MODEL TEST PAPERS
Common Proficiency Test (CPT)

Board of Studies
The Institute of Chartered Accountants of India

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PREFACE

Under the New Scheme of Education and Training, the simplified entry to the chartered accountancy course has been designed through Common Proficiency Test (CPT). It is an objective type test of 200 marks of four subjects, i.e. Accounting, Mercantile Laws, General Economics and Quantitative Aptitude with an objective to test basic knowledge in these subject areas. This test is of 200 marks. This test is divided into two sessions of two hours each with a break in between. CPT is an objective type test with negative marking. Subjects to be studied in CPT are as follows:

SESSION – I (Two Sections – Two hours – 100 Marks)

Section A: Fundamentals of Accounting (60 Marks)

Section B: Mercantile Laws (40 Marks)

SESSION – II (Two Sections – Two hours – 100 Marks)

Section C: General Economics (50 Marks)

Section D: Quantitative Aptitude (50 Marks)

The CPT is treated as a single paper of 200 Marks. A student has to obtain 100 marks in aggregate to qualify CPT.

The Board of Studies has prepared comprehensive study materials covering the above mentioned subjects. There are good numbers of objective type questions in the study materials which students should practice.

In addition, this question bank is published to facilitate students to prepare for the examinations. This book contains 10 Model Test Papers comprising of 2000 objective type questions. Each Model test paper is divided into four sections. Section A relates to Fundamentals of Accounting carrying 60 marks. Section B relates to Mercantile Law carrying 40 marks. Sections C and D relate to General Economics and Quantitative aptitude carrying 50 marks each. All the papers have been carefully designed so as to expose students to all types of questions such as one line statement questions, fill in the blanks, numerical based questions, table based questions, paragraph based questions and diagram based questions.

Students are advised to answer these each test paper under examination conditions. They should attempt Section A and Section B in first two hours and with a break; Section C and Section D should be attempted in next two hours. Then the answer sheet should be assessed consulting the answers given at the end of the Model Test Papers. They should deduct 0.25 marks for each wrong answer. The same procedure should be followed for all ten test papers. I am confident that students will be able to evaluate their performance by this process.

I acknowledge contribution of the faculty members of the Board Studies, namely, Mrs. Prem J. Bhutani, Mrs. Seema Gupta, Mrs. Shilpa Agrawal, CA. Vikas Kumar, Ms. Srishti Gupta, Ms. Ginni Aggarwal in the preparation of these Model Test Papers. I also acknowledge the contributions made by Mr. P.N. Kapur who developed question bank of Accounting, Mr. R.K. Gupta and Dr. G.K. Pandey who developed question bank of Mercantile Laws, Dr. O.P. Shukla, Dr. G.P. Srivastava and Dr, Chamma Shukla who developed question bank of Economics and CA. Atul Mittal and Mr. G.P. Bhargava who developed question bank of Quantitative Aptitude.

Director of Studies

The Institute of Chartered Accountants of India

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT/VOLUME - I

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BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-1/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1.   RPC Ltd. follows the written down value method of depreciating machinery year after year due to

(a)   Comparability.

(b)   Convenience.

(c)   Consistency.

(d)   All of the above.

2. A change in accounting policy is justified
   (a) To comply with accounting standard.
   (b) To ensure more appropriate presentation of the financial statement of the enterprise.
   (c) To comply with law.
   (d) All of the above.

3. Purchases book records:
   (a) All cash purchases.
   (b) All credit purchases.
   (c) Credit purchases of goods in trade.
   (d) None of the above.

4. A Bank Reconciliation Statement is prepared to know the causes for the difference between:
   (a) the balances as per cash column of Cash Book and the Pass Book.
   (b) the balance as per bank column of Cash Book and the Pass Book.
   (c) the balance as per bank column of Cash Book and balances as per cash column of Cash Book
   (d) None of the above.

5. While finalizing the current year's profit, the company realized that there was an error in the valuation of closing stock of the previous year. In the previous year, closing stock was valued more by Rs.50,000. As a result
   (a) Previous year's profit is overstated and current year's profit is also overstated
   (b) Previous year's profit is understated and current year's profit is overstated
   (c) Previous year's profit is understated and current year's profit is also understated
   (d) Previous year's profit is overstated and current year's profit is understated

6. 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 loans given by them to the partnership firm.
   (d) None of the above.

7. Fundamental accounting assumptions are
   (a) Materiality.

(b) Business entity.

(c) Going concern.

(d) Dual aspect

8. Which of the following errors are not revealed by the Trial Balance:

   (a) compensating errors;

   (b) errors of commission;

   (c) wrong balancing of an account;

   (d) wrong totalling of an account

9. Which of the following are of capital nature?

   (a) Purchase of a goods

   (b) Cost of repair

   (c) Wages paid for installation of machinery

   (d) Rent of a factory

10. Which of the following statement is not true:

    (a) If del-creder's commission is allowed, bad debt will not be recorded in the books of consignor

    (b) If del-creder's commission is allowed, bad debt will be debited in consignment account

    (c) Del-creder's commission is allowed by consignor to consignee

    (d) Del-creder's commission is generally relevant for credit sales

PART II

11. Discount on issue of debentures is a _____

    (a) Revenue loss to be charged in the year of issue

    (b) Capital loss to be written off from capital reserve

    (c) Capital loss to be written off over the tenure of the debentures

    (d) Capital loss to be shown as goodwill

12. Loss on issue of debentures is treated as _____.

    (a) Intangible asset

    (b) Current asset

    (c) Current liability

    (d) Miscellaneous expenditure

13. Dividends are usually paid as a percentage of _____

    (a)   Authorized share capital

    (b)   Net profit

    (c)   Paid-up capital

    (d)   Called-up capital

14. At the time of death of a partner, firm gets _____ from the insurance company against the Joint Life Policy taken jointly for all the partners.

    (a)   Policy Amount.

    (b)   Surrender Value.

    (c)   Policy Value for the dead partner and Surrender Value for the rest.

    (d)   Surrender Value for all the partners.

15. Profit or loss on revaluation is shared among the partners in _____ ratio.

    (a)   Old Profit Sharing.

    (b)   New Profit Sharing.

    (c)   Capital.

    (d)   Equal.

16. Interest on capital will be paid to the partners if provided for in the agreement but only from_____

    (a)   Profits.

    (b)   Reserves.

    (c)   Accumulated Profits.

    (d)   Goodwill.

17. The owner of the consignment stock is_____

    (a)   Consignor

    (b)   Consignee

    (c)   Debtors

    (d)   None

18. The parties to joint venture is called_____

    (a)   Co-venturers

    (b)   Partners

    (c)   Principal & Agent

    (d)   Friends

19. 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 above

20. The number of production or similar units expected to be obtained from the use of an asset by an enterprise is called as _____

(a) Unit life

(b) Useful life

(c) Production life

(d) Expected life

PART III

21. Mr. A purchased a machinery costing Rs. 1,00,000 on 1st October, 2005. 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 the machine was estimated at Rs. 1,20,000 on 31st March 2006. While finalising the annual accounts, A values the machinery at Rs. 1,20,000 in his books.

Which of the following concepts was violated by A?

(a) Cost concept

(b) Matching concept

(c) Realisation concept

(d) Periodicity concept.

22. M/s ABC Brothers, which was registered in the year 2000, has been following Straight Line Method (SLM) of depreciation. In the current year it changed its method from Straight Line to Written Down Value (WDV) Method, since such change would result in the additional depreciation of Rs. 200 lakhs as a result of which the firm would qualify to be declared as a sick industrial unit. The auditor raised objection to this change in the method of depreciation.

The objection of the auditor is justified because

(a) Change in the method of depreciation should be done only with the consent of the auditor

(b) Depreciation method can be changed only from WDV to SLM and not vice versa

(c) Change in the method of deprecation should be done only if it is required by some statute and change would result in appropriate presentation of financial

statement

(d) Method of depreciation cannot be changed under any circumstances.

PART IV

23. If Cost of goods sold is Rs.80,700, Opening stock Rs.5,800 and Closing stock Rs.6,000. Then the amount of purchase will be

    (a) Rs.80,500

    (b) Rs.74,900

    (c) Rs.74,700

    (d) Rs.80,900.

24. Original cost = Rs 1,26,000. Salvage value = 6,000. Useful Life = 6 years. Annual depreciation under SLM will be

    (a) Rs.21,000

    (b) Rs.20,000

    (c) Rs.15,000

    (d) Rs.14,000

25. A new firm commenced business on 1st January, 2006 and purchased goods costing Rs. 90,000 during the year. A sum of Rs. 6,000 was spent on freight inwards. At the end of the year the cost of goods still unsold was Rs. 12,000. Sales during the year Rs. 1,20,000. What is the gross profit earned by the firm?

    (a) Rs. 36,000

    (b) Rs. 30,000

    (c) Rs. 42,000

    (d) Rs. 38,000

26. X of Kolkata sends out goods costing 300,000 to Y of Mumbai at cost + 25%. Consignor's expenses Rs 5000. 1/10th of the goods were lost in transit. Insurance claim received Rs 3000. The net loss on account of abnormal loss is

    (a) Rs.27,500

    (b) Rs.25,500

    (c) Rs.30.500

    (d) Rs.27,000

27. A and V enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. A provides biscuits from stock Rs 10000. He pays expenses amounting to Rs 1000. V incurs further expenses on carriage Rs 1000. He receives cash for sales Rs 15000. He also takes over goods to the value of Rs 2000. The profit on joint venture is

(a)   Rs.3000

(b)   Rs.5000

(c)   Rs.6000

(d)   Rs.3500

28.   X draws a bill on Y for Rs 20,000 for 3 months on 1.1.05. The bill is discounted with banker at a charge of Rs 100. At maturity the bill return dishonoured. In the books of X, for dishonour, the bank account will be credited by Rs.

(a)   19,900

(b)   20,000

(c)   20,100

(d)   19,800

29.   A sent some goods costing Rs. 3,500 at a profit of 25% on sale to B on sale or return basis. B returned goods costing Rs. 800. At the end of the accounting period i.e. on 31st December, 2005, the remaining goods were neither returned nor were approved by him. The stock on approval will be shown in the balance sheet at Rs.

(a)   2,000.

(b)   2,700.

(c)   2,700 less 25% of 2,700.

(d)   3,500.

30.   A and B are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing interest on capital. Profits apportioned among A and B is

(a)   4,680 and 3,120.

(b)   4,800 and 3,000.

(c)   5,000 and 2,800.

(d)   None of the above.

31.   A & B are partners sharing profits and losses in the ratio 5:3. On admission, C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B and C are 7:5:4. The scarificing ratio among A:B will be

(a)   3:1.

(b)   4:7.

(c)   5:4.

(d)   2:1.

32.   The cash book showed an overdraft of Rs. 1,500, but the pass book made up to the

same date showed that cheques of Rs. 100,Rs. 50 and Rs. 125 respectively had not been presented for payments; and the cheque of Rs.400 paid into account had not been cleared. The balance as per the cash book will be

(a)   Rs. 1,100.

(b)   Rs. 2,175.

(c)   Rs. 1,625.

(d)   Rs. 1,375.

33.   A second hand car is purchased for Rs. 10,000, the amount of Rs. 1,000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owner's name and Rs. 1,200 is paid as dealer's commission. The amount debited to car account will be

(a)   Rs. 10,000.

(b)   Rs. 10,500.

(c)   Rs. 11,500.

(d)   Rs. 12,700.

34.   If a purchase return of Rs.84 has been wrongly posted to the debit of the sales return account, but had been correctly entered in the suppliers account, the total of the trial balance would show

(a)   the credit side to be Rs.84 more than debit side.

(b)   the debit side to be Rs.84 more than credit side.

(c)   the credit side to be Rs.168 more than debit side.

(d)   the debit side to be Rs.168 more than credit side.

35.   The accountant of the firm M/s ABC is unable to tally the following trial balance.

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		15,000
2.	Purchases	10,000	
3.	Miscellaneous expenses	2,500	
4.	Salaries		2,500
	Total	12,500	17,500

The above difference in trial balance is due to

(a)   wrong placing of sales account

(b)   wrong placing of salaries account

(c)   wrong placing of miscellaneous expenses account

(d)   Wrong placing of all accounts

36. R, J and D are the partners sharing profits in the ratio 7:5:4. D died on 30th June 2006. It was decided to value the goodwill on the basis of three year's purchase of last five years average profits. If the profits are Rs. 29,600; Rs. 28,700; Rs. 28,900; Rs. 24,000 and Rs. 26,800. D's share of goodwill will be

    (a) Rs. 20,700.

    (b) Rs. 27,600.

    (c) Rs. 82,800.

    (d) Rs. 27,000.

37. A company forfeited 2,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs.9. On forfeiture, the amount debited to share capital will be

    (a) Rs.10,000

    (b) Rs.8,000

    (c) Rs.2,000

    (d) Rs.18,000.

38. S Ltd. issued 2,000, 10% Preference shares of Rs.100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 Equity Shares of Rs.100 each at a premium of 20% per share. At the time of redemption of Preference Shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be

    (a) Rs.50,000

    (b) Rs.40,000

    (c) Rs.2,00,000

    (d) Rs.2,20,000

39. W Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be

    (a) Rs.40,000

    (b) Rs.10,000

    (c) Rs.20,000

    (d) Rs.8,000

40. X sent out certain goods to Y of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs 12,500. Invoice value of goods sent out on consignment will be:

    (a) Rs.120,000

    (b) Rs.125,000

(c)   Rs.140,000

(d)   Rs.100,000

41.   T Ltd. purchased land and building from U Ltd. for a book value of Rs.2,00,000. The consideration was paid by issue of 12% Debentures of Rs.100 each at a discount of 20%. The debentures account will be credited with

(a)   Rs.2,60,000

(b)   Rs.2,50,000

(c)   Rs.2,40,000

(d)   Rs.1,60,000

42.   B Ltd. issued shares of Rs.10 each at a discount of 10%. Mr. C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeited his entire shares, the forfeiture account will be credited by

(a)   Rs.90

(b)   Rs.81

(c)   Rs.60

(d)   Rs.54

43.   A, B and C are partners sharing profits and losses in the ratio 9:4:3. They took joint life policy of Rs. 25,000 for A, Rs. 20,000 for B and Rs. 51,000 for C. What is the share of C in the JLP amount?

(a)   Rs. 18,000.

(b)   Rs. 25,000.

(c)   Rs. 51,000.

(d)   Rs. 20,000.

44.   A and B are partners sharing profits and losses in the ratio of 3:2 (A's Capital is Rs. 30,000 and B's Capital is Rs. 15,000). They admitted C agreed to give 1/5th share of profits to him. How much C should bring in towards his capital?

(a)   Rs. 9,000.

(b)   Rs. 12,000.

(c)   Rs. 14,500.

(d)   Rs. 11,250.

45.   A and B are partners with the capital Rs. 50,000 and Rs. 40,000 respectively. They share profits and losses equally. C is admitted on bringing Rs. 50,000 as capital only and nothing was bought against goodwill. Goodwill in Balance sheet of Rs. 20,000 is revalued as Rs. 35,000. What will be value of goodwill in the books after the admission

of C?

(a)   Rs. 55,000.

(b)   Rs. 35,000.

(c)   Rs. 20,000.

(d)   Rs. 15,000

46.   X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before interest on partner's capital was Rs. 6,000 and Y determined interest @ 24% p.a. on his loan of Rs. 80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.

(a)   Rs. 2,000 to each partner.

(b)   Loss of Rs. 4,400 for X and Z & Y will take home Rs. 14,800.

(c)   Rs. 400 for X, Rs. 5,200 for Y and Rs. 400 for Z.

(d)   Rs. 2,400 to each partner.

47.   A merchant sends out his goods casually to his dealers on approval basis. All such transactions are, however, recorded as actual sales and are passed through the sales book. On 31-12-2005, it was found that 100 articles at a sale price of 200 each sent on approval basis were recorded as actual sales at that price. The sale price was made at cost *plus* 25%. The amount of stock on approval will be amounting

(a)   Rs.16,000.

(b)   Rs. 20,000.

(c)   Rs. 15,000.

(d)   None of the above.

48.   A draws a bill on B for Rs 30,000. A wants to endorse it to C in settlement of Rs 35,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to B?

(a)   4300

(b)   4000

(c)   4100

(d)   5000

49.   A and B enter into a joint venture for purchase and sale of Type-writer. A purchased Typewriter costing Rs 100000. Repairing expenses Rs 10000, printing expenses Rs 10000. B sold it at 20% margin on selling price. The sales value will be:

(a)   Rs. 125000

(b)   Rs. 150000

(c)   Rs. 100000

(d)   Rs. 140000

50.   P of Faridabad sent out goods costing Rs. 45,000 to Y of Delhi at cost + 33$^{1/3}$ %. 1/10th of goods were lost in transit. 2/3rd of the goods are sold at 20% above IP. The amount of sale value will be:

(a)   Rs.54,000

(b)   Rs.43,200

(c)   Rs.60,000

(d)   Rs.36,000

51.   Rent paid on 1 October, 2004 for the year to 30 September, 2005 was Rs. 1,200 and rent paid on 1 October, 2005 for the year to 30 September, 2006 was Rs. 1,600. Rent payable, as shown in the profit and loss account for the year ended 31 December 2005, would be:

(a)   Rs. 1,200.

(b)   Rs. 1,600.

(c)   Rs. 1,300.

(d)   Rs. 1,500.

52.   H Ltd. purchased a machinery on April 01, 2000 for Rs.3,00,000. It is estimated that the machinery will have a useful life of 5 years after which it will have no salvage value. If the company follows sum-of-the-years'-digits method of depreciation, the amount of depreciation charged during the year 2004-05 was

(a)   Rs.1,00,000

(b)   Rs.80,000

(c)   Rs.60,000

(d)   Rs.20,000.

53.   If Average Stock = Rs 12,000. Closing stock is Rs 3,000 more than opening stock then the value of closing stock will be

(a)   Rs 12,000

(b)   Rs 24,000

(c)   Rs 10,500

(d)   Rs 13,500.

54.   O Ltd. maintains the inventory records under perpetual system of inventory. Consider the

following data pertaining to inventory of O Ltd. held for the month of March 2005:

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

If the company sold 32 units on March 24, 2005, closing inventory under FIFO method is

(a)　Rs.5,200

(b)　Rs.5,681

(c)　Rs.5,800

(d)　Rs.5,950.

55.　Debit balance as per Cash Book of ABC Enterprises as on 31.3.2006 is Rs. 1,500.Cheques deposited but not cleared amounts to Rs. 100 and Cheques issued but not presented of Rs. 150. The bank allowed interest amounting Rs. 50 and collected dividend Rs. 50 on behalf of ABC Enterprises. Balance as per pass book should be

(a)　1,600.

(b)　1,450.

(c)　1,850.

(d)　1,650.

56.　If a purchase return of Rs.1,000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers' account, the total of the

(a)　trial balance would show the debit side to be Rs.1,000 more than the credit

(b)　trial balance would show the credit side to be Rs.1,000 more than the debit.

(c)　the debit side of the trial balance will be Rs.2,000 more than the credit side.

(d)　the credit side of the trial balance will be Rs.2,000 more than the debit side.

57.　If repair cost is Rs. 25,000, whitewash expenses are Rs. 5,000, cost of extension of building is Rs. 2,50,000 and cost of improvement in electrical wiring system is Rs. 19,000; the amount to be expensed is

(a)　Rs. 2,99,000.

(b)　Rs. 44,000.

(c)　Rs. 30,000.

(d)　Rs. 49,000.

58.　Sunset Tours has a Rs.3,500 account receivable from Mohan. On January 20, the Rotary makes a partial payment of Rs.2100 to Sunset Tours. The journal entry made

on January 20 by Sunset Tours to record this transaction includes:

(a) A credit to the cash received account of Rs.2,100.

(b) A credit to the Accounts receivable account of Rs.2,100.

(c) A debit to the cash account of Rs.1,400.

(d) A debit to the Accounts receivable account of Rs.1,400.

59. A company forfeited 2,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs.9. On forfeiture, the amount debited to share capital = ?

(a) Rs.10,000

(b) Rs.8,000

(c) Rs.2,000

(d) Rs.18,000.

60. A, B and C are partners sharing profits in the ratio 2:2:1. On retirement of B, goodwill was valued as Rs. 30,000. Find the contribution of A and C to compensate B.

(a) Rs. 20,000 and Rs. 10,000.

(b) Rs. 8,000 and Rs. 4,000.

(c) They will not contribute any thing.

(d) Information is insufficient for any comment.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. Which of the following is false? An offer to be valid must:

    (a)   Intend to create legal relations.

    (b)   Have certain & unambiguous terms.

    (c)   Contain a term the non-compliance of which would amount to acceptance.

    (d)   Be communicated to the person to whom it is made.

62. Which of the following statement is true?

    (a)   Consideration must result in a benefit to both parties.

    (b)   Past consideration is no consideration in India.

    (c)   Consideration must be adequate.

    (d)   Consideration must be something, which a promisor is not already bound to do.

63. Which of the following is not an exception to the rule – No Consideration, No Contract?

    (a)   Compensation for involuntary services.

    (b)   Love & Affection.

    (c)   Contract of Agency.

    (d)   Gift.

64. A minor's liability for 'necessaries' supplied to him;

    (a)   Arises after he attains majority age.

    (b)   Is against only minor's property.

    (c)   Does not arise at all.

    (d)   Arises if minor gives a promise for it.

65. 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.

66.   Which of the following persons can perform the contract?

(a)   Promisor alone.

(b)   Legal representatives of promisor.

(c)   Agent of the promisor.

(d)   All of these.

67.   A, B and C jointly promised to pay Rs. 60,000 to D. Before performance of the contract, C dies. Here, the contract

(a)   becomes void on C's death.

(b)   should be performed by A and B along with C's legal representatives.

(c)   should be performed by A and B alone.

(d)   should be renewed between A, B and D.

68.   Generally, which of the following damages are not recoverable?

(a)   Ordinary damages.

(b)   Special damages.

(c)   Remote damages.

(d)   Nominal damages.

69.   A mistake as to a law not in force in India has the same effect as:

(a)   mistake of fact

(b)   mistake of Indian law

(c)   fraud

(d)   misrepresentation

70.   The term "goods" under Sale of Goods Act, 1930 does not include

(a)   goodwill.

(b)   actionable claims.

(c)   stocks and shares.

(d)   harvested crops.

71.   Which of the following is not an implied condition in a contract of sale?

(a)   Condition as to title.

(b) Condition as to description.

(c) Condition as to free from encumbrance.

(d) Condition as to sample.

72. Which of the following is not a form of delivery?

(a) Constructive delivery.

(b) Structured delivery.

(c) Actual delivery.

(d) Symbolic delivery.

73. Mercantile Agent is having an authority to

(a) sell or consign goods.

(b) raise money on the security of goods.

(c) sell or buy goods.

(d) any of the above.

74. 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.

75. The most important element in partnership is:

(a) Business

(b) Sharing of Profits

(c) Agreement

(d) Business to be carried on by all or any of them acting for all.

76. In the absence of agreement to the contrary all partners are:

(a) Not entitled to share profits

(b) Entitled to share in capital ratio.

(c) Entitled to share in proportion to their ages.

(d) Entitled to share profits equally.

77. 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

78. On dissolution the partners remain liable to till

(a) Accounts are settled

(b) Partners dues are paid off

(c) Public notice is given

(d) The registrar strikes off the name

79. Which of the following statements, about the registration of firm, is not true:

(a) It must be done at the time of its formation.

(b) It may be done at the time of formation.

(c) It may be done before filing a suit against third party.

(d) It may be done at any time after its formation.

PART II

80. An agreement which is enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others is a _____

(a) Valid Contract.

(b) Void Contract.

(c) Voidable Contract.

(d) Illegal Contract.

81. When the consent of a party is not free, the contract is _____

(a) Void.

(b) Voidable.

(c) Valid.

(d) Illegal.

82. Ordinarily, a minor's agreement is _____

(a) Void ab initio

(b) Voidable.

(c) Valid.

(d) Unlawful.

83. The threat to commit suicide amounts to _____

(a) Coercion.

(b) Undue Influence.

(c) Misrepresentation.

(d) Fraud.

84. An agreement the object or consideration of which is unlawful, is _____

(a) Void.

(b) Valid.

(c) Voidable.

(d) Contingent.

85. A contingent contract is _____

(a) Void

(b) Voidable

(c) Valid

(d) Illegal

86. A agrees to sell his car worth Rs. 100,000 to B for Rs. 20,000 only, and A's consent was obtained by coercion. Here, the agreement is _____

(a) void

(b) valid

(c) voidable

(d) unlawful

87. A agrees to pay Rs. 5 lakhs to B if he (B) procures an employment for A in Income Tax Department. This agreement is _____

(a) void

(b) valid

(c) voidable

(d) contingent.

88. Agreement-the meaning of which is uncertain is _____

(a) Valid.

(b) Void.

(c) Voidable.

(d) Illegal.

89. A contract for the sale of "future goods" is _____

(a) sale

(b)   agreement to sell.

(c)   void.

(d)   hire-purchase contract.

90.   A stipulation which is collateral to the main purpose of the contract, and if proves false, gives the buyer only a right to claim damages, is known as _____

(a)   conditions.

(b)   guarantee.

(c)   warranty.

(d)   none of these.

91.   Goods which are in existence at the time of the Contract of Sale is known as _____

(a)   present Goods.

(b)   existing Goods.

(c)   specific Goods.

(d)   none of the above.

92.   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.

93.   An auction sale is complete on the _____

(a)   delivery of goods

(b)   payment of price

(c)   fall of hammer

(d)   none of the above.

94.   If A agrees to deliver 100 kg of sugar to B in exchange of 15 mts of cloth, then it is _____

(a)   Contract of sale.

(b)   Agreement to sell.

(c)   Sale on Approval.

(d)   Barter.

95.   A partner can retire on_____

(a)   Reaching the age of superannuation

(b)   On the balance in the capital account reaching a certain amount

    (c)   In accordance with the Partnership Deed

    (d)   On the condition of his nominee becoming a partner

96.   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.

97.   Registration of a firm is_____

    (a)   Compulsory

    (b)   Optional

    (c)   Occasional

    (d)   None of the above

98.   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.

PART III

99.   G paid Rs.1,00,000 to H to influence the head of the Government Organisation in order to provide him some employment. On his failure to provide the job, G sued H for recovery of the amount. Which of the following is correct?

    (a)   The contract is valid and G can recover the amount from H.

    (b)   The contract is void as it is opposed to public policy and G cannot recover.

    (c)   G can recover the amount with interest.

    (d)   G can recover the amount of Rs.1,00,000 and damages.

100.   A sold a tin of disinfectant powder to K without warning knowing fully that if the tin was not opened with care, it will likely to cause injury. K was injured while opening the tin. Which of the following statement(s) is/are correct?

    (a)   A is not liable to K under the Doctrine of caveat emptor.

    (b)   A is liable for the damages.

    (c)   A has no duty to disclose the facts to K.

    (d)   The buyer has the responsibility to enquire about all the things before purchasing the goods.

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry + 1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101   What implication does resource scarcity have for the satisfaction of wants?

(a)   Not all wants can be satisfied.

(b)   We will never be faced with the need to make choices.

(c)   We must develop ways to decrease our individual wants.

(d)   The discovery of new natural resources is necessary to increase our ability to satisfy wants.

102.   Who expressed the view that "Economics should be neutral between ends"?

(a)   Robbins

(b)   Marshall

(c)   Pigou

(d)   Adam Smith.

103.   Which of the following pairs of goods is an example of substitutes?

(a)   Tea and sugar.

(b)   Tea and coffee.

(c)   Pen and ink.

(d)   Shirt and trousers.

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

(a) $\dfrac{MU_x}{MU_y} > \dfrac{P_x}{P_y}$.

(b) $\dfrac{MU_x}{MU_y} < \dfrac{P_x}{P_y}$.

(c) $\dfrac{MU_x}{MU_y} = \dfrac{P_x}{P_y}$.

(d) None of the above.

105. In the production of wheat, all of the following are variable factors that are used by the farmer except:

(a) the seed and fertilizer used when the crop is planted

(b) the field that has been cleared of trees and in which the crop is planted.

(c) the tractor used by the farmer in planting and cultivating not only wheat but also corn and barley.

(d) the number of hours that the farmer spends cultivating the wheat fields.

106. In describing a given production technology, the short run is best described as lasting

(a) up to six months 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.

107. Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be "small" relative to the market. Which of the following best describes this smallness?

(a) The individual firm must have fewer than 10 employees.

(b) The individual firm faces a downward-sloping demand curve.

(c) The individual firm has assets of less than Rs.20 lakh.

(d) The individual firm is unable to affect market price through its output decisions.

108. A firm encounters its "shutdown point" when:

(a) average total cost equals price at the profit-maximizing level of output.

(b) average variable cost equals price at the profit-maximizing level of output.

(c) average fixed cost equals price at the profit-maximizing level of output.

(d) marginal cost equals price at the profit-maximizing level of output.

109. Which of the following statements is correct?

(a) The public sector was given a dominant position in the newly Independent India.

(b) The foreign trade policy post Independence allowed free trade of all goods and services.

(c) Monetary policy post Independence sought to keep the CRR at a very low level.

(d)   None of the above.

110. The unsustainable levels of government deficits in the late 80's can be attributed to:

(a)   high levels of government expenditures.

(b)   insufficient revenues.

(c)   poor returns on government investments.

(d)   all of the above.

111. What is India's rank in world population?

(a)   First

(b)   Second

(c)   Third

(d)   Fourth

112. Which is of the following statements is correct?

(a)   Gini coefficients are often used for measuring poverty in relative sense.

(b)   When poverty is related to the distribution of income or consumption expenditure, it is absolute poverty.

(c)   In India, we mainly use the concept of relative poverty for measuring poverty.

(d)   None of the above.

113. The industrial sector faced the process of retrogression and deceleration during

(a)   1950-1965

(b)   1990-2005

(c)   1980- 1995

(d)   1965 -1980.

114. Find the tax which is direct tax among the following:

(a)   Personal income tax.

(b)   Excise duty

(c)   Sales tax

(d)   Service tax.

115. As a result of the New Industrial Policy,1991:

(a)   the public sector has been stripped off all its power.

(b)   the public sector has been given the commanding heights of the economy.

(c)   the public sector's portfolio will be reviewed with greater realism. The focus will be on   strategic high tech and essential infrastructure industries.

(d)   the public sector's management has been passed over to the private sector.

116.   In order to control credit:

(a)   CRR should be increased and Bank rate should be decreased.

(b)   CRR should be reduced and Bank rate should be reduced.

(c)   CRR should be increased and Bank rate should be increased.

(d)   CRR should be reduced and Bank rate should be increased.

PART II

117.   Under -------------------- market condition, firms make normal profits in the long run.

(a)   Perfect Competition

(b)   Monopoly

(c)   Oligopoly

(d)   None of the above.

118.   Larger production of ---------------------goods would lead to higher production in future.

(a)   Consumer goods.

(b)   Capital goods.

(c)   Agricultural goods.

(d)   Public goods.

119.   Consumer surplus means ---.

(a)   the area inside the budget line.

(b)   the area between the average revenue and marginal revenue curves.

(c)   the different between the maximum amount a person is willing to pay for a good and its market price.

(d)   none of the above.

120.   A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is ---------

(a)   zero.

(b)   infinite.

(c)   equal to one.

(d)   greater than zero but less than one.

121.   The average product of labour is maximized when marginal product of labour ------------.

(a)   equals the average product of labour.

(b)   equals zero.

(c)   is maximized.

(d)   none of the above.

122.   When _____ , we know that the firms are earning just normal profits.

(a)   AC = AR

(b)   MC = MR

(c)   MC = AC

(d)   AR = MR

123.   In a free market economy, when consumers increase their purchase of a good and the level of _____exceeds _____ then prices tend to rise.

(a)   demand, supply.

(b)   supply, demand

(c)   prices, demand

(d)   profits, supply.

124.   _____ is the apex bank for agriculture credit.

(a)   RBI

(b)   SIDBI

(c)   NABARD

(d)   ICICI

125.   India has the _____ largest scientific and technical manpower in the world.

(a)   fifth

(b)   tenth

(c)   eighth

(d)   second

126.   About _____ percent of the sick units in India are small units.

(a)   10 percent

(b)   5 percent

(c)   30 percent

(d)   98 percent.

127.   The Tenth Plan aims at achieving a growth rate of _____ in the industrial sector.

(a)   5 per cent

(b)   8 percent

(c)   10 percent

(d)   6 percent

128.   Nearly _____ percent of working population is engaged in the service sector.

(a)   23 percent

(b)   45 percent

(c)   80 percent

(d)   50 percent

129.   Service sector accounted for nearly _____ percent of exports (2004-05).

(a)   10 percent

(b)   20 percent

(c)   35 percent

(d)   80 percent

130   A situation of employment in which a person is apparently employed but his contribution to the production is almost nil is called _____ unemployment.

(a)   structural.

(b)   chronic.

(c)   disguised.

(d)   cyclical.

131.   _____ unemployment may result when some workers are temporarily out of work while changing job.

(a)   Cyclical.

(b)   Voluntary.

(c)   Frictional.

(d)   seasonal

132.   According to the Planning Commission, a person is said to be below poverty line, if he is earning less than _____ per capita per month for urban areas and less than ------------- per capita per month for rural areas.

(a)   Rs.2000; Rs.3000

(b)   Rs.500; Rs.1000

(c)   Rs.240; Rs.200

(d)   Rs.265; Rs.225

PART III

Read the following paragraph and answer questions 133-134.

In 1940, Hitler's air force bombed Rotterdam, a beautiful city in Holland. Twenty five thousand homes, 1200 factories, 69 schools and 13 hospitals were destroyed. Nearly 75,000 people became homeless and 1000 people died. 35 % of the port was gutted by the German army.

133. The above destruction would mean:

    (a)   A complete wipe off of the Production Possibilities Curve (PPC) of Rotterdam.

    (b)   An outward shift of the PPC of Rotterdam.

    (c)   An inward shift of the PPC of Rotterdam.

    (d)   A downward movement on the same PPC of Rotterdam.

134. If immediately after the war, Rotterdam rebuilt its port with the help of most up to date cranes, docks and cargo handling technology. By the end of the reconstruction, ships were loading and unloading faster and at lower cost than any where in the world. It became more efficient than it was before the destruction. This means:

    (a)   Rotterdam has come back to its original PPC.

    (b)   Rotterdam has shifted to a higher PPC.

    (c)   Rotterdam has shifted to a lower PPC.

    (d)   Nothing can be said.

Read the following figure and answer questions 135-137.

135. Which of the following represents the concept of trade-offs?

    (a)   A movement from point A to point B.

    (b)   A movement from point U to point C.

    (c)   Point W.

    (d)   Point U.
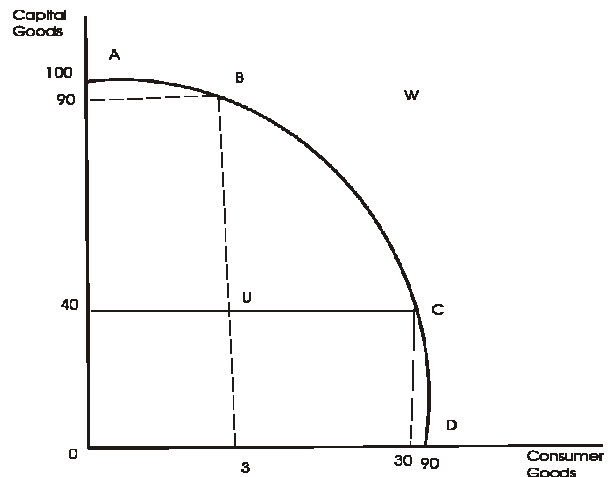
136. Which of the following would not move the PPF for this economy closer to point W?

    (a)   A decrease in the amount of unemployed labour resources.

    (b)   A shift in preferences toward greater capital formation.

    (c)   An improvement in the overall level of technology.

    (d)   An increase in the population growth rate.

137. Unemployment or underemployment of one or more resources is illustrated by production at point:

    (a)   A

    (b)   C.

    (c)   U

    (d)   W

PART IV

Use Table 1 to answer questions 138-140.

Output (O)	0	1	2	3	4	5	6
Total Cost (TC):	Rs.240	Rs.330	Rs.410	Rs.480	Rs.540	Rs.610	Rs.690

138. The average fixed cost of 2 units of output is :

    (a)   Rs.80

    (b)   Rs.85

    (c)   Rs.120

    (d)   Rs.205

139. The marginal cost of the sixth unit of output is:

    (a)   Rs.133

    (b)   Rs.75

    (c)   Rs.80

    (d)   Rs.450

140. Diminishing marginal returns starts to occur between units:

    (a)   2 and 3

    (b)   3 and 4

    (c)   4 and 5

    (d)   5 and 6

Table 2: Production Possibilities

Production possibilities	A	B	C	D	E	F
Good A	0	1	2	3	4	5
Good B	30	28	24	18	10	0

141. According to Table 2, the opportunity cost of increasing Good A's production from 2 to 4 units is equal to:

    (a)   10 units of B

    (b)   14 units of B

    (c)   24 units of B

    (d)   2 units of B.

142. According to Table 2, the opportunity cost of increasing one unit of Good B from 10 units to 18 units is:

    (a)   3 units of A.

    (b)   1 unit of A.

    (c)   0.125 units of A.

    (d)   0.5 units of A.

143. Given the data in Table 2, as one moves from successively from point A to point B, C, D, E and F, the opportunity cost of Good A:

    (a)   increases as more of good A is produced.

    (b)   decreases as more of good A is produced.

    (c)   remains constant.

    (d)   is always equal to one unit of B.

144. Suppose a department store has a sale on its silverware. If the price of a place-setting is reduced from Rs. 300 to Rs.200 and the quantity demanded increases from 3,000 place-settings to 5,000 place-settings, what is the price elasticity of demand for silverware?

    (a)   .8

    (b)   1.0

    (c)   1.25

    (d)   1.50

145. A discount store has a special offer on CDs. It reduces their price from Rs.150 to Rs.100. Suppose the store manager observes that the quantity demanded increases from 700 CDs to 1,300 CDs. What is the price elasticity of demand for CDs?

(a)   .8

(b)   1.0

(c)   1.25

(d)   1.50

146. If the local pizzeria raises the price of a medium pizza from Rs.60 to Rs.100 and quantity demanded falls from 700 pizzas a night to 100 pizzas a night, the price elasticity of demand for pizzas is:

(a)   .67

(b)   1.5

(c)   2.0

(d)   3.0

147. Suppose that a sole proprietorship is earning total revenues of Rs.100,000 and is incurring explicit costs of Rs.75,000. If the owner could work for another company for Rs.30,000 a year, we would conclude that:

(a)   the firm is incurring an economic loss.

(b)   implicit costs are Rs.25,000.

(c)   the total economic costs are Rs.100,000.

(d)   the individual is earning an economic profit of Rs.25,000.

Use Table 3 to answer questions 148-150.

Table 3

Hours of Labour	Total Output	Marginal Product
0	---	---
1	100	100
2	_____	80
3	240	_____

148. What is the total output when 2 hours of labour are employed?

(a)   80

(b)   100

(c)   180

(d)   200

149. What is the marginal product of the third hour of labour?

    (a)   60

    (b)   80

    (c)   100

    (d)   240

150. What is the average product of the first three hours of labour?

    (a)   60

    (b)   80

    (c)   100

    (d)   240

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Simple random sampling is very effective if

    (a)   The population is not very large.

    (b)   The population is not much heterogeneous.

    (c)   The population is partitioned into several sections.

    (d)   Both (a) and (b).

152. Which of the following pairs of events are mutually exclusive?

    (a)   A : The student reads in a school.   B : He studies Philosophy.

    (b)   A : Raju was born in India.   B : He is a fine Engineer.

    (c)   A : Ruma is 16 years old.   B : She is a good singer.

    (d)   A : Peter is under 15 years of age.   B : Peter is a voter of Kolkata.

153. Which of the following statements is untrue for tabulation?

    (a)   Statistical analysis of data requires tabulation.

    (b)   It facilitates comparison between rows and not columns.

    (c)   Complicated data can be presented.

    (d)   Diagrammatic representation of data requires tabulation.

154. For a moderately skewed distribution, which of he following relationship holds?

    (a)   Mean – Mode   = 3 (Mean – Median)

    (b)   Median – Mode   = 3 (Mean– Median)

    (c)   Mean – Median   = 3 (Mean – Mode)

    (d)   Mean – Median   = 3 (Median – Mode)

155. If two events A and B are independent, then $P(A \cap B)$

    (a)   Equals to P(A) + P(B).

(b) Equals to P(A)× P(B).

(c) Equals to P(A) × P(B/A).

(d) Equals to P(B) × P(A/B).

156. Regression analysis is concerned with

(a) Establishing a mathematical relationship between two variables.

(b) Measuring the extent of association between two variables.

(c) Predicting the value of the dependent variable for a given value of the independent variable.

(d) Both (a) and (c).

157. For a Poisson distribution,

(a) Mean and standard deviation are equal.

(b) Mean and variance are equal.

(c) Standard deviation and variance are equal.

(d) Both (a) and (b).

158. The best method to collect data in case of natural calamity is

(a) Personal interview.

(b) Telephone interview.

(c) Mailed questionnaire method.

(d) Indirect interview.

159. Sequence of periodic payments/ receipts regularly over a period of time is called

(a) Perpetuity.

(b) Annuity.

(c) Annuity regular.

(d) Annuity due.

160. Which of the following statements is true?

(a) Usually mean is the best measure of central tendency.

(b) Usually median is the best measure of central tendency.

(c) Usually mode is the best measure of central tendency.

(d) Normally, GM is the best measure of central tendency.

PART II

161. _____ distribution is symmetrical when p = 0.5.

(a) Chi- square

(b) Population

(c) Poisson

(d) Binomial

162. log 32/4 is equal to _____.

(a) log 32/log4

(b) log 32 – log4

(c) 2^3

(d) None of these

163. If _____, the roots are real and equal.

(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 $12x^2$ and $27y^2$.

(a) 18xy

(b) 81 xy

(c) 8 xy

(d) 19.5 xy

165. The letters of the words CALCUTTA and AMERICA are arranged in all possible ways. The ratio of the number of these arrangement is _____.

(a) 1: 2

(b) 2:1

(c) 1:1

(d) 1.5:1

166. The 7th term of the series 6, 12, 24......is_____.

(a) 384

(b) 834

(c) 438

(d) 854

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

(a) Correlated

(b)   Positive correlated

(c)   Negative correlated

(d)   Uncorrelated

168.   If two letters are taken at random from the word HOME , _____ is the probability that none of the letters would be vowels.

(a)   1/6

(b)   1/2

(c)   1/3

(d)   1/4

169.   In _____ years a sum will double at 5% p.a. compound interest.

(a)   15 years 3 months

(b)   14 years 2 months

(c)   14 years 3 months

(d)   15 years 2 months

170.   When the data are classified in respect of successive time points, they are known as_____.

(a)   Chronological data

(b)   Geographical data

(c)   Ordinal data

(d)   Cordinal data

PART III

171. $\lim\limits_{x \to -2} \dfrac{x^2 - 4}{x + 2}$ is equal to

(a)   4

(b)   −4

(c)   does not exist

(d)   None of these

172.   The derivative of $y = \sqrt{x+1}$ is

(a) $1 / \sqrt{x+1}$

(b) $-1 / \sqrt{x+1}$

(c) $1/2 \ \sqrt{x+1}$

(d) None of these

173. $\int \log x \, dx$ is equal to

(a) x logx

(b) x logx $- x^2 + k$

(c) x logx $+ k$

(d) None of these

174. If g(x) = x$-$1/x, g($-$½) is

(a) 1

(b) 2

(c) 3/2

(d) 3

175. The sum of first *n* natural number

(a) (n/2) (n+1)

(b) (n/6) (n+1) (2n+1)

(c) [(n/2) (n+1)]^2

(d) None of these.

176. Chain index is equal to

(a) $\dfrac{\text{link relative of current year} \times \text{chain index of the current year}}{100}$

(b) $\dfrac{\text{link relative of previous year} \times \text{chain index of the current year}}{100}$

(c) $\dfrac{\text{link relative of current year} \times \text{chain index of the previous year}}{100}$

(d) $\dfrac{\text{link relative of previous year} \times \text{chain index of the previous year}}{100}$

177. If from a population with 25 members, a random sample without replacement of 2 members is taken, the number of all such samples is

(a) 300

(b) 625

(c) 50

(d) 600

178. If A = Rs. 1000, n = 2 years, R = 6% p.a compound interest payable half-yearly then

principal (P) is

(a)   Rs. 888.80

(b)   Rs. 880

(c)   800

(d)   None of these

179. There are 10 trains plying between Calcutta and Delhi. The number of ways in which a person can go from Calcutta to Delhi and return by a different train is

(a)   99

(b)   90

(c)   80

(d)   None of these.

180. Every person shakes hands with each other in a party and the total number of hand shakes is 66. The number of guests in the party is

(a)   11

(b)   12

(c)   13

(d)   14

181. The sum of a certain number of terms of an AP series –8, –6, –4, …… is 52. The number of terms is

(a)   12

(b)   13

(c)   11

(d)   None of these.

182. If you save 1 paise today, 2 paise the next day 4 paise the succeeding day and so on, then your total savings in two weeks will be

(a)   Rs. 163

(b)   Rs. 183

(c)   Rs. 163.83

(d)   None of these.

183. If the set P has 3 elements, Q four and R two then the set P×Q×R contains

(a)   9 elements.

(b)   20 elements.

(c)   24 elements.

(d)   None of these.

184. A function f(x) is defined by f(x) = (x–2)+1 over all real values of x. now f(x) is

    (a)   Continuous at x = 2

    (b)   Discontinuous at x = 2

    (c)   Undefined at x = 2

    (d)   None of these.

185. The number of accidents for seven days in a locality are given below :

No. of accidents	:	0	1	2	3	4	5	6
Frequency	:	15	19	22	31	9	3	2

    What is the number of cases when 3 or less accidents occurred?

    (a)   56

    (b)   6

    (c)   68

    (d)   87

186. On the average experienced person does 5 units of work while a fresh one 3 units of work daily but the employer has to maintain an output of at least 30 units of work per day. This situation can be expressed as

    (a) $5x + 3y \leq 30$

    (b) $5x + 3y > 30$

    (c) $5x + 3y \geq 30$

    (d)   None of these

187. The mean salary for a group of 40 female workers is 5200 per month and that for a group of 60 male workers is 6800 per month . What is the combined mean salary?

    (a)   6500

    (b)   6200

    (c)   6160

    (d)   6100

188. The standard deviation of, 10, 16, 10, 16, 10, 10, 16, 16 is

    (a)   4

    (b)   6

    (c)   3

    (d)   0

189. A bag contains 15 one rupee coins, 25 two rupee coins and 10 five rupee coins. If a coin is selected at random from the bag, then the probability of not selecting a one

rupee coin is

    (a)   0.30

    (b)   0.70

    (c)   0.25

    (d)   0.20

190. If a card is drawn at random from a pack of 52 cards, what is the chance of getting a Spade or an ace?

    (a)   4/13

    (b)   5/13

    (c)   0.25

    (d)   0.20

191. The quartile deviation of a normal distribution with mean 10 and SD 4 is

    (a)   0.675.

    (b)   67.50 .

    (c)   2.70.

    (d)   3.20.

192. If there are 3 observations 15, 20, 25 then the sum of deviation of the observations from their AM is

    (a)   0

    (b)   5

    (c)   −5

    (d)   None of these.

193. $\int e^{ax} \, dx$

    (a) e^{x}

    (b) e^{ax} / a

    (c)   log x

    (d) e^{ax}

194. $\dfrac{d}{dx} (a^{x})$

    (a) $a^{x} \log_{e} a$

    (b)   log x

    (c) e^{ax}

(d)   ae ^{ax}

195. Five times of a positive whole number is 3 less than twice the square of the number. The number is

(a)   3

(b)   4

(c)   −3

(d)   2

196. If the profits of a company remains the same for the last ten months, then the standard deviation of profits for these ten months would be ?

(a)   Positive

(b)   Negative

(c)   Zero

(d)   (a) or (c)

197. The mean of a binomial distribution with parameter n and p is

(a) $n(1-p)$.

(b) $np(1-p)$.

(c) np.

(d) $\sqrt{np(1-p)}$.

198. The total area of the normal curve is

(a)   One.

(b)   50 per cent.

(c)   0.50.

(d)   Any value between 0 and 1.

199. What is the present value of Re.1 to be received after two years compounded annually at 10% ?

(a)   0.73

(b)   0.83

(c)   0.93

(d)   None of these.

200. The sum of the series 9, 5, 1,.... to 100 terms is

(a)   −18900

(b)   18900

(c)   19900

(d)   None of these.

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-2/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate options and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

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. Revenue from sale of products, is generally, realized in the period in which
   (a) Cash is collected.
   (b) Sale is made.
   (c) Products are manufactured.
   (d) None of the above.

3. The determination of expenses for an accounting period is based on the principle of
   (a) Objectivity.
   (b) Materiality.
   (c) Matching.
   (d) Periodicity.

4. It is essential to standardize the accounting principles and policies in order to ensure
   (a) Transparency.
   (b) Consistency.
   (c) Comparability.
   (d) All of the above.

5. Change in accounting estimate means
   (a) Differences arising between certain parameters estimated earlier and re-estimated during the current period.
   (b) Differences arising between certain parameters estimated earlier and actual results achieved during the current period.
   (c) Differences arising between certain parameters re-estimated during the current period and actual results achieved during the current period.
   (d) Both (a) and (b).

6. Which account is the odd one out?
   (a) Office Furniture & Equipment.
   (b) Freehold Land and Buildings.
   (c) Stock of raw materials.
   (d) Plant and Machinery.

7. In Double Entry System of Book-keeping every business transaction affects:
   (a) Two accounts.
   (b) Two sides of the same account.
   (c) The same account on two different dates.
   (d) All of the above.

8. Which of the following types of information are found in subsidiary ledgers, but not in the general ledger?

   (a) Total cost of goods sold for the period.

   (b) The quantity of a particular product sold during the period.

   (c) The amount owed to a particular creditor.

   (d) The portion of total current assets that consist of cash.

9. Contra entries are passed only when

   (a) Double column cash book is prepared

   (b) Three-column cash book is prepared

   (c) Simple cash book is prepared

   (d) None of the above

10. The preparation of a trial balance is for:

   (a) Locating errors of commission;

   (b) Locating errors of principle;

   (c) Locating clerical errors.

   (d) All of the above

PART II

11. 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

12. When preparing a Bank Reconciliation Statement, if you start with a debit balance as per the Cash Book, then cheques issued but not presented within the period are _____

   (a) Added

   (b) Deducted

   (c) Not required to be adjusted

   (d) None of the above.

13. Under inflationary conditions, _____ method will show highest value of closing stock?

   (a) FIFO

(b) LIFO

(c) Weighted Average

(d) None of the above

14. In the case of downward revaluation of an asset, which is for the first time revalued, _____ account is debited.

(a) Fixed Asset

(b) Revaluation Reserve

(c) Profit & Loss account

(d) General Reserve

15. The portion of the acquisition cost of the asset, yet to be allocated is known as _____

(a) Written down value

(b) Accumulated value

(c) Realisable value

(d) Salvage value

16. If a concern proposes to discontinue its business from March 2005 and decides to dispose off all its assets within a period of 4 months, the Balance Sheet as on March 31, 2005 should indicate the assets at their _____

(a) Historical cost

(b) Net realizable value

(c) Cost less depreciation

(d) Cost price or market value, whichever is lower

17. The balance of the petty cash is _____

(a) an expense,

(b) income,

(c) an asset.

(d) liability

18. Sales for the year ended 31st March, 2005 amounted to Rs. 10,00,000. Sales included goods sold to Mr. A for Rs. 50,000 at a profit of 20% on cost. Such goods are still lying in the godown at the buyer's risk. Therefore, such goods should be treated as part of

(a) Sales.

(b) Closing stock.

(c) Goods in transit.

(d)   Sales return.

19.   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 _____ percentage per annum.

(a)   7.

(b)   4.

(c)   6.

(d)   12.

20.   If del-credere commission is allowed for bad debt, consignee will debit the bad debt amount to:

(a)   Commission Earned A/c

(b)   Consignor A/c

(c)   Debtors A/c

(d)   General Trading A/c

PART III

21.   Mr. A purchased a machinery costing Rs. 1,00,000 on 1st October, 2005. 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 the machine was estimated at Rs. 1,20,000 on 31st March 2006. While finalising the annual accounts, A values the machinery at Rs. 1,20,000 in his books.

Which of the following concepts was violated by A?

(a)   Cost concept

(b)   Matching concept

(c)   Realisation concept

(d)   Periodicity concept.

22.   Mohan purchased goods for Rs.15,00,000 and sold 4/5th of the goods amounting Rs.18,00,000 and paid expenses amounting Rs.2,70,000 during the year, 2005. He paid Rs. 5000 for an electricity bill of Dec. 2004 and advance salaries amounting Rs. 15,000 was paid for the month of Jan. 2006. He counted net profit as Rs.3,50,000.

The profit calculated by him is correct according to

(a)   Entity concept.

(b)   Periodicity concept.

(c)   Matching concept.

(d)   Conservatism concept.

PART IV

23.   W Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be

(a)   Rs.40,000

(b)   Rs.10,000

(c)   Rs.20,000

(d)   Rs.8,000

24.   S Ltd. issued 2,000, 10% Preference shares of Rs.100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 Equity Shares of Rs.100 each at a premium of 20% per share. At the time of redemption of Preference Shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be

(a)   Rs.50,000

(b)   Rs.40,000

(c)   Rs.2,00,000

(d)   Rs.2,20,000

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

(a)   6,000 shares

(b)   7,500 shares

(c)   9,375 shares

(d)   5,625 shares

26.   The following information pertains to X Ltd.:

Equity share capital called up	Rs.5,00,000
Calls in arrear	Rs. 40,000
Calls in advance	Rs. 25,000
Proposed dividend	15%

The amount of dividend payable will be

(a)   Rs.75,000

(b)   Rs.72,750

(c)   Rs.71,250

(d) Rs.69,000

27. The subscribed share capital of S Ltd. is Rs.80,00,000 of Rs.100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares. The calls in arrear amounted to Rs.62,500. The final call on share will be

(a) Rs.25

(b) Rs.7.80

(c) Rs.20

(d) Rs.62.50

28. A Company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark up on cost, which will achieve the required profit margin?

(a) 33%.

(b) 25%.

(c) 20%.

(d) None of the above.

29. A, B and C are the partners sharing profits and losses in the ratio of 5:3:2, took a joint life policy of Rs. 30,000. On the death of B what amount will be payable to each partner.

(a) A – Rs. 22,000 and B – Rs. 8,000.

(b) A – Rs. 14,000 and B – Rs. 16,000.

(c) A – Rs. 15,000, B – Rs. 9,000 and C – Rs. 6,000.

(d) A – Rs. 10,000, B – Rs. 8,000 and C – Rs. 10,000.

30. A, B and C were partners in a firm sharing profits and losses in the ratio of 2:2:1 respectively with the capital balance of Rs. 50,000 for A and B, for C Rs. 25,000. B declared to retire from the firm and balance in reserve on the date was Rs. 15,000. If goodwill of the firm was valued as Rs. 30,000 and profit on revaluation was Rs. 7,050 then what amount will be transferred to the loan account of C?

(a) Rs. 70,820.

(b) Rs. 50,820.

(c) Rs. 25,820.

(d) Rs. 58,820.

31. A and B, who share profits and losses in the ratio of 3:2 has the following balances: Capital of A Rs. 50,000; Capital of B Rs. 30,000; Reserve Fund Rs. 15,000. They admit C as a partner, who contributes to the firm Rs. 25,000 for 1/6th share in the partnership. If C is to purchase 1/6th share in the partnership from the existing partners A and B in the ratio of 3:2 for Rs. 25,000, find closing capital of C.

(a)   Rs. 25,000.

(b)   Rs. 19,000.

(c)   Rs. 20,000.

(d)   Rs. 18,000.

32.   P and Q are partners sharing Profits in the ratio of 2:1. R is admitted to the partnership with effect from 1st April on the term that he will bring Rs. 20,000 as his capital for 1/4th share and pays Rs. 9,000 for goodwill, half of which is to be withdrawn by P and Q. How much cash can P & Q withdraw from the firm (if any)?

(a)   3,000:1,500.

(b)   6,000:3,000.

(c)   NIL.

(d)   None of the above.

33.   A and B are partners sharing profits in the ratio 5:3, they admitted C giving him 3/10th share of profit. If C acquires 1/5th share from A and 1/10th from B, new profit sharing ratio will be:

(a)   5:6:3.

(b)   2:4:6.

(c)   18:24:38.

(d)   17:11:12

34.   A, B and C are equal partners. D is admitted to the firm for one-fourth share. D brings Rs. 20,000 capital and Rs. 5,000 being half of the premium for goodwill. The value of goodwill of the firm is

(a)   Rs. 10,000

(b)   Rs. 40,000.

(c)   Rs. 20,000.

(d)   None of the above.

35.   A and B are partners with capitals of Rs. 10,000 and Rs. 20,000 respectively and sharing profits equally. They admitted C as their third partner with one-fourth profits of the firm on the payment of Rs. 12,000. The amount of hidden goodwill is:

(a)   6,000.

(b)   10,000.

(c)   8,000.

(d)   None of the above.

36. A & B are partners sharing profits and losses in the ratio 5:3. On admission C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B and C are 7:5:4. Find the scarificing ratio as A:B

    (a)   3:1.

    (b)   4:7.

    (c)   5:4.

    (d)   2:1.

37. Bill and Monica are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing any interest on capital. Profits apportioned among Bill and Monica is:

    (a)   4,680 and 3,120.

    (b)   4,800 and 3,000.

    (c)   5,000 and 2,800.

    (d)   None of the above.

38. A merchant sends out his goods casually to his dealers on approval basis. All such transactions are, however, recorded as actual sales and are passed through the sales book. On 31-12-2005, it was found that 100 articles at a sale price of 200 each sent on approval basis were recorded as actual sales at that price. The sale price was made at cost *plus* 25%. The amount of stock on approval will be amounting

    (a)   Rs.16,000.

    (b)   Rs. 20,000.

    (c)   Rs. 15,000.

    (d)   None of the above.

39. On 16.6.05 X draws a bill on Y for Rs 25,000 for 30 days. 19th July is a public holiday, due date of the bill will be:

    (a)   19th July

    (b)   18th July

    (c)   17th July

    (d)   16th July

40. Mr Bobby sold goods worth Rs 25,000 to Mr Bonny. Bonny immediately accepted a bill on 1.11.01, payable after 2 months. Bobby discounted this bill @ 18% p.a. on 15.11.01. On the due date Bonny failed to discharge the bill. Later on Bonny became insolvent and 50 paise is recovered from Bonny's estate. How much amount of bad debt will be recorded in the books of Bobby?

    (a)   12,500

(b)   9,437

(c)   11,687

(d)   13,650

41.   Ram's acceptance to Din for Rs 8,000 renewed at 3 months on the condition that Rs 4,000 be paid in cash immediately and the remaining amount will carry interest @ 12% p.a. The amount of interest will be:

(a)   120

(b)   80

(c)   90

(d)   160

42.   A draws a bill on B for Rs. 30,000. A wants to endorse it to C in settlement of Rs. 35,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to B?

(a)   4,300

(b)   4,000

(c)   4,100

(d)   5,000

43.   A drew a bill on B for Rs. 50,000 for 3 months. Proceeds are to be shared equally. A got the bill discounted at 12% p.a. and remits required proceeds to B. The amount of such remittance will be:

(a)   24,250

(b)   25,000

(c)   16,167

(d)   32,333

44.   A and B enter into a joint venture to underwrite the shares of K Ltd. K Ltd make an equity issue of 100000 equity shares of Rs 10 each. 80% of the issue are subscribed by the party. The profit sharing ratio between A and B is 3:2. The balance shares not subscribed by the public, purchased by A and B in profit sharing ratio. How many shares to be purchased by A?

(a)   80000 shares

(b)   72000 shares

(c)   12000 shares

(d)   8000 shares

45. R and M entered into a joint venture to purchase and sell new year gifts. They agreed to share the profit and losses equally. R purchased goods worth Rs 1,00,000 and spent Rs 10,000 in sending the goods to M. He also paid Rs 5,000 for insurance. M spent Rs 10,000 as selling expenses and sold goods for Rs.2,00,000. Remaining goods were taken over by him at Rs 5,000. Find out profit on venture.

    (a)   Rs.70,000

    (b)   Rs.75,000

    (c)   Rs.80,000

    (d)   Rs.85,000

46. A purchased goods costing 2,00,000, B sold 4/5th of the goods for Rs 2,50,000. Balance goods were taken over by B at cost less 20%. If a same set of books is maintained, find out profit on venture.

    (a)   Rs. 82000

    (b)   Rs .90000

    (c)   Rs. 50000

    (d)   None

47. If unsold goods costing Rs 20000 is taken over by Venturer at Rs 15000, the Joint Venture A/c will be credited by:

    (a)   Rs.20000

    (b)   Rs.15000

    (c)   Rs.5,000l

    (d)   Nil

48. X of Kolkata sends out goods costing Rs 1,00,000 to Y of Delhi. 3/5th of the goods were sold by consignee for Rs 70,000. Commission 2% on sales plus 20% of gross sales less all commission exceeds cost price. The amount of Commission will be:

    (a)   Rs.2833

    (b)   Rs.2900

    (b)   Rs.3000

    (d)   Rs.2800

49. Rahim of Kolkata sends out 1000 boxes to Ram of Delhi costing Rs 100 each at an Invoice Price of Rs 120 each. Goods send out on consignment to be credited in general trading account will be:

    (a)   Rs.1,00,000

    (b)   Rs.1,20,000

    (c)   Rs.20,000

(d)   None

50.   Goods sent out on consignment Rs.2,00,000. Consignor's expenses Rs.5,000. Consignee's expenses Rs.2000. Cash sales Rs.1,00,000, credit sales Rs.1,10,000. Consignment stock Rs.40,000. Ordinary commission payable to consignee Rs.3,000. Del-credere commission Rs.2000. The amount irrecoverable from customer Rs.2,000. What will be the profit on consignment?

(a)   Rs.38,000

(b)   Rs.40,000

(c)   Rs.36,000

(d)   Rs.43,000

51.   A of Kolkata sends out 500 boxes to B of Delhi costing Rs 200 each. Consignor's expenses Rs 5000. 1/5th of the boxes were still in transit. 3/4th of the goods received by consignee, were sold. The amount of goods still in transit will be:

(a)   Rs.20,000

(b)   Rs.21,000

(c)   Rs.21,200

(d)   None

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

(a)   Rs. 30,000.

(b)   Rs. 90,000.

(c)   Rs. 3,40,000.

(d)   Rs. 60,000

53.   If sales are Rs. 2,000 and the rate of gross profit on cost of goods sold is 25%, then the cost of goods sold will be

(a)   Rs. 2,000.

(b)   Rs. 1,500.

(c)   Rs. 1,600.

(d)   None of the above.

54.   Amit Ltd. purchased a machine on 01.01.2003 for Rs 1,20,000. Installation expenses were Rs 10,000. Residual value after 5 years Rs 5,000. On 01.07.2003, expenses for repairs were incurred to the extent of Rs 2,000. Depreciation is provided under straight line method. Depreciation rate is 10%. Annual Depreciation will be

(a)   Rs.13,000

(b)   Rs.17,000

(c) Rs.21,000

(d) Rs.25,000

55. In the books of D Ltd. the machinery account shows a debit balance of Rs.60,000 as on April 1,2003.The machinery was sold on September 30, 2004 for Rs.30,000. The company charges depreciation @ 20% p.a. on diminishing balance method. Profit / Loss on sale will be

(a) 13,200 Profit

(b) 13,200 loss

(c) 6,800 profit

(d) 6,800 loss

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

(a) Rs.4,00,000

(b) Rs.3,00,000

(c) Rs.2,25,000

(d) Rs.2,60,000.

57. Consider the following data pertaining to H Ltd. for the month of March 2005:

Particulars	As on March 01, 2005 (Rs.)	As on March 31, 2005 (Rs.)
Stock	1,80,000	90,000

The company made purchases amounting Rs. 3,30,000 on credit. During the month of March 2005, the company paid a sum of Rs.3,50,000 to the suppliers. The goods are sold at 25% above the cost. The sales for the month of March 2005 were

(a) Rs.4,12,500

(b) Rs.5,25,000

(c) Rs.90,000

(d) Rs.3,15,000.

58. When preparing a Bank Reconciliation Statement, if you start with a debit balance as per the Cash Book, cheques issued but not presented within the period should be:

(a) Added

(b) Deducted

(c) Not required to be adjusted

(d)   None of the above.

59.   Rs. 200 paid as wages for erecting a machine should be debited to

(a)   Repair account.

(b)   Machine account.

(c)   Capital account.

(d)   Furniture account

60.   Rs. 2,500 spent on the overhaul of machines purchased second-hand is

(a)   capital expenditure

(b)   revenue expenditure

(c)   deferred revenue expenditure

(d)   None of the above

SECTION – B: MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61.   The law of contract in India is contained in

    (a)   Indian Contract Act, 1862

    (b)   Indian Contract Act, 1962

    (c)   Indian Contract Act, 1872

    (d)   Indian Contract Act, 1972

62.   A void agreement is one which is

    (a)   Valid but not enforceable

    (b)   Enforceable at the option of both the parties.

    (c)   Enforceable at the option of one party

    (d)   Not enforceable in a court of law.

63.   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.

64.   A proposal when accepted becomes a

    (a)   Promise.

    (b)   Contract.

    (c)   Offer.

    (d)   Acceptance.

65.   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.

66. 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 is usually of an unsound mind cannot enter into contract even when he is of a sound mind.

(d) A person who is usually of a sound mind cannot enter into contract when he is of unsound mind.

67. Which of the following statement is true?

(a) A threat to commit suicide does not amount to coercion.

(b) Undue influence involves use of physical pressure.

(c) Ignorance of law is no excuse.

(d) Silence always amounts to fraud.

68. 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.

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. The Sale of Goods Act, 1930 deals with

(a) sale

(b) mortgage.

(c) pledge.

(d) all of the above.

71. Which one of the following is/are document of title to goods?

(a) railway receipt.

(b)   wharfinger's certificate.

(c)   warehouse keeper's certificate.

(d)   all of the above

72.   Which one of the following is not true?

(a)   Document showing title is different from document of title.

(b)   Bill of lading is a document of title to goods.

(c)   Specific goods can be identified and agreed upon at the time of the contract of Sale.

(d)   None of the above.

73.   In which form of the contract, the property in the goods passes to the buyer immediately:

(a)   agreement to sell.

(b)   hire purchase.

(c)   sale

(d)   installment to sell.

74.   Which one of the following is not an implied warranty?

(a)   Warranty as to undisturbed possession.

(b)   Warranty as to existence of encumbrance.

(c)   Disclosure of dangerous nature of goods.

(d)   Warranty as to quality or fitness by usage of trade.

75.   A firm is the name of:

(a)   The Partners

(b)   The minors in the firm.

(c)   The business under which the firm carries on business

(d)   The collective name under which it caries on business.

76.   A partnership at will is one:

(a)   which does not have any deed

(b)   which does not have any partner

(c)   which does not provide for how long the business will continue

(d)   which cannot be dissolved.

77.   Every partner has the right to:

(a)   Take part in the business of the firm

(b)   To share exclusive profits

(c)   To use the property of the firm for personal purposes

(d)   Pay taxes

78.   Which of the following is not disability of an unregistered firm?

(a)   It cannot file a suit against third parties

(b)   Its partners cannot file a suit against a firm.

(c)   It cannot claim a set-off exceeding Rs. 100.

(d)   It cannot be sued by a third party.

79.   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.

PART II

80.   In case of illegal agreements, the collateral agreements are _____ .

(a)   Valid.

(b)   Void.

(c)   Voidable.

(d)   None of these.

81.   Consent is not said to be free when it is caused by _____

(a)   Coercion.

(b)   Undue Influence.

(c)   Fraud.

(d)   All of these.

82.   Moral pressure is involved in the case of _____

(a)   Coercion.

(b)   Undue Influence.

(c)   Misrepresentation.

(d)   Fraud.

83.   Sometimes, a party is entitled to claim compensation in proportion to the work done by

him. It is possible by a suit for _____

(a)   damages

(b)   injunction

(c)   quantum meruit

(d)   none of these.

84.   A contract dependent on the happening or non-happening of future uncertain event, is a _____

(a)   Uncertain contract.

(b)   Contingent contract.

(c)   Void contract.

(d)   Voidable contract.

85.   A agrees to pay Rs. One lakh to B if he brings on earth a star from sky. This is a contingent contract and _____.

(a)   Illegal

(b)   Valid

(c)   Voidable

(d)   Void.

86.   As a general rule, an agreement made without consideration is _____

(a)   void

(b)   voidable

(c)   valid

(d)   unlawful

87.   An agreement made with free consent to which the consideration is lawful but inadequate, is _____.

(a)   void

(b)   valid

(c)   voidable

(d)   unlawful

88.   A contract with the minor, which is beneficial for him, is _____

(a)   void ab initio

(b)   voidable

(c)   valid

(d)   illegal

89. 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.

90. 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.

91. If a seller handed over the keys of a warehouse containing the goods to the buyer results in _____

    (a)   constructive delivery

    (b)   actual delivery

    (c)   symbolic delivery

    (d)   none of the above

92. A agrees to deliver his old car valued at Rs. 80,000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash it is _____

    (a)   Contract of sale.

    (b)   Agreement to sell.

    (c)   Exchange.

    (d)   Barter.

93. A contact for the sale of goods which provide that the property would pass to the buyer on full payment of price and execution of sale deed, is known as _____

    (a)   sale

    (b)   agreement to Sell

    (c)   hire-purchase Agreement

    (d)   sale of approval

94. Voluntary transfer of possession by one person to another is popularly known as _____

    (a)   Transfer.

(b)   Possession.

(c)   Delivery.

(d)   None of the above.

95.   A partner can be expelled if _____

(a)   Such expulsion is in good faith

(b)   The majority of the partner agree on such expulsion

(c)   The expelled partner is given an opportunity to start a business competing with that of the firm

(d)   Compensation is paid

96.   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.

97.   A partner may retire from an existing firm _____

(a)   with consent of all partners

(b)   as per express agreement

(c)   by written notice in partnership at will

(d)   all of the above.

98.   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.

PART III

99.   Ram, Rohit and Kiran jointly borrowed Rs.2,00,000 from Rahim by executing a promissory note. Rohit and Kiran are not traceable. Rahim wants to recover the entire amount from Ram. Ram objected this move by saying he is liable to pay 1/3 of the debt only. Which of the following statement(s) is correct?

(a)   Rahim can recover the entire amount from Ram.

(b)   Rahim can only recover 1/3 of Rs.2,00,000 from Ram.

(c)   Rahim cannot recover any amount from Ram.

(d) The promissory note is not executable against Ram as Rohit and Kiran are not traceable.

100. X agrees with Y to carry passengers by taxi from Delhi to Gurgaon on the following terms, namely, Y is to pay X Rs. 100 per mile per annum, and X and Y 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 correct alternative.

(a) X and Y are partners

(b) X and Y are cab owners

(c) X and Y are co-owners

(d) Can't be decided.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101 Which of the following statements would you consider to be a normative one?

    (a)   Faster economic growth should result if an economy has a higher level of investment.

    (b)   Changing the level of interest rates is a better way of managing the economy than using taxation and government expenditure.

    (c)   Higher levels of unemployment will lead to higher levels of inflation.

    (d)   The average level of growth in the economy was faster in the 1990s than the 1980s.

102. Consider the following and decide which, if any, economy is without scarcity:

    (a)   The pre-independence 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.

103. The economic analysis expects the consumer to behave in a manner which is:

    (a)   Rational

    (b)   Irrational

    (c)   Emotional

    (d)   Indifferent.

104. After reaching the saturation point, consumption of additional units of the commodity cause:

    (a)   Total utility to fall and marginal utility to increase.

    (b)   Total utility and marginal utility both to increase.

(c)   Total utility to fall and marginal utility to become negative.

(d)   Total utility to become negative and marginal utility to fall.

105.   Consumer surplus is highest in the case of:

(a)   Necessities.

(b)   Luxuries.

(c)   Comforts.

(d)   Conventional necessities.

106.   If one unit of labour and one unit of capital give 200 units of output, two units of labour and two units of capital give 400 units of output and 5 units of labour and five units of capital give 1000 units of output then this is a case of:

(a)   Constant returns to scale.

(b)   Increasing returns to scale.

(c)   Decreasing returns to scale.

(d)   None of these.

107.   The vertical difference between TVC and TC is equal to:

(a)   MC.

(b)   AVC.

(c)   TFC.

(d)   None of these.

108.   Price taker firms:

(a)   Advertise to increase the demand for their products.

(b)   Do not advertise because most advertising is harmful for the society.

(c)   Do not advertise because they can sell as much as they want at the current price.

(d)   Who advertise will get more profits than those who do not.

109.   The AR curve and industry demand curve are same:

(a)   In the case of monopoly.

(b)   In the case of oligopoly.

(c)   In the case of perfect competition.

(d)   None of the above.

110.   Which of the following is not, by definition, equal to National Income?

(a)   National product

(b)   National expenditure

    (c)   National output

    (d)   National wealth

111. Which of the following is not an objective of Fiscal policy?

    (a)   Economic growth

    (b)   Economic stability

    (c)   Maximization of employment level

    (d)   Regulating of financial institutions

112. The main objective of the World Trade Organisation is to secure among others:

    (a)   A general agreement among common market countries on technical training and mutual prices of traded goods.

    (b)   The maintenance of intellectual property rights and patent rights of member countries.

    (c)   An improvement in the USA's terms of trade in the next decade.

    (d)   A reduction in tariffs through negotiation, elimination of import quotas and globalization of international trade.

113. Which one of the following is the best example of agreement between oligopolists?

    (a)   GATT

    (b)   OPEC

    (c)   WTO

    (d)   UNIDO

114. Which of the following concepts of Budget deficit has become practically redundant in India?

    (a)   Fiscal deficit

    (b)   Budgetary deficit

    (c)   Primary deficit

    (d)   Revenue deficit

115. Birth rate and Death rate are measured as per:

    (a)   100 population

    (b)   1000 population

    (c)   10000 population

    (d)   100000 population

116. Money includes:

    (a)   Currencies and demand deposits.

(b) Bonds, government securities.

(c) Equity shares.

(d) All of the above.

PART II

117. ------------------------------ pair of commodities is an example of substitutes.

(a) Coffee and milk

(b) Diamond and cow

(c) Pen and ink

(d) Mustard oil and coconut oil

118. When the price of a substitute of X commodity falls, the demand for X ----------------.

(a) Rises

(b) Falls

(c) Remains unchanged

(d) Any of the above.

119. Marginal utility approach to demand was given by --------------------------------.

(a) J.R. Hicks

(b) Alfred Marshall

(c) Robbins

(d) A C Pigou

120. While analyzing Marshall's measure of consumer's surplus one assumes -----------------.

(a) Imperfect competition

(b) Perfect competition

(c) Monopoly

(d) Monopsony

121. The law of variable proportions come into being when --------------------------.

(a) There are only two variable factors.

(b) There is a fixed factor and a variable factor.

(c) All factors are variable.

(d) Variable factors yield less.

122. -------------- is an implicit cost of production.

(a) Wages of the labour.

(b) Charges for electricity.

(c)   Interest on owned money capital.

(d)   Payment for raw material.

123. Excess capacity is not found under ------------------.

(a)   Monopoly

(b)   Monopolistic competition

(c)   Perfect competition.

(d)   Oligopoly.

124. Stagflation means ----------------------.

(a)   Inflation with recession

(b)   Recession with stagnation

(c)   Inflation galloping like a stag

(d)   Inflation and increasing output.

125. ------------- is not a direct tax.

(a)   Income tax

(b)   Wealth tax

(c)   Expenditure tax

(d)   Entertainment tax

126. ---------------------- has been founded to act as permanent watchdog on the international trade.

(a)   IBRD

(b)   ADB

(c)   WTO

(d)   IMF

127. _____measure usually gives the lowest estimate of unemployment especially for poor economy.

(a)   Usual status

(b)   Current weekly status

(c)   Current daily status

(d)   Current yearly status

128. The average profit is the difference between ---------------------.

(a)   AC and TC

(b)   AC and VC.

    (c)   AC and AR

    (d)   AC and TR

129. At the point of inflexion, the marginal product is ----------------------.

    (a)   Increasing

    (b)   Decreasing

    (c)   Maximum

    (d)   Negative

130 . Marginal revenue will be negative if elasticity of demand is -----------------.

    (a)   Less than one.

    (b)   More than one.

    (c)   Equal to one.

    (d)   Equal to zero.

131.   If the railways are making losses on passenger traffic they should lower their fares. The suggested remedy would only work if the demand for rail travel had a price elasticity of --------------

    (a)   Zero

    (b)   Greater than zero but less than one.

    (c)   One

    (d)   Greater than one

132. If R point bisects the demand curve in two equal parts, then elasticity at R equals ---------------.

    (a)   Zero

    (b)   Five

    (c)   Two

    (d)   One

PART III

The following data give 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 points 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 is 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.

Read the following paragraph and answer questions 136 to 137.

In the Monetary Policy announced for the year 2006-07 the following announcements have been made - Bank Rate, Repo Rate, Reverse Repo Rate and Cash Reserve Ratio have been kept unchanged at their present levels of 6 per cent, 6.5 per cent, 5.5 per cent and 5 per cent respectively. These have been kept unchanged as liquidity pressure seen during the last 4 months of 2005-06 have eased off considerably.

136. What is Bank Rate?

    (a)   The rate of interest charged by public sector banks from the general public.

    (b)   The rate of interest on housing loans.

    (c)   The rate of interest on educational loan.

    (d)   The rate at which the RBI discounts the bills of commercial banks.

137. In the given paragraph it is stated that Bank Rate and Cash Reserve Ratio(CRR) have been kept unchanged. What can RBI do if it wants to control credit in the economy?

    (a)   Decrease Bank Rate and decrease CRR.

    (b)   Increase Bank Rate and increase CRR.

(d)   Decrease Bank Rate and increase CRR.

PART IV

Use Table 2 to answer questions 138-141.

Bozzo's burgers is a small restaurant and a price taker. The table below provides the data of Bozzo's output and costs in Rupees.

Quantity	Total cost	Fixed cost	Variable cost	Average variable cost	Average total cost	Marginal cost
0	100		–	–		–
10	210					
20	300					
30	400					
40	540					
50	790					
60	1060					

138.   If burgers sell for Rs14 each, what is Bozzo's profit maximizing level of output :

(a)   10 burgers

(b)   40 burgers

(c)   50 burgers

(d)   60 burgers

139.   What is the total variable cost when 60 burgers are produced?

(a)   Rs. 690

(b)   Rs.960

(c)   Rs.110

(d)   Rs.440

140. What is average fixed cost when 20 burgers are produced?

(a)   Rs. 5

(b)   Rs.3.33

(c)   Rs. 10

(d)   Rs. 2.5

141. Between 10 to 20 burgers, what is the marginal cost (per burger)?

    (a)   Rs. 11

    (b)   Rs. 13

    (c)   Rs 14

    (d)   Rs. 9

In Econoville, there is one grocery shop, Ecoconvenience. It used to sell fresh milk at Rs.20 per litre, at which price 400 litres of milk were sold per month. After some time, the price was raised to Rs 30 per litre. Following the price rise:

♦ **Only 200 litres of milk was sold every month.**

♦ **The number of boxes of cereal customers bought went down from 280 to 240.**

♦ **The number of packets of powered milk customers bought went up from 90 to 220 per month.**

Now answer Questions number 142-147.

142. The price elasticity of demand when fresh milk's price increases from Rs. 20 per litre to Rs 30 per litre is equal to:

    (a)   2.5

    (b)   1.0

    (c)   1.66

    (d)   2 .66

143. The cross elasticity of monthly demand for cereal when the price of fresh milk increases from Rs 20 to Rs.30 is equal to:

    (a)   - 0.38

    (b)   + 0.25.

    (c)   - 0.19.

    (d)   + 0.38.

144. The cross elasticity of monthly demand for powdered milk when the price of fresh milk increases from Rs 20 to Rs 30 per litre is equal to:

    (a)   + 1.05.

    (b)   -1.05.

    (c)   -2.09.

    (d)   + 2.09.

145. What can be said about the price elasticity of demand for fresh milk?

    (a)   It is perfectly elastic.

(b)   It is elastic.

(c)   It is perfectly inelastic.

(d)   It is inelastic.

146 . Suppose income of the residents of Ecoville increases by 50% and the quantity of fresh milk demanded increases by 30%. What is income elasticity of demand for fresh milk?

(a)   0.5

(b)   0.6

(c)   1.25

(d)   1.50

147.   We can say that fresh milk in economics sense is a/an:

(a)   luxury good

(b)   inferior good

(c)   normal good

(d)   nothing can be said.

148.   Suppose that a sole proprietorship is earning total revenues of Rs.2,00,000 and is incurring explicit costs of Rs.1,50,000. If the owner could work for another company for Rs.60,000 a year, we would conclude that:

(a)   the firm is incurring an economic loss.

(b)   implicit costs are Rs.50,000.

(c)   the total economic costs are Rs.2,00,000.

(d)   the individual is earning an economic profit of Rs.50,000.

Use Table 3 to answer questions 149-150.

Table 3

Hours of Labour	Total Output	Marginal Product
0	---	---
1	200	200
2	_____	160
3	480	_____

149.   What is the total output when 2 hours of labour are employed?

(a)   160

(b)   200

(c)   360

(d)   400

150.   What is the marginal product of the third hour of labour?

(a)   120

(b)   160

(c)   200

(d)   480

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Mutually exclusive classification is usually meant for

    (a)   A discrete variable.

    (b)   A continuous variable.

    (c)   An attribute.

    (d)   Any of these.

152. $\lim\limits_{x \to 0} \dfrac{3x + |x|}{7x - 5|x|}$

    (a)   Exists

    (b)   Does not exist

    (c)   1/6

    (d)   None of these

153. Which measure of dispersion is based on all the observations?

    (a)   Mean deviation

    (b)   Standard deviation

    (c)   Quartile deviation

    (d)   (a) and (b) but not (c)

154. If an unbiased coin is tossed once, then the two events Head and Tail are

    (a)   Mutually exclusive.

    (b)   Exhaustive.

    (c)   Equally likely.

    (d)   All these (a), (b) and (c).

155. If P(A) = P(B), then
   (a)   A and B are the same events.
   (b)   A and B must be same events.
   (c)   A and B may be different events.
   (d)   A and B are mutually exclusive events.

156. As the sample size increases, standard error
   (a)   Increases   .
   (b)   Decreases.
   (c)   Remains constant.
   (d)   Decreases proportionately.

157. The test of shifting the base is called
   (a)   Unit Test.
   (b)   Time Reversal Test.
   (c)   Circular Test.
   (d)   None of these.

158. Which sampling is subjected to the discretion of the sampler?
   (a)   Systematic sampling
   (b)   Simple random sampling
   (c)   Purposive sampling
   (d)   Quota sampling

159. Scatter diagram helps us to
   (a)   Find the nature correlation between two variables.
   (b)   Compute the extent of correlation between two variables.
   (c)   Obtain the mathematical relationship between two variables.
   (d)   Both (a) and (c).

160. The point of intersection between the straight lines $3x + 2y = 6$ and $3x - y = 12$ lie in
   (a)   1st quadrant.
   (b)   2nd quadrant.
   (c)   3rd quadrant.
   (d)   4th quadrant.

161. 'Stub' of a table is the _____ part of the table describing the _____.
    (a) Left, Columns
    (b) Right, Columns
    (c) Right, Rows
    (d) Left, Rows

162. The logarithm of a number consists of two parts, the whole part or the integral part is called the _____ and the decimal part is called the _____.
    (a) Characteristic, Number
    (b) Characteristic, Mantissa
    (c) Mantissa, Characteristic
    (d) Number, Mantissa

163. If $b^2-4ac < 0$ then the roots are _____.
    (a) Real and equal
    (b) Imaginary
    (c) Real and unequal
    (d) Irrational and unequal

164. In _____ receipts/payments takes place forever.
    (a) Annuity
    (b) Perpetuity
    (c) Annuity regular
    (d) Annuity due

165. Usually _____ is the best measure of central tendency.
    (a) Median
    (b) Mode
    (c) Mean
    (d) G.M.

166. _____ are used for measuring central tendency , dispersion & skewness.
    (a) Median
    (b) Deciles
    (c) Percentiles
    (d) Quartiles.

167. If the plotted points in a scatter diagram lie from upper left to lower right, then the correlation is_____.

   (a) Positive

   (b) Zero

   (c) Negative

   (d) None of these.

168. A small value of r indicates only a _____ linear type of relationship between the variables .

   (a) Good

   (b) Poor

   (c) Maximum

   (d) Highest

169. The method usually applied for fitting a binomial distribution is known as_____.

   (a) Method of least square

   (b) Method of moments

   (c) Method of probability distribution

   (d) Method of deviations

170. An index time series is a list of _____ nos. for two or more periods of time.

   (a) Index

   (b) Absolute

   (c) Relative

   (d) Sample

PART III

171. The following data relate to the marks of a group of students:

Marks :	Below 10	Below 20	Below 30	Below 40	Below 50
No. of students :	15	38	65	84	100

   How many students got marks more than 30?

   (a) 65

   (b) 50

   (c) 35

   (d) 43

172. The following data relate to the incomes of 86 persons :

Income in Rs.	:	500–999	1000–1499	1500–1999	2000–2499
No. of persons	:	15	28	36	7

What is the percentage of persons earning more than Rs. 1500?

(a) 50

(b) 45

(c) 40

(d) 60

173. Value of $2x^{1/2}.3x^{-1}$ if x = 4 is

(a) 3

(b) 4

(c) 3.5

(d) 4.5

174. A number between 10 and 100 is five times the sum of its digits. If 9 be added to it the digits are reversed, find the number.

(a) 54

(b) 53

(c) 45

(d) 55

175. An employer recruits experienced (x) and fresh workmen (y) for his firm under the condition that he cannot employ more than 9 people. x and y can be related by the inequality

(a) $x + y \neq 9$

(b) $x + y \leq 9$

(c) $x + y \geq 9$

(d) None of these

176. The sum required to earn a monthly interest of Rs 1200 at 18% per annum SI is

(a) Rs. 50000

(b) Rs. 60000

(c) Rs. 80000

(d) None of these

177. The difference between compound and simple interest at 5% per annum for 4 years on Rs.20000 is

    (a)   Rs 250

    (b)   Rs 277

    (c)   Rs 300

    (d)   Rs 310

178. $^4P_4$ is equal to

    (a)   1

    (b)   24

    (c)   0

    (d)   None of these

179. In how many ways can 8 persons be seated at a round table? In how many cases will 2 particular persons sit together?

    (a)   5040

    (b)   4050

    (c)   450

    (d)   540

180. Five bulbs of which three are defective are to be tried in two bulb points in a dark room. Number of trials the room shall be lighted

    (a)   6

    (b)   8

    (c)   5

    (d)   7

181. Which term of the progression −1, −3, −5, …. is −39?

    (a) 21st

    (b) 20th

    (c) 19th

    (d)   None of these

182. The sum of natural numbers upto 200 excluding those divisible by 5 is

    (a)   20100

    (b)   4100

    (c)   16000

(d)　　None of these.

183.　The number of subsets of the set {2, 3, 5} is

(a)　　3

(b)　　8

(c)　　6

(d)　　None of these.

184.　Given A = {2, 3}, B = {4, 5}, C = {5, 6} then A × (BC) is

(a)　　{(2, 5), (3, 5)}

(b)　　{(5, 2), (5, 3)}

(c)　　{(2, 3), (5, 5)}

(d)　　None of these.

185.　$\lim\limits_{x \to 4} \dfrac{(x^2 - 16)}{(x - 4)}$ is evaluated as

(a)　　8

(b)　　−8

(c)　　0

(d)　　None of these.

186.　If y = $\dfrac{1}{\sqrt{x}}$　　then $\dfrac{dy}{dx}$ is equal to

(a)　　$\dfrac{1}{2x\sqrt{x}}$

(b)　　$\dfrac{-1}{x\sqrt{x}}$

(c)　　$-\dfrac{1}{2x\sqrt{x}}$

(d)　　None of these.

187.　f(x) = x^2/e^x　then f′(−1) is equal to

(a)　　− 1/e

(b)　　1/e

(c)　　e

(d)　　None of these.

188. Evaluate $\int 5x^2 \, dx$ and the answer will be

   (a) $5 / 3x^3 + k$

   (b) $5x^3 / 3$

   (c) $5x^3$

   (d)   None of these.

189. Evaluate $\int\limits_{2}^{4} (3x - 2)^2 \, dx$ and the value is

   (a)   104

   (b)   100

   (c)   10

   (d)   None of these.

190. What is the value of the first quartile for observations 15, 18, 10, 20, 23, 28, 12, 16?

   (a)   17

   (b)   16

   (c)   15.75

   (d)   12

191. What is the coefficient of range for the following wages of 8 workers?

   Rs.80, Rs.65, Rs.90, Rs.60, Rs.75, Rs.70, Rs.72, Rs.85.

   (a)   Rs.30

   (b)   Rs.20

   (c)   30

   (d)   20

192. If the relationship between two variables x and y is given by 2x + 3y + 4 = 0, then the value of the correlation coefficient between x and y is

   (a)   0

   (b)   1

   (c)   −1

   (d)   Negative.

193. If two unbiased dice are rolled together, what is the probability of getting no difference of points?

   (a)   1/2

(b)   1/3

(c)   1/5

(d)   1/6

194.   The probability that a card drawn at random from the pack of playing cards may be either a queen or an ace is

(a)   2/13

(b)   11/13

(c)   9/13

(d)   None of these.

195.   If the overall percentage of success in an exam is 60, what is the probability that out of a group of 4 students, at least one has passed?

(a)   0.6525

(b)   0.9744

(c)   0.8704

(d)   0.0256

196.   If the mean deviation of a normal variable is 16, what is its quartile deviation?

(a)   10.00

(b)   13.50

(c)   15.00

(d)   12.05

197.   If S.D.= 20 and sample size is 100 then standard error of mean is

(a)   2

(b)   5

(c) $\dfrac{1}{5}$

(d)   None of these.

198.   If for two variable x and y, the covariance, variance of x and variance of y are 40, 16 and 256 respectively, what is the value of the correlation coefficient?

(a)   0.01

(b)   0.625

(c)   0.4

(d)   0.5

199. The present value of Rs.10000 due in 2 years at 5% p.a. compound interest when the interest is paid on yearly basis is

(a) Rs 9070

(b) Rs 9069

(c) Rs 9061

(d) Rs 9060

200. A town has a total population of 50,000. Out of it 28,000 read the newspaper X and 23000 read Y while 4000 read both the papers. The number of persons not reading X and Y both is

(a) 2000

(b) 3000

(c) 2500

(d) None of these.

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-3/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1.   All of the following are functions of Accounting except

   (a)   Decision making.

   (b)   Measurement.

   (c)   Forecasting.

   (d)   Ledger posting.

2. Manufacturing account is prepared to

   (a) ascertain the profit or loss on the goods produced

   (b) ascertain the cost of the manufactured goods

   (c) show the sale proceeds from the goods produced during the year

   (d) both (b) and (c).

3. On March 31, 2006 after sale of goods worth Rs. 2,000, he is left with the closing stock of Rs. 10,000. This is

   (a) An event.

   (b) A transaction.

   (c) A transaction as well as an event.

   (d) Neither a transaction nor an event.

4. Financial statements only consider

   (a) Assets expressed in monetary terms.

   (b) Liabilities expressed in monetary terms.

   (c) Assets expressed in non-monetary terms.

   (d) Assets and liabilities expressed in monetary terms

5. Which financial statement represents the accounting equation, assets = Liabilities + Owner's equity:

   (a) Income Statement

   (b) Statement of Cash flows

   (c) Balance Sheet

   (d) None of the above

6. A purchased a car for Rs.5,00,000, making a down payment of Rs.1,00,000 and signing a Rs.4,00,000 bill payable due in 60 days. As a result of this transaction

   (a) Total assets increased by Rs.5,00,000.

   (b) Total liabilities increased by Rs.4,00,000.

   (c) Total assets increased by Rs.4,00,000.

   (d) Total assets increased by Rs.4,00,000 with corresponding increase in liabilities by Rs.4,00,000.

7. The debts written off as bad, if recovered subsequently are

   (a) credited to Bad Debts Recovered Account

   (b) credited to Debtors Account.

   (c) debited to Profit and Loss Account

(d)   None of the above

8.   A withdrawl of cash from business by the proprietor should be credited to:

(a)   Drawings Account

(b)   Capital Account

(c)   Cash Account

(d)   None of the above.

9.   Contra entries are passed only when

(a)   double column cash book is prepared

(b)   three-column cash book is prepared

(c)   simple cash book is prepared

(d)   None of the above

10. Consignment account is

(a)   Real account

(b)   Personal account

(c)   Nominal account

(d)   None of the above

PART II

11. Economic life of an enterprise is split into the periodic interval as per _____

(a)   Money Measurement.

(b)   Matching.

(c)   Going concern.

(d)   Accrual.

12. Accounting policies refer to specific accounting _____

(a)   Principles.

(b)   Methods of applying those principles.

(c)   Both (a) and (b).

(d)   None of the above.

13. Dividends are usually paid as a percentage of _____

(a)   Authorized share capital

(b)   Net profit

(c)   Paid-up capital

(d)   Called-up capital

14. Outgoing partner is compensated for parting with firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in _____

   (a)   Gaining Ratio.

   (b)   Capital Ratio.

   (c)   Sacrificing Ratio.

   (d)   Profit Sharing Ratio.

15. The balance of the petty cash is _____

   (a)   An expense,

   (b)   Income,

   (c)   An asset.

   (d)   Liability

16. Interest on capital will be paid to the partners if provided for in the agreement but only from_____

   (a)   Profits.

   (b)   Reserves.

   (c)   Accumulated Profits.

   (d)   Goodwill.

17. A proforma invoice is sent by _____

   (a)   Consignee to Consignor

   (b)   Consignor to Consignee

   (c)   Debtors to Consignee

   (d)   Debtors to Consignor

18. If a venturer draws a bill on his co-venturer and if the drawer discounts the bill with same sets of books maintained, the discounting charges will be borne by_____

   (a)   The drawer of the bill

   (b)   The drawee of the bill

   (c)   The discounting charges will be recorded in memorandum account

   (d)   The discounting charges will be borne by bank

19. X draws a bill on Y. X endorsed the bill to Z. _____will be the payee of the bill

   (a)   X

   (b)   Y

   (c)   Z

(d) None

20. A Company wishes to earn a 20% profit margin on selling price. _____is the profit mark up on cost, which will achieve the required profit margin?

   (a)   33%.

   (b)   25%.

   (c)   20%.

   (d)   None of the above.

PART III

21. A businessman purchased goods for Rs.25,00,000 and sold 80% of such goods during the accounting year ended 31st March, 2005. The market value of the remaining goods was Rs.4,00,000. He valued the closing stock at cost. He violated the concept of

   (a)   Money measurement.

   (b)   Conservatism.

   (c)   Cost.

   (d)   Periodicity.

22. M/s ABC Brothers, which was registered in the year 2000, has been following Straight Line Method (SLM) of depreciation. In the current year it changed its method from Straight Line to Written Down Value (WDV) Method, since such change would result in the additional depreciation of Rs. 200 lakhs as a result of which the firm would qualify to be declared as a sick industrial unit. The auditor raised objection to this change in the method of depreciation.

The objection of the auditor is justified because

   (a)   Change in the method of depreciation should be done only with the consent of the auditor

   (b)   Depreciation method can be changed only from WDV to SLM and not vice versa

   (c)   Change in the method of deprecation should be done only if it is required by some statute and change would result in appropriate presentation of financial statement

   (d)   Method of depreciation cannot be changed under any circumstances.

PART IV

23. E Ltd., a dealer in second-hand cars has the following five vehicles of different models and makes in their stock at the end of the financial year 2004-2005:

Car	Fiat	Ambassador	Maruti Esteem	Maruti 800	Zen
Cost	90,000	1,15,000	2,75,000	1,00,000	2,10,000
Net realisable value (Rs.)	95,000	1,55,000	2,65,000	1,25,000	2,00,000

The value of stock included in the balance sheet of the company as on March 31, 2005 was

(a)   Rs.7,62,500

(b)   Rs.7,70,000

(c)   Rs.7,90,000

(d)   Rs.8,70,000.

24.   Original cost = Rs.1,26,000; Salvage value = Nil; Useful life = 6 years. Depreciation for the first year under sum of years digits method will be

(a)   Rs.6,000

(b)   Rs. 12,000

(c)   Rs. 18,000

(d)   Rs. 36,000

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

(a)   Rs. 30,000.

(b)   Rs. 90,000.

(c)   Rs. 3,40,000.

(d)   Rs. 60,000

26.   Consider the following for Alpha Co. for the year 2005-06:

Cost of goods available for sale	Rs.1,00,000
Total sales	Rs. 80,000
Opening stock of goods	Rs. 20,000
Gross profit margin	25%

Closing stock of goods for the year 2005-06 was

(a)   Rs.80,000

(b)   Rs.60,000

(c)   Rs.40,000

(d)   Rs.36,000.

27.   A and B purchased a piece of land for Rs 20,000 and sold it for Rs 60,000 in 2005. Originally A had contributed Rs 12000 and B Rs 8000. The profit on venture will be

(a)   Rs. 40,000

(b)   Rs. 20,000

(c)   Rs. 60,000

(d)   Nil

28.   On 1.1.05 X draw a bill on Y for Rs 50,000. At maturity, the bill returned dishonoured as Y become insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is:

(a)   20,000

(b)   Nil

(c)   30,000

(d)   40 paise

29.   Average Stock = Rs 12,000. Closing stock is Rs 3,000 more than opening stock. The value of closing stock will be

(a)   Rs 12,000

(b)   Rs 24,000

(c)   Rs 10,500

(d)   Rs 13,500.

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

Total Capital Employed in the firm Rs. 8,00,000

Reasonable Rate of Return 15%

Profits for the year Rs. 12,00,000

(a)   Rs. 82,00,000.

(b)   Rs. 12,00,000.

(c)   Rs. 72,00,000.

(d)   Rs. 42,00,000

31.   A & B are partners sharing profits and losses in the ratio 5:3. After admission of C, new profit sharing ratio between A, B and C are 7:5:4. The sacrificing ratio among A:B will be

(a)   3:1.

(b)   4:7.

(c)   5:4.

(d)   2:1.

32.   The cash book showed an overdraft of Rs. 1,500, but the pass book made up to the same date showed that cheques of Rs. 100,Rs. 50 and Rs. 125 respectively had not been presented for payments; and the cheque of Rs.400 paid into account had not been cleared. The balance as per the cash book will be

(a)   Rs. 1,100.

(b)   Rs. 2,175.

(c)   Rs. 1,625.

(d)   Rs. 1,375.

33.   A second hand machinery is purchased for Rs. 10,000, the amount of Rs. 1,500 is spent on its transportation and Rs. 1,200 is paid for installation. The amount debited to machinery account will be

(a)   Rs. 10,000.

(b)   Rs. 10,500.

(c)   Rs. 11,500.

(d)   Rs. 12,700.

34.   Consider the following data pertaining to a company for the month of March 2005:

Particulars	Rs.
Opening stock	22,000
Closing stock	25,000
Purchases less returns	1,10,000
Gross profit margin (on sales)	20%

The sales of the company during the month are

(a)   Rs.1,41,250

(b)   Rs.1,35,600

(c)   Rs.1,33,750

(d)   Rs.1,28,400.

35.   The accountant of the firm M/s ABC is unable to tally the following trial balance.

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		15,000
2.	Purchases	10,000	
3.	Miscellaneous expenses	2,500	
4.	Salaries		2,500
	Total	12,500	17,500

The above difference in trial balance is due to

(a)   wrong placing of sales account

(b)   wrong placing of salaries account

(c)   wrong placing of miscellaneous expenses account

(d)   Wrong placing of all accounts

36. The profits of last five years are Rs. 85,000; Rs. 90,000; Rs. 70,000; Rs. 1,00,000 and Rs. 80,000. Find the value of goodwill, if it is calculated on average profits of last five years on the basis of 3 years of purchase.

    (a)   Rs. 85,000.

    (b)   Rs. 2,55,000.

    (c)   Rs. 2,75,000.

    (d)   Rs. 2,85,000.

37. C Ltd. recorded the following information as on March 31, 2005:

	Rs.
Stock as on April 01, 2004	80,000
Purchases	1,60,000
Sales	2,00,000

    It is noticed that goods worth Rs.30,000 were destroyed due to fire. Against this, the insurance company accepted a claim of Rs.20,000.

    The company sells goods at cost plus $33\frac{1}{3}$%. The value of closing inventory, after taking into account the above transactions is,

    (a)   Rs.10,000

    (b)   Rs.30,000

    (c)   Rs.1,00,000

    (d)   Rs.60,000.

38.

	Rs.		Rs.
Opening Stock	20,000	Carriage on sales	3,000
Closing Stock	18,000	Rent of Office	5,000
Purchases	85,800	Sales	1,40,700
Carriage on purchases	2,300		

    Gross profit will be

    (a)   Rs. 50,000

    (b)   Rs. 47,600

    (c)   Rs. 42,600

    (d)   Rs. 50,600

39. Omega Ltd., a listed company , acquired assets worth Rs. 7,50,000 from Alpha Ltd. and issues shares of Rs. 100 each at premium of 25%. The number of shares to be issued by Omega Ltd. to settle the purchase consideration will be

    (a) 6,000

    (b) 7,500.

    (c) 9,375.

    (d) 5,625.

40. X sent out certain goods to Y of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs 12,500. Invoice value of goods sent out on consignment will be:

    (a) Rs.120,000

    (b) Rs.125,000

    (c) Rs.140,000

    (d) Rs.100,000

41. F Ltd. purchased Machinery from G Company for a book value of Rs.4,00,000. The consideration was paid by issue of 10% debentures of Rs.100 each at a discount of 20%. The debenture account was credited with

    (a) Rs.4,00,000

    (b) Rs.5,00,000

    (c) Rs.3,20,000

    (d) Rs.4,80,000

42. P Ltd. issued 5,000, 12% debentures of Rs.100 each at a premium of 10%, which are redeemable after 10 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is

    (a) Rs.80,000

    (b) Rs.40,000

    (c) Rs.10,000

    (d) Rs. 8,000

43 . X and Y share profits and losses in the ratio of 2 : 1. They take Z as a partner and the new profit sharing ratio becomes 3 : 2 : 1. Z brings Rs. 4,500 as premium for goodwill. The full value of goodwill will be

    (a) Rs. 4,500.

    (b) Rs. 18,000.

    (c) Rs. 27,000.

    (d) Rs. 24,000.

44. The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. Find out the goodwill of two years purchase.

    (a)   Rs. 42,000.

    (b)   Rs. 84,000.

    (c)   Rs. 1,26,000.

    (d)   Rs. 36,000.

45. T Ltd. has issued 14% Debentures of Rs.20,00,000 at a discount of 10% on April 01, 2004 and the company pays interest half-yearly on June 30, and December 31 every year. On March 31, 2006, the amount shown as "interest accrued but not due" in the Balance Sheet will be

    (a)   Rs.70,000 shown along with Debentures

    (b)   Rs.2,10,000 under current liabilities

    (c)   Rs.1,40,000 shown along with Debentures

    (d)   Rs.2,80,000 under current liabilities

46. A and B enter into a joint venture sharing profit and losses in the ratio 2:1. A purchased goods costing Rs 2,00,000. B sold the goods for Rs 2,50,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales. The profit on venture will be:

    (a)   Rs. 35,500

    (b)   Rs. 36,000

    (c)   Rs. 34,000

    (d)   Rs.38,000

47. Ashok purchased a machine on 01.01.2005 for Rs 1,20,000. Installation expenses were Rs 10,000.Residual value after 5 years Rs 5,000. On 01.07.2005, expenses for repairs were incurred to the extent of Rs 2,000. Depreciation is provided under straight line method. Annual Depreciation is

    (a)   13,000

    (b)   17,000

    (c)   21,000

    (d)   25,000

48. X draws a bill on Y for Rs 30,000. X wants to endorse it to W in settlement of Rs 35,000 at 2% discount with the help of Y's acceptance and balance in cash. How much cash X will pay to Y?

    (a)   4300

    (b)   4000

(c)   4100

(d)   5000

49.   A purchased 1000 kg of rice costing Rs 200 each. Carriage 2000, insurance 3000. 4/5th of the boxes were sold by B at Rs 250 per boxes. Remaining stock were taken over by B at cost. The amount of stock taken over will be:

(a)   Rs. 40000

(b)   Rs.41000

(c)   Rs.50000

(d)   Rs.50200

50.   A company sends its cars to dealers on 'sale or return' basis. All such transactions are however treated like actual sales and are passed through the sales day book. Just before the end of the financial year, two cars which had cost Rs.55,000 each have been sent on 'sale or return' and have been debited to customers at Rs.75,000 each, cost of goods lying with the customers will be

(a)   Rs.1,10,000.

(b)   Rs. 55,000.

(c)   Rs. 75,000.

(d)   None of the above.

51.   Electricity paid on 1 October, 2004 for the year to 30 September, 2005 was Rs. 2,400 and electricity paid on 1 October, 2005 for the year to 30 September, 2006 was Rs. 3,200. Electricity payable, as shown in the profit and loss account for the year ended 31 December 2005, would be:

(a)   Rs. 2,400.

(b)   Rs. 3,200.

(c)   Rs. 2,600.

(d)   Rs. 3,000.

52.   Goods costing Rs 2,00,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be

(a)   Rs.250,000

(b)   Rs.2,40,000

(c)   Rs.300,000

(d)   None of the above.

53.   R, J and D are the partners sharing profits in the ratio 7:5:4. D died on 30th June 2006 and profits for the accounting year 2005-2006 were Rs. 24,000. How much share in

profits for the period 1st April 2006 to 30th June 2006 will be credited to D's Account.

(a) Rs. 6,000.

(b) Rs. 1,500.

(c) Nil.

(d) Rs. 2,000.

54. X of Kolkata sends out certain goods at cost + 25%. Invoice value of goods sends out Rs 200,000. 4/5th of the goods were sold by consignee at Rs.1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice value.

The amount of commission will be:

(a) Rs.4800

(b) Rs.5200

(c) Rs.3200

(d) Rs.1600

55. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2006 is Rs. 1,500.Cheques deposited but not cleared amounts to Rs. 100 and Cheques issued but not presented of Rs. 150. The bank allowed interest amounting Rs. 50 and collected dividend Rs. 50 on behalf of ABC Enterprises. Balance as per pass book should be

(a) 1,600.

(b) 1,450.

(c) 1,850.

(d) 1,650.

56. If a purchase return of Rs.1,000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers' account, the total of the

(a) trial balance would show the debit side to be Rs.1,000 more than the credit

(b) trial balance would show the credit side to be Rs.1,000 more than the debit.

(c) the debit side of the trial balance will be Rs.2,000 more than the credit side.

(d) the credit side of the trial balance will be Rs.2,000 more than the debit side.

57. X and Y are partners sharing profits in the ratio 5:3. They admitted Z for 1/5th share of profits, for which he paid Rs. 1,20,000 against capital and Rs. 60,000 against goodwill. Find the capital balances for each partner taking Z's capital as base capital.

(a) 3,00,000; 1,20,000 and 1,20,000.

(b) 3,00,000; 1,20,000 and 1,80,000.

(c) 3,00,000; 1,80,000 and 1,20,000.

(d)   3,00,000; 1,80,000 and 1,80,000.

58.   L's acceptances of Rs 20,000 given to A is renewed upon cash payment of Rs 5000 and the fresh bill of Rs 15,100. Journal entry for renewal in the books of A will be:

(a)   B/R A/c   Dr   15100

        Cash A/c   Dr   5000

             To L A/c   20000

             To Interest A/c   100

(b)   B/R A/c   Dr   20100

             To Cash A/c   5100

             To L A/c   15000

             To Interest A/c   100

(c)   B/R A/c   Dr   20100

             To L A/c   20100

(d)   B/R A/c   Dr   15000

        Cash A/c   Dr   5000

             To L A/c   20000

59.   A company forfeited 2,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs.9. On forfeiture, the amount debited to share capital will be

(a)   Rs.10,000

(b)   Rs.8,000

(c)   Rs.2,000

(d)   Rs.18,000.

60.   X, Y and Z are partners sharing profits in the ratio 2:2:1. On retirement of Y, goodwill was valued as Rs. 30,000. The contribution of X and Z to compensate Y will be

(a)   Rs. 20,000 and Rs. 10,000.

(b)   Rs. 8,000 and Rs. 4,000.

(c)   They will not contribute any thing.

(d)   Information is insufficient for any comment.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carries + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carries + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. Which of the following statement is true?

    (a) An agreement is an unaccepted proposal.

    (b) An agreement enforceable by law is a contract.

    (c) An agreement can only consist of an offer.

    (d) An agreement can only consist of an acceptance.

62. An offer may lapse by:

    (a) Revocation.

    (b) Counter Offer.

    (c) Rejection of Offer by Offeree.

    (d) All of these.

63. Consideration must move at the desire of

    (a) Promisor.

    (b) Promisee.

    (c) Any other person.

    (d) Any of these.

64. 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 firm.

    (d) He can become partner on becoming a major.

65. 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.

66. When prior to the due date of performance, the promisor absolutely refuses to perform the contract, it is known as

    (a) abandonment of contract.

    (b) remission of contract.

    (c) actual breach of contract.

    (d) anticipatory breach of contract.

67. In case of breach of contract, which of the following remedy is available to the aggrieved party?

    (a) Suit for rescission.

    (b) Suit for damages.

    (c) Suit for specific performance.

    (d) All of these.

68. A voidable contract is one which

    (a) can be enforced at the option of aggrieved party

    (b) can be enforced at the option of both the parties

    (c) cannot be enforced in a court of law

    (d) courts prohibit.

69. A agrees to sell his car worth Rs. 100,000 to B for Rs. 20,000 only, and A's consent was obtained by coercion. Here, the agreement is

    (a) void

    (b) valid

    (c) voidable

    (d) unlawful

70. The term "goods" under Sale of Goods Act, 1930 does not include

    (a) goodwill.

(b) actionable claims.

(c) stocks and shares.

(d) harvested crops.

71. Which of the following is not an implied condition in a contract of sale?

(a) Condition as to title.

(b) Condition as to description.

(c) Condition as to free from encumbrance.

(d) Condition as to sample.

72. Which of the following is not a form of delivery?

(a) Constructive delivery.

(b) Structured delivery.

(c) Actual delivery.

(d) Symbolic delivery.

73. Goods which are in existence at the time of the Contract of Sale is known as

(a) present Goods.

(b) existing Goods.

(c) specific Goods.

(d) none of the above

74. 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 description.

(c) the goods are purchased under its brand name.

(d) all of the above.

75. If X commissioned Y, an artist, to paint a portrait of A for 200 dollars & Y uses his own canvas & paint then it is

(a) Contract of sale.

(b) Contract of work & materials.

(c) Sale on approval.

(d) Hire-Purchase agreement.

76. The most important element in partnership is:

(a) Business

(b) Sharing of Profits

(c) Agreement

(d) Business to be carried on by all or any of them acting for all.

77. On dissolution the partners remain liable to till

(a) Accounts are settled

(b) Partners dues are paid off

(c) Public notice is given

(d) The registrar strikes off the name

78. Which of the following acts are not included in the implied authority of a partner?

(a) To buy or sell goods on accounts of partners.

(b) To borrow money for the purposes of firm.

(c) To enter into partnership on behalf of firm.

(d) To engage a lawyer to defend actions against firm.

79. After retirement from firm, which of the following partners is not liable by holding out, even if the public notice of retirement is not given?

(a) Active partner

(b) Sleeping partner

(c) Representative of deceased partner

(d) Both (b) and (c)

PART II

80. An agreement enforceable by law is a _____.

(a) Promise.

(b) Contract.

(c) Obligation.

(d) Lawful Promise.

81. A wrong representation when made without any intention to deceive the other party amounts to _____.

(a) Coercion.

(b) Undue Influence.

(c) Misrepresentation.

(d) Fraud.

82. When the consent of a party is obtained by coercion undue influence, fraud or misrepresentation, the contract is_____.

    (a) void

    (b) voidable

    (c) valid

    (d) illegal

83. A threatens to kill B if he does not agree to sell his scooter to him for Rs. 1000 only. Here Bs consent is obtained by _____.

    (a) undue influence

    (b) fraud

    (c) coercion

    (d) none of these

84. Where the consent of both the parties is given by mistake, the contract is _____

    (a) void

    (b) valid

    (c) voidable

    (d) illegal

85. A mistake as to a law not in force in India has the same effect as _____.

    (a) mistake of fact

    (b) mistake of Indian law

    (c) fraud

    (d) misrepresentation

86. An agreement, which prevents a person from carrying a lawful business, is _____.

    (a) Valid

    (b) Void

    (c) Voidable

    (d) Contingent

87. 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

88.   An agreement to pay money or 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.

89.   Agreement-the meaning of which is uncertain is _____.

(a)   Valid.

(b)   Void.

(c)   Voidable.

(d)   Illegal.

90.   The goods are at the risk of a party who has the _____.

(a)   Ownership of goods

(b)   Possession of goods

(c)   Custody of goods

(d)   both (b) and (c)

91.   In case of unconditional contract of sale, the property passes to the buyer at the time of making the contract. For this rule to apply, the goods must be _____

(a)   specific

(b)   in a deliverable state

(c)   physically transferred to buyer

(d)   both (a) and (b)

92.   In case of sale of unascertained goods, the ownership is transferred to the buyer when the goods are _____.

(a)   ascertained

(b)   appropriated to the contract

(c)   weighed and measured

(d)   both (a) and (b)

93.   In case of sale on approval, the ownership is transferred to the buyer when he _____.

(a)   accepts the goods

(b)   adopts the transaction

(c)   fails to return goods

(d)   in all the above cases.

94.   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.

95.   A partner can retire on_____

(a)   Reaching the age of superannuation

(b)   On the balance in the capital account reaching a certain amount

(c)   In accordance with the Partnership Deed

(d)   On the condition of his nominee becoming a partner

96.   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.

97.   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.

98.   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.

PART III

99.   A contracts with B to buy a necklace, believing it is made of pearls whereas in fact it is made of imitation pearls of no value. B knows that A is mistaken and takes no steps to correct the error. Now A wants to cancel the contract on the basis of fraud. Which of the following statement is correct?

(a)   A can cancel the contract alleging fraud.

(b)   A cannot cancel the contract.

(c)   A can cancel the contract alleging undue influence.

(d)   A can claim damages.

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 and can claim damages.

(b)   Builder has to 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)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. Which of the following statements is correct?

(a) Agriculture occupies 10 percent population of India.

(b) Nearly 5 percent population of India is below the poverty line.

(c) The production techniques are backward.

(d) None of the above.

102. The green revolution is also known as:

(a) wheat revolution

(b) rice revolution

(c) maize revolution

(d) forest revolution

103. 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

104. Per capita national income means

(a) NNP ÷ population

(b) Total capital ÷ population

(c) Population ÷ NNP

(d) None of the above.

105. In the theory of demographic transition in the last stage,
    (a) birth rate rises, death rate rises.
    (b) birth rate falls, death rate rises.
    (c) birth rate rises, death rate falls.
    (d) birth rate falls, death rate falls.

106. Work force refers to that part of:
    (a) labour force which is employed.
    (b) population which is unemployed.
    (c) population which is forced to work.
    (d) labour force which is unemployed

107. According to the latest NSSO survey (2004):
    (a) unemployment rates on the basis of current daily status were same as those on the basis of usual status.
    (b) unemployment rates on the basis of current daily status were higher than those on the basis of usual status.
    (c) unemployment rates on the basis of current daily status were lower than those on the basis of usual status.
    (d) none of the above.

108. Electricity generated from radio active elements is called:
    (a) thermal electricity .
    (b) atomic energy.
    (c) hydel electricity.
    (d) tidal energy.

109. 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

110. 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) & (b)

111. Under the new industrial policy, 1991:

    (a)   the mandatory convertibility clause is applicable for all term loans.

    (b)   the mandatory convertibility clause is applicable for term loans of more than 10 years.

    (c)   the mandatory convertibility clause is applicable for term loans of less than 10 years.

    (d)   the mandatory convertibility clause is no longer applicable.

112. Fiscal policy means:

    (a)   policy relating to money and banking in a country.

    (b)   policy relating to public revenue and public expenditure.

    (c)   policy relating to non banking financial institutions.

    (d)   none of the above.

113. Money in traditional sense:

    (a)   serves as a medium of exchange.

    (b)   serves as a store of value.

    (c)   serves as both medium of exchange and store of value.

    (d)   serves neither as medium of exchange and store of value.

114. Narrow money refers to:

    (a) M_1

    (b) M_2

    (c) M_3

    (d) M_4

115. Which of the following statements about banks is incorrect?

    (a)   Banks encourage saving habits among people.

    (b)   Banks mobilize savings and make them available for production.

    (c)   Banks help in creating credit money.

    (d)   None of the above.

116. Who is the official "lender of the last resort" in India?

    (a)   SBI

    (b)   PNB

    (c)   RBI

    (d)   OBC

PART II

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 percent

118. 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

119. The annual addition to the country's population is almost equal to the total population of ------------.

    (a)   Bangladesh

    (b)   Australia

    (c)   Japan

    (d)   China

120. India's passing through _____ stage of demographic transition.

    (a)   fourth

    (b)   third

    (c)   first

    (d)   second

121. At present only _____ industries are reserved for the public sector.

    (a)   5

    (b)   7

    (c)   8

    (d)   3

122. At present, 100 percent FDI is allowed in _____ .

    (a)   defence

    (b)   drugs and pharmaceuticals

    (c)   banks

(d)   insurance

123.   When due to introduction of new machinery, some workers tend to be replaced by machines, their unemployment is termed as _____.

(a)   structural.

(b)   technological.

(c)   mechanical.

(d)   seasonal.

124.   Most of the unemployment in India is _____.

(a)   voluntary

(b)   structural

(c)   frictional

(d)   technical

125.   Rural bank branches constitute _____ percent of total bank branches in India.

(a)   14

(b)   60

(c)   47

(d)   82

126.   A study of how increases in the corporate income tax rate will affect the national unemployment rate is an example of -----------------------.

(a)   macroeconomics.

(b)   descriptive economics.

(c)   microeconomics.

(d)   normative economics.

127.   If the marginal (additional) opportunity cost is a constant then the PPC would be ---------------

(a)   straight line

(b)   convex

(c)   backward leading

(d)   concave

128.   If a good is a luxury, its income elasticity of demand is --------------------.

(a)   positive and less than 1.

(b)   negative but greater than -1.

(c)   positive and greater than 1.

(d)   zero.

129.   In the case of a Giffen good, the demand curve will be -------------------.

(a)   horizontal.

(b)   downward-sloping to the right.

(c)   backward falling to the left .

(d)   upward-sloping to the right.

130 .   ------------------- is also known as planning curve.

(a)   Long run average cost curve.

(b)   Short-run average cost curve.

(c)   Average variable cost curve.

(d)   Average total cost curve.

131.   If the airlines are making losses on passenger traffic they should lower their fares. The suggested remedy would only work if the demand for air travel had a price elasticity of -------------

(a)   zero

(b)   greater than zero but less than one.

(c)   one

(d)   greater than one

132.   When _____, we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency .

(a)   AC = AR

(b)   MC = AC

(c)   MC = MR

(d)   AR = MR

PART III

Figure 1 give the production possibilities frontier of an economy that produces two types of goods, guns and bread. Read the figure and answer questions 133-135

133. Which point on the PPF shows a productively efficient level of output?

    (a) A

    (b) B

    (c) C

    (d) All of the above.
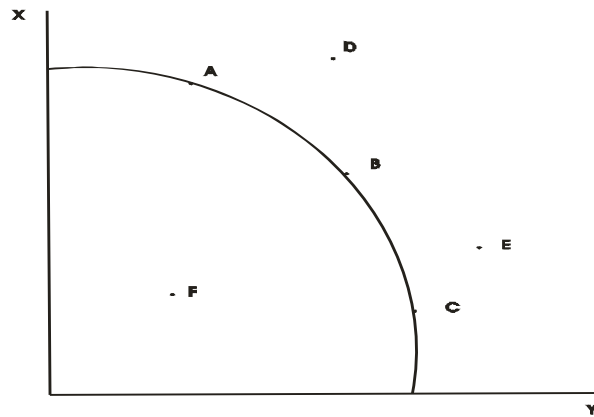
134. Which of the following clearly represents a movement toward greater productive efficiency?

    (a)   A movement from point A to point B.

    (b)   A movement from point C to point D.

    (c)   A movement from point F to point C.

    (d)   A movement from point E to point B.

135. Which of the following illustrates a decrease in unemployment using the PPF?

    (a)   A movement down along the PPF.

    (b)   A rightward shift of the PPF.

    (c)   A movement from a point on the PPF to a point inside the PPF.

    (d)   A movement from a point inside the PPF to a point on the PPF.

Read the para below and answer Qus 136-137.

It was the World Trade Organisation(WTO) which gave a real push to the process of globalization. The World Trade Organisation came into existence on 1ˢᵗ January 1995. It is a powerful body which aims at making the whole world a big village where there is a free flow of goods and services and there is no barrier to trade. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's

trading nations.

136. What is globalization?

    (a)   It refers to the transfer of assets from public to private ownership.

    (b)   It refers to the disposal of public sector's equity in the market.

    (c)   It means integrating the domestic economy with the world economy

    (d)   None of the above.

137. What of the following is false about WTO?

    (a)   It is the main organ for implementing the Multilateral Trade Agreements..

    (b)   It is global in its membership.

    (c)   It has far wider scope than GATT.

    (d)   Only countries having more than prescribed level of total GDP can become its members.

PART IV

A competitive firm sells as much as of its product as it chooses at a market price of Rs 100 per unit. Its fixed cost are Rs 300 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 2 to answer questions 138-141.

Table 2

Quantity	Variable cost	Fixed cost	Total cost	Average variable cost	Average total cost	Marginal cost
0	0			-	-	-
5	250					
10	470					
15	700					
20	980					
25	1350					
30	1850					
35	2520					
40	3400					
45	4530					
50	5950					

138. When production is 40 units, the average total cost is

    (a)   Rs. 4.40

    (b)   Rs. 7.50

    (c)   Rs. 85

    (d)   Rs. 92.50

139. In the table marginal cost per unit that corresponds to 40 units of production is

    (a)   Rs. 22

    (b)   Rs.85

    (c)   Rs.176

    (d)   Rs.880

140. To maximize profit, the firm should produce

    (a)   15 units

    (b)   30 units

    (c)   35 units

    (d)   50 units

141. If the market price drops from Rs 100 to Rs 56, the firm's short run response should be

    (a)   shut down

    (b)   produce 5 units

    (c)   produce 20 units

    (d)   continue to produce the same number of units as before the drop in price.

Read the following data and answer Questions number 142-147

A shopkeeper sells gel pen at Rs10 per pen. At this price he can sell 120 per month. After some time, he raises the price to Rs 15 per pen. Following the price rise:

♦   **Only 60 pens were sold every month.**

♦   **The number of refills bought went down from 200 to 150.**

♦   **The number of ink pen customers bought went up from 90 to 180 per month.**

142. The price elasticity of demand when gel pen's price increases from Rs. 10 per pen to Rs 15 per pen is equal to:

    (a)   2.5

    (b)   1.0

    (c)   1.66

    (d)   2 .66

143. The cross elasticity of monthly demand for refills when the price of gel pen increase from Rs 10 to Rs.15 is equal to:

(a)   - 0.71

(b)   + 0.25.

(c)   - 0.19.

(d)   + 0.38.

144. The cross elasticity of monthly demand for ink pen when the price of gel pen increases from Rs 10 to Rs 15 is equal to:

(a)   + 1.66.

(b)   -1.05.

(c)   -2.09.

(d)   + 2.09.

145. What can be said about the price elasticity of demand for pen?

(a)   It is perfectly elastic.

(b)   It is elastic.

(c)   It is perfectly inelastic.

(d)   It is inelastic.

146 . Suppose income of the residents of locality increases by 50% and the quantity of gel pens demanded increases by 20%. What is income elasticity of demand for gel pen?

(a)   0.4

(b)   0.6

(c)   1.25

(d)   1.50

147. We can say that gel pen in economics sense is a/an

(a)   luxury good

(b)   inferior good

(c)   normal good

(d)   nothing can be said.

148. Suppose that a sole proprietorship is earning total revenues of Rs.120,000 and is incurring explicit costs of Rs 90,000. If the owner could work for another company for Rs.50,000 a year, we would conclude that:

(a)   the firm is incurring an economic loss.

(b)   implicit costs are Rs.90,000.

(c)   the total economic costs are Rs.100,000.

(d)   the individual is earning an economic profit of Rs.25,000.

Use Table 3 to answer questions 149-150.

Table 3

Hours of Labour	Total Output	Marginal Product
0	---	---
1	300	300
2	_____	240
3	720	_____

149.   What is the total output when 2 hours of labour are employed?

(a)   160

(b)   200

(c)   360

(d)   540

150.   What is the marginal product of the third hour of labour?

(a)   120

(b)   160

(c)   200

(d)   180

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Statistics is concerned with

   (a)   Qualitative information.

   (b)   Quantitative information.

   (c)   (a) or (b).

   (d)   Both (a) and (b).

152. For any two numbers SD is always

   (a)   Twice the range.

   (b)   Half of the range.

   (c)   Square of the range.

   (d)   None of these.

153. Bivariate Data are the data collected for

   (a)   Two variables.

   (b)   More than two variables.

   (c)   Two variables at the same point of time.

   (d)   Two variables at different points of time.

154. Karl Pearson's coefficient is defined from

   (a)   Ungrouped data.

   (b)   Grouped data.

   (c)   Both.

   (d)   None.

155. An experiment is known to be random if the results of the experiment

   (a)   Can not be predicted.

(b) Can be predicted.

(c) Can be split into further experiments.

(d) Can be selected at random.

156. A theoretical probability distribution

(a) Does not exist.

(b) Exists only in theory.

(c) Exists in real life.

(d) Both (b) and (c).

157. Poisson distribution may be

(a) Unimodal.

(b) Bimodal.

(c) Multi-modal.

(d) (a) or (b).

158. Standard error can be described as

(a) The error committed in sampling.

(b) The error committed in sample survey.

(c) The error committed in estimating a parameter.

(d) Standard deviation of a statistic.

159. P_{01} is the index for time

(a) 1 on 0

(b) 0 on 1

(c) 1 on 1

(d) 0 on 0

160. The present value of an annuity of Rs. 3000 for 15 years at 4.5% p.a CI is

(a) Rs. 23809.41

(b) Rs. 32809.41

(c) Rs. 32908.41

(d) None of these.

PART II

161. If $b^2 - 4ac > 0$ then the roots are _____ and _____ .

(a) Real, Equal

(b) Real, Unequal

(c)   Imaginary, Unequal

(d)   Imaginary, Equal

162.   If an investment of Rs.60000 and Rs.70000 respectively yields an income of Rs.5750 Rs.6500 an investment of Rs.90000 would yield income of Rs._____.

(a)   7500

(b)   8000

(c)   7750

(d)   7800

163.   In _____ ways can 4 Americans and 4 English men be seated at a round table so that no 2 Americans may be together.

(a) $4! \times 3!$

(b) $^{4}P_{4}$

(c) $3 \times {}^{4}P_{4}$

(d) $^{4}C_{4}$

164.   The last term of the series x^2, x, 1, ... to 31 terms is _____ .

(a) x^{28}

(b) $1/x$

(c) $1/x^{28}$

(d) $1/x^{30}$

165.   The sum of all natural numbers between 200 and 400 which are divisible by 7 is _____.

(a)   7730

(b)   8729

(c)   7729

(d)   8730

166.   An Ogive can be prepared in _____ different ways.

(a)   2

(b)   3

(c)   4

(d)   5

167. Mutually inclusive classification is usually meant for_____ .

    (a)   A discrete variable

    (b)   A continuous variable

    (c)   An attribute

    (d)   All these

168. _____ is an absolute measure of dispersion.

    (a)   Range

    (b)   Mean Deviation

    (c)   Standard Deviation

    (d)   All these measures

169. For finding the degree of agreement about beauty between two Judges in a Beauty Contest, we use_____ .

    (a)   Scatter diagram

    (b)   Coefficient of rank correlation

    (c)   Coefficient of correlation

    (d)   Coefficient of concurrent deviation

170. Probability density function is always _____ .

    (a)   Greater than 0

    (b)   Greater than equal to 0

    (c)   Less than 0

    (d)   Less than equal to 0

PART III

171. The value of $(8/27)^{1/3}$ is

    (a)   2/3

    (b)   3/2

    (c)   2/9

    (d)   None of these.

172. The equation $-7x + 1 = 5 - 3x$ will be satisfied for x equal to

    (a)   2

    (b)   −1

    (c)   1

    (d)   None of these.

173. The sum of two numbers is 52 and their difference is 2. The numbers are

    (a)   17 and 15

    (b)   12 and 10

    (c)   27 and 25

    (d)   None of these.

174. In what time will Rs.85000 amount to Rs.157675 at 4.5 % p.a. ?

    (a)   18 years

    (b)   18.5 years

    (c)   19 years

    (d)   20 years

175. On what sum will the compound interest at 5% per annum for two years compounded annually be Rs.1640?

    (a)   Rs. 16000

    (b)   Rs. 17000

    (c)   Rs. 18000

    (d)   Rs. 19000

176. Find the future value of an annuity of Rs.500 is made annually for 7 years at interest rate of 14% compounded annually. Given that $(1.14)^7 = 2.5023$.

    (a)   Rs.5635.25

    (b)   Rs.5365.25

    (c)   Rs.6535.25

    (d)   Rs.6355.25

177. Find n if $^nP_3 = 60$

    (a)   4

    (b)   5

    (c)   6

    (d)   7

178. A man has 5 friends. In how many ways can he invite one or more of his friends to dinner?

    (a)   29

    (b)   30

    (c)   31

(d)   32

179.   The 4 arithmetic means between −2 and 23 are

(a)   3, 13, 8, 18

(b)   18, 3, 8, 13

(c)   3, 8, 13, 18

(d)   None of these.

180.   The second term of a G P is 24 and the fifth term is 81. The series is

(a)   16, 36, 24, 54,..

(b)   24, 36, 53,...

(c)   16, 24, 36, 54,..

(d)   None of these.

181.   In a group of 20 children, 8 drink tea but not coffee and 13 like tea. The number of children drinking coffee but not tea is

(a)   6

(b)   7

(c)   1

(d)   None of these.

182.   Evaluate: $\lim\limits_{x \to 3} \dfrac{x^2 - 6x + 9}{x - 3}$.

(a)   −1

(b)   0

(c)   1

(d)   2

183. $\lim\limits_{x \to 1} \dfrac{x^2 - \sqrt{x}}{\sqrt{x} - 1}$ is equal to

(a)   −3

(b)   1/3

(c)   3

(d)   None of these.

184.   If $y = x\,(x - 1)\,(x - 2)$ then $\dfrac{dy}{dx}$ is

(a) $3x^2 - 6x + 2$

(b)   −6x + 2

(c)   3x² + 2

(d)   None of these.

185.   The derivative of $\dfrac{3-5x}{3+5x}$ is

(a)   30 / (3 +5x)²

(b)   1 / (3 +5x)²

(c)   −30 / (3 +5x)²

(d)   None of these.

186.   Integration of 3 – 2x – x⁴ will become

(a)   − x² – x⁵ / 5

(b)   3x – x² – x⁵ / 5

(c)   3x – x² x⁵ / 5 +k

(d)   None of these.

187.   Evaluate $\int_{0}^{1}(2x^{2}-x^{3})\,dx$ and the value is

(a)   4/3

(b)   5/12

(c)   − 4/3

(d)   None of these.

188.   Find the number of observations between 250 and 300 from the following data :

Value   : More than 200 More than 250   More than 300   More than 350

No. of observations: 56   38   15   0

(a)   56

(b)   23

(c)   15

(d)   8

189.   What is the median for the following observations?

5, 8, 6, 9, 11, 4.

(a)   6

(b)   7

(c)   8

(d)   None of these.

190.   The third decile for the numbers 15, 10, 20, 25, 18, 11, 9, 12 is

(a)   13

(b)   10.70

(c)   11

(d)   11.50

191.   If the range of x is 2, what would be the range of –3x +50 ?

(a)   2

(b)   6

(c)   –6

(d)   44

192.   What is the standard deviation of 5, 5, 9, 9, 9, 10, 5, 10, 10?

(a) $\sqrt{14}$

(b) $\sqrt{42}$

(c)   4.50

(d)   8

193.   When r = 0   then cov(x,y) is equal to

(a)   + 1

(b)   – 1

(c)   0

(d)   None of these.

194.   If an unbiased die is rolled once, the odds in favour of getting a point which is a multiple of 3 is

(a)   1:2

(b)   2:1

(c)   1:3

(d)   3:1

195.   If A, B and C are mutually exclusive independent and exhaustive events then what is the probability that they occur simultaneously?

(a)   1

(b)   0.50

(c)   0

(d)   Any value between 0 and 1

196.   It is given that a family of 2 children has a girl, what is the probability that the other child is also a girl ?

(a)   0.50

(b)   0.75

(c)   1/3

(d)   2/3

197.   If the quartile deviation of a normal curve is 4.05, then its mean deviation is

(a)   5.26

(b)   6.24

(c)   4.24

(d)   4.80

198.   If 2 log x = 4 log 3, the *x* is equal to

(a)   3

(b)   9

(c)   2

(d)   None of these.

199.   The number of subsets of the sets {6, 8, 11} is

(a)   9

(b)   6

(c)   8

(d)   None of these.

200. $\lim\limits_{x \to \infty} \dfrac{e^x + 1}{e^x + 2}$ is evaluated to be

(a)   0

(b)   −1

(c)   1

(d)   None of these.

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-4/2006

Time : 4 hours *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1. In the books of manufacturing concern, opening stock consists of

    (a) Raw materials

    (b) Work-in-progress

    (c) Finished goods

    (d) All of the above

2. When adjusted purchase is shown on the debit column of the trial balance then

   (a) Both opening stock and closing stock do not appear in the trial balance

   (b) Closing stock is shown in the trial balance and not the opening stock

   (c) Opening stock is shown in the trial balance and not the closing stock

   (d) Both opening and closing stock appear in the trial balance

3. Following is the example of external users:

   (a) Government.

   (b) Owners.

   (c) Management.

   (d) Employees.

4. "Business unit is separate and distinct from the person who supply capital to it", is based on

   (a) Money measurement concept.

   (b) Going concern concept.

   (c) Business entity concept

   (d) Dual aspect concept.

5. State the case where the going concern concept is applied?

   (a) When an enterprise was set up for a particular purpose, which has been achieved, or to be achieved shortly.

   (b) When a receiver or liquidator has been appointed in case of as a company which is to be liquidated.

   (c) Fixed assets are acquired for use in the business for earning revenues and are not meant for resale.

   (d) When an enterprise is declared sick.

6. If two or more transactions of the same nature are journalised together having either the debit or the credit account common is known as

   (a) Compound journal entry.

   (b) Separate journal entry.

   (c) Posting.

   (d) None of the above.

7. If the cheque is not presented for the payment upto the date of the preparation of the Bank Reconciliation Statement, then the balance as per Pass Book will be

   (a) Higher than the balance shown by the cashbook by the amount of unpresented cheque.

(b) Lower than the balance shown by the cashbook by the amount of unpresented cheque.

(c) Same as shown by the cashbook.

(d) None of the above

8. Whenever errors are noticed in the accounting records, they should be rectified

(a) At the time of preparation of the trial balance.

(b) Without waiting the accounting year to end.

(c) After the preparation of final accounts.

(d) In the next accounting year.

9. Parties to a bill of exchange are

(a) Drawer.

(b) Drawee.

(c) Payee.

(d) All of the above

10. All the expenditures and receipts of revenue nature go to

(a) Trading account.

(b) Profit and loss account.

(c) Balance sheet.

(d) Either to (a) or (b)

PART II

11. A_____is sent to a customer when he returns the goods.

(a) Debit note.

(b) Credit note.

(c) Proforma invoice

(d) None of the above.

12. Noting charges are paid at the time of _____of a bill.

(a) Retirement.

(b) Renewal

(c) Dishonour

(d) None of the above.

13. Depreciation of fixed assets is an example of _____expenditure.

(a) Revenue.

(b) Deferred revenue.

(c) Capital

(d) None of the above.

14. Interest on drawings is_____for the business.

(a) Expenditure.

(b) Expense

(c) Gain

(d) None of the three.

15. An amount of Rs.200 received from A credited to B would affect_____

(a) Accounts of A and B.

(b) A's account

(c) Cash account

(d) B's account.

16. In_____ method, depreciation is charged by allocating depreciable cost in proposition of the annual output to the probable life-time output.

(a) Working hours method.

(b) Replacement method.

(c) Revaluation method.

(d) Production units method.

17. General ledger adjustment account(s) is/are opened in_____.

(a) Debtors ledger.

(b) General ledger.

(c) Creditors ledger.

(d) Both (a) and (c)

18. General reserve at the time of admission of a new partner is transferred to _____.

(a) Profit and loss adjustment account.

(b) Partners' capital accounts.

(c) Revaluation account

(d) Memorandum revaluation account.

19. A suspense account facilitates the preparation of _____even when the_____has not tallied.

(a) Ledgers; Trial balance.

(b)   Financial statements; Trial Balance.

(c)   Trial balance; Financial statements.

(d)   Journal; Trial balance.

20.   Writing of transaction in the ledger is called_____.

(a)   Costing.

(b)   Balancing.

(c)   Journalizing

(d)   Posting

PART III

21.   Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of financial 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 framework.

22.   RPG Ltd. purchased equipment from PQR Ltd. for Rs.50,000 on 1st April, 2005. The freight and cartage of Rs.2,000 is spent to bring the asset to the factory and Rs.3,000 is incurred on installing the equipment to make it possible for the intended use. The market price of machinery on 31st April, 2006 is Rs.60,000 and the accountant of the company wants to disclose the machinery at Rs.60,000 in financial statements. However, the auditor emphasizes that the machinery should be valued at Rs.55,000 (50,000+2,000+3,000) according to:

(a)   Money measurement principle.

(b)   Historical cost concept.

(c)   Full disclosure principle.

(d)   Revenue recognition.

PART IV

23.   Mr. A started a business on 1st January 2005 with Rs. 5,00,000. During the year he bought goods worth Rs. 1,00,000 on credit and sold 80% of the same goods at profit of 20% on cost. At the end of the year 2005, the amount of opening stock to be shown in the trial balance of Mr. A will be

(a)   Rs. 20,000

(b)   Rs. 24,000

(c)   Rs. 1,00,000

(d)   Nil

24.   Sundry debtors on 31st March 2006 are Rs.55,200. Further bad debts are Rs.200. Provision for doubtful debts are to be made on debtors @ 5% and also provision of discount is to be made on debtors @ 2%. The amount of provision of doubtful debts will be

(a)   Rs.1,045

(b)   Rs.2,750

(c)   Rs.1,100

(d)   Rs.2,760

25.   A firm purchases a 5 years' lease for Rs. 40,000 on 1st January. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity for it is 0.230975. The amount of annual depreciation will be

(a)   Rs. 8,000

(b)   Rs. 2,000

(c)   Rs. 9,239

(d)   Rs. 6,000

26.   The balance of machine on 31st March 2006 is Rs.72,900. The machine was purchased on 1st April 2003 charging depreciation @10% p.a. The cost price of the machine as on 1st April 2003 would be

(a)   Rs.1,00,000

(b)   Rs.90,000

(c)   Rs.81,000

(d)   Rs.72,900

27.   On May 01, 2003, Y Ltd. issued 7% 40,000 convertible debentures of Rs.100 each at a premium of 20%. Interest is payable on September 30 and March 31, every year. Assuming that the interest runs from the date of issue, the amount of interest expenditure debited to profit and loss account for the year ended March 31, 2004 will be

(a)   Rs.2,80,000

(b)   Rs.2,33,333

(c)   Rs.3,36,000

(d)   Rs.2,56,667

28. A company cannot issue redeemable preference shares for a period exceeding

    (a) 6 years

    (b) 7 years

    (c) 8 years

    (d) 20 years

29. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs.2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F will be

    (a) 60 shares; Rs.120

    (b) 340 shares; Rs.160

    (c) 320 shares; Rs.200

    (d) 300 shares; Rs.240

30. Z Ltd. issued 10,000 shares of Rs.10 each. The called up value per share was Rs.8. The company forfeited 200 shares of Mr. A for non-payment of 1st call money of Rs.2 per share. He paid Rs.6 for application and allotment money. On forfeiture, the share capital account will be _____.

    (a) Debited by Rs.2,000

    (b) Debited by Rs.1,600

    (c) Credited by Rs.1,600

    (d) Debited by Rs. 1,200

31. R, J and D are the partners sharing profits in the ratio 7:5:4. D died on 30th June 2006 and profits for the accounting year 2005-2006 were Rs. 24,000. How much share in profits for the period 1st April 2006 to 30th June 2006 will be credited to D's Account.

    (a) Rs. 6,000.

    (b) Rs. 1,500.

    (c) Nil.

    (d) Rs. 2,000.

32. A company sends its cars to dealers on 'sale or return' basis. All such transactions are however treated like actual sales and are passed through the sales day book. Just before the end of the financial year, two cars which had cost Rs.55,000 each have been sent on 'sale or return' and have been debited to customers at Rs.75,000 each, cost of goods lying with the customers will be

    (a) Rs.1,10,000.

    (b) Rs. 55,000.

(c)   Rs. 75,000.

(d)   None of the above.

33.   A second hand car is purchased for Rs. 10,000, the amount of Rs. 1,000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owner's name and Rs. 1,200 is paid as dealer's commission. The amount debited to car account will be

(a)   Rs. 10,000.

(b)   Rs. 10,500.

(c)   Rs. 11,500.

(d)   Rs. 12,700.

34.   A bill of 12,000 was discounted by A with the banker for 11,880. At maturity, the bill returned dishonoured, noting charges Rs 20. How much amount will the bank deduct from A's bank balance at the time of such dishonour?

(a)   12,000

(b)   11,880

(c)   12,020

(d)   11,900

35.   A purchased goods costing 42500. B sold goods costing Rs 40000 at Rs 50000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be:

(a)   Rs. 3125

(b)   Rs. 2500

(c)   Rs. 3000

(d)   None of the above

36.   Mr. X is a partner in a firm. He withdraws Rs.200 at the end of each month. If rate of interest is @ 5% p.a., the interest on drawings is

(a)   Rs.65

(b)   Rs.55

(c)   Rs.60

(d)   Rs.50

37.   Mohan and Sohan are partners in a firm sharing profits and losses in the ratio 5:3. The firm earned profits during last four years amounting Rs.18,000, Rs.8,500 (loss), Rs.30,000 and Rs.16,500 respectively. The value of goodwill on the basis of one and a half year's purchase of average profits of last four years will be

(a)   Rs.14,000

(b) Rs.27,375

(c) Rs.21,000

(d) Nil

38. A to whom 100 shares of Rs.10 each was allotted at par, paid Rs.3 on application, Rs.3 on allotment but could not pay the first and final call money of Rs.4. His shares were forfeited by the directors. The amount to be credited to shares forfeited account will be

(a) Rs.500

(b) Rs.400

(c) Rs.600

(d) Rs.1,000

39. Balance as per cash book is Rs.5,000. Cheques issued but not presented for payment Rs.2,000 and cheques sent for collection but not collected Rs.1,500. The Bank had wrongly debited the account of firm by Rs.20. Balance as per pass book will be

(a) Rs.5,500

(b) Rs.6,300

(c) Rs.5,700

(d) Rs.8,300

40. Following are the extracts from the trial balance of a firm as on 31st December, 2005:

Particulars	Dr.	Cr.
Investments in 6% Debentures of A Ltd. (Interest Payable on 31st March and 30th September)	30,000	
Interest on investments		9,000

The amount of accrued interest on 31st December will be

(a) Rs.1,800

(b) Rs.900

(c) Rs.450

(d) None of the above.

41. Following are the extracts from the Trial Balance of a firm was on 31st December, 2005.

Particulars	Rs.
Sundry debtors	30,000
Bad debts	5,000

Additional information:

(i) After preparing the trial balance, it is learnt that a debtor, Mohan became

insolvent and therefore, the entire amount of Rs.3,000 due from him was irrecoverable.

(ii)   10% provision for bad and doubtful debts is generally created.

The amount of provision for bad and doubtful debts to be charged to profit and loss account will be

(a)   Rs.3,000.

(b)   Rs.2,700.

(c)   Rs. 2,500.

(d)   None of the three.

42.   A and B are partners in a firm. During the year 2006, A withdrew Rs.1,000 p.m. and B withdraw Rs.500 p.m. on the first day of each month for personal use. Interest on drawings is to be charged @ 10% p.a. The interest on drawings will be

(a)   Rs.650.

(b)   Rs.975

(c)   Rs.900

(d)   Rs.1,800

43.   A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They have invested capitals of Rs.40,000 and Rs.25,000 respectively. As per the partnership deed, they are entitled to interest on capital @ 5% p.a. before dividing the profits. During the year, the firm earned a profit of Rs.3,900 before allowing interest. The net profits will be apportioned as

(a)   Rs.260 to A and Rs.390 to B.

(b)   Rs.390 to A and Rs.260 to B.

(c)   Rs.2,340 to A and Rs.1,560 to B.

(d)   Rs.1,560 to A and Rs.2,340 to B.

44.   Advertisement expenditure of Rs.10,000 paid on 30.12.2006, the advertisement in respect of which has appeared in the magazines of January, 2007.

This expenditure will be

(a)   Shown as 'expense' in the financial statements of the year ended 31st December, 2006.

(b)   Shown as 'liability' in the financial statements of the year ended 31st December, 2006.

(c)   Shown as prepaid expense in the financial statements of the year ended 31st December, 2006.

(d)   None of the three.

45. Our acceptance to Mr. A for Rs.8,000 renewed for 3 months on the condition that Rs.2,000 is paid in cash immediately and the remaining balance to carry out interest at 18% p.a. The amount of the renewed bill of exchange will be

   (a) Rs.6,270

   (b) Rs.8,270

   (c) Rs.8,000

   (d) None of the three.

46. On 1st January, 2005, Alpha Ltd. purchased a machine for Rs.50,000 and spent Rs.4,000 on its carriage and Rs.2,000 on its installation. On the date of purchase, it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be Rs.6,000. Depreciation is charged on straight line basis. Depreciation for the year 2005 will be

   (a) Rs.4,600

   (b) Rs.5,000

   (c) Rs.4,800

   (d) Rs.4,500

47. Ram and Gopal are partners sharing profits and losses in the ratio of 2:1. Gopal gave a loan of Rs.12,000 to the firm. They did not have any specific agreement about interest on loan mentioned in the partnership deed. Gopal claims interest on loan @ 10% p.a. The interest on loan as per rules of Partnership Act, 1932 will be:

   (a) Rs.840

   (b) Rs.820

   (c) Rs.720

   (d) Rs.960

48. Mr. A is a partner in a firm along with Mr. B. Both contributed capitals of Rs.40,000 and Rs.50,000 respectively on the 1st of July, 2005. Interest on capital is to be charged @ 10% p.a. Book of account are to be closed on 31st December, 2005. Interest on capital is

   (a) Rs.2,500

   (b) Rs.2,000

   (c) Rs.4,500

   (d) None of the above.

49. A firm has on average profit of Rs.60,000. Rate of return on capital employed is 12.5% p.a. Total capital employed in the firm was Rs.4,00,000. Goodwill on the basis of two years purchase of super profits is

   (a) Rs.20,000

(b) Rs.15,000

(c) Rs.10,000

(d) None of the above.

50. A transport company purchases a truck for Rs.2,00,000 on 1ˢᵗ January, 2005. It charges 20% depreciation p.a. according to w.d.v. method. The track was sold on 1ˢᵗ July, 2006 for a sum of Rs.1,60,000.

The profit or loss on sale of truck is

(a) Loss of Rs. 16,000.

(b) Profit of Rs. 16,000.

(c) Profit of Rs. 12,000.

(d) Loss of Rs. 12,000.

51. Ram strated business with cash   Rs.50,000

Purchased goods from Mohan on credit   Rs.20,000

Sold goods to Shyam costing Rs.3,000 for cash   Rs.3,600

The accounting equation on the basis of these transactions will be

(a) Assets Rs.70,600 = Laibilities Rs.3,600+Owner's equity Rs.67,000

(b) Assets Rs.70,600 = Liabilities Rs.50,600+Owner's equity Rs.20,000

(c) Assets Rs.70,600= Liabilities Rs.20,000+Owner's equity Rs.50,600.

(d) None of the three.

52. Cost of physical stock on 15.4.06 was Rs.3,00,000. Sales amounting Rs.1,00,000 and purchases worth Rs.50,000 were held between 31.3.06 and 15.4.06. Goods are sold at a profit of 20% on sales. Value of inventory as on 31.3.06 is

(a) Rs.3,50,000.

(b) Rs.2,70,000.

(c) Rs.3,30,000.

(d) Rs.3,00,000.

53. A and B entered into a joint venture agreement to share the profits and losses in the ratio of 2:1. A supplied 100 ratio sets worth Rs.1,00,000 to B incurring expenses of Rs.5,000 for freight and issuance. B sold the 95 ratio sets for Rs.1,20,000. 5 radio sets were taken over by B. The profit/loss on venture will be

(a) Profit of Rs.20,000.

(b) Profit of Rs.15,000.

(c) Loss of Rs.20,000.

(d) Profit of Rs.20,250.

54. A cheque of Rs.1,000 received from Ramesh was dishonoured and had been posted to the debit of sales returns account.

The rectifying journal entry will be

			Rs.	Rs.
(a)	Sales Returns A/c	Dr.	1,000	
	To Ramesh			1,000
(b)	Ramesh	Dr.	1,000	
	To Sales Return A/c			1,000
(c)	Ramesh	Dr.	1,000	
	Sales Returns A/c	Dr.	1,000	
	To Suspense A/c			2,000

(d) None of the above.

55. Record of purchase of T.V. sets.

Date	Quantity	Price per unit
	Units	Rs.
March 4	900	5
March 10	400	5.50

Record of issues

March 5	600
March 12	400

The value of T.V. sets on 15 March, as per LIFO will be

(a) Rs.1,500

(b) Rs.1,650

(c) Rs.1,575.

(d) None of the three.

56. A purchased a computer costing Rs.10,000. Repairing expenses Rs.1,000 and miscellaneous expenses Rs.500 were incurred by him. He sold the computer at 20% margin on selling price. The sales value will be

(a) Rs.12,500.

(b) Rs.11,000

(c) Rs.14,375

(d) Rs.13,800

57. Priya sold goods to Nidhi for Rs.1,00,000. Priya will grant 5% discount to Nidhi. Nidhi

requested Priya to draw a bill. The amount of the bill will be

(a)   Rs.1,00,000.

(b)   Rs.95,000.

(c)   Rs.93,800.

(d)   Rs.90,000

58.   A bill is drawn on 28th March, 2006 for one month after sight. The date of acceptance is 2nd April, 2006. The due date of the bill will be

(a)   1st May, 2006.

(b)   28th April, 2006.

(c)   5th May, 2006.

(d)   2nd May, 2006.

59.   Mohan drew a bill on Shyam for Rs.50,000 for 3 months. Porceeds are to be shared equally. Mohan got the bill discounted at 12% p.a. and remits required proceeds to Shyam. The amount of such remittance will be

(a)   Rs.24,250.

(b)   Rs.25,000.

(c)   Rs.16,167

(d)   Rs.32,333.

60.   Goods costing Rs. 10,000 were sold at 25% profit on selling price. The sales will be of

(a)   Rs.12,000.

(b)   Rs. 12,500.

(c)   Rs. 10,000.

(d)   None of the three.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. Cross Offers means

    (a) Exchanging identical offers by two parties in ignorance.

    (b) Offer made to the public in general.

    (c) Offer allowed to remain open for acceptance over a period of time.

    (d) Offer made to a definite person.

62. Valid Contract:

    (a) In case of this collateral agreements 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 both the parties.

63. Which of the following is a requirement for misrepresentation to exist?

    (a) Misrepresentation should relate to a material fact.

    (b) The person making a misrepresentation should not believe it to be true.

    (c) It must be made with an intention to deceive the other party.

    (d) All of the above.

64. Which of the following agreements is void?

    (a) Agreements made under the unilateral mistake of fact.

    (b) Agreements made under the bilateral mistake of fact.

    (c) Agreements made under the influence of fraud.

    (d) Contingent agreement.

65. Which of the following offers constitute a valid offer?

    (a) An auctioneer displays a TV. set before a gathering in an auction sale.

(b) Ram who is in possession of three cars purchased in different years says 'I will sell you a car'.

(c) A says to B, "Will you purchase my motor cycle for Rs. 20,000?

(d) All of the above.

66. Which of the following statements is true?

(a) Even if a proposal is not accepted properly it becomes a valid contract.

(b) The agreements which are against the public policy can be enforced if the parties are willing to contract.

(c) A contract can consist of an offer or an acceptance only.

(d) Two are more persons are said to consent when they agree upon the same thing in the same sense.

67. Contract caused by which of the following is void?

(a) Fraud.

(b) Misrepresentation.

(c) Coercion.

(d) Bilateral Mistake.

68. Suppose the time fixed for performance of the contract has expired but the time is not essential. What is the remedy of the promisee in the circumstances?

(a) Can rescind the contract.

(b) To claim compensation.

(c) No remedy available.

(d) Can't be determined.

69. What is legal terminology for the doing or not doing of something which the promisor desires to be done or not done?

(a) Desires.

(b) Wishes.

(c) Consideration.

(d) Promise.

70. Goods must be the same as wanted by the seller. This is

(a) Condition as to description

(b) Condition as to sample

(c) Condition as to wholesomeness

(d) Condition as to title

71. Goods dependant upon certain events which may or may not happen.

    (a) Unascertained goods.

    (b) Future goods.

    (c) Contingent Goods.

    (d) Existing Goods.

72. Which of the following is a not document of title to goods?

    (a) Bill of Lading.

    (b) Railway Receipt.

    (c) Dock Warrant.

    (d) Performa invoice.

73. The term 'goods' for the purpose of Sale of Goods Act, includes

    (a) Money.

    (b) Actionable claims.

    (c) Growing crops, grass.

    (d) None of these.

74. In which of the following cases, the unpaid seller loses his right of lien?

    (a) Delivery of goods to buyer.

    (b) Delivery of goods to carrier.

    (c) Tender of price by buyer.

    (d) All of these.

75. In case of sale of standing trees, the property passes to the buyer when trees are

    (a) Felled and ascertained.

    (b) Not felled but earmarked.

    (c) Counted and ascertained.

    (d) Both (b) and (c).

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. X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y. The relation between X and Y is that

   (a) Partners.

   (b) Carpenters.

   (c) Labourers.

   (d) Master-Servant.

78. Which of the following is an essential feature of partnership?

   (a) Registration.

   (b) Test of Mutual Agency.

   (c) Separate Legal Entity.

   (d) All of the above.

79. Which of the following acts are not included in the implied authority of a partner?

   (a) To buy or sell goods on accounts of partners.

   (b) To borrow money for the purposes of firm.

   (c) To enter into partnership on behalf of firm.

   (d) To engage a lawyer to defend actions against firm.

PART II

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. R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is _____

   (a) Valid

   (b) Void

   (c) Voidable

   (d) Illegal

82. _____ consideration is no consideration in England.

   (a) Past

   (b) Present

(c)　Future

(d)　Past and Present

83.　A agrees to pay Rs. 500 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

84.　When the offeree offers to qualified acceptance of the offer subject to modifications and variations he is said to have made a _____.

(a)　Standing, open or continuing offer

(b)　Counter Offer

(c)　Cross Offers

(d)　Special Offer

85.　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

86.　Where the performance of a promise by one party depends on the prior performance of promise by the other party, such reciprocal promises fall under the category of _____.

(a)　Mutual and concurrent

(b)　Conditional and dependent

(c)　Mutual and independent

(d)　Can't be determined

87.　The basis of 'quasi contractual relations' is the _____.

(a)　Existence of a valid contract between the parties

(b)　Prevention of unjust enrichment at the expense of others

(c)　Provisions contained in Section 10 of the Contract Act

(d)　Existence of a voidable contract between the parties

88. A agrees to pay Rs. 1000 to B if a certain ship returns within a year. However, the ship sinks within the year. In this case, the contract becomes _____

    (a) Valid

    (b) Void

    (c) Voidable

    (d) Illegal

89. Where an agreement consists of two parts once legal and the other illegal, and the legal part is separable from the illegal one, such legal part is _____.

    (a) Void

    (b) Valid

    (c) Voidable

    (d) Illegal

90. The Sale of Goods Act, 1930 came into force on _____.

    (a) 15th March, 1930

    (b) 1st July, 1930

    (c) 30th July, 1930

    (d) 30th June, 1930

91. Contract of Sale is _____.

    (a) Executory Contract

    (b) Executed Contract

    (c) Executory Contract or Executed Contract

    (d) None of the above

92. Where in an auction sale, the seller appoints more than one bidder, the sale is _____.

    (a) Void

    (b) Illegal

    (c) Conditional

    (d) Voidable

93. 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

94.   The property in the goods means the _____.

(a)   Possession of goods

(b)   Custody of goods

(c)   Ownership of goods

(d)   Both (a) and (b)

95.   Untill goods are ascertained there is merely _____.

(a)   An agreement to sell

(b)   A breach of warranty

(c)   A breach of condition

(d)   All the above

96.   The rights of an agent against the principal are the following _____.

(a)   Right of indemnification

(b)   Right to compensation

(c)   Right of stoppage in transit

(d)   All of the above

97. Discharge by mutual agreement may involve_____.

(a)   Novation

(b)   Recission

(c)   Alteration

(d)   All of the above

98.   A enquires from B, "Will you purchase my cow for $ 100?" B replies, "I shall purchase your cow for $ 100 provided you purchase my parrot for $ 120." In this case _____.

(a)   B has accepted the offer of A

(b)   B has made a counter offer to A

(c)   A is bound by the actions of B

(d)   B cannot make such an offer

PART III

99.   A sold 1000 tins of oil to B without appropriating any particular oil to the contract. B sold 600 tins out it to C and gave delivery order addressed to A. C lodged the delivery order with A requesting him to "await" his orders. Meanwhile, B became insolvent and thus A

became the unpaid seller.

(a)   A can exercise his right of lien and refuse to make delivery to C.

(b)   A cannot exercise his right of lien and refuse to make delivery to C.

(c)   C has claim over the goods in possession of A.

(d)   None of the above.

100.   X fraudulently induced Y to enter into partnership with him and Y pays a premium of Rs.5,000/- to A. Within three months the firm incurs liabilities to the extent of Rs.10,000/-. On discovering the fraud, Y files a suit for the rescission of the contract creating partnership and contract is rescinded. The creditors of the firm also levy attachment on Y who pays Rs.3,000/- to them as well. Which of the following is correct?

(a)   Y can obtain a decree for Rs.8000/- against A.

(b)   Y can obtain a decree for Rs.5000/- against A.

(c)   Y can obtain a decree for Rs.3000/- against A.

(d)   Y cannot obtain a decree for either Rs.5,000/- or Rs.3,000/- or Rs.8000/- against.

SECTION – C : GENERAL ECONOMICS(50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carries +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. Find the correct match:

    (a)   An enquiry into the nature and causes of the wealth of the nation: A.C.Pigou.

    (b)   Science which deals with wealth: Alfred Marshall.

    (c)   Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses: Robbins.

    (d)   The range of our enquiry becomes restricted to that part of social welfare that can be brought directly or indirectly into relation with the measuring rode of money: Adam Smith.

102. Suppose the demand for meals at a medium-priced restaurant is elastic. If the management of the restaurant is considering raising prices, it can expect a relatively:

    (a)   large fall in quantity demanded.

    (b)   large fall in demand.

    (c)   small fall in quantity demanded.

    (d)   small fall in demand.

103. Which of the following is not a characteristic of a "price taker"?

    (a)   TR = P x Q

    (b)   AR = Price

    (c)   Negatively –sloped demand

    (d)   Marginal Revenue = Price

104. Which cost increases continuously with the increase in production?

    (a)   Average cost

    (b)   Marginal cost

(c)   Fixed cost

(d)   Variable cost

105.   Which one is not an assumption of the theory of demand based on analysis of indifference curves?

(a)   Given scale of preferences as between different combinations of two goods.

(b)   Diminishing marginal rate of substitution.

(c)   Constant marginal utility of money.

(d)   Consumers would always prefer more of a particular good to less of it, other things remaining the same.

106.   Which of the following statements is correct?

(a)   Under zamindari system, farmers directly paid land revenue to the state.

(b)   At present, income tax revenues from the agriculture sector are negligible.

(c)   Commercial banks are providing loans to the agriculture sector at zero interest rate.

(d)   None of the above.

107.   We can say Indian agriculture has become modern since:

(a)   there has been an increased 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.

108.   Which of the following statements is correct ?

(a)   The demand and the supply of fuel are almost equal.

(b)   Our import bill on account of oil has been decreasing since 1990.

(c)   Oil prices have been decreasing since 1973.

(d)   Transmission and distribution losses of power companies are very high.

109.   Sahara Jet and Kingfisher are examples of:

(a)   private schools.

(b)   private airlines.

(c)   private ships.

(d)   private railways.

110. All of the following developments were noticed during 1991(when economic reforms were enforced) except one. Identify it.

    (a) National debt was nearly 60 percent of the GNP of India.

    (b) Inflation crossed double digits

    (c) Foreign reserves were maintained at a very high level.

    (d) None of the above.

111. All of the following statements except one are correct about the foreign trade policy, 2004-09.Identify the incorrect statement:

    (a) Certain thrust areas like agriculture, handlooms, handicrafts etc have been identified.

    (b) Vishesh Krishiupaj Yojana has been started.

    (c) 'Served from India' scheme has been started.

    (d) The entry of FDI in India has been restricted.

112. The economic reforms have failed to:

    (a) keep fiscal deficits to the targeted levels.

    (b) fully implement industrial deregulation.

    (c) fully open the economy to trade.

    (d) all of the above.

113. Broad money refers to

    (a) M_1

    (b) M_2

    (c) M_3

    (d) M_4

114. Nationalization of banks aimed at all of the following except:

    (a) removal of control by a few.

    (b) provision of credit to big industries only.

    (c) provision of adequate credit for agriculture, small industry and export units.

    (d) encouragement of a new class of entrepreneur.

115. In order to encourage investment in the country, the RBI may:

    (a) reduce CRR.

    (b) increase CRR.

    (c) sell securities in the open market.

    (d) increase Bank rate.

116. Which of the following statements is incorrect?

    (a)   The Indian road net work is one of the longest in the world.

    (b)   The rural road network connects around 65 percent of all weather roads.

    (c)   Most of the State Road Transport Corporations are running on profits.

   (d)   The National highways carry more than 40 percent of the total road traffic.

PART II

117. ------------------- expressed the view that "Economics is neutral between end".

    (a)   Robbins

    (b)   Marshall

    (c)   Pigou

    (d)   Adam Smith

118. The law of demand refers to -----------------------.

    (a)   price-supply relationship

    (b)   price- cost relationship

    (c)   price-demand relationship

    (d)   price-income relationship.

119. Increasing returns imply ---------------------------.

    (a)   constant average cost.

    (b)   diminishing cost per unit of output.

    (c)   optimum use of capital and labour.

    (d)   external economies.

120. In monopolistic competition, a firm is in long run equilibrium --------------------------.

    (a)   at the minimum point of the LAC curve.

    (b)   in the declining segment of the LAC curve.

    (c)   in the rising segment of the LAC curve.

    (d)   when price is equal to marginal cost.

121. Of the major 12 ports, _____ is the top traffic handler.

    (a)   Paradip

    (b)   Cochin

    (c)   Vishakhapatnam

    (d)   Mumbai

122. On an average, one post office in India serves _____.

    (a) 100 persons

    (b) 1000 persons

    (c) 6615 persons

    (d) 5800 persons

123. At present, nearly _____ percent of the energy consumed is obtained from non-commercial traditional sources.

    (a) 45

    (b) 51.

    (c) 23

    (d) 10

124. _____ refers to the transfer of assets or services functions from public to private ownership.

    (a) Globalization

    (b) Privatization

    (c) Disinvestment

    (d) Liberalization

125. At present only _____ industries are reserved for the public sector.

    (a) 5

    (b) 7

    (c) 8

    (d) 3

126. At present, Bank rate is _____ percent.

    (a) 5

    (b) 6

    (c) 6.5

    (d) 5.5

127. _____ is the official minimum rate at which the central bank of a country is prepared to rediscount approved bills held by banks.

    (a) CRR

    (b) SLR

    (c) Bank rate

    (d) Repo rate

128. EPCG stands for ---------------------------.

    (a)   Export Promotion Capital Goods.

    (b)   Expert Programme for Credit Generation.

    (c)   Exchange Programme for Consumer Goods.

    (d)   Export Promotion Consumer Goods

129. The area under irrigation has _____ over the years in India.

    (a)   remained constant.

    (b)   decreased

    (c)   increased.

    (d)   first increased and then decreased

130 . The service sector in India now accounts for ------------------------------.

    (a)   more than 80 percent of GDP.

    (b)   more than 70 percent of GDP.

    (c)   more than 50 percent of GDP.

    (d)   more than 90 percent of GDP.

131. _____ is the Banker's Bank in India.

    (a)   SBI

    (b)   PNB

    (c)   RBI

    (d)   OBC

132. According to the 2001 census the total literacy ratio is

    (a)   32.5%

    (b)   65.4%

    (c)   52.1%

    (d)   75.8%

PART III

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. S_1 and D_1 are the original demand and supply curves. D_2, D_3, S_2 and S_3 are possible new demand and supply curves. Starting from initial equilibrium point(1) what point on the graph is most likely to result from each change?
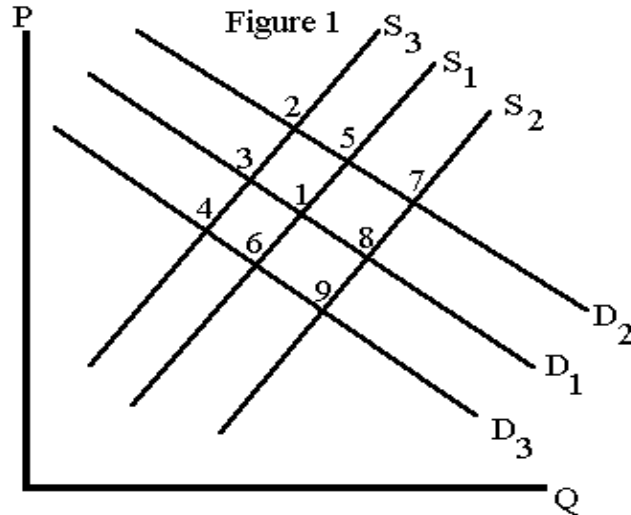
Figure 1

133. Assume X is a normal good. Holding everything else constant, assume that income rises and the price of a factor of production also increases. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

(a) Point 9

(b) Point 5

(c) Point 3

(d) Point 2.

134. We are analyzing the market for good Z. The price of a complement good, good Y, declines. At the same time, there is a technological advance in the production of good Z. What point Figure 1 is most likely to be the new equilibrium price and quantity?

(a) Point 4.

(b) Point 5

(c) Point 7

(d) Point 8

135. Heavy rains in Maharashatra during 2005 and 2006 caused havoc with the rice crop. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

(a) Point 6

(b) Point 3

(c) Point 7

(d) Point 8

136. Assume that consumers expect the prices on new cars to significantly increase next year. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

(a)   Point 6

(b)   Point 5

(c)   Point 3

(d)   Point 8

137.   What combinations of changes would most likely decrease the equilibrium quantity?

(a)   When supply increases and demand decreases.

(b)   When demand increases and supply decreases

(c)   When supply increases and demand increases.

(d)   When demand decreases and supply decreases.

PART IV

Use Table 1 to answer questions 138 - 141

Table 1

Quantity	Average Fixed cost	Average Total cost	Marginal cost
0	-	-	-
1	80.00	100.00	20
2	40.00	58.00	17
3	26.66	44.00	15
4	20.00	36.25	13
5	16.00	31.40	12
6	13.33	28.33	13
7	11.42	26.29	14
8	10.00	26.13	25
9	8.88	26.56	30
10	8.00	27.30	34
11	7.27	28.45	40
12	6.66	30.00	47
13	6.15	31.92	55

138.   Refer to Table 1 which lists the average costs of a perfectly competitive firm. If the price of the good is Rs 13, the firm will be produce

(a)   4 units at a loss of Rs. 93

(b) 6 units at a loss Rs. 92

(c) zero units at a loss of Rs. 80

(d) 8 units at a profit of Rs. 9

139. Refer to the competitive firm in Table 1. If the market price is Rs 31, the firm will produce:

(a) 9 units at an economic profit of Rs 40

(b) 10 units at an economic profit of Rs 67

(c) 9 units at an economic profit of Rs 81.

(d) Zero units of output and lose its fixed cost.

140. In Table 1, if price is Rs 26, the perfectly competitive firm will:

(a) shut down in the short run.

(b) produce 8 units at an economic loss of Rs 9.

(c) produce 9 units at an economic loss of Rs. 5.

(d) produce 8 units at an economic loss of Rs. 1.04.

141. In Table 1, if price is Rs 34, the perfectly competitive firm will:

(a) shut down

(b) produce 10 units

(c) produce 11 units

(d) produce 13 units.

Read the following paragraph and answer Questions number 142-147

Anisha quit her job at a private company where she earned Rs2,90,000 a year. She withdrew Rs 4,00,000 in a savings account that earned 10% interest annually to buy a second hand mini bus to commune passenger between Cannaught Place and Noida. There are 1000 passengers who will pay Rs 4000 a year each for commuter services; Rs 2800 from each passenger goes for petrol, maintenance, depreciation etc.

142. What is Anisha's total revenue from her commuter service?

(a) Rs. 40,00,000

(b) Rs.2, 90,000

(c) Rs, 28, 00,000

(d) Rs 31, 30,000

143. Calculate Anisha's accounting costs?

(a) Rs. 12, 00,000

(b)   Rs. 40, 00,000

(c)   Rs.28, 00,000.

(d)   Rs. 8, 70,000.

144. Calculate Anisha's economic cost?

(a)   Rs. 3, 30,000

(b)   Rs. 40, 000

(c)   Rs.28, 00,000.

(d)   Rs. 31, 30,000.

145. We can say that Anisha:

(a)   earned economic profits but suffered accounting loss.

(b)   earned economic profits and accounting profits.

(c)   suffered economic loss and accounting loss.

(d)   earned accounting profits but suffered economic loss.

146. Calculate Anisha's accounting profit/ loss?

(a)   Rs. 40, 00,000.

(b)   Rs. 12, 00,000.

(c)   Rs. 8, 70,000.

(d)   Rs. 2, 90,000.

147. Calculate Anisha's economic profit/ loss?

(a)   Rs. 12, 00,000

(b)   Rs. 30,000

(c)   Rs. 31, 30,000

(d)   Rs. 8, 70,000

148. If the local pizzeria raises the price of a medium pizza from Rs.60 to Rs.100 and quantity demanded falls from 700 pizzas a night to 100 pizzas a night, the price elasticity of demand for pizzas is:

(a)   .67

(b)   1.5

(c)   2.0

(d)   3.0

149. Suppose a consumer's income increases from Rs.30,000 to Rs.36,000. As a result, the consumer increases her purchases of compact discs(CDs) from 25 CDs to 30 CDs. What is the consumer's income elasticity of demand for CDs?

(a)   0.5

(b)   1.0

(c)   1.5

(d)   2.0

150.   If the quantity demanded of beef increases by 5% when the price of chicken increases by 20%, the cross-price elasticity of demand between beef and chicken is

(a)   -0.25

(b)   0.25

(c)   -4

(d)   4

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. The entire upper part of a table is known as

 (a) Caption.

 (b) Stub.

 (c) Box head.

 (d) Body.

152. Ogive is a

 (a) Line diagram.

 (b) Bar diagram.

 (c) Both.

 (d) None.

153. In case of an even number of observations which of the following is median ?

 (a) Any of the two middle-most value.

 (b) The simple average of these two middle values.

 (c) The weighted average of these two middle values.

 (d) Any of these.

154. If the AM and GM for two numbers are 6.50 and 6 respectively then the two numbers are

 (a) 6 and 7

 (b) 9 and 4

 (c) 10 and 3

 (d) 8 and 5

155. If all the observations are increased by 10, then

 (a) SD would be increased by 10.

(b)   Mean deviation would be increased by 10.

(c)   Quartile deviation would be increased by 10.

(d)   All these three remain unchanged.

156.   Mode of 0,3,5,6,7,9,12,0,2 is

(a)   6

(b)   0

(c)   3

(d)   5

157.   What is spurious correlation?

(a)   It is a bad relation between two variables.

(b)   It is very low correlation between two variables.

(c)   It is the correlation between two variables having no causal relation.

(d)   It is a negative correlation.

158.   The line x = a + by represents the regression equation of

(a)   y on x

(b)   x on y

(c)   Both of above.

(d)   None of above.

159.   When 'p' = 0.5, the binomial distribution is

(a)   Asymmetrical.

(b)   Symmetrical.

(c)   Both of above.

(d)   None of above.

160.   A population comprises 5 members. The number of all possible samples of size 2 that can be drawn from it with replacement is

(a)   100

(b)   15

(c)   125

(d)   25

PART II

161.   Tally marks determines _____ .

(a)   Class width

(b) Class boundary

(c) Class limit

(d) Class frequency

162. _____ always lies in between the arithmetic mean & mode.

(a) G.M.

(b) H.M.

(c) Median

(d) G.M. and H.M.

163. In case 'The ages of husbands and wives' correlation is _____ .

(a) Positive

(b) Negative

(c) Zero

(d) One

164. If $P(A \cap B) = 0$, then the two events A and B are _____ .

(a) Mutually exclusive

(b) Exhaustive

(c) Equally likely

(d) Independent

165. In _____ distribution, mean = variance.

(a) Normal

(b) Binomial

(c) Poisson

(d) None of above

166. A_____ distribution is a theoretical distribution that expresses the functional relation between each of the distinct values of the sample statistic and the corresponding probability.

(a) Normal

(b) Binomial

(c) Poisson

(d) Sampling

167. If an investment of Rs.1000 and Rs.100 yield an income of Rs.90 and Rs.20 respectively, for earning Rs.50 investment of Rs._____will be required.

(a) Less than Rs.500

(b)   Over Rs.500

(c)   Rs.485

(d)   Rs.486

168.   If $^{18}C_n = {}^{18}C_{n+2}$ then the value of n is _____ .

(a)   0

(b)   –2

(c)   8

(d)   None of above

169.   The sum of square of first n natural number is _____.

(a) $(n/2)\,(n+1)$

(b) $(n/6)\,(n+1)\,(2n+1)$

(c) $[(n/2)\,(n+1)]^2$

(d)   None of above.

170.   If $b^2 - 4ac = 0$ the roots are _____ and _____.

(a)   Real, Unequal

(b)   Real, Equal

(c)   Irrational, Unequal

(d)   Rational, Unequal

PART III

171.   The index number of prices at a place in 1998 is 355 with 1991 as base. This means

(a)   There has been on the average a 255% increase in prices.

(b)   There has been on the average a 355% increase in price.

(c)   There has been on the average a 250% increase in price.

(d)   None of these.

172.   The sum of a series in A.P. is 72 the first term being 17 and the common difference –2. the number of terms is

(a)   6

(b)   12

(c)   6 or 12

(d)   10

173. The mean proportional between 1.4 gms and 5.6 gms is

    (a)   28 gms.

    (b)   2.8 gms.

    (c)   3.2 gms.

    (d)   None of these.

174. Which is True ?

    (a) $2° >(1/2)°$

    (b) $2° <(1/2)°$

    (c) $2° =(1/2)°$

    (d)   None of these.

175. 8 is the solution of the equation

    (a) $\dfrac{x+4}{4}+\dfrac{x-5}{3}=11$

    (b) $\dfrac{x+4}{2}+\dfrac{x+10}{9}=8$

    (c) $\dfrac{x+24}{5}=4+\dfrac{x}{4}$

    (d) $\dfrac{x-15}{10}+\dfrac{x+5}{5}=4$

176. The sum of the digits of a two digit number is 10. If 18 be subtracted from it the digits in the resulting number will be equal. The number is

    (a)   37

    (b)   73

    (c)   64

    (d)   None of these.

177. The values of x for the equation $x^2+9x+18 = 6–4x$ are

    (a)   (1,12)

    (b)   (–1,–12)

    (c)   (1,–12)

    (d)   (–1,12)

178. The effective rate of interest corresponding a nominal rate of 7% p.a convertible quarterly is

    (a)   7%

(b)   7.5%

(c)   7.10%

(d)   None of these.

179.   A person bought a house paying Rs. 20000 cash down and Rs. 4000 at the end of each year for 25 yrs. At 5% p.a. C.I. The cash down price is

(a)   Rs. 75000

(b)   Rs. 76000

(c)   Rs. 76392

(d)   None of these.

180.   The ways of selecting 4 letters from the word EXAMINATION is

(a)   136

(b)   130

(c)   125

(d)   None of these .

181.   If there are 50 stations on a railway line how many different kinds of single first class tickets may be printed to enable a passenger to travel from one station to other?

(a)   2500

(b)   2450

(c)   2400

(d)   None of these.

182.   The sum of 3 numbers of a G P is 39 and their product is 729. The numbers are

(a)   3, 27, 9

(b)   9, 3, 27

(c)   3, 9, 27

(d)   None of these.

183.   Find the four numbers in A.P. with the sum of second and third being 22 and the product of the first and fourth being 85.

(a)   3 5 7 9

(b)   2 4 6 8

(c)   5 9 13 17

(d)   None of these.

184. The sum of *n* terms of the series 2 + 6 + 10 + ... is

   (a) $2n^2$

   (b) n^2

   (c) $n^2/2$

   (d) $4n^2$

185. If A has 32 elements, B has 42 elements and A∪B has 62 elements, the number of elements in A∩B is

   (a)   12

   (b)   74

   (c)   10

   (d)   None of these.

186. $\lim_{x \to 1} \dfrac{x^2 - 1}{\sqrt{3x+1} - \sqrt{5x-1}}$ is evaluated to be

   (a)   4

   (b)   1/4

   (c)   −4

   (d)   None of these.

187. $\lim_{x \to t} \dfrac{x^3 - t^3}{x^2 - t^2}$ is evaluated to be

   (a)   3/2

   (b)   2/3t

   (c) $\left(\dfrac{3}{2}\right) t$

   (d)   None of these.

188. If f(x) = $e^{ax^2 + bx + c}$ the f'(x) is

   (a) $e^{ax^2 + bx + c}$

   (b) $e^{ax^2 + bx + c}$ (2ax + b)

   (c)   2ax + b

   (d)   None of these.

189. If $y = e^{\sqrt{2x}}$, $\dfrac{dy}{dx}$ is calculated as

(a) $\dfrac{e^{\sqrt{2x}}}{\sqrt{2x}}$

(b) $e^{\sqrt{2x}}$

(c) $\dfrac{e^{\sqrt{2x}}}{\sqrt{2x}}$

(d) None of these.

190. Evaluate result of $\int (x^2 - 1)\,dx$ is

(a) $x^5/5 - 2/3\ x^3 + x + k$

(b) $x^5/5 - 2/3\ x^3 + x$

(c) $2x$

(d) None of these.

191. Evaluate $\displaystyle\int_{1}^{4} (2x + 5)\,dx$ and the value is

(a) 3

(b) 10

(c) 30

(d) None of these.

192. The following data relate to the marks of a group of students:

Marks :	Below 10	Below 20	Below 30	Below 40	Below 50
No. of students :	15	38	65	84	100

How many students got marks more than 30?

(a) 65

(b) 50

(c) 35

(d) 43

193. The harmonic mean for the numbers 2, 3, 5 is

(a) 2.00

(b) 3.33

(c) 2.90

(d) $\sqrt[3]{30}$

194.   The coefficient of mean deviation about mean for the first 9 natural numbers is

(a)   200/9

(b)   80

(c)   400/9

(d)   50

195.   Maximum value of Rank Correlation coefficient is

(a)   −1

(b)   +1

(c)   0

(d)   None of these.

196.   If two letters are taken at random from the word HOME, what is the Probability that none of the letters would be vowels?

(a)   1/6

(b)   1/2

(c)   1/3

(d)   1/4

197.   The chance of getting a sum of 6 in a single throw with two dice is

(a)   3/36

(b)   4/36

(c)   6/36

(d)   5/36

198.   What is the no. of trials of a binomial distribution having mean and SD as 3 and 1.5 respectively?

(a)   2

.   (b)   4

(c)   8

(d)   12

199.   If the price of all commodities in a place have increased 125 times in comparison to the base period prices, then the index number of prices for the place is now

(a)   100

(b)   125

(c)   225

(d)   None of the above.

200.   If the amount of an annuity for 25 years at 5% p.a C.I. is Rs. 50000 the annuity will be

(a)   Rs.1406.90

(b)   Rs.1046.90

(c)   Rs.1146.90

(d)   None of these.

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-5/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1.   Drawings account is in the nature of

       (a)   Personal account

       (b)   Real account

       (c)   Nominal account

       (d)   None of the above

2. Income tax paid by the sole-proprietor from business bank account is debited to

   (a) Income tax account

   (b) Bank account

   (c) Capital account

   (d) Not to be shown in the business books

3. Following is the example of internal users:

   (a) Government.

   (b) Investors.

   (c) Creditors.

   (d) Employees.

4. Recording of a transaction in a journal is called

   (a) Posting.

   (b) Entry.

   (c) Transfer.

   (d) Ruling.

5. Narrations are given at the end of

   (a) Final accounts.

   (b) Trial balance.

   (c) Each ledger account.

   (d) Each journal entry.

6. The concerned account debited in the journal should be

   (a) Debited in the ledger but reference should be of the respective credit account.

   (b) Credited in the ledger but reference should be of the respective debit account.

   (c) Credited in the ledger and reference should also be of the respective credit account.

   (d) Debited in the ledger and reference should also be of the respective debit account

7. The basic consideration(s) in distinction between capital and revenue expenditures is/are

   (a) Nature of business.

   (b) Effect on revenue generating capacity of business.

   (c) Purpose of expenses.

   (d) All of the above.

8. Unintentional omission or commission of amounts and accounts in the process of recording transactions are known as

    (a)   Frauds.

    (b)   Misinterpretation.

    (c)   Errors.

    (d)   None of the above.

9. "Treating a revenue expense as a capital expenditure" is an example of

    (a)   Compensating errors.

    (b)   Errors of principle.

    (c)   Errors of omission.

    (d)   Errors of commission.

10. Under bank reconciliation statement, while adjusting the cash book

    (a)   All the errors and omissions in the cashbook are taken into consideration.

    (b)   All the errors and omissions in the passbook are taken into consideration.

    (c)   Delays in recording in the passbook due to difference in timing are taken into consideration.

    (d)   All of the above.

PART II

11. In ledger there are _____ columns

    (a)   4

    (b)   6

    (c)   8

    (d)   10

12. In journal, transactions are recorded on _____.

    (a)   Chronological order.

    (b)   Ascending order of amount.

    (c)   Descending order of amount

    (d)   None of the above

13. If an effect of an error is cancelled by the effect of some other error, it is commonly known as _____

    (a)   Errors of principle.

    (b)   Compensating errors.

(c)   Errors of omission.

(d)   Errors of commission.

14.   When opening entry is overstated, net income for the accounting period will be _____.

(a)   Overstated.

(b)   Not be affected.

(c)   Understated.

(d)   None of the above.

15.   Inventories should be generally valued at lower of cost or _____

(a)   Fair market value.

(b)   Replacement value.

(c)   Present value.

(d)   Net realisable value.

16.   Memorandum Joint venture account is a _____

(a)   Personal account.

(b)   Real account.

(c)   Nominal account.

(d)   None of the above.

17.   At the time of admission of a new partner, if the value of goodwill is overstated in the books, it is written back by _____

(a)   Old partners in old profit/loss sharing ratio

(b)   All the partners including the new partner in new profit/loss sharing ratio.

(c)   Old partners in sacrificing ratio

(d)   New partner in gaining ratio.

18.   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

19.   _____ is unavoidable and should be spread over the entire consignment while valuing consignment stock.

(a)   Abnormal loss

(b) Normal loss

(c) Extra-ordinary loss

(d) None of the three

20. Generally, when the size of the venture is _____, the co-venturers keep separate set of books of account for the joint venture.

(a) Small

(b) Medium

(c) Big

(d) All of the above

PART III

21. Mohit, the acceptor of the bill has to honour a bill on 31st March 2006. Due to financial crisis, he is unable to pay the amount of bill of Rs. 20,000. Therefore, he approaches Rohit on 20th March 2006 for extension of bill for further 3 months. Rohit agrees to extend the credit period by drawing a new bill for Rs. 20,500 together with interest of Rs. 1,000 in cash. In this case old bill of Rs. 20,000 will be considered as

(a) Discounted

(b) Dishonoured

(c) Cancelled

(d) Retired

22. Sujal consigned goods costing Rs. 2,50,000 to Mridul on 1st January 2006 by incurring Rs. 20,000 on freight. Some goods were lost in transit. For remaining goods Mridul spend Rs. 15,000 to take the delivery including storage charges. During the quarter, Mridul sold 3/4 of the goods received by him for Rs. 3,00,000 and charged commission @10% on it to Sujal. At the end of the quarter, Sujal asked the details of goods lost, sold, expenses commission and balance due to him alongwith the consignment stock from Mridul. As desired, Mridul sent the periodical detail statement commonly known as

(a) Account statement

(b) Account sales

(c) Statement of affairs

(d) Summary statement.

PART IV

23. The following information pertains to X Ltd.

Equity share capital called up   Rs.5,00,000

Calls in arrear   Rs.   40,000

Calls in advance   Rs. 25,000

Proposed dividend   15%

The amount of dividend payable = ?

(a)   Rs.75,000

(b)   Rs.72,750

(c)   Rs.71,250

(d)   Rs.69,000

24. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs.2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F = ?

(a)   60 shares; Rs.120

(b)   340 shares; Rs.160

(c)   320 shares; Rs.200

(d)   300 shares; Rs.240

25. X of Kolkata sent out 2000 boxes costing 100 each with the instruction that sales are to be made at cost + 45%. X draws a bill on Y for an amount equivalent to 60% of sales value. The amount of bill will be

(a)   Rs.1,74,000

(b)   Rs.2,00,000

(c)   Rs.2,90,000

(d)   Rs.1,20,000

26. A purchase of Rs. 1,870 by cheques has been wrongly posted in the cashbook as Rs. 1,780. This has the effect of

(a)   Increasing the bank balance by Rs.90

(b)   Decreasing the bank balance by Rs.90

(c)   Increasing the bank balance by Rs.180

(d)   Decreasing the bank balance by Rs.180

27. M/s Delhi Stationers purchase 1,000 pcs of cover file @ Rs. 275 per 100. The wholesaler offered 5% sales tax on net price. Transport charges were Rs. 50. The purchase price per piece of cover file will be

(a)   Rs.2,793.13

(b)   Rs.279.31

(c)   Rs.27.93

(d)   Rs.2.79

28.   A consignee sold goods costing Rs. 50,000 at a profit of Rs. 10,000. Out of total sale 30% was credit sale. As per the agreement the consignee will get 5% ordinary commission, 2% del-credere commission on credit sale and 3% over-riding commission on amount in excess of cost price. The amount of commission will be

(a)   Rs. 3,540

(b)   Rs.3,840

(c)   Rs.4,500

(d)   Rs.3,000

29.   In a Joint venture between A and B, A spend Rs.2,000 on freight, Rs.1,000 as godown rent, and also raised a loan from bank of Rs.50,000 at 18% p.a. repayable after 1 month. B spend Rs. 5,000 as selling expenses and he also raised a loan from bank of Rs.1,50,000 at 18% repayable after 2 months. The total expenses of Joint venture will be

(a)   Rs. 8,000

(b)   Rs.8,250

(c)   Rs. 5,250

(d)   Rs.13,250

30.   The bill of Rs. 10,000 accepted by Ritesh on 1July 2006, was discounted by Hitesh on 15 July 2006 for Rs. 9,600. On 4th October 2006, the bill was dishonoured and bank notified it for Rs. 200. The amount to be received from Ritesh would be

(a)   Rs.10,600

(b)   Rs.10,000

(c)   Rs.10,200

(d)   Rs.10,400

31.   Y Ltd. sends out its goods Rs. 1,20,000 to one of its dealer on Sale or Return basis. On 31st March he received an approval letter for goods of Rs. 80,000. Y Ltd. charge 25% profit on cost. The cost price of the un-approved goods with the dealer will be

(a)   Rs.32,000

(b)   Rs.40,000

(c)   Rs.80,000

(d)   Rs. 64,000

32.   A, B and C are in partnership with no partnership deed. A brought Rs.80,000, B Rs.60,000 and C Rs.40,000 as capital. A does not take part in day to day activities, B

acts as general manger and C acts as a sales manager. The profit during the year was Rs. 1,50,000. The share of each partner in profit will respectively be

(a) Rs.66,667: Rs.50,000: Rs.33,333

(b) Rs.50,000: Rs.50,000: Rs.50,000

(c) Nil: Rs. 75,000: Rs.75,000

(d) None of the above.

33. A second hand car is purchased for Rs. 2,00,000, the amount of Rs. 25,000 is spent on its repairs, Rs. 5,000 is incurred to get the car registered in owner's name and Rs. 2,000 is paid as dealer's commission. The amount debited to car account will be

(a) Rs. 2,32,000

(b) Rs. 2,25000

(c) Rs. 2,30,000

(d) Rs. 2,05,000

34. Atul, Vipul and Prafful are partners in a firm with no partnership agreement. They invested Rs.1,00,000, Rs.75,000 and Rs.50,000 as capital in the firm. The profit for the year was Rs.2,50,000. Prafful demands interest on loan of Rs.20,000 advanced by him at the market rate of interest which is 12% p.a. The amount of interest received by him will be

(a) Rs.2,400

(b) Nil

(c) Rs.1,200

(d) Rs.3,600

35. Ansh purchased goods costing 2,40,000. Vansh sold goods costing Rs 1,60,000 at Rs 2,40,000. Balance goods were taken over by Ansh at same gross profit percentage as in case of sale. The amount of goods taken over will be:

(a) Rs. 1,20,000

(b) Rs. 80,000

(c) Rs. 40,000

(d) Rs. 1,00,000

36. Brave Ltd. issued 60,000 shares of Rs. 10 each at a discount of Re. 1 per share. The application money was Rs. 2, allotment money was Rs. 4, and first call was of Re.1. The amount of final call will be

(a) Rs. 3

(b) Rs. 2

(c) Re.1

(d) Nil

37. A partnership firm maintains its accounts on calendar year basis. B, one of its partner died on 31st March 2006. The profit for the year 2005 was Rs. 75,000, which was distributed among all the three partners equally. The share of profit of B for the year 2006 on the basis of the year 2005 will be

(a) Rs.18,750

(b) Rs.25,000

(c) Rs.Nil

(d) Rs.6,250

38. Asha Ltd. issued shares of Rs. 100 each at a premium of 25%. Mamta, who has 2,000 shares of Asha ltd., failed to pay first and final call totalling Rs.5. Premium was taken by Asha Ltd. at the time of allotment. On forfeiture of Mamta's shares, the amount to be debited to Share premium account will be

(a) Rs.5,000

(b) Rs.10,000

(c) Rs.15,000

(d) Nil

39. 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 _____ percentage per annum.

(a) 7.

(b) 4.

(c) 6.

(d) 12.

40. Fena sent out certain goods to Kena of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs 25,000. Invoice value of goods sent out on consignment will be:

(a) Rs.2,50,000

(b) Rs.25,000

(c) Rs.2,500

(d) Rs.1,25,000

41. Taksh Ltd. purchased land and building from Daksh Ltd. for a book value of Rs.5,00,000. The consideration was paid by issue of 10% Debentures of Rs.100 each at a discount of 20%. The debentures account will be credited with

(a) Rs.6,00,000

(b)   Rs.6,25,000

(c)   Rs.5,00,000

(d)   Rs.5,50,000

42.   Jadu Ltd. reissued 2,000 shares, which were forfeited by debiting Share forfeiture account by Rs.3,000. These shares were reissued Rs. 9 per share. The amount to be transferred to Capital Reserve account will be

(a)   Rs.3,000

(b)   Rs.2,000

(c)   Rs.1,000

(d)   Nil

43.   A machine purchased on 1st April 2004 for Rs. 10,000 is showing a balance of Rs. 6,000 as on 1st April 2006 when depreciation is charged on S.L.M. basis. Now a company wants to sitch over to W.D.V method charging depreciation @ 20%. The amount of excess/ short depreciation of last two years will be

(a)   Excess depreciation Rs.400

(b)   Short depreciation Rs.400

(c)   Excess depreciation Rs.1,600

(d)   Short depreciation Rs.1,600

44.   Sundry debtors of M/s Santosh amounts to Rs. 25,000 and bad debts Rs.3,000. M/s Santosh provides for Doubtful debts @ 2% and for discount @ 1%. The amount of net debtors to be shown in the balance sheet will be

(a)   Rs. 21,560

(b)   Rs. 22,000

(c)   Rs. 21,780

(d)   Rs. 21,344

45.   A, B and C shares profit and loss in the ratio of 4:4:2. They have a joint life insurance policy of Rs.1,00,000, whose premium is paid by the firm. Surrender value of the policy at the beginning of the year 2006 is Rs. 80,000. On the death of A on 2nd January 2006, the amount to be credited in C's account will be

(a)   Rs. 40,000.

(b)   Rs. 20,000.

(c)   Rs. 16,000.

(d)   Nil

46.   X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before salary of partners capital was Rs. 60,000

and Y claimed salary for his extra services to the firm @ 2,000 p.m. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.

(a)   Rs. 20,000 to each partner

(b)   Rs. 12,000 to each partner

(c)   Rs.12,000 to X and Z and Rs.36,000 to Y

(d)   Rs. 24,000 to Y and Rs.18,000 to X and Z

47.   Deepak consigned 100 sets of TVs to Sudeep @ Rs.10,000 each. 5 TVs were damaged in transit due to unavoidable reason whose price was adjusted in the remaining TVs. The new price of each TV will be

(a)   Rs.10,000.

(b)   Rs. 10,200

(c)   Rs. 15,000.

(d)   Rs.10,526

48.   A draws a bill on B for Rs 30,000 fro mutual accommodation. A discounted that bill for Rs.28,000 from bank and remitted Rs.14,000 to B. On due date A will send to B

(a)   Rs. 14,000

(b)   Rs.14,500

(c)   Rs.15,000

(d)   Rs.15,500

49.   A and B enter into a joint venture for purchase and sale of Type-writer. A purchased Typewriter costing Rs 1,00,000. Repairing expenses Rs 10,000, printing expenses Rs 10,000. B sold it at 20% margin on selling price. The sales value will be:

(a)   Rs. 1,25,000

(b)   Rs. 1,50,000

(c)   Rs. 1,00,000

(d)   Rs. 1,40,000

50.   Sure Ltd. issued 5,000, 15% Debentures of Rs.100 each at a premium of Rs.10 each. These debentures were to be redeemed at a premium of Rs.4 each after 5 years. The amount to be credited to the debenture premium account will be

(a)   Rs.25,000

(b)   Rs.50,000

(c)   Rs.40,000

(d)   Rs.60,000

51. Light Ltd. has 10,000 5% preference shares of Rs. 10 each to be redeemed after 5 years. The company forfeited 500 preference shares on which final call of Rs 2 has not been received. after due notice and cancelled these shares on account of redemption. Remaining shares were redeemed out of reserves of the company. The amount to be credited to capital redemption reserve will be

    (a) Rs.1,00,000

    (b) Rs. 95,000

    (c) Rs. 99,000

    (d) Rs. 99,500

52. Bajaj Ltd. issued 25,000 equity shares of Rs. 10 each payable as Rs. 2 on application, Rs 3 on allotment, Rs. 2 on first call and the balance in the final call. Archit, who has 1,000 shares paid full value of shares with allotment money. The amount to be debited to bank account at the time of receipt of first call money will be

    (a) Rs.50,000

    (b) Rs.47,000

    (c) Rs.49,000

    (d) Rs.48,000.

53. Books of Ekta, shows on 1st January 2006 furniture Rs. 20,000. During the year a part of the furniture whose book value on 1st January 2006 is Rs. 1,200 has been exchanged with another furniture by paying additional Rs. 500. Ekta charge depreciation @ 10% p.a. The net amount of the furniture to be shown in the balance sheet will be

    (a) Rs 18,508

    (b) Rs 20,440

    (c) Rs 18,396

    (d) Rs 18,478.

54. In the bank reconciliation statement, when balance as per the cashbook is taken as the starting point, then direct deposits from the customer of Rs. 2,500 in the bank will be

    (a) Added

    (b) Subtracted

    (c) Ignored

    (d) None of the above

55. Debit balance as per Cash Book of Topsy Enterprise as on 31.3.2006 is Rs. 1,500. Cheques deposited but not cleared amounts to Rs. 100 and Cheques issued but not presented of Rs. 150. The bank allowed interest amounting Rs. 50 and collected

dividend Rs. 50 on behalf of Topsy Enterprise Enterprises. Balance as per pass book should be

(a)   1,600.

(b)   1,450.

(c)   1,650.

(d)   1,850.

56.   If a sales return of Rs.1,500 has been wrongly posted to the credit of the purchase returns account, but has been correctly entered in the debtors' account, the total of the

(a)   trial balance would show the debit side to be Rs.3,000 more than the credit

(b)   trial balance would show the credit side to be Rs.3,000 more than the debit.

(c)   the debit side of the trial balance will be Rs.1,500 more than the credit side.

(d)   the credit side of the trial balance will be Rs.1,500 more than the debit side.

57.   The total cost of goods available for sale with a company during the current year is Rs.12,00,000 and the total sales during the period are Rs.13,00,000. If the gross profit margin of the company is 33 1/3% on cost, the closing inventory during the current year is

(a)   Rs.4,00,000

(b)   Rs.3,00,000

(c)   Rs.2,25,000

(d)   Rs.2,60,000.

58.   On 31st March 2005, Suraj has to pay to M/s Chandra Rs.7,000 on account of credit purchase from the later. He paid Rs.1,800 on 30th June 2006 after availing a cash discount of 10%. On 30th September 2006, he paid Rs. 2,850 after availing 5% cash discount. On account of final settlement, the amount to be paid by Suraj without any discount will be

(a)   Rs. 2,350

(b)   Rs. 2,000

(c)   Rs.2,200

(d)   Rs.2,150

59.   The profit of the M/s ABC, a partnership firm before charging managerial commission is Rs. 44,000. The managerial commission is charged @ 10% on profit after charging such commission. The amount of managerial commission will be

(a)   Rs.4,400

(b)   Rs.40,000

(c)   Rs.4,000

(d)   Rs.39,600.

60.   A bad debt recovered during the year is a

(a)   Capital expenditures

(b)   Revenue expenditures

(c)   Capital receipt

(d)   Revenue receipt

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. The following conditions must exist so that a promise to pay for the past voluntary services is binding:

    (a) The services should have been rendered voluntarily.

    (b) The services must have been rendered for the promisor.

    (c) They must be in existence at the time when the services were rendered and must have intended to compensate the promise.

    (d) All of the above.

62. 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.

63. Champerty means

    (a) An agreement to trade with the enemy owing allegiance to a government at war with India.

    (b) An agreement whereby a person promises to maintain a suit, by money or otherwise, in which he has no interest.

    (c) An agreement whereby a person agrees to help another in a litigation in exchange of a share of the result of the litigation.

    (d) An agreement to stifle criminal prosecutions tend to be a perversion or an abuse of justice.

64. A collateral event is an event

    (a) The performance for which is neither directly promised nor it is the entire consideration for the promise.

    (b) The performance for which is directly promised.

    (c) It is the entire consideration for the promise.

    (d) The performance which is agreed upon by the parties in a Court of Law.

65. A person who has been induced to enter into a contract by misrepresentation has the following remedies:

    (a) Affirm the contract and insist on the misrepresentation being made good, if possible.

    (b) Rescind the contract.

    (c) Rely upon the misrepresentation as a defence to an action on the contract.

    (d) All of the above.

66. 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.

67. 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 non – existence of encumbrances.

    (b) Condition as to undisturbed possession.

    (c) All of the above.

    (d) None of the above.

68. A person to whom money has been paid, or anything delivered by mistake

    (a) Becomes the owner of such money or those goods.

    (b) Must repay the money or return those goods.

    (c) Is allowed to sell the goods and retain the money realized from such sale.

    (d) Has no obligation to return the money, he may do so only a good gesture.

69. Which one of the offers is a valid offer?

    (a) A garment store gave the following advertisement in a newspaper – "Special sale for tomorrow only. Men's night suits reduced from Rs.200 to Rs.100."

(b) P says to Q, "I will sell you a digital camera." P owns three different types of digital cameras of various prices.

(c) An auctioneer displays a refrigerator before a gathering in an auction sale.

(d) A advertises in a leading daily newspaper that he would pay Rs. 2000 to anyone who finds and returns his lost dog.

70. A promises to paint a picture for B at a certain price. Which of the following is not correct?

(a) A is not bound to perform the promise himself.

(b) A can appoint some other painter to paint the picture on his behalf.

(c) A dies before painting the picture, the contract can be enforced either by representatives of A or by B.

(d) All of the above are incorrect.

71. An agreement of partnership may be

(a) Expressed or implied from the act done by partners.

(b) Oral or in writing.

(c) Both of the above.

(d) None of the above.

72. Dissolution of a firm may take place

(a) By the adjudication of all the partners or of all the partners but one as insolvent.

(b) As a result of any agreement between all the partners.

(c) By the business of the firm becoming unlawful.

(d) All of the above.

73. In case of a sale the buyer

(a) Can pass a goods title to a bonafide purchaser.

(b) Cannot pass a goods title to a bonafide purchaser.

(c) Both of the above.

(d) None of the above.

74. The following persons can enter into contracts as per the provisions of The Indian Contract Act, 1872:

(a) Alien Enemy

(b) Foreign Sovereigns or accredited representatives of a foreign state

(c) Insolvents and convicts

(d) None of the above

75. Which of the following is correct?

   (a) Free consent is not important, if consideration is preset, even if the consideration is inadequate.

   (b) Anticipatory breach and anticipatory bail are actually the same thing

   (c) The concept of damage allows one to make some gain out of it.

   (d) All of the above are incorrect.

76. Remedies available for breach of contract are:

   (a) Dissolution of the firm.

   (b) Charging extra fees from the party committing the breach.

   (c) Suit for Specific Performance.

   (d) None of the above.

77. 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.

78. Which of the following case laws relate to the definition of contract of sale?

   (a) Rajlikhee Devi v. Bhoot Nath, 1900.

   (b) State of Madras v.Gannon Dunkerly and Co. Limited, 1958.

   (c) Khawaja Md. Khan v. Hussaini Begum, 1910.

   (d) Suppu Ammal v. Subramanian, 1910.

79. A sale implies an agreement

   (a) Plus conveyance of property and creates jus in personam.

   (b) Plus conveyance of property and creates jus in rem.

   (c) No conveyance of property and creates jus in rem.

   (d) No conveyance of property and creates jus in personam.

PART II

80. If the terms of a contract are expressly agreed upon (whether by words spoken or written) at the time of formation of the contract, the contract is said to be an _____.

   (a) Express Contracts

   (b) Implied Contracts

   (c) Quasi Contracts

(d) None of the above

81. According to Section 14 of 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. Where both parties to a contract of sale are under a mistake as to a matter of fact, essential to such contract, then the contract is _____.

(a) Illegal

(b) Void

(c) Still enforceable

(d) None of the above

83. In India the age of 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

84. Agreement entered into by a minor is _____.

(a) Void as against the minor

(b) Illegal

(c) Unlawful

(d) Unenforceable by the minor

85. 'Partner by holding out' is governed by Section of _____ The Indian Partnership Act, 1932.

(a) 28

(b) 17

(c) 30

(d) 11

86. If the offeree offers to qualified acceptance of the offer subject to modifications and variations in the terms of original offer, he is said to have made a_____.

(a) Special Offer

(b) Counter Offer

(c)   Continuing Offer

(d)   Cross Offer

87.   Sale is an_____.

(a)   Executed contract

(b)   Executory contract

(c)   Both of the above

(d)   None of the above

88.   Interest on advances by a partner to his firm may be payable _____.

(a)   @ 6% per annum

(b)   @ 8% per annum

(c)   @ 8.5% per annum

(d)   At any rate

89.   The law dealing with the partnerships is contained in _____.

(a)   The Indian Partnership Act, 1932

(b)   The Indian Partnership Act, 1930

(c)   The Indian Partnership Act , 1872

(d)   The Indian Partnership Act, 2006

90.   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

91.   'Seller' means a person who_____.

(a)   Sells goods

(b)   Agrees to sell goods

(c)   Sells or agrees to sell goods

(d)   Has sold goods

92.   Delivery of a thing in token of a transfer of something else is known as_____.

(a)   Actual Delivery

(b)   Constructive Delivery

(c)   Delivery by acknowledgment

(d)   None of the above

93. A is not a minor. A agrees to B for Rs.1,00,000/- that A will never marry. Promise of A is _____.

   (a) Binding.

   (b) Not binding.

   (c) Enforceable.

   (d) Illegal.

94. The rule of caveat emptor does not apply in the case of_____.

   (a) Fitness for buyer's purpose

   (b) Sale under a patent or trade name

   (c) Usage of trade or consent by fraud

   (d) All of the above

95. _____ is/are the exception(s) to the general rule, no consideration no contract.

   (a) Natural love and affection

   (b) Compensation for past voluntary services

   (c) Promise to pay a time barred debt

   (d) All of the above

96. An offer should be distinguished from_____ .

   (a) Invitation to treat an offer

   (b) Mere communication of information in the course of negotiation

   (c) Statement of intention

   (d) All of the above

97. _____ is/are the 'document of title to goods'

   (a) Railway receipt or Multimodal transport document

   (b) Warrant or order for delivery of goods

   (c) Warehouse keeper's certificate

   (d) All the above

98. A agrees to pay B Rs.500/- if a particular ship does not return to the port. The ship was sunk. The contract _____.

   (a) Can be enforced by B.

   (b) Cannot be enforced by B.

   (c) Is a wagering contract

   (d) Is unlawful, illegal and against public policy.

99. D believes blue colour to be black colour, for any reason whatsoever. He has a garment shop. He sells one blue colour shirt to M, representing it to be black colour. M knows nothing about colours. M believes D and accepts the blue colour to be black colour. Later on M's mother explains M 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 & B are the only two partners in a firm. B was murdered by C, who wanted to become a partner of the firm, but B has raised objections to it. A now wants to take D as a partner in the said firm. D is father of C. In 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 a fresh agreement and create a new partnership.

    (d)   Both (a) & (c).

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. In a typical demand schedule, quantity demanded:

    (a)   varies directly with price.

    (b)   varies proportionately with price.

    (c)   varies inversely with price.

    (d)   is independent of price.

102. When the perfectly competitive firm and industry are in long run equilibrium then:

    (a)   P=MR=SAC=LAC.

    (b)   D=MR=SMC=LMC.

    (c)   P=MR=Lowest point on the LAC curve.

    (d)   All of the above.

103. In monopoly, the relationship between average and marginal revenue curves is as follows:

    (a)   AR curve lies above the MR curve.

    (b)   AR curve coincides with the MR curve.

    (c)   AR curve lies below the MR curve.

    (d)   AR curve is parallel to the MR curve.

104. All of the following are U shaped curves except the:

    (a)   AVC curve.

    (b)   AFC curve.

    (c)   AC curve.

    (d)   MC curve.

105. From the national point of view which of the following indicates micro approach?

    (a)   Per capita income of India.

    (b)   Underemployment in agricultural sector.

    (c)   Lock out in TELCO.

    (d)   Total savings in India.

106. The total effect of a price change of a commodity is

    (a)   substitution effect plus price effect.

    (b)   substitution effect plus income effect.

    (c)   substitution effect plus demonstration effect.

    (d)   substitution effect minus income effect.

107. Which of the following is not a part of Fiscal policy?

    (a)   Subsidy under public distribution system.

    (b)   Control of population.

    (c)   Imposition of taxation.

    (d)   Issue of bonds by government.

108. The following are some of the costs of a clothing manufacturer. State which among them will you consider as fixed cost?

    (a)   Cost of cloth.

    (b)   Piece wages paid to workers.

    (c)   Depreciation on machines owing to time.

    (d)   Cost of electricity for running machines.

109. The difference between GNP and NNP equals:

    (a)   consumer expenditure on durable goods.

    (b)   indirect business taxes.

    (c)   a statistical discrepancy.

    (d)   depreciation.

110. National income at market prices, plus subsidies, but less indirect taxes is equal to which one of the following?

    (a)   Gross national income.

    (b)   National income at factor cost.

    (c)   Private income before cost.

    (d)   Net consumer income.

111. All but one of the following statements are incorrect. Find the correct statement.

    (a)   Balance of payments is a narrow concept than balance of trade.

    (b)   India is facing severe foreign exchange reserves crunch.

    (c)   Devaluation is panacea for BOP problem.

    (d)   The RBI is the lender of last resort for Indian public sector banks.

112. Who first raised the fears of a world food shortage?

    (a)   David Ricardo.

    (b)   T.R. Malthus.

    (c)   J.S. Mill.

    (d)   J.B. Say.

113. An underdeveloped economy is generally characterized by a:

    (a)   high ratio of commercial farming to subsistence farming.

    (b)   high ratio of industrial output to total output.

    (c)   high utilization of existing capital in the economy.

    (d)   coexistence of underutilized labour with unexploited national and other resources.

114. Which institution is known as the "soft loan window" of World Bank?

    (a)   IFC

    (b)   IDA

    (c)   IMF

    (d)   Indian Development Forum

115. In order to encourage investment in the country, the RBI may:

    (a).   decrease Bank Rate.

    (b).   increase CRR.

    (c).   sell securities in the open market.

    (d).   increase Bank rate.

116. A strategy of heavy industry is sometimes preferred for a developing economy because it can :

    (a)   generate employment opportunity on a large scale.

    (b)   provide a strong base for rapid industrialization.

    (c)   contain inflationary pressures.

    (d)   meet the deficits in Balance of Payments in the short run.

PART II

117. The branch of economic theory that deals with the problem of allocation of resources is -------------

(a) Microeconomic theory.

(b) Macroeconomic theory.

(c) Econometrics.

(d) None of the above.

118. Production may be defined as an act of -----------------------------.

(a) creating utility.

(b) earning profit.

(c) destroying utility.

(d) providing services.

119. The sale of branded articles is common in a situation of ----------------------.

(a) excess capacity.

(b) monopolistic competition.

(c) monopoly.

(d) pure competition.

120. If GNP is 15% higher than last year's and the rate of inflation is 7%, production in the economy has grown by -----------------------.

(a) 8%.

(b) 7%.

(c) 15%.

(d) 2.1%.

121. ----------------------- concept of Budget deficit has become practically redundant in India.

(a) Fiscal deficit

(b) Budgetary deficit

(c) Primary deficit

(d) Revenue deficit

122. Demand for electricity is elastic because -----------------------------.

(a) it is very expensive.

(b) it has a number of close substitutes.

(c) it has alternative uses.

(d) none of the above.

123. The cost that firm incurs in hiring or purchasing any factor of production is referred to as -----------.

(a) explicit cost

(b) implicit cost

(c) variable cost

(d) fixed cost

124. The main security guard for International Trade is ----------------------------------.

a. IMF

b. World Bank

c. WTO

d. RBI

126. -----------------is the most liquid measure of money supply.

a. M_1

b. M_2

c. M_3

d. M_4

127. Population density means --------------------------------------.

a. number of persons living per sq. km.

b. number of persons living per kilometer.

c. ratio of population living below poverty line to total population.

d. number of persons in a village.

128. NABARD is a ---------------------.

a. bank.

b. board.

c. exchange programme for consumer goods.

d. department.

129. -------------- RRBs working in the Indian economy.

a. 125

b. 196

c. 216

d. 324

130. The telephone penetration rate in India is----------------- per 100 population.

    a.   11.32

    b.   15.34

    c.   25.56

    d.   19.22.

131. According to 2004 data, there are --------------------cases of leprosy per 10000 population in India.

    a.   38.1

    b.   57.3

    c.   1.17

    d.   25.1

132. TRAI stands for--.

    (a)   Trade Regulatory Authority of India

    (b)   Transport Regulatory Authority of India

    (c)   Training Registrar Authority of India

    (d)   Telecom Regulatory Authority of India

PART III

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. S1 and D1 are the original demand and supply curves. D2, D3, S2 and S3 are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?
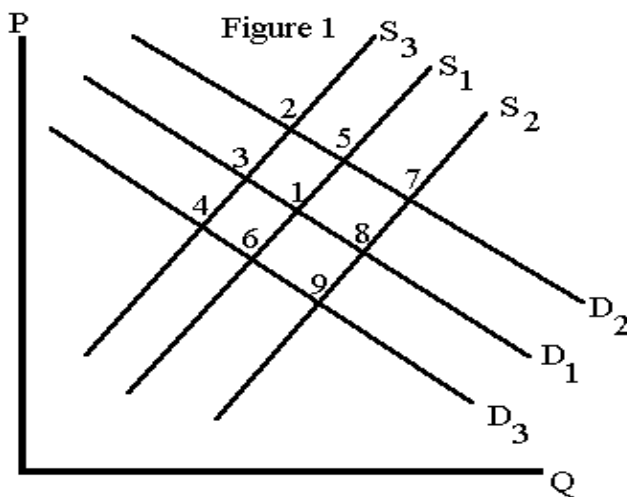
Figure 1

133. Suppose wage rate of coal miners increases and price of natural gas decreases. (Coal and natural gas are substitutes).What point in Figure 1 is most likely to be the new equilibrium price and quantity?

    (a)   Point 6.

    (b)   Point 4.

    (c)   Point 3.

    (d)   Point 2.

134. Assume that consumer income has increased. Given that Y is an inferior good, which point in Figure is most likely to be the new equilibrium price and quantity?

    (a)   Point 4.

    (b)   Point 6.

    (c)   Point 5.

    (d)   Point 8.

135. Assume that the government has just removed the 10% excise duty on good X. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

    (a)   Point 6.

    (b)   Point 4.

    (c)   Point 7.

    (d)   Point 8.

136. A government research agency has published outcome of studies which say that the consumption of good X could cause cancer. In addition, assume that a powerful lobby has persuaded the government to give subsidy to the manufacturers of good X. What point in Figure is most likely to be the new equilibrium price and quantity?

    (a)   Point 6.

    (b)   Point 5.

    (c)   Point 3.

    (d)   Point 9.

137. An increase in demand and an increase in supply will:

    (a)   affect equilibrium quantity in an indeterminate way and price will decrease.

    (b)   affect price in an indeterminate way and quantity will decrease.

    (c)   affect price in an indeterminate way and quantity will increase.

    (d)   affect equilibrium quantity in an indeterminate way and price will increase.

PART IV

Use Table 1 to answer questions 138-142

The following table provides cost and price information for an individual firm. The first two columns represent the demand curve that the firm faces. The firm has a fixed amount of capital equipment, but can change the level of other inputs such as labour and materials. Calculate the missing values in the table, and use the table to answer questions 138 to 142. (Make sure you answer each question using the production level specified.)

Table 1

Production	Price per unit	Total Cost	Variable Cost	Marginal Cost (per unit)	Total Revenue	Marginal Revenue (per unit)
(Q)	(P)	(TC)	(VC)	(MC)	(TR)	(MR)
0	130	45	0	–		–
1	124	88				
2	118	125				
3	112	159				
4	106	193				
5	100	230				
6	94	273				
7	88	325				
8	82	389				
9	76	465				

138. When production equals <u>**4**</u> units, the firm's:

   (a)   fixed cost is 100 and its variable cost is 93.

   (b)   fixed cost is 193 and its variable cost is 0.

   (c)   fixed cost is 0 and its variable cost is 193.

   (d)   fixed cost is 45 and its variable cost is 148.

139. When production equals <u>**5**</u> units, the firm's *total* revenue is:

   (a)   Rs 100

   (b)   Rs 270

   (c)   Rs 324

   (d)   Rs 500

140 When production equals **6** units, the firm's *marginal* revenue is:

(a)   Rs 384

(b)   Rs 94

(c)   Rs 64

(d)   Rs 2.

141 When production equals **7** units, the firm's profit is:

(a)   Rs 0

(b)   Rs 41.57

(c)   Rs 291

(d)   Rs 336

142 To maximize its profit, the firm should produce:

(a)   0 units.

(b)   3 units.

(c)   5 units.

(d)   7 units.

Read table 2 and answer Questions number 143-149

Table 2						
	Production Possibilities (alternatives)					
	A	B	C	D	E	F
Hot Pockets	15	12	9	6	3	0
Eggos	0	6	11	15	18	20

143. According to the production possibilities curve in Table 2, a combination of 12 Hot Pockets and 11 Eggos:

(a)   is attainable and it involves an efficient use of society's resources.

(b)   is attainable but involves the unemployment or inefficient use of some of society's resources.

(c)   is not attainable given society's current resources and technology.

(d)   may be produced only if the production possibilities curve shifts inward.

144. According to the production possibilities curve in Table 2, a combination of 3 Hot Pockets and 15 Eggos:

(a)   is attainable and it involves an efficient use of society's resources.

(b)   is attainable but involves the unemployment or inefficient use of some of society's resources.

(c)   is not attainable given society's current resources and technology.

(d)   may be produced only if the production possibilities curve shifts inward.

145.   Referring to Table 2, in moving from point D to point C, the opportunity cost of 1 more Hot Pocket is:

(a)   4 eggos.

(b)   ¾ eggos.

(c)   1 eggo.

(d)   4/3 eggos.

146.   Given the data in Table 2, as one moves successively from point A to points B, C, D, E, and F the opportunity cost of egos:

(a)   increases as more Eggos are produced.

(b)   decreases as more Eggos are produced.

(c)   remains constant as more Eggos are produced.

(d)   cannot be measured.

147.   Given the data in Table 2, as one moves successively from point F to points E, D, C, B, and A, the opportunity cost of Hot Pockets:

(a)   increases as more Hot potatoes are produced.

(b)   decreases as more Hot potatoes are produced.

(c)   remains constant as more Hot potatoes are produced.

(d)   cannot be measured.

148.   Which of the following would not cause an economy's production possibilities curve to shift to the right?

(a)   The discovery of new superconductivity materials which makes manufacturing more efficient.

(b)   A decrease in unemployment.

(c)   Improvements in technology.

(d)   Widespread application of irrigation to agricultural land.

149.   In drawing a production possibilities curve, which of the following is (are) held constant?

(a)   The supply of natural resources and the supply of labor.

(b)   Technology and the educational attainment of the work force.

(c)   Both (a) and (b).

(d)   None of the above.

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

Table 3

Total population	114	Children (below the working age)	18
Unemployed people looking for a job	9	Full-time students (not looking for a job)	2
Retired people	14	Employed people	63
People confined to correctional institutions	1	Other adults not in the labour force	7

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

(a)   7.9%

(b)   12.5%

(c)   20.2%

(d)   22.2%

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Which of the following measures of central tendency is based on only fifty percent of the central values?

    (a)   Mean

    (b)   Median

    (c)   Mode

    (d)   Both (i) and (ii)

152. The unit of measurement in tabulation is shown in

    (a)   Box head.

    (b)   Body.

    (c)   Caption.

    (d)   Stub.

153. Most extreme values which would ever be included in a class interval are called

    (a)   Class limits.

    (b)   Class interval.

    (c)   Class boundaries.

    (d)   None of these.

154. The method applied for deriving the regression equations is known as

    (a)   Least squares.

    (b)   Concurrent deviation.

    (c)   Product moment.

    (d)   Normal equation.

155. A binomial distribution is

    (a)   Never symmetrical.

(b)   Never positively skewed.

(c)   Never negatively skewed.

(d)   Symmetrical when p = 0.5.

156.   If A denotes that a student reads in a school and B denotes that he plays cricket, then

(a) $P(A \cap B) = 1$

(b) $P(A \cup B) = 1$

(c) $P(A \cap B) = 0$

(d) $P(A) = P(B)$

157.   Probability mass function is always

(a)   0

(b)   Greater than 0

(c)   Greater than equal to 0

(d)   Less than 0

158.   The sampling distribution is

(a)   The distribution of sample observations.

(b)   The distribution of random samples.

(c)   The distribution of a parameter.

(d)   The probability distribution of a statistic.

159.   If now the prices of all the commodities in a place have been decreased by 85% over the base period prices, then the index number of prices for the place is now (index number of prices of base period = 100)

(a)   100

(b)   135

(c)   65

(d)   None of these.

160.   The ratio between the speeds of two trains is 7 : 8. If the second train runs 400 Kms. in 5 hours, the speed of the first train is

(a)   10 Km/hr.

(b)   50 Km/hr.

(c)   71 Km/hr.

(d)   None of these.

PART II

161. If α, ß be the roots of the equation $2x^2 - 4x - 3 = 0$, the value of $\alpha^2 + ß^2$ is _____ .

(a)   5

(b)   7

(c)   3

(d)   −4

162. In _____ first payment/receipt takes place at the end of first period.

(a)   Annuity immediate

(b)   Annuity regular

(c)   Annuity due

(d)   Annuity special

163. Difference between the maximum & minimum value of a given data is called_____ .

(a)   Width

(b)   Size

(c)   Range

(d)   Class

164. _____ is used when distribution pattern has to be studied at varying levels.

(a)   A.M

(b)   Median

(c)   G.M

(d)   Mode

165. _____ is extremely sensitive to the size of the sample.

(a)   Range

(b)   Mean

(c)   Median

(d)   Mode

166. Under Algebraic Method we get _____ linear equations.

(a)   One

(b)   Two

(c)   Three

(d)   Five

167. If the probability of a horse A winning a race is 1/6 and the probability of a horse B

winning the same race is ¼, _____ is the probability that one of the horses will win.

(a)   5/12

(b)   7/12

(c)   1/12

(d)   1/7

168.   _____ distribution is sometimes known as the "distribution of rare events" .

(a)   Poisson

(b)   Normal

(c)   Binomial

(d)   t

169.   The Standard deviation of the _____ distribution is called standard error.

(a)   Normal

(b)   Poisson

(c)   Binomial

(d)   Sampling

170.   For 5 sample values, we have _____ degree of freedom.

(a)   5

(b)   3

(c)   4

(d)   6

PART III

171.   Solve for y in the equation $\dfrac{y+11}{6} - \dfrac{y+1}{9} = \dfrac{y+7}{4}$ and the value of y is

(a)   −1

(b)   7

(c)   1

(d) $-\dfrac{1}{7}$

172.   If $^5P_r = 60$, then the value of r is

(a)   3

(b)   2

(c)   4

(d) None of these.

173. A question paper contains 6 questions, each having an alternative. The number of ways an examiner can answer one or more questions is

(a) 720

(b) 728

(c) 729

(d) None of these.

174. $\lim\limits_{x \to 2} \dfrac{2x^2 - 7x + 6}{5x^2 - 11x + 2}$ is equal to

(a) 1/9

(b) 9

(c) −1/9

(d) None of these.

175. If $y = x^{-1/2}$ then dy/dx is

(a) $(-1/2)x^{-3/2}$

(b) $(1/2)x^{-3/2}$

(c) $(1/2)x^{3/2}$

(d) None of these.

176. Integrate w.r.t x, $(3 - 2x - x^4)$

(a) $3x - x^2 - x^5/5$

(b) $3x + x^2 - x^5/5$

(c) $3x + x^2 + x^5/5$

(d) None of these.

177. $\int\limits_{0}^{2} 3x^2 \, dx$ is

(a) 7

(b) −8

(c) 8

(d) None of these.

178. If there are two groups containing 30 and 20 observations and having 50 and 60 as arithmetic means, then the combined arithmetic mean is

(a)   55

(b)   56

(c)   54

(d)   52

179.   If all the observations are multiplied by 2, then

(a)   New SD would be also multiplied by 2.

(b)   New SD would be half of the previous SD.

(c)   New SD would be increased by 2.

(d)   New SD would be decreased by 2.

180.   The median of 27,30,26,44,42,51,37   is

(a)   30

(b)   42

(c)   44

(d)   37

181.   The minimum value of correlation coefficient is

(a)   0

(b)   −2

(c)   1

(d)   −1

182. The two lines of regression become identical when

(a)   r = 1

(b)   r = −1

(c)   r = 0

(d)   (a) or (b)

183.   If an unbiased coin is tossed twice, the probability of obtaining at least one tail is

(a)   0.25

(b)   0.50

(c)   0.75

(d)   1.00

184.   In a single throw with two dice the probability of getting a sum of five on the two dice is

(a)   1/9

(b)   5/36

(c)   5/9

(d)   None of these.

185.   A card is drown from each of two well-shuffled packs of cards.The probability that at least one of them is an ace is

(a)   1/169

(b)   25 /169

(c)   2 /13

(d)   None of these.

186.   In Binomial distribution if n = 4   and p = 1/3 then the value of variance is

(a)   8/3

(b)   8/9

(c)   4/3

(d)   None of these.

187.   A die was thrown 400 times and 'six' resulted 80 times then observed value of proportion is

(a)   0.4

(b)   0.2

(c)   5

(d)   None of these.

188.   If the prices of all commodities in a place have increased 1.25 times in comparison to the base period, the index number of prices of that place is now

(a)   125

(b)   150

(c)   225

(d)   None of these.

189.   The solution of the equation (p+2) (p−3) + (p+3) (p−4) = p(2p−5) is

(a)   6

(b)   7

(c)   5

(d)   None of these.

190. The effective rate of interest corresponding to a nominal rate 3% p.a payable half yearly is

    (a)   3.2% p.a.

    (b)   3.25% p.a

    (c)   3.0225% p.a

    (d)   None of these.

191. The present value of annuity of Rs. 5000 per annum for 12 years at 4% p.a C.I. annually is

    (a)   Rs. 46000

    (b)   Rs. 46850

    (c)   RS. 15000

    (d)   None of these.

192. A person has 8 friends. The number of ways in which he may invite one or more of them to a dinner are

    (a)   250

    (b)   255

    (c)   200

    (d)   None of these.

193. The sum of n terms of the series 2 + 6 + 10 + ... is

    (a) $2n^2$

    (b) n^2

    (c) $n^2/2$

    (d) $4n^2$

194. If A has 32 elements B has 42 elements and A $\cup$ B has 62 elements. Find the number of elements in A $\cap$ B.

    (a)   74

    (b)   62

    (c)   12

    (d)   None of these.

195. $\lim\limits_{x \to 1/2} \left(\dfrac{8x^3 - 1}{6x^2 - 5x + 1} \right)$ is equal to

    (a)   5

(b)   −6

(c)   6

(d)   None of these.

196.   If a : b = 3 : 4, the value of (2a+3b) : (3a+4b) is

    (a)   18 : 25

    (b)   8 : 25

    (c)   17 : 24

    (d)   None of these.

197.   The value of $8^{1/3}$ is

    (a) $3\sqrt{2}$

    (b)   4

    (c)   2

    (d)   None of these.

198.   log (1 × 2 × 3) is equal to

    (a)   log 1 + log 2 + log 3

    (b)   log 3

    (c)   log 2

    (d)   None of these.

199.   The three numbers in A.P. whose sum is 27 and the sum of their squares is 341 are

    (a)   2 9 16

    (b)   16 9 2

    (c)   Both (a) and (b)

    (d)   −2 −9 −16

200. $\int_{0}^{4} \sqrt{3x + 4} \; dx$ is equal to

    (a)   9/112

    (b)   112/9

    (c)   11/9

    (d)   None of these.

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-6/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate options and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1. Transactions between owner and business are recorded as per

    (a)   Periodicity.

    (b)   Going concern.

    (c)   Prudence

    (d)   Business Entity.

2. Which of the following items is not an asset?

    (a)   Salary paid to manager.

(b) Accounts payable.

(c) Sales.

(d) Debtors.

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

(a) Business Industry.

(b) Economy.

(c) Individual business entity.

(d) None of the three.

4. Which of the following is not a transaction?

(a) Goods are purchased on cash basis for Rs.1,000.

(b) Salaries paid for the month of May, 2006.

(c) Land is purchased for Rs.10 lacs.

(d) An employee dismissed from the job.

5. All the following statements are objectives of accounting except

(a) Providing information about the assets, liabilities and capital of business entity.

(b) Maintaining records of business.

(c) Providing information about the performance of business entity.

(d) Providing details about the personal assets and liabilities of the owner.

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

(a) Drawings.

(b) Liabilities.

(c) Expenses.

(d) None of the three.

7. The purchases Journal records

(a) All purchases.

(b) All purchases of goods dealt in by the firm.

(c) Credit purchases of goods dealt in by firm.

(d) Cash purchase of goods dealt in by firm.

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

(a) P & L Account.

(b) Balance sheet.

(c) Earnings Statement

(d) Trial balance.

9. Under straight line method, depreciation is calculated on

(a) Written down value.

(b) Scrap value.

(c) Original cost.

(d) None of the three.

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

(a) Next working day.

(b) Preceding working day.

(c) Holiday itself.

(d) Other agreed day.

PART II

11. A promissory note is drawn by_____in favour of his_____.

(a) Drawer, Drawee.

(b) Maker, Payee.

(c) Payer, Payee.

(d) Drawer, Payee.

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

(a) Conservatism.

(b) Consistency.

(c) Business entity.

(d) Money measurement.

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

(a) Debit, credit.

(b) Credit, debit.

(c) Liability, asset.

(d) None of the three.

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

(a) One.

(b)   Two.

(c)   Three.

(d)   Four.

15.   All expense and_____accounts appearing in the trial balance are transferred to the trading and profit and loss account.

(a)   Loss.

(b)   Revenue

(c)   Asset.

(d)   Liability.

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

(a)   Beginning.

(b)   End

(c)   Middle.

(d)   None of the three.

17.   The petty cashier generally work on_____system.

(a)   Accrual.

(b)   Balancing.

(c)   Imprest.

(d)   None of the three.

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

(a)   Consignee, Consignor.

(b)   Buyer/Seller.

(c)   Consignor, consignee.

(d)   None of the three.

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

(a)   Plant account.

(b)   Carriage account.

(c)   Plant and carriage accounts.

(d)   None of the three.

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

    (a) Profit sharing ratio.

    (b) Sacrificing ratio.

    (c) Capital ratio.

    (d) Gaining ratio.

PART III

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

    At which price, the drawings should be recorded?

    (a) Fair value.

    (b) Selling price.

    (c) Cost price.

    (d) None of the three.

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

    (a) Faithful representation.

    (b) Substance over form.

    (c) Neutrality.

    (d) Fair disclosure.

PART IV

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

    (a) 3:4:3.

    (b) 4:3:3.

    (c) 3:3:4.

    (d) None of the three.

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

Year	Rs.
2000	40,000
2001	50,000
2002	60,000
2003	50,000

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

(a) Rs.1,00,000.

(b) Rs.1,50,000.

(c) Rs.2,00,000

(d) None of the three.

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

(a) 6,000 shares

(b) 7,500 shares

(c) 9,375 shares

(d) 5,000 shares

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

(a) Rs.20,000.

(b) Rs.15,000.

(c) Rs.25,000.

(d) None of the three.

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

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

The amount of profit will be

(a) Rs.10,000.

(b) Rs.5,000.

(c) Rs.7,500.

(d) None of the three.

28. The balance of furniture and fixtures as on 1st April, 2005 was Rs.10,000. Furniture of Rs.5,000 was purchased on 1st October, 2005. Depreciation is charged @ 10% on W.D.V. method. The depreciation for the year ended 31st March, 2006 will be

(a) Rs.1,500.

(b) Rs.1,250.

(c) Rs.1,750.

(d) None of the above.

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

(a) Rs.1,000/-.

(b) Rs.1,100/-.

(c) Rs.1,050/-.

(d) None of the three.

30. Mr. Sharma holding 1000 equity shares of Rs.10/- each issued at a discount of 10% could pay Rs.3.50 on application, but could not paid the allotment money of Rs.2.5 per share and his shares were forfeited. In the books of the company, shares forfeited account will be credited by

(a) Rs. 2,500.

(b) Rs. 1,500.

(c) Rs. 3,500.

(d) Rs.2,000.

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

(a) 6000.

(b) 10000.

(c) 5,000.

(d) None of the above.

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

    (a) Rs.10,00,000

    (b) Rs.6,00,000.

    (c) Rs. 16,00,000.

    (d) Rs.4,00,000.

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

    (a) Rs. 15,000 and Rs.10,000 respectively.

    (b) Rs.10,000 and Rs.15,000 respectively.

    (c) Rs.20,000 and Rs.5,000 respectively.

    (d) Rs.5,000 and Rs.20,000 respectively.

34. The date of maturity of bill is 10th October, 2006. The Government of India declares 10th October, 2006 as the holiday under the Negotiable Instruments Act, then the bill will mature on

    (a) 9th October, 2006

    (b) 10th October, 2006.

    (c) 12th October, 2006.

    (d) 11th October, 2006.

35. A Ltd. Company purchase machinery on 1st April, 2004 for Rs.1,00,000. The depreciation on this machinery is charged @ 10% per annum on straight line method. On 30th October, 2006 machinery is sold for Rs.89,000. The profit or loss on sale of such machinery is:

    (a) Profit of Rs.12,000.

    (b) Loss of Rs.12,000.

    (c) Profit of Rs.14,000.

    (d) Loss of Rs.6,000.

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

    | January 1 | Purchases | 200 units | @ Rs.7 | Rs. 1,400 |
    | January 8 | Purchases | 900 units | @ Rs.8 | Rs. 7,200 |

January 25	Purchases	300 units	@Rs.9	Rs. 2,700
January 30	Purchases	400 units	@Rs.10	Rs. 4,000
				Rs.15,300

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

(a) Rs.5,400.

(b) Rs.6,700.

(c) Rs.8,600

(d) Rs.5,000.

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

(a) Mohan   Dr.   Rs.5,000

         To Tania   Rs.5,000

(b) Tania   Dr.   Rs.5,000

         To Mohan   Rs.5,000

(c) Bill receivable   Dr.   Rs.5,000

         To Bills payable   Rs.5,000

(d) Bill payable   Dr.   Rs.5,000

         To Bills receivable   Rs.5,000

38. Shyam prepared a trial balance for his factory on 31st March, 2006. The debit total of the trial balance was short by Rs.500. He transferred the deficiency to a suspense account. In April, 2006 after a close examination, he found that the purchases day book for September, 2005 was under castes by Rs.500. The necessary Journal entry to rectify the error will be

(a) Purchases A/c   Dr.   Rs.500

         To Cash A/c   Rs.500

(b) Suspense A/c   Dr.   Rs.500

         To Purchases A/c   Rs.500

(c) Purchases A/c   Dr.   Rs.500

         To Suspense A/c   Rs.500

(d) None of the above.

39. The following particulars relate to the business of Mohan on March 31, 2006.

Balance as shown by the cash book   Rs.10,000

Cheques issued but not presented for payment   Rs. 4,000

Cheque deposited but not yet collected   Rs. 3,000

Balance as shown by the Bank pass book will be

(a)   Rs.9,000.

(b)   Rs.10,000.

(c)   Rs.11,000

(d)   None of the above.

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

(a)   Repairs to building wrongly debited to Building A/c

(b)   Total of Purchase Journal by Rs.1,000 short.

(c)   Freight paid on new machinery debited to Freight A/c

(d)   None of the three.

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

(a)   120

(b)   80

(c)   90

(d)   160

42.   On 1.1.2005, a machine costing Rs.10,000 and a piece of furniture costing Rs.20,000 was purchased. Depreciation is provided @ 5% on furniture and 10% per annum on machine. The depreciation for the year ended 31st March, 2005 should be:

(a)   Rs.1,000.

(b)   Rs.300

(c)   Rs.1,250

(d)   None of the three.

43.   On 1st February, 2005, a loan of Rs.10,000 was given @ 12% per annum. Interest was received for 3 months from February to April in April, 2005. In the financial statements of the year ended 31st March, 2005 amount of accrued interest should be:

(a)   Rs.100.

(b)   Rs.200

(c)   Rs.300

(d)   Rs.1200

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

    (a) Rs.6,00,000 and Rs.1,00,000.

    (b) Rs.5,00,000 and Rs.1,00,000.

    (c) Rs.6,00,000 and Rs.1,20,000.

    (d) Rs.5,00,000 and Rs.1,20,000.

45. Mr. A sent 250 units costing Rs.10,000 each to Mr. B. The goods were to be sold as to yield a gross profit of 20% on sales. Mr. B sold 150 units @ Rs.14,200 per unit on credit and 75 units @ Rs.14,000 for cash. Mr. B is entitled to a commission Rs.500 per unit. The amount of commission will be:

    (a) Rs.75,000

    (b) Rs.37,500

    (c) Rs.1,12,500

    (d) Rs.85,000

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

    (a) Rs. 17,700

    (b) Rs. 4,500

    (c) Rs. 4,050

    (d) Rs.6,750

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

    (a) Rs.200

    (b) Rs.225

    (c) Rs.500

    (d) Rs.900

48. A draws a bill of Rs.10,000 on B on 23rd December, 2005 for one month. The bill is accepted on 25th December, 2005 by B. The due date of the bill will be:

    (a) 26th January, 2006.

    (b) 28th January, 2006.

(c) 27th January, 2006.

(d) 25th January, 2006.

49. On 1st January, 2006, Vimal sold goods worth Rs.20,000 to Renu and drew a bill on Renu for 3 months. Renu accepted the bill and returned it to Vimal who discounted the bill with bank on 4th February, 2006 @ 15% per annum. The discounted charges will be:

(a) Rs.3,000

(b) Rs.750

(c) Rs.500

(d) None of the three.

50. X and Y are partners sharing profit and losses in the ratio of 2:1. On 1st January, 2006, Z is admitted with 1/4th share in profits with guaranteed amount of Rs.25,000. The profits for the year ended 31st December, 2006 amounting to Rs.76,000. The share of Y in the profits should be:

(a) Rs.19,000

(b) Rs.38,000

(c) Rs.17,000

(d) None of the above.

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

(a) Rs.14,00,000.

(b) Rs. 18,00,000.

(c) Rs. 10,00,000.

(d) None of the above.

52. X and Y are partners sharing profits and losses in the ratio of 2: 1. They admit Z into partnership and the profit sharing ratio of the three partners is agreed at 2:2:1. The gaining or sacrificing ratio among X and Y will be:

(a) Gaining ratio of 4:1.

(b) Gaining ratio of 1:4.

(c) Sacrificing ratio of 1:4.

(d) Sacrificing ratio of 4:1.

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

    (a) Rs. 50,000

    (b) Rs. 40,000

    (c) Rs. 30,000

    (d) None of the above.

54. Gama Ltd. issued 10,000, 10% debentures of Rs.100 each at a discount of 10%. The entire amount is payable on application. Application were received for 12000 debentures. The allotment of debentures was made on 10th October, 2006. The amount which should be credited to the debentures account on 10th October, 2006 will be:

    (a) Rs.12,00,000.

    (b) Rs.10,80,000.

    (c) Rs.9,00,000

    (d) Rs.10,00,000

55. Indigo Ltd. had 9000, 10% redeemable preference shares of Rs.10 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of Rs.10 each fully paid up at a discount of 10%. The number of equity shares issued should be:

    (a) 9,000

    (b) 11,000

    (c) 10,000

    (d) None of the above.

56. A firm dealing in cloth has 15000 meters of cloth on April 1, 2005 valued at Rs.1,50,000 according to LIFO. The firm purchased 20000 meters @ Rs.12 per meter during the year ending 31st March, 2006 and sold 30000 meters @ Rs.25 per meter during the same period. As per LIFO, the closing stock will be valued at:

    (a) Rs.60,000

    (b) Rs.1,25,000

    (c) Rs.50,000

    (d) None of the above.

57. On January 1, 2006 Victory Ltd., purchased a second hand machinery for Rs.50,000 and spend Rs.2,000 as shipping and forwarding charges, Rs.1,000 as import duty, Rs.1,000 as carriage inwards, Rs.500 is repair charges, Rs.200 as installation charges,

Rs.400 as brokerage of the middle man and Rs.100 for an iron pad. Total cost of machinery is

(a) Rs.55,100

(b) Rs.55,000

(c) Rs.54,600

(d) Rs.55,200.

58. On 1-4-2005, Ram invested Rs.1,00,000 in a business. Interest of capital is to be allowed @ 12% per annum. Accounting year is financial year. Amount of interest to be charged to P & L Account for the year 2005-2006 is:

(a) Rs.9,000.

(b) Rs.10,000

(c) Rs.12,000

(d) None of the above.

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

(a) Rs.24,000.

(b) Rs.30,000.

(c) Rs.20,000.

(d) None of the above.

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

Discount received   Rs.1,000

Provision for discount on creditors   Rs.1,600

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

(a) Rs.1,500

(b) Rs.3,500.

(c) Rs.1,000.

(d) Rs.500.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. A mate's receipt

    (a) Is a document of title to goods.

    (b) Is an acknowledgement for the receipt of goods.

    (c) Both the above.

    (d) None of the above.

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

    (a) The above statement is correct.

    (b) The above statement is not correct in case of unregistered partnerships.

    (c) The above statement is incorrect.

    (d) The above statement is correct only in case of registered partnerships.

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

    (a) Yes if the contract was entered in Indian soil.

    (b) Yes if there was performance of the contract on or after 1st September 1872.

    (c) No as the act does not apply retrospectively.

    (d) No as there was no performance on or after 1st September 1872.

64. A share in a partnership:

    (a) Can be transferred in accordance with the terms and conditions contained in the partnership deed.

    (b) Can be transferred only if all the partners agree for such transfer

    (c) Cannot be transferred at all.

    (d) Can be transferred through the recognized stock exchanges.

65. Which of the following is not correct?

    (a) Joint Hindu Family is governed by law relating to registration of agreements.

    (b) Joint Hindu Family is governed by Hindu Law.

    (c) Joint Hindu Family is governed by the Civil Procedure Code.

    (d) Both (a) & (c)

66. In case of sale

    (a) Property in goods passes to the buyer.

    (b) Risk in the goods passes to the buyer.

    (c) Both the above.

    (d) None of the above.

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

    (a) A engages B for a certain work and promises to pay such remuneration as shall be fixed by C. B does the work.

    (b) A and B promise to marry each other.

    (c) A takes a seat in a public vehicle.

    (d) A invites B to a card party. B accepts the invitation.

68. Which of the statement is incorrect?

    (a) All illegal agreements are void but all void agreements are not necessary illegal.

    (b) A voidable contract is not voidable at the option of the aggrieved party.

    (c) Contracts that are immoral or opposed to public policy are illegal in nature.

    (d) All of the above.

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

    (a) A wagering agreement consists of reciprocal promises whereas a contingent contract may not contain reciprocal promises.

    (b) In a wagering agreement the uncertain event is the sole determining factor while in a contingent contract the event is only collateral.

    (c) A wagering agreement is void whereas a contingent contract is valid.

    (d) All of the above.

70. An agreement made without consideration is valid under Section 25 of The Indian Contract Act, 1872 if

    (a) The agreement is expresses in writing.

    (b) The agreement is made on account of natural love and affection or the parties to the agreement stand in a near relation to each other.

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(c) The document is registered under the law for the time being in force for registration of such document.

(d) All of the above.

71. Which of the following is not correct?

(a) Minor can always plead minority.

(b) Minor is liable for necessaries supplied to him.

(c) Minor is a person who has not completed 18 years of age.

(d) Minor can be a beneficiary.

72. Which of the following is not correct?

(a) Consideration must be at the desire of the promisor.

(b) Consideration may be past, present or future.

(c) Consideration need not be adequate, but should be real and supported by free consent.

(d) Consideration should be always monetary.

73. Novation means

(a) Substituting a new contract for the old one.

(b) Cancellation of the old contract.

(c) Modifying or altering the terms of contract such that it has the effect of substituting a new contract for the old one.

(d) Dispensing away the performance of the promise made by the other party.

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

(a) Breach of warranty.

(b) Breach of condition.

(c) Both the above.

(d) None of the above.

75. Registration of a partnership is complete

(a) Only after the issue of certificate of Registration by the Registrar of Firms.

(b) As soon as an application in the prescribed form with the prescribed fee and other relevant details is delivered to the Registrar of Firms.

(c) Only after the Registrar of Firms records an entry of the statement in the Register of Firms to this effect.

(d) After giving the information to the Central Government in this regard.

76. A company may be in the form of

    (a)   An unincorporated association.

    (b)   Incorporated association.

    (c)   Both the above.

    (d)   None of the above.

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

    (a)   Undue Influence.

    (b)   Fraud.

    (c)   Misrepresentation.

    (d)   Coercion.

78. Types of partners includes

    (a)   Active Partner.

    (b)   Sleeping Partner.

    (c)   Nominal Partner.

    (d)   All of the above.

79. 'Price' under Section 2(10) of The Sale of Goods Act, 1930 means

    (a)   Money or money's worth.

    (b)   Monetary consideration for the sale of goods.

    (c)   Any consideration that can be expressed in terms of money.

    (d)   None of the above.

PART II

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

    (a)   Specific Goods

    (b)   Existing Goods

    (c)   Future Goods

    (d)   Generic Goods

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

    (a)   Unilateral Contract

(b)   Bilateral Contract

(c)   Quasi Contract

(d)   Express Contract

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

    (a)   General Offer

    (b)   Special Offer

    (c)   Cross Offer

    (d)   Counter Offer

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

    (a)   The buyer

    (b)   The seller

    (c)   Both the buyer and the seller

    (d)   The insurance company

84.   An auction sale is an example of _____.

    (a)   Invitation to treat an offer

    (b)   Mere communication of information in the course of negotiation

    (c)   Statement of intention

    (d)   Offer

85.   Agreement for the creation of monopolies_____.

    (a)   Is allowed in the interest of economy

    (b)   Is opposed to public policy and hence void

    (c)   Is not detrimental to any nation

    (d)   Is impossible because of perfect competition in today's scenario

86.   Quasi – contracts arise _____.

    (a)   Where obligations are created without a contract

    (b)   Where obligations are created under a contract

    (c)   Out of natural causes

    (d)   Out of man-made causes

87.   In case of a contract of guarantee_____.

    (a)   There are two parties to the contract

(b)   There are three parties to the contract

(c)   There should be at least two parties to the contract

(d)   There should be at least five parties to the contract

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

(a)   Express or implied agreement

(b)   Ratification

(c)   Operation of law

(d)   All of the above

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

(a)   Specific Goods

(b)   Existing Goods

(c)   Future Goods

(d)   Unascertained Goods

90.   Delivery by acknowledgment is_____.

(a)   Actual Delivery

(b)   Constructive Delivery

(c)   Symbolic Delivery

(d)   None of the above

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

(a)   Owner of the goods

(b)   Bailee of the goods

(c)   Hirer of the goods

(d)   None of the above

92.   Rights of an unpaid seller include_____.

(a)   Right against the goods

(b)   Right of stoppage in transit

(c)   Right of re-sale

(d)   All of the above

93.   Registration of a partnership firm is _____.

(a)   Compulsory from the beginning

(b)   Not compulsory till first five years of beginning of the partnership

(c) Not compulsory at all

(d) Compulsory only if the Registrar of Firms gives an order in this regard

94. Death of a partner ordinarily leads to _____.

(a) Dissolution of the partnership.

(b) Revision of the partnership.

(c) Reconsidering of the partnership.

(d) Induction of a new partner to carry on the partnership.

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

(a) Before he became a partner

(b) After he became a partner.

(c) Any time after even he ceases to be a partner and upto his death.

(d) Before or after he became a partner

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

(a) Which is enforceable

(b) Which is legal

(c) Between two or more persons

(d) The object of which is not prohibited by law.

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

(a) Holds real authority over the other

(b) Holds apparent authority over the other

(c) Stands in a fiduciary relation to the other

(d) All of the above

98. As per Section 29 of the Indian Partnership Act, 1932 a partner may transfer his interest in the firm_____.

(a) By sale

(b) By mortgage

(c) By charge

(d) All of the above

PART III

99. D P Tyre Co. Ltd sold tyres to a dealer S, who sold those to D, a sub-dealer on the condition that those tyres would not be sold at a price lower than the list price fixed by D P Tyre Co. Ltd. and if the tyres were sold at a price lower than the list price, a penalty

of $ 2 for every tyre sold below the list price would be recovered as damages. D sold five tyres below the list price. D P Tyre Co. Ltd filed a suit against S. Is D P Tyre Co. Ltd entitled to maintain the suit?

(a)   No since D P Tyre Co. Ltd was not a party to the contract.

(b)   No since only 5 tyres are involved and the amount is insignificant.

(c)   Yes as D P Tyre Co. Ltd is the producer of the tyres.

(d)   Yes as D P Tyre Co. Ltd sold the tyres to S who in turn sold to D.

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

(a)   Estate of B is liable for the act of the firm done after the death of B.

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

(c)   Estate of D is liable for the act of the firm done after the death of B.

(d)   D is liable for the act of the firm done after the death of B.

SECTION – C : GENERAL ECONOMICS(50 MARKS)

(i) Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(ii) Questions 117 to 132 are Fill in the blanks type and carry + 1 mark for each correct answer and -0.25 mark for each wrong answer.

(iii) Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(iv) Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. The law of consumer surplus is based on
    (a) Indifference curve analysis
    (b) Revealed preference theory.
    (c) Law of substitution
    (d) The law of diminishing marginal utility.

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

103. If two goods were perfect substitutes of each other, it necessarily follows that
    (a) An indifference curve relating the two goods will be curvilinear.
    (b) An indifference curve relating the two goods will be linear.
    (c) An indifference curve relating the two goods will be divided into two segments which meet at a right angle.
    (d) An indifference curve relating the two goods will be convex to the origin.

104. The MC curve cuts the AVC and ATC curves
    (a) At the falling part of each.
    (b) At different points.
    (c) At their respective minimas.
    (d) At the rising part of each.

105. In general, most of the production functions measure

    (a) The productivity of factors of production.

    (b) The relation between the factors of production.

    (c) The economies of scale.

    (d) The relations between change in physical inputs and physical output.

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

    (a) Perfect competition.

    (b) Monopoly

    (c) Oligopoly.

    (d) Monopolistic competition.

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

    (a) The short period

    (b) The market period

    (c) The long period

    (d) All of the above.

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

    (a) Sells below costs of production in both markets.

    (b) Practices price discrimination.

    (c) Equates the volume of sales in both markets.

    (d) Equates marginal costs with marginal revenue in one market only.

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

    (a) The price of apples.

    (b) The cost of producing a fire truck for the fire department of Delhi, India

    (c) The quantity of apples produced for the apple market.

    (d) The national economy's annual rate of growth.

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

    (a) The inverse relationship between the use of technology and the use of natural resources.

    (b) Scarcity; at any point in time we have limited amounts of productive resources.

    (c) Resource specialisation.

    (d) Increasing opportunity costs.

111. SJSRY stands for

    (a)   Swaran Jayanti Shahari Rozgar Yojana

    (b)   Shahari Jeewan Sudhar Rashtriya Yojana

    (c)   Sampoorna Jeewan Shahari Rozgar Yojana

    (d)   None of the above.

112. Who is regulatory authority for telecom in India?

    (a)   SEBI

    (b)   TRAI

    (c)   MTNL

    (d)   BSNL

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

    (a)   Poor planning

    (b)   Power, finance and labour problems

    (c)   Technical complications

    (d)   All of the above.

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

    (a)   small scale units.

    (b)   private sector units

    (c)   public sector units

    (d)   sick units

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

    (a)   The foreign trade policy was very liberal; it allowed import of all types of goods.

    (b)   Import of food grains was strictly prohibited

    (c)   The balance of payments situation was quite comfortable

    (d)   None of the above.

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

    (a) M_1

    (b) M_2

    (c) M_3

    (d) M_4

PART II

117. Giffen goods are those goods -----------------------------------.

    (a)   For which demand increases as price increases

    (b)   Which have a high income elasticity of demand

    (c)   Which are in short supply

    (d)   None of these

118. Three methods of computing national income are --.

    (a)   Production, outlay and income methods.

    (b)   Balance of payments, income and consumption methods.

    (c)   Saving, investment and income methods.

    (d)   Outlay, depreciation and production methods.

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

    (a)   Normal profit

    (b)   Net profit

    (c)   Gross profit

    (d)   Supernormal normal profit

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

    (a)   An upward shift in demand for the other commodity.

    (b)   A rise in the price of the other commodity.

    (c)   A downward shift in demand for the other commodity.

    (d)   No shift in the demand for the other commodity.

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

    (a)   Selective credit

    (b)   Quantitative

    (c)   Margin requirements.

    (d)   Optional.

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

    (a)   the government coming to the rescue of poor farmers.

    (b)   central bank coming to the rescue of other banks in times of financial crisis.

    (c)   commercial banks coming to the rescue of small industrial units.

(d)   people coming to the rescue of commercial banks in times of their financial crisis.

123.   ----------------- is the custodian of monetary reserves in India

(a)   SBI

(b)   SIDBI

(c)   NABARD

(d)   RBI

124.   Demand for final consumption arises in ---------------------------------.

(a)   household sector only.

(b)   government sector only.

(c)   both household and government sectors.

(d)   neither household nor movement sector.

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

(a)   10%.

(b)   20%

(c)   30%

(d)   40%

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

(a)   40

(b)   30

(c)   10

(d)   90

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

(a)   Balance of trade

(b)   Balance of transactions

(c)   Budget

(d)   Balance of payments.

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

(a)   revenue deficit.

(b)   capital deficit.

(c)   primary deficit.

(d)   fiscal deficit.

130.   ----------------------program facilitates the construction and upgradation of dwelling units for the slum dwellers.

(a)   DPAP

(b)   VAMBAY

(c)   TRYSUM

(d)   IRDP

131.   According to National Sample Survey 2004-05, ----------------percent of the population of India lives below poverty line.

(a)   22

(b)   26

(c)   15

(d)   25

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

(a)   U.P

(b)   Maharashtra

(c)   Kerala

(d)   Bihar

PART III

Questions 133 to 137 are based on the Figure 1.
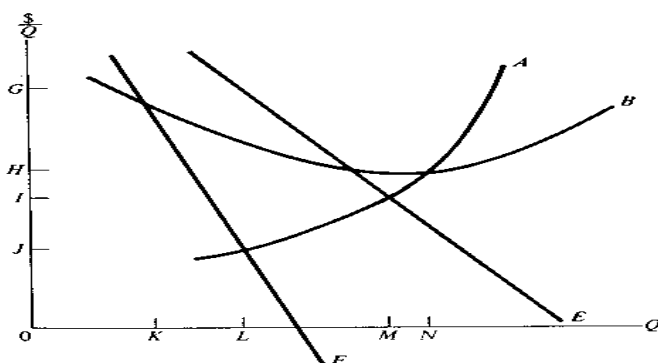
Figure 1

133. Figure 1 represents a

    (a)   Perfectly competitive firm.

    (b)   Perfectly competitive industry.

    (c)   Monopolist

    (d)   None of the above.

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

    (a)   E.

    (b)   A

    (c)   F

    (d)   B

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

    (a)   Marginal cost curve

    (b)   Average cost curve

    (c)   Demand curve.

    (d)   Marginal revenue curve

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

    (a)   K

    (b)   L

    (c)   M

    (d)   N

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

    (a)   K

    (b)   L

    (c)   M

    (d)   N

PART IV

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

Table 1

Number of Workers	Total Output
1	10
2	22

3	31
4	40
5	47
6	52
7	56
8	58
9	60
10	61

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

(a) 12

(b) 9

(c) 7

(d) 8

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

(a) Rs 2

(b) Rs 80

(c) Rs 5

(d) Rs 20

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

(a) Rs.0.25

(b) Rs 1.25

(c) Rs. 2.50

(d) Rs. 4.00

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

(a) Rs.0.25

(b) Rs 1.25

(c) Rs. 2.50

(d)   Rs. 4.00

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

(a)   2 units.

(b)   3 units.

(c)   5 units.

(d)   7 units.

Read table 2 and answer Questions number 143-145

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

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

(a   -20.

(b)   -0.05.

(c)   -1.

(d)   Can not be determine(d)

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

(a)   -5

(b)   15.

(c)   -45.

(d)   -3.

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

(a)   14

(b)   1

(c)   0.07.

(d)   5.

Read table 3 and answer Questions number 146-147

With the same amount of resources, a farmer can feed the following combinations of sheep and cows:

Table 3

	Sheep	Cows
Option I	84	22
Option II	75	25

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

    (a)   1 sheep

    (b)   3 sheep

    (c)   9 cows.

    (d)   9 sheep.

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

    (a)   9 sheep.

    (b)   3 cows.

    (c)   1/3 sheep.

    (d)   1/3 cow.

148. If the quantity of CD demanded increases from 260 to 290 in response to an increase in income from Rs 9000 to Rs 9800, the income elasticity of demand is approximately:

    (a)   3.4

    (b)   0.01.

    (c)   1.3

    (d)   2.3.

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

    (a)   0.35 and X and Y are complements.

    (b)   0.35 and X and Y are substitutes.

    (c)   2.5 and X and Y are complements.

    (d)   2.5 and X and Y are substitutes.

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

Table 4

Total population	224	Children(below the working age)	36
Unemployed people looking for a job	18	Full-time students(not looking for a job)	4
Retired people	28	Employed people	126
People confined to correctional institutions	2	Other adults not in the labour force	14

Based on the information in table4, the country's unemployment rate is

(a)   7.9%

(b)   12.5%

(c)   20.2%

(d)   22.2%

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Standard deviation of binomial distribution is

   (a) $(npq)^2$

   (b) $\sqrt{npq}$

   (c) $(np)^2$

   (d) $\sqrt{np}$

152. $A \cup A'$ is equal to

   (a)   A.

   (b)   Sample Space.

   (c) ϕ.

   (d)   None of these.

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

   (a) $\dfrac{1+2x^2}{4(x^2+1)^2}+c$

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

   (c) $\dfrac{-(1+2x^2)}{4(x^2+1)}$

   (d)   None of these.

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

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

(b) x^8

(c) $2x^2+1$

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

155. A sample survey is prone to

(a)   Sampling error.

(b)   Non-sampling error.

(c)   Either (a) or (b).

(d)   Both (a) and (b).

156. Simple Aggregative Method is used for computing a

(a)   Relative index.

(b)   Price index.

(c)   Value index.

(d)   None of these.

157. The algebraic sum of deviations of a set of observations from their AM is

(a)   Negative.

(b)   Positive.

(c)   Zero.

(d)   None of these.

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

(a)   A continuous variable.

(b)   A discrete variable.

(c)   An attribute.

(d)   All of these.

159. A Qualitative characteristic is known as

(a)   An attribute.

(b)   A variable.

(c)   A discrete variable.

(d)   A continuous variable.

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

(a)   Interview method.

(b)   Questionnaire method.

(c)   Observation method.

(d)   All of these.

PART II

161.   The normal curve is _____.

    (a)   Bell-shaped

    (b)   U-shaped

    (c)   J-shaped

    (d)   Inverted J-shaped

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

    (a)   Time reversal test

    (b)   Factor reversal test

    (c)   Circular test

    (d)   Unit test

163.   _____ is an extension of time reversal test.

    (a)   Factor reversal test

    (b)   Circular test

    (c)   Unit test

    (d)   None of above

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

    (a)   Zero

    (b)   Maximum

    (c)   Minimum

    (d)   None of these

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

    (a)   125:64

    (b)   16:25

    (c)   64:125

    (d)   None of these

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

    (a)   Mean

    (b)   Median

(c) Mode

(d) None of these

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

(a) 2x^{2x}(1+logx)

(b) 2(1+logx)

(c) x^{2x}(1+logx)

(d) None of these

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

(a) 1

(b) 2

(c) 0

(d) 3

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

(a) Correlated

(b) Uncorrelated

(c) Positive correlated

(d) Negative correlated

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

(a) Zero

(b) Positive

(c) Negative

(d) None of these

PART III

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

(a) $\dfrac{2x}{\sqrt{1 - x^2}}$

(b) $\dfrac{x}{\sqrt{1 + x^2}}$

(c) $\dfrac{x^2}{\sqrt{1+x^2}}$

(d) None of these.

172. If $\lim\limits_{x \to a} \dfrac{x^9 - a^9}{x - a} = 9$, the value of a is

(a) 9,–9

(b) 1,–1

(c) 8,–8

(d) None of these.

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

(a) 0.3

(b) 0.09

(c) 0.7

(d) 0.9

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

(a) 60%

(b) 40%

(c) 64%

(d) 36%

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

(a) 17/52

(b) 1/3

(c) 4/13

(d) 3/13

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

(a) 1/9

(b) 5/36

(c) 5/18

(d) 2/9

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

(a) 1/10

(b) 1/3

(c) 1/2

(d) None of these.

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

(a) 1

(b) −1

(c) 0

(d) None of these.

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

(a) 14

(b) 16

(c) 18

(d) 20

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

(a) 6.50

(b) 6.66

(c) − 6.50

(d) − 6.66

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

(a) 46

(b) 47

(c) 48

(d) 49

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

(a) 47

(b) 48

(c)   49

(d)   50

183. Refer following table:

Frequency distribution of weights of 16 students

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

Find class mark for the first class interval.

(a)   4

(b)   46

(c)   44

(d)   48

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

(a)   2,63,291

(b)   – 2,36,192

(c)   2,19,631

(d)   2,36,192

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

(a)   Rs.5893.02

(b)   Rs.5938.02

(c)   Rs.5000

(d)   None of these.

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

(a) $y-2x+2=0$

(b) $y-3x+4=0$

(c) $y-4x+3=0$

(d) $y-2x+4=0$

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

    (a)   3

    (b)   4

    (c)   2

    (d)   None of these.

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

    (a)   1.9

    (b)   1.989

    (c)   1.998

    (d)   1.89

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

    (a)   44550

    (b)   55440

    (c)   120

    (d)   90

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

    (a)   4, 8

    (b)   −2, −3

    (c)   2, 6

    (d)   2,3

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

    (a)   50 years.

    (b)   37.5 years.

    (c)   75 years.

    (d)   None of these.

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

    (a)   12:21

    (b)   28:9

    (c)   9:28

    (d)   None of these.

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

    (a) 55

    (b) 55.5

    (c) 57

    (d) 56

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

    (a) 9

    (b) 45

    (c) 40

    (d) None of these.

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

    (a) 20, 18

    (b) 10, 12

    (c) 17, 15

    (d) None of these.

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

    (a) $175x + 95y \leq 30{,}000$

    (b) $175x + 95y \geq 30{,}000$

    (c) $175x + 95y = 30{,}000$

    (d) None of these.

197. Find the value of n if $(n+1)! = 42\,(n-1)!$

    (a) 6

    (b) –7

    (c) 7

    (d) –6

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

    (a) 13

    (b) 12

    (c) 16

    (d) 15

199. The derivative of $8x^2-2x+5$ is

    (a) $16x+2$

    (b) $16x-2$

    (c) $16x-2+5$

    (d) $16x+7$

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

    (a)   90

    (b)   120

    (c)   48

    (d)   24

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-7/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(1)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

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

   (a)   Accrual concept.

   (b)   Cost concept.

   (c)   Money measurement concept.

   (d)   Realisation concept.

2.   Cash book is a form of

   (a)   Trial Balance.

(b)   Journal.

(c)   Ledger.

(d)   All of the above.

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

(a)   Adjusted cash book.

(b)   Cash book before any adjustments.

(c)   Pass book.

(d)   Not taken to final accounts in case of difference in the balance.

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

(a)   Material account.

(b)   Wages account.

(c)   Purchases account.

(d)   Machinery account.

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

(a)   Difference account.

(b)   Trading account.

(c)   Miscellaneous account.

(d)   Suspense account.

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

(a)   HIFO.

(b)   LIFO.

(c)   FIFO.

(b)   Weighted average.

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

(a)   Fair value.

(b)   Book value.

(c)   Market value.

(d)   Net realisable value.

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

(a)   Revenue expenditure.

(b)   Capital expenditure.

(c)   Deferred revenue expenditure.

(d)   None of the above.

9.   Carriage inwards is debited to

(a)   Trading account.

(b)   Profit and loss account

(c)   Profit and loss appropriation account

(d)   Balance sheet

10.   A bill has been drawn on 26.2.2006 payable after 90 days. The due date of the bill will be

(a)   30.5.2006.

(b)   29.5.2006.

(c)   28.5.2006.

(d)   27.5.2006.

PART II

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

(a)   Debit side of that ledger account.

(b)   Credit side of that ledger account.

(c)   End of that ledger account as a footnote.

(d)   None of the above.

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

(a)   Materiality concept.

(b)   Matching concept.

(c)   Periodicity concept.

(d)   Conservatism concept.

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

(a)   Zero stock.

(b)   Risk stock.

(c)   Base stock.

(d)   None of the above.

14.   M/s Bhaskaran & Co. drew a three months' bill of Rs. 6,000 on M/s Patel & Co. on 1.1.2006 payable to M/s Surendran & Co. or bearer. Here the payee will be

    (a)   M/s Bhaskaran & Co.

    (b)   M/s Patel & Co.

    (c)   M/s Surendran & Co. or bearer.

    (d)   All of the above.

15.   Fluctuating capital account is credited with _____

    (a)   Interest on capital.

    (b)   Profits of the year.

    (c)   Salaries or remuneration of the partners.

    (d)   All of the above.

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

    (a)   Capital.

    (b)   Reserves.

    (c)   Profits.

    (d)   Premium for goodwill.

17.   Memorandum joint venture account is prepared _____

    (a)   When separate set of joint venture books is prepared.

    (b)   When each co-venturer keeps records of all the the joint venture transactions himself.

    (c)   When each co-venturer keeps records of their own joint venturer transactions.

    (d)   None of the above.

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

    (a)   Consignee.

    (b)   Consignor.

    (c)   Both consignor and consignee.

    (d)   Neither of the two.

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

    (a)   Consignee.

(b)   Consignor.

(c)   Drawee.

(d)   Drawer.

20.   Discounting of bill by the drawer is done with_____

(a)   Creditor.

(b)   Drawee.

(c)   Bank.

(d)   Notary public.

PART III

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

(a)   Straight Line Method.

(b)   Written Down Value Method.

(c)   Annuity Method.

(d)   Sinking Fund Method.

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

(a)   Consignment.

(b)   Joint venture.

(c)   Sale of goods on sale or return basis

(d)   Credit sales.

PART IV

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

    (a) Rs.3,00,000: Rs.1,80,000: Rs.1,20,000.

    (b) Rs.2,00,000: Rs.2,00,000: Rs.2,00,000.

    (c) Rs.3,00,000: Rs.2,00,000: Rs.1,00,000.

    (d) Rs.1,00,000: Rs.2,00,000: Rs.3,00,000.

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

    (a) 50,000 shares.

    (b) 40,000 shares.

    (c) 30,000 shares.

    (d) 10,000 shares.

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

    (a) Rs. 10,00,000.

    (b) Rs. 12,00,000.

    (c) Rs. 5,00,000.

    (d) Rs. 4,50,000.

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

    (a) Rs.55,000.

    (b) Rs.50,000.

    (c) Rs.45,000.

    (d) Rs.57,500.

27. On 1st June 2005, Harsh Ltd. issued 4,000 9% convertible debentures of Rs.100 each at a premium of 10%. Interest is payable on September 30 and March 31, every year. Assuming that the interest runs from the date of issue, the amount of interest expenditure debited to profit and loss account for the year ended 31st March 2006 will be

    (a) Rs.12,000.

(b) Rs.18,000.

(c) Rs.36,000.

(d) Rs.30,000.

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

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

(a) Rs.57,000

(b) Rs.59,000.

(c) Rs.60,000.

(d) Rs.58,000.

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

(a) Rs. 3,200.

(b) Rs.2,000.

(c) Rs.1,800.

(d) Rs.1,200.

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

(a) Rs.3,000.

(b) Rs.2,800.

(c) Rs.2,600.

(d) Rs.2,400.

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

(a) Rs.1,50,000.

(b) Rs.90,000.

(c) Rs.60,000.

(d) Rs.3,00,000.

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

    (a) Rs.6,000: Rs.3,000.

    (b) Rs.9,000: Rs.9,000.

    (c) Rs.4,500: Rs.4,500.

    (d) Nothing is to be debited to their account.

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 1/3 share in the firm. The new profit sharing ratio will be

    (a) 3:2:1.

    (b) 2:2:1.

    (c) 1:1:1.

    (d) Cannot be calculated.

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

    Total capital employed in the firm   Rs. 80,00,000

    Reasonable rate of return   15%

    Profits for the year   Rs. 12,00,000

    (a) Rs. 68,00,000.

    (b) Rs. 12,00,000.

    (c) Rs. 11,88,000.

    (d) Nil.

36. A trader has credited certain items of sales on approval aggregating Rs.60,000 to Sales Account. Of these, goods of the value of Rs.16,000 have been returned and taken into stock at cost Rs.8,000 though the record of return was omitted in the accounts. In respect of another parcel of Rs.12,000 (cost being Rs.6,000) the period of approval did

not expire on the closing date. Cost of goods lying with customers should be

(a) Rs. 12,000.

(b) Rs. 54,000.

(c) Rs. 6,000.

(d) None of the above.

37. On 1st January 2006 Nisha draws a bill for Rs.5,000 on Disha for 3 months for mutual accommodation. On the same day, Disha draws a bill for Rs. 6,000 on Nisha for 4 months. Both the bills were discounted with the bank for Rs. 4,850 and Rs. 5,700 respectively. 50% of the receipt was sent to the other party. First bill was met on its due date. On the maturity date of Nisha's acceptance, Disha will send

(a) Rs.3,000.

(b) Rs.2,850.

(c) Rs.2,425.

(d) Rs.2,500.

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

(a) Rs.3,000.

(b) Rs.7,000.

(c) Rs.10,000.

(d) None of the above.

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

(a) Rs.25,000.

(b) Rs.22,250.

(c) Rs.23,750.

(d) Rs.24,500.

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

while calculating consignment stock will be

(a)   Rs.2,600.

(b)   Rs.600.

(c)   Rs.1,200.

(d)   Rs.1,800

41.   Goods costing Rs. 80,000 are consigned by Manjari & Co. to Anjali & Co. for Rs.1,00,000. Expenses of the consignor in this respect was Rs. 5,000. Consignee spends Rs. 6,000 for taking the delivery. Some of the goods were returned by the consignee costing Rs.10,000. The amount to be credited to consignment account for goods returned will be

(a)   Rs.12,500.

(b)   Rs.11,100.

(c)   Rs.11,375.

(d)   Rs.13,875.

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

(a)   Rs.53,000.

(b)   Rs.55,000.

(c)   Rs.80,000.

(d)   Rs.51,000.

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

(i)   The return inward book was undercast by Rs. 150.

(ii)   The return outward book was overcast by Rs. 1,000.

(iii)   A payment of Rs.1,500 on account of salaries has been posted twice in the salaries account although entered correctly in the cashbook.

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

(a)   Rs. 150 (Dr.)

(b)   Rs. 1,150 (Dr.).

(c)   Rs. Rs.350 (Cr.).

(d)   Rs. 1,500 (Cr.).

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

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

(a)   Rs. 16,00,000.

(b)   Rs. 16,95,000.

(c)   Rs. 14,50,000.

(d)   Rs. 15,00,000.

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

(a)   Rs. 3,250 and Rs.3,900 respectively.

(b)   Rs. 3,600 and Rs. 4,250 respectively.

(c)   Rs. 3,250 and Rs. 4,250 respectively.

(d)   Rs. 3,600 and Rs.3,900 respectively.

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

1-3 year   5 lacs units each year

4-6 year   3 lacs units each year

7-10 year   1.5 lacs units each year.

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

(a)   Rs.1,10,000.

(b)   Rs.55,000.

(c)   Rs. 65,000.

(d)   Rs. 1,83,333.

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

(a)   Rs. 2,150.

(b)   Rs. 2,175.

(c)   Rs. 1,475.

(d)   Rs. 1,925.

48.   If cost of physical stock on 31.3.2006 is Rs.2,80,000 and out of which stock of Rs. 1,20,000 is held as consignee. Goods costing Rs. 25,000 were damaged beyond repair and were expected to realize Rs.5,000 only. The value of own stock on 31.3.2006 will be

(a)   Rs.2,60,000

(b)   Rs.1,60,000

(c)   Rs.1,35,000

(d)   Rs.1,40,000

49.   A lease is purchased on 1st January, 2005 for 4 years at a cost of Rs. 1,00,000. Lease is to be depreciated by the annuity method charging 5% interest. Annuity of Re.1 over 4 years charging 5% interest is Re. 0.282012. The amount of annual depreciation will be

(a)   Rs. 28,201.

(b)   Rs. 20,000.

(c)   Rs.25,000.

(d)   None of the above.

50.   18% investment of Rs. 1,00,000 and interest received on investment Rs. 15,000 have been given in the trial balance for the period ended on 31.3.2006. The amount of interest outstanding in the final accounts will be

(a)   Rs.18,000

(b)   Rs.15,000

(c)   Rs.3,000.

(d)   Nil

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

(a)   Rs. 2,00,000.

(b)   Rs. 2,50,000.

(c)   Rs. 1,02,400.

(d)   Rs. 1,28,000.

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

(a) Rs.22,000.

(b) Rs.25,000.

(c) Rs.24,000.

(d) Rs.20,000.

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

(a) Rs. 80,000.

(b) Rs. 60,000.

(c) Rs. 40,000.

(d) Rs. 20,000.

54. Closing stock was not taken on 31.3.2006 but only on 7.4.2006. Following transactions had taken place during the period from 1.4.2006 to 7.4.2006. Sales Rs.2,50,000, purchases Rs.1,50,000, stock on 7.4.2006 was Rs.1,80,000 and the rate of gross profit on sales was 20%. Closing stock on 31.3.2006 will be

(a) Rs.3,80,000.

(b) Rs.4,00,000.

(c) Rs.2,30,000.

(d) Rs.1,50,000.

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

(a) Rs.8,40,00,000.

(b) Rs.7,00,00,000.

(c) Rs.15,40,00,000.

(d) Rs.1,40,00,000.

56. Kena Ltd. issued 10,000 12% Debentures of Rs.100 each at a discount of 10%payable in full on application by 31st March, 2006. Applications were received for 12,000 debentures. Debentures were allotted on 9th June, 2006. The amount of excess money refunded on the same date will be

(a) Rs.1,80,000.

(b) Rs.1,00,000.

(c) Rs.1,20,000.

(d) Rs.1,50,000.

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

(a)   Rs. 10,00,000.

(b)   Rs. 12,00,000.

(c)   Rs. 8,00,000.

(d)   Nil.

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

(a)   Credited to discount allowed account by Rs. 500.

(b)   Credited to discount received account by Rs.500.

(c)   Credited to rebate account by Rs.500.

(d)   Not shown in the books of Ritesh at all.

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

(a)   Rs.2,000.

(b)   Rs.3,000.

(c)   Nil.

(d)   Rs.10,000.

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

(a)   Goodwill account by Rs. 1,00,000.

(b)   Legal services account by Rs.1,00,000.

(c)   Promoter's account by Rs.1,00,000.

(d)   Formation expenses account by Rs.1,00,000.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. Which of the following is correct :

   (a) A minor can be admitted as a partner provided the partnership deed is signed by the guardian of the minor on behalf of and in the best interest of such minor.

   (b) A minor can enter into a contract of partnership provided it is a 'necessity' and not a 'luxury'.

   (c) A minor cannot be admitted as a partner unless all the partners agree to it.

   (d) A minor can be admitted to the benefits of partnership.

62. As per Section 11 of The Indian Contract Act, 1872 every person is competent to contract provided he:

   (a) Is of the age of majority according to the law to which he is subject.

   (b) Is of sound mind.

   (c) Is not disqualified from contracting by any law to which he is subject.

   (d) All of the above.

63. Necessary condition for existing goods is

   (a) They should be in existence at the time of the contract of sale.

   (b) They should be owned or possessed by the seller.

   (c) Both of the above.

   (d) None of the above.

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

   (a) Actual Delivery.

   (b) Constructive Delivery.

   (c) Symbolic Delivery.

   (d) All of the above.

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

    (a)   The wife can avoid the contract.

    (b)   The wife cannot avoid the contract.

    (c)   The husband can enforce the contract.

    (d)   Both (b) & (c).

66. In case of a hire – purchase the hirer

    (a)   Can pass a goods title to a bonafide purchaser.

    (b)   Cannot pass a goods title to a bonafide purchaser.

    (c)   Can choose whether to pass or not to pass the goods title to a bonafide purchaser.

    (d)   All of the above.

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

    (a)   The performance of a contingent contract depends upon the happening or non-happening of a certain event in future.

    (b)   The event must be uncertain.

    (c)   The event must be collateral to the main contract.

    (d)   All of the above.

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

    (a)   By estoppel.

    (b)   By a legal presumption.

    (c)   By holding-out.

    (d)   All of the above.

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

    (a)   The agreement is void.

    (b)   The agreement is illegal.

    (c)   The agreement is impossible.

    (d)   All of the above.

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

    (a)   Consideration should move at the desire of the promise.

    (b)   Consideration may move from promisee or any other person.

    (c)   Consideration may be past, present or future.

(d) All of the above.

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

    (a) No consideration is required to create an agency as also in the case of completed gifts.

    (b) A promise made without consideration is valid if it is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt, which is barred by the Law of Limitation.

    (c) A promise made without any consideration is valid if it is a promise to compensate wholly or in part a person who has already voluntarily done something for the promisor or something which the promisor was legally compellable to do.

    (d) All of the above.

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

    (a) There should be at least seven members and maximum number of members should not exceed fifty.

    (b) There should be at least two members and maximum number of members should not exceed ten.

    (c) There should be at least two members and maximum number of members should not exceed twenty.

    (d) There should be at least two members and maximum number of members should not exceed fifty.

73. Which of the following agreements are void:

    (a) An agreement to share the salary of a public officer.

    (b) An agreement to sell a religious office.

    (c) An agreement with the objective of procuring a public post.

    (d) All of the above.

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

    (a) Condition as to title.

    (b) Sale by description.

    (c) Sale by sample.

    (d) All of the above.

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

    (a) Misrepresentation is innocent whereas fraud is deliberate or willful.

(b)   In misrepresentation the person making the suggestion believes it to be true while in case of a fraud he does not believe it to be true.

(c)   In misrepresentation there can be no suit for damages whereas in fraud there can be a suit for damages.

(d)   All of the above.

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

(a)   Lawful Consideration.

(b)   Lawful Agreement.

(c)   Free Consent.

(d)   All of the above.

77.   The test of good faith as required under Section 33(1) includes the following:

(a)   That the expulsion must be in the interest of the partnership.

(b)   That the partner to be expelled is served with a notice.

(c)   That the partner to be expelled is given an opportunity of being heard.

(d)   All of the above.

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

(a)   Actual Delivery.

(b)   Symbolic Delivery.

(c)   Constructive Delivery.

(d)   None of the above.

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

(a)   No period has been fixed by the partners for its duration.

(b)   There is no provision in the partnership agreement for its determination.

(c)   Both of the above.

(d)   None of the above.

PART II

80.   True test of partnership is _____.

(a)   Sharing of profits

(b)   Sharing of profits and losses

(c)   Mutual agency

(d)   Existence of an agreement to share profits of the business

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

   (a) Coercion

   (b) Undue Influence

   (c) Fraud

   (d) Misrepresentation

82. _____ does not exist.

   (a) Liability for special damages

   (b) Liability for exemplary damages

   (c) Liability for nominal damages

   (d) Liability for disciplinary damages

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

   (a) When it is put in course of transmission to him so as to be out of reach of the acceptor

   (b) When it comes to the knowledge of the proposer

   (c) When both the proposer and the acceptor declare the acceptance

   (d) When the acceptor accepts his acceptance in a court of law

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

   (a) Remission

   (b) Recission

   (c) Novation

   (d) Alteration

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

   (a) Must be distributed to its shareholders

   (b) May or may not be distributed to its shareholders

   (c) May or may not be distributed to its board of directors, shareholders and other stakeholders

   (d) Are not distributable at all

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

(a) Deficiencies in the capital of the insolvent partner are distributed among the solvent partners in the ratio of their capital

(b) Partners have a fiduciary relationship with each other

(c) Partners liability is unlimited

(d) Partners can make supernatural profits, provided proper disclosures are made in this regard

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

(a) B

(b) A

(c) Congruence of A & B

(d) Either party cannot avoid the contract

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

(a) Death of the principal

(b) Insanity of the principal

(c) Insolvency of the principal

(d) Death or Insanity or Insolvency of the principal

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

(a) A contingent contract

(b) A wagering contract

(c) Illegal

(d) Void

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

(a) A wagering contract

(b) A contingent contract

(c) A wagering contract plus a contingent contract

(d) Neither a contingent contract nor a wagering contract

91. The rule stated under Section 26 of The Sale of Goods Act, 1930 is subject to _____ exceptions.

(a) 1

(b) 2

(c)   3

(d)   4

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

    (a)   An eye for an eye and a tooth for a tooth

    (b)   Never dare to quarrel with a good seller

    (c)   No one can give what he has not got

    (d)   Let the buyer beware.

93.   Rules regarding delivery of goods are dealt in the _____ of The Sale of Goods Act, 1930.

    (a)   Sections 33-39

    (b)   Sections 20-24.

    (c)   Sections 18-24

    (d)   Sections 33-32

94.   Right of lien is to _____.

    (a)   Retain possession

    (b)   Regain possession

    (c)   Remove possession

    (d)   Recharge possession

95.   Non - Registration of a partnership firm _____.

    (a)   Is a Criminal offence

    (b)   Renders the partnership illegal

    (c)   Is compulsory to activate the partnership

    (d)   Is not compulsory but desirable

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

    (a)   Becomes the owner of those goods thereafter

    (b)   Is subject to the same responsibility as a bailee

    (c)   Is allowed to sell them and retain the money realized from such sale

    (d)   Has no obligation to return those goods, he may do so only a good gesture

97.   Quasi – contracts arise _____.

    (a)   Where obligations are created without a contract

    (b)   Where obligations are created under a contract

(c) Out of natural causes

(d) Out of man-made causes

98. Discharge by mutual agreement may involve _____.

    (a) Novation

    (b) Recission

    (c) Alteration

    (d) Novation, Recission and alteration

PART III

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

    (a) C is liable for the price to D.

    (b) C is liable for the price to D, irrespective of the fact, whether C remained silent or not.

    (c) C is not liable for the price to D.

    (d) None of the above.

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

    (a) The contract is now binding.

    (b) The contract can be avoided by H.

    (c) There is no contract at all, since there is no consensus ad idem.

    (d) The contract is not binding.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry + 1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. An increase in the demand can result from:

    (a)   a decline in market price.

    (b)   an increase in income.

    (c)   a reduction in the price of substitutes.

    (d)   an increase in the price of complements.

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

    (a)   reduce the size of its plant to lower fixed costs.

    (b)   raise the price of its product.

    (c)   shut down.

    (d)   continue to operate as long as it covers its variable cost.

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

    (a)   price equals marginal cost.

    (b)   the slope of the firm's profit function is equal to zero.

    (c)   marginal revenue equals marginal cost.

    (d)   all of the above.

104. Which of the following is correct?

    (a)   Normative economics is not concerned with value judgment.

    (b)   A market is a process that reconciles consumer decision, production decisions and labour decisions.

    (c)   A mixed economy has a certain level of government intervention in the economy along with private sector ownership of the economy.

    (d)   (b) and (c).

105. A necessity is defined as a good having:

    (a)   a positive income elasticity of demand.

    (b)   a negative income elasticity of demand.

    (c)   an income elasticity of demand less than 1.

    (d)   an own price elasticity of demand less than 1.

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

    (a)   price does not at least cover average total cost.

    (b)   price does not equal marginal cost.

    (c)   economies of scale are being reaped.

    (d)   price is greater than long run average cost.

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

    (a)   constant.

    (b)   above the total cost curve.

    (c)   above the average variable cost curve.

    (d)   all of the above.

108. You are given the following data:

Table 1

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

The above data is an example of:

    (a)   constant returns to scale.

    (b)   decreasing returns to scale.

    (c)   increasing returns to scale.

    (d)   globalization.

109. Which of the following is incorrect?

    (a)   The central problem in economics is that of allocating scarce resources in such

a manner that society's unlimited needs are satisfied as well as possible.

(b) In mixed economy, the government and the private sector interact in solving the basic economic questions.

(c) Microeconomics best describes the study of the behaviour of individual agents.

(d) An important theme in economics is that market systems are better than command (socialistic) economies.

110. When a market is in equilibrium:

(a) no shortages exist.

(b) quantity demanded equals quantity supplied.

(c) a price is established that clears the market.

(d) all of the above are correct.

111. Which among the following is incorrect?

(a) India adopted planning as her way of life because she wanted to quicken industrialization and economic development with optimum utilization of resources and reduction of inequalities.

(b) Removal of poverty and the attainment of self reliance were two basic objectives of the fifth plan.

(c) India has never been able to achieve its targeted rate of growth.

(d) The Second plan was a very ambitious plan as seeds of industrialization were sowed.

112. Reserve Bank of India is the country's:

(a) central bank.

(b) biggest commercial bank.

(c) biggest cooperative bank.

(d) all of the above.

113. In infrastructure of an economy we include:

(a) power.

(b) transport.

(c) banking

(d) all of the above.

114. Find the odd one out:

(a) State Bank of India.

(b) Reserve Bank of India.

(c)   Bank of Baroda.

(d)   Bank of India.

115.   Indian economy is mixed economy because:

(a)   agriculture and industry have both simultaneously developed in India.

(b)   agriculture and industry have both developed in the public sector.

(c)   private ownership and public ownership over means of production co-exist.

(d)   any of the above.

116.   What is the contribution of agriculture to National income in India?

(a)   44%.

(b)   22%.

(c)   34%.

(d)   50%.

PART II

117.   In a ------------------budget revenue equals expenditure.

(a)   balanced

(b)   deficit

(c)   surplus

(d)   long term

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

(a)   1941-51

(b)   1961-71

(c)   1971-81

(d)   1981-91

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

(a)   1941-51

(b)   1961-71

(c)   1971-81

(d)   1981-91

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

(a)   3.3%.

(b)   4.6%.

(c)   6.6%.

(d)   2%.

121.   About ------------------ area is rain fed in India.

(a)   one third

(b)   one half

(c)   two third

(d)   three fourth

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

(a)   10%

(b)   8%

(c)   3.5%

(d)   6.2%

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

(a)   2.18 million hectares

(b)   2.98 million hectares.

(c)   5.58 million hectares.

(d)   10 million hectares.

124.   Small scale sector contributes nearly _____ of the manufacturing exports in India.

(a)   60%

(b)   35%

(c)   45%

(d)   20%

125.   India's share in the world total services export in 2004 was -------------%.

(a)   5.2

(b)   1.9

(c)   8.2

(d)   3.5

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

(a)   income method

(b) value added method

(c) expenditure method

(d) distribution method

127. NDP is GDP minus _____.

(a) depreciation.

(b) indirect taxes.

(c) subsidies

(d) NNP

128. At present direct taxes are around ---------- % of GNP.

(a) 10

(b) 15

(c) 12

(d) 5

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

(a) industrial reforms in India.

(b) external sector reforms in India.

(c) land reforms in India.

(d) banking reforms in India.

130. A sick industrial unit is one ---.

(a) where most of the employees are sick.

(b) which is unable to perform its normal functions and activities of production of goods and services at a reasonable profit on a sustained basis.

(c) which is unable to make profits more than 10 percent of its capital employed.

(d) which borrows money from bank for its fixed assets.

131. BPO stands for -----------------------------.

(a) Bharat Petro Organisation

(b) Business Process Outsourcing

(c) Big Portfolio Outsourcing

(d) Business Partners Organisation

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

(a) 16.7%

(b) 11.4%

(c) 15.1%

(d) 25.8%

PART III

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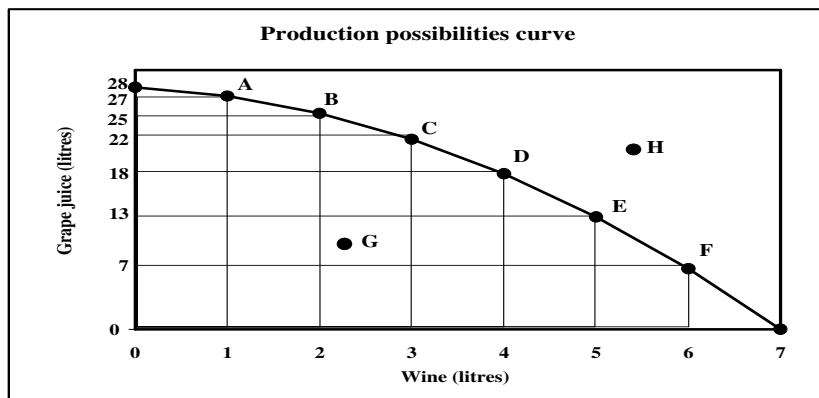
Figure 1

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

    (a) 0 litres of grape juice.

    (b) 5 litres of grape juice.

    (c) 1 litre of wine.

    (d) 0.2 litres of wine.

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

    (a) Point A is desirable but is inefficient.

    (b) Point D represents a more efficient allocation of resources than points A and F.

    (c) Point H is desirable but is not attainable.

    (d) If wine production equals 7 litres, the maximum amount of grape juice that can be produced simultaneously is 28 litres.

135. The PPC in the diagram reflects:

    (a) increasing opportunity cost of more wine production and constant opportunity cost of more grape juice production.

    (b) increasing opportunity cost of more wine production and decreasing opportunity cost of more grape juice production.

    (c) decreasing opportunity cost of more wine production and decreasing cost of more grape juice production.

(d) increasing opportunity cost of more wine production and increasing cost of more grape juice production.

Read the following paragraph and answer questions 136 and 137.

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

136. The type of unemployment Jacqueline is experiencing is

(a) frictional.

(b) structural.

(c) seasonal.

(d) cyclical.

137. The type of unemployment John is experiencing is

(a) frictional.

(b) structural.

(c) seasonal.

(d) cyclical.

PART IV

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

Table 2

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

(a) Rs.2

(b) Rs.3

(c)   Rs.4

(d)   Rs.5

Read Table 3 and answer questions 139-143

Table 3

Labor Input	Output	Average Product	Marginal Product
0	0	- - -	- - -
2			25
4	90		
6	120		
8	140		
10		14	
12		10	

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

(a)   25.

(b)   30.

(c)   50.

(d)   75.

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

(a)   20.

(b)   22.5.

(c)   45.

(d)   90.

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

(a)   120.

(b)   20.

(c)   15.

(d)   10.

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

(a)   2

(b)   4

(c)   6

(d)   8.

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

(a)   6

(b)   10

(c)   12

(d)   2

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

Table 4

Production (Q)	Price per unit (P)	Total cost (TC)	Average total cost (ATC)	Marginal cost (MC)	Total revenue (TR)	Marginal Revenue per unit (MR)
0	250	500				
1	240	730				
2	230	870				
3	220	950				
4	210	1010				
5	200	1090				
6	190	1230				
7	180	1470				
8	170	1850				
9	160	2410				

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

(a)   Rs. 250

(b)   Rs. 730

(c)   Rs.500.

(d)   can not be determined.

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

    (a)   Rs. 218.

    (b)   Rs.1090.

    (c)   Rs. 730.

    (d)   Rs.210.

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

    (a)   160.

    (b)   140

    (c)   120.

    (d)   100.

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

    (a)   140

    (b)   80

    (c)   60

    (d)   240

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

    (a)   7 units.

    (b)   6 units

    (c)   4 units.

    (d)   8 units.

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

    (a)   Rs. 190

    (b)   Rs. 200

    (c)   Rs. 210

    (d)   Rs. 220

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

    (a)   Loss of Rs. 100

    (b)   Loss of Rs 60

    (c)   Profit of Rs. 90

    (d)   Loss of Rs. 90

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

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

   (a) $\dfrac{p+q}{pq}$

   (b) $\dfrac{pq}{p-q}$

   (c) $\dfrac{pq}{p+q}$

   (d)   None of these.

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

   (a)   Componendo.

   (b)   Invertendo.

   (c)   Alternendo.

   (d)   Dividendo.

153. The gender of a baby is and example of

   (a)   A variable.

   (b)   A discrete variable.

   (c)   A continuous variable.

   (d)   An attribute.

154. The coefficient of correlation

   (a)   Has no limits.

   (b)   Can be less than one.

   (c)   Can be more than one.

(d)   Varies between $\pm$ 1.

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

    (a)   P(AB)/P(B).

    (b)   P(A)/P(B).

    (c)   P(AB)/P(A).

    (d)   P(A)/P(AB).

156.   Time reversal test is satisfied when

    (a) $P_{01} \times P_{10} = 0$

    (b) $P_{01} \times P_{10} = 1$

    (c) $P_{01} \times P_{10} < 1$

    (d) $P_{01} \times P_{10} > 1$

157.   The mean of binomial distribution is

    (a) $(np)^2$

    (b)   np

    (c) $\sqrt{np}$

    (d)   None of these.

158.   Standard deviation of poisson distribution is

    (a)   m

    (b) m^2

    (c) $\sqrt{m}$

    (d) $1/\sqrt{m}$

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

    (a)   60

    (b)   124

    (c)   80

    (d)   None of these.

160.   Which of the following statements is not false?

    (a)   Scatter diagram fails to measure the extent of relationship between the variables.

    (b)   Scatter diagram can measure correlation only when the variables are having a linear relationship.

(c) Scatter diagram can measure correlation only when the variables are having a non–linear relationship.

(d) None of these.

PART II

161. The value of the integral will be_____for $\int \left(x - \dfrac{1}{x} \right)^2 dx$.

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

(b) $\dfrac{x^3}{3} + 2x + \dfrac{1}{x} + c$

(c) $\dfrac{x^3}{3} - 2x - \dfrac{1}{x} + c$

(d) None of these.

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

(a) $\dfrac{e^x}{x} + e^x (\log x)$

(b) $e^x \left(\dfrac{1}{x} - \log x \right)$

(c) $e^x (1 + \log x)$

(d) None of these.

163. The null set is given by _____.

(a) ϕ

(b) $\{\phi\}$

(c) 0

(d) $\{0\}$

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

(a) Two

(b) Four

(c) Six

(d) Ten

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

(a) Primary

(b) Secondary

(c) Specialized

(d) Subsidiary

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

(a) Telephone interview method

(b) Personal interview method

(c) Mailed questionnaire method

(d) Observation method

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

(a) Positive

(b) Negative

(c) Zero

(d) One

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

(a) 1

(b) −1

(c) 5

(d) −5

169. The correlation between height and intelligence is _____.

(a) Zero

(b) Positive

(c) Negative

(d) None of these

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

(a) 160

(b) 32

(c) 800

(d) 64

PART III

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

    (a)   4

    (b)   6

    (c)   8

    (d)   None of these.

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

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

    (b) x^2

    (c) $x+1$

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

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

    (a)   46.04125 %

    (b)   14.142135

    (c)   41.42135 %

    (d)   None of these .

174. log 8 + log 9 is expressed as

    (a)   log 72

    (b)   log 27

    (c)   log 8/9

    (d)   None of these.

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

    (a)   29

    (b)   24

    (c)   30

    (d)   27

176. Determine the value of $\lim\limits_{x\to0}\left(\dfrac{10^x - 2^x}{x}\right)$

    (a)   2

    (b)   10

    (c)   5

    (d)   8

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

    (a)   40

    (b)   45

    (c)   −45

    (d)   42

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

    (a)   5040

    (b)   6

    (c)   840

    (d)   450

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

    (a)   4, 4

    (b)   −4, −4

    (c)   2, 6

    (d)   6, 2

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

    (a)   Rs. 120,000

    (b)   Rs. 240,000

    (c)   Rs. 200,000

    (d)   None of these.

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

    (a)   293.33, 366.67, 440

    (b)   200 : 500 : 400

    (c)   400 : 300 : 400

    (d)   None of these.

182. Evaluate $\int\limits_{-3}^{3} (x^3 + x)\,dx$

    (a)   0

    (b)   3

    (c)   −3

(d)   1

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

(a) $\frac{12}{19}$

(b) $\frac{7}{14}$

(c) $\frac{9}{16}$

(d) $\frac{11}{18}$

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

(a) $x \leq 20$

(b) $x = 20$

(c) $x \geq 20$

(d)   None of these.

185. Compute the value of 8!

(a)   120

(b)   362880

(c)   720

(d)   40320

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

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

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

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

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

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

p?

(a) 1/3

(b) 1/4

(c) 1/5

(d) 3/4

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

(a) 10%

(b) More than 10%

(c) 20%

(d) Less than 10%

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

(a) 0.12

(b) 0.7

(c) 0.3

(d) None of these.

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

(a) 6.33

(b) −6.33

(c) 6.44

(d) −6.44

191. The mean salary for a group of 20 female workers is Rs. 5000 per month and that for a group of 30 male workers is Rs. 6000 per month. What is combined mean salary?

(a) Rs. 5400

(b) Rs. 5500

(c) Rs. 5600

(d) Rs. 5700

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

(a) 40.5

(b) 41

(c) 41.5

(d)   42

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

(a)   7.50

(b)   8.00

(c)   8.50

(d)   None of these.

194.   Refer following table:

Frequency distribution of weights of 16 students

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

Find width of class interval for the second class interval.

(a)   4

(b)   5

(c)   46

(d)   44 – 48

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

(a)   1/2

(b)   1/3

(c)   1/4

(d)   None of these.

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

(a)   7/52

(b)   1/221

(c)   3/221

(d)   None of these.

197. A and B are two events such that P(A) = 1/2 , P(B) = ¼ and P(A∩B) = 1/5. Find P(A∪B).

(a) 4/5

(b) 11/20

(c) 3/5

(d) None of these.

198. If u=(x³+1)⁵ and y=(x³+5x+7) then $\dfrac{du}{dy}$ is

(a) $\dfrac{10x(x^2+1)^4}{3x^2+5}$

(b) $\dfrac{10(x^2+1)^4}{3x^2+5}$

(c) 5x(x²+1)⁴

(d) None of these.

199. Find Q_1 for the following observations.

14,16,13,15,20,18,19,22

(a) 14

(b) 14.25

(c) 15

(d) 15.25

200. If the coefficient of correlation between two variables is − 0.2, then the coefficient of determination is

(a) 0.8

(b) 0.2

(c) 0.4

(d) 0.04

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-8/2006

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

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

    (a) Periodicity.

    (b) Materiality.

    (c) Matching .

    (d) Going concern.

2. Which of the following is correct?

(a)   Capital is equal to assets plus liabilities.

(b)   Assets is equal to liabilities minus capital.

(c)   Liabilities is equal to capital plus assets.

(d)   Capital is equal to assets minus liabilities.

3. Double column cash book records

(a)   Only cash transactions.

(b)   All transactions.

(c)   Cash and bank transactions.

(d)   Cash purchase and cash sale transactions.

4. Errors of commission do not permit:

(a)   Correct totaling of the trial balance.

(b)   Correct totaling of the Balance sheet.

(c)   Trial balance to agree.

(d)   None of the above.

5. All of the following have debit balance except one. That account is:

(a)   Wages account.

(b)   Debtors accounts.

(c)   Bills payable account.

(d)   Goodwill.

6. The term depletion is used for

(a)   Fixed assets.

(b)   Natural resources.

(c)   Intangible assets.

(d)   None of the three.

7. A bill of exchange requires

(a)   Noting.

(b)   Registration.

(c)   Acceptance.

(d)   None of the above

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

   (a) Bank.

   (b) Endorser

   (c) Bearer.

   (d) None of the above.

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

   (a) Capital expenditure.

   (b) Revenue expenditure.

   (c) Deferred revenue expenditure.

   (d) None of the above

10. Outstanding salary account is:

    (a) Real account

    (b) Personal account

    (c) Nominal account

    (d) None of the above

PART II

11. Drawings are deducted from _____

    (a) Sales

    (b) Purchases.

    (c) Expenses.

    (d) Capital

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

    (a) Debited to the trading account.

    (b) Credited to the trading account.

    (c) Deducted from closing stock in the balance sheet.

    (d) Added to closing stock in the balance sheet.

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

    (a) Sales returns.

    (b) Capital.

    (c) Sales.

(d)   Purchases.

14.   _____ will generally show a debit balance.

(a)   Bank Loan.

(b)   Bad debts recovered.

(c)   Salary payable.

(d)   Drawings.

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

(a)   Cash book.

(b)   Purchases book.

(c)   Journal proper.

(d)   None of the above.

16.   Accounting means recording of _____.

(a)   Transactions.

(b)   Events.

(c)   Both (a) and (b)

(d)   Neither (a) nor (b).

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

(a)   New profit sharing ratio.

(b)   Equal ratio

(c)   Old profit sharing ratio.

(d)   None of the above.

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

(a)   Sacrificing ratio.

(b)   Gaining ratio.

(c)   New profit sharing ratio.

(d)   Old profit sharing ratio.

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

(a)   Bill receivable.

(b)   Noted bill of exchange.

(c)   Bill payable.

(d)   None of the above.

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

   (a)   Issued capital, called up capital.

   (b)   Called up capital, issued capital.

   (c)   Paid up capital, called up capital.

   (d)   Called up capital, paid up capital

PART III

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

   (a)   Receipt of order.

   (b)   Production of goods.

   (c)   Delivery of goods.

   (d)   Purchase of raw material.

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

   (a)   Realization concept.

   (b)   Present value concept.

   (c)   Replacement concept.

   (d)   Cost concept.

PART IV

23. Mr. Shyam deposited a cheque on 28th March, 2006 for a sum of Rs.10,000. The cheque was collected on 4th April, 2006. If the bank balance as per cash book on 31st March, 2006 is Rs.1,00,000, balance as per pass book will be

   (a)   Rs.1,10,000

   (b)   Rs.90,000

   (c)   Rs.1,00,000

   (d)   None of the above.

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

   (a)   Rs.45,000

   (b)   Rs. 5,000

(c)   Rs. 25,000

(d)   None of the three.

25.   X enters into a joint venture with Y. The goods were purchased by X and Y amounting Rs.20,000 and Rs.40,000 respectively. Y incurred the expenses of Rs.5,000 and received cash of Rs.1,000. Goods were sold by X and Y amounting Rs.22,000 and Rs.39,000. Goods unsold were taken over by Y for Rs.2,000. The profit or loss on joint venture is

(a)   Profit of Rs. 2,000.

(b)   Loss of Rs. 2,000.

(c)   Profit of Rs. 1,000.

(d)   Loss of Rs.1,000

26.   On 1st January, 2006, Mohan draws upon Sohan a bill of exchange at three months of Rs.2,000 for mutual accommodation. On 4th January, 2006 Mohan discounts the bill @ 6% per annum and sends half of the proceeds to Sohan. The amount of proceeds sent to Sohan will be

(a)   Rs.1,000

(b)   Rs.970

(c)   Rs.985

(d)   Rs.2,000.

27.   ABC Ltd. sells goods to its approved customers on sale or return basis at a profit of 20% on sales, treating as actual sales. On 26th March, 2006 goods costing Rs.10,000 were sent to Annu Ltd. No confirmation has been received from Annu Ltd. till 31st March, 2006. The amount of stock with customers to be shown as closing stock in the balance sheet of ABC Ltd. as on 31st March, 2006 will be

(a)   Rs. 12,500

(b)   Rs. 8,000

(c)   Rs. 10,000

(d)   Nil

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

(a)   Rs.2,000

(b)   Nil

(c)   Rs.1,000

(d)   None of the above.

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

(a)   12:8:5:5

(b)   8:12:5:5

(c)   5:5:12:8

(d)   5:5:8:12.

30.   Menu and Renu are partners sharing profits and losses in the ratio of 2:3 with capitals of Rs.20,000 and Rs.10,000. The partnership deals provides for interest on capital @ 6% per annum. Trading profits of the firm for the year ended 31st March, 2006 are Rs.1500. The amount of profit or loss apportioned between Menu and Renu are

(a)   Loss of Rs.300.

(b)   No profit no loss.

(c)   Profit of Rs.1,000.

(d)   Profit of Rs.1500.

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

(a)   Rs.1,00,000

(b)   Rs.10,00,000

(c)   Nil.

(d)   None of the above.

32.   The cost of stock as per physical verification of Bharat Ltd. on 10th April, 2006 was Rs.1,20,000. The following transactions took place between 1st April, 2006 to 10th April, 2006:

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

The value of inventory as per books on 31st March, 2006 will be

(a)   Rs. 1,19,000.

(b)   Rs. 1,11,000.

(c)   Rs. 1,21,000.

(d)   Rs. 1,20,000.

33. The following data has been provided by Omega Ltd.:

Item No.	Units	Cost per unit	Realization value per unit
1	2	10	11
2	10	5	4
3	2	2	2

The value of inventory on item by item basis will be

(a)　Rs. 40.

(b)　Rs.64.

(c)　Rs.66.

(d)　Rs.60.

34. Sushila's business disclosed the following profits for the last three years:

2003　　　Rs.40,000 (including an abnormal gain of Rs.5,000)

2004　　　Rs.50,000 (After charging an abnormal loss of Rs.10,000)

The value of goodwill on the basis of one year purchase of the average profit of last two years is:

(a)　Rs.45,000.

(b)　Rs.37,500

(c)　 Rs.47,500

(d)　 None of the three.

35. Ram sells goods for Rs.1,00,000 to Hari on 1st January, 2006 and on the same day draws a bill on Hari at three months for the amount. Hari accepts it and returns it to Ram, who discounts it on 4th January, 2006 with his bank at 12% per annum.

The discounting charges are:

(a)　Rs.12,000

(b)　Rs.4,000

(c)　Rs.3,000

(d)　Nil

36. Nidhi started her business with capital of Rs.45,000 on 1st January, 2006. Interest on drawings Rs.5,000 and interest on capital Rs.2,000 were appearing in the Profit and Loss A/c for the year ended 31st December, 2006. Nidhi withdrew Rs.14,000 during the year and profit earned during the year amounted to Rs.15,000. Her capital on 31st December, 2006 is

(a)　Rs. 67,000.

(b) Rs. 47,000.

(c) Rs.45,000.

(d) Rs. 43,000.

37. The accountant of M/s ABC & Bros. paid personal income tax for the proprietor amounting Rs.10,000. This income tax should be

(a) To be added to capital.

(b) To be credited to Profit & Loss Account.

(c) To be debited to Trading Account.

(d) To be deducted from capital.

38. Suresh's Trial balance provides you the following information:

Bad debts   Rs.10,000

Provision for doubtful debts   Rs.15,000

Suresh wants to make a provision of Rs.20,000 at the end of the year. The amount debited to the Profit & Loss Account is:

(a) Rs. 45,000

(b) Rs. 5,000

(c) Rs. 15,000

(d) None of the above.

39. Following are the extracts from the Trial Balance of a firm as at 31st March, 2006:

Name of Account	Debit Balance	Credit Balance
	Rs.	Rs.
Salaries	16,000	
P.F. deducted from salaries		1,000

Provide for employer's share of P.F. equivalent to employee's share to P.F. The amount at which salaries expense will be shown in the Profit and Loss A/c is

(a) Rs.15,000

(b) Rs.17,000

(c) Rs.16,000

(d) None of the above.

40. Dinesh Garments purchased a machine for Rs.50,000 and spent Rs.6,000 on its erection. On the date of purchase it was estimated that the effective life of the machine will be ten years and after ten years its scrap value will be Rs.6,000. The amount of depreciation for each year on straight line basis is

(a)   Rs.5,000.

(b)   Rs. 5,600

(c)   Rs.6,000

(d)   None of the above.

41.   Xeta Ltd. was formed as a Public Limited Company with an authorized capital of Rs.20,00,000 divided into shares of Rs.10 each. Xeta Ltd. issued fully paid up shares of Rs.10/- each in consideration of acquiring assets worth Rs.3,80,000 from M/s Rahim Bros. The shares are issued at a premium of 20%. To record this transaction, share capital need to be credited by

(a)   Rs.3,80,000

(b)   Rs.76,000.

(c)   Rs.2,00,000

(d)   Rs.3,04,000

42.   Mr. Rajiv was the holder of 200 shares of Rs.10 each in RPG Ltd. upon which Rs.5 per share had been called up but he had paid only Rs.2.5 per share thereon. The company forfeited his shares and afterwards sold them to Satbir, credited as Rs.5 per share paid for Rs.900. The amount to be transferred to capital reserve is:

(a)   Rs.300

(b)   Rs.500

(c)   Rs.400

(d)   None of the above.

43 .   A Ltd. Company forfeited 1000 equity shares of Rs.10 each, issued at a discount of 10%, for non-payment of first call of Rs.2 and second call of Rs.3 per share. For recording this forfeiture, calls in arrear account will be credited by:

(a)   Rs. 4,000.

(b)   Rs. 1,000.

(c)   Rs. 5,000.

(d)   Rs. 10,000.

44.   A fire broke out on 30th March, 2006 in the godown of Mahesh stock of invoice value Rs.1,600 was destroyed. The goods are invoiced at 25% above cost. The insurance company admitted claim of 50% only. The insurance claim will be:

(a)   Rs. 640.

(b)   Rs. 600.

(c)   Rs. 800.

(d)   None of the above.

45. Salary has been paid for 11 months from April 2005 to February, 2006 amounting Rs.22,000. The amount of outstanding salary shown in the balance sheet will be:

    (a)   Rs.1833.

    (b)   Rs.2,000.

    (c)   Rs.1,000.

    (d)   None of the above.

46. On 1st April, 2005 Raghu invested capital of Rs.2,00,000. He withdrew Rs.50,000 during the year. Interest on drawings is provided @ 10% per annum. The amount of interest on drawings deducted from capital is:

    (a)   Rs. 5,000

    (b)   Rs. 15,000

    (c)   Rs. 2,500

    (d)   Rs.7,500

47. The Bank Account of Mukesh was balanced on 31st March, 2006. It showed an overdraft of Rs.50,000. It was observed that one cheque amounting Rs.20,000 deposited but not collected by bank till 31st March. Bank charges of Rs.500 were also charged by the bank during March but accounted in the book of Mukesh on April 4, 2006. The bank statement of Mukesh shows balance of:

    (a) Rs.70,500

    (b) Rs.69,500

    (c) Rs.70,000

    (d) Rs.50,000.

48. Rs.5,000 was spent by Mrs. Saroj for addition to machinery in order to increase the production capacity. The amount is:

    (a)   Revenue in nature.

    (b)   Deferred revenue in nature.

    (c)   Capital in nature.

    (d)   Liability in nature.

49. Mr Prakash sells goods at 20% above cost. His sales were Rs.10,20,000 during the year. However, he sold damaged goods for Rs.20,000 costing Rs.30,000. This sale is included in Rs.10,20,000. The amount of gross profit is:

    (a)   Rs. 1,90,000

    (b)   Rs.2,50,000

    (c)   Rs.2,40,000

    (d)   Rs.2,00,000.

50. The total of the debit and credit side of Mr. Rajiv as on 31st March, 2006 were Rs.20,000 and Rs.10,000 respectively. The difference was transferred to suspense account. On 4th April, 2006, it was found that the total of purchase returns book was carry forward as Rs.1,500 instead of Rs.1,400. The balance of the suspense account after the rectification of this error will be:

   (a) Rs.10,000.

   (b) Rs. 9,900.

   (c) Rs. 11,500.

   (d) Rs.10,100.

51. Capital introduced by Mr. A on 1.4.2006 Rs. 3,00,000; further capital introduced during the year was Rs. 50,000 in the mid of the year. Mr. A withdrew Rs. 2,000 per month and the profit earned during the year was Rs. 20,000. Capital as on 31.3.2006 was

   (a) Rs. 3,94,000.

   (b) Rs. 3,46,000.

   (c) Rs. 2,94,000.

   (d) None of the three.

52. Goods costing Rs10,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be

   (a) Rs.12,500.

   (b) Rs.12,000.

   (c) Rs.10,000.

   (d) None of the above.

53. A, B and C are the partners sharing profits in the ratio 1:1:2. C died on 30th June 2006 and profits for the accounting year ended on 31st December, 2006 were Rs. 24,000. How much share in profits for the period 1st January,2006 to 30th June,2006 will be credited to C's Account.

   (a) Rs. 12,000.

   (b) Rs. 6,000.

   (c) Nil.

   (d) Rs. 3,000.

54. A purchased a car for Rs. 5,00,000, making a down payment of Rs. 1,00,000 and signing a bill payable of Rs. 4,00,000. As a result of this transaction

   (a) Assets will increase by Rs. 5,00,000.

   (b) Liabilities will increase by Rs. 4,00,000.

   (c) Assets will increase by Rs. 4,00,000.

(d) Both (a) and (b).

55. Rekha purchased a machinery for Rs. 50,000 on 1.4.2006. She paid electricity and and salary amounting Rs. 1,000 and Rs. 2,000 respectively. Telephone bill amounting Rs. 200 was outstanding on 31.3.2006. The amount of expenses for the year ended 31st March, 2006 will be

(a) Rs. 53,200.

(b) Rs. 3,000.

(c) Rs. 53,000.

(d) Rs. 3,200.

56. Goods costing Rs. 10,000 is supplied to Ram at an invoice price of 10% above cost and a trade discount of 5%. The amount of sales is

(a) Rs. 11,000.

(b) Rs. 10,450.

(c) Rs. 10,500.

(d) None of the above.

57. Gauri paid Rs. 1,000 towards a debt of Rs. 1,050, which was written off as bad debt in the previous year. Gauri's account should be credited with

(a) 1,000.

(b) 1,050.

(c) Nil

(d) None of the three.

58. Ramesh, an employee of salary Rs. 10,000 per month withdrew goods worth Rs. 1,500 for personal use and got salary of Rs. 9,000 in cash in the month of March, 2006. The excess payment of Rs. 500 should be debited to

(a) Salaries account.

(b) Goods account.

(c) Drawing account.

(d) Salaries paid in advance account.

59. An old furniture was purchased for Rs. 10,000 , it was repaired for Rs. 100.The repairs account should be debited by

(a) Rs.10,000

(b) Rs.10,100

(c) Rs.100.

(d) Nil.

60. Rs. 1,000 paid as rent to Krishna, the landlord, was debited to Krishan's personal account. This error will

(a) Affect the trial balance.

(b) Not affect the trial balance.

(c) Affect the suspense account.

(d) None of the three.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. A wager means:

   (a) A promise to give money or money's worth upon the determination or ascertainment of an uncertain future event.

   (b) A promise to give money or money's worth upon the determination or ascertainment of a certain future event.

   (c) A promise to give money or money's worth upon the happening of future event the outcome if which is pre determined.

   (d) A promise to give money or money's worth upon the non-happening of certain future events the outcome if which is pre determined.

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

   (a) Condition as to wholesomeness.

   (b) Sale by description as well as by sample.

   (c) Condition as to quality or fitness.

   (d) All of the above.

63. Jus in personam means:

   (a) A right against or in respect of a thing.

   (b) A right against or in respect of a person.

   (c) Both (a) and (b).

   (d) None of the above.

64. Which of the following is not correct:

   (a) Partner of firm cannot enter into a contract with the partnership firm.

   (b) A member of a company can enter into a contract with the company.

(c) Partner of a firm can enter into a contract with the partnership firm.

(d) All of the above.

65. Relations of partners to one another is dealt is governed by the following Section of The Indian Partnership Act, 1932

(a) 1-8.

(b) 9-17.

(c) 18-27.

(d) 28-36.

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. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of performance are of the following types:

(a) Executed Contracts.

(b) Executory Contracts.

(c) Partly Executed or Partly Executory Contracts.

(d) All of the above.

68. A share certificate

(a) Allows the person named therein to transfer the share mentioned therein by mere endorsement on the back of the certificate.

(b) Allows the person named therein to transfer the share mentioned therein by mere delivery of the certificate.

(c) Allows the person named therein to transfer the share mentioned therein by mere endorsement on the back of the certificate and the delivery of the certificate.

(d) None of the above.

69. A person employed to do any act for another or to represent another in dealings with the third parties is:

(a) Principal.

(b) Agent.

(c) Servant.

(d) Bailee.

70. Coercion involves:

    (a) Physical Force or Threat.

    (b) Mental Pressure.

    (c) Both (a) and (b).

    (d) None of the Above.

71. Implied authority of the partner does not empower him to

    (a) Submit a dispute relating to the business of the firm to arbitration.

    (b) Withdraw a suit or proceedings filed on behalf of the firm.

    (c) Both (a) & (b).

    (d) None of the above.

72. A proposal may be revoked in the following ways:

    (a) By notice of revocation.

    (b) By lapse of time.

    (c) By death or insanity.

    (d) All of the above.

73. Which of the following is correct?

    (a) Recission must be communicated to the other party in the same manner as a proposal is communicated.

    (b) Recission must be revoked in the same manner as a proposal is communicated.

    (c) Communication of recission is optional.

    (d) Both (a) & (b)

74. Which of the following statement is / are correct?

    (a) The general rule is " unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not".

    (b) Where the delivery of the goods has been delayed through the fault of either the buyer or the seller, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault.

    (c) In ordinary circumstances, risk is borne by the buyer only when the property in the goods passes over to him. However, the parties may by special agreement stipulate that risk will pass sometime after or before the property has passed.

    (d) All of the above.

75. A fraudulently informs B that A's estate is free from incumbrance. B thereupon buys the estate. The estate is subject to mortgage. Now

   (a)   B may avoid the contract.

   (b)   B may insist upon its performance.

   (c)   B may get the mortgage debt redeemed.

   (d)   All of the above.

76. Dissolution of a firm may take place in the following manner:

   (a)   Compulsory dissolution.

   (b)   Dissolution by agreement.

   (c)   By intervention of the court.

   (d)   All of the above.

77. Dissolution by agreement is:

   (a)   Dissolution by the adjudication of all the partners or of all the partners but one as insolvent.

   (b)   Dissolution as a result of any agreement between all the partners.

   (c)   Dissolution by the business of the firm becoming unlawful.

   (d)   All of the above.

78. Misrepresentation means and includes:

   (a)   The positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true.

   (b)   Any breach of duty, which, without an intention to deceive, gains an advantage to the person committing it, or any one claiming under him, by misleading another to his prejudice or to the prejudice of any one claiming under him.

   (c)   Causing, however innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement.

   (d)   All of the above.

79. A person may be admitted as a new partner:-

   (a)   In accordance with a contract between the existing partners or with the consent of all the existing partners.

   (b)   In accordance with a contract between the existing partners or with the consent of all the existing partners subject to the provisions of Section 30 of the Act.

   (c)   After obtaining specific approval of the Registrar of Firms & Societies, to this effect.

   (d)   By simply taking the consent of the new partner.

PART II

80. The Doctrine of Privity of Contract states that_____.

    (a) A contract cannot confer any right on one who is not a party to the contract, even though the very object of the contract may have been to benefit him

    (b) A contract can confer right on one who is not a party to the contract, if the contract benefits him

    (c) A contract always confers right on one who is not a party to the contract

    (d) A contract can confer rights on strangers

81. A proposes by letter, to sell a house to B at a certain price. A revokes his proposal by telegram. The revocation is complete as against B when_____.

    (a) A writes the telegram but the same has not been sent to B

    (b) A dispatches the telegram

    (c) B receives the telegram

    (d) B responds to the telegram

82. The Indian Contract Act, 1872 came into operation on and from_____.

    (a) 1st October, 1872

    (b) 1st July, 1872

    (c) 15th August, 1872

    (d) 1st September, 1872

83. In case of a contract of guarantee_____.

    (a) There is only one contract

    (b) There are two contracts

    (c) There are three contracts

    (d) There are actually only agreements and no contracts

84. In case of a sale the risk of loss resulting from the insolvency of the buyer is borne by_____.

    (a) The seller

    (b) The buyer

    (c) Both of the above

    (d) General Insurance Company of India

85. Agreement to sale is an_____.

    (a) Executed contract

    (b) Executory contract

(c)   Both of the above

(d)   None of the above

86.   Suit for specific performance & suit for injunction_____.

(a)   Are remedies which provide the same result

(b)   Are different remedies and they provide different results

(c)   Are not the correct way to act against the party committing the breach

(d)   Are the only correct way to act against the party committing the breach

87.   Contracting parties may not remain same in_____.

(a)   Remission

(b)   Recission

(c)   Novation

(d)   Alteration

88.   The liabilities of a minor when admitted to the benefits of the partnership_____.

(a)   Is confined to his share of the profits and property in the firm

(b)   Is same as that of any other partner in the firm

(c)   Is similar as that of any other partner in the firm

(d)   Is unlimited

89.   Recission means_____.

(a)   Substituting a new contract for the old one

(b)   Cancellation of the old contract

(c)   Modifying or altering the terms of contract such that it has the effect of substituting a new contract for the old one

(d)   Dispensing away the performance of the promise made by the other party

90.   Registration of a partnership firm is_____.

(a) Compulsory from the beginning

(b) Not compulsory till first five years of beginning of the partnership

(c) Not compulsory at all

(d) Compulsory only if the Registrar of Firms, gives an order in this regard

91.   A person to whom money has been paid, or anything delivered by mistake_____.

(a)   Becomes the owner of such money or those goods

    (b)   Must repay the money or return those goods

    (c)   Is allowed to sell the goods and retain the money realized from such sale

    (d)   Has no obligation to return the money, he may do so only a good gesture

92.   Delivery by attornment is _____.

    (a)   Actual Delivery

    (b)   Constructive Delivery

    (c)   Symbolic Delivery

    (d)   Physical Delivery

93.   In case of an agreement to sell, the aggrieved party_____.

    (a)   Can sue for price

    (b)   Can sue for damages

    (c)   Can sue the buyer for injunction

    (d)   None of the above

94.   Return of goods is possible in case of _____.

    (a)   Sale

    (b)   Bailment

    (c)   Exchange

    (d)   None of the above

95.   'Buyer' means a person who_____.

    (a)   Buys goods

    (b)   Agrees to buy goods

    (c)   Has bought goods

    (d)   Buys or agrees to buy goods

96.   The appropriation must be made by_____.

    (a)   The seller with the assent of the buyer

    (b)   The buyer with the assent of the seller

    (c)   The buyer or the seller with or without the assent of the other

    (d)   Both (a) & (b)

97.   Partner by holding out is also known as_____.

    (a)   Active Partner

    (b)   Dormant Partner

    (c)   Partner by estoppel

(d)   Partner by stoppage

98.   Interest on capital subscribed by a partner may be provided for in the partnership deed is _____.

(a)   @ 6% per annum, provided it is payable only out of profits

(b)   @ 8% per annum, provided it is payable only out of profits

(c)   @ 8.5% per annum, provided it is payable only out of profits

(d)   At any rate, provided it is payable only out of profits

PART III

99.   A had offered B, a price of Rs.10, 00,000/- for B's flat. But B was not ready to sell the flat at all. A says to B that "I shall kill you if you don't agree to sell me your house for Rs.10, 00,000/-". B thereafter did all that was the desire of A in order to save his life. What is immediate answer?

(a)   A can enforce the contract.

(b)   B can enforce the contract.

(c)   A has applied coercion.

(d)   The contract is unenforceable.

100.   A had offered B, a price of Rs.10, 00,000/- for B's flat. But B was not ready to sell the flat at all. A says to B that "I shall kill you if you don't agree to sell me your house for Rs.10, 00,000/-". B thereafter did all that was the desire of A in order to save his life. Choose the most suitable statement for the purpose of finding out remedy for B.

(a)   A has applied coercion.

(b)   A has done fraud with B.

(c)   A is guilty of misbehaving with B.

(d)   A has an anti-social nature.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i) Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(ii) Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.

(iii) Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(iv) Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. Which of the following statements is correct?

   (a) In a two-good economy, the production possibilities frontier reflects the maximum amount of one good that can be produced when a given amount of the other good is produced.

   (b) Microeconomics is the study of the behaviour of the economy as a whole.

   (c) Positive economics focuses on welfare of the people of a society.

   (d) None of the above.

102. Which of the following is incorrect?

   (a) The cross elasticity of demand for two substitutes is positive.

   (b) The income elasticity of demand is the percentage change in quantity demanded of a good due to a change in the price of a substitute.

   (c) The cross elasticity of demand for two complements is negative.

   (d) The price elasticity of demand is always negative, except for Giffen goods.

103. Which of the following situation does not lead to an increase in equilibrium price?

   (a) An increase in demand, without a change in supply.

   (b) A decrease in supply accompanied by an increase in demand.

   (c) A decrease in supply without a change in demand.

   (d) An increase in supply accompanied by a decrease in demand.

104. "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses, his behaviour in the short run is:

   (a) rational, if the firm is covering its variable cost.

(b) rational, if the firm is covering its fixed costs.

(c) irrational, since plant closing is necessary to eliminate losses.

(d) irrational, since fixed costs are eliminated if a firm shuts down.

105. An individual firm in a perfectly competitive market faces a demand curve which is:

(a) downward sloping.

(b) relatively inelastic.

(c) perfectly elastic.

(d) upward sloping.

106. A firm's production function :

(a) shows how much output and the level of input required for the firm to maximize profits.

(b) establishes the minimum level of output that can be produced using the available   resources.

(c) shows the maximum output that can be produced with a given amount of inputs with available technology.

(d) shows labour force which is employed

107. The law of diminishing returns:

(a) states that beyond some level of a variable input, the average product of that variable input begins to increase steadily.

(b) assumes that there is technological improvement over time.

(c) states that beyond some level of a variable input, the marginal product of that variable begins to decrease steadily.

(d) informs a firm whether or not to use a factor input.

108. Which of the following is correct?

(a) If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.

(b) Total revenue is equal to price times the quantity sold.

(c) Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.

(d) All of the above.

109. You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	35
3	60
4	92
5	140

The above data is an example of:

(a) decreasing returns to scale.

(b) constant returns to scale.

(c) increasing returns to scale.

(d) positive fixed costs.

110. Monopolies are allocatively inefficient because:

(a) they restrict the output to keep the price higher than under perfect competition.

(b) they charge a price higher than the marginal cost.

(c) both (a) and (b) are correct.

(d) both (a) and (b) are incorrect.

111. Which of the following statements is correct?

(a) Countries which are industrially well-developed generally have higher per capita income than countries which are not.

(b) India is a capital surplus economy.

(c) Agriculture sector need not depend upon industrial sector for its growth.

(d) None of the above.

112. EAS stands for

(a) Easy Assistance scheme.

(b) Endless Assistance scheme.

(c) Employment Assurance Scheme.

(d) Employment Assessment scheme.

113. The effect of increase CRR will be reduced or nullified if:

    (a)   Bank rate is reduced.

    (b)   securities are sold in the open market.

    (c)   SLR is increased.

    (d)   people do not borrow from non-banking institutions

114. Privatization in India has taken place in all of the cases except

    (a)   CMC

    (b)   BALCO

    (c)   VSNL

    (d)   None of the above.

115. What percent of the sick units in India are big units?

    (a)   10 percent

    (b)   2 percent

    (c)   30 percent

    (d)   98 percent.

116. Which among the following is an indirect tax?

    (a)   Income tax

    (b)   Wealth tax

    (c)   Custom duty

    (d)   Gift tax

PART II

117. At the time of Independence and a number of years thereafter cotton textiles, jute and tea accounted for more than _____% of our export earnings.

    (a)   50

    (b)   70

    (c)   80

    (d)   90

118. According to the latest available data, the bed-population ratio in India is -------------per thousand population.

    (a)   3.2

    (b)   9.5

    (c)   11.5

(d)   20.3

119.   According to the latest UNDP report, 2005 India's relative global rating on this index is
------------- among 177 countries.

(a)   150

(b)   177

(c)   127

(d)   5

120.   According to the latest NSSO (2004) data, the percentage of people living below
poverty line has _____ compared to the previous (1999) data.

(a)   increased

(b)   remained same

(c)   decreased

(d)   can't say

121.   According to the Tenth Plan estimates, around _____ million persons years
were unemployed in 2001-02.

(a)   40.72

(b)   12.12

(c)   45.12

(d)   34.85

122.   As compared to the targeted growth rate of 8.2% per annum in industrial production,
the actual growth rate was _____% per annum during the Ninth Plan.

(a)   9.4

(b)   5.2

(c)   6.5

(d)   7.5

123.   The value added by the industrial sector in the GDP (2004) is _____.

(a)   26%.

(b)   12%.

(c)   19%.

(d)   32%.

124.   The small scale sector in India employs nearly _____ lakh people.

(a)   67

(b)   23

(c)   100

(d)   283

125.   GDP at factor cost is equal to GDP at market price minus indirect taxes plus
_____.

(a)   depreciation

(b)   direct taxes

(c)   foreign investments

(d)   subsidies

126.   Net domestic expenditure is consumption expenditure plus _____.

(a)   net foreign investment

(b)   net foreign investment plus net domestic investment

(c)   net domestic investment

(d)   replacement expenditure

127.   Custom duties are levied on _____.

(a)   incomes of the individual

(b)   production of goods

(c)   export and import of goods

(d)   incomes of the corporate

128.   Demand for final consumption arises in _____.

(a)   household sector only

(b)   government sector only

(c)   both household and government sectors

(d)   neither household nor government sector

129.   The share of direct taxes in the gross tax revenue (Center and States combined) was
_____% in 2005-06.

(a)   66

(b)   34

(c)   25

(d)   75

130.   According to census 2001 the sex ratio (number of females per 1000 males) in India is
_____.

(a)   933

(b)   941

(c)   927

(d)   930

131.   If cinema halls are making losses they should lower the ticket fares. The suggested remedy would only work if the demand for watching movies in cinema halls had a price elasticity of _____.

(a)   zero

(b)   greater than zero but less than one.

(c)   one

(d)   greater than one

132.   The Tenth Plan aims to reduce poverty ratio to _____% by 2007.

(a)   12.3

(b)   19.3

(c)   14.3

(d)   18.3

PART III

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. S1 and D1 are the original demand and supply curves. D2, D3, S2 and S3 are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?
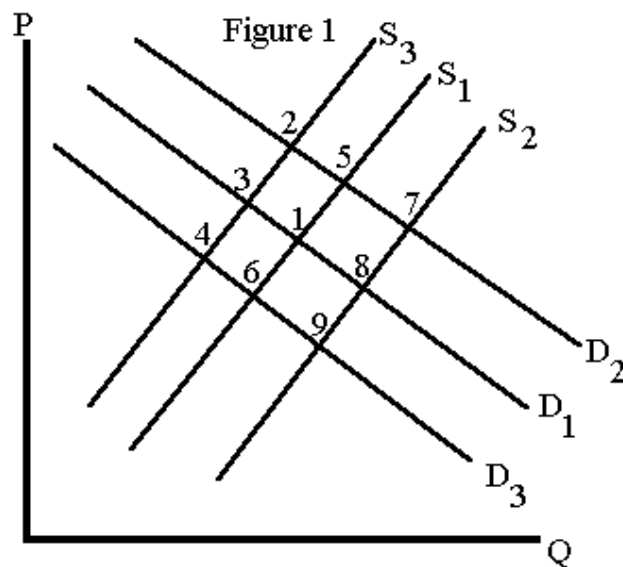
133. If Figure 1 represents the market for Mars Bars, the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is an increase in cocoa prices will be:

    (a)   Point 3

    (b)   Point 9

    (c)   Point 4

    (d)   Point 2.

134. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is rapid economic growth and the government also imposes a tax on mars bars is:

    (a)   Point 3.

    (b)   Point 9.

    (c)   Point 2.

    (d)   Point 6.

135. In Figure 1(which represents the market for Mars Bars), the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is a health scare about the effect mars bars may have is:

    (a)   Point 2.

    (b)   Point 9.

    (c)   Point 3.

    (d)   Point 6.

136. In Figure 1(which represents the market for Mars Bars), the initial equilibrium is at the intersection of S1 and D1. Assuming that mars bars are an inferior good, the new equilibrium if there is a recession and wages of workers producing them fall is :

    (a)   Point 2

    (b)   Point 7

    (c)   Point 3

    (d)   Point 6

137. In Figure 1(which represents the market for Mars Bars), the initial equilibrium is at the intersection of S1 and D1. Assume that the price of sugar falls and at the same time there is a technological advancement in the production of mars bars. The new equilibrium will be:

    (a)   Point 2

    (b)   Point 7

(c)   Point 3

(d)   Point 6

PART IV

138.   A book seller estimates that if she increases the price of a book from Rs.60 to Rs.67, the quantity of books demanded will decrease from 2 035 to 1 946. The book's price elasticity of demand is approximately

(a)   0.4

(b)   0.8

(c)   1.0

(d)   2.5

139.   Concerned about the poor state of the economy, a car dealer estimates that if income decreases by 4 per cent, car sales will fall from 352 to 335. Consequently, the income elasticity of demand for cars is approximately

(a)   −1.2

(b)   0.01

(c)   0.4

(d)   1.2

A competitive firm sells as much as of its product as it chooses at a market price of Rs 200 per unit. Its fixed cost is Rs 600 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 2 to answer questions 140-144.

Table 2

Quantity	Variable cost	Fixed cost	Total cost	Average variable cost	Average total cost	Marginal cost
0	0			-	-	-
5	500					
10	940					
15	1400					
20	1960					
25	2700					
30	3700					
35	5040					
40	6800					
45	9060					
50	11900					

140. When production is 40 units, the average total cost is

   (a)   Rs. 8.80

   (b)   Rs.15

   (c)   Rs. 170

   (d)   Rs. 185

141. In the table marginal cost per unit that corresponds to 40 units of production is

   (a)   Rs. 44

   (b)   Rs.170

   (c)   Rs.352

   (d)   Rs.1760

142. To maximize profit, the firm should produce

   (a)   15 units

   (b)   30 units

   (c)   35 units

   (d)   50 units

143. If the market price drops from Rs 200 to Rs 112, the firm's short run response should be

   (a)   shut down

   (b)   produce 5 units

   (c)   produce 20 units

   (d)   continue to produce the same number of units as before the drop in price.

144. If the market price rises from Rs 200 to Rs 352, the firm's short run response should be

   (a)   shut down

   (b)   produce 40 units

   (c)   produce 20 units

   (d)   continue to produce the same number of units as before the increase in price.

145. Suppose a shopkeeper buys inputs worth Rs 2,00,000 and his sales are worth Rs 4,00,000 in a month. The input tax rate is 4% and output tax rate is 10%. What is Value added tax here after set off of input tax credit?

   (a)   Rs. 32,000

   (b)   Rs 8000

   (c)   Rs. 4,0000

   (d)   Rs. 20,000

146. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs 220 to Rs 190, the price elasticity of demand for blankets is

(a)   0.69

(b)   1.0

(c)   1.46

(d)   2 .66

147. The cross elasticity of monthly demand for gel pen when the price of refills increases by 20% and demand for gel pens falls by 30% is equal to:

(a)   − 0.71

(b)   + 0.25.

(c)   − 0.19.

(d)   −1.5.

148. The cross elasticity of monthly demand for ink pen when the price of gel pen increases by 25% and demand for ink pen increases by 50% is equal to:

(a)   + 2.00.

(b)   − 2.00.

(c)   −2.09.

(d)   + 2.09.

Read the following table and answer question number 149 -150.

Table 3

Number of products	Total utility	Marginal utility
0	0	-
1	3600	
2	6800	
3	9600	
4	12000	
5	14000	
6	15600	
7	16800	
8	17600	
9	18000	

149. What is marginal utility when consumption increases from 4 units to 5 units?

(a)   3000.

(b)   1200.

(c)   2000.

(d)   1500.

150.   What is marginal utility when consumption increases from 8 units to 9 units?

(a)   3000.

(b)   400.

(c)   2000.

(d)   1500.

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

(i)	Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which has answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. This method presents data with the help of a paragraph or a number of paragraphs.

    (a) Tabular presentation.

    (b) Textual presentation.

    (c) Diagrammatic representation.

    (d) None of these.

152. If two events A and B are independent, the probability that they will both occur is given by

    (a) P(A) + P(B)

    (b) P(A) X P(B)

    (c) P(A) – P(B)

    (d) P(A)/P(B)

153. The normal curve is

    (a) Positively skewed.

    (b) Negatively skewed.

    (c) Symmetrical.

    (d) All of these.

154. If x denotes height of a group of students expressed in cm. and y denotes their weight expressed in kg. , then the correlation coefficient between height and weight

    (a) Would be shown in kg.

    (b) Would be shown in cm.

    (c) Would be shown in kg. and cm.

    (d) Would be free from any unit.

155. The base of $\log_6 13$ into the common logarithmic base is

(a) $\dfrac{\log_6 10}{\log_6 13}$

(b) $\dfrac{\log_{10} 6}{\log_{10} 13}$

(c) $\dfrac{\log_{10} 13}{\log_{10} 6}$

(d) None of these .

156. Data collected on minority from the census reports are

(a) Primary data.

(b) Secondary data.

(c) Discrete data.

(d) Continuous data.

157. The nationality of a person is an example of

(a) A variable.

(b) A discrete variable.

(c) A continuous variable.

(d) An attribute.

158. The total sum of the values of a given year divided by the sum of the values of the base year is a

(a) Price index.

(b) Quantity index.

(c) Value index.

(d) None of these.

159. Find the first derivative of $y=\log_e x$

(a) $\dfrac{1}{x}$

(b) $e.\log x$

(c) $\dfrac{1}{x} e$

(d) None of these.

160. Fisher's ideal index is

    (a)   Arithmetic mean of Laspeyre's and Paasche's index.

    (b)   Median of Laspeyre's and Paasche's index.

    (c)   Geometric mean of Laspeyre's and Paasche's index.

    (d)   None of these.

PART II

161. _____ is the upper part of the table, describing the columns and sub columns.

    (a)   Box head

    (b)   Stub

    (c)   Caption

    (d)   Body

162. The correlation between sale of cold drinks and day temperature is _____.

    (a)   Zero

    (b)   Positive

    (c)   Negative

    (d)   None of these

163. In case of a _____, plotted points on a scatter diagram lie from lower left corner to upper right corner.

    (a)   Zero correlation

    (b)   Negative correlation

    (c)   Positive correlation

    (d)   Simple correlation

164. The _____ the size of the sample more reliable is the result.

    (a)   Medium

    (b)   Smaller

    (c)   Larger

    (d)   None of these

165. _____ are the values dividing a given set of observations into ten equal parts.

    (a)   Quartiles

    (b)   Deciles

    (c)   Centiles

    (d)   None of these

166. Variance of a binomial distribution is always _____ its mean.

   (a) Equal to

   (b) More than

   (c) Less than

   (d) None of these

167. If in binomial distribution mean is 10 and S.D. is 2, q will be _____.

   (a) 0

   (b) 0.2

   (c) 0.8

   (d) 0.4

168. The sum of the following is _____ .

   1+3−5+7+9−11+13............................ 3n terms

   (a) $2n^2+3$

   (b) $5n^2+2$

   (c) $3n^2−4n$

   (d) $3n^2$

169. If $^nP_3$=60 then value of n is _____.

   (a) 5

   (b) 2

   (c) 1

   (d) 3

170. If one root of the equation $x^2+7x+p=0$ be reciprocal of the other then the value of p is_____.

   (a) 1

   (b) −1

   (c) 7

   (d) −7

PART III

171. A person borrowed Rs. 4000 and after 6 months the amount paid was Rs. 4050, find the rate of interest.

   (a) 5%

   (b) 25%

(c) 2.5%

(d) 20%

172. The value of $\dfrac{16x^{-1}}{4x^{2/3}}$ is

(a) $4x^{-3/5}$

(b) $4x^{5/3}$

(c) $4x^{-5/3}$

(d) None of these.

173. Evaluate $\displaystyle\int_{0}^{\pi/2} \sqrt{1+\cos x}\ dx$

(a) 0

(b) $\sqrt{2}$

(c) $\dfrac{-1}{\sqrt{2}}$

(d) 2

174. Find the value of x if $\dfrac{4}{5} : x : \dfrac{9}{2} : \dfrac{3}{4}$

(a) 15/2

(b) 9/10

(c) 3/4

(d) None of these.

175. The fourth proportional to 2/3, 3/7, 4/9,........ is

(a) 2/7

(b) 14/8

(c) 7/2

(d) None of these.

176. The solution set of equations 3x+4y=7 and 4x–y=3, is

(a) 1, 1

(b) –1, 1

(c) 2, 1

(d) –1, 2

177. A dealer has only Rs.5760 to invest in fans (x) and sewing machines (y). The cost per unit of fans and sewing machine is Rs.360 and Rs.240 respectively. This can be shown by

    (a) $360x + 240y \geq 5760$

    (b) $360x + 240y \leq 5760$

    (c) $360x + 240y = 5760$

    (d)   None of these.

178. Find the value of 8! / 5!

    (a)   663

    (b)   363

    (c)   336

    (d)   None of these.

179. If A={1,2,3,4} and B={2,4} then $A \cap B$ can be written as

    (a) ϕ

    (b)   {1,3}

    (c)   {2,4}

    (d)   {0}

180. Compute the value of $\lim\limits_{x \to 1} \left(\dfrac{x^2 + 3x + 2}{x^3 + 2x^2 - x + 1} \right)$

    (a)   5

    (b)   9

    (c)   7

    (d)   2

181. Find $g\ o\ f$ for the functions $f(x) = \sqrt{x}$, $g(x) = 2x^2+1$

    (a) $2x^2+1$

    (b) $2x+1$

    (c) $2x^2+1) (\sqrt{x})$

    (d) $\sqrt{x}$

182. Two variables x and y are related by 5x+2y+5=0 and $\bar{x}=5$, then $\bar{y}$ is

    (a)   10

    (b)   −10

(c)   15

(d)   −15

183. What is the median for the following observations? 10,16,12,18,22,8

(a)   12

(b)   14

(c)   16

(d)   None of these

184. The variables x and y are related by 5x+6y=70 and median of x is 8. What is the median of y?

(a)   4

(b)   4.5

(c)   5

(d)   5.5

185. Find Q_1 for the following observations.

7,9,5,4,10,15,14,18,6,20

(a)   4.75

(b)   5.25

(c)   5.75

(d)   6.25

186. If y=4+3x and mode of x is 25, what is the mode of y?

(a)   75

(b)   25

(c)   79

(d)   89

187. Refer following table:

Frequency distribution of weights of 16 students

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

Find Frequency density of the second class interval.

(a)   0.80

(b)   0.90

(c)   1.00

(d)   1.10

188.   The coefficient of correlation between two variables is 0.5, then the coefficient of determination is

(a)   0.5

(b)   0.25

(c)   −0.5

(d) $\sqrt{0.5}$

189.   A bag contains 30 balls numbered from 1 to 30. One ball is drawn at random. The probability that the number of the drawn ball will be multiple of 3 or 7 is

(a)   7/15

(b)   13/30

(c)   1/2

(d)   None of these.

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

(a)   1/17

(b)   1/4

(c)   2/17

(d)   None of these.

191.   A pair of dice is thrown. What is the probability that the sum of the numbers obtained is more than 10 ?

(a)   1/18

(b)   1/9

(c)   1/12

(d)   None of these.

192.   If the relationship between x and y is given by 4x+5y=10 and the range of x is 15, what would be the range of y?

(a)   10

(b)   11

(c)   12

(d)   13

193.   Which term of the progression 1,2,4 , 8……………………. is 64

(a)   7

(b)   5

(c)   6

(d)   9

194.   Evaluate the integral of $\int x.e^x dx$

(a) $e^x(x^2+1) +c$

(b) $e^x(x+1) +c$

(c) $e^x(2x+1) +c$

(d) $e^x(x-1) +c$

195.   A letter lock has three rings each marked with 10 different letters. In how many ways it is possible to make an unsuccessful attempt to open the lock ?

(a)   1000

(b)   999

(c)   5040

(d)   None of these.

196.   Find the effective rate of interest if I=Rs.1800, P=18000, t=1 year

(a)   10%

(b)   9%

(c)   18%

(d)   None of these.

197.   The length of the perpendicular from the point (2, 5) on the line 4x−3y+18=0 is

(a)   2.7

(b)   2.5

(c)   2.2

(d)   2.1

198. If $x^2 e^y + 4 \log x = 0$ then $\dfrac{dy}{dx}$ is

    (a) $\dfrac{e^y 2x^2 + 4 + 8x}{x^3 e^y}$

    (b) $\dfrac{e^y 2x^2 - 4}{x^3 e^y}$

    (c) $\dfrac{-e^y 2x^2 - 4}{x^3 e^y}$

    (d) None of these.

199. Find $\dfrac{dy}{dx}$, when $y = 10x^8$

    (a) $80x^7$

    (b) $10x^7$

    (c) $80x^8$

    (d) None of these.

200. Evaluate $\displaystyle\lim_{x \to 0} \dfrac{9^x - 3^x}{4^x - 2^x}$

    (a) $\dfrac{\log 3}{\log 2}$

    (b) $\dfrac{\log 4}{\log 2}$

    (c) $\dfrac{\log 9}{\log 2}$

    (d) $\dfrac{\log 3}{\log 4}$

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-9/2006

Time : 4 hours   *Maximum Marks :200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1. During the life time of an entity, accountants prepare financial statements at arbitrary points of time as per

    (a)   Prudence.

    (b)   Consistency.

    (c)   Periodicity.

    (d)   Matching.

2. Real accounts relate to assets of the firm and not

    (a) Machinery.

    (b) Debt.

    (c) Receivables.

    (d) None of the three.

3. On March 31, 2006 Amit purchased a typewriter from Arvind for Rs. 8,000. This is

    (a) An event.

    (b) A transaction.

    (c) A transaction as well as an event.

    (d) Neither a transaction nor an event.

4. Profit leads to increase in

    (a) Assets.

    (b) Capital.

    (c) Both (a) and (b).

    (d) Neither (a) nor (b).

5. Vikas & Co. account is a

    (a) Personal account.

    (b) Real account.

    (c) Personal account.

    (d) None of the above

6. Depreciation arises because of

    (a) Fall in the market value of the asset.

    (b) Fall in the value of money.

    (c) Physical wear and tear of the asset.

    (d) None of the three.

7. A promissory note does not require

    (a) Noting.

    (b) Discounting.

    (c) Acceptance

    (d) None of the above

8. Which of the following accounts will have credit balance?

    (a) Sale returns.

(b)   Bills receivable.

(c)   Carriage inwards.

(d)   Outstanding wages.

9.   Which of the following errors is an error of omission?

(a)   Sale of Rs. 5,000 was written in the purchases journal.

(b)   Wages paid to Shyam has been debited to his account.

(c)   The total of the sales journal has not been posted to the sales account.

(d)   None of the above

10.   Prepaid salary has a

(a)   Credit balance.

(b)   Debit balance.

(c)   Negative balance.

(d)   None of the above

PART II

11.   The equality of debits and credits of the _____ does not mean that the individual accounts are also accurate.

(a)   Bank reconciliation statement.

(b)   Cash book.

(c)   Trial balance.

(d)   None of the three.

12.   Change in the method of depreciation is change in _____ .

(a)   Accounting estimate.

(b)   Accounting policy.

(c)   Measurement discipline.

(d)   None of the above.

13.   Credit balance in the cash book means _____.

(a)   Overdraft as per pass book.

(b)   Favourable balance as per pass book.

(c)   Both (a) and (b).

(d)   None of the above.

14. Sale of scrap of raw materials appearing in the trial balance are shown on the credit side of _____

    (a) Trading account.

    (b) Manufacturing account.

    (c) Profit and loss account.

    (d) None of eth three.

15. Goodwill is _____

    (a) Current asset.

    (b) Fictitious asset.

    (c) Tangible asset.

    (d) Intangible asset.

16. Joint venture account is _____.

    (a) Personal account.

    (b) Real account.

    (c) Nominal account.

    (d) None of the three.

17. Abnormal loss on consignment is credited to _____

    (a) Profit and loss account.

    (b) Consignee's account.

    (c) Consignment account.

    (d) None of the three.

18. When money is withdrawn from the bank, the bank _____ the account of the customer.

    (a) Credits.

    (b) Debits.

    (c) Either (a) or (b).

    (d) None of the three.

19. _____days of grace are allowed in case of time bills for calculating date of maturity.

    (a) 2

    (b) 4

    (c) 3

    (d) 5

20. The cash discount allowed to a debtor should be credited to

    (a)   Discount account.

    (b)   Customer's account.

    (c)   Sales account.

    (d)   None of the above.

PART III

21. Huge Ltd. issued 25,000 equity shares of Rs.100 each at a premium of Rs.15 each payable as Rs.25 on application, Rs.40 on allotment and balance in the first call. The applications were received for 75,000 equity shares but the company issued to them only 25,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 500 shares were not received and were forfeited after due notice. The above is the case of

    (a)   Over subscription.

    (b)   Pro-rata allotment.

    (c)   Forfeiture of shares.

    (d)   All of the above

22. A, B and C are partners in the firm sharing profits and loss in 5:3:2 ratio. The firm's balance sheet as on 31.3.2006 shows the Reserve balance of Rs.25,000, Profit of the last year Rs. 50,000, Joint Life policy of Rs.10,00,000, fixed assets of Rs. 12,00,000. On 1st June C died and on the same date assets were revalued. The executor of the deceased partner will get along with the capital of C

    (a)   Share in the Reserves account the firm.

    (b)   Proportionate share of profit upto the date of death.

    (c)   Share in Joint life policy.

    (d)   All of the above.

PART IV

23. A machine purchased on 1st January 2003 at Rs.15,00,000, having useful life of 15 years was depreciated on straight line basis. On 1st January 2006, the same machine was revalued upward by Rs.3 lacs. The amount of depreciation for the year 2006 will be

    (a)   Rs.1,25,000.

    (b)   Rs.1,00,000.

    (c)   Rs.1,20,000.

    (d)   Rs.1,50,000.

24. At the end of the accounting year, material A costing Rs.10,000 was having net realisable value of Rs.9,500 only, while material B costing Rs.12,000 was having a net realisable value of Rs.13,000 in the market and material C costing Rs.15,000 was having net realisable value of Rs.14,000 only. The total amount of closing stock will be

    (a) Rs.37,000.

    (b) Rs. 35,500.

    (c) Rs. 36,500.

    (d) Rs. 38,000.

25. Atul purchased goods costing Rs. 50,000 at an invoice price, which is 50% above cost. On invoice price he enjoyed 15% trade discount and Rs.3,750 cash discount on cash payment of goods in lump sum at the time of purchase. The purchase price to be recorded in the books before cash discount will be

    (a) Rs. 75,000.

    (b) Rs. 60,000.

    (c) Rs.63,750.

    (d) Rs. 50,000.

26. A cheque of Rs.35,000 received by M/s Nandini was endorsed to M/s Chandini on account of full settlement of Rs.35,500 on 1st October 2006. Chandini deposited the same into the bank on 4th October 2006. In the books of M/s Chandini, the amount to be debited on 1st October 2006 will be

    (a) Cash account Rs.35,000 and Discount account Rs.500.

    (b) Bank account Rs.35,000 and Discount account Rs.500.

    (c) Cash account Rs.35,500.

    (d) Bank account Rs.35,500.

27. If repair cost of a building is Rs.15,000, whitewash expenses are Rs. 10,000, cost of extension of building is Rs.5,00,000 and cost of improvement in electrical wiring system is Rs.25,000. The amount to be expensed is

    (a) Rs. 50,000.

    (b) Rs. 5,50,000.

    (c) Rs. 25,000.

    (d) Nil

28. An amount of Rs.6,000 due from Anshul , which had been written off as a bad debt in a previous year, was unexpectedly recovered, and had been posted to the personal account of Anshul. The rectification entry will be

    (a) Anshul'S A/c Dr. Rs.6,000, To Suspense A/c Rs.6,000.

(b)   Suspense A/c Dr. Rs.6,000, To Bad debts recovered A/c Rs.6,000.

(c)   No rectification entry required.

(d)   Anshul's A/c Dr. Rs.6,000, To Bad debts recovered A/c Rs.6,000.

29.   There was difference in the bank column of cash book and pass book by Rs.2,500. On scrutiny it was found that interest of Rs.500 charged directly by the bank was not entered in the cash book. The same was adjusted in the cashbook before reconciliation statement. Now, in the bank reconciliation statement, this interest of Rs. 500 is to be

(a)   Added to the cash book balance.

(b)   Subtracted from the cash book balance.

(c)   Ignored while preparing bank reconciliation statement.

(d)   None of the above.

30.   Opening stock of raw material of a manufacturing concern is Rs.10,000, Purchase during the year is Rs.2,00,000, Wages Rs. 50,000, Carriage Rs.5,000, Factory overheads Rs.1,25,000 and closing stock of raw material is Rs. 15,000. The amount to be transferred is

(a)   Rs. 3,75,000 to cost of goods manufactured account.

(b)   Rs.3,75,000 to cost of goods sold account.

(c)   Rs. 3,75,000 to cost of sales account.

(d)   Rs. 3,75,000 to cost to company account.

31.   Mr. A consigned goods costing Rs.2,50,000 to Mr. B at an invoice price of Rs.3,00,000. The goods were to be sold at invoice price or above. Mr. B sold some of the goods at invoice price of Rs.2,00,000 and some at 10% above cost i.e. Rs.1,10,000. For this he gets 5% commission. The amount of commission is

(a)   Rs.18,000.

(b)   Rs.15,000.

(c)   Rs.12,500.

(d)   Rs.15,500.

32.   1,000 kg of oranges are consigned to a wholesaler, the cost being Rs.8 per kg, plus Rs. 925 of freight. It is concluded that a loss of 15% is unavoidable. The cost per kg of orange will be

(a)   Rs. 9.41.

(b)   Rs. 10.00.

(c)   Rs. 10.50.

(d)   Rs. 8.93.

33. Ajay bought goods of the value of Rs 20,000 and consigned them to Bijay to be sold by them on a joint venture, profits being divided equally. Ajay draws a bill on Bijay for an amount equivalent to 80% of cost on consignment. The amount of bill will be:

    (a) Rs.16,000

    (b) Rs.20,000.

    (c) Rs.4,000.

    (d) Cannot be determined.

34. A machine purchased on 1.4.2003 for Rs.10,00,000 was depreciated on straight line basis over its useful life of 10 years. On 1.4.2005, it was found that machine is in a good condition and will be used in the production for another 10 years. The amount of depreciation for the year ending 31.3.2006 will be

    (a) Rs.1,00,000.

    (b) Rs.80,000.

    (c) Rs.83,333.

    (d) Rs.66,667.

35. X of Kolkata sends out goods costing 100,000 to Y of Mumbai at cost + 25%. Consignor's expenses Rs 2000. 3/5th of the goods were sold by consignee at 85000. Commission 2% on sales + 20% of gross sales less all commission exceeds invoice value. Amount of commission will be:

    (a) Rs.3,083.

    (b) Rs.3,000.

    (c) Rs.2,500.

    (d) Rs.2,000.

36. Anuj bought goods of the value of Rs 10,000 and consigned them to Bittu to be sold by them on a joint venture, profits being divided equally, Anuj paid Rs 1,000 for freight and insurance. Anuj draws a bill on Bittu for Rs 10,000. Anuj got it discounted at Rs 9,500. Bittu sold the goods for Rs 15,000. Commission payable to Bittu Rs 500. The amount to be remitted by Biitu to Anuj will be:

    (a) Rs.12,500

    (b) Rs.13,000

    (c) Rs.14,500

    (d) Rs.13,500

37. On 1.12.05 X draw a bill on Y "for 30 days after sight". The date of acceptance is 8.12.05. The due date of the bill will be:

    (a) 8.01.06.

(b)   10.1.06.

(c)   11.1.06.

(d)   9.1.06.

38.   Mr. Aakash draws a bill on Mr. Yash for Rs 30,000 on 1.1.06 for 3 months. On 4.2.06. Mr. Aakash got the bill discounted at 12%. The amount of discount will be:

(a)   Rs.900

(b)   Rs.600

(c)   Rs.300

(d)   Rs.650

39.   On 1.6.05 X draw a bill on Y for Rs.25,000. At maturity Y request X to accept Rs.5,000 in cash and noting charges incurred Rs.100 and for the balance X draw a bill on Y for 2 months at 12% p.a. Interest amount will be:

(a)   Rs.410.

(b)   Rs.420.

(c)   Rs.440.

(d)   Rs.400.

40.   R sends out goods costing Rs.2,00,000 to K. Consignor's expenses Rs.5,000. Consignee's expenses in relation to sales Rs 2,000. 4/5th of the goods were sold at 20% above cost. The profit on consignment will be:

(a)   Rs.26,000

(b)   Rs.32,000

(c)   Rs.26,200

(d)   Rs.(6,000)

41.   Ansh and Vansh enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. Ansh provides biscuits from stock Rs 10,000. He pays expenses amounting to Rs 1,000. Vansh incurs further expenses on carriage Rs 1,000. He receives cash for sales Rs 15,000. He also takes over goods to the value of Rs 2,000. Profit on venture will be

(a)   Rs.3,000

(b)   Rs.5,000

(c)   Rs.6,000

(d)   Rs.3,500

42.   Prakash Ltd. issued 15,000, 15% debentures of Rs.100 each at a premium of 10%, which are redeemable after 10 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is

(a)   Rs.15,000.

(b)   Rs.30,000.

(c)   Rs.45,000.

(d)   Rs.22,500.

43.   Varun Ltd. sends goods to his customers on Sale or Return recording it as a sale at the time of sending it for approval. During 2006, Varun Ltd. send goods to customers for Rs.1,00,000 on sale or return basis, at cost plus 33.33%. On September 2006. a letter of approval was received from a customer for Rs. 40,000. In this respect, entry will be

(a)   Debtors account debited and sales account credited with Rs.40,000.

(b)   Sales account debited and debtors account credited with Rs.40,000.

(c)   No entry is required for receiving the letter of approval from the customer.

(d)   Entry will be made at the end of the year.

44.   The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. Capital employed is Rs. 4,00,000 and normal rate of return is 10%. The amount of goodwill calculated on the basis of super profit method for three years of purchase will be.

(a)   Rs. 2,000.

(b)   Rs. 4,000.

(c)   Rs. 6,000.

(d)   Rs. 8,000.

45.   Tista Ltd. has issued 14% Debentures of Rs.10,00,000 at a discount of 10% on April 01, 2004 and the company pays interest half-yearly on June 30, and December 31 every year. On March 31, 2006, the amount shown as "interest accrued but not paid" in the Balance Sheet will be

(a)   Rs.35,000 shown along with Debentures .

(b)   Rs.70,000 under current liabilities.

(c)   Rs.1,40,000 shown along with Debentures.

(d)   Rs.10,000 under current liabilities.

46.   Anny and Bunny enter into a joint venture sharing profit and losses in the ratio 1:1. Anny purchased goods costing Rs 20,000. Bunny sold the goods for Rs 25,000. Anny is entitled to get 1% commission on purchase and Bunny is entitled to get 5% commission on sales. The profit on venture will be:

(a)   Rs. 3,550.

(b)   Rs. 3,600.

(c)   Rs. 3,400.

(d)   Rs.3,800.

47. A, B & C are equal partners. They wanted to change the profit sharing ratio into 4:3:2. They raised the goodwill Rs. 90,000 but they want to immediately write it off. The effected accounts will be

(a) C's capital account debit and A's capital account credit with Rs.10,000.

(b) B's capital account debit and A's capital account credit with Rs.10,000

(c) C's capital account debit and B's capital account credit with Rs.10,000

(d) A's capital account debit and C's capital account credit with Rs.10,000

48. X and Y share profits and losses in the ratio of 2:1. They take Z as a partner and the new profit sharing ratio becomes 3:2:1. Z brings Rs.4,500 as premium for goodwill. The full value of goodwill will be

(a)   Rs. 4,500.

(b)   Rs. 18,000.

(c)   Rs. 27,000.

(d)   Rs. 24,000.

49. Hum and Tum are partners sharing profits and losses in the ratio 5:3. On admission, Woh brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between Hum, Tum and Woh are 7:5:4. The sacrificing ratio between Hum:Tum will be

(a)   3:1.

(b)   4:7.

(c)   5:4.

(d)   2:1.

50. Mr. Big who was the holder of 200 equity shares of Rs.100 each on which Rs.75 per share has been called up could not pay his dues on allotment and first call each at Rs.25 per share. The Directors forfeited the above shares and reissued 150 of such shares to Mr. Small at Rs.65 per share paid-up as Rs.75 per share. The amount to be transferred to Capital Reserve account will be

(a)   Rs.1,500.

(b)   Rs. 2,250.

(c)   Rs. 5,000.

(d)   Nil.

51. A company issued 15,000, 9% preference shares of Rs.100 each at 5% discount and 2,00,000 equity shares of Rs.10 each at 10% premium. Full amount was received from the applicants in one instalment. The net balance of securities premium account will be

(a)   Rs. 75,000.

(b)   Rs. 1,25,000.

(c)   Rs. 2,00,000.

(d)   Cannot be determined.

52.   Anju Ltd. forfeited 300 equity shares of Rs.10 each fully called-up, held by Manju for non-payment of final call @ Rs. 4 each. However, she paid application money @ Rs.2 per share and allotment money @ Rs.4 per share. These shares were originally issued at par. The amount to be credited to Share forfeiture account will be

(a)   Rs.1,200.

(b)   Rs.3,000.

(c)   Rs.4,200.

(d)   Rs.1,800.

53.   Raj, Jai and Hari are the partners sharing profits in the ratio 7:5:4. Hari died on 30th June 2006 and profits for the accounting year 2005-2006 were Rs. 24,000. How much share in profits for the period 1st April 2006 to 30th June 2006 will be credited to Hari's Account.

(a)   Rs. 6,000.

(b)   Rs. 1,500.

(c)   Nil.

(d)   Rs. 2,000.

54.   10,000 equity shares of Rs. 10 each were issued to public at a premium of Rs.2 per share. Applications were received for 12,000 shares. Amount of securities premium account will be

(a)   Rs.20,000.

(b)   Rs.24,000.

(c)   Rs.4,000.

(d)   Rs.1600

55.   A company offers to the public 10,000 shares for subscription. The company receives application for 12,000 shares. If the shares are allotted on pro-rata basis, then applicants for 12,000 shares are to be allotted as

(a)   4 shares for every 5 shares applied.

(b)   2 shares for every 3 shares applied.

(c)   5 shares for every 6 shares applied.

(d)   3 shares for every 4 shares applied.

56.   The Board of Directors of a company decides to issue minimum number of equity shares of Rs. 10 each at 10% discount to redeem Rs.5,00,000 preference shares. The

maximum amount of divisible profits available for redemption is Rs. 3,00,000. The number of shares to be issued by the company will be

(a) 20,000 shares.

(b) 22,223 shares.

(c) 18,182 shares.

(d) 25,000 shares.

57. Rich Ltd. had 3,000, 12% Redeemable preference shares of Rs. 100 each, fully paid-up. The company issued 25,000 equity shares of Rs.10 each at par and 1,000 14% debentures of Rs. 100 each. All amounts were received in full. The payment was made in full. The amount to be transferred to Capital Redemption Reserve Account is

(a) Nil.

(b) Rs.2,00,000.

(c) Rs.3,00,000.

(d) Rs.50,000.

58. Koina Ltd. issued 15,00,000, 12% debentures of Rs.50 each at premium of 10% payablae as Rs.20 on application and balance on allotment. Debentures are redeemable at par after 6 years. All the money due on allotment was called up and received. The amount of premium will be

(a) Rs.3,00,00,000.

(b) Rs.2,25,00,000.

(c) Rs.75,00,000.

(d) Rs.5,25,00,000.

59. G Ltd. purchased land and building from H Ltd. for a book value of Rs.2,00,000. The consideration was paid by issue of 12% Debentures of Rs.100 each at a discount of 20%. The debentures account is credited with

(a) Rs.2,60,000

(b) Rs.2,50,000

(c) Rs.2,40,000

(d) Rs.1,60,000

60. Win Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be

(a) Rs.40,000.

(b) Rs.10,000.

(c) Rs.20,000.

(d) Rs.8,000.

SECTION – B : MERCANTILE LAWS (40 MARKS)

(i)	Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. An agency is said to be irrevocable where agency cannot be terminated or put to an end. An agency is irrevocable in the following cases:

   (a) Where the agency is coupled with interest and the interests exists before the creation of the agency or where the agent has incurred personal liability.

   (b) Where the agency is coupled with interest but the interest arises after the creation of the agency or where the agent has incurred personal liability.

   (c) Where the agent has incurred personal liability.

   (d) None of the above.

62. Which of the following is correct:

   (a) A wagering agreement is void.

   (b) A contingent contract is valid.

   (c) A wagering agreement is void while a contingent contract is valid.

   (d) None of the above.

63. The heir of the deceased partner

   (a) Has a right to become a partner in the firm of the deceased partner.

   (b) Does not have a right to become a partner in the firm of the deceased partner.

   (c) Can become a partner in the firm of the deceased partner only if the surviving partners give their consent in this regard.

   (d) Both (b) & (c).

64. In case of an agreement to sale, if the seller becomes insolvent while the goods are in his possession, the buyer's remedy

   (a) Is to claim the goods from the official receiver or assignee.

   (b) Is to claim dividend from the estate of the seller for the price paid.

   (c) Is not available .

(d)   Is to file a suit for damages.

65.   The following are goods as per Section 2(7) of the Sale of Goods Act, 1930:

(a)   Trademark.

(b)   Goodwill.

(c)   Patent.

(d)   All of the above

66.   An unpaid seller loses the right of lien under the following circumstances:

(a)   Where the seller so conducts himself that he leads third parties to believe that the lien does not exist.

(b)   Where seller has waived the right of lien.

(c)   Where the buyer or his agent lawfully obtains possession of the goods.

(d)   All of the above.

67.   Essentials involved in appropriation of the goods are

(a)   The goods should conform to the description and the quality stated in the contract.

(b)   The goods must be in a deliverable state.

(c)   The goods must be unconditionally appropriated to the contract either by delivery to the buyer or to is agent or the carrier.

(d)   All of the above.

68.   Which of the following is not correct:

(a)   Coercion involves physical force.

(b)   Undue influence involves physical force.

(c)   Coercion need not be directed at the promisor.

(d)   Undue influence is always exercised between the parties to the contract.

69.   State which of the following is correct:

(a)   There is not much difference in the nature of a partnership from the nature of a HUF.

(b)   There is considerable difference in the nature of a partnership from the nature of a HUF.

(c)   There is difference in the nature of a partnership from the nature of a HUF because unlike the nature of a HUF, the nature of a partnership is voluntary and contractual.

(d)   There is not much difference in the nature of a partnership from the nature of a HUF because both involve a certain interest of a particular individual.

70.   One person can contract with himself or with himself and others jointly

(a)   No at least two persons or parties must be involved.

(b)   Yes as the contract is between the individual and others jointly.

(c)   Yes if there is a formal agreement.

(d)   None of the above.

71.   The cardinal principle of partnership law implies that

(a)   The business must be carried on by all the partners or by anyone or more of the partners acting for all.

(b)   The business may be carried on by all the partners acting for all.

(c)   The business may be carried on by anyone or more of the partners acting for all.

(d)   The business must be carried on in accordance with the decided profit (loss) sharing ratio.

72.   In case of a public company

(a)   There should be at least seven members and maximum number of members should not exceed fifty.

(b)   There should be at least seven members and maximum number of members should not exceed hundred.

(c)   There should be at least two members and maximum number of members should not exceed fifty.

(d)   There should be at least seven members and there is no restriction on the maximum number of members.

73.   Silent is fraudulent in the following cases:

(a)   If the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak.

(b)   Where the circumstances are such that silence is in itself equivalent to speech.

(c)   Both (a) and (b).

(d)   None of the above.

74.   An agency can be created by the following ways:

(a)   Agency by actual authority.

(b)   Agency by ratification.

(c)   Agency by ostensible authority.

(d)   All of the above.

75.   The features of a Quasi Contract are as follows:

(a)   Such contracts do not arise from any agreement of the concerned parties. It is imposed by law.

(b)   Such a right is always a right to money, very often a right to a liquidated sum of money.

(c)   It is a right available against a particular person or persons only, not against the world at large.

(d)   All of the above.

76.   An agency coupled with interest does not come to an end in case of the following:

(a)   Death of the principal.

(b)   Insanity of the principal.

(c)   Insolvency of the principal.

(d)   All of the above.

77.   The test of good faith as provided under Section 33(1) of the Indian Partnership Act, 1932 requires the following:

(a)   That the expulsion must be in the interest of the partnership.

(b)   That the partner to be expelled is served with a notice.

(c)   That he is given an opportunity of being heard.

(d)   All of the above.

78.   The relationship of principal and agent may arise by

(a)   Express or implied agreement.

(b)   Ratification.

(c)   Operation of law.

(d)   All of the above.

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

(a)   Offer & Acceptance.

(b)   Intention to create legal acceptance.

(c)   Capacity of parties – competency.

(d)   All of the above.

PART II

80.   The essential elements of a partnership_____.

(a)   Must Coexist before a partnership can come into existence

(b)   May be brought in within a reasonable time of a partnership coming into existence

(c)   May be brought in any time either during the creation of partnership or even thereafter

(d)   May not coexist before a partnership can come into existence, but they must coexist within one year of a partnership coming into existence

81.   In case of bailment, _____.

(a)   Property in goods passes to the bailee at the time of contract

(b)   Property in goods passes to the bailee upon the payment of the last installment

(c)   Property in goods can pass to the bailee at any time after the contract

(d)   Property in goods does not pass to the bailee and instead there is transfer of possession of goods takes place from bailor to the bailee for a specific reason

82.   There are _____ kinds of delivery

(a)   Three

(b)   Four

(c)   Five

(d)   Two

83.   The maxim 'delegatus non potest delegare'means _____.

(a)   A person whom authority has been given cannot delegate the authority to another

(b)   A person whom authority has been given can delegate the authority to another with prior permission

(c)   A person whom authority has been given to indemnify agent for injury caused by principal's neglect can be delegated

(d)   An authority can be delegated under protest by the person to whom authority has been given

84.   A registered firm cannot claim a set off exceeding the _____ in a proceeding instituted against the firm or any partner thereof.

(a)   Rupess 1000/-

(b)   Rupess 100/-

(c)   Rupees 500/-

(d)   Rupees 10,000/-

85.   In case of an agreement to sell, the ownership in the goods remains with _____.

(a)   The buyer

(b)   The seller

(c)   Both the buyer and the seller

(d)   The Central Government or the State Government, as the case may be

86. When two parties exchange identical offers in ignorance at the time of each other's offer, the offers are called _____.

    (a) Standing Offer

    (b) Open Offer

    (c) Identical Offers

    (d) Cross Offer

87. Goods which are to be manufactured or produced or acquired by the seller after making the contract of sale are known as_____.

    (a) Specific Goods

    (b) Existing Goods

    (c) Future Goods

    (d) Unascertained Goods

88. A person who is mentally deranged due to some mental strain or other personal experience and suffers from intermittent intervals of sanity and insanity is _____.

    (a) Idiot Person

    (b) Lunatic Person

    (c) Intoxicated Person

    (d) All of the above

89. Expulsion of a partner, which is not in accordance with provisions of Section 33 of the Indian Partnership Act, 1932 is _____.

    (a) Null and void

    (b) Null and void to some extent

    (c) Is unconstitutional

    (d) In good faith and in the interest of the partnership

90. The matter relating to passing of property in case of goods sent on approval or 'on sale or return' basis is dealt in the Section _____ of The Sale of Goods Act, 1930.

    (a) 25

    (b) 26

    (c) 24

    (d) 20

91. Dissolution of partnership means _____.

    (a) Dissolution of partnership between all the partners of a firm

(b) Insolvency of all the partners

(c) Both of the above

(d) None of the above

92. If the buyer is insolvent, _____.

(a) The seller cannot exercise the right of stoppage in transit

(b) The seller cannot exercise the right of lien

(c) The seller can exercise the right of lien

(d) The seller can exercise the right of stoppage in transit

93. There can be a stranger to a consideration but not a stranger to a contract signifies that a consideration may move from _____.

(a) Promisee or any other person

(b) Promisee

(c) Promisor

(d) An independent person

94. A Hindu widow borrowed money from a lender for the purpose of filing a suit for maintenance. The lender advanced money at 100 percent rate of interest. The act of the money lender is induced by _____.

(a) Coercion

(b) Undue Influence

(c) Fraud

(d) Misrepresentation

95. The law dealing with the partnerships is contained in _____.

(a) The Indian Partnership Act, 1932

(b) The Indian Partnership Act, 1930

(c) The Indian Partnership Act , 1872

(d) The Indian Partnership Act, 2006

96. When performance of promise becomes impossible or illegal by occurrence of an unexpected event or change of circumstances beyond the contemplation of parties, the contract becomes void. The situation is dealing with _____.

(a) Remission

(b) Recission

(c) Supervening Impossibility

(d) Alteration

97. X,Y,Z are partners in a firm and X becomes insolvent. Than _____.

    (a)   The firm has to dissolve by default

    (b)   The firm may not be dissolved unless there is any agreement between the partners to do so

    (c)   The status of the firm becomes illegal from the date of adjudication of X as an insolvent

    (d)   X remains a partner, unless the firm is dissolved

98. A contingent contract is _____.

    (a)   A contract to do something if some event collateral to such contract does or does not happen

    (b)   A contract not to do something if some event collateral to such contract does or does not happen

    (c)   A contract to do or not to do something if some event collateral to such contract does or does not happen

    (d)   A contract to do or not to do something if some event collateral to such contract does not happen

PART III

99. Arun had deposited a bag in the cloak room of a railway station by paying Rs.50/-.On the face of the ticket, issued to him. Were inscribed "see reverse for terms & conditions". Clause 10 of the printed Terms & Conditions limited the liability of the company for loss of a baggage to Rs.100/-. The bag was lost and Arun claimed Rs.650/- as its value.

    (a)   Arun was not bound by the conditions on the back of the ticket as he had not read them at all.

    (b)   Arun was bound by the conditions on the back of the ticket even if he had not read them.

    (c)   Arun was not bound by the conditions on the back of the ticket as his claim was 13 times more than the compensation offered to him by the railway company.

    (d)   Arun was bound by the conditions on the back of the ticket as he had not read them in full.

100. A & B become partners for 16 years. A pays B a premium of Rs.5,000/-. At the end of 8 years there is dispute between A & B and they declare a dissolution.

    (a)   A can get back entire amount of the premium paid by him to B.

    (b)   A can get back a reasonable part of the premium.

    (c)   A can get back Rs.2,500/- from B.

    (d)   A cannot get back any amount of the premium paid by him.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which has answers as numerical value and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. Which of the following statements is correct?

    (a)   Unlike normative economics, positive economics is based on objective analysis of economic issues.

    (b)   The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.

    (c)   Microeconomics emphasizes interactions in the economy as a whole.

    (d)   None of the above.

102. Which of the following is incorrect?

    (a)   The production possibilities frontier shows the maximum combination of outputs that the economy can produce using all the recourse available.

    (b)   Increasing opportunity cost implies a production possibility frontier concave to the origin.

    (c)   Free markets are the markets in which the governments do not intervene.

    (d)   All of the above are correct.

103. With the same amount of resources, a farmer can feed the following combinations of goats and horses:

	Goats	Horses
Option I	168	44
Option II	150	50

    Given the option available with him, what is the opportunity cost to the farmer of feeding one horse?

    (a)   1 goat.

(b) 3 horses.

(c) 3 goats.

(d) 18 goats.

104. A draught in India leads to unusually low level of wheat production. This would lead to a rise in the price of wheat and fall in the quantity of wheat demanded due to:

(a) excess demand at the original price.

(b) excess supply at the original price.

(c) the supply curve shifting to the right.

(d) the demand curve shifting to the left.

105. If the elasticity of demand for a commodity is perfectly inelastic then which of the following is incorrect?

(a) The commodity must be essential to those who purchase it.

(b) The commodity must have many substitutes.

(c) The commodity will be purchased regardless of increase in its price.

(d) The elasticity of demand for this commodity must equal zero.

106. If a good has price elasticity greater than one then:

(a) demand is unit elastic and a change in price does not affect sellers' revenue.

(b) demand is elastic and a change in price causes sellers' revenue to change in the opposite direction.

(c) demand is inelastic and a change in price causes sellers' revenue to change in the same direction.

(d) None of the above is correct.

107. The law of diminishing returns implies that:

(a) for each extra unit of X consumed, holding constant consumption of other goods, total utility increases.

(b) total utility remains unchanged regardless of how many units of X are consumed.

(c) marginal utility will increase at a constant rate as more units of X are consumed.

(d) each extra unit of X consumed, holding constant consumption of other goods, adds successively less to total utility.

108. Which of the following is correct?

(a) Firms that earn accounting profits are economically profitable.

(b) Opportunity cost plus accounting cost equals economic cost.

(c) When a firm's demand curve slopes down marginal revenue will rise as output rises.

(d)   Firms increase profits by selling more output than their rivals.

109.   You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	28
3	38
4	46
5	54

The above data is an example of:

(a)   decreasing returns to scale.

(b)   constant returns to scale.

(c)   increasing returns to scale.

(d)   positive fixed costs.

110.   Which of the following statements is incorrect?

(a)   If marginal revenue exceeds marginal cost the firm should increase output.

(b)   If marginal cost exceeds marginal revenue the firm should decrease output.

(c)   Economic profits are maximized when total costs are equal to total revenue.

(d)   Profits are maximized when marginal revenue equals marginal cost.

111.   Which of the following involve a trade-off?

(a)   Taking a nap

(b)   All of these answers involve trade-offs.

(c)   Watching a football game on Saturday afternoon

(d)   Going to university

112.   When some people in a society are unwilling to work at the prevailing wage rate and there are people who have income from property or some other sources and need not work, such people are:

(a).   casually unemployed.

(b).   chronically unemployed.

(c).   voluntarily unemployed.

    (d).   disguisedly unemployed.

113. If out of 100 people in the labour force, 92 are in the work force, the number of people unemployed is:

    (a).   8.

    (b).   192.

    (c).   100.

    (d).   92

114. NIXI stands for:

    (a).   National Internet Exchange of India.

    (b).   National International Exchange of India.

    (c).   National Institute of Exchange of Indian goods.

    (d).   None of the above.

115. If demand for goods is services is more than their supply, the resultant inflation is:

    (a).   cost push inflation.

    (b).   stagflation.

    (c).   deflation.

    (d).   demand pull inflation.

116. As against the target of 4000 crore disinvestment in 2004-05, the actual disinvestment has been:

    (a)   5000 crore.

    (b)   2765 crore.

    (c)   1567 crore.

    (d)   4000 crore.

PART II

117. Trade-offs are required because wants are unlimited and resources are
_____.

    (a)   economical.

    (b)   unlimited.

    (c)   efficient.

    (d)   scarce

118. If an increase in the price of blue jeans leads to an increase in the demand for

tennis shoes, then blue jeans and tennis shoes are _____.

(a). complements.

(b). inferior goods.

(c) normal goods.

(d) substitutes.

119. Consumer surplus is the area _____.

(a). below the demand curve and above the price.

(b). above the supply curve and below the price.

(c). above the demand curve and below the price.

(d). below the supply curve and above the price.

120. A rational person does not act unless -----------------------.

(a) the action is ethical.

(b) the action produces marginal costs that exceed marginal benefits.

(c) the action produces marginal benefits that exceed marginal costs.

(d) the action makes money for the person

121. Suppose you find Rs 100. If you choose to use Rs.100 to go to a football match, your opportunity cost of going to the game is _____.

(a) nothing, because you found the money.

(b) Rs. 100 (because you could have used Rs.100 to buy other things) plus the value of your time spent at the game.

(c) Rs 100 (because you could have used the Rs 100 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.

(d) Rs.100 (because you could have used the Rs.100 to buy other things).

122. If a fisherman must sell all of his daily catch before it spoils for whatever price he is offered, once the fish are caught the fisherman's price elasticity of supply for fresh fish is _____.

(a) zero.

(b) infinite.

(c) one.

(d) unable to be determined from this information.

123. If consumers always spend 15 percent of their income on food, then the income elasticity of demand for food is _____.

(a) 1.50.

(b)   1.15.

(c)   1.00

(d)   0.15.

124.   If marginal revenue exceeds marginal cost, a monopolist should _____.

(a)   increase output.

(b)   decrease output.

(c)   keep output the same because profits are maximized when marginal revenue exceeds marginal cost.

(d)   raise the price.

125.   A market structure in which many firms sell products that are similar but not identical is known as

(a)   monopolistic competition.

(b).   monopoly.

(c).   perfect competition.

(d)   oligopoly.

126.   Net national product at market price minus net indirect taxes is equal to _____.

(a)   net foreign investment

(b)   net foreign investment plus net domestic investment

(c)   net national product at factor cost.

(d)   replacement expenditure

127.   Estate duty was levied on the _____.

(a)   incomes of the individual

(b)   production of goods

(c)   export and import of goods

(d)   total property passing to the heirs on the death of a person.

128.   _____countries are more subject to cyclical fluctuations.

(a)   European.

(b)   Capital biased, advanced countries.

(c)   Asian.

(d)   American

129. For almost three decades (1950-80) the average GDP growth rate was about_____% per annum.

    (a)   6.6
    (b)   5.4
    (c)   2.5
    (d)   3.6

130. Electricity generated from water is called_____.

    (a)   thermal electricity.

    (b)   hydel electicity.

    (c)   atomic energy.

    (d)   tidal energy.

131. Over the years the number of cancer cases has _____.

    (a)   increased.

    (b)   decreased.

    (c)   remained constant.

    (d)   doubled.

132. Quantitative restrictions on _____items were removed in the EXIM Policy of 2000-01.

    (a)   123
    (b)   193
    (c)   714
    (d)   183

PART III

Read figure 1 and answer questions 133-135.

Exhib : 6
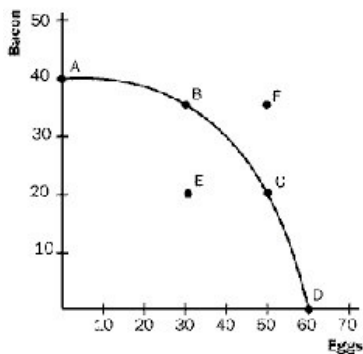
133. Refer to Figure 1. If the economy is operating at point C, the opportunity cost of producing an additional 15 units of bacon is
    (a). 40 units of eggs.

    (b). 10 units of eggs.

    (c). 20 units of eggs.

    (d)   30 units of eggs.

134. Refer to Figure 1, if the economy was operating at E:

    (a). the opportunity cost of 20 additional units of eggs is 10 units of bacon.

    (b). the opportunity cost of 20 additional units of eggs is 20 units of bacon.

    (c). the opportunity cost of 20 additional units of eggs is 30 units of bacon.

    (d). 20 additional units of eggs can be produced with no impact on bacon production.

135. If the economy moves from point A to point D in Figure 1 then:

    (a). the opportunity cost of eggs in terms of bacon falls.

    (b). the opportunity cost of eggs in terms of bacon rises.

    (c). the opportunity cost of eggs in terms of bacon is constant.

    (d)   the economy becomes less efficient.

136. Point F in figure 1 represents:

    (a). none of these answers.

    (b). a combination of production that can be reached if we reduce the production of eggs by 20 units.

    (c). a combination of production that can be reached if there is a sufficient advance in technology.

    (d). a combination of production that is inefficient because there are unemployed resources.

137. Which of the following represents a movement towards better utilisation of existing resources?

    (a)   A movement from point A to point B.

    (b)   A movement from point E to point B.

    (c)   A movement from point C to point B.

    (d)   A movement from point F to point B.

PART IV

138. Suppose that the price of a new bicycle is Rs.200. Natalie values a new bicycle at Rs.400. What is the value of total consumer surplus if Natalie buys a new bike?

   (a)   Rs 500

   (b)   Rs.300

   (c)   Rs.200

   (d)   Rs.400

139. Suppose that at a price of Rs 300 per month, there are 30,000 subscribers to cable television in Small Town. If Small Town Cablevision raises its price to Rs 400 per month, the number of subscribers will fall to 20,000. Using the midpoint method for calculating the elasticity, what is the price elasticity of demand for cable TV in Small Town?

   (a)   1.4

   (b)   0.66

   (c)   0.75

   (d)   2.0

140. If a buyer's willingness to pay for a new car is Rs. 200,000 and she is able to actually buy it for Rs.180000 her consumer surplus is

   (a)   Rs18,000.

   (b)   Rs20,000.

   (c)   Rs 2,000.

   (d)   Rs 0.

141. Suppose there are three identical vases available to be purchased. Buyer 1 is willing to pay Rs 30 for one, buyer 2 is willing to pay Rs 25 for one, and buyer 3 is willing to pay Rs 20 for one. If the price is Rs 25, how many vases will be sold and what is the value of consumer surplus in this market?

   (a)   Three vases will be sold and consumer surplus is Rs 80.

   (b)   One vase will be sold and consumer surplus is Rs 5.

   (c)   One vase will be sold and consumer surplus is Rs30.

   (d)   Two vases will be sold and consumer surplus is Rs 5.

Read the following paragraph and answer questions 142-144

Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs.100 each. It costs Nicole Rs 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs 100,000 in her factory and equipment: Rs

50,000 from her savings and Rs 50,000 borrowed at 10 per cent. (Assume that she could have loaned her money out at 10 per cent, too.) Nicole can work at a competing pottery factory for Rs 40,000 per year.

142. The accounting cost at Nicole's pottery factory is:

    (a)   Rs. 25000

    (b)   Rs.50000

    (c)   Rs. 80000

    (d)   Rs 75000

143. The economic cost at Nicole's factory is:

    (a)   Rs. 75000

    (b)   Rs. 70000

    (c)   Rs 80000

    (d)   Rs 30000

144. The accounting profit at Nicole's pottery factory is:

    (a)   Rs. 30000

    (b)   Rs.50000

    (c)   Rs. 80000

    (d)   Rs 75000

145. The economic profit at Nicole's factory is:

    (a)   Rs. 75000

    (b)   Rs. 35000

    (c)   Rs 80000

    (d)   Rs 30000

Mr X and Co. operates in a perfectly competitive market. He sells his product at Rs. 8 per unit. His fixed costs are Rs 100. His other costs are given below. Read the following table and answer questions 146-150.

Output	Variable Cost	Fixed Cost	Total Cost	Marginal Cost
0	0			
1	5			
2	11			
3	18			
4	26			
5	36			
6	50			

146. What is Mr X and Co's total cost when 4 units are produced?
    (a) Rs. 126
    (b) Rs 100
    (c) Rs. 26
    (d) Rs. 8

147. When Mr. X and Co's production increases from 5 to 6 units, his marginal cost becomes?
    (a) Rs. 8
    (b) Rs. 14
    (c) Rs. 10
    (d) Rs. 6

148. The average fixed cost of producing 4 units is:
    (a) Rs 1.50
    (b) Rs 2.25.
    (c) Rs. 25
    (d) Rs. 3.00.

149. The average total cost of producing 6 units is:
    (a) Rs. 2.50.
    (b) Rs. 3.00.
    (c) Rs. 25.
    (d) Rs. 30.

150. When will Mr X and Co maximize profits?
    (a) When 4 units are produced.
    (b) When 5 units are produced.
    (c) When the company shuts down.
    (d) When 3 units are produced.

(i)	Questions 151 to 160 have only one correct answer and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry +1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. Factor reversal test is satisfied by

    (a)   Laspeyre's index.

    (b)   Paasche's index.

    (c)   Fisher's ideal index.

    (d)   None of these.

152. Laspeyre's index is based on

    (a)   Base year Quantities.

    (b)   Current year Quantities.

    (c)   Average of current year and base year.

    (d)   None of these.

153. The mean and mode of a normal distribution

    (a)   Are always different.

    (b)   Are always equal.

    (c)   May be different.

    (d)   May be equal.

154. Two cards are drawn from a well shuffled pack of 52 cards. Find the probability that they are both kings if the first is replaced.

    (a)   1/13

    (b)   1169

    (c)   1/221

    (d)   None of these.

155. A pair of dice is thrown and sum of the numbers on the two dice comes to be 7. What is the probability that the number 3 has come on one of the dice?

    (a)   1/9

    (b)   1/3

    (c)   1/4

    (d)   None of these.

156. If in binomial distribution np = 6 and npq = 3 then p is equal to

    (a)   1/3

    (b)   1/2

    (c)   1/4

    (d)   None of these.

157. P_{10} is the index for time

    (a)   1 on 0

    (b)   0 on 1

    (c)   1 on 1

    (d)   0 on 0

158. Find value of $\dfrac{dy}{dx}$ if y=x^x

    (a) $x^x . \log_e e^x$

    (b)   1+log x

    (c)   y. log x

    (d)   None of these.

159. Compute the value of $\lim\limits_{x \to a} \dfrac{x^2 - a^2}{x - a}$

    (a)   a

    (b)   2a

    (c)   −2a

    (d)   a^2

160. Two variables x and y are related by 7x+7y+13=0 and $\bar{x}$ =7, then $\bar{y}$ is

    (a)   8.80

    (b)   8.86

    (c)   −8.80

(d)   −8.86

PART II

161. We use t-distribution when samples are drawn from the _____ population.

(a)   Normal

(b)   Binomial

(c)   Poisson

(d)   None of these

162. _____ is uniparametric distribution.

(a)   Binomial

(b)   Poisson

(c)   Normal

(d)   Hyper geometric

163. First quartile is the value for which one fourth of the observations are _____Q_1 and the remaining three–fourths observations are _____Q_1.

(a)   Less than or equal to, More than or equal to

(b)   More than or equal to, Less than or equal to

(c)   Less than, More than

(d)   More than, Less than

164. A variable is known to be _____ if it can assume any value from a given interval.

(a)   Discrete

(b)   Continuous

(c)   Attribute

(d)   Characteristic

165. _____ is the entire upper part of the table which includes columns and sub–column numbers, unit(s) measurement.

(a)   Stub

(b)   Box–head

(c)   Body

(d)   Caption

166. _____ is the left part if the table providing the description of the rows.

(a)   Caption

(b)   Body

    (c)   Stub

    (d)   Box head

167. In case of a _____, plotted points on a scatter diagram concentrate from upper left to lower right.

    (a)   Zero correlation

    (b)   Negative correlation

    (c)   Positive correlation

    (d)   Multiple correlation

168. 50% of actual values will be below & 50% of values will be above _____.

    (a)   Mode

    (b)   Median

    (c)   Mean

    (d) Q_1

169. The correlation between Employment and Purchasing power is _____ .

    (a)   Positive

    (b)   Negative

    (c)   Zero

    (d)   None of these

170. Data collected on sex ratio from the census reports are _____ .

    (a)   Primary data

    (b)   Secondary data

    (c)   Discrete data

    (d)   Continuous data

PART III

171. What is the median for the following observations? 6,10,15,16,20,5,8

    (a)   8

    (b)   10

    (c)   15

    (d)   None of these.

172. The variables x and y are related by 2x+3y=6 and median of x is 2. What is the median of y?

    (a)   1/3

(b)   2/3

(c)   1

(d)   None of these.

173.   Find D_6 for the following observations.

7,9,5,4,10,15,14,18,6,20

(a)   11.40

(b)   12.40

(c)   13.40

(d)   13.80

174.   Refer following table:

Frequency distribution of weights of 16 students

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

Find Relative frequency for the second class interval.

(a)   1/11

(b)   5/4

(c)   5/16

(d)   1/4

175.   If the coefficient of correlation between two variables is –0.4, then the coefficient of determination is

(a)   0.6

(b)   0.16

(c)   0.4

(d)   0.2

176.   If the coefficient of correlation between two variables is 0.7, then the percentage of variation unaccounted for is

(a)   70%

(b)   30%

(c)   51%

(d)   49%

177. A bag contains 5 red and 3 yellow balls. Two balls are drawn at random one after the other without replacement. The probability that both balls drawn are yellow is

(a)   9/64

(b)   3/28

(c)   1/7

(d)   None of these.

178. The common ratio of the G.P 2,–6, 18, –54 is

(a)   3

(b)   –3

(c)   4

(d)   –4

179. The integral of $\int \dfrac{dx}{x^2 - a^2}$ will be

(a) $\dfrac{1}{2a} \log \dfrac{(x-a)}{(x+a)}$

(b) $\dfrac{1}{2a} \log \dfrac{(x+a)}{(x-a)}$

(c) $\dfrac{1}{2a} \log \dfrac{x}{(x+a)}$

(d)   None of these.

180. How many numbers greater than 2000 can be formed with the digits 1, 2,3,4,5?

(a)   216

(b)   120

(c)   24

(d)   240

181. If A = (1,2,3,5,7) and B= (1,3,6,10,15) then cardinal number of A~B is

(a)   3

(b)   –4

(c)   6

(d)   None of these.

182. Let p=x³ log x, so what is the value of $\dfrac{d^2p}{dx}$

    (a)   x+2x log x

    (b)   x²+log x 2x²

    (c)   x²+2x log x

    (d)   None of these.

183. Ram is confused whether to invest at 9% p.a. compounded monthly or 9.25% p.a. simple interest, given that

    $(1+ 0.0075)^{12}$ = 1.09380690

    The student decided to find effective rate of interest which is

    (a)   9%

    (b)   9.25%

    (c)   9.38%

    (d)   None of these.

184. Find the equation of the line with slope −0.25 and (−2, −4) on the line

    (a)   x+4y+18=0

    (b)   2x+4y+15=0

    (c)   2x+y+18=0

    (d)   x+4xy−18=0

185. Find $\dfrac{dy}{dx}$ when y=4x³+8x⁷ at x²=2

    (a)   424

    (b)   470

    (c)   472

    (d)   None of these.

186. Evaluate $\lim\limits_{x\to\infty}\left(1+\dfrac{9}{x}\right)^x$

    (a) e^9

    (b)   9

    (c)   1

    (d) e^1

187. If the set P has 6, Q has 5 and R has 2 elements then the set PxQxR contains

    (a)   13

    (b)   9

    (c)   60

    (d)   None of these.

188. Find the 10th term of an A.P with first term as 4 and common difference being 2

    (a)   22

    (b)   25

    (c)   20

    (d)   13

189. ^np_r can be expressed as

    (a) $\dfrac{n!}{r!}$

    (b) $\dfrac{n!}{(n-r)!}$

    (c) $\dfrac{n!}{r!(n-r)!}$

    (d)   None of these.

190. If $10^{-2} = \dfrac{1}{100}$ then the value of 0.01 log 0.01 is

    (a)   −2

    (b)   2

    (c)   −1

    (d)   1

191. Solving equation $3x^2-14x+16=0$ we get roots as

    (a)   ±1

    (b)   ±2

    (c)   0

    (d)   None of these.

192. Mr. Rahul invested in Bank Rs. 80,000 for 4 years at 10% p.a. rate of interest. How much he will earn ?

    (a)   Rs. 32000

(b)   Rs. 18000

(c)   Rs. 23000

(d)   None of these.

193.   Find the value of p from $\left(\sqrt{4}\right)^{-6} \times \left(\sqrt{2}\right)^{-4} = 2^p$

(a)   16

(b)   8

(c)   −8

(d)   4

194.   Evaluate $\int_{0}^{\pi/2} \left(\dfrac{\sqrt[4]{\cos x}}{\sqrt[4]{\sin x} + \sqrt[4]{\cos x}}\right) dx$

(a)   −1

(b)   0

(c)   1

(d) $\dfrac{\pi}{4}$

195.   If $\dfrac{p}{7} = \dfrac{q}{6} = \dfrac{r}{11}$ then $\dfrac{p+q+r}{p}$ is

(a)   8

(b)   5

(c)   4

(d)   None of these.

196.   The No's 2.4, 3.2, 1.5, 2 are in proportion & their product of means is 4.8, find the product of extremes.

(a)   4.8

(b)   2.4

(c)   8.4

(d)   None of these.

197.   Determine the solution set of $\dfrac{1}{x} + \dfrac{1}{y} + \dfrac{1}{z} = 5$; $\dfrac{2}{x} - \dfrac{3}{y} - \dfrac{4}{z} = -11$ and $\dfrac{3}{x} + \dfrac{2}{y} - \dfrac{1}{z} = -6$

is

(a)   2, 6, 3

(b)   2, 3, 6

(c)   6, 3, 2

(d)   6, 2, 3

198.   In a class of boys (x) and girls (y) the maximum seating capacity is 360. This can be shown by

(a) $x + y \leq 360$

(b) $x + y \geq 360$

(c) $x + y \neq 360$

(d)   None of these.

199.   Determine the common difference of progression 16, 13,10 .... 25 terms

(a)   2

(b)   –2

(c)   3

(d)   –3

200.   If P= {1,2,3,4} : Q= {2,4,6} then $P \cup Q$

(a)   {1,2,3,6}

(b)   {1,4,6}

(c)   {1,2,3,4,6}

(d)   None of these.

BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-10/2006

Time: 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

Please follow the instructions given in each section carefully and answer the questions.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

(i)	Questions 1 to 10 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 11 to 20 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
(iii)	Questions 21 and 22 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Questions 23 to 60 are numerical based questions, which have answers as numerical values and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

1. Mr. Ashok buys clothing of Rs. 50,000 paying cash Rs. 20,000. What is the amount of expense as per the accrual concept?

    (a)   Rs. 50,000.

    (b)   Rs. 20,000.

    (c)   Rs. 30,000.

    (d)   Nil.

2. Loss leads to a reduction in

   (a) Liability.

   (b) Capital.

   (c) Income.

   (d) None of the three.

3. Accounting standards are

   (a) Basis for selection of accounting policy.

   (b) Set of broad accounting policies to be followed by an entity..

   (c) Basis for establishing and managing an entity.

   (d) All of the above.

4. "Substance of any transaction should be considered while recording them and not only the legal form" is the statement which holds true for

   (a) Substance over form.

   (b) Disclosure of accounting policies.

   (c) Both (a) and (b).

   (d) None of the three.

5. The determination of the amount of bad debts is an accounting

   (a) Policy.

   (b) Estimate.

   (c) parameter.

   (d) None of the above

6. What is the order in which the accounting transactions and events are recorded in the books?

   (a) Journal, Subsidiary books, Ledger, Balance sheet , Profit and loss account.

   (b) Ledger, Journal, Ledger, Balance sheet , Profit and loss account

   (c) Journal, Ledger, Profit and loss account, Balance sheet .

   (d) Profit and loss account, Ledger, Balance sheet, Journal.

7. The expired portion of capital expenditure is shown in the financial statements as

   (a) As an income.

   (b) As an expense.

   (c) As an asset.

   (d) As a liability.

8. Rs. 5,000 incurred for upgradation of computer by installation of 128 MB RAM is

   (a) Capital expenditure.

   (b) Deferred revenue expenditure.

   (c) Revenue expenditure.

   (d) None of the above.

9. According to money measurement concept, currency transactions and events are recorded in the books of accounts

   (a) In the ruling currency of the country in which transaction takes place.

   (b) In the ruling currency of the country in which books of account are prepared.

   (c) In the currency set by the ministry of finance.

   (d) In the currency set by the Govt.

10. All of the following errors do not affect the trial balance , except

   (a) Compensating errors.

   (b) Errors of complete omission.

   (c) Errors of partial omission.

   (d) Errors of principle.

PART II

11. Errors are _____ mistakes.

   (a) Intentional.

   (b) Unintentional.

   (c) Undetected.

   (d) None of the three.

12. Trial balance is a statement which shows the _____or the _____of all the accounts.

   (a) Balances, Totals.

   (b) Opening balances, Closing balances.

   (c) Posted balances, Total of balances.

   (d) Debit balance, Credit balance.

13. It is easy to detect _____than to _____.

   (a) Frauds, Errors.

   (b) Mistakes, Frauds.

   (c) Errors, Frauds.

(d)   Errors, Mistakes.

14.   In case of debit balance, the words _____ are written on the debit side.

(a)   To balance b/d.

(b)   To balance c/d.

(c)   By balance b/d.

(d)   By balance c/d.

15.   Rs. 5,000 spent on maintenance of plant and machinery is_____.

(a)   Capital expenditure.

(b)   Revenue expenditure.

(c)   Deferred capital expenditure.

(d)   None of the three.

16.   Bank pass book is also known as _____

(a)   Bank book.

(b)   Bank account.

(c)   Bank column.

(d)   Bank statement.

17.   Capital expenditures are recorded in the _____

(a)   Balance sheet.

(b)   Profit and loss account.

(c)   Trading account.

(d)   Manufacturing account.

18.   Accounts receivable normally has _____balance.

(a)   Debit.

(b)   Credit.

(c)   Unfavourable.

(d)   None of the above.

19.   An account is a formal record of changes in items of _____nature.

(a)   Revenue.

(b)   Expense.

(c)   Debit.

(d)   Similar.

20. The assumption underlying the fixed installment method of depreciation is that of _____ of the asset over different years of its useful life.

    (a) Usage.

    (b) Equal usage.

    (c) Charge.

    (d) None of the above.

PART III

21. A businessman purchased goods for Rs.25,00,000 and sold 70% of such goods during the accounting year ended 31st March, 2005. 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. M/s Omega Brothers, which was registered in the year 2000, has been following LIFO method for valuation of shares. In the current year it changed its method from LIFO to FIFO Method in the year 2005. The auditor raised objection to this change in the method of valuation of investments.

    The objection of the auditor is justified because

    (a) Change in the method should be done only with the consent of the auditor

    (b) Method can be changed only from FIFO to LIFO and not vice versa

    (c) Change in the method should be done only if it is required by some statute and change would result in appropriate presentation of financial statement

    (d) Method cannot be changed under any circumstances.

PART IV

23. Following are the items of the balance sheet of Mr. X:

    Capital Rs. 7,00,000; Machinery Rs. 5,00,000 and cash Rs. 2,00,000. If Mr. X spends Rs. 5,000 to meet his family expenses, the balance of capital and cash accounts will be

    (a) Rs.7,00,000 and Rs. 2,00,000.

    (b) Rs.6,95,000 and Rs. 1,95,000.

    (c) Rs.7,00,000 and RS. 1,95,000.

    (d) Rs.6,95,000 and Rs. 2,00,000.

24. Mr. Mohan started a cloth business by investing Rs. 50,000, bought merchandise worth Rs. 50,000. He sold merchandise for Rs. 60,000. Customers paid him Rs. 50,000 cash and assured him to pay Rs. 10,000 shortly. The amount of revenue earned by him is

   (a) Rs. 50,000.

   (b) Rs. 60,000.

   (c) Rs. 1,00,000.

   (d) Rs. 70,000.

25. If sales revenues are Rs. 4,00,000; cost of goods sold is Rs. 3,10,000, the gross profit is

   (a) Rs. 90,000.

   (b) Rs. 4,00,000.

   (c) Rs. 3,10,000.

   (d) None of the three.

26. When balance as per cash book (debit balance) as on 31st March is the starting point, what will be the effect while preparing bank reconciliation statement when out of the cheques amounting to Rs. 5,000 deposited, cheques aggregating Rs. 1,500 were credited in March and cheques aggregating Rs. 2,000 credited in April and the rest have not been collected?

   (a) Subtract Rs. 2,000.

   (b) Add Rs 2,000.

   (c) Subtract Rs.3,500.

   (d) Add Rs. 3,500.

27. A and B purchased a piece of land for Rs 30,000 and sold it for Rs 60,000 in 2005. Originally A had contributed Rs 12000 and B Rs 8000. The profit on venture will be

   (a) Rs. 30,000

   (b) Rs. 20,000

   (c) Rs. 60,000

   (d) Nil

28. On 1.1.05 X draw a bill on Y for Rs 1,00,000. At maturity, the bill returned dishonoured as Y become insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is:

   (a) 20,000

   (b) Nil

   (c) 40,000

(d)   40 paise

29.   An individual invests Rs.2,00,000 for running a stationery business. On 1st Jan., he purchases goods for Rs. 1,15,000 and sells for Rs. 1,47,000 during the month of January. He pays shop rent for the month Rs.5,000 and finds that still he has goods worth Rs. 15,000 in hand. The amount of surplus will be

(a)   Rs 42,000

(b)   Rs 1,62,000

(c)   Rs 47,000

(d)   Rs 27,000.

30.   Goods costing Rs. 600 is supplied to Ram at the invoice of 10% above cost and a trade discount for 5%. The amount of sales will be

(a)   Rs. 627.

(b)   Rs. 660.

(c)   Rs. 570.

(d)   Rs. 620.

31.   Goods sold for cash Rs. 10,000, plus 10% sales tax. Sales will be credited by

(a)   Rs. 11,000.

(b)   Rs. 10,000.

(c)   Rs. 9,000

(d)   None of the above..

32.   Ganesh got a salary Rs. 10,000 per month and withdrew goods worth Rs. 2,500 for personal use and got salary Rs. 9,500 in cash. The excess payment of Rs. 2,000 will be debited to

(a)   Sales account.

(b)   Goods account.

(c)   Salary account.

(d)   Salary in advance account.

33.   Journal entry for Rs. 6,000 stolen from the safe of the firm will be

(a)   Dr. P& L a/c and Cr. Cash embezzlement a/c Rs. 6,000.

(b)   Dr. Cash embezzlement a/c and Cr. Cash a/c Rs. 6,000.

(c)   Dr. Cash a/c and Cr. P& L a/c Rs. 6,000

(d)   None of the above.

34. After preparing the trial balance the accountant finds that the total of the debit side is short by Rs. 1,000. This difference will be

    (a) Credited to suspense account.

    (b) Debited to suspense account.

    (c) Adjusted to any of the debit balance account.

    (d) Adjusted to any of the credit balance account.

35. The accountant of the firm M/s ABC is unable to tally the following trial balance.

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		12,500
2.	Purchases	10,000	
3.	Miscellaneous expenses		2,500
	Total	10,000	15,000

The above difference in trial balance is due to

    (a) wrong placing of sales account

    (b) Incorrect totalling.

    (c) wrong placing of miscellaneous expenses account

    (d) Wrong placing of all accounts.

36. Sita and Gita are partnes haring profits and losses in the ratio of 3:2 having the capital of Rs.80,000 and Rs.50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs.7,800 after allowing interest on capital. Profits apportioned among Sita and Gita is:

    (a) Rs. 4,680 and 3,120

    (b) Rs. 4,800 and 3,000

    (c) Rs. 5,000 and 2,800

    (d) None of the above.

37. A sale of Rs.100 to A recorded in the Purchase Book would affect:

    (a) Sales Account

    (b) Purchases Returns Account

    (c) Sales Account, Purchases Account & A Account.

    (d) None of the above.

38. Total capital employed by a partnership firm is Rs.1,00,000 and its average profit is Rs.25,000. Normal rate of return is 20% in similar firms working under similar conditions. The firms earns super profit of:

    (a) Rs. 3,000

(b)   Rs. 5,000

(c)   Rs. 4,000

(d)   Rs. 2,000

39.   If capital employed by a partnership firm is Rs.1,00,000 and its average profit is Rs.20,000 normal rate of return is 15%, the value of goodwill is:

(a)   Rs.30,000

(b)   Rs.5,000

(c)   Rs.1,33,333

(d)   Rs.33,333

40.   A and D are equal partners. They wanted to admit C as 1/6th partner who brought Rs.60,000 as goodwill. The new profit sharing ratio is 3:2:1. Profit sacrificing ratio will be:

(a)   0:1/6

(b)   2:1

(c)   3:1

(d)   None of the above.

41.   A, B, C & D are in partnership sharing profits and losses equally. They mutually agree to change the profit sharing ratio to 3:3 2:2. In this process D loses by:

(a) $\dfrac{1}{20}$

(b) $\dfrac{1}{10}$

(c) $\dfrac{1}{5}$

(d)   None of the above

42.   The following information pertains to X Ltd.

(i) Equity share capital called up Rs.5,00,000   (ii) Calls in arrear Rs.40,000

(iii) Calls in advance Rs.25,000   (iv)   Proposed dividend 15%

The amount of dividend payable is

(a)   Rs.75,000

(b)   Rs.72,750

(c)   Rs.71,250

(d)   Rs.69,000

43. Alfa Ltd. issued shares of Rs.10 each at a discount of 10%. Mr. C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeited his entire shares, the forfeiture account will be credited by:

(a) Rs. 90.

(b) Rs. 81.

(c) Rs. 60.

(d) Rs. 54.

44. The profits of last three years are Rs. 43,000; Rs. 38,000 and Rs. 45,000. Find out the goodwill of two years purchase.

(a) Rs. 42,000.

(b) Rs. 84,000.

(c) Rs. 1,26,000.

(d) Rs. 36,000.

45. Mohan sent some goods costing Rs.3,500 at profit of 25% on sale to Sohan on sale and return basis. Sohan return goods costing Rs.800. At the year end, i.e., on 31st December, 2006, the remaining goods were neither returned nor approved by him. The stock on approval will be shown in the balance sheet at Rs.

(a) 2,000

(b) 2,700

(c) 2025

(d) 3,500

46. A's acceptance to B for Rs.2,500 discharge by a cash payment of Rs.1,000 and a new bill for the balance plus Rs.50 for interest. The amount of the new bill will be Rs:

(a) 2,550

(b) 1,550

(c) 1,050

(d) None of the three.

47. A bought goods of the value Rs.10,000 and consigned them to B to be sold on joint venture, profits being divided equally. A draws a bill on B for an amount equivalent to 80% of cost on consignment. The amount of bill will be

(a) Rs.10,000

(b) Rs.8,000

(c) Rs.6,000

(d) Rs.9,000

48. Goods costing Rs.1,80,000 sent to consignee to show a profit of 20% on invoice price. Invoice price of the goods is

    (a)   Rs.2,16,000

    (b)   Rs.2,25,000

    (c)   Rs.2,10,000

    (d)   None of the above.

49. If 1,000 typewriters costing Rs.250 each are sent on consignment basis and Rs.10,000 is spent for freight etc., 20 typewriters are damaged in transit beyond repair. The amount of loss will be

    (a)   Rs. 5,000

    (b)   Rs.200

    (c)   Rs.5,200

    (d)   None of the above.

50. 1000 Kg. of Mangoes were consigned to a wholesaler, the cost being Rs.3 per kg. plus Rs.400 freight. Loss of 15% of Mangoes is unavoidable. 750 kgs. were sold by the consignee. The remaining stock of 100 kg. will be valued at

    (a)   Rs.300.

    (b)   Rs.500.

    (c)   Rs.400.

    (d)   None of the above.

51. Machinery costing Rs.10,00,000 was purchased on 1.4.2006. The installation charges amounting Rs.1,00,000 were incurred. The depreciation at 10% per annum on straight line method for the year ended 31st March, 2007 will be

    (a)   Rs.1,00,000

    (b)   Rs. 2,00,000

    (c)   Rs. 1,10,000

    (d)   None of the above.

52. Goods costing Rs 5,00,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be

    (a)   Rs.5,00,000

    (b)   Rs.6,25,000

    (c)   Rs.6,00,000

    (d)   None of the above.

53. Opening stock Rs.1,00,000, closing stock Rs.50,000, purchases Rs.2,00,000, sales Rs.5,00,000. Gross profit rate 20% on sales. The amount of gross profit is

    (a) Rs. 2,50,000.

    (b) Rs. 1,00,000

    (c) Nil.

    (d) None of the above.

54. XYZ & Company employs a team of ten workers who were paid Rs.1,000 each in the year ending 31st December, 2005. At the start of year 2006, the company raised salaries by 10%. The amount of salaries for the year ended 31st December, 2006 will be.

    (a) Rs.10,000

    (b) Rs.15,000

    (c) Rs.11,000

    (d) None of the above.

55. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2006 is Rs. 10,000.Cheques deposited but not cleared amounts to Rs. 1,000 and Cheques issued but not presented of Rs. 2,000.. Balance as per pass book should be

    (a) 11,000.

    (b) 9,000.

    (c) 10,000.

    (d) None of the three.

56. Goods purchased Rs. 1,00,000. Sales Rs. 90,000. Margin 20 % on sales. Closing stock is

    (a) Rs. 10,000.

    (b) Rs. 25,000.

    (c) Rs. 28,000.

    (d) None of the above.

57. Mohan runs a restaurant. He renovates some of the old cabins to increase some space. The amount of Rs. 15,000 was incurred on renovation. The amount to be charged to profit and loss account is

    (a) Nil.

    (b) Rs. 15,000.

    (c) Rs. 10,000.

    (d) None of the above

58. Money paid to MTNL Rs. 10,000 for installing telephone in office is

    (a) Expense.

    (b) Liability.

    (c) Asset.

    (d) Revenue.

59. A company forfeited 1,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs.8. On forfeiture, the amount debited to share capital will be

    (a) Rs.10,000

    (b) Rs.8,000

    (c) Rs.2,000

    (d) Rs.18,000.

60. Capital introduced in the beginning by Shyam Rs.. 3,00,000; further capital introduced during the year Rs. 2,00,000; Drawing Rs. 1,500 per month and closing capital is Rs. 4,50,000. The amount of profit or loss for the year is

    (a) Loss of Rs. 32,000.

    (b) Loss of Rs. 50,000.

    (c) Profit of Rs. 32,000.

    (d) Information is insufficient for any comment.

SECTION – B : MERCANTILE LAWS (40 MARKS)

> (i)   Questions 61 to 79 have only one correct answer and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
>
> (ii) Questions 80 to 98 are the fill in the blank based questions having four alternate answers and carry + 1mark each for correct answer and – 0.25 mark for each wrong answer.
>
> (iii) Questions 99 and 100 contain small paragraph / table followed by a question having only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

61. Which of the following is correct:

(a)   The liability of partners of a firm is unlimited.

(b)   Generally the liability of a member of a company is limited but it can be unlimited.

(c)   All of the above.

(d)   The liability of partner of firm is same as a member of any company.

62. Under Section 201 of The Indian Contract Act, 1872, the termination of an agents' authority can be caused due to

(a)   Revocation of authority by the agent.

(b)   Renunciation of agency by the principal.

(c)   Both (a) and (b).

(d)   Neither of (a) or (b).

63. The following are the requisites of a valid ratification of a contract of agency:

(a)   The whole transaction can be ratified.

(b)   Ratification must be communicated to the party who is sought to be bound by the act done by the agent.

(c)   Ratification can be of the acts which the principal had the power to do.

(d)   All of the above.

64. An offer may be made to the following:

(a)   A particular person.

(b)   A particular group or body of persons.

(c)   The public at large i.e. the whole world.

(d)   All of the above.

65. The following is not a 'document of title to goods':

   (a)   Bill of lading.

   (b)   Dock-warrant.

   (c)   Stamped acknowledgement for receipt of goods.

   (d)   Warehouse keeper's certificate.

66. An agreement induced by mistake of fact is void if the following conditions are fulfilled:

   (a)   Both the parties must be under the same mistake.

   (b)   The mistake must be as to some fact.

   (c)   The fact must be essential to the agreement.

   (d)   All of the above.

67. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of formation are of the following types:

   (a)   Express Contracts.

   (b)   Implied Contracts.

   (c)   Quasi Contracts.

   (d)   All of the above.

68. A condition may be treated as warranty in the following cases:

   (a)   Where the buyer altogether waives the performance of the condition.

   (b)   Where the buyer elects to treat the breach of condition as one of a warranty.

   (c)   In both of the above situations.

   (d)   In some other situations, but not in the above situations.

69. The difference in consideration under English law and Indian law are:

   (a)   Under English law past consideration is no consideration whereas under Indian Law past consideration is good consideration.

   (b)   Under English law consideration must move from the promisee only and no other person whereas under Indian Law consideration may move from the promisee or any other person.

   (c)   Under English law formal contracts i.e. one which is one in writing do not require any consideration whereas under Indian Law all contracts are required to be supported by consideration.

   (d)   All of the above.

70. Implied authority of the partner does not empower him to

   (a)   Open a bank account on behalf of the firm in his own name.

(b)   Compromise or relinquish any claim or portion of a claim by the firm against an outsider.

(c)   Both of the above.

(d)   None of the above.

71.   Compulsory Dissolution includes

(a)   Dissolution by the adjudication of all the partners or of all the partners but one as insolvent.

(b)   Dissolution by the business of the firm becoming unlawful.

(c)   All of the above.

(d)   None of the above.

72.   Ratification by a minor of a contract entered during minority, even after he attains majority is not allowed.

(a)   The above statement is correct.

(b)   The above statement is partly correct.

(c)   The above statement is incorrect.

(d)   The above statement is irrelevant.

73.   A contract between A, B and C was executed whereby A pays money to B for delivering some goods to C. C has not paid any consideration. Can C enforce the agreement?

(a)   Yes, as he is the beneficiary of Trust.

(b)   Yes but the same can only be done jointly with A.

(c)   No as C did not pay the consideration.

(d)   A and only A can enforce the agreement.

74.   In case of sale

(a)   Property in goods does not pass to the buyer.

(b)   Risk in the goods does not pass to the buyer.

(c)   Both of the above.

(d)   None of the above.

75.   A void contract is a contract without any legal effect and cannot be enforced in a Court of law. The following are instances of void contracts:

(a)   Agreements entered under mistake of fact.

(b)   Agreements by way of wager.

(c)   Agreements made without consideration.

(d)   All of the above.

76. In case of bailment

   (a)   Property in goods passes to the bailee at the time of contract.

   (b)   Property in goods passes to the bailee upon the payment of the last installment.

   (c)   Property in goods can pass to the bailee at any time after the contract.

   (d)   None of the above.

77. Acceptance is deemed to take place when the buyer

   (a)   Intimates to the seller that he had accepted the goods.

   (b)   Does any act to the goods, which is inconsistent with the ownership of the seller.

   (c)   Retains the goods after the lapse of a reasonable time, without intimating to the seller that he has rejected them.

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

78. The rights of a minor when admitted to the benefits of the partnership include

   (a)   Right to share of the property and profits of the firm as may be agreed upon.

   (b)   Right to have access to and inspect and copy of the account of the firm.

   (c)   Right to cast his vote on the question of appointment of the managing partner.

   (d)   (a) & (b) but not (c).

79. Which of the following is correct:

   (a)   Liability of a partner in a partnership firm is unlimited.

   (b)   Liability of a member of a HUF is unlimited.

   (c)   Both the above.

   (d)   None of the above.

PART II

80. Agreement to share profits_____.

   (a)   Implies an agreement to share losses

   (b)   Does not necessarily mean an agreement to share losses

   (c)   Must be coupled with an agreement to share losses

   (d)   Is same as agreement to share losses

81. Actual Sale of future goods is_____.

   (a)   Impossible

   (b)   Possible through an agreement to sell

   (c)   Illegal

   (d)   A myth

82. An offer made to a definite person who can be accepted by the specified person only is _____.
   (a) Special Offer
   (b) Accepted Offer
   (c) General Offer
   (d) Standing Offer

83. A contracts to pay B Rs.1,00,000 if the latter's house is burnt to ashes. This is an example of_____.
   (a) Contingent Contract
   (b) Quasi-Contract
   (c) Guarantee
   (d) Bailment

84. The position of a stranger to a contract and that of the stranger to a consideration is_____.
   (a) Partially different
   (b) Partially same
   (c) Entirely different
   (d) Same

85. Goods are said to be in a deliverable state when_____.
   (a) The buyer may take delivery of them
   (b) The buyer would, under contract, be bound to take delivery of them
   (c) The seller is in a position to deliver them
   (d) All of the above

86. Any act committed by a party to a contract, or with his connivance or by his agent with intent to deceive another party thereto or his agent, or to induce him to enter into a contract is said to be _____.
   (a) Coercion
   (b) Undue Influence
   (c) Fraud
   (d) Misrepresentation

87. Doctrine of Caveat Emptor is laid down in the Section _____ of The Sale of Goods Act, 1930.
   (a) 16

(b) 10

(c) 17

(d) 20

88. A directs B who is a solicitor to sell his estate by auction and to employ an auctioneer for this purpose. B names C, an auctioneer, to conduct the sale. The status of C for the sale is _____.

(a) C is an agent of A

(b) C is a sub-agent of A

(c) C is an agent of B

(d) C is neither an agent of A nor of B

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

(a) A contingent contract

(b) A wagering contract

(c) Illegal

(d) Void

90. X proposes by a letter sent by post to sell his house to Y. Y accepts the proposal by a letter sent by post. The letter of acceptance is in the course of transmission to X. Y _____.

(a) Cannot revoke his acceptance

(b) May revoke his acceptance at any time before the letter communicating the acceptance reaches X but not afterwards

(c) May revoke his acceptance at any time after the letter communicating the acceptance reaches X

(d) Can revoke only after the prior approval of X

91. A agrees to pay B Rs.5,00,000/- if A is able to go to a foreign tour in the forthcoming week. It is _____.

(a) A wagering contract

(b) A contingent contract

(c) Both of the above

(d) Not a contract at all

92. A bus plying on the road is an example of _____.

(a) Invitation to treat an offer

(b) Mere communication of information in the course of negotiation

    (c)   Statement of intention

    (d)   Offer

93.   Tender for supply of goods is an offer, which is allowed to remain open for acceptance over a period of time. Such offers are _____.

    (a)   Cross Offer

    (b)   General Offer

    (c)   Standing Offer

    (d)   Unlimited Offer

94.   Consideration may be gratuitous or non-gratuitous _____.

    (a)   In case of sale

    (b)   In case of bailment

    (c)   In both the above cases

    (d)   In no case

95.   Expressed conditions are those_____.

    (a)   Which are agreed upon between the parties at the time of the contract

    (b)   Which are presumed by law be present in the contract

    (c)   Both of the above

    (d)   None of the above

96.   Right of lien and Right of stoppage in transit _____.

    (a)   Actually mean the same right

    (b)   Are actually similar rights

    (c)   Are consequential or sequential in nature, i.e. the end of right of lien is the starting point of the right of stoppage in transit

    (d)   Are rights available to any seller of goods

97.   Goodwill of the partnership business can be regarded as _____.

    (a)   The property of the firm

    (b)   The property of the firm, subject to a contract between the partners to this effect

    (c)   The property of the firm, irrespective of a contract between the partners to this effect

    (d)   The property of the firm, subject to order of the High Court to this effect

98.   A minor when admitted to the benefits of the partnership _____.

    (a)   Is liable for all the liabilities of the firm in person

    (b)   Is liable for all the liabilities of the firm through his properties

(c)   Is never liable for any of the liabilities of the firm

(d)   Is liable in accordance with the provisions of subs-section (3) of Section 30 of the Indian Partnership Act, 1932

PART III

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

(a)   C is liable for the price to D, only if the element of fraudulent intention is present.

(b)   C is liable for the price to D, irrespective of the fact, whether the element of fraudulent intention is present or not.

(c)   C is not liable for the price to D.

(d)   C is liable to D because he had not issued any public notice of his retirement from the partnership firm.

100.   Sanju took a medical insurance from Deadly Diseases Insurance & Claim Corporation of Asia (DDICCA) through one of its agent, Manju. Sanju singed whatever documents were placed before her by Manju in good faith. The documents contained the fact that Sanju was healthy, fit and fine whereas she was actually suffering from chronic asthma and acute allergy. Sanju did not take care to suggest the changes in the documents and the policy was issued based on the above submissions.

(a)   Sanju is well protected because she relied on Manju in all good faith.

(b)   Sanju is well protected because Manju never specifically asked here about the above issues and so she remained silent.

(c)   Sanju has a duty to speak and disclose the above issues.

(d)   Sanju has no duty to speak and disclose the above issues. It is the duty of DDICCA and its representatives to ask whatever is required.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

(i)	Questions 101 to 116 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(ii)	Questions 117 to 132 are Fill in the blanks type and carry +1 mark for each correct answer and -0.25 mark for each wrong answer.
(iii)	Questions 133 to 137 contain small paragraph / table followed by a question having only one correct answer and carries + 1 mark each for correct answer and – 0.25 mark for each wrong answer.
(iv)	Question 138 to 150 are numerical based which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

101. Economics is the study of

    (a).   how society manages its unlimited resources.

    (b).   how to reduce our wants until we are satisfied.

    (c).   how society manages its scarce resources.

    (d).   how to fully satisfy our unlimited wants

102. Which of the following is not part of the opportunity cost of going on holiday?

    (a).   the money you spent on a theatre show

    (b).   the money you could have made if you had stayed at home and worked

    (c).   the money you spent on airline tickets

    (d).   the money you spent on food

103. Which of the following statements is normative?

    (a).   Large government deficits cause an economy to grow more slowly.

    (b).   People work harder if the wage is higher.

    (c).   The unemployment rate should be lower.

    (d).   Printing too much money causes inflation.

104. If an increase in consumer incomes leads to a decrease in the demand for camping equipment, then camping equipment is

    (a).   a normal good.

    (b).   none of these answers.

    (c).   an inferior good.

(d). a substitute good.

105. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples?

(a). There is an increase in the quantity demanded of apples and in the supply for apples.

(b). There is an increase in the demand and supply of apples.

(c). There is an increase in the demand for apples and a decrease in the supply of apples.

(d). There is an increase in the demand for apples and an increase in the quantity supplied

106. A buyer's willingness to pay is that buyer's:

(a). minimum amount they are willing to pay for a good.

(b). producer surplus.

(c). consumer surplus.

(d). maximum amount they are willing to pay for a good.

107. The following table exhibits:

Number of workers	Output
0	0
1	23
2	40
3	50

(a) increasing marginal product of labour.

(b) diminishing marginal product of labour.

(c) increasing returns to scale.

(d) diminishing returns to scale.

108. If there are implicit cost of production:

(a) economic profit will be equal to accounting profit.

(b) economic profit will be less than accounting profit.

(c) economic profits will be zero.

(d) economic profit will be more than accounting profit.

109. If a competitive firm doubles its output, its total revenue:

(a). doubles.

(b). more than doubles.

(c). less than doubles.

(d). cannot be determined because the price of the good may rise or fall.

110. In the long-run, some firms will exit the market if the price of the good offered for sale is less than:

(a). marginal revenue.

(b). marginal cost.

(c). average total cost.

(d). average revenue.

111. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?

(a). In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost.

(b). In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost.

(c). In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost.

(d). In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost.

112. Agriculture faces the problem of:

(a) slow and uneven growth.

(b) over irrigation.

(c) overdose of fertilizers.

(d) very few people engaged in it.

113. ICICI bank is a:

(a) central bank.

(b) private commercial bank.

(c) rural regional bank.

(d) nationalized bank.

114. PMGSY was launched to:

(a) provide house to the rural poor.

(b)   provide road connectivity through good all weather roads to unconnected villages.

(c)   food security to the urban poor.

(d)   none of the above.

115.   If 4 farmers can do a field job which is being done by 6 farmers, this means there is:

(a).   frictional unemployment.

(b).   disguised unemployment.

(c).   voluntary unemployment.

(d).   seasonal unemployment.

116.   If 9 people are unemployed and 411 people are in the work force, then people in labour force are:

(a)   402

(b)   411

(c)   9

(d)   420

PART II

117.   For adult education _____mission was launched in 1998 in India.

(a)   National Adult education

(b)   National Technological

(c)   National Senior Citizen

(d)   National Literacy

118.   According to the latest available data, there are _____malaria cases per million.

(a)   3.2

(b)   9.5

(c)   1.84

(d)   20.3

119.   According to the latest data (Nov.2005), there are around_____broadband subscribers in India.

(a)   7.5 lakh

(b)   177 lakh

(c)   127 lakh

     (d)   5 lakh

120. The rate of inflation was lowest in _____.

     (a)   fifties

     (b)   sixties

     (c)   seventies

     (d)   eighties

121. In the year _____, the practice of RBI lending to the government through ad hoc treasury bills was given up.

     (a)   1951

     (b)   1997

     (c)   1991

     (d)   2001

122. TRAI is the regulatory authority for _____ in India.

     (a)   railways

     (b)   telecom

     (c)   banking

     (d)   secondary market

123. The FRBM Act aims at reducing gross fiscal deficit by _____% per annum.

     (a)   2%.

     (b)   1%.

     (c)   0.5%.

     (d)   3%.

124. In terms of overseas shipping tonnage, India ranks_____.

     (a)   67th

     (b)   23rd

     (c)   100th

     (d)   17th

125. GNP at market price minus _____is equal to GDP at market price.

     (a)   depreciation.

     (b)   direct taxes

     (c)   subsidies

     (d)   net income from abroad

126. About 98 percent of the sick units in India are _____units.
    (a)   small
    (b)   big
    (c)   banking
    (d)   trading

127. Excise duties are levied on _____.
    (a)   incomes of the individual
    (b)   production of goods
    (c)   export and import of goods
    (d)   incomes of the corporate

128. Points outside the production possibilities curve are _____.
    (a)   attainable with the existing technology.
    (b)   not attainable with the existing resources and technology.
    (c)   inefficient.
    (d)   suggest that the country's factors are underemployed.

129. Price theory is an important constituent of _____ Economics.
    (a)   Micro
    (b)   Macro
    (c)   Developmental
    (d)   Welfare

130. For _____goods increase in income leads to increase in demand
    (a)   Abnormal
    (b)   Normal
    (c)   Inferior
    (d)   Superior

131. Economic laws are essentially _____ and _____.
    (a)   hypothetical, conditional
    (b)   hypothetical, unconditional
    (c)   neutral, rigid
    (d)   neutral, flexible

132. Inductive method is ____ based on the observation of particular facts.
    (a)   never

(b)   seldomly

(c)   alternatively

(d)   always

PART III

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. S1 and D1 are the original demand and supply curves. D2, D3, S2 and S3 are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?
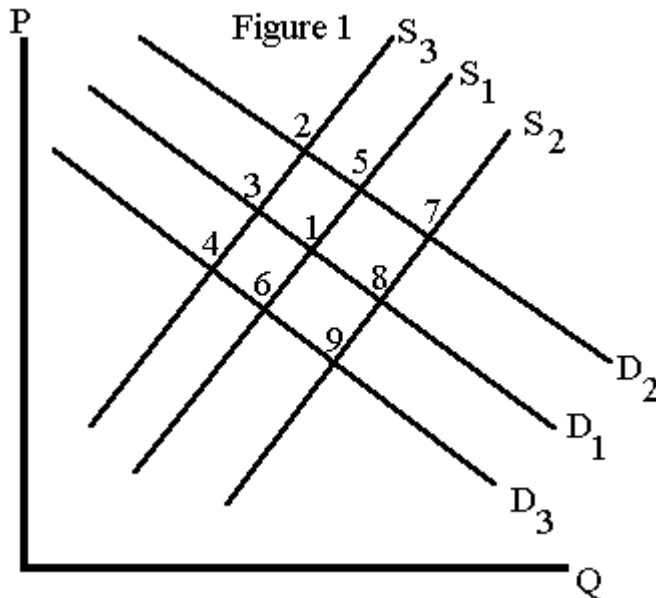
133.   If Figure 1 represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is an increase in the price of Dairy milk (chocolates) will be:

(a)   Point 3

(b)   Point 5

(c)   Point 4

(d)   Point 2.

134.   In Figure 1 (which represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is rapid economic growth but cost of labour producing Perk also rises:

(a)   Point 3.

(b)   Point 9.

(c)   Point 2.

(d)   Point 6.

135.   In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S1 and D1. The new equilibrium if there is a health scare about the effect chocolates may have is:

(a)   Point 2.

(b)   Point 9.

(c)   Point 3.

(d)   Point 6.

136.   In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S1 and D1. Assuming that there is a new technology for producing Perk, the new equilibrium:

(a)   Point 8

(b)   Point 7.

(c)   Point 3.

(d)   Point 6.

137.   In Figure 1(which represents the market for Perk), the initial equilibrium is at the intersection of S1 and D1. Assume that there is an increase in the productivity and at the same time the price of 5 star(chocolates) falls. The new equilibrium will be:

(a)   Point 2.

(b)   Point 9.

(c)   Point 3.

(d)   Point 6.

PART IV

138.   What is the average total cost in producing 20 units, if fixed cost is Rs.5000 and variable cost is Rs. 2/-?

(a)   250

(b)   260

(c)   258

(d)   252

139.   For producing 100 units Total variable cost is Rs.500 & Total fixed cost is Rs.1000.Compute Average Cost.

(a)   10

(b)   15

(c)   5

(d)   20

Read the following data and answer questions 140-143. Following are the cost components:

Direct material	**Rs.2500**
Indirect material	**Rs.1500**
Indirect labour	**Rs.2000**
Direct labour	**Rs.1400**
Management expense	**Rs.3000**
Promotional expense	**Rs.2700**
Indirect expense	**Rs.1500**
Direct expense	**Rs.1000.**

140.   From the above data compute Prime cost.

(a)   6300

(b)   2900

(c)   4900

(d)   5300

141.   From the above data compute Production cost.

(a)   7600

(b)   6900

(c)   9900

(d)   8700

142.   From the above data, compute Cost of goods sold.

(a)   9900

(b)   11500

(c)   12600

(d)   12900

143.   From the above data, compute cost of sales.

(a)   15500

(b)   15600

(c)   12900

(d)   14800

144. If in the above case, sales are Rs.16500, then compute profit?

(a)   1000

(b)   1200

(c)   900

(d)   800

145. Compute national income when population is 3 cr and per capita income is 2000

(a)   6000 cr

(b)   2000 cr

(c)   3000 cr

(d)   10000 cr

146. What is the price elasticity of demand when, price changes from Rs.10 to Rs.12 and correspondingly demand changes from 6 units to 4 units?

(a)   0.833

(b)   1.6

(c)   2.2

(d)   1.833

147. What is the new quantity demanded when price elasticity is 1 and price changes from Rs.15 to Rs.10 and the original quantity demanded was 10 units?

(a)   15 units

(b)   20 units

(c)   8 units

(d)   12 units

148. What is the original price of a commodity when price elasticity is 0.71 and demand changes from 20 units to 15 units and the new price is Rs. 10?

(a)   Rs. 15

(b)   Rs. 18

(c)   Rs. 20

(d)   Rs. 8

Read the following table and answer question number 149 -150.

Table 3

Number of products	Total utility	Marginal utility
0	0	-
1	1800	
2	3400	
3	4800	
4	6000	
5	7000	
6	7800	
7	8400	
8	8800	
9	9000	

149. What is marginal utility when consumption increases from 4 units to 5 units?

    (a)   3000.

    (b)   1200.

    (c)   1000.

    (d)   1500.

150. What is marginal utility when consumption increases from 8 units to 9 units?

    (a)   3000.

    (b)   200.

    (c)   2000.

    (d)   1500.

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

(i) Questions 151 to 160 have only one correct answer and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(ii) Questions 161 to 170 are the fill in the blank based questions having four alternate answers and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

(iii) Questions 171 to 200 are numerical based questions, which have answers as numerical value and carry + 1 mark each for correct answer and – 0.25 mark for each wrong answer.

PART I

151. The correlation is said to be positive

    (a) When the values of two variables move in the same direction.

    (b) When the values of two variables move in the opposite direction.

    (c) When the values of two variable would not change.

    (d) None of these.

152. The point of intersection between the lines $3x+4y=7$ and $4x–y=3$ lie in the

    (a) 1st quadrant.

    (b) 2nd quadrant.

    (c) 3rd quadrant.

    (d) 4th quadrant.

153. If P is a set of natural number then $P \cap P'$ is

    (a) ϕ

    (b) Sample Space.

    (c) 0

    (d) $(P \cup P')'$

154. Three coins are tossed. What is the probability of getting at least two tails?

    (a) 1/2

    (b) 1/3

    (c) 1/4

    (d) None of these.

155. The result of ODI matches between India and Pakistan follows

(a)   Binomial distribution.

(b)   Poisson distribution.

(c)   Normal distribution.

(d)   (b) or (c).

156.   If in a binomial distribution mean = 20, S.D. = 4 then n is equal to

(a)   80

(b)   100

(c)   90

(d)   None of these.

157.   The difference between sample S.D. and the estimate of population S.D. is negligible if the sample size is

(a)   Small.

(b)   Moderate.

(c)   Sufficiently large.

(d)   None of these.

158.   Coefficient of determination is defined as

(a) r^3

(b) $1-r^2$

(c) $1+r^2$

(d) r^2

159.   Regression coefficient is independent of the change of

(a)   Scale.

(b)   Origin.

(c)   Both origin and scale.

(d)   Neither origin nor scale.

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

(a)   0.7

(b)   0.3

(c)   0.6

(d)   None of these.