

MOCK TEST PAPER – 1
COMMON PROFICIENCY TEST

Series : December, 2012

Time Allowed – 4 Hours

Maximum Marks – 200

SECTION A: FUNDAMENTALS OF ACCOUNTING

1. A company purchased an established business for ₹ 8,00,000 payable ₹ 2,60,000 in cash and the balance by 12% debentures of ₹ 100 each at discount of 10%. Discount on issue of debentures will be
 - (a) ₹ 50,000
 - (b) ₹ 60,000
 - (c) ₹ 64,000
 - (d) None of the three.
2. Net profit before charging manager's commission is ₹ 12,000 and the manager is to be allowed a commission of 20% on the profit after charging such commission. Commission amount will be
 - (a) ₹ 2,000
 - (b) ₹ 2,400
 - (c) ₹ 2222.22
 - (d) None of the above.
3. On 1st January 2012, Loose Tools A/c showed the balance of ₹ 8,640. On 31st December 2012 closing balance of loose tools were ₹ 9,360. During the year loose tools were purchased for ₹ 2,880. Depreciation on loose tools will be
 - (a) ₹ 2,160
 - (b) ₹ 2,400
 - (c) ₹ 2,000
 - (d) None of the three.
4. Chand and Rohan entered into a joint venture to construct a bridge. They did not open separate set of books. They shared profits and losses as 3:2. Chand contributed ₹ 3,00,000 for purchase of materials. Rohan paid wages amounting to ₹ 1,60,000. Other expenses were paid as:

Chand – ₹ 10,000	Rohan – ₹ 30,000
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Chand purchased one machine for ₹ 40,000. The machine was taken over by Chand for ₹ 20,000. Total contract value of ₹ 6,00,000 was received by Rohan. What will be the profit on venture?
 - (a) ₹ 60,000

- (b) ₹ 80,000
(c) ₹ 40,000
(d) ₹ 30,000
5. Which of following statements is false?
(a) Book keeping is mainly concerned with recording of financial data.
(b) Goods given as sample should be credited to purchase account.
(c) The balance of petty cash is an asset.
(d) In case of a debt becoming bad, the amount should be credited to bad debts account.
6. The purpose of accommodation bill is
(a) To finance actual purchase or sale of goods
(b) To facilitate trade transmission
(c) To provide funds to both the needed parties.
(d) None of the three.
7. The total of "Discount allowed" column in the Cash book for the month of July, 2012 amounting to ₹ 20,000 was not posted. Rectifying entry for the same will be
(a) Discount A/c Dr. ₹ 20,000 To Suspense A/c ₹ 20,000
(b) Suspense A/c Dr. ₹ 20,000 To Discount A/c ₹ 20,000
(c) Customer A/c Dr. ₹ 20,000 To Discount A/c ₹ 20,000
(d) None of the above.
8. Loan A/c credit balance on Dec. 31, 2012 ₹ 45,000
Loan paid on June 30, 2012 ₹ 12,000
Loan paid on Sept. 30, 2012 ₹ 15,000
Interest on loan is to be charged 9% p.a.
Interest amount for the year 2012 will be
(a) ₹ 5,602.5
(b) ₹ 5,400
(c) ₹ 6,000
(d) None of the three
9. As per trial balance ₹
January 1, 2012 Provision for doubtful debts A/c 1,980

December 31, 2012	Bad Debts	3,700
December 3 rd , 2012	Debtors	60,000

Information

(i) Make a provision for bad debts 5% on debtors.

(ii) Make a provision for discount on debtors 2%.

Provision for discount on debtors will be

- (a) ₹ 1,140
 - (b) ₹ 1,000
 - (c) ₹ 1,500
 - (d) None of the three.
10. Credit balance in the ledger will be
- (a) A revenue or an asset
 - (b) A revenue or a liability
 - (c) An expense or an asset
 - (d) None of the above.
11. M/s Raju, which was registered in the year 2000, has been following straight line method (SLM) of depreciation. In the current year it changed its method from SLM to written down value (WDV) method, since such change would result in the additional depreciation of ₹ 200 lakhs as a result of which the firm would qualify to be declared as a sick industrial unit. The auditor raised objection to this change in the method of depreciation. Auditor objection is justified because -
- (a) Change in the method of depreciation should be done only with the consent of the auditor
 - (b) Depreciation method can be changed only from WDV to SLM and not vice versa
 - (c) Change in the method of depreciation should be done only if it is required by some statute and change would result in appropriate presentation of financial statement
 - (d) Method of depreciation cannot be changed under any circumstances.
12. Tamna & Co. issued 20,000 debentures of ₹ 100 each at a discount of 4% redeemable after 5 years at a premium of 6%. Loss on issue of debentures will be
- (a) ₹ 1,20,000
 - (b) ₹ 3,20,000
 - (c) ₹ 2,00,000
 - (d) ₹ 80,000

13. Kaju and Pista entered into partnership on April 1, 2012. They invested capital ₹ 30,000 and ₹ 20,000 respectively. It was agreed that 8% p.a. interest will be calculated both on capital and drawings. Drawings were made as follows:

	Kaju	Pista
June 30	1,200	1,600
September 30	1,000	1,400
December 31	800	1,200

Pista was entitled to a salary of ₹ 500 p.m.

Profit before adjusting interest and salary was ₹ 17,696. Divisible profit will be

- (a) ₹ 8,000
(b) ₹ 6,000
(c) ₹ 10,000
(d) None of the three.
14. Sona of Kanpur sent 400 chairs @ ₹ 300 per chair to Tom of Delhi. Sona paid freight of ₹ 1,000 and ₹ 400 as insurance in transit. Tom paid ₹ 200 as cartage and ₹ 600 as godown rent. At the end of the year, 300 chairs were sold. The selling price of each chair in Delhi was ₹ 350. Value of stock unsold will be
- (a) ₹ 30,000
(b) ₹ 30,400
(c) ₹ 32,000
(d) None of the three.
15. Om, Shyam and Ram were partners sharing profits in proportion to 5:3:2. Goodwill does not appear in the books, but it is agreed to be worth ₹ 3,50,000. Om retires from the firm and Shyam and Ram decided to share future profits equally. Om's share of goodwill will be debited to Shyam's and Ram's capital A/c's in the ratio.
- (a) 1:1
(b) 2:3
(c) 3:2
(d) None of the three.
16. Loss on issue of debentures is treated as
- (a) Other non-current / current assets (depending on the tenure of its amortization)
(b) Intangible assets

- (c) Current Liabilities
 (d) None of the above.
17. Advance received from debtors is not taken as sale is based on
 (a) Conservatism concept
 (b) Accrual Concept
 (c) Money measurement concept
 (d) None of the above.
18. A company makes an issue of 5,000 equity shares of ₹ 100 each at 10% discount allowed at the time of allotment. The net amount is payable as follows:
- | | ₹ |
|------------------------------|----|
| On application and allotment | 40 |
| On first call | 25 |
| On final call | 25 |
- A shareholder holding 100 shares did not pay final call money. His shares were forfeited. Amount credited to Discount on issue of shares A/c' will be
- (a) ₹ 1,000
 (b) ₹ 500
 (c) ₹ 1,500
 (d) None of the three.
19. 3,000 shares of ₹ 50 each were issued to a promoter of the company for their legal services, rendered in the formation of the company. For this, company credited 'Share Capital Account' and debited
- (a) 'Goodwill account' by ₹ 1,50,000
 (b) 'Legal services account' by ₹ 1,50,000
 (c) 'Promoter's account' by ₹ 1,50,000
 (d) 'Formation expenses account' by ₹ 1,50,000.
20. The expired portion of capital expenditure is shown in the financial statements
- (a) as an income
 (b) as an expense
 (c) as an asset
 (d) as a liability.

21. An undervaluation of previous year's opening inventory will
- Cause current year's net income to be overstated
 - Cause previous year's net income to be understated
 - Cause previous year's net income to be overstated
 - None of the above.
22. Unexpired insurance is _____
- Nominal account
 - Real account
 - Representative personal account
 - Both (a) and (b).
23. An item of ₹ 2,750 relating to prepaid rent account was omitted to be brought forward. The rectifying journal entry will be:

		₹	₹
(a) Rent A/c	Dr	2,750	
To Cash			2,750
(b) Prepaid rent A/c	Dr.	2,750	
To Cash			2,750
(c) Prepaid rent A/c	Dr.	2,750	
To Suspense A/c			2,750
(d) Suspense A/c	Dr.	2,750	
To Prepaid Rent A/c			2,750

24. Cost of machine ₹ 4,05,000
Residual value ₹ 15,000
Useful life 10 years.

Company charged depreciation for the first 5 years on straight line method. Later on, it reviewed the useful life and decided to take it as useful for another 8 years. In the 6th year amount of depreciation will be _____

- ₹ 24,000
- ₹ 24,375
- ₹ 27,000
- ₹ 25,500.

25. ₹ 25,000 incurred on structural alterations to existing asset whereby its revenue earning capacity is increased is _____
- Capital expenditure
 - Deferred revenue expenditure
 - Revenue expenditure
 - None of the above.
26. Contra entries are passed only when _____
- Double column cash book with discount is prepared
 - Three column cash book is prepared
 - Simple cash book is prepared
 - None of the above.
27. Ashok sends 100 sewing machines on consignment to Raju. The cost of each machine is ₹ 150. Ashok spends ₹ 500 on packing and dispatch. Raju receives the consignment and informed that 90 machines have been sold at ₹ 180 each. Expenses paid by Raju are freight ₹ 500, carriage and octroi ₹ 200, Godown rent ₹ 100 and insurance ₹ 150. Raju is entitled to a commission of 7½% on sales. Profit on consignment will be:
- ₹ 150
 - ₹ 155
 - ₹ 200
 - ₹ 160.
28. According to money measurement concept, currency transactions and events are recorded in the books of accounts
- In the ruling currency of the country in which transaction takes place
 - In the ruling currency of the country in which books of accounts are prepared
 - In the currency set by ministry of finance
 - In the currency set by the Government.
29. On 1st April, 2011, M/s Zero Bros. had a provision for doubtful debts of ₹ 13,000. During 2011-12 ₹ 8,400 proved irrecoverable and it was desired to maintain the provision for bad debts @ 4% on debtors which stood at ₹ 3,90,000 before writing off bad debts. Amount of net provision debited to profit and loss account will be: _____
- ₹ 15,600
 - ₹ 15,000
 - ₹ 10,664
 - ₹ 10,000.

30. Which of the following is not the salient feature of bank reconciliation statement?
- Any undue delay in the clearance of cheques will be shown up by the reconciliation
 - Reconciliation statement will help in finding the fraud, if any
 - Reconciliation is done by bankers
 - It helps in finding out the actual position of the bank balance.
31. A machinery was purchased from abroad for ₹ 15,000, shipping and forwarding charges amounted to ₹ 3,000, Import duty ₹ 10,500 and expenses of installation amounted to ₹ 1,500. It was depreciated for three years @ 10% on diminishing balance method, Balance of machinery A/c at the end of third year will be _____
- ₹ 21,870
 - ₹ 22,500
 - ₹ 21,000
 - ₹ 23,250.
32. Which of the following errors will effect the trial balance?
- Repairs to building wrongly debited to Building A/c
 - Total of purchase Journal is short by ₹1,000
 - Freight paid on purchase of new machinery debited to freight account
 - None of the above.
33. On 16.06.2012, Archna draws a bill on Priyanka for ₹ 25,000 for 30 days. July 19th is a public holiday. The Maturity date of the bill will be _____
- 19th July, 2012
 - 18th July, 2012
 - 20th July, 2012
 - 16th July, 2012
34. Aditya and Nidhi entered into a joint venture and agreed to share profits and losses in the ratio of 3:2. A Joint Bank A/c was opened where in Aditya contributed ₹ 1,25,000 and Nidhi contributed ₹ 50,000. Their transactions were as follows:

	₹
Material Purchased	1,62,500
Wages paid	15,000
Administrative expenses paid by Nidhi	7,500
Selling expenses	15,425

Expenses paid by Aditya	4,075
Sales	2,80,000

Remaining stock was taken by Aditya for ₹ 15,500. Joint venture profit will be

- (a) ₹ 90,000
 (b) ₹ 91,000
 (c) ₹ 87,500
 (d) ₹ 91,250.
35. At the time of death of a partner, firm gets _____ from the insurance company against the joint life policy taken jointly for all the partners.
 (a) Policy amount
 (b) Surrender value
 (c) Policy amount or surrender value whichever is higher
 (d) Policy amount or surrender value whichever is lower.
36. A boiler was purchased for ₹ 2,00,000 on 01.01.2012 and on 31.12.2012 its net realizable value was ₹ 3,00,000. If you count this profit, then which of the following concepts will be violated?
 (a) Realisation
 (b) Conservatism
 (c) Accrual
 (d) Matching.
37. The plant and machinery account of a firm had a debit balance of ₹ 4,37,400 on January 1, 2012. It was purchased on January 1, 2009. Firm has been following the practice of charging full years depreciation every year @ 10% on diminishing balance. The cost of machinery in 2009 will be:
 (a) ₹ 6,00,000
 (b) ₹ 6,75,000
 (c) ₹ 5,70,000
 (d) ₹ 7,50,000.
38. Abnormal loss on consignment is credited to _____
 (a) Profit and Loss account
 (b) Consignee's account
 (c) Consignment account
 (d) None of the three.

39. M/s Original started business with ₹ 15,000 cash. Sales amounted to ₹ 7,50,000 including ₹ 7,500 cash sales. ₹ 15,000 debtors were outstanding at the end of the year. Purchases amounted to ₹ 45,000 including ₹ 15,000 cash purchases. ₹ 22,500 has been paid to creditors. Salaries paid amounted to ₹ 4,500, Rent ₹ 3,600, Stationery ₹ 1,350. Drawings were 6,000. Miscellaneous expenses ₹ 1,500 and machines purchased ₹ 12,000. Cash balance will be
- (a) ₹ 22,500
 (b) ₹ 23,250
 (c) ₹ 23,550
 (d) None of the three.
40. Sun owed ₹ 2,000 to Moon. On 1st October, 2012, Sun accepted a bill drawn by Moon for the amount for 3 months. Before the due date, Sun approached Moon for renewal of the bill. Moon agreed on the conditions that ₹ 1,000 to be paid immediately together with interest on the remaining amount at 12% p.a. for 3 months and for the balance Sun accepted a new bill for 3 months. Later on, Sun became insolvent and 40% of the amount could be recovered from his estate. Bad debt amount will be
- (a) ₹ 800
 (b) ₹ 600
 (c) ₹ 500
 (d) None of the three.
41. O and P are partners in a firm sharing profits in the ratio of 3:2 with capitals of ₹ 1,20,000 and ₹ 54,000 respectively. They admitted L as a partner with ₹ 75,000 for 1/3rd share in the profits of the firm. Adjust the capitals of the partners according to L's capital and his share in the business. What cash will be paid off to O?
- (a) ₹ 30,000
 (b) ₹ 6,000
 (c) ₹ 24,000
 (d) None of the three.
42. Gopal, Govind and Krishna sharing profits and losses equally have fixed capitals of ₹ 1,20,000, ₹ 90,000 and ₹ 60,000 respectively. For the year 2012, interest on capital was credited to them @ 6% instead of 5%. Adjusting entry will be

		₹		₹
(a) Gopal's Current A/c	Dr.	300		
To Krishna's Current A/c				300

- (c) ₹ 700
 - (d) ₹ 600.
46. If a machinery is purchased for ₹ 1,50,000 the asset would be recorded in the books at ₹ 1,50,000 even if its market value at that time happens to be ₹ 2,10,000. In case a year after, the market value of the asset comes down to ₹ 1,35,000 it will ordinarily continue to be shown at ₹ 1,50,000 and not ₹ 1,35,000 due to
- (a) Realisation concept
 - (b) Present value concept
 - (c) Replacement concept
 - (d) Cost concept.
47. Sometimes, in case of admission of a partner, all partners may agree to show the assets and liabilities in the new balance sheet at their old figures even when they agree to revalue them. This A/c is prepared only when it is mentioned that assets and liabilities other than cash not to be altered in new balance sheet. The account is known as
- (a) Memorandum Revaluation A/c
 - (b) Revaluation A/c
 - (c) Profit & Loss Adjustment A/c
 - (d) None of the above.
48. Financial position of the business is ascertained on the basis of
- (a) Records prepared under book-keeping process.
 - (b) Trial balance.
 - (c) Balance Sheet
 - (d) None of the above.
49. If an individual asset is increased, there will be a corresponding
- (a) Increase of another asset or increase of capital.
 - (b) Decrease of another asset or increase of liability.
 - (c) Decrease of specific liability or decrease of capital.
 - (d) Increase of drawings and liability.
50. All of the following are limitations of Accounting Standards except
- (a) The choice between different alternative accounting treatments is difficult.
 - (b) There may be trend towards rigidity.

- (c) Accounting Standards cannot override the statute.
 (d) All of the above.
51. In which book of original entry, will you record the following transactions?
 A debit note for ₹2,000 issued to Mr. F for goods returned by us is to be accounted for
- (a) Bills Receivable Book
 (b) Purchases Book
 (c) Journal Proper (General Journal)
 (d) Purchases Return Book.
52. Rose Company, a dealer in cosmetics, records its inventory under first-in-first-out method, so as to minimize accumulation of outdated stock. The opening stock as on September 01, 2012 is 150 units at the rate of ₹ 20 per unit. The purchases and sales made during the month are:
- Purchases:
- | Date | No. of units | Cost price per unit |
|------------|--------------|---------------------|
| 04-09-2012 | 200 | ₹ 25 |
| 14-09-2012 | 100 | ₹ 22 |
- Sales:
- | Date | No. of units |
|------------|--------------|
| 03-09-2012 | 100 |
| 10-09-2012 | 150 |
- With effect from September 01, 2012, the company decided to change the method of inventory valuation from the FIFO method to LIFO method. The change in the value of inventory as on September 30, 2012 consequent upon the change in the method of valuation is:
- (a) Increase in the value of closing stock by ₹ 250.
 (b) Decrease in the value of closing stock by ₹ 250.
 (c) Increase in the value of closing stock by ₹ 500.
 (d) Decrease in the value of closing stock by ₹ 500.
53. Which of the following statement is **false**?
- (a) Joint venture is a going concern
 (b) Joint venture is terminable in nature

- (c) Joint venture does not follow accrual basis of accounting
 - (d) The co-venturer shares the profit in agreed ratio
54. Which of the following statements is **not** a feature of a private company?
- (a) Restricts the rights of members to transfer its shares
 - (b) Prohibits any invitation to the public to subscribe its shares or debentures
 - (c) Do not involve participation of public in general
 - (d) Do not restricts on the number of its members to any limit.
55. According to the Table A of the Companies Act, 1956, interest on call in arrears is charged
- (a) 4%
 - (b) 6%
 - (c) 5%
 - (d) 7%.
56. The securities premium account may be applied by the company
- (a) In writing off the preliminary expenses of the company.
 - (b) In writing off the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company.
 - (c) In paying up un-issued shares of the company to be issued to members of the company as fully paid bonus shares.
 - (d) All of the above.
57. The following errors affect the trial balance
- (a) Error of partial omission
 - (b) Error of principal
 - (c) Error of complete omission
 - (d) All of the above.
58. Tom Ltd. issued 50,000 equity shares of ₹ 100 each at a premium of ₹ 10 payable at ₹ 30 on application, ₹ 30 on allotment and balance in the first call. Application received for 1,00,000 equity shares but the company issued to them only 50,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 1,000 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.
59. When preparing a Bank Reconciliation Statement if you start with balance as per pass book then payments made by bank ₹4,000 recorded twice in pass book will be
- (a) Not required to be adjusted
 - (b) Added
 - (c) Deducted
 - (d) None of the above.
60. Prepaid commission has a
- (a) Negative balance
 - (b) Debit balance
 - (c) Credit balance
 - (d) None of these.

SECTION B: MERCANTILE LAWS

61. The valid agreement which later ceases to be enforceable by law-
- (a) Voidable contract
 - (b) Illegal contract
 - (c) Void contract
 - (d) Void agreement
62. The collateral transactions of an illegal contract is-
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) None of these
63. Offer allowed to remain open for acceptance over a period of time-
- (a) Cross offer
 - (b) Counter offer
 - (c) Standing offer
 - (d) Special offer
64. An illegal agreement is always-
- (a) Voidable
 - (b) Valid
 - (c) Void
 - (d) Cancelable
65. A contract that to be inferred from the conduct of the parties is called:
- (a) Implied contract
 - (b) Expressed contract
 - (c) Tacit contract
 - (d) Quasi contract
66. Inadequacy of consideration is relevant in determining the question of-----
- (a) Fraud
 - (b) Misrepresentation

- (c) Undue influence
 - (d) Free consent
67. Minor entering into a contract misrepresenting his age---
- (a) Is estopped from pleading his minority
 - (b) Cannot be estopped from pleading his minority
 - (c) Contract is void
 - (d) Both (b)and(c)
68. A mistake as to a law not in force in India has the same effect as-----
- (a) Mistake of fact
 - (b) Mistake of Indian law
 - (c) Fraud
 - (d) Misrepresentation
69. Champerty means
- (a) An agreement to trade with the enemy
 - (b) An agreement whereby a person promises to maintain a suit,
 - (c) An agreement whereby a person agrees to help another in recovering property in order to sharing the profits.
 - (d) An agreement to stifle criminal prosecutions
70. Where the contract becomes impossible to be performed due to change in the circumstances beyond the contemplation of the parties. This is called—
- (a) Supervening impossibility
 - (b) Novation of contract
 - (c) Rescission
 - (d) Remission of contract
71. Benefit received by the party under the void contract-
- (a) Is liable to restore the benefits to the party from whom the benefits is received.
 - (b) Not liable to restore the benefits to the party from whom the benefits is received.
 - (c) Liable to restore the benefits to the third party
 - (d) Liable to surrender the benefits to the state.

72. The cases in which a claim or quantum meruit may arise:
- (a) Where an agreement is discovered to be void
 - (b) Where something is done or delivered without intention to do gratuitously
 - (c) Where the contract is divisible
 - (d) In all of the above
73. The essence of liquidated damages is-----
- (a) Genuine pre- estimate of damage
 - (b) Less than probable damage
 - (c) More than probable damage
 - (d) Payment of money on terrorem
74. If the future event is impossible at the time of the contract is made, the contract is-
- (a) Void
 - (b) Voidable
 - (c) Invalid
 - (d) Void-ab-initio
75. Claim for necessities of life supported to a minor -
- (a) Cannot be enforced at all
 - (b) Can be enforced against the minor personally or attaining majority
 - (c) Can be enforced against the minor's property or estate
 - (d) Can be enforced against the guardian if any, of the minor
76. An agreement to pay money or money's worth on the happening or non- happening of a specified uncertain event is a _____.
- (a) Wagering agreement
 - (b) Contingent contract
 - (c) Quasi contract
 - (d) Uncertain agreement.
77. The basis of 'quasi contractual relations' is the _____.
- (a) Existence of a valid contract between the parties
 - (b) Prevention of unjust enrichment at the expense of others

- (c) Provisions contained in Section 10 of the Contract Act
 - (d) Existence of a voidable contract between the parties
78. The main object of a contract of sale is-
- (a) Transfer of possession of goods
 - (b) Transfer of property in goods
 - (c) Delivery in goods
 - (d) Payment in price
79. Goods which are in existence at the time of the Contract of Sale is known as
- (a) Present Goods.
 - (b) Existing Goods.
 - (c) Specific Goods.
 - (d) None of the above
80. Contract of sale of goods must constitute-
- (a) Atleast two parties
 - (b) Subject matter must be the goods
 - (c) Transfer of ownership
 - (d) All the above
81. Condition may be treated as a warranty when there is –
- (a) Waiver of condition by the buyer
 - (b) Buyer elects to treat breach of condition as a breach of warranty
 - (c) Acceptance of goods by the buyer in case of non-severable of contract of sale
 - (d) All the above
82. The doctrine of Caveat Emptor does not apply, when
- (a) The goods are bought by sample.
 - (b) The goods are bought by sample as well as description.
 - (c) The exact purpose is known to the seller and is a regular dealer
 - (d) All of the above

83. The property in the goods means-
- (a) Possession of the goods
 - (b) Ownership of the goods
 - (c) Custody of the goods
 - (d) Both(a)and(c)
84. Nemo dat quad non habet means-
- (a) One cannot give what one does not have
 - (b) Let the buyer be beware
 - (c) Whatever is paid, is paid according to the intention or manner of the party paying
 - (d) None of these
85. 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
86. An unpaid seller is having rights against-
- (a) Goods only
 - (b) The buyer only
 - (c) Both the goods and the buyer
 - (d) None of the above
87. The essence of a right of lien is to-
- (a) Deliver the goods
 - (b) Retain the goods
 - (c) Regain the possession
 - (d) None of the above
88. Where in an auction sale, the seller appoints more than one bidder, the sale is-
- (a) Void

- (b) Illegal
 - (c) Conditional
 - (d) Voidable
89. Persons entered into a partnership with one another are called individually-
- (a) Partners
 - (b) Firm
 - (c) Partnership
 - (d) Partnership firm
90. The conclusive test of the formation of partnership is-
- (a) Sharing of profit
 - (b) Carrying of business
 - (c) Mutual agency
 - (d) Contractual agreement
91. ----- does not take active part in conduct of the business-
- (a) Minor partner
 - (b) Sub-partner
 - (c) Partner by estoppel
 - (d) All of the above
92. A and B entered into a partnership agreement and the partnership deed provides neither for the duration nor for the determination of partnership. This is a –
- (a) Partnership for a fixed term
 - (b) Partnership at will
 - (c) Particular partnership
 - (d) Any of these
93. The partners may be expelled -
- (a) On an express agreement between the partners
 - (b) By a majority of the partners
 - (c) By usage or custom of trade
 - (d) Both (a) and (b)

94. Which of the following is not the right of a partner i.e., which he cannot claim as a matter of right?
- (a) Right to take part in business.
 - (b) Right to have access to account books.
 - (c) Right to share profits.
 - (d) Right to receive remuneration.
95. The rights of the transferee in a partnership are-
- (a) To interfere with the conduct of the business
 - (b) To require accounts
 - (c) To inspect books of the firm
 - (d) To receive the share of the profits of the transferring partner
96. Registration of a partnership is complete-----
- (a) Only after the issue of certificate of Registration by the Registrar of Firms.
 - (b) As soon as an application in the prescribed form with the prescribed fee and other relevant details is delivered to the Registrar of Firms.
 - (c) Only after the Registrar of Firms records and entry of the statement in the Register of Firms to this effect.
 - (d) After giving the information to the Central Government in this regard.
97. An 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/-
- (98) In settling the accounts of a firm after dissolution _____
- (a) The goodwill must be included in the assets
 - (b) The goodwill must not be included in the assets
 - (c) The goodwill should be separated before settlement
 - (d) The goodwill should be distributed among all the partners
- (99) The rights of a partner on dissolution are-
- (a) To wound-up the business
 - (b) To return of premium on premature winding up

- (c) To earn personal profits after dissolution
- (d) All the above.

100. Registration of a partnership firm _____.

- (a) Is a Criminal offence.
- (b) Renders the partnership illegal.
- (c) Is compulsory to activate the partnership.
- (d) Is not compulsory but desirable.

SECTION C: GENERAL ECONOMICS

101. The Law of Scarcity
- (a) Does not apply to rich, developed countries
 - (b) Does not apply to poor, under developed countries
 - (c) Implies only to socialist economies.
 - (d) Implies that all consumer wants will never be completely satisfied.
102. Which of the following is not the function of RBI?
- (a) Issue of currency
 - (b) Bankers' bank
 - (c) Controller of credit
 - (d) Banker to general public
103. For the prices- taking firm:
- (a) Marginal revenue is less than price
 - (b) Marginal revenue is equal to price
 - (c) Marginal revenue is greater than price
 - (d) The relationship between marginal revenue and price is indeterminate
104. Which of the following statements is false?
- (a) For equilibrium the main condition is $MC=MR$
 - (b) AR curve and Demand curve are same
 - (c) MC and AC curves are U-shaped in every market
 - (d) None of the above
105. If as a result of 10% increase in price, the quantity supplied does not change at all, it implies that the elasticity of Supply is :
- (a) Zero
 - (b) Infinite
 - (c) Equal to one
 - (d) Greater than Zero but less than one
106. If GDP is 20% higher than last year and the rate of inflation is 9%, then production in the Economy has grown by ———.
- (a) 8%
 - (b) 11%

- (c) 20%
 - (d) 9%
107. If firm's average cost curve is falling then marginal curve must be :
- (a) Falling
 - (b) Rising
 - (c) Below average cost curve
 - (d) None of the above
108. Who expressed the view that "Economics should be neutral between ends"?
- (a) Robbins
 - (b) Marshall
 - (c) Pigou
 - (d) Adam Smith
109. 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
110. A firm encounters its "shutdown point" when:
- (a) average total cost equals price at the profit-maximizing level of output
 - (b) average variable cost equals price at the profit-maximizing level of output
 - (c) average fixed cost equals price at the profit-maximizing level of output
 - (d) marginal cost equals price at the profit-maximizing level of output
111. In order to control credit:
- (a) CRR should be increased and Bank rate should be decreased
 - (b) CRR should be reduced and Bank rate should be reduced
 - (c) CRR should be increased and Bank rate should be increased
 - (d) CRR should be reduced and Bank rate should be increased
112. Under ——— market condition, firms make normal profits in the long run.
- (a) Perfect Competition
 - (b) Monopoly

- (c) Oligopoly
 - (d) None of the above
113. When _____, we know that the firms are earning just normal profits.
- (a) $AC = AR$
 - (b) $MC = MR$
 - (c) $MC = AC$
 - (d) $AR = MR$
114. A situation of employment in which a person is apparently employed but his contribution to the production is almost nil is called _____ unemployment.
- (a) structural
 - (b) chronic
 - (c) disguised
 - (d) cyclical
115. A firm has producing 7 units of output has an average total cost of ₹ 150 and has to pay ₹ 350 to its fixed factors of production whether it produces or not. How much of the average total cost is made up of variable cost?
- (a) 200
 - (b) 50
 - (c) 300
 - (d) 100
116. When quantity demanded changes by larger percentage than does price, elasticity is termed as:
- (a) Inelastic
 - (b) Elastic
 - (c) Perfectly Elastic
 - (d) Perfectly Inelastic
117. Diminishing marginal returns imply:
- (a) Decreasing average variable cost
 - (b) Decreasing marginal cost
 - (c) Increasing marginal cost
 - (d) Decreasing average fixed cost

118. Which of the following would result in a rightward shift of PPF?
- (a) An increase in investment in speculative activities by diverting funds from other productive activities.
 - (b) A reduction in unemployment rate
 - (c) The discovery of new gold reserves in the country
 - (d) Increase in number of people taking leisure activities by taking early retirement from their Jobs
119. If any country needs funds for long term development of the nation, then the country should approach_____.
- (a) World Bank
 - (b) UNO
 - (c) IMF
 - (d) WTO
120. At present, India has the _____ largest scientific and technical manpower in the world
- (a) Tenth
 - (b) Third
 - (c) Fifth
 - (d) Ninth
121. Broad money refers to
- (a) M1
 - (b) M2
 - (c) M3
 - (d) M4
122. The following are some of the costs of a clothing manufacturer. State which among them will you consider as fixed cost?
- (a) Cost of cloth
 - (b) Piece wages paid to workers
 - (c) Depreciation on machines owing to time
 - (d) Cost of electricity for running machines
123. Which institution is known as the "soft loan window" of World Bank?
- (a) IFC
 - (b) IDA

- (c) IMF
(d) Indian Development Forum
124. When AR = ₹ 10 and AC = ₹ 8 the firm makes _____.
- (a) Normal profit
(b) Net profit
(c) Gross profit
(d) Super normal profit
125. Which bank among the following is responsible for issuing currency notes in India?
- (a) SBI
(b) RBI
(c) UTI
(d) World Bank
126. Stagflation:
- (a) means prices are falling and purchasing power is increasing
(b) is in the form of a low rate of growth combined with the general price level increase
(c) means high rate of growth combined with rise in the general price level
(d) means that due to increase in the cost of products, prices of final products are increasing
127. Relationship between AR, MR and Price elasticity of demand is
- (a) $MR = AR + [e - 1/e]$
(b) $MR = AR \times [e - 1/e]$
(c) $AR = MR \times [e - 1/e]$
(d) $MR = AR \times [e/e - 1]$
128. In the long run, normal profits are included in the _____ curve.
- (a) LAC
(b) LMC
(c) AFC
(d) SAC
129. Which of the following would not be included in GNP?
- (a) Mohan purchases a shirt to wear
(b) Sai Ram purchases a new Mercedes – Benz of S-class

- (c) Yes bank purchases new computers for its shares business
- (d) Aditi grows Tulsi plant in her home

130. Balance of payment consists of:

- (a) Balance of current account and capital account
- (b) Only Capital account
- (c) Only Current Account
- (d) Only trade account.

131. Find the Average Fixed Cost of Producing 5 units from the following Table:

Output	Total Cost
0	240
1	330
2	410
3	480
4	540
5	610
6	690

- (a) ₹ 48
- (b) ₹ 85
- (c) ₹ 120
- (d) ₹ 205

132. Suppose Mohan & Co. produces 10 units of output and incurs ₹ 30 per unit of variable cost and ₹ 5 per unit of fixed cost. In this case, total cost is:

- (a) ₹ 300
- (b) ₹ 35
- (c) ₹ 305
- (d) ₹ 350

133. Of the major 12 ports, ————— is the top traffic handler.

- (a) Paradip
- (b) Cochin
- (c) Kandla
- (d) Mumbai

134. Which of the following is not a part of Fiscal policy?
- Subsidy under public distribution system
 - Control of population
 - Imposition of taxation
 - Issue of bonds by government
135. National income at market prices, plus subsidies, but less indirect taxes is equal to which one of the following?
- Gross national income
 - National income at factor cost
 - Private income before cost
 - Net consumer income

136. The following table provides a breakdown of a country's population (millions):

Total population	114	Children (below the working age)	18
Unemployed people looking for a job	9	Full-time students (not looking for a job)	2
Retired people	14	Employed people	63
People confined to correctional institutions	1	Other adults not in the labour force	7

Based on the information in the table, the country's unemployment rate is

- 7.9%
 - 12.5%
 - 20.2%
 - 22.2%
137. Which among the following is incorrect?
- India adopted planning as her way of life because she wanted to quicken industrialization and economic development with optimum utilization of resources and reduction of inequalities.
 - Removal of poverty and the attainment of self reliance were two basic objectives of the fifth plan.
 - India has never been able to achieve its targeted rate of growth.
 - The Second plan was a very ambitious plan as seeds of industrialization were sowed.

138. A sick industrial unit is one _____.
- (a) Where most of the employees are sick.
 - (b) Which is unable to perform its normal functions and activities of production of goods and services at a reasonable profit on a sustained basis.
 - (c) Which is unable to make profits more than 10 percent of its capital employed.
 - (d) Which borrows money from bank for its fixed assets.
139. 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
140. Suppose you find ₹ 100. If you choose to use ₹100 to go to a football match, your opportunity cost of going to the game is _____.
- (a) nothing, because you found the money.
 - (b) ₹ 100 (because you could have used ₹ 100 to buy other things) plus the value of your time spent at the game.
 - (c) ₹ 100 (because you could have used the ₹ 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) ₹ 100 (because you could have used the ₹100 to buy other things).
141. Suppose that the price of a new bicycle is ₹ 200. Natalie values a new bicycle at ₹ 400. What is the value of total consumer surplus if Natalie buys a new bike?
- (a) ₹ 500
 - (b) ₹ 300
 - (c) ₹ 200
 - (d) ₹ 400
142. Agriculture faces the problem of:
- (a) slow and uneven growth.
 - (b) over irrigation.
 - (c) overdose of fertilizers.
 - (d) very few people engaged in it.

143. About 96 percent of the sick units in India are _____ units.
- (a) small
 - (b) big
 - (c) banking
 - (d) trading
144. India's present population in 2010 is:
- (a) Between 50 – 60 crore
 - (b) Between 60 – 70 crore
 - (c) Between 70 – 80 crore
 - (d) Above 120 crore
145. Which of the following statement is correct?
- (a) Cropping pattern in India is quite balanced
 - (b) India is passing through the first stage of demographic transition
 - (c) India's population is second largest in the world
 - (d) None of these
146. 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 variable proportions
 - (c) Law of diminishing utility
 - (d) Law of supply
147. 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
148. 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

149. In perfect competition the firm's _____ above AVC has the identical shape of the firm's supply curve
- (a) Marginal revenue curve
 - (b) Marginal cost curve
 - (c) Average cost curve
 - (d) None of the above
150. Price discrimination is not possible in the case of
- (a) Perfect competition
 - (b) Monopoly
 - (c) Monopolistic competition
 - (d) Nothing can be said

SECTION -D : QUANTITATIVE APTITUDE

Section: A

151. If two events A and B are independent, the probability that both will occur is given by

- (a) $P(A) \times P(B)$
- (b) $P(A) + P(B)$
- (c) $P(A) + P(B) - P(A \cap B)$
- (d) $P(A) + P(B) - P(A \cup B)$

152. If p: q is the odds in favor of an event, then the probability of that event is

- (a) p/q
- (b) $\frac{q}{p+q}$
- (c) $\frac{p}{p+q}$
- (d) none of these

153. If $P(A) = 4/9$; then the odd against the event 'A' is

- (a) 4:9
- (b) 4:5
- (c) 5:4
- (d) 4:14

154. A parameter is a characteristic of

- (a) Population
- (b) Sample
- (c) Both (a) and (b)
- (d) (a) or (b)

155. Standard error can be described as

- (a) The error committed in sampling
- (b) The error committed in sample survey
- (c) The error committed in estimating parameter
- (d) Standard deviation of statistic

156. The critical value of test statistic 'Z' at 5% level of significance for one tailed test is __
- 1.96
 - 2.85
 - 2.33
 - 1.645
157. The _____ is satisfied when $P_{ab} \times P_{bc} \times P_{ca} = 1$
- Time reversal test
 - Factor reversal test
 - Circular Test
 - none of these
158. The index number of prices at a place in 1998 is 355 with 1991 as base. This means
- There has been on the average a 255% increase in prices.
 - There has been on the average a 355% increase in price.
 - There has been on the average a 250% increase in price.
 - None of these.
159. Price relative is
- $\frac{\text{Current price}}{\text{Base price}} \times 100$
 - $\frac{\text{Current years price}}{\text{Base years price}} \times 100$
 - $\frac{\text{Base years price}}{\text{Current years price}} \times 100$
 - None of these
160. Expenditure of a family on three items are in the ratio of 2: 5: 3. The prices of these commodities rise by 30%, 20% and 40% respectively. By what percent has total expenditure increased?
- 28%
 - 25%

- (c) 20%
 - (d) none of these
161. The result of ODI matches between INDIA and PAKISTHAN follows
- (a) Binomial Distribution
 - (b) Poisson Distribution
 - (c) Normal Distribution
 - (d) none of these
162. When 'p' = 0.5, the
- (a) Asymmetrical.
 - (b) Symmetrical.
 - (c) Both of above.
 - (d) None of above
163. It is given that a family of 2 children has a girl, what is the probability that the other child is also a girl?
- (a) 0.50
 - (b) 0.75
 - (c) 1/3
 - (d) 2/3
164. If two letters are taken at random from the word HOME, what is the Probability that none of the letters would be vowels?
- (a) 1/6
 - (b) 1/2
 - (c) 1/3
 - (d) 1/4
165. Equations of two lines of regression are $4x+3y+7 = 0$ and $3x+ 4y + 8 = 0$, the mean of x and y are
- (a) 5/7 and 6/7
 - (b) $- 4/7$ and $-11/7$
 - (c) 2 and 4
 - (d) None of these

166. Correlation Co-efficient is _____ of the units of measurements
- (a) Independent
 - (b) Dependent
 - (c) Both
 - (d) none of these
167. If for two variable x and y, the covariance, variance of x and variance of y are 40, 16 and 256 respectively, what is the value of the correlation coefficient?
- (a) 0.01
 - (b) 0.625
 - (c) 0.4
 - (d) 0.5
168. Two lines of regression are given by $5x+7y-22=0$ and $6x+2y-22=0$. If the variance of y is 15, find the standard deviation of x?
- (a) $\sqrt{5}$
 - (b) $\sqrt{7}$
 - (c) $\sqrt{6}$
 - (d) $\sqrt{8}$
169. In a normal distribution skewness is ____
- (a) 0
 - (b) >3
 - (c) <3
 - (d) <1
170. If mean and standard deviation of a binomial distribution is 10 and 3 respectively; q will be ____
- (a) 0.3
 - (b) 0.33
 - (c) 30
 - (d) 0.9
171. Which one is not a condition of Poisson model
- (a) the probability of having failures in a small time interval is constant
 - (b) the probability of having success more than one in a small time interval is very small

- (c) the probability of having success in this time interval is independent of time 't' as well as earlier success
- (d) the probability of having success in a small time interval (t, t+td) is Kt for a positive constant k.
172. Which measure of dispersion is based on all the observations?
- (a) Mean deviation
 - (b) Standard deviation
 - (c) Quartile deviation
 - (d) (a) and (b) but not (c)
173. For any two numbers Standard Deviation is always
- (a) Twice the range.
 - (b) Half of the range
 - (c) Square of the range.
 - (d) None of these.
174. The third decile for the numbers 15, 10, 20, 25, 18, 11, 9, 12 is
- (a) 13
 - (b) 10.70
 - (c) 11
 - (d) 11.50
175. 'Stub' of a table is the _____ part of the table describing the _____.
- (a) Left, Columns
 - (b) Right, Columns
 - (c) Right, Rows
 - (d) Left, Rows

Section-B

176. If $b^2 - 4ac > 0$ but not a perfect square, then the roots are real _____ and _____
- (a) Real, Equal
 - (b) Irrational, Unequal
 - (c) Imaginary, Unequal
 - (d) Imaginary, Equal

177. $\log 8 \div \log \frac{1}{8}$ equals:

- (a) $6 \log 2$
- (b) $\log 2$
- (c) 1
- (d) -1

178. If $\log_{10}^2 = a$ and $\log_{10}^3 = b$, then \log_5^{12} equals to

- (a) $\frac{a+b}{1+a}$
- (b) $\frac{2a+b}{1+a}$
- (c) $\frac{1+2b}{1+a}$
- (d) $\frac{2a+b}{1-a}$

179. In a bag there are only ₹ 1 and 50 paise coins. If there are in all 1900 coins totally to ₹1400, find the number of coins each denomination

- (a) 950 and 1050
- (b) 900 and 1000
- (c) 1000 and 900
- (d) none of these

180.

x	5	6	7	8
y	11	13	15	17

In the above table corresponding values of two variable x and y have been given. Which of the following equations establishes the relationship between the two variables?

- (a) $y=3x+2$
- (b) $y=2x-1$
- (c) $y=2x+1$
- (d) $y=3x+1$

181. Find the truth set of $3x-6 < 3$

- (a) $\{x : x < 5\}$

(b) $\{x : x > 5\}$

(c) $\{x : x < 3\}$

(d) $\{x : x \leq 3\}$

182. Find the value of $\frac{x}{3} - \frac{1}{4}(x+2) > 3x - 1\frac{1}{3}$

(a) $x < 2/7$

(b) $x > 2/7$

(c) $x < 3/7$

(d) $x > 4/7$

183. A manufacturer produces two items A and B. He has ₹10,000 to invest and a space to store 100 its ms. A table costs him ₹400 and a chair ₹100. Express this in the form of linear inequalities.

(a) $x + y \leq 100, 4x + y \leq 100, x \geq 0, y \geq 0$

(b) $x + y \leq 1000, 2x + 5y < 1000, x \geq 0, y \geq 0$

(c) $x + y > 100, 4x + y \geq 100, x \geq 0, y \geq 0$

(d) none of these

184. A sum of money placed at compound interest double itself in 3 years. In how many years will it amount to four times itself?

(a) 5 years

(b) 6 years

(c) 8 years

(d) 7 years

185. By how much would the compound interest exceed the simple interest if the sum of ₹4800 were inverted at 5% per annum for 2 years?

(a) ₹15

(b) ₹10

(c) ₹13

(d) ₹12

186. If $(n+1)! = 12 [(n-1)!]$, then the value of n is

(a) 5

(b) 3

- (c) 8
(d) 1
187. In how many ways can 5 men and 4 women sit together such that they are alternatively seated?
(a) 2880
(b) 2800
(c) 3000
(d) none of these
188. Find $f \circ g$ for the functions $f(x) = x^8$, $g(x) = 2x^2 + 1$
(a) $x^8(2x^2 + 1)$
(b) x^8
(c) $2x^2 + 1$
(d) $(2x^2 + 1)^8$
189. From a committee of 8 persons, in how many ways can we choose a chairman and a vice chairman assuming one person cannot hold more than one position?
(a) 50
(b) 56
(c) 62
(d) none of these
190. For what values of x , the number $-\frac{2}{7}$, x , $-\frac{7}{2}$ are in G.P.?
(a) ± 1
(b) ± 3
(c) ± 2
(d) none of these
191. Evaluate $\lim_{x \rightarrow a} \frac{(x+2)^{5/3} - (a+2)^{5/3}}{x-a}$ is
(a) $5/2(a+2)^{2/3}$
(b) $5/3(a+2)^{2/3}$
(c) $5/3(a+2)^{3/2}$
(d) none of these

192. $\lim_{x \rightarrow 0} \frac{e^x + e^{-x} - 2}{x^2}$ is equal to

- (a) 1
- (b) 2
- (c) 3
- (d) none of these

193. 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

194. If $y = x^{2x}$ then $\frac{dy}{dx}$ is _____.

- (a) $2x2x(1+\log x)$
- (b) $2(1+\log x)$
- (c) $x2x(1+\log x)$
- (d) none of these

195. $\int \frac{1}{x \log x} dx = ?$

- (a) $\log|x| + c$
- (b) $\log |\log x| + c$
- (c) $(\log x)^2 + c$
- (d) none of these

196. If $u = (x^3+1)^5$ and $y = (x^3+ 5x+7)$ then $\frac{du}{dy}$ is

- (a) $\frac{10x(x^2 + 1)^4}{3x^2 + 5}$
- (b) $\frac{10(x^2 + 1)^4}{3x^2 + 5}$

(c) $5x(x^2+1)^4$

(d) none of these

197. $\int_0^1 \log\left(\frac{1}{x}-1\right) dx$ is equal to

(a) 1

(b) 0

(c) 2

(d) -1

198. $\int \frac{\log(\log x)}{x} dx$ is equal to

(a) $\log(\log x) - 1 + K$

(b) $\log(\log x) + K$

(c) $[\log(\log x) - 1] + K$

(d) none of these

199. If $y = e^x - e^{-x}$ then $\frac{dy}{dx} - \sqrt{y^2 + 4}$ is equal to

(a) 1

(b) 0

(c) -1

(d) none of these

200. Evaluate: $\int \frac{x}{x+1} dx$

(a) $x + \log(x+1) + c$

(b) $x - \log(x+1) + c$

(c) $x^2 + \log(x+1) + c$

(d) none of these