The test is divided into four sections.

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

SECTION - A: FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. It is generally assumed that the business will not liquidate in the near foreseeable future because of ___________ concept.
   (a) Periodicity  (b) Materiality
   (c) Matching    (d) Going concern

2. Which of the following is correct?
   (a) Capital is equal to assets plus liabilities
   (b) Assets is equal to liabilities minus capital
   (c) Liabilities is equal to capital plus assets
   (d) Capital is equal to assets minus liabilities

3. Double column cash book records
   (a) Only cash transactions
   (b) All transactions
   (c) Cash and bank transactions
   (d) Cash purchase and cash sale transactions

4. Errors of commission do not permit
   (a) Incorrect totaling of the trial balance
   (b) Incorrect totaling of the Balance sheet
   (c) Trial balance to agree
   (d) None of the above
5. All of the following have debit balance except:

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages account</td>
<td>Trade receivables accounts</td>
<td>Bills payable account</td>
<td>Goodwill</td>
</tr>
</tbody>
</table>

6. The term depletion is used for:

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>Natural resources</td>
<td>Intangible assets</td>
<td>None of the three</td>
</tr>
</tbody>
</table>

7. A bill of exchange when drawn requires:

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noting</td>
<td>Discounting</td>
<td>Acceptance</td>
<td>None of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>Endorser</td>
<td>Bearer</td>
<td>None of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>Revenue expenditure</td>
<td>Deferred revenue expenditure</td>
<td>None of the above</td>
</tr>
</tbody>
</table>

10. Outstanding salary account is:

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real account</td>
<td>Personal account</td>
<td>Nominal account</td>
<td>None of the above</td>
</tr>
</tbody>
</table>

11. Drawings are deducted from ________

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Purchases</td>
<td>Expenses</td>
<td>Capital</td>
</tr>
</tbody>
</table>

12. The trial balance of Meghna shows the opening inventory of Rs. 10,000 which will be______

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit to the trading account</td>
<td>Credited to the trading account</td>
<td>Deducted from closing inventory in the balance sheet</td>
<td>Added to closing inventory in the balance sheet</td>
</tr>
</tbody>
</table>

13. Purchase returns appearing in the trial balance are deducted from______

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales returns</td>
<td>Capital</td>
<td>Sales</td>
<td>Purchases</td>
</tr>
</tbody>
</table>

14. ________ will generally show a debit balance

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loan</td>
<td>Bad debts recovered</td>
<td>Salary payable</td>
<td>Drawings</td>
</tr>
</tbody>
</table>
15. Purchase of a fixed asset on credit basis is recorded in _____________
   (a) Cash book  (b) Purchases book
   (c) Journal proper  (d) None of the above

16. Accounting means recording of _____________
   (a) Transactions  (b) Events
   (c) Both (a) and (b)  (d) Neither (a) nor (b)

17. Unless given otherwise, the ratio of sacrifice is the same as ________
   (a) New profit sharing ratio  (b) Equal ratio
   (c) Old profit sharing ratio  (d) None of the above

18. The ratio in which the continuing partners acquire the outgoing (retired or deceased) partner’s share is called ________
   (a) Sacrificing ratio  (b) Gaining ratio
   (c) New profit sharing ratio  (d) Old profit sharing ratio

19. A bill of exchange is called a ________ by one who is liable to pay it on the maturity date.
   (a) Bill receivable  (b) Noted bill of exchange
   (c) Bill payable  (d) None of the above

20. The amount of calls in arrear is deducted from ______________ to arrive at ______.
   (a) Issued capital, called up capital  (b) Called up capital, issued capital
   (c) Paid up capital, called up capital  (d) Called up capital, paid up capital

21. Smita places an order to Priya for supply of certain goods yet to be manufactured. On receipt of order, Priya purchases raw materials, employs workers, produces the goods and delivers them to Smita. In this case, sale will be presumed to have been made at the time of
   (a) Receipt of order  (b) Production of goods
   (c) Delivery of goods  (d) Purchase of raw material

22. If a machinery is purchased for Rs. 1,00,000, the asset would be recorded in the books at Rs. 1,00,000 even if its market value at that time happens to be Rs. 1,40,000. If a year after, the market value of this asset comes down to Rs. 90,000, it will ordinarily continue to be shown at Rs. 1,00,000 and not at Rs. 90,000 due to
   (a) Realization concept  (b) Present value concept
   (c) Replacement concept  (d) Cost concept

23. Mr. Shyam deposited a cheque on 28th March, 2012 for a sum of Rs.10,000. The cheque was collected on 4th April, 2012. If the bank balance as per cash book on 31st March, 2012 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 inventory is Rs.20,000, the gross profit will be
   (a) Rs.45,000    (b) Rs. 5,000    (c) Rs. 25,000    (d) None of the three

25. X enters into a joint venture with Y. The goods were purchased by X and Y amounting Rs.20,000 and Rs.40,000 respectively. Y incurred the expenses of Rs.5,000. Goods were sold by X and Y amounting Rs.22,000 and Rs.39,000. Goods unsold were taken over by Y for Rs.2,000. The profit or loss on joint venture is
   (a) Profit of Rs. 2,000    (b) Loss of Rs. 2,000    (c) Profit of Rs. 1,000    (d) Loss of Rs.1,000

26. On 1st January, 2012, Mohan draws upon Sohan a bill of exchange for three months, of Rs.2,000 for mutual accommodation. On 4th January, 2012 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, 2012 goods costing Rs.10,000 were sent to Annu Ltd. No confirmation has been received from Annu Ltd. till 31st March, 2012. The amount of inventory with customers to be shown as closing inventory in the balance sheet of ABC Ltd. as on 31st March, 2012 will be
   (a) Rs. 12,500    (b) Rs. 8,000    (c) Rs. 10,000    (d) Nil

28. Somesh and Ramesh are equal partners. Their capitals are Rs.40,000 and Rs.80,000 respectively. The profits for the year before charging interest on capital was Rs.6,000. The accounts of the year were closed before providing interest @ 5% per annum as per partnership agreement. To rectify this mistake they decided to pass an adjustment entry between the partners. Therefore, Somesh’s account needs to be debited by
   (a) Rs.2,000    (b) Nil    (c) Rs.1,000    (d) None of the above

29. A, B and C are partners in the ratio of 3:2:1. D is admitted in the firm for 1/6th share in profits. C would retain his original share. The new profit sharing ratio between A, B, C and D will be
   (a) 12:8:5:5    (b) 8:12:5:5    (c) 5:5:12:8    (d) 5:5:8:12

30. According to which concept, the owner of an enterprise pays the ‘interest on drawings’?
   (a) Accrual concept    (b) Conservatism concept    (c) Dual aspect concept    (d) Entity concept

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31. A firm earns profit of Rs.1,10,000. The normal rate of return in a similar type of business is 10%. The value of total assets (excluding goodwill) and total outside liabilities are Rs.11,00,000 and Rs.1,00,000 respectively. The value of goodwill by capitalisation method is  
(a) Rs.1,00,000  
(b) Rs.10,00,000  
(c) Nil  
(d) None of the above

32. The cost of inventory as per physical verification of Bharat Ltd. on 10th April, 2012 was Rs. 1,20,000. The following transactions took place between 1st April, 2012 to 10th April, 2012:  
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, 2012 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.:  
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Units</th>
<th>Cost per unit</th>
<th>Realization value per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>10</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

The value of inventory on item by item basis will be  
(a) Rs. 40  
(b) Rs.64  
(c) Rs.66  
(d) Rs.60

34. Sushila’s business disclosed the following profits for the last two years:  
2010 Rs.40,000 (including an abnormal gain of Rs.5,000)  
2011 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, 2012 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, 2012 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, 2011. 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, 2011. Nidhi withdrew Rs.14,000 during the year and profit earned during the year amounted to Rs.15,000. Her capital on 31st December, 2011 is

(a) Rs. 67,000  (b) Rs. 47,000
(c) Rs.45,000    (d) Rs. 43,000

37. The accountant of M/s ABC & Bros. paid personal income tax for the proprietor amounting Rs.10,000. This income tax should be

(a) Added to capital  (b) Credited to Profit & Loss Account
(c) Debited to Trading Account  (d) Deducted from capital

38. Suresh’s Trial balance provides you the following information:

- Bad debts Rs.10,000
- Provision for doubtful debts Rs.15,000

Suresh wants to make a provision of Rs.20,000 at the end of the year. The amount debited to the Profit & Loss Account is

(a) Rs. 45,000  (b) Rs. 5,000
(c) Rs. 15,000  (d) None of the above

39. Following are the extracts from the Trial Balance of a firm as at 31st March, 2012:

<table>
<thead>
<tr>
<th>Name of Account</th>
<th>Debit Balance</th>
<th>Credit Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>P.F. deducted from salaries</td>
<td>1,000</td>
<td></td>
</tr>
</tbody>
</table>

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 at a premium of 20%, in consideration for acquiring assets worth Rs.3,64,800 from M/s Rahim Bros. To record this transaction, share capital need to be credited by

(a) Rs.3,80,000 (b) Rs.76,000
(c) Rs.2,00,000 (d) Rs.3,04,000

42. Mr. Rajiv was the holder of 200 shares of Rs.10 each in RPG Ltd. upon which Rs.5 per share had been called up but he had paid only Rs.2.5 per share thereon. The company forfeited his shares and afterwards sold them to Satbir, credited as Rs.5 per share paid for Rs.900. The amount to be transferred to capital reserve is

(a) Rs.300 (b) Rs.500
(c) Rs.400 (d) None of the above

43. A Ltd. forfeited 1,000 equity shares of Rs.10 each, issued at par, 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, 2012 in the godown of Mahesh. Inventory of invoice value Rs.1,600 was destroyed. The goods were invoiced at 25% above cost. The insurance company admitted claim of 50% only. The insurance claim accepted was

(a) Rs. 640 (b) Rs. 600
(c) Rs. 800 (d) None of the above

45. Salary has been paid for 11 months from April 2011 to February, 2012 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, 2011, 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, 2012. 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, 2012. 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 Saroj for addition to machinery in order to increase the production capacity. The amount is

(a) Revenue in nature  
(b) Deferred revenue in nature  
(c) Capital in nature  
(d) Liability in nature

49. Prakash sells goods at 25% on sales. His sales were Rs.10,20,000 during the year. However, he sold damaged goods for Rs.20,000 costing Rs.30,000. This sale is included in Rs.10,20,000. The amount of gross profit is

(a) Rs. 1,90,000  
(b) Rs.2,50,000  
(c) Rs.2,40,000  
(d) Rs.2,00,000

50. The total of the debit and credit side of a trial balance of Mr. Rajiv as on 31st March, 2012 were Rs.20,000 and Rs.10,000 respectively. The difference was transferred to suspense account. On 4th April, 2012, 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 1.4.2011 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 31.3.2012 will be

(a) Rs. 3,94,000  
(b) Rs. 3,46,000  
(c) Rs. 2,94,000  
(d) None of the three

52. Goods costing Rs.10,000 sent out to consignee at Cost + 25%. Invoice value of the goods will be

(a) Rs.12,500  
(b) Rs.12,000  
(c) Rs.10,000  
(d) None of the above

53. A, B and C are the partners sharing profits in the ratio 1:1:2. C died on 30th June 2012 and profits for the accounting year ended on 31st December, 2011 were Rs. 24,000. How much share in profits for the period 1st January, 2012 to 30th June, 2012 will be credited to C’s Account?

(a) Rs. 12,000  
(b) Rs. 6,000  
(c) Nil  
(d) Rs. 3,000

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

(a) Assets will increase by Rs. 5,00,000  
(b) Liabilities will increase by Rs. 4,00,000  
(c) Assets will increase by Rs. 4,00,000  
(d) Both (b) and (c)
55. Rekha purchased a machinery for Rs. 50,000 on 1.4.2011. She paid electricity charges and salary amounting Rs. 1,000 and Rs. 2,000 respectively. Telephone bill amounting Rs. 200 was outstanding on 31.3.2012. The amount of expenses for the year ended 31st March, 2012 will be

(a) Rs. 53,200  (b) Rs. 3,000  
(c) Rs. 53,000  (d) Rs. 3,200

56. Goods costing Rs. 10,000 is supplied to Ram at an invoice price of 10% above cost and a trade discount of 5%. The amount of sales is

(a) Rs. 11,000  (b) Rs. 10,450  
(c) Rs. 10,500  (d) None of the above

57. Gauri paid Rs. 1,000 towards a debt of Rs. 1,050, which was written off as bad debt in the previous year. Gauri's account should be credited with

(a) 1,000  (b) 1,050  
(c) Nil  (d) None of the three

58. Ramesh, an employee gets salary Rs. 10,000 per month. He withdrew goods worth Rs. 1,500 for personal use and got salary of Rs. 9,000 in cash in the month of March, 2012. The excess payment of Rs. 500 should be debited to

(a) Salaries account  (b) Goods account  
(c) Drawings account  (d) Salaries paid in advance account

59. An old furniture was purchased for Rs. 10,000, it was repaired for Rs. 100. The repairs account should be debited by

(a) Rs.10,000  (b) Rs.10,100  
(c) Rs.100  (d) Nil

60. Rs.1,000 paid as rent to Krishna, the landlord, was debited to Krishna’s personal account. This error will

(a) Affect the trial balance  (b) Not affect the trial balance  
(c) Affect the suspense account  (d) None of the three
MODEL TEST PAPER - 8

SECTION - B: MERCANTILE LAWS (40 MARKS)

61. A wager means:

(a) A promise to give money or money's worth upon the determination or ascertainment of an 
uncertain future event.
(b) A promise to give money or money's worth upon the determination or ascertainment of a 
certain future event.
(c) A promise to give money or money's worth upon the happening of future event the outcome 
of which is predetermined.
(d) A promise to give money or money's worth upon the non-happening of certain future 
events the outcome if which is predetermined.

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

(a) Condition as to wholesomeness.
(b) Sale by description as well as by sample.
(c) Condition as to quality or fitness.
(d) All of the above.

63. Jus in personam means:

(a) A right against or in respect of a thing.
(b) A right against or in respect of a person.
(c) Both (a) and (b).
(d) None of the above.

64. Which of the following is not correct:

(a) Partner of firm cannot enter into a contract with the partnership firm.
(b) A member of a company can enter into a contract with the company.
(c) Partner of a firm can enter into a contract with the partnership firm.
(d) All of the above.

65. Persons who do not fall under the category of persons of unsound mind

(a) Lunatics
(b) Alien
(c) Drunkard
(d) Idiot

66. Delivery of goods in case of transit made by handing over documents of title to goods is

(a) Actual Delivery.
(b) Constructive Delivery.
(c) Symbolic Delivery.
(d) All of the above.
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 partnership started for a particular adventure/undertaking:

(a) Particular partnership
(b) Partnership at will
(c) Fixed partnership
(d) All of the above

69. A subsequent sale made by the original buyer of the goods to a third party:

(a) Re-sale
(b) Agreement to sell
(c) Sub-sale
(d) Wholesale

70. Coercion involves:

(a) Physical force or threat.
(b) Mental pressure.
(c) Both (a) and (b).
(d) None of the above

71. Implied authority of the partner does not empower him to

(a) Submit a dispute relating to the business of the firm to arbitration.
(b) Withdraw a suit or proceedings filed on behalf of the firm
(c) Both (a) and (b).
(d) None of the above

72. A proposal may be revoked in the following ways:

(a) By notice of revocation.
(b) By lapse of time.
(c) By death or insanity.
(d) All of the above

73. Which of the following is correct?

(a) Recission must be communicated to the other party in the same manner as a proposal is communicated.
(b) Recission must be revoked in the same manner as a proposal is revoked.
(c) Communication of recission is optional.
(d) Both (a) and (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.
   (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 Indian Partnership Act, 1932.
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. A person who has ceased to pay his debts in the ordinary course of business
(a) Mercantile Agents
(b) Seller
(c) Buyer
(d) Insolvent

84. In case of a sale the risk of loss resulting from the insolvency of the buyer is borne by___________.
(a) The seller
(b) The buyer
(c) Both of the above
(d) General Insurance Company of India

85. Agreement to sale is an ___________.
(a) Executed contract
(b) Executory contract
(c) Both of the above
(d) None of the above

86. Suit for specific performance and suit for injunction ___________.
(a) Are remedies which provide the same result
(b) Are different remedies and they provide different results
(c) Are not the correct way to act against the party committing the breach
(d) Are the only correct way to act against the party committing the breach
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. Damages awarded with the intention of punishing the defaulting party rather than compensating the aggrieved party:
   (a) Restitution
   (b) Exemplary Damages
   (c) Special Damages
   (d) Nominal Damages

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) and (b)

97. Partner by holding out is also known as ___________.
   (a) Active Partner  (b) Dormant Partner
   (c) Partner by estoppel  (d) Partner by stoppage

98. Interest on capital subscribed by a partner may be provided for in the partnership deed is ___________.
   (a) @ 6% per annum, provided it is payable only out of profits
   (b) @ 8% per annum, provided it is payable only out of profits
   (c) @ 8.5% per annum, provided it is payable only out of profits
   (d) At any rate, provided it is payable only out of profits

99. A had offered B, a price of Rs.10, 00,000/- for B’s flat. But B was not ready to sell the flat at all. A says to B that “I shall kill you if you don’t agree to sell me your house for Rs.10,00,000/-”. B thereafter did all that was the desire of A in order to save his life. What is immediate answer?
   (a) A can enforce the contract.  (b) B can enforce the contract.
   (c) A has applied coercion.  (d) The contract is unenforceable

100. Every wagering agreement is of a ___________ nature.
    (a) Quasi  (b) Warranty
    (c) Guarantee  (d) Contingent

SECTION - C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is correct?
    (a) In a two-good economy, the production possibilities frontier reflects the maximum amount of one good that can be produced when a given amount of the other good is produced.
    (b) Microeconomics is the study of the behaviour of the economy as a whole.
    (c) Positive economics focuses on welfare of the people of a society
    (d) None of the above
MODEL TEST PAPER - 8

102. Which of the following is incorrect?

(a) The cross elasticity of demand for two substitutes is positive
(b) The income elasticity of demand is the percentage change in quantity demanded of a good due to a change in the price of a substitute
(c) The cross elasticity of demand for two complements is negative
(d) The price elasticity of demand is always negative, except for Giffen goods

103. Which of the following situation does not lead to an increase in equilibrium price?

(a) An increase in demand, without a change in supply
(b) A decrease in supply accompanied by an increase in demand
(c) A decrease in supply without a change in demand
(d) An increase in supply accompanied by a decrease in demand

104. “I am making a loss, but with the rent I have to pay, I can’t afford to shut down at this point of time.” If this entrepreneur is attempting to maximize profits or minimize losses, his behaviour in the short run is:

(a) Rational, if the firm is covering its variable cost
(b) Rational, if the firm is covering its fixed cost
(c) Irrational, since plant closing is necessary to eliminate losses
(d) Irrational, since fixed costs are eliminated if a firm shuts down

105. An individual firm in a perfectly competitive market faces a demand curve which is:

(a) Downward sloping (b) Relatively inelastic
(c) Perfectly elastic (d) Upward sloping

106. A firm’s production function:

(a) Shows how much output and the level of input required for the firm to maximize profits
(b) Establishes the minimum level of output that can be produced using the available resources
(c) Shows the maximum output that can be produced with a given amount of inputs with available technology
(d) Shows labour force which is employed

107. The law of diminishing returns:

(a) States that beyond some level of a variable input, the average product of that variable input begins to increase steadily.
(b) Assumes that there is technological improvement over time.
(c) States that beyond some level of a variable input, the marginal product of that variable begins to decrease steadily.
(d) Informs a firm whether or not to use a factor input.
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>
<thead>
<tr>
<th>Output</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
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</tr>
<tr>
<td>1</td>
<td>15</td>
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<tr>
<td>2</td>
<td>35</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>92</td>
</tr>
<tr>
<td>5</td>
<td>140</td>
</tr>
</tbody>
</table>

The above data is an example of:

(a) Decreasing returns to scale. (b) Constant returns to scale.
(c) Increasing returns to scale. (d) Positive fixed cost.

110. Monopolies are allocatively inefficient because:

(a) They restrict the output to keep the price higher than under perfect competition.
(b) They charge a price higher than the marginal cost.
(c) Both (a) and (b) are correct.
(d) Both (a) and (b) are incorrect.

111. Which of the following statements is correct?

(a) Countries which are industrially well-developed generally have higher per capita income than countries which are not.
(b) India is a capital surplus economy.
(c) Agriculture sector need not depend upon industrial sector for its growth.
(d) None of the above.

112. When unemployment tends to be a long term feature of a country, it is called

(a) Seasonal Unemployment. (b) Cyclical Unemployment.
(c) Chronic Unemployment. (d) Structural Unemployment.

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.
**MODEL TEST PAPER - 8**

114. India can reap the benefit of Demographic dividend, as a great percentage of population is in the age group  

(a) 0-15 years  
(b) 60 + years  
(c) 20-35 years  
(d) 15 - 64 years

115. What percent of the sick units in India are big units?  

(a) More than 90 percent  
(b) Less than 10 percent  
(c) More than 30 percent  
(d) More than 96 percent

116. Which among the following is an indirect tax?  

(a) Income tax  
(b) Wealth tax  
(c) Custom duty  
(d) Gift tax

117. At the time of Independence and a number of years thereafter cotton textiles, jute and tea accounted for more than ________% of our export earnings.  

(a) 50  
(b) 70  
(c) 80  
(d) 90

118. According to the latest available data, the bed-population ratio in India is ________ per thousand population.  

(a) 3.2  
(b) 1.03  
(c) 11.5  
(d) 20.3

119. According to the latest UNDP report, 2012 India's relative global rating on HDI index is ________ among 187 countries.  

(a) 150  
(b) 177  
(c) 136  
(d) 5

120. A Gini Index of zero represents:  

(a) Perfect inequality  
(b) High level of inequality  
(c) Perfect equality  
(d) None of the above

121. Over a period of time, since GINI index has increased, it means:  

(a) Inequalities have decreased  
(b) Can't say  
(c) Inequalities have remained constant  
(d) Inequalities have increased

122. As compared to the targeted growth rate of 10% per annum in industrial production, the actual growth rate was ________% per annum during the Tenth Plan.  

(a) 9.4  
(b) 8.7  
(c) 6.5  
(d) 7.5
123. The value added by the industrial sector in the GDP 2013-14 (constant price) is ________.
   (a) about 26%  (b) about 80%  
   (c) about 60%  (d) about 50%

124. The MSME sector in India employs nearly ________ million people in 2011-12.
   (a) 50  (b) 23  
   (c) 100

125. GDP at factor cost is equal to GDP at market price minus indirect taxes plus ________.
   (a) Depreciation  (b) Direct taxes  
   (c) Foreign investments  (d) Subsidies

126. Net domestic expenditure is consumption expenditure plus ________.
   (a) Net foreign investment  (b) Net foreign investment plus net domestic investment  
   (c) Net domestic investment  (d) Replacement expenditure

127. Custom duties are levied on ________.
   (a) Incomes of the individual  (b) Production of goods  
   (c) Export and import of goods  (d) Incomes of the corporate

128. Demand for final consumption arises in ________.
   (a) Household sector only  (b) Government sector only  
   (c) Both household and government sectors  (d) Neither household nor government sector

129. The share of direct taxes in the gross tax revenue (Centre and States combined) was ________ % in 2012-12.
   (a) 66  (b) 38.5  
   (c) 25  (d) 75

130. According to census 2011 the sex ratio (number of females per 1,000 males) in India is ________.
   (a) 943  (b) 980  
   (c) 927  (d) 930

131. If as a result of 20 percent fall in the ticket fares the demand for ‘watching movie’ in the cinema hall increases by 10 percent, then ________.
   (a) Zero  (b) Greater than zero but less than one  
   (c) One  (d) Greater than one
132. If out of 1000 population, 500 persons are in the labour force, 450 are employed, what is the unemployment rate?

(a) 55%  
(b) 10%  
(c) 12.5%  
(d) 5%

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. \(D_1\) and \(S_1\) are the original demand and supply curves. \(D_2\), \(D_3\), \(S_2\) and \(S_3\) are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?

133. If Figure 1 represents the market for Mars Bars, the initial equilibrium is at the intersection of \(S_1\) and \(D_1\). The new equilibrium if there is an increase in cocoa prices will be:

(a) Point 3  
(b) Point 9  
(c) Point 4  
(d) Point 2.

134. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of \(S_1\) and \(D_1\). The new equilibrium if there is rapid economic growth and the government also imposes a tax on Mars Bars is:

(a) Point 3.  
(b) Point 9.  
(c) Point 2.  
(d) Point 6.

135. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of \(S_1\) and \(D_1\). The new equilibrium if there is a health scare about the effect Mars Bars may have is:

(a) Point 2.  
(b) Point 9.  
(c) Point 3.  
(d) Point 6.
136. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of $S_1$ and $D_1$. Assuming that mars bars are an inferior good, the new equilibrium if there is a recession and wages of workers producing them fall is:

(a) Point 2  
(b) Point 7  
(c) Point 3  
(d) Point 6

137. In Figure 1 (which represents the market for Mars Bars), the initial equilibrium is at the intersection of $S_1$ and $D_1$. Assume that the income of the consumers rises and at the same time there is an increase in the productivity in the production of Mars Bars. The new equilibrium will be:

(a) Point 2  
(b) Point 7  
(c) Point 3  
(d) Point 6

138. A book seller estimates that if she increases the price of a book from Rs.60 to Rs.67, the quantity of books demanded will decrease from 2,035 to 1,946. The book’s price elasticity of demand is approximately:

(a) 0.4  
(b) 0.8  
(c) 1.0  
(d) 2.5

139. Concerned about the poor state of the economy, a car dealer estimates that if income decreases by 4 per cent, car sales will fall from 352 to 335. Consequently, the income elasticity of demand for cars is approximately:

(a) -1.2  
(b) 0.01  
(c) 0.4  
(d) 1.2

A competitive firm sells as much as of its product as it chooses at a market price of Rs. 200 per unit. Its fixed cost is Rs. 600 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 2 to answer questions 140-144.
Table 2

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Variable Cost</th>
<th>Fixed Cost</th>
<th>Total Cost</th>
<th>Average Variable Cost</th>
<th>Average Total Cost</th>
<th>Marginal Cost</th>
</tr>
</thead>
<tbody>
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<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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. 8,000  
(c) Rs. 40,000  (d) Rs. 20,000

146. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs. 220 to Rs. 190, the price elasticity of demand for blankets is

(a) 0.69  (b) 1.0  
(c) 1.46  (d) 2.66

147. The cross elasticity of monthly demand for gel pen when the price of refills increases by 20% and demand for gel pens falls by 30% is equal to:

(a) -0.71  (b) +0.25  
(c) -0.19  (d) -1.5

148. The cross elasticity of monthly demand for ink pen when the price of gel pen increases by 25% and demand for ink pen increases by 50% is equal to:

(a) +2.00  (b) -2.00  
(c) -2.09  (d) +2.09

Read the following table and answer question number 149 -150.

<table>
<thead>
<tr>
<th>Number of products</th>
<th>Total utility</th>
<th>Marginal utility</th>
</tr>
</thead>
<tbody>
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<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>1</td>
<td>3600</td>
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</tr>
<tr>
<td>2</td>
<td>6800</td>
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<td>8</td>
<td>17600</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>18000</td>
<td></td>
</tr>
</tbody>
</table>

149. What is marginal utility when consumption increases from 4 units to 5 units?

(a) 3000  (b) 1200  
(c) 2000  (d) 1500
MODEL TEST PAPER - 8

150. What is marginal utility when consumption increases from 8 units to 9 units?
   (a) 3000  (b) 400  (c) 2000  (d) 1500

SECTION - D : QUANTITATIVE APTITUDE (50 MARKS)

151. This method presents data with the help of a paragraph or a number of paragraphs.
   (a) Tabular presentation.  (b) Textual presentation.  (c) Diagrammatic representation.  (d) None of these.

152. If two events A and B are independent, the probability that they will both occur is given by
   (a) P(A) + P(B)  (b) P(A) X P(B)  (c) P(A) - P(B)  (d) P(A)/P(B)

153. The normal curve is
   (a) Positively skewed.  (b) Negatively skewed.  (c) Symmetrical.  (d) All of these.

154. If x denotes height of a group of students expressed in cm. and y denotes their weight expressed in kg., then the correlation coefficient between height and weight
   (a) Would be shown in kg.  (b) Would be shown in cm.  (c) Would be shown in kg. and cm.  (d) Would be free from any unit.

155. The base of log_{6}13 into the common logarithmic base is
   (a) \frac{\log_{10} 10}{\log_{10} 13}  (b) \frac{\log_{10} 6}{\log_{10} 13}  (c) \frac{\log_{10} 13}{\log_{10} 6}  (d) None of these.

156. Data collected on minority from the census reports are
   (a) Primary data.  (b) Secondary data.  (c) Discrete data.  (d) Continuous data.

157. The nationality of a person is an example of
   (a) A variable.  (b) A discrete variable.  (c) A continuous variable.  (d) An attribute.

158. The total sum of the values of a given year divided by the sum of the values of the base year is a
   (a) Price index.  (b) Quantity index.  (c) Value index.  (d) None of these.
159. Find the first derivative of \( y = \log_e x \)

(a) \( \frac{1}{x} \)  
(b) \( e \log x \)

(c) \( \frac{1}{x} e \)  
(d) None of these.

160. Fisher’s ideal index is

(a) Arithmetic mean of Laspeyre’s and Paasche’s index.
(b) Median of Laspeyre’s and Paasche’s index.
(c) Geometric mean of Laspeyre’s and Paasche’s index.
(d) None of these.

161. ________ is the upper part of the table, describing the columns and sub-columns.

(a) Box head  
(b) Stub  
(c) Caption  
(d) Body

162. The correlation between sale of cold drinks and day temperature is ________.

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

163. In case of a ________, plotted points on a scatter diagram lie from lower left corner to upper right corner.

(a) Zero correlation  
(b) Negative correlation  
(c) Positive correlation  
(d) Simple correlation

164. The ________ the size of the sample more reliable is the result.

(a) Medium  
(b) Smaller  
(c) Larger  
(d) None of these

165. ________ are the values dividing a given set of observations into ten equal parts.

(a) Quartiles  
(b) Deciles  
(c) Centiles  
(d) None of these

166. Variance of a binomial distribution is always ________ its mean.

(a) Equal to  
(b) More than  
(c) Less than  
(d) None of these

167. If in binomial distribution mean is 10 and S.D. is 2, \( q \) will be ________.

(a) 0  
(b) 0.2  
(c) 0.8  
(d) 0.4
### MODEL TEST PAPER - 8

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 \(n^P_3 = 60\) then value of \(n\) is __________.

(a) 5  
(b) 2
(c) 1  
(d) 3

170. If one root of the equation \(x^2 + 7x + p = 0\) be reciprocal of the other then the value of \(p\) is __________.

(a) 1  
(b) -1
(c) 7  
(d) -7

171. A person borrowed Rs. 4,000 and after 6 months the amount paid was Rs. 4,050, find the rate of interest.

(a) 5%  
(b) 25%
(c) 2.5%  
(d) 20%

172. The value of \(\frac{16x^{-1}}{4x^{2/3}}\) is

(a) \(4x^{3/5}\)  
(b) \(4x^{5/3}\)
(c) \(4x^{-5/3}\)  
(d) None of these.

173. Evaluate \(\int \frac{x \, dx}{x^2 + 2}\)

(a) \(\log\sqrt{2}\)  
(b) \(\log\sqrt{3}\)
(c) \(\log\frac{1}{\sqrt{2}}\)  
(d) \(\log\frac{1}{\sqrt{3}}\)

174. Find the value of \(x\) if \(\frac{4}{5} : x = \frac{9}{2} : \frac{3}{4}\)

(a) \(\frac{15}{2}\)  
(b) \(\frac{9}{10}\)
(c) \(\frac{3}{4}\)  
(d) None of these.

175. The fourth proportional to \(2/3, 3/7, 4/9, \ldots\) is

(a) \(\frac{2}{7}\)  
(b) \(\frac{14}{8}\)
(c) \(\frac{7}{2}\)  
(d) None of these.
176. The solution set of equations $3x + 4y = 7$ and $4x - y = 3$, is
(a) 1, 1  (b) 2, 1  (c) -1, 1  (d) -1, 2

177. A dealer has only Rs. 5,760 to invest in fans (x) and sewing machines (y). The cost per unit of fan and sewing machine is Rs. 360 and Rs. 240 respectively. This can be shown by:
(a) $360x + 240y > 5760$  (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) f  (b) $\{1, 3\}$  (c) $\{2, 4\}$  (d) $\{0\}$

180. Compute the value of $\lim_{x \to 1} \left( \frac{x^2 + 3x + 2}{x^3 + 2x^2 - x + 1} \right)$
(a) 5  (b) 9  (c) 7  (d) 2

181. Find $g \circ f$ for the functions $f(x) = \sqrt{x}$, $g(x) = 2x^2 + 1$
(a) $2x^2 + 1$  (b) $2x + 1$  (c) $(2x^2 + 1) \left( \sqrt{x} \right)$  (d) $\sqrt{x}$

182. Two variables x and y are related by $5x + 2y + 5=0$ and $\bar{x} = 5$, then $\bar{y}$ is
(a) 10  (b) -10  (c) 15  (d) -15

183. What is the median for the following observations 10, 16, 12, 18, 22, 8?
(a) 12  (b) 14  (c) 16  (d) None of these

184. The variables x and y are related by $5x + 6y = 70$ and median of x is 8. What is the median of y?
(a) 4  (b) 4.5  (c) 5  (d) 5.5
MODEL TEST PAPER - 8

185. Find Q₃ 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

<table>
<thead>
<tr>
<th>Weight in kg. (Class interval)</th>
<th>No. of students (Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 - 48</td>
<td>4</td>
</tr>
<tr>
<td>49 - 53</td>
<td>5</td>
</tr>
<tr>
<td>54 - 58</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
</tbody>
</table>

Find Frequency density of the second class interval.

(a) 0.80  (b) 0.90
(c) 1.00  (d) 1.10

188. The coefficient of correlation between two variables is 0.5, then the coefficient of determination is

(a) 0.5  (b) 0.25
(c) -0.5  (d) \( \sqrt{0.5} \)

189. A bag contains 30 balls numbered from 1 to 30. One ball is drawn at random. The probability that the number of the drawn balls will be multiple of 3 or 7 is

(a) 7/15  (b) 13/30
(c) \( \frac{1}{2} \)  (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) \( e^{(x^2 + 1)} + c \)  
(b) \( e^{(x + 1)} + c \)  
(c) \( e^{(2x + 1)} + c \)  
(d) \( e^{(x - 1)} + c \)

195. A letter lock has three rings each marked with 10 different letters. In how many ways it is possible to make an unsuccessful attempt to open the lock?

(a) 1,000  
(b) 999  
(c) 5,040  
(d) None of these.

196. Find the effective rate of interest if I = Rs.1800, P = 18000, t = 1 year

(a) 10%  
(b) 9%  
(c) 18%  
(d) None of these.

197. The length of the perpendicular from the point (2, 5) on the line 4x - 3y +18 = 0 is

(a) 2.7  
(b) 2.5  
(c) 2.2  
(d) 2.1

198. If \( x^2 e^x + 4 \log x = 0 \) then \( \frac{dy}{dx} \) is

(a) \( \frac{e^x 2x^2 + 4 + 8x}{x^3 e^x} \)  
(b) \( \frac{e^x 2x^2 - 4}{x^3 e^x} \)  
(c) \( \frac{-e^x 2x^2 - 4}{x^3 e^x} \)  
(d) None of these.

199. Find \( \frac{dy}{dx} \), when \( y = 10x^8 \)

(a) 80x^7  
(b) 10x^7  
(c) 80x^8  
(d) None of these.
200. Evaluate \( \lim_{x \to 0} \frac{9^x - 3^x}{4^x - 2^x} \)

(a) \( \frac{\log 3}{\log 2} \)  
(b) \( \frac{\log 4}{\log 2} \)  
(c) \( \frac{\log 9}{\log 2} \)  
(d) \( \frac{\log 3}{\log 4} \)
The test is divided into four sections.

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

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

1. During the lifetime of an entity, accountants prepare financial statements at arbitrary points of time as per
   (a) Prudence.   (b) Consistency.
   (c) Periodicity. (d) Matching.

2. Real accounts relate to assets of the firm and not
   (a) Machinery.   (b) Debt.
   (c) Receivables. (d) None of the three.

3. Amit purchased a typewriter, for the purpose of sale, from Arvind for Rs. 8,000. This is
   (a) An event.
   (b) A transaction.
   (c) A transaction as well as an event.
   (d) Neither a transaction nor an event.

4. Profit leads to increase in
   (a) Assets.   (b) Capital.
   (c) Both (a) and (b). (d) Neither (a) nor (b).

5. Vikas and Co. account is a
   (a) Personal account. (b) Real account
   (c) Nominal account. (d) None of the above.
MODEL TEST PAPER - 9

6. Depreciation arises because of
   (a) Fall in the market value of the asset.  (b) Fall in the value of money.
   (c) Physical wear and tear of the asset.  (d) None of the three.

7. A promissory note does not require
   (a) Noting  (b) Discounting
   (c) Acceptance  (d) None of the above

8. Which of the following accounts will have credit balance?
   (a) Sale returns.  (b) Bills receivable.
   (c) Carriage inwards.  (d) Outstanding wages.

9. Which of the following error is an error of omission?
   (a) Sale of Rs. 5,000 was written in the purchases journal.
   (b) Wages paid to Shyam has been debited to his account.
   (c) The total of the sales journal has not been posted to the sales account.
   (d) None of the above

10. Prepaid salary has a
    (a) Credit balance.  (b) Debit balance.
    (c) Negative balance.  (d) None of the above.

11. The equality of debits and credits of the ________ does not mean that the individual accounts are also accurate.
    (a) Bank reconciliation statement.  (b) Cash book.
    (c) Trial balance.  (d) None of the three.

12. Change in the method of depreciation is change in ________.
    (a) Accounting estimate.  (b) Accounting policy.
    (c) Measurement discipline.  (d) None of the above.

13. Credit balance in the cash book means ________.
    (a) Overdraft as per passbook  (b) Favourable balance as per passbook
    (c) Both (a) and (b).  (d) None of the above.

14. Sale of scrap of raw materials appearing in the trial balance are shown on the credit side of
    ________.
    (a) Trading account.  (b) Manufacturing account.
    (c) Profit and Loss account.  (d) None of the three.
15. **Goodwill is a ________**

   (a) Current asset.  
   (b) Fictitious asset.  
   (c) Tangible asset.  
   (d) Intangible asset.

16. **Joint venture account is a ________**.

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

17. **Abnormal loss on consignment is credited to ________**.

   (a) Profit and Loss account.  
   (b) Consignee’s account.  
   (c) Consignment account.  
   (d) None of the three.

18. **When money is withdrawn from the bank, the bank ________ the account of the customer.**

   (a) Credits.  
   (b) Debits.  
   (c) Either (a) or (b).  
   (d) None of the three.

19. **_______ days of grace are allowed in case of time bills for calculating date of maturity.**

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

20. **The cash discount allowed to a customer should be credited to**

   (a) Discount account.  
   (b) Customer’s account.  
   (c) Sales account.  
   (d) None of the above.

21. **Huge Ltd. issued 25,000 equity shares of Rs.100 each at a premium of Rs. 15 each payable as Rs. 25 on application, Rs. 40 on allotment and balance in the first call. The applications were received for 75,000 equity shares but the company issued to them only 25,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 500 shares were not received and were forfeited after due notice. The above is the case of**

   (a) Oversubscription.  
   (b) Pro-rata allotment.  
   (c) Forfeiture of shares.  
   (d) All of the above.

22. **A, B and C are partners in the firm sharing profits and losses in 5:3:2 ratio. The firm’s Balance Sheet as on 31.3.2012 shows the Reserve balance of Rs. 25,000, Profit of the last year Rs. 50,000, Joint Life policy of Rs. 10,00,000, fixed assets of Rs. 12,00,000. On 1st June, C died and on the same date assets were revalued. The executor of the deceased partner will get along with the capital of C**

   (a) Share in the Reserves account of the firm.  
   (b) Proportionate share of profit up to the date of death.  
   (c) Share in Joint life policy.  
   (d) All of the above.
23. A machine purchased on 1st January, 2008 at Rs. 15,00,000, having useful life of 15 years was depreciated on straight line basis. On 1st January, 2011, the same machine was revalued upward by Rs. 3 lacs. The amount of depreciation for the year 2011 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 inventory 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, 2011. Chandini deposited the same into the bank on 4th October, 2011. In the books of M/s Chandini, the account to be debited on 1st October, 2011 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 a difference in the bank column of the cash book and passbook by Rs. 2,500. On scrutiny it was found that interest of Rs. 500 charged directly by the bank was not entered in the cash book. The same was adjusted in the cash book 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 inventory 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 inventory 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 1.4.2009 for Rs.10,00,000 was depreciated on straight line basis over its useful life of 10 years. On 1.4.2011, 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 31.3.2012 will be

(a) Rs. 1,00,000.
(b) Rs. 80,000.
(c) Rs. 83,333.
(d) Rs. 66,667.

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### 35. X of Kolkata sends out goods costing Rs. 1,00,000 to Y of Mumbai at cost + 25%. Consignor's expenses Rs. 2,000. 3/5th of the goods were sold by consignee at Rs. 85,000. Commission provided will be 2% on sales + 20% on gross sales less all commission exceeding its invoice value. Amount of total commission will be:

- (a) Rs. 3,083
- (b) Rs. 3,000
- (c) Rs. 2,500
- (d) Rs. 2,000

### 36. Anuj bought goods of the value of Rs. 10,000 and consigned them to Bittu to be sold by them on a joint venture, profits being divided equally. Anuj paid Rs. 1,000 for freight and insurance. Anuj draws a bill on Bittu for Rs. 10,000. Anuj got it discounted at Rs. 9,500. Bittu sold the goods for Rs. 15,000. Commission payable to Bittu Rs. 500. The amount to be remitted by Bittu to Anuj will be:

- (a) Rs. 12,500
- (b) Rs. 3,000
- (c) Rs. 14,500
- (d) Rs. 13,500

### 37. On 1.12.11 X draws a bill on Y “for 30 days after sight”. The date of acceptance is 8.12.11. The maturity date of the bill will be:

- (a) 8.1.2012
- (b) 10.1.2012
- (c) 11.1.2012
- (d) 9.1.2012

### 38. Mr. Aakash draws a bill on Mr. Yash for Rs. 30,000 on 1.1.2012 for 3 months. On 4.2.2012, Mr. Aakash got the bill discounted at 12%. The amount of discount will be:

- (a) Rs. 900
- (b) Rs. 600
- (c) Rs. 300
- (d) Rs. 650

### 39. On 1.6.05, X draws a bill on Y for Rs. 25,000. At maturity Y request X to accept Rs. 5,000 and noting charges incurred Rs. 100 in cash and for the balance X draws a bill on Y for 2 months at 12% p.a. Interest amount will be:

- (a) Rs. 410
- (b) Rs. 420
- (c) Rs. 440
- (d) Rs. 400

### 40. R, the consignor, sends out goods costing Rs.2,00,000 to K for sale on commission basis. Consignor’s expenses Rs.5,000. Consignee’s expenses in relation to sales Rs. 2,000. 4/5th of the goods were sold at 20% above cost. Commission charged by K is Rs. 5000. The profit on consignment will be:

- (a) Rs. 21,000
- (b) Rs. 32,000
- (c) Rs. 26,200
- (d) Rs. (6,000)

### 41. Ansh and Vansh enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. Ansh provides biscuits from inventory 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 5 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. 60,000.
(c) Rs. 45,000. (d) Rs. 22,500.

43. Varun Ltd. sends goods to his customers on Sale or Return basis by recording it as a sale at the time of sending it for approval. During 2011, Varun Ltd. send goods to customers for Rs. 1,00,000 on sale or return basis, at cost plus 33.33%. On September 2011, a letter of approval was received from a customer for Rs. 40,000. In this respect, entry will be

(a) Customers account debited and sales account credited with Rs. 40,000.
(b) Sales account debited and customers account credited with Rs. 40,000.
(c) No entry is required for receiving the letter of approval from the customer.
(d) Entry for Rs. 40,000 will be made at the end of the year.

44. The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. Capital employed is Rs. 4,00,000 and normal rate of return is 10%. The amount of goodwill calculated on the basis of super profit method for three years of purchase will be:

(a) Rs. 2,000. (b) Rs. 4,000.
(c) Rs. 6,000. (d) Rs. 8,000.

45. Tista Ltd. has issued 14% Debentures of Rs. 10,00,000 at a discount of 10% on April 01, 2010 and the company pays interest half-yearly on June 30, and December 31, every year. On March 31, 2012, the amount shown as “interest accrued but not paid” in the Balance Sheet will be:

(a) Rs. 35,000. (b) Rs. 70,000.
(c) Rs. 1,40,000. (d) Rs. 10,000.

46. Anny and Bunny enter into a joint venture sharing profits and losses in the ratio 1:1. Anny purchased goods costing Rs. 20,000. Bunny sold the goods for Rs. 25,000. Anny is entitled to get 1% commission on purchase and Bunny is entitled to get 5% commission on sales. The profit on venture will be:

(a) Rs. 3,550. (b) Rs. 3,600.
(c) Rs. 3,400. (d) Rs. 3,800.

47. A, B & C are equal partners. They wanted to change the profit sharing ratio into 4:3:2. The goodwill was valued as Rs. 90,000. The adjusting journal entry 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:

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 4,500.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 18,000.</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 27,000.</td>
</tr>
<tr>
<td>(d)</td>
<td>Rs. 24,000.</td>
</tr>
</tbody>
</table>

49. Hmun 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 Hmun, Tum and Woh are 7:5:4. The sacrificing ratio between Hmun:Tum will be:

<table>
<thead>
<tr>
<th>Option</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>3:1.</td>
</tr>
<tr>
<td>(b)</td>
<td>4:7.</td>
</tr>
<tr>
<td>(c)</td>
<td>5:4.</td>
</tr>
<tr>
<td>(d)</td>
<td>2:1.</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 1,500.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 2,250.</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 5,000.</td>
</tr>
<tr>
<td>(d)</td>
<td>Nil.</td>
</tr>
</tbody>
</table>

51. A company issued 15,000, 9% preference shares of Rs.100 each at par 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:

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 75,000.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 1,25,000.</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 2,00,000.</td>
</tr>
<tr>
<td>(d)</td>
<td>Cannot be determined.</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 1,200.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 1,800.</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 4,200.</td>
</tr>
<tr>
<td>(d)</td>
<td>Rs. 3,000.</td>
</tr>
</tbody>
</table>

53. Raj, Jai and Hari are the partners sharing profits in the ratio 7:5:4. Hari died on 30th June, 2012 and profits for the accounting year 2011-2012 were Rs. 24,000. How much share in profits for the period 1st April, 2012 to 30th June, 2012 will be credited to Hari’s Account.

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 6,000.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 1,500.</td>
</tr>
<tr>
<td>(c)</td>
<td>Nil.</td>
</tr>
<tr>
<td>(d)</td>
<td>Rs. 2,000.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 20,000.</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 24,000.</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 4,000.</td>
</tr>
<tr>
<td>(d)</td>
<td>Rs. 1,600.</td>
</tr>
</tbody>
</table>
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. 9 each at par to redeem Rs. 5,00,000 preference shares. The maximum amount of divisible profits available for redemption is Rs. 3,00,000. The number of shares to be issued by the company will be

(a) 20,000 shares.  (b) 22,223 shares.
(c) 18,182 shares.  (d) 25,000 shares.

57. Rich Ltd. had 3,000, 12% Redeemable preference shares of Rs. 100 each, fully paid-up. The company issued 25,000 equity shares of Rs. 10 each at par and 1,000 14% debentures of Rs. 100 each. All amounts were received in full. The payment was made in full. The amount to be transferred to Capital Redemption Reserve Account is

(a) Nil.  (b) Rs. 2,00,000.
(c) Rs. 3,00,000.  (d) Rs. 50,000.

58. Koina Ltd. issued 15,00,000, 12% debentures of Rs. 50 each at premium of 10% payable as Rs. 20 on application and balance on allotment. Debentures are redeemable at par after 6 years. All the money due on allotment was called up and received. The amount of premium will be

(a) Rs. 3,00,000.  (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)

**61.** A partner is entitled to claim interest on advances made by him to the firm at the rate of:

- (a) 12% per annum.
- (b) 18% per annum.
- (c) 6% per annum.
- (d) 10% per annum.

**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.** Where a partnership is at will, there the firm may be dissolved by:

- (a) The consent of all the partners.
- (b) Only by consent of Active partners.
- (c) Any partner giving notice in writing to all other partners of his intention to dissolve the firm.
- (d) Only by consent of dormant partners.

**65.** The following are goods as per the Sale of Goods Act, 1930:

- (a) Trademark.
- (b) Goodwill.
- (c) Patent.
- (d) All of the above.

**66.** An unpaid seller loses the right of lien under the following circumstances:

- (a) Where the seller so conducts himself that he leads third parties to believe that the lien does not exist.
- (b) Where seller has waived the right of lien.
- (c) Where the buyer or his agent lawfully obtains possession of the goods.
- (d) All of the above.
67. Essentials involved in appropriation of the goods are
(a) The goods should conform to the description and the quality stated in the contract.
(b) The goods must be in a deliverable state.
(c) The goods must be unconditionally appropriated to the contract either by delivery to the buyer or to its agent or the carrier.
(d) All of the above.

68. Which of the following is not correct:
(a) Coercion involves physical force.
(b) Undue influence involves physical force.
(c) Coercion need not be directed at the promisor.
(d) Undue influence is always exercised between the parties to the contract.

69. State which of the following is correct:
(a) There is not much difference in the nature of a partnership from the nature of a HUF.
(b) There is considerable difference in the nature of a partnership from the nature of a HUF.
(c) There is difference in the nature of a partnership from the nature of a HUF because unlike the nature of a HUF, the nature of a partnership is voluntary and contractual.
(d) There is not much difference in the nature of a partnership from the nature of a HUF because both involve a certain interest of a particular individual.

70. One person can contract with himself or with himself and others jointly
(a) No at least two persons or parties must be involved.
(b) Yes as the contract is between the individual and others jointly.
(c) Yes if there is a formal agreement.
(d) None of the above.

71. The cardinal principle of partnership law implies that
(a) The business must be carried on by all the partners or by anyone or more of the partners acting for all.
(b) The business may be carried on by all the partners acting for all.
(c) The business may be carried on by anyone or more of the partners acting for all.
(d) The business must be carried on in accordance with the decided profit (loss) sharing ratio.

72. Prime facie evidence of existence of partnership is:
(a) Agreement
(b) Mutual Agency
(c) Sharing of profit
(d) Business
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. Right to bid in case of an auction sale, may be reserved by

(a) Buyer
(b) Seller
(c) Both
(d) Auctioneer

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. The court may order for specific performance of the contract in case of breach of contract
of sale by seller only when:

(a) Goods are ascertained/specific
(b) Damages are insufficient
(c) Goods are unique and costly
(d) All of these

77. The test of good faith as provided in ‘expulsion of the partner’ in the Indian Partnership
Act, 1932 requires the following:

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

78. Where the buyer repudiates the contract before the date of delivery, there the seller
may treat such contract as:

(a) Rescinded and sue for the damages
(b) Only as rescinded
(c) Can claim only the damages
(d) None of these

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
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. **Passing of property constitutes the most important element to decide:**
   (a) Rights of seller
   (b) Liabilities of buyer
   (c) Rights and liabilities of sellers and buyers
   (d) Rights of buyers.

84. **A registered firm cannot claim a set off exceeding the _________ in a proceeding
   instituted against the firm or any partner thereof.**
   (a) Rupees 1000/-.  (b) Rupees 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.
### MODEL TEST PAPER - 9

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
<th>Options</th>
</tr>
</thead>
</table>
| 87. | Goods which are to be manufactured or produced or acquired by the seller after making the contract of sale are known as _________. | (a) Specific Goods  
(b) Existing Goods  
(c) Future Goods  
(d) Unascertained Goods |
| 88. | A person who is mentally deranged due to some mental strain or other personal experience and suffers from intermittent intervals of sanity and insanity is _________. | (a) Idiot Person  
(b) Lunatic Person  
(c) Intoxicated Person  
(d) All of the above |
| 89. | Expulsion of a partner, which is not in accordance with provisions of the Indian Partnership Act, 1932 is _________. | (a) Null and void  
(b) Null and void to some extent  
(c) Is unconstitutional  
(d) In good faith and in the interest of the partnership |
| 90. | The provisions relating to passing of property in case of goods sent on approval or ‘on sale or return’ basis is dealt in the _________. | (a) Indian Contract Act, 1872  
(b) Indian Partnership Act, 1932  
(c) Sale of Goods Act, 1930  
(d) Transfer of Property Act, 1882 |
| 91. | Dissolution of partnership means _________. | (a) Dissolution of partnership between all the partners of a firm  
(b) Insolvency of all the partners  
(c) Both of the above  
(d) None of the above |
| 92. | If the buyer is insolvent, _________. | (a) The seller cannot exercise the right of stoppage in transit  
(b) The seller cannot exercise the right of lien  
(c) The seller can exercise the right of lien  
(d) The seller can exercise the right of re-sale |
| 93. | There can be a stranger to a consideration but not a stranger to a contract signifies that a consideration may move from _________. | (a) Promisee or any other person  
(b) Promisee  
(c) Promisor  
(d) An independent person |
94. A Hindu widow borrowed money from a lender for the purpose of filing a suit for maintenance. The lender advanced money at 100 percent rate of interest. The act of the money lender is induced by ________.

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

95. The law dealing with the partnerships is contained in ________.

(a) The Indian Partnership Act, 1932
(b) The Indian Partnership Act, 1930
(c) The Indian Partnership Act, 1872
(d) The Indian Partnership Act, 2006

96. When performance of promise becomes impossible or illegal by occurrence of an unexpected event or change of circumstances beyond the contemplation of parties, the contract becomes void. The situation is dealing with ________.

(a) Remission  
(b) Recission
(c) Supervening Impossibility  
(d) Alteration

97. X, Y, Z are partners in a firm and X becomes insolvent. Then ________.

(a) The firm has to dissolve by default.
(b) The firm may not be dissolved unless there is any agreement between the partners to do so.
(c) The status of the firm becomes illegal from the date of adjudication of X as an insolvent.
(d) X remains a partner, unless the firm is dissolved.

98. A contingent contract is ________.

(a) A contract to do something if some event collateral to such contract does or does not happen.
(b) A contract not to do something if some event collateral to such contract does or does not happen.
(c) A contract to do or not to do something if some event collateral to such contract does or does not happen.
(d) A contract to do or not to do something if some event collateral to such contract does not happen.
MODEL TEST PAPER - 9

99. Arun had deposited a bag in the cloak room of a railway station by paying Rs. 50/. On the face of the ticket, issued to him, were inscribed “see reverse for terms & conditions”. Clause 10 of the printed Terms & Conditions limited the liability of the company for loss of a baggage to Rs. 100/-. The bag was lost and Arun claimed Rs. 650/- as its value.

(a) Arun was not bound by the conditions on the back of the ticket as he had not read them at all.
(b) Arun was bound by the conditions on the back of the ticket even if he had not read them.
(c) Arun was not bound by the conditions on the back of the ticket as his claim was 13 times more than the compensation offered to him by the railway company.
(d) Arun was bound by the conditions on the back of the ticket as he had not read them in full.

100. A and B become partners for 16 years. A pays B a premium of Rs. 5,000/-. At the end of 8 years there is dispute between A and B and they declare a dissolution.

(a) A can get back entire amount of the premium paid by him to B.
(b) A can get back a reasonable part of the premium.
(c) A can get back Rs. 2,500/- from B.
(d) A cannot get back any amount of the premium paid by him.

SECTION - C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is incorrect?

(a) Unlike normative economics, positive economics is based on objective analysis of economic issues.
(b) The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.
(c) Microeconomics emphasizes interactions in the economy as a whole.
(d) None of the above.

102. Which of the following is correct?

(a) The production possibilities frontier shows the maximum combination of outputs that the economy can produce using all the resources available.
(b) Increasing opportunity cost implies a production possibility frontier concave to the origin.
(c) Free markets are the markets in which the governments do not intervene.
(d) All of the above are correct.

103. With the same amount of resources, a farmer can feed the following combinations of goats and horses:

<table>
<thead>
<tr>
<th>Option</th>
<th>Goats</th>
<th>Horses</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>168</td>
<td>44</td>
</tr>
<tr>
<td>II</td>
<td>150</td>
<td>50</td>
</tr>
</tbody>
</table>

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 drought in India leads to unusually low level of wheat production. This would lead to a rise in the price of wheat and fall in the quantity of wheat demanded due to:

(a) excess demand at the original price  (b) excess supply at the original price
(c) the supply curve shifting to the right  (d) the demand curve shifting to the left.

105. If the elasticity of demand for a commodity is perfectly inelastic then which of the following is incorrect?

(a) The commodity must be essential to those who purchase it.
(b) The commodity must have many substitutes.
(c) The commodity will be purchased regardless of increase in its price.
(d) The elasticity of demand for this commodity must equal zero.

106. If a good has price elasticity greater than one then:

(a) demand is unit elastic and a change in price does not affect sellers’ revenue.
(b) demand is elastic and a change in price causes sellers’ revenue to change in the opposite direction.
(c) demand is inelastic and a change in price causes sellers’ revenue to change in the same direction.
(d) None of the above is correct.

107. The law of diminishing returns implies that:

(a) for each extra unit of X consumed, holding constant consumption of other goods, total utility increases.
(b) total utility remains unchanged regardless of how many units of X are consumed.
(c) marginal utility will increase at a constant rate as more units of X are consumed.
(d) each extra unit of X consumed, holding constant consumption of other goods, adds successively less to total utility.

108. Which of the following is correct?

(a) Firms that earn accounting profits are economically profitable.
(b) Opportunity cost plus accounting cost equals economic cost.
(c) When a firm’s demand curve slopes down marginal revenue will rise as output rises.
(d) Firms increase profits by selling more output than their rivals.
109. You are given the following data:

<table>
<thead>
<tr>
<th>Output</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>38</td>
</tr>
<tr>
<td>4</td>
<td>46</td>
</tr>
<tr>
<td>5</td>
<td>54</td>
</tr>
</tbody>
</table>

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 and services is more than their supply, the resultant inflation is:
   (a) cost push inflation.  (b) stagflation.
   (c) deflation.  (d) demand pull inflation.

116. GINI index measures:
   (a) demand inequalities.  (b) Income inequalities.
   (c) Price inequalities.  (d) Supply inequalities.

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 _________.

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>(a)</td>
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</tr>
<tr>
<td>(b)</td>
<td>1.15</td>
</tr>
<tr>
<td>(c)</td>
<td>1.00</td>
</tr>
<tr>
<td>(d)</td>
<td>0.15</td>
</tr>
</tbody>
</table>

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. India has a _________ income tax system.

(a) proportional  
(b) regressive
(c) zero  
(d) progressive
130. Electricity generated from water is called _________.
   (a) thermal electricity. (b) hydel electricity. (c) atomic energy. (d) tidal energy.

131. Over the years the number of cancer cases has _________.
   (a) increased. (b) decreased. (c) remained constant. (d) doubled.

132. Quantitative restrictions on _________. items were removed in the EXIM Policy of 2001-02.
   (a) 123 (b) 193 (c) 715 (d) 183

Read Figure 1 and answer questions 133-135.

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.

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 arc elasticity (midpoint) method for calculating the elasticity, what is the price elasticity of demand for cable TV in Small Town?

(a) 1.4
(b) 0.66
(c) 0.75
(d) 2.0

140. If a buyer’s willingness to pay for a new car is Rs. 200,000 and she is able to actually buy it for Rs.1,80,000 her consumer surplus is

(a) Rs.18,000
(b) Rs.20,000
(c) Rs. 2,000
(d) Rs. 0
141. Suppose there are three identical vases available to be purchased. Buyer 1 is willing to pay Rs. 30 for one, buyer 2 is willing to pay Rs. 25 for one, and buyer 3 is willing to pay Rs. 20 for one. If the price is Rs. 25, how many vases will be sold and what is the value of consumer surplus in this market?

(a) Three vases will be sold and consumer surplus is Rs. 80.
(b) One vase will be sold and consumer surplus is Rs. 5.
(c) One vase will be sold and consumer surplus is Rs. 30.
(d) Two vases will be sold and consumer surplus is Rs. 5.

Read the following paragraph and answer questions 142-144

Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 100 each. It costs Nicole Rs. 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs. 1,00,000 in her factory and equipment: Rs. 50,000 from her savings and Rs. 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 10 per cent, too.) Nicole can work at a competing pottery factory for Rs. 40,000 per year.

142. The accounting cost at Nicole’s pottery factory is:

(a) Rs. 25,000 (b) Rs. 50,000
(c) Rs. 80,000 (d) Rs. 75,000

143. The economic cost at Nicole’s factory is:

(a) Rs. 75,000 (b) Rs. 70,000
(c) Rs. 80,000 (d) Rs. 30,000

144. The accounting profit at Nicole’s pottery factory is:

(a) Rs. 30,000 (b) Rs. 50,000
(c) Rs. 80,000 (d) Rs. 75,000

145. The economic profit at Nicole’s factory is:

(a) Rs. 75000 (b) Rs. 35000
(c) Rs. 80000 (d) Rs. 30000

Mr. X and Co. operates in a perfectly competitive market. He sells his product at Rs. 8 per unit. His fixed costs are Rs. 100. His other costs are given below. Read the following table and answer questions 146-150.

<table>
<thead>
<tr>
<th>Output</th>
<th>Variable Cost</th>
<th>Fixed Cost</th>
<th>Total Cost</th>
<th>Marginal Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>5</td>
<td>100</td>
<td>105</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>11</td>
<td>100</td>
<td>111</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>18</td>
<td>100</td>
<td>118</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>26</td>
<td>100</td>
<td>126</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>36</td>
<td>100</td>
<td>136</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>50</td>
<td>100</td>
<td>150</td>
<td>14</td>
</tr>
</tbody>
</table>

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146. What is Mr. X and Co.'s total cost when 4 units are produced?
   (a) Rs. 126  (b) Rs. 100  (c) Rs. 26  (d) Rs. 8

147. When Mr. X and Co.'s production increases from 5 to 6 units, his marginal cost becomes?
   (a) Rs. 8  (b) Rs. 14  (c) Rs. 10  (d) Rs. 6

148. The average fixed cost of producing 4 units is:
   (a) Rs 1.50  (b) Rs 2.25  (c) Rs. 25  (d) Rs. 3.00

149. The average total cost of producing 6 units is:
   (a) Rs. 2.50  (b) Rs. 3.00  (c) Rs. 25  (d) Rs. 30

150. When will Mr X and Co. maximize profits?
   (a) When 4 units are produced.  (b) When 5 units are produced.
   (c) When the company shuts down.  (d) When 3 units are produced.

### SECTION - D : QUANTITATIVE APTITUDE (50 MARKS)

151. Factor reversal test is satisfied by
   (a) Laspeyre's index.  (b) Paasche's index.
   (c) Fisher's ideal index.  (d) None of these.

152. Laspeyre's index is based on
   (a) Base year quantities.  (b) Current year quantities.
   (c) Average of current year and base year.  (d) None of these.

153. The mean and mode of a normal distribution
   (a) Are always different.  (b) Are always equal.
   (c) May be different.  (d) May be equal.

154. Two cards are drawn from a well shuffled pack of 52 cards. Find the probability that they are both kings if the first is replaced.
   (a) 1/13  (b) 1/169  (c) 1/221  (d) None of these.
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?

<table>
<thead>
<tr>
<th>Option</th>
<th>Probability</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1/9</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>1/3</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>1/4</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
<td></td>
</tr>
</tbody>
</table>

156. If in binomial distribution np = 6 and npq = 3, then p is equal to

<table>
<thead>
<tr>
<th>Option</th>
<th>Probability</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1/3</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>1/2</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>1/4</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Index</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1 on 0</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>0 on 1</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>1 on 1</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>0 on 0</td>
<td></td>
</tr>
</tbody>
</table>

158. Find value of $\frac{dy}{dx}$ if $y = x^x$

<table>
<thead>
<tr>
<th>Option</th>
<th>Expression</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>$x^x \log e + e^x$</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>$x^x (1 + \log x)$</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>$y \log x$</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
<td></td>
</tr>
</tbody>
</table>

159. Compute the value of $\lim_{x \to a} \frac{x^2 - a^2}{x - a}$

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>2a</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>-2a</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>$a^2$</td>
<td></td>
</tr>
</tbody>
</table>

160. Two variables $x$ and $y$ are related by $7x + 7y + 13 = 0$ and $x = 7$, then $y$ is

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>8.80</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>8.86</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>-8.80</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>-8.86</td>
<td></td>
</tr>
</tbody>
</table>

161. We use t-distribution when samples are drawn from the ______ population.

<table>
<thead>
<tr>
<th>Option</th>
<th>Distribution</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Normal</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>Binomial</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Poisson</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
<td></td>
</tr>
</tbody>
</table>

162. ________ is uniparametric distribution.

<table>
<thead>
<tr>
<th>Option</th>
<th>Distribution</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Binomial</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>Poisson</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Normal</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>Hyper geometric</td>
<td></td>
</tr>
</tbody>
</table>

163. First quartile is the value for which one-fourth of the observations are ________ $Q_1$ and the remaining three-fourths observations are ________ $Q_1$.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Less than or equal to, More than or equal to</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>More than or equal to, Less than or equal to</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Less than, More than</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>More than, Less than</td>
<td></td>
</tr>
</tbody>
</table>
### MODEL TEST PAPER - 9

164. A variable is known to be ________ if it can assume any value from a given interval.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Discrete</td>
</tr>
<tr>
<td>(c)</td>
<td>Attribute</td>
</tr>
<tr>
<td>(b)</td>
<td>Continuous</td>
</tr>
<tr>
<td>(d)</td>
<td>Characteristic</td>
</tr>
</tbody>
</table>

165. ________ is the entire upper part of the table which includes columns and sub-column numbers, unit(s) measurement.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Stub</td>
</tr>
<tr>
<td>(c)</td>
<td>Body</td>
</tr>
<tr>
<td>(b)</td>
<td>Box-head</td>
</tr>
<tr>
<td>(d)</td>
<td>Caption</td>
</tr>
</tbody>
</table>

166. ________ is the left part of the table providing the description of the rows.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Caption</td>
</tr>
<tr>
<td>(c)</td>
<td>Stub</td>
</tr>
<tr>
<td>(b)</td>
<td>Body</td>
</tr>
<tr>
<td>(d)</td>
<td>Box head</td>
</tr>
</tbody>
</table>

167. In case of a ________, plotted points on a scatter diagram concentrate from upper left to lower right.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Zero correlation</td>
</tr>
<tr>
<td>(c)</td>
<td>Positive correlation</td>
</tr>
<tr>
<td>(b)</td>
<td>Negative correlation</td>
</tr>
<tr>
<td>(d)</td>
<td>Multiple correlation</td>
</tr>
</tbody>
</table>

168. 50% of actual values will be below & 50% of values will be above ________.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Mode</td>
</tr>
<tr>
<td>(c)</td>
<td>Mean</td>
</tr>
<tr>
<td>(b)</td>
<td>Median</td>
</tr>
<tr>
<td>(d)</td>
<td>Q₁</td>
</tr>
</tbody>
</table>

169. The correlation between Employment and Purchasing power is ________.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Positive</td>
</tr>
<tr>
<td>(c)</td>
<td>Zero</td>
</tr>
<tr>
<td>(b)</td>
<td>Negative</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

170. Data collected on sex ratio from the census reports are ________.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Primary data</td>
</tr>
<tr>
<td>(c)</td>
<td>Discrete data</td>
</tr>
<tr>
<td>(b)</td>
<td>Secondary data</td>
</tr>
<tr>
<td>(d)</td>
<td>Continuous data</td>
</tr>
</tbody>
</table>

171. What is the median for the following observations 6,10,15,16,20,5,8?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>8</td>
</tr>
<tr>
<td>(c)</td>
<td>15</td>
</tr>
<tr>
<td>(b)</td>
<td>10</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

172. The variables x and y are related by 2x + 3y = 6 and median of x is 2. What is the median of y?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1/3</td>
</tr>
<tr>
<td>(c)</td>
<td>1</td>
</tr>
<tr>
<td>(b)</td>
<td>2/3</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>
173. Find \( D_6 \) for the following observations:
7, 9, 5, 4, 10, 15, 14, 18, 6, 20

(a) 11.40  
(c) 13.40

(b) 12.40  
(d) 13.80

174. Refer following table:
Frequency distribution of weights of 16 students

<table>
<thead>
<tr>
<th>Weight in kg. (Class interval)</th>
<th>No. of students (Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 - 48</td>
<td>4</td>
</tr>
<tr>
<td>49 - 53</td>
<td>5</td>
</tr>
<tr>
<td>54 - 58</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
</tbody>
</table>

Find Relative frequency for the second class interval?

(a) 1/11  
(c) 5/16

(b) 5/4  
(d) 1/4

175. If the coefficient of correlation between two variables is -0.4, then the coefficient of determination is

(a) 0.6  
(c) 0.4

(b) 0.16  
(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%  
(c) 51%

(b) 30%  
(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  
(c) 1/7

(b) 3/28  
(d) None of these

178. The common ratio of the G.P. 2, -6, 18, -54 is

(a) 3  
(c) 4

(b) -3  
(d) -4
179. The integral of \( \int \frac{dx}{x^2 - a^2} \) will be

(a) \( \frac{1}{2a} \log \frac{x - a}{x + a} \)  
(b) \( \frac{1}{2a} \log \frac{x + a}{x - a} \)  
(c) \( \frac{1}{2a} \log \frac{x}{x + a} \)  
(d) None of these.

180. How many numbers greater than 2000 can be formed with the digits 1, 2, 3, 4, 5 with each digit distinct?

(a) 216  
(b) 120  
(c) 24  
(d) 240

181. If \( A = \{1, 2, 3, 5, 7\} \) and \( B = \{1, 3, 6, 10, 15\} \), cardinal number of \( A - B \) is

(a) 3  
(b) -4  
(c) 6  
(d) None of these.

182. Let \( p = x^3 \log x \), so what is the value of \( \frac{d^2p}{dx^2} \)?

(a) \( x + 2x \log x \)  
(b) \( x^2 + \log x \cdot 2x^2 \)  
(c) \( x^2 + 2x \log x \)  
(d) None of these.

183. Ram is confused whether to invest at 9% p.a. compounded monthly or 9.25% p.a. simple interest, given that \( (1 + 0.0075)^{12} = 1.09380690 \). The student decided to find effective rate of interest which is

(a) 9%  
(b) 9.25%  
(c) 9.38%  
(d) None of these.

184. Find the equation of the line with slope -0.25 and (-2, -4) on the line

(a) \( x + 4y + 18 = 0 \)  
(b) \( 2x + 4y + 15 = 0 \)  
(c) \( 2x + y + 18 = 0 \)  
(d) \( x + 4xy - 18 = 0 \)

185. Find \( \frac{dy}{dx} \) when \( y = 4x^3 + 8x^2 \) at \( x^2 = 2 \)

(a) 424  
(b) 470  
(c) 472  
(d) None of these.
186. Evaluate \( \lim_{x \to \infty} \left( 1 + \frac{9}{x} \right)^x \)

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>( e^9 )</td>
</tr>
<tr>
<td>(b)</td>
<td>9</td>
</tr>
<tr>
<td>(c)</td>
<td>1</td>
</tr>
<tr>
<td>(d)</td>
<td>( e^1 )</td>
</tr>
</tbody>
</table>

187. If the set \( P \) has 6, \( Q \) has 5 and \( R \) has 2 elements, then the set \( P \times Q \times R \) contains

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>(a)</td>
<td>13</td>
</tr>
<tr>
<td>(b)</td>
<td>9</td>
</tr>
<tr>
<td>(c)</td>
<td>60</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

188. Find the 10\(^{th}\) term of an A.P with first term as 4 and common difference being 2

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
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</tr>
<tr>
<td>(b)</td>
<td>25</td>
</tr>
<tr>
<td>(c)</td>
<td>20</td>
</tr>
<tr>
<td>(d)</td>
<td>13</td>
</tr>
</tbody>
</table>

189. \( ^nP_r \) can be expressed as

<table>
<thead>
<tr>
<th>Option</th>
<th>Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>( \frac{n!}{r!} )</td>
</tr>
<tr>
<td>(b)</td>
<td>( \frac{n!}{(n-r)!} )</td>
</tr>
<tr>
<td>(c)</td>
<td>( \frac{n!}{r!(n-r)!} )</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

190. If \( 10^{-2} = 0.01 \), then the value of \( \log_{10} 0.01 \) is

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>-2</td>
</tr>
<tr>
<td>(b)</td>
<td>2</td>
</tr>
<tr>
<td>(c)</td>
<td>-1</td>
</tr>
<tr>
<td>(d)</td>
<td>1</td>
</tr>
</tbody>
</table>

191. Solving equation \( 3x^2 - 14x + 16 = 0 \), we get roots as

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>( \pm 1 )</td>
</tr>
<tr>
<td>(b)</td>
<td>( \pm 2 )</td>
</tr>
<tr>
<td>(c)</td>
<td>0</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

192. Mr. Rahul invested in Bank Rs. 80,000 for 4 years at 10\%\ a.a. rate of interest. How much he will earn?

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Rs. 32,000</td>
</tr>
<tr>
<td>(b)</td>
<td>Rs. 18,000</td>
</tr>
<tr>
<td>(c)</td>
<td>Rs. 23,000</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

193. Find the value of \( p \) from \( (\sqrt{4})^{-6} \times (\sqrt{2})^{-2} = 2^p \)

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>16</td>
</tr>
<tr>
<td>(b)</td>
<td>8</td>
</tr>
<tr>
<td>(c)</td>
<td>-7</td>
</tr>
<tr>
<td>(d)</td>
<td>4</td>
</tr>
</tbody>
</table>
194. Evaluate \[ \int_{1}^{2} \frac{dx}{(x+1)(x+2)} \]

(a) \( \log \frac{9}{8} \)  (b) \( \log \frac{8}{9} \)

(c) \( \log \frac{6}{8} \)  (d) \( \log \frac{5}{4} \)

195. \( \frac{p}{7} = \frac{q}{6} = \frac{r}{11} \) then \( \frac{p + q + r}{p} \) is

(a) 8  (b) 5  (c) 4  (d) None of these.

196. The numbers 2.4, 3.2, 1.5, 2 are in proportion & their product of means is 4.8, find the product of extremes?

(a) 4.8  (b) 2.4  (c) 8.4  (d) None of these.

197. Determine the solution set of \( \frac{1}{x} + \frac{1}{y} + \frac{1}{z} = 5 ; \frac{2}{x} - \frac{3}{y} - \frac{4}{z} = -11 \) and \( \frac{3}{x} + \frac{2}{y} - \frac{1}{z} = -6 \) is

(a) 1/2, 1/6, 1/3  (b) 1/2, -1/3, 1/6

(c) 1/6, 1/3, 1/2  (d) -1/6, 1/2, 1/3

198. In a class of boys \( x \) and girls \( y \) the maximum seating capacity is 360. This can be shown by

(a) \( x + y < 360 \)  (b) \( x + y \geq 360 \)

(c) \( x + y = 360 \)  (d) None of these.

199. Determine the common difference of progression 16, 13, 10 ......... 25 terms

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

200. If \( P = \{1, 2, 3, 4\} ; Q = \{2, 4, 6\} \) then \( P \cup Q \)

(a) \( \{1, 2, 3, 6\} \)  (b) \( \{1, 4, 6\} \)

(c) \( \{1, 2, 3, 4, 6\} \)  (d) None of these.

***
The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. Mr. Ashok buys clothing of Rs. 50,000 paying cash Rs. 20,000. What is the amount of expense as per the accrual concept?
   (a) Rs. 50,000.  (b) Rs. 20,000.  (c) Rs. 30,000.  (d) Nil.

2. Loss leads to a reduction in
   (a) Liability.  (b) Capital.  (c) Income.  (d) None of the three.

3. Accounting standards are
   (a) Basis for selection of accounting policy.  (b) Set of broad accounting policies to be followed by an entity.
   (c) Basis for establishing and managing an entity.  (d) All of the above.

4. “Substance of any transaction should be considered while recording them and not only the legal form” is the statement which holds true for:
   (a) Substance over form  (b) Disclosure of accounting policies.
   (c) Both (a) and (b).  (d) None of the three.
5. The determination of the amount of provision for doubtful debts is an accounting
   (a) Policy.   (b) Estimate.       (c) parameter.           (d) None of the above

6. What is the order in which the accounting transactions and events are recorded in the books?
   (a) Journal, Subsidiary books, Ledger, Balance sheet, Profit and loss account.
   (b) Ledger, Journal, Ledger, Balance sheet, Profit and loss account.
   (c) Journal, Ledger, Profit and loss account, Balance sheet.
   (d) Profit and loss account, Ledger, Balance sheet, Journal.

7. The expired portion of capital expenditure is shown in the financial statements as
   (a) As an income.       (b) As an expense.
   (c) As an asset.        (d) As a liability.

8. Rs. 5,000 incurred for upgradation of computer by installation of 128 MB RAM is
   (a) Capital expenditure. (b) Deferred revenue expenditure.
   (c) Revenue expenditure. (d) None of the above.

9. According to money measurement concept, currency transactions and events are recorded in the books of accounts
   (a) In the ruling currency of the country in which transaction takes place.
   (b) In the ruling currency of the country in which books of account are prepared.
   (c) In the currency set by the ministry of finance.
   (d) In the currency set by the Government.

10. All of the following errors do not affect the trial balance, except
    (a) Compensating errors.       (b) Errors of complete omission.
    (c) Errors of partial omission. (d) Errors of principle.

11. Errors are _____ mistakes.
    (a) Intentional.        (b) Unintentional.
    (c) Undetected.         (d) None of the three.

12. Trial balance is a statement which shows the _____ or the _____ of all the accounts.
    (a) Balances, Entries.   (b) Opening balances, Closing balances.
    (c) Posted balances, Total of balances. (d) Debit balance, Credit balance.

13. It is easy to detect _____ than to _____.
    (a) Frauds, Errors.       (b) Mistakes, Errors.
    (c) Errors, Frauds.       (d) Errors, Mistakes.
14. In case of debit balance, the words ________ are written on the debit side.
(a) To balance b/d.  (b) To balance c/d.
(c) By balance b/d.  (d) By balance c/d.

15. Rs. 5,000 spent on maintenance of plant and machinery is ________.
(a) Capital expenditure.  (b) Revenue expenditure.
(c) Deferred capital expenditure.  (d) None of the three.

16. Bank pass book is also known as ________
(a) Bank book.  (b) Bank account.
(c) Bank column.  (d) Bank statement.

17. Capital expenditures are recorded in the ________
(a) Balance sheet.  (b) Profit and loss account.
(c) Trading account.  (d) Manufacturing account.

18. Accounts receivable normally has ________ balance.
(a) Debit.  (b) Credit.
(c) Unfavourable.  (d) None of the above.

19. An account is a formal record of changes in items of ________ nature.
(a) Revenue.  (b) Expense.
(c) Debit.  (d) Similar.

20. The assumption underlying the fixed installment method of depreciation is that of ________ of the asset over different years of its useful life.
(a) Usage.  (b) Equal usage.
(c) Charge.  (d) None of the above.

21. A businessman purchased goods for Rs.25,00,000 and sold 70% of such goods during the accounting year ended 31st March, 2010. The market value of the remaining goods was Rs.5,00,000. He valued the closing inventory at Rs. 5,00,000 and not at Rs. 7,50,000 due to ________.
(a) Money measurement concept.  (b) Conservatism concept.
(c) Cost concept.  (d) Periodicity concept.

22. M/s Omega Brothers, which was registered in the year 2004, has been following LIFO method for valuation of shares. It changed its method from LIFO to FIFO Method in the year 2009. The auditor raised objection to this change in the method of valuation of investments. The objection of the auditor is justified because ________.
(a) Change in the method should be done only with the consent of the auditor
(b) Method can be changed only from FIFO to LIFO and not vice versa
(c) Change in the method should be done only if it is required by some statute and change would result in appropriate presentation of financial statement
(d) Method cannot be changed under any circumstances.
MODEL TEST PAPER - 10

23. Following are the items of the balance sheet of Mr. X:

Capital Rs. 7,00,000; Machinery Rs. 5,00,000 and Cash Rs. 2,00,000. If Mr. X spends Rs. 5,000 to meet his family expenses, the balance of capital and cash accounts will be

(a) Rs. 7,00,000 and Rs. 2,00,000.  (b) Rs. 6,95,000 and Rs. 1,95,000.
(c) Rs. 7,00,000 and Rs. 1,95,000.  (d) Rs. 6,95,000 and Rs. 2,00,000.

24. Mr. Mohan started a cloth business by investing Rs. 50,000, bought merchandise worth Rs. 50,000. He sold merchandise for Rs. 60,000. Customers paid him Rs. 50,000 cash and assured him to pay Rs. 10,000 shortly. The amount of revenue earned by him is

(a) Rs. 50,000.  (b) Rs. 60,000.
(c) Rs. 1,00,000.  (d) Rs. 70,000.

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

(a) Rs. 90,000.  (b) Rs. 4,00,000.
(c) Rs. 3,10,000.  (d) None of the three.

26. When balance as per cash book (debit balance) as on 31st March is the starting point, what will be the effect while preparing bank reconciliation statement when out of the cheques amounting to Rs. 5,000 deposited, cheques aggregating Rs. 1,500 were credited in March and cheques aggregating Rs. 2,000 credited in April and the rest have not been collected?

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

27. A and B purchased a piece of land for Rs. 30,000 and sold it for Rs. 60,000 in 2010. Originally A had contributed Rs. 12,000 and B Rs. 8,000. The profit on venture will be

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

28. On 1.1.2010 X draws a bill on Y for Rs 1,00,000. At maturity, the bill returned dishonoured as Y became insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is:

(a) 20,000  (b) Nil
(c) 40,000  (d) 40 paise

29. An individual invests Rs.2,00,000 for running a stationery business. On 1st Jan., he purchases goods for Rs. 1,15,000 and sells the goods 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 takes a salary Rs. 10,000 per month. He withdrew goods worth Rs. 2,500 for personal use and got salary Rs. 9,500 in cash. The excess payment of Rs. 2,000 will be debited to

(a) Sales account.  
(b) Goods account.  
(c) Salary account.  
(d) Salary in advance account.

33. Journal entry for Rs. 6,000 stolen from the safe of the firm will be

(a) Dr. P&L a/c and Cr. Cash embezzlement a/c Rs. 6,000.  
(b) Dr. Cash embezzlement a/c and Cr. Cash a/c Rs. 6,000.  
(c) Dr. Cash a/c and Cr. P&L a/c Rs. 6,000  
(d) None of the above.

34. After preparing the trial balance the accountant finds that the total of the debit side is short by Rs. 1,000. This difference will be

(a) Credited to suspense account.  
(b) Debited to suspense account.  
(c) Adjusted to any of the debit balance account.  
(d) Adjusted to any of the credit balance account.

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Account heads</th>
<th>Debit (Rs.)</th>
<th>Credit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sales</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Purchases</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Miscellaneous expenses</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

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

(a) Rs. 4,680 and 3,120  
(b) Rs. 4,800 and 3,000  
(c) Rs. 5,000 and 2,800  
(d) None of the above.

37. A sale of Rs. 100 to A recorded in the Purchase Book would affect:

(a) Sales Account  
(b) Purchases Returns Account  
(c) Sales Account, Purchases Account & A’s 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 firm earns super profit of:

(a) Rs. 3,000  
(b) Rs. 5,000  
(c) Rs. 4,000  
(d) Rs. 2,000

39. If capital employed by a partnership firm is Rs.1,00,000 and its average profit is Rs. 20,000, normal rate of return is 15%, the value of goodwill according to capitalization method will be

(a) Rs.30,000  
(b) Rs.5,000  
(c) Rs.1,33,333  
(d) Rs.33,333

40. A and D are equal partners. They wanted to admit C as 1/6th partner who brought Rs.60,000 as goodwill. The new profit sharing ratio is 3:2:1. Profit sacrificing ratio will be

(a) 0:1/6  
(b) 2:1  
(c) 3:1  
(d) None of the above.

41. A, B, C & D are in partnership sharing profits and losses equally. They mutually agree to change the profit sharing ratio to 3:3:2:2. In this process D loses

(a) $\frac{1}{20}$ th share  
(b) $\frac{1}{10}$ th share  
(c) $\frac{1}{5}$ th share  
(d) None of the above

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42. The following information pertains to X Ltd.
   (i) Equity share capital called up Rs.5,00,000
   (ii) Calls in arrear Rs.40,000
   (iii) Calls in advance Rs.25,000
   (iv) Proposed dividend 15%
   The amount of dividend payable is
   (a) Rs.75,000 (b) Rs.72,750
   (c) Rs.71,250 (d) Rs.69,000

43. Alfa Ltd. issued shares of Rs.10 each at par. 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 at two years purchase.
   (a) Rs. 42,000. (b) Rs. 84,000.
   (c) Rs. 1,26,000. (d) Rs. 36,000.

45. Mohan sent some goods costing Rs. 3,500 at profit of 25% on sale to Sohan on sale or return basis. Sohan return goods costing Rs.800. At the year end, i.e., on 31st December, 2011, the remaining goods were neither returned nor approved by him. The inventory on approval will be shown in the balance sheet at Rs. ______
   (a) Rs. 2,000 (b) Rs. 2,700
   (c) Rs. 2025 (d) Rs. 3,500

46. A’s acceptance to B for Rs.2,500 is discharged by a cash payment of Rs.1,000 and a new bill is drawn 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.
### MODEL TEST PAPER - 10

49. If 1,000 typewriters costing Rs.250 each are sent on consignment basis and Rs.10,000 is spent for freight etc., 20 typewriters are damaged in transit beyond repair. The amount of loss will be __________

(a) Rs. 5,000  
(b) Rs.200  
(c) Rs.5,200  
(d) None of the above.

50. 1,000 Kgs. 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 inventory 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 1.4.2011. 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, 2012 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 inventory Rs. 2,50,000, closing inventory Rs. 50,000, purchases Rs. 2,00,000, sales Rs. 5,00,000. Gross profit rate 20% on sales. The amount of gross profit is:

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

54. XYZ & Company employs a team of ten workers who were paid Rs.1,000 each in the year ending 31st December, 2010. At the start of year 2011, the company raised salaries by 10%. The amount of salaries for the year ended 31st December, 2011 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 31.3.2012 is Rs. 10,000. Cheques deposited but not cleared amounts to Rs. 1,000 and Cheques issued but not presented is Rs. 2,000. Balance as per pass book should be

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

56. Goods purchased Rs. 1,00,000, Sales Rs. 90,000 and Margin is 20% on sales. Closing inventory 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 Rs. 32,000.
(b) Loss Rs. 50,000.
(c) Profit Rs. 32,000.
(d) Information is insufficient for any comment.

SECTION - B : MERCANTILE LAWS (40 MARKS)

61. Which of the following is correct:

(a) The liability of partners of a firm is unlimited.
(b) Generally the liability of a member of a company is limited but it can be unlimited.
(c) The liability of partner of firm is same as a member of any company.
(d) Both option (a) and (b).

62. In case of eatables and provisions, implied conditions can be applied are:

(a) Implied condition as to merchantability
(b) Implied condition as to wholesomeness
(c) Implied condition as to quality/fitness
(d) Both (a) and (b)
63. A contract of sale may be made by
   (a) Immediate delivery of the goods
   (b) Immediate delivery and immediate payment
   (c) Delivery or payment or both at some future date
   (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.
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.

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) Both 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. Finder of goods is subject to the same responsibility as of :
   (a) Owner
   (b) Caretaker
   (c) Bailee
   (d) Buyer

77. Acceptance is deemed to take place when the buyer
   (a) Intimates to the seller that he had accepted the goods.
   (b) Does any act to the goods, which is inconsistent with the ownership of the seller.
   (c) Retains the goods after the lapse of a reasonable time, without intimating to the seller that
       he has rejected them.
   (d) Either (a) or (b) or (c).

78. The rights of a minor when admitted to the benefits of the partnership include
   (a) Right to share of the property and profits of the firm as may be agreed upon.
   (b) Right to have access to and inspect and copy of the account of the firm.
   (c) Right to cast his vote on the question of appointment of the managing partner.
   (d) (a) & (b) but not (c).

79. Which of the following is correct:
   (a) Liability of a partner in a partnership firm is unlimited.
   (b) Liability of a member of a HUF is unlimited.
   (c) Both the above.
   (d) None of the above.

80. Agreement to share profits
    (a) Implies an agreement to share losses
    (b) Does not necessarily mean an agreement to share losses
    (c) Must be coupled with an agreement to share losses
    (d) Is same as agreement to share losses

81. Actual Sale of future goods is
    (a) Impossible
    (b) Possible through an agreement to sell
    (c) Illegal
    (d) A myth

82. An offer made to a definite person who can be accepted by the specified person only is
    (a) Special Offer
    (b) Accepted Offer
    (c) General Offer
    (d) Standing Offer
83. A contracts to pay B Rs.1,00,000 if the latter's house is burnt to ashes. This is an example of _________.
   (a) Contingent Contract  (b) Quasi-Contract
   (c) Guarantee          (d) Bailment

84. The position of a stranger to a contract and that of the stranger to a consideration is _________.
   (a) Partially different  (b) Partially same
   (c) Entirely different   (d) Same

85. Goods are said to be in a deliverable state when _________.
   (a) The buyer may take delivery of them
   (b) The buyer would, under contract, be bound to take delivery of them
   (c) The seller is in a position to deliver them
   (d) All of the above

86. Any act committed by a party to a contract, or with his connivance or by his agent with intent to deceive another party thereto or his agent, or to induce him to enter into a contract is said to be _________.
   (a) Coercion
   (b) Undue Influence
   (c) Fraud
   (d) Misrepresentation

87. Provisions relating to doctrine of Caveat Emptor is laid down in the _________.
   (a) Sale of Goods Act, 1930
   (b) Indian Contract Act, 1872
   (c) Indian Partnership Act, 1932
   (d) Companies Act, 1956

88. A directs B who is a solicitor to sell his estate by auction and to employ an auctioneer for this purpose. B names C, an auctioneer, to conduct the sale. The status of C for the sale is _________.
   (a) C is an agent of A
   (b) C is a sub-agent of A
   (c) C is an agent of B
   (d) C is neither an agent of A nor of B

89. Quasi-contract is also termed as:
   (a) Obligation imposed by law  (b) Constructive contract
   (c) Both (a) and (b)          (d) Implied contract
MODEL TEST PAPER - 10

90. X proposes by a letter sent by post to sell his house to Y. Y accepts the proposal by a letter sent by post. The letter of acceptance is in the course of transmission to X. Y _________.
   (a) Cannot revoke his acceptance
   (b) May revoke his acceptance at any time before the letter communicating the acceptance reaches X but not afterwards
   (c) May revoke his acceptance at any time after the letter communicating the acceptance reaches X
   (d) Can revoke only after the prior approval of X

91. A agrees to pay B Rs. 5,00,000/- if A is able to go to a foreign tour in the forthcoming week. It is _________.
   (a) A wagering contract
   (b) A contingent contract
   (c) Both of the above
   (d) Not a contract at all

92. A bus plying on the road is an example of _________.
   (a) Invitation to treat an offer
   (b) Mere communication of information in the course of negotiation
   (c) Statement of intention
   (d) Offer

93. Tender for supply of goods is an offer, which is allowed to remain open for acceptance over a period of time. Such offers are _________.
   (a) Cross Offer
   (b) General Offer
   (c) Standing Offer
   (d) Unlimited Offer

94. Consideration may be gratuitous or non-gratuitous _________.
   (a) In case of sale
   (b) In case of bailment
   (c) In both the above cases
   (d) In no case

95. Expressed conditions are those _________.
   (a) Which are agreed upon between the parties at the time of the contract
   (b) Which are presumed by law be present in the contract
   (c) Both of the above
   (d) None of the above

96. Right of lien and Right of stoppage in transit _________.
   (a) Actually mean the same right
   (b) Are actually similar rights
   (c) Are consequential or sequential in nature, i.e. the end of right of lien is the starting point of the right of stoppage in transit
   (d) Are rights available to any seller of goods

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97. **Goodwill of the partnership business can be regarded as** ________________.

(a) The property of the firm  
(b) The property of the firm subject to a contract between the partners to this effect  
(c) The property of the firm irrespective of a contract between the partners to this effect  
(d) The property of the firm subject to order of the High Court to this effect

98. Where the deterioration is caused to goods by delay in delivery by the carrier there the damages can be recovered from:

(a) Seller  
(b) Buyer  
(c) Carrier  
(d) Both (a) or (c)

99. The Damages that constitute the direct loss suffered by the injured party:

(a) Special damages  
(b) Vindictive damages  
(c) Nominal damages  
(d) Ordinary damages

100. Sanju took a medical insurance from Deadly Diseases Insurance & Claim Corporation of Asia (DDICCA) through one of its agent, Manju. Sanju signed 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 her 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.
MODEL TEST PAPER - 10

SECTION - C : GENERAL ECONOMICS (50 MARKS)

101. Economics is the study of
   (a) how society manages its unlimited resources.
   (b) how to reduce our wants until we are satisfied.
   (c) how society manages its scarce resources.
   (d) how to fully satisfy our unlimited wants

102. Which of the following is not part of the opportunity cost of going on holiday?
   (a) the money you spent on a theatre show
   (b) the money you could have made if you had stayed at home and worked
   (c) the money you spent on airline tickets
   (d) the money you spent on food

103. Which of the following statements is normative?
   (a) Large government deficits cause an economy to grow more slowly.
   (b) People work harder if the wage is higher.
   (c) The unemployment rate should be less.
   (d) Printing too much money causes inflation.

104. If an increase in consumer incomes leads to a decrease in the demand for camping equipment, then camping equipment is
   (a) a normal good. (b) none of these answers.
   (c) an inferior good. (d) a substitute good.

105. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples?
   (a) There is an increase in the quantity demanded of apples and in the supply for apples.
   (b) There is an increase in the demand and supply of apples.
   (c) There is an increase in the demand for apples and a decrease in the supply of apples.
   (d) There is an increase in the demand for apples and an increase in the quantity supplied.

106. A buyer’s willingness to pay is that buyer’s:
   (a) minimum amount he is willing to pay for a good.
   (b) producer surplus.
   (c) consumer surplus.
   (d) maximum amount he is willing to pay for a good.
107. The following table exhibits:

<table>
<thead>
<tr>
<th>Number of workers</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>50</td>
</tr>
</tbody>
</table>

(a) increasing marginal product of labour.
(b) diminishing marginal product of labour.
(c) increasing returns to scale.
(d) diminishing returns to scale.

108. If there are implicit costs of production:

(a) economic profit will be equal to accounting profit.
(b) economic profit will be less than accounting profit.
(c) economic profits will be zero.
(d) economic profit will be more than accounting profit.

109. If a competitive firm doubles its output, its total revenue:

(a) doubles.
(b) more than doubles.
(c) less than doubles.
(d) cannot be determined because the price of the good may rise or fall.

110. In the long-run, some firms will exit the market if the price of the good offered for sale is less than:

(a) marginal revenue.  (b) marginal cost.
(c) average total cost. (d) average revenue.

111. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?

(a) In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost.
(b) In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost.
(c) In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost.
(d) In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost.

112. Agriculture faces the problem of:

(a) slow and uneven growth.  (b) over irrigation.
(c) overdose of fertilizers.  (d) very few people engaged in it.
**MODEL TEST PAPER - 10**

113. **ICICI** bank is a:

(a) central bank.  
(b) private commercial bank.  
(c) rural regional bank.  
(d) nationalized bank.

114. SJSRY was launched to:

(a) provide house to the rural poor.  
(b) provide gainful employment to the urban poor.  
(c) food security to the rural poor.  
(d) none of the above.

115. If 4 farmers can do a field job which is being done by 6 farmers, this means there is:

(a) frictional unemployment.  
(b) disguised unemployment.  
(c) voluntary unemployment.  
(d) seasonal unemployment.

116. If 9 people are unemployed and 411 people are in the work force, then people in labour force are:

(a) 402  
(b) 411  
(c) 9  
(d) 420

117. For adult education ________ mission was launched in 1998 in India.

(a) National Adult education  
(b) National Technological  
(c) National Senior Citizen  
(d) National Literacy

118. According to the latest available data, the bed-population ratio in India is ________ per thousand population.

(a) 3.2  
(b) 9.5  
(c) 1.03  
(d) 20.3

119. According to the latest data (March, 2013), there are around __________ broadband subscribers in India.

(a) more than 15 million  
(b) more than 3 million  
(c) more than 2 million  
(d) more than 5 million

120. The rate of inflation was lowest in ________.

(a) fifties  
(b) sixties  
(c) seventies  
(d) eighties

121. In the year ________, the practice of RBI lending to the government through ad hoc treasury bills was given up.

(a) 1951  
(b) 1997  
(c) 1991  
(d) 2001
### 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. India's postal network is the _______ in the world.

- (a) tenth largest
- (b) smallest
- (c) tenth smallest
- (d) largest

### 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 90 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

Questions 133 to 137 are based on the demand and supply diagrams in Figure 1. D$_1$ and S$_1$ are the original demand and supply curves. D$_2$, D$_3$, S$_2$, and S$_3$ are possible new demand and supply curves. Starting from initial equilibrium point (1) what point on the graph is most likely to result from each change?

133. If Figure 1 represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S$_1$ and D$_1$. The new equilibrium if there is an increase in the price of Dairy milk (chocolates) will be:

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

134. In Figure 1 (which represents the market for Perk (chocolates), the initial equilibrium is at the intersection of S$_1$ and D$_1$. The new equilibrium if there is rapid economic growth but cost of labour producing Perk also rises:

(a) Point 3  (b) Point 9  (c) Point 2  (d) Point 6

135. In Figure 1 (which represents the market for Perk), the initial equilibrium is at the intersection of S$_1$ and D$_1$. The new equilibrium if there is a health scare about the effect chocolates may have is:

(a) Point 2  (b) Point 9  (c) Point 3  (d) Point 6

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136. In Figure 1 (which represents the market for Perk), the initial equilibrium is at the intersection of \( S_1 \) and \( D_1 \). Assuming that there is a new technology for producing Perk, the new equilibrium:

(a) Point 8  
(b) Point 7  
(c) Point 3  
(d) Point 6

137. In Figure 1 (which represents the market for Perk), the initial equilibrium is at the intersection of \( S_1 \) and \( D_1 \). Assume that there is an increase in the productivity and at the same time the price of 5 star (chocolates) falls. The new equilibrium will be:

(a) Point 2  
(b) Point 9  
(c) Point 3  
(d) Point 6

138. What is the average total cost in producing 20 units, if fixed cost is Rs.5000 and average 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

140. What will be the Marginal Revenue in Market A?

(a) 10  
(b) 20  
(c) 15  
(d) 25

141. What will be the Marginal Revenue in Market B?

(a) 5  
(b) 12  
(c) 24  
(d) 10

142. In which market will the monopolist charge a higher price?

(a) B  
(b) Can’t Say  
(c) Same price in both the market  
(d) A

143. The price discriminating monopolist will be in equilibrium when:

(a) \( MR_A = MC \)  
(b) \( MR_A = MR_B = AMC \)  
(c) \( MR_B = MC \)  
(d) \( MC_A = MC_B = MR_A \)

144. If in the above case, elasticity was same in both the market, the monopolist:

(a) Will charge higher from market A than B  
(b) Will charge higher from market B than A

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145. Compute national income when population is 3 crore and per capita income is Rs. 2,000.
(a) Rs. 6,000 crore (b) Rs. 2,000 crore
(c) Rs. 3,000 crore (d) Rs. 10,000 crore

146. What is the price elasticity of demand when price changes from Rs.10 to Rs.12 and correspondingly demand changes from 6 units to 4 units?
(a) 0.833 (b) 1.6
(c) 2.2 (d) 1.833

147. What is the new quantity demanded when price elasticity is 1 and price changes from Rs.15 to Rs.10 and the original quantity demanded was 10 units?
(a) 15 units (b) 20 units
(c) 8 units (d) 12 units

148. What is the original price of a commodity when price elasticity is 0.71 and demand changes from 20 units to 15 units and the new price is Rs. 10?
(a) Rs. 15 (b) Rs. 18
(c) Rs. 20 (d) Rs. 8

Read the following table and answer question number 149 -150.

<table>
<thead>
<tr>
<th>Number of products</th>
<th>Total utility</th>
<th>Marginal utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>1</td>
<td>1800</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3400</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>4800</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>6000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>7000</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>7800</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>8400</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>8800</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>9000</td>
<td></td>
</tr>
</tbody>
</table>
149. What is marginal utility when consumption increases from 4 units to 5 units?
(a) 3000  (b) 1200  (c) 1000  (d) 1500

150. What is marginal utility when consumption increases from 8 units to 9 units?
(a) 3000  (b) 200  (c) 2000  (d) 1500

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. The correlation is said to be positive
(a) When the values of two variables move in the same direction.
(b) When the values of two variables move in the opposite direction.
(c) When the values of two variables would not change.
(d) None of these.

152. The point of intersection between the lines 3x + 4y = 7 and 4x - y = 3 lie in the
(a) 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) \( \phi \)  (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, Standard Deviation = 4 then n is equal to
(a) 80  (b) 100  (c) 90  (d) None of these.

157. The difference between sample Standard Deviation and the estimate of population Standard Deviation is negligible if the sample size is
(a) Small.  (b) Moderate.
(c) Sufficiently large.  (d) None of these.
158. Coefficient of determination is defined as
   (a) \( r^3 \)  (b) \( 1 - r^2 \)
   (c) \( 1 + r^2 \)  (d) \( r^2 \)

159. Regression coefficient is independent of the change of
   (a) Scale.  (b) Origin.
   (c) Both origin and scale.  (d) Neither origin nor scale.

160. If A and B are mutually exclusive events and \( P(A) = 0.3 \) and \( P(B) = 0.4 \), find \( P(A') \).
   (a) 0.7  (b) 0.3
   (c) 0.6  (d) None of these.

161. If \( y = f(x) = \frac{ax + b}{ax - a} \) then \( f(y) \) is _______.
   (a) \( -x \)  (b) \( 2x \)
   (c) \( x \)  (d) \( x^2 \)

162. Value of \( \binom{3}{2} \) is _______.
   (a) 6  (b) 1
   (c) 3  (d) 2

163. In binomial distribution ‘p’ denotes probability of _______.
   (a) Success.  (b) Failure.
   (c) Both of these.  (d) None of these.

164. First deciles is the value for which one-tenth of the given observations are _______ \( D_1 \) and
     the remaining nine-tenth observations are _______ \( D_1 \).
   (a) Less than or equal to, More than or equal to
   (b) More than or equal to, Less than or equal to
   (c) Less than, More than
   (d) More than, Less than

165. _______ may be defined as the minimum value and the maximum value, the class interval
     may contain.
   (a) Class mark  (b) Class limit
   (c) Both of the above  (d) None of the above

166. In case of _______, plotted points on a scatter diagram would be equally distributed
     without depicting any particular pattern.
   (a) Zero correlation  (b) Positive correlation
   (c) Negative correlation  (d) Simple correlation
167. Let \( f(y) = x^3 \) then \( f'(y) \) is _______.

(a) \( x^3 \) \([x^2 + 3x \log x]\)  
(b) \( x^3 \) \([x^2 + 3x \log x]\)  
(c) \([x^2 - 3x \log x]\)  
(d) None of these

168. The colour of a flower is an example of _______.

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

169. A quantitative characteristic is known as _______.

(a) An attribute  
(b) A variable  
(c) Both of above  
(d) None of above

170. Data collected on the weight of a group of students after recording their weights with a weighing machine are _______.

(a) Primary data  
(b) Secondary data  
(c) Discrete data  
(d) Continuous data

171. If in a binomial distribution Mean = 20, Standard Deviation = 4 then \( p \) is equal to:

(a) 2/5  
(b) 3/5  
(c) 1/5  
(d) 4/5

172. The variables \( x \) and \( y \) are related by \( 6x + 7y = 81 \) and median of \( x \) is 10. What is the median of \( y \)?

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

173. Find \( D_6 \) for the following observations.

\( 41, 28, 45, 25, 60, 37.5, 37.5, 40, 65, 32.5 \)

(a) 39.60  
(b) 40.60  
(c) 41.60  
(d) 42.60

174. For a moderately skewed distribution of marks in statistics for a group of 100 students, the mean mark and median mark were found to be 50 and 40. What is the modal mark?

(a) 15  
(b) 20  
(c) 25  
(d) 30

175. If \( y = 5+7x \) and mode of \( x \) is 4, what is the mode of \( y \)?

(a) 28  
(b) 33  
(c) 4  
(d) 43
176. Following are the marks of 10 students: 82, 79, 56, 79, 85, 95, 55, 72, 70, 66. Find coefficient of range.

(a) 25.66  (b) 26.67
(c) 27.66  (d) 28.67

177. A card is drawn from a pack of 52 cards. What is the probability that it is neither a black card nor a king?

(a) 6/13  (b) 5/13
(c) 1/6  (d) None of these.

178. Refer following table

<table>
<thead>
<tr>
<th>Weight in kg. (Class interval)</th>
<th>No. of students (Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 - 48</td>
<td>4</td>
</tr>
<tr>
<td>49 - 53</td>
<td>5</td>
</tr>
<tr>
<td>54 - 58</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
</tbody>
</table>

Find Relative frequency for the third class interval.

(a) 7/16  (b) 7/4
(c) 16/7  (d) None of the above.

179. If the coefficient of correlation between two variables is 0.6, then the percentage of variation unaccounted for is

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

180. A coin is tossed two times. The toss resulted in one head and one tail. What is the probability that the first throw resulted in tail?

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

181. A survey shows that 68% of women like apples, 74% of women like orange. What percentage like both?

(a) 12%  (b) 6%
(c) 21%  (d) 42%
182. \[ \int e^{3x+5} \, dx \text{ is equal to} \]

(a) \[ \frac{e^{3x+5}}{3} + C \]  
(b) \[ \frac{e^{3x}}{5} + C \]  
(c) \[ -\frac{e^{3x+5}}{3} + C \]  
(d) None of these.

183. Sum of the series 1, 3, 9, 27 \( \ldots \) nth term is 364. The number of terms is

(a) 5  
(b) 6  
(c) 11  
(d) None of these.

184. In how many ways can 4 single seated rooms in a hostel be occupied by 3 students?

(a) 24  
(b) 12  
(c) 4  
(d) 6.

185. The value of \[ \frac{1}{\log_a(ab)} + \frac{1}{\log_b(ab)} \] is

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

186. The difference between the compound interest and the simple interest on Rs. 1200 for 4 years at 10% p.a. is:

(a) Rs. 77  
(b) Rs. 480  
(c) Rs. 80  
(d) Rs. 557.

187. Differentiate \( y \) w.r.t. \( x \) when \( y = (x^2 - 2x) (x^2 + 1) \)

(a) \[ 4x^3 + 6x^2 - 2x + 2 \]  
(b) \[ 4x^2 - 6x + 2 \]  
(c) \[ 4x^3 - 6x^2 + 2x - 2 \]  
(d) None of these.

188. If \( f(x) = \frac{2x^2 + 6x - 5}{12x^2 + x - 20} \) is to be discontinuous then

(a) \( x = 5/4 \)  
(b) \( x = 4/5 \)  
(c) \( x = -4/3 \)  
(d) None of these.

189. Find the arithmetic mean between 4 and 10

(a) 14  
(b) 7  
(c) 3  
(d) 6.
190. Compute 8C7
(a) 8  (b) 7  (c) 6  (d) None of these.

191. Find the distance between the pair of points p (-5, 2) and q (-3, -4)
(a) 2\sqrt{10}  (b) 10\sqrt{2}  (c) 2  (d) 10

192. What will be the final value of investment for the principal value of Rs. 80,000 for 4 years @ 10\% p.a. rate of interest?
(a) Rs. 83,200  (b) Rs. 112,000  (c) Rs. 82,300  (d) None of these.

193. 184 \cdot \frac{-9}{8} is expressed as
(a) -184\cdot \frac{9}{8}  (b) \frac{184}{x^{-\frac{9}{8}}}  (c) x^{\frac{9}{8}}  (d) \frac{184}{x^{\frac{9}{8}}}

194. The value of \int x\sqrt{x} \, dx is
(a) \frac{-2x^{5/2}}{5} + c  (b) \frac{2x^{5/2}}{5} + c  (c) x^{5/2} + c  (d) None of these.

195. Evaluate \lim_{x \to 9} \frac{x^{3/2} - 27}{x - 9}
(a) 3  (b) \frac{9}{2}  (c) \frac{3}{2}  (d) 9

196. Find the mean proportion between 5.25 and 8.9
(a) 8.63  (b) 6.84  (c) 9.23  (d) None of these.
197. If $a : b = c : d = 3 : 5$, then what are the values of $ad : bc$ is

(a) 3:5  
(b) 5:3  
(c) 1:1  
(d) None of these.

198. The solution set of the equations is $2x + 3y = 0$ and $x + 2y = 0$

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

199. The curve $4y = ux^2 + v$ passes through the point $p$ at $(2, 3)$ and $\frac{dy}{dx} = 4$ at this point ‘$p$’. So the values of $u$ and $v$ are

(a) $u = 2$, $v = 2$  
(b) $u = -4$, $v = -4$  
(c) $u = 4$, $v = -4$  
(d) None of these.

200. Determine the first term of an A.P. with common difference 3 & 7th term being 11

(a) -7  
(b) 7  
(c) 6  
(d) 5

***
The test is divided into four sections.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. All the following errors do not effect the trial balance except
   (a) Compensating errors   (b) Error of complete omission
   (c) Error of partial omission (d) Error of principle

2. Financial statements are part of -
   (a) Accounting   (b) Book-keeping
   (c) All of the above (d) None of the above

3. The areas where in different accounting policies can be adopted are
   (a) Providing depreciation (b) Valuation of inventories
   (c) Valuation of investments (d) All of the above

4. The total of the sales book is posted periodically to the credit of
   (a) Sales account (b) Cash book
   (c) Journal proper (d) None of the above

5. The amount of the dishonoured bill has been wrongly debited to general expenses account, which type of error has been committed?
   (a) Error of principle (b) Error of commission
   (c) Compensating error (d) Error of omission

6. Bank account is ______
   (a) Personal account (b) Intangible real account
   (c) Nominal account (d) Both (b) and (c)
MODEL TEST PAPER - 11

7. Cost of tour abroad by the sales manager to develop markets (tour was successful) is ____
   (a) Capital expenditure (b) Revenue expenditure
   (c) Deferred revenue expenditure (d) Both (a) & (b)

8. 'Advance received from customers is not taken as sale' is based on
   (a) Money measurement concept (b) Accrual concept
   (c) Consistency concept (d) Conservation

9. Income includes
   (a) Income received (b) Income receivable
   (c) Both (a) and (b) (d) None of the above

10. Mohan Stationers will debit purchase of stationery in ____
    (a) Stationery account (b) General expenses account
    (c) Purchases account (d) None of the three

11. Amount spent on advertisement is ____
    (a) Capital expenditure (b) Revenue expenditure
    (c) Deferred revenue expenditure (d) None of the above

12. Cost of goods sold can be calculated by ____
    (a) Trading account (b) Profit & Loss account
    (c) Balance sheet (d) None of the above

13. Rs. 5,000 spent on repairs of a newly purchased old motor car is debited to ____
    (a) Repairs account (b) General expenses account
    (c) Motor car account (d) None of the above

14. Suspense account debit balance Rs. 200 in trial balance, will be recorded in the ____
    (a) Liability side of Balance Sheet (b) Asset side of Balance Sheet
    (c) Profit & Loss account Cr side (d) None of the three

15. Liability for bill discounted is a ____
    (a) Current liability (b) Contingent liability
    (c) Fixed liability (d) None of the three

16. In valuation of consignment inventory only ____ expenses of the consignee are added
    (a) Direct (b) Indirect
    (c) Both (a) and (b) (d) None of the three

17. Premium on issue of shares is recorded in ____
    (a) Profit & Loss debit side
    (b) Profit & Loss appropriation account Dr side
18. **Interest is calculated on ______ of securities**

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

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

(a) Business expense  
(b) Personal expense  
(c) Customers' expense  
(d) None of the three

20. **Expenditure includes**

(a) Expense paid  
(b) Expense payable  
(c) Both (a) and (b)  
(d) None of the three

21. **A businessman purchased goods for Rs. 25,00,000 and sold 70% of such goods during the accounting year ended 31st March, 2010. The market value of the remaining goods was Rs. 5,00,000. He valued the closing inventory at Rs. 5,00,000 and not at Rs. 7,50,000 due to**

(a) Money measurement  
(b) Conservatism  
(c) Cost  
(d) Periodicity

22. **XY LTD. issued 25,000 equity shares of Rs. 100 each at a premium of Rs. 15 each payable as Rs. 25 on application, Rs. 40 on allotment and balance in the first call. Applications received for 75,000 equity shares but the company issued to them only 25,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 500 shares were not received and were forfeited after due notice. The above is the case of _____**

(a) Over subscription  
(b) Pro-rata allotment  
(c) Forfeiture of shares  
(d) All of the above

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

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

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

(a) Rs. 2,000  
(b) Rs. 2,400  
(c) Rs. 3,000  
(d) Rs. 2,500
MODEL TEST PAPER - 11

25. When preparing a Bank Reconciliation Statement if you start with balance as per Pass Book, then cheques paid by bank recorded twice in Pass Book Rs. 1050 will be ______
   (a) Added  (b) Deducted  
   (c) Not required to be adjusted  (d) None of the three

26. Rs.  
   Gross Profit 50,000  
   Provision for Bad Debts (old) 2,000  
   Rent paid 6,000  
   Apprentice Premium (Credit) 4,000  
   Salaries 5,800
   Net profit of the firm will be
   (a) Rs. 44,200  (b) Rs. 40,000  
   (c) Rs. 42,000  (d) Rs. 45,000

27. A started business with Rs. 20,000 cash and Rs. 11,000 inventory. Cash sales & cash purchases were Rs. 10,000 & Rs. 5,000. Total sales and purchases amounted to Rs. 70,000 & Rs. 50,000. Outstanding Trade Payables were Rs. 15,000 and Trade Receivables Rs. 25,000. Expenses paid Rs. 17,000. Machine was purchased for Rs. 10,000 out of which Rs. 8000 has been paid. Cash in hand at the end of the year was Rs. 5,000. Total of Trial Balance at the end of the year will be __________
   (a) Rs. 1,18,000  (b) Rs. 1,20,000  
   (c) Rs. 1,25,000  (d) Rs. 1,40,000

28. 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

29. Goods purchased Rs. 1,00,000, sales Rs. 90,000 Margin 20% on sales. Closing inventory is _____
   (a) Rs. 10,000  (b) Rs. 25,000  
   (c) Rs. 28,000  (d) None of the above

30. Mohan paid Rs. 500 towards a debit of Rs. 2,500, which was written off as bad debt in the previous year. Mohan's account will be credited with
   (a) Rs. 2,500  (b) Rs. 2,000  
   (c) Rs. 500  (d) None of the three

31. Income tax liability of the proprietor Rs. 1200 was paid out of petty cash. Journal entry will be __________
   (a) Dr. drawings and Cr. Cash A/c Rs. 1200  
   (b) Dr. drawings and Cr. Petty Cash Rs. 1200  
   (c) Dr Income tax and Cr Cash A/c Rs. 1200  
   (d) None of the above

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

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

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

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

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Quantity</th>
<th>Cost per unit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1</td>
<td>Opening Inventory</td>
<td>15</td>
<td>400</td>
</tr>
<tr>
<td>March 4</td>
<td>Purchases</td>
<td>20</td>
<td>450</td>
</tr>
<tr>
<td>March 6</td>
<td>Purchases</td>
<td>10</td>
<td>460</td>
</tr>
</tbody>
</table>

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

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

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

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

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

(a) Purchases A/c Dr. 500  
(b) A's Capital a/c Dr. 500  
(c) Purchases A/c Dr. 500  
(d) Sales A/c 500  

R s.  R s.  

To A 500  
To Sales 500  
To A 1,000  

(d) None of the above
### MODEL TEST PAPER - 11

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

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

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

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

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

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

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

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

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

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

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

(a) Rs. 15,000  
(b) Rs. 10,000  
(c) Rs. 12,000  
(d) Rs. 20,000
43. A partnership firm earned net profits during the last 3 years as follows -

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>15,000</td>
</tr>
<tr>
<td>2008</td>
<td>20,000</td>
</tr>
<tr>
<td>2009</td>
<td>25,000</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

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

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

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

(a) Rs. 43,750  (b) Rs. 45,000  
(c) Rs. 47,000  (d) Rs. 48,000
### MODEL TEST PAPER - 11

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

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

**50.** On 1st Sept. 2009 goods costing Rs. 33,000 were consigned by X to his agent Y at a proforma price which was cost plus one-sixth profit on invoice price. Invoice price of goods will be_______

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

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

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

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

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

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

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

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

(a) 21:11  
(b) 20:10:4  
(c) 15:10:5  
(d) None of the three
55. A, B, and C are partners, sharing profits in the ratio of 4:3:2. D is admitted for 2/9 share of profits and brings Rs. 30,000 as his capital and Rs. 10,000 for his share of Goodwill. The new profit sharing ratio between A:B:C:D will be 3:2:2:2. The Goodwill amount brought by D will be shared by:

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

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

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

57. X Ltd. forfeited 100 shares of Rs. 10 each issued at par to Ravi on which he had paid Rs. 2.50 per share on application and Rs. 2.50 per share on allotment but on which he had not paid Rs. 5 on first and final call. In case of forfeiture, share capital account will be debited by ________

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

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

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

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

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

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

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

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

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

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

(a) Rs. 2,50,000  
(b) Rs. 2,49,000  
(c) Rs. 2,40,000  
(d) None of the three
SECTION - B : MERCANTILE LAWS (40 MARKS)

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

62. As per the India Contract Act, 1872, every person is competent to contract provided he:
   (a) Is of the age majority according to the law to which he is subject
   (b) Is of sound mind
   (c) Is not disqualified from contracting by any law to which he is subject
   (d) All of the above

63. A agrees with B to discover a treasure by magic. This is an:
   (a) Void agreement
   (b) Voidable agreement
   (c) Unlawful agreement
   (d) Illegal agreement

64. Which of the following agreements is void?
   (a) Agreement made under the unilateral mistake of fact
   (b) Agreements made under the bilateral mistake of fact
   (c) Agreement made under the influence of fraud
   (d) Contingent agreement

65. Which of the following agreements are void?
   (a) An agreement to share the salary of a public officer
   (b) An agreement to sell a religious office
   (c) An agreement with the objective of procuring a public post
   (d) All of the above

66. Coercion involves:
   (a) Physical Force or Threat
   (b) Mental Pressure
   (c) Both (a) and (b)
   (d) None of the Above

67. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy?
   (a) Trading with an enemy
   (b) Trafficking in public offices
   (c) Marriage brokerage contracts
   (d) Contracts to do impossible acts

68. Consideration must move at the desire of
   (a) Promisor
   (b) Promisee
   (c) Any other person
   (d) Any of these
69. The following persons can enter into contracts as per the provisions of the Indian contracts Act, 1872:

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

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

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

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

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

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

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

73. The death of a promisor before the performance of the contract may lead to discharged of the contract by:

(a) Breach of contract  
(b) Lapse of time  
(c) Operation of law  
(d) Impossibility of performance

74. Necessary condition for existing goods is:

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

75. In case of sale:

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

76. Partnership:

(a) Arises by operation of law  
(b) Comes into existence only after registration  
(c) Can arise by agreement or otherwise  
(d) Arise by way of an agreement only
77. Which of the following is correct?

(a) Liability of a partner in a partnership firm is unlimited  
(b) Liability of a member of a HUF is unlimited  
(c) Both the above  
(d) None of the above

78. Remedies available to the aggrieved party for the breach of contract:

(a) Rescission  
(b) Damages  
(c) Injunction  
(d) All of the above

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

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

80. Implied contract, even if not in writing or express words, is perfectly _______ if other conditions are satisfied

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

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

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

82. Separation of the goods sold from other goods so as determine and identify the actual goods to be delivered is termed as:

(a) Amortization  
(b) Severity  
(c) Appropriation  
(d) Ascertainment

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

(a) Undue influence  
(b) Fraud  
(c) Coercion  
(d) None of these

84. Goods not identified or agreed upon at the time of making of the contract of sale:

(a) Ascertained goods  
(b) Specific goods  
(c) Unascertained goods  
(d) Existing goods
85. An agreement made with free consent to which the consideration is lawful but inadequate, is ________

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

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

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

87. A unilateral mistake as to fact leads to an agreement which is ________

(a) Void    (b) Voidable
(c) Valid   (d) Both (b) & (c)

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

(a) Present Goods    (b) Existing Goods
(c) Specified Goods  (d) none of the above

89. An auction Sale is complete on the ________

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

90. An ordinary hire purchase agreement is a contract of:

(a) Agency    (b) Carriage
(c) Sale      (d) Bailment

91. In case of an agreement to sell, the aggrieved party ________

(a) Can sue for price    (b) Can sue for damages
(c) Can sue the buyer for injunction  (d) None of the above

92. ‘Buyer’ means a person who ________

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

93. A person who finds goods belonging to another and takes them into his custody ________

(a) Becomes the owner of those goods thereafter
(b) Is subject to the same responsibilities as a bailee
(c) Is allowed to sell them and retain the money realized from such sale
(d) Has no obligation to return those goods, he may do so only a goods gesture
MODEL TEST PAPER - 11

94. Conditions and warranties ________
   (a) Must be expressed   (b) Must be implied if not expressed
   (c) May either be expressed or implied (d) None of the above

95. Registration of a firm is ________
   (a) Compulsory   (b) Optional
   (c) Occasional   (d) None of the above

96. The bidder at an auction sale can withdraw his bid ________
   (a) any time during auction   (b) before fall of hammer
   (c) before payment of price   (d) cannot withdraw at all

97. ________ does not exist.
   (a) Liability for special damages   (b) Liability for exemplary damages
   (c) Liability for nominal damages   (d) Liability for disciplinary damages

98. Registration of a partnership firm is- ________
   (a) Compulsory from the beginning
   (b) Not compulsory till first five years of beginning of the partnership
   (c) Not compulsory at all
   (d) Compulsory only if the Registration of Firm gives an order in the regard

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

100. The Partnership Act requires the giving of public notice in the case of :
   (a) Minor admitted to the benefits of Partnership elects to become/not become a partner.
   (b) Partner retires from a partnership firm
   (c) Partner is expelled from a Partnership firm
   (d) All of the above.

SECTION - C : GENERAL ECONOMICS (50 MARKS)

101. Total utility is maximum when:
   (a) marginal utility is zero
   (b) marginal utility is at its highest point
   (c) marginal utility is equal to average utility
   (d) average utility is maximum

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

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

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

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

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

\[
\frac{\text{MU}_X}{\text{MU}_Y} > \frac{P_X}{P_Y} \quad \text{or} \quad \frac{\text{MU}_X}{\text{MU}_Y} < \frac{P_X}{P_Y} \quad \text{or} \quad \frac{\text{MU}_X}{\text{MU}_Y} = \frac{P_X}{P_Y} \quad \text{or} \quad \text{None of the above}
\]

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

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

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

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

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

| (a) | AC = MR |
| (b) | MC = MR |
| (c) | MR = AR |
| (d) | AC = AR |

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

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

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

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

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

| (a) | uniform |
| (b) | different |
| (c) | less |
| (d) | zero |
111. The law of consumer surplus is based on:
   (a) indifference curve analysis  
   (b) revealed preference theory  
   (c) law of substitution  
   (d) the law of diminishing marginal utility

112. Which of the following cost curves is never ‘U’ shaped?
   (a) Average cost curve  
   (b) Marginal cost curve  
   (c) Average variable cost curve  
   (d) Average fixed cost curve

113. In the short run, when the output of a firm increases, its average fixed cost:
   (a) increases  
   (b) decreases  
   (c) remains constant  
   (d) first declines and then rises

114. The cost of one thing in terms of the alternative given up is known as:
   (a) production cost  
   (b) physical cost  
   (c) real cost  
   (d) opportunity cost

115. Contraction of demand is the result of
   (a) decrease in the number of consumers  
   (b) increase in the price of the good concerned  
   (c) increase in the prices of other goods  
   (d) decrease in the income of purchasers

116. In the case of an inferior good the income elasticity of demand is:
   (a) positive  
   (b) zero  
   (c) negative  
   (d) infinite

117. The elasticity of substitution between two perfect substitutes is:
   (a) zero  
   (b) greater than zero  
   (c) less than infinity  
   (d) infinite

118. A vertical supply curve parallel to Y axis implies that the elasticity of supply is:
   (a) zero  
   (b) infinity  
   (c) equal to one  
   (d) greater than Zero but less than infinity

119. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in:
   (a) demand  
   (b) price  
   (c) costs of production  
   (d) state of technology

120. An isoquant slopes:
   (a) downward to the left  
   (b) downward to the right  
   (c) upward to the left  
   (d) upward to the right
121. Which of the following is considered production in economics?

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

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

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

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

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

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

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

125. Which of the following statements is correct?

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

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

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

127. FRBM Act stands for

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

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

(a) remained the same  
(b) doubled  
(c) reduced  
(d) increased
**MODEL TEST PAPER - 11**

<table>
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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>129.</td>
<td>Which of the following statements is incorrect?</td>
<td>(a) The Indian road network is one of the largest networks in the world&lt;br&gt;(b) The rural road network connects around 65 per cent of all weather roads&lt;br&gt;(c) Most of the State Road Transport Corporations are running on profits&lt;br&gt;(d) The National highways carry more than 40 per cent of the total road traffic</td>
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<td>130.</td>
<td>In terms of generation of power ____________’s contribution, is the maximum</td>
<td>(a) hydel&lt;br&gt;(b) nuclear&lt;br&gt;(c) thermal&lt;br&gt;(d) others</td>
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<td>131.</td>
<td>NTPC stands for</td>
<td>(a) National Thermal Power Corporation&lt;br&gt;(b) National Tidal Power Corporation&lt;br&gt;(c) National Theological Power Corporation&lt;br&gt;(d) National Talent and Potential Corporation</td>
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<td>132.</td>
<td>Most of the unemployment in India is:</td>
<td>(a) voluntary&lt;br&gt;(b) structural&lt;br&gt;(c) frictional&lt;br&gt;(d) technical</td>
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<td>133.</td>
<td>What is India’s rank in world population?</td>
<td>(a) First&lt;br&gt;(b) Second&lt;br&gt;(c) Third&lt;br&gt;(d) Fourth</td>
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<tr>
<td>134.</td>
<td>In which state is the sex ratio most favourable to women?</td>
<td>(a) Andhra Pradesh&lt;br&gt;(b) Uttar Pradesh&lt;br&gt;(c) Kerala&lt;br&gt;(d) Karnataka</td>
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<td>135.</td>
<td>India’s present population in 2013 is:</td>
<td>(a) Between 50 – 60 crore&lt;br&gt;(b) Between 60 – 70 crore&lt;br&gt;(c) Between 70 – 80 crore&lt;br&gt;(d) Above 120 crore</td>
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<td>136.</td>
<td>India accommodates nearly __________ per cent of world’s population</td>
<td>(a) 10&lt;br&gt;(b) 50&lt;br&gt;(c) 17.5&lt;br&gt;(d) 45</td>
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<tr>
<td>137.</td>
<td>Which of the following statements is correct?</td>
<td>(a) Excise duty is levied on sales volume&lt;br&gt;(b) Custom duties have been drastically cut down since 1991&lt;br&gt;(c) Fiscal policy uses the tools of CRR and Bank Rate to control expenditure&lt;br&gt;(d) Agriculture contributes the maximum to the direct tax revenues in India</td>
</tr>
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</table>
138. **Find the tax which is direct tax among the following:**

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

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

(a) NNP ÷ population  
(b) Total capital ÷ population  
(c) Population ÷ NNP  
(d) None of the above

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

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

141. **Demand for final consumption arises in:**

(a) household sector only  
(b) government sector only  
(c) both household and government sectors  
(d) neither household nor government sector

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

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

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

(a) GDP at market price = GDP at factor cost plus net indirect taxes  
(b) NNP at factor cost = NNP at market price minus indirect taxes  
(c) GNP at market price = GDP at market price plus net factor income from abroad  
(d) None of the above

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

(a) 27  
(b) 45  
(c) 80  
(d) 50

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

(a) the agricultural sector provides food and other products for the consumption purposes of industrial sector  
(b) the agricultural sector provides raw materials for the development of agro-based industries of the economy  
(c) the agricultural sector provides market for the industrial products  
(d) all of the above
146. The Indian industry faced the process of retrogression and deceleration because of:

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

147. Which of the following statements is incorrect?

(a) About 80 per cent of agricultural area has irrigation facilities
(b) About 55% net cropped area is rain-fed in India
(c) Productivity per worker in agriculture is much lower than that in industry
(d) Cropping pattern is quite skewed in India

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

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

149. Generally an economy is considered underdeveloped if:

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

150. _______ is the apex bank for agriculture credit in India.

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

SECTION - D : QUANTITATIVE APTITUDE (50 MARKS)

151. Laspeyre’s and Pasche’s method satisfy time reversal test

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

152. A frequency distribution

(a) Arranges observations in an increasing order
(b) Arranges observations in terms of a number of groups
(c) Relates to measurable characteristic
(d) All of these
153. Ogive is used to obtain
   (a) Mean  (b) Mode
   (c) Quartiles  (d) All of these

154. The value of middlemost item when they are arranged in order of magnitude is called
   (a) Standard deviation  (b) Mean
   (c) Mode  (d) Median

155. The errors in case of regression equation are
   (a) Positive  (b) Negative
   (c) Zero  (d) All of these

156. The probability of an event can assume any value between
   (a) -1 and 1  (b) 0 and 1
   (c) -1 and 0  (d) None of these

157. The most important continuous probability distribution is known as
   (a) Binomial distribution  (b) Normal distribution
   (c) Chi-Square Distribution  (d) Sampling Distribution

158. A measure of precision obtained by sampling is given by
   (a) Standard error  (b) Sampling fluctuation
   (c) Sampling distribution  (d) Expectation

159. A range of value is
   (a) A point estimate  (b) An interval estimate
   (c) Both (a) and (b)  (d) None of these

160. The index number is a special type of G.M.
   (a) True  (b) False
   (c) Both  (d) None of these

161. The number of test of adequacy is __________
   (a) 2  (b) 5
   (c) 3  (d) 4

162. If \( b^2 - 4ac = 0 \), the roots are __________
   (a) Equal and real  (b) Unequal and real
   (c) Complex numbers  (d) Imaginary numbers

163. If \( (7p+3q) : (3p-2q) = 43:2 \), then \( p:q \) is __________
   (a) 5:4  (b) 4:5
   (c) 7:2  (d) 2:7
### MODEL TEST PAPER - 11

164. Number of ____________ arrangement can be made by using all the letters of word Monday.

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<td>(a)</td>
<td>120</td>
<td>(b)</td>
<td>720</td>
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<tr>
<td>(c)</td>
<td>41</td>
<td>(d)</td>
<td>51</td>
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165. Which term of series 7,11,15, .......... nth term is equal to 403.

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<td>50</td>
<td>(b)</td>
<td>100</td>
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<td>(c)</td>
<td>101</td>
<td>(d)</td>
<td>51</td>
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166. $\log_{\sqrt{3}} 128$ is equal to ____________

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<td>(a)</td>
<td>6</td>
<td>(b)</td>
<td>12</td>
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<td>(c)</td>
<td>24</td>
<td>(d)</td>
<td>14</td>
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167. The number of ways in which 6 boys sit in a round table so that two particular boys sit together

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<td>(a)</td>
<td>48</td>
<td>(b)</td>
<td>720</td>
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<tr>
<td>(c)</td>
<td>120</td>
<td>(d)</td>
<td>None of these</td>
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168. Rs. 4000 amount to Rs. 6000 in 3 years at the ____________ p.a., if interest is compounded half yearly.

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<td>(a)</td>
<td>12%</td>
<td>(b)</td>
<td>14%</td>
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<tr>
<td>(c)</td>
<td>16%</td>
<td>(d)</td>
<td>8%</td>
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169. A graphical representation of __________ can be prepared in 2 different ways.

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<tr>
<td>(a)</td>
<td>Median</td>
<td>(b)</td>
<td>Mode</td>
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<tr>
<td>(c)</td>
<td>Mean</td>
<td>(d)</td>
<td>None</td>
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170. The value of deciles divides the total number of observations into _____ equal parts.

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<td>(a)</td>
<td>100</td>
<td>(b)</td>
<td>10</td>
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<tr>
<td>(c)</td>
<td>2</td>
<td>(d)</td>
<td>None of these</td>
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171. $\lim_{x \to 0} \frac{3^{x+1} - 3}{x}$ is equal to

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<tr>
<td>(a)</td>
<td>Does not exist</td>
<td>(b)</td>
<td>Exist and is equal to 4</td>
</tr>
<tr>
<td>(c)</td>
<td>Exist and is equal to $3 \log_e 3$</td>
<td>(d)</td>
<td>Exist and is equal to 3</td>
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172. Find $\frac{dy}{dx}$ of $\left(\frac{x^2}{a^2} + \frac{y^2}{b^2} = 1\right)$

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<td>(a)</td>
<td>$-b^2 x / a^3 y$</td>
<td>(b)</td>
<td>$-b^2 y / a^3 x$</td>
</tr>
<tr>
<td>(c)</td>
<td>$-b^2 / a^3$</td>
<td>(d)</td>
<td>0</td>
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173. 6<sup>th</sup> term of series \(ab, a^2b^3, a^3b^5\ldots\) nth term is equal to

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

174. \(\int_{2}^{e} \log x \, dx\) is equal to

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

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

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

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

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

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

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

178. For what value of ‘K’ the equation \(9x^2 - 24x + K = 0\) has equal roots

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

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

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

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

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

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

(a) \(4/5\)   (b) \(-4/5\)
(c) \(3/5\)   (d) \(-1\)
MODEL TEST PAPER - 11

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) \( \frac{x}{2} \sqrt{x^2 + a^2} + \frac{a^2}{2} \log \left( x + \sqrt{x^2 + a^2} \right) \)

(b) \( \frac{x}{2} \sqrt{x^2 - a^2} + \frac{a^2}{2} \log \left( x - \sqrt{x^2 - a^2} \right) \)

(c) \( \frac{x}{2} \sqrt{x^2 - a^2} - \frac{a^2}{2} \log \left( x + \sqrt{x^2 - a^2} \right) \)

(d) None of these

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

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

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

(a) \( \frac{192}{243} \)  
(b) \( \frac{19}{243} \)  
(c) \( \frac{80}{243} \)  
(d) \( \frac{50}{243} \)
**MODEL TEST PAPER - 11**

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

<table>
<thead>
<tr>
<th></th>
<th>(a) 7:39</th>
<th>(b) 15:39</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(c) 1:3</td>
<td>(d) 5:39</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>(a) 3</th>
<th>(b) 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(c) 15</td>
<td>(d) None of these</td>
</tr>
</tbody>
</table>

200. If \( p^a = q^b \) then value of \( \frac{p^b}{q^b} + \frac{p^{b-1}}{q^{b-1}} \) reduces to

<table>
<thead>
<tr>
<th></th>
<th>(a) p</th>
<th>(b) q</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(c) 0</td>
<td>(d) None of these</td>
</tr>
</tbody>
</table>

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

1. Which of the following is not a sub-field of accounting?
   (a) Management accounting  (b) Cost accounting  
   (c) Financial accounting  (d) Book-keeping

2. Capital brought in by the proprietor is an example of _____
   (a) Increase in asset and increase in liability  
   (b) Increase in liability and decrease in asset  
   (c) Increase in asset and decrease in liability  
   (d) Increase in one asset and decrease in another asset

3. Cost of shifting of business to a more convenient locality is _____
   (a) Capital expenditure  (b) Revenue expenditure  
   (c) Deferred revenue expenditure  (d) Capital loss

4. Salary Rs. 2000 payable to clerk is credited to ________
   (a) Salary account  (b) Cash account  
   (c) Outstanding salary Account  (d) None of the above

5. Total of purchase return book is posted periodically to the credit of ________
   (a) Purchase return account  (b) Cash book  
   (c) Journal proper  (d) None of the three

6. No journal entry is required to be passed when there is ________
   (a) Normal loss  (b) Abnormal loss  
   (c) Loss of bad debts  (d) Loss by riots.
**MODEL TEST PAPER - 12**

7. Inventory is valued at cost or market value, whichever is less, is based on ______
   (a) Entity concept  
   (b) Money measurement concept  
   (c) Accrual concept  
   (d) Conservation

8. Account sale is sent by _____
   (a) Consignor  
   (b) Consignee  
   (c) Supplier  
   (d) None of the three

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

10. In the absence of any provision in the partnership agreement, profits and losses are shared:
    (a) In the ratio of capitals  
    (b) Equally  
    (c) In the ratio of capital invested by partners to the firm  
    (d) None of the above

11. Loss on issue of debentures for 5 years is treated as ______
    (a) Intangible asset  
    (b) Current asset  
    (c) Current liability  
    (d) Other non-current asset

12. Dividends are usually paid as a percentage of ______
    (a) Authorised shares capital  
    (b) Net profit  
    (c) Paid up capital  
    (d) Called up capital

13. According to the Companies Act, 2013, Balance Sheet of a company is prepared as per
    (a) Part II of Schedule VI  
    (b) Part I of Schedule III  
    (c) Part I of Schedule VII  
    (d) Part I of Schedule VII

14. Inventory is valued at
    (a) Cost or Market price whichever is lower  
    (b) Cost or Market price whichever is higher  
    (c) Cost of Net Realizable Value whichever is lower  
    (d) At net realizable value

15. The main causes of depreciation include:
    (a) Physical wear & tear  
    (b) Passage of time  
    (c) Change in the Technology  
    (d) All of the above
16. In case of credit balance, the words _______ are written on the credit side.

(a) To balance b/d  
(b) To balance c/d  
(c) By balance b/d  
(d) By balance c/d

17. Prepaid insurance given in trial balance is recorded in _______

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

18. Present liability of uncertain amount which can be measured reliably by using a substantial degree of estimation is termed as _______

(a) Provision  
(b) Liability  
(c) Contingent liability  
(d) None of the above

19. When preparing a Bank reconciliation statement, if you start with balance as per cash book, then dividends directly collected by bank but not yet entered in cash book within the period are _______

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

20. The benefit from the expenditure is spread for not more than one year is called _______

(a) Deferred revenue expenditure  
(b) Deferred capital expenditure  
(c) Revenue Expenditure  
(d) Capital expenditure

21. A trader purchased a machinery costing Rs. 1,00,000 on 1st Oct. 2009. Transportation and installation charges were incurred amounting Rs. 10,000 and Rs. 4,000 respectively. Dismantling charges of the old machine in place of which new machine was purchased amounted Rs. 10,000. Market value of machine was estimated at Rs. 1,20,000 on March 31, 2010, while finalizing the annual accounts. Trader values the machinery at Rs. 1,20,000 in his books which of the following concepts was violated by the trader?

(a) Cost concept  
(b) Matching concept  
(c) Realisation  
(d) Periodicity concept

22. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of final statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are _______

(a) Accounting regulations  
(b) Accounting guidance notes  
(c) Accounting standards  
(d) Accounting frame work
MODEL TEST PAPER - 12

23. | **Opening inventory** | 8,500 |
    | **Purchases** | 30,700 |
    | **Direct Expenses** | 4,800 |
    | **Indirect Expenses** | 5,200 |
    | **Closing inventory** | 9,000 |

Cost of goods sold will be: ________

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

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

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

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

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

26. | **Dr.** | **Cr.** |
    | Rs. | Rs. |
    | **Cost of goods sold** | 1,50,000 | — |
    | **Closing Inventory** | — | 40,000 |
    | **Trade Receivables** | — | 60,000 |
    | **Fixed Assets** | 50,000 | — |
    | **Opening Inventory** | 60,000 | — |
    | **Sundry Expenses** | — | 20,000 |
    | **Sales** | — | 2,00,000 |
    | **Capital** | 90,000 | — |
    | **Trade Payables** | — | 30,000 |

**Total of corrected trial balance will be ______**

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

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

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

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

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

29. Goods purchased Rs. 1,00,000. The goods were sold Rs. 80,000. Margin 20% on sales. Closing inventory is _________.

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

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

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

31. Following information pertains to X Ltd.

<table>
<thead>
<tr>
<th>Rs.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity share capital called up</td>
<td>4,60,000</td>
</tr>
<tr>
<td>Calls in arrears</td>
<td>7,500</td>
</tr>
<tr>
<td>Calls in advance</td>
<td>5,000</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>5%</td>
</tr>
</tbody>
</table>

The amount of dividend payable will be _________.

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

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

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

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

(a) 7000  
(b) 5000  
(c) 7200  
(d) None of the three
34. Gopal was holding 100 shares of Rs. 10 each of a company on which he had paid Rs. 3 on application and Rs. 2 on allotment but could not pay Rs. 2 on first call. Directors forfeited his shares. Share capital will be debited by ___________

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

35. Pavan Ltd. invited application for 30,000 shares payable as under:
Rs. 3 per share on application;
Rs. 3 per share on allotment;
Rs. 2 per share on First call;
Rs. 2 per share on final call;
Ashok, who had been allotted 500 shares failed to pay both the calls. His shares were forfeited and reissued at Rs. 9 per share to Hari, as fully paid up. Amount transferred to capital Reserve will be ___________

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

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

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

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

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

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

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

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

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

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

(a) Rs. 45,000 (b) Rs. 45,600
(c) Rs. 45,500 (d) Rs. 42,000
41. A manager gets 5% commission on sales, cost price of goods sold is Rs. 40,000 which he sells at a margin of 20% on sale. Manager Commission will be ______

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

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

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

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

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

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

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

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

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

46. Cost of goods sold 1,58,600
   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

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

(a) Rs. 6950  
(b) Rs. 6000  
(c) Rs. 6500  
(d) Rs. 6600
48. Trial balance of a trader shows the following balances

<table>
<thead>
<tr>
<th>Description</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Inventory</td>
<td>9600</td>
</tr>
<tr>
<td>Purchases less returns</td>
<td>11850</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>3200</td>
</tr>
<tr>
<td>Carriage on Purchases</td>
<td>200</td>
</tr>
<tr>
<td>Carriage outwards</td>
<td>300</td>
</tr>
<tr>
<td>Sales</td>
<td>24900</td>
</tr>
<tr>
<td>Closing Inventory</td>
<td>3500</td>
</tr>
</tbody>
</table>

Gross profit will be

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

49. Rs.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1, 2009</td>
<td>Provision for Bad Debts</td>
<td>2,500</td>
</tr>
<tr>
<td>Dec. 31, 2009</td>
<td>Bad debts</td>
<td>1,870</td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td>20,000</td>
</tr>
</tbody>
</table>

Make a provision for bad debts @ 5% on Trade receivables. Provision for bad debts in Profit and Loss A/c will be _________

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

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

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

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

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

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

(a) Rs. 90,000  (b) Rs. 30,000  
(c) Rs. 3,40,000 (d) Rs. 60,000
53. A, B and C are partners in a business sharing profits and losses in the ratio of 3:2:1. On 30th June, 2009, C retired from business, when his capital A/c after all necessary adjustments showed a balance of Rs. 10,950. It was agreed that he should be paid Rs. 4950 in cash on retirement and the balance in three equal yearly instalments with interest at 6% per annum. Amount of last instalment with interest will be: 

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

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

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

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

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

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

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

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

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

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

   (a) 25% 
   (b) 30% 
   (c) 20% 
   (d) None of the above.
MODEL TEST PAPER - 12

59. Anwar Ltd. Purchased building worth Rs. 99,00,000 and issued 12% debentures of 100 each at a premium of 10%. Premium amount will be __________
   (a) Rs. 9,00,000  (b) Rs. 8,00,000
   (c) Rs. 7,00,000  (d) Rs. 10,00,000

60. Green Ltd. issued 5,000, 6% debentures of Rs.100 each at a discount of 5% repayable after 5 years at a premium of 5%. Total loss on issue of debentures will be __________
   (a) Rs. 40,000  (b) Rs. 50,000
   (c) Rs. 60,000  (d) Rs. 70,000

SECTION - B : MERCANTILE LAWS (40 MARKS)

61. Consent is not said to be free when it is caused by __________
   (a) Coercion  (b) Undue Influence
   (c) Fraud    (d) All of these

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

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

64. Taking back of an offer or acceptance is called as :
   (a) Cross offer  (b) Promises
   (c) Revocation  (d) Invitation to an offer

65. Consideration in simple term means:
   (a) Anything in return.  (b) Something in return
   (c) Everything in return  (d) Nothing in return
66. Which of the following statement is true?
(a) There can be a stranger to a contract
(b) There can be a stranger to a consideration
(c) There can be a stranger to a contract & consideration
(d) None of the above

67. A minor can be:
(a) An agent
(b) Partner in a firm
(c) A member of a company
(d) None of these

68. Ordinarily, a minor’s agreement is
(a) Void-ab-intio
(b) Voidable
(c) Valid
(d) Unlawful

69. A contract is discharged by rescission which means the
(a) Change in one or more terms of the contract
(b) Acceptance of lesser performance
(c) Abandonment of rights by a party
(d) Cancellation of the existing contract

70. In case of a firm carrying on the business of banking
(a) There should be at least seven members and maximum number of members should not exceed fifty.
(b) There should be at least two members and maximum number of members should not exceed ten.
(c) There should be at least ten members and maximum number of members should not exceed twenty.
(d) There should be at least two members and maximum number of members should not exceed fifty.

71. Person is said to be in a position to dominate the will of the other in which of the following circumstances:
(a) He holds a real or apparent authority over other.
(b) He stands in a fiduciary relationship.
(c) He contracts with a person who is mentally distressed.
(d) All of these

72. In case of sale on approval, the ownership is transfer to the buyer when he:
(a) Accepts the goods
(b) Adopts the transaction
(c) Fails to return goods
(d) In all the above cases

73. The heir of the deceased partner
(a) Has a right to become a partner in the firm of the deceased partner.
(b) Does not have a right to become a partner in the firm of the deceased partner.
(c) Can become a partner in the firm of the deceased partner only if the surviving partner give their consent in this regard.
(d) Both (b) and (c)

74. The Sale of Goods Act, 1930 came into force on ______
   (a) 15th March, 1930  (b) 30th July, 1930
   (c) 30th June, 1930.  (d) 1st July, 1930

75. Intentional misrepresentation can be termed as ______
   (a) coercion           (b) mistake
   (c) fraud              (d) misrepresentation

76. A share in a partnership be transferred like any other ______
   (a) Property           (b) Goods
   (c) Currency           (d) Investment

77. The maximum number of partners is mentioned in:
   (a) The Partnership Act               (b) The General Clauses Act
   (c) The Companies Act                 (d) The Societies Registration Act

78. Active partner is one who:
   (a) Takes part in the business of the firm
   (b) Actively participates in co-curricular activities
   (c) Actively shares the profits.
   (d) Makes a show of authority.

79. A minor may be:
   (a) Admitted to the benefits of the partnership
   (b) A partner of the firm
   (c) Representative of the firm
   (d) Entitled to carry on the business of the firm

80. Where the ownership passes without any consideration, it is called as:
   (a) Sale                 (b) Bailment
   (c) Exchange             (d) Gift

81. All contracts are ______
   (a) Agreement               (b) Promises,
   (c) Set of promises         (d) Proposals

82. Documents which in the ordinary course of trade are regarded as a proof of ownership of the goods?
   (a) Documents of title       (b) Document showing title
   (c) Certificate              (d) None of the above
83. An agreement which tends to prevent the course of justice is:
(a) Voidable  (b) Illegal  
(c) Void  (d) Valid

84. Total substitution of new contract in place of old contract takes place in case of ________
(a) Remission  (b) Rescission  
(c) Novation  (d) Alteration

85. ‘Buyer’ means a person who:
(a) Buys Goods  (b) Agrees to buy goods  
(c) Has bought goods  (d) Buy or agrees to buy goods

86. An offer made to the public in general which anyone can accept and do the desired act is ________
(a) General Offer  (b) Special Offer  
(c) Cross Offer  (d) Counter Offer

87. Contract of sale is ________
(a) Executory Contract  
(b) Executed contract  
(c) Executory Contract or Executed Contract  
(d) None of the above

88. A promise made without any intention of performance will be taken as:
(a) Fraud  
(b) Coercion  
(c) Mis-representation  
(d) All of the above

89. Contract where the promisor undertakes to perform the contract in any event without any conditions
(a) Contingent Contract  
(b) Quasi Contract  
(c) Absolute Contract  
(d) None of these

90. The conditions which are presumed by law to be present in the contract:
(a) Express conditions  
(b) Implied conditions  
(c) Contingent conditions  
(d) Quasi-conditions

91. Goods are said to be in a deliverable state when ________
(a) The buyer may take delivery of them  
(b) The buyer would, under contract, be bound to take delivery of them
<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>92. In case of a sale the position of a buyer is that of</td>
<td>(a) Owner of the goods</td>
</tr>
<tr>
<td>93. In case of an agreement to sell, subsequent loss of destruction of the goods is the liability of</td>
<td>(a) The buyer</td>
</tr>
<tr>
<td>94. True test of partnership is</td>
<td>(a) Sharing of profits</td>
</tr>
<tr>
<td>95. The reconstitution of the firm takes place in case of</td>
<td>(a) Admission of a partner</td>
</tr>
<tr>
<td>96. The liabilities of a minor when admitted to the benefits of the Partnership</td>
<td>(a) Is confined to his share of the profits and property in the firm</td>
</tr>
<tr>
<td>97. In case of an agreement to sell, the ownership in the goods remains with</td>
<td>(a) The buyer</td>
</tr>
<tr>
<td>98. Expulsion of a partner, which is not in accordance with provisions of the Indian Partnership Act, 1932 is</td>
<td>(a) Null and void</td>
</tr>
</tbody>
</table>
99. State whether X and Y are partners in the following circumstances:

(a) X agrees Y to carry passengers by taxi from Delhi to Gurgaon on the following terms, namely, Y is to pay X Rs. 100 per mile per annum, and X and Y are to share to costs of repairing and replacement of the care, and to divide equally between them the proceeds of fares received from passengers.

(b) X and Y are co-owners of a house let to a tenant. X and Y divide the net rents (after deduction of the incidental taxes; etc.) between themselves.

(c) X and Y buy 200 bales of cotton agreeing to share the same between them.

(d) X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y.

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

(a) The broker can get damages from the auctioneer for loss of his time and expenses.

(b) The broker will not get damages from the auctioneer for loss of his time and expenses.

(c) An invitation to make offer is a valid offer.

(d) A declaration of intention by a person will give right of action to another.

SECTION - C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is correct?

(a) Robbins has made economics as a form of welfare economics

(b) The law of demand is always true

(c) All capital is wealth but all wealth is not capital

(d) None of the above

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

(a) Turnover ratio of Reliance Ltd.

(b) Capital output ratio of Indian Industries

(c) Debt equity ratio of TELCO

(d) All the above

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

(a) Ceteris Paribus, if the price of a commodity rises the quantity demanded of it will fall

(b) Higher the income, greater is the expenditure

(c) Taxes have no relation with the benefits which a person derives from the state

(d) None of the above

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

(a) less than unity

(b) unity

(c) zero

(d) greater than unity
**MODEL TEST PAPER - 12**

105. The point elasticity at the mid-point on the demand curve is:
   (a) one  
   (b) zero
   (c) less than one  
   (d) less than zero

106. If as a result of 50 per cent increase in all inputs, the output rises by 75 per cent, this is a case of:
   (a) increasing returns to a factor  
   (b) increasing returns to scale
   (c) constant returns to a factor  
   (d) constant returns to scale

107. The income of a household rises by 20 per cent, the demand for computer rises by 25 percent, this means computer (in Economics) is a/an:
   (a) inferior good  
   (b) luxury good
   (c) necessity  
   (d) can’t say

108. Which of the following is not a property of the indifference curve?
   (a) Indifference curves are convex to the origin  
   (b) Indifference curves slope downwards from left to right
   (c) No two indifference curve can cut each other  
   (d) None of the above

109. The structure of the cold drink industry in India is best described as:
   (a) Perfectly competitive  
   (b) Monopolistic
   (c) Oligopolistic  
   (d) Monopolistically competitive

110. If the price of apples rises from Rs. 30 per kg to Rs. 40 per kg and the supply increases from 240 kg to Rs. 300 kg. Elasticity of supply is: (use arc Elasticity Method)
   (a) .77  
   (b) .67
   (c) (–) .67  
   (d) (–) .77

111. Which of the following statement is correct?
   (a) Land is highly mobile factor of production  
   (b) Man cannot create matter
   (c) The services of housewife are termed as production in economics  
   (d) None of the above

112. Under which market structure, average revenue of a firm is equal to its marginal revenue
   (a) Oligopoly  
   (b) Monopoly
   (c) Perfect competition  
   (d) Monopolistically competitive

113. If a seller realizes Rs. 10,000 after selling 100 units and Rs. 14,000 after selling 120 units. What is the marginal revenue here?
   (a) Rs. 4000  
   (b) Rs. 450
   (c) Rs. 200  
   (d) Rs. 100

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

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

115. Price discrimination is profitable when:

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

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

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

117. Which of the following statement is incorrect?

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

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

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

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

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

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

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

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

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

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

(a) 5 per cent  
(c) 12 per cent
(b) 8 per cent  
(d) 6 per cent
### MODEL TEST PAPER - 12

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Cropping pattern in India is quite balanced</td>
</tr>
<tr>
<td>(b)</td>
<td>India is passing through the first stage of demographic transition</td>
</tr>
<tr>
<td>(c)</td>
<td>India’s population is second largest in the world</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Primary sector</td>
</tr>
<tr>
<td>(b)</td>
<td>Manufacturing sector</td>
</tr>
<tr>
<td>(c)</td>
<td>Secondary sector</td>
</tr>
<tr>
<td>(d)</td>
<td>Tertiary sector</td>
</tr>
</tbody>
</table>

**125. Economic development is**

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>synonymous with economic growth</td>
</tr>
<tr>
<td>(b)</td>
<td>narrower concept than economic growth</td>
</tr>
<tr>
<td>(c)</td>
<td>broader concept than economic growth</td>
</tr>
<tr>
<td>(d)</td>
<td>none of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Equation or Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>GDP at market price = GDP at factor cost plus net indirect taxes</td>
</tr>
<tr>
<td>(b)</td>
<td>NNP at factor cost = GNP at market price</td>
</tr>
<tr>
<td>(c)</td>
<td>GNP at market price = NNP at market price plus net income from abroad</td>
</tr>
<tr>
<td>(d)</td>
<td>All of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>public revenue, public expenditure and public debt</td>
</tr>
<tr>
<td>(b)</td>
<td>controlling the BOP situation</td>
</tr>
<tr>
<td>(c)</td>
<td>controlling the banks</td>
</tr>
<tr>
<td>(d)</td>
<td>none of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>decrease Cash reserve ratio</td>
</tr>
<tr>
<td>(b)</td>
<td>decrease Bank rate</td>
</tr>
<tr>
<td>(c)</td>
<td>buy securities in the open market</td>
</tr>
<tr>
<td>(d)</td>
<td>sell securities in the open market</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Inflation is a persistent fall in the price level</td>
</tr>
<tr>
<td>(b)</td>
<td>The Indian direct tax structure relies on a very narrow population base</td>
</tr>
<tr>
<td>(c)</td>
<td>Mixed income of self-employed means gross profits received by proprietors</td>
</tr>
<tr>
<td>(d)</td>
<td>All of the above</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Option</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Medical facilities rendered by a charitable dispensary</td>
</tr>
<tr>
<td>(b)</td>
<td>Teaching one's own nephew at home</td>
</tr>
<tr>
<td>(c)</td>
<td>A housewife doing household duties</td>
</tr>
<tr>
<td>(d)</td>
<td>Watching television</td>
</tr>
</tbody>
</table>
131. Which of the following statement is correct?
(a) Income tax was abolished in India in 1991
(b) Gift tax abolished in India in 1998
(c) Except for Punjab, all the States have adopted VAT
(d) Estate duty was abolished in 1995

132. Demand for intermediate consumption arises in:
(a) household consumers       (b) government enterprises only
(c) corporate enterprises only (d) all producing sectors of the economy

133. Transfer payments refer to payment which are made:
(a) without any exchange of goods and services
(b) to workers on transfer from one job to another
(c) as compensation to employees
(d) none of the above

134. Net National Product at factor cost is:
(a) equal to national income
(b) more than national income
(c) less than national income
(d) always more than the gross national product

135. The net value added method of measuring national income is also known as:
(a) net output method       (b) production method
(c) industry of origin method (d) all the above

136. Which of the following is incorrect?
(a) GDP at market price = GDP at factor cost plus net indirect taxes
(b) NNP at factor cost = NNP at market prices minus net indirect taxes
(c) GNP at market prices = GDP at market prices plus net factor income from abroad
(d) None of the above

137. What is India’s world rank in population?
(a) First       (b) Second
(c) Third       (d) Fourth

138. In which state or union territory is the literacy rate highest in the country?
(a) Delhi       (b) Chandigarh
(c) Karnataka   (d) Kerala

139. Which year is known as ‘year of great divide’ for India’s population?
(a) 1921       (b) 1951
(c) 1991       (d) 1981
MODEL TEST PAPER - 12

140. Which is the other name that is given to the average revenue curve?
   (a) Profit curve  (b) Demand curve
   (c) Average cost curve  (d) Indifference curve

141. A monopolist is able to maximize his profits when:
   (a) his output is maximum
   (b) he charges a high price
   (c) his average cost is minimum
   (d) his marginal cost is equal to marginal revenue

142. Which is the other name that is given to the demand curve?
   (a) Profit curve  (b) Average Revenue curve
   (c) Average Cost Curve  (d) Indifference Curve

143. What is the shape of the demand curve faced by a firm under perfect competition?
   (a) Horizontal  (b) Vertical
   (c) Positively sloped  (d) Negatively sloped

144. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:
   (a) zero  (b) infinity
   (c) equal to one  (d) greater than zero but less than one.

145. The second glass of lemonade gives lesser satisfaction to a thirsty boy, this is a clear case of:
   (a) Law of demand  (b) Law of diminishing returns
   (c) Law of diminishing marginal utility  (d) Law of supply

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

147. The second slice of bread gives less satisfaction to a hungry boy. This is a clear case of:
   (a) Law of demand  (b) Law of diminishing returns
   (c) Law of diminishing utility  (d) Law of supply

148. Three steel plants in Bhilai, Rourkela and Durgapur were set up in the
   (a) First plan  (b) Second plan
   (c) Third plan  (d) Fourth plan
149. About _______ per cent of the sick units in India are small units
(a) 10 per cent  (b) 4 per cent
(c) 30 per cent  (d) 90 per cent

150. Which of the following has been specifically established to meet the requirements of credit of the farmers and villagers?
(a) ICICI Bank  (b) Regional Rural Bank
(c) State Bank of India  (d) EXIM Bank

SECTION - D: QUANTITATIVE APTITUDE (50 MARKS)

151. The class having maximum frequency is called ______
(a) Modal class  (b) Median class
(c) Mean Class  (d) None of these

152. The errors in case of regression equation are ______
(a) Positive  (b) Negative
(c) Zero  (d) All these

153. Karl Pearson's coefficient is defined from ______
(a) Ungrouped data  (b) Grouped data
(c) Both  (d) None

154. If $P(A \cap B) = 0$ then two events $A$ and $B$ are:
(a) Mutually exclusive  (b) Equally like
(c) Independent  (d) Exhaustive

155. A binomial distribution is
(a) Never Symmetrical  (b) Never Negatively skewed
(c) Symmetrical when $p = 0.5$  (d) Never positively skewed

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

157. Standard deviation of sampling distribution is itself the standard error:
(a) True  (b) False
(c) Both  (d) None of these

158. Theoretically, A.M. is the best average in the construction of index nos. but in practice, mostly the G.M. is used:
(a) False  (b) True
(c) Both  (d) None of these
MODEL TEST PAPER - 12

159. The result of ODI matches between INDIA and ENGLAND follows:
   (a) Binomial distribution       (b) Poisson distribution
   (c) Normal distribution        (d) (b) or (c)

160. If P(AB) = P(A) × P(B), two events A and B are said to be
   (a) Dependent               (b) Equally like
   (c) Independent             (d) None

161. Correlation Co-efficient is _______ of the units of measurements
   (a) Dependent               (b) Independent
   (c) Both                    (d) None of these

162. log 64/8 is equal to ______
   (a) log 64 - log 8          (b) 2³
   (c) 8 log 64                (d) None of these

163. If ________, the roots are real but unequal
   (a) b² - 4ac = 0            (b) b² - 4ac >0
   (c) b² - 4ac <0             (d) b² - 4ac ≤ 0

164. ___________ is the mean proportional between 4p² and 9q²
   (a) 6 pq                   (b) 36 pq
   (c) 6p²q²                  (d) None of these

165. r, bxy, byx all have ___________ sign
   (a) Different               (b) Same
   (c) Both                    (d) None of these

166. The 8th term of series 4, 8, 16 ....... nth term is ____________.
   (a) 1024                    (b) 256
   (c) 32                      (d) 2048

167. The total no. of seating arrangement of 5 person in a row is _____.
   (a) 5!                      (b) 4!
   (c) 2 x 5!                  (d) None of these

168. In _____________ the quantities are in ratios
   (a) A.M.                    (b) G.M.
   (c) H.M.                    (d) None of these
169. The present value of Rs. 10,000 due in 2 years at 5% p.a. compound interest when the interest is paid on half yearly is Rs. _______

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

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

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

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

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

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

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

173. \( \int \frac{1}{x} \, dx \) is equal to

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

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

(a) \( \frac{3}{2} \)  (b) \( \frac{2}{3} \)  
(c) \( 1 \)  (d) \( 0 \)

175. The sum of square of first n natural numbers

(a) \( \frac{n}{2} (n+1) \)  (b) \( \frac{n}{6} (n+1)(2n+1) \)  
(c) \( \left[ \frac{n}{2} (n+1) \right]^2 \)  (d) None of these
### MODEL TEST PAPER - 12

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>176.</td>
<td>( P_{10} ) is the index for time</td>
<td>(a) 1 on 0, (b) 0 on 1, (c) 1 on 1, (d) 0 on 0</td>
</tr>
<tr>
<td>177.</td>
<td>If a sample of 500 eggs produces 25 rotten eggs arranges, then the estimates of SE of the proportion of rotten eggs in the sample is</td>
<td>(a) 0.01, (b) 0.05, (c) 0.028, (d) 0.0593</td>
</tr>
<tr>
<td>178.</td>
<td>The mode of the nos. 7, 7, 9, 10, 15, 15, 15, 10 is</td>
<td>(a) 7, (b) 10, (c) 15, (d) 7 and 15</td>
</tr>
<tr>
<td>179.</td>
<td>There are 11 trains plying between Delhi &amp; Kanpur. The number of ways in which a person can go from Delhi to Kanpur and return by a different train</td>
<td>(a) 121, (b) 100, (c) 110, (d) None of these</td>
</tr>
<tr>
<td>180.</td>
<td>If in a party every person gives a gifts to each other and total number of gift taken is 132. The number of guests in the party is</td>
<td>(a) 11, (b) 12, (c) 13, (d) 14</td>
</tr>
<tr>
<td>181.</td>
<td>The sum of certain numbers of terms of an A.P. series -6, -3, 0 ……. nth term is 225. The number of terms is</td>
<td>(a) 16, (b) 15, (c) 14, (d) 13</td>
</tr>
<tr>
<td>182.</td>
<td>If each item is reduced by 12, A.M. is</td>
<td>(a) Reduced by 12, (b) Increased by 12, (c) Unchanged, (d) None of these</td>
</tr>
<tr>
<td>183.</td>
<td>If ( x ) and ( y ) are perfectly related by ( 2x + 3y + 4 = 0 ) and SD of ( x ) is 6 then SD of ( y ) is</td>
<td>(a) 22, (b) 4, (c) 25, (d) 8.30</td>
</tr>
<tr>
<td>184.</td>
<td>If ( f(x+1) = 2x + 7 ) then ( f (-2) ) is</td>
<td>(a) 1, (b) 2, (c) 3, (d) 4</td>
</tr>
<tr>
<td>185.</td>
<td>The roots of the equation ( 4^{x+1} + 4^{1-x} = 10 ) are</td>
<td>(a) ( \frac{1}{2}, -\frac{1}{2} ), (b) 2, -2, (c) 1, -1, (d) None of these</td>
</tr>
</tbody>
</table>
186. An employer recruits experienced and fresh workmen for his firm under the condition that he cannot employ more than 12 people. It can be related by the inequality

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

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

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

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

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

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

(a) \( \frac{16}{91} \)  
(b) \( \frac{42}{91} \)  
(c) \( \frac{24}{91} \)  
(d) None of these

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

(a) \( \frac{1}{13} \)  
(b) \( \frac{1}{4} \)  
(c) \( \frac{2}{13} \)  
(d) \( \frac{2}{4} \)

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

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

192. \( \int x.e^x \, dx \) is

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

193. \( \frac{d}{dx} \sqrt{\log x} \)

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

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194. Evaluate \[ \int \frac{(3x - 2)^2}{2} \, dx \]

\[ \begin{array}{ll}
(a) & 104 \\
(b) & 100 \\
(c) & 10 \\
(d) & None of these
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 1440 \\
(b) & 240 \\
(c) & 420 \\
(d) & None of these
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 25, 23, 21 \\
(b) & 21, 23, 25 \\
(c) & 19, 22, 25 \\
(d) & None of these
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 2 \\
(b) & 0 \\
(c) & -2 \\
(d) & None
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 2952.45 \\
(b) & 2500.00 \\
(c) & 3000.00 \\
(d) & 2559.50
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 18900 \\
(b) & 9000 \\
(c) & -4500 \\
(d) & None of these
\end{array} \]

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

\[ \begin{array}{ll}
(a) & 12 \\
(b) & 8 \\
(c) & 6 \\
(d) & None of these
\end{array} \]

***
The test is divided into four sections.

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

1. Consignment account is a
   (a) Real account  (b) Personal account
   (c) Nominal account  (d) None of the above

2. Bank overdraft has a
   (a) Debit balance  (b) Credit balance
   (c) Negative balance  (d) None of the above

3. Who is the acceptor of Bills of Exchange?
   (a) Supplier (creditors)  (b) Seller
   (c) Customers  (d) None of the three

4. Journal Proper records
   (a) Bills receivables  (b) Bills payables
   (c) Cash payments  (d) Opening entry

5. Inventories should be out of godown in the sequence in which they arrive is based on
   (a) FIFO  (b) LIFO
   (c) HIFO  (d) Weighted average

6. When adjusted purchase is shown in the debit column of the trial balance then
   (a) Both opening and closing inventory appear in trial balance
   (b) Opening inventory is shown in trial balance and not the closing inventory
   (c) Closing inventory is shown in trial balance and not opening inventory
   (d) Both opening and closing inventory do not appear in trial balance
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7. “Business unit” is separate and distinct from the persons who supply capital to it is based on _______
   
   (a) Money measurement concept     (b) Going concern concept
   (c) Entity concept               (d) Dual aspect concept

8. All the expenditures and receipts of revenue nature go to
   
   (a) Trading A/c     (b) Profit and Loss A/c
   (c) Balance Sheet   (d) Either to (a) or (b)

9. If two or more transactions of the same nature are journalized together having either the debit or the credit account common then that journal entry is known as
   
   (a) Compound journal entry     (b) Separate journal entry
   (c) Posting                   (d) None of the above

10. Following is not an example of external users
    
    (a) Government    (b) Management
    (c) Investors     (d) Suppliers

11. If effect of an error is cancelled by the effect of some other error, it is commonly known as ___________
    
    (a) Error of principle     (b) Compensating errors
    (c) Error of omission      (d) Error of commission

12. General reserve at the time of retirement of a partner is transferred to_______
    
    (a) Revaluation A/c     (b) Memorandum Revaluation A/c
    (c) Partners’ capital accounts (d) Profit & Loss Adjustment account

13. Interest on Partner’s capital is ________
    
    (a) An expenditure     (b) An appropriation
    (c) A gain             (d) None of the three

14. Noting charges are paid at the time of __________ of the bill
    
    (a) Retirement         (b) Dishonour
    (c) Renewal            (d) None of the above

15. A __________ is sent to a customer when he returns goods
    
    (a) Debit note         (b) Credit note
    (c) Proforma Invoice   (d) None of the above

16. Provision is
    
    (a) An unknown liability but its amount and due date are indeterminate
    (b) An unknown liability and its amount and due date are determinate
    (c) A known liability and its amount and due date are determinate
    (d) A known liability but its amount and due date are indeterminate
17. The left hand side of an account is known as _______ and the right hand side of an account is known as _______
(a) Debt side; Credit side (b) Credit side; Debit side
(c) Liability; Asset (d) None of the three

18. Prepaid expenses refer to those expense which have been
(a) Paid but not incurred during the current accounting period
(b) Incurred but not paid during the current accounting period
(c) Incurred but not paid during the previous accounting period
(d) Paid but not incurred during the previous accounting period

19. Profit and loss of realization account is shared among the partners in _______ ratio
(a) Old profit sharing ratio (b) New profit sharing ratio
(c) Capital ratio (d) Equal ratio

20. P shows a profit of Rs. 7,00,000 for the year ended 31.3.08. The figure has been arrived at after charging following against revenue:
(i) Purchase of Car on 28.3.08 for use in business Rs. 1,00,000 and treated as vehicle expenses.
(ii) Omitting to record unpaid electricity bills for Feb. and March, 2008 of Rs. 15,000 per month.
The correct profit for the year ended 31st March, 2008 is
(a) Rs. 6,30,000 (b) Rs. 7,00,000
(c) Rs. 7,70,000 (d) Rs. 8,30,000

21. What would be treatment when plant and machinery is sold for Rs. 1,40,000 whose cost is Rs. 1,00,000 and WDV is Rs. 40,000
(a) Revenue receipt of Rs. 1,00,000
(b) Capital receipt of Rs. 1,00,000
(c) Capital profit of Rs. 40,000 and revenue profit of Rs. 60,000
(d) Capital receipt of Rs. 40,000 and revenue receipt of Rs. 60,000

22. A, B and C are partners in the firm sharing profits and losses in 5:3:2 ratio. The firm’s balance sheet as on 31.03.2010 shows the reserve balance of Rs. 25,000, profit of the last year Rs. 50,000, joint life policy of Rs. 10,00,000 and fixed assets of Rs. 12,00,000. On 1st June, 2010 C died and on the same date assets were revalued. The executor of the deceased partner will get along with the capital of C
(a) Share in the reserve account of the firm
(b) Proportionate share of profit upto the date of death
(c) Share in joint life policy
(d) All of the above

23. A bill of exchange matures on 16th July. It is a public holiday. Bill will mature on
(a) 17th July (b) 15th July
(c) 16th July (d) 18th July

24. Which of the method is not recommended by AS 2?
(a) FIFO (b) LIFO
(c) Weighted average (d) Specific identification method
25. Trial Balance (Total method)

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

Amount of total balance according to balance method will be:

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

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

(a) P/L Adjustment A/c Dr. 18,000
   To A 7,200
   To B 7,200
   To C 3,600

(b) P/L Adjustment A/c Dr. 18,000
   To A 6,000
   To B 6,000
   To C 6,000

(c) A Dr. 1,200
    B Dr. 1,200
    To C 2,400

(d) None of the above

27. On Jan 1, 2001 the position of V. Mathur was as follows:
Inventory in hand Rs. 2400; Bills payable Rs. 400; Cash at Bank Rs. 1800; Plant and machinery Rs. 1000; Debtors Rs. 500; Creditors Rs. 800; Investments 2000; Loan from Raja Ram Rs. 1500.
V. Mathur’s capital on the above date will be:

(a) Rs. 5000 (b) Rs. 4000 (c) Rs. 6000 (d) None of the three
28. Goods worth Rs. 1000 taken by the proprietor for personal use should be credited to
   (a) Sales A/c  (b) Purchase A/c
   (c) Expenses A/c  (d) Proprietor’s personal A/c

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

30. The trial balance checks
   (a) Arithmetical accuracy of books
   (b) The honesty of the book keeper
   (c) The valuation of closing inventory
   (d) None of the three

31. Capital Reserves are credited out of
   (a) Balance in P/L A/c
   (b) Capital profits
   (c) Revenue profits
   (d) Provisions

32. In the beginning of 2009 person has goods worth Rs. 4000 in his godown. During the year he purchased goods worth Rs. 20,000. His sales during the year were Rs. 30,000 and there were goods still lying in his godown worth Rs. 3000. Profit has been made
   (a) Rs. 9,000
   (b) Rs. 8,000
   (c) Rs. 10,000
   (d) Rs. 9,500

33. Total sales during the year amounted to Rs. 70,000; Cash sales Rs. 10,000; Balance of trade receivables at the end of the year Rs. 25,000. Cash received from customers during the year will be
   (a) Rs. 35,000
   (b) Rs. 30,000
   (c) Rs. 37,000
   (d) Rs. 32,000

34. Which of the following would not be included in current assets?
   (a) 60 days Bills receivable
   (b) Short term deposit with bank
   (c) Rs. 500 with cashier
   (d) Machinery purchased

35. Balance as per Pass Book is
   (a) Rs. 2,370
   (b) Rs. 2,500
   (c) Rs. 2,300
   (d) Rs. 2,380

   Cheques paid but not yet credited  Rs. 1,390
   Bank Charges entered in pass book  Rs. 260
   Cheques issued but not presented for payment  Rs. 1,710

   Balance as per Cash Book will be
   (a) Rs. 2,370
   (b) Rs. 2,500
   (c) Rs. 2,300
   (d) Rs. 2,380
36. Overdraft as per Cash Book
   Cheque deposited but not credited
   Cheques issued but not presented for payment
   Overdraft as per Pass Book will be

   (a) Rs. 6,332  (b) Rs. 6,000
   (c) Rs. 6,300  (d) Rs. 6,330

37. Following figures have been taken from the trial balance of a trader –
   Opening Inventory
   Purchases
   Carriage Inward
   Wages
   Sales
   Goods sent on Consignment
   Amount of profit will be

   (a) Rs. 20730  (b) Rs. 20500
   (c) Rs. 20200  (d) Rs. 21000

38. Select the false statement

   (a) Sales of a Plant and Machinery is a revenue receipt
   (b) Any amount which is unreasonably high need not be a capital expenditure
   (c) Income tax of the sole proprietor paid is treated as drawing
   (d) Bills Payable is a current liability

39. A trader purchased furniture on Jan 1, 2007 for Rs. 5,200. Its scrap value is 200 and life
    10 years. Depreciate furniture according to fixed instalment method. Balance of furniture
    a/c at the end of third year will be

   (a) Rs.3,500  (b) Rs.3,700
   (c) Rs.4,000  (d) Rs.3,400

40. A seven years lease has been purchased for a sum of Rs. 60,000 and it is proposed to depreciate
    it under annuity method. In reference to annuity table, Rs. 9996.55 should be charged to
    Depreciation A/c. Balance of Lease A/c at the end of the 1st year will be

   (a) Rs. 50,003.45  (b) Rs. 52,000
   (c) Rs. 50,000  (d) None of the above

41. After preparing the trial balance the accountant find that the total of the credit side is short
    by Rs. 1500. This difference will be -

   (a) Credited to suspense account
   (b) Debited to suspense account
   (c) Adjusted to any of the debit balance a/c
   (d) Adjusted to any of the credit balance a/c
42. On 01.12.09, X draws a bill on Y for 30 days after sight. The date of acceptance is 08.12.09. The maturity date of the bill will be -

(a) 8.01.10  
(b) 10.01.10  
(c) 11.01.10  
(d) 09.10.10

43. Capital introduced in the beginning by Ram Rs. 16,080; further capital introduced during the year in the form of machinery Rs. 2000; personal expenses during the year -

- 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

44. The total of debit and credit side of Mr. Raja Ram's Trial balance as on 31st March, 2010 were Rs. 20,000 and Rs. 10,000 respectively. The difference was transferred to suspense A/c. On 4th April 2010, it was found that the total of sales book was carried forward as 5,000 instead of 4,000. The balance of suspense A/c after rectification of this error will be -

(a) Rs.11,000  
(b) Rs. 10,000  
(c) Rs. 9,000  
(d) Rs. 12,000

45. The total of ‘Discount allowed’ column in the cash book for the month of September, 2009 amounting to Rs. 250 was not posted. Rectifying entry for the same will be -

(a) Suspense A/c Dr 250; To Discount A/c 250  
(b) Discount A/c Dr. 250; To Suspense A/c 250  
(c) Discount A/c Dr. 250; To Customer A/c 250  
(d) None of the three

46. Closing entry for transfer of Net profit Rs. 6,300 to capital A/c will be

(a) Capital A/c Dr. Rs. 6,300; To P/L A/c Rs. 6,300  
(b) P/L A/c Dr. Rs. 6,300; To Capital A/c Rs. 6,300  
(c) Trading A/c Dr. Rs. 6,300; to P/L A/c Rs. 6,300  
(d) None of the three

47. Gross profit is the difference between

(a) Sales and purchases  
(b) Sales and cost of sales  
(c) Sales and total expenses  
(d) None of the three

48. Credit balances in the ledger will be

(a) A revenue or an asset  
(b) An expense or an asset  
(c) A revenue or a liability  
(d) None of the three

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49. Miss Rakhi consigned 1,000 Radio sets costing Rs. 900 each to Miss Gita, her agent on July 1, 2009. Miss Rakhi incurred the following expenses.

<table>
<thead>
<tr>
<th>Carriage</th>
<th>Freight</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 650</td>
<td>Rs. 7,000</td>
<td>Rs. 3,250</td>
</tr>
</tbody>
</table>

Miss Gita received the delivery of 950 radio sets. 750 sets were sold for Rs. 9,00,000 and Miss Gita incurred total expenses Rs. 13,000. Agents commission 6% on sales. Insurance company admitted claim of Rs. 35,000. Consignment inventory was valued Rs. 1,84,391. Consignment Profit will be -

(a) 1,52,036  
(b) 1,52,000  
(c) 1,50,000  
(d) None of the three  

50. Amount spent on “Structural alterations” under pressure of law is a

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

51. Goodwill is to be calculated at one year’s purchase of the average of the last 3 years profit. The profit of the first year was Rs. 6,000, second year twice the profit of the first year and the third year one and half times of the profit of the second year goodwill amount will be -

(a) Rs.10,000  
(b) Rs.12,000  
(c) Rs.11,000  
(d) Rs.13,000  

52. A, B and C share the profits and losses in the ratio of 3:2:1. D is admitted. He gets 1/6 in share entirely from A. New ratio will be

(a) \( \frac{1}{3} : \frac{1}{3} : \frac{1}{6} \)  
(b) 3:1:1  
(c) 2:2:2:1  
(d) None of the three  

53. A, B and C share profit and losses in the ratio of 3:2:1 upon admission of D. They agreed to share 5:4:2:1 sacrificing ratio will be

(a) 1/12:NIL:NIL  
(b) NIL:1/12:NIL  
(c) NIL:NIL:1/12  
(d) None of the three  

54. A, B and C entered into a joint venture with equal risks contributing Rs. 20,000, Rs. 27,500 and Rs. 35,000 respectively. The amounts were banked in a joint account. Joint Transactions were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of goods</td>
<td>Rs. 66,600</td>
</tr>
<tr>
<td>Expenses on goods purchased</td>
<td>Rs. 6,629</td>
</tr>
<tr>
<td>Total sales</td>
<td>Rs. 89,000</td>
</tr>
</tbody>
</table>
C, who effected these transactions, was allowed 6% commission on sales. Profit on joint venture will be -

(a) Rs. 10,431  
(b) Rs. 10,000  
(c) Rs. 11,000  
(d) Rs. 12,000  

55. Gopal was holding 100 shares of 10 each of a company on which he had paid Rs. 3 on application and Rs. 2 allotment, but could not pay Rs. 2 on first call. Forfeited shares a/c will be credited with

(a) Rs. 500  
(b) Rs. 400  
(c) Rs. 600  
(d) None of the three  

56. Consignment inventory will be recorded in the balance sheet of consignor on asset side at:

(a) Invoice Value  
(b) At invoice value less inventory reserve  
(c) At lower than cost price  
(d) At 10% lower than invoice value  

57. Which of the following expense is not considered as part of cost of 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  

58. X Ltd. purchased the business of Y Ltd. for Rs. 90,000 payable in fully paid shares of 10 each; shares were issued at a premium of 25%. Number of shares issued against purchased consideration will be –

(a) 6,000 shares  
(b) 7,200 shares  
(c) 8,000 shares  
(d) 7,000 shares  

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

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

60. X Ltd. purchased assets of Y Ltd. as under - Plant and machinery of Rs. 20,00,000 at Rs. 18,00,000; Land and building of Rs. 30,00,000 at Rs. 42,00,000 for purchase consideration of Rs. 55,00,000 and paid Rs. 10,00,000 in cash and remaining by issue of 8% debentures of 100 each at a premium of 20%. No. of debentures issued to vendors will be

(a) 37,000  
(b) 37,500  
(c) 35,500  
(d) 38,000
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SECTION - B : MERCANTILE LAWS (40 MARKS)

61. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of formation are of the following types:

(a) Express contracts  (b) Implied contracts  
(c) Quasi contracts  (d) All of the above

62. ‘A’ performed some services to ‘B’ at his desire. After a week, ‘B’ promises to compensate ‘A’ for the work done by him. This is said to be:

(a) Past consideration  (b) Future consideration  
(c) Present consideration  (d) None of the above

63. Generally, the following damages are not recoverable?

(a) Ordinary damages  (b) Special damages  
(c) Remote damages  (d) Nominal damages

64. A contract is discharged by novation which means the

(a) cancellation of the existing contract  
(b) change in one or more terms of the contract  
(c) Substitution of existing contract for a new one  
(d) None of these

65. Silence amounts to fraud. When

(a) it is the duty of a person to speak  
(b) the person’s silence is equivalent to speech  
(c) it is likely to affect the willingness of a person to enter into a contract  
(d) Both (a) or (b)

66. An offer may lapse by:

(a) Revocation  (b) Counter offer  
(c) Rejection of offer by offeree  (d) All of these

67. In case of illegal agreements, the collateral agreements are:

(a) Valid  (b) Void  
(c) Void able  (d) Any of these

68. Which of the following is false? An acceptance:

(a) Must be communicated  
(b) Must be absolute and unconditional  
(c) Must be accepted by a person having authority to accept  
(d) May be presumed from silence of offeree

69. Which of the following statements is not true about minor’s position in a firm?

(a) He cannot become a partner in an existing firm
(b) He can become a partner in an existing firm
(c) He can be admitted only to the benefits of any existing a major
(d) He can become partner on becoming a major

70. A contract for a sale of goods where property would pass to the buyer on payment of total price would be;

(a) Sale
(b) Agreement to sell
(c) hire-purchase contract
(d) Sale on approval

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

(a) movable goods only
(b) immovable goods only
(c) both movable and immovable goods
(d) All goods except ornaments

72. Selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer is known as

(a) Distribution
(b) Appropriation
(c) amortization
(d) Storage

73. Mercantile Agent is having an authority to

(a) Sell and consign goods
(b) Raise money on the security of goods
(c) Sell or buy goods
(d) Any of the above

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

(a) Constructive delivery
(b) Structured delivery
(c) Actual delivery
(d) Symbolic delivery

75. Under Sale of goods Act, 1930 the terms “goods” means every kind of the movable property and it includes

(a) Stock and share
(b) Growing crops, grass
(c) Both (a) and (b)
(d) None of the above

76. Undue influence involves:

(a) Threat
(b) Mental pressure
(c) Physical force
(d) Both (a) and (c)

77. Which of the following is not the right of a partner i.e, which he cannot claim as a matter of right?

(a) Right to take part in business
(b) Right to have access to account books
### MODEL TEST PAPER - 13

78. **On which of the following grounds, a partner may apply to the court for dissolution of the firm?**

- (a) Insanity of a partner
- (b) Misconduct of a partner
- (c) Perpetual losses in business
- (d) All of the above

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

- (a) It can not file a suit against third parties
- (b) Its partners cannot file a suit against a firm
- (c) It can claim a set-off exceeding Rs. 100
- (d) It can be sued by a third party

80. **A Hindu widow borrowed money from a lender for the purpose of filling a suit for maintenance. The lender advanced money at 100 percent rate of interest. The act of the money lender is induced by**

- (a) coercion
- (b) Undue Influence
- (c) Fraud
- (d) Misrepresentation

81. **A mistake as to a law not in force in India has the same effect as ________**

- (a) Mistake of fact
- (b) Mistake of India law
- (c) fraud
- (d) misrepresentation

82. **A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called ________**

- (a) Guarantee
- (b) warranty
- (c) condition
- (d) term

83. **The communication of an acceptance is complete as against acceptor ________**

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

84. **Every person attains majority an completion of ________ years of age**

- (a) 21 years
- (b) 18 years
- (c) 16 years
- (d) 20 years

85. **Doctrine of Caveat Emptor means ________**

- (a) let the seller beware
- (b) let the buyer beware
- (c) let the creditor beware
- (d) None of the above
86. A agrees to purchase from B, 18 carat gold thinking it to be of pure gold. This contract between A and B is:
   (a) Valid  (b) Voidable  (c) Void  (d) Illegal

87. Discharge by mutual agreement may involve ________
   (a) Novation  (b) Recission  (c) Alteration  (d) All of the above

88. Where the goods are delivered to a carrier or wharfinger for the purpose of transmission to the buyer, the delivery is ________
   (a) Invalid and ineffective  (b) Valid and effective  (c) Conditional  (d) None of these

89. ________ consideration is no consideration in England.
   (a) Past  (b) Present  (c) Future  (d) Past and present

90. Speculative transactions are:
   (a) Void  (b) Unlawful  (c) Valid  (d) Illegal

91. A contract for the sale of “future goods” is ________
   (a) Sale  (b) Agreement to sell  (c) Void  (d) Hire-purchase contract

92. Right of an unpaid seller include ________
   (a) Right of lien  (b) Right in stoppage in transit  (c) Right of re-sale  (d) All of the above

93. A stipulation in a contract of sale of goods whose violation by seller gives a right of damages only to buyer, is called ________
   (a) Guarantee  (b) Warranty  (c) Condition  (d) Term

94. Total substitution of new contract in place of the old contract takes place in case of ________
   (a) Remission  (b) Recission  (c) Novation  (d) Alteration

95. Non-registration of a partnership firm ________
   (a) Is a criminal offence  (b) Renders the partnership illegal

Common Proficiency Test (CPT) Volume - I
96. A partner may be expelled from the firm on the fulfillment of the condition that the expulsion power is exercised - 

(a) As given by express contract  
(b) By majority of partners  
(c) In absolute good faith  
(d) All of the above

97. Right of lien is to 

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

98. Partner by holding out is also known as 

(a) Active Partner  
(b) Dormant partner  
(c) Partner by estoppel  
(d) Partner by stoppage

99. Under which circumstances the unpaid seller can exercise right of re-sale 

(a) when the goods are of perishable nature  
(b) when he gives notice to the buyer  
(c) When he gives notice to the buyer of his intention to re-sale and the buyer does not within reasonable time pay the price  
(d) Both (a) and (b)

100. A timber merchant agreed to supply best teak at a certain agreed price to a builder. Later the merchant supplied timber, which was identified as ordinary class of timber and demanded the payment from the builder which of the following statements is/are true? 

(a) Builder can reject the goods can claim damages  
(b) Builder has accept the goods  
(c) Builder has to pay the price by taking delivery of teak wood  
(d) Timber merchant cannot plead the doctrine of caveat emptor

SECTION - C : GENERAL ECONOMICS (50 MARKS)

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

(a) Large number of buyers and sellers  
(b) Homogeneous product  
(c) Freedom of entry  
(d) Absence of transport cost

102. Which of the following is not a characteristic of a “Price taker”? 

(a) TR = P x Q  
(b) AR = Price  
(c) Negatively - sloped demand curve  
(d) Marginal Revenue = Price
103. Which of the following is not a condition of perfect competition?
(a) A large number of firms
(b) Perfect mobility of factors
(c) Informative advertising to ensure that consumers have good information
(d) Freedom of entry and exit into and out of the market.

104. All of the following are characteristics of a monopoly except
(a) there is a single firm
(b) the firm is a price taker
(c) the firm produces a unique product
(d) the existence of some advertising

105. A monopolist is able to maximize his profits when:
(a) his output is maximum
(b) he charges a high price
(c) his average cost is minimum
(d) his marginal cost is equal to marginal revenue.

106. Which is the other name that is given to the long run average cost curve?
(a) profit curve
(b) planning curve
(c) demand curve
(d) indifference curve

107. Price discrimination will be profitable only if the elasticity of demand in different market in which the total market has been divided is:
(a) uniform
(b) different
(c) less
(d) zero

108. The kinked demand curve model of oligopoly assumes that:
(a) response to a price increase is less than the response to a price decrease
(b) response to a price increase is more than the response to a price decrease
(c) elasticity of demand is constant regardless of whether price increases or decreases
(d) elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases

109. Agricultural goods markets depict characteristics close to:
(a) Perfect competition
(b) Oligopoly
(c) Monopoly
(d) Monopolistic competition

110. Which of the statements is correct?
(a) The tertiary sector contributes the maximum to the GDP
(b) India is a basically a socialist economy
(c) The distribution of income and wealth in India is quite equitable
(d) None of the above
MODEL TEST PAPER - 13

111. NABARD is the apex bank for ____________ credit in India.
   (a) real estate  
   (b) small scale industries
   (c) agriculture  
   (d) none of the above

112. The share of agriculture in India’s national income has ____________ over the years.
   (a) remained constant  
   (b) decreased
   (c) increased  
   (d) first decreased and then increased

113. Which is of the following is incorrect?
   (a) Special schemes have been started to promote agro-products
   (b) India has been a big importer of food grains especially since 1990s
   (c) High yielding varieties programme has resulted in improvement in production and productivity of food grains in India
   (d) None of the above

114. Agriculture sector faces the problem of:
   (a) slow and uneven growth  
   (b) inadequate and incomplete land reforms
   (c) inadequate finance  
   (d) all of the above

115. The Eleventh plan aims at achieving a growth rate of ____________ in the industrial sector.
   (a) 5 per cent  
   (b) 8 per cent
   (c) 8.5 per cent  
   (d) 6 per cent

116. Which of the following statements is correct?
   (a) The industrial pattern on the eve of independence was quite balanced
   (b) During the planning period the structure of Indian industry has shifted in favour of basic and capital goods and intermediate goods
   (c) Most of the big industrial units in India are sick
   (d) None of the above

117. Compared to the time of Independence the share of industrial sector in the GDP of India has ____________
   (a) increased  
   (b) decreased
   (c) remained constant  
   (d) remained above 50 per cent

118. India has the ____________ largest scientific and technical manpower in the world
   (a) Fifth  
   (b) Tenth
   (c) Eighth  
   (d) Third

119. Demand for final consumption arises in:
   (a) household sector only  
   (b) government sector only
   (c) both household and government sectors  
   (d) neither household nor government sectors

Common Proficiency Test (CPT) Volume - I
120. **Which of the following is an economic activity?**

(a) Playing friendly cricket match  
(b) Teaching one's own daughter at home  
(c) Manufacturing chairs at subsidised rate  
(d) A housewife doing household duties

121. **Per capita national income means**

(a) NNP / population  
(b) Total capital / population  
(c) Population / NNP  
(d) None of the above

122. **India’s rank in world Population comes after ______**

(a) U.S.A.  
(b) China  
(c) Australia  
(d) Canada

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

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

124. **India’s present population is:**

(a) more than that of China  
(b) less than that of China  
(c) less than that of Pakistan  
(d) less than that of England

125. **NTPC stands for:**

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

126. **Which of the following is correct in relation to banks in the post reform period?**

(a) All banks have been privatised.  
(b) All banks have been nationalised.  
(c) NPA as a percentage of gross advances have shown a falling trend.  
(d) State Bank of India replaced RBI as lender of the last resort.

127. **___________ refers to disposal of public sector’s units in equity in the market.**

(a) Globalisation  
(b) Privatisation  
(c) Disinvestment  
(d) Liberalisation

128. **Population per bank in India is: (2013)**

(a) around 5000  
(b) around 20000  
(c) around 12000  
(d) around 45000
### Model Test Paper - 13

129. Commercial banks suffer from:
   (a) regional imbalances  
   (b) increasing overdues  
   (c) lower inefficiency  
   (d) all the above

130. Money includes:
   (a) currencies and demand deposits  
   (b) bonds, government securities  
   (c) equity shares  
   (d) all of the above

131. M1 in the money stock in India refers to:
   (a) post office saving deposits  
   (b) total post office deposits  
   (c) currency plus demand deposits plus other deposits with RBI  
   (d) time deposits with banks

132. Which of the following is not a characteristic of land?
   (a) Its supply for the economy is limited  
   (b) It is immobile  
   (c) Its usefulness depends on human efforts  
   (d) It is produced by our forefathers

133. Which of the following statements is true?
   (a) Accumulation of capital depends solely on income  
   (b) Savings can also be affected by the state  
   (c) External economies go with size and internal economies with location  
   (d) The supply curve of labour is an upward sloping curve

134. The marginal product of a variable input is best described as:
   (a) total product divided by the number of units of variable input  
   (b) the additional output resulting from a one unit increase in the variable input  
   (c) The additional output resulting from a one unit increase in both the variable and fixed inputs  
   (d) The ratio of the amount of the variable input that is being used to the amount of the fixed input that is being used

135. Diminishing marginal returns imply:
   (a) decreasing average variable costs  
   (b) decreasing marginal costs  
   (c) increasing marginal costs  
   (d) decreasing average fixed costs

136. To economists, the main difference between the short run and the long run is that:
   (a) in the short run all inputs are fixed, while in the long run all inputs are variable  
   (b) in the short run the firm varies all of its inputs to find the least cost combination of inputs
(c) in the short-run, at least one of the firm’s input levels is fixed  
(d) in the long run, the firm is making a constrained decision about how to use existing plant and equipment efficiently

137. Which cost increases continuously with the increase in production?

(a) Average cost  
(b) Marginal cost  
(c) Fixed cost  
(d) Variable cost

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

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

139. Which of the following is an example of an “explicit cost”?

(a) The wages a proprietor could have made by working as an employee of a large firm  
(b) The income that could have been earned in alternative uses by the resources owned by the firm  
(c) The payment of wages by the firm  
(d) The normal profit earned by a firm

140. Marginal cost is defined as:

(a) the change in total cost due to one unit change in output  
(b) total cost divided by output  
(c) the change in output due to a one unit change in an input  
(d) total product divided by the quantity of input

141. Which of the following is not a determinant of the firm’s cost function?

(a) The production function  
(b) The price of labour  
(c) Taxes  
(d) The price of the firm’s output

142. A firm’s average total cost is Rs. 300 at 5 units of output and Rs. 320 at 6 units of output. The marginal cost of producing the 6th unit is:

(a) Rs. 20  
(b) Rs. 120  
(c) Rs. 320  
(d) Rs. 420

143. Which of the following is a function of an entrepreneur?

(a) Initiating a business enterprise  
(b) Risk bearing  
(c) Innovating  
(d) All of the above

144. The law of scarcity

(a) does not apply to rich developed countries  
(b) applies only to the less developed countries  
(c) implies that consumers wants will be satisfied in a socialistic system  
(d) implies that consumers wants will never be completely satisfied
MODEL TEST PAPER - 13

145. Who expressed the view that “economics is neutral between end”?
(a) Robbins  (b) Marshall  
(c) Pigou  (d) Adam Smith

146. An example of positive economic analysis would be:
(a) an analysis of the relationship between the price of food and the quantity purchased  
(b) determining how much income each person should be granted 
(c) determining the fair price for food 
(d) deciding how to distribute the output of the economy

147. Which of the following does not suggest a macro approach for India?
(a) Determining the GNP of India  
(b) Identifying the causes of inflation in India  
(c) Finding the causes of failure of X and Co.  
(d) Analyse the causes of failure of industry in providing large scale employment

148. What is one of the future consequences of an increase in the current level of consumption in the India?
(a) Slower economic growth in the future  
(b) Greater economic growth in the future  
(c) No change in our economic growth rate  
(d) Greater capital accumulation in the future

149. Capital intensive technique would get chosen in a:
(a) labour surplus economy  (b) capital surplus economy  
(c) developed economy  (d) developing economy

150. Consider the following and decide which if any economy is without scarcity:
(a) The pre-independent Indian Economy, where most people were farmers  
(b) A mythical economy where everybody is a billionaire  
(c) Any economy where income is distributed equally among its people  
(d) None of the above

SECTION - D : QUANTITATIVE APTITUDE (50 MARKS)

151. Representation of data is done by
(a) Diagrams  (b) Pictures  
(c) Charts  (d) All these

152. Ogive is a
(a) Line diagram  (b) Bar diagram  
(c) Both  (d) None of these
153. **Which result is true?**

(a) H.M. < G.M. < A.M.  
(b) H.M. > G.M. > A.M.

(c) H.M. < G.M. < A.M.  
(d) G.M. > A.M. > H.M.

154. **The range of 12, 15, 17, 9, 21, 25**

(a) 3  
(b) 16

(c) 25  
(d) 12

155. **Median is affected by extreme values**

(a) True  
(b) False

(c) Both  
(d) None of these

156. **In a Scatter diagram, if the plotted points lie on a single line, then the correlation is:**

(a) Perfect positive  
(b) Perfect negative

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

157. **For any two events A and B**

(a) $P(A \cap B) < P(A) + P(B)$  
(b) $P(A \cap B) > P(A) + P(B)$

(c) $P(A \cap B) \leq P(A) + P(B)$  
(d) $P(A \cap B) \geq P(A) + P(B)$

158. **The mode and mean of a normal distribution**

(a) May be equal  
(b) May be different

(c) Are always equal  
(d) (a) or (b)

159. **A statistic is described as**

(a) A function of sample observation  
(b) A function of population units

(c) A characteristic of a population  
(d) A part of population

160. **The index number is not a special type of average**

(a) False  
(b) True

(c) Both  
(d) None of these

161. **Fisher’s ideal formula does not satisfy _______ test.**

(a) Unit test  
(b) Circular test

(c) Time reversal test  
(d) None of these

162. **Under Algebric method we get _____ Linear equations**

(a) Two  
(b) Three

(c) One (d)  
(d) None of these

163. **24, 32, _________, 40 are in proportion.**

(a) 25  
(b) 20

(c) 30  
(d) None of these
MODEL TEST PAPER - 13

164. \( \log_3 \log_3 27 \) is equal to _______
   (a) 0  (b) -1  (c) 3  (d) 1

165. If _______________, the roots are imaginary.
   (a) \( b^2 - 4ac = 0 \)  (b) \( b^2 - 4ac > 0 \)
   (c) \( b^2 - 4ac < 0 \)  (d) \( b^2 - 4ac \geq 0 \)

166. The letters of the words ALLAHABAD and INDIA are arranged in all possible ways. The ratio of the number of these arrangement is ____________
   (a) 9 : 5  (b) 126 : 1  (c) 1 : 1  (d) 2 : 5

167. The 13\(^{th}\) term of series 93, 90, 87 \ldots \) nth term is ________
   (a) 57  (b) -54  (c) 50  (d) 54

168. Rs. 3,52,000 will produce Rs. 28,600 interest in ___________ years at 2.5% p.a. simple interest.
   (a) 2 years 2 months  (b) 3 years 3 months
   (c) 4 years 4 months  (d) 5 years 5 months

169. The mean of binomial distribution with parameters \( n \) and \( p \) is ________
   (a) \( np(1-p) \)  (b) \( np(1-p) \)
   (c) \( np \)  (d) \( \sqrt{np(1-p)} \)

170. If \( P(A) = 6/9 \) then the odds against the event is ________
   (a) 3/9  (b) 6/3  (c) 3/6  (d) 3/15

171. \( \lim_{x \to 2} \frac{x^2 - 9}{x - 3} \) is equal to \( \frac{\sqrt{3-x} - 1}{2-x} \)
   (a) \( 1/2 \)  (b) 2
   (c) 0  (d) does not exist

172. The derivative of \( y = \log x^x \) is
   (a) \( 1/x \)  (b) \( \log x \)
   (c) \( 1/x \cdot \log x \)  (d) \( 1 + \log x \)
173. \( \int \frac{dx}{e^x+1} \) is equal to

(a) \(- \log (1+e^{-x}) + K\)  
(b) \((e^x+1)^2 + K\)

(c) \(\frac{1}{1+e^x} + K\)  
(d) None

174. If \( f(x) = 2x + 3 \) then \( f(2x) - 2f(x) + 3 \) is equal to

(a) 1  
(b) 0

(c) -1  
(d) None of these

175. Which term of series \( 3, \sqrt{3}, 1, \frac{1}{\sqrt{3}}, \ldots \) nth term is \( \frac{1}{243} \)?

(a) 13  
(b) 14

(c) 15  
(d) 12

176. Fisher's ideal index no. is equal to

(a) Laspeyse's index \( \times \) Pasche's Index  
(b) \(\sqrt{\text{Laspeyse's Index} \times \text{Pasche's Index}}\)

(c) \[ \sum P_0 Q_i \]  
(d) None of these

177. A sample of 100 gave a mean of 7.4 kg and a standard deviation of 1.2 kg. Find 95% confidence limits for population mean.

(a) 7.164 and 7.635  
(b) 5.164 and 5.635

(c) 4.001 and 5.001  
(d) None of these

178. A dice is tossed thrice, if getting a four is considered a success, find the variance of probability distribution of number of success.

(a) \(\frac{1}{2}\)  
(b) \(\frac{1}{4}\)

(c) \(\frac{5}{12}\)  
(d) \(\frac{7}{12}\)

179. A pair of dice is rolled. If the sum on the dice is 9. Find the probability that one of dice showed 3.

(a) \(\frac{1}{9}\)  
(b) \(\frac{1}{4}\)

(c) \(\frac{1}{2}\)  
(d) 1

180. The two regression lines obtained from certain data were \( y = x + 5 \) and \( 16x = 9y - 94 \). Find the variance of \( x \) if variance of \( y \) is 16.

(a) \(\frac{4}{16}\)  
(b) 9

(c) \(1\)  
(d) \(\frac{5}{16}\)
181. If \( nP_{13} : n+1P_{13} = 3:4 \) then value of \( n \) is

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<th>(a) 15</th>
<th>(b) 14</th>
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<td></td>
<td>(c) 13</td>
<td>(d) 12</td>
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182. In a group of 23 children 10 drink tea but not coffee and 15 like tea. The number of children drinking coffee but not tea is

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<th>(a) 6</th>
<th>(b) 7</th>
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<td></td>
<td>(c) 8</td>
<td>(d) 9</td>
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183. In a G.P. series the product of first three term is \( 729/8 \). The middle term is

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<th></th>
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<th>(a) 3/2</th>
<th>(b) 9/2</th>
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<td>(c) 2/9</td>
<td>(d) None of these</td>
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184. In how many ways 5 physics, 3 chemistry and 3 maths books be arranged keeping the books of the same subject together.

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<th></th>
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<th>(a) 5! X 3! X 3!</th>
<th>(b) 5 P 3</th>
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<td></td>
<td>(c) 5! X 3!</td>
<td>(d) 5! X 3! X 3! X 3!</td>
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185. If a loan of Rs. 50,000 is paid back in equal instalments for 20 years and 10% interest on balance loan. What will be equal instalment.

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<th></th>
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<th>(a) 5872.98</th>
<th>(b) 5000.00</th>
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<td>(c) 4999.98</td>
<td>(d) None of these</td>
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186. The lines \( x - y - 3 = 0, 3x - 2y - 5 = 0 \) and \( 4x - 3y - 20 = 0 \) are

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<th></th>
<th>(a) concurrent</th>
<th>(b) Not concurrent</th>
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<td></td>
<td></td>
<td>(c) Parallel to each other</td>
<td>(d) Perpendicular to each other</td>
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187. Solving equation \( 3x^2 - 2x - 16 = 0 \) we get root as

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<th></th>
<th></th>
<th>(a) – 2, 8/3</th>
<th>(b) 2, 3/8</th>
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<td></td>
<td></td>
<td>(c) ±2</td>
<td>(d) None of these</td>
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188. If a number of which the half is greater than \( 1/10 \)th of number by 20 then the number is

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<th>(a) 50</th>
<th>(b) 40</th>
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<td>(c) 80</td>
<td>(d) None of these</td>
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189. Sum of three numbers in A.P. is 12 and the sum of their cube is 408. The numbers are

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<th></th>
<th></th>
<th>(a) 3, 4, 5</th>
<th>(b) 1, 4, 7</th>
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<td></td>
<td></td>
<td>(c) 2, 4, 6</td>
<td>(d) None of these</td>
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</table>

190. The number of subset of a set containing \( n \) element is:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(a) ( 2n )</th>
<th>(b) ( 2^n )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(c) ( 2^n )</td>
<td>(d) None of these</td>
</tr>
</tbody>
</table>
191. Wages of 8 workers expressed in Rs. as follows 80, 96, 51, 72, 67, 50, 70, find Coefficient of range?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>30.5</td>
</tr>
<tr>
<td>(c)</td>
<td>31.00</td>
</tr>
<tr>
<td>(b)</td>
<td>35.3</td>
</tr>
<tr>
<td>(d)</td>
<td>31.51</td>
</tr>
</tbody>
</table>

192. \( \int e^{px} \, dx \) is equal to

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>( e^{px} + c )</td>
</tr>
<tr>
<td>(c)</td>
<td>( \log x + c )</td>
</tr>
<tr>
<td>(b)</td>
<td>( \frac{e^{px}}{p} + c )</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

193. Evaluate \( \int_{-3}^{3} (x^3 + x) \, dx \)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>0</td>
</tr>
<tr>
<td>(c)</td>
<td>-3</td>
</tr>
<tr>
<td>(b)</td>
<td>3</td>
</tr>
<tr>
<td>(d)</td>
<td>1</td>
</tr>
</tbody>
</table>

194. If Arithmetic Mean and coefficient of variation of \( x \) are 5 and 20 respectively. What is the variance of \( 15 - 2x \)?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>16</td>
</tr>
<tr>
<td>(c)</td>
<td>64</td>
</tr>
<tr>
<td>(b)</td>
<td>2</td>
</tr>
<tr>
<td>(d)</td>
<td>32</td>
</tr>
</tbody>
</table>

195. If \( y = e^x - e^{-x} \) then \( \frac{dy}{dx} - \sqrt{y^2 + 4} \) is equal to

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1</td>
</tr>
<tr>
<td>(c)</td>
<td>0</td>
</tr>
<tr>
<td>(b)</td>
<td>-1</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

196. 6 seats of articled clerks are vacant in a ‘Chartered Accountant firm’. How many different batches of candidates can be chosen out of 10 candidates if one candidate is always selected.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>124</td>
</tr>
<tr>
<td>(c)</td>
<td>126</td>
</tr>
<tr>
<td>(b)</td>
<td>125</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

197. The A.M. between two numbers is 34 and their G.M. is 16, the numbers are?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>4, 64</td>
</tr>
<tr>
<td>(c)</td>
<td>32, 64</td>
</tr>
<tr>
<td>(b)</td>
<td>4, 32</td>
</tr>
<tr>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

198. For a group of 8 students the sum of squares of differences in ranks for Accounts and Economics marks was found to be 50. What is the rank correlation coefficient.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>0.50</td>
</tr>
<tr>
<td>(c)</td>
<td>0.30</td>
</tr>
<tr>
<td>(b)</td>
<td>0.40</td>
</tr>
<tr>
<td>(d)</td>
<td>0.20</td>
</tr>
</tbody>
</table>
**MODEL TEST PAPER - 13**

199. A sum of money triples itself in 20 years. Using Simple Interest calculate number of years it would double itself.

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>25 years</td>
<td>(b)</td>
<td>15 years</td>
</tr>
<tr>
<td>(c)</td>
<td>10 years</td>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

200. The value of \((\log_a a \times \log_b b \times \log_c c)^3\) is equal to

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>5</td>
<td>(b)</td>
<td>0</td>
</tr>
<tr>
<td>(c)</td>
<td>1</td>
<td>(d)</td>
<td>None of these</td>
</tr>
</tbody>
</table>

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SECTION - A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. Commission received in advance account has a
   (a) Credit balance  (b) Debit balance
   (c) Negative balance  (d) None of the above

2. Insurance unexpired account is a
   (a) Personal account  (b) Real account
   (c) Nominal account  (d) None of the above

3. On March 31, 2010 Narain Enterprises purchased a loader from Laxmi Motors for Rs. 1,75,000 which is shown in the balance sheet as on 31st March, 2010. This is -
   (a) An event  (b) A transaction
   (c) A transaction as well as an event  (d) Neither a transaction nor an event

4. Out of the following at which point the treatment of “Sales” and “Consignment” is same:
   (a) Ownership transfer  (b) Money received
   (c) Stock outflow  (d) Risk

5. What is the order in which the accounting transactions and events are recorded in the books?
   (a) Journal, subsidiary books, P/L A/c and Ledger
   (b) Ledger, Journal, Balance Sheet and Profit and Loss A/c
   (c) Journal, Ledger P/L A/c and Balance Sheet
   (d) P/L A/c, Ledger and Balance Sheet

6. Withdrawal column of the Pass Book showed a wrong entry of Rs. 112. When the balance as per Cash Book is the starting point.
   (a) Rs 112 to be added  (b) Rs 112 to be Subtracted
   (c) No adjustment is required  (d) None of these
7. B/R is a
   (a) Current asset  (b) Fixed asset
   (c) Fictitious asset  (d) Intangible asset

8. Which of the following account will have debit balance?
   (a) Reserve for doubtful debts account
   (b) Outstanding wages
   (c) Capital account (Machinery brought in business)
   (d) Loan to contractor

9. Which of the following error is an error of principle?
   (a) Wages paid to Ram has been debited to his account
   (b) The total of purchase journal has not been posted to purchase A/c
   (c) Sales to X Rs. 20, posted to his A/c as Rs. 2
   (d) Furniture purchased on credit from Nigam for Rs. 300 posted to Machinery Account

10. A bill has been drawn on 26.02.2010 payable after 90 days. The maturity date of the bill will be -
    (a) 30.05.2010  (b) 29.05.2010
    (c) 28.05.2010  (d) 27.05.2010

11. Balance of goods sent on consignment account is transferred to -
    (a) Profit and Loss Account  (b) Trading account
    (c) P/L appropriation account  (d) None of the three

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

13. If a reliable estimate of probable outflow of resources to settle a present obligation cannot be made, it is-
    (a) To be recognised as liability  (b) To be recognised as provision
    (c) To be disclosed as a contingent liability  (d) None of these

14. The party who sends the goods for sale on fixed commission basis is
    (a) Consignee  (b) Consignor
    (c) Drawee  (d) Drawer

15. If the incoming partner brings any additional amount in cash other than his capital contribution, then it is termed as
    (a) Capital  (b) Reserves
    (c) Goodwill  (d) Premium for goodwill
16. Discounting, endorsement and collection of bills of exchange is made by
   (a) Drawer (b) Drawee
   (c) Bank (d) Supplier (credited)

17. Sales returns appearing in the trial balance are deducted from
   (a) Capital (b) Sales
   (c) Purchases (d) None of the three

18. Drawings are deducted from
   (a) Sales (b) Purchases
   (c) Expenses (d) Capital

19. The trial balance of M/s Narain Manufacturers shows closing inventory of Rs. 30,000. It will be recorded in
   (a) Trading account (b) Profit and Loss Account
   (c) Profit and Loss appropriation A/c (d) Balance Sheet

20. Purchase of fixed assets on credit basis is recorded in
   (a) Purchase Book (b) Cash Book
   (c) Journal Proper (d) None of the above

21. Securities premium account should not be used for which of the following purposes
   (a) Declaring dividend (b) Issue of bonus shares
   (c) Purchase of Securities (d) Payment of Commission on debentures

22. A places an order to B for supply of certain goods yet to be manufactured. On receipt of order B purchases raw material, employs workers, produces the goods and delivers them to A. In this case, sale will be presumed to have been made at the time of
   (a) Receipt of order (b) Production of goods
   (c) Delivery of goods (d) Purchase of raw material

23. Ramesh drew a 45 days bill on Komal on 25th Jan., 2011. The bill falls due on
   (a) March 14 (b) Feb. 28
   (c) March 10 (d) None of the three

24. Birbal drew a three month bill on Satyapal for Rs. 5,000. On due date Satyapal approached Birbal to renew the bill for another month @ 12% p.a. Amount of the new bill will be
   (a) Rs. 5,000 (b) Rs. 5,050
   (c) Rs. 4,050 (d) None of the three
25. Preet accepted a 90 days bill of Rs. 10,000 drawn by Jeet on 05.02.2010. On 13.03.2010, Preet wished to retire the bill. Jeet offered rebate @ 12% p.a. Considering the year of 360 days, rebate amount will be -

(a) Rs. 150  
(b) Rs. 180  
(c) Rs. 184  
(d) None of the three

26. Consignment Account

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Goods sent on consignment (at invoice price)</td>
<td>1,00,000</td>
</tr>
<tr>
<td>By Consigee A/c (Sales)</td>
<td>1,50,000</td>
</tr>
<tr>
<td>To Consignee’s A/c (indirect expenses)</td>
<td>40,000</td>
</tr>
<tr>
<td>By Inventory at Invoice price</td>
<td>10,000</td>
</tr>
<tr>
<td>To Profit</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>1,60,000</td>
</tr>
</tbody>
</table>

Consignor charged 25% profit on cost while sending the goods on consignment. Rectify the above A/c. Correct profit on consignment will be

(a) Rs. 38,000  
(b) Rs. 35,000  
(c) Rs. 30,000  
(d) Rs. 40,000

27. X consigned 100 packets of cosmetics each costing Rs. 300 to his agent at Bareilly. He paid Rs. 500 towards freight and insurance. 15 packets were destroyed in the way. Consignee took delivery of the remaining packets and spent Rs. 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. Cost of damage will be

(a) Rs. 4,500  
(b) Rs. 4,575  
(c) Rs. 4,000  
(d) None of the three

28. X consigned 100 packets of cosmetics each costing Rs. 300 to his agent at Bareilly. He paid Rs. 500 towards freight and insurance. 15 packets were destroyed in the way. Consignee took delivery of the remaining packets and spent Rs. 700 as godown rent, Rs. 1,000 as clearing charges. The agent sells away 70 packets. Inventory amount will be

(a) Rs. 4,500  
(b) Rs. 4,751  
(c) Rs. 4,651  
(d) None of the above

29. ELDER and LARGE enter into a joint venture sharing profits and losses equally. ELDER supplied goods to the value of Rs. 2,500 and incurred expenses of Rs. 200. LARGE supplied goods to the value of Rs. 2,000 and his expenses amounted to Rs. 150. LARGE sold the entire lot of goods on behalf of the joint venture and realized Rs. 6,000. LARGE was entitled to a commission of 5% on sales. Profit on the venture

(a) Rs. 850  
(b) Rs. 800  
(c) Rs. 900  
(d) Rs. 1,000
30. Hardcore Computers Ltd. issued to public 15,000 shares of Rs. 10 each at a premium of Rs. 2. Applications were received for 10,000 shares. The amount payable was as follows:

- On application Rs. 3 per share
- On allotment Rs. 4 per share (including premium)
- On first and final call Rs. 5 per share

All sums were duly received by the company except the following:

Mr. Perfect, holder of 100 shares did not pay allotment and call money. Mr. Right, holder of 200 shares did not pay call money. The company forfeited all the shares of Mr. Perfect. Share Capital a/c will be debited by -

(a) Rs. 1,000  
(b) Rs. 900  
(c) Rs. 800  
(d) None of the three

31. A and B are doing business separately as building contractors. They undertook jointly to construct a building for a newly started joint stock company for a contract price of Rs. 2,00,000. A Bank A/c is opened in their joint names; A depositing Rs. 50,000 and B Rs. 30,000. They will share profits and losses in the ratio of 2/3 and 1/3 respectively. Their transactions were as follows:

Paid wages Rs. 60,000  
Brought materials Rs. 1,62,000

Contract was completed and the price was duly received. B took inventory of materials for the Rs. 6,000. Profit or loss on joint venture will be

(a) Profit Rs. 8,000  
(b) Loss Rs. 16,000  
(c) Profit Rs. 10,000  
(d) Loss Rs. 15,000

32. J and R are equal partners. U is admitted as a partner for \(\frac{1}{4}\) share of profits but is unable to contribute premium for goodwill in cash amounting to Rs. 8,000 and so it is decided to raise a loan A/c in the name of U. Journal entry will be

(a) U's loan A/c Dr. 8,000  
   To J \(\times\) 8,000  
   To R \(\times\) 8,000  
(b) U's loan A/c Dr. 4,000  
   To J \(\times\) 4,000  
   To R \(\times\) 4,000  
(c) U's Loan A/c Dr. 8,000  
   To J \(\times\) 4,000  
   To R \(\times\) 4,000  
(d) None of the three

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

(a) 43  
(b) 47:37  
(c) 5:4  
(d) 5:3
34. Rachana and Sapna are partners sharing profits equally. They admitted Ashana for 1/3rd share in the firm. The new profit sharing ratio will be

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

35. Find the goodwill of the firm using capitalization method from the following information:
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. Following figures have been taken from the trial balance of a trader
Cost of goods sold Rs. 30,000
Sales Rs. 40,000
Closing inventory Rs. 5,000

The amount of profit will be

(a) Rs. 10,000  (b) Rs. 15,000  
(c) Rs. 12,000  (d) None of the above

37. Bank overdraft as per Cash Book Rs. 13,500
Cheque deposited but not credited Rs. 3,000
Cheque issued but not presented Rs. 6,000

Overdraft as per bank statement will be

(a) Rs. 10,500  (b) Rs. 10,000  
(c) Rs. 11,000  (d) None of the three

38. Trade payables for goods amounting to Rs. 50,000 are not responding during the last five years and payment for the same may not be made by the concern. Journal entry will be

(a) Suppliers (creditors) A/c Dr. 50,000  
(b) P/L A/c Dr. 50,000  
(c) Suppliers (creditors) A/c Dr. 50,000  
(d) None of the three

39. Net salary paid to employees Rs. 45,000 in cash after deducting income tax Rs. 1,000, professional tax Rs. 200, employees provident fund Rs. 2,000, staff welfare fund Rs. 100 and recovery of loan Rs. 1,700. Salary A/c will be debited with -

(a) Rs. 50,000  (b) Rs. 45,000  
(c) Rs. 48,000  (d) None of the three
40. Dividend received (net) Rs. 9200 for which tax deducted at source is Rs. 800. Dividend A/c will be credited with -

(a) Rs. 10,000  
(b) Rs. 9,200  
(c) Rs. 9,000  
(d) None of the three

41. Good purchased on credit during last year worth Rs. 60,000 were not recorded in the books of a partnership firm namely ABC and Co. whose profit is shared equally by A, B and C, but the said amount was included in last year's closing inventory figure. Adjusting entry will be

(a) Suppliers (creditors) A/c Dr. 60,000  
To A 60,000  
(b) Suppliers (creditors) A/c Dr. 60,000  
To A  30,000  
To B 30,000  
(c) A’s Capital Dr. 20,000  
B’s Capital Dr. 20,000  
C’s Capital Dr. 20,000  
To Suppliers (creditors) 60,000  
(d) None of the three

42. Dismantling and demolition charges is a ________

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

43. There was an error in the trial balance. Difference was put to Suspense A/c. Later on, it was found that the opening 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  
(d) None of three
44. The profits for the last four years are given as follows

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>40,000</td>
</tr>
<tr>
<td>2007</td>
<td>50,000</td>
</tr>
<tr>
<td>2008</td>
<td>60,000</td>
</tr>
<tr>
<td>2009</td>
<td>50,000</td>
</tr>
</tbody>
</table>

The value of goodwill on the basis of 3 years purchase of average profits based on the last four years will be

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

45. G. Ltd. acquired assets worth Rs. 1,50,000 from AB Ltd. by issue of shares of Rs. 10 each at a premium of Rs. 5. The number of shares to be issued by G. Ltd. to settle the purchase consideration will be

(a) 10,000 shares  
(b) 12,000 shares  
(c) 9,000 shares  
(d) None of the three

46. In Jan., 2006 a trader purchased furniture for Rs. 10,000 Depreciation is charged @ 25% Diminishing balance. At the end of the third year it was sold for Rs. 1,000. Profit or loss as sale will be

(a) Profit Rs. 2,400  
(b) Profit Rs. 2,300  
(c) Loss Rs. 2,406  
(d) Loss Rs. 3,219

47. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 as on 31st December, 2009. On 1st Jan., 2006 Co. started business and has been following the practice of charging full year’s depreciation every year on Diminishing balance method @ 15%. Cost of machinery on 01.01.2006 will be

(a) Rs. 2,40,000  
(b) Rs. 2,00,000  
(c) Rs. 2,50,000  
(d) None of the three

48. Net Profit before charging manager commission is Rs. 22,000 and the manager is to be allowed a commission of 10% on the profit after charging such commission. Commission amount will be

(a) Rs. 2,000  
(b) Rs. 18,000  
(c) Rs. 2,200  
(d) None of the three

49. X Co. Ltd. issued 1,00,000 debentures of Rs. 100 each at a discount of 4% redeemable after 5 years at a premium of 6%. Loss on issue of debentures will be

(a) Rs. 10,00,000  
(b) Rs. 6,00,000  
(c) Rs. 16,00,000  
(d) Rs. 4,00,000
50. Rishi is a partner in a firm. He withdrew the following amounts during the year ended on 31st December, 2009.

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td>12,000</td>
</tr>
<tr>
<td>April 30</td>
<td>6,000</td>
</tr>
<tr>
<td>June 30</td>
<td>9,000</td>
</tr>
<tr>
<td>August 31</td>
<td>12,000</td>
</tr>
<tr>
<td>October 1</td>
<td>8,000</td>
</tr>
<tr>
<td>December 31</td>
<td>7,000</td>
</tr>
</tbody>
</table>

Interest on drawings @ 9% p.a. will be

(a) Rs. 2,295  
(b) Rs. 2,000  
(c) Rs. 2,200  
(d) None of the above

51. Interest on capital at 6% p.a. is to be allowed. Capital in the beginning was Rs. 3,00,000. Interest amount will be

(a) Rs. 18,000  
(b) Rs. 15,000  
(c) Rs. 16,000  
(d) None of the three

52. Depreciation at 5% on office furniture of Rs. 8,000; at 10% on plant and machinery of Rs. 80,000 and at 5% on factory building of Rs. 2,00,000 have been charged by the entrepreneur during the year. Total amount of depreciation will be

(a) Rs. 18,400  
(b) Rs. 18,000  
(c) Rs. 16,000  
(d) None of the three

53. Gaining ratio may be applied when

(a) A partner is admitted  
(b) A partner retires  
(c) A business is sold out  
(d) A partner is insolvent

54. A limited company forfeited 100 equity shares of the face value of Rs. 10 each, for non-payment of first call of Rs. 2 per share. The forfeited shares were subsequently reissued as fully paid @ 7 each. Amount transferred to capital reserve will be

(a) Rs. 500  
(b) Rs. 200  
(c) Rs. 300  
(d) None of the three

55. Z Ltd. purchased plant and machinery for Rs. 2,00,000 payable as Rs. 65,000 in cash and the balance by an issue of 6% debentures of Rs. 1,000 each at a discount of 10%. Discount on issue of debentures will be

(a) Rs. 15,000  
(b) Rs. 14,000  
(c) Rs. 10,000  
(d) None of the three
56. A firm had an unrecorded investment of worth Rs. 5,000. Entry in the firm's journal on admission of a partner will be

(a) Unrecorded Investment A/c Dr. 5,000
   To Revaluation A/c 5,000
(b) Revaluation A/c Dr. 5,000
   To Unrecorded Investment 5,000
(c) Partner Capital a/c Dr. 5,000
   To Unrecorded Investment 5,000
(d) None of the three

57. A company issued debentures of the face value of Rs. 1,00,000 at a discount of 6% on Jan. 1, 2009. These debentures are redeemable by annual drawings of Rs. 20,000 made on 31st Dec. each year. The directors decided to write off discount based on the debentures outstanding each year. Amount of discount to be written off in the 5th year will be

(a) Rs. 400  (b) Rs. 600  (c) Rs. 800  (d) None of the three

58. Alok Ltd. forfeited 300 shares of Rs. 10 each fully called up held by Ram for non payment of allotment money of Rs. 3 per share and final call money of Rs. 4 per share. Out of these shares 250 were reissued to Sohan for a total payment of Rs. 2,000. Amount transferred to capital reserve account will be

(a) Rs. 250  (b) Rs. 900  (c) Rs. 600  (d) None of the three

59. A company issued Rs. 2,00,000 15% debentures at a discount of 5% redeemable after 10 years at a premium of 10%. Loss on issue of debentures will be

(a) Rs. 30,000  (b) Rs. 15,000  (c) Rs. 20,000  (d) None of the three

60. A, B & C are partners sharing profits & losses in equal ratio. A paid firm's liability of Rs. 10,000 out of his private funds. How will you record this in firm's books?

(a) No entry will be made in the books of the firm
(b) A's Capital A/c Dr. Rs. 10,000
   To Liability A/c Rs. 10,000
(c) Liability A/c Dr. Rs. 10,000
   To A's Capital Rs. 10,000
(d) Liability A/c Dr. Rs. 10,000
   To All Partner's Capital A/c Rs. 10,000

SECTION - B : MERCANTILE LAWS (40 MARKS)

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

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

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

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

63. An agreement to negotiate marriage for reward:

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

64. When the consent of a party is not free, the contract is:

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

65. Moral pressure is involved in the case of:

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

66. A agrees to pay Rs. 1,000 to B if it rains, and B promises to pay a like amount to A, if it does not rain, this agreement is called:

(a) Quasi Contract
(b) Contingent Contract
(c) Wagering agreement
(d) Voidable Contract

67. When offer is made to a definite person, it is known as:

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

68. An agreement to pay money's worth on the happening or non-happening of a specified uncertain event, is a:

(a) Wagering agreement
(b) Contingent contract
(c) Quasi contract
(d) Uncertain agreement

69. A contingent contract dependent on the happening of specified uncertain event within fixed time can not be enforced, if the event:

(a) Does not happen within fixed time
(b) Becomes impossible before the expiry of fixed time
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70. Essentials of Contract of Sale are

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>At least 2 parties</td>
</tr>
<tr>
<td>(b)</td>
<td>Subject matter must be goods</td>
</tr>
<tr>
<td>(c)</td>
<td>Neither (a) nor (b)</td>
</tr>
<tr>
<td>(d)</td>
<td>Both (a) and (b)</td>
</tr>
</tbody>
</table>

71. The heir of the deceased partner

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Has a right to become a partner in the firm of the deceased partner</td>
</tr>
<tr>
<td>(b)</td>
<td>Does not have a right to become a partner in the firm of the deceased partner</td>
</tr>
<tr>
<td>(c)</td>
<td>Can become a partner in the firm of the deceased partner only if the surviving partners give their consent in this regard</td>
</tr>
<tr>
<td>(d)</td>
<td>Both (b) and (c)</td>
</tr>
</tbody>
</table>

72. Valid contract:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>In case of this collateral agreement are void</td>
</tr>
<tr>
<td>(b)</td>
<td>Not enforceable in a court of law</td>
</tr>
<tr>
<td>(c)</td>
<td>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</td>
</tr>
<tr>
<td>(d)</td>
<td>Enforceable at the option of the parties</td>
</tr>
</tbody>
</table>

73. A broker in a wagering transaction, recovers his brokerage, such a transaction is:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Void</td>
</tr>
<tr>
<td>(c)</td>
<td>Voidable</td>
</tr>
<tr>
<td>(b)</td>
<td>Illegal</td>
</tr>
<tr>
<td>(d)</td>
<td>Valid</td>
</tr>
</tbody>
</table>

74. Following conditions are implied in a Contract of Sale of Goods unless the circumstances of the contract show a different intention:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Condition as to title</td>
</tr>
<tr>
<td>(b)</td>
<td>Sale by description</td>
</tr>
<tr>
<td>(c)</td>
<td>Sale by sample</td>
</tr>
<tr>
<td>(d)</td>
<td>All of the above</td>
</tr>
</tbody>
</table>

75. A minor may be:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>A partner of a firm</td>
</tr>
<tr>
<td>(b)</td>
<td>Representative of the firm</td>
</tr>
<tr>
<td>(c)</td>
<td>Entitled to carry on the business of the firm</td>
</tr>
<tr>
<td>(d)</td>
<td>Admitted to the benefits of the partnership</td>
</tr>
</tbody>
</table>

76. A partnership firm is compulsorily dissolved where

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>All partners have become insolvent</td>
</tr>
<tr>
<td>(b)</td>
<td>Firm's business has become unlawful</td>
</tr>
<tr>
<td>(c)</td>
<td>The fixed term has expired</td>
</tr>
<tr>
<td>(d)</td>
<td>In cases (a) and (b) only</td>
</tr>
</tbody>
</table>
### 77. A partnership may be registered with

| (a) | Registrar of companies |
| (b) | Registrar of partners |
| (c) | Registrar of firms |
| (d) | District court |

### 78. Dissolution by agreement is:

| (a) | Dissolution by the adjudication of all the 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 |

### 79. Types of partner includes

| (a) | Active partner |
| (b) | Sleeping partner |
| (c) | Nominal partner |
| (d) | All of the above |

### 80. There can be a stranger to a consideration but a stranger to a contract signifies that a consideration may move from _______

| (a) | Promisee or any other person |
| (b) | Promisee |
| (c) | Promisor |
| (d) | An independent person |

### 81. Coercion involves _______

| (a) | Physical force |
| (b) | Mental pressure |
| (c) | Moral pressure |
| (d) | Threat |

### 82. Who may waive or remit the performance of promise:

| (a) | Promisor |
| (b) | Promisor |
| (c) | Legal representatives |
| (d) | Survivors |

### 83. The right of appropriation of payment is based on the maxim:

| (a) | Whatever is paid, is paid according to the intention of the party paying |
| (b) | Pay as much as work is done |
| (c) | Acts indicate the intention |
| (d) | Payment made as a favour |

### 84. A ______ agreement is one, which is enforceable at the option of one party

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

### 85. Promisor offers to perform his obligation, but the promisee refuses to accept the performance, it is called as:

| (a) | Actual performance |
| (b) | Attempted performance |
| (c) | Tender of performance |
| (d) | All of the above |
86. Agreement to share profits ________
   (a) Implies an agreement to share losses
   (b) Does not necessarily mean an agreement to share losses
   (c) Must be coupled with an agreement to share losses
   (d) Is same as agreement to share losses

87. A person who is mentally deranged due to same mental strain or other personal experience and suffers from intermittent intervals of sanity and insanity is ________
   (a) Idiot person
   (b) Lunatic person
   (c) Intoxicated person
   (d) All of the above

88. The purchaser of goodwill on dissolution of Partnership firm acquires the right to:
   (a) Carry on the same business under the old name
   (b) Represent himself to the customers of the old firm as the successor in the business of the old firm
   (c) Both (a) and (b)
   (d) Use the firm name to solicit the customers of the old firm

89. Goods are said to be in a deliverable state when ________
   (a) The buyer may take delivery of them
   (b) The buyer would, under contract, be bound to take delivery of them
   (c) The seller is in a position to deliver them
   (d) All of the above

90. A contract to pay B Rs. 2,00,000/- if B’s house is destroyed by fire. It is ________
   (a) A wagering contract
   (b) A contingent contract
   (c) A wagering contract plus a contingent contract
   (d) Neither a contingent contract nor a wagering contract

91. Rights of an unpaid seller include ________
   (a) Right against the goods
   (b) Right against the buyer
   (c) Neither (a) or (b)
   (d) Both (a) and (b)

92. Dissolution of firm by the order of court may be on the ground of:
   (a) Permanent incapacity of partner
   (b) Business of firm becomes unlawful
   (c) On happening of certain contingencies
   (d) Insolvency of all or all but one partner

93. Where in an auction sale, the seller appoints more than one bidder, the sale is ________
   (a) Void
   (b) Illegal
   (c) Conditional
   (d) Voidable
94. In a contract of sale _______
   (a) Delivery of goods & payments of price are concurrent conditions
   (b) Delivery of goods to be made first
   (c) Payment of price to be made first
   (d) Both (b) & (c)

95. If one of the partners keep erroneous accounts and omits to enter receipts, there the court may order for dissolution of the firm on the ground of
   (a) Misconduct
   (b) Permanent in capacity
   (c) Continuous losses
   (d) Persistent breach of agreement

96. Each of the partner is _______
   (a) Principals as well agents
   (b) Only agents of the firm
   (c) Only representatives of the firm
   (d) Only co-partners of the firm

97. True test of partnership is
   (a) Sharing of profits
   (b) Sharing of profits and losses
   (c) Mutual agency
   (d) Existence of an agreement to share profits of the business

98. A partner may retire:
   (a) With the consent of all the other partners
   (b) By virtue of an express agreement between the partners
   (c) Where partnership is at will, by giving public notice of his intention
   (d) All of the above

99. State the correct statement in respect to partnership of firm:
   (a) A partner has the right to dissolve the partnership
   (b) Every partner has the right to continue in the partnership
   (c) Both (a) and (b)
   (d) Some of the partners are not liable to contribute equally to the loss sustained

100. A had offered B, a price of Rs. 10,000/- for B's flat but B was not ready to sell the flat at all. A says to B that “I shall kill you if you do not agree to sell me your house for Rs.10,000-". B thereafter did all that was the desire of A in order to save his life. What is immediate answer?
   (a) A can enforce the contract
   (b) B can enforce the contract
   (c) A has applied coercion
   (d) The contract is unenforceable

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

101. Which of the following is the best general definition of the study of Economics?
   (a) Inflation and unemployment in a growing economy
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(b) Business decision making under foreign competition
(c) Individual and social choice in the face of scarcity
(d) The best way to invest in the stock market

102. Labour intensive technique would get chosen in a:

(a) Labour surplus economy
(b) Capital surplus economy
(c) Developed economy
(d) Developing economy

103. Which of the following is not one of the four central questions that the study of economics is supposed to answer?

(a) Who produces what?
(b) When are goods produced?
(c) Who consumes what?
(d) How are goods produced?

104. The various combinations of goods that can be produced in any economy when it uses its available sources and technology efficiently are depicted by:

(a) Demand curve
(b) Production curve
(c) Supply Curve
(d) Production possibilities curve

105. Rational decision making requires that:

(a) One's choices be arrived at logically and without errors
(b) One's choices be consistent with one's goals
(c) One's choices never vary
(d) One's makes choices that do not involve trade offs

106. Contraction of demand is the result of:

(a) Decrease in the number of consumers
(b) Increase in the price of the good concerned
(c) Increase in the prices of other goods
(d) Decrease in the income of purchasers

107. In the case of a straight line demand curve meeting the two axes the price-elasticity of demand at the mid-point of the line would be:

(a) 0
(b) 1
(c) 1.5
(d) 2

108. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to:

(a) Remain the same
(b) Increase
(c) Decrease
(d) Any of these

109. All of the following are determinants of demand except

(a) tastes and preferences
(b) quantity supplied
(c) income
(d) price of related goods
110. The price of hot dogs increases by 22% and the quantity of hot dog demanded falls by 25% this indicates that demand for hot dog is -

(a) elastic 
(b) inelastic 
(c) unitarily elastic 
(d) perfectly elastic.

111. If electricity demand is inelastic, and electric rates increase, which of the following is likely to occur?

(a) Quantity demanded will fall by a relatively large amount 
(b) Quantity demanded will fall by a relatively small amount 
(c) Quantity demanded will rise in the short run, but fall in the long run 
(d) Quantity demanded will fall in the short run, but rise in the long run

112. An indifference curve slopes down towards right since more of one commodity and less of another results in :

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

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

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

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

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

115. Which of the following statements is true of the relationship among the average cost functions?

(a) ATC = AFC = AVC 
(b) AVC = AFC + ATC 
(c) AFC = ATC + AVC 
(d) AFC = ATC - AVC

116. A firm’s average fixed cost is Rs. 20 at 6 units of output. What will it be at 4 units of output?

(a) Rs. 60 
(b) Rs. 30 
(c) Rs. 40 
(d) Rs. 20

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

(a) Up to six 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

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

(a) Horizontal 
(b) Vertical 
(c) Positively sloped 
(d) Negatively sloped
119. Which is the first order condition for the profit of a firm to be maximum?
   (a) AC = MR  (b) MC = MR  
   (c) MR = AR  (d) AC = AR

120. In which form of the market structure is the degree of control over the price of its product by a firm very large?
   (a) Monopoly  (b) Imperfect competition
   (c) Oligopoly  (d) Perfect competition

121. The kinked demand hypothesis is designed to explain in the context of oligopoly
   (a) Price and output determination  (b) Price rigidity
   (c) Price leadership  (d) Collusion among rivals

122. The structure of the tooth paste industry in India is best described as:
   (a) Perfectly competitive  (b) Monopolistic
   (c) Monopolistically competitive  (d) Oligopolistic

123. When ____________ we know that the firm are earning just normal profits:
   (a) AC = AR  (b) MC = MR
   (c) MC = AC  (d) AR = MR

124. The green revolution is also known as:
   (a) Wheat revolution  (b) Rice revolution
   (c) Maize revolution  (d) Forest revolution

125. The area under irrigation has over the years in India
   (a) Remained constant  (b) Decreased
   (c) Increased  (d) First increased and then decreased

126. Abolition of Intermediaries and tenancy reforms are both part of:
   (a) Industrial reforms in India  (b) External sector reforms in India
   (c) Land reforms in India  (d) Banking reforms in India

127. In absolute terms, the number of people engaged in agricultural activities over the planning period has
   (a) Remained constant  (b) Increased
   (c) Decreased  (d) First increased and then decreased

128. Which of the following has been specifically established to meet the requirements of credit of the farmers and villagers?
   (a) ICICI Bank  (b) Regional Rural Banks
   (c) State Bank of India  (d) EXIM Bank
129. **Mahalanobis model** stressed upon the establishment of:
   (a) Consumer goods industries   (b) Export oriented industries
   (c) Agro-based industries      (d) Capital and basic goods industries

130. About ________ per cent of the sick units in India are small units.
   (a) 10 per cent       (b) 4 per cent
   (c) 30 per cent       (d) 90 per cent

131. Oil and Natural Gas Corporation, Indian Oil Corporation, Steel Authority of India, and Bharat Heavy Electricals are all examples of:
   (a) Small scale units           (b) Private sector units
   (c) Public sector units          (d) Sick units

132. The service sector in India now accounts for:
   (a) More than 80 per cent of GDP (b) More than 70 per cent of GDP
   (c) Nearly 60 per cent of GDP    (d) More than 90 per cent of GDP

133. **BPO** stands for:
   (a) Bharat Petro Organisation   (b) Business Process Outsourcing
   (c) Big Portfolio Outsourcing    (d) Business Partners Organization

134. National income differs from net national product at market price by the amount of:
   (a) Current transforms from the rest of the world
   (b) Net indirect taxes
   (c) National debt interest
   (d) It does not differ

135. Demand for intermediate consumption arises in:
   (a) Consumer household          (b) Government enterprises only
   (c) Corporate enterprises only   (d) All producing sector of an economy

136. Net value added is equal to:
   (a) Payments accruing to factors of production
   (b) Compensation to employees
   (c) Wages plus rent plus rent
   (d) Value of output minus depreciation

137. Find the tax which is direct tax among the following:
   (a) Personal income tax          (b) Excise duty
   (c) Sales tax                    (d) Service tax

138. Which of the following statements is correct?
   (a) Income tax was abolished in India in 1991
   (b) Service tax was introduced in the financial year 1994-95
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(c) Direct tax code was made applicable in 2009-10
(d) Estate duty was abolished in 1995

139. The annual addition to India’s population is almost equal to the total population of:

(a) Bangladesh (b) Australia (c) Japan (d) China

140. Which year is known as ‘year of great divide’ for India’s population?

(a) 1991 (b) 2001 (c) 1981 (d) 1921

141. India passing through _________ stage of demographic transition.

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

142. India accommodates nearly _______ percent of world’s population

(a) 10 (b) 50 (c) 17.5 (d) 45

143. EAS stand for

(a) Easy Assistance Scheme (b) Endless Assistance Scheme (c) Employment Assurance Scheme (d) Employment Assessment Scheme

144. Every ____________ person in the world is an Indian

(a) Second (b) Third (c) Sixth (d) Tenth

145. According to the latest data (2012-13) Plant Load Factor (PLF) is lowest in:

(a) Southern region (b) Northern region (c) Western region (d) Eastern region

146. _________ measures the operational efficiency of a thermal plant.

(a) Power load factor (b) Power leakage factor (c) Plant load factor (d) Plant leakage factor

147. Who is regulatory authority for telecom in India?

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

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

(a) The foreign trade policy was very liberal, it allowed import of all types of goods
(b) Import of foodgrains was strictly prohibited

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149. The pre-condition for privatization to be successful requires:

- (a) Liberalization and de-regulation of the economy
- (b) Capital markets should be sufficiently developed
- (c) None of the above
- (d) Both of the above (a) and (b)

150. Privatisation in India has taken place in all of the cases except:

- (a) CMC
- (b) BALCO
- (c) VSNL
- (d) None of the above

SECTION D: QUANTITATIVE APTITUDE (50 MARKS)

151. Pie diagram is used for

- (a) Comparing different components and their relation to the total
- (b) Representing qualitative data in a circle
- (c) Representing quantitative data in a circle
- (d) (b) or (c)

152. Which of the following measures of central tendency is based on only 50% of the central values?

- (a) Mean
- (b) Mode
- (c) Median
- (d) Both (a) and (b)

153. If all the observations are divided by 3, then

- (a) New Standard Deviation would also be divided by 3
- (b) New Standard Deviation would be multiplied by 3
- (c) New Standard Deviation will increase by 3
- (d) New Standard Deviation will decrease by 3

154. More laborious numerical calculations are involved in A.M. than G.M.

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

155. To find the median graphically we use ________.

- (a) Ogive
- (b) Frequency Polygon
- (c) Histogram
- (d) None of these

156. Which measures of dispersion is the quickest to compute

- (a) Standard deviation
- (b) Mean deviation
- (c) Quartile deviation
- (d) Range
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157. **2nd decile is greater than 1st decile**
   - (a) True
   - (b) False
   - (c) Both
   - (d) None of these

158. **Correlation coefficient is not a pure number**
   - (a) True
   - (b) False
   - (c) Both
   - (d) None of these

159. **Probability of throwing an even number with an ordinary six faced dice is**
   - (a) 1
   - (b) -1/2
   - (c) 1/2
   - (d) 0

160. **In audit test statistical methods are not used**
   - (a) True
   - (b) False
   - (c) Both
   - (d) None of these

161. **Fisher’s Ideal formula does not satisfy ________ test**
   - (a) Circular test
   - (b) Unit test
   - (c) Time Reversal test
   - (d) None of these

162. **We use t-distribution when the sample size is _______**
   - (a) Big
   - (b) Small
   - (c) Moderate
   - (d) None of these

163. **The mean of binomial distribution with parameters n and p is _______**
   - (a) n (1-p)
   - (b) np (1-p)
   - (c) np
   - (d) \(\sqrt{np(1-p)}\)

164. **P (B/A) is defined only if ____________**
   - (a) A is pure event
   - (b) B is a sure event
   - (c) B is an impossible event
   - (d) A is not an impossible event

165. **AUA is equal to**
   - (a) A
   - (b) \(\phi\)
   - (c) 2A
   - (d) None of these

166. **The sum of m terms of A.P. is n and the sum of n terms of A.P. is m. The sum of m+n terms is _______**
   - (a) -(m-n)n
   - (b) (m+n)n
   - (c) (m-n)^2
   - (d) m^2-n^2
167. The null set is given by
   (a) 0  (b) \( \emptyset \)  
   (c) \( \emptyset \)  (d) \{0\}

168. If \( P \) is a set of natural number then \( P \cap P' \) is
   (a) \( \emptyset \)  (b) Sample Space
   (c) 0  (d) \( P \cup P' \)

169. In normal distribution, as the distance from ______ decreases, the curve goes far and far to the horizontal axis.
   (a) Median  (b) Mode
   (c) Mean  (d) None of these

170. The number of factors must be known are ___________ in determining the sample size for estimating a population mean.
   (a) 2  (b) 5
   (c) 4  (d) 3

171. The compounded ratio of 4:9 and sub-duplicate ratio of 9:16 is
   (a) 1:4  (b) 1:3
   (c) 3:1  (d) None of these

172. If \( x = 9 \) then \( 2x^{1/2} 3x^2 \) is equal to
   (a) 2  (b) 3
   (c) 4  (d) 0

173. If \( x = \sqrt{2 - \sqrt{2 - \sqrt{2} \ldots}} \) then it is equal to
   (a) -2  (b) 5
   (c) 2  (d) 0

174. The equation of a straight line passing through (3, -2) and making equal intercepts on axis
   (a) \( x + y - 1 = 0 \)  (b) \( x + y - 5 = 0 \)
   (c) \( 3x - 2y + 1 = 0 \)  (d) None of these

175. If \( P + \sqrt{P} = 6/25 \), then value of \( P \) is equal to \( \infty \)
   (a) \( 1/5 \)  (b) \( 2/5 \)
   (c) \( 1/25 \)  (d) \( 2/25 \)
**MODEL TEST PAPER - 14**

176. Rs. 80,000 is invested to earn a monthly interest of Rs. 12,00 at the rate of _______ p.a. simple interest.

(a) 12%  
(b) 14%  
(c) 16%  
(d) 18%

177. \( \frac{d}{dx}(x \log x) \) is equal to

(a) \((1 + \log x)\)  
(b) \(1/\log x\)  
(c) \(\log x\)  
(d) \(x/\log x\)

178. \( \lim_{x \to 0} \frac{3^x - 1}{\sqrt{1+x} - 1} \) is equal to

(a) \(3 \log 2\)  
(b) \(2 \log 3\)  
(c) \(\log 6\)  
(d) Does not exist

179. If \( f'(x) = 3x^2 - 2/x^3 \) then \( f(x) = ? \)

(a) \(x^3 + 1/x^2 + K\)  
(b) \(x^2 + 1/x^3 + K\)  
(c) \(x^2 - 2/x^3 + K\)  
(d) None of these

180. A person pays Rs. 975 in monthly instalment, each instalment is less than former by Rs. 5. The amount of first instalment is Rs. 100. In what time entire amount will be paid

(a) 26 months  
(b) 16 months  
(c) 15 months  
(d) 20 months

181. How many three digit numbers are there, with distinct digits, with each digits odd

(a) 120  
(b) 60  
(c) 30  
(d) 15

182. The difference between Compound Interest and Simple Interest on a certain sum for 2 years at 6% p.a. is Rs. 13.50. Find the sum

(a) Rs. 3,750  
(b) Rs. 2,750  
(c) Rs. 4,750  
(d) None of these

183. If \( f(x) = x^2 - 1 \) and \( g(x) = \frac{x+1}{2} \), then \( f(3)/g(3) \) is

(a) \(5/4\)  
(b) \(4/5\)  
(c) \(3/5\)  
(d) \(5/3\)
184. The sum of two numbers is 16 and twice the square of larger part exceeds the square of smaller part by 164, the numbers are

| (a) | 10 and 6 | (b) | 12 and 4 |
| (c) | 11 and 5 | (d) | None of these |

185. If $3y - 2x = 4$ and $4y - px = 2$ are perpendicular to each other, the value of $p$ is equal to

| (a) | -6 | (b) | 6 |
| (c) | 2 | (d) | 1 |

186. The mean height of 8 student is 152 cm. Two more students of heights 143 cm and 156 cm join the group. New mean height is equal to

| (a) | 153 | (b) | 152.5 |
| (c) | 155 | (d) | 151 |

187. Find the three numbers in G.P whose sum is 52 and the sum of their product in pairs is 624.

| (a) | 4, 12, 36 | (b) | 10, 16, 26 |
| (c) | 5, 17, 30 | (d) | None of these |

188. In how many ways can the letters of the word PENCIL be arranged so that N is always next to E

| (a) | 60 | (b) | 40 |
| (c) | 720 | (d) | 120 |

189. If with rise of 10% in prices the wages are increased by 20%. Find the percentage of real wage increase

| (a) | 109.29% | (b) | 9.09% |
| (c) | 9.29% | (d) | None of these |

190. A sample of 100 gave a mean of 7.4 kg and a standard deviation of 1.2 kg. The standard error of mean will be

| (a) | 0.12 | (b) | 0.001 |
| (c) | 0.0001 | (d) | 1 |

191. A letter lock has three rings each marked with 10 different letters. In how many ways it is possible to make an unsuccessful attempt to open the lock.

| (a) | 1000 | (b) | 999 |
| (c) | 5040 | (d) | None of these |

192. A candidate is selected for interview for 3 posts, for the first there are 3 candidates, for the second there are 4 and for the third there are 2. What are the chances of his getting at least one.

| (a) | $\frac{3}{4}$ | (b) | $\frac{2}{3}$ |
| (c) | $\frac{1}{10}$ | (d) | 1 |
193. Equations of two lines of regression are $4x + 3y + 7 = 0$ and $3x + 4y + 8 = 0$, the mean of $x$ and $y$ are

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<tbody>
<tr>
<td>(a)</td>
<td>$5/7$ and $6/7$</td>
<td>(b)</td>
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<td>(c)</td>
<td>$2$ and $4$</td>
<td>(d)</td>
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194. If the first quartile is $104$ and quartile deviation is $18$, the third quartile will be

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<td>(a)</td>
<td>$140$</td>
<td>(b)</td>
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<td>(c)</td>
<td>$20$</td>
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195. What is the present value of Re. $1$ to be received after $2$ years compounded annually at $10\%$?

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<tr>
<td>(a)</td>
<td>$0.56$</td>
<td>(b)</td>
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<tr>
<td>(c)</td>
<td>$0.99$</td>
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196. The value of $\int_{0}^{1} x(1-x)^{n} \, dx$ is equal to

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<td>(a)</td>
<td>$0$</td>
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<tr>
<td>(b)</td>
<td>$1$</td>
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<tr>
<td>(c)</td>
<td>$\frac{1}{(n+1)(n+2)}$</td>
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<td>(d)</td>
<td>None of these</td>
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197. In a class of $30$ students, $20$ students like maths, $18$ like science and $12$ like both the subjects. Find the number of students who like no subject.

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<td>(a)</td>
<td>$4$</td>
<td>(b)</td>
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<td>(c)</td>
<td>$8$</td>
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198. $\frac{d}{dx} e^{2 \log x}$ is equal to

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<td>(a)</td>
<td>$2$</td>
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<tr>
<td>(c)</td>
<td>$x^2$</td>
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<tr>
<td>(b)</td>
<td>$2x$</td>
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<tr>
<td>(d)</td>
<td>$0$</td>
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199. If the quartile deviation of $x$ is $6$ and $4x + 8y = 20$, what is the quartile deviation of $y$?

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<td>(a)</td>
<td>$3$</td>
<td>(b)</td>
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<td>(c)</td>
<td>$5$</td>
<td>(d)</td>
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200. For a group of $8$ students, the sum of square of differences in ranks for maths and Economics marks was found to be $50$. What is the value of rank correlation coefficient?

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<td>$0.50$</td>
<td>(b)</td>
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<td>(c)</td>
<td>$1.00$</td>
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