

QUESTION PAPER BOOKLET CODE : **A**

BE(313) & FAA(314)

Question Paper Booklet No.

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Roll No. :

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Time Allowed: 1 hour 30 minutes

Maximum Marks : 200

Total Number of Questions: 100 (50 Questions in each Paper)

Total No. of Printed Pages : 16

Instructions :

1. Candidates should use blue/black ballpoint pen ONLY to fill-in all the required information in OMR Answer Sheet and this Question Paper Booklet.
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3. Candidates are required to correctly fill-in the Question Paper Booklet Code and the Question Paper Booklet No. (as mentioned on the top of this booklet) in the OMR Answer Sheet, as the same will be taken as final for result computation. Institute shall not undertake any responsibility for making correction(s) at later stage.
4. This Question Paper Booklet consists of two papers, each having 50 questions. All questions are compulsory and carry TWO marks each. There will be no negative marking for wrong answers.
5. Seal of this Question Paper Booklet MUST NOT be opened before the specified time of examination.
6. Immediately on opening of Question Paper Booklet, candidates should ensure that it contains 100 Questions in total (50 Questions in each Paper) and none of its page is missing/misprinted. In case of any discrepancy, the booklet shall be replaced at once.
7. Each question is followed by four alternative answers marked as A, B, C and D. Candidates shall choose one most appropriate answer to each question and mark the same in the OMR Answer Sheet by darkening the appropriate circle only in the manner as prescribed in the OMR Answer Sheet.
8. Darkening of more than one circle corresponding to any question or leaving all the circles blank or overwriting/cutting any answer(s) shall be taken as wrong answer for computation of result. Ticking/marking/writing of answer(s) in the Question Paper Booklet shall not be considered in any circumstance for award of marks. The Institute shall neither entertain any claim nor be liable to respond to any of the query in the aforesaid matter.
9. Rough work, if any, should be done only on the space provided in this Question Paper Booklet.
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11. Candidates are required to secure a minimum of 40% marks in each paper separately and 50% marks in aggregate of all the papers put together to 'Pass' Foundation Programme Examination.

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PAPER-3 (Q. No. 1 to 50)
BUSINESS ECONOMICS
PART-A
ECONOMICS

1. During the year 2013, the real gross domestic product of a country increased by 8% over the preceding year. During this year population of the country also got increased by 1.6%. In that particular country, the rate of growth of per capita income during 2013 would be —
- (A) 6.4%
 (B) 9.6%
 (C) 5.0%
 (D) 12.8%.

2. Match the following:

- | | |
|---|-------------------------|
| X. Growth oriented definition of Economics | (i) Normative statement |
| Y. Government should reduce taxes to promote growth | (ii) India |
| Z. Supply of a commodity is less than the quantity demanded at a zero price | (iii) Paul Samuelson |
| W. Second largest populated country | (iv) Scarcity |

The correct option is —

- (A) X(iii); Y(i); Z(iv); W(ii)
 (B) X(iv); Y(iii); Z(ii); W(i)
 (C) X(i); Y(ii); Z(iii); W(iv)
 (D) X(ii); Y(iii); Z(iv); W(i).

3.

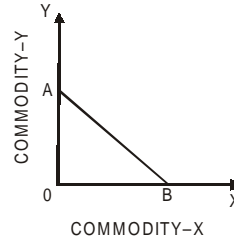


Fig. 1

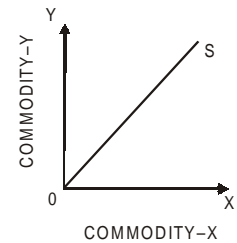


Fig. 2

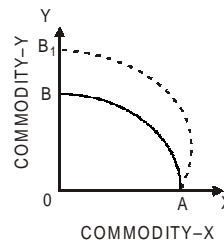


Fig. 3

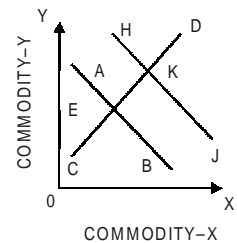


Fig. 4

New advances in technology result in more output of Commodity-Y from given inputs. Which one of the ABOVE figures is best describing this situation ? Correct options is —

- (A) Figure 1
 (B) Figure 2
 (C) Figure 3
 (D) Figure 4.

4. 'Government should increase expenditure on social services to benefit the poor'. Which one of the following represent the correct reason that establishes that the above given statement is a normative statement ?
- (A) It states the facts as they are
 (B) It passes a value judgment
 (C) It states that there is a direct relationship between public expenditure and poverty alleviation
 (D) It states that poverty cannot be removed by market forces.

5. *Laissez faire* refers to ——— with no or little intervention by the government in economic activities. Which one of the following is the correct option to fill in the blank space ?
 (A) Centrally planned economies
 (B) Controlled socialist economies
 (C) Free market economies
 (D) Mixed socialist economies.
6. The concept of indifference curve to explain consumer's equilibrium was propounded among others by —
 (A) Alfred Marshall
 (B) John R Hicks
 (C) Paul A Samuelson
 (D) Amartya Sen.
7. Total utility derived from consumption of a commodity will begin to fall —
 (A) with every additional unit consumed
 (B) when total utility curve becomes flat
 (C) when marginal utility starts falling
 (D) when marginal utility becomes negative.
8. Match the following :
- | | |
|---|---------------------------|
| X. Fall in quantity demanded of a commodity with increase in income | (i) Complementary goods |
| Y. A rise in quantity demanded of a commodity due to a fall in its price | (ii) Decrease in demand |
| Z. A fall in quantity demanded of a commodity due to a fall in the price of substitute good | (iii) Expansion in demand |
| W. If price of diesel falls, demand for diesel-run cars will increase | (iv) Inferior good |
- The correct option is —
 (A) X(iv); Y(iii); Z(ii); W(i)
 (B) X(iii); Y(ii); Z(i); W(iv)
 (C) X(ii); Y(i); Z(iii); W(iv)
 (D) None of the above.
9. The price of a commodity rises by 5%, its quantity demanded falls by 10%; it implies that a 10% fall in the price of the commodity will result in —
 (A) 5% rise in quantity demanded
 (B) 10% rise in quantity demanded
 (C) 20% rise in quantity demanded
 (D) Indeterminate.
10. Long-run average cost curve falls due to the application of —
 (A) The law of increasing returns to a factor
 (B) The law of increasing returns to scale
 (C) The law of variable proportions
 (D) The law of demand.
11. Which of the following statements is not true?
 (A) As average product rises, marginal product will be more than the average product
 (B) As average product rises, marginal product will keep on rising
 (C) Marginal product will be equal to average product when average product is maximum
 (D) If marginal product becomes negative, total product will begin to fall.

12. Which one of the following graphs is the correct presentation of the relationship between average product and marginal product? (Q is quantity of output and N is unit of variable factor)

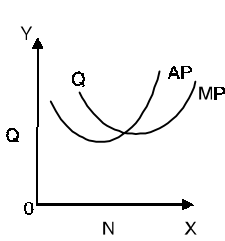


Fig. 1

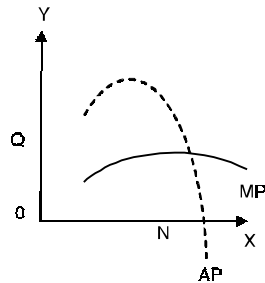


Fig. 2

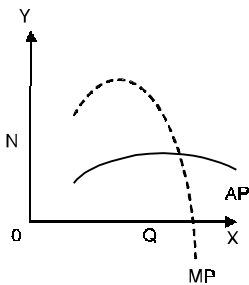


Fig. 3

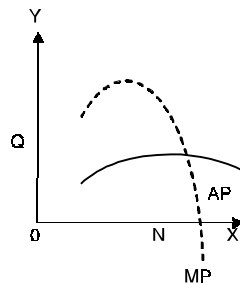


Fig. 4

The correct option is —

- (A) Figure 1
- (B) Figure 2
- (C) Figure 3
- (D) Figure 4.

13.

Unit of variable factors	Total Product units
1	30
2	70
3	120

In the product schedule as given above, the marginal product of the 4th unit of input would be —

- (A) 30 units
- (B) 50 units
- (C) 70 units
- (D) 25 units.

14. Which of the following tables represents diminishing returns to scale?

(In the tables – K stands for Capital, L for Labour and TP for Total Production)

Table 1			Table 2			Table 3			Table 4		
K	L	TP	K	L	TP	K	L	TP	K	L	TP
1	2	10	1	2	10	1	2	10	1	2	10
2	4	30	2	4	20	2	4	18	2	4	50
4	8	100	4	8	40	4	8	35	4	8	200

The correct option is —

- (A) Table 1
- (B) Table 2
- (C) Table 3
- (D) None of the above.

15. Laws of returns to scale are based on the assumption of —

- (A) Variable proportions of factor-inputs
- (B) Fixed proportions of factor-inputs
- (C) Excess demand for fixed inputs
- (D) Deficient demand for fixed inputs.

16. Which of the following expressions is not correct?

- A. $MC = TC_N - TC_{N-1}$
- B. $MC = \Delta TC / \Delta N$
- C. $MC = \Delta TVC / \Delta N$
- D. $MC = \Delta TFC / \Delta N$.

17. In India, at present 100 per cent Foreign Direct investment (FDI) is allowed in —

- (A) Defence
- (B) Drugs and Pharmaceuticals
- (C) Cable Networks
- (D) Insurance.

18. Match the following:

- | | |
|------------------------------|---------------|
| X. U-shaped curve | (i) $AC = MC$ |
| Y. Rectangular Hyperbola | (ii) TC |
| Z. Continuously rising curve | (iii) AFC |
| W. Optimum output | (iv) AC |

The correct option is

- (A) X(iv); Y(iii); Z(ii); W(i)
 (B) X(iii); Y(ii); Z(i); W(iv)
 (C) X(ii); Y(i); Z(iii); W(iv)
 (D) X(i); Y(iv); Z(ii); W(iii).
19. Marginal Revenue (MR) curve is a straight horizontal line in —
- (A) Perfectly competitive market
 (B) Monopolistic competitive market
 (C) Oligopoly market
 (D) Monopoly market.
20. Which of the following figures correctly represents the revenue curves of a monopolistic competitive firm ?

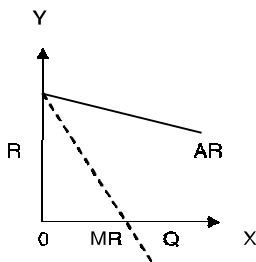


Fig. 1

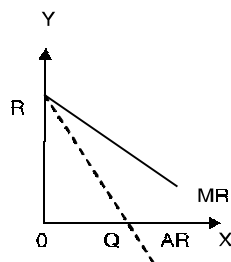


Fig. 2

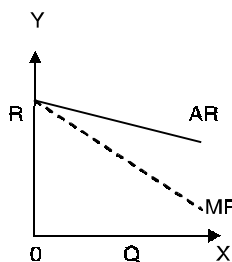


Fig. 3

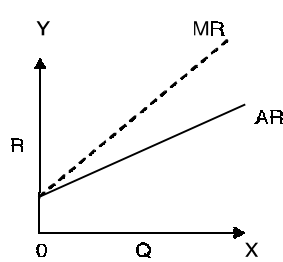


Fig. 4

The correct option is —

- (A) Figure 1
 (B) Figure 2
 (C) Figure 3
 (D) Figure 4.

21. Marshall's views on the nature of economics were supported by —

- (A) Lionel Robbins
 (B) Adam Smith
 (C) A.C. Pigou
 (D) Paul Samuelson.

22. Which of the following features make a monopolistic competitive firm different from a perfectly competitive firm ?

- (A) Differentiated products
 (B) Number of sellers
 (C) Number of buyers
 (D) Free entry and exit of the firm.

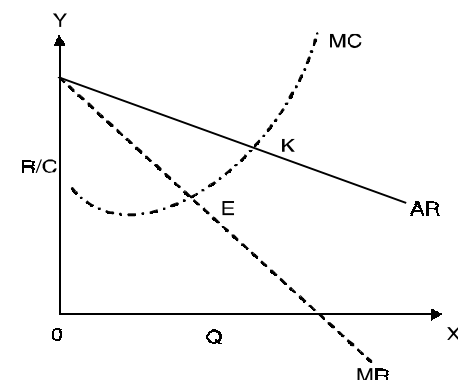
23. A perfectly competitive firm attains equilibrium at a point where —

- (A) Marginal revenue (MR) is equal to marginal cost (MC) and MC curve intersects MR curve from below
 (B) MC is equal to MR
 (C) MC is falling but is equal to average cost (AC)
 (D) MC is constant.

24. A kinked revenue curve best represents —

- (A) Monopoly
 (B) Duopoly
 (C) Oligopoly
 (D) Monopolistic competition.

25. In the given figure below, a firm —



- (A) is making abnormal profit in a monopolistic competitive situation
 (B) is undergoing losses in a monopoly
 (C) is at break-even in a perfectly competitive market
 (D) does not know if it is making a profit or is undergoing a loss.

26. A primary function of money is to —
(A) Serve as a medium of exchange
(B) Serve as a standard of deferred payments
(C) Serve as a general form of capital
(D) Serve as a store of value.
27. Among the following assets the most liquid asset is —
(A) Gold
(B) Stocks of commodities
(C) Equity shares of blue-chip companies
(D) Currency notes.
28. An increase in bank rate results in —
(A) Banks' ability to create credit falls
(B) Banks can give new loans more easily
(C) Demand for bank loans rises
(D) Demand for bank loans falls.
29. In which state or union territory is the literacy rate highest in the country ?
(A) Delhi
(B) Chandigarh
(C) Karnataka
(D) Kerala.
30. Which one of the following is correct? Over the years the —
(A) Agricultural production has been falling
(B) The Industrial production has been falling
(C) The share of service sector and manufacturing sector in India's GDP has been stagnant
(D) the share of the agricultural sector in India's GDP has been falling.
31. The fastest rate of growth in terms of income generated has been recorded in the past couple of decades, in the —
(A) Agricultural sector
(B) Industrial sector
(C) Services sector
(D) All of the above.
32. Demographic dividend refers to a phenomenon in which —
(A) Life expectancy improves and normally people begin to live longer life
(B) The share of elderly persons in total population rises
(C) The proportion of working-age population rises and dominates the age-composition
(D) The proportion of children in total population rises.
33. Which one of the following is the regulating authority for governing the Insurance companies in India?
(A) TRAI
(B) PFRDA
(C) IRDA
(D) SEBI.
34. Under Production Theory, the expression $Q_x = f(L, K)$ represents —
(A) Demand function
(B) Revenue function
(C) Cost function
(D) Production function.
35. Depreciation of rupee would normally result in —
(A) Increase in India's imports of luxury goods
(B) Increase in India's exports
(C) Fall in India's external debt burden
(D) Domestic deflation.

PART-B
ELEMENTARY STATISTICS

36. Which of the following statements can be ranked as statistics ?
- (A) India's real per capita income in 2013 is ₹50,000, whereas in China, Japan, South Korea and other countries it is more than ₹1,00,000
- (B) Neha is taller than Amrita
- (C) Abdul earns ₹5 crore for a single endorsement
- (D) Today rainfall was estimated at 6 cm.
37. The technique of estimating the probable value of phenomenon at a future date is called —
- (A) Interpolation
- (B) Extrapolation
- (C) Forecasting
- (D) Probability.
38. Find the odd one out —
- (A) Data collected from Internet
- (B) Data collected from RBI Annual Report
- (C) Data collected by an investigator
- (D) Data collected from the IMF Fact-sheet.
39. In _____ method, sample is selected on a basis other than on probability considerations. Which one of the following is the correct option to fill in the blank space ?
- (A) Non-random sampling
- (B) Systematic random sampling
- (C) Stratified sampling
- (D) Simple random sampling.
40. Match the following:
- | | |
|--------------------------|---|
| (1) Simple Bar Diagram | (i) One single bar is drawn |
| (2) Multiple Bar Chart | (ii) More than one bar is used to represent two or more variables |
| (3) Pie Chart | (iii) Circle Diagram |
| (4) Components bar chart | (iv) Sub-divided Bar Chart |
- The correct option is —
- (A) 1(i); 2(ii); 3(iii); 4(iv)
- (B) 1(iv); 2(i); 3(ii); 4(iii)
- (C) 1(ii); 2(iii); 3(iv); 4(i)
- (D) 1(iii); 2(iv); 3(i); 4(ii).
41. Two distributions with 100 and 200 items have a mean of 20 and 10 respectively. The combined mean of two distributions will be —
- (A) 30.50
- (B) 10.16
- (C) 13.33
- (D) 11.12.
42. A histogram can be used to estimate graphically the value of —
- (A) Mean
- (B) Median
- (C) Mode
- (D) Upper quartile.
43. A *Lorenz Curve* is used to measure —
- (A) Correlation
- (B) Variation
- (C) Arrangements of frequencies
- (D) Association of attributes.

44. In a given distribution the value of coefficient of variation is 80%, the value of arithmetic mean is 20. The value of standard deviation would be —
- (A) 16
(B) 20
(C) 36
(D) 80.
45. The square root of the arithmetic mean of the squared deviations of items taken from arithmetic mean is called —
- (A) Mean deviation
(B) Quartile deviation
(C) Standard deviation
(D) Variance.
46. An annuity is a fixed sum paid on regular intervals. An annuity which continues for a number of years is called —
- (A) Deferred annuity
(B) Immediate annuity
(C) Uniform annuity
(D) Perpetual annuity.
47. This test of adequacy of index number requires that the formulae for calculating an index number should give consistent results in both the directions. This test is known as —
- (A) Time reversal test
(B) Factor reversal test
(C) Circular test
(D) Unit test.
48. In moderately symmetrical distribution, the mode is 40 and median is 44. The value of mean will be —
- (A) 43
(B) 46
(C) 57.3
(D) 58.0.
49. If a card is drawn at random from a pack of 52 cards, the chance that it will be a king of hearts is —
- (A) $1/13$
(B) $4/13$
(C) $1/52$
(D) $4/26$.
50. The total number of all possible outcomes of a random experiment constitutes —
- (A) Equally likely events
(B) Exhaustive events
(C) Mutually inclusive events
(D) None of the above.

PAPER-4 (Q. No. 51 to 100)

FUNDAMENTALS OF ACCOUNTING AND AUDITING

PART-A

FUNDAMENTALS OF ACCOUNTING

51. A businessman purchased goods for ₹25,00,000 and sold 70% of such goods during the accounting year ended on 31st March, 2013. The market value of the remaining goods was ₹5,00,000. He valued the closing stock at ₹5,00,000 and not at ₹7,50,000 due to —
- (A) Money measurement concept
(B) Conservatism concept
(C) Cost concept
(D) Periodicity concept.
52. Match List I with List II and select the correct answer using the codes given below the lists.
- | | |
|--------------------------------------|--|
| <i>List I</i>
(Types of Accounts) | <i>List II</i>
(Principles) |
| X. Real account | 1. Debit the receiver
credit the giver |
| Y. Nominal Account | 2. Debit what comes in
credit what goes out |
| Z. Personal Account | 3. Debit all expenses
credit all gains |
- Correct option is —
- | | | | |
|-----|---|---|----|
| | X | Y | Z |
| (A) | 3 | 2 | 1 |
| (B) | 1 | 3 | 2 |
| (C) | 2 | 3 | 1 |
| (D) | 1 | 2 | 3. |
53. Which of the following is not a capital expenditure?
- (A) Cost of issuing shares and debentures
(B) Wages paid for construction of a new office
(C) Purchase of a new spark plug for ₹10
(D) Repair of a second hand vehicle purchased.
54. If capital at the end of the year is ₹7,000, capital introduced during the year is ₹5,000, drawings during the year are ₹8,000, loss incurred during the year is ₹10,000, then capital in the beginning would be equal to —
- (A) ₹12,000
(B) ₹16,000
(C) ₹20,000
(D) ₹30,000.
55. The correct sequence of the following in the preparation of periodical final statements would be —
1. Preparation of Balance Sheet
 2. Preparation of Cash Flow Statement
 3. Preparation of Trial Balance
 4. Preparation of Profit / Loss Statement
- The correct option is —
- (A) 4, 2, 1, 3
(B) 3, 4, 1, 2
(C) 2, 4, 3, 1
(D) 1, 3, 2, 4.
56. Total capital employed in the firm is ₹8,00,000, reasonable rate of return is 15% and Profit for the year is ₹12,00,000. The value of goodwill of the firm as per capitalization method would be —
- (A) ₹82,00,000
(B) ₹12,00,000
(C) ₹72,00,000
(D) ₹42,00,000.

57. A and B are partners in a business sharing profits and losses in the ratio of 7:3 respectively. They admit C as a new partner. A sacrificed $1/7^{\text{th}}$ share of his profit and B sacrificed $1/3^{\text{rd}}$ of his share in favour of C. The new profit sharing ratio of A, B, and C will be —
- (A) 3:1:1
(B) 2:1:1
(C) 2:2:1
(D) None of the above.
58. Match list I with list II and select the correct answer using the codes given below the list —
- | | |
|---------------------------|--------------------------|
| <i>List I</i> | <i>List II</i> |
| X. Discount on Debentures | 1. Current liability |
| Y. Forfeited Capital | 2. Non-Current Assets |
| Z. Income tax payable | 3. Current Assets |
| W. Debtors acceptance | 4. Non Current Liability |
- The correct option is —
- | | | | |
|-------|---|---|----|
| X | Y | Z | W |
| (A) 2 | 4 | 1 | 3 |
| (B) 4 | 2 | 3 | 1 |
| (C) 2 | 4 | 3 | 1 |
| (D) 4 | 2 | 1 | 3. |
59. A company cannot issue redeemable preference shares for a period exceeding —
- (A) 6 Years
(B) 7 Years
(C) 8 Years
(D) 20 Years.
60. A company sends cars to dealers on 'sale or return' basis. All such transactions are however treated like actual sales and are passed through the sales day book. Just before the end of the financial year, two cars which had costed ₹55,000 each have been sent on 'sale or return' basis and have been debited to customers at ₹75,000 each. Cost of goods lying with the customers would be —
- (A) ₹1,10,000
(B) ₹1,50,000
(C) ₹75,000
(D) ₹55,000.
61. The total cost of goods available for sale with a company during the current year is ₹12,00,000 and the total sales during the period are ₹13,00,000. Gross profit margin of the company is $33 \frac{1}{3} \%$ on cost. The closing inventory for the current year would be —
- (A) ₹4,00,000
(B) ₹3,00,000
(C) ₹2,25,000
(D) ₹2,60,000.
62. On 1st April, 2012 in Sethi's Ledger, furniture account showed a balance of ₹2,00,000. On 1st October, 2012 Sethi purchased new furniture by paying ₹ 5,000 and giving old furniture whose book value on 1st April, 2012 was ₹12,000 to the seller. Sethi provides depreciation on furniture @ 10% per annum on diminishing balance method. The net value of furniture in Sethi's books as on 31st March, 2013 would be —
- (A) ₹1,85,080
(B) ₹1,83,960
(C) ₹1,84,780
(D) ₹2,04,400.

63. Which of the following errors will not cause the disagreement of Trial Balance?
- (A) ₹821 received from Ravi has been debited to Kavi
- (B) A purchase of ₹281 from Sanju has been debited to his account as ₹281
- (C) An invoice for ₹480 is entered in the Sales Book as ₹840
- (D) All of the above.
64. The three columns on each side of a three columnar cash book represent —
- (A) Real and personal accounts
- (B) Real and nominal accounts
- (C) Personal and nominal accounts
- (D) Real, personal and nominal accounts.
65. A chronological record of transaction may be found in —
- (A) Balance Sheet
- (B) Trial Balance
- (C) Ledger
- (D) Journal.
66. How does an overcasting of purchases day book affect the cost of sales and profit?
- (A) Cost of sales is decreased while profit is increased
- (B) Cost of sales is increased while profit is decreased
- (C) Both cost of sales and profit are increased
- (D) Cost of sales is increased; gross profit is decreased but net profit remains unaffected.
67. Error of principle will not permit —
- (A) Correct total of the balance sheet
- (B) Correct total of the trial balance
- (C) The trial balance to agree
- (D) None of the above.
68. Bank balance as per cash book of ABC Enterprises as on 31st March, 2013 is ₹1,500. Cheques deposited with bank but not cleared amount to ₹100 and cheques issued but not presented for payment amount to ₹150. The bank allowed interest amounting to ₹50 and collected dividend ₹50 on behalf of ABC Enterprises. Balance as per pass book should be —
- (A) ₹1,600
- (B) ₹1,450
- (C) ₹1,850
- (D) ₹1,650.
69. The written down value of machine on 31st March, 2013 is ₹72,900. The machine was purchased on 1st April, 2010. Depreciation is being charged @ 10% p.a. by diminishing balance method. The cost price of the machine would be —
- (A) ₹1,00,000
- (B) ₹90,000
- (C) ₹81,000
- (D) ₹72,900.
70. If outstanding wages appear in the trial balance, while preparing the final accounts, it will be shown in —
- (A) Asset side of the balance sheet
- (B) Liability side of the balance sheet
- (C) Profit and Loss A/c and asset side of the balance sheet
- (D) Profit and Loss A/c and Liability side of balance sheet.

71. XY Limited issued 2,50,000 equity shares of ₹10 each at a premium of ₹1 each payable as ₹2.5 on application, ₹4 on allotment and balance on the first and final call. Applications were received for 5,00,000 equity shares but the company allotted to them only 2,50,000 shares. Excess money was refunded after adjustment for further calls. Last call on 500 shares were not received and shares were forfeited after due notice. This is a case of —
 (A) Over subscription
 (B) Pro-rata allotment
 (C) Forfeiture of shares
 (D) All of the above.
72. E Ltd, a dealer in second-hand machinery has the following five machines of different models and makes in their stock at the end of the financial year 2012-13 —
- | Machine | A | B | C | D | E |
|----------------------|------|------|------|------|------|
| Cost | 0.9 | 1.15 | 2.75 | 1.00 | 2.10 |
| (₹ in lakhs) | | | | | |
| Net realizable value | 0.95 | 1.55 | 2.65 | 1.25 | 2.00 |
| (₹ in lakhs) | | | | | |
- The value of stock included in the Balance Sheet of the company as on 31st March, 2013 was —
 (A) ₹7,62,500
 (B) ₹7,70,000
 (C) ₹7,90,000
 (D) ₹8,70,000.
73. Fire Insurance premium paid on 1st October, 2011 for the year ended on 30th September, 2012 was ₹2,400 and Fire Insurance premium paid on 1st October, 2012 for the year ending on 30th September, 2013 was ₹3,200. Fire Insurance premium paid as shown in the profit and loss account for the accounting year ended 31st December, 2012 would be —
 (A) ₹2,400
 (B) ₹3,200
 (C) ₹2,800
 (D) ₹3,000.
74. Z Limited forfeited 200 fully called up shares of ₹10 each on which ₹1,300 had been received; later on these shares were reissued as fully paid up @ ₹9 per share. The amount to be transferred from share forfeited account to capital reserve account will be —
 A. ₹1,800
 B. ₹2,000
 C. ₹1,100
 D. Nil.
75. Income earned which is yet to be collected results in —
 (A) Increase in capital and increase in liability
 (B) Decrease in liability and increase in capital
 (C) Increase in asset and increase in liability
 (D) Increase in capital and increase in asset.
76. The cost of supplying uniform to employees is a —
 (A) Capital expenditure
 (B) Revenue expenditure
 (C) Deferred revenue expenditure
 (D) None of the above.
77. Which one of the following statements is correct?
 (A) Capital of the firm is reduced by borrowing
 (B) When there is no change in proprietor's capital, it is an indication of loss in business
 (C) Nominal accounts refer to false transactions
 (D) Real accounts relate to the assets of a business.

78. Ramesh and Suresh are partners sharing profits in the ratio of 2:1 respectively. (Ramesh Capital is ₹1,02,000 and Suresh Capital is ₹73,000). They admit Mahesh and agree to give him $\frac{1}{5}$ th share in future profit. Mahesh brings ₹14,000 as his share of goodwill. He agrees to contribute capital in the new profit share ratio. How much capital will be brought by Mahesh?
 (A) ₹43,750
 (B) ₹45,000
 (C) ₹47,250
 (D) ₹48,000.
79. A purchased an old computer costing ₹10,000 and incurred ₹1,000 on its repairs and ₹500 on its packing. He sold the computer at 20% margin on selling price. The sales value will be —
 (A) ₹12,500
 (B) ₹11,000
 (C) ₹14,375
 (D) ₹13,800.
80. Omega Limited, a listed company acquires assets worth ₹7,50,000 from Alpha Limited and issue shares of ₹10 each at a premium of 25%. The number of shares to be issued by Omega Ltd., to settle the purchase consideration will be —
 (A) 60,000
 (B) 75,000
 (C) 1,00,000
 (D) 1,25,000.
81. X, Y and Z are partners sharing profits and losses equally. Their capital balances on March. 31. 2012 are ₹80,000, ₹60,000 and ₹40,000 respectively. Their personal assets are worth as follows: X - ₹20,000, Y - ₹15,000 and Z - ₹10,000. The extent of their liability in the firm would be —
 (A) X - ₹80,000: Y - ₹60,000: and Z - ₹40,000
 (B) X - ₹20,000: Y - ₹15,000: and Z - ₹10,000
 (C) X - ₹1,00,000: Y - ₹75,000: and Z - ₹50,000
 (D) Equal.
82. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on *pro-rata* basis. The amount payable on application was ₹2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F will be —
 (A) 60 shares; ₹120
 (B) 340 shares; ₹160
 (C) 320 shares; ₹200
 (D) 300 shares ₹240.
83. A concern proposes to discontinue its business from March 2013 and decides to dispose of all its assets within a period of 4 months. The Balance Sheet as on 31st March, 2013 should indicate the assets at their —
 (A) Historical cost
 (B) Net realisable value
 (C) Cost less depreciation
 (D) Cost price or market value whichever is lower.
84. The convention of conservatism is likely to lead to an _____ in the balance sheet :
 (A) Understatement of liabilities
 (B) Overstatement of assets
 (C) Overstatement of capital
 (D) Understatement of assets.
85. A company purchased plant for ₹50,000. The useful life of the plant is 10 years and the residual value is ₹5,000. 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 above.

PART-B
AUDITING

- 86.** Verification of assets is done to ascertain
- (X) Existence of asset
 - (Y) Ownership of asset
 - (Z) Possession of asset
- The correct option is —
- (A) (X) and (Y)
 - (B) (Y) and (Z)
 - (C) (X) and (Z)
 - (D) (X), (Y), and (Z).
- 87.** Which of the following is not correct about investigation?
- (A) Investigation may be done by any person having the knowledge of entity's business
 - (B) Investigation is mandatory in nature and needs to be done on yearly basis
 - (C) The scope of investigation is decided by the appointing authority
 - (D) There is no standard format of investigation report.
- 88.** In audit assignment, who among the following set the level of materiality?
- (A) Shareholders
 - (B) Board of Directors
 - (C) Auditor
 - (D) Manager of the entity/department concerned.
- 89.** Principal aspects to be covered in an audit involves :
- (X) Review of system and procedures
 - (Y) Review of internal control system
 - (Z) Ensuring statutory compliance
- The correct option is —
- (A) (X) and (Y)
 - (B) (Y) and (Z)
 - (C) (X) and (Z)
 - (D) (X) (Y) and (Z).
- 90.** In which section of The Companies Act, 1956, the provisions relating to an Auditor's Report are covered ?
- (A) Section 227(1)
 - (B) Section 227(2)
 - (C) Section 227(3)
 - (D) Section 227(4).
- 91.** The board of directors shall appoint first auditor of a company —
- (A) within one month of completion of capital subscription by the company
 - (B) within one month of the promotion of the company
 - (C) Within one month of the commencement of the business of the company
 - (D) Within one month of incorporation of the company.
- 92.** Audit working papers are the property of —
- (A) Owner
 - (B) Government
 - (C) Auditor
 - (D) Income Tax Department.

93. Ram is a chartered accountant working as proprietor. His gross receipts are ₹50 Lakhs for the year. Which type of audit will necessarily be applicable for him ?
- (A) Statutory audit
(B) Tax audit
(C) Internal audit.
(D) None of the above.
94. Primary responsibility for the adequacy of financial statement disclosures rest with the —
- (A) Auditor
(B) Management
(C) Auditor's staff
(D) Central Government.
95. In comparison to the independent auditor, an internal auditor is more likely to be concerned with —
- (A) Cost accounting system
(B) Internal control system
(C) Legal compliance
(D) Accounting system.
96. Which of the following is not an advantage of the preparation of audit working paper?
- (A) To provide a basis for review of audit work
(B) To provide a basis for subsequent audits
(C) To ensure audit work is being carried out as per program
(D) To provide a guide for advising another client on similar issues.
97. The client changed method of depreciation from straight line to written down value method. This has been disclosed as a note to the financial statements. It has an immaterial effect on the current financial statements. It is expected, however, that the change will have a significant effect on future periods. Which of the following option should the auditor express?
- (A) Unqualified opinion
(B) Qualified opinion
(C) Disclaimer of opinion
(D) Adverse opinion.
98. Which of the following is primarily carried out to ascertain the cases of improper, avoidable and infructuous expenditure?
- (A) Propriety audit
(B) Statutory audit
(C) Tax audit
(D) Functional audit.
99. Which of the following is not true about audit plan?
- (A) Audit plan lays out the strategies to be followed to conduct an audit
(B) Audit plan is made to ensure that audit assignment is done smoothly
(C) Audit plan is made from audit programme
(D) Audit plan is prepared considering the terms of engagement and statutory responsibilities.
100. If a casual vacancy in the office of auditor arises by his resignation it should only be filled by the company in a —
- (A) Board meeting
(B) General meeting
(C) annual general meeting
(D) Statutory meeting.

BE-313 & FAA-314

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Space for Rough Work