

Series: November, 2015

MOCK TEST PAPER  
COMMON PROFICIENCY TEST

Time Allowed – 4 Hours

Maximum Marks – 200

SECTION A: FUNDAMENTALS OF ACCOUNTING

1. Where a machine produces products of uniform size, the \_\_\_\_\_ method of depreciation is applied.
  - (a) Machine hour method
  - (b) Sinking fund method
  - (c) Annuity method
  - (d) Production units
2. A firm earns average profit of Rs.1,10,000. The normal rate of return in a similar type of business is 10%. The value of total assets (excluding goodwill) and total outside liabilities are Rs.11,00,000 and Rs.1,00,000 respectively. The value of goodwill by capitalisation method is
  - (a) Rs.1,00,000
  - (b) Rs.10,00,000
  - (c) Nil
  - (d) None of the above
3. Under \_\_\_\_\_, the premium paid a treated as an ordinary expense and joint Life policy does not appear as an asset in the Balance Sheet of the firm.
  - (a) Ordinary Business Expense method
  - (b) Surrender Value method
  - (c) Joint Life Policy Reserve method
  - (d) Sinking Fund method
4. Which of the following is not the feature of a company?
  - (a) Separate legal entity
  - (b) Perpetual existence
  - (c) Incorporated association
  - (d) No separation between management and ownership
5. An economic event that involves transfer of money or money's worth is
  - (a) Financial transaction

- (b) Barter
  - (c) Settlement
  - (d) None of the above
6. Rs. 50,000 claim for workman's compensation under dispute is a
- (a) Current liability
  - (b) Contingent liability
  - (c) Fixed liability
  - (d) None of the three
7. The profits of last three years are Rs. 84,000, Rs. 78,000 and Rs. 90,000. Find out the goodwill at two years purchase.
- (a) Rs. 84,000
  - (b) Rs. 1,68,000
  - (c) Rs. 2,52,000
  - (d) Rs. 72,000
8. On 1<sup>st</sup> April, 2014, M/s Zero Bros. had a provision for doubtful debts of Rs. 13,000. During 2014-15 Rs. 8,400 proved irrecoverable and it was desired to maintain the provision for bad debts @ 4% on debtors which stood at Rs. 3,90,000 before writing off bad debts. Amount of net provision debited to profit and loss account will be: \_\_\_\_\_
- (a) Rs. 15,600
  - (b) Rs. 15,000
  - (c) Rs. 10,664
  - (d) Rs. 10,000.
9. If opening equity of a business is Rs. 90,000, profit for the year is Rs. 20,000 and liabilities at the end of year are of Rs. 60,000, total of assets side of the business will be
- (a) Rs. 1,50,000
  - (b) Rs. 1,20,000
  - (c) Rs. 30,000
  - (d) Rs. 1,70,000
10. The purpose of accommodation bill is
- (a) To finance actual purchase or sale of goods
  - (b) To facilitate trade transmission
  - (c) To provide funds to both the needed parties.

- (d) None of the three.
11. At the time of admission of a partner in a firm, the journal entry for recording an unrecorded investment of Rs. 30,000 will be:
- |     |                          |        |        |
|-----|--------------------------|--------|--------|
| (a) | Revaluation A/c          | 30,000 |        |
|     | To unrecorded investment |        | 30,000 |
| (b) | Unrecorded investment    | 30,000 |        |
|     | To revaluation           |        | 30,000 |
| (c) | Partner's Capital A/c    | 30,000 |        |
|     | To unrecorded investment |        | 30,000 |
| (d) | Unrecorded investment    | 30,000 |        |
|     | To Partner's Capital A/c |        | 30,000 |
12. 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
13. Loan A/c credit balance on Dec. 31, 2015      Rs. 45,000  
Loan paid on June 30, 2015                      Rs. 12,000  
Loan paid on Sept. 30, 2015                      Rs. 15,000  
Interest on loan is to be charged 9% p.a.  
Interest amount for the year 2015 will be
- (a) Rs. 5,602.5  
(b) Rs. 5,400  
(c) Rs. 6,000  
(d) None of the three
14. There was an error in the trial balance. Difference was put to Suspense A/c. Later on, it was found that the opening inventory of Rs. 1,080 was brought into the books as Rs.1,800.  
Rectifying entry will be
- |     |                      |     |     |
|-----|----------------------|-----|-----|
| (a) | Suspense A/c Dr.     | 720 |     |
|     | To Opening inventory |     | 720 |

- (b) Opening inventory A/c Dr. 720  
   To Suspense A/c 720
- (c) Trading A/c Dr. 720  
   To Opening inventory 720
15. Birbal drew a three month bill on Satyapal for Rs. 5,000. On due date Satyapal approached Birbal to renew the bill for another month @ 12% p.a. Amount of the new bill will be
- (a) Rs. 5,000  
 (b) Rs. 5,050  
 (c) Rs. 4050  
 (d) None of the three
16. X consigned 100 packets of cosmetics each costing Rs. 300 to his agent at Bareilly. He paid Rs. 500 towards freight and insurance. 15 packets were destroyed in the way. Consignee took delivery of the remaining packets and spent Rs. 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. Cost of damage will be
- (a) Rs. 4,500  
 (b) Rs. 4,575  
 (c) Rs. 4,000  
 (d) None of the three
17. J and R are equal partners U is admitted as a partner for  $\frac{1}{4}$  share of profits but is unable to contribute premium for goodwill in cash amounting to Rs. 8,000 and so it is decided to raise a loan A/c in the name of U. Journal entry will be
- (a) U's loan A/c Dr. 8,000  
   To J 8,000
- (b) U's loan A/c Dr. 4,000  
   To R 4,000
- (c) U's Loan A/c Dr. 8,000  
   To J 4,000  
   To R 4,000
- (d) None of the three
18. The Company issued debentures of the face value of Rs. 1,00,000 at a discount of 6% on 1<sup>st</sup> January, 2014. These debentures are redeemable by annual drawings of Rs. 20,000 made on 31<sup>st</sup> Dec. each year. The Directors decided to write off discount based on the debentures outstanding each year. Discount to be written off in the fifth year will be
- (a) 400  
 (b) 500

- (c) 800  
(d) 600.
19. Ramesh, an employee gets a salary of Rs. 10,000, he withdrew goods of Rs. 7,000 (cost price Rs. 6,000) for personal use and got salary Rs. 6,000. The excess payment will be  
(a) 2,000  
(b) 3,000  
(c) 4,000  
(d) 5,000.
20. Goods purchased Rs. 3,00,000; sales Rs. 2,70,000. If margin 20% on sales then closing inventory will be  
(a) 84,000  
(b) 80,000  
(c) 75,000  
(d) None of the three
21. Bank overdraft as per cash book on 31st Dec. 2014 Rs. 10,500  
Cheque sent for collection but not collected Rs. 8,250  
Cheque issued but not presented for payment Rs. 12,000  
Balance as per pass book overdraft will be  
(a) 6,200  
(b) 6,500  
(c) 6,000  
(d) 6,750.
22. Goods costing Rs. 7,500 were sold at 25% profit on selling price. The sales will be of  
(a) 8,000  
(b) 9,000  
(c) 10,000  
(d) None
23. Which of the following expense is not considered as part of cost of inventory?  
(a) Packing, loading & insurance paid by consignor  
(b) Inward consignment freight paid by consignee  
(c) Transport charges up to godown paid by consignee

- (d) Insurance Charges paid by consignee
24. Goods destroyed by fire Rs. 20,000 and insurance company admitted full claim. Claim receivable from insurance company will be shown in the
- (a) Manufacturing account
  - (b) Trading account
  - (c) Profit and Loss account
  - (d) Balance Sheet.
25. For calculation of goodwill as per Average profit method:
- (a) No. of years purchased is multiplied with Super profit.
  - (b) No. of years purchased is multiplied with Average profit.
  - (c) Present value of Re 1 for number of years at specified rate is multiplied with super profit of the year.
  - (d) Super profit is divided with expected rate of return.
26. Sushila's business disclosed the following profits for the last two years:  
2014 Rs.40,000 (including an abnormal gain of Rs.5,000)  
2015 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
27. Rs. 25,000 incurred on structural alterations to existing asset whereby its revenue earning capacity is increased is \_\_\_\_\_
- (a) Capital expenditure
  - (b) Deferred revenue expenditure
  - (c) Revenue expenditure
  - (d) None of the above
28. A and B are partners, sharing profits in the ratio 5:3. They admit C with  $\frac{1}{5}$  share in profits, which he acquires equally from both i.e.  $\frac{1}{10}$  from A and  $\frac{1}{10}$  from B. Now profit sharing ratio will be
- (a) 21:11:8

- (b) 11:21:8
  - (c) 8:11:21
  - (d) None of the three.
29. Income is reflected in the form of –
- (a) Inflow of assets or incurrence of liabilities.
  - (b) Outflow of assets or decrease of liabilities.
  - (c) Inflow of assets or decrease of liabilities.
  - (d) Outflow of assets or incurrence of liabilities.
30. Ramesh & Suresh are partners sharing profits in the ratio of 2:1 (Ramesh Capital is Rs.1,02,000 and Suresh Capital is Rs. 73,000) They admitted Mahesh & agreed to give him 1/5 in share. He brings Rs. 14,000 as his share of goodwill. He agreed to contribute capital in profit sharing ratio. How much capital will be brought by incoming partner?
- (a) Rs. 43,750
  - (b) Rs. 45,000
  - (c) Rs. 47,000
  - (d) Rs. 48,000
31. Goods costing Rs. 1000 supplied to Ramesh at the invoice price of 10% above cost and a Trade Discount for 5%. The amount of Sales will be
- (a) Rs. 1045
  - (b) Rs. 1050
  - (c) Rs. 1100
  - (d) Rs. 1060
32. Income tax liability of the proprietor Rs. 1200 was paid out of petty cash. Journal entry will be \_\_\_\_\_
- (a) Dr. drawings and Cr. Cash A/c Rs. 1200
  - (b) Dr. drawings and Cr. Petty Cash Rs. 1200
  - (c) Dr Income tax and Cr Cash A/c Rs. 1200
  - (d) None of the above
33. Mohan Stationers will debit purchase of stationery in \_\_\_\_\_
- (a) Stationery account
  - (b) General expenses account
  - (c) Purchases account

- (d) None of the three
34. Both the discount columns of the Cash Book were omitted to be posted in the ledger. This error.....?
- (a) Is an error of complete omission
  - (b) Will not affect the trial balance
  - (c) Will not affect the profit
  - (d) None of these
35. All the following errors do not effect the trial balance except
- (a) Compensating errors
  - (b) Error of complete omission
  - (c) Error of partial omission
  - (d) Error of principle
36. Anwar Ltd. Purchased building worth Rs. 99,00,000 and issued 12% debentures of 100 each at a premium of 10%. Premium amount will be \_\_\_\_\_
- (a) Rs. 9,00,000
  - (b) Rs. 8,00,000
  - (c) Rs. 7,00,000
  - (d) Rs. 10,00,000
37. According to which concept, the owner of an enterprise pays the 'interest on drawings'?
- (a) Accrual concept
  - (b) Conservatism concept
  - (c) Dual aspect concept
  - (d) Entity concept
38. Cost of goods sold 1,58,600  
Inventory in hand at the close of the year 25,400  
Inventory in hand at the beginning of the year 44,000  
Purchases amount will be \_\_\_\_\_
- (a) Rs. 1,40,000
  - (b) Rs. 1,35,000
  - (c) Rs. 1,30,000
  - (d) Rs. 1,45,000



39. Pavan Ltd. invited application for 30,000 shares payable as under:  
Rs. 3 per share on application;  
Rs. 3 per share on allotment;  
Rs. 2 per share on First call;  
Rs. 2 per share on final call;  
Ashok, who had been allotted 500 shares failed to pay both the calls. His shares were forfeited and reissued at Rs. 9 per share to Hari, as fully paid up. Amount transferred to capital Reserve will be \_\_\_\_\_
- (a) Rs. 2,000  
(b) Rs. 2,500  
(c) Rs. 2,800  
(d) Rs. 1,500
40. X Ltd. purchased the business of Y Ltd. for Rs. 9,00,000 payable in fully paid shares of 100 each at a premium of 25%. The number of shares to be issued by X Ltd. to settle the purchase consideration will be \_\_\_\_\_
- (a) 7000  
(b) 5000  
(c) 7200  
(d) None of the three
41. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of final statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are \_\_\_\_\_
- (a) Accounting regulations  
(b) Accounting guidance notes  
(c) Accounting standards  
(d) Accounting frame work
42. The securities premium account may be applied by the company
- (a) In writing off the preliminary expenses of the company.  
(b) In writing off the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company.  
(c) In paying up un-issued shares of the company to be issued to members of the company as fully paid bonus shares.

- (d) All of the above.
43. In case of credit balance, the words \_\_\_\_\_ are written on the credit side.
- (a) To balance b/d
  - (b) To balance c/d
  - (c) By balance b/d
  - (d) By balance c/d
44. Dividends are usually paid as a percentage of \_\_\_\_\_
- (a) Authorised shares capital
  - (b) Net profit
  - (c) Paid up capital
  - (d) Called up capital
45. Account sale is sent by \_\_\_\_\_
- (a) Consignor
  - (b) Consignee
  - (c) Supplier
  - (d) None of the three
46. Capital brought in by the proprietor is an example of \_\_\_\_\_
- (a) Increase in asset and increase in liability
  - (b) Increase in liability and decrease in asset
  - (c) Increase in asset and decrease in liability
  - (d) Increase in one asset and decrease in another asset
47. Human assets have no place in accounting records is based on \_\_\_\_\_
- (a) Money measurement concept
  - (b) Accrual concept
  - (c) Consistency
  - (d) Conservatism
48. 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
49. Debts written off as bad if recovered subsequently are
- (a) Credited to Bad Debt recovered A/c
  - (b) Debited to Profit and Loss A/c
  - (c) Credited to Trade Receivables A/c
  - (d) None of the above
50. Parties to Bill of Exchange are:
- (a) Drawer
  - (b) Drawee
  - (c) Payee
  - (d) All of the above
51. Fixed capital A/c is credited with \_\_\_\_\_
- (a) Interest on capital
  - (b) Profit of the year
  - (c) Salary of the partner
  - (d) None of the above.
52. All the following are functions of accounting except
- (a) Decision making
  - (b) Measurement
  - (c) Forecasting
  - (d) Ledger posting
53. Salary Rs. 2000 payable to clerk is credited to \_\_\_\_\_
- (a) Salary account
  - (b) Cash account
  - (c) Outstanding salary Account
  - (d) None of the above

54. 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
55. Capital introduced in the beginning by Ram Rs. 16,080; further capital introduced during the year in the form of machinery Rs. 2000; personal expenses during the year –  
Drawings in cash Rs. 3,000  
Life Insurance Premium Rs. 250  
Closing capital Rs. 21,925  
The amount of profit or loss for the year will be
- (a) Profit Rs. 7,095
  - (b) Profit Rs. 7,085
  - (c) Loss Rs. 5,000
  - (d) Loss Rs. 6,000
56. Credit balances in the ledger will be
- (a) A revenue or an asset
  - (b) An expense or on asset
  - (c) A revenue or a liability
  - (d) None of the three
57. Loan @ 9% 10,000  
Interest on loan 600  
Outstanding interest on loan will be
- (a) Rs. 300
  - (b) Rs. 250
  - (c) Rs. 350
  - (d) Rs. 500
58. 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
59. 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
60. Overdraft as per pass book is given Rs. 10,000
- (i) Cheques deposited in the Bank but not recorded in Cash Book Rs. 100
  - (ii) Cheques drawn but not presented for payment Rs. 6,000
  - (iii) Bank charges recorded twice in cash book Rs. 30
- Overdraft as per Cash Book will be
- (a) Rs. 16,000
  - (b) Rs. 16,130
  - (c) Rs. 15,000
  - (d) None of the three.

## SECTION B: MERCANTILE LAWS

61. The Indian Contract Act, 1872 is based on the maxim-
- (a) Ubicumque est injuria, ibi damnum sequitur
  - (b) Ubi jus ibi remedium
  - (c) Quid pro quo
  - (d) Nemo dat quad non habet
62. Father promised his son for the smart phone if he passes C.A. examination in the first attempt. Son passed the examination in the first attempt, but father failed to perform his promise. State which given statement is correct with regard, to the agreement made between the father and son.
- (a) Son is entitled for the smart phone in lieu of the promise made by the father
  - (b) Son is entitled as there is a consensus –ad-idem between the son and the father
  - (c) Son is not entitled for the phone as there being no intention to create legal relationship.
  - (d) Son is not entitled as the lawful consideration is missing.
63. In case of void agreements, collateral transactions are:
- (a) Also void
  - (b) Unenforceable
  - (c) Not affected
  - (d) Illegal
64. A tender is-
- (a) A standing offer
  - (b) An Invitation to an offer
  - (c) An Acceptance of offer
  - (d) An intention to an offer
65. Where there is supply of ready forms of contract with all the printed conditions, such contracts are known as-
- (a) Invitation to contract
  - (b) Company contract
  - (c) Standard forms of contracts
  - (d) Government company

66. A man cannot acquire rights under a contract to which he is not a party. Which one of the following is not an exception to this rule-
- (a) Beneficiaries under trust
  - (b) Family settlement
  - (c) Gift
  - (d) Assignment of rights
67. X, out of natural love and affection, promises to give his son Rs.1 lac but such a promise is not put in writing. This contract is-
- (a) Valid
  - (b) Void due to absence of writing
  - (c) Voidable
  - (d) Unenforceable
68. A minor –
- (a) Can be a promisee
  - (b) Can be a principal
  - (c) Cannot be an agent
  - (d) Can ratify a past contract entered during minority
69. Error in consensus means-
- (a) Absence of mistake
  - (b) Presence of mistake
  - (c) Absence of free consent
  - (d) Absence of consent
70. A purchases B's business of selling neckties in Delhi. A can retrain B from-
- (a) Doing the business of selling neckties again in his life
  - (b) Doing any business in Delhi
  - (c) Doing the business of selling neckties in Delhi for a limited period
  - (d) None of the above
71. A being agent for landed proprietor, agrees for money, without the knowledge of his principal, to obtain for B a lease of land belonging to his Principal. State the nature of the agreement between A and his principal.
- (a) Voidable due to undue influence of the A , on his principal
  - (b) Void as it implies a fraud by concealment by A, on his principal

- (c) Void as involves injury by A, on his principal.
  - (d) Voidable due to misrepresentation of the A , on his principal
72. Certain ice manufacturers entered into an agreement not to sell ice below a certain minimum price. This agreement is-
- (a) Valid
  - (b) Voidable
  - (c) Void
  - (d) Unlawful
73. X, married woman, agreed to live in adultery with Y and also agreed to serve as his house keeper. Y, in return agreed to pay the X a remuneration of 5, 000 pm. State the correct statement in the given case-
- (a) Agreement is partially void as the lawful part can be severed from the unlawful one
  - (b) Agreement is fully void as the lawful part cannot be severed from the unlawful one
  - (c) Agreement is not unlawful
  - (d) Agreement is fully voidable
74. A borrows Rs. 500 from B to pay to C, to whom B has lost a bet. Here the contract between A and B is-
- (a) Void
  - (b) Valid
  - (c) Illegal
  - (d) Unlawful
75. A contract contingent upon non-happening of an event within fixed time, the contract may be enforced:
- (a) If it becomes certain that the event will not happen.
  - (b) If the event happens within the time fixed
  - (c) When the parties decide
  - (d) Ehen a third party decides.
76. X, who owes Rs.20,000 to Y dies leaving an estate of Rs.5,000. The legal representatives of X are-
- (a) Liable for Rs.20,000
  - (b) Not liable at all
  - (c) Liable for Rs.5,000



- (d) Liable for Rs.2,000
77. H picked up a diamond on the floor of F's shop and handed over to F to keep it till the owner appeared. In spite of the best efforts the true owner could not be searched. After some time H gave the lawful expenses to F incurred by him for finding the true owner and asked F to hand over the diamond to H. State the correct statement-
- (a) F will not return the diamond as has taken the care of the diamond
  - (b) F will not return the diamond as all the lawful expenses was paid to him
  - (c) F will be treated as owner of the diamond next after the true owner
  - (d) F must returned the diamond to H as he was entitled to retain it against the whole world except the true owner.
78. Mr. X lends Rs.1000 to Mr. Y. He tells Y that he need not repay the amount, the contract is discharged by –
- (a) Breach
  - (b) Novation
  - (c) Waiver
  - (d) Performance
79. Discharge of contract by anticipatory breach of contract takes place-
- (a) When the performance is due
  - (b) Before the performance is due
  - (c) When any party has performed a part of the contract and then refuses or fails to perform the remaining part of the contract
  - (d) None of the above
80. The damages which can be claimed only when the special circumstances are communicated to the promisor are called-
- (a) Ordinary damages
  - (b) Exemplary damages
  - (c) Special damages
  - (d) Nominal damages
81. In case a buyer uses his options to treat the breach of condition as breach of warranty, he losses-
- (a) Right to repudiate the contract
  - (b) Right to reject the goods
  - (c) Right to claim damages

- (d) both (a) and (b) above
82. Merchantable quality of goods means-
- (a) That the goods are free from latent defects
  - (b) That the goods are marketable at their full value
  - (c) That the goods can be used for the purpose for which they are brought by prudent persons
  - (d) All of the above
83. The consent of the seller or buyer as to appropriation of unascertained goods:
- (a) Need not be obtained
  - (b) Must be given before the appropriation is made
  - (c) Must be given after the appropriation is made
  - (d) May be given before or after the appropriation is made
84. Where specific goods are destroyed without any fault of the seller subsequent to the agreement to sell the goods, the agreement-
- (a) Is voidable
  - (b) Becomes void
  - (c) Is enforceable
  - (d) Is illegal
85. Even after appropriation of goods to the contract, the seller is deemed to have reserved the right of disposal of the goods-
- (a) When goods are deliverable to the order of the seller
  - (b) When documents of title are sent together with the bill of exchange
  - (c) When the goods are delivered to the buyer unconditionally
  - (d) In case of clauses (a) or (b) above
86. A buyer is deemed to have accepted the delivery of goods-
- (a) Where buyer intimates his acceptance to the seller
  - (b) Where after delivery of goods, the buyer does any act in relation to them which is inconsistent with the ownership of the seller
  - (c) Where the buyer retains the goods after expiry of a reasonable time without intimating that he has rejected the goods
  - (d) In all the above cases

87. Right of stoppage of goods in transit can be exercised-
- (a) Only when the price remains unpaid even on the expiry of credit period allowed and the buyer is solvent.
  - (b) Only when the buyer becomes insolvent.
  - (c) Even if the carrier holds the goods as seller's agent
  - (d) Even if the carrier holds the goods as buyer's agent
88. Where in an auction sale, the seller appoints more than one bidder, the sale is-
- (a) Void
  - (b) Conditional
  - (c) Illegal
  - (d) Voidable
89. Seller has right to resale where-
- (a) Goods are perishable
  - (b) Seller gives notice
  - (c) Seller has reserved such right
  - (d) All of the above
90. A, B, and C were carrying on a business of garments in partnership. A dies. After A's death, B and C continued the business. It was agreed to give 10% of the profits of the firm to D, the widow of A, every month. State the correct statement with regard to the position of D -
- (a) D, is a agent receiving share in profits
  - (b) D, is a joint owner sharing profits
  - (c) D, is a partner in the firm
  - (d) D, is not a partner in the firm.
91. Non- registration of Firm does not affect on –
- (a) The right to sue or claim of set off not exceeding Rs.100 in value
  - (b) The right of third party to sue the firm or any partner
  - (c) Enforcement of any right to sue for the dissolution of firm
  - (d) All of the above
92. A partnership firm formed for a completing a particular venture is called-
- (a) Fixed term partnership
  - (b) Particular partnership

- (c) General partnership
  - (d) Partnership at will
93. Any application for alteration or changes in a registered firm must be filed with the Registrar of Firms-
- (a) Signed by all the partners
  - (b) Signed by all the partners or by their agents specifically authorised in this behalf
  - (c) Signed by majority of the partners
  - (d) Signed by majority of the authorised agents
94. Where a partners acts beyond his implied authority, partners-
- (a) Can ratify all his acts subsequently
  - (b) Can not ratify his acts
  - (c) Can ratify only lawful acts
  - (d) Cannot ratify even lawful acts
95. The public notice of retirement of a partner may be given-
- (a) By public
  - (b) By the retired partner
  - (c) By any partner of the reconstituted firm
  - (d) Either by (b) or (c)
96. A partnership may be dissolved-
- (a) On expiry of the term
  - (b) On completion of the venture
  - (c) Death of a partner
  - (d) In any of the above contingencies subject to a contract to the contrary
97. For the purpose of formation of partnership, most essential elements include-
- (a) Agreement and contractual capacity
  - (b) Agreement and Consideration
  - (c) Agreement and registration
  - (d) Contractual capacity and consideration
98. An active partner is one-
- (a) Who is an agent of other co-partners
  - (b) Who shares profits of the firm

- (c) Who is principal of all other Co-partners
  - (d) All of the above
99. In a partnership firm, the decisions can be made by rule of majority when decisions relates to-
- (a) Policy decisions
  - (b) Fundamental decisions
  - (c) Ordinary routine matters
  - (d) Buying or selling of property
100. The lien of an unpaid seller depends on-
- (a) Possession
  - (b) Ownership
  - (c) Whether the buyer has paid the price or not
  - (d) Title

### SECTION C: GENERAL ECONOMICS

101. An example of normative economic analysis would be:
- (a) an analysis of the relationship between the price of the food and the quantity purchased.
  - (b) determining how much income is generated.
  - (c) determining the price of footwear produced by Bata.
  - (d) deciding how to distribute the output of the economy.
102. Which of the following illustrates an increase 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.
103. Suppose the price of movies seen at a theater rises from Rs. 100 per person to Rs. 200 per person. The theater manager observes that the rise in price causes attendance at a given movie to fall from 300 persons to 200 persons. What is the price elasticity of demand for movies?
- (a) 0.6
  - (b) 0.8
  - (c) 1.0
  - (d) 1.2
104. Point elasticity is not useful for which of the following situations?
- (a) The producer of personal computers is considering increasing the price of computers from Rs. 40000 to Rs. 40050.
  - (b) A restaurant is considering lowering the price of its most expensive dishes by 50%.
  - (c) An auto producer is interested in determining the response of consumers to the price of cars being lowered by Rs.100.
  - (d) None of the above.
105. The quantity purchased falls with increase in income. This is known as :
- (a) negative income elasticity of demand
  - (b) income elasticity of demand less than one
  - (c) zero income elasticity of demand
  - (d) income elasticity of demand is greater than one

106. If price of computers increases by 10% and supply increases by 5%. The elasticity of supply is:
- 2.0
  - 0.5
  - (-) 0.5
  - (-) 2.0
107. The price of fresh peas increases and people buy frozen peas. You infer that fresh peas and frozen peas are:
- normal goods
  - complements
  - substitutes
  - inferior goods
108. Find Average Variable Cost of 3 units from the following data:
- |                   |     |     |     |     |     |     |     |
|-------------------|-----|-----|-----|-----|-----|-----|-----|
| Output (units):   | 0   | 1   | 2   | 3   | 4   | 5   | 6   |
| Total Cost (Rs.): | 120 | 165 | 204 | 240 | 270 | 305 | 345 |
- Rs. 80
  - Rs. 40
  - Rs. 37
  - Rs. 29
109. The supply function is given as  $Q = -200 + 5P$ . Find the elasticity using point method, when price is Rs. 100.
- 1.66
  - 1.66
  - 5
  - 3
110. The short run, as economists use the phrase, is characterized by:
- at least one fixed factor of production and firms neither leaving nor entering the industry.
  - a period where the law of diminishing returns does not hold.
  - no variable inputs – that is all of the factors of production are fixed.
  - all inputs being variable.

111. Which of the following curve is never U shaped?

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

112. Which one of the following is not a variable cost?

- (a) Cost of wood in production of chairs.
- (b) Cost of labour.
- (c) Cost of nails in the production of chairs.
- (d) Payment of rent on building.

113. Use the following data to answer questions 113-114

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

The average fixed cost of 3 units of output is :

- (a) Rs. 80
- (b) Rs. 85
- (c) Rs. 120
- (d) Rs. 205

114. The marginal cost of the fifth unit of output is:

- (a) Rs. 133
- (b) Rs. 70
- (c) Rs. 80
- (d) Rs. 450

115. Which one of the following could explain an upward movement on the supply curve for a good?

- (a) The imposition of a tax on the good
- (b) A new supplier entering the market
- (c) A rise in firms' wage costs
- (d) A rise in the price of the good



116. A firm has a variable cost of Rs. 100000 at 500 units of output. If fixed costs are Rs. 40000, what will be the average total cost at 500 units of output?
- (a) Rs. 280
  - (b) Rs. 200
  - (c) Rs. 120
  - (d) Rs. 140000
117. When a perfectly competitive firm makes a decision to shut down, it is most likely that:
- (a) price is below the minimum of average variable cost.
  - (b) fixed costs exceed variable costs.
  - (c) average fixed costs are rising.
  - (d) marginal cost is above average variable cost.
118. If marginal product equals average total product,
- (a) average total product is falling
  - (b) average total product is rising
  - (c) average total product is maximized
  - (d) average total product is minimized
119. Constant marginal returns for the first four units of a variable input is exhibited by the total product sequence:
- (a) 50,50,50,50
  - (b) 50,110,180,260
  - (c) 50, 100, 150, 200
  - (d) 50, 90, 120, 140
120. Suppose a firm is producing a level of output such that  $MR < MC$ . What should be firm do to maximize its profits?
- (a) The firm should do nothing.
  - (b) The firm should hire less labour.
  - (c) The firm should increase output.
  - (d) The firm should decrease output.
121. Which is the second order condition for the profit of a firm to be maximum?
- (a)  $AC = MR$
  - (b)  $MC = MR$

- (c) MC curve should cut MR curve from above.
  - (d) MC curve should cut the MR curve from below.
122. Given other things constant, if firms in a perfectly competitive market start differentiating their products:
- (a) the market will become monopolistically competitive.
  - (b) the market will become like monopoly.
  - (c) the market will become like oligopoly.
  - (d) there will be no change.
123. Suppose the single monopoly price is Rs. 50 and elasticities of demand in markets A and B are respectively 3 and 5. If the monopolist wants to discriminate between the markets, in which market should he charge more?
- (a) Market A
  - (b) Market B
  - (c) Same price should be charged in both the markets.
  - (d) Insufficient data
124. The structure of the toothpaste industry in India resembles \_\_\_\_ market.
- (a) perfectly competitive.
  - (b) monopolistic.
  - (c) monopolistically competitive.
  - (d) duopolist.
125. Which of the following statements is correct?
- (a) A firm in a perfectly competitive market can never earn abnormal profits in the long run.
  - (b) A monopolist can never earn losses in the short-run.
  - (c) A monopolist must earn normal profits in the long run.
  - (d) A firm in a monopolistically competitive market may earn abnormal profits in the long run.
126. The share of services in India's national income has ---- over the years.
- (a) remained constant.
  - (b) decreased.
  - (c) increased.
  - (d) first decreased and then increased

127. Which of the following is not an economic activity?
- (a) A maid cleaning the house.
  - (b) Teaching in a missionary school.
  - (c) Medical facilities rendered by a charitable dispensary.
  - (d) A housewife doing household duties.
128. If CRR is to be raised, which of the following banks will do it?
- (a) State Bank of India
  - (b) SIDBI
  - (c) NABARD
  - (d) RBI
129. Mahalanobis model stressed upon the establishment of
- (a) consumer goods industries.
  - (b) export oriented industries.
  - (c) agro-based industries.
  - (d) capital and basic goods industries.
130. When due to introduction of new machinery, some people lose jobs, this is called ----unemployment
- (a) Cyclical.
  - (b) Technological.
  - (c) Frictional.
  - (d) Seasonal.
131. Every \_\_\_\_\_ person in the world is an Indian.
- (a) Second.
  - (b) Third.
  - (c) Sixth.
  - (d) Tenth.
132. If in a country, birth rate is falling and also death rate is falling, it is said to be passing through \_\_\_\_\_.stage of demographic transition.
- (a) first.
  - (b) second.
  - (c) third.

- (d) fourth.
133. When prices are increasing continuously but the economy is stagnating, the phenomenon is called \_\_\_\_\_.
- (a) inflation.
  - (b) stagflation.
  - (c) deflation.
  - (d) reflation.
134. When in an economy 10000 units of a good are produced but there is a demand for 15000 units, the result will be \_\_\_\_\_.
- (a) decrease in the price of the good
  - (b) increase in the price of the good.
  - (c) no change in the price of the good.
  - (d) cost push inflation.
135. \_\_\_\_\_ is a statement showing expected income and expenditure usually for a year.
- (a) Balance of trade.
  - (b) Balance of transactions.
  - (c) Budget.
  - (d) Balance of payments.
136. If as a result of withdrawal of 2 farmers from a farm there is not any major decrease in the farm output, it means there exists \_\_\_\_\_ unemployment.
- (a) Cyclical
  - (b) Seasonal
  - (c) Technological
  - (d) Disguised
137. India follows a ----- income tax system.
- (a) progressive.
  - (b) proportional.
  - (c) regressive .
  - (d) none of the above.

138. If there are 100 persons in an economy, out of which 60 are economically active, and if the unemployment rate is 10%, then how many people are in the work force?
- (a) 60
  - (b) 100
  - (c) 54
  - (d) Insufficient data
139. India's telephone network is \_\_\_\_\_ in the world.
- (a) largest.
  - (b) second largest.
  - (c) third largest.
  - (d) smallest.
140. Who is the custodian of national reserve of international currency?
- (a) SBI
  - (b) RBI.
  - (c) IDBI.
  - (d) CBI.
141. The income of National Investment Fund would be used for.
- (a) funding of national games.
  - (b) investment in social sector project.
  - (c) funding of elections.
  - (d) all of the above.
142. Which of the following is correct?
- (a) 100% FDI is allowed in defence.
  - (b) From the fiscal year 2014-15, 50% FDI is allowed in public sector bank.
  - (c) There has been a steep hike in the custom duty on non agricultural product.
  - (d) FDI is prohibited in Casinos.
143. 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 would be reviewed with greater realism. The focus would be on strategic high tech and essential infrastructure industries.

- (d) The public sector's management has been passed over to the private sector.
144. FDI is prohibited in all of the following except:
- (a) atomic energy
  - (b) lottery business
  - (c) gambling and betting
  - (d) banking operations.
145. Repo rate is the rate at which:
- (a) banks borrow from SBI.
  - (b) bank borrows from RBI.
  - (c) RBI borrows from banks.
  - (d) Public borrows from banks.
146. \_\_\_ refers to that portion of total deposits of a commercial bank which it has to keep with RBI in the form of cash reserves.
- (a) CRR.
  - (b) SLR.
  - (c) Bank rate.
  - (d) Repo rate.
147. Money includes :
- (a) currencies and demand deposits.
  - (b) bonds, government securities.
  - (c) equity shares.
  - (d) All of the above.
148. \_\_\_ has the highest birth rate in 2012.
- (a) Kerala
  - (b) Maharashtra,
  - (c) Orissa
  - (d) West Bengal
149. Infant Mortality Rate is highest in \_\_\_ (2010).
- (a) AP
  - (b) MP
  - (c) Bihar

(d) Kerala

150. The effect of decrease in CRR will be reduced or nullified if:

- (a) Bank rate is reduced.
- (b) Securities are sold in the open market.
- (c) SLR is reduced.
- (d) Securities are bought in the open market.

SECTION- D QUANTITATIVE APTITUDE

151. Two numbers are in the ratio 2:3. If 4 is subtracted from each, they are in the ratio 3:5. The numbers are
- (a) (16, 24)
  - (b) (4, 6)
  - (c) (2, 3)
  - (d) None of these
152. If a: b = 4:1 then  $\sqrt{\frac{a}{b}} + \sqrt{\frac{b}{a}}$  is
- (a) 5/2
  - (b) 4
  - (c) 5
  - (d) none of these
153.  $\log [1 - \{1 - (1 - x^2)^{-1}\}^{-1}]^{-1/2}$
- (a)  $\log x^2$
  - (b)  $\log x$
  - (c)  $\log 1/x$
  - (d) none of these
154. If the roots of the equation  $p(q-r)x^2 + q(r-p)x + r(q-p) = 0$  are equal then  $\frac{1}{p} + \frac{1}{r} =$
- (a)  $2/q$
  - (b)  $2/r$
  - (c)  $2/p$
  - (d) 1
155. The total cost curve of the number of copies of a particular photograph is linear. The total cost of 5 and 8 copies of a photograph are Rs.801 and Rs.116 respectively. The total cost of the 10 copies of the photograph will be.
- (a) Rs.100
  - (b) Rs.120
  - (c) Rs.145
  - (d) Rs. 140



156. If  $6P_r = 360$  then find r
- (a) 4
  - (b) 5
  - (c) 6
  - (d) None of these
157. If 5 books of English, 4 books of Tamil and 3 books of Hindi are to be arranged in a single row so that books of same language come together.
- (a) 1, 80,630
  - (b) 1, 60,830
  - (c) 1, 03,680
  - (d) 1, 30,680
158. A function  $f(x)$  is defined as  $f(x) = x - 1$  for  $x < 0$   
 $= -1/2$  for  $x = 0$   
 $= x + 1$  for  $x > 0$  then f is
- (a) Continuous at  $x = 0$
  - (b) Discontinuous at  $x = 0$
  - (c) Un defined at  $x = 0$
  - (d) None of these
159. A sum of money placed at compound interest double itself in 3 years. In how many years will it amount to four times itself?
- (a) 5 years
  - (b) 6 years
  - (c) 8 years
  - (d) 7 years
160. Sum of first n terms of an A.P is  $6n^2 + 6n$ . Then find 4th term of series.
- (a) 120
  - (b) 72
  - (c) 48
  - (d) 24

161. The Supreme Court has given a 6 to 3 decision upholding a lower court; the number of ways it can give a majority decision reversing the lower court is.
- 256
  - 276
  - 245
  - 226
162. A sum of money doubled itself in 8 years at simple interest. In how Many years the sum will be tripled itself?
- 20 years
  - 12 years
  - 16 years
  - None of these
163. A person has 10 friends of which 6 of them are relatives .He wishes to invite 5 persons so that 3 of them are relatives .In how many ways he can Invites?
- 450
  - 600
  - 120
  - 810
164.  $\lim_{x \rightarrow a} \frac{9^x - 8^x}{4^x - 2^x} =$
- $\log\left(\frac{3}{2}\right)$
  - $\frac{\log 3}{\log 2}$
  - $\log 6$
  - none of these
165. N is the set of all natural numbers and E is the set of all even numbers .If  $f: N \rightarrow E$  defined by  $f(x) = 2x$  ,for all  $x \in N$  is:
- one-one and onto
  - one-one into
  - Many one onto

(d) reflexive

166. If one type of rice of cost Rs.13.84 is mixed with another type of rice of cost Rs.15.54, the mixture is sold at Rs.17.60 with a profit of 14.6% on selling price then in which proportion the two types of rice mixed?

(a) 3:7

(b) 5:7

(c) 7: 9

(d) 9:1

167. Evaluate  $\int \left( \frac{e^x - e^{-x}}{e^x + e^{-x}} \right) dx$  and the value is

(a)  $\log_e |e^x - 1/e^x|$

(b)  $\log_e |e^x + e^{-x}| + k$

(c)  $\log_e |e^x - e^{-x}|$

(d) None of these

168. The equation of the curve which passes through the point (1,3) and has the slope  $4x-3$  at any point (x,y) is

(a)  $y=2x^3-3x+4$

(b)  $y=2x^2-3x-4$

(c)  $x=2y^2-3y+4$

(d) none of these

169. If  $x^m \cdot y^n = (x+y)^{m+n}$  prove that  $\frac{dy}{dx} =$

(a)  $y/x$

(b)  $-x/y$

(c)  $-y/x$

(d)  $x/y$

170. if  $y = ae^{mx} + be^{-mx}$  prove that  $\frac{d^2y}{dx^2} =$

(a)  $m^2y$

(b)  $m^2x$

(c)  $-m^2x$

(d)  $-m^2y$

171)  $\int_0^2 \frac{\sqrt{x}}{\sqrt{x} + \sqrt{2-x}} dx =$

(a) 0

(b) 2

(c) 1

(d)  $1/2$

172. For what values of  $x$ , the number  $-\frac{2}{7}, x, -\frac{7}{2}$  are in G.P.?

(a)  $\pm 1$

(b)  $\pm 3$

(c)  $\pm 2$

(d) none of these

173. The total numbers greater than 2000 that can be formed with the digits 1, 2, 3, 4, 5 no digit being repeated in any number?

(a) 216

(b) 215

(c) 220

(d) 226

174. There are 6 books on Economics, 3 on Mathematics and 2 on Accountancy. In how many ways can these be placed on shelf if the books on the same subject are to be together?

(a) 51,840

(b) 62,820

(c) 72,180

(d) 75,000

175. The  $m^{\text{th}}$  term of an AP is  $n$  and  $n^{\text{th}}$  term is  $m$ . Then  $r^{\text{th}}$  term is

(a)  $m+n+r$

(b)  $n+m-2r$

(c)  $m+n+r/2$

(d)  $m+n-r$

176. If every observation is increased by 5 then
- (a) SD increased by 5
  - (b) MD increased by 5
  - (c) QD increased by 5
  - (d) None affected
177. The SD of X is known to be 10 then SD of  $50+5X$  is:
- (a) 50
  - (b) 100
  - (c) 10
  - (d) 500
178. An unbiased coin is tossed 3 times, the expected value of the number of heads is:
- (a) 2.5
  - (b) 1.0
  - (c) 1.5
  - (d) 2.0
179. The curve obtained by joining the points, whose x-coordinates are the upper limits of the class-intervals and y coordinates are the corresponding cumulative frequencies is called
- (a) Ogive
  - (b) Histogram
  - (c) Frequency polygon
  - (d) Frequency curve
180. Under normal curve  $\mu \pm 3\sigma$  covers \_\_\_\_\_ of the area of items
- (a) 100%
  - (b) 99.73%
  - (c) 99%
  - (d) 99.37%
181. Which one is not a condition of Poisson model
- (a) the probability of having failures in a small time interval is constant
  - (b) the probability of having success more than one in a small time interval is very small
  - (c) the probability of having success in this time interval is independent of time 't' as well as earlier success

- (d) the probability of having success in a small time interval  $(t, t+dt)$  is  $Kt$  for a positive constant  $k$ .
182. What is the number of trials of a binomial distribution having Mean and Standard Deviation as 3 and 1.5 respectively?
- (a) 2
  - (b) 4
  - (c) 8
  - (d) 12
183. If  $x$  is a Poisson variate such that  $P(x=2) = 9P(x=4) + 90P(x=6)$ , find mean of  $x$ .
- (a)  $m = 2$
  - (b)  $m = 1$
  - (c)  $m = \pm 1$
  - (d)  $m = -4$
184. The sum of two numbers obtained in a single throw of two dice is 'S'. Then probability of 'S' will be maximum when 'S' =
- (a) 5
  - (b) 7
  - (c) 6
  - (d) 8
185. The two regression lines are  $16x-20y+132=0$  and  $80x-30y-428=0$ , the value of correlation coefficient is
- (a) 0.6
  - (b) -0.6
  - (c) 0.54
  - (d) 0.45
186. The probability of A solving a problem is  $\frac{7}{12}$  the odds against solving a problem
- (a) 5:7
  - (b) 4:7
  - (c) 5:8
  - (d) 4:5

187. Which sample provides separate estimates for population means for different segments and also overall estimate?
- Multistage sampling
  - Stratified sampling
  - Simple random sampling
  - Systematic sampling
188. X is a normal variable with mean = 5 and SD =10. Find the value of b such that the probability of the interval [25, b] is 0.4772 given  $\phi(2) = 0.9772$
- 45
  - 55
  - 65
  - 75
189. According to Neyman's allocation, in stratified sampling
- Sample size is proportional to the population size
  - Sample size is proportional to the sample SD
  - Sample size is proportional to the sample variance.
  - Population size is proportional to the sample variance.
190. The odds in favour of an event is 2:3 and the odds against another event is 3:7. Find the probability that only one of the two events occurs.
- $\frac{27}{50}$
  - $\frac{17}{50}$
  - $\frac{37}{50}$
  - none of these
191. Given that  $P(A) = 1/2$  and  $P(B) = 1/3$ ,  $P(A \cap B) = 1/4$ , what is  $P(A' \cap B')$
- $1/2$
  - $7/8$
  - $5/8$
  - $2/3$

192. The probability distribution of a random variable is as follows

X	1	2	4	6	8
P	k	2k	3k	3k	k

The variance of x is

- (a) 2.1
  - (b) 4.41
  - (c) 2.32
  - (d) 2.47
193. When 'p' = 0.5, the
- (a) Asymmetrical.
  - (b) Symmetrical.
  - (c) Both of above.
  - (d) None of above
194. In a normal distribution skewness is \_\_\_\_
- (a) 0
  - (b) >3
  - (c) <3
  - (d) <1
195. If the mean deviation of a normal variable is 16, what is the Quartile Deviation?
- (a) 10.00
  - (b) 13.50
  - (c) 15.00
  - (d) 12.05
196. If the mean and SD of X are a and b respectively, then the SD of  $\frac{x-a}{b}$  is
- (a) -1
  - (b) 1
  - (c) ab
  - (d) a/b



197. The regression coefficients remain unchanged due to a
- (a) Shift of origin
  - (b) Shift of scale
  - (c) Both (a) and (b)
  - (d) (a) or (b)
198. If  $x$  and  $y$  are related  $3x+4y=20$  and SD of  $x$  is 6, then SD of  $y$  is
- (a) 22
  - (b) 4
  - (c)  $\sqrt{5}$
  - (d) 9
199. A, B and C are three mutually exclusive and exhaustive events such that  $P(A)=2P(B)=3P(C)$ . What is  $P(B)$ ?
- (a)  $6/11$
  - (b)  $3/11$
  - (c)  $1/6$
  - (d)  $1/3$
200. If the two quartiles of  $N(\mu, \sigma^2)$  are 14.6 and 25.4 respectively, what is the Standard deviation of the distribution?
- (a) 9
  - (b) 6
  - (c) 10
  - (d) 8