



**BOARD OF STUDIES**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
COMMON PROFICIENCY TEST**

**Model Test Paper – BOS/CPT – 11**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

**1. All the following errors do not effect the trial balance except**

- |                               |                                |
|-------------------------------|--------------------------------|
| (a) Compensating errors       | (b) Error of complete omission |
| (c) Error of partial omission | (d) Error of principle         |

**2. Financial statements are part of -**

- |                      |                       |
|----------------------|-----------------------|
| (a) Accounting       | (b) Book-keeping      |
| (c) All of the above | (d) None of the above |

**3. The areas where in different accounting policies can be adopted are**

- |                              |                              |
|------------------------------|------------------------------|
| (a) Providing depreciation   | (b) Valuation of inventories |
| (c) Valuation of investments | (d) All of the above         |

**4. The total of the sales book is posted periodically to the credit of**

- |                    |                       |
|--------------------|-----------------------|
| (a) Sales account  | (b) Cash book         |
| (c) Journal proper | (d) None of the above |

**5. The amount of the dishonoured bill has been wrongly debited to general expenses account, which type of error has been committed?**

- |                        |                         |
|------------------------|-------------------------|
| (a) Error of principle | (b) Error of commission |
| (c) Compensating error | (d) Error of omission   |

**6. Bank account is \_\_\_\_\_**

- |                      |                             |
|----------------------|-----------------------------|
| (a) Personal account | (b) Intangible real account |
| (c) Nominal account  | (d) Both (b) and (c)        |

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**7. Cost of tour abroad by the sales manager to develop markets (tour was successful) is \_\_\_\_**

- |                                  |                         |
|----------------------------------|-------------------------|
| (a) Capital expenditure          | (b) Revenue expenditure |
| (c) Deferred revenue expenditure | (d) Both (a) & (b)      |

**8. 'Advance received from customers is not taken as sale' is based on**

- |                               |                     |
|-------------------------------|---------------------|
| (a) Money measurement concept | (b) Accrual concept |
| (c) Consistency concept       | (d) Conservation    |

**9. Income includes**

- |                      |                       |
|----------------------|-----------------------|
| (a) Income received  | (b) Income receivable |
| (c) Both (a) and (b) | (d) None of the above |

**10. Mohan Stationers will debit purchase of stationery in \_\_\_\_**

- |                        |                              |
|------------------------|------------------------------|
| (a) Stationery account | (b) General expenses account |
| (c) Purchases account  | (d) None of the three        |

**11. Heavy amount spent on advertisement is \_\_\_\_**

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

**12. Cost of goods sold can be calculated by \_\_\_\_**

- |                     |                           |
|---------------------|---------------------------|
| (a) Trading account | (b) Profit & Loss account |
| (c) Balance sheet   | (d) None of the above     |

**13. Rs. 5,000 spent on repairs of a newly purchased old motor car is debited to \_\_\_\_**

- |                       |                              |
|-----------------------|------------------------------|
| (a) Repairs account   | (b) General expenses account |
| (c) Motor car account | (d) None of the above        |

**14. Suspense account debit balance Rs. 2000 in trial balance, will be recorded in the \_\_\_\_**

- |                                     |                                 |
|-------------------------------------|---------------------------------|
| (a) Liability side of Balance Sheet | (b) Asset side of Balance Sheet |
| (c) Profit & Loss account Cr side   | (d) None of the three           |

**15. Liability for bill discounted is a \_\_\_\_**

- |                       |                          |
|-----------------------|--------------------------|
| (a) Current liability | (b) Contingent liability |
| (c) Fixed liability   | (d) None of the three    |

**16. In valuation of consignment stock only \_\_\_\_ expenses of the consignee are added**

- |                      |                       |
|----------------------|-----------------------|
| (a) Direct           | (b) Indirect          |
| (c) Both (a) and (b) | (d) None of the three |

**17. Premium on issue of shares is recorded in \_\_\_\_**

- |                                                 |
|-------------------------------------------------|
| (a) Profit & Loss debit side                    |
| (b) Profit & Loss appropriation account Dr side |



- (c) Profit & Loss appropriation Cr side
- (d) Balance Sheet liability side

**18. Interest is calculated on \_\_\_\_\_ of securities**

- (a) Market value
- (b) Face value
- (c) Purchase value
- (d) None of the three

**19. Income tax in case of a sole trader is treated as \_\_\_\_\_**

- (a) Business expense
- (b) Personal expense
- (c) Debtors expense
- (d) None of the three

**20. For issuing shares at a discount, how much time is required after commencement of business:**

- (a) 1 year
- (b) 6 months
- (c) 3 months
- (d) 2 years

**21. A businessman purchased goods for Rs. 25,00,000 and sold 70% of such goods during the accounting year ended 31<sup>st</sup> 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
- (b) Conservatism
- (c) Cost
- (d) Periodicity

**22. XY 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. Applications 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) Over subscription
- (b) Pro-rata allotment
- (c) Forfeiture of shares
- (d) All of the above

**23. Opening stock Rs. 3,700, Purchases Rs. 20,800, Closing stock Rs. 2,500. Cost of goods sold will be \_\_\_\_\_**

- (a) Rs. 22,000
- (b) Rs. 25,000
- (c) Rs. 18,000
- (d) Rs. 30,000

**24. Original cost Rs. 25,000, salvage value Rs. 1,000, useful life 10 years. Annual depreciation under SLM will be**

- (a) Rs. 2,000
- (b) Rs. 2,400
- (c) Rs. 3,000
- (d) Rs. 2,500

**25. When preparing a Bank Reconciliation Statement if you start with balance as per Pass Book, then cheques paid by bank recorded twice in Pass Book Rs. 1050 will be \_\_\_\_\_**

- (a) Added (b) Deducted  
(c) Not required to be adjusted (d) None of the three

<b>26. Rs.</b>				<b>Rs.</b>
<b>Gross Profit</b>	<b>50,000</b>	<b>Provision for Bad Debts (old)</b>		<b>2,000</b>
<b>Rent paid</b>	<b>6,000</b>	<b>Apprentice Premium (Credit)</b>		<b>4,000</b>
<b>Salaries</b>	<b>5,800</b>			
<b>Net profit of the firm will be</b>				

- (a) Rs. 44,200 (b) Rs. 40,000  
(c) Rs. 42,000 (d) Rs. 45,000

**27. A started business with Rs. 20,000 cash and Rs. 11,000 stock. Cash sales & cash purchases were Rs. 10,000 & Rs. 5,000. Total sales and purchases amounted to Rs. 70,000 & Rs. 50,000. Outstanding creditors were Rs. 15,000 and Debtors Rs. 25,000. Expenses paid Rs. 17,000. Machine was purchased for Rs. 10,000 out of which Rs. 8000 has been paid. Cash in hand at the end of the year was Rs. 5,000. Total of Trial Balance at the end of the year will be \_\_\_\_\_**

- (a) Rs. 1,18,000 (b) Rs. 1,20,000  
(c) Rs. 1,25,000 (d) Rs. 1,40,000

**28. Capital introduced in the beginning by Ram Rs. 15,200, further capital introduced during the year Rs. 2,000. Drawings Rs. 400 per month and closing capital is Rs. 16,900. The amount of profit or loss for the year is \_\_\_\_\_**

- (a) Loss Rs. 3,000 (b) Loss Rs. 2,500  
(c) Profit Rs. 5,000 (d) Profit Rs. 4,500

**29. 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

**30. Mohan paid Rs. 500 towards a debit of Rs. 2,500, which was written off as bad debt in the previous year. Mohan's account will be credited with**

- (a) Rs. 2,500 (b) Rs. 2,000  
(c) Rs. 500 (d) None of the three

**31. Income tax liability of the proprietor Rs. 1200 was paid out of petty cash. Journal entry will be \_\_\_\_\_**

- (a) Dr. drawings and Cr. Cash A/c Rs. 1200  
(b) Dr. drawings and Cr. Petty Cash Rs. 1200  
(c) Dr Income tax and Cr Cash A/c Rs. 1200  
(d) None of the above



32. An old, machine was purchased for Rs. 60,000. It was repaired for Rs. 5,000 and Rs. 5,000 paid on its installation. Machinery repairs a/c will be debited by -

- (a) Rs. 10,000 (b) Rs. 5,000  
(c) Rs. 15,000 (d) None of the three

33. Ras started business on 01.01.2010 with a capital of Rs. 20,000 and he borrowed Rs. 3,000 from a friend. He earned a profit of Rs. 10,000 during the year and withdrew cash Rs. 5,000 for private use. What is his capital at the end of the year?

- (a) Rs. 25,000 (b) Rs. 28,000  
(c) Rs. 30,000 (d) Rs. 27,000

34. A partnership firm maintains the inventory records under perpetual system of inventory. Consider the transactions occurred for the month of March 2010.

Date	Particulars	Quantity	Cost per unit (Rs.)
March 1	Opening Inventory	15	400
March 4	Purchases	20	450
March 6	Purchases	10	460

If the firm sold 32 units on March 24, 2010 closing inventory under FIFO method is -

- (a) Rs. 7500 (b) Rs. 5681  
(c) Rs. 5800 (d) Rs. 5950

35. Capital introduced by Mr. A on 01.01.2009 Rs. 1,00,000. Further capital introduced during the year was Rs. 50,000. Mr. A withdrew Rs. 200 per month on the last date of each month. Interest on drawings was charged @ 5%. Profit earned during the year was Rs. 10,000. Capital on 31.12.2009 will be \_\_\_\_\_

- (a) Rs. 1,57,545 (b) Rs. 1,57,000  
(c) Rs. 1,60,000 (d) Rs. 1,55,000

36. Purchased goods from A Rs. 500 passed through sales book the rectifying journal entry will be \_\_\_\_\_

(a)	Purchases A/c Dr. To A	Rs. 500	Rs. 500
(b)	A's Capital a/c Dr. To Sales	500	500
(c)	Purchases A/c Dr. To Sales A/c To A	500	500 1,000
(d)	None of the above		

37. Opening Stock	20,000
Closing Stock	18,000
Purchases	85,800
Carriage inwards	2,300
Carriage outwards	3,000
Office Rent	5,000
Sales	1,40,700
Gross profit will be _____	

- (a) Rs. 50,000 (b) Rs. 47,500  
(c) Rs. 42,600 (d) Rs. 50,600

38. X of Kanpur sends out certain goods at cost + 25%. Invoice value of goods sent out Rs. 2,00,000.  $\frac{4}{5}$ <sup>th</sup> of the goods were sold by consignee at Rs. 1,76,000. Commission 2% upto invoice value and 10% on any surplus above invoice value. Commission amount will be \_\_\_\_\_

- (a) Rs. 4,800 (b) Rs. 5,200  
(c) Rs. 3,200 (d) Rs. 1,600

39. Goods costing Rs. 1000 supplied to Ramesh at the invoice price of 10% above cost and a Trade Discount for 5%. The amount of Sales will be

- (a) Rs. 1045 (b) Rs. 1050  
(c) Rs. 1100 (d) Rs. 1060

40. A & B purchased a piece of land for Rs. 60,000 and sold it for Rs. 90,000. A had contributed Rs. 40,000 and B Rs. 20,000. The profit on venture will be -

- (a) Rs. 30,000 (b) Rs. 20,000  
(c) Rs. 60,000 (d) NIL

41. A, B & C are partners sharing profits in the ratio of 3:2:1. B retires and goodwill of the firm is fixed at Rs. 1,80,000. No goodwill A/c appears in the books of the firm. A & C decide to share profits in the ratio of 3:1. B's share of goodwill will be adjusted in the Capital accounts of A and C in

- (a) Profit sharing (b) Gaining ratio  
(c) Sacrificing ratio (d) Old ratio

42. A Co. issued Rs. 1,00,000 12% Debentures at 5% discount, redeemable at 5% premium after 10 years. Loss on issue of debentures will be

- (a) Rs. 15,000 (b) Rs. 10,000  
(c) Rs. 12,000 (d) Rs. 20,000



43. A partnership firm earned net profits during the last 3 years as follows –

2007	15,000
2008	20,000
2009	25,000

The capital investment in the firm throughout the above mentioned period has been Rs. 1,00,000. Having regard to the risk involved 15% is considered to be a fair return on capital. Goodwill on the basis of 2 years purchase of average super profit earned during the above mentioned 3 years will be

- |     |            |     |            |
|-----|------------|-----|------------|
| (a) | Rs. 8,000  | (b) | Rs. 10,000 |
| (c) | Rs. 12,000 | (d) | Rs. 15,000 |

44. A & B are partners in a business sharing profits and losses in the ratio of 7:3. They admit C as a partner. A sacrificed  $1/7^{\text{th}}$  share and B sacrificed  $1/3^{\text{rd}}$  of his share in favour of C. New Profit sharing ratio will be

- |     |       |     |                   |
|-----|-------|-----|-------------------|
| (a) | 3:1:1 | (b) | 2:1:1             |
| (c) | 2:2:1 | (d) | None of the above |

45. G Ltd. acquired assets worth Rs. 7,50,000 from H. Ltd. by issue of shares of Rs. 100 each at a premium of 25%. The number of shares to be issued by G. Ltd., to settle the purchase consideration will be

- |     |             |     |             |
|-----|-------------|-----|-------------|
| (a) | 6000 shares | (b) | 7500 shares |
| (c) | 9375 shares | (d) | 5625 shares |

46. A & B are equal partners with capitals of the Rs. 10,000 and Rs. 8,000 respectively. They admit C as a partner with  $1/4^{\text{th}}$  share in the profits of the firm. C brings Rs. 8,000 as his share of capital. Value of goodwill will be \_\_\_\_\_

- |     |           |     |                   |
|-----|-----------|-----|-------------------|
| (a) | Rs.6,000  | (b) | Rs. 5,000         |
| (c) | Rs. 8,000 | (d) | None of the above |

47. A second hand car is purchased for Rs. 15000, the amount of Rs. 1000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owners name and Rs. 1200 is paid as dealers commission. The amount debited to car account will be \_\_\_\_\_

- |     |            |     |            |
|-----|------------|-----|------------|
| (a) | Rs. 17,700 | (b) | Rs. 16,000 |
| (c) | Rs. 16,500 | (d) | Rs. 17,000 |

48. Ramesh & Suresh are partners sharing profits in the ratio of 2:1 (Ramesh Capital is Rs. 1,02,000 and Suresh Capital is Rs. 73,000) They admitted Mahesh & agreed to give him  $1/5$  in share. He brings Rs. 14,000 as his share of goodwill. He agreed to contribute capital in profit sharing ratio. How much capital will be brought by incoming partner?

- |     |            |     |            |
|-----|------------|-----|------------|
| (a) | Rs. 43,750 | (b) | Rs. 45,000 |
| (c) | Rs. 47,000 | (d) | Rs. 48,000 |

49. Debit Balance as per cash book of Narayan Enterprises as on 28<sup>th</sup> February 2010 is Rs. 15,000. Cheques deposited but not cleared Rs. 660 and cheques issued but not presented for payment Rs. 2150. Balance as per pass book should be \_\_\_\_\_

- (a) Rs. 15,500 (b) Rs. 16,490  
(c) Rs. 16,000 (d) Rs. 16,500

50. On 1<sup>st</sup> Sept. 2009 goods costing Rs. 33,000 were consigned by X to his agent Y at a proforma price which was cost plus one – sixth profit on invoice price. Invoice price of goods will be \_\_\_\_\_

- (a) Rs. 39,000 (b) Rs. 39,600  
(c) Rs. 40,000 (d) Rs. 45,000

51. Suresh of Delhi consigned 600 fans to Naresh of Bareilly to be sold on his account and at his risk. The cost of each fan is Rs. 300. Suresh paid Rs. 6000 as freight and insurance. Naresh paid Rs. 1500 as Octroi & Cartage; Rs. 3500 for godown rent and insurance. 500 fans were sold for Rs. 1,80,000. Naresh was entitled to a commission of 4% on sale @ Rs. 350 per fan and 20% of any surplus price realized. Profit on consignment will be \_\_\_\_\_

- (a) Rs. 12,250 (b) Rs. 12,000  
(c) Rs. 14,000 (d) Rs. 15,000

52. X and Y enter into a joint venture. X supplied goods to Y from his own stock worth Rs. 70,000. X incurred expenses amounting to Rs. 6000 on joint venture. The venture resulted in a total profit of Rs. 15,000 of which their ratio of distribution is 2:1. The entire sale proceeds were received by Y. No stock left at the end of the venture. Amount received by X from Y in final settlement will be \_\_\_\_\_

- (a) Rs. 85,000 (b) Rs. 86,000  
(c) Rs. 80,000 (d) Rs. 75,000

53. A and B are partners sharing profits in the ratio of 3:2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of Rs. 2,500. The profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,500. Manager is to be allowed a Commission of 5% of profits remaining after deducting salary and interest on capital but before charging such Commission, Profit transferred to partners Capital Accounts will be \_\_\_\_\_

- (a) A Rs. 4,389 B Rs. 2926 (b) A Rs. 4,000 B Rs. 3,315  
(c) A Rs. 3,000 B Rs. 4315 (d) A Rs. 2,500 B Rs. 4,815

54. A and B are partners, sharing profits in the ratio of 5:3. They admit C with 1/5 share in profits, which he acquires equally from both 1/10 from A and 1/10 from B. New profit sharing ratio between A and B will be

- (a) 21:11 (b) 20:10:4  
(c) 15:10:5 (d) None of the three





55. A, B, and C are partners, sharing profits in the ratio of 4:3:2. D is admitted for  $\frac{2}{9}$  share of profits and brings Rs. 30,000 as his capital and Rs. 10,000 for his share of Goodwill. The new profit sharing ratio between A:B:C:D will be 3:2:2:2. The Goodwill amount brought by D will be shared by:

- (a) AB & C (b) A & B  
(c) A only (d) B only

56. Shiva Ltd. issued 20,000 shares of Rs. 10 each at a discount of 10%. Payments were to be made as - on application Rs. 3; on Allotment Rs. 4 and on First and Final Call Rs. 2. Applications were received for 18,000 shares and all were accepted. All money duly received. Balance Sheet total will be \_\_\_\_\_

- (a) Rs. 2,00,000 (b) Rs. 1,62,000  
(c) Rs. 1,90,000 (d) None of the three

57. X Ltd. forfeited 100 shares of Rs. 10 each issued at a discount of 10% to Ravi on which he had paid Rs. 2.50 per share on application and Rs. 2.50 per share on allotment but on which he had not paid Rs. 4 on first and final call. In case of forfeiture, share capital account will be debited by \_\_\_\_\_

- (a) Rs. 800 (b) Rs. 700  
(c) Rs. 900 (d) Rs. 1,000

58. A Ltd. makes an issue of 10,000 Equity shares of Rs. 100 each payable as follows:

On application and allotment	Rs. 50
On First Call	Rs. 25
On Second & Final Call	Rs. 25

Members holding 400 shares did not pay the second call and the shares are duly forfeited, 300 of which are reissued on fully paid at Rs. 80 per share. Amount transferred to Capital reserve will be \_\_\_\_\_

- (a) Rs. 16,500 (b) Rs. 16,000  
(c) Rs. 15,000 (d) None of the above

59. 100 articles at the sale price of Rs. 200 each sent to a customer on approval basis were recorded as actual sales on that price. The sale price was made cost plus 25%. The amount of stock on approval will be

- (a) Rs. 16,000 (b) Rs. 20,000  
(c) Rs. 15,000 (d) None of the above

60. Share capital 5,00,000 shares of Rs. 10 each

Rs. 5 called up	Rs. 25,00,000
Calls in arrear	Rs. 10,000
Calls in advance	Rs. 15,000

Directors decide to provide 10% for dividend on share capital. Amount of proposed dividend will be \_\_\_\_\_

- (a) Rs. 2,50,000 (b) Rs. 2,49,000  
(c) Rs. 2,40,000 (d) None of the three

**SECTION – B : MERCANTILE LAWS (40 MARKS)**

**61. 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

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

- (a) Is of the age 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. On the valid performance of the contractual obligations by the parties, the contract**

- (a) Is discharged
- (b) becomes enforceable
- (c) becomes void
- (d) none of these

**64. Which of the following agreements is void?**

- (a) Agreement made under the unilateral mistake of fact
- (b) Agreements made under the bilateral mistake of fact
- (c) Agreement made under the influence of fraud
- (d) Contingent agreement

**65. 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

**66. Coercion involves:**

- (a) Physical Force or Threat
- (b) Mental Pressure
- (c) Both (a) and (b)
- (d) None of the Above

**67. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy?**

- (a) Trading with an enemy
- (b) Trafficking in public offices
- (c) Marriage brokerage contracts
- (d) Contracts to do impossible acts

**68. Consideration must move at the desire of**

- (a) Promisor
- (b) Promisee
- (c) Any other person
- (d) Any of these



**69. The following persons can enter into contracts as per the provisions of the Indian contracts Act, 1872**

- (a) Alien Enemy
- (b) Foreign Sovereigns or accredited representative of a foreign state
- (c) Insolvents and convicts
- (d) None of the above

**70. The doctrine of Caveat Emptor does not apply, when**

- (a) the goods are bought by sample
- (b) the goods are bought by sample as well as as description
- (c) the goods are purchased under its brand name
- (d) All of above

**71. The Sale of Goods Act, 1930 deals with**

- (a) Sale
- (b) mortgage
- (c) pledge
- (d) All of above

**72. In which of the following cases, the unpaid seller loses his right to lien?**

- (a) Delivery of goods to buyer
- (b) Delivery of goods to carrier
- (c) Tender of price by buyer
- (d) All of above

**73. A person to whom money has been paid, anything delivered under coercion**

- (a) Becomes the owner of such money or those goods
- (b) Is allowed to sell the goods and retain the money realized from such sale
- (c) Has no obligation to return the money, he may do so only a good gesture
- (d) Must repay the money or return those goods

**74. 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

**75. 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

**76. Partnership**

- (a) Arises by operation of law
- (b) Comes into existence only after registration
- (c) Can arise by agreement or otherwise
- (d) Arise by way of an agreement only

**77. 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

**78. The test of good faith as provided under 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

**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. Implied contract, even if not in writing or express words, is perfectly \_\_\_\_\_ if other conditions are satisfied**

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Illegal

**81. According to the Indian Contract Act, 1872, Consent is said to be free when it is not caused by \_\_\_\_\_**

- (a) Misrepresentation
- (b) Undue Influence
- (c) Coercion
- (d) All of the above

**82. Actual Sale of future goods is**

- (a) Impossible
- (b) Possible through an agreement to sell
- (c) Illegal
- (d) A myth

**83. A threatens to kill B if he does not agree to sell his scooter to him for Rs.5000 only. Here B's Consent is obtained by \_\_\_\_\_**

- (a) undue influence
- (b) fraud
- (c) coercion
- (d) none of these

**84. 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



**85. An agreement made with free consent to which the consideration is lawful but inadequate, is \_\_\_\_\_**

- (a) Void (b) Valid  
(c) Voidable (d) Unlawful

**86. When after the formation of a valid contract, an event happens which makes the performance of contract impossible, and then the contract becomes \_\_\_\_\_**

- (a) Void (b) Voidable  
(c) Valid (d) Illegal

**87. A unilateral mistake as to fact leads to an agreement which is \_\_\_\_\_**

- (a) Not voidable (b) voidable  
(c) Valid (d) Both (b) & (c)

**88. Goods which are in existence at the time of the Contract of Sale is known as \_\_\_\_\_**

- (a) Present Goods (b) existing Goods  
(c) specified Goods (d) none of the above

**89. An auction Sale is complete on the \_\_\_\_\_**

- (a) delivery of goods (b) payment of price  
(c) fall of hammer (d) none of the above

**90. The essence of a right of lien is to \_\_\_\_\_**

- (a) delivery of goods (b) retain the possession  
(c) regain the possession (d) none of the above

**91. 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

**92. 'Buyer' means a person who \_\_\_\_\_**

- (a) Buys goods (b) Agrees to buy goods  
(c) Has bought goods (d) Buys or agrees to buy goods

**93. 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 responsibilities 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 goods gesture

**94. Conditions and warranties \_\_\_\_\_**

- (a) Must be expressed (b) Must be implied if not expressed  
(c) May either be expressed or implied (d) None of the above

**95. Registration of a firm is \_\_\_\_\_**

- (a) Compulsory (b) Optional  
(c) Occasional (d) None of the above

**96. The bidder at an auction sale can withdraw his bid \_\_\_\_\_**

- (a) any time during auction (b) before fall of hammer  
(c) before payment of price (d) cannot withdraw at all

**97. \_\_\_\_\_ does not exist.**

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

**98. 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 Registration of Firm, gives an order in the regard

**99. A believes blue colour to be black colour, for any reason whatsoever. He has a garment shop. He sells one blue colour shirt to B, representing it to be black colour. B knows nothing about colour. B believes A and accepts the blue colour to be black colour, Later on B's mother explains B that the colour of the shirt is actually blue and not black. It is a clear case of**

- (a) Misrepresentation (b) Fraud  
(c) Unintentional fraud (d) Cheating

**100. A agrees with B to carry passengers by taxi from Kanpur to Lucknow on the following terms, namely, B is to pay A Rs. 100 per mile per annum, and A and B are to share the costs of repairing and replacement of the cars, and to divide equally between them the proceeds of fares received from passengers, Choose the alternative.**

- (a) A and B are partners (b) A and B are owners  
(c) A and B are co-owners (d) Can't be decided

**SECTION – C : GENERAL ECONOMICS (50 MARKS)**

**101. Total utility is maximum when:**

- (a) marginal utility is zero  
(b) marginal utility is at its highest point  
(c) marginal utility is equal to average utility  
(d) average utility is maximum



**102. The consumer is in equilibrium at a point where the budget line :**

- (a) is above an indifference curve      (b) is below an indifference curve  
(c) is tangent to an indifference curve      (d) cuts an indifference curve

**103. An indifference curve slopes down towards right since more of one commodity and less of another result in:**

- (a) same satisfaction      (b) greater satisfaction  
(c) maximum satisfaction      (d) decreasing expenditure

**104. The consumer is in equilibrium when the following condition is satisfied:**

- (a)  $\frac{MU_X}{MU_Y} > \frac{P_X}{P_Y}$       (b)  $\frac{MU_X}{MU_Y} < \frac{P_X}{P_Y}$   
(c)  $\frac{MU_X}{MU_Y} = \frac{P_X}{P_Y}$       (d) None of the above

**105. In the case of a Giffen good, the demand curve will be:**

- (a) horizontal      (b) downward-sloping to the right  
(c) upward-sloping to the right      (d) vertical

**106. Which of the following is not an essential condition of pure competition ?**

- (a) large number of buyers and sellers      (b) homogeneous product  
(c) freedom of entry      (d) absence of transport cost

**107. Which is the first order condition for the profit of a firm to be maximum?**

- (a)  $AC = MR$       (b)  $MC = MR$   
(c)  $MR = AR$       (d)  $AC = AR$

**108. In which form of the market structure is the degree of control over the price of its products by a firm very large?**

- (a) monopoly      (b) imperfect competition  
(c) oligopoly      (d) perfect competition

**109. Under which of the following forms of market structure does a firm have no control over the price of its product?**

- (a) monopoly      (b) monopolistic competition  
(c) oligopoly      (d) perfect competition

**110. Price discrimination will be profitable only if the elasticity of demand in different markets in which the total market has been divided is:**

- (a) uniform      (b) different  
(c) less      (d) zero

**111. 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

**112. Which of the following cost curves is never 'U' shaped ?**

- (a) Average cost curve
- (b) Marginal cost curve
- (c) Average variable cost curve
- (d) Average fixed cost curve

**113. In the short run, when the output of a firm increases, its average fixed cost:**

- (a) increases
- (b) decreases
- (c) remains constant
- (d) first declines and then rises

**114. The cost of one thing in terms of the alternative given up is known as:**

- (a) production cost
- (b) physical cost
- (c) real cost
- (d) opportunity cost

**115. Contraction of demand is the result of**

- (a) decrease in the number of consumers
- (b) increase in the price of the good concerned
- (c) increase in the prices of other goods
- (d) decrease in the income of purchasers

**116. In the case of an inferior good the income elasticity of demand is:**

- (a) positive
- (b) zero
- (c) negative
- (d) infinite

**117. The elasticity of substitution between two perfect substitutes is:**

- (a) zero
- (b) greater than zero
- (c) less than infinity
- (d) infinite

**118. A vertical supply curve parallel to Y axis implies that the elasticity of supply is:**

- (a) zero
- (b) infinity
- (c) equal to one
- (d) greater than Zero but less than infinity

**119. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in its:**

- (a) demand
- (b) price
- (c) costs of production
- (d) state of technology

**120. An isoquant slopes :**

- (a) downward to the left
- (b) downward to the right
- (c) upward to the left
- (d) upward to the right





**121. Which of the following is considered production in economics?**

- (a) Tilling of soil
- (b) Singing a song before friends
- (c) Preventing a child from falling into a manhole on the road
- (d) Painting a picture for pleasure

**122. Which of the following is not a characteristic of land?**

- (a) its supply for the economy is limited
- (b) it is immobile
- (c) its usefulness depends on human efforts
- (d) it is produced by our forefathers

**123. Who is the official “lender of the last resort” in India?**

- (a) SBI
- (b) PNB
- (c) RBI
- (d) OBC

**124. Which of the following statement regarding privatization is correct?**

- (a) Privatization is panacea for all economic problems
- (b) Privatization always leads to attaining social and economic efficiency
- (c) Privatization may result in lopsided development of industries in the country
- (d) None of the above

**125. Which of the following statements is correct?**

- (a) The disinvestments programme has been successfully carried out in India
- (b) Privatization up to 100 percent has been carried out in all the PSUs in India
- (c) Under strategic sale method of disinvestments, the government sells a major share to strategic buyer
- (d) None of the above

**126. At present 100 per cent FDI is allowed in -**

- (a) defence
- (b) drugs and Pharmaceuticals
- (c) banks
- (d) insurance

**127. FRBM Act stands for**

- (a) Fiscal Revenue and Budget Management
- (b) Foreign Revenue and Business Management
- (c) Fiscal Responsibility and Budget Management
- (d) Foreign Responsibility and Budget Management

**128. The share of concessional debt in total external debt of India has:**

- (a) remained the same
- (b) doubled
- (c) reduced
- (d) increased

**129. Which of the following statements is incorrect?**

- (a) The Indian road network is one of the largest networks in the world
- (b) The rural road network connects around 65 per cent of all weather roads
- (c) Most of the State Road Transport Corporations are running on profits
- (d) The National highways carry more than 40 per cent of the total road traffic

**130. In terms of generation of power \_\_\_\_\_'s contribution, is the maximum**

- (a) hydel
- (b) nuclear
- (c) thermal
- (d) others

**131. NTPC stands for**

- (a) National Thermal Power Corporation
- (b) National Tidal Power Corporation
- (c) National Theological Power Corporation
- (d) National Talent and Potential Corporation

**132. Most of the unemployment in India is:**

- (a) voluntary
- (b) structural
- (c) frictional
- (d) technical

**133. What is India's rank in world population?**

- (a) First
- (b) Second
- (c) Third
- (d) Fourth

**134. In which state is the sex ratio most favourable to women?**

- (a) Andhra Pradesh
- (b) Uttar Pradesh
- (c) Kerala
- (d) Karnataka

**135. India's present population in 2010 is:**

- (a) Between 50 – 60 crore
- (b) Between 60 – 70 crore
- (c) Between 70 – 80 crore
- (d) Above 120 crore

**136. India accommodates nearly \_\_\_\_\_ per cent of world's population**

- (a) 10
- (b) 50
- (c) 16.7
- (d) 45

**137. Which of the following statements is correct?**

- (a) Excise duty is levied on sales volume
- (b) Custom duties have been drastically cut down since 1991
- (c) VAT has been adopted by all the states in India
- (d) Agriculture contributes the maximum to the direct tax revenues in India



**138. Find the tax which is direct tax among the following:**

- |                         |                 |
|-------------------------|-----------------|
| (a) Personal income tax | (b) Excise duty |
| (c) Sales tax           | (d) Service tax |

**139. Per capita national income means:**

- |                                  |                                                   |
|----------------------------------|---------------------------------------------------|
| (a) $NNP \div \text{population}$ | (b) $\text{Total capital} \div \text{population}$ |
| (c) $\text{Population} \div NNP$ | (d) None of the above                             |

**140. Which of the following is an economic activity?**

- (a) Listening to music on the radio
- (b) Teaching one's own son at home
- (c) Medical facilities rendered by a charitable dispensary
- (d) A housewife doing household duties

**141. 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

**142. The net value added method of measuring national income is also known as:**

- |                               |                       |
|-------------------------------|-----------------------|
| (a) net output method         | (b) production method |
| (c) industry of origin method | (d) all of the above  |

**143. Which of the following is incorrect ?**

- (a)  $GDP \text{ at market price} = GDP \text{ at factor cost} + \text{net indirect taxes}$
- (b)  $NNP \text{ at factor cost} = NNP \text{ at market price} - \text{indirect taxes}$
- (c)  $GNP \text{ at market price} = GDP \text{ at market price} + \text{net factor income from abroad}$
- (d) None of the above

**144. Nearly \_\_\_\_\_ percent of working population is engaged in the service sector (2009-10).**

- |        |        |
|--------|--------|
| (a) 29 | (b) 45 |
| (c) 80 | (d) 50 |

**145. The industrial sector depends on the agricultural sector because**

- (a) the agricultural sector provides food and other products for the consumption purposes of industrial sector
- (b) the agricultural sector provides raw materials for the development of agro-based industries of the economy
- (c) the agricultural sector provides market for the industrial products
- (d) all of the above

**146. The Indian industry faced the process of retrogression and deceleration because of:**

- (a) unsatisfactory performance of agriculture
- (b) slackening of real investment in public sector
- (c) narrow market for industrial goods, especially in rural areas
- (d) all of the above

**147. Which of the following statements is incorrect?**

- (a) About 80 per cent of agricultural area has irrigation facilities
- (b) About two third area is rain-fed in India
- (c) Productivity per worker in agriculture is much lower than that in industry
- (d) Cropping pattern is quite skewed in India

**148. We can say Indian agriculture has become modern since:**

- (a) there has been an increase in the use of high yielding varieties of seeds, fertilizers pesticides etc.
- (b) there has been noticeable positive change in the attitude of farmers towards new techniques of production
- (c) farmers are increasingly resorting to intensive cultivation, multiple cropping, scientific water management
- (d) all of the above

**149. Generally an economy is considered underdeveloped if:**

- (a) the standard of living of people is low and productivity is also considerably low.
- (b) agriculture is the main occupation of the people and productivity in agriculture is quite low
- (c) the production techniques are backward
- (d) all of the above

**150. \_\_\_\_\_ is the apex bank for agriculture credit in India.**

- (a) RBI
- (b) SIDBI
- (c) NABARD
- (d) ICICI

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**151. Laspeyre's and Pasche's method satisfy time reversal test**

- (a) True
- (b) False
- (c) Both
- (d) None of these

**152. A frequency distribution**

- (a) Arranges observations in an increasing order
- (b) Arranges observations in terms of a number of groups
- (c) Relates to measurable characteristic
- (d) All of these



**153. Ogive is used to obtain**

- (a) Mean (b) Mode  
(c) Quartiles (d) All of these

**154. The value of middlemost item when they are arranged in order of magnitude is called**

- (a) Standard deviation (b) Mean  
(c) Mode (d) Median

**155. The errors in case of regression equation are**

- (a) Positive (b) Negative  
(c) Zero (d) All of these

**156. The probability of an event can assume any value between**

- (a) -1 and 1 (b) 0 and 1  
(c) -1 and 0 (d) None of these

**157. The most important continuous probability distribution is known is**

- (a) Binomial distribution (b) Normal distribution  
(c) Chi-Square Distribution (d) Sampling Distribution

**158. A measure of precision obtained by sampling is given by**

- (a) Standard error (b) Sampling fluctuation  
(c) Sampling distribution (d) Expectation

**159. A range of value is**

- (a) A point estimate (b) An interval estimate  
(c) Both (a) and (b) (d) None of these

**160. The index number is a special type of G.M.**

- (a) True (b) False  
(c) Both (d) None of these

**161. The number of test of adequacy is \_\_\_\_\_**

- (a) 2 (b) 5  
(c) 3 (d) 4

**162. If  $b^2 - 4ac = 0$ , the roots are \_\_\_\_\_**

- (a) Equal and real (b) Unequal and real  
(c) Complex numbers (d) Imaginary numbers

**163. If  $(7p+3q) : (3p-2q) = 43:2$ , then  $p:q$  is \_\_\_\_\_**

- (a) 5:4 (b) 4:5  
(c) 7:2 (d) 2:7

**MODEL TEST PAPER - 11**

**164. Number of \_\_\_\_\_ arrangement can be made by using all the letters of word Monday.**

- (a) 120 (b) 720  
(c) 41 (d) 51

**165. Which term of series 7,11,15, ..... nth term is equal to 403.**

- (a) 50 (b) 100  
(c) 101 (d) 51

**166.  $\log_{\sqrt{2}} 128$  is equal to \_\_\_\_\_**

- (a) 6 (b) 12  
(c) 24 (d) 14

**167. The number of ways in which 6 boys sit in a round table so that two particular boys sit together**

- (a) 48 (b) 720  
(c) 120 (d) None of these

**168. Rs. 4000 amount to Rs. 6000 in 3 years at the \_\_\_\_\_ p.a., if interest is compounded half yearly.**

- (a) 12% (b) 14%  
(c) 16% (d) 8%

**169. A graphical representation of \_\_\_\_\_ can be prepared in 2 different ways.**

- (a) Median (b) Mode  
(c) Mean (d) None

**170. The value of deciles divides the total number of observations into \_\_\_\_\_ equal parts.**

- (a) 100 (b) 10  
(c) 2 (d) None of these

**171.  $\lim_{x \rightarrow 0} \frac{3^{x+1} - 3}{x}$  is equal to**

- (a) Does not exist (b) Exist and is equal to 4  
(c) Exist and is equal to  $3 \log_e 3$  (d) Exist and is equal to 3

**172. Find  $\frac{dy}{dx}$  of  $\left(\frac{x^2}{a^2} + \frac{y^2}{b^2} = 1\right)$**

- (a)  $-b^2x / a^2y$  (b)  $-b_2y / a^2x$   
(c)  $-b^2 / a^2$  (d) 0



173. 6<sup>th</sup> term of series  $ab, a^2b^3, a^3b^5, \dots$  ..... nth term is equal to

- (a)  $a^6b^{11}$  (b)  $a^5b^{10}$   
(c)  $a^6b^6$  (d)  $a^5b^{11}$

174.  $\int_2^e \log x \, dx$  is equal to

- (a)  $\log 2 - 1$  (b)  $-(2 \log 2 + 2)$   
(c)  $2 \log 2 - 1$  (d) 0

175. In how many ways can the letters of words "ACCOUNTANT" be arranged if vowels always occur together?

- (a) 7560 (b) 7650  
(c) 7660 (d) 7550

176. Find the present value of Rs. 500 due 10 years hence when interest of 10% is compounded half yearly?

- (a) Rs. 188.40 (b) Rs. 193.94  
(c) Rs. 138.94 (d) Rs. 50.00

177. If  $f(x) = x^2 + 3x$  then  $f(2) - f(4)$  is equal to

- (a) -15 (b) -18  
(c) 18 (d) 12

178. For what value of 'K' the equation  $9x^2 - 24x + K = 0$  has equal roots

- (a) -16 (b) -15  
(c) 0 (d) 16

179. Two number are in the ratio of 5:6. If 5 is subtracted from each of them their ratio becomes 4:5. Find the numbers

- (a) 25 and 30 (b) 15 and 18  
(c) 60 and 72 (d) None of these

180. The equation of right bisector of line joining the points A (3, -4) and B (5, -6) is equal to

- (a)  $2x - 2y - 9 = 0$  (b)  $x + y + 1 = 0$   
(c)  $3x - 2y + 7 = 0$  (d)  $x - 5y + 4 = 0$

181. The regression equation are  $8x - 10y + 66 = 0$  and  $40x - 18y = 214$ , find the coefficient of correlation

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

**MODEL TEST PAPER - 11**

**182. The mean weight of 150 students in a class is 60 kg. The mean weight of the boys is 70 kg, while that of girls is 55 kg, find the number of boys and number of the girls in the class.**

- (a) 50 boys and 100 girls (b) 100 boys and 50 girls  
(c) 75 boys and 75 girls (d) None of these

**183. Two cards are drawn from a well shuffled pack of playing cards. Find the probability that both are ace.**

- (a) 1:221 (b) 2:221  
(c) 10:21 (d) None of these

**184. A random sample was taken to estimate the mean annual income of 100 families and the mean and standard deviation were found to the Rs. 6,300 and Rs. 9.5 respectively find standard error for 95% confidence level.**

- (a) 2.25 (b) 1.50  
(c) 2.15 (d) 1.862

**185. If 10 coins are tossed 100 times, how many times would you expect 7 coins to fall head upward.**

- (a) 14 (b) 12  
(c) 13 (d) 11

**186. Coefficient of variation of two series are 60% and 80% respectively. Their standard deviation are 20 and 16 respectively, what are their A.M.**

- (a) 15 and 20 (b) 33.3 and 20  
(c) 33.3 and 15 (d) 12 and 16

**187. The height of 8 boys in a class (in cumulative) are 135, 138, 160, 141, 155, 146, 158, 149. Find 61<sup>st</sup> percentile.**

- (a) 139.81 (b) 151.94  
(c) 153.98 (d) None of these

**188. The roots of equation  $9^{x+2} - 6.3^{x+1} + 1 = 0$  are**

- (a) - 2 (b) - 2 and + 2  
(c) - 2 and + 3 (d) - 2, 0

**189. How many diagonals can be drawn in a plane figure of 16 sides.**

- (a) 100 (b) 50  
(c) 104 (d) 54

**190. The sum of squares of first n natural numbers is equal to**

- (a)  $\frac{n(n+1)}{2}$  (b)  $\frac{n}{6}(n+1)(2n+1)$





- (c)  $\left[\frac{n}{6}(n+1)\right]^2$  (d) None of these

**191. Find the gradient of curve  $y = 3x^2 - 5x + 4$  at the point (1, 2)**

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

**192. "Is greater than" over the set of all natural number if known as**

- (a) Transitive (b) Symmetric  
(c) Reflexive (d) Equivalence

**193. Find the least value of n for which the sum  $1 + 3 + 3^2 + 3^3$  \_\_\_\_\_ to n terms of greater than 7000.**

- (a) 8 (b) 9  
(c) 7 (d) 15

**194. The number of subsets of the set {1,2,3,4} is**

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

**195.  $\int \sqrt{x^2 + a^2} dx$  is equal to**

- (a)  $\frac{x}{2}\sqrt{x^2 + a^2} + \frac{a^2}{2} \log \left| x^2 + \sqrt{x^2 + a^2} \right|$   
(b)  $\frac{x}{2}\sqrt{x^2 - a^2} + \frac{a^2}{2} \log \left| x^2 - \sqrt{x^2 - a^2} \right|$   
(c)  $\frac{x}{2}\sqrt{x^2 - a^2} - \frac{a^2}{2} \log \left| x^2 + \sqrt{x^2 + a^2} \right|$   
(d) None of these

**196. If  $c(n, 8) = c(n, 6)$ , find  $c(n, 2)$**

- (a) 14 (b) 91  
(c) 19 (d) 41

**197. An experiment succeeds twice as often as it fails. What is the probability that in next five trials there will be three success.**

- (a) 192/243 (b) 19/243  
(c) 80/243 (d) 50/243

**MODEL TEST PAPER - 11**

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**198. If a:b = 4:5, find the value of (5a – 3b): (6a + 3b)**

- (a) 7:39 (b) 15:39  
(c) 1:3 (d) 5:39

**199. What is the modal value for the numbers 4, 3, 8, 15, 4, 3, 6, 3, 15, 3, 4.**

- (a) 3 (b) 4  
(c) 15 (d) None of these

**200. If  $p^q = q^p$  then value of  $\left(\frac{p}{q}\right)^{\frac{p}{q}} - p^{\frac{p-1}{q}}$  reduces to**

- (a) p (b) q  
(c) 0 (d) None of these

★ ★ ★



**BOARD OF STUDIES**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**COMMON PROFICIENCY TEST**

**Model Test Paper – BOS/CPT – 12**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

**1. Which of the following is not a sub-field of accounting?**

- |                           |                     |
|---------------------------|---------------------|
| (a) Management accounting | (b) Cost accounting |
| (c) Financial accounting  | (d) Book-keeping    |

**2. Capital brought in by the proprietor is an example of \_\_\_\_\_**

- (a) Increase in asset and increase in liability
- (b) Increase in liability and decrease in asset
- (c) Increase in asset and decrease in liability
- (d) Increase in one asset and decrease in another asset

**3. Cost of shifting of business to a more convenient locality is \_\_\_\_\_**

- |                                  |                         |
|----------------------------------|-------------------------|
| (a) Capital expenditure          | (b) Revenue expenditure |
| (c) Deferred revenue expenditure | (d) Capital loss        |

**4. Salary Rs. 2000 payable to clerk is credited to \_\_\_\_\_**

- |                                |                       |
|--------------------------------|-----------------------|
| (a) Salary account             | (b) Cash account      |
| (c) Outstanding salary Account | (d) None of the above |

**5. Total of purchase return book is posted periodically to the credit of \_\_\_\_\_**

- |                             |                       |
|-----------------------------|-----------------------|
| (a) Purchase return account | (b) Cash book         |
| (c) Journal proper          | (d) None of the three |

**6. No Journal entry is required to be passed when there is \_\_\_\_\_**

- |                       |                    |
|-----------------------|--------------------|
| (a) Normal loss       | (b) Abnormal loss  |
| (c) Loss of bad debts | (d) Loss by riots. |

**7. Stock is valued at cost or market value, whichever is less, is based on \_\_\_\_\_**

- (a) Entity concept
- (b) Money measurement concept
- (c) Accrual concept
- (d) Conservation

**8. Account sale is sent by \_\_\_\_\_**

- (a) Consignor
- (b) Consignee
- (c) Supplier
- (d) None of the three

**9. Which of the following statement is not true?**

- (a) If del credere commission is allowed, bad debts will not be recorded in the books of the consignor.
- (b) If del credere commission is allowed, bad debts will be debited in consignment account.
- (c) If del credere commission is allowed by consignor to consignee, loss of bad debts is borne by consignee
- (d) Del credere commission is generally given to promote credit sales.

**10. In the absence of any provision in the partnership agreement, profits and losses are shared:**

- (a) In the ratio of capitals
- (b) Equally
- (c) In the ratio of capital invested by partners to the firm
- (d) None of the above

**11. Loss on issue of debentures for 5 years is treated as \_\_\_\_\_**

- (a) Intangible asset
- (b) Current asset
- (c) Current liability
- (d) Other non-current asset

**12. Dividends are usually paid as a percentage of \_\_\_\_\_**

- (a) Authorised shares capital
- (b) Net profit
- (c) Paid up capital
- (d) Called up capital

**13. According to the Companies Act, 1956, Balance Sheet of a company is prepared as per**

- (a) Part II of Schedule VI
- (b) Part I of Schedule VI
- (c) Part II of Schedule VII
- (d) Part I of Schedule VII

**14. Damaged inventory is valued at**

- (a) Cost or Market price whichever is lower
- (b) Cost or Market price whichever is higher
- (c) Cost of Net Realizable Value whichever is lower
- (d) At net realizable value

**15. The main causes of depreciation include:**

- (a) Physical wear & tear
- (b) Passage of time
- (c) Change in the Economic development
- (d) All of the above



- 16. In case of credit balance, the words \_\_\_\_\_ are written on the credit side.**
- (a) To balance b/d (b) To balance c/d  
(c) By balance b/d (d) By balance c/d
- 17. Prepaid insurance given in trial balance is recorded in \_\_\_\_\_**
- (a) Trading account (b) Profit & Loss account  
(c) Balance sheet (d) None of the three
- 18. Present liability of uncertain amount which can be measured reliably by using a substantial degree of estimation is termed as \_\_\_\_\_**
- (a) Provision (b) Liability  
(c) Contingent liability (d) None of the above
- 19. When preparing a Bank reconciliation statement, if you start with balance as per cash book, then dividends directly collected by bank but not yet entered in cash book within the period are \_\_\_\_\_**
- (a) Added (b) Deducted  
(c) Not required to be adjusted (d) None of the above
- 20. The benefit from the expenditure is spread for not more than one year is called**
- (a) Deferred revenue expenditure (b) Deferred capital expenditure  
(c) Revenue Expenditure (d) Capital expenditure
- 21. A trader purchased a machinery costing Rs. 1,00,000 on 1<sup>st</sup> Oct. 2009. Transportation and installation charges were incurred amounting Rs. 10,000 and Rs. 4,000 respectively. Dismantling charges of the old machine in place of which new machine was purchased amounted Rs. 10,000. Market value of machine was estimated at Rs. 1,20,000 on March 31, 2010, while finalizing the annual accounts. Trader values the machinery at Rs. 1,20,000 in his books which of the following concepts was violated by the trader?**
- (a) Cost concept (b) Matching concept  
(c) Realisation (d) Periodicity concept
- 22. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of final statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are \_\_\_\_\_**
- (a) Accounting regulations (b) Accounting guidance notes  
(c) Accounting standards (d) Accounting frame work

<b>23.</b>	<b>Opening Stock</b>	<b>8,500</b>
	<b>Purchases</b>	<b>30,700</b>
	<b>Direct Expenses</b>	<b>4,800</b>
	<b>Indirect Expenses</b>	<b>5,200</b>
	<b>Closing Stock</b>	<b>9,000</b>
	<b>Cost of goods sold will be:</b>	<b>_____</b>

- (a) Rs. 30,000 (b) Rs. 35,000  
 (c) Rs. 32,000 (d) Rs. 40,000

**24.** The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 on Jan. 1, 2010. It has purchased the plant and machinery on Jan 1, 2007. Firm has been following the practice of charging full years depreciation every year on diminishing balance system @ 15%. Cost of machinery on 1.1.2007 will be \_\_\_\_\_

- (a) Rs. 240,000 (b) Rs. 250,000  
 (c) Rs. 200,000 (d) Rs. 260,000

**25.** A new firm commenced business on Jan. 1, 2009 purchased goods costing Rs. 19,500 during the year. A sum of Rs. 400 was spent on carriage inward and Rs. 1000 on wages. At the end of the year the cost of goods still unsold was Rs. 12,000. Sales during the year Rs. 25,000. What is the gross profit earned by the firm \_\_\_\_\_

- (a) Rs. 16,100 (b) Rs. 18,200  
 (c) Rs. 20,000 (d) Rs. 15,100

<b>26.</b>	<i>Dr.</i>	<i>Cr.</i>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cost of goods sold</b>	<b>1,50,000</b>	<b>—</b>
<b>Closing Stock</b>	<b>—</b>	<b>40,000</b>
<b>Debtors</b>	<b>—</b>	<b>60,000</b>
<b>Fixed Assets</b>	<b>50,000</b>	<b>—</b>
<b>Opening Stock</b>	<b>60,000</b>	<b>—</b>
<b>Sundry Expenses</b>	<b>—</b>	<b>20,000</b>
<b>Sales</b>	<b>—</b>	<b>2,00,000</b>
<b>Capital</b>	<b>90,000</b>	<b>—</b>
<b>Creditors</b>	<b>—</b>	<b>30,000</b>
	<b><u>3,50,000</u></b>	<b><u>3,50,000</u></b>

**Total of corrected trial balance will be \_\_\_\_\_**

- (a) Rs. 3,20,000 (b) Rs. 3,60,000  
 (c) Rs. 3,00,000 (d) Rs. 4,00,000

**27.** Journal entry for wages paid Rs. 20,000 for installation of machinery will be \_\_\_\_\_

- (a) Dr. wages A/c and Cr. Cash A/c Rs. 20000  
 (b) Dr. Machinery A/c and Cr. Cash A/c Rs. 20000  
 (c) Dr. machinery repairs A/c and Cr. Cash A/c Rs. 20000  
 (d) None of the above



**28. Capital introduced in the beginning by Syam Rs. 40,000, further capital introduced during the year Rs. 1,00,000. Drawings Rs. 200 per month and closing capital is Rs. 53,600. The amount of profit or loss for the year is \_\_\_\_\_**

- (a) Rs. 15,000 profit (b) Rs. 5,000 loss  
(c) Rs. 20,000 profit (d) Information is insufficient for any comment.

**29. Goods purchased Rs. 1,00,000. The goods were sold Rs. 80,000. Margin 20% on sales. Closing stock is \_\_\_\_\_**

- (a) Rs. 36,000 (b) Rs. 40,000  
(c) Rs. 50,000 (d) None of the above.

**30. The securities premium account may be applied by the company**

- (a) In writing off the preliminary expenses of the company.  
(b) In writing off the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company.  
(c) In paying up un-issued shares of the company to be issued to members of the company as fully paid bonus shares.  
(d) All of the above.

**31. Following information pertains to X Ltd.**

	Rs.
<b>Equity share capital called up</b>	<b>4,60,000</b>
<b>Calls in arrears</b>	<b>7,500</b>
<b>Calls in advance</b>	<b>5,000</b>
<b>Proposed dividend</b>	<b>5%</b>

**The amount of dividend payable will be \_\_\_\_\_**

- (a) Rs. 22,625 (b) Rs. 23,000  
(c) Rs. 20,000 (d) None of the three

**32. Pavan Ltd.'s authorized capital is 60,000 shares of Rs. 10 each. 4000 fully paid shares were issued to promoters for their services. This amount will be debited to \_\_\_\_\_**

- (a) Preliminary expenses (b) Goodwill  
(c) Sundry expenses (d) None of the three

**33. X Ltd. purchased the business of Y Ltd. for Rs. 9,00,000 payable in fully paid shares of 100 each at a premium of 25%. The number of shares to be issued by X Ltd. to settle the purchase consideration will be \_\_\_\_\_**

- (a) 7000 (b) 5000  
(c) 7200 (d) None of the three

**34. Gopal was holding 100 shares of Rs. 10 each of a company on which he had paid Rs. 3 on application and Rs. 2 on allotment but could not pay Rs. 2 on first call. Directors forfeited his shares. Share capital will be debited by \_\_\_\_\_**

- (a) Rs. 1000 (b) Rs. 700  
(c) Rs. 500 (d) Rs. 800

**35. Pavan Ltd. invited application for 30,000 shares payable as under:**

**Rs. 3 per share on application;  
Rs. 3 per share on allotment;  
Rs. 2 per share on First call;  
Rs. 2 per share on final call;**

**Ashok, who had been allotted 500 shares failed to pay both the calls. His shares were forfeited and reissued at Rs. 9 per share to Hari, as fully paid up. Amount transferred to capital Reserve will be \_\_\_\_\_**

- (a) Rs. 2,000 (b) Rs. 2,500  
(c) Rs. 2,800 (d) Rs. 1,500

**36. Z Ltd. forfeited 600 shares of Rs. 10 each, on which first call of Rs. 3 per share was not received; the second and final call of Rs. 2 per share has not yet been called. Forfeited share A/c will be credited with \_\_\_\_\_**

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

**37. When preparing a Bank reconciliation statement, if you start with a debit balance as per cash book, cheques sent to Bank but not collected within the period should be \_\_\_\_\_**

- (a) Added (b) Deducted  
(c) Not required to be adjusted (d) Name of the above

**38. A company purchased plant for Rs. 5,000. The useful life of the plant is 10 years and the residual value is Rs. 500. The management wants to depreciate it by straight line method. Rate of depreciation will be \_\_\_\_\_**

- (a) 8% (b) 9%  
(c) 10% (d) None of the three

**39. X sells goods at Cost plus 60%. Total sales were Rs. 16,000 cost price of the goods will be: \_\_\_\_\_**

- (a) Rs. 12,000 (b) Rs. 10,000  
(c) Rs. 13,000 (d) None of the three

**40. A trader sells goods at a profit of 25% on sale. In a particular month he sold goods costing Rs. 34,200 sale price of goods will be \_\_\_\_\_**

- (a) Rs. 45,000 (b) Rs. 45,600  
(c) Rs. 45,500 (d) Rs. 42,000





41. A manager gets 5% commission on sales, cost price of goods sold is Rs. 40,000 which he sells at a margin of 20% on sale. Manager Commission will be \_\_\_\_\_

- (a) Rs. 2000 (b) Rs. 2500  
(c) Rs. 2800 (d) None of the three

42. A manager gets 5% commission on net profit after charging such commission. If gross profit is Rs. 48,000 and expenses of indirect nature other than manager's commission are Rs. 6,000. Commission amount will be \_\_\_\_\_

- (a) Rs. 2100 (b) Rs. 2000  
(c) Rs. 2200 (d) Rs. 2400

43. On January 1, Mohan paid wages amounting Rs. 10,000. This is \_\_\_\_\_

- (a) An event. (b) A transaction.  
(c) Either (a) or (b). (d) Neither (a) nor (b).

44. Omega Stationers used Stationery for business purposes Rs. 300. Amount will be credited to:

- (a) Sales A/c (b) Purchases A/c  
(c) Cash A/c (d) None of the three

45. A machinery of Rs. 3,000 was sold for Rs. 4200. Depreciation provision till date of sale was Rs. 400 and commission paid to the selling agent was Rs. 420 and wages paid to the workers for removing the machine was Rs. 30. Profit on sale of machinery will be \_\_\_\_\_

- (a) Rs. 1200 (b) Rs. 1000  
(c) Rs. 1150 (d) None of the three

46. Cost of goods sold 1,58,600  
Stock in hand at the close of the year 25,400  
Stock in hand at the beginning of the year 44,000  
Purchases amount will be \_\_\_\_\_

- (a) Rs. 1,40,000 (b) Rs. 1,35,000  
(c) Rs. 1,30,000 (d) Rs. 1,45,000

	Rs.
47. Opening balance of Capital	5,000
Net profit	2,770
Income tax	550
Drawings	650
Interest on capital	500
Interest on Drawings	120
Capital at end will be	

- (a) Rs. 6950 (b) Rs. 6000  
(c) Rs. 6500 (d) Rs. 6600

48. Trial balance of a trader shows the following balances

	Rs.
Opening Stock	9600
Purchases less returns	11850
Salaries and wages	3200
Carriage on Purchases	200
Carriage outwards	300
Sales	24900
Closing Stock	3500
Gross profit will be	

- (a) Rs. 6750 (b) Rs. 6500  
 (c) Rs. 3250 (d) Rs. 3200

49.

	Rs.
Jan 1, 2009 Provision for Bad Debts	2,500
Dec. 31, 2009 Bad debts	1,870
Debtors	20,000
Make a provision for bad debts @ 5% on debtors. Provision for bad debts in Profit and Loss A/c will be _____	

- (a) Rs. 370 (b) Rs. 400  
 (c) Rs. 500 (d) None of the three

50. Goods destroyed by fire Rs. 25000 and Insurance company admitted full claim. Claim receivable will be recorded in \_\_\_\_\_

- (a) Trading A/c (b) P/L Account  
 (c) Balance Sheet (d) P/L Appropriation A/c

51. On 1<sup>st</sup> January, 2010 Badri of Bombay consigned 100 cases (cost price Rs. 7500) at a proforma invoice price of 25% profit on sales to his agent Anil of Agra. On the same date Badri paid non recurring expenses of Rs. 600. On 5<sup>th</sup> January. Anil took delivery and paid Rs. 1200 for Octroi. On 31<sup>st</sup> January he sold 80 cases for Rs. 10,500. He charged Rs. 775 as his commission. Consignment profit will be \_\_\_\_\_

- (a) Rs. 2,285 (b) Rs. 2,200  
 (c) Rs. 2,500 (d) Rs. 2,000

52. If sales revenue are Rs. 4,00,000, cost of goods sold is 3,10,000 and operating expenses are Rs. 60,000, the gross profit is

- (a) Rs. 90,000 (b) Rs. 30,000  
 (c) Rs. 3,40,000 (d) Rs. 60,000



53. A, B and C are partners in a business sharing profits and losses in the ratio of 3:2:1. On 30<sup>th</sup> June, 2009, C retired from business, when his capital A/c after all necessary adjustments showed a balance of Rs. 10,950. It was agreed that he should be paid Rs. 4950 in cash on retirement and the balance in three equal yearly instalments with interest at 6% per annum. Amount of last instalment with interest will be: \_\_\_\_\_

- (a) Rs. 2120 (b) Rs. 2100  
(c) Rs. 2200 (d) Rs. 2500

54. A, B and C share profit and losses in the ratio of 3:2:1. Upon admission of D they agreed to share in the ratio of 5:4:2:1 sacrificing ratio will be: \_\_\_\_\_

- (a)  $\frac{1}{12}$  : NIL : NIL (b) NIL :  $\frac{1}{12}$  : NIL  
(c) NIL : NIL :  $\frac{1}{12}$  (d) None of the three

55. Rs. 35,000 was spent on painting the new factory. It is a \_\_\_\_\_

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

56. The total cost of goods available for sale with a company during the current year is Rs. 12,00,000. Total sales during the period are Rs. 13,00,000. If the gross profit margin is  $33\frac{1}{3}$ % on cost. Closing inventory of the current year will be \_\_\_\_\_

- (a) Rs. 4,00,000 (b) Rs. 3,00,000  
(c) Rs. 2,25,000 (d) Rs. 2,50,000

57. Opening Debtors	Rs.10,200
Cash Received from debtors during the year	
(as per cash book)	Rs. 30,400
Returns Inwards	Rs. 2,700
Bad debts	Rs. 1,2 00
Debtors at end	Rs. 13,800
Cash Sales (As per cash book)	Rs. 28,400
Total Sales will be	

- (a) Rs. 66,300 (b) Rs. 66,000  
(c) Rs. 65,000 (d) Rs. 66,500

58. A company wishes to earn 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?

- (a) 25% (b) 30%  
(c) 20% (d) None of the above.

**MODEL TEST PAPER - 12**

**59. Anwar Ltd. Purchased building worth Rs. 99,00,000 and issued 12% debentures of 100 each at a premium of 10%. Premium amount will be \_\_\_\_\_**

- (a) Rs. 9,00,000 (b) Rs. 8,00,000  
(c) Rs. 7,00,000 (d) Rs. 10,00,000

**60. Green Ltd. issued 5,000, 6% debentures of Rs.100 each at a discount of 5% repayable after 5 years at a premium of 5%. Total loss on issue of debentures will be \_\_\_\_\_**

- (a) Rs. 40,000 (b) Rs. 50,000  
(c) Rs. 60,000 (d) Rs. 70,000

**SECTION – B : MERCANTILE LAWS (40 MARKS)**

**61. Consent is not said to be free when it is caused by \_\_\_\_\_**

- (a) Coercion (b) Undue Influence  
(c) Fraud (d) All of these

**62. Which of the following statements are correct?**

- (a) In the case of fraud, the person making the representation believes it to be true.  
(b) In the case of misrepresentation, the maker does not believe it to be true.  
(c) Fraud does not afford a ground for bringing an action in tort for damages; whereas misrepresentation does.  
(d) In the case of misrepresentation, the fact the plaintiff had means of discovering the truth by exercising ordinary diligence can be good defence against the repudiation of the contract but such a defence cannot be set up in the case of fraud other than fraudulent silence.

**63. Which of the following statement is true?**

- (a) A contract with a minor is voidable at the option of the minor.  
(b) An agreement with a minor can be ratified after he attains majority.  
(c) A person who usually of an unsound mind cannot enter into contract even when he is of a sound mind.  
(d) A person who usually of a sound mind cannot enter into contract when he is of unsound mind.

**64. On the valid of the contractual obligations by the parties, the contract**

- (a) is discharged. (b) becomes enforceable.  
(c) becomes void (d) None of these.

**65. Consideration in simple term means:**

- (a) Anything in return. (b) Something in return  
(c) Everything in return (d) Nothing in return



**66. Which of the following statement is true?**

- (a) There can be a stranger to a contract
- (b) There can be a stranger to a consideration
- (c) There can be a stranger to a contract & consideration
- (d) None of the above

**67. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy?**

- (a) Trading with an enemy
- (b) Trafficking in public offices
- (c) Marriage brokerage contracts
- (d) Contracts to do impossible acts

**68. Ordinarily, a minor's agreement is**

- (a) Void-ab-intio
- (b) Voidable
- (c) Valid
- (d) Unlawful

**69. A contract is discharged by rescission which means the**

- (a) Change in one or more terms of the contract
- (b) Acceptance of lesser performance.
- (c) Abandonment of rights by a party
- (d) Cancellation of the existing contract

**70. In case of a firm carrying on the business of 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 ten 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.

**71. The bidder at an auction sale can withdraw his bid:**

- (a) Any time during auction
- (b) Before fall of hammer
- (c) Before payment of price.
- (d) None of these

**72. In case of sale on approval, the ownership is transfer to the buyer when he:**

- (a) Accepts the goods
- (b) Adopts the transaction
- (c) Fails to return goods
- (d) In all the above cases

**73. 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 partner give their consent in this regard.
- (d) Both (b) & (c)

**74. The Sale of Goods Act, 1930 came into force on \_\_\_\_\_**

- (a) 15<sup>th</sup> March, 1930
- (b) 30<sup>th</sup> July, 1930
- (c) 30<sup>th</sup> June, 1930.
- (d) 1<sup>st</sup> July, 1930

**75. An auction sale is complete on the \_\_\_\_\_**

- (a) Delivery of goods.
- (b) Payment of price.
- (c) Fall of hammer.
- (d) None of the above.

**76. A share in a partnership be transferred like any other \_\_\_\_\_**

- (a) Property
- (b) Goods
- (c) Currency
- (d) Investment

**77. The maximum number of partners is mentioned in :**

- (a) The Partnership Act
- (b) The General Clauses Act
- (c) The Companies Act
- (d) The Societies Registration Act

**78. Active partner is one who :**

- (a) Takes part in the business of the firm
- (b) Actively participates in co-curricular activities
- (c) Actively shares the profits.
- (d) Makes a show of authority.

**79. A minor may be :**

- (a) Admitted to the benefits of the partnership
- (b) A partner of the firm
- (c) Representative of the firm
- (d) Entitled to carry on the business of the firm

**80. The agent should be in possession of goods with the consent of the \_\_\_\_\_**

- (a) Owner
- (b) Seller
- (c) Buyer
- (d) Principal

**81. All contracts are \_\_\_\_\_**

- (a) Agreement
- (b) Promises,
- (c) Set of promises
- (d) Proposals

**82. Agreement with a minor is altogether \_\_\_\_\_**

- (a) Void
- (b) Voidable
- (c) Illegal
- (d) enforceable

**83. Delivered by acknowledgement is \_\_\_\_\_**

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



**84. Total substitution of new contract in place of old contract takes place in case of \_\_\_\_\_**

- (a) Remission
- (b) Rescission
- (c) Novation
- (d) Alteration

**85. 'Buyer' means a person who:**

- (a) Buys Goods
- (b) Agrees to buy goods
- (c) Has bought goods
- (d) Buy or agrees to buy goods

**86. 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

**87. Contract of sale is \_\_\_\_\_**

- (a) Executory Contract
- (b) Executed contract
- (c) Executory Contract or Executed Contract
- (d) None of the above

**88. Quasi-Contracts arise \_\_\_\_\_**

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

**89. Conditions and warranties \_\_\_\_\_**

- (a) Must be expressed
- (b) Must be implied if not expressed
- (c) May either be expressed or implied
- (d) None of the above

**90. The maxim 'delegates non protest delegate' 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.

**91. 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 delivery them
- (d) All of the above

**92. 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

**93. In case of an agreement to sell, subsequent loss of 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

**94. True test of partnership is \_\_\_\_\_**

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

**95. The reconstitution of the firm takes place in case of \_\_\_\_\_**

- (a) Admission of a partner
- (b) Retirement of a partner
- (c) Expulsion or death of a partner
- (d) All of the above

**96. 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 as that of any other partner in the firm
- (c) Is similar as that of any other partner in the firm
- (d) Is unlimited

**97. 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 seller
- (d) The Central Government or the state government, as the case may be

**98. 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





**99. State whether X and Y are partners in the following circumstances:**

- (a) X agrees Y to carry passengers by taxi from Delhi to Gurgaon on the followings terms, namely, Y is to pay X Rs. 100 per mile per annum, and X and Y are to share to costs of repairing and replacement of the care, and to divide equally between them the proceeds of fares received from passengers.
- (b) X and Y are co-owners of a house let to a tenant. X and Y divide the net rents (after deduction of the incidental taxes; etc.) between themselves.
- (c) X and Y buy 200 bales of cotton agreeing to share the same between them.
- (d) X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y.

**100. An auctioneer in Mumbai advertised in a newspaper that a sale of office furniture would be held on December 23, 2005 a broker came from Hyderabad to attend the auction, but all the furniture was withdrawn. The broker from Hyderabad sued the auctioneer for loss of his time and expenses. Which of the following statement(s) is correct?**

- (a) The broker can get damages from the auctioneer for loss of his time and expenses.
- (b) The broker will not get damages from the auctioneer for loss of his time and expenses.
- (c) An invitation to make offer is a valid offer.
- (d) A declaration of intention by a person will give right of action to another.

### SECTION – C : GENERAL ECONOMICS (50 MARKS)

**101. Which of the following statements is correct?**

- (a) Robbins has made economics as a form of welfare economics
- (b) The law of demand is always true
- (c) All capital is wealth but all wealth is not capital
- (d) None of the above

**102. State which of the following represents macro from the national point of view.**

- (a) Turnover ratio of Reliance Ltd.
- (b) Capital output ratio of Indian Industries
- (c) Debt equity ratio of TELCO
- (d) All the above

**103. Which of the following can be regarded as law of economics?**

- (a) Ceteris Paribus, if the price of a commodity rises the quantity demanded of it will fall
- (b) Higher the income, greater is the expenditure
- (c) Taxes have no relation with the benefits which a person derives from the state
- (d) None of the above

**104. When as a result of decrease in the price of good, the total expenditure made on it decreases we say that price elasticity of demand is:**

- (a) less than unity
- (b) unity
- (c) zero
- (d) greater than unity

**105. The point elasticity at the mid-point on the demand curve is:**

- (a) one
- (b) zero
- (c) less than one
- (d) less than zero

**106. If as a result of 50 per cent increase in all inputs, the output rises by 75 per cent, this is a case of:**

- (a) increasing returns to a factor
- (b) increasing returns to scale
- (c) constant returns to a factor
- (d) constant returns to scale

**107. The income of a household rises by 20 per cent, the demand for computer rises by 25 percent, this means computer (in Economics) is a/an:**

- (a) inferior good
- (b) luxury good
- (c) necessity
- (d) can't say

**108. Which of the following is not a property of the indifference curve ?**

- (a) Indifference curves are convex to the origin
- (b) Indifference curves slope downwards from left to right
- (c) No two indifference curve can cut each other
- (d) None of the above

**109. The structure of the cold drink industry in India is best described as:**

- (a) Perfectly competitive
- (b) Monopolistic
- (c) Oligopolistic
- (d) Monopolistically competitive

**110. If the price of apples rises from Rs. 30 per kg to Rs. 40 per kg and the supply increases from 240 kg to Rs. 300 kg. Elasticity of supply is: (use Arc Elasticity Method)**

- (a) .77
- (b) .67
- (c) (-) .67
- (d) (-) .77

**111. Which of the following statement is correct ?**

- (a) Land is highly mobile factor of production
- (b) Man cannot create matter
- (c) The services of housewife are termed as production in economics
- (d) None of the above

**112. Under which market structure, average revenue of a firm is equal to its marginal revenue**

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

**113. If a seller realizes Rs. 10,000 after selling 100 units and Rs. 14,000 after selling 120 units. What is the marginal revenue here?**

- (a) Rs. 4000
- (b) Rs. 450
- (c) Rs. 200
- (d) Rs. 100



**114. Under which market condition, though the firms earn normal profits in the long run, there is always excess capacity with them:**

- (a) Perfect competition (b) Monopoly  
(c) Oligopoly (d) Monoplistic competition

**115. Price discrimination is profitable when:**

- (a) the elasticity of the product in different markets is same  
(b) the elasticity of the product in different market is different  
(c) the elasticity of the product in different market is zero  
(d) none of the above.

**116. The cost of one thing in terms of the alternative given up is known as:**

- (a) opportunity cost (b) real cost  
(c) actual cost (d) deferred cost

**117. Which of the following statement is incorrect?**

- (a) Even monopolist can earn losses  
(b) Firms in a perfectly competitive market are price takers  
(c) It is always beneficial for a firm in the perfectly competitive market to discriminate prices  
(d) Economic laws are less exact than the laws of physical sciences

**118. In economics, what a consumer is ready to pay minus what he actually pays, is termed as:**

- (a) Consumer's equilibrium (b) Consumer's surplus  
(c) Consumer's expenditure (d) None of the above

**119. The producer is in equilibrium at a point where the cost line is:**

- (a) above the isoquant (b) below the isoquant  
(c) cutting the isoquant (d) tangent to isoquant

**120. If the price of 'X' rises by 10 per cent and the quantity demanded falls by 10 per cent, 'X' has:**

- (a) In elastic demand (b) Unit elastic demand  
(c) Zero elastic demand (d) Elastic demand

**121. Which of the following is not an economic activity?**

- (a) A son looking after his ailing mother  
(b) A chartered accountant doing his own practice  
(c) A soldier serving at the border  
(d) A farmer growing millets

**122. If real national income rises by 10 per cent and population increases by 2 per cent, per capita income will increase by:**

- (a) 5 per cent (b) 8 per cent  
(c) 12 per cent (d) 6 per cent

**123. Which of the following statement is correct?**

- (a) Cropping pattern in India is quite balanced
- (b) India is passing through the first stage of demographic transition
- (c) India's population is second largest in the world
- (d) None of these

**124. Which sector of the Indian economy contributes the largest to national income?**

- (a) Primary sector
- (b) Manufacturing sector
- (c) Secondary sector
- (d) Tertiary sector

**125. Economic development is**

- (a) synonymous with economic growth
- (b) narrower concept than economic growth
- (c) broader concept than economic growth
- (d) none of the above

**126. Which of the following is correct:**

- (a)  $\text{GDP at market price} = \text{GDP at factor cost} + \text{net indirect taxes}$
- (b)  $\text{NNP at factor cost} = \text{GNP at market price}$
- (c)  $\text{GNP at market price} = \text{NNP at market price} + \text{net income from abroad}$
- (d) All of the above

**127. Fiscal policy is concerned with:**

- (a) public revenue, public expenditure and public debt
- (b) controlling the BOP situation
- (c) controlling the banks
- (d) none of the above

**128. In order to control credit and investment, the Central Bank should:**

- (a) decrease Cash reserve ratio
- (b) decrease Bank rate
- (c) buy securities in the open market
- (d) sell securities in the open market

**129. Pick up the correct statement:**

- (a) Inflation is a persistent fall in the price level
- (b) The Indian direct tax structure relies on a very narrow population base
- (c) Mixed income of self-employed means gross profits received by proprietors
- (d) All of the above

**130. Which of the following is an economic activity?**

- (a) Medical facilities rendered by a charitable dispensary
- (b) Teaching one's own nephew at home
- (c) A housewife doing household duties
- (d) Watching television



**131. Which of the following statement is correct ?**

- (a) Income tax was abolished in India in 1991
- (b) Gift tax abolished in India in 1998
- (c) All the States have adopted VAT
- (d) Estate duty was abolished in 1995

**132. Demand for intermediate consumption arises in:**

- (a) household consumers
- (b) government enterprises only
- (c) corporate enterprises only
- (d) all producing sectors of the economy

**133. Transfer payments refer to payment which are made:**

- (a) without any exchange of goods and services
- (b) to workers on transfer from one job to another
- (c) as compensation to employees
- (d) none of the above

**134. Net National Product at factor cost is:**

- (a) equal to national income
- (b) more than national income
- (c) less than national income
- (d) always more than the gross national product

**135. The net value added method of measuring national income is also known as:**

- (a) net output method
- (b) production method
- (c) industry of origin method
- (d) all the above

**136. Which of the following is incorrect?**

- (a)  $\text{GDP at market price} = \text{GDP at factor cost} + \text{net indirect taxes}$
- (b)  $\text{NNP at factor cost} = \text{NNP at market prices} - \text{net indirect taxes}$
- (c)  $\text{GNP at market prices} = \text{GDP at market prices} + \text{net factor income from abroad}$
- (d) None of the above

**137. What is India's world rank in population?**

- (a) First
- (b) Second
- (c) Third
- (d) Fourth

**138. In which state or union territory is the literacy rate highest in the country?**

- (a) Delhi
- (b) Chandigarh
- (c) Karnataka
- (d) Kerala

**139. Which year is known as 'year of great divide' for India's population?**

- (a) 1921
- (b) 1951
- (c) 1991
- (d) 1981

**140. Which is the other name that is given to the average revenue curve?**

- (a) Profit curve
- (b) Demand curve
- (c) Average cost curve
- (d) Indifference curve

**141. A monopolist is able to maximize his profits when:**

- (a) his output is maximum
- (b) he charges a high price
- (c) his average cost is minimum
- (d) his marginal cost is equal to marginal revenue

**142. Which is the other name that is given to the demand curve?**

- (a) Profit curve
- (b) Average Revenue curve
- (c) Average Cost Curve
- (d) Indifference Curve

**143. What is the shape of the demand curve faced by a firm under perfect competition?**

- (a) Horizontal
- (b) Vertical
- (c) Positively sloped
- (d) Negatively sloped

**144. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:**

- (a) zero
- (b) infinity
- (c) equal to one
- (d) greater than zero but less than one.

**145. The second glass of lemonade gives lesser satisfaction to a thirsty boy, this is a clear case of:**

- (a) Law of demand
- (b) Law of diminishing returns
- (c) Law of diminishing marginal utility
- (d) Law of supply

**146. Which of the following statement is incorrect?**

- (a) An indifference curve slopes downward to the right
- (b) Convexity of a curve implies that the slope of the curve diminishes as one moves from left to right
- (c) The elasticity of substitution between two goods to a consumer is zero
- (d) The total effect of a change in the price of a good on its quantity demanded is called the price effect

**147. The second slice of bread gives less satisfaction to a hungry boy. This is a clear case of:**

- (a) Law of demand
- (b) Law of diminishing returns
- (c) Law of diminishing utility
- (d) Law of supply

**148. Three steel plants in Bhilai, Rourkela and Durgapur were set up in the**

- (a) First plan
- (b) Second plan
- (c) Third plan
- (d) Fourth plan



**149. About \_\_\_\_\_ per cent of the sick units in India are small units**

- (a) 10 per cent (b) 4 per cent  
(c) 30 per cent (d) 96 per cent

**150. Which of the following has been specifically established to meet the requirements of credit of the farmers and villagers?**

- (a) ICICI Bank (b) Regional Rural Bank  
(c) State Bank of India (d) EXIM Bank

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**151. The class having maximum frequency is called \_\_\_\_\_**

- (a) Modal class (b) Median class  
(c) Mean Class (d) None of these

**152. The errors in case of regression equation are \_\_\_\_\_**

- (a) Positive (b) Negative  
(c) Zero (d) All these

**153. Karl Pearson's coefficient is defined from \_\_\_\_\_**

- (a) Ungrouped data (b) Grouped data  
(c) Both (d) None

**154. If  $P(A \cap B) = 0$  then two events A and B are:**

- (a) Mutually exclusive (b) Equally like  
(c) Independent (d) Exhaustive

**155. A binomial distribution is**

- (a) Never Symmetrical (b) Never Negatively skewed  
(c) Symmetrical when  $p = 0.5$  (d) never positively skewed

**156. As the sample size decreases, standard error:**

- (a) Increases (b) Decreases  
(c) Remains constant (d) Increases proportionately

**157. Standard deviation of sampling distribution is itself the standard error:**

- (a) True (b) False  
(c) Both (d) None of these

**158. Theoretically, A.M. is the best average in the construction of index nos. but in practice, mostly the G.M. is used:**

- (a) False (b) True  
(c) Both (d) None of these

159. The result of ODI matches between INDIA and ENGLAND follows:

- (a) Binomial distribution
- (b) Poisson distribution
- (c) Normal distribution
- (d) (b) or (c)

160. If  $P(AB) = P(A) \times P(B)$ , two events A and B are said to be

- (a) Dependent
- (b) Equally like
- (c) Independent
- (d) None

161. Correlation Co-efficient is \_\_\_\_\_ of the units of measurements

- (a) Dependent
- (b) Independent
- (c) Both
- (d) None of these

162.  $\log 64/8$  is equal to \_\_\_\_\_

- (a)  $\log 64 - \log 8$
- (b)  $2^3$
- (c)  $8 \log 64$
- (d) None of these

163. If \_\_\_\_\_, the roots are real but unequal

- (a)  $b^2 - 4ac = 0$
- (b)  $b^2 - 4ac > 0$
- (c)  $b^2 - 4ac < 0$
- (d)  $b^2 - 4ac \leq 0$

164. \_\_\_\_\_ is the mean proportional between  $4p^2$  and  $9q^2$

- (a)  $6pq$
- (b)  $36pq$
- (c)  $6p^2q^2$
- (d) None of these

165.  $r$ ,  $b_{xy}$ ,  $b_{yx}$  all have \_\_\_\_\_ sign

- (a) Different
- (b) Same
- (c) Both
- (d) None of these

166. The 8<sup>th</sup> term of series 4, 8, 16 ..... nth term is \_\_\_\_\_.

- (a) 1024
- (b) 256
- (c) 32
- (d) 2048

167. The total no. of seating arrangement of 5 person in a row is \_\_\_\_\_.

- (a)  $5!$
- (b)  $4!$
- (c)  $2 \times 5!$
- (d) None of these

168. In \_\_\_\_\_ the quantities are in ratios

- (a) A.M.
- (b) G.M.
- (c) H.M.
- (d) None of these





169. The present value of Rs. 10,000 due in 2 years at 5% p.a. compound interest when the interest is paid on half yearly is Rs. \_\_\_\_\_

- (a) 9070 (b) 9069  
(c) 9061 (d) 9060

170. The equation of line passing through the points (1, -1) and (3, -2) is given by \_\_\_\_\_

- (a)  $2x + y + 1 = 0$  (b)  $2x + y + 2 = 0$   
(c)  $x + y + 1 = 0$  (d)  $x + 2y + 1 = 0$

171.  $\lim_{x \rightarrow 3} \frac{x^2 - 9}{x - 3}$  is equal to

- (a) 0 (b) 6  
(c) Does not exist (d) -6

172. The derivative of  $y = \sqrt{2x+1}$  w.r.t..x is:

- (a)  $\frac{1}{\sqrt{2x+1}}$  (b)  $\frac{-1}{\sqrt{2x+1}}$   
(c)  $\frac{1}{2} \cdot \sqrt{2x+1}$  (d) None of these

173.  $\int \frac{1}{x} dx$  is equal to

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

174. If  $f(x) = \frac{1}{x} - x$ ,  $f\left(\frac{1}{2}\right)$

- (a)  $3/2$  (b)  $2/3$   
(c) 1 (d) 0

175. The sum of square of first natural numbers

- (a)  $\frac{n}{2}(n+1)$  (b)  $\frac{n}{6}(n+1)(2n+1)$   
(c)  $\left[\frac{n}{2}(n+1)\right]^2$  (d) None of these

176.  $P_{10}$  is the index for time

- (a) 1 on 0 (b) 0 on 1  
(c) 1 on 1 (d) 0 on 0

177. If a sample of 500 eggs produces 25 rotten eggs, then the estimate of SE of the proportion of rotten eggs in the sample is

- (a) 0.01 (b) 0.05  
(c) 0.028 (d) 0.0593

178. The mode of the nos. 7, 7, 9, 7, 10, 15, 15, 15, 10 is

- (a) 7 (b) 10  
(c) 15 (d) 7 and 15

179. There are 11 trains plying between Delhi & Kanpur. The number of ways in which a person can go from Delhi to Kanpur and return by a different train

- (a) 121 (b) 100  
(c) 110 (d) None of these

180. If in a party every person gives a gift to each other and total number of gifts taken is 132. The number of guests in the party is \_\_\_\_\_

- (a) 11 (b) 12  
(c) 13 (d) 14

181. The sum of certain numbers of terms of an A.P. series  $-6, -3, 0, \dots$  nth term is 225. The number of terms is \_\_\_\_\_

- (a) 16 (b) 15  
(c) 14 (d) 13

182. If each item is reduced by 12, A.M. is \_\_\_\_\_

- (a) Reduced by 12 (b) Increased by 12  
(c) Unchanged (d) None of these

183. If  $x$  and  $y$  are perfectly related by  $2x + 3y + 4 = 0$  and SD of  $x$  is 6 then SD of  $y$  is

- (a) 22 (b) 4  
(c) 25 (d) 8.30

184. If  $f(x+1) = 2x + 7$  then  $f(-2)$  is \_\_\_\_\_

- (a) 1 (b) 2  
(c) 3 (d) 4

185. The roots of the equation  $4^{x+1} + 4^{1-x} = 10$  are \_\_\_\_\_

- (a)  $\frac{1}{2}, -\frac{1}{2}$  (b) 2, -2  
(c) 1, -1 (d) None of these



186. An employer recruits experienced and fresh workmen for his firm under the condition that he cannot employ more than 12 people. It can be related by the inequality

- (a)  $x + y = 12$  (b)  $x + y \leq 12$   
(c)  $x + y \geq 12$  (d) None of these

187. There are 5 bags of wheat weighing on an average 102 kgs and another 8 bags weighing 98 kgs on an average. What is combined mean of 13 bags.

- (a) 109.54 (b) 99.54  
(c) 95.54 (d) None of these

188. The standard deviation of 25, 32, 43, 53, 62, 59, 48, 31, 24, 33 is \_\_\_\_\_

- (a) 13.23 (b) 12.33  
(c) 11.13 (d) None of these

189. A bag contains 5 white and 10 blackballs. Three balls are taken out at random. Find the probability that all three balls drawn are black

- (a)  $16/91$  (b)  $42/91$   
(c)  $24/91$  (d) None of these

190. A card is drawn from a well shuffled pack of playing Cards. Find the probability that it is a king or a Queen:

- (a)  $1/13$  (b)  $1/4$   
(c)  $2/13$  (d)  $2/4$

191. If  $x$  and  $y$  are related as  $4x + 3y + 11 = 0$  and mean deviation of  $x$  is 2.70. what is mean deviation of  $y$ ?

- (a) 7.20 (b) 14.40  
(c) 3.60 (d) None of these

192.  $\int x.e^{ax} dx$  is

- (a)  $\frac{e^{ax}}{a} \left( x - \frac{1}{a} \right)$  (b)  $-\frac{e^{ax}}{a}$   
(c)  $\log x$  (d)  $\frac{e^{ax}}{a} \left( \frac{1}{a} - x \right)$

193.  $\frac{d}{dx} \sqrt{\log x}$

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

(c)  $\frac{1}{\sqrt{\log x}}$

(d)  $\frac{1}{x}$

194. Evaluate  $\int_2^4 (3x - 2)^2 dx$

(a) 104

(b) 100

(c) 10

(d) None of these

195. In how many ways can 7 persons be seated at a round table if 2 particular persons sit together

(a) 420

(b) 1440

(c) 240

(d) None of these

196. Three numbers are in A.P. whose sum is 69 and the product of first two is 483. Numbers are

(a) 25, 23, 21

(b) 21, 23, 25

(c) 19, 22, 25

(d) None of these

197. The line joining (-1, 1) and (2, -2) and the line joining (1, 2) and (K, 3) are perpendicular to each other for the value of K.

(a) 2

(b) 0

(c) -2

(d) None

198. A machine for which the useful life is estimated to be 5 years cost Rs. 5000. rate of depreciation is 10% p.a. The scrap value at the end of its life is:

(a) 2952.45

(b) 2500.00

(c) 3000.00

(d) 2559.50

199. The sum of series 8, 4, 0 ..... to 50 terms is \_\_\_\_\_

(a) 18900

(b) 9000

(c) -4500

(d) None of these

200. The number of subset of set {2, 4, 6} is \_\_\_\_\_

(a) 12

(b) 8

(c) 6

(d) None of these

★★★



**BOARD OF STUDIES**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
COMMON PROFICIENCY TEST**

**Model Test Paper – BOS/CPT – 13**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

**1. Consignment account is a**

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

**2. Bank overdraft has a**

- |                      |                       |
|----------------------|-----------------------|
| (a) Debit balance    | (b) Credit balance    |
| (c) Negative balance | (d) None of the above |

**3. Who is the acceptor of Bills of Exchange?**

- |              |                       |
|--------------|-----------------------|
| (a) Creditor | (b) Seller            |
| (c) Debtor   | (d) None of the three |

**4. Journal Proper records**

- |                       |                    |
|-----------------------|--------------------|
| (a) Bills receivables | (b) Bills payables |
| (c) Cash payments     | (d) Opening entry  |

**5. Inventories should be out of godown in the sequence in which they arrive is based on**

- |          |                      |
|----------|----------------------|
| (a) FIFO | (b) LIFO             |
| (c) HIFO | (d) Weighted average |

**6. When adjusted purchase is shown in the debit column of the trial balance then**

- |                                                                       |
|-----------------------------------------------------------------------|
| (a) Both opening and closing stock appear in trial balance            |
| (b) Opening stock is shown in trial balance and not the closing stock |
| (c) Closing stock is shown in trial balance and not opening stock     |
| (d) Both opening and closing stock do not appear in trial balance     |

**7. “Business unit” is separate and distinct from the persons who supply capital to it is based on \_\_\_\_\_**

- (a) Money measurement concept                      (b) Going concern concept  
(c) Entity concept                                              (d) Dual aspect concept

**8. All the expenditures and receipts of revenue nature go to**

- (a) Trading A/c                                              (b) Profit and Loss A/c  
(c) Balance Sheet                                              (d) Either to (a) or (b)

**9. If two or more transactions of the same nature are journalized together having either the debit or the credit account common then that journal entry is known as**

- (a) Compound journal entry                      (b) Separate journal entry  
(c) Posting                                              (d) None of the above

**10. Following is not an example of external users**

- (a) Government                                              (b) Management  
(c) Investors                                              (d) Suppliers and other creditors

**11. If effect of an error is cancelled by the effect of some other error, it is commonly known as \_\_\_\_\_**

- (a) Error of principle                                              (b) Compensating errors  
(c) Error of omission                                              (d) Error of commission

**12. General reserve at the time of retirement of a partner is transferred to \_\_\_\_\_**

- (a) Revaluation A/c                                              (b) Memorandum Revaluation A/c  
(c) Partners’ capital accounts                                              (d) Profit & Loss Adjustment account

**13. Interest on Partner’s capital is \_\_\_\_\_**

- (a) An expenditure                                              (b) An appropriation  
(c) A gain                                              (d) None of the three

**14. Noting charges are paid at the time of \_\_\_\_\_ of the bill**

- (a) Retirement                                              (b) Dishonour  
(c) Renewal                                              (d) None of the above

**15. A \_\_\_\_\_ is sent to a customer when he returns goods**

- (a) Debit note                                              (b) Credit note  
(c) Proforma Invoice                                              (d) None of the above

**16. Provision is**

- (a) An unknown liability but its amount and due date are indeterminate  
(b) An unknown liability and its amount and due date are determinate  
(c) A known liability and its amount and due date are determinate  
(d) A known liability but its amount and due date are indeterminate



- 17. The left hand side of an account is known as \_\_\_\_\_ and the right hand side of an account is known as \_\_\_\_\_**
- (a) Debt side; Credit side (b) Credit side; Debit side  
(c) Liability; Asset (d) None of the three
- 18. Prepaid expenses refer to those expense which have been**
- (a) Paid but not incurred during the current accounting period  
(b) Incurred but not paid during the current accounting period  
(c) Incurred but not paid during the previous accounting period  
(d) Paid but not incurred during the previous accounting period
- 19. Profit and loss of realization account is shared among the partners in \_\_\_\_\_ ratio**
- (a) Old profit sharing ratio (b) New profit sharing ratio  
(c) Capital ratio (d) Equal ratio
- 20. P shows a profit of Rs. 7,00,000 for the year ended 31.3.08. The figure has been arrived at after charging following against revenue:**
- (i) Purchase of Car on 28.3.08 for use in business Rs. 1,00,000 and treated as vehicle expenses.  
(ii) Omitting to record unpaid electricity bills for Feb. and March, 2008 of Rs. 15,000 per month.  
The correct profit for the year ended 31<sup>st</sup> March, 2008 is
- (a) Rs. 6,30,000 (b) Rs. 7,00,000  
(c) Rs. 7,70,000 (d) Rs. 8,30,000
- 21. What would be treatment when plant and machinery is sold for Rs. 1,40,000 whose cost is Rs. 1,00,000 and WDV is Rs. 40,000**
- (a) Revenue receipt of Rs. 1,00,000  
(b) Capital receipt of Rs. 1,00,000  
(c) Capital profit of Rs. 40,000 and revenue profit of Rs. 60,000  
(d) Capital receipt of Rs. 40,000 and revenue receipt of Rs. 60,000
- 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 31.03.2010 shows the reserve balance of Rs. 25,000, profit of the last year Rs. 50,000, Joint life policy of Rs. 10,00,000 and fixed assets of Rs. 12,00,000. On 1<sup>st</sup> June, 2010 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 reserve 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
- 23. A bill of exchange matures on 16<sup>th</sup> July. It is a public holiday. Bill will mature on**
- (a) 17<sup>th</sup> July (b) 15<sup>th</sup> July  
(c) 16<sup>th</sup> July (d) 18<sup>th</sup> July
- 24. Which of the method is not recommended by AS 2?**
- (a) FIFO (b) LIFO  
(c) Weighted average (d) Specific identification method

**25. Trial Balance (Total method)**

S.No.	Name of the account	<i>Dr.</i> (Rs.)	<i>Cr.</i> (Rs.)
1.	Cash account	11045	7865
2.	Capital account		10000
3.	Bank account	7000	100
4.	Purchases account	725	
5.	Sales account		950
6.	Krishna	375	375
7.	Salary	5	10
8.	Rent Account	150	
		19300	19300

Amount of total balance according to balance method will be:

- (a) Rs.10,955 (b) Rs.10,900  
(c) Rs.10,000 (d) Rs.10,500

**26. A, B and C are partners in a partnership firm. During the financial year 2008-09 firm earned profit accounting to Rs. 18,000. They distributed the profit in the ratio of 2:2:1. But there is no partnership deed of the firm. Necessary adjustment will be:**

- |     |                    |     | Rs.    | Rs.   |
|-----|--------------------|-----|--------|-------|
| (a) | P/L Adjustment A/c | Dr. | 18,000 |       |
|     | To A               |     |        | 7,200 |
|     | To B               |     |        | 7,200 |
|     | To C               |     |        | 3,600 |
| (b) | P/L Adjustment A/c | Dr. | 18,000 |       |
|     | To A               |     |        | 6,000 |
|     | To B               |     |        | 6,000 |
|     | To C               |     |        | 6,000 |
| (c) | A                  | Dr. | 1,200  |       |
|     | B                  | Dr. | 1,200  |       |
|     | To C               |     |        | 2,400 |
| (d) | None of the above  |     |        |       |

**27. On Jan 1, 2001 the position of V. Mathur was as follows  
Stock in hand Rs. 2400; Bills payable Rs. 400; Cash at Bank Rs. 1800; Plant and machinery Rs. 1000; Owing by debtors Rs. 500; Owing to creditors Rs. 800; Investments 2000; Loan from Raja Ram Rs. 1500.  
V. Mathur's capital on the above date will be**

- (a) Rs. 5000 (b) Rs. 4000  
(c) Rs. 6000 (d) None of the three





**28. Goods worth Rs. 1000 taken by the proprietor for personal use should be credited to**

- (a) Sales A/c (b) Purchase A/c  
(c) Expenses A/c (d) Proprietor's personal A/c

**29. The profit and loss account shows**

- (a) The financial position of the concern  
(b) The degree of honesty with which accounting work has been done  
(c) The capital invested in business  
(d) Profit earned or loss suffered by the firm

**30. The trial balance checks**

- (a) Arithmetical accuracy of books (b) The honesty of the book keeper  
(c) The valuation of closing stock (d) None of the three

**31. Capital Reserves are credited out of**

- (a) Balance in P/L A/c (b) Capital profits  
(c) Revenue profits (d) Provisions

**32. In the beginning of 2009 person has goods worth Rs. 4000 in his godown. During the year he purchased goods worth Rs. 20,000. His sales during the year were Rs. 30,000 and there were goods still lying in his godown worth Rs. 3000. Profit has been made**

- (a) Rs. 9,000 (b) Rs. 8,000  
(c) Rs. 10,000 (d) Rs. 9,500

**33. Total sales during the year amounted to Rs. 70,000; Cash sales Rs. 10,000; Outstanding debtors at the end of the year Rs. 25,000. Cash received from debtors during the year will be**

- (a) Rs. 35,000 (b) Rs. 30,000  
(c) Rs. 37,000 (d) Rs. 32,000

**34. Which of the following would not be included in current assets?**

- (a) 60 days Bills receivable (b) Short term deposit with bank  
(c) Rs. 500 with cashier (d) Machinery purchased

**35. Balance as per Pass Book is Rs. 2,430  
Cheques paid but not yet credited Rs. 1,390  
Bank Charges entered in pass book Rs. 260  
Cheques issued but not presented for payment Rs. 1,710  
Balance as per Cash Book will be**

- (a) Rs. 2,370 (b) Rs. 2,500  
(c) Rs. 2,300 (d) Rs. 2,380

<b>36. Overdraft as per Cash Book</b>	<b>Rs.</b>	<b>6,340</b>
<b>Cheque deposited but not credited</b>	<b>Rs.</b>	<b>2,360</b>
<b>Cheques issued but not presented for payment</b>	<b>Rs.</b>	<b>2,368</b>
<b>Overdraft as per Pass Book will be</b>		

- (a) Rs. 6,332 (b) Rs. 6,000  
(c) Rs. 6,300 (d) Rs. 6,330

**37. Following figures have been taken from the trial balance of a trader –**

<b>Opening Stock</b>	<b>Rs. 14,500</b>
<b>Purchases</b>	<b>Rs. 75,995</b>
<b>Carriage Inward</b>	<b>Rs. 1,700</b>
<b>Wages</b>	<b>Rs. 825</b>
<b>Sales</b>	<b>Rs. 93,750</b>
<b>Goods sent on Consignment</b>	<b>Rs. 20,000</b>
<b>Amount of profit will be</b>	

- (a) Rs. 20730 (b) Rs. 20500  
(c) Rs. 20200 (d) Rs. 21000

**38. Select the false statement**

- (a) Sales of a Plant and Machinery is a revenue receipt  
(b) Any amount which is unreasonably high need not be a capital expenditure  
(c) Income tax of the sole proprietor paid is treated as drawing  
(d) Bills Payable is a current liability

**39. A trader purchased furniture on Jan 1, 2007 for Rs. 5,200. Its scrap value is 200 and life 10 years. Depreciate furniture according to fixed instalment method. Balance of furniture a/c at the end of third year will be**

- (a) Rs.3,500 (b) Rs.3,700  
(c) Rs.4,000 (d) Rs.3,400

**40. A seven years lease has been purchased for a sum of Rs. 60,000 and it is proposed to depreciate it under annuity method charging 4% interest. In reference to annuity table, Rs. 9996.55 should be charged to Depreciation A/c. Balance of Lease A/c at the end of the 1<sup>st</sup> year will be**

- (a) Rs. 50,003.45 (b) Rs. 52,000  
(c) Rs. 50,000 (d) None of the above

**41. After preparing the trial balance the accountant find that the total of the credit side is short by Rs. 1500. This difference will be -**

- (a) Credited to suspense account  
(b) Debited to suspense account  
(c) Adjusted to any of the debit balance a/c  
(d) Adjusted to any of the credit balance a/c



**42. On 01.12.09, X draws a bill on Y for 30 days after sight. The date of acceptance is 08.12.09. The due date of the bill will be -**

- (a) 8.01.09 (b) 10.01.09  
(c) 11.01.09 (d) 09.10.09

**43. Capital introduced in the beginning by Ram Rs. 16,080; further capital introduced during the year in the form of machinery Rs. 2000; personal expenses during the year –**

<b>Drawings in cash</b>	<b>Rs. 3,000</b>
<b>Life Insurance Premium</b>	<b>Rs. 250</b>
<b>Closing capital</b>	<b>Rs. 21,925</b>

**The amount of profit or loss for the year will be**

- (a) Profit Rs. 7,095 (b) Profit Rs. 7,085  
(c) Loss Rs. 5,000 (d) Loss Rs. 6,000

**44. The total of debit and credit side of Mr. Raja Ram's Trial balance as on 31<sup>st</sup> March, 2010 were Rs. 20,000 and Rs. 10,000 respectively. The difference was transferred to suspense A/c. On 4<sup>th</sup> April 2010, it was found that the total of sales book was carried forward as 5,000 instead of 4,000. The balance of suspense A/c after rectification of this error will be -**

- (a) Rs.11,000 (b) Rs. 10,000  
(c) Rs. 9,000 (d) Rs. 12,000

**45. The total of 'Discount allowed' column in the cash book for the month of September, 2009 amounting to Rs. 250 was not posted Rectifying entry for the same will be -**

- (a) Suspense A/c Dr 250; To Discount A/c 250  
(b) Discount A/c Dr. 250; To Suspense A/c 250  
(c) Discount A/c Dr. 250; To Customer A/c 250  
(d) None of the three

**46. Closing entry for transfer of Net profit Rs. 6,300 to capital A/c will be**

- (a) Capital A/c Dr. Rs. 6,300; To P/L A/c Rs. 6,300  
(b) P/L A/c Dr. Rs. 6,300; To Capital A/c Rs. 6,300  
(c) Trading A/c Dr. Rs. 6,300; to P/L A/c Rs. 6,300  
(d) None of the three

**47. Gross profit is the difference between**

- (a) Sales and purchases (b) Sales and cost of sales  
(c) Sales and total expenses (d) None of the three

**48. Credit balances in the ledger will be**

- (a) A revenue or an asset (b) An expense or on asset  
(c) A revenue or a liability (d) None of the three

**49. Miss Rakhi consigned 1,000 Radio sets costing Rs. 900 each to Miss Gita, her agent on July 1, 2009. Miss Rakhi incurred the following expenses.**

<b>Carriage</b>	<b>Freight</b>	<b>Insurance</b>
<b>Rs. 650</b>	<b>Rs. 7,000</b>	<b>Rs. 3,250</b>

**Miss Gita received the delivery of 950 radio sets. 750 sets were sold for Rs. 9,00,000 and Miss Gita incurred total expenses Rs. 13,000. Agents commission 6% on sales. Insurance company admitted claim of Rs. 35,000. Consignment stock was valued Rs. 1,84,391. Consignment Profit will be -**

- |              |                       |
|--------------|-----------------------|
| (a) 1,52,036 | (b) 1,52,000          |
| (c) 1,50,000 | (d) None of the three |

**50. Amount spent on “Structural alterations” under pressure of law is a**

- |                                  |                         |
|----------------------------------|-------------------------|
| (a) Capital expenditure          | (b) Revenue expenditure |
| (c) Deferred revenue expenditure | (d) Capital loss        |

**51. Goodwill is to be calculated at one year’s purchase of the average of the last 3 years profit. The profit of the first year was Rs. 6,000, second year twice the profit of the first year and the third year one and half times of the profit of the second year goodwill amount will be -**

- |               |               |
|---------------|---------------|
| (a) Rs.10,000 | (b) Rs.12,000 |
| (c) Rs.11,000 | (d) Rs.13,000 |

**52. A, B and C share the profits and losses in the ratio of 3:2:1. D is admitted. He gets  $\frac{1}{6}$  in share entirely from A. New ratio will be**

- |                                                       |                       |
|-------------------------------------------------------|-----------------------|
| (a) $\frac{1}{3}:\frac{1}{3}:\frac{1}{6}:\frac{1}{6}$ | (b) 3:1:1:1           |
| (c) 2:2:2:1                                           | (d) None of the three |

**53. A, B and C share profit and losses in the ratio of 3:2:1 upon admission of D. They agreed to share 5:4:2:1 sacrificing ratio will be**

- |                   |                       |
|-------------------|-----------------------|
| (a) 1/12:NIL:NIL  | (b) NIL:1/12:NIL      |
| (c) NIL: NIL:1/12 | (d) None of the three |

**54. A, B and C entered into a joint venture with equal risks contributing Rs. 20,000, Rs. 27,500 and Rs. 35,000 respectively. The amounts were banked in a joint account. Joint Transactions were as follows:**

<b>Purchase of goods</b>	<b>Rs. 66,600</b>
<b>Expenses on goods purchased</b>	<b>Rs. 6,629</b>
<b>Total sales</b>	<b>Rs. 89,000</b>



**C, who effected these transactions, was allowed 6% commission on sales. Profit on joint venture will be -**

- (a) Rs. 10,431 (b) Rs. 10,000  
(c) Rs. 11,000 (d) Rs. 12,000

**55. Gopal was holding 100 shares of 10 each of a company on which he had paid Rs. 3 on application and Rs. 2 allotment, but could not pay Rs. 2 on first call. Forfeited shares a/c will be credited with**

- (a) Rs. 500 (b) Rs. 400  
(c) Rs. 600 (d) None of the three

**56. Consignment stock will be recorded in the balance sheet of consignor on asset side at:**

- (a) Invoice Value  
(b) At invoice value less stock reserve  
(c) At lower than cost price  
(d) At 10% lower than invoice value

**57. Which of the following expense is not considered as part of cost of stock?**

- (a) Packing, loading & insurance paid by consignor  
(b) Inward consignment freight paid by consignee  
(c) Transport charges up to godown paid by consignee  
(d) Insurance Charges paid by consignee

**58. X Ltd. purchased the business of Y Ltd. for Rs. 90,000 payable in fully paid shares of 10 each; shares were issued at a premium of 25%. Number of shares issued against purchased consideration will be –**

- (a) 6,000 shares (b) 7,200 shares  
(c) 8,000 shares (d) 7,000 shares

**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. X Ltd. purchased assets of Y Ltd. as under –  
Plant and machinery of Rs. 20,00,000 at Rs. 18,00,000; Land and building of Rs. 30,00,000 at Rs. 42,00,000 for purchase consideration of Rs. 55,00,000 and paid Rs. 10,00,000 in cash and remaining by issue of 8% debentures of 100 each at a premium of 20%. No. of debentures issued to vendors will be**

- (a) 37,000 (b) 37,500  
(c) 35,500 (d) 38,000

**SECTION – B : MERCANTILE LAWS (40 MARKS)**

**61. 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

**62. Which of the following statement is false, Consideration:**

- (a) Must move at the desire of the promisor
- (b) May move from any person
- (c) Must be illusory
- (d) Must be of some value

**63. Generally, the following damages are not recoverable?**

- (a) Ordinary damages
- (b) Special damages
- (c) Remote damages
- (d) Nominal damages

**64. A contract is discharged by novation which means the**

- (a) cancellation of the existing contract
- (b) change in one or more terms of the contract
- (c) Substitution of existing contract for a new one
- (d) None of these

**65. One the valid performance of the contractual obligation by the parties, the contract**

- (a) Is discharged
- (b) becomes enforceable
- (c) becomes void
- (d) None of these

**66. An offer may lapse by:**

- (a) Revocation
- (b) Counter offer
- (c) Rejection of offer by offeree
- (d) All of these

**67. In case of illegal agreements, the collateral agreements are:**

- (a) Valid
- (b) Void
- (c) Void able
- (d) Any of these

**68. Which of the following is false? An acceptance:**

- (a) Must be communicated
- (b) Must be absolute and unconditional
- (c) Must be accepted by a person having authority to accept
- (d) May be presumed from silence of offeree

**69. Which of the following statements is not true about minor's position in a firm?**

- (a) He cannot become a partner in an existing firm



- (b) He can become a partner in an existing firm
- (c) He can be admitted only to the benefits of any existing a major
- (d) He can become partner on becoming a major

**70. A contract for a sale of goods where property would pass to the buyer on payment of total price would be;**

- (a) Sale
- (b) Agreement to sell
- (c) hire-purchase contract
- (d) Sale on approval

**71. The Sale of Goods Act, 1930 deals with the**

- (a) movable goods only
- (b) immovable goods only
- (c) both movable and immovable goods
- (d) All goods except ornaments

**72. Selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer is known as**

- (a) Distribution
- (b) Appropriation
- (c) amortization
- (d) Storage

**73. Mercantile Agent is having an authority to**

- (a) sell and consign goods
- (b) raise money on the security of goods
- (c) sell or buy goods
- (d) any of the above

**74. Which of the following is not a form of delivery?**

- (a) constructive delivery
- (b) structured delivery
- (c) actual delivery
- (d) symbolic delivery

**75. Under Sale of goods Act, 1930 the terms “goods” means every kind of the movable property and it includes**

- (a) Stock and share
- (b) Growing crops, grass
- (c) Both (a) and (b)
- (d) None of the above

**76. 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

**77. Which of the following is not the right of a partner i.e, which he cannot claim as a matter of right?**

- (a) Right to take part in business
- (b) Right to have access to account books

- (c) Right to share profits
- (d) Right to receive remuneration

**78. On which of the following grounds, a partner may apply to the court for dissolution of the firm?**

- (a) Insanity of a partner
- (b) Misconduct of a partner
- (c) Perpetual losses in business
- (d) All of the above

**79. Which of the following is not disability of an unregistered firm?**

- (a) It can not file a suit against third parties
- (b) Its partners cannot file a suit against a firm
- (c) It can claim a set-off exceeding Rs. 100
- (d) It can be sued by a third party

**80. A Hindu widow borrowed money from a lender for the purpose of filling 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

**81. A mistake as to a law not in force in India has the same effect as \_\_\_\_\_**

- (a) Mistake of fact
- (b) Mistake of India law
- (c) fraud
- (d) misrepresentation

**82. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called \_\_\_\_\_**

- (a) Guarantee
- (b) warranty
- (c) condition
- (d) term

**83. The communication of an acceptance is complete as against 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 acceptor declare the acceptance
- (d) When the acceptor accepts his acceptance in court of law

**84. Every person attains majority on completion of \_\_\_\_\_ years of age**

- (a) 21 years
- (b) 18 years
- (c) 16 years
- (d) 20 years

**85. Doctrine of Caveat Emptor means \_\_\_\_\_**

- (a) let the seller beware
- (b) let the buyer beware
- (c) let the creditor beware
- (d) None of the above





- 86. The essence of a right of lien is to \_\_\_\_\_**
- (a) deliver the goods (b) retain the possession  
(c) regain the possession (d) none of the above
- 87. Discharge by mutual agreement may involve \_\_\_\_\_**
- (a) Novation (b) Rescission  
(c) Alteration (d) All of the above
- 88. Where the goods are delivered to a carrier or wharfinger for the purpose of transmission to the buyer, the delivery is \_\_\_\_\_**
- (a) Invalid and ineffective (b) Valid and effective  
(c) Conditional (d) None of these
- 89. \_\_\_\_\_ consideration is no consideration in England.**
- (a) Past (b) Present  
(c) Future (d) Past and present
- 90. 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
- 91. A contract for the sale of “future goods” is \_\_\_\_\_**
- (a) Sale (b) Agreement to sell  
(c) Void (d) Hire-purchase contract
- 92. Right of an unpaid seller include \_\_\_\_\_**
- (a) Right against the law (b) Right in stoppage in transit  
(c) Right of re-sale (d) All of the above
- 93. A stipulation in a contract of sale of goods whose violation by seller gives a right of damages only to buyer, is called \_\_\_\_\_**
- (a) Guarantee (b) Warranty  
(c) Condition (d) Term
- 94. Total substitution of new contract in place of the old contract takes place in case of \_\_\_\_\_**
- (a) Remission (b) Rescission  
(c) Novation (d) Alteration
- 95. Non-registration of a partnership firm \_\_\_\_\_**
- (a) Is a criminal offence  
(b) Renders the partnership illegal

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- (c) Is compulsory to activate the partnership
- (d) Is not compulsory but desirable

**96. A partner may be expelled from the firm on the fulfillment of the condition that the expulsion power is exercised - \_\_\_\_\_**

- (a) As given by express contract
- (b) By majority of partners
- (c) In absolute good faith
- (d) All of the above

**97. Right of lien is to \_\_\_\_\_**

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

**98. Partner by holding out is also known as \_\_\_\_\_**

- (a) Active Partner
- (b) Dormant partner
- (c) Partner by estoppel
- (d) Partner by stoppage

**99. Under which circumstances the unpaid seller can exercise right of re-sale**

- (a) when the goods are of perishable nature
- (b) when he gives notice to the buyer
- (c) When he gives notice to the buyer of his intention to re-sale and the buyer does not within reasonable time pay the price
- (d) Both (a) and (b)

**100. A timber merchant agreed to supply best teak at a certain agreed price to a builder. Later the merchant supplied timber, which was identified as ordinary class of timber and demanded the payment from the builder which of the following statements is/are true?**

- (a) Builder can reject the goods can claim damages
- (b) Builder has accept the goods
- (c) Builder has to pay the price by taking delivery of teak wood
- (d) Timber merchant cannot plead the doctrine of caveat emptor

**SECTION – C : GENERAL ECONOMICS (50 MARKS)**

**101. Which of the following is not an essential condition of pure competition?**

- (a) Large number of buyers and sellers
- (b) Homogeneous product
- (c) Freedom of entry
- (d) Absence of transport cost

**102. Which of the following is not a characteristic of a “Price taker”?**

- (a)  $TR = P \times Q$
- (b)  $AR = Price$
- (c) Negatively – sloped demand curve
- (d)  $Marginal Revenue = Price$



**103. Which of the following is not a condition of perfect competition ?**

- (a) A large number of firms
- (b) Perfect mobility of factors
- (c) Informative advertising to ensure that consumers have good information
- (d) Freedom of entry and exit into and out of the market

**104. All of the following are characteristics of a monopoly except**

- (a) there is a single firm
- (b) the firm is a price taker
- (c) the firm produces a unique product
- (d) the existence of some advertising

**105. A monopolist is able to maximize his profits when:**

- (a) his output is maximum
- (b) he charges a high price
- (c) his average cost is minimum
- (d) his marginal cost is equal to marginal revenue.

**106. Which is the other name that is given to the long run average cost curve?**

- (a) profit curve
- (b) planning curve
- (c) demand curve
- (d) indifference curve

**107. Price discrimination will be profitable only if the elasticity of demand in different market in which the total market has been divided is:**

- (a) uniform
- (b) different
- (c) less
- (d) zero

**108. The kinked demand curve model of oligopoly assumes that:**

- (a) response to a price increase is less than the response to a price decrease
- (b) response to a price increase is more than the response to a price decrease
- (c) elasticity of demand is constant regardless of whether price increases or decreases
- (d) elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases

**109. Agricultural goods markets depict characteristics close to:**

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

**110. Which of the statements is correct?**

- (a) The tertiary sector contributes the maximum to the GDP
- (b) India is a basically a socialist economy
- (c) The distribution of income and wealth in India is quite equitable
- (d) None of the above

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**111. NABARD is the apex bank for \_\_\_\_\_ credit in India.**

- (a) real estate
- (b) small scale industries
- (c) agriculture
- (d) none of the above

**112. The share of agriculture in India's national income has \_\_\_\_\_ over the years.**

- (a) remained constant
- (b) decreased
- (c) increased
- (d) first decreased and then increased

**113. Which is of the following is incorrect?**

- (a) Special schemes have been started to promote agro-products
- (b) India has been a big importer of food grains especially since 1990s
- (c) High yielding varieties programme has resulted in improvement in production and productivity of food grains in India
- (d) None of the above

**114. Agriculture sector faces the problem of:**

- (a) slow and uneven growth
- (b) inadequate and incomplete land reforms
- (c) inadequate finance
- (d) all of the above

**115. The Eleventh plan aims at achieving a growth rate of \_\_\_\_\_ in the industrial sector.**

- (a) 5 per cent
- (b) 8 per cent
- (c) 8.5 per cent
- (d) 6 per cent

**116. Which of the following statements is correct?**

- (a) The industrial pattern on the eve of independence was quite balanced
- (b) During the planning period the structure of Indian industry has shifted in favour of basic and capital goods and intermediate goods
- (c) Most of the big industrial units in India are sick
- (d) None of the above

**117. Over the planning period the share of industrial sector in the GDP of India has \_\_\_\_\_**

- (a) increased
- (b) decreased
- (c) remained constant
- (d) remained above 50 per cent

**118. India has the \_\_\_\_\_ largest scientific and technical manpower in the world**

- (a) Fifth
- (b) Tenth
- (c) Eighth
- (d) Third

**119. 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 sectors



**120. Which of the following is an economic activity ?**

- (a) Playing friendly cricket match
- (b) Teaching one's own daughter at home
- (c) Manufacturing chairs at subsidised rate
- (d) A housewife doing household duties

**121. Per capita national income means**

- (a) NNP / population
- (b) Total capital / population
- (c) Population / NNP
- (d) None of the above

**122. India's rank in world Population comes after \_\_\_\_\_**

- (a) U.S.A.
- (b) China
- (c) Australia
- (d) Canada

**123. In which state is the sex ratio most favourable to women?**

- (a) Andhra Pradesh
- (b) Uttar Pradesh
- (c) Kerala
- (d) Karnataka

**124. India's present population is:**

- (a) more than that of China
- (b) less than that of China
- (c) less than that of Pakistan
- (d) less than that of England

**125. NTPC stands for:**

- (a) National Thermal Power Corporation
- (b) National Tidal Power Corporation
- (c) National Theological Power Corporation
- (d) National Talent and Potential Corporation

**126. Which of the following is correct in relation to banks in the post reform period?**

- (a) All banks have been privatised.
- (b) All banks have been nationalised.
- (c) NPA as a percentage of gross advances have shown a falling trend.
- (d) State Bank of India replaced RBI as lender of the last resort.

**127. \_\_\_\_\_ refers to disposal of public sector's units in equity in the market.**

- (a) Globalisation
- (b) Privatisation
- (c) Disinvestment
- (d) Liberalisation

**128. Population per bank in India is : (2012)**

- (a) around 5000
- (b) around 20000
- (c) around 12500
- (d) around 45000

**129. Commercial banks suffer from :**

- (a) regional imbalances
- (b) increasing overdues
- (c) lower inefficiency
- (d) all the above

**130. Money includes**

- (a) currencies and demand deposits
- (b) bonds, government securities
- (c) equity shares
- (d) all of the above

**131. M1 in the money stock in India refers to:**

- (a) post office saving deposits
- (b) total post office deposits
- (c) currency plus demand deposits plus other deposits with RBI
- (d) time deposits with banks

**132. Which of the following is not a characteristic of land?**

- (a) Its supply for the economy is limited
- (b) It is immobile
- (c) Its usefulness depends on human efforts
- (d) It is produced by our forefathers

**133. Which of the following statements is true ?**

- (a) Accumulation of capital depends solely on income
- (b) Savings can also be affected by the state
- (c) External economies go with size and internal economies with location
- (d) The supply curve of labour is an upward sloping curve

**134. The marginal product of a variable input is best described as:**

- (a) total product divided by the number of units of variable input
- (b) the additional output resulting from a one unit increase in the variable input
- (c) The additional output resulting from a one unit increase in both the variable and fixed inputs
- (d) The ratio of the amount of the variable input that is being used to the amount of the fixed input that is being used

**135. Diminishing marginal returns imply**

- (a) decreasing average variable costs
- (b) decreasing marginal costs
- (c) increasing marginal costs
- (d) decreasing average fixed costs

**136. To economists, the main difference between the short run and the long run is that:**

- (a) in the short run all inputs are fixed, while in the long run all inputs are variable
- (b) in the short run the firm varies all of its inputs to find the least cost combination of inputs



- (c) in the short-run, at least one of the firm's input levels is fixed
- (d) in the long run, the firm is making a constrained decision about how to use existing plant and equipment efficiently

**137. Which cost increases continuously with the increase in production?**

- (a) Average cost
- (b) Marginal cost
- (c) Fixed cost
- (d) Variable cost

**138. In the short run, when the output of firm increases, its average fixed cost:**

- (a) increases
- (b) decreases
- (c) remains constant
- (d) first declines and then rises

**139. Which of the following is an example of an "explicit cost"?**

- (a) The wages a proprietor could have made by working as an employee of a large firm
- (b) The income that could have been earned in alternative uses by the resources owned by the firm
- (c) The payment of wages by the firm
- (d) The normal profit earned by a firm

**140. Marginal cost is defined as :**

- (a) the change in total cost due to one unit change in output
- (b) total cost divided by output
- (c) the change in output due to a one unit change in an input
- (d) total product divided by the quantity of input

**141. Which of the following is not a determinant of the firm's cost function?**

- (a) The production function
- (b) The price of labour
- (c) Taxes
- (d) The price of the firm's output

**142. A firm's average total cost is Rs. 300 at 5 units of output and Rs. 320 at 6 units of output the marginal cost of producing the 6<sup>th</sup> unit is:**

- (a) Rs. 20
- (b) Rs. 120
- (c) Rs. 320
- (d) Rs. 420

**143. Which of the following is a function of an entrepreneur?**

- (a) Initiating a business enterprise
- (b) Risk bearing
- (c) Innovating
- (d) All of the above

**144. The law of scarcity**

- (a) does not apply to rich developed countries
- (b) applies only to the less developed countries
- (c) implies that consumers wants will be satisfied in a socialistic system
- (d) implies that consumers wants will never be completely satisfied

**145. Who expressed the view that “economics is neutral between end”?**

- (a) Robbins
- (b) Marshall
- (c) Pigou
- (d) Adam Smith

**146. An example of positive economic analysis would be:**

- (a) an analysis of the relationship between the price of food and the quantity purchased
- (b) determining how much income each person should be granted
- (c) determining the fair price for food
- (d) deciding how to distribute the output of the economy

**147. Which of the following does not suggest a macro approach for India ?**

- (a) Determining the GNP of India
- (b) Identifying the causes of inflation in India
- (c) Finding the causes of failure of X and Co.
- (d) Analyse the causes of failure of industry in providing large scale employment

**148. What is one of the future consequences of an increase in the current level of consumption in the India?**

- (a) Slower economic growth in the future
- (b) Greater economic growth in the future
- (c) No change in our economic growth rate
- (d) Greater capital accumulation in the future

**149. Capital intensive technique would get chosen in a :**

- (a) labour surplus economy
- (b) capital surplus economy
- (c) developed economy
- (d) developing economy

**150. Consider the following and decide which if any economy is without scarcity:**

- (a) The pre-independent Indian Economy, where most people were farmers
- (b) A mythical economy where everybody is a billionaire
- (c) Any economy where income is distributed equally among its people
- (d) None of the above

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**151. Representation of data is done by**

- (a) Diagrams
- (b) Pictures
- (c) Charts
- (d) All these

**152. Ogive is a**

- (a) Line diagram
- (b) Bar diagram
- (c) Both
- (d) None of these





**153. Which result is true?**

- (a)  $H.M. \leq G.M. \leq A.M.$  (b)  $H.M. \geq G.M. \geq A.M.$   
(c)  $H.M. < G.M. < A.M.$  (d)  $G.M. > A.M. > H.M.$

**154. The range of 12, 15, 17, 9, 21, 25**

- (a) 3 (b) 16  
(c) 25 (d) 12

**155. Median is affected by extreme values**

- (a) True (b) False  
(c) Both (d) None of these

**156. In a Scatter diagram, if the plotted points lie on a single line, then the correlation is:**

- (a) Perfect positive (b) Perfect negative  
(c) Both (a) and (b) (d) Either (a) or (b)

**157. For any two events A and B**

- (a)  $P(A \cap B) < P(A) + P(B)$  (b)  $P(A \cap B) > P(A) + P(B)$   
(c)  $P(A \cap B) \leq P(A) + P(B)$  (d)  $P(A \cap B) \geq P(A) + P(B)$

**158. The mode and mean of a normal distribution**

- (a) May be equal (b) May be different  
(c) Are always equal (d) (a) or (b)

**159. A statistic is described as**

- (a) A function of sample observation (b) A function of population units  
(c) A characteristic of a population (d) A part of population

**160. The index number is not a special type of average**

- (a) False (b) True  
(c) Both (d) None of these

**161. Fisher's ideal formula does not satisfy \_\_\_\_\_ test.**

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

**162. Under Algebraic method we get \_\_\_\_\_ Linear equations**

- (a) Two (b) Three  
(c) One (d) None of these

**163. 24, 32, \_\_\_\_\_, 40 are in proportion.**

- (a) 25 (b) 20  
(c) 30 (d) None of these

**MODEL TEST PAPER - 13**

164.  $\log_3 \log_3 27$  is equal to \_\_\_\_\_

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

165. If \_\_\_\_\_, the roots are imaginary .

- (a)  $b^2 - 4ac = 0$  (b)  $b^2 - 4ac > 0$   
(c)  $b^2 - 4ac < 0$  (d)  $b^2 - 4ac \geq 0$

166. The letters of the words ALLAHABAD and INDIA are arranged in all possible ways. The ratio of the number of these arrangement is \_\_\_\_\_

- (a)  $\frac{9}{1} : \frac{5}{1}$  (b) 126:1  
(c) 1:1 (d) 2:5

167. The 13<sup>th</sup> term of series 93, 90, 87 ..... nth term is \_\_\_\_\_

- (a) 57 (b) - 54  
(c) 50 (d) 54

168. Rs. 3,52,000 will produce Rs. 28,600 interest in \_\_\_\_\_ years at 2.5% p.a. simple interest.

- (a) 2 years 2 months (b) 3 years 3 months  
(c) 4 years 4 months (d) 5 years 5 months

169. The mean of binomial distribution with parameters n and p is \_\_\_\_\_

- (a)  $n(1-p)$  (b)  $np(1-p)$   
(c)  $np$  (d)  $\sqrt{np(1-p)}$

170. If  $P(A) = \frac{6}{9}$  then the odds against the event is \_\_\_\_\_

- (a)  $\frac{3}{9}$  (b)  $\frac{6}{3}$   
(c)  $\frac{3}{6}$  (d)  $\frac{3}{15}$

171.  $\lim_{x \rightarrow 2} \frac{x^2 - 9}{x - 3}$  is equal to  $\frac{\sqrt{3-x} - 1}{2-x}$

- (a)  $\frac{1}{2}$  (b) 2  
(c) 0 (d) does not exist

172. The derivative of  $y = \log x^x$  is

- (a)  $\frac{1}{x}$  (b)  $\log x$   
(c)  $\frac{1}{x} \cdot \log x$  (d)  $1 + \log x$



173.  $\int \frac{dx}{e^x + 1}$  is equal to

- (a)  $-\log(1 + e^{-x}) + K$  (b)  $(e^x + 1)^{-2} + K$   
(c)  $\frac{1}{1 + e^x} + K$  (d) None

174. If  $f(x) = 2x + 3$  then  $f(2x) - 2f(x) + 3$  is equal to

- (a) 1 (b) 0  
(c) -1 (d) None of these

175. Which term of series  $3, \sqrt{3}, 1, \frac{1}{\sqrt{3}}$  ..... nth term is  $\frac{1}{243}$  ?

- (a) 13 (b) 14  
(c) 15 (d) 12

176. Fisher's ideal index no. is equal to

- (a) Laspeyres's index  $\times$  Pasche's Index (b)  $\sqrt{\text{Laspeyres's Index} \times \text{Pasche's Index}}$   
(c)  $\frac{\sum P_0 q_1}{\sum P_1 q_1}$  (d) None of these

177. A sample of 100 gave a mean of 7.4 kg and a standard deviation of 1.2 kg. Find 95% confidence limits for population mean.

- (a) 7.164 and 7.635 (b) 5.164 and 5.635  
(c) 4.001 and 5.001 (d) None of these

178. A dice is tossed thrice, if getting a four is considered a success, find the variance of probability distribution of number of success.

- (a) 1/2 (b) 1/4  
(c) 5/12 (d) 7/12

179. A pair of dice is rolled. If the sum on the dice is 9. Find the probability that one of dice showed 3.

- (a) 1/9 (b) 1/4  
(c) 1/2 (d) 1

180. The two regression lines obtained from certain data were  $y = x + 5$  and  $16x = 9y - 94$ . Find the variance of x if variance of y is 16.

- (a) 4/16 (b) 9  
(c) 1 (d) 5/16

**MODEL TEST PAPER - 13**

**181. If  ${}^n P_{13} : {}^{n+1} P_{12} = 3:4$  then value of n is**

- (a) 15 (b) 14  
(c) 13 (d) 12

**182. In a group of 23 children 10 drink tea but not coffee and 15 like tea. The number of children drinking coffee but not tea is**

- (a) 6 (b) 7  
(c) 8 (d) 9

**183. In a G.P. series the product of first three term is  $729/8$ . The middle term is**

- (a)  $3/2$  (b)  $9/2$   
(c)  $2/9$  (d) None of these

**184. In how many ways 5 physics, 3 chemistry and 3 maths books be arranged keeping the books of the same subject together.**

- (a)  $5! \times 3! \times 3!$  (b)  $5 P_3$   
(c)  $5! \times 3!$  (d)  $5! \times 3! \times 3! \times 3!$

**185. If a loan of Rs. 50,000 is paid back in equal instalments for 20 years and 10% interest on balance loan. What will be equal instalment .**

- (a) 5872.98 (b) 5000.00  
(c) 4999.98 (d) None of these

**186. The lines  $x - y - 3 = 0$ ,  $3x - 2y - 5 = 0$  and  $4x - 3y - 20 = 0$  are**

- (a) concurrent (b) Not concurrent  
(c) Parallel to each other (d) Perpendicular to each other

**187. Solving equation  $3x^2 - 2x - 16 = 0$  we get root as**

- (a)  $-2, 8/3$  (b)  $2, 3/8$   
(c)  $\pm 2$  (d) None of these

**188. If a number of which the half is greater than  $1/10^{\text{th}}$  of number by 20 then the number is**

- (a) 50 (b) 40  
(c) 80 (d) None of these

**189. Sum of three numbers in A.P. is 12 and the sum of their cube is 408. The numbers are**

- (a) 3, 4, 5 (b) 1, 4, 7  
(c) 2, 4, 6 (d) None of these

**190. The number of subset of a set containing n element is:**

- (a)  $2n$  (b)  $2^n$   
(c)  $2^{-n}$  (d) None of these



191. Wages of 8 workers expressed in Rs. as follows 80, 96, 51, 72, 67, 50, 70, find Coefficient of range?

- (a) 30.5 (b) 35.3  
(c) 31.00 (d) 31.51

192.  $\int e^{px} dx$  is equal to

- (a)  $e^x + c$  (b)  $\frac{e^{px}}{p} + c$   
(c)  $\log x + c$  (d) None of these

193. Evaluate  $\int_{-3}^3 (x^3 + x) dx$

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

194. If Arithmetic Mean and coefficient of variation of  $x$  are 5 and 20 respectively. What is the variance of  $(15-2x)$ ?

- (a) 16 (b) 2  
(c) 64 (d) 32

195. If  $y = e^x - e^{-x}$  then  $\frac{dy}{dx} - \sqrt{y^2 + 4}$  is equal to

- (a) 1 (b) -1  
(c) 0 (d) None of these

196. 6 seats of articled clerks are vacant in a 'Chartered Accountant firm'. How many different batches of candidates can be chosen out of 10 candidates if one candidate is always selected.

- (a) 124 (b) 125  
(c) 126 (d) None of these

197. The A.M. between two numbers is 34 and their G.M. is 16, the numbers are ?

- (a) 4, 64 (b) 4, 32  
(c) 32, 64 (d) None of these

198. For a group of 8 students the sum of squares of differences in ranks for Accounts and Economics marks was found to be 50. What is the rank correlation coefficient.

- (a) 0.50 (b) 0.40  
(c) 0.30 (d) 0.20

**199. A sum of money triples itself in 20 years. Using Simple Interest calculate number of years it would double itself.**

- |              |                   |
|--------------|-------------------|
| (a) 25 years | (b) 15 years      |
| (c) 10 years | (d) None of these |

**200. The value of  $(\log_b a \times \log_c b \times \log_a c)^5$  is equal to**

- |       |                   |
|-------|-------------------|
| (a) 5 | (b) 0             |
| (c) 1 | (d) None of these |

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**BOARD OF STUDIES**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**COMMON PROFICIENCY TEST**

**Model Test Paper – BOS/CPT – 14**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

**1. Commission received in advance account has a**

- |                      |                       |
|----------------------|-----------------------|
| (a) Credit balance   | (b) Debit balance     |
| (c) Negative balance | (d) None of the above |

**2. Insurance unexpired account is a**

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

**3. On March 31, 2010 Narain Enterprises purchased a loader from Laxmi Motors for Rs. 1,75,000 which is shown in the balance sheet as on 31st March, 2010. This is -**

- |                                       |                                        |
|---------------------------------------|----------------------------------------|
| (a) An event                          | (b) A transaction                      |
| (c) A transaction as well as an event | (d) Neither a transaction nor an event |

**4. Out of the following at which point the treatment of “Sales” and “Consignment” is same:**

- |                        |                    |
|------------------------|--------------------|
| (a) Ownership transfer | (b) Money received |
| (c) Stock outflow      | (d) Risk           |

**5. What is the order in which the accounting transactions and events are recorded in the books?**

- (a) Journal, subsidiary books, P/L A/c and Ledger
- (b) Ledger, Journal, Balance Sheet and Profit and Loss A/c
- (c) Journal, Ledger P/L A/c and Balance Sheet
- (d) P/L A/c, Ledger and Balance Sheet

**6. Withdrawal column of the Pass Book showed a wrong entry of Rs. 112. When the balance as per Cash Book is the starting point.**

- |                               |                             |
|-------------------------------|-----------------------------|
| (a) Rs 112 to be added        | (b) Rs 112 to be Subtracted |
| (c) No adjustment is required | (d) None of these           |

**7. B/R is a**

- (a) Current asset
- (b) Fixed asset
- (c) Fictitious asset
- (d) Intangible asset

**8. Which of the following account will have debit balance?**

- (a) Reserve for doubtful debts account
- (b) Outstanding wages
- (c) Capital account (Machinery brought in business)
- (d) Loan to contractor

**9. Which of the following error is an error of principle?**

- (a) Wages paid to Ram has been debited to his account
- (b) The total of purchase journal has not been posted to purchase A/c
- (c) Sales to X Rs. 20, posted to his A/c as Rs. 2
- (d) Furniture purchased on credit from Nigam for Rs. 300 posted to Machinery Account

**10. A bill has been drawn on 26.02.2010 payable after 90 days. The maturity date of the bill will be -**

- (a) 30.05.2010
- (b) 29.05.2010
- (c) 28.05.2010
- (d) 27.05.2010

**11. Balance of goods sent on consignment account is transferred to -**

- (a) Profit and Loss Account
- (b) Trading account
- (c) P/L appropriation account
- (d) None of the three

**12. Memorandum joint venture account is prepared**

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

**13. If a reliable estimate of probable outflow of resources to settle a present obligation cannot be made, it is-**

- (a) To be recognised as liability
- (b) To be recognised as provision
- (c) To be disclosed as a contingent liability
- (d) None of these

**14. The party who sends the goods for sale on fixed commission basis is**

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

**15. If the incoming partner brings any additional amount in cash other than his capital contribution, then it is termed as**

- (a) Capital
- (b) Reserves
- (c) Goodwill
- (d) Premium for goodwill





**16. Discounting, endorsement and collection of bills of exchange is made by**

- |            |              |
|------------|--------------|
| (a) Drawer | (b) Drawee   |
| (c) Bank   | (d) Creditor |

**17. Sales returns appearing in the trial balance are deducted from**

- |               |                       |
|---------------|-----------------------|
| (a) Capital   | (b) Sales             |
| (c) Purchases | (d) None of the three |

**18. Drawings are deducted from**

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

**19. The trial balance of M/s Narain Manufacturers shows closing stock of Rs. 30,000. It will be recorded in**

- (a) Trading account
- (b) Profit and Loss Account
- (c) Profit and Loss appropriation A/c
- (d) Balance Sheet

**20. Purchase of fixed assets on credit basis is recorded in**

- |                    |                       |
|--------------------|-----------------------|
| (a) Purchase Book  | (b) Cash Book         |
| (c) Journal Proper | (d) None of the above |

**21. Securities premium account should not be used for which of the following purposes**

- |                                                        |                           |
|--------------------------------------------------------|---------------------------|
| (a) Declaring dividend                                 | (b) Issue of bonus shares |
| (c) Writing off preliminary expenses.                  |                           |
| (d) Paying premium on redemption of preference shares. |                           |

**22. A places an order to B for supply of certain goods yet to be manufactured. On receipt of order B purchases raw material, employs workers, produces the goods and delivers them to A. 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 |

**23. Ramesh drew a 45 days bill on Komal on 25<sup>th</sup> Jan., 2011. The bill falls due on**

- |              |                       |
|--------------|-----------------------|
| (a) March 14 | (b) Feb. 28           |
| (c) March 10 | (d) None of the three |

**24. Birbal drew a three month bill on Satyapal for Rs. 5,000. On due date Satyapal approached Birbal to renew the bill for another month @ 12% p.a. Amount of the new bill will be**

- |               |                       |
|---------------|-----------------------|
| (a) Rs. 5,000 | (b) Rs. 5,050         |
| (c) Rs. 4,050 | (d) None of the three |

**25. Preet accepted a 90 days bill of Rs. 10,000 drawn by Jeet on 05.02.2010. On 13.03.2010, Preet wished to retire the bill. Jeet offered rebate @ 12% p.a. Considering the year of 360 days, rebate amount will be -**

- (a) Rs. 150 (b) Rs. 180  
(c) Rs. 184 (d) None of the three

**26. Consignment Account**

To Goods sent on consignment (at invoice price)	1,00,000	By Consignee A/c (Sales)	1,50,000
To Consignee's A/c (indirect expenses)	40,000	By Stock at Invoice price	10,000
To Profit	20,000		
	1,60,000		1,60,000

Consignor charged 25% profit on cost while sending the goods on consignment. Rectify the above A/c. Correct profit on consignment will be

- (a) Rs. 38,000 (b) Rs. 35,000  
(c) Rs. 30,000 (d) Rs. 40,000

**27. X consigned 100 packets of cosmetics each costing Rs. 300 to his agent at Bareilly. He paid Rs. 500 towards freight and insurance. 15 packets were destroyed in the way. Consignee took delivery of the remaining packets and spent Rs. 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. Cost of damage will be**

- (a) Rs. 4,500 (b) Rs. 4,575  
(c) Rs. 4,000 (d) None of the three

**28. X consigned 100 packets of cosmetics each costing Rs. 300 to his agent at Bareilly. He paid Rs. 500 towards freight and insurance. 15 packets were destroyed in the way. Consignee took delivery of the remaining packets and spent Rs. 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. The agent sells away 70 packets. Stock amount will be**

- (a) Rs. 4,500 (b) Rs. 4,751  
(c) Rs. 4,651 (d) None of the above

**29. ELDER and LARGE enter into a joint venture sharing profits and losses equally. ELDER supplied goods to the value of Rs. 2,500 and incurred expenses of Rs. 200. LARGE supplied goods to the value of Rs. 2,000 and his expenses amounted to Rs. 150. LARGE sold the entire lot of goods on behalf of the joint venture and realized Rs. 6,000. LARGE was entitled to a commission of 5% on sales. Profit on the venture**

- (a) Rs. 850 (b) Rs. 800  
(c) Rs. 900 (d) Rs. 1,000



30. Hardcore Computers Ltd. issued to public 15,000 shares of Rs. 10 each at a premium of Rs. 2. Applications were received for 10,000 shares. The amount payable was as follows:  
On application Rs. 3 per share  
On allotment Rs. 4 per share (including premium)  
On first and final call Rs. 5 per share  
All sums were duly received by the company except the following:  
Mr. Perfect holder of 100 shares did not pay allotment and call money. Mr. Right holder of 200 shares did not pay call money. The company forfeited all the shares of Mr. Perfect. Share Capital a/c will be debited by -

- (a) Rs. 1,000 (b) Rs. 900  
(c) Rs. 800 (d) None of the three

31. A and B are doing business separately as building contractors. They undertook jointly to construct a building for a newly started joint stock company for a contract price of Rs. 2,00,000. A Bank A/c is opened in their joint names; A depositing Rs. 50,000 and B Rs. 30,000. They will share profits and losses in ratio of 2/3 and 1/3 respectively. Their transactions were as follows:  
Paid wages Rs. 60,000  
Brought materials Rs. 1,62,000  
Contract was completed and the price was duly received. B took stock of materials for the Rs. 6,000. Profit or loss on joint venture will be

- (a) Profit Rs. 8,000 (b) Loss Rs. 16,000  
(c) Profit Rs. 10,000 (d) Loss Rs. 15,000

32. J and R are equal partners U is admitted as a partner for  $\frac{1}{4}$  share of profits but is unable to contribute premium for goodwill in cash amounting to Rs. 8,000 and so it is decided to raise a loan A/c in the name of U. Journal entry will be

- (a) U's loan A/c Dr. 8,000  
To J 8,000  
(b) U's loan A/c Dr. 4,000  
To R 4,000  
(c) U's Loan A/c Dr. 8,000  
To J 4,000  
To R 4,000  
(d) None of the three

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 Ashana for 1/3rd 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:**

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

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

**36. Following figures have been taken from the trial balance of a trader**

<b>Cost of goods sold</b>	<b>Rs. 30,000</b>
<b>Sales</b>	<b>Rs. 40,000</b>
<b>Closing Stock</b>	<b>Rs. 5,000</b>

**The amount of profit will be**

- (a) Rs. 10,000 (b) Rs. 15,000  
(c) Rs. 12,000 (d) None of the above

**37. Bank overdraft as per Cash Book Rs. 13,500  
Cheque deposited but not credited Rs. 3,000  
Cheque issued but not presented Rs. 6,000  
Overdraft as per bank statement will be**

- (a) Rs. 10,500 (b) Rs. 10,000  
(c) Rs. 11,000 (d) None of the three

**38. Sundry creditors for goods amounting to Rs. 50,000 are not responding during the last five years and payment for the same may not be made by the concern. Journal entry will be**

- (a) Sundry Creditors A/c Dr. 50,000  
To P/L A/c 50,000  
(b) P/L A/c Dr. 50,000  
To Sundry Creditors 50,000  
(c) Sundry Creditors A/c Dr. 50,000  
To Cash A/c 50,000  
(d) None of the three

**39. Net salary paid to employees Rs. 45,000 in cash after deducting income tax Rs. 1,000, professional tax Rs. 200, employees provident fund Rs. 2,000, staff welfare fund Rs. 100 and recovery of loan Rs. 1,700. Salary A/c will be debited with -**

- (a) Rs. 50,000 (b) Rs. 45,000  
(c) Rs. 48,000 (d) None of the three



**40. Dividend received (net) Rs. 9200 for which tax deducted at source is Rs. 800. Dividend A/c will be credited with -**

- (a) Rs. 10,000 (b) Rs. 9,200  
(c) Rs. 9,000 (d) None of the three

**41. Good purchased on credit during last year worth Rs. 60,000 were not recorded in the books of a partnership firm namely ABC and Co. whose profit is shared equally by A, B and C, but the said amount was included in last year's closing stock figure. Adjusting entry will be**

- (a) S. Creditors A/c Dr. 60,000  
    To A 60,000  
(b) Sundry Creditors A/c Dr. 60,000  
    To A 30,000  
    To B 30,000  
(c) A's Capital Dr. 20,000  
    B's Capital Dr. 20,000  
    C's Capital Dr. 20,000  
    To Sundry Creditors 60,000  
(d) None of the three

**42. Dismantling and demolition charges is a \_\_\_\_\_**

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

**43. There was an error in the trial balance. Difference was put to Suspense A/c. Later on, it was found that the opening stock of Rs. 1,080 was brought into the books as Rs. 1,800.**

**Rectifying entry will be**

- (a) Suspense A/c Dr. 720  
    To Opening Stock 720  
(b) Opening Stock A/c Dr. 720  
    To Suspense A/c 720  
(c) Trading A/c Dr. 720  
    To Opening stock 720  
(d) None of three

**44. 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 3 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

**45. G. Ltd. acquired assets worth Rs. 1,50,000 from AB 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) 10,000 shares (b) 12,000 shares  
(c) 9,000 shares (d) None of the three.

**46. In Jan., 2006 a trader purchased furniture for Rs. 10,000 Depreciation is charged @ 25% Diminishing balance. At the end of the third year it was sold for Rs. 1,000. Profit or loss as sale will be \_\_\_\_\_**

- (a) Profit Rs. 2,400 (b) Profit Rs. 2,300  
(c) Loss Rs. 2,406 (d) Loss Rs. 3,219

**47. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 as on 31<sup>st</sup> December, 2009. On 1<sup>st</sup> Jan., 2006 Co. started business and has been following the practice of charging full year's depreciation every year on Diminishing balance method @ 15%. Cost of machinery on 01.01.2006 will be**

- (a) Rs. 2,40,000 (b) Rs. 2,00,000  
(c) Rs. 2,50,000 (d) None of the three

**48. Net Profit before charging manager commission is Rs. 22,000 and the manager is to be allowed a commission of 10% on the profit after charging such commission. Commission amount will be**

- (a) Rs. 2,000 (b) Rs. 18,000  
(c) Rs. 2,200 (d) None of the three

**49. X Co. Ltd. issued 1,00,000 debentures of Rs. 100 each at a discount of 4% redeemable after 5 years at a premium of 6%. Loss on issue of debentures will be**

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



**50. Rishi is a partner in a firm. He withdrew the following amounts during the year ended on 31<sup>st</sup> December, 2009.**

February 1	Rs.	12,000	
April 30	Rs.	6,000	
June 30		Rs.	9,000
August 31	Rs.	12,000	
October 1	Rs.	8,000	
December 31	Rs.	7,000	

**Interest on drawings @ 9% p.a. will be**

- (a) Rs. 2,295  
(b) Rs. 2,000  
(c) Rs. 2,200  
(d) None of the above

**51. Interest on capital at 6% p.a. is to be allowed. Capital in the beginning was Rs. 3,00,000. Interest amount will be**

- (a) Rs. 18,000  
(b) Rs. 15,000  
(c) Rs. 16,000  
(d) None of the three

**52. Depreciation at 5% on office furniture of Rs. 8,000; at 10% on plant and machinery of Rs. 80,000 and at 5% on factory building of Rs. 2,00,000 have been charged by the entrepreneur during the year. Total amount of depreciation will be**

- (a) Rs. 18,400  
(b) Rs. 18,000  
(c) Rs. 15,000  
(d) None of the three

**53. Gaining ratio may be applied when**

- (a) A partner is admitted  
(b) A partner retires  
(c) A business is sold out  
(d) A partner is insolvent

**54. A limited company forfeited 100 equity shares of the face value of Rs. 10 each, for non payment of first call of Rs. 2 per share. The forfeited shares were subsequently reissued as fully paid @ 7 each. Amount transferred to capital reserve will be**

- (a) Rs. 500  
(b) Rs. 200  
(c) Rs. 300  
(d) None of the three

**55. Z Ltd. purchased plant and machinery for Rs. 2,00,000 payable as Rs. 65,000 in cash and the balance by an issue of 6% debentures of Rs. 1,000 each at a discount of 10%. Discount on issue of debentures will be**

- (a) Rs. 15,000  
(b) Rs. 14,000  
(c) Rs. 10,000  
(d) None of the three

**56. A firm had an unrecorded investment of worth Rs. 5,000. Entry in the firms journal on admission of a partner will be**

- |     |                           |     |       |       |
|-----|---------------------------|-----|-------|-------|
| (a) | Unrecorded Investment A/c | Dr. | 5,000 |       |
|     | To Revaluation A/c        |     |       | 5,000 |
| (b) | Revaluation A/c           | Dr. | 5,000 |       |
|     | To Unrecorded Investment  |     |       | 5,000 |
| (c) | Partner Capital a/c       | Dr. | 5,000 |       |
|     | To Unrecorded Investment  |     |       | 5,000 |
| (d) | None of the three         |     |       |       |

**57. A company issued debentures of the face value of Rs. 1,00,000 at a discount of 6% on Jan. 1, 2009. These debentures are redeemable by annual drawings of Rs. 20,000 made on 31<sup>st</sup> Dec. each year. The directors decided to write off discount based on the debentures outstanding each year. Amount of discount to be written off in the 5<sup>th</sup> year will be**

- |     |         |     |                   |
|-----|---------|-----|-------------------|
| (a) | Rs. 400 | (b) | Rs. 600           |
| (c) | Rs. 800 | (d) | None of the three |

**58. Alok Ltd. forfeited 300 shares of Rs. 10 each fully called up held by Ram for non payment of allotment money of Rs. 3 per share and final call money of Rs. 4 per share. Out of these shares 250 were reissued to Sohan for a total payment of Rs. 2,000. Amount transferred to capital reserve account will be**

- |     |         |     |                   |
|-----|---------|-----|-------------------|
| (a) | Rs. 250 | (b) | Rs. 900           |
| (c) | Rs. 600 | (d) | None of the three |

**59. A company issued Rs. 2,00,000 15% debentures at a discount of 5% redeemable after 10 years at a premium of 10%. Loss on issue of debentures will be**

- |     |            |     |                   |
|-----|------------|-----|-------------------|
| (a) | Rs. 30,000 | (b) | Rs. 15,000        |
| (c) | Rs. 20,000 | (d) | None of the three |

**60. A, B & C are partners sharing profits & losses in equal ratio. A paid firm's liability of Rs. 10,000 out of his private funds. How will you record this in firm's books?**

- |     |                                                |     |            |            |
|-----|------------------------------------------------|-----|------------|------------|
| (a) | No entry will be made in the books of the firm |     |            |            |
| (b) | A's Capital A/c                                | Dr. | Rs. 10,000 |            |
|     | To Liability A/c                               |     |            | Rs. 10,000 |
| (c) | Liability A/c                                  | Dr. | Rs 10,000  |            |
|     | To A's Capital                                 |     |            | Rs. 10,000 |
| (d) | Liability A/c                                  | Dr. | Rs. 10,000 |            |
|     | To All Partner's Capital A/c                   |     |            | Rs. 10,000 |

**SECTION – B : MERCANTILE LAWS (40 MARKS)**

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

- (a) The agreement is expressed in writing





- (b) The agreement is made on account of natural love and affection of 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

**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 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. A person employed to do any act for another or to represent and another in dealings with the third parties is:**

- (a) Principal
- (b) Agent
- (c) Servant
- (d) Bailee

**64. When the consent of a party is not free, the contract is**

- (a) Void
- (b) Voidable
- (c) Valid
- (d) Illegal

**65. Moral pressure is involved in the case of**

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

**66. A agrees to pay Rs. 1,000 to B if it rains, and B promises to pay a like amount to A, if it does not rain, this agreement is called**

- (a) Quasi Contract
- (b) Contingent Contract
- (c) Wagering agreement
- (d) Voidable Contract

**67. When offer is made to a definite person, it is known as**

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

**68. An agreement to pay money's worth on the happening or non-happening of a specified uncertain event, is a**

- (a) Wagering agreement
- (b) Contingent contract
- (c) Quasi contract
- (d) Uncertain agreement

**69. A contingent contract dependent on the happening of specified uncertain event within fixed time can be enforced if the event**

- (a) Does not happen within fixed time
- (b) Becomes impossible before the expiry of fixed time

- (c) Happened within the fixed time
- (d) Both (a) and (b)

**70. Essentials of Contract of Sale are**

- (a) At least 2 parties
- (b) Subject matter must be goods
- (c) None of the above
- (d) Both (a) and (b)

**71. 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) and (c)

**72. Valid contract:**

- (a) In case of this collateral agreement are void
- (b) Not enforceable in a court of law
- (c) An agreement enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others
- (d) Enforceable at the option of the parties

**73. A person to whom money has been paid, or anything delivered under coercion**

- (a) Becomes the owner of such money or those goods
- (b) Is allowed to sell the goods and retain the money realized from such sale
- (c) Has no obligation to return the money, he may do so only a good gesture
- (d) Must repay the money or return those goods

**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. A minor may be:**

- (a) A partner of a firm
- (b) Representative of the firm
- (c) Entitled to carry on the business of the firm
- (d) Admitted to the benefits of the partnership

**76. A partnership firm is compulsorily dissolved where**

- (a) All partners have become insolvent
- (b) Firm's business has become unlawful
- (c) The fixed term has expired
- (d) In cases (a) and (b) only



**77. A partnership may be registered with**

- |                            |                           |
|----------------------------|---------------------------|
| (a) Registrar of companies | (b) Registrar of partners |
| (c) Registrar of firms     | (d) District court        |

**78. Dissolution by agreement is:**

- (a) Dissolution by the adjudication of all the partner or of all the partner 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

**79. Types of partner includes**

- |                     |                      |
|---------------------|----------------------|
| (a) Active partner  | (b) Sleeping partner |
| (c) Nominal partner | (d) All of the above |

**80. There can be a stranger to a consideration but 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 |

**81. Coercion involves \_\_\_\_\_**

- |                    |                     |
|--------------------|---------------------|
| (a) Physical force | (b) Mental pressure |
| (c) Moral pressure | (d) Threat          |

**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. Rescission means \_\_\_\_\_**

- (a) Substituting a new contract for the old one
- (b) Cancellation of the old contract
- (c) Modifying or altering the terms of contract so 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

**84. A \_\_\_\_\_ agreement is one, which is enforceable at the option of one party**

- |              |             |
|--------------|-------------|
| (a) Voidable | (b) Void    |
| (c) Valid    | (d) Illegal |

**85. The position of stranger to a contract and that of stranger to consideration is \_\_\_\_\_**

- |                         |                    |
|-------------------------|--------------------|
| (a) Partially different | (b) Partially same |
| (c) Entirely different  | (d) Same           |

**86. 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

**87. A person who is mentally deranged due to same 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

**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 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

**90. A contract to pay B Rs. 2,00,000/- 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. 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

**92. Seller means a person who \_\_\_\_\_**

- (a) Sells goods
- (b) Agrees to sell goods
- (c) Sells or agree to sell goods
- (d) Has sold goods

**93. Where in an auction sale, the seller appoints more than one bidder, the sale is \_\_\_\_\_**

- (a) Void
- (b) Illegal
- (c) Conditional
- (d) Voidable

**94. In a contract of sale \_\_\_\_\_**

- (a) Delivery of goods & payments of price are concurrent conditions
- (b) Delivery of goods to be made first
- (c) Payment of price to be made first
- (d) Both (b) & (c)



**95. 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 as a good gesture

**96. Each of the partner is \_\_\_\_\_**

- (a) Principals as well agents
- (b) Only agents of the firm
- (c) Only representatives of the firm
- (d) Only co-partners of the firm

**97. 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

**98. Registration of firm is \_\_\_\_\_**

- (a) Compulsory
- (b) Optional
- (c) Occasional
- (d) None of the above

**99. A contracted with Housing Corporation for construction of number of houses. In calculating his price for the houses, A 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 A
- (c) There is no contract at all since there is no consensus ad idem
- (d) The contract is not binding

**100. A had offered B, a price of Rs. 10,000/- 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 do not agree to sell me your house for Rs.10,000/-". 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

### **SECTION – C : GENERAL ECONOMICS (50 MARKS)**

**101. Which of the following is the best general definition of the study of Economics?**

- (a) Inflation and unemployment in a growing economy
- (b) Business decision making under foreign competition
- (c) Individual and social choice in the face of scarcity
- (d) The best way to invest in the stock market

**102. Labour intensive technique would get chosen in a :**

- (a) Labour surplus economy
- (b) Capital surplus economy
- (c) Developed economy
- (d) Developing economy

**103. Which of the following is not one of the four central questions that the study of economics is supposed to answer?**

- (a) Who produces what?
- (b) When are goods produced?
- (c) Who consumes what?
- (d) How are goods produced?

**104. The various combinations of goods that can be produced in any economy when it uses its available sources and technology efficiently are depicted by:**

- (a) Demand curve
- (b) Production curve
- (c) Supply Curve
- (d) Production possibilities curve

**105. Rational decision making requires that:**

- (a) One's choices be arrived at logically and without errors
- (b) One's choices be consistent with one's goals
- (c) One's choices never vary
- (d) One's makes choices that do not involve trade offs

**106. Contraction of demand is the result of:**

- (a) Decrease in the number of consumers
- (b) Increase in the price of the good concerned
- (c) Increase in the prices of other goods
- (d) Decrease in the income of purchasers

**107. In the case of a straight line demand curve meeting the two axes the price- elasticity of demand at the mid-point of the line would be:**

- (a) 0
- (b) 1
- (c) 1.5
- (d) 2

**108. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to:**

- (a) Remain the same
- (b) Increase
- (c) Decrease
- (d) Any of these

**109. All of the following are determinants of demand except**

- (a) tastes and preferences
- (b) quantity supplied
- (c) income
- (d) price of related goods

**110. The price of hot dogs increases by 22% and the quantity of hot dog demanded falls by 25% this indicates that demand for hot dog is -**

- (a) elastic
- (b) inelastic
- (c) unitarily elastic
- (d) perfectly elastic.



**111. If electricity demand is inelastic, and electric rates increase, which of the following is likely to occur?**

- (a) Quantity demanded will fall by a relatively large amount
- (b) Quantity demanded will fall by a relatively small amount
- (c) Quantity demanded will rise in the short run, but fall in the long run
- (d) Quantity demanded will fall in the short run, but rise in the long run

**112. An indifference curve slopes down towards right since more of one commodity and less of another results in :**

- (a) same satisfaction
- (b) greater satisfaction
- (c) maximum satisfaction
- (d) decreasing expenditure

**113. A vertical supply curve parallel to Y axis implies that the elasticity of supply is:**

- (a) zero
- (b) infinity
- (c) equal to one
- (d) greater than zero but less than infinity

**114. Which of the following cost curves is never 'U' shaped?**

- (a) Average cost curve
- (b) Marginal cost curve
- (c) Average variable cost curve
- (d) Average fixed cost curve

**115. Which of the following statements is true of the relationship among the average cost functions?**

- (a)  $ATC = AFC + AVC$
- (b)  $AVC = AFC + ATC$
- (c)  $AFC = ATC + AVC$
- (d)  $AFC = ATC - AVC$

**116. A firm's average fixed cost is Rs. 20 at 6 units of output. What will it be at 4 units of output?**

- (a) Rs. 60
- (b) Rs. 30
- (c) Rs. 40
- (d) Rs. 20

**117. In describing a given production technology, the short run is best described as lasting:**

- (a) Up to six month from now
- (b) Up to five years from now
- (c) As long as all inputs are fixed
- (d) As long as at least one input is fixed

**118. What is the shape of the demand curve faced by a firm under perfect competition?**

- (a) Horizontal
- (b) Vertical
- (c) Positively sloped
- (d) Negatively sloped

**119. Which is the first order condition for the profit of a firm to be maximum?**

- (a)  $AC = MR$
- (b)  $MC = MR$
- (c)  $MR = AR$
- (d)  $AC = AR$

**120. In which form of the market structure is the degree of control over the price of its product by a firm very large?**

- (a) Monopoly
- (b) Imperfect competition
- (c) Oligopoly
- (d) Perfect competition

**121. The kinked demand hypothesis is designed to explain in the context of oligopoly**

- (a) Price and output determination
- (b) Price rigidity
- (c) Price leadership
- (d) Collusion among rivals

**122. The structure of the tooth paste industry in India is best described as:**

- (a) Perfectly competitive
- (b) Monopolistic
- (c) Monopolistically competitive
- (d) Oligopolistic

**123. When \_\_\_\_\_ we know that the firm are earning just normal profits:**

- (a)  $AC = AR$
- (b)  $MC = MR$
- (c)  $MC = AC$
- (d)  $AR = MR$

**124. The green revolution is also known as :**

- (a) Wheat revolution
- (b) Rice revolution
- (c) Maize revolution
- (d) Forest revolution

**125. The area under irrigation has over the years in India**

- (a) Remained constant
- (b) Decreased
- (c) Increased
- (d) First increased and then decreased

**126. Abolition of Intermediaries and tenancy reforms are both part of :**

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

**127. In absolute terms, the number of people engaged in agricultural activities over the planning period has**

- (a) Remained constant
- (b) Increased
- (c) Decreased
- (d) First increased and then decreased

**128. Which of the following has been specifically established to meet the requirements of credit of the farmers and villagers?**

- (a) ICICI Bank
- (b) Regional Rural Banks
- (c) State Bank of India
- (d) EXIM Bank

**129. Mahalanobis model stressed upon the establishment of:**

- (a) Consumer goods industries
- (b) Export oriented industries
- (c) Agro-based industries
- (d) Capital and basic goods industries





**130. About \_\_\_\_\_ per cent of the sick units in India are small units.**

- (a) 10 per cent (b) 4 per cent  
(c) 30 per cent (d) 96 per cent

**131. 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

**132. The service sector in India now accounts for:**

- (a) More than 80 per cent of GDP (b) More than 70 per cent of GDP  
(c) More than 50 per cent of GDP (d) More than 90 per cent of GDP

**133. BPO stands for:**

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

**134. National income differs from net national product at market price by the amount of:**

- (a) Current transfers from the rest of the world  
(b) Net indirect taxes  
(c) National debt interest  
(d) It does not differ

**135. Demand for intermediate consumption arises in:**

- (a) Consumer household (b) Government enterprises only  
(c) Corporate enterprises only (d) All producing sector of an economy

**136. Net value added is equal to:**

- (a) Payments accruing to factors of production  
(b) Compensation to employees  
(c) Wages plus rent plus rent  
(d) Value of output minus depreciation

**137. Find the tax which is direct tax among the following:**

- (a) Personal income tax (b) Excise duty  
(c) Sales tax (d) Service tax

**138. Which of the following statements is correct?**

- (a) Income tax was abolished in India in 1991  
(b) Service tax was introduced in the financial year 1994-95  
(c) Direct tax code was made applicable in 2009-10  
(d) Estate duty was abolished in 1995

**139. The annual addition to India's population is almost equal to the total population of:**

- (a) Bangladesh
- (b) Australia
- (c) Japan
- (d) China

**140. Which year is known as 'year of great divide' for India's population?**

- (a) 1991
- (b) 2001
- (c) 1981
- (d) 1921

**141. India passing through \_\_\_\_\_ stage of demographic transition.**

- (a) Fourth
- (b) Third
- (c) First
- (d) Second

**142. India accommodates nearly \_\_\_\_\_ percent of world's population**

- (a) 10
- (b) 50
- (c) 16.7
- (d) 45

**143. EAS stand for**

- (a) Easy Assistance Scheme
- (b) Endless Assistance Scheme
- (c) Employment Assurance Scheme
- (d) Employment Assessment Scheme

**144. Every \_\_\_\_\_ person in the world is an Indian**

- (a) Second
- (b) Third
- (c) Sixth
- (d) Tenth

**145. According to the latest data (2011-12) Plant Load Factor (PLF) is lowest in:**

- (a) Southern region
- (b) Northern region
- (c) Western region
- (d) Eastern region

**146. \_\_\_\_\_ measures the operational efficiency of a thermal plant.**

- (a) Power load factor
- (b) Power leakage factor
- (c) Plant load factor
- (d) Plant leakage factor

**147. Who is regulatory authority for telecom in India?**

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

**148. 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 foodgrains was strictly prohibited



- (c) The balance of payments situation was quite comfortable
- (d) None of the above

**149. The pre-condition for privatization to be successful requires:**

- (a) Liberalization and de-regulation of the economy
- (b) Capital markets should be sufficiently developed
- (c) None of the above
- (d) Both of the above (a) and (b)

**150. Privatisation in India has taken place in all of the cases except:**

- (a) CMC
- (b) BALCO
- (c) VSNL
- (d) None of the above

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**151. Pie diagram is used for**

- (a) Comparing different components and their relation to the total
- (b) Representing qualitative data in a circle
- (c) Representing quantitative data in a circle
- (d) (b) or (c)

**152. Which of the following measures of central tendency is based on only 50% of the central values?**

- (a) Mean
- (b) Mode
- (c) Median
- (d) Both (a) and (b)

**153. If all the observations are divided by 3, then**

- (a) New Standard Deviation would also be divided by 3
- (b) New Standard Deviation would be multiplied by 3
- (c) New Standard Deviation will increase by 3
- (d) New Standard Deviation will decrease by 3

**154. More laborious numerical calculations are involved in A.M. than G.M.**

- (a) True
- (b) False
- (c) Both
- (d) None of these

**155. To find the median graphically we use \_\_\_\_\_.**

- (a) Ogive
- (b) Frequency Polygon
- (c) Histogram
- (d) None of these

**156. Which measures of dispersion is the quickest to compute**

- (a) Standard deviation
- (b) Mean deviation
- (c) Quartile deviation
- (d) Range

**157. 2<sup>nd</sup> decile is greater than 1<sup>st</sup> decile**

- (a) True (b) False  
(c) Both (d) None of these

**158. Correlation coefficient is not a pure number**

- (a) True (b) False  
(c) Both (d) None of these

**159. Probability of throwing an even number with an ordinary six faced dice is**

- (a) 1 (b)  $-1/2$   
(c)  $1/2$  (d) 0

**160. In audit test statistical methods are not used**

- (a) True (b) False  
(c) Both (d) None of these

**161. Fisher's Ideal formula does not satisfy \_\_\_\_\_ test**

- (a) Circular test (b) Unit test  
(c) Time Reversal test (d) None of these

**162. We use t-distribution when the sample size is \_\_\_\_\_**

- (a) Big (b) Small  
(c) Moderate (d) None of these

**163. The mean of binomial distribution with parameters n and p is \_\_\_\_\_**

- (a)  $n(1-p)$  (b)  $np(1-p)$   
(c)  $np$  (d)  $\sqrt{np(1-p)}$

**164. P (B/A) is defined only if \_\_\_\_\_**

- (a) A is pure event (b) B is a sure event  
(c) B is an impossible event (d) A is not an impossible event

**165. AUA is equal to**

- (a) A (b)  $\phi$   
(c)  $2A$  (d) None of these

**166. The sum of m terms of A.P. is n and the sum of n terms of A.P. is m. The sum of m+n terms is \_\_\_\_\_**

- (a)  $-(m+n)$  (b)  $(m+n)$   
(c)  $(m-n)^2$  (d)  $m^2-n^2$



167. The null set is given by

- (a) 0 (b)  $\{\phi\}$   
(c)  $\phi$  (d)  $\{0\}$

168. If P is a set of natural number then  $P \cap P'$  is

- (a)  $\phi$  (b) Sample Space  
(c) 0 (d)  $(P \cup P')$

169. In normal distribution, as the distance from \_\_\_\_\_ decreases, the curve goes far and far to the horizontal axis.

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

170. The number of factors must be known are \_\_\_\_\_ in determining the sample size for estimating a population mean.

- (a) 2 (b) 5  
(c) 4 (d) 3

171. The compounded ratio of 4:9 and sub-duplicate ratio of 9:16 is

- (a) 1:4 (b) 1:3  
(c) 3:1 (d) None of these

172. If  $x = 9$  then  $2x^{1/2} 3x^{-1}$  is equal to

- (a) 2 (b) 3  
(c) 4 (d) 0

173. If  $x = \sqrt{2 - \sqrt{2 - \sqrt{2}}} \dots$  then it is equal to

- (a) -2 (b) 5  
(c) 2 (d) 0

174. The equation of a straight line passing through (3, -2) and making equal intercepts on axis

- (a)  $x + y - 1 = 0$  (b)  $x + y - 5 = 0$   
(c)  $3x - 2y + 1 = 0$  (d) None of these

175. If  $P + \sqrt{P} = 6/25$ , then value of P is equal to  $\infty$

- (a) 1/5 (b) 2/5  
(c) 1/25 (d) 2/25

**MODEL TEST PAPER - 14**

176. Rs. 80,000 is invested to earn a monthly interest of Rs. 12,00 at the rate of \_\_\_\_\_ p.a. simple interest.

- (a) 12% (b) 14%  
(c) 16% (d) 18%

177.  $\frac{d}{dx}(x \log x)$  is equal to

- (a)  $(1 + \log x)$  (b)  $1/\log x$   
(c)  $\log x$  (d)  $x/\log x$

178.  $\lim_{x \rightarrow 0} \frac{3^x - 1}{\sqrt{1+x} - 1}$  is equal to

- (a)  $3 \log_e 2$  (b)  $2 \log_e 3$   
(c)  $\log_e 6$  (d) Does not exist

179. If  $f'(x) = 3x^2 - 2/x^3$  then  $f(x) = ?$

- (a)  $x^3 + 1/x^2 + K$  (b)  $x^2 + 1/x^3 + K$   
(c)  $x^2 - 2/x^3 + K$  (d) None of these

180. A person pays Rs. 975 in monthly instalment, each instalment is less than former by Rs. 5. The amount of first instalment is Rs. 100. In what time entire amount will be paid

- (a) 26 months (b) 16 months  
(c) 15 months (d) 20 months

181. How many three digit numbers are there, with distinct digits, with each digits odd

- (a) 120 (b) 60  
(c) 30 (d) 15

182. The difference between Compound Interest and Simple Interest on a certain sum for 2 years at 6% p.a. is Rs. 13.50. Find the sum

- (a) Rs. 3,750 (b) Rs. 2,750  
(c) Rs. 4,750 (d) None of these

183. If  $f(x) = x^2 - 1$  and  $g(x) = \frac{x+1}{2}$ , then  $\frac{f(3)}{f(3) + g(3)}$  is

- (a)  $5/4$  (b)  $4/5$   
(c)  $3/5$  (d)  $5/3$



**184. The sum of two numbers is 16 and twice the square of larger part exceeds the square of smaller part by 164, the numbers are**

- (a) 10 and 6 (b) 12 and 4  
(c) 11 and 5 (d) None of these

**185. If  $3y - 2x = 4$  and  $4y - px = 2$  are perpendicular to each other, the value of  $p$  is equal to**

- (a) -6 (b) 6  
(c) 2 (d) 1

**186. The mean height of 8 student is 152 cm. Two more students of heights 143 cm and 156 cm join the group. New mean height is equal to**

- (a) 153 (b) 152.5  
(c) 155 (d) 151

**187. Find the three numbers in G.P whose sum is 52 and the sum of their product in pairs is 624.**

- (a) 4, 12, 36 (b) 10, 16, 26  
(c) 5, 17, 30 (d) None of these

**188. In how many ways can the letters of the word PENCIL be arranged so that N is always next to E**

- (a) 60 (b) 40  
(c) 720 (d) 120

**189. If with rise of 10% in prices the wages are increased by 20%. Find the percentage of real wage increase**

- (a) 109.29% (b) 9.09%  
(c) 9.29% (d) None of these

**190. A sample of 100 gave a mean of 7.4 kg and a standard deviation of 1.2 kg. The standard error of mean will be**

- (a) 0.12 (b) 0.001  
(c) 0.0001 (d) 1

**191. 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) 1000 (b) 999  
(c) 5040 (d) None of these

**192. A candidate is selected for interview for 3 posts, for the first there are 3 candidates, for the second there are 4 and for the third there are 2. What are the chances of his getting at least one.**

- (a)  $\frac{3}{4}$  (b)  $\frac{2}{3}$   
(c)  $\frac{1}{10}$  (d) 1

**MODEL TEST PAPER - 14**

**193. Equations of two lines of regression are  $4x + 3y + 7 = 0$  and  $3x + 4y + 8 = 0$ , the mean of  $x$  and  $y$  are**

- (a)  $5/7$  and  $6/7$  (b)  $-4/7$  and  $-11/7$   
(c) 2 and 4 (d) None of these

**194. If the first quartile is 104 and quartile deviation is 18, the third quartile will be**

- (a) 140 (b) 116  
(c) 20 (d) 0

**195. What is the present value of Re. 1 to be received after 2 years compounded annually at 10%?**

- (a) 0.56 (b) 0.78  
(c) 0.99 (d) 0.83

**196. The value of  $\int_0^1 x(1-x)^n dx$  is equal to**

- (a) 0 (b) 1  
(c)  $\frac{1}{(n+1)(n+2)}$  (d)  $(n+1)(n+2)$

**197. In a class of 30 students, 20 students like maths, 18 like science and 12 like both the subjects. Find the number of students who like no subject.**

- (a) 4 (b) 5  
(c) 8 (d) None of these

**198.  $\frac{d}{dx} e^{2 \log x}$  is equal to**

- (a) 2 (b)  $2x$   
(c)  $x^2$  (d) 0

**199. If the quartile deviation of  $x$  is 6 and  $4x + 8y = 20$ , what is the quartile deviation of  $y$**

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

**200. For a group of 8 students, the sum of square of differences in ranks for maths and Economics marks was found to be 50. What is the value of rank correlation coefficient?**

- (a) 0.50 (b) 0.40  
(c) 1.00 (d) -1.00

★ ★ ★





**BOARD OF STUDIES**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
COMMON PROFICIENCY TEST**

**Model Test Paper – BOS/CPT – 15**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

- 1. If a firm makes a number of Promissory Notes usually, it would be convenient to record the transaction in -**

(a) Bills Receivable Book	(b) Bills Payable Book
(c) Journal Proper	(d) Sales Book
  
- 2. Carriage outward is debited to**

(a) Trading Account	(b) Profit and loss account
(c) Profit and loss appropriation account	(d) Balance sheet
  
- 3. Amount spent, for the construction of temporary huts, which were necessary for construction of the cinema house and demolished when the cinema house was ready is a**

(a) Revenue expenditure	(b) Capital expenditure
(c) Deferred revenue expenditure	(d) None of the above
  
- 4. Material costing Rs. 700 in the erection of the machinery and wages paid for it amounting to Rs. 400 should be debited to**

(a) Material account	(b) Wages account
(c) Purchases account	(d) Machinery account
  
- 5. Difference of totals of both debit and credit side of the trial balance is transferred to**

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

**6. Which of the following is correct**

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

**7. All of the following have debit balance except one. That account is**

- (a) Wages outstanding account
- (b) Loan to contractor
- (c) Debtors Account
- (d) Goodwill

**8. In the absence of any provision in the partnership agreement, profits and losses are shared**

- (a) In the ratio of capitals
- (b) In the ratio of loans given by them to the partnership firm
- (c) Equally
- (d) None of the above

**9. Which of following statement is not true**

- (a) Book keeping is mainly concerned with recording of financial data
- (b) Goods given as sample should be credited to purchase A/c
- (c) The balance of petty cash is an asset
- (d) In case of a debt becoming bad the amount should be credited to bad debts A/c

**10. Annual insurance premium paid on January 1, 2010 was Rs. 2,400. What will be the opening entry on April 01, 2010, if financial year ends on March, 31 every year?**

- |     |                               |     |           |           |
|-----|-------------------------------|-----|-----------|-----------|
| (a) | Insurance Premium A/c         | Dr. | Rs. 1,800 |           |
|     | To Prepaid Insurance Premium  |     |           | Rs. 1,800 |
| (b) | Insurance Premium A/c         | Dr. | Rs. 600   |           |
|     | To Prepaid Insurance Premium  |     |           | Rs. 600   |
| (c) | Prepaid Insurance Premium A/c | Dr. | Rs. 1,800 |           |
|     | To Insurance Premium A/c      |     |           | Rs. 1,800 |
| (d) | Prepaid Insurance Premium A/c | Dr. | Rs. 600   |           |
|     | To Insurance Premium A/c      |     |           | Rs. 600   |

**11. The purpose of accommodation bill is**

- (a) To finance actual purchase or sale of goods
- (b) To facilitate trade transmission
- (c) When both parties are in need of funds
- (d) None of the three

**12. Municipal tax Rs. 50,000 under dispute is a**

- (a) Current liability
- (b) Contingent liability
- (c) Revenue loss
- (d) None of the above.



**13. If del-credere commission is allowed for bad debt, consignee will debit the bad debt amount to**

- |                               |                         |
|-------------------------------|-------------------------|
| (a) Commission earned account | (b) Consignor A/c       |
| (c) Debtors A/c               | (d) General trading a/c |

**14. As per section 37 of the Indian Partnership Act, 1932, the executors would be entitled at their choice to the interest calculated from the date of death till the date of payment on the final amount due to the dead partner at \_\_\_\_\_ percent per annum**

- |       |        |
|-------|--------|
| (a) 7 | (b) 4  |
| (c) 6 | (d) 12 |

**15. Dividends are usually paid as a percentage of \_\_\_\_\_**

- |                              |                       |
|------------------------------|-----------------------|
| (a) Authorised share capital | (b) Net Profit        |
| (c) Paid up capital          | (d) Called up capital |

**16. Writing of transaction in the ledger is called**

- |               |                  |
|---------------|------------------|
| (a) Posting   | (b) Journalizing |
| (c) Balancing | (d) Casting      |

**17. Commission provided by the consignor to the consignee to promote credit sale is known as**

- |                            |                             |
|----------------------------|-----------------------------|
| (a) Ordinary commission    | (b) Del- Credere commission |
| (c) Over riding commission | (d) Special commission      |

**18. Memorandum Joint venture account is a**

- |                  |                       |
|------------------|-----------------------|
| (a) Personal a/c | (b) Real a/c          |
| (c) Nominal a/c  | (d) None of the above |

**19. In the ledger there are \_\_\_\_\_ columns**

- |       |        |
|-------|--------|
| (a) 4 | (b) 6  |
| (c) 8 | (d) 10 |

**20. Carriage charges paid for a new plant purchased if debited to carriage a/c would effect \_**

- |                                |                       |
|--------------------------------|-----------------------|
| (a) Plant account              | (b) carriage account  |
| (c) Plant and Carriage account | (d) None of the above |

**21. 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 the asset comes down to Rs. 90,000 it will ordinarily continue to be shown at Rs. 1,00,000 and not Rs. 90,000 due to**

- |                         |                           |
|-------------------------|---------------------------|
| (a) Realisation concept | (b) Present value concept |
| (c) Replacement concept | (d) Cost concept          |

**MODEL TEST PAPER - 15**

22. A owed Rs. 25,000 to B. A became insolvent and B got A's computer valuing Rs. 11,500 in full settlement. Journal entry will be passed in the books of 'B' will be

(a)	Purchase A/c	Dr.	Rs. 11,500	
	To A			Rs. 11,500
(b)	Computer A/c	Dr.	Rs. 11,500	
	Bad debts A/c	Dr.	Rs. 13,500	
	To A			Rs. 25,000
(c)	Computer A/c	Dr.	Rs. 25,000	
	To A			Rs. 25,000
(d)	Computer A/c	Dr.	Rs. 11,500	
	Purchases A/c	Dr.	Rs. 13,500	
	To A			Rs. 25,000

23. Sharma of Allahabad sends goods costing Rs. 1,00,000 at an invoice price of the Rs. 1,20,000 to Kalapil of Katak. Sharma incurs the following expenditure in relation to such consignment:

1.	Packing and loading	Rs. 5000
2.	Transportation	Rs. 10000
3.	Insurance	Rs. 5000

1/10<sup>th</sup> of the consignment is damaged in transit. Amount of abnormal loss will be

- |     |            |     |                    |
|-----|------------|-----|--------------------|
| (a) | Rs. 14,000 | (b) | Rs. 10,000         |
| (c) | Rs. 12,000 | (d) | None of the above. |

24. Suresh of Delhi consigned 600 fans to Naresh of Agra to be sold on his account and at his risk. The cost of each fan is Rs. 300. Suresh paid Rs. 6000 as freight and insurance Naresh paid Rs. 1500 as octroi and cartage. Rs. 2000 as rent; and Rs. 1500 as insurance. 500 fans were sold by Naresh for Rs. 1,80,000 Naresh was entitled to a commission of 4% on sale @ Rs. 350 per fan and 20% of any surplus price realized. Consignment profit will be

- |     |            |     |            |
|-----|------------|-----|------------|
| (a) | Rs. 12,250 | (b) | Rs. 12,000 |
| (c) | Rs. 10,000 | (d) | Rs. 13,000 |

25. Original cost = Rs. 1,26,000  
Salvage Value = Rs. 6000  
Useful Life = 6 years  
Annual depreciation under SLM will be

- |     |           |     |           |
|-----|-----------|-----|-----------|
| (a) | Rs. 21000 | (b) | Rs. 20000 |
| (c) | Rs. 15000 | (d) | Rs. 14000 |

26. At the end of the accounting period the provision is made for the amount outstanding for the electricity that has been consumed during the said period. This statement is based on

- |     |                 |     |                   |
|-----|-----------------|-----|-------------------|
| (a) | Accrual concept | (b) | Matching          |
| (c) | Realisation     | (d) | Money measurement |



**27. Under the diminishing balance method, depreciation**

- (a) Increases every year (b) Decreases every year  
(c) Is constant every year (d) None of the above

**28. Which inventory valuation method best matches the cost of goods sold with current replacement cost?**

- (a) LIFO (b) FIFO  
(c) Weighted average method (d) Specific identification method.

**29. Which financial statement represents the accounting equation, Assets = Liabilities + Owners equity?**

- (a) Income statement (b) Balance sheet  
(c) Statement of cash flow (d) None of the three

**30. The total of the purchase day book is posted periodically to the debit of**

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

**31. Legal expenses incurred in defending a suit for breach of contract to supply goods is a**

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

**32. A running business was purchased by Ram with following assets and liabilities**

Cash in hand	1,000
Cash at Bank	5000
Stock	20000
Land and building	100000
Plant and machinery	50000
Owing from Mr. X	12500
Prepaid Insurance	500
Owing to Z Ltd.	3750
Interest received in advance	250

**Ram's capital will be**

- (a) Rs.1,85,000 (b) Rs.1,80,000  
(c) Rs.1,75,000 (d) None of the above

33. Following are the sales return of Jindal & Co. a saree dealer

Date	Credit Note	
05.01.2012	201	Goyal & Co. Rampur returned 2 Polyster sarees @ 125
10.01.2012	202	Accepted return of goods (which were sold for cash) from Garf & Co. Bhiwani, 2 Kota Sarees @ Rs. 50
17.01.2012	203	Mittal & Co. Hissar returned 2 silk sarees @ Rs. 325
31.01.2012	204	Mohan returned one old type writer @ Rs. 500

Total of sales return book will be

- (a) Rs. 900 (b) Rs. 800  
(c) Rs. 1000 (d) None of the three

34. Following is an incorrect trial balance

	<i>Dr. Balance (Rs.)</i>	<i>Cr Balance (Rs.)</i>
Sen Gupta's Capital	-	1556
Sen Gupta's Drawings	564	-
Leasehold premises	750	-
Sales	-	2.750
Dues from customers		530
Purchases	1259	
Purchases return	264	
Loan from Bank		256
Creditors	528	
Trade expenses	700	
Cash at Bank	226	
Bills payable	100	
Salaries and wages	600	
Opening stock	-	264
Rent and taxes	463	
Sales return		98

Total of corrected trial balance will be

- (a) Rs. 5454 (b) Rs. 5400  
(c) Rs. 5600 (d) Rs. 5000



35. 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.

36. 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.

37. No journal entry is required to be passed when there is

- (a) Normal loss (b) Abnormal Loss  
(c) Loss of bad debts (d) Loss by theft

38. A stock worth Rs. 10,00,000 is insured for Rs. 6,00,000. It is completely destroyed by fire. The loss to be admitted by the insurance company will be

- (a) Rs. 10,00,000 (b) Rs. 6,00,000  
(c) Rs. 8,00,000 (d) None of the three

39. Cost of goods sold 80,700, opening stock 5,800 and closing stock 6,000 then amount of purchases will be

- (a) Rs. 80,500 (b) Rs. 74,900  
(c) Rs. 74,700 (d) Rs. 80,900

40. Rs.

Opening stock	8500
Purchases	30,700
Direct expenses	4800
Indirect expenses	52000
Closing Stock	9000

Cost of goods sold will be

- (a) Rs. 35,000 (b) Rs. 30,000  
(c) Rs. 40,000 (d) None of the three

**41. Cost of goods sold Rs. 70,800  
Sales Rs. 1,30,200  
Gross Profit will be**

- (a) Rs. 59,400 (b) Rs. 59,000  
(c) Rs. 60,000 (d) None of the above

<b>42. Stock at start</b>	<b>2400</b>	<b>Carriage inward</b>	<b>524</b>
<b>Purchases</b>	<b>15205</b>	<b>Manufacturing wages</b>	<b>2800</b>
<b>Sales</b>	<b>20860</b>	<b>Manufacturing wages outstanding</b>	<b>96</b>
<b>Closing stock</b>	<b>3840</b>	<b>Loss due to fire</b>	<b>1000</b>
<b>Return outward</b>	<b>185</b>	<b>Indirect expenses</b>	<b>200</b>
<b>Return Inward</b>	<b>860</b>		

**On the basis of the above information, Gross Profit will be**

- (a) Rs. 4,000 (b) Rs. 5,000  
(c) Rs. 6,000 (d) None of the three

<b>43. Accounts payable</b>	<b>Rs. 68,000</b>	<b>Long Term Loan</b>	<b>Rs. 30,000</b>
<b>Capital</b>	<b>2,00,000</b>	<b>Wages payable</b>	<b>1,20,000</b>
<b>Cash in hand</b>	<b>1,24,000</b>	<b>Investments</b>	<b>2,000</b>
<b>Prepaid expenses</b>	<b>2,000</b>	<b>Net Profit</b>	<b>96,000</b>
<b>Cash at Bank</b>	<b>2,90,000</b>	<b>Bills receivable</b>	<b>80,000</b>
<b>Inventories</b>	<b>16,000</b>		

**Total of Balance Sheet will be**

- (a) Rs. 5,14,000 (b) Rs. 6,00,000  
(c) Rs. 6,80,000 (d) None of the three.

**44 Depreciation on motor car, whose cost is Rs. 58,000 with an accumulated depreciation reserve of Rs.11,600, at 20% p.a. on diminishing balance will be**

- (a) Rs. 9000 (b) Rs. 9280  
(c) Rs. 10000 (d) None of the three.

**45. Balance of Provision for bad debts on Jan 1, 2009 Rs. 1250; Bad debts during the year Rs. 300; Provision for bad debts is 5% on Debtors of Rs. 10,000. Provision credited to Profit and Loss account will be**

- (a) Rs. 400 (b) Rs. 500  
(c) Rs. 450 (d) None of the three





**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:**

<b>1-3 year</b>	<b>5 lacs units each year</b>
<b>4-6 year</b>	<b>3 lacs units each year</b>
<b>7-10 year</b>	<b>1.5 lacs units each year.</b>

**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. A and B enter into a joint venture in timber trading. A pays for purchase of timber Rs. 2,00,000 and expenses Rs. 2,000. He draws a bill of exchange on B for Rs.1,00,000 and discounts it with Bank for Rs. 95,000. B sells the timber for Rs. 2,50,000 and pays expenses Rs. 3,000 B is entitled to get a commission of 10% on sale A is entitled to get an interest of Rs. 12,000 on his capital. Profit on venture will be**

- |              |                        |
|--------------|------------------------|
| (a) Rs. 3000 | (b) Rs. 4000           |
| (c) Rs. 5000 | (d) None of the three. |

**48. Received final dividend of Rs. 500 from Ajit, whose account had already been written off as bad debt was credited to a newly opened account and was included in the list of creditors rectifying entry will be -**

- |                        |     |     |     |
|------------------------|-----|-----|-----|
| (a) Ajit               | Dr. | 500 |     |
| To Bad Debts recovered |     |     | 500 |
| (b) Bank               | Dr. | 500 |     |
| To bad debts           |     |     | 500 |
| (c) Debtors            | Dr. | 500 |     |
| To Bad debts recovered |     |     | 500 |
| (d) None of the three. |     |     |     |

**49. When balance as per cash book is the starting point, and cheques issued for payment Rs. 400 was wrongly credited by Bank as Rs.900 then in the bank reconciliation statement cash balance will be**

- |                       |                             |
|-----------------------|-----------------------------|
| (a) Added by Rs. 1300 | (b) Subtracted by Rs. 1,300 |
| (c) Added Rs. 900     | (d) Subtracted by Rs. 400   |

**50. Overdraft as per pass book is given Rs. 10,000**

- (i) Cheques deposited in the Bank but not recorded in Cash Book Rs. 100
  - (ii) Cheques drawn but not presented for payment Rs. 6,000
  - (iii) Bank charges recorded twice in cash book Rs. 30
- Overdraft as per Cash Book will be**

- |                |                        |
|----------------|------------------------|
| (a) Rs. 16,000 | (b) Rs. 16,130         |
| (c) Rs. 15,000 | (d) None of the three. |

51. Ratan and Karan entered into partnership on April 1, 2009. They invested capital Rs.15,000 and Rs.10,000 respectively. It was agreed that 8% p.a. interest will be calculated both on capital and drawings. Drawings were made as follows:

	Ratan	Karan
June 30	600	800
Sept. 30	500	700
Dec. 31	400	600

Karan was entitled to a salary of Rs. 250 p.m.

Profit before adjusting interest and salary was Rs. 8848. Divisible profit will be

- (a) Rs. 4,000 (b) Rs. 3,000  
(c) Rs. 5,000 (d) None of the three.

52. X and Y have been sharing profit and losses in the ratio of 5:3; C is admitted as a partner. He acquires his 1/8<sup>th</sup> share only from B. New ratio will be

- (a) 5:2:1 (b) 4:2:1  
(c) 2:2:1 (d) None of the three

53. A and B are equal partners in a firm their capital shows credit balance of Rs. 18,000 and Rs.12,000 respectively. A new partner C is admitted with 1/5<sup>th</sup> share in profits. He brings Rs. 14,000 for his capital. Value of hidden goodwill at the time of C's admission will be

- (a) Rs. 26,000 (b) Rs. 25,000  
(c) Rs. 20,000 (d) None of the three.

54. A, B and C are partners, sharing profits in the ratio of 4:3:2. D is admitted for 2/9<sup>th</sup> share of profits and brings Rs. 30,000 as his capital and 10,000 for his share of goodwill. The new profit sharing ratio between partners will be 3:2:2:2. Goodwill amount will be credited in the capital accounts of:

- (a) A only (b) A, B and C (Equally)  
(c) A and B (Equally) (d) A and C (Equally)

55. X, Y and Z were partners sharing profits in proportion to 5:3:2. Goodwill does not appear in the books, but it is agreed to be worth Rs. 1,00,000. X retires from the firm and Y and Z decide to share future profits equally. X's share of goodwill will be debited to Y's and Z's capital A/cs in the ratio.

- (a) 1:1 (b) 2:3  
(c) 3:2 (d) None of the three.

56. X Ltd. invited applications for 1,00,000 shares of Rs. 10 each at a discount of 6%. Discount per share will be -

- (a) Re. 1.00 (b) 0.80 Paise  
(c) 0.60 paise (d) None of the three.



- (c) A wagering agreement is void while a contingent contract is valid
- (d) None of the above

**62. 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

**63. The rights of a principal are the following**

- (a) Right to recover damages
- (b) Right to obtain an account of secret profits and recover them and resist a claim for remuneration
- (c) Right to resist agent's claim for indemnity against incurred liability
- (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 person
- (c) The public at large i.e the whole world
- (d) All of the above

**65. 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

**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

**67. A void agreement is a agreement without any legal effect and cannot be enforced in a court of law. The following are instances of void agreements:**

- (a) Agreements entered under mistake of fact
- (b) Agreements by way of wager.
- (c) Agreements made without consideration.
- (d) All of the above

**68. Necessary condition for existing goods is**

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



**69. When the consent of a party is not free the contract is**

- |           |              |
|-----------|--------------|
| (a) Void  | (b) Voidable |
| (c) Valid | (d) Illegal  |

**70. A voidable contract is one which**

- (a) Can be enforced at the option of the aggrieved party
- (b) Can be enforced at the option of both the parties
- (c) Cannot be enforced in a court of law
- (d) Court prohibits.

**71. When the consent of a party is obtained by fraud, the contract is**

- |             |              |
|-------------|--------------|
| (a) Valid   | (b) Void     |
| (c) Illegal | (d) Voidable |

**72. The Sale of Goods Act, 1930 came into force on**

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| (a) 1 <sup>st</sup> March, 1930 | (b) 1 <sup>st</sup> October, 1932 |
| (c) 1 <sup>st</sup> April, 1932 | (d) 1 <sup>st</sup> July, 1932    |

**73. Under which circumstances, the unpaid seller can exercise right of re-sale**

- (a) When the goods are of perishable nature
- (b) When he gives notice to buyer.
- (c) When he gives notice to the buyer of his intention to re-sale and the buyer does not within a reasonable time pay the price.
- (d) Both (a) and (b)

**74. If the buyer rejects the whole quantity of goods due to short delivery or excess delivery, the contract is treated as**

- |                |               |
|----------------|---------------|
| (a) subsisting | (b) Cancelled |
| (c) Void       | (d) invalid   |

**75. Legally, a contract of sale includes**

- |           |                       |
|-----------|-----------------------|
| (a) sale  | (b) Agreement to sell |
| (c) barte | (d) Both (a) and (b)  |

**76. State whether the following statements is false**

- (a) Every partner cannot participate in the conduct of business
- (b) Every partner is bound to attend diligently to his duties in the conduct of the business
- (c) Every partner can have access to inspect and take a copy of the books of accounts of the firm
- (d) Every partner is a joint owner of partnership property

**77. State which of the following statements are not correct?**

- (a) An unregistered firm can enforce by suit its dues from a Third party
- (b) A partner of an unregistered firm cannot sue for his dues from the firm or from other partners.
- (c) Neither the firm nor the partners when sued can claim a set-off
- (d) Non registration of a firm does not affect the right of an Official Assignee Receiver or Court to realize the property of an insolvent partner.

**78. A new partner can be admitted in the firm with the consent of**

- (a) All the partners
- (b) Simple majority of partners
- (c) Special majority of partners
- (d) New partner only

**79. On which of the following grounds, a partner may apply to the court for dissolution of the firm?**

- (a) Insanity of a partner
- (b) Misconduct of a partner
- (c) Perpetual losses in business
- (d) All of the above

**80. Minor's estates are liable to reimburse the supplier, who supplies him with \_\_\_\_\_**

- (a) Necessaries
- (b) luxuries
- (c) Necessities
- (d) All the things

**81. A contracts to pay B Rs.100000 if the latter's house is burnt to ashes. This is an example of \_\_\_\_\_**

- (a) Contingent
- (b) Quasi-contract
- (c) Guarantee
- (d) bailment

**82. 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) Mayor may not be distributed to its shareholder
- (c) Mayor may not be distributed to its board of directors, shareholders and other stakeholders
- (d) Are not distributable at all

**83. 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

**84. A agrees to sell his car to B at a price which B may be able to pay .This agreement is \_\_\_\_\_**

- (a) void
- (b) valid
- (c) voidable
- (d) contingent



**85. 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

**86. Consideration must move at the desire of the \_\_\_\_\_**

- (a) Promisor
- (b) promisee
- (c) Any person
- (d) Promisee or promissory or any other person

**87. Agreement for the creation of monopolies \_\_\_\_\_**

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

**88. Implied contract, even if not in writing or express words is perfectly- \_\_\_\_\_ if other conditions are satisfied**

- (a) void
- (b) valid
- (c) voidable
- (d) illegal

**89. 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

**90. There can be 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

**91. In case of 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. In India the age majority is regulated by \_\_\_\_\_**

- (a) The Indian Majority Act, 1875
- (b) The Indian Minority Act, 1875
- (c) The Indian Contract Act, 1872
- (d) The Constitution of India

**93. A new partner is held liable for all acts of the firm done**

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

**94. A partner may retire with the consent of \_\_\_\_\_**

- (a) Any partner
- (b) Some of the partner
- (c) None of the partner
- (d) All of the other partner

**95. A person can be introduced as a partner in a firm with the consent of \_\_\_\_\_**

- (a) All of the partner
- (b) Any partner
- (c) None of the partner
- (d) Some of the partner

**96. Death of a partner has the effect of \_\_\_\_\_**

- (a) Dissolving the firm
- (b) Result in continuance of the business of the firm
- (c) His heirs joining the firm
- (d) Computation of profits upto the date of death

**97. If a minor elects to becomes partner after attaining majority, he will be liable for the debts of the firm \_\_\_\_\_**

- (a) From the date of admission as a minor partner
- (b) from the date of attaining majority
- (c) from the date of his notice to the public that he elects to become partner
- (d) As decided by all other partner

**98. Death of partner has the effect of \_\_\_\_\_**

- (a) Dissolving the firm
- (b) Result in continuance of the business of the firm
- (c) His heirs joining the firm
- (d) Computation of profits upto the date of death

**99. A & B are the only two partner in a firm B was murdered by C who wanted to become a partner of the firm but B has raised objection to it A now wants to take D as a partner in the said firm D is father of C light of the situation answer which of the following is correct?**

- (a) The original partnership is dissolved.
- (b) The original partnership is not dissolved and A&D can continue.
- (c) A &D has to enter into fresh agreement and create a new partnership
- (d) Both (a) and (c)





**100. A B tyre Co.Ltd sold tyres to a dealer C, who sold those to A, a sub-dealer on the condition that those tyres would not be sold at a price lower than the list price fixed by A B tyre Co. Ltd and if the tyres were sold at a price lower than the list price a penalty of Rs. 2 for every tyre sold below the list price would be recovered as damages. A sold five tyres below the list price A B tyre Co. Ltd filed a suit against C Is AB tyre Co. Ltd. entitled to maintain the suit**

- (a) No since A B 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 A B tyre Co. Ltd is the producer of the tyres
- (d) Yes as A B tyre Co. Ltd sold the tyre to C who in turn sold to A

### **SECTION – C : GENERAL ECONOMICS (50 MARKS)**

**101. Which of the following statements is correct?**

- (a) Employment and economic growth are studied in micro economics.
- (b) Micro economics deals with balance of trade
- (c) Economic condition of a section of the people is studied in Micro Economics
- (d) External value of money is dealt with in micro-economics

**102. Identify the correct statement :**

- (a) In capitalist economy people are not free to spend their income as they like
- (b) In socialist economy the right to work is guaranteed but the choice of occupation gets restricted
- (c) In socialist economy a relative inequality in income is an important feature.
- (d) In today's world only U.S.A. is a purely socialist country

**103. When quantity demanded changes by larger percentage than does price, elasticity is termed as:**

- (a) inelastic
- (b) perfectly elastic
- (c) elastic
- (d) perfectly inelastic

**104. Which of the following statement is not correct?**

- (a)  $GDP \text{ at market price} = GNP \text{ at market price} - \text{Net income from abroad}$
- (b)  $GDP \text{ at factor cost} = GDP \text{ at market price} - \text{net indirect taxes}$
- (c)  $NDP \text{ at factor cost} = NDP \text{ at market price} - \text{net indirect taxes}$
- (d)  $NNP \text{ at factor cost} = NNP \text{ at market price} - \text{net income from abroad}$

**105. Identify the item which is not a factor payment :**

- (a) Free uniform to defence personnel
- (b) Salaries to the members of Parliament
- (c) Imputed rent of an owner occupied building
- (d) Scholarships given to scheduled caste students.

**106. Money in dynamic sense:**

- (a) Serves as encouragement to division of labour
- (b) Serves as smooth transformer of saving into investments
- (c) Serves as both (a) and (b) of the above
- (d) Serves neither as (a) or (b) of the above.

**107. Which of the following is not a quantitative measure of credit control?**

- (a) Bank Rate Policy
- (b) Open Market Operation
- (c) Consumer Credit Regulation
- (d) Variable Reserve Requirement

**108. Integration of the domestic economy with the world economy is called:**

- (a) disinvestment
- (b) privatization
- (c) liberalisation
- (d) globalisation

**109. Which of the following is not an indirect tax reform:**

- (a) reducing the peak rate of custom duties
- (b) rectifying anomalies like inverted duty structure
- (c) the tax rate on foreign companies has also been reduced from 55% to 40%
- (d) introduction of value added tax for achieving harmonized taxation regime

**110. Which of the following statements is against Privatization?**

- (a) Privatization will help reducing the burden on exchequer
- (b) It will help the profit making public sector units to modernize and diversity their business.
- (c) It will help in making public sector units more competitive
- (d) None of the above

**111. Which of the following statements is incorrect:**

- (a) Workers employed in Sugar Mills face seasonal unemployment
- (b) Due to introduction of new machinery, labour saving device etc. some workers tend to be replaced by machine is termed as structural unemployment
- (c) Frictional unemployment is temporary phenomenon
- (d) Disguised unemployment refers to a situation where removal of some workers will not affect the volume of total output

**112. If the price of good A increases relative to the price of substitute B and C, the demand for:**

- (a) B will increase
- (b) C will increase
- (c) B and C will increase
- (d) B and C will decrease

**113. If income elasticity for the household for good A is 2 then it is a:**

- (a) necessity item
- (b) inferior goods
- (c) luxurious item
- (d) comfortable item



**114. FRBM Act Stands for :**

- (a) Foreign responsibility and Business Management
- (b) Foreign Responsibility and Budget Management
- (c) Fiscal Revenue and Budget Management
- (d) Fiscal Responsibility and Budget Management

**115. Which of the following statements is incorrect?**

- (a) Most of the big industrial units in India are sick
- (b) The industrial pattern on the eve of independence was not balanced
- (c) During the planning period, Indian Industrial structure has shifted in favour of basic and capital goods and intermediate sector.
- (d) None of the above

**116. If the elasticity of supply is zero then supply curve will be.**

- (a) Horizontal
- (b) Downward Sloping
- (c) Upward sloping to the right
- (d) Vertical

**117. It is \_\_\_\_\_ that deals with the problem of allocation of resources**

- (a) statistics
- (b) macro-economic theory
- (c) econometrics
- (d) micro-economic theory

**118. Lesser production of \_\_\_\_\_ would lead to lesser production in future**

- (a) Public goods
- (b) Consumer goods
- (c) Capital goods
- (d) Agriculture goods

**119. \_\_\_\_\_ viewed economics as a science of dynamic growth and development**

- (a) Robbins
- (b) Adam Smith
- (c) Paul A. Samuelson
- (d) Pigou

**120. At present, Bank rate is \_\_\_\_\_ per cent (2012).**

- (a) 9
- (b) 7.0
- (c) 6.5
- (d) 7.5

**121. RBI makes advances to the Central and State Government repayable within \_\_\_\_\_ from the date of advance.**

- (a) 60 days
- (b) 45 days
- (c) 90 days
- (d) 75 days

**122. At present there are \_\_\_\_\_ Nationalised Banks in India (2012).**

- (a) 14
- (b) 6
- (c) 21
- (d) 19

**123. In \_\_\_\_\_ we remove tariff, subsidies on the flow of goods and services between countries.**

- (a) globalisation
- (b) liberalisation
- (c) privatisation
- (d) disinvestment

**124. In Fiscal deficit we add borrowings and other liabilities to the \_\_\_\_\_**

- (a) Primary deficit
- (b) Capital deficit
- (c) Budget deficit
- (d) Money deficit

**125. When more money chases relatively too less quantity of goods, the resulting situation is called \_\_\_\_\_**

- (a) Stagnation
- (b) Cost-Push Inflation
- (c) Deflation
- (d) Demand pull inflation

**126. TRAI is regulatory authority for \_\_\_\_\_ in India**

- (a) tourism
- (b) technical Education
- (c) transport
- (d) telecom

**127. When contribution to the production is almost zero/nil is called \_\_\_\_\_ unemployment**

- (a) disguised
- (b) cyclical
- (c) chronic
- (d) structural

**128. NABARD is the apex bank for \_\_\_\_\_ credit in India**

- (a) combined sector
- (b) industrial sector
- (c) agriculture sector
- (d) tertiary sector

**129. International Monetary Fund commenced its operation in \_\_\_\_\_**

- (a) April 1947
- (b) March 1946
- (c) April 1946
- (d) March 1947

**130. In perfect competition the firm's \_\_\_\_\_ above AVC has the identical shape of the firm's supply curve**

- (a) Marginal revenue curve
- (b) Marginal cost curve
- (c) Average cost curve
- (d) None of the above

**131. When \_\_\_\_\_, we know that the firms must be producing at the minimum point of average cost curve and so there will be productive efficiency**

- (a)  $MC = MR$
- (b)  $MC = AC$
- (c)  $AC = AR$
- (d)  $AR = MR$



**132. According to the Planning Commission, based on Tendulkar Committee estimation, \_\_\_\_\_ % people were below poverty line in 2004-2005.**

- (a) 37.2% (b) 25.2  
(c) 26.2 (d) 27.8

**The following data gives the production possibilities frontier of an economy that produces two types of goods, guns and bread. Read the following table and answer questions 133–135.**

**Table 1 : Production Possibilities**

Production possibilities	A	B	C	D	E	F	G	H
Guns	0	10	20	30	40	50	60	30
Bread	105	100	90	75	55	30	0	45

**133. According to table 1, the opportunity cost of increasing gun's production from 20 to 30 units is equal to**

- (a) 10 units of bread (b) 15 units of bread  
(c) 25 units of bread (d) 24 units of bread

**134. Given the data in table 1, one moves successively from point A to point B, C, D, E and F, the opportunity cost of guns:**

- (a) Increases as more of guns are produced  
(b) Decreases as more of guns are produced  
(c) Remains constant as more of guns are produced  
(d) Nothing can be said

**135. Point D is efficient while point H (30 guns and 45 loaves of bread) is inefficient. Why?**

- (a) Point D is outside the PPF while point H is on the PPF  
(b) Point D is inside the PPF while point H is on the PPF  
(c) Point D is on the PPF while point H is inside the PPF  
(d) Nothing can be said

**136. What is Disinvestment?**

- (a) It refers to the disposal of Public Sectors equity in the market  
(b) It refers to the transfer of assets from private to public ownership  
(c) It means integrating the domestic economy with the world economy  
(d) None of the above

**137. Which of the following statements is incorrect regarding Disinvestment ?**

- (a) Government has not failed to raise the budget disinvestments in the capital market  
(b) The procedure adopted for disinvestment has suffered from adhocism in the absence of a long term policy

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- (c) It means selling of Govt. Share in the PSU to other PSU or Private Sector or Banks
- (d) It has been too insignificant to affect either the structure of management or the working environment of the PSU in India

**A competitive firm sells his product at market price of Rs. 51 per unit. The fixed cost is Rs. 300 and variable cost for different level of production are shown in the following table 2. Use table No.2 to answer questions 138 – 141.**

**Table 2**

Quantity	Variable cost	Fixed cost	Total Cost	AVC	ATC	MC
0	0					
10	470					
20	980					
30	1850					
40	3400					
50	5950					

**138. When production is 30 units, the average variable cost is:**

- (a) 70.6
- (b) 60.6
- (c) 61.6
- (d) 71.6

**139. When production is 50 units, marginal cost is:**

- (a) 265
- (b) 255
- (c) 245
- (d) 275

**140. To maximize profit, the firm should produce**

- (a) 30 units
- (b) 10 units
- (c) 20 units
- (d) 40 units

**141. If the market price drops from Rs. 51 to Rs. 47, the firm should**

- (a) Close down
- (b) produce 10 units
- (c) Produce 30 units
- (d) Produce 20 units

**Read the following data and answer Questions 142-147**

**X, Y and Z are three commodities where X and Y are complementary goods whereas X and Z are substitutes.**

**A shop keeper sells commodity X at Rs. 20 per piece. At this price he is able to sell 100 pieces of X per month. After some time, he decreases the price of X to Rs. 10 per piece. Following the price decrease.**



He is able to sell 150 pieces of X per month.

The demand for Y increases from 25 units to 50 units.

The demand for commodity Z decreases from 75 units to 50 units.

**142. The price elasticity of demand when price of X decreases from Rs. 20 per piece to Rs. 10 per piece will be equal to: (use Arc Elasticity Method)**

- |         |         |
|---------|---------|
| (a) 0.6 | (b) 1.6 |
| (c) 0.5 | (d) 1.5 |

**143. The cross elasticity of demand for commodity Y when the price of X decreases from Rs. 20 per piece to Rs. 10 per piece will be equal to:**

- |          |          |
|----------|----------|
| (a) -1.5 | (b) +1.5 |
| (c) +1   | (d) -1   |

**144. The cross elasticity of commodity Z when the price of X decreases from Rs. 20 per piece to Rs. 10 per piece will be equal to:**

- |            |           |
|------------|-----------|
| (a) + 1.66 | (b) + 0.6 |
| (c) - 1.66 | (d) - 0.6 |

**145. What can be said about the price elasticity of demand for commodity X?**

- |                            |                                 |
|----------------------------|---------------------------------|
| (a) Demand is unit elastic | (b) Demand is highly elastic    |
| (c) Demand is inelastic    | (d) Demand is perfectly elastic |

**146. Suppose income of the consumers increases by 50% and the demand for commodity X increases by 20% what will be the income elasticity of demand for commodity X?**

- |          |           |
|----------|-----------|
| (a) .04  | (b) 0.4   |
| (c) 4.00 | (d) -4.00 |

**147. We can say that commodity X in economic sense is a / an**

- |                    |                   |
|--------------------|-------------------|
| (a) Inferior foods | (b) Giffen Goods  |
| (c) Normal Goods   | (d) Luxury Goods. |

**148. Suppose the total cost of producing commodity X is Rs. 1,25,000. Out of this cost implicit cost is Rs. 35,000 and normal profit is Rs. 25,000. What will be explicit cost of commodity X?**

- |            |              |
|------------|--------------|
| (a) 90,000 | (b) 65,000   |
| (c) 60,000 | (d) 1,00,000 |

**149. Use table 3 to answer questions 149 – 150.**

**Table 3**

Hours of Labour	Total output	Marginal output
0	--	--
1	350	350
2	--	230
3	670	–

**What is the total output when 2 hrs of labour are employed**

- (a) 500 (b) 580  
(c) 600 (d) 680

**150. What is the marginal product if the third hour of labour is employed?**

- (a) 90 (b) 110  
(c) 100 (d) 120

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**151. Unequal widths of classes in the frequency distribution do not cause any difficulty in the construction of**

- (a) Ogive (b) Frequency Polygon  
(c) Both (d) None of these

**152. The presence of extreme observations does not affect**

- (a) A.M. (b) Median  
(c) Mode (d) Any of these

**153. S.D. of first n natural numbers is**

- (a)  $\frac{n(n-1)}{2}$  (b)  $\sqrt{\frac{n(n-1)}{2}}$   
(c)  $\sqrt{\frac{n^2-1}{12}}$  (d) None of these

**154. For any two numbers range is always**

- (a) Twice the Standard Deviation (b) Half the Standard Deviation  
(c) Square the Standard Deviation (d) None of these





**155. G.M. is defined only when**

- (a) All observation have the same sign and none is zero.
- (b) All observation have the different sign and none is zero
- (c) All observation have same sign and one is zero
- (d) All observation have the different sign and one is zero

**156. The quickest method to find correlation between two variables is:**

- (a) Scatter diagram
- (b) Method of concurrent deviation
- (c) Method of Rank Correlation
- (d) Method of Product moment Correlation

**157. In rank correlation coefficient the association need not be linear**

- (a) False
- (b) True
- (c) Both
- (d) None of these

**158. If  $P(x/y) = p(x)$ , then**

- (a) x is independent of y
- (b) y is independent of x
- (c) y is dependent of x
- (d) Both (a) and (b)

**159. For a binomial distribution mean and mode are not equal, when  $q = 0.50$**

- (a) True
- (b) False
- (c) Both
- (d) None of these

**160. The standard deviation is required to determine sample size for**

- (a) Estimating a mean
- (b) Estimating a proportion
- (c) Both
- (d) None of these

**161. If  $\log_{\sqrt{3}}(x + 1) = 2$  then x is equal to \_\_\_\_\_**

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

**162.  $3^{3/4} \times 6^{3/4} \times 2^{5/4}$  is equal to**

- (a) 10
- (b) 12
- (c) 14
- (d) 0

**163. The number \_\_\_\_\_ has same ratio to 7/33 as that 8/21 does to 4/9.**

- (a) 2/11
- (b) 3/11
- (c) 2/21
- (d) None of these

164.  $\int \frac{dx}{\sqrt{1+x}}$  is equal to

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

165. The 8<sup>th</sup> term of the series 4, 8, 16 ..... nth term is \_\_\_\_\_

- (a) 128 (b) 256  
 (c) 64 (d) 512

166. The no. of permutation can be made out the letters of word "COMMERCE" is \_\_\_\_\_

- (a) 5040 (b) 8!  
 (c) 6! (d) None of these

167. The compound interest on Rs. 1000 for 10 years at 4% p.a. the interest being paid quarterly is \_\_\_\_\_?

- (a) 786 (b) 586  
 (c) 486 (d) 186

168. If SD = 40 and the sample size is 150, then the standard error of mean is \_\_\_\_\_

- (a) 2 (b) 5  
 (c) 0.5 (d) None of these

169. The price level of a country in a certain year has increased 20% over the base period. The Index number is \_\_\_\_\_

- (a) 20 (b) 120  
 (c) 220 (d) None of these

170. If a pair of dice is thrown, the probability that the sum is neither 7 nor 11 is \_\_\_\_\_

- (a) 7/9 (b) 5/9  
 (c) 11/9 (d) 2

171.  $\lim_{x \rightarrow 3} \frac{x^5 - 243}{x^2 - 9}$  is equal to

- (a) 150 (b) 125/2  
 (c) 135/2 (d) 0

172. If  $f(x) = 2x + 5$  and  $g(x) = x^2 + 1$ , then the  $f \circ g$  is

- (a)  $2x^2 + 7$  (b)  $2x + 1$   
 (c)  $x^2 + 5$  (d) None of these



173. The 20<sup>th</sup> term of the progression 1, 4, 7, 10 ..... is

- (a) 58 (b) 52  
(c) 0 (d) None of these

174. Find value of K, if line  $2x + Ky - g = 0$  and  $3x - 4y + 7 = 0$  are parallel

- (a)  $-8/3$  (b)  $2/3$   
(c)  $-4$  (d) 3

175. The average marks scored by 50 students in a class were calculated to be 38. Later it was found, that marks of two students were wrongly copied as 34 and 23 instead of 43 and 32. Find correct average marks?

- (a) 37.36 (b) 39.00  
(c) 38.36 (d) None of these

176. is equal to  $\frac{d}{dx} \frac{x}{\sqrt{x^2 - 1}}$

- (a)  $-(x^2 - 1)^{-3/2}$  (b)  $-(x^2 - 1)^{3/2}$   
(c)  $-(x^2 + 1)^{-3/2}$  (d)  $(x^2 - 1)^{-3/2}$

177. How many words can be formed out of 5 different consonants and 4 different vowels if each word is to contain 3 consonants and 2 vowels

- (a) 7000 (b) 720  
(c) 7020 (d) 7200

178. If  $5 = \sqrt{x + \sqrt{x + \sqrt{x + \dots \infty}}}$ , then value of x is

- (a) 10 (b) 20  
(c) 5 (d)  $\infty$

179. The value of  $\log_4 \log_3 81$  is equal to

- (a) 1 (b) 0  
(c) 3 (d) None of these

180. At what interest rate will a sum double itself in 7 years, if the interest is compounded annually.

- (a) 7.0% (b) 8.0%  
(c) 10.41% (d) 7.9%

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**181. Three numbers are in A.P. of whose sum is 15 and whose product is 105. then numbers are:**

- (a) 3, 5, 7 (b) 2, 5, 8  
(c) 0, 5, 10 (d) None of these

**182. The standard deviation of 100 and 150 items are 5,6 respectively; if mean of 250 item is 44, mean of 100 and 150 item are 50 and 40 respectively, then find S.D. for 250 items.**

- (a) 7.46 (b) 7.64  
(c) 6.74 (d) 4.67

**183. If  $r = 0.5$ ,  $\Sigma x = 120$ ,  $\sigma_y = 8$ ,  $\Sigma x^2 = 90$ , then value of n is equal to \_\_\_\_\_**

- (a) 5 (b) 10  
(c) 15 (d) 20

**184. Two lines of regression are given by  $5x+7y-22=0$  and  $6x+2y-22=0$ . If the variance of y is 15, find the standard deviation of x?**

- (a)  $\sqrt{5}$  (b)  $\sqrt{6}$   
(c)  $\sqrt{7}$  (d)  $\sqrt{8}$

**185. A card is drawn at random from a well shuffled pack of 52 cards. Find the probability of getting a two of heart or one of diamond.**

- (a)  $1/26$  (b)  $2/51$   
(c)  $2/26$  (d)  $1/52$

**186. If the probability of a defective bolt is 0.1, find the standard deviation for the distribution of defective bolt in a total of 500.**

- (a) 7.6 (b) 7.5  
(c) 6.5 (d) 6.7

**187. If the A.M. of two numbers is 6 and G.M. is 6, then find the two numbers?**

- (a) 6, 6 (b) 10, 8  
(c) 10, 6 (d) 9, 2

**188. Relation "Is Equal to" over the set of all natural numbers is explained as**

- (a) Reflexive (b) Symmetric  
(c) Transitive (d) Equivalence

**189. What must be added to each of the numbers 6, 15, 20 and 43 to make them proportional.**

- (a) 5 (b) 4  
(c) 3 (d) 2



190. If  $f(x+1) = 2x + 7$  then  $f(0)$  is equal to

- (a) 5 (b) 4  
(c) 3 (d) 0

191. Find the equation of line passing through the point  $(-2, 3)$  and having x-intercept 4 units.

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

192. The compounded ratio of duplicate ratio of 3:5 and the sub triplicate ratio of 1:27 and reciprocal of 1:5 is equal to

- (a) 3:5 (b) 1:2  
(c) 3:25 (d) 9:25

193. Find the amount of annuity of payment of Rs. 7000 is made annually for 7 years at interest rate of 6% compounded annually ?

- (a) 49,000 (b) 49,300  
(c) 58,756 (d) 50,500

194. In a group of 40 children 16 like cricket but not movie and 26 like cricket. The number of children like movie but not cricket are

- (a) 12 (b) 14  
(c) 2 (d) None of these

195. If  $\lim_{x \rightarrow 3} \frac{x^n - 3^n}{x - 3} = 405$ , then value of n is equal to

- (a) 4 (b) 6  
(c) 5 (d) 7

196. If the median of 5, 9, 11, 3, 4, x, 8 is 6, the value of x is equal to

- (a) 6 (b) 5  
(c) 4 (d) 3

197. Find the coefficient of correlation when its probable error is 0.2 and the number of pairs of item is 9.

- (a) 0.505 (b) 0.332  
(c) 0.414 (d) None of these

198. If  $5:6 = 45:a$ , find the value of a

- (a) 54 (b) 45  
(c) 15 (d) 0

199.  $\int \frac{\log(\log x)}{x} dx$  is equal to

- |                              |                        |
|------------------------------|------------------------|
| (a) $\log(\log x) - 1 + K$   | (b) $\log(\log x) + K$ |
| (c) $[\log(\log x) - 1] + K$ | (d) None of these      |

200. The 4<sup>th</sup> term of series whose sum to n terms is  $5n^2 + 2n$  is

- |              |               |
|--------------|---------------|
| (a) $5n + 3$ | (b) $10n - 2$ |
| (c) $5n + 2$ | (d) $10n - 3$ |

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