



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST
Model Test Paper – BOS/CPT-4 / 2007

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

PART-I

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, 2006 Narain Enterprises purchased a loader from Laxmi Motors for Rs. 1,75,000. This is -
 - (a) An event
 - (b) A transaction
 - (c) A transaction as well as an event
 - (d) Neither a transaction under an event

4. A sum of Rs. 1,10,000 was spent on painting the new factory. It is a
 - (a) Capital expenditure
 - (b) Deferred revenue expenditure
 - (c) Revenue expenditure
 - (d) None of the above.
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. Cash discount allowed to a debtor should be credited to
 - (a) Discount account
 - (b) Customers account
 - (c) Sales account
 - (d) None of the above
7. B/R is a
 - (a) Current asset
 - (b) Fixed asset
 - (c) Tangible 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 26.02.2006 payable after 90 days. The due date of the bill will be -
- (a) 30.05.2006
 - (b) 29.05.2006
 - (c) 28.05.2006
 - (d) 27.05.2006

PART-II

11. Balance of goods sent on consignment account is transferred to -
- (a) Profit & loss account
 - (b) Trading account
 - (c) P/L appropriator 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. In case of Del Credere Commission is provided by consignor to consignee, bad debt is a loss of
- (a) Consignee
 - (b) Consignor
 - (c) Both consignor and consignee
 - (d) Neither of the two
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 contributions 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) Creditor
- 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 stock 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

PART-III

- 21. A company 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 on pro-rata basis. Excess money was refunded to them. The last call

on 500 shares were not received and were forfeited after due notice. Above is the case of

- (a) over subscription
 - (b) pro-rata allotment
 - (c) Forfeiture of shares
 - (d) All of the above.
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.

PART IV

23. Ramesh drew a 45 days bill on Komal on 25th Jan. 2007. 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 05.02.2006. On 13.03.2006, 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

To Goods sent on consignment (at invoice price)	1,00,000	By Consignee A/c (Sales)	1,50,000
To Consignee's A/c (indirect expenses)	40,000	By Stock at Invoice price	10,000
To Profit	20,000		
	<u>1,60,000</u>		<u>1,60,000</u>

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.38000
 - (b) Rs.35000
 - (c) Rs.30000
 - (d) Rs.40000
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 to 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. Cost of damage will be
- (a) Rs.4500
 - (b) Rs.4575
 - (c) Rs.4000
 - (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 to 700 as godown rent, Rs. 1,000 as clearing charges and Rs. 300 as carriage inwards. The agent sells away 70 packets. Stock amount will be
- (a) Rs. 4500
 - (b) Rs. 4751
 - (c) Rs. 4651
 - (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.1000

30. Hardcore Computers Ltd. issued to public 15,000 shares of 10 each at a premium of Rs.2. Applications were received for 10,000 shares. The amount payable was as follows:

On application	3 per share
On allotment	4 per share (including premium)
On first and final call	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. 1000

(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 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 stock of materials for the Rs. 6,000. Profit or loss on joint venture will be

(a) Profit Rs. 8,000

(b) Loss 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.	8000	
To J			8000
(b) U/s loan A/c	Dr.	8000	
To R			4000

- | | | | |
|-----|-------------|-----|------|
| (c) | US Loan A/c | Dr. | 8000 |
| | To J | | 4000 |
| | To R | | 4000 |
- (d) None of the three
33. 33. Amit, Rohit and Sumit are partners sharing profits and losses in the ratio of 5:4:3. Sumit retires and if Amit and Rohit shares profits of Sumit in 4:3, then new profit sharing ratio will be
- (a) 4:3.
 (b) 47:37.
 (c) 5:4.
 (d) 5:3.
34. Rachna and Sapna are partners sharing profits equally. They admitted Ashana for 1/3 share in the firm. The new profit sharing ratio will be
- (a) 3:2:1.
 (b) 2:2:1.
 (c) 1:1:1.
 (d) Cannot be calculated.
35. Find the goodwill of the firm using capitalization method from the following information:
- | | |
|------------------------------------|---------------|
| Total capital employed in the firm | Rs. 80,00,000 |
| Reasonable rate of return | 15% |
| Profits for the year | Rs. 12,00,000 |
- (a) Rs. 68,00,000.
 (b) Rs. 12,00,000.
 (c) Rs. 11,88,000.
 (d) Nil.
36. Following figures have been taken from the trial balance of a trader
- | | |
|----------------------|------------|
| Purchases (Adjusted) | Rs. 30,000 |
| Sales | Rs. 40,000 |
| Closing Stock | 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 by 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. Sundry creditors 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) Sundry Creditors A/c	Dr.	50,000	
To P/L A/c			50,000

(b) P/L A/c	Dr.	50,000	
To Sundry Creditors			50,000

(c) Sundry Creditors A/c	Dr.	50,000	
To Cash A/c			50,000

- (d) None of the three.

39. Net salary paid to employees Rs. 45,000 in cash after deducting income tax Rs. 1000, professional tax Rs. 200 employees provident fund Rs. 2000, staff welfare fund Rs. 100 and recovery of loan Rs. 1700. 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 &

C, but the said amount was included in last years closing stock figure. Adjusting entry will be

(a)	S. Creditors A/c	Dr.	60,000	
	To A			60,000
(b)	Sundry 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 Sundry 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 stock of Rs. 1080 was brought into the books as Rs. 1800. Rectifying entry will be

(a)	Suspense A/c	Dr.	720	
	To Opening Stock			720
(b)	Opening Stock A/c	Dr.	720	
	To Suspense A/c			720
(c)	Trading A/c	Dr.	720	
	To Opening stock			720
(d)	None of the three			

44. The profits for the last four years are given as follows

Year	Rs.
2000	40,000
2001	50,000
2002	60,000
2003	50,000

The value of goodwill on the basis of 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. 2004 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.2400
 - (b) Profit Rs.2300
 - (c) Loss Rs.2406
 - (d) Loss Rs.3219
47. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 as on 31st December, 2006. On Jan. 1st, 2003 Co. started business in 2003 and has been following the practice of charging full years depreciation every year on Diminishing balance method @ 15%. Cost of machinery on 01.01.2003 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 2006.
- | | | |
|-------------|-----|--------|
| February 1 | Rs. | 12,000 |
| April 30 | Rs. | 6,000 |
| June 30 | Rs. | 9,000 |
| August 31 | Rs. | 12,000 |
| October 1 | Rs. | 8,000 |
| December 31 | Rs. | 7,000 |
- Interest on drawings @ 9% p.a. will be
- (a) Rs.2295
(b) Rs.2000
(c) Rs.2200
(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 as 5% on office furniture of Rs. 8,000; at 10% on plant and machinery of Rs. 80,000; 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.15,000
(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
- Rs. 500
 - Rs. 200
 - Rs. 300
 - 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. 1000 each at a discount of 10%. Discount on issue of debentures will be
- Rs. 15000
 - Rs. 14000
 - Rs. 10000
 - None of the three
56. A firm had an unrecorded investment of worth Rs.5,000. Entry in the firms 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, 2001. 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
- Rs. 400
 - Rs. 600
 - Rs. 800
 - 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. 2000. Amount transferred to capital reserve account will be
- Rs. 250
 - 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. The following information pertains to Suraj Ltd.
- | | | |
|-----------------------------------|-----|----------|
| 1. Equity share capital called up | Rs. | 5,00,000 |
| 2. Calls in arrears | Rs. | 40,000 |
| 3. Calls in advance | Rs. | 25,000 |
| 4. Proposed dividend | | 15% |
- Amount of dividend payable is
- (a) Rs. 69,000
 (b) Rs. 75,000
 (c) Rs. 70,000
 (d) None of the three.

SECTION – B : MERCANTILE LAWS (40 MARKS)

PART –I

61. An agreement made without consideration is valid under section 25 of 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 Section 11 of the Indian Contract Act, 1872 every person is competent to contract provided he:
- (a) is of the age of majority according to 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 person employed to do any act for another or to represent another in dealings with the third parties is:
- (a) Principal
 - (b) Agent
 - (c) Servant
 - (d) Bailee
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. 1000 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 be enforced if the event
 - (a) Does not happen within fixed time
 - (b) Becomes impossible before the expiry of fixed time
 - (c) Happened within the fixed time
 - (d) Both (a) and (b)
- 70. Essentials of Contract of Sale are
 - (a) At least 2 parties
 - (b) Subject matter must be goods
 - (c) None of the above
 - (d) Both (a) and (b)
- 71. 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) and (c)
- 72. Valid contract:
 - (a) In case of this collateral agreement are void.
 - (b) Not enforceable in a court of law
 - (c) An agreement enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others
 - (d) Enforceable at the option of the parties.

73. A person to whom money has been paid, or anything delivered under coercion
- (a) Becomes the owner of such money or those goods
 - (b) Is allowed to sell the goods and retain the money realized from such sale
 - (c) Has no obligation to return the money, he may do so only a good gesture.
 - (d) Must repay the money or return those goods.
74. Following conditions are implied in a Contract of Sale of Goods unless the circumstances of the contract show a different intention:
- (a) Condition as to title
 - (b) Sale by description:
 - (c) Sale by sample
 - (d) All of the above
75. A minor may be :
- (a) A partner of a firm
 - (b) Representative of the firm
 - (c) Entitled to carry on the business of the firm
 - (d) Admitted to the benefits of the partnership
76. A partnership firm is compulsorily dissolved where
- (a) All partner have becomes insolvent
 - (b) Firm's business has become unlawful
 - (c) The fixed term has expired
 - (d) In cases (a) and (b) only.
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 partner or of all the partner 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

PART -II

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. _____ does not exist
- (a) Liability for special damages
 - (b) Liability for exemplary damages
 - (c) Liability for nominal damages
 - (d) Liability for disciplinary damages
83. 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 so 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
84. A _____ agreement is one, which is enforceable at the option of one party
- (a) Voidable
 - (b) void
 - (c) valid
 - (d) illegal
85. The position of stranger to a contract and that of stranger to consideration is _____
- (a) Partially different
 - (b) Partially same
 - (c) Entirely different
 - (d) same

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 derange 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 relationship of principal and agent may arise by _____
- (a) Express or implied agreement
 - (b) Ratification
 - (c) Operation of law
 - (d) All of the above
89. Goods 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 of stoppage in transit
 - (c) Right of re-sale
 - (d) All of the above
92. Seller' means a person who _____
- (a) Sells goods
 - (b) Agrees to sell goods
 - (c) Sells or agree to sell goods
 - (d) Has sold goods

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. 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
95. A person who finds goods belonging to another and takes them into his custody _____
- (a) Becomes the owner of those goods thereafter
 - (b) Is subject to the same responsibility as a bailee
 - (c) Is allowed to sell them and retain the money realized from such sale
 - (d) Has no obligation to return those goods, he may do so only as a good gesture
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. Registration of firm is _____
- (a) Compulsory
 - (b) Optional
 - (c) Occasional
 - (d) None of the above

PART -III

99. A contracted with Housing Corporation for construction of number of houses. In calculating his price for the houses, A by mistake deducted a particular sum twice over. The Corporation affixed its seal to the contract, which correctly represented its intention
- (a) The contract is now binding

- (b) The contract can be avoided by A
 - (c) There is no contract at all since there no consensus ad idem
 - (d) The contract is not binding
100. A had offered B, a price of Rs.1,000,000/- for B's flat but B was not ready to sell the flat at all. A says to be that "I shall kill you if you do not agree to sell me your house for Rs.1,000,000/-" 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
 - (a) 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
 - (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 statement 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) upto six months from now
 - (b) upto 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) 5 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 example 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) more than 50 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 transfers 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) Gift tax was abolished in India in 1998
 - (c) All the states have adopted VAT system of indirect taxation
 - (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 years is known as years 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
 - (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 India.
- (a) Second
 - (b) Third
 - (c) Sixth
 - (d) Tenth
145. According to the latest data (2005) Plant Load Factor (PLF) is lowest in :
- (a) southern region
 - (b) northern region
 - (c) western region
 - (d) north 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 food grains was strictly prohibited
 - (c) The balance of payments situation was quite comfortable
 - (d) None of the above
149. The pre-condition for privatization to be successful requires:
- (a) liberalisation and de-regulation of the economy.
 - (b) capital markets should be sufficiently developed
 - (c) none of the above
 - (d) both of the above (a) & (b)
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 SD would be also divided by 3
 - (b) New SD would be multiplied by 3
 - (c) New SD increased by 3
 - (d) New SD decreased by 3
154. More laborious numerical calculation involves in A.M. than GM.
- (a) True
 - (b) False
 - (c) Both
 - (d) None of these
155. To find the median graphically 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

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 no. 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. $A \cup A$ is equal to
- (a) A
 - (b) ϕ
 - (c) $2A$
 - (d) None of these
166. The sum of m terms of AP is n and the sum of n terms of AP is m . The sum of $m+n$ terms is _____
- (a) $-(m+n)$
 - (b) $(m+n)$
 - (c) $(m-n)^2$
 - (d) m^2-n^2
167. The null set is given by
- (a) 0
 - (b) $\{\phi\}$
 - (c) ϕ
 - (d) $\{0\}$
168. If P is a set of natural number then $P \cap P'$ is
- (a) ϕ
 - (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 no. of factors must be known is _____ 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 $2x^{1/2} 3x^{-1}$ is equal to
- (a) 2
 - (b) 3
 - (c) 4
 - (d) 0
173. If $x = \sqrt{2 - \sqrt{2 - \sqrt{2}}} \dots \infty$ then it is equal to
- (a) -2
 - (b) 1
 - (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
- (a) 1/5

- (b) $\frac{2}{5}$
 (c) $\frac{1}{25}$
 (d) $\frac{2}{25}$
176. Rs. 80,000 is invested to earn a monthly interest of Rs. 1200 at the rate of _____ p.a. SI.
 (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. $\lim_{x \rightarrow 0} \frac{3^x - 1}{\sqrt{1+x} - 1}$ is equal to
 (a) $3 \log_e 2$
 (b) $2 \log_e 3$
 (c) $\log_e 6$
 (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 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
- 120
 - 60
 - 30
 - 15
182. The difference between CI and SI on a certain sum for 2 years at 6% p.a. is Rs. 13.50. Find the sum
- 3750
 - 2750
 - 4750
 - None of these
183. If $f(x)=x^2-1$ and $g(x) = \frac{x+1}{2}$ then $\frac{f(3)}{f(3)+g(3)}$ is
- $\frac{5}{4}$
 - $\frac{4}{5}$
 - $\frac{3}{5}$
 - $\frac{5}{3}$
184. The sum of two numbers are 16 and twice the square of larger part exceeds the square of smaller part by 164. Numbers are
- 10 and 6
 - 12 and 4
 - 11 and 5
 - None of these
185. If $3y - 2x = 4$ and $4y - px = 2$ are perpendicular to each other, the value of p is equal to
- 6
 - 6
 - 2
 - 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
- 153
 - 152.5
 - 151.5

- (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

- (a) $\frac{5}{7}$ and $\frac{6}{7}$
- (b) $-\frac{4}{7}$ and $-\frac{11}{7}$
- (c) 2 and 4
- (d) None of these

194. If the first Quartile is 104 and quartile deviation is 18, the third quartile will be

- (a) 140
- (b) 116
- (c) 20
- (d) 0

195. What is the present value of Re 1 to be received after 2 years compounded annually at 10%?

- (a) 0.56
- (b) 0.78
- (c) 0.99
- (d) 0.83

196. The value of $\int_0^1 x(1-x)^n dx$ is equal to

- (a) 0
- (b) 1
- (c) $\frac{1}{(n+1)(n+2)}$
- (d) $(n+1)(n+2)$

197. In a class 30 students, 20 students like maths, 18 like science and 12 like both the subject. Find the number of student who like no subject.

- (a) 4
- (b) 5

- (c) 8
(d) None of these
198. $\frac{d}{dx} e^{2 \log x}$ is equal to
(a) 2
(b) $2x$
(c) x^2
(d) 0
199. If the quartile deviation of x is 6 and $4x + 8y = 20$, What is the quartile deviation of y
(a) 3
(b) 4
(c) 5
(d) 1
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.
(a) 0.50
(b) 0.40
(c) 1.00
(d) -1.00