) There are two contracts
(c) There are three contracts
(d) There are actually only agreements and no contracts

84. In case of a sale the risk of loss resulting from the insolvency of the buyer is borne by_____.

(a) The seller (b) The buyer
(c) Both of the above (d) General Insurance Company of India

85. Agreement to sale is an _____.

(a) Executed contract (b) Executory contract
(c) Both of the above (d) None of the above

86. Suit for specific performance and suit for injunction _____.

(a) Are remedies which provide the same result
(b) Are different remedies and they provide different results
(c) Are not the correct way to act against the party committing the breach
(d) Are the only correct way to act against the party committing the breach

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87. Contracting parties may not remain same in _____.

(a) Remission (b) Recission
(c) Novation (d) Alteration

88. The liabilities of a minor when admitted to the benefits of the partnership _____.

(a) Is confined to his share of the profits and property in the firm
(b) Is same as that of any other partner in the firm
(c) Is similar as that of any other partner in the firm
(d) Is unlimited

89. Recission means _____.

(a) Substituting a new contract for the old one
(b) Cancellation of the old contract
(c) Modifying or altering the terms of contract such that it has the effect of substituting a new contract for the old one
(d) Dispensing away the performance of the promise made by the other party

90. Registration of a partnership firm is_____.

(a) Compulsory from the beginning
(b) Not compulsory till first five years of beginning of the partnership
(c) Not compulsory at all
(d) Compulsory only if the Registrar of Firms, gives an order in this regard

91. A person to whom money has been paid, or anything delivered by mistake_____.

(a) Becomes the owner of such money or those goods
(b) Must repay the money or return those goods
(c) Is allowed to sell the goods and retain the money realized from such sale
(d) Has no obligation to return the money, he may do so only a good gesture

92. Delivery by attornment is _____.

(a) Actual Delivery (b) Constructive Delivery
(c) Symbolic Delivery (d) Physical Delivery

93. In case of an agreement to sell, the aggrieved party _____.

(a) Can sue for price (b) Can sue for damages
(c) Can sue the buyer for injunction (d) None of the above

94. Return of goods is possible in case of _____.

(a) Sale (b) Bailment
(c) Exchange (d) None of the above

95. 'Buyer' means a person who_____.

(a) Buys goods (b) Agrees to buy goods
(c) Has bought goods (d) Buys or agrees to buy goods

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96. The appropriation must be made by_____.

(a) The seller with the assent of the buyer
(b) The buyer with the assent of the seller
(c) The buyer or the seller with or without the assent of the other
(d) Both (a) and (b)

97. Partner by holding out is also known as _____.

(a) Active Partner (b) Dormant Partner
(c) Partner by estoppel (d) Partner by stoppage

98. Interest on capital subscribed by a partner may be provided for in the partnership deed is _____.

(a) @ 6% per annum, provided it is payable only out of profits
(b) @ 8% per annum, provided it is payable only out of profits
(c) @ 8.5% per annum, provided it is payable only out of profits
(d) At any rate, provided it is payable only out of profits

99. A had offered B, a price of Rs.10, 00,000/- for B's flat. But B was not ready to sell the flat at all. A says to B that "I shall kill you if you don't agree to sell me your house for Rs.10,00,000/-". B thereafter did all that was the desire of A in order to save his life. What is immediate answer?

(a) A can enforce the contract. (b) B can enforce the contract.
(c) A has applied coercion. (d) The contract is unenforceable.

100. A had offered B, a price of Rs.10,00,000/- for B's flat. But B was not ready to sell the flat at all. A says to B that "I shall kill you if you don't agree to sell me your house for Rs. 10,00,000/-". B thereafter did all that was the desire of A in order to save his life. Choose the most suitable statement for the purpose of finding out remedy for B.

(a) A has applied coercion. (b) A has done fraud with B.
(c) A is guilty of misbehaving with B. (d) A has an anti-social nature.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is correct?

(a) In a two-good economy, the production possibilities frontier reflects the maximum amount of one good that can be produced when a given amount of the other good is produced.
(b) Microeconomics is the study of the behaviour of the economy as a whole.
(c) Positive economics focuses on welfare of the people of a society
(d) None of the above

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102. Which of the following is incorrect?

(a) The cross elasticity of demand for two substitutes is positive
(b) The income elasticity of demand is the percentage change in quantity demanded of a good due to a change in the price of a substitute
(c) The cross elasticity of demand for two complements is negative
(d) The price elasticity of demand is always negative, except for Giffen goods

103. Which of the following situation does not lead to an increase in equilibrium price?

(a) An increase in demand, without a change in supply
(b) A decrease in supply accompanied by an increase in demand
(c) A decrease in supply without a change in demand
(d) An increase in supply accompanied by a decrease in demand

104. "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses, his behaviour in the short run is:

(a) Rational, if the firm is covering its variable cost
(b) Rational, if the firm is covering its fixed cost
(c) Irrational, since plant closing is necessary to eliminate losses
(d) Irrational, since fixed costs are eliminated if a firm shuts down

105. An individual firm in a perfectly competitive market faces a demand curve which is:

(a) Downward sloping (b) Relatively inelastic
(c) Perfectly elastic (d) Upward sloping

106. A firm's production function:

(a) Shows how much output and the level of input required for the firm to maximize profits
(b) Establishes the minimum level of output that can be produced using the available resources
(c) Shows the maximum output that can be produced with a given amount of inputs with available technology
(d) Shows labour force which is employed

107. The law of diminishing returns:

(a) States that beyond some level of a variable input, the average product of that variable input begins to increase steadily.
(b) Assumes that there is technological improvement over time.
(c) States that beyond some level of a variable input, the marginal product of that variable begins to decrease steadily.
(d) Informs a firm whether or not to use a factor input.

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108. Which of the following is correct?

(a) If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.
(b) Total revenue is equal to price times the quantity sold.
(c) Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.
(d) All of the above.

109. You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	35
3	60
4	92
5	140

The above data is an example of:

(a) Decreasing returns to scale. (b) Constant returns to scale.
(c) Increasing returns to scale. (d) Positive fixed cost.

110. Monopolies are allocatively inefficient because:

(a) They restrict the output to keep the price higher than under perfect competition.
(b) They charge a price higher than the marginal cost.
(c) Both (a) and (b) are correct.
(d) Both (a) and (b) are incorrect.

111. Which of the following statements is correct?

(a) Countries which are industrially well-developed generally have higher per capita income than countries which are not
(b) India is a capital surplus economy
(c) Agriculture sector need not depend upon industrial sector for its growth
(d) None of the above

112. EAS stands for

(a) Easy Assistance Scheme (b) Endless Assistance Scheme
(c) Employment Assurance Scheme (d) Employment Assessment Scheme

113. The effect of increase CRR will be reduced or nullified if:

(a) Bank rate is reduced
(b) Securities are sold in the open market
(c) SLR is increased
(d) People do not borrow from non-banking institutions

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114. Privatization in India has taken place in all of the cases except

(a) CMC (b) BALCO
(c) VSNL (d) None of the above.

115. What percent of the sick units in India are big units?

(a) 10 percent (b) 4 percent
(c) 30 percent (d) 96 percent

116. Which among the following is an indirect tax?

(a) Income tax (b) Wealth tax
(c) Custom duty (d) Gift tax

117. At the time of Independence and a number of years thereafter cotton textiles, jute and tea accounted for more than _____% of our export earnings.

(a) 50 (b) 70
(c) 80 (d) 90

118. According to the latest available data, the bed-population ratio in India is _____ per thousand population.

(a) 3.2 (b) 1.03
(c) 11.5 (d) 20.3

119. According to the latest UNDP report, 2008 India's relative global rating on this index is _____ among 169 countries.

(a) 150 (b) 177
(c) 119 (d) 5

120. India has a poverty index of _____ with a rank of 119 (among 169 countries).

(a) 0.189 (b) 0.867
(c) 0.296 (d) 0.586

121. According to the 61st NSSO round show that about _____ million of persons were provided job during 2000-05.

(a) 36 (b) 30
(c) 40 (d) 47

122. As compared to the targeted growth rate of 10% per annum in industrial production, the actual growth rate was _____ % per annum during the Tenth Plan.

(a) 9.4 (b) 8.7
(c) 6.5 (d) 7.5

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123. The value added by the industrial sector in the GDP 2009-10 (constant price) is _____.

(a) 26% (b) 12%
(c) 19% (d) 32%

124. The MSME sector in India employs nearly _____ million people in 2006-07.

(a) 67 (b) 23
(c) 100 (d) 60

125. GDP at factor cost is equal to GDP at market price minus indirect taxes plus _____.

(a) Depreciation (b) Direct taxes
(c) Foreign investments (d) Subsidies

126. Net domestic expenditure is consumption expenditure plus _____.

(a) Net foreign investment
(b) Net foreign investment plus net domestic investment
(c) Net domestic investment
(d) Replacement expenditure

127. Custom duties are levied on _____.

(a) Incomes of the individual (b) Production of goods
(c) Export and import of goods (d) Incomes of the corporate

128. Demand for final consumption arises in _____.

(a) Household sector only
(b) Government sector only
(c) Both household and government sectors
(d) Neither household nor government sector

129. The share of direct taxes in the gross tax revenue (Centre and States combined) was _____ % in 2009-10.

(a) 66 (b) 41
(c) 25 (d) 75

130. According to census 2001 the sex ratio (number of females per 1,000 males) in India is _____.

(a) 933 (b) 941
(c) 927 (d) 930

131. If as a result of 20 percent fall in the ticket fares the demand for 'watching movie' in the cinema hall increases by 10 percent, then _____.

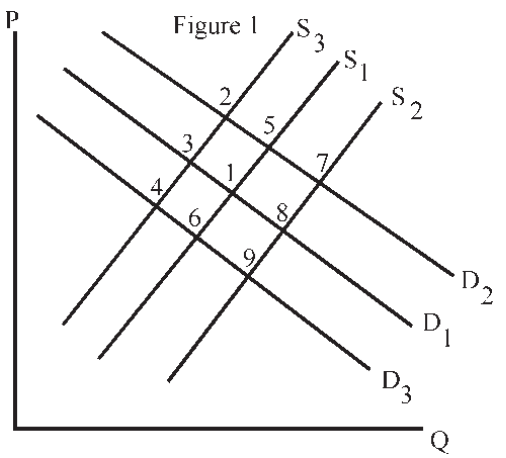
(a) Zero (b) Greater than zero but less than one
(c) One (d) Greater than one

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132. According to the Planning Commision, using Mixed Recall period (MRP) _____ % people where below poverty line in 2004-05.

(a) 12.3 (b) 21.8
(c) 14.3 (d) 18.3

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. D_1 and S_1 are the original demand and supply curves. D_2, D_3, S_2 and S_3 are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?



133. If Figure 1 represents the market for Mars Bars, the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is an increase in cocoa prices will be:

(a) Point 3 (b) Point 9
(c) Point 4 (d) Point 2.

134. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is rapid economic growth and the government also imposes a tax on Mars Bars is:

(a) Point 3. (b) Point 9.
(c) Point 2. (d) Point 6.

135. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is a health scare about the effect Mars Bars may have is:

(a) Point 2. (b) Point 9.
(c) Point 3. (d) Point 6.

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136. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of S_1 and D_1. Assuming that mars bars are an inferior good, the new equilibrium if there is a recession and wages of workers producing them fall is:

(a) Point 2 (b) Point 7
(c) Point 3 (d) Point 6

137. In Figure 1(which represents the market for Mars Bars), the initial equilibrium is at the intersection of S_1 and D_1. Assume that the income of the consumers rises and at the same time there is an increase in the productivity in the production of Mars Bars. The new equilibrium will be:

(a) Point 2 (b) Point 7
(c) Point 3 (d) Point 6

138. A book seller estimates that if she increases the price of a book from Rs.60 to Rs.67, the quantity of books demanded will decrease from 2,035 to 1,946. The book's price elasticity of demand is approximately

(a) 0.4 (b) 0.8
(c) 1.0 (d) 2.5

139. Concerned about the poor state of the economy, a car dealer estimates that if income decreases by 4 per cent, car sales will fall from 352 to 335. Consequently, the income elasticity of demand for cars is approximately

(a) –1.2 (b) 0.01
(c) 0.4 (d) 1.2

A competitive firm sells as much as of its product as it chooses at a market price of Rs 200 per unit. Its fixed cost is Rs 600 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 2 to answer questions 140-144.

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Table 2

Quantity	Variable Cost	Fixed Cost	Total Cost	Average Variable Cost	Average total Cost	Marginal Cost
0	0			-	-	-
5	500					
10	940					
15	1400					
20	1960					
25	2700					
30	3700					
35	5040					
40	6800					
45	9060					
50	11900					

140. When production is 40 units, the average total cost is

(a) Rs. 8.80 (b) Rs. 15
(c) Rs. 170 (d) Rs. 185

141. In the table marginal cost per unit that corresponds to 40 units of production is

(a) Rs. 44 (b) Rs. 170
(c) Rs. 352 (d) Rs. 1760

142. To maximize profit, the firm should produce

(a) 15 units (b) 30 units
(c) 35 units (d) 50 units

143. If the market price drops from Rs. 200 to Rs. 112, the firm's short run response should be

(a) Shut down
(b) Produce 5 units
(c) Produce 20 units
(d) Continue to produce the same number of units as before the drop in price.

144. If the market price rises from Rs. 200 to Rs. 352, the firm's short run response should be

(a) Shut down
(b) Produce 40 units
(c) Produce 20 units
(d) Continue to produce the same number of units as before the increase in price.

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145. Suppose a shopkeeper buys inputs worth Rs. 2,00,000 and his sales are worth Rs. 4,00,000 in a month. The input tax rate is 4% and output tax rate is 10%. What is Value added tax here after set off of input tax credit?

(a) Rs. 32,000 (b) Rs. 8,000
(c) Rs. 40,000 (d) Rs. 20,000

146. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs. 220 to Rs. 190, the price elasticity of demand for blankets is

(a) 0.69 (b) 1.0
(c) 1.46 (d) 2.66

147. The cross elasticity of monthly demand for gel pen when the price of refills increases by 20% and demand for gel pens falls by 30% is equal to:

(a) - 0.71 (b) + 0.25
(c) - 0.19 (d) -1.5

148. The cross elasticity of monthly demand for ink pen when the price of gel pen increases by 25% and demand for ink pen increases by 50% is equal to:

(a) + 2.00 (b) - 2.00
(c) -2.09 (d) + 2.09

Read the following table and answer question number 149 -150.

Table 3

Number of products	Total utility	Marginal utility
0	0	-
1	3600	
2	6800	
3	9600	
4	12000	
5	14000	
6	15600	
7	16800	
8	17600	
9	18000	

149. What is marginal utility when consumption increases from 4 units to 5 units?

(a) 3000 (b) 1200
(c) 2000 (d) 1500

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150. What is marginal utility when consumption increases from 8 units to 9 units?

(a) 3000 (b) 400
(c) 2000 (d) 1500

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. This method presents data with the help of a paragraph or a number of paragraphs.

(a) Tabular presentation. (b) Textual presentation.
(c) Diagrammatic representation. (d) None of these.

152. If two events A and B are independent, the probability that they will both occur is given by

(a) P(A) + P(B) (b) P(A) X P(B)
(c) P(A) – P(B) (d) P(A)/P(B)

153. The normal curve is

(a) Positively skewed. (b) Negatively skewed.
(c) Symmetrical. (d) All of these.

154. If x denotes height of a group of students expressed in cm. and y denotes their weight expressed in kg. , then the correlation coefficient between height and weight

(a) Would be shown in kg. (b) Would be shown in cm.
(c) Would be shown in kg. and cm. (d) Would be free from any unit.

155. The base of $\log_6 13$ into the common logarithmic base is

(a) $\frac{\log_6 10}{\log_6 13}$ (b) $\frac{\log_{10} 6}{\log_{10} 13}$

(c) $\frac{\log_{10} 13}{\log_{10} 6}$ (d) None of these.

156. Data collected on minority from the census reports are

(a) Primary data. (b) Secondary data.
(c) Discrete data. (d) Continuous data.

157. The nationality of a person is an example of

(a) A variable. (b) A discrete variable.
(c) A continuous variable. (d) An attribute.

158. The total sum of the values of a given year divided by the sum of the values of the base year is a

(a) Price index. (b) Quantity index.
(c) Value index. (d) None of these.

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159. Find the first derivative of $y = \log_e x$

(a) $\frac{1}{x}$ (b) e log x

(c) $\frac{1}{x}$ e (d) None of these.

160. Fisher's ideal index is

(a) Arithmetic mean of Laspeyre's and Paasche's index.
(b) Median of Laspeyre's and Paasche's index.
(c) Geometric mean of Laspeyre's and Paasche's index.
(d) None of these.

161. _____ is the upper part of the table, describing the columns and sub columns.

(a) Box head (b) Stub
(c) Caption (d) Body

162. The correlation between sale of cold drinks and day temperature is _____.

(a) Zero (b) Positive
(c) Negative (d) None of these

163. In case of a _____, plotted points on a scatter diagram lie from lower left corner to upper right corner.

(a) Zero correlation (b) Negative correlation
(c) Positive correlation (d) Simple correlation

164. The _____ the size of the sample more reliable is the result.

(a) Medium (b) Smaller
(c) Larger (d) None of these

165. _____ are the values dividing a given set of observations into ten equal parts.

(a) Quartiles (b) Deciles
(c) Centiles (d) None of these

166. Variance of a binomial distribution is always _____ its mean.

(a) Equal to (b) More than
(c) Less than (d) None of these

167. If in binomial distribution mean is 10 and S.D. is 2, q will be _____.

(a) 0 (b) 0.2
(c) 0.8 (d) 0.4

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168. The sum of the following is _____.
1+ 3 - 5 + 7 + 9 - 11, + 13..... 3n terms

(a) $2n^2 + 3$ (b) $5n^2 + 2$
(c) $3n^2 - 4n$ (d) $3n^2$

169. If ${}^nP_3 = 60$ then value of n is _____.

(a) 5 (b) 2
(c) 1 (d) 3

170. If one root of the equation $x^2 + 7x + p = 0$ be reciprocal of the other then the value of p is_____.

(a) 1 (b) –1
(c) 7 (d) –7

171. A person borrowed Rs. 4,000 and after 6 months the amount paid was Rs. 4,050, find the rate of interest.

(a) 5% (b) 25%
(c) 2.5% (d) 20%

172. The value of $\frac{16x^{-1}}{4x^{2/3}}$ is

(a) $4x^{-3/5}$ (b) $4x^{5/3}$
(c) $4x^{-5/3}$ (d) None of these.

173. Evaluate $\int_1^2 \frac{xdx}{x^2+2}$

(a) $\log\sqrt{2}$ (b) $\log\sqrt{3}$
(c) $\log\frac{1}{\sqrt{2}}$ (d) $\log\frac{1}{\sqrt{3}}$

174. Find the value of x if $\frac{4}{5} : x = \frac{9}{2} : \frac{3}{4}$

(a) 15/2 (b) 9/10
(c) 3/4 (d) None of these.

175. The fourth proportional to 2/3, 3/7, 4/9,..... is

(a) 2/7 (b) 14/8
(c) 7/2 (d) None of these.

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176. The solution set of equations 3x+ 4y = 7 and 4x – y = 3, is

(a) 1, 1 (b) –1, 1
(c) 2, 1 (d) –1, 2

177. A dealer has only Rs. 5,760 to invest in fans (x) and sewing machines (y). The cost per unit of fan and sewing machine is Rs. 360 and Rs. 240 respectively. This can be shown by:

(a) $360x + 240y \geq 5760$ (b) $360x + 240y \leq 5760$
(c) $360x + 240y = 5760$ (d) None of these.

178. Find the value of 8! / 5!

(a) 663 (b) 363
(c) 336 (d) None of these.

179. If A={1, 2, 3, 4} and B={2, 4} then A∩B can be written as

(a) f (b) {1,3}
(c) {2,4} (d) {0}

180. Compute the value of $\lim_{x \to 1}\left(\frac{x^2 + 3x + 2}{x^3 + 2x^2 - x + 1}\right)$

(a) 5 (b) 9
(c) 7 (d) 2

181. Find *g o f* for the functions f (x) = $\sqrt{x}$**, g (x) =** $2x^2 + 1$

(a) $2x^2 + 1$ (b) $2x + 1$
(c) $(2x^2 + 1)\left(\sqrt{x}\right)$ (d) $\sqrt{x}$

182. Two variables x and y are related by 5x + 2y + 5=0 and $\bar{x} = 5$**, then** $\bar{y}$ **is**

(a) 10 (b) –10
(c) 15 (d) –15

183. What is the median for the following observations 10, 16, 12, 18, 22, 8?

(a) 12 (b) 14
(c) 16 (d) None of these

184. The variables x and y are related by 5x + 6y = 70 and median of x is 8. What is the median of y?

(a) 4 (b) 4.5
(c) 5 (d) 5.5

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185. Find Q_1 for the following observations:
7, 9, 5, 4, 10, 15, 14, 18, 6, 20

(a) 4.75 (b) 5.25
(c) 5.75 (d) 6.25

186. If y = 4 + 3x and mode of x is 25, what is the mode of y?

(a) 75 (b) 25
(c) 79 (d) 89

187. Refer following table:
Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find Frequency density of the second class interval.

(a) 0.80 (b) 0.90
(c) 1.00 (d) 1.10

188. The coefficient of correlation between two variables is 0.5, then the coefficient of determination is

(a) 0.5 (b) 0.25
(c) –0.5 (d) $\sqrt{0.5}$

189. A bag contains 30 balls numbered from 1 to 30. One ball is drawn at random. The probability that the number of the drawn balls will be multiple of 3 or 7 is

(a) 7/15 (b) 13/30
(c) ½ (d) None of these.

190. A card is drawn from a pack of playing cards and then another card is drawn without the first being replaced. What is the probability of getting two hearts?

(a) 1/17 (b) 1/4
(c) 2/17 (d) None of these.

191. A pair of dice is thrown. What is the probability that the sum of the numbers obtained is more than 10?

(a) 1/18 (b) 1/9
(c) 1/ 12 (d) None of these.

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192. If the relationship between x and y is given by 4x+ 5y = 10 and the range of x is 15, what would be the range of y?

(a) 10 (b) 11
(c) 12 (d) 13

193. Which term of the progression 1, 2, 4, 8 _____ is 64

(a) 7 (b) 5
(c) 6 (d) 9

194. Evaluate the integral of $\int x.e^x dx$

(a) $e^x(x^2+1) + c$ (b) $e^x(x + 1) + c$
(c) $e^x(2x+1) + c$ (d) $e^x(x - 1) + c$

195. A letter lock has three rings each marked with 10 different letters. In how many ways it is possible to make an unsuccessful attempt to open the lock?

(a) 1,000 (b) 999
(c) 5,040 (d) None of these.

196. Find the effective rate of interest if I = Rs.1800, P = 18000, t = 1 year

(a) 10% (b) 9%
(c) 18% (d) None of these.

197. The length of the perpendicular from the point (2, 5) on the line 4x – 3y +18 = 0 is

(a) 2.7 (b) 2.5
(c) 2.2 (d) 2.1

198. If $x^2 e^y + 4 \log x = 0$ then $\frac{dy}{dx}$ is

(a) $\frac{e^y 2x^2 + 4 + 8x}{x^3 e^y}$ (b) $\frac{e^y 2x^2 - 4}{x^3 e^y}$

(c) $\frac{-e^y 2x^2 - 4}{x^3 e^y}$ (d) None of these.

199. Find $\frac{dy}{dx}$, when $y = 10x^8$

(a) $80x^7$ (b) $10x^7$
(c) $80x^8$ (d) None of these.

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200. Evaluate $\lim_{x \to 0} \frac{9^x - 3^x}{4^x - 2^x}$

(a) $\frac{\log 3}{\log 2}$ (b) $\frac{\log 4}{\log 2}$

(c) $\frac{\log 9}{\log 2}$ (d) $\frac{\log 3}{\log 4}$

★★★

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COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 9

Time : 4 hours ***Maximum Marks : 200***

The test is divided into four sections.

Every correct answer carries + 1 mark each and – 0.25 mark will be deducted for each wrong answer.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. During the lifetime of an entity, accountants prepare financial statements at arbitrary points of time as per

(a) Prudence. (b) Consistency.
(c) Periodicity. (d) Matching.

2. Real accounts relate to assets of the firm and not

(a) Machinery. (b) Debt.
(c) Receivables. (d) None of the three.

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

(a) An event.
(b) A transaction.
(c) A transaction as well as an event.
(d) Neither a transaction nor an event.

4. Profit leads to increase in

(a) Assets. (b) Capital.
(c) Both (a) and (b) (d) Neither (a) nor (b)

5. Vikas and Co. account is a

(a) Personal account (b) Real account
(c) Nominal account (d) None of the above

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6. Depreciation arises because of

(a) Fall in the market value of the asset. (b) Fall in the value of money.
(c) Physical wear and tear of the asset. (d) None of the three.

7. A promissory note does not require

(a) Noting (b) Discounting
(c) Acceptance (d) None of the above

8. Which of the following accounts will have credit balance?

(a) Sale returns. (b) Bills receivable.
(c) Carriage inwards. (d) Outstanding wages.

9. Which of the following error is an error of omission?

(a) Sale of Rs. 5,000 was written in the purchases journal.
(b) Wages paid to Shyam has been debited to his account.
(c) The total of the sales journal has not been posted to the sales account.
(d) None of the above

10. Prepaid salary has a

(a) Credit balance. (b) Debit balance.
(c) Negative balance. (d) None of the above

11. The equality of debits and credits of the _____ does not mean that the individual accounts are also accurate.

(a) Bank reconciliation statement. (b) Cash book.
(c) Trial balance. (d) None of the three.

12. Change in the method of depreciation is change in _____.

(a) Accounting estimate. (b) Accounting policy.
(c) Measurement discipline. (d) None of the above.

13. Credit balance in the cash book means _____ .

(a) Overdraft as per passbook (b) Favourable balance as per passbook
(c) Both (a) and (b). (d) None of the above.

14. Sale of scrap of raw materials appearing in the trial balance are shown on the credit side of _____

(a) Trading account. (b) Manufacturing account.
(c) Profit and Loss account. (d) None of the three.

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15. Goodwill is a _____

(a) Current asset. (b) Fictitious asset.
(c) Tangible asset. (d) Intangible asset.

16. Joint venture account is a _____.

(a) Personal account. (b) Real account.
(c) Nominal account. (d) None of the three.

17. Abnormal loss on consignment is credited to _____

(a) Profit and Loss account. (b) Consignee's account.
(c) Consignment account. (d) None of the three.

18. When money is withdrawn from the bank, the bank _____ the account of the customer.

(a) Credits. (b) Debits.
(c) Either (a) or (b). (d) None of the three.

19. _____ days of grace are allowed in case of time bills for calculating date of maturity.

(a) 2 (b) 4
(c) 3 (d) 5

20. The cash discount allowed to a debtor should be credited to

(a) Discount account. (b) Customer's account.
(c) Sales account. (d) None of the above.

21. Huge Ltd. issued 25,000 equity shares of Rs.100 each at a premium of Rs. 15 each payable as Rs. 25 on application, Rs. 40 on allotment and balance in the first call. The applications were received for 75,000 equity shares but the company issued to them only 25,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 500 shares were not received and were forfeited after due notice. The above is the case of

(a) Oversubscription. (b) Pro-rata allotment.
(c) Forfeiture of shares. (d) All of the above

22. A, B and C are partners in the firm sharing profits and losses in 5:3:2 ratio. The firm's Balance Sheet as on 31.3.2010 shows the Reserve balance of Rs. 25,000, Profit of the last year Rs. 50,000, Joint Life policy of Rs. 10,00,000, fixed assets of Rs. 12,00,000. On 1st June C died and on the same date assets were revalued. The executor of the deceased partner will get along with the capital of C

(a) Share in the Reserves account of the firm.
(b) Proportionate share of profit upto the date of death.
(c) Share in Joint life policy.
(d) All of the above.

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23. A machine purchased on 1st January, 2006 at Rs. 15,00,000, having useful life of 15 years was depreciated on straight line basis. On 1st January, 2009, the same machine was revalued upward by Rs. 3 lacs. The amount of depreciation for the year 2009 will be

(a) Rs. 1,25,000. (b) Rs. 1,00,000.
(c) Rs. 1,20,000. (d) Rs. 1,50,000.

24. At the end of the accounting year, material A costing Rs. 10,000 was having net realisable value of Rs. 9,500 only, while material B costing Rs.12,000 was having a net realisable value of Rs. 13,000 in the market and material C costing Rs. 15,000 was having net realisable value of Rs. 14,000 only. The total amount of closing stock will be

(a) Rs. 37,000. (b) Rs. 35,500.
(c) Rs. 36,500. (d) Rs. 38,000.

25. Atul purchased goods costing Rs. 50,000 at an invoice price, which is 50% above cost. On invoice price he enjoyed 15% trade discount and Rs. 3,750 cash discount on cash payment of goods in lump sum at the time of purchase. The purchase price to be recorded in the books before cash discount will be

(a) Rs. 75,000. (b) Rs. 60,000.
(c) Rs. 63,750. (d) Rs. 50,000.

26. A cheque of Rs. 35,000 received by M/s Nandini was endorsed to M/s Chandini on account of full settlement of Rs. 35,500 on 1st October, 2009. Chandini deposited the same into the bank on 4th October, 2009. In the books of M/s Chandini, the amount to be debited on 1st October, 2009 will be

(a) Cash account Rs. 35,000 and Discount account Rs. 500.
(b) Bank account Rs. 35,000 and Discount account Rs. 500.
(c) Cash account Rs. 35,500.
(d) Bank account Rs. 35,500.

27. If repair cost of a building is Rs.15,000, whitewash expenses are Rs. 10,000, cost of extension of building is Rs.5,00,000 and cost of improvement in electrical wiring system is Rs. 25,000. The amount to be expensed is

(a) Rs. 50,000. (b) Rs. 5,50,000.
(c) Rs. 25,000. (d) Nil

28. An amount of Rs. 6,000 due from Anshul, which had been written off as a bad debt in a previous year, was unexpectedly recovered, and had been posted to the personal account of Anshul. The rectification entry will be

(a) Anshul's A/c Dr. Rs. 6,000, To Suspense A/c Rs.6,000.
(b) Suspense A/c Dr. Rs. 6,000, To Bad debts recovered A/c Rs. 6,000.
(c) No rectification entry required.
(d) Anshul's A/c Dr. Rs. 6,000, To Bad debts recovered A/c Rs. 6,000.

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29. There was difference in the bank column of cash book and passbook by Rs. 2,500. On scrutiny it was found that interest of Rs. 500 charged directly by the bank was not entered in the cash book. The same was adjusted in the cashbook before reconciliation statement. Now, in the bank reconciliation statement, this interest of Rs. 500 is to be

(a) Added to the cash book balance.
(b) Subtracted from the cash book balance.
(c) Ignored while preparing bank reconciliation statement.
(d) None of the above.

30. Opening stock of raw material of a manufacturing concern is Rs. 10,000, Purchase during the year is Rs. 2,00,000, Wages Rs. 50,000, Carriage Rs. 5,000, Factory overheads Rs. 1,25,000 and closing stock of raw material is Rs. 15,000. The amount to be transferred is

(a) Rs. 3,75,000 to cost of goods manufactured account.
(b) Rs. 3,75,000 to cost of goods sold account.
(c) Rs. 3,75,000 to cost of sales account.
(d) Rs. 3,75,000 to cost to company account.

31. Mr. A consigned goods costing Rs. 2,50,000 to Mr. B at an invoice price of Rs. 3,00,000. The goods were to be sold at invoice price or above. Mr. B sold some of the goods at invoice price of Rs. 2,00,000 and some at 10% above cost i.e. Rs.1,10,000. For this he gets 5% commission. The amount of commission is

(a) Rs.18,000. (b) Rs.15,000.
(c) Rs.12,500. (d) Rs.15,500.

32. 1,000 kg of oranges are consigned to a wholesaler, the cost being Rs. 8 per kg, plus Rs. 925 of freight. It is concluded that a loss of 15% is unavoidable. The cost per kg of orange will be

(a) Rs. 9.41. (b) Rs. 10.00.
(c) Rs. 10.50. (d) Rs. 8.93.

33. Ajay bought goods of the value of Rs 20,000 and consigned them to Bijay to be sold by them on a joint venture, profits being divided equally. Ajay draws a bill on Bijay for an amount equivalent to 80% of cost on consignment. The amount of bill will be:

(a) Rs. 16,000. (b) Rs. 20,000.
(c) Rs. 4,000. (d) Cannot be determined.

34. A machine purchased on 1.4.2007 for Rs.10,00,000 was depreciated on straight line basis over its useful life of 10 years. On 1.4.2009, it was found that machine is in a good condition and will be used in the production for another 10 years. The amount of depreciation for the year ending 31.3.2010 will be

(a) Rs. 1,00,000. (b) Rs. 80,000.
(c) Rs. 83,333. (d) Rs. 66,667.

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35. X of Kolkata sends out goods costing Rs. 1,00,000 to Y of Mumbai at cost + 25%. Consignor's expenses Rs 2,000. 3/5th of the goods were sold by consignee at Rs. 85,000. Commission 2% on sales + 20% of gross sales less all commission exceeds its invoice value. Amount of total commission will be:

(a) Rs. 3,083. (b) Rs. 3,000.
(c) Rs. 2,500. (d) Rs. 2,000.

36. Anuj bought goods of the value of Rs. 10,000 and consigned them to Bittu to be sold by them on a joint venture, profits being divided equally, Anuj paid Rs. 1,000 for freight and insurance. Anuj draws a bill on Bittu for Rs. 10,000. Anuj got it discounted at Rs. 9,500. Bittu sold the goods for Rs. 15,000. Commission payable to Bittu Rs. 500. The amount to be remitted by Bittu to Anuj will be:

(a) Rs. 12,500 (b) Rs. 3,000
(c) Rs. 14,500 (d) Rs. 13,500

37. On 1.12.09 X draws a bill on Y "for 30 days after sight". The date of acceptance is 8.12.09. The due date of the bill will be:

(a) 8.1.2010 (b) 10.1.2010
(c) 11.1.2010 (d) 9.1.2010

38. Mr. Aakash draws a bill on Mr. Yash for Rs. 30,000 on 1.1.2010 for 3 months. On 4.2.2010. Mr. Aakash got the bill discounted at 12%. The amount of discount will be:

(a) Rs. 900 (b) Rs. 600
(c) Rs. 300 (d) Rs. 650

39. On 1.6.05 X draws a bill on Y for Rs. 25,000. At maturity Y request X to accept Rs. 5,000 and noting charges incurred Rs. 100 in cash and for the balance X draws a bill on Y for 2 months at 12% p.a. Interest amount will be:

(a) Rs. 410. (b) Rs. 420.
(c) Rs. 440. (d) Rs. 400.

40. R, the consignor, sends out goods costing Rs.2,00,000 to K for sale on commission basis. Consignor's expenses Rs.5,000. Consignee's expenses in relation to sales Rs 2,000. 4/5th of the goods were sold at 20% above cost. Commission charged by K is Rs.5000. The profit on consignment will be:

(a) Rs. 21,000 (b) Rs. 32,000
(c) Rs. 26,200 (d) Rs. (6,000)

41. Ansh and Vansh enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. Ansh provides biscuits from stock Rs. 10,000. He pays expenses amounting to Rs. 1,000. Vansh incurs further expenses on carriage Rs. 1,000. He receives cash for sales Rs. 15,000. He also takes over goods to the value of Rs. 2,000. Profit on venture will be

(a) Rs. 3,000 (b) Rs. 5,000
(c) Rs. 6,000 (d) Rs. 3,500

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42. Prakash Ltd. issued 15,000, 15% debentures of Rs.100 each at a premium of 10%, which are redeemable after 10 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is

(a) Rs. 15,000. (b) Rs. 30,000.
(c) Rs. 45,000. (d) Rs. 22,500.

43. Varun Ltd. sends goods to his customers on Sale or Return basis by recording it as a sale at the time of sending it for approval. During 2009, Varun Ltd. send goods to customers for Rs. 1,00,000 on sale or return basis, at cost plus 33.33%. On September 2009, a letter of approval was received from a customer for Rs. 40,000. In this respect, entry will be

(a) Debtors account debited and sales account credited with Rs. 40,000.
(b) Sales account debited and debtors account credited with Rs. 40,000.
(c) No entry is required for receiving the letter of approval from the customer.
(d) Entry for Rs. 40,000 will be made at the end of the year.

44. The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. Capital employed is Rs. 4,00,000 and normal rate of return is 10%. The amount of goodwill calculated on the basis of super profit method for three years of purchase will be:

(a) Rs. 2,000. (b) Rs. 4,000.
(c) Rs. 6,000. (d) Rs. 8,000.

45. Tista Ltd. has issued 14% Debentures of Rs. 10,00,000 at a discount of 10% on April 01, 2008 and the company pays interest half-yearly on June 30, and December 31, every year. On March 31, 2010, the amount shown as "interest accrued but not paid" in the Balance Sheet will be:

(a) Rs. 35,000 shown along with Debentures.
(b) Rs. 70,000 under current liabilities.
(c) Rs. 1,40,000 shown along with Debentures.
(d) Rs. 10,000 under current liabilities.

46. Anny and Bunny enter into a joint venture sharing profits and losses in the ratio 1:1. Anny purchased goods costing Rs. 20,000. Bunny sold the goods for Rs. 25,000. Anny is entitled to get 1% commission on purchase and Bunny is entitled to get 5% commission on sales. The profit on venture will be:

(a) Rs. 3,550. (b) Rs. 3,600.
(c) Rs. 3,400. (d) Rs. 3,800.

47. A, B & C are equal partners. They wanted to change the profit sharing ratio into 4:3:2. The goodwill was valued as Rs. 90,000. The effected accounts will be

(a) C's capital account debit and A's capital account credit with Rs.10,000.
(b) B's capital account debit and A's capital account credit with Rs.10,000.
(c) C's capital account debit and B's capital account credit with Rs.10,000.
(d) A's capital account debit and C's capital account credit with Rs.10,000.

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48. X and Y share profits and losses in the ratio of 2:1. They take Z as a partner and the new profit sharing ratio becomes 3:2:1. Z brings Rs.4,500 as premium for goodwill. The full value of goodwill will be:

(a) Rs. 4,500. (b) Rs. 18,000.
(c) Rs. 27,000. (d) Rs. 24,000.

49. Hum and Tum are partners sharing profits and losses in the ratio 5:3. On admission, Woh brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between Hum, Tum and Woh are 7:5:4. The sacrificing ratio between Hum:Tum will be:

(a) 3:1. (b) 4:7.
(c) 5:4. (d) 2:1.

50. Mr. Big who was the holder of 200 equity shares of Rs.100 each on which Rs.75 per share has been called up could not pay his dues on allotment and first call each at Rs. 25 per share. The Directors forfeited the above shares and reissued 150 of such shares to Mr. Small at Rs. 65 per share paid-up as Rs. 75 per share. The amount to be transferred to Capital Reserve account will be

(a) Rs. 1,500. (b) Rs. 2,250.
(c) Rs. 5,000. (d) Nil.

51. A company issued 15,000, 9% preference shares of Rs.100 each at 5% discount and 2,00,000 equity shares of Rs. 10 each at 10% premium. Full amount was received from the applicants in one instalment. The net balance of securities premium account will be:

(a) Rs. 75,000. (b) Rs. 1,25,000.
(c) Rs. 2,00,000. (d) Cannot be determined.

52. Anju Ltd. forfeited 300 equity shares of Rs. 10 each fully called-up, held by Manju for non-payment of final call @ Rs. 4 each. However, she paid application money @ Rs.2 per share and allotment money @ Rs. 4 per share. These shares were originally issued at par. The amount to be credited to Share forfeiture account will be:

(a) Rs. 1,200. (b) Rs. 3,000.
(c) Rs. 4,200. (d) Rs. 1,800.

53. Raj, Jai and Hari are the partners sharing profits in the ratio 7:5:4. Hari died on 30th June, 2010 and profits for the accounting year 2009-2010 were Rs. 24,000. How much share in profits for the period 1st April, 2010 to 30th June, 2010 will be credited to Hari's Account.

(a) Rs. 6,000. (b) Rs. 1,500.
(c) Nil. (d) Rs. 2,000.

54. 10,000 equity shares of Rs. 10 each were issued to public at a premium of Rs.2 per share. Applications were received for 12,000 shares. Amount of securities premium account will be

(a) Rs. 20,000. (b) Rs. 24,000.
(c) Rs. 4,000. (d) Rs. 1,600

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55. A company offers to the public 10,000 shares for subscription. The company receives application for 12,000 shares. If the shares are allotted on pro-rata basis, then applicants for 12,000 shares are to be allotted as

(a) 4 shares for every 5 shares applied. (b) 2 shares for every 3 shares applied.
(c) 5 shares for every 6 shares applied. (d) 3 shares for every 4 shares applied.

56. The Board of Directors of a company decides to issue minimum number of equity shares of Rs. 10 each at 10% discount to redeem Rs. 5,00,000 preference shares. The maximum amount of divisible profits available for redemption is Rs. 3,00,000. The number of shares to be issued by the company will be

(a) 20,000 shares. (b) 22,223 shares.
(c) 18,182 shares. (d) 25,000 shares.

57. Rich Ltd. had 3,000, 12% Redeemable preference shares of Rs. 100 each, fully paid-up. The company issued 25,000 equity shares of Rs. 10 each at par and 1,000 14% debentures of Rs. 100 each. All amounts were received in full. The payment was made in full. The amount to be transferred to Capital Redemption Reserve Account is

(a) Nil. (b) Rs. 2,00,000.
(c) Rs. 3,00,000. (d) Rs. 50,000.

58. Koina Ltd. issued 15,00,000, 12% debentures of Rs. 50 each at premium of 10% payable as Rs. 20 on application and balance on allotment. Debentures are redeemable at par after 6 years. All the money due on allotment was called up and received. The amount of premium will be

(a) Rs. 3,00,00,000. (b) Rs. 2,25,00,000.
(c) Rs. 75,00,000. (d) Rs. 5,25,00,000.

59. G Ltd. purchased land and building from H Ltd. for a book value of Rs. 2,00,000. The consideration was paid by issue of 12% Debentures of Rs. 100 each at a discount of 20%. The debentures account is credited with

(a) Rs. 2,60,000 (b) Rs. 2,50,000
(c) Rs. 2,40,000 (d) Rs. 1,60,000

60. Win Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be

(a) Rs. 40,000. (b) Rs. 10,000.
(c) Rs. 20,000. (d) Rs. 8,000.

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SECTION – B : MERCANTILE LAWS (40 MARKS)

61. An agency is said to be irrevocable where agency cannot be terminated or put to an end. An agency is irrevocable in the following cases:

(a) Where the agency is coupled with interest and the interests exists before the creation of the agency or where the agent has incurred personal liability.
(b) Where the agency is coupled with interest but the interest arises after the creation of the agency or where the agent has incurred personal liability.
(c) Where the agent has incurred personal liability.
(d) None of the above.

62. Which of the following is correct:

(a) A wagering agreement is void.
(b) A contingent contract is valid.
(c) A wagering agreement is void while a contingent contract is valid.
(d) None of the above.

63. The heir of the deceased partner

(a) Has a right to become a partner in the firm of the deceased partner.
(b) Does not have a right to become a partner in the firm of the deceased partner.
(c) Can become a partner in the firm of the deceased partner only if the surviving partners give their consent in this regard.
(d) Both (b) & (c).

64. In case of an agreement to sale, if the seller becomes insolvent while the goods are in his possession, the buyer's remedy

(a) Is to claim the goods from the official receiver or assignee.
(b) Is to claim dividend from the estate of the seller for the price paid.
(c) Is not available.
(d) Is to file a suit for damages.

65. The following are goods as per the Sale of Goods Act, 1930:

(a) Trademark. (b) Goodwill.
(c) Patent. (d) All of the above.

66. An unpaid seller loses the right of lien under the following circumstances:

(a) Where the seller so conducts himself that he leads third parties to believe that the lien does not exist.
(b) Where seller has waived the right of lien.
(c) Where the buyer or his agent lawfully obtains possession of the goods.
(d) All of the above.

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67. Essentials involved in appropriation of the goods are

(a) The goods should conform to the description and the quality stated in the contract.
(b) The goods must be in a deliverable state.
(c) The goods must be unconditionally appropriated to the contract either by delivery to the buyer or to its agent or the carrier.
(d) All of the above.

68. Which of the following is not correct:

(a) Coercion involves physical force.
(b) Undue influence involves physical force.
(c) Coercion need not be directed at the promisor.
(d) Undue influence is always exercised between the parties to the contract.

69. State which of the following is correct:

(a) There is not much difference in the nature of a partnership from the nature of a HUF.
(b) There is considerable difference in the nature of a partnership from the nature of a HUF.
(c) There is difference in the nature of a partnership from the nature of a HUF because unlike the nature of a HUF, the nature of a partnership is voluntary and contractual.
(d) There is not much difference in the nature of a partnership from the nature of a HUF because both involve a certain interest of a particular individual.

70. One person can contract with himself or with himself and others jointly

(a) No at least two persons or parties must be involved.
(b) Yes as the contract is between the individual and others jointly.
(c) Yes if there is a formal agreement.
(d) None of the above.

71. The cardinal principle of partnership law implies that

(a) The business must be carried on by all the partners or by anyone or more of the partners acting for all.
(b) The business may be carried on by all the partners acting for all.
(c) The business may be carried on by anyone or more of the partners acting for all.
(d) The business must be carried on in accordance with the decided profit (loss) sharing ratio.

72. In case of a public company

(a) There should be at least seven members and maximum number of members should not exceed fifty.
(b) There should be at least seven members and maximum number of members should not exceed hundred.
(c) There should be at least two members and maximum number of members should not exceed fifty.

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(d) There should be at least seven members and there is no restriction on the maximum number of members.

73. Silent is fraudulent in the following cases:

(a) If the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak.
(b) Where the circumstances are such that silence is in itself equivalent to speech.
(c) Both (a) and (b).
(d) None of the above.

74. An agency can be created by the following ways:

(a) Agency by actual authority. (b) Agency by ratification.
(c) Agency by ostensible authority. (d) All of the above.

75. The features of a Quasi Contract are as follows:

(a) Such contracts do not arise from any agreement of the concerned parties. It is imposed by law.
(b) Such a right is always a right to money, very often a right to a liquidated sum of money.
(c) It is a right available against a particular person or persons only, not against the world at large.
(d) All of the above.

76. An agency coupled with interest does not come to an end in case of the following:

(a) Death of the principal. (b) Insanity of the principal.
(c) Insolvency of the principal. (d) All of the above.

77. The test of good faith as provided in 'expulsion of the partner' in the Indian Partnership Act, 1932 requires the following:

(a) That the expulsion must be in the interest of the partnership.
(b) That the partner to be expelled is served with a notice.
(c) That he is given an opportunity of being heard.
(d) All of the above.

78. The relationship of principal and agent may arise by

(a) Express or implied agreement. (b) Ratification.
(c) Operation of law. (d) All of the above.

79. The following are the essential elements which need to co-exist in order to make a valid contract:

(a) Offer & Acceptance. (b) Intention to create legal acceptance.
(c) Capacity of parties – competency. (d) All of the above.

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80. The essential elements of a partnership _____.

(a) Must coexist before a partnership can come into existence.
(b) May be brought in within a reasonable time of a partnership coming into existence.
(c) May be brought in any time either during the creation of partnership or even thereafter.
(d) May not coexist before a partnership can come into existence, but they must coexist within one year of a partnership coming into existence.

81. In case of bailment, _____.

(a) Property in goods passes to the bailee at the time of contract.
(b) Property in goods passes to the bailee upon the payment of the last installment.
(c) Property in goods can pass to the bailee at any time after the contract.
(d) Property in goods does not pass to the bailee and instead there is transfer of possession of goods takes place from bailor to the bailee for a specific reason.

82. There are _____ kinds of delivery.

(a) Three (b) Four
(c) Five (d) Two

83. The maxim 'delegatus non potest delegare'means _____.

(a) A person whom authority has been given cannot delegate the authority to another.
(b) A person whom authority has been given can delegate the authority to another with prior permission.
(c) A person whom authority has been given to indemnify agent for injury caused by principal's neglect can be delegated.
(d) An authority can be delegated under protest by the person to whom authority has been given.

84. A registered firm cannot claim a set off exceeding the _____ in a proceeding instituted against the firm or any partner thereof.

(a) Rupees 1000/-. (b) Rupess 100/-.
(c) Rupees 500/-. (d) Rupees 10,000/-.

85. In case of an agreement to sell, the ownership in the goods remains with _____.

(a) The buyer.
(b) The seller.
(c) Both the buyer and the seller.
(d) The Central Government or the State Government, as the case may be.

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86. When two parties exchange identical offers in ignorance at the time of each other's offer, the offers are called _____.

(a) Standing Offer. (b) Open Offer.
(c) Identical Offers. (d) Cross Offer.

87. Goods which are to be manufactured or produced or acquired by the seller after making the contract of sale are known as _____.

(a) Specific Goods (b) Existing Goods
(c) Future Goods (d) Unascertained Goods

88. A person who is mentally deranged due to some mental strain or other personal experience and suffers from intermittent intervals of sanity and insanity is _____.

(a) Idiot Person (b) Lunatic Person
(c) Intoxicated Person (d) All of the above

89. Expulsion of a partner, which is not in accordance with provisions of the Indian Partnership Act, 1932 is _____.

(a) Null and void
(b) Null and void to some extent
(c) Is unconstitutional
(d) In good faith and in the interest of the partnership

90. The provisions relating to passing of property in case of goods sent on approval or 'on sale or return' basis is dealt in the _____ .

(a) Indian Contract Act, 1872 (b) Indian Partnership Act, 1932
(c) Sale of Goods Act, 1930 (d) Transfer of Property Act, 1882

91. Dissolution of partnership means _____.

(a) Dissolution of partnership between all the partners of a firm
(b) Insolvency of all the partners
(c) Both of the above
(d) None of the above

92. If the buyer is insolvent, _____.

(a) The seller cannot exercise the right of stoppage in transit
(b) The seller cannot exercise the right of lien
(c) The seller can exercise the right of lien
(d) The seller can exercise the right of stoppage in transit

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93. There can be a stranger to a consideration but not a stranger to a contract signifies that a consideration may move from _____.

(a) Promisee or any other person (b) Promisee
(c) Promisor (d) An independent person

94. A Hindu widow borrowed money from a lender for the purpose of filing a suit for maintenance. The lender advanced money at 100 percent rate of interest. The act of the money lender is induced by _____.

(a) Coercion (b) Undue Influence
(c) Fraud (d) Misrepresentation

95. The law dealing with the partnerships is contained in _____.

(a) The Indian Partnership Act, 1932
(b) The Indian Partnership Act, 1930
(c) The Indian Partnership Act , 1872
(d) The Indian Partnership Act, 2006

96. When performance of promise becomes impossible or illegal by occurrence of an unexpected event or change of circumstances beyond the contemplation of parties, the contract becomes void. The situation is dealing with _____.

(a) Remission (b) Recission
(c) Supervening Impossibility (d) Alteration

97. X, Y, Z are partners in a firm and X becomes insolvent. Then _____.

(a) The firm has to dissolve by default.
(b) The firm may not be dissolved unless there is any agreement between the partners to do so.
(c) The status of the firm becomes illegal from the date of adjudication of X as an insolvent.
(d) X remains a partner, unless the firm is dissolved.

98. A contingent contract is _____.

(a) A contract to do something if some event collateral to such contract does or does not happen.
(b) A contract not to do something if some event collateral to such contract does or does not happen.
(c) A contract to do or not to do something if some event collateral to such contract does or does not happen.
(d) A contract to do or not to do something if some event collateral to such contract does not happen.

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99. Arun had deposited a bag in the cloak Room of a railway station by paying Rs. 50/. On the face of the ticket, issued to him. were inscribed "see reverse for terms & conditions". Clause 10 of the printed Terms & Conditions limited the liability of the company for loss of a baggage to Rs. 100/-. The bag was lost and Arun claimed Rs. 650/- as its value.

(a) Arun was not bound by the conditions on the back of the ticket as he had not read them at all.
(b) Arun was bound by the conditions on the back of the ticket even if he had not read them.
(c) Arun was not bound by the conditions on the back of the ticket as his claim was 13 times more than the compensation offered to him by the railway company.
(d) Arun was bound by the conditions on the back of the ticket as he had not read them in full.

100. A and B become partners for 16 years. A pays B a premium of Rs. 5,000/-. At the end of 8 years there is dispute between A and B and they declare a dissolution.

(a) A can get back entire amount of the premium paid by him to B.
(b) A can get back a reasonable part of the premium.
(c) A can get back Rs. 2,500/- from B.
(d) A cannot get back any amount of the premium paid by him.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is incorrect?

(a) Unlike normative economics, positive economics is based on objective analysis of economic issues.
(b) The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.
(c) Microeconomics emphasizes interactions in the economy as a whole.
(d) None of the above.

102. Which of the following is incorrect?

(a) The production possibilities frontier shows the maximum combination of outputs that the economy can produce using all the resources available.
(b) Increasing opportunity cost implies a production possibility frontier concave to the origin.
(c) Free markets are the markets in which the governments do not intervene.
(d) All of the above are correct.

103. With the same amount of resources, a farmer can feed the following combinations of goats and horses:

	Goats	Horses
Option I	**168**	**44**
Option II	**150**	**50**

Given the option available with him, what is the opportunity cost to the farmer of feeding one horse?

(a) 1 goat. (b) 3 horses.
(c) 3 goats. (d) 18 goats.

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104. A drought in India leads to unusually low level of wheat production. This would lead to a rise in the price of wheat and fall in the quantity of wheat demanded due to:

(a) excess demand at the original price. (b) excess supply at the original price.
(c) the supply curve shifting to the right. (d) the demand curve shifting to the left.

105. If the elasticity of demand for a commodity is perfectly inelastic then which of the following is incorrect?

(a) The commodity must be essential to those who purchase it.
(b) The commodity must have many substitutes.
(c) The commodity will be purchased regardless of increase in its price.
(d) The elasticity of demand for this commodity must equal zero.

106. If a good has price elasticity greater than one then:

(a) demand is unit elastic and a change in price does not affect sellers' revenue.
(b) demand is elastic and a change in price causes sellers' revenue to change in the opposite direction.
(c) demand is inelastic and a change in price causes sellers' revenue to change in the same direction.
(d) None of the above is correct.

107. The law of diminishing returns implies that:

(a) for each extra unit of X consumed, holding constant consumption of other goods, total utility increases.
(b) total utility remains unchanged regardless of how many units of X are consumed.
(c) marginal utility will increase at a constant rate as more units of X are consumed.
(d) each extra unit of X consumed, holding constant consumption of other goods, adds successively less to total utility.

108. Which of the following is correct?

(a) Firms that earn accounting profits are economically profitable.
(b) Opportunity cost plus accounting cost equals economic cost.
(c) When a firm's demand curve slopes down marginal revenue will rise as output rises.
(d) Firms increase profits by selling more output than their rivals.

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109. You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	28
3	38
4	46
5	54

The above data is an example of:

(a) decreasing returns to scale. (b) constant returns to scale.
(c) increasing returns to scale. (d) positive fixed costs.

110. Which of the following statements is incorrect?

(a) If marginal revenue exceeds marginal cost the firm should increase output.
(b) If marginal cost exceeds marginal revenue the firm should decrease output.
(c) Economic profits are maximized when total costs are equal to total revenue.
(d) Profits are maximized when marginal revenue equals marginal cost.

111. Which of the following involve a trade-off?

(a) Taking a nap
(b) All of these answers involve trade-offs.
(c) Watching a football game on Saturday afternoon
(d) Going to university

112. When some people in a society are unwilling to work at the prevailing wage rate and there are people who have income from property or some other sources and need not work, such people are:

(a) casually unemployed. (b) chronically unemployed.
(c) voluntarily unemployed. (d) disguisedly unemployed.

113. If out of 100 people in the labour force, 92 are in the work force, the number of people unemployed is:

(a) 8 (b) 192
(c) 100 (d) 92

114. NIXI stands for:

(a) National Internet Exchange of India.
(b) National International Exchange of India.
(c) National Institute of Exchange of Indian goods.
(d) None of the above.

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115. If demand for goods and services is more than their supply, the resultant inflation is:

(a) cost push inflation. (b) stagflation.
(c) deflation. (d) demand pull inflation.

116. The actual disinvestment in the year 2010-11 is _____.

(a) Rs. 5,000 crore. (b) Rs. 22,763 crore.
(c) Rs. 1,567 crore. (d) Rs. 4,000 crore.

117. Trade-offs are required because wants are unlimited and resources are _____.

(a) economical. (b) unlimited.
(c) efficient. (d) scarce

118. If an increase in the price of blue jeans leads to an increase in the demand for tennis shoes, then blue jeans and tennis shoes are _____.

(a) complements. (b) inferior goods.
(c) normal goods. (d) substitutes.

119. Consumer surplus is the area _____.

(a) below the demand curve and above the price.
(b) above the supply curve and below the price.
(c) above the demand curve and below the price.
(d) below the supply curve and above the price.

120. A rational person does not act unless _____.

(a) the action is ethical.
(b) the action produces marginal costs that exceed marginal benefits.
(c) the action produces marginal benefits that exceed marginal costs.
(d) the action makes money for the person.

121. Suppose you find Rs 100. If you choose to use Rs.100 to go to a football match, your opportunity cost of going to the game is _____.

(a) nothing, because you found the money.
(b) Rs. 100 (because you could have used Rs. 100 to buy other things) plus the value of your time spent at the game.
(c) Rs. 100 (because you could have used the Rs. 100 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.
(d) Rs. 100 (because you could have used the Rs.100 to buy other things).

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122. If a fisherman must sell all of his daily catch before it spoils for whatever price he is offered, once the fish are caught the fisherman's price elasticity of supply for fresh fish is _____.

(a) zero.
(b) infinite.
(c) one.
(d) unable to be determined from this information.

123. If consumers always spend 15 percent of their income on food, then the income elasticity of demand for food is _____.

(a) 1.50 (b) 1.15
(c) 1.00 (d) 0.15

124. If marginal revenue exceeds marginal cost, a monopolist should _____.

(a) increase output.
(b) decrease output.
(c) keep output the same because profits are maximized when marginal revenue exceeds marginal cost.
(d) raise the price.

125. A market structure in which many firms sell products that are similar but not identical is known as

(a) monopolistic competition. (b) monopoly.
(c) perfect competition. (d) oligopoly.

126. Net national product at market price minus net indirect taxes is equal to _____.

(a) net foreign investment
(b) net foreign investment plus net domestic investment
(c) net national product at factor cost.
(d) replacement expenditure

127. Estate duty was levied on the _____.

(a) incomes of the individual
(b) production of goods
(c) export and import of goods
(d) total property passing to the heirs on the death of a person.

128. _____ countries are more subject to cyclical fluctuations.

(a) European. (b) Capital biased, advanced countries.
(c) Asian. (d) American

129. For the period of (1980-2005) the average GDP growth rate was about _____ % per annum.

(a) 6.6 (b) 5.4
(c) 2.5 (d) 5.6

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130. Electricity generated from water is called _____.

(a) thermal electricity. (b) hydel electricity.
(c) atomic energy. (d) tidal energy.

131. Over the years the number of cancer cases has _____.

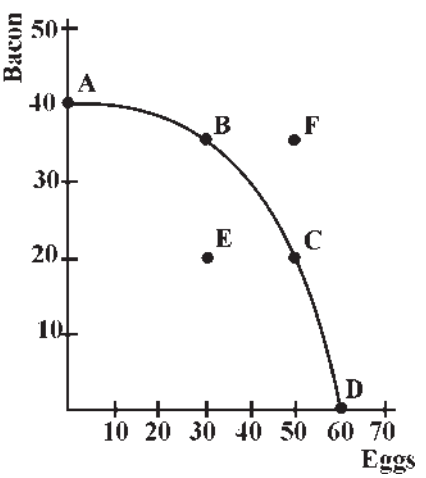
(a) increased. (b) decreased.
(c) remained constant. (d) doubled.

132. Quantitative restrictions on _____ items were removed in the EXIM Policy of 2001-02.

(a) 123 (b) 193
(c) 715 (d) 183

Read Figure 1 and answer questions 133-135.

Exhib:6



133. Refer to Figure 1, if the economy is operating at point C, the opportunity cost of producing an additional 15 units of bacon is

(a) 40 units of eggs. (b) 10 units of eggs.
(c) 20 units of eggs. (d) 30 units of eggs.

134. Refer to Figure 1, if the economy was operating at E:

(a) the opportunity cost of 20 additional units of eggs is 10 units of bacon.
(b) the opportunity cost of 20 additional units of eggs is 20 units of bacon.
(c) the opportunity cost of 20 additional units of eggs is 30 units of bacon.
(d) 20 additional units of eggs can be produced with no impact on bacon production.

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135. If the economy moves from point A to point D in Figure 1 then:

(a) the opportunity cost of eggs in terms of bacon falls.
(b) the opportunity cost of eggs in terms of bacon rises.
(c) the opportunity cost of eggs in terms of bacon is constant.
(d) the economy becomes less efficient.

136. Point F in figure 1 represents:

(a) none of these answers.
(b) a combination of production that can be reached if we reduce the production of eggs by 20 units.
(c) a combination of production that can be reached if there is a sufficient advance in technology.
(d) a combination of production that is inefficient because there are unemployed resources.

137. Which of the following represents a movement towards better utilisation of existing resources?

(a) A movement from point A to point B.
(b) A movement from point E to point B.
(c) A movement from point C to point B.
(d) A movement from point F to point B.

138. Suppose that the price of a new bicycle is Rs. 200. Natalie values a new bicycle at Rs. 400. What is the value of total consumer surplus if Natalie buys a new bike?

(a) Rs. 500 (b) Rs. 300
(c) Rs. 200 (d) Rs. 400

139. Suppose that at a price of Rs 300 per month, there are 30,000 subscribers to cable television in Small Town. If Small Town Cablevision raises its price to Rs. 400 per month, the number of subscribers will fall to 20,000. Using the midpoint method for calculating the elasticity, what is the price elasticity of demand for cable TV in Small Town?

(a) 1.4 (b) 0.66
(c) 0.75 (d) 2.0

140. If a buyer's willingness to pay for a new car is Rs. 200,000 and she is able to actually buy it for Rs.1,80,000 her consumer surplus is

(a) Rs.18,000 (b) Rs.20,000
(c) Rs. 2,000 (d) Rs. 0

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141. Suppose there are three identical vases available to be purchased. Buyer 1 is willing to pay Rs 30 for one, buyer 2 is willing to pay Rs 25 for one, and buyer 3 is willing to pay Rs 20 for one. If the price is Rs 25, how many vases will be sold and what is the value of consumer surplus in this market?

(a) Three vases will be sold and consumer surplus is Rs. 80.
(b) One vase will be sold and consumer surplus is Rs. 5.
(c) One vase will be sold and consumer surplus is Rs.30.
(d) Two vases will be sold and consumer surplus is Rs. 5.

Read the following paragraph and answer questions 142-144

Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 100 each. It costs Nicole Rs. 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs 1,00,000 in her factory and equipment: Rs 50,000 from her savings and Rs 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 10 per cent, too.) Nicole can work at a competing pottery factory for Rs. 40,000 per year.

142. The accounting cost at Nicole's pottery factory is:

(a) Rs. 25,000 (b) Rs. 50,000
(c) Rs. 80,000 (d) Rs. 75,000

143. The economic cost at Nicole's factory is:

(a) Rs. 75,000 (b) Rs. 70,000
(c) Rs. 80,000 (d) Rs 30,000

144. The accounting profit at Nicole's pottery factory is:

(a) Rs. 30,000 (b) Rs.50,000
(c) Rs. 80,000 (d) Rs 75,000

145. The economic profit at Nicole's factory is:

(a) Rs. 75000 (b) Rs. 35000
(c) Rs 80000 (d) Rs 30000

Mr. X and Co. operates in a perfectly competitive market. He sells his product at Rs. 8 per unit. His fixed costs are Rs. 100. His other costs are given below. Read the following table and answer questions 146-150.

Output	Variable Cost	Fixed Cost	Total Cost	Marginal Cost
0	0			
1	5			
2	11			
3	18			
4	26			
5	36			
6	50			

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146. What is Mr X and Co's total cost when 4 units are produced?

(a) Rs. 126 (b) Rs. 100
(c) Rs. 26 (d) Rs. 8

147. When Mr. X and Co's production increases from 5 to 6 units, his marginal cost becomes?

(a) Rs. 8 (b) Rs. 14
(c) Rs. 10 (d) Rs. 6

148. The average fixed cost of producing 4 units is:

(a) Rs 1.50 (b) Rs 2.25
(c) Rs. 25 (d) Rs. 3.00

149. The average total cost of producing 6 units is:

(a) Rs. 2.50 (b) Rs. 3.00
(c) Rs. 25 (d) Rs. 30

150. When will Mr X and Co maximize profits?

(a) When 4 units are produced. (b) When 5 units are produced.
(c) When the company shuts down. (d) When 3 units are produced.

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Factor reversal test is satisfied by

(a) Laspeyre's index. (b) Paasche's index.
(c) Fisher's ideal index. (d) None of these.

152. Laspeyre's index is based on

(a) Base year quantities.
(b) Current year quantities.
(c) Average of current year and base year.
(d) None of these.

153. The mean and mode of a normal distribution

(a) Are always different. (b) Are always equal.
(c) May be different. (d) May be equal.

154. Two cards are drawn from a well shuffled pack of 52 cards. Find the probability that they are both kings if the first is replaced.

(a) 1/13 (b) 1/ 169
(c) 1/221 (d) None of these.

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155. A pair of dice is thrown and sum of the numbers on the two dice comes to be 7. What is the probability that the number 3 has come on one of the dice?

(a) 1/9 (b) 1/3
(c) 1/4 (d) None of these.

156. If in binomial distribution np = 6 and npq = 3, then p is equal to

(a) 1/3 (b) 1/2
(c) 1/4 (d) None of these.

157. P_{10} is the index for time

(a) 1 on 0 (b) 0 on 1
(c) 1 on 1 (d) 0 on 0

158. Find value of $\frac{dy}{dx}$ if $y = x^x$

(a) $x^x . \log_e e^x$ (b) $1 + \log x$
(c) $y. \log x$ (d) None of these.

159. Compute the value of $\lim_{x \to a} \frac{x^2 - a^2}{x - a}$

(a) a (b) 2a
(c) – 2a (d) a^2

160. Two variables x and y are related by 7x + 7y + 13 = 0 and $\bar{x} = 7$, then $\bar{y}$ is

(a) 8.80 (b) 8.86
(c) – 8.80 (d) – 8.86

161. We use t-distribution when samples are drawn from the _____ population.

(a) Normal (b) Binomial
(c) Poisson (d) None of these

162. _____ is uniparametric distribution.

(a) Binomial (b) Poisson
(c) Normal (d) Hyper geometric

163. First quartile is the value for which one–fourth of the observations are _____Q_1 and the remaining three–fourths observations are _____Q_1.

(a) Less than or equal to, More than or equal to
(b) More than or equal to, Less than or equal to
(c) Less than, More than
(d) More than, Less than

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164. A variable is known to be _____ if it can assume any value from a given interval.

(a) Discrete (b) Continuous
(c) Attribute (d) Characteristic

165. _____ is the entire upper part of the table which includes columns and sub–column numbers, unit(s) measurement.

(a) Stub (b) Box–head
(c) Body (d) Caption

166. _____ is the left part if the table providing the description of the rows.

(a) Caption (b) Body
(c) Stub (d) Box head

167. In case of a _____, plotted points on a scatter diagram concentrate from upper left to lower right.

(a) Zero correlation (b) Negative correlation
(c) Positive correlation (d) Multiple correlation

168. 50% of actual values will be below & 50% of values will be above _____.

(a) Mode (b) Median
(c) Mean (d) Q_1

169. The correlation between Employment and Purchasing power is _____.

(a) Positive (b) Negative
(c) Zero (d) None of these

170. Data collected on sex ratio from the census reports are _____.

(a) Primary data (b) Secondary data
(c) Discrete data (d) Continuous data

171. What is the median for the following observations 6,10,15,16,20,5,8?

(a) 8 (b) 10
(c) 15 (d) None of these.

172. The variables x and y are related by 2x+ 3y = 6 and median of x is 2. What is the median of y?

(a) 1/3 (b) 2/3
(c) 1 (d) None of these.

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173. Find D_6 for the following observations:
7, 9, 5, 4, 10, 15, 14, 18, 6, 20

(a) 11.40 (b) 12.40
(c) 13.40 (d) 13.80

174. Refer following table:

Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find Relative frequency for the second class interval?

(a) 1/11 (b) 5/4
(c) 5/16 (d) 1/4

175. If the coefficient of correlation between two variables is –0.4, then the coefficient of determination is

(a) 0.6 (b) 0.16
(c) 0.4 (d) 0.2

176. If the coefficient of correlation between two variables is 0.7, then the percentage of variation unaccounted for is

(a) 70% (b) 30%
(c) 51% (d) 49%

177. A bag contains 5 red and 3 yellow balls. Two balls are drawn at random one after the other without replacement. The probability that both balls drawn are yellow is

(a) 9/64 (b) 3/28
(c) 1/7 (d) None of these.

178. The common ratio of the G.P. 2,–6, 18, –54 is

(a) 3 (b) –3
(c) 4 (d) –4

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179. The integral of $\int \frac{dx}{x^2 - a^2}$ will be

(a) $\frac{1}{2a} \log \frac{(x-a)}{(x+a)}$ (b) $\frac{1}{2a} \log \frac{(x+a)}{(x-a)}$

(c) $\frac{1}{2a} \log \frac{x}{(x+a)}$ (d) None of these.

180. How many numbers greater than 2000 can be formed with the digits 1, 2,3,4,5 with each digit distinct?

(a) 216 (b) 120
(c) 24 (d) 240

181. If A = (1, 2, 3, 5, 7) and B= (1, 3, 6, 10, 15) then cardinal number of A~B is

(a) 3 (b) –4
(c) 6 (d) None of these.

182. Let $p = x^3 \log x$, so what is the value of $\frac{d^2p}{dx^2}$

(a) $x + 2x \log x$ (b) $x^2 + \log x\, 2x^2$
(c) $x^2 + 2x \log x$ (d) None of these.

183. Ram is confused whether to invest at 9% p.a. compounded monthly or 9.25% p.a. simple interest, given that

$(1+ 0.0075)^{12} = 1.09380690$

The student decided to find effective rate of interest which is

(a) 9% (b) 9.25%
(c) 9.38% (d) None of these.

184. Find the equation of the line with slope –0.25 and (–2, –4) on the line

(a) $x + 4y + 18 = 0$ (b) $2x + 4y + 15 = 0$
(c) $2x + y + 18 = 0$ (d) $x + 4xy - 18 = 0$

185. Find $\frac{dy}{dx}$ when $y = 4x^3 + 8x^7$ at $x^2 = 2$

(a) 424 (b) 470
(c) 472 (d) None of these.

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186. Evaluate $\lim_{x\to\infty}\left(1+\frac{9}{x}\right)^{x}$

(a) e^9 (b) 9
(c) 1 (d) e^1

187. If the set P has 6, Q has 5 and R has 2 elements, then the set $P \times Q \times R$ contains

(a) 13 (b) 9
(c) 60 (d) None of these.

188. Find the 10^{th} term of an A.P with first term as 4 and common difference being 2

(a) 22 (b) 25
(c) 20 (d) 13

189. ${}^nP_r$ can be expressed as

(a) $\frac{n!}{r!}$ (b) $\frac{n!}{(n-r)!}$

(c) $\frac{n!}{r!(n-r)!}$ (d) None of these.

190. If $10^{-2} =$, then the value of $\log_{10} 0.01$ is

(a) –2 (b) 2
(c) –1 (d) 1

191. Solving equation $3x^2 - 14x + 16 = 0$, we get roots as

(a) ± 1 (b) ± 2
(c) 0 (d) None of these.

192. Mr. Rahul invested in Bank Rs. 80,000 for 4 years at 10% p.a. rate of interest. How much he will earn?

(a) Rs. 32,000 (b) Rs. 18,000
(c) Rs. 23,000 (d) None of these.

193. Find the value of p from $\left(\sqrt{4}\right)^{-6} \times \left(\sqrt{2}\right)^{-2} = 2^p$

(a) 16 (b) 8
(c) –8 (d) 4

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194. **Evaluate** $\int_1^2 \frac{dx}{(x+1)(x+2)}$

(a) $\log \frac{9}{8}$ (b) $\log \frac{8}{9}$

(c) $\log \frac{6}{8}$ (d) $\log \frac{5}{4}$

195. **If** $\frac{p}{7} = \frac{q}{6} = \frac{r}{11}$ **then** $\frac{p+q+r}{p}$ **is**

(a) 8 (b) 5
(c) 4 (d) None of these.

196. **The numbers 2.4, 3.2, 1.5, 2 are in proportion & their product of means is 4.8, find the product of extremes?**

(a) 4.8 (b) 2.4
(c) 8.4 (d) None of these.

197. **Determine the solution set of** $\frac{1}{x}+\frac{1}{y}+\frac{1}{z}=5$; $\frac{2}{x}-\frac{3}{y}-\frac{4}{z}=-11$ **and** $\frac{3}{x}+\frac{2}{y}-\frac{1}{z}=-6$ **is**

(a) 2, 6, 3 (b) 2, 3, 6
(c) 6, 3, 2 (d) 6, 2, 3

198. **In a class of boys (x) and girls (y) the maximum seating capacity is 360. This can be shown by**

(a) $x + y \leq 360$ (b) $x + y \geq 360$
(c) x + y 360 (d) None of these.

199. **Determine the common difference of progression 16, 13,10 ..... 25 terms**

(a) 2 (b) –2
(c) 3 (d) –3

200. **If P = {1, 2, 3, 4} : Q = {2, 4, 6} then** $P \cup Q$

(a) {1, 2, 3, 6} (b) {1, 4, 6}
(c) {1, 2, 3, 4, 6} (d) None of these.

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COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 10

Time : 4 hours ***Maximum Marks : 200***

The test is divided into four sections.

Every correct answer carries + 1 mark each and – 0.25 mark will be deducted for each wrong answer.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. Mr. Ashok buys clothing of Rs. 50,000 paying cash Rs. 20,000. What is the amount of expense as per the accrual concept?

(a) Rs. 50,000. (b) Rs. 20,000.
(c) Rs. 30,000. (d) Nil.

2. Loss leads to a reduction in

(a) Liability. (b) Capital.
(c) Income. (d) None of the three.

3. Accounting standards are

(a) Basis for selection of accounting policy.
(b) Set of broad accounting policies to be followed by an entity.
(c) Basis for establishing and managing an entity.
(d) All of the above.

4. "Substance of any transaction should be considered while recording them and not only the legal form" is the statement which holds true for:

(a) Substance over form. (b) Disclosure of accounting policies.
(c) Both (a) and (b). (d) None of the three.

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5. The determination of the amount of provision for doubtful debts is an accounting

(a) Policy. (b) Estimate.
(c) parameter. (d) None of the above

6. What is the order in which the accounting transactions and events are recorded in the books?

(a) Journal, Subsidiary books, Ledger, Balance sheet , Profit and loss account.
(b) Ledger, Journal, Ledger, Balance sheet , Profit and loss account
(c) Journal, Ledger, Profit and loss account, Balance sheet .
(d) Profit and loss account, Ledger, Balance sheet, Journal.

7. The expired portion of capital expenditure is shown in the financial statements as

(a) As an income. (b) As an expense.
(c) As an asset. (d) As a liability.

8. Rs. 5,000 incurred for upgradation of computer by installation of 128 MB RAM is

(a) Capital expenditure. (b) Deferred revenue expenditure.
(c) Revenue expenditure. (d) None of the above.

9. According to money measurement concept, currency transactions and events are recorded in the books of accounts

(a) In the ruling currency of the country in which transaction takes place.
(b) In the ruling currency of the country in which books of account are prepared.
(c) In the currency set by the ministry of finance.
(d) In the currency set by the Government.

10. All of the following errors do not affect the trial balance, except

(a) Compensating errors. (b) Errors of complete omission.
(c) Errors of partial omission. (d) Errors of principle.

11. Errors are _____ mistakes.

(a) Intentional. (b) Unintentional.
(c) Undetected. (d) None of the three.

12. Trial balance is a statement which shows the _____ or the _____of all the accounts.

(a) Balances, Entries. (b) Opening balances, Closing balances.
(c) Posted balances, Total of balances. (d) Debit balance, Credit balance.

13. It is easy to detect _____ than to _____.

(a) Frauds, Errors. (b) Mistakes, Errors.
(c) Errors, Frauds. (d) Errors, Mistakes.

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14. In case of debit balance, the words _____ are written on the debit side.

(a) To balance b/d. (b) To balance c/d.
(c) By balance b/d. (d) By balance c/d.

15. Rs. 5,000 spent on maintenance of plant and machinery is _____.

(a) Capital expenditure. (b) Revenue expenditure.
(c) Deferred capital expenditure. (d) None of the three.

16. Bank pass book is also known as _____

(a) Bank book. (b) Bank account.
(c) Bank column. (d) Bank statement.

17. Capital expenditures are recorded in the _____

(a) Balance sheet. (b) Profit and loss account.
(c) Trading account. (d) Manufacturing account.

18. Accounts receivable normally has _____ balance.

(a) Debit. (b) Credit.
(c) Unfavourable. (d) None of the above.

19. An account is a formal record of changes in items of _____ nature.

(a) Revenue. (b) Expense.
(c) Debit. (d) Similar.

20. The assumption underlying the fixed installment method of depreciation is that of _____ of the asset over different years of its useful life.

(a) Usage. (b) Equal usage.
(c) Charge. (d) None of the above.

21. A businessman purchased goods for Rs.25,00,000 and sold 70% of such goods during the accounting year ended 31st March, 2010. The market value of the remaining goods was Rs.5,00,000. He valued the closing stock at Rs. 5,00,000 and not at Rs. 7,50,000 due to

(a) Money measurement concept. (b) Conservatism concept.
(c) Cost concept. (d) Periodicity concept.

22. M/s Omega Brothers, which was registered in the year 2004, has been following LIFO method for valuation of shares. It changed its method from LIFO to FIFO Method in the year 2009. The auditor raised objection to this change in the method of valuation of investments.

The objection of the auditor is justified because

(a) Change in the method should be done only with the consent of the auditor
(b) Method can be changed only from FIFO to LIFO and not vice versa
(c) Change in the method should be done only if it is required by some statute and change would result in appropriate presentation of financial statement
(d) Method cannot be changed under any circumstances.

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23. Following are the items of the balance sheet of Mr. X:

Capital Rs. 7,00,000; Machinery Rs. 5,00,000 and cash Rs. 2,00,000. If Mr. X spends Rs. 5,000 to meet his family expenses, the balance of capital and cash accounts will be

(a) Rs. 7,00,000 and Rs. 2,00,000. (b) Rs. 6,95,000 and Rs. 1,95,000.
(c) Rs. 7,00,000 and RS. 1,95,000. (d) Rs. 6,95,000 and Rs. 2,00,000.

24. Mr. Mohan started a cloth business by investing Rs. 50,000, bought merchandise worth Rs. 50,000. He sold merchandise for Rs. 60,000. Customers paid him Rs. 50,000 cash and assured him to pay Rs. 10,000 shortly. The amount of revenue earned by him is _____

(a) Rs. 50,000. (b) Rs. 60,000.
(c) Rs. 1,00,000. (d) Rs. 70,000.

25. If sales revenues are Rs. 4,00,000; cost of goods sold is Rs. 3,10,000, the gross profit is _____

(a) Rs. 90,000. (b) Rs. 4,00,000.
(c) Rs. 3,10,000. (d) None of the three.

26. When balance as per cash book (debit balance) as on 31st March is the starting point, what will be the effect while preparing bank reconciliation statement when out of the cheques amounting to Rs. 5,000 deposited, cheques aggregating Rs. 1,500 were credited in March and cheques aggregating Rs. 2,000 credited in April and the rest have not been collected?

(a) Subtract Rs. 2,000. (b) Add Rs 2,000.
(c) Subtract Rs.3,500. (d) Add Rs. 3,500.

27. A and B purchased a piece of land for Rs. 30,000 and sold it for Rs. 60,000 in 2010. Originally A had contributed Rs. 12,000 and B Rs. 8,000. The profit on venture will be

(a) Rs. 30,000 (b) Rs. 20,000
(c) Rs. 60,000 (d) Nil

28. On 1.1.2010 X draws a bill on Y for Rs 1,00,000. At maturity, the bill returned dishonoured as Y became insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is:

(a) 20,000 (b) Nil
(c) 40,000 (d) 40 paise

29. An individual invests Rs.2,00,000 for running a stationery business. On 1st Jan., he purchases goods for Rs. 1,15,000 and sells for Rs. 1,47,000 during the month of January. He pays shop rent for the month Rs. 5,000 and finds that still he has goods worth Rs. 15,000 in hand. The amount of surplus will be

(a) Rs. 42,000 (b) Rs. 1,62,000
(c) Rs. 47,000 (d) Rs. 27,000.

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30. Goods costing Rs. 600 is supplied to Ram at the invoice of 10% above cost and a trade discount for 5%. The amount of sales will be

(a) Rs. 627. (b) Rs. 660.
(c) Rs. 570. (d) Rs. 620.

31. Goods sold for cash Rs. 10,000, plus 10% sales tax. Sales will be credited by

(a) Rs. 11,000. (b) Rs. 10,000.
(c) Rs. 9,000 (d) None of the above.

32. Ganesh takes a salary Rs. 10,000 per month. He withdrew goods worth Rs. 2,500 for personal use and got salary Rs. 9,500 in cash. The excess payment of Rs. 2,000 will be debited to

(a) Sales account. (b) Goods account.
(c) Salary account. (d) Salary in advance account.

33. Journal entry for Rs. 6,000 stolen from the safe of the firm will be _____

(a) Dr. P& L a/c and Cr. Cash embezzlement a/c Rs. 6,000.
(b) Dr. Cash embezzlement a/c and Cr. Cash a/c Rs. 6,000.
(c) Dr. Cash a/c and Cr. P& L a/c Rs. 6,000
(d) None of the above.

34. After preparing the trial balance the accountant finds that the total of the debit side is short by Rs. 1,000. This difference will be _____

(a) Credited to suspense account.
(b) Debited to suspense account.
(c) Adjusted to any of the debit balance account.
(d) Adjusted to any of the credit balance account.

35. The accountant of the firm M/s ABC is unable to tally the following trial balance.

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		12,500
2.	Purchases	10,000	
3.	Miscellaneous expenses		2,500
	Total	10,000	15,000

The above difference in trial balance is due to

(a) Wrong placing of sales account
(b) Incorrect totalling.
(c) Wrong placing of miscellaneous expenses account
(d) Wrong placing of all accounts.

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36. Sita and Gita are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing interest on capital. Profits apportioned among Sita and Gita is:

(a) Rs. 4,680 and 3,120 (b) Rs. 4,800 and 3,000
(c) Rs. 5,000 and 2,800 (d) None of the above.

37. A sale of Rs. 100 to A recorded in the Purchase Book would affect:

(a) Sales Account
(b) Purchases Returns Account
(c) Sales Account, Purchases Account & A Account.
(d) None of the above.

38. Total capital employed by a partnership firm is Rs.1,00,000 and its average profit is Rs.25,000. Normal rate of return is 20% in similar firms working under similar conditions. The firms earns super profit of:

(a) Rs. 3,000 (b) Rs. 5,000
(c) Rs. 4,000 (d) Rs. 2,000

39. If capital employed by a partnership firm is Rs.1,00,000 and its average profit is Rs. 20,000, normal rate of return is 15%, the value of goodwill according to capitalization method will be

(a) Rs.30,000 (b) Rs.5,000
(c) Rs.1,33,333 (d) Rs.33,333

40. A and D are equal partners. They wanted to admit C as 1/6th partner who brought Rs.60,000 as goodwill. The new profit sharing ratio is 3:2:1. Profit sacrificing ratio will be

(a) 0:1/6 (b) 2:1
(c) 3:1 (d) None of the above.

41. A, B, C & D are in partnership sharing profits and losses equally. They mutually agree to change the profit sharing ratio to 3:3:2:2. In this process D losses

(a) $\frac{1}{20}$ th share (b) $\frac{1}{10}$ th share

(c) $\frac{1}{5}$ th share (d) None of the above

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42. The following information pertains to X Ltd.

(i) Equity share capital called up Rs.5,00,000
(ii) Calls in arrear Rs.40,000
(iii) Calls in advance Rs.25,000
(iv) Proposed dividend 15%

The amount of dividend payable is

(a) Rs.75,000 (b) Rs.72,750
(c) Rs.71,250 (d) Rs.69,000

43 . Alfa Ltd. issued shares of Rs.10 each at a discount of 10%. Mr. C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeited his entire shares, the forfeiture account will be credited by:

(a) Rs. 90. (b) Rs. 81.
(c) Rs. 60. (d) Rs. 54.

44. The profits of last three years are Rs. 43,000; Rs. 38,000 and Rs. 45,000. Find out the goodwill of two years purchase.

(a) Rs. 42,000. (b) Rs. 84,000.
(c) Rs. 1,26,000. (d) Rs. 36,000.

45. Mohan sent some goods costing Rs. 3,500 at profit of 25% on sale to Sohan on sale or return basis. Sohan return goods costing Rs.800. At the year end, i.e., on 31st December, 2006, the remaining goods were neither returned nor approved by him. The stock on approval will be shown in the balance sheet at Rs. _____

(a) Rs. 2,000 (b) Rs. 2,700
(c) Rs. 2025 (d) Rs. 3,500

46. A's acceptance to B for Rs.2,500 discharge by a cash payment of Rs.1,000 and a new bill for the balance plus Rs.50 for interest. The amount of the new bill will be Rs. _____

(a) 2,550 (b) 1,550
(c) 1,050 (d) None of the three.

47. A bought goods of the value Rs.10,000 and consigned them to B to be sold on joint venture, profits being divided equally. A draws a bill on B for an amount equivalent to 80% of cost on consignment. The amount of bill will be

(a) Rs. 10,000 (b) Rs. 8,000
(c) Rs. 6,000 (d) Rs. 9,000

48. Goods costing Rs.1,80,000 sent to consignee to show a profit of 20% on invoice price. Invoice price of the goods is _____

(a) Rs. 2,16,000 (b) Rs. 2,25,000
(c) Rs. 2,10,000 (d) None of the above.

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49. If 1,000 typewriters costing Rs.250 each are sent on consignment basis and Rs.10,000 is spent for freight etc., 20 typewriters are damaged in transit beyond repair. The amount of loss will be _____

(a) Rs. 5,000 (b) Rs.200
(c) Rs.5,200 (d) None of the above.

50. 1,000 Kg. of Mangoes were consigned to a wholesaler, the cost being Rs. 3 per kg. plus Rs. 400 freight. Loss of 15% of Mangoes is unavoidable. 750 kgs. were sold by the consignee. The remaining stock of 100 kg. will be valued at

(a) Rs. 300. (b) Rs. 500.
(c) Rs. 400. (d) None of the above.

51. Machinery costing Rs.10,00,000 was purchased on 1.4.2009. The installation charges amounting Rs.1,00,000 were incurred. The depreciation at 10% per annum on straight line method for the year ended 31st March, 2010 will be ____

(a) Rs.1,00,000 (b) Rs. 2,00,000
(c) Rs. 1,10,000 (d) None of the above.

52. Goods costing Rs 5,00,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be _____

(a) Rs. 5,00,000 (b) Rs. 6,25,000
(c) Rs. 6,00,000 (d) None of the above.

53. Opening stock Rs. 2,50,000, closing stock Rs. 50,000, purchases Rs. 2,00,000, sales Rs. 5,00,000. Gross profit rate 20% on sales. The amount of gross profit is:

(a) Rs. 1,10,000. (b) Rs. 1,00,000
(c) Nil. (d) None of the above.

54. XYZ & Company employs a team of ten workers who were paid Rs.1,000 each in the year ending 31st December, 2008. At the start of year 2009, the company raised salaries by 10%. The amount of salaries for the year ended 31st December, 2009 will be _____

(a) Rs. 10,000 (b) Rs. 15,000
(c) Rs. 11,000 (d) None of the above.

55. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2010 is Rs. 10,000. Cheques deposited but not cleared amounts to Rs. 1,000 and Cheques issued but not presented of Rs. 2,000. Balance as per pass book should be

(a) Rs. 11,000. (b) Rs. 9,000.
(c) Rs. 10,000. (d) None of the three.

56. Goods purchased Rs. 1,00,000. Sales Rs. 90,000. Margin 20 % on sales. Closing stock is

(a) Rs. 10,000. (b) Rs. 25,000.
(c) Rs. 28,000. (d) None of the above.

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57. Mohan runs a restaurant. He renovates some of the old cabins to increase some space. The amount of Rs. 15,000 was incurred on renovation. The amount to be charged to profit and loss account is

(a) Nil. (b) Rs. 15,000.
(c) Rs. 10,000. (d) None of the above

58. Money paid to MTNL Rs. 10,000 for installing telephone in office is:

(a) Expense. (b) Liability.
(c) Asset. (d) Revenue.

59. A company forfeited 1,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs. 4 per share. The called-up value per share was Rs.8. On forfeiture, the amount debited to share capital will be

(a) Rs.10,000 (b) Rs.8,000
(c) Rs.2,000 (d) Rs.18,000.

60. Capital introduced in the beginning by Shyam Rs. 3,00,000; further capital introduced during the year Rs. 2,00,000; Drawing Rs. 1,500 per month and closing capital is Rs. 4,50,000. The amount of profit or loss for the year is:

(a) Loss of Rs. 32,000.
(b) Loss of Rs. 50,000.
(c) Profit of Rs. 32,000.
(d) Information is insufficient for any comment.

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Which of the following is correct:

(a) The liability of partners of a firm is unlimited.
(b) Generally the liability of a member of a company is limited but it can be unlimited.
(c) All of the above.
(d) The liability of partner of firm is same as a member of any company.

62. Under the Indian Contract Act, 1872, the termination of an agents' authority can be caused due to

(a) Revocation of authority by the agent.
(b) Renunciation of agency by the principal.
(c) Both (a) and (b).
(d) Neither of (a) or (b).

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63. The following are the requisites of a valid ratification of a contract of agency:

(a) The whole transaction can be ratified.
(b) Ratification must be communicated to the party who is sought to be bound by the act done by the agent.
(c) Ratification can be of the acts which the principal had the power to do.
(d) All of the above.

64. An offer may be made to the following:

(a) A particular person.
(b) A particular group or body of persons.
(c) The public at large i.e. the whole world.
(d) All of the above.

65. The following is not a 'document of title to goods':

(a) Bill of lading.
(b) Dock-warrant.
(c) Stamped acknowledgement for receipt of goods.
(d) Warehouse keeper's certificate.

66. An agreement induced by mistake of fact is void if the following conditions are fulfilled:

(a) Both the parties must be under the same mistake.
(b) The mistake must be as to some fact.
(c) The fact must be essential to the agreement.
(d) All of the above.

67. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of formation are of the following types:

(a) Express Contracts. (b) Implied Contracts.
(c) Quasi Contracts. (d) All of the above.

68. A condition may be treated as warranty in the following cases:

(a) Where the buyer altogether waives the performance of the condition.
(b) Where the buyer elects to treat the breach of condition as one of a warranty.
(c) In both of the above situations.
(d) In some other situations, but not in the above situations.

69. The difference in consideration under English law and Indian law are:

(a) Under English law past consideration is no consideration whereas under Indian Law past consideration is good consideration.
(b) Under English law consideration must move from the promisee only and no other person whereas under Indian Law consideration may move from the promisee or any other person.

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(c) Under English law formal contracts i.e. one which is one in writing do not require any consideration whereas under Indian Law all contracts are required to be supported by consideration.

(d) All of the above.

70. Implied authority of the partner does not empower him to

(a) Open a bank account on behalf of the firm in his own name.

(b) Compromise or relinquish any claim or portion of a claim by the firm against an outsider.

(c) Both of the above.

(d) None of the above.

71. Compulsory Dissolution includes

(a) Dissolution by the adjudication of all the partners or of all the partners but one as insolvent.

(b) Dissolution by the business of the firm becoming unlawful.

(c) All of the above.

(d) None of the above.

72. Ratification by a minor of a contract entered during minority, even after he attains majority is not allowed.

(a) The above statement is correct. (b) The above statement is partly correct.

(c) The above statement is incorrect. (d) The above statement is irrelevant.

73. A contract between A, B and C was executed whereby A pays money to B for delivering some goods to C. C has not paid any consideration. Can C enforce the agreement?

(a) Yes, as he is the beneficiary of Trust.

(b) Yes but the same can only be done jointly with A.

(c) No as C did not pay the consideration.

(d) A and only A can enforce the agreement.

74. In case of sale

(a) Property in goods does not pass to the buyer.

(b) Risk in the goods does not pass to the buyer.

(c) Both of the above.

(d) None of the above.

75. A void contract is a contract without any legal effect and cannot be enforced in a Court of law. The following are instances of void contracts:

(a) Agreements entered under mistake of fact.

(b) Agreements by way of wager.

(c) Agreements made without consideration.

(d) All of the above.

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76. In case of bailment

(a) Property in goods passes to the bailee at the time of contract.
(b) Property in goods passes to the bailee upon the payment of the last installment.
(c) Property in goods can pass to the bailee at any time after the contract.
(d) None of the above.

77. Acceptance is deemed to take place when the buyer

(a) Intimates to the seller that he had accepted the goods.
(b) Does any act to the goods, which is inconsistent with the ownership of the seller.
(c) Retains the goods after the lapse of a reasonable time, without intimating to the seller that he has rejected them.
(d) Either (a) or (b) or (c).

78. The rights of a minor when admitted to the benefits of the partnership include

(a) Right to share of the property and profits of the firm as may be agreed upon.
(b) Right to have access to and inspect and copy of the account of the firm.
(c) Right to cast his vote on the question of appointment of the managing partner.
(d) (a) & (b) but not (c).

79. Which of the following is correct:

(a) Liability of a partner in a partnership firm is unlimited.
(b) Liability of a member of a HUF is unlimited.
(c) Both the above.
(d) None of the above.

80. Agreement to share profits _____.

(a) Implies an agreement to share losses
(b) Does not necessarily mean an agreement to share losses
(c) Must be coupled with an agreement to share losses
(d) Is same as agreement to share losses

81. Actual Sale of future goods is _____.

(a) Impossible (b) Possible through an agreement to sell
(c) Illegal (d) A myth

82. An offer made to a definite person who can be accepted by the specified person only is _____.

(a) Special Offer (b) Accepted Offer
(c) General Offer (d) Standing Offer

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83. A contracts to pay B Rs.1,00,000 if the latter's house is burnt to ashes. This is an example of _____.

(a) Contingent Contract (b) Quasi-Contract
(c) Guarantee (d) Bailment

84. The position of a stranger to a contract and that of the stranger to a consideration is _____.

(a) Partially different (b) Partially same
(c) Entirely different (d) Same

85. Goods are said to be in a deliverable state when _____.

(a) The buyer may take delivery of them
(b) The buyer would, under contract, be bound to take delivery of them
(c) The seller is in a position to deliver them
(d) All of the above

86. Any act committed by a party to a contract, or with his connivance or by his agent with intent to deceive another party thereto or his agent, or to induce him to enter into a contract is said to be _____.

(a) Coercion (b) Undue Influence
(c) Fraud (d) Misrepresentation

87. Provisions relating to doctrine of Caveat Emptor is laid down in the _____.

(a) Sale of Goods Act, 1930 (b) Indian Contract Act, 1872
(c) Indian Partnership Act, 1932 (d) Companies Act, 1956

88. A directs B who is a solicitor to sell his estate by auction and to employ an auctioneer for this purpose. B names C, an auctioneer, to conduct the sale. The status of C for the sale is _____.

(a) C is an agent of A
(b) C is a sub-agent of A
(c) C is an agent of B
(d) C is neither an agent of A nor of B

89. A contract to do or not to do something if some event, collateral to such contract does or does not happen is _____.

(a) A contingent contract (b) A wagering contract
(c) Illegal (d) Void

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90. X proposes by a letter sent by post to sell his house to Y. Y accepts the proposal by a letter sent by post. The letter of acceptance is in the course of transmission to X. Y _____.

(a) Cannot revoke his acceptance
(b) May revoke his acceptance at any time before the letter communicating the acceptance reaches X but not afterwards
(c) May revoke his acceptance at any time after the letter communicating the acceptance reaches X
(d) Can revoke only after the prior approval of X

91. A agrees to pay B Rs. 5,00,000/- if A is able to go to a foreign tour in the forthcoming week. It is _____.

(a) A wagering contract (b) A contingent contract
(c) Both of the above (d) Not a contract at all

92. A bus plying on the road is an example of _____.

(a) Invitation to treat an offer
(b) Mere communication of information in the course of negotiation
(c) Statement of intention
(d) Offer

93. Tender for supply of goods is an offer, which is allowed to remain open for acceptance over a period of time. Such offers are _____.

(a) Cross Offer (b) General Offer
(c) Standing Offer (d) Unlimited Offer

94. Consideration may be gratuitous or non-gratuitous _____.

(a) In case of sale (b) In case of bailment
(c) In both the above cases (d) In no case

95. Expressed conditions are those _____.

(a) Which are agreed upon between the parties at the time of the contract
(b) Which are presumed by law be present in the contract
(c) Both of the above
(d) None of the above

96. Right of lien and Right of stoppage in transit _____.

(a) Actually mean the same right
(b) Are actually similar rights
(c) Are consequential or sequential in nature, i.e. the end of right of lien is the starting point of the right of stoppage in transit
(d) Are rights available to any seller of goods

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97. Goodwill of the partnership business can be regarded as _____.

(a) The property of the firm
(b) The property of the firm, subject to a contract between the partners to this effect
(c) The property of the firm, irrespective of a contract between the partners to this effect
(d) The property of the firm, subject to order of the High Court to this effect

98. A minor when admitted to the benefits of the partnership _____.

(a) Is liable for all the liabilities of the firm in person
(b) Is liable for all the liabilities of the firm through his properties
(c) Is never liable for any of the liabilities of the firm
(d) Is liable in accordance with the provisions of subs-section (3) of Section 30 of the Indian Partnership Act, 1932

99. A & B are partners in a partnership firm. A introduced C, a former partner, as his partner to D. C remained silent at that moment, but later on informed D that he is actually a former partner of the firm. C had not issued any public notice in the year of his retirement from the partnership firm. D, a trader knowing well that only A & B are the partners of the firm, supplied 500 refrigerators to the firm on credit. The credit period expired and D did not get the price of his supplies. D filed a suit against A & C for the recovery of price. In light of the above circumstances answer which of the following is correct:

(a) C is liable for the price to D, only if the element of fraudulent intention is present.
(b) C is liable for the price to D, irrespective of the fact, whether the element of fraudulent intention is present or not.
(c) C is not liable for the price to D.
(d) C is liable to D because he had not issued any public notice of his retirement from the partnership firm.

100. Sanju took a medical insurance from Deadly Diseases Insurance & Claim Corporation of Asia (DDICCA) through one of its agent, Manju. Sanju singed whatever documents were placed before her by Manju in good faith. The documents contained the fact that Sanju was healthy, fit and fine whereas she was actually suffering from chronic asthma and acute allergy. Sanju did not take care to suggest the changes in the documents and the policy was issued based on the above submissions.

(a) Sanju is well protected because she relied on Manju in all good faith.
(b) Sanju is well protected because Manju never specifically asked here about the above issues and so she remained silent.
(c) Sanju has a duty to speak and disclose the above issues.
(d) Sanju has no duty to speak and disclose the above issues. It is the duty of DDICCA and its representatives to ask whatever is required.

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SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Economics is the study of

(a) how society manages its unlimited resources.
(b) how to reduce our wants until we are satisfied.
(c) how society manages its scarce resources.
(d) how to fully satisfy our unlimited wants

102. Which of the following is not part of the opportunity cost of going on holiday?

(a) the money you spent on a theatre show
(b) the money you could have made if you had stayed at home and worked
(c) the money you spent on airline tickets
(d) the money you spent on food

103. Which of the following statements is normative?

(a) Large government deficits cause an economy to grow more slowly.
(b) People work harder if the wage is higher.
(c) The unemployment rate should be less.
(d) Printing too much money causes inflation.

104. If an increase in consumer incomes leads to a decrease in the demand for camping equipment, then camping equipment is

(a) a normal good.
(b) none of these answers.
(c) an inferior good.
(d) a substitute good.

105. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples?

(a) There is an increase in the quantity demanded of apples and in the supply for apples.
(b) There is an increase in the demand and supply of apples.
(c) There is an increase in the demand for apples and a decrease in the supply of apples.
(d) There is an increase in the demand for apples and an increase in the quantity supplied.

106. A buyer's willingness to pay is that buyer's:

(a) minimum amount he is willing to pay for a good.
(b) producer surplus.
(c) consumer surplus.
(d) maximum amount he is willing to pay for a good.

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107. The following table exhibits:

Number of workers	Output
0	0
1	23
2	40
3	50

(a) increasing marginal product of labour.
(b) diminishing marginal product of labour.
(c) increasing returns to scale.
(d) diminishing returns to scale.

108. If there are implicit costs of production:

(a) economic profit will be equal to accounting profit.
(b) economic profit will be less than accounting profit.
(c) economic profits will be zero.
(d) economic profit will be more than accounting profit.

109. If a competitive firm doubles its output, its total revenue:

(a) doubles.
(b) more than doubles.
(c) less than doubles.
(d) cannot be determined because the price of the good may rise or fall.

110. In the long-run, some firms will exit the market if the price of the good offered for sale is less than:

(a) marginal revenue. (b) marginal cost.
(c) average total cost. (d) average revenue.

111. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?

(a) In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost.
(b) In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost.
(c) In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost.
(d) In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost.

112. Agriculture faces the problem of:

(a) slow and uneven growth. (b) over irrigation.
(c) overdose of fertilizers. (d) very few people engaged in it.

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113. ICICI bank is a:

(a) central bank. (b) private commercial bank.
(c) rural regional bank. (d) nationalized bank.

114. PMGSY was launched to:

(a) provide house to the rural poor.
(b) provide road connectivity through good all weather roads to unconnected villages.
(c) food security to the urban poor.
(d) none of the above.

115. If 4 farmers can do a field job which is being done by 6 farmers, this means there is:

(a) frictional unemployment. (b) disguised unemployment.
(c) voluntary unemployment. (d) seasonal unemployment.

116. If 9 people are unemployed and 411 people are in the work force, then people in labour force are:

(a) 402 (b) 411
(c) 9 (d) 420

117. For adult education _____ mission was launched in 1998 in India.

(a) National Adult education (b) National Technological
(c) National Senior Citizen (d) National Literacy

118. According to the latest available data, the bed-population ratio in India is _____ per thousand population.

(a) 3.2 (b) 9.5
(c) 1.03 (d) 20.3

119. According to the latest data (Nov. 2010), there are around _____ broadband subscribers in India.

(a) more than 10.71 million (b) more than 3 million
(c) more than 2 million (d) more than 5 million

120. The rate of inflation was lowest in _____.

(a) fifties (b) sixties
(c) seventies (d) eighties

121. In the year _____, the practice of RBI lending to the government through ad hoc treasury bills was given up.

(a) 1951 (b) 1997
(c) 1991 (d) 2001

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122. TRAI is the regulatory authority for _____ in India.

(a) railways (b) telecom
(c) banking (d) secondary market

123. The FRBM Act aims at reducing gross fiscal deficit by _____% per annum.

(a) 2% (b) 1%
(c) 0.5% (d) 3%

124. In terms of overseas shipping tonnage, India ranks _____.

(a) 67^{th} (b) 23^{rd}
(c) 100^{th} (d) 20^{th}

125. GNP at market price minus _____ is equal to GDP at market price.

(a) depreciation. (b) direct taxes
(c) subsidies (d) net income from abroad

126. About 96 percent of the sick units in India are _____ units.

(a) small (b) big
(c) banking (d) trading

127. Excise duties are levied on _____.

(a) incomes of the individual (b) production of goods
(c) export and import of goods (d) incomes of the corporate

128. Points outside the production possibilities curve are _____.

(a) attainable with the existing technology.
(b) not attainable with the existing resources and technology.
(c) inefficient.
(d) suggest that the country's factors are underemployed.

129. Price theory is an important constituent of _____ Economics.

(a) Micro (b) Macro
(c) Developmental (d) Welfare

130. For _____ goods increase in income leads to increase in demand

(a) Abnormal (b) Normal
(c) Inferior (d) Superior

131. Economic laws are essentially _____ and _____ .

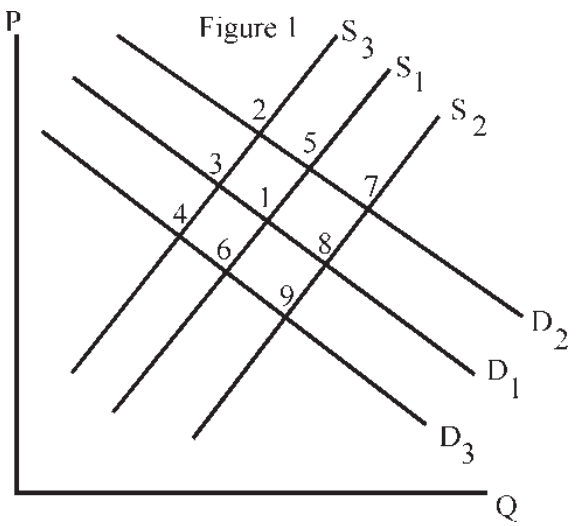
(a) hypothetical, conditional (b) hypothetical, unconditional
(c) neutral, rigid (d) neutral, flexible

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132. Inductive method is _____ based on the observation of particular facts.

(a) never (b) seldomly
(c) alternatively (d) always

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. D_1 and S_1 are the original demand and supply curves. D_2, D_3, S_2 and S_3 are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?



133. If Figure 1 represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is an increase in the price of Dairy milk (chocolates) will be:

(a) Point 3 (b) Point 5
(c) Point 4 (d) Point 2.

134. In Figure 1 (which represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is rapid economic growth but cost of labour producing Perk also rises:

(a) Point 3 (b) Point 9
(c) Point 2 (d) Point 6

135. In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S_1 and D_1. The new equilibrium if there is a health scare about the effect chocolates may have is:

(a) Point 2 (b) Point 9
(c) Point 3 (d) Point 6

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136. In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S_1 and D_1. Assuming that there is a new technology for producing Perk, the new equilibrium:

(a) Point 8 (b) Point 7
(c) Point 3 (d) Point 6

137. In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S_1 and D_1. Assume that there is an increase in the productivity and at the same time the price of 5 star (chocolates) falls. The new equilibrium will be:

(a) Point 2 (b) Point 9
(c) Point 3 (d) Point 6

138. What is the average total cost in producing 20 units, if fixed cost is Rs.5000 and variable cost is Rs. 2/-?

(a) 250 (b) 260
(c) 258 (d) 252

139. For producing 100 units Total variable cost is Rs.500 & Total fixed cost is Rs.1000.Compute Average Cost.

(a) 10 (b) 15
(c) 5 (d) 20

Read the following data and answer questions 140-143. Following are the cost components:

Direct material	**Rs. 2,500**
Indirect material	**Rs. 1,500**
Indirect labour	**Rs. 2,000**
Direct labour	**Rs. 1,400**
Management expense	**Rs. 3,000**
Promotional expense	**Rs. 2,700**
Indirect expense	**Rs. 1,500**
Direct expense	**Rs. 1,000**

140. From the above data compute Prime cost.

(a) 6300 (b) 2900
(c) 4900 (d) 5300

141. From the above data compute Production cost.

(a) 7600 (b) 6900
(c) 9900 (d) 8700

142. From the above data, compute Cost of goods sold.

(a) 9900 (b) 11500
(c) 12600 (d) 12900

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143. From the above data, compute cost of sales.

(a) 15,500 (b) 15,600
(c) 12,900 (d) 14,800

144. If in the above case, sales are Rs. 16500, then compute profit?

(a) Rs. 1,000 (b) Rs. 1,200
(c) Rs. 900 (d) Rs. 800

145. Compute national income when population is 3 crore and per capita income is Rs. 2,000.

(a) Rs. 6,000 crore (b) Rs. 2,000 crore
(c) Rs. 3,000 crore (d) Rs. 10,000 crore

146. What is the price elasticity of demand when, price changes from Rs.10 to Rs.12 and correspondingly demand changes from 6 units to 4 units?

(a) 0.833 (b) 1.6
(c) 2.2 (d) 1.833

147. What is the new quantity demanded when price elasticity is 1 and price changes from Rs.15 to Rs.10 and the original quantity demanded was 10 units?

(a) 15 units (b) 20 units
(c) 8 units (d) 12 units

148. What is the original price of a commodity when price elasticity is 0.71 and demand changes from 20 units to 15 units and the new price is Rs. 10?

(a) Rs. 15 (b) Rs. 18
(c) Rs. 20 (d) Rs. 8

Read the following table and answer question number 149 -150.

Table 3

Number of products	Total utility	Marginal utility
0	0	-
1	1800	
2	3400	
3	4800	
4	6000	
5	7000	
6	7800	
7	8400	
8	8800	
9	9000	

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149. What is marginal utility when consumption increases from 4 units to 5 units?

(a) 3000 (b) 1200
(c) 1000 (d) 1500

150. What is marginal utility when consumption increases from 8 units to 9 units?

(a) 3000 (b) 200
(c) 2000 (d) 1500

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

151. The correlation is said to be positive

(a) When the values of two variables move in the same direction.
(b) When the values of two variables move in the opposite direction.
(c) When the values of two variables would not change.
(d) None of these.

152. The point of intersection between the lines 3x+ 4y = 7 and 4x –y = 3 lie in the

(a) 1^{st} quadrant. (b) 2^{nd} quadrant.
(c) 3^{rd} quadrant. (d) 4^{th} quadrant.

153. If P is a set of natural number then P∩P' is

(a) ϕ (b) Sample Space.
(c) 0 (d) (P∪P')'

154. Three coins are tossed. What is the probability of getting at least two tails?

(a) 1/2 (b) 1/3
(c) 1/4 (d) None of these.

155. The result of ODI matches between India and Pakistan follows

(a) Binomial distribution. (b) Poisson distribution.
(c) Normal distribution. (d) (b) or (c).

156. If in a binomial distribution mean = 20, Standard Deviation = 4 then n is equal to

(a) 80 (b) 100
(c) 90 (d) None of these.

157. The difference between sample Standard Deviation and the estimate of population Standard Deviation is negligible if the sample size is

(a) Small. (b) Moderate.
(c) Sufficiently large. (d) None of these.

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158. Coefficient of determination is defined as

(a) r^3 (b) $1- r^2$
(c) $1+ r^2$ (d) r^2

159. Regression coefficient is independent of the change of

(a) Scale. (b) Origin.
(c) Both origin and scale. (d) Neither origin nor scale.

160. If A and B are mutually exclusive events and P(A) = 0.3 and P(B) = 0.4, find P(A').

(a) 0.7 (b) 0.3
(c) 0.6 (d) None of these.

161. If $y = f(x) = \frac{ax + b}{ax - a}$ then f(y) is _____ .

(a) –x (b) 2x
(c) x (d) x^2

162. Value of ${}^3P_2$ is _____ .

(a) 6 (b) 1
(c) 3 (d) 2

163. In binomial distribution 'p' denotes probability of _____ .

(a) Success. (b) Failure.
(c) Both of these. (d) None of these.

164. First deciles is the value for which one-tenth of the given observations are _____ D_1 and the remaining nine-tenth observations are _____D_1.

(a) Less than or equal to, More than or equal to
(b) More than or equal to, Less than or equal to
(c) Less than, More than
(d) More than, Less than

165. _____ may be defined as the minimum value and the maximum value, the class interval may contain.

(a) Class mark (b) Class limit
(c) Both of the above (d) None of the above

166. In case of _____, plotted points on a scatter diagram would be equally distributed without depicting any particular pattern.

(a) Zero correlation (b) Positive correlation
(c) Negative correlation (d) Simple correlation

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167. Let f(y)= x^{x^2} then f'(y) is _____ .

(a) $x^3 [x^2 + 3x.\log x]$ (b) $x^{x^3} [x^2 + 3x. \log x]$

(c) [x2 – 3x. log x] (d) None of these

168. The colour of a flower is an example of _____ .

(a) An attribute (b) A variable

(c) A discrete variable (d) A continuous variable

169. A quantitative characteristic is known as _____ .

(a) An attribute (b) A variable

(c) Both of above (d) None of above

170. Data collected on the weight of a group of a students after recording their weights with a weighing machine are _____.

(a) Primary data (b) Secondary data

(c) Discrete data (d) Continuous data

171. If in a binomial distribution Mean = 20, Standard Deviation = 4 then p is equal to:

(a) 2/5 (b) 3/5

(c) 1/5 (d) 4/5

172. The variables x and y are related by 6x+ 7y = 81 and median of x is 10. What is the median of y?

(a) 2 (b) 3

(c) 4 (d) 5

173. Find D_6 for the following observations.
41, 28, 45, 25, 60, 37.5, 37.5, 40, 65, 32.5

(a) 39.60 (b) 40.60

(c) 41.60 (d) 42.60

174. For a moderately skewed distribution of marks in statistics for a group of 100 students, the mean mark and median mark were found to be 50 and 40. What is the modal mark?

(a) 15 (b) 20

(c) 25 (d) 30

175. If y = 5+7x and mode of x is 4, what is the mode of y?

(a) 28 (b) 33

(c) 4 (d) 43

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176. Following are the marks of 10 students :
82, 79, 56, 79, 85, 95, 55, 72, 70, 66 .
Find coefficient of range.

(a) 25.66 (b) 26.67
(c) 27.66 (d) 28.67

177. A card is drawn from a pack of 52 cards. What is the probability that it is neither a black card nor a king?

(a) 6/13 (b) 5/13
(c) 1/6 (d) None of these.

178. Refer following table
Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find Relative frequency for the third class interval.

(a) 7/16 (b) 7/4
(c) 16/7 (d) None of the above.

179. If the coefficient of correlation between two variables is 0.6, then the percentage of variation unaccounted for is

(a) 60% (b) 40%
(c) 64% (d) 36%

180. A coin is tossed two times. The toss resulted in one head and one tail. What is the probability that the first throw resulted in tail?

(a) 1/3 (b) 1/4
(c) 1/2 (d) None of these.

181. A survey shows that 68% of women like apples, 74% of women like orange. What percentage like both

(a) 12% (b) 6%
(c) 21% (d) 42%

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182. $\int e^{3x+5}\,dx$ **is equal to**

(a) $\frac{e^{3x+5}}{3}+c$ (b) $\frac{e^{3x}}{5}+c$

(c) $\frac{-e^{3x+5}}{3}+c$ (d) None of these.

183. Sum of the series 1, 3, 9, 27 ...nth term is 364. The number of terms is

(a) 5 (b) 6
(c) 11 (d) None of these.

184. In how many ways can 4 single seated rooms in a hostel be occupied by 3 students?

(a) 24 (b) 12
(c) 4 (d) 6

185. The value of $\frac{1}{\log_a(ab)}+\frac{1}{\log_b(ab)}$ **is**

(a) 0 (b) 1
(c) –1 (d) None of these.

186. The difference between the compound interest and the simple interest on Rs. 1200 for 4 years at 10% p.a. is:

(a) Rs. 77 (b) Rs. 480
(c) Rs. 80 (d) Rs. 557

187. Differentiate y w.r.t. x when $y=(x^2-2x)(x^2+1)$

(a) $4x^3+6x^2-2x+2$ (b) $4x^2-6x+2$
(c) $4x^3-6x^2+2x-2$ (d) None of these.

188. If $f(x)=\frac{2x^2+6x-5}{12x^2+x-20}$ **is to be discontinuous then**

(a) x = 5/4 (b) x = 4/5
(c) x = – 4/3 (d) None of these.

189. Find the arithmetic mean between 4 and 10

(a) 14 (b) 7
(c) 3 (d) 6

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190. Compute $^8C_7$

(a) 8 (b) 7
(c) 6 (d) None of these.

191. Find the distance between the pair of points p (–5, 2) and q (–3, –4)

(a) $2\sqrt{10}$ (b) $10\sqrt{2}$
(c) 2 (d) 10

192. What will be the final value of investment for the principal value of Rs. 80,000 for 4 years @ 10% p.a. rate of interest?

(a) Rs. 83,200 (b) Rs. 112,000
(c) Rs. 82,300 (d) None of these.

193. $184\ x^{-9/8}$ is expressed as

(a) $-184x^{9/8}$ (b) $\frac{184}{x^{-9/8}}$
(c) $x^{9/8}$ (d) $\frac{184}{x^{9/8}}$

194. The value of $\int x\sqrt{x}\ dx$ is

(a) $\frac{-2x^{5/2}}{5}+c$ (b) $\frac{2x^{5/2}}{5}+c$
(c) $x^{5/2}+c$ (d) None of these.

195. Evaluate $\lim_{x\to 9}\frac{x^{3/2}-27}{x-9}$

(a) 3 (b) $\frac{9}{2}$
(c) $\frac{3}{2}$ (d) 9

196. Find the mean proportion between 5.25 and 8.9

(a) 8.63 (b) 6.83
(c) 9.23 (d) None of these.

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197. If a : b = c : d = 3 : 5, then what are the values of ad : bc is

(a) 3:5 (b) 5:3
(c) 1:1 (d) None of these.

198. The solution set of the equations is 2x + 3y = 0 and x + 2y=0

(a) 2, 2 (b) 1, –1
(c) 0, 0 (d) –3, 3

199. The curve $4y = ux^2+v$ passes through the point p at (2, 3) and $\frac{dy}{dx} = 4$ this point 'p'. So the values of u and v are

(a) u = 2, v = 2 (b) u = –4, v = –4
(c) u = 4, v = 4 (d) None of these.

200. Determine the first term of an A.P. with common difference 3 & 7^{th} term being 11

(a) –7 (b) 7
(c) 6 (d) 5

★★★

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