
MODEL TEST PAPERS

**Common Proficiency Test (CPT)
Volume - I**



Board of Studies

The Institute of Chartered Accountants of India

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Price : ₹ 350.00

Revised Edition : November, 2014

Updated Edition : November 2015

Website : www.icai.org E-mail : bosnoida@icai.in

ISBN No. : 978-81-8441-039-6

Published by The Publication Department on behalf of The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi - 110 002, India.

Designed & Printed at Repro India Limited, 50/2, TTC MIDC Industrial Area, Mahape, Navi Mumbai - 400 710, India.

November / 2015 / P1854 (Updated)

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▣ A WORD ABOUT MODEL TEST PAPERS ▣

Common Proficiency Test (CPT) is an entry level test for Chartered Accountancy Course. It is an objective type test of 200 marks of four subjects, i.e. Fundamentals of Accounting, Mercantile Laws, General Economics and Quantitative Aptitude with an objective to test the basic knowledge in these subject areas. The Board of Studies has prepared comprehensive study materials on these subjects containing lots of objective type questions which will help the students in appearing for the Common Proficiency Test. In addition, Model Test Papers are being published to strengthen the existing question bank given in the Study Material. Model Test Papers will also serve as a useful and handy reference guide to students while preparing for Common Proficiency Test (CPT). Further, it will enhance your understanding about the pattern of questions set and the manner of answering such questions within the given time frames.

The Model Test Papers have been divided in two volumes, namely Volume I containing 20 Model Test papers comprising of 4,000 objective type questions and Volume II containing 10 Model Test papers comprising of 2,000 objective type questions. These test papers will help the students to test their level of preparation in each subject. Each Model Test Paper has been divided into four sections. Section A relates to Fundamentals of Accounting carrying 60 marks and Section B Mercantile Laws carrying 40 marks. Section C and D relate to General Economics and Quantitative Aptitude carrying 50 Marks each. All Model Test Papers have been carefully designed so as to expose to students of all types of questions such as one line statement questions and fill in the blank questions, numerical based and table based questions, paragraph based and diagram based questions. The students are advised to answer each test paper under examination conditions. We are confident that these Model Test papers will enable you to enhance your speed and guide you to improve your performance in the examinations.

Happy Reading and Best Wishes !



The Institute of Chartered Accountants of India

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT/VOLUME - 1

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 1

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. RPC Ltd. follows the written down value method of depreciating machinery year after year by applying the principle of

- | | |
|--------------------|-----------------------|
| (a) Comparability. | (b) Convenience. |
| (c) Consistency. | (d) All of the above. |

2. A change in accounting policy is justified

- (a) To comply with accounting standards
- (b) To ensure more appropriate presentation of the financial statement of the enterprise.
- (c) To comply with the law.
- (d) All of the above.

3. Purchases book records:

- | | |
|--|--|
| (a) All cash purchases | (b) All credit purchases of goods & assets |
| (c) All Credit purchases of goods in trade only. | (d) None of the above |

4. A Bank Reconciliation Statement is prepared to know the causes for the difference between:

- (a) The balances as per cash column of Cash Book and the Pass Book
- (b) The balance as per bank column of Cash Book and the Pass Book
- (c) The balance as per bank column of Cash Book and balances as per cash column of Cash Book
- (d) None of the above

MODEL TEST PAPER - 1

5. While finalizing the current year's profit, the company realized that there was an error in the valuation of closing inventory of the previous year. In the previous year, closing inventory was valued more by Rs.50,000. As a result

- (a) Previous year's profit is overstated and current year's profit is also overstated
- (b) Previous year's profit is understated and current year's profit is overstated
- (c) Previous year's profit is understated and current year's profit is also understated
- (d) Previous year's profit is overstated and current year's profit is understated

6. In the absence of any provision in the partnership agreement, profits and losses are shared

- (a) In the ratio of capitals
- (b) Equally
- (c) In the ratio of loans given by them to the partnership firm
- (d) None of the above

7. Fundamental accounting assumption is

- (a) Materiality
- (b) Business entity
- (c) Going concern
- (d) Dual aspect

8. Which of the following errors are not revealed by the Trial Balance?

- (a) Compensating errors
- (b) Errors of commission
- (c) Wrong balancing of an account
- (d) Wrong totalling of an account

9. Which of the following are of capital nature?

- (a) Purchase of goods
- (b) Cost of repairs
- (c) Wages paid for installation of machinery
- (d) Rent of a factory

10. Which of the following statement is not true?

- (a) If del-credere's commission is allowed, bad debt will not be recorded in the books of consignor
- (b) If del-credere's commission is allowed, bad debt will be debited in consignment account
- (c) Del-credere's commission is allowed by consignor to consignee
- (d) Del-credere's commission is generally given to promote credit sales

11. Discount on issue of debentures is a _____

- (a) Revenue loss to be charged in the year of issue
- (b) Capital loss to be written off from capital reserve
- (c) Capital loss to be written off over the tenure of the debentures
- (d) Capital loss to be shown as goodwill



- 12. Loss on issue of debentures is treated as _____**
- (a) Intangible asset (b) Current liability
(c) Other non-current/current assets (depending on tenure of its amortization)
(d) None of the above
- 13. Dividends are usually paid as a percentage of _____**
- (a) Authorized share capital (b) Net profit
(c) Paid-up capital (d) Called-up capital
- 14. 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 which ever is higher
(d) Policy amount or surrender value which ever is lower
- 15. Profit or loss on revaluation is shared among the partners in _____ ratio.**
- (a) Old Profit Sharing (b) New Profit Sharing
(c) Capital (d) Equal
- 16. Interest on capital will be paid to the partners if provided for in the agreement but only from _____**
- (a) Profits of the year (b) Reserves
(c) Accumulated Profits (d) Goodwill
- 17. The owner of the consignment inventory is _____**
- (a) Consignor (b) Consignee
(c) Trade receivables (d) None
- 18. The parties to joint venture is called _____**
- (a) Co-venturers (b) Partners
(c) Principal & Agent (d) Friends
- 19. The accommodation bill is drawn _____**
- (a) To finance actual purchase or sale of goods
(b) To facilitate trade transmission
(c) When both parties are in need of funds
(d) None of the above
- 20. The number of production or similar units expected to be obtained from the use of an asset by an enterprise is called as _____**
- (a) Unit life (b) Useful life
(c) Production life (d) Expected life

MODEL TEST PAPER - 1

21. Mr. A purchased a machinery costing Rs. 1,00,000 on 1st October, 2009. Transportation and installation charges were incurred amounting Rs. 10,000 and Rs. 4,000 respectively. Dismantling charges of the old machine in place of which new machine was purchased amounted Rs. 10,000. Market value of the machine was estimated at Rs. 1,20,000 on 31st March 2010. While finalising the annual accounts, A values the machinery at Rs. 1,20,000 in his books.

Which of the following concepts was violated by A?

- (a) Cost concept (b) Matching concept
(c) Realisation concept (d) Periodicity concept.

22. M/s ABC Brothers, 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 Straight Line to Written Down Value (WDV) Method, since such change would result in the additional depreciation of Rs. 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. The objection of the auditor 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 or change would result in more appropriate presentation of financial statement or for compliance with the accounting standard
(d) Method of depreciation cannot be changed under any circumstances

23. If cost of goods sold is Rs.80,700, Opening inventory Rs.5,800 and Closing inventory Rs.6,000. Then the amount of purchase will be

- (a) Rs.80,500 (b) Rs.74,900
(c) Rs.74,700 (d) Rs.80,900

24. Original cost = Rs. 1,26,000. Salvage value = 6,000. Useful Life = 6 years. Annual depreciation under SLM will be

- (a) Rs.21,000 (b) Rs.20,000
(c) Rs.15,000 (d) Rs.14,000

25. A new firm commenced business on 1st January, 2009 and purchased goods costing Rs. 90,000 during the year. A sum of Rs. 6,000 was spent on freight inwards. At the end of the year the cost of goods still unsold was Rs.12,000. Sales during the year Rs.1,20,000. What is the gross profit earned by the firm?

- (a) Rs. 36,000 (b) Rs. 30,000
(c) Rs. 42,000 (d) Rs. 38,000

26. X of Kolkata sends out goods costing Rs. 3,00,000 to Y of Mumbai at cost + 25%. Consignor's expenses Rs. 5,000. 1/10th of the goods were lost in transit. Insurance claim received Rs. 3,000. The net loss on account of abnormal loss is

- (a) Rs.27,500 (b) Rs.25,500
(c) Rs.30,500 (d) Rs.27,000



27. A and V enter into a joint venture to sell a consignment of biscuits sharing profits and losses equally. A provided biscuits from his inventory Rs. 10,000. He paid expenses amounting to Rs. 1,000. V incurred further expenses on carriage Rs. 1,000. He received cash for sales Rs. 15,000. He also took over goods to the value of Rs. 2,000. The profit on joint venture will be
- (a) Rs.3,000 (b) Rs.5,000
(c) Rs.6,000 (d) Rs.3,500
28. X draws a bill on Y for Rs. 20,000 for 3 months on 1.1.10. The bill is discounted with banker at a charge of Rs. 100. At maturity the bill return dishonoured. In the books of X, for dishonour, the bank account will be credited by
- (a) Rs. 19,900 (b) Rs. 20,000
(c) Rs. 20,100 (d) Rs. 19,800
29. A sent some goods costing Rs.3,500 at a profit of 25% on sale to B on sale or return basis. B returned goods costing Rs.800. At the end of the accounting period i.e. on 31st December, 2009, the remaining goods were neither returned nor were approved by him. The inventory sent on approval will be shown in the balance sheet at
- (a) Rs. 2,000 (b) Rs. 2,700
(c) Rs. 2,700 less 25% of 2,700 (d) Rs. 3,500
30. A and B are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing interest on capital. Profits apportioned among A and B is
- (a) Rs. 4,680 and Rs. 3,120 (b) Rs. 4,800 and Rs. 3,000
(c) Rs. 5,000 and Rs. 2,800 (d) None of the above
31. A & B are partners sharing profits and losses in the ratio 5:3. On admission, C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B and C are 7:5:4. The sacrificing ratio among A & B will be
- (a) 3:1 (b) 4:7
(c) 5:4 (d) 2:1
32. The cash book showed an overdraft of Rs.1,500, but the pass book made up to the same date showed that cheques of Rs.100, Rs. 50 and Rs.125 respectively had not been presented for payments; and the cheque of Rs.400 paid into account had not been cleared. The balance as per the pass book will be
- (a) Rs. 1,100 (b) Rs. 2,175
(c) Rs. 1,625 (d) Rs. 1,375
33. A second hand car is purchased for Rs.10,000, the amount of Rs. 1,000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owner's name and Rs. 1,200 is paid as dealer's commission. The amount debited to car account will be
- (a) Rs. 10,000 (b) Rs. 10,500
(c) Rs. 11,500 (d) Rs. 12,700

34. If a purchase return of Rs.84 has been wrongly posted to the debit of the sales return account, but had been correctly entered in the suppliers account, the total of the trial balance would show

- (a) the credit side to be Rs.84 more than debit side
- (b) the debit side to be Rs.84 more than credit side
- (c) the credit side to be Rs.168 more than debit side
- (d) the debit side to be Rs.168 more than credit side

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

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		15,000
2.	Purchases	10,000	
3.	Miscellaneous expenses	2,500	
4.	Salaries		<u>2,500</u>
	Total	<u>12,500</u>	<u>17,500</u>

The above difference in trial balance is due to

- (a) wrong placing of sales account
- (b) wrong placing of salaries account
- (c) wrong placing of miscellaneous expenses account
- (d) wrong placing of all accounts

36. R, J and D are the partners sharing profits in the ratio 7:5:4. D died on 30th June 2009. It was decided to value the goodwill on the basis of three year's purchase of last five years average profits. If the profits are Rs. 29,600; Rs. 28,700; Rs. 28,900; Rs. 24,000 and Rs. 26,800. D's share of goodwill will be

- (a) Rs. 20,700
- (b) Rs. 27,600
- (c) Rs. 82,800
- (d) Rs. 27,000

37. A company forfeited 2,000 shares of Rs.10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs.9. On forfeiture, the amount debited to share capital will be

- (a) Rs.10,000
- (b) Rs.8,000
- (c) Rs.2,000
- (d) Rs.18,000

38. S Ltd. issued 2,000, 10% Preference shares of Rs.100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 Equity Shares of Rs.100 each at a premium of 20% per share. At the time of redemption of Preference Shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be

- (a) Rs.50,000
- (b) Rs.40,000
- (c) Rs.2,00,000
- (d) Rs.2,20,000



39. W Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be
- (a) Rs.40,000 (b) Rs.10,000
(c) Rs.20,000 (d) Rs.8,000
40. X sent out certain goods to Y of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs 12,500. Invoice value of goods sent out on consignment will be:
- (a) Rs.120,000 (b) Rs.125,000
(c) Rs.140,000 (d) Rs.100,000
41. T Ltd. purchased land and building from U Ltd. for a book value of Rs.2,00,000. The consideration was paid by issue of 12% Debentures of Rs.100 each at a discount of 20%. The debentures account will be credited with
- (a) Rs.2,60,000 (b) Rs.2,50,000
(c) Rs.2,40,000 (d) Rs.1,60,000
42. B Ltd. issued shares of Rs.10 each at par. Mr. C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeits his entire shares, the forfeiture account will be credited by
- (a) Rs.90 (b) Rs.81
(c) Rs.60 (d) Rs.54
43. A, B and C are partners sharing profits and losses in the ratio 9:4:3. The firm took separate life policy of Rs. 25,000 for A, Rs. 20,000 for B and Rs. 51,000 for C. What is the share of C in the policy amount?
- (a) Rs. 18,000 (b) Rs. 25,000
(c) Rs. 51,000 (d) Rs. 20,000
44. A and B are partners sharing profits and losses in the ratio of 3:2 (A's Capital is Rs.30,000 and B's Capital is Rs.15,000). They admitted C and agreed to give 1/5th share of profits to him. How much C should bring in towards his capital?
- (a) Rs. 9,000 (b) Rs. 12,000
(c) Rs. 14,500 (d) Rs. 11,250
45. A and B are partners with the capital Rs. 50,000 and Rs. 40,000 respectively. They share profits and losses equally. C is admitted on bringing Rs. 50,000 as capital only and nothing was brought against goodwill. Goodwill valued as Rs. 35,000 which was adjusted through the Capital accounts of the partners. What will be value of goodwill in the books after the admission of C?
- (a) Rs. 55,000 (b) NIL
(c) Rs. 20,000 (d) Rs. 15,000

MODEL TEST PAPER - 1

- 46. X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before interest on partner's loan was Rs. 6,000 and Y determined interest @ 24% p.a. on his loan of Rs. 80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.**
- (a) Rs. 2,000 to each partner
(b) Loss of Rs. 4,400 for X and Z & Y will take home Rs. 14,800
(c) Rs. 400 for X, Rs. 5,200 for Y and Rs. 400 for Z
(d) Rs. 2,400 to each partner
- 47. A merchant sends out his goods casually to his dealers on approval basis. All such transactions are, however, recorded as actual sales and are passed through the sales book. On 31-12-2009, it was found that 100 articles at a sale price of 200 each sent on approval basis were recorded as actual sales at that price. The sale price was made at cost plus 25%. The value of inventory on approval will be amounting**
- (a) Rs.16,000 (b) Rs. 20,000
(c) Rs.15,000 (d) None of the above
- 48. A draws a bill on B for Rs 30,000. A wants to endorse it to C in settlement of Rs 35,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to B?**
- (a) Rs.4,300 (b) Rs.4,000
(c) Rs.4,100 (d) Rs.5,000
- 49. A and B enter into a joint venture for purchase and sale of Type-writer. A purchased Typewriter costing Rs. 1,00,000. Repairing expenses Rs. 10,000, printing expenses Rs. 10,000. B sold it at 20% margin on selling price. The sales value will be:**
- (a) Rs. 1,25,000 (b) Rs. 1,50,000
(c) Rs. 1,00,000 (d) Rs. 1,40,000
- 50. P of Faridabad sent out goods costing Rs. 45,000 to Y of Delhi at cost + 33^{1/3}%. 1/10th of goods were lost in transit. 2/3rd of the goods received are sold at 20% above invoice price. The amount of sale value will be:**
- (a) Rs.54,000 (b) Rs.43,200
(c) Rs.60,000 (d) Rs.36,000
- 51. Rent paid on 1st October, 2008 for the year to 30th September, 2009 was Rs. 1,200 and rent paid on 1st October, 2009 for the year to 30th September, 2010 was Rs. 1,600. Rent paid, as shown in the profit and loss account for the year ended 31st December 2009, would be:**
- (a) Rs. 1,200 (b) Rs. 1,600
(c) Rs. 1,300 (d) Rs. 1,500



52. H Ltd. purchased a machinery on April 01, 2005 for Rs.3,00,000. It is estimated that the machinery will have a useful life of 5 years after which it will have no salvage value. If the company follows sum-of-the-years' digits method of depreciation, the amount of depreciation charged during the year 2009-2010 was

- (a) Rs.1,00,000 (b) Rs.80,000
(c) Rs.60,000 (d) Rs.20,000

53. If Average inventory = Rs. 12,000. Closing inventory is Rs. 3,000 more than opening inventory then the value of closing inventory will be

- (a) Rs. 12,000 (b) Rs. 24,000
(c) Rs. 10,500 (d) Rs. 13,500

54. O Ltd. maintains the inventory records under perpetual system of inventory. Consider the following data pertaining to inventory of O Ltd. held for the month of March 2010:

Date	Particulars	Quantity	Cost Per unit (Rs.)
Mar. 1	Opening Inventory	15	400
Mar. 4	Purchases	20	450
Mar. 6	Purchases	10	460

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

- (a) Rs.5,200 (b) Rs.5,681
(c) Rs.5,800 (d) Rs.5,950.

55. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2012 is Rs. 1,500. Cheques deposited but not cleared amounts to Rs.100 and Cheques issued but not presented of Rs. 150. The bank allowed interest amounting Rs.50 and collected dividend Rs. 50 on behalf of ABC Enterprises. Balance as per pass book should be

- (a) Rs. 1,600 (b) Rs. 1,450
(c) Rs. 1,850 (d) Rs. 1,650

56. If a purchase return of Rs.1,000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers' account, the total of the

- (a) trial balance would show the debit side to be Rs.1,000 more than the credit
(b) trial balance would show the credit side to be Rs.1,000 more than the debit
(c) the debit side of the trial balance will be Rs.2,000 more than the credit side
(d) the credit side of the trial balance will be Rs.2,000 more than the debit side

57. If repair cost is Rs.25,000, whitewash expenses are Rs. 5,000, cost of extension of building is Rs.2,50,000 and cost of improvement in electrical wiring system is Rs. 19,000; the amount to be expensed is

- (a) Rs. 2,99,000 (b) Rs. 44,000
(c) Rs. 30,000 (d) Rs. 49,000

MODEL TEST PAPER - 1

58. Sunset Tours has Rs. 3,500 account receivable from Mohan. On January 20, the later makes a partial payment of Rs. 2,100 to Sunset Tours. The journal entry made on January 20 by Sunset Tours to record this transaction includes:

- (a) A credit to the cash received account of Rs.2,100
- (b) A credit to the Accounts receivable account of Rs.2,100
- (c) A debit to the cash account of Rs.1,400
- (d) A debit to the Accounts receivable account of Rs.1,400

59. A company forfeited 1,000 shares of Rs. 20 each (which were issued at par) held by Mr. Mohan for non-payment of allotment money of Rs. 8 per share. The called-up value per share was Rs. 18. On forfeiture, the amount debited to share capital will be

- (a) Rs. 10,000
- (b) Rs. 8,000
- (c) Rs. 2,000
- (d) Rs. 18,000

60. A, B and C are partners sharing profits in the ratio 2:2:1. On retirement of B, goodwill was valued as Rs. 30,000. Contribution of A and C to compensate B will be

- (a) Rs. 20,000 and Rs. 10,000 respectively
- (b) Rs. 8,000 and Rs. 4,000 respectively
- (c) They will not contribute any thing
- (d) Information is insufficient for any comment

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Which of the following is false? An offer to be valid must:

- (a) Intend to create legal relations
- (b) Have certain & unambiguous terms
- (c) Contain a term the non-compliance of which would amount to acceptance
- (d) Be communicated to the person to whom it is made

62. Which of the following statement is true?

- (a) Consideration must result in a benefit to both parties
- (b) Past consideration is no consideration in India
- (c) Consideration must be adequate
- (d) Consideration must be something, which a promisor is not already bound to do

63. Which of the following is not an exception to the rule – No Consideration, No Contract?

- (a) Compensation for involuntary services
- (b) Love & Affection
- (c) Contract of Agency
- (d) Gift



64. A minor's liability for 'necessaries' supplied to him;

- (a) Arises after he attains majority age
- (b) Is against only minor's property
- (c) Does not arise at all
- (d) Arises if minor gives a promise for it

65. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy?

- (a) Trading with an enemy
- (b) Trafficking in public offices
- (c) Marriage brokerage contracts
- (d) Contracts to do impossible acts

66. Which of the following persons can perform the contract?

- (a) Promisor alone
- (b) Legal representatives of promisor
- (c) Agent of the promisor
- (d) All of these

67. A, B and C jointly promised to pay Rs. 60,000 to D. Before performance of the contract, C dies. Here, the contract

- (a) becomes void on C's death
- (b) should be performed by A and B along with C's legal representatives
- (c) should be performed by A and B alone
- (d) should be renewed between A, B and D

68. Generally, which of the following damages are not recoverable?

- (a) Ordinary damages
- (b) Special damages
- (c) Remote damages
- (d) Nominal damages

69. 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

70. The term "goods" under the Sale of Goods Act, 1930 does not include

- (a) goodwill
- (b) actionable claims
- (c) stocks and shares
- (d) harvested crops

71. Which of the following is not an implied condition in a contract of sale?

- (a) Condition as to title
- (b) Condition as to description
- (c) Condition as to free from encumbrance
- (d) Condition as to sample

MODEL TEST PAPER - 1

72. Which of the following is not a form of delivery?

- (a) Constructive delivery
- (b) Structured delivery
- (c) Actual delivery
- (d) Symbolic delivery

73. Mercantile Agent is having an authority to

- (a) Sell or consign goods
- (b) Raise money on the security of goods
- (c) Sell or buy goods
- (d) Any of the above

74. Doctrine of Caveat Emptor means

- (a) Let the seller beware
- (b) Let the buyer beware
- (c) Let the creditor beware
- (d) None of the above

75. The most important element in partnership is:

- (a) Business
- (b) Sharing of Profits
- (c) Agreement
- (d) Business to be carried on by all or any of them acting for all.

76. In the absence of agreement to the contrary all partners are:

- (a) Not entitled to share profits
- (b) Entitled to share in capital ratio
- (c) Entitled to share in proportion to their ages
- (d) Entitled to share profits equally

77. Active partner is one who:

- (a) Takes part in the business of the firm
- (b) Actively participates in co-curricular activities
- (c) Actively shares the profits
- (d) Makes a show of authority

78. On dissolution the partners remain liable to till

- (a) Accounts are settled
- (b) Partners dues are paid off
- (c) Public notice is given
- (d) The registrar strikes off the name

79. Which of the following statements, about the registration of firm, is not true:

- (a) It must be done at the time of its formation
- (b) It may be done at the time of formation
- (c) It may be done before filing a suit against third party
- (d) It may be done at any time after its formation



- 80. An agreement which is enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others is a _____**
- (a) Valid Contract (b) Void Contract
(c) Voidable Contract (d) Illegal Contract
- 81. When the consent of a party is not free, the contract is _____**
- (a) Void (b) Voidable
(c) Valid (d) Illegal
- 82. Ordinarily, a minor's agreement is _____**
- (a) Void ab initio (b) Voidable
(c) Valid (d) Unlawful
- 83. The threat to commit suicide amounts to _____**
- (a) Coercion (b) Undue Influence
(c) Misrepresentation (d) Fraud
- 84. An agreement the object or consideration of which is unlawful, is _____**
- (a) Void (b) Valid
(c) Voidable (d) Contingent
- 85. A contingent contract is _____**
- (a) Void (b) Voidable
(c) Valid (d) Illegal
- 86. A agrees to sell his car worth Rs. 100,000 to B for Rs. 20,000 only, and A's consent was obtained by coercion. Here, the agreement is _____**
- (a) Void (b) Valid
(c) Voidable (d) Unlawful
- 87. A agrees to pay Rs. 5 lakhs to B if he (B) procures an employment for A in Income Tax Department. This agreement is _____**
- (a) Void (b) Valid
(c) Voidable (d) Contingent
- 88. Agreement-the meaning of which is uncertain is _____**
- (a) Valid (b) Void
(c) Voidable (d) Illegal
- 89. A contract for the sale of "future goods" is _____**
- (a) Sale (b) Agreement to sell.
(c) Void (d) Hire-purchase contract

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90. A stipulation which is collateral to the main purpose of the contract, and if proves false, gives the buyer only a right to claim damages, is known as _____

- (a) Conditions (b) Guarantee
(c) Warranty (d) None of these

91. 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

92. 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

93. An auction sale is complete on the _____

- (a) Delivery of goods (b) Payment of price
(c) Fall of hammer (d) None of the above

94. If A agrees to deliver 100 kg of sugar to B in exchange of 15 mts of cloth, then it is _____

- (a) Contract of sale (b) Agreement to sell
(c) Sale on Approval (d) Barter

95. A partner can retire on _____

- (a) Reaching the age of superannuation
(b) On the balance in the capital account reaching a certain amount
(c) In accordance with the Partnership Deed
(d) On the condition of his nominee becoming a partner

96. Death of partner has the effect of _____

- (a) Dissolving the firm
(b) Result in continuance of the business of the firm
(c) His heirs joining the firm
(d) Computation of profits upto the date of death

97. Registration of a firm is _____

- (a) Compulsory (b) Optional
(c) Occasional (d) None of the above

98. The reconstitution of the firm takes place in case of _____

- (a) Admission of a partner (b) Retirement of a partner
(c) Expulsion or death of a partner (d) All of the above



99. G paid Rs.1,00,000 to H to influence the head of the Government Organisation in order to provide him some employment. On his failure to provide the job, G sued H for recovery of the amount. Which of the following is correct?

- (a) The contract is valid and G can recover the amount from H.
- (b) The contract is void as it is opposed to public policy and G cannot recover
- (c) G can recover the amount with interest
- (d) G can recover the amount of Rs.1,00,000 and damages

100. A sold a tin of disinfectant powder to K without warning knowing fully that if the tin was not opened with care, it will likely to cause injury. K was injured while opening the tin. Which of the following statement(s) is/are correct?

- (a) A is not liable to K under the Doctrine of caveat emptor
- (b) A is liable for the damages
- (c) A has no duty to disclose the facts to K
- (d) The buyer has the responsibility to enquire about all the things before purchasing the goods

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. What implication does resource scarcity have for the satisfaction of wants?

- (a) Not all wants can be satisfied
- (b) We will never be faced with the need to make choices
- (c) We must develop ways to decrease our individual wants
- (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants

102. Who expressed the view that “Economics should be neutral between ends”?

- (a) Robbins
- (b) Marshall
- (c) Pigou
- (d) Adam Smith

103. Which of the following pairs of goods is an example of substitutes?

- (a) Tea and sugar
- (b) Tea and coffee
- (c) Pen and ink
- (d) Shirt and trousers

104. The consumer is in equilibrium when the following condition is satisfied:

- (a) $\frac{MU_x}{MU_y} > \frac{P_x}{P_y}$
- (b) $\frac{MU_x}{MU_y} < \frac{P_x}{P_y}$
- (c) $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$
- (d) None of the above

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105. In the production of wheat, all of the following are variable factors that are used by the farmer except:

- (a) the seed and fertilizer used when the crop is planted
- (b) the field that has been cleared of trees and in which the crop is planted
- (c) the tractor used by the farmer in planting and cultivating not only wheat but also corn and barley
- (d) the number of hours that the farmer spends cultivating the wheat fields

106. 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

107. Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be “small” relative to the market. Which of the following best describes this smallness?

- (a) The individual firm must have fewer than 10 employees
- (b) The individual firm faces a downward-sloping demand curve
- (c) The individual firm has assets of less than Rs.20 lakh
- (d) The individual firm is unable to affect market price through its output decisions

108. 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

109. Which of the following statements is correct?

- (a) The public sector was given a dominant position in the newly Independent India
- (b) The foreign trade policy post Independence allowed free trade of all goods and services
- (c) Monetary policy post Independence was the responsibility of SBI
- (d) None of the above

110. The unsustainable levels of government deficits in the late 80’s can be attributed to:

- (a) high levels of government expenditures
- (b) insufficient revenues
- (c) poor returns on government investments
- (d) all of the above

111. What is India’s rank in world population?

- (a) First
- (b) Second
- (c) Third
- (d) Fourth



112. Which of the following statements is correct?

- (a) Gini coefficients are often used for measuring poverty in relative sense
- (b) When poverty is related to the distribution of income or consumption expenditure, it is absolute poverty
- (c) In India, we mainly use the concept of relative poverty for measuring poverty.
- (d) None of the above

113. The industrial sector faced the process of retrogression and deceleration during

- (a) 1950-1965
- (b) 1990-2005
- (c) 1980-1995
- (d) 1965-1980

114. Find the tax which is direct tax among the following:

- (a) Personal income tax
- (b) Excise duty
- (c) Sales tax
- (d) Service tax

115. As a result of the New Industrial Policy, 1991:

- (a) the public sector has been stripped off all its power
- (b) the public sector has been given the commanding heights of the economy
- (c) the public sector's portfolio will be reviewed with greater realism. The focus will be on strategic high tech and essential infrastructure industries
- (d) the public sector's management has been passed over to the private sector

116. 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

117. Under _____ market condition, firms make normal profits in the long run.

- (a) Perfect Competition
- (b) Monopoly
- (c) Oligopoly
- (d) None of the above

118. Larger production of _____ goods would lead to higher production in future.

- (a) Consumer goods
- (b) Capital goods
- (c) Agricultural goods
- (d) Public goods

119. Consumer surplus means _____ .

- (a) the area inside the budget line
- (b) the area between the average revenue and marginal revenue curves
- (c) the difference between the maximum amount a person is willing to pay for a good and its market price
- (d) none of the above

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120. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is _____

- (a) zero (b) infinite
(c) equal to one (d) greater than zero but less than one

121. The average product of labour is maximized when marginal product of labour _____.

- (a) equals the average product of labour
(b) equals zero
(c) is maximized
(d) none of the above

122. When _____, we know that the firms are earning just normal profits.

- (a) $AC = AR$ (b) $MC = MR$
(c) $MC = AC$ (d) $AR = MR$

123. In a free market economy, when consumers increase their purchase of a good and the level of _____ exceeds _____ then prices tend to rise.

- (a) demand, supply (b) supply, demand
(c) prices, demand (d) profits, supply

124. _____ is the apex bank for agriculture credit.

- (a) RBI (b) SIDBI
(c) NABARD (d) ICICI

125. India has the _____ largest scientific and technical manpower in the world.

- (a) fifth (b) tenth
(c) eighth (d) third

126. More than _____ percent of the sick units in India are small units.

- (a) 10 percent (b) 4 percent
(c) 30 percent (d) 90 percent

127. The Eleventh Plan aims at achieving a growth rate of _____ in the industrial sector.

- (a) 5 per cent (b) 8 percent
(c) 10 percent (d) 6 percent

128. Nearly _____ percent of working population is engaged in the service sector (2011-12).

- (a) 27 percent (b) 45 percent
(c) 80 percent (d) 50 percent

129. Service sector accounted for nearly _____ percent of exports (2012-13).

- (a) One Fourth (b) Two Third
(c) One Third (d) Two Fourth



130 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

131. _____ unemployment may result when some workers are temporarily out of work while changing job.

- (a) Cyclical (b) Voluntary
(c) Frictional (d) Seasonal

132. According to the Planning Commission, using Mixed Recall period (MRP) _____ % people were below poverty line in 2011-12. (based on Tendulkar Committee Report)

- (a) 26.2 (b) 25.2
(c) 27.8 (d) 21.9

Read the following paragraph and answer questions 133-134.

In 1940, Hitler's air force bombed Rotterdam, a beautiful city in Holland. Twenty five thousand homes, 1200 factories, 69 schools and 13 hospitals were destroyed. Nearly 75,000 people became homeless and 1000 people died. 35 % of the port was gutted by the German army.

133. The above destruction would mean:

- (a) A complete wipe off of the Production Possibilities Curve (PPC) of Rotterdam
(b) An outward shift of the PPC of Rotterdam
(c) An inward shift of the PPC of Rotterdam
(d) A downward movement on the same PPC of Rotterdam

134. If immediately after the war, Rotterdam rebuilt its port with the help of most up to date cranes, docks and cargo handling technology. By the end of the reconstruction, ships were loading and unloading faster and at lower cost than any where in the world. It became more efficient than it was before the destruction. This means:

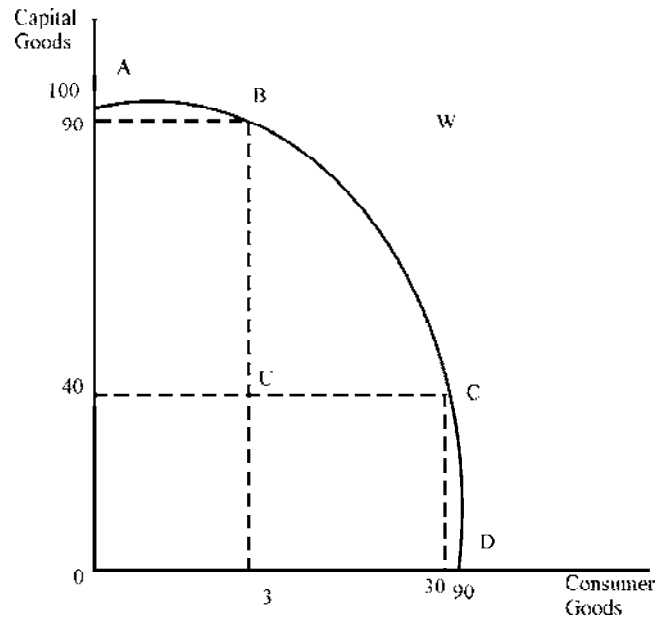
- (a) Rotterdam has come back to its original PPC
(b) Rotterdam has shifted to a higher PPC
(c) Rotterdam has shifted to a lower PPC
(d) Nothing can be said

Read the following figure and answer questions 135-137.

135. Which of the following represents the concept of trade-offs?

- (a) A movement from point A to point B.
(b) A movement from point U to point C.
(c) Point W.
(d) Point U.

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136. Which of the following would not move the PPF for this economy closer to point W?

- (a) A decrease in the amount of unemployed labour resources
- (b) A shift in preferences toward greater capital formation
- (c) An improvement in the overall level of technology
- (d) An increase in the population growth rate

137. Unemployment or underemployment of one or more resources is illustrated by production at point:

- (a) A
- (b) C
- (c) U
- (d) W

Use Table 1 to answer questions 138-140.

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

138. The average fixed cost of 2 units of output is:

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

139. The marginal cost of the sixth unit of output is:

- (a) Rs.133
- (b) Rs.75
- (c) Rs.80
- (d) Rs.450



140. Diminishing marginal returns starts to occur between units:

- (a) 2 and 3 (b) 3 and 4
(c) 4 and 5 (d) 5 and 6

Use Table 2 to answer questions 141-143

Table 2: Production Possibilities						
Production possibilities	A	B	C	D	E	F
Good X	0	1	2	3	4	5
Good Y	30	28	24	18	10	0

141. According to Table 2, the opportunity cost of increasing Good X's production from 2 to 4 units is equal to:

- (a) 10 units of Y (b) 14 units of Y
(c) 24 units of Y (d) 2 units of Y

142. According to Table 2, the opportunity cost of increasing one unit of Good Y from 10 units to 18 units is:

- (a) 3 units of X (b) 1 unit of X
(c) 0.125 units of X (d) 0.5 units of X

143. Given the data in Table 2, as one moves from successively from point A to point B, C, D, E and F, the opportunity cost of Good X:

- (a) increases as more of good X is produced
(b) decreases as more of good X is produced
(c) remains constant
(d) is always equal to one unit of Y

144. Suppose a department store has a sale on its silverware. If the price of a plate-setting is reduced from Rs. 300 to Rs.200 and the quantity demanded increases from 3,000 plate-settings to 5,000 plate-settings, what is the price elasticity of demand for silverware? (Use arc Elasticity Method)

- (a) .8 (b) 1.0
(c) 1.25 (d) 1.50

145. A discount store has a special offer on CDs. It reduces their price from Rs.150 to Rs.100. Suppose the store manager observes that the quantity demanded increases from 700 CDs to 1,300 CDs. What is the price elasticity of demand for CDs? (Use arc Elasticity Method)

- (a) .8 (b) 1.0
(c) 1.25 (d) 1.50

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146. If the local pizzeria raises the price of a medium pizza from Rs.60 to Rs.100 and quantity demanded falls from 700 pizzas a night to 100 pizzas a night, using arc Elasticity Method the price elasticity of demand for pizzas is: (Use arc Elasticity Method)

- (a) .67 (b) 1.5
(c) 2.0 (d) 3.0

147. Suppose that a sole proprietorship is earning total revenues of Rs.100,000 and is incurring explicit costs of Rs.75,000. If the owner could work for another company for Rs.30,000 a year, we would conclude that:

- (a) the firm is incurring an economic loss
(b) implicit costs are Rs.25,000
(c) the total economic costs are Rs.100,000
(d) the individual is earning an economic profit of Rs.25,000

Use Table 3 to answer questions 148-150

Table 3		
Hours of Labour	Total Output	Marginal Product
0	—	—
1	100	100
2	—	80
3	240	—

148. What is the total output when 2 hours of labour are employed?

- (a) 80 (b) 100
(c) 180 (d) 200

149. What is the marginal product of the third hour of labour?

- (a) 60 (b) 80
(c) 100 (d) 240

150. What is the average product of the first three hours of labour?

- (a) 60 (b) 80
(c) 100 (d) 240

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Simple random sampling is very effective if

- (a) The population is not very large
(b) The population is not much heterogeneous
(c) The population is partitioned into several sections
(d) Both (a) and (b)



152. Which of the following pairs of events are mutually exclusive?

- | | | |
|-----|------------------------------------|---------------------------------|
| (a) | A : The student reads in a school | B : He studies Philosophy |
| (b) | A : Raju was born in India | B : He is a fine Engineer |
| (c) | A : Ruma is 16 years old | B : She is a good singer |
| (d) | A : Peter is under 15 years of age | B : Peter is a voter of Kolkata |

153. Which of the following statements is untrue for tabulation?

- (a) Statistical analysis of data requires tabulation
- (b) It facilitates comparison between rows and not columns
- (c) Complicated data can be presented
- (d) Diagrammatic representation of data requires tabulation

154. For a moderately skewed distribution, which of the following relationship holds?

- (a) Mean – Mode = 3 (Mean – Median)
- (b) Median – Mode = 3 (Mean – Median)
- (c) Mean – Median = 3 (Mean – Mode)
- (d) Mean – Median = 3 (Median – Mode)

155. If two events A and B are independent, then $P(A \cap B)$

- | | |
|--------------------------------------|------------------------------------|
| (a) Not Equals to $P(A) \times P(B)$ | (b) Equals to $P(A) \times P(B)$ |
| (c) Equals to $P(A) \times P(B/A)$ | (d) Equals to $P(B) \times P(A/B)$ |

156. Regression analysis is concerned with

- (a) Establishing a mathematical relationship between two variables
- (b) Measuring the extent of association between two variables
- (c) Predicting the value of the dependent variable for a given value of the independent variable
- (d) Both (a) and (c)

157. For a Poisson distribution,

- (a) Mean and standard deviation are equal.
- (b) Mean and variance are equal.
- (c) Standard deviation and variance are equal.
- (d) Both (a) and (b).

158. The best method to collect data in case of natural calamity is

- | | |
|---------------------------------|-------------------------|
| (a) Personal interview | (b) Telephone interview |
| (c) Mailed questionnaire method | (d) Indirect interview |

159. Sequence of periodic payments/ receipts regularly over a period of time is called

- | | |
|---------------------|-----------------|
| (a) Perpetuity | (b) Annuity |
| (c) Annuity regular | (d) Annuity due |

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160. Which of the following statements is true?

- (a) Usually mean is the best measure of central tendency
- (b) Usually median is the best measure of central tendency
- (c) Usually mode is the best measure of central tendency
- (d) Normally, GM is the best measure of central tendency

161. _____ distribution is symmetrical when $p = 0.5$.

- (a) Chi- square
- (b) Population
- (c) Poisson
- (d) Binomial

162. $\log 32/4$ is equal to _____.

- (a) $\log 32/\log 4$
- (b) $\log 32 - \log 4$
- (c) 2^3
- (d) None of these

163. If _____, the roots are real and equal.

- (a) $b^2 - 4ac = 0$
- (b) $b^2 - 4ac > 0$
- (c) $b^2 - 4ac < 0$
- (d) $b^2 - 4ac \geq 0$

164. _____ is the mean proportional between $12x^2$ and $27y^2$.

- (a) $18xy$
- (b) $81xy$
- (c) $8xy$
- (d) $19.5xy$

165. The letters of the words CALCUTTA and AMERICA are arranged in all possible ways. The ratio of the number of these arrangement is _____.

- (a) 1: 2
- (b) 2:1
- (c) 1:1
- (d) 1.5:1

166. The 7th term of the series 6, 12, 24.....is_____.

- (a) 384
- (b) 834
- (c) 438
- (d) 854

167. The two variables are known to be_____ if the movement on the part of one variable does not produce any movement of the other variable in a particular direction.

- (a) Correlated
- (b) Positive correlated
- (c) Negative correlated
- (d) Uncorrelated

168. If two letters are taken at random from the word HOME, _____ is the probability that none of the letters would be vowels.

- (a) $1/6$
- (b) $1/2$
- (c) $1/3$
- (d) $1/4$



169. In _____ years a sum will double at 5% p.a. compound interest.

- (a) 15 years 3 months (b) 14 years 2 months
(c) 14 years 3 months (d) 15 years 2 months

170. When the data are classified in respect of successive time points, they are known as _____.

- (a) Chronological data (b) Geographical data
(c) Ordinal data (d) Cordinal data

171. $\lim_{x \rightarrow -2} \frac{x^2 - 4}{x + 2}$ is equal to

- (a) 4 (b) -4
(c) Does not exist (d) None of these

172. The derivative of $y = \sqrt{x+1}$ is

- (a) $1 / \sqrt{x+1}$ (b) $-1 / \sqrt{x+1}$
(c) $1 / 2 \sqrt{x+1}$ (d) None of these

173. $\int \log x \, dx$ is equal to

- (a) $x (\log x - 1) + k$ (b) $x \log x - x^2 + k$
(c) $x \log x + k$ (d) None of these

174. If $g(x) = \frac{x-1}{x}$, $g(-1/2)$ is

- (a) 1 (b) 2
(c) 3/2 (d) 3

175. The sum of first n natural number

- (a) $(n/2) (n + 1)$ (b) $(n/6) (n + 1) (2n + 1)$
(c) $[(n/2) (n + 1)]^2$ (d) None of these.

176. Chain index is equal to

- (a) $\frac{\text{link relative of current year} \times \text{chain index of the current year}}{100}$
(b) $\frac{\text{link relative of previous year} \times \text{chain index of the current year}}{100}$
(c) $\frac{\text{link relative of current year} \times \text{chain index of the previous year}}{100}$

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(d)
$$\frac{\text{link relative of previous year} \times \text{chain index of the previous year}}{100}$$

177. If from a population with 25 members, a random sample without replacement of 2 members is taken, the number of all such samples is

- (a) 300 (b) 625
(c) 50 (d) 600

178. If A = Rs. 1000, n = 2 years, R = 6% p.a compound interest payable half-yearly then principal (P) is

- (a) Rs. 888.50 (b) Rs. 880
(c) 800 (d) None of these

179. There are 10 trains plying between Calcutta and Delhi. The number of ways in which a person can go from Calcutta to Delhi and return by a different train is

- (a) 99 (b) 90
(c) 80 (d) None of these

180. Every person shakes hands with each other in a party and the total number of hand shakes is 66. The number of guests in the party is

- (a) 11 (b) 12
(c) 13 (d) 14

181. The sum of a certain number of terms of an AP series $-8, -6, -4, \dots$ is 52. The number of terms is

- (a) 12 (b) 13
(c) 11 (d) None of these

182. If you save 1 paise today, 2 paise the next day 4 paise the succeeding day and so on, then your total savings in two weeks will be

- (a) Rs. 163 (b) Rs. 183
(c) Rs. 163.83 (d) None of these

183. If the set P has 3 elements, Q four and R two then the set $P \times Q \times R$ contains

- (a) 9 elements (b) 20 elements
(c) 24 elements (d) None of these

184. A function $f(x)$ is defined by $f(x) = (x-2)+1$ over all real values of x . now $f(x)$ is

- (a) Continuous at $x = 2$ (b) Discontinuous at $x = 2$
(c) Undefined at $x = 2$ (d) None of these



185. The number of accidents for seven days in a locality is given below:

No. of accidents :	0	1	2	3	4	5	6
Frequency :	15	19	22	31	9	3	2

What is the number of cases when 3 or less accident occurred?

- (a) 56 (b) 6
(c) 68 (d) 87

186. On the average experienced person does 5 units of work while a fresh one 3 units of work daily but the employer has to maintain an output of at least 30 units of work per day. This situation can be expressed as

- (a) $5x + 3y = 30$ (b) $5x + 3y > 30$
(c) $5x + 3y \leq 30$ (d) None of these

187. The mean salary for a group of 40 female workers is 5200 per month and that for a group of 60 male workers is 6800 per month. What is the combined mean salary?

- (a) 6500 (b) 6200
(c) 6160 (d) 6100

188. The standard deviation of 10, 16, 10, 16, 10, 10, 16, 16 is

- (a) 4 (b) 6
(c) 3 (d) 0

189. A bag contains 15 one rupee coins, 25 two rupee coins and 10 five rupee coins. If a coin is selected at random from the bag, then the probability of not selecting a one rupee coin is

- (a) 0.30 (b) 0.70
(c) 0.25 (d) 0.20

190. If a card is drawn at random from a pack of 52 cards, what is the chance of getting a Spade or an ace?

- (a) $4/13$ (b) $5/13$
(c) 0.25 (d) 0.20

191. The quartile deviation of a normal distribution with mean 10 and Standard Deviation 4 is

- (a) 0.675 (b) 67.50
(c) 2.70 (d) 3.20

192. If there are 3 observations 15, 20, 25 then the sum of deviation of the observations from their A.M. is

- (a) 0 (b) 5
(c) -5 (d) None of these.

MODEL TEST PAPER - 1

193. $\int e^{ax} dx$

- (a) $e^x + c$ (b) $\frac{e^{ax}}{a} + c$
(c) $\log x + c$ (d) $e^{ax} + c$

194. $\frac{d}{dx} (a^x)$

- (a) $a^x \log_e a$ (b) $\log x$
(c) e^{ax} (d) ae^{-ax}

195. Five times of a positive whole number is 3 less than twice the square of the number. The number is

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

196. If the profits of a company remains the same for the last ten months, then the standard deviation of profits for these ten months would be ?

- (a) Positive (b) Negative
(c) Zero (d) (a) or (c)

197. The mean of a binomial distribution with parameter n and p is

- (a) $n(1-p)$. (b) $np(1-p)$.
(c) np . (d) $\sqrt{np(1-p)}$

198. The total area of the normal curve is

- (a) One (b) 50 per cent
(c) 0.50 (d) Any value between 0 and 1

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

- (a) 0.73 (b) 0.83
(c) 0.93 (d) None of these.

200. The sum of the series 9, 5, 1,.... to 100 terms is

- (a) -18900 (b) 18900
(c) 19900 (d) None of these.

★ ★ ★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 2

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

- 1. Which of the following is not a sub-field of accounting?**

(a) Management accounting	(b) Cost accounting
(c) Financial accounting	(d) Book-keeping

- 2. Revenue from sale of products, is generally, realized in the period in which**

(a) Cash is collected	(b) Sale is made
(c) Products are manufactured	(d) None of the above

- 3. The determination of expenses for an accounting period is based on the principle of**

(a) Objectivity	(b) Materiality
(c) Matching	(d) Entity

- 4. It is essential to standardize the accounting principles and policies in order to ensure**

(a) Transparency	(b) Consistency
(c) Comparability	(d) All of the above

5. Change in accounting estimate means

- (a) Differences arising between certain parameters estimated earlier and re-estimated during the current period.
- (b) Differences arising between certain parameters estimated earlier and actual results achieved during the current period.
- (c) Differences arising between certain parameters re-estimated during the current period and actual results achieved during the current period.
- (d) Both (a) and (b).

6. Which account is the odd one out?

- (a) Office Furniture & Equipment
- (b) Freehold Land and Buildings
- (c) Inventory of raw materials
- (d) Plant and Machinery

7. In Double Entry System of Book-keeping every business transaction affects:

- (a) Two accounts
- (b) Two sides of the same account
- (c) The same account on two different dates
- (d) All of the above

8. Which of the following types of information are found in subsidiary ledgers, but not in the general ledger?

- (a) Total cost of goods sold for the period
- (b) The quantity of a particular product sold during the period
- (c) The amount owed to a particular seller
- (d) The portion of total current assets that consist of cash

9. Contra entries are passed only when

- (a) Double column cash book is prepared
- (b) Three-column cash book is prepared
- (c) Simple cash book is prepared
- (d) None of the above

10. The preparation of a trial balance is for:

- (a) Locating errors of complete omission;
- (b) Locating errors of principle;
- (c) Locating clerical errors.
- (d) All of the above

11. Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation, is termed as _____

- (a) Provision
- (b) Liability
- (c) Contingent liability
- (d) None of the above



12. When preparing a Bank Reconciliation Statement, if you start with a debit balance as per the Cash Book, then cheques issued but not presented within the period are _____
- (a) Added (b) Deducted
(c) Not required to be adjusted (d) None of the above
13. Under inflationary conditions, _____ method will show highest value of closing inventory?
- (a) FIFO (b) LIFO
(c) Weighted Average (d) None of the above
14. In the case of downward revaluation of an asset, which is for the first time revalued, _____ account is debited.
- (a) Fixed Asset (b) Revaluation Reserve
(c) Profit & Loss account (d) General Reserve
15. The portion of the acquisition cost of the asset, yet to be allocated to Profit and Loss Account is known as _____
- (a) Book value (b) Accumulated value
(c) Realisable value (d) Salvage value
16. If a concern proposes to discontinue its business from March 2010 and decides to dispose off all its assets within a period of 4 months, the Balance Sheet as on March 31, 2010 should indicate the assets at their _____
- (a) Historical cost
(b) Net realizable value
(c) Cost less depreciation
(d) Cost price or market value, whichever is lower
17. The balance of the petty cash is _____
- (a) an expense (b) income
(c) an asset (d) liability
18. Sales for the year ended 31st March, 2010 amounted to Rs. 10,00,000. Sales included goods sold to Mr. A for Rs. 50,000 at a profit of 20% on cost. Such goods are still lying in the godown at the buyer's risk. Therefore, such goods should be treated as part of
- (a) Sales (b) Closing inventory
(c) Goods in transit (d) Sales return
19. As per Section 37 of the Indian Partnership Act, 1932, the executors would be entitled at their choice to the interest calculated from the date of death till the date of payment on the final amount due to the dead partner at _____ percent per annum.
- (a) 7 (b) 4
(c) 6 (d) 12

20. If del-credere commission is allowed for bad debt, consignee will debit the bad debt amount to:

- (a) Commission Earned A/c (b) Consignor A/c
(c) Customers A/c (Trade receivables) (d) General Trading A/c

21. Mr. A purchased a machinery costing Rs. 1,00,000 on 1st October, 2011. Transportation and installation charges were incurred amounting Rs. 10,000 and Rs. 4,000 respectively. Dismantling charges of the old machine, in place of which new machine was purchased, amounted Rs. 10,000. Market value of the machine was estimated at Rs. 1,20,000 on 31st March, 2012. While finalising the annual accounts, A values the machinery at Rs. 1,20,000 in his books.

Which of the following concepts was violated by A?

- (a) Cost concept (b) Matching concept
(c) Realisation concept (d) Periodicity concept

22. Mohan purchased goods for Rs. 15,00,000 and sold 4/5th of the goods amounting Rs. 18,00,000 and paid expenses amounting Rs. 2,70,000 during the year, 2009. He paid Rs. 5,000 for an electricity bill of Dec. 2008 and advance salaries amounting Rs. 15,000 was paid for the month of Jan. 2010. He counted net profit as Rs. 3,50,000.

The net profit calculated by him is correct according to _____

- (a) Entity concept (b) Periodicity concept
(c) Matching concept (d) Conservatism concept

23. W Ltd. issued 20,000, 8% debentures of Rs.10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year will be _____

- (a) Rs. 40,000 (b) Rs. 10,000
(c) Rs. 20,000 (d) Rs. 8,000

24. S Ltd. issued 2,000, 10% Preference shares of Rs.100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 Equity Shares of Rs.100 each at a premium of 20% per share. At the time of redemption of Preference Shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be _____

- (a) Rs. 50,000 (b) Rs. 40,000
(c) Rs. 2,00,000 (d) Rs. 2,20,000

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

- (a) 6,000 shares (b) 7,500 shares
(c) 9,375 shares (d) 5,625 shares



26. The following information pertains to X Ltd.:
- | | |
|--------------------------------|--------------|
| Equity share capital called up | Rs. 5,00,000 |
| Calls in arrear | Rs. 40,000 |
| Calls in advance | Rs. 25,000 |
| Proposed dividend | 15% |
- The amount of dividend payable will be
- (a) Rs. 75,000 (b) Rs. 72,750
(c) Rs. 71,250 (d) Rs. 69,000
27. The subscribed share capital of S Ltd. is Rs.80,00,000 of Rs.100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares. The calls in arrear amounted to Rs.62,500. The final call on each share will be _____
- (a) Rs. 25 (b) Rs. 7.80
(c) Rs. 20 (d) Rs. 62.50
28. A Company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark up on cost, which will achieve the required profit margin?
- (a) 33% (b) 25%
(c) 20% (d) None of the above
29. A, B and C are the partners sharing profits and losses in the ratio of 5:3:2, took a joint life policy of Rs. 30,000. On the death of B what amount will be payable to each partner?
- (a) A – Rs. 22,000 and B – Rs. 8,000
(b) A – Rs. 14,000 and B – Rs. 16,000
(c) A – Rs. 15,000, B – Rs. 9,000 and C – Rs. 6,000
(d) A – Rs. 10,000, B – Rs. 8,000 and C – Rs. 10,000
30. A, B and C were partners in a firm sharing profits and losses in the ratio of 2:2:1 respectively with the capital balance of Rs. 50,000 for A and B, for C Rs. 25,000. B declared to retire from the firm and balance in reserve on the date was Rs. 15,000. If goodwill of the firm was valued as Rs. 30,000 and profit on revaluation was Rs. 7,050 then what amount will be transferred to the loan account of B?
- (a) Rs. 70,820 (b) Rs. 50,820
(c) Rs. 25,820 (d) Rs. 58,820
31. A and B, who share profits and losses in the ratio of 3:2 has the following balances: Capital of A Rs. 50,000; Capital of B Rs. 30,000; Reserve Fund Rs. 15,000. They admit C as a partner, who contributes to the firm Rs. 25,000 for 1/6th share in the partnership. If C is to purchase 1/6th share in the partnership from the existing partners A and B in the ratio of 3:2 for Rs. 5,000 as goodwill find closing capital of C.
- (a) Rs. 25,000 (b) Rs. 19,000
(c) Rs. 20,000 (d) Rs. 18,000

32. P and Q are partners sharing Profits in the ratio of 2:1. R is admitted to the partnership with effect from 1st April on the term that he will bring Rs. 20,000 as his capital for 1/4th share and pays Rs. 9,000 for goodwill, half of which is to be withdrawn by P and Q. How much cash will P & Q withdraw from the firm on account of goodwill?
- (a) Rs. 3,000 and Rs. 1,500 (b) Rs. 6,000 and Rs. 3,000
(c) Nil (d) None of the above
33. A and B are partners sharing profits in the ratio 5:3, they admitted C giving him 3/10th share of profit. If C acquires 1/5th share from A and 1/10th from B, new profit sharing ratio will be _____
- (a) 5:6:3 (b) 2:4:6
(c) 18:24:38 (d) 17:11:12
34. A, B and C are equal partners. D is admitted to the firm for one-fourth share. D brings Rs. 20,000 capital and Rs. 5,000 being half of the premium for goodwill. The total value of goodwill of the firm is _____
- (a) Rs. 10,000 (b) Rs. 40,000.
(c) Rs. 20,000 (d) None of the above
35. A and B are partners with capitals of Rs. 10,000 and Rs. 20,000 respectively and sharing profits equally. They admitted C as their third partner with one-fourth profits of the firm on the payment of Rs. 12,000. The amount of hidden goodwill is _____
- (a) Rs. 6,000 (b) Rs. 10,000
(c) Rs. 8,000 (d) None of the above
36. A & B are partners sharing profits and losses in the ratio 5:3. On admission, C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B and C are 7:5:4. The sacrificing ratio of A:B will be _____
- (a) 3:1 (b) 4:7
(c) 5:4 (d) 2:1
37. Bill and Monica are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing interest on capital. Profits apportioned among Bill and Monica is _____
- (a) Rs. 4,680 and Rs. 3,120 (b) Rs. 4,800 and Rs. 3,000
(c) Rs. 5,000 and Rs. 2,800 (d) None of the above



38. A merchant sends out his goods casually to his dealers on approval basis. All such transactions are, however, recorded as actual sales and are passed through the sales book. On 31-12-2009, it was found that 100 articles at a sale price of 200 each sent on approval basis were recorded as actual sales at that price. The sale price was made at cost *plus* 25%. The amount of inventory on approval at the end of the year will be _____
- (a) Rs.16,000 (b) Rs. 20,000
(c) Rs. 15,000 (d) None of the above
39. On 16.6.2010 X draws a bill on Y for Rs 25,000 for 30 days. 19th July 2010 is a public holiday, maturity date of the bill will be:
- (a) 19th July 2010 (b) 18th July 2010
(c) 17th July 2010 (d) 16th July 2010
40. Bobby sold goods worth Rs 25,000 to Bonny. Bonny immediately accepted a bill on 1.11.09, payable after 2 months. Bobby discounted this bill @ 18% p.a. on 15.11.09. On the due date Bonny failed to discharge the bill. Later on Bonny became insolvent and 50 paise is recovered from Bonny's estate. How much amount of bad debt will be recorded in the books of Bobby?
- (a) Rs. 12,500 (b) Rs. 9,437
(c) Rs. 11,687 (d) Rs. 13,650
41. Ram's acceptance to Dinesh for Rs 8,000 renewed for 3 months on the condition that Rs. 4,000 be paid in cash immediately and the remaining amount will carry interest @ 12% p.a. The amount of interest will be _____
- (a) Rs. 120 (b) Rs. 80
(c) Rs. 90 (d) Rs. 160
42. A draws a bill on B for Rs. 30,000. A wants to endorse it to C in settlement of Rs. 35,000 at 2% discount with the help of B's acceptance and balance in cash. How much cash A will pay to B?
- (a) Rs. 4,300 (b) Rs. 4,000
(c) Rs. 4,100 (d) Rs. 5,000
43. A drew a bill on B for Rs. 50,000 for 3 months. Proceeds are to be shared equally. A got the bill discounted at 12% p.a. and remits required proceeds to B. The amount of such remittance will be _____
- (a) Rs. 24,250 (b) Rs. 25,000
(c) Rs. 16,167 (d) Rs. 32,333

44. A and B enter into a joint venture to underwrite the shares of K Ltd. @ 5% underwriting commission. K Ltd. make an equity issue of 100000 equity shares of Rs 10 each. 80% of the issue are subscribed by the party. The profit sharing ratio between A and B is 3:2. The balance shares not subscribed by the public, purchased by A and B in profit sharing ratio. How many shares to be purchased by A?

- (a) 80,000 shares (b) 72,000 shares
(c) 12,000 shares (d) 8,000 shares

45. R and M entered into a joint venture to purchase and sell new year gifts. They agreed to share the profits and losses equally. R purchased goods worth Rs.1,00,000 and spent Rs.10,000 in sending the goods to M. He also paid Rs. 5,000 for insurance. M spent Rs. 10,000 as selling expenses and sold goods for Rs.2,00,000. Remaining goods were taken over by him at Rs. 5,000. Find out profit on venture.

- (a) Rs. 70,000 (b) Rs. 75,000
(c) Rs. 80,000 (d) Rs. 85,000

46. A and B entered into a Joint Venture. A purchased goods costing Rs. 2,00,000, B sold $\frac{4}{5}$ th of the same for Rs. 2,50,000. Balance goods were taken over by B at cost less 20%. If same set of books is maintained, find out profit on venture.

- (a) Rs. 82,000 (b) Rs. 90,000
(c) Rs. 50,000 (d) Nil.

47. If unsold goods costing Rs. 20,000 is taken over by Venturer at Rs. 15,000, the Joint Venture A/c will be credited by:

- (a) Rs.20,000 (b) Rs.15,000
(c) Rs.5,000 (d) Nil

48. X of Kolkata sends out goods costing Rs. 1,00,000 to consignee Y of Delhi. $\frac{3}{5}$ th of the goods were sold by consignee for Rs. 70,000. Commission 2% on sales plus 20% of gross sales less all commission exceeds cost price. The amount of Commission will be:

- (a) Rs. 2,833 (b) Rs. 2,900
(c) Rs. 3000 (d) Rs. 2,800

49. Rahim of Kolkata sends out 1,000 boxes to Ram of Delhi costing Rs. 100 each at an Invoice Price of Rs. 120 each. Goods send out on consignment to be credited in general trading account will be:

- (a) Rs.1,00,000 (b) Rs.1,20,000
(c) Rs. 20,000 (d) None of the above



50. Goods sent out on consignment Rs. 2,00,000. Consignor's expenses Rs. 5,000. Consignee's expenses Rs. 2,000. Cash sales Rs. 1,00,000, credit sales Rs. 1,10,000. Consignment inventory Rs. 40,000. Ordinary commission payable to consignee Rs. 3,000. Del-credere commission Rs. 2,000. The amount irrecoverable from customer Rs. 2,000. What will be the profit on consignment?
- (a) Rs. 38,000 (b) Rs. 40,000
(c) Rs. 36,000 (d) Rs. 43,000
51. A of Kolkata sends out 500 boxes to B of Delhi costing Rs. 200 each. Consignor's expenses Rs 5000. $\frac{1}{5}$ th of the boxes were still in transit. $\frac{3}{4}$ th of the goods received by consignee, were sold. The value of goods still in transit will be:
- (a) Rs. 20,000 (b) Rs. 21,000
(c) Rs. 21,200 (d) None of the above
52. If sales revenue are Rs. 4,00,000; cost of goods sold is Rs. 3,10,000 and operating expenses are Rs.60,000 the gross profit is _____
- (a) Rs. 30,000 (b) Rs. 90,000
(c) Rs. 3,40,000 (d) Rs. 60,000
53. If sales are Rs. 2,000 and the rate of gross profit on cost of goods sold is 25%, then the cost of goods sold will be _____
- (a) Rs. 2,000 (b) Rs. 1,500
(c) Rs. 1,600 (d) None of the above
54. Amit Ltd. purchased a machine on 1.1.2009 for Rs 1,20,000. Installation expenses were Rs. 10,000. On 01.07.2009, expenses for repairs were incurred to the extent of Rs. 2,000. Depreciation is provided under straight line method. Depreciation rate is 10%. Annual Depreciation will be _____
- (a) Rs.13,000 (b) Rs.17,000
(c) Rs. 21,000 (d) Rs.25,000
55. In the books of D Ltd. the machinery account shows a debit balance of Rs. 60,000 as on April 1, 2009. The machinery was sold on September 30, 2010 for Rs. 30,000. The company charges depreciation @ 20% p.a. on diminishing balance method. Profit / Loss on sale of the mahinery will be _____
- (a) Rs. 13,200 profit (b) Rs. 13,200 loss
(c) Rs. 6,800 profit (d) Rs. 6,800 loss
56. The total cost of goods available for sale with a company during the current year is Rs.12,00,000 and the total sales during the period are Rs.13,00,000. If the gross profit margin of the company is $33\frac{1}{3}\%$ on cost, the closing inventory during the current year is
- (a) Rs. 4,00,000 (b) Rs. 3,00,000
(c) Rs. 2,25,000 (d) Rs. 2,60,000

MODEL TEST PAPER - 2

57. Consider the following data pertaining to H Ltd. for the month of March 2010:

Particulars	As on March 1, 2010 (Rs.)	As on March 31, 2010 (Rs.)
Inventory	1,80,000	90,000

The company made purchases amounting Rs. 3,30,000 on credit. The goods are sold at 25% above the cost. The sales for the month of March 2010 were:

- (a) Rs. 4,12,500 (b) Rs. 5,25,000
(c) Rs. 90,000 (d) Rs. 3,15,000.

58. When preparing a Bank Reconciliation Statement, if you start with the debit balance as per Cash Book, cheques issued but not presented within the period should be _____

- (a) Added (b) Deducted
(c) Not required to be adjusted (d) None of the above

59. Rs. 200 paid as wages for erecting a machine should be debited to _____

- (a) Repair account (b) Machine account
(c) Capital account (d) Furniture account

60. Rs. 2,500 spent on the overhaul of a machine purchased second-hand is _____

- (a) Capital expenditure (b) Revenue expenditure
(c) Deferred revenue expenditure (d) None of the above

SECTION – B: MERCANTILE LAWS (40 MARKS)

61. The law of contract in India is contained in:

- (a) Indian Contract Act, 1862
(b) Indian Contract Act, 1962
(c) Indian Contract Act, 1872
(d) Indian Contract Act, 1972

62. A void agreement is one which is:

- (a) Valid but not enforceable
(b) Enforceable at the option of both the parties
(c) Enforceable at the option of one party
(d) Not enforceable in a court of law

63. Which of the following is false? An acceptance:

- (a) Must be communicated
(b) Must be absolute and unconditional
(c) Must be accepted by a person having authority to accept.
(d) May be presumed from silence of offeree.



64. A proposal when accepted becomes a

- (a) Promise. (b) Contract.
(c) Offer. (d) Acceptance.

65. Which of the following statement is false? Consideration:

- (a) Must move at the desire of the promisor.
(b) May move from any person.
(c) Must be illusory.
(d) Must be of some value.

66. Which of the following statement is true?

- (a) A contract with a minor is voidable at the option of the minor.
(b) An agreement with a minor can be ratified after he attains majority.
(c) A person who is usually of an unsound mind cannot enter into contract even when he is of a sound mind.
(d) A person who is usually of a sound mind cannot enter into contract when he is of unsound mind.

67. Which of the following statement is true?

- (a) A threat to commit suicide does not amount to coercion.
(b) Undue influence involves use of physical pressure.
(c) Ignorance of law is no excuse.
(d) Silence always amounts to fraud.

68. On the valid performance of the contractual obligations by the parties, the contract

- (a) Is discharged. (b) Becomes enforceable.
(c) Becomes void. (d) None of these.

69. A contract is discharged by rescission which means the

- (a) Change in one or more terms of the contract.
(b) Acceptance of lesser performance.
(c) Abandonment of rights by a party.
(d) Cancellation of the existing contract.

70. The Sale of Goods Act, 1930 deals with _____

- (a) sale. (b) mortgage.
(c) pledge. (d) all of the above.

71. Which one of the following is/are document of title to goods?

- (a) Railway receipt. (b) Wharfinger's certificate.
(c) Warehouse keeper's certificate. (d) All of the above.

72. Which one of the following is not true?

- (a) Document showing title is different from document of title.
- (b) Bill of lading is a document of title to goods.
- (c) Specific goods can be identified and agreed upon at the time of the contract of Sale.
- (d) None of the above.

73. In which form of the contract, the property in the goods passes to the buyer immediately:

- (a) Agreement to sell.
- (b) Hire purchase.
- (c) Sale
- (d) Instalment to sell.

74. Which one of the following is not an implied warranty?

- (a) Warranty as to undisturbed possession.
- (b) Warranty as to existence of encumbrance.
- (c) Disclosure of dangerous nature of goods.
- (d) Warranty as to quality or fitness by usage of trade.

75. A firm is the name of:

- (a) The Partners
- (b) The minors in the firm.
- (c) The business under which the firm carries on business
- (d) The collective name under which it carries on business.

76. A partnership at will is one:

- (a) Which does not have any deed
- (b) Which does not have any partner
- (c) Which does not provide for how long the business will continue
- (d) Which cannot be dissolved.

77. Every partner has the right to:

- (a) Take part in the business of the firm
- (b) To share exclusive profits
- (c) To use the property of the firm for personal purposes
- (d) Pay taxes

78. Which of the following is not disability of an unregistered firm?

- (a) It cannot file a suit against third parties
- (b) Its partners cannot file a suit against a firm.
- (c) It cannot claim a set-off exceeding Rs. 100.
- (d) It cannot be sued by a third party.



79. 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.

80. In case of illegal agreements, the collateral agreements are _____ .

- (a) Valid.
- (b) Void.
- (c) Voidable.
- (d) None of these.

81. Consent is not said to be free when it is caused by _____

- (a) Coercion.
- (b) Undue Influence.
- (c) Fraud.
- (d) All of these.

82. Moral pressure is involved in the case of _____

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

83. Sometimes, a party is entitled to claim compensation in proportion to the work done by him. It is possible by a suit for _____

- (a) Damages
- (b) Injunction
- (c) Quantum meruit
- (d) None of these.

84. A contract dependent on the happening or non-happening of future uncertain event, is a _____

- (a) Uncertain contract.
- (b) Contingent contract.
- (c) Void contract.
- (d) Voidable contract.

85. A agrees to pay Rs. one lakh to B if he brings on earth a star from sky. This is a contingent contract and _____.

- (a) Illegal
- (b) Valid
- (c) Voidable
- (d) Void.

86. As a general rule, an agreement made without consideration is _____

- (a) Void
- (b) Voidable
- (c) Valid
- (d) Unlawful

87. An agreement made with free consent to which the consideration is lawful but inadequate, is _____.

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Unlawful

MODEL TEST PAPER - 2

- 88. A contract with the minor, which is beneficial for him, is _____**
- (a) Void ab initio (b) Voidable
(c) Valid (d) Illegal
- 89. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called _____**
- (a) Guarantee (b) Warranty
(c) Condition (d) Term
- 90. The essence of a right of lien is to _____**
- (a) Deliver the goods. (b) Retain the possession.
(c) Regain the possession. (d) None of the above.
- 91. If a seller handed over the keys of a warehouse containing the goods to the buyer results in _____**
- (a) Constructive delivery (b) Actual delivery
(c) Symbolic delivery (d) None of the above
- 92. A agrees to deliver his old car valued at Rs. 80,000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash it is _____**
- (a) Contract of sale. (b) Agreement to sell.
(c) Exchange. (d) Barter.
- 93. A contract for the sale of goods which provide that the property would pass to the buyer on full payment of price and execution of sale deed, is known as _____**
- (a) Sale (b) Agreement to Sell
(c) Hire-purchase Agreement (d) Sale of approval
- 94. Voluntary transfer of possession by one person to another is popularly known as _____**
- (a) Transfer. (b) Possession.
(c) Delivery. (d) None of the above.
- 95. A partner can be expelled if _____**
- (a) Such expulsion is in good faith
(b) The majority of the partner agree on such expulsion
(c) The expelled partner is given an opportunity to start a business competing with that of the firm
(d) Compensation is paid
- 96. A new partner can be admitted in the firm with the consent of _____**
- (a) All the partners (b) Simple majority of partners
(c) Special majority of partners (d) New partner only.



97. A partner may retire from an existing firm _____

- (a) With consent of all partners
- (b) As per express agreement
- (c) By written notice in partnership at will
- (d) All of the above.

98. A partnership firm is compulsorily dissolved where _____

- (a) All partners have become insolvent
- (b) Firm's business has become unlawful
- (c) The fixed term has expired
- (d) In cases (a) and (b) only.

99. Ram, Rohit and Kiran jointly borrowed Rs. 2,00,000 from Rahim by executing a promissory note. Rohit and Kiran are not traceable. Rahim wants to recover the entire amount from Ram. Ram objected this move by saying he is liable to pay 1/3 of the debt only. Which of the following statement(s) is correct?

- (a) Rahim can recover the entire amount from Ram.
- (b) Rahim can only recover 1/3 of Rs.2,00,000 from Ram.
- (c) Rahim cannot recover any amount from Ram.
- (d) The promissory note is not executable against Ram as Rohit and Kiran are not traceable.

100. A, a Singer agrees with B for his performance at a particular theatre on a specified date. While on his way to the theatre A meets with an accident and is rendered unconscious. Choose the correct statement.

- (a) Agreement become void on the ground of supervening impossibility.
- (b) Agreement is valid and so A is liable to pay damages
- (c) Agreement is voidable and so B has right to claim for compensations.
- (d) Agreement is void-ab-initio.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements would you consider to be a normative one?

- (a) Faster economic growth should result if an economy has a higher level of investment.
- (b) Changing the level of interest rates is a better way of managing the economy than using taxation and government expenditure.
- (c) Higher levels of unemployment will lead to higher levels of inflation.
- (d) The average level of growth in the economy was faster in the 1990s than the 1980s.

102. Consider the following and decide which, if any, economy is without scarcity:

- (a) The pre-independence Indian economy, where most people were farmers.
- (b) A mythical economy where everybody is a billionaire.
- (c) Any economy where income is distributed equally among its people.
- (d) None of the above.

MODEL TEST PAPER - 2

103. The economic analysis expects the consumer to behave in a manner which is:

- (a) Rational
- (b) Irrational
- (c) Emotional
- (d) Indifferent.

104. After reaching the saturation point, consumption of additional units of the commodity cause:

- (a) Total utility to fall and marginal utility to increase.
- (b) Total utility and marginal utility both to increase.
- (c) Total utility to fall and marginal utility to become negative.
- (d) Total utility to become negative and marginal utility to fall.

105. Consumer surplus is highest in the case of:

- (a) Necessities.
- (b) Luxuries.
- (c) Comforts.
- (d) Conventional necessities.

106. If one unit of labour and one unit of capital give 200 units of output, two units of labour and two units of capital give 400 units of output and 5 units of labour and five units of capital give 1000 units of output then this is a case of:

- (a) Constant returns to scale.
- (b) Increasing returns to scale.
- (c) Decreasing returns to scale.
- (d) None of these.

107. The vertical difference between TVC and TC is equal to:

- (a) MC.
- (b) AVC.
- (c) TFC.
- (d) None of these.

108. Price taker firms:

- (a) Advertise to increase the demand for their products.
- (b) Do not advertise because most advertising is harmful for the society.
- (c) Do not advertise because they can sell as much as they want at the current price.
- (d) Who advertise will get more profits than those who do not.

109. The AR curve and industry demand curve are same:

- (a) In the case of monopoly.
- (b) In the case of oligopoly.
- (c) In the case of perfect competition.
- (d) None of the above.

110. Which of the following is not, by definition, equal to National Income?

- (a) National product
- (b) National expenditure
- (c) National output
- (d) National wealth



111. Which of the following is not an objective of Fiscal policy?

- (a) Economic growth
- (b) Economic stability
- (c) Maximization of employment level
- (d) Regulating of financial institutions

112. The main objective of the World Trade Organisation is to secure among others:

- (a) A general agreement among common market countries on technical training and mutual prices of traded goods.
- (b) The maintenance of intellectual property rights and patent rights of member countries.
- (c) An improvement in the USA's terms of trade in the next decade.
- (d) A reduction in tariffs through negotiation, elimination of import quotas and globalization of international trade.

113. Which one of the following is the best example of agreement between oligopolists?

- (a) GATT
- (b) OPEC
- (c) WTO
- (d) UNIDO

114. Which of the following concepts of Budget deficit has become practically redundant in India?

- (a) Fiscal deficit
- (b) Budgetary deficit
- (c) Primary deficit
- (d) Revenue deficit

115. Birth rate and Death rate are measured as per:

- (a) 100 population
- (b) 1000 population
- (c) 10000 population
- (d) 100000 population

116. Money includes:

- (a) Currencies and demand deposits.
- (b) Bonds, government securities.
- (c) Equity shares.
- (d) All of the above.

117. _____ pair of commodities is an example of substitutes.

- (a) Coffee and milk
- (b) Diamond and cow
- (c) Pen and ink
- (d) Mustard oil and coconut oil

118. When the price of a substitute of X commodity falls, the demand for X _____.

- (a) Rises
- (b) Falls
- (c) Remains unchanged
- (d) Any of the above.

119. Marginal utility approach to demand was given by _____.

- (a) J.R. Hicks
- (b) Alfred Marshall
- (c) Robbins
- (d) A. C. Pigou

MODEL TEST PAPER - 2

120. While analyzing Marshall's measure of consumer's surplus one assumes —.

- (a) Imperfect competition (b) Perfect competition
(c) Monopoly (d) Monopsony

121. The law of variable proportions comes into being when —.

- (a) There are only two variable factors.
(b) There is a fixed factor and a variable factor.
(c) All factors are variable.
(d) Variable factors yield less.

122. — is an implicit cost of production.

- (a) Wages of the labour. (b) Charges for electricity.
(c) Interest on owned money capital. (d) Payment for raw material.

123. Excess capacity is not found under —.

- (a) Monopoly (b) Monopolistic competition
(c) Perfect competition. (d) Oligopoly.

124. Stagflation means —.

- (a) Inflation with recession (b) Recession with stagnation
(c) Inflation galloping like a stag (d) Inflation and increasing output.

125. — is not a direct tax.

- (a) Income tax (b) Wealth tax
(c) Expenditure tax (d) Entertainment tax

126. — has been founded to act as permanent watchdog on the international trade.

- (a) IBRD (b) ADB
(c) WTO (d) IMF

127. — measure usually gives the lowest estimate of unemployment especially for poor economy.

- (a) Usual Status (b) Current Weekly Status
(c) Current Daily Status (d) Current Yearly Status

128. The average profit is the difference between —.

- (a) AC and TC (b) AC and VC.
(c) AC and AR (d) AC and TR

129. At the point of inflexion, the marginal product is —.

- (a) Increasing (b) Decreasing
(c) Maximum (d) Negative



130. Marginal revenue will be negative if elasticity of demand is _____.
- (a) Less than one. (b) More than one.
(c) Equal to one. (d) Equal to zero.
131. If lowering of fares reduces railway's revenues and increasing of fares increases, then the demand for rail travel has a price elasticity of _____.
- (a) Zero (b) Greater than zero but less than one.
(c) One (d) Greater than one
132. If R point bisects the demand curve in two equal parts, then elasticity at R equals _____.
- (a) Zero (b) Five
(c) Two (d) One

The following data give the production possibilities frontier of an economy that produces two types of goods, guns and bread. Read the following table and answer questions 133-135

Table 1: Production Possibilities

Production possibilities	A	B	C	D	E	F	G	H
Guns	0	10	20	30	40	50	60	30
Bread	105	100	90	75	55	30	0	45

133. According to Table 1, the opportunity cost of increasing gun's production from 20 to 30 units is equal to
- (a) 10 units of bread. (b) 15 units of bread.
(c) 25 units of bread. (d) 24 units of bread.
134. Given the data in Table 1, one moves successively from point A to points B, C, D,E and F, the opportunity cost of guns:
- (a) Increases as more of guns are produced.
(b) Decreases as more of guns are produced.
(c) Remains constant as more of guns are produced.
(d) Nothing can be said.
135. Point D is efficient while point H (30 guns and 45 loaves of bread) is inefficient. Why?
- (a) Point D is outside the PPF while point H is on the PPF.
(b) Point D is inside the PPF while point H is on the PPF.
(c) Point D is on the PPF while point H is inside the PPF.
(d) Nothing can be said.

Read the following paragraph and answer questions 136 to 137.

In the Monetary Policy announced for the year 2006-07 the following announcements were made - Bank Rate, Repo Rate, Reverse Repo Rate and Cash Reserve Ratio have been kept unchanged at their present levels of 6 per cent, 6.5 per cent, 5.5 per cent and 5 per cent respectively. These have been kept unchanged as liquidity pressures seen during the last 4 months of 2005-06 have eased off considerably.

MODEL TEST PAPER - 2**136. What is Bank Rate?**

- (a) The rate of interest charged by public sector banks from the general public.
- (b) The rate of interest on housing loans.
- (c) The rate of interest on educational loan.
- (d) The rate at which the RBI discounts the bills of commercial banks.

137. In the given paragraph it is stated that Bank Rate and Cash Reserve Ratio (CRR) have been kept unchanged. What can RBI do if it wants to control credit in the economy?

- (a) Decrease Bank Rate and decrease CRR.
- (b) Increase Bank Rate and increase CRR.
- (c) Increase Bank Rate and decrease CRR
- (d) Decrease Bank Rate and increase CRR.

Use Table 2 to answer questions 138-141.

“Bozzo’s burgers” is a small restaurant and a price taker. The table below provides the data of Bozzo’s output and costs in Rupees.

Quantity	Total cost	Fixed cost	Variable cost	Average variable cost	Average total cost	Marginal cost
0	100	-	-	-		
10	210					
20	300					
30	400					
40	540					
50	790					
60	1060					

138. If burgers sell for Rs. 14 each, what is Bozzo’s profit maximizing level of output?

- (a) 10 burgers
- (b) 40 burgers
- (c) 50 burgers
- (d) 60 burgers

139. What is the total variable cost when 60 burgers are produced?

- (a) Rs. 690
- (b) Rs. 960
- (c) Rs. 110
- (d) Rs. 440

140. What is average fixed cost when 20 burgers are produced?

- (a) Rs. 5
- (b) Rs.3.33
- (c) Rs. 10
- (d) Rs. 2.5

141. Between 10 to 20 burgers, what is the marginal cost (per burger)?

- (a) Rs. 11
- (b) Rs. 13
- (c) Rs. 14
- (d) Rs. 9



In Econoville, there is one grocery shop, Ecoconvenience. It used to sell fresh milk at Rs. 20 per litre, at which price 400 litres of milk were sold per month. After some time, the price was raised to Rs. 30 per litre. Following the price rise:

- Only 200 litres of milk was sold every month.
- The number of boxes of cereal customers bought went down from 280 to 240.
- The number of packets of powdered milk customers bought went up from 90 to 220 per month.

Now answer Questions number 142-147.

142. The price elasticity of demand when fresh milk's price increases from Rs. 20 per litre to Rs. 30 per litre is equal to: (use Arc Elasticity Method)

- | | |
|----------|----------|
| (a) 2.5 | (b) 1.0 |
| (c) 1.66 | (d) 2.66 |

143. The cross elasticity of monthly demand for cereal when the price of fresh milk increases from Rs. 20 to Rs. 30 is equal to:

- | | |
|------------|------------|
| (a) -0.38 | (b) +0.25. |
| (c) -0.19. | (d) +0.38. |

144. The cross elasticity of monthly demand for powdered milk when the price of fresh milk increases from Rs. 20 to Rs. 30 per litre is equal to:

- | | |
|------------|------------|
| (a) +1.05. | (b) -1.05. |
| (c) -2.09. | (d) +2.09. |

145. What can be said about the price elasticity of demand for fresh milk?

- | | |
|--------------------------------|----------------------|
| (a) It is perfectly elastic. | (b) It is elastic. |
| (c) It is perfectly inelastic. | (d) It is inelastic. |

146. Suppose income of the residents of Econoville increases by 50% and the quantity of fresh milk demanded increases by 30%. What is income elasticity of demand for fresh milk?

- | | |
|----------|----------|
| (a) 0.5 | (b) 0.6 |
| (c) 1.25 | (d) 1.50 |

147. We can say that fresh milk in economic sense is a/an:

- | | |
|-----------------|--------------------------|
| (a) luxury good | (b) inferior good |
| (c) normal good | (d) nothing can be said. |

148. Suppose that a sole proprietorship is earning total revenues of Rs.2,00,000 and is incurring explicit costs of Rs. 1,50,000. If the owner could work for another company for Rs. 60,000 a year, we would conclude that:

- | |
|--|
| (a) the firm is incurring an economic loss. |
| (b) implicit costs are Rs.50,000. |
| (c) the total economic costs are Rs.2,00,000. |
| (d) the individual is earning an economic profit of Rs.50,000. |

Use Table 3 to answer questions 149-150.

Table 3

Hours of Labour	Total Output	Marginal Product
0	—	—
1	200	200
2	—	160
3	480	—

149. What is the total output when 2 hours of labour are employed?

- (a) 160 (b) 200
(c) 360 (d) 400

150. What is the marginal product of the third hour of labour?

- (a) 120 (b) 160
(c) 200 (d) 480

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Mutually exclusive classification is usually meant for

- (a) A discrete variable. (b) A continuous variable.
(c) An attribute. (d) Any of these.

152. $\lim_{x \rightarrow 0} \frac{3x + |x|}{7x - 5|x|}$

- (a) Exists (b) Does not exist
(c) 1/6 (d) None of these

153. 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)

154. If an unbiased coin is tossed once, then the two events Head and Tail are:

- (a) Mutually exclusive. (b) Exhaustive.
(c) Equally likely. (d) All these (a), (b) and (c).

155. If $P(A) = P(B)$, then

- (a) A and B are the same events.
(b) A and B must be same events.
(c) A and B may be different events.
(d) A and B are mutually exclusive events.



156. As the sample size increases, standard error

- (a) Increases (b) Decreases.
(c) Remains constant. (d) Decreases proportionately.

157. The test of shifting the base is called

- (a) Unit Test. (b) Time Reversal Test.
(c) Circular Test. (d) None of these.

158. Which sampling is subjected to the discretion of the sampler?

- (a) Systematic sampling
(b) Simple random sampling
(c) Purposive sampling
(d) Quota sampling

159. Scatter diagram helps us to

- (a) Find the nature correlation between two variables.
(b) Compute the extent of correlation between two variables.
(c) Obtain the mathematical relationship between two variables.
(d) Both (a) and (c).

160. The point of intersection between the straight lines $3x + 2y = 6$ and $3x - y = 12$ lie in

- (a) 1st quadrant. (b) 2nd quadrant.
(c) 3rd quadrant. (d) 4th quadrant.

161. 'Stub' of a table is the _____ part of the table describing the _____.

- (a) Left, Columns (b) Right, Columns
(c) Right, Rows (d) Left, Rows

162. The logarithm of a number consists of two parts, the whole part or the integral part is called the _____ and the decimal part is called the _____.

- (a) Characteristic, Number (b) Characteristic, Mantissa
(c) Mantissa, Characteristic (d) Number, Mantissa

163. If $b^2 - 4ac < 0$ then the roots are _____.

- (a) Real and equal (b) Imaginary
(c) Real and unequal (d) Irrational and unequal

164. In _____ receipts/payments takes place forever.

- (a) Annuity (b) Perpetuity
(c) Annuity regular (d) Annuity due

MODEL TEST PAPER - 2

165. Usually _____ is the best measure of central tendency.

- (a) Median (b) Mode
(c) Mean (d) G.M.

166. _____ are used for measuring central tendency , dispersion & skewness.

- (a) Median (b) Deciles
(c) Percentiles (d) Quartiles.

167. If the plotted points in a scatter diagram lie from upper left to lower right, then the correlation is _____.

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

168. A small value of “r” indicates only a _____ linear type of relationship between the variables.

- (a) Good (b) Poor
(c) Maximum (d) Highest

169. The method usually applied for fitting a binomial distribution is known as _____.

- (a) Method of least square (b) Method of moments
(c) Method of probability distribution (d) Method of deviations

170. An index time series is a list of _____ numbers for two or more periods of time.

- (a) Index (b) Absolute
(c) Relative (d) Sample

171. The following data relate to the marks of a group of students:

Marks :	Below 10	Below 20	Below 30	Below 40	Below 50
No. of students :	15	38	65	84	100

How many students got marks more than 30?

- (a) 65 (b) 50
(c) 35 (d) 43

172. The following data relate to the incomes of 86 persons :

Income in Rs.:	500-999	1000-1499	1500-1999	2000-2499
No. of persons:	15	28	36	7

What is the percentage of persons earning more than Rs. 1500?

- (a) 50 (b) 45
(c) 40 (d) 60



- 173. Value of $2x^{1/2} \cdot 3x^{-1}$ if $x = 4$ is**
- (a) 3 (b) 4
(c) 3.5 (d) 4.5
- 174. A number between 10 and 100 is five times the sum of its digits. If 9 be added to it the digits are reversed, find the number.**
- (a) 54 (b) 53
(c) 45 (d) 55
- 175. An employer recruits experienced (x) and fresh workmen (y) for his firm under the condition that he cannot employ more than 9 people. x and y can be related by the inequality**
- (a) $x + y \neq 9$ (b) $x + y \leq 9$
(c) $x + y \geq 9$ (d) None of these
- 176. The sum required to earn a monthly interest of Rs 1200 at 18% per annum Simple Interest is:**
- (a) Rs. 50,000 (b) Rs. 60,000
(c) Rs. 80,000 (d) None of these
- 177. The difference between compound and simple interest at 5% per annum for 4 years on Rs.20,000 is**
- (a) Rs 250 (b) Rs 277
(c) Rs 300 (d) Rs 310
- 178. 4P_4 is equal to**
- (a) 1 (b) 24
(c) 0 (d) None of these
- 179. In how many ways can 8 persons be seated at a round table?**
- (a) 5040 (b) 4050
(c) 450 (d) 540
- 180. Five bulbs of which three are defective are to be tried in two bulb points in a dark room. Number of trials the room shall be lighted**
- (a) 6 (b) 8
(c) 5 (d) 7
- 181. Which term of the progression $-1, -3, -5, \dots$ is -39 ?**
- (a) 21st (b) 20th
(c) 19th (d) None of these
- 182. The sum of natural numbers upto 200 excluding those divisible by 5 is:**
- (a) 20100 (b) 4100
(c) 16000 (d) None of these.

MODEL TEST PAPER - 2**183. The number of subsets of the set {2, 3, 5} is**

- (a) 3 (b) 8
(c) 6 (d) None of these.

184. Given A = {2, 3}, B = {4, 5}, C = {5, 6} then A × (BC) is

- (a) {(2, 5), (3, 5)} (b) {(5, 2), (5, 3)}
(c) {(2, 3), (5, 5)} (d) None of these.

185. $\lim_{x \rightarrow 4} \frac{x^2 - 16}{x - 4}$ is evaluated as

- (a) 8 (b) -8
(c) 0 (d) None of these.

186. If $y = \frac{1}{\sqrt{x}}$ then $\frac{dy}{dx}$ is equal to

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

187. $f(x) = x^2/e^x$ then $f'(-1)$ is equal to

- (a) -1/e (b) 1/e
(c) -3e (d) None of these.

188. Evaluate $\int 5x^2 dx$ and the answer will be

- (a) $5x^3 / 3 + k$ (b) $5 / 3x^3 + k$
(c) $5x^3$ (d) None of these.

189. Evaluate $\int_2^4 (3x - 2)^2 dx$ and the value is

- (a) 104 (b) 100
(c) 10 (d) None of these.

190. What is the value of the first quartile for observations 15, 18, 10, 20, 23, 28, 12, 16?

- (a) 17 (b) 16
(c) 12.75 (d) 12



- 191. What is the coefficient of range for the following wages of 8 workers?
Rs. 80, Rs. 65, Rs. 90, Rs. 60, Rs. 75, Rs. 70, Rs. 72, Rs. 85.**
- (a) Rs. 30 (b) Rs. 20
(c) Rs. 40 (d) 20%
- 192. If the relationship between two variables x and y is given by $2x + 3y + 4 = 0$, then the value of the correlation coefficient between x and y is**
- (a) 0 (b) 1
(c) -1 (d) Negative.
- 193. If two unbiased dice are rolled together, what is the probability of getting no difference of points?**
- (a) $\frac{1}{2}$ (b) $\frac{1}{3}$
(c) $\frac{1}{5}$ (d) $\frac{1}{6}$
- 194. The probability that a card drawn at random from the pack of playing cards may be either a queen or an ace is**
- (a) $\frac{2}{13}$ (b) $\frac{11}{13}$
(c) $\frac{9}{13}$ (d) None of these.
- 195. If the overall percentage of success in an exam is 60, what is the probability that out of a group of 4 students, at least one has passed?**
- (a) 0.6525 (b) 0.9744
(c) 0.8704 (d) 0.0256
- 196. If the mean deviation of a normal variable is 16, what is its quartile deviation?**
- (a) 10.00 (b) 13.50
(c) 15.00 (d) 12.05
- 197. If Standard Deviation = 20 and sample size is 100 then standard error of mean is**
- (a) 2 (b) 5
(c) $\frac{1}{5}$ (d) None of these.
- 198. 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

MODEL TEST PAPER - 2

199. The present value of Rs.10000 due in 2 years at 5% p.a. compound interest when the interest is paid on yearly basis is

- | | |
|------------------|---------------|
| (a) Rs. 9,070.29 | (b) Rs. 9,000 |
| (c) Rs. 9,061 | (d) Rs. 9,060 |

200. A town has a total population of 50,000. Out of it 28,000 read the newspaper X and 23,000 read Y while 4000 read both the papers. The number of persons not reading X and Y both is:

- | | |
|-----------|--------------------|
| (a) 2,000 | (b) 3,000 |
| (c) 2,500 | (d) None of these. |

★ ★ ★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 3

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

- 1. All of the following are functions of Accounting except**
 - (a) Decision making
 - (b) Measurement
 - (c) Forecasting
 - (d) Ledger posting

- 2. Manufacturing account is prepared to**
 - (a) Ascertain the profit or loss on the goods produced
 - (b) Ascertain the cost of the manufactured goods
 - (c) Show the sale proceeds from the goods produced during the year
 - (d) Both (b) and (c).

- 3. On March 31, 2010 after sale of goods worth Rs. 2,000, he is left with the closing inventory of Rs. 10,000. This is**
 - (a) An event
 - (b) A transaction
 - (c) A transaction as well as an event
 - (d) Neither a transaction nor an event

- 4. Financial statements only consider**
 - (a) Assets expressed in monetary terms
 - (b) Liabilities expressed in monetary terms
 - (c) Assets expressed in non-monetary terms
 - (d) Assets and liabilities expressed in monetary terms

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5. Which financial statement represents the accounting equation, Assets = Liabilities + Owner's equity?

- (a) Income Statement (b) Statement of Cash flows
(c) Balance Sheet (d) None of the above

6. A purchased a car for Rs.5,00,000, making a down payment of Rs. 1,00,000 and signing a Rs. 4,00,000 bill payable due in 60 days. As a result of this transaction

- (a) Total assets increased by Rs. 5,00,000.
(b) Total liabilities increased by Rs. 4,00,000.
(c) Total assets increased by Rs. 4,00,000.
(d) Total assets increased by Rs. 4,00,000 with corresponding increase in liabilities by Rs. 4,00,000.

7. The debts written off as bad, if recovered subsequently are

- (a) Credited to Bad Debts Recovered Account
(b) Credited to Trade receivables Account
(c) Debited to Profit and Loss Account
(d) None of the above

8. A withdrawal of cash from business by the proprietor should be credited to:

- (a) Drawings Account (b) Capital Account
(c) Cash Account (d) None of the above

9. Contra entries are passed only when

- (a) Double column cash book is prepared
(b) Three-column cash book is prepared
(c) Simple cash book is prepared
(d) None of the above

10. Consignment account is

- (a) Real account (b) Personal account
(c) Nominal account (d) None of the above

11. Economic life of an enterprise is split into the periodic interval as per _____ concept.

- (a) Money Measurement (b) Matching
(c) Periodicity (d) Accrual

12. Accounting policies refer to specific accounting _____.

- (a) Principles (b) Methods of applying those principles
(c) Both (a) and (b) (d) None of the above

13. Dividends are usually paid as a percentage of _____

- (a) Authorized share capital (b) Net profit
(c) Paid-up capital (d) Called-up capital



14. **Outgoing partner is compensated for parting with firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in _____**
- (a) Gaining Ratio (b) Capital Ratio
(c) Sacrificing Ratio (d) Profit Sharing Ratio
15. **The balance of the petty cash is _____.**
- (a) An expense (b) Income
(c) An asset (d) Liability
16. **Interest on capital will be paid to the partners if provided for in the agreement but only from _____**
- (a) Profits (b) Reserves
(c) Goodwill (d) None of the above
17. **A proforma invoice is sent by _____**
- (a) Consignee to Consignor (b) Consignor to Consignee
(c) Customers to Consignee (d) Customers to Consignor
18. **If a venturer draws a bill on his co-venturer and if the drawer discounts the bill with same sets of books maintained, the discounting charges will be borne by _____.**
- (a) The drawer of the bill
(b) The drawee of the bill
(c) The discounting charges will be recorded in memorandum account
(d) The discounting charges will be borne by bank
19. **X draws a bill on Y. X endorsed the bill to Z. _____ will be the payee of the bill.**
- (a) X (b) Y
(c) Z (d) None
20. **A Company wishes to earn a 20% profit margin on selling price. _____ is the profit mark up on cost, which will achieve the required profit margin?**
- (a) 33% (b) 25%
(c) 20% (d) None of the above
21. **A businessman purchased goods for Rs. 25,00,000 and sold 80% of such goods during the accounting year ended 31st March, 2010. The market value of the remaining goods was Rs. 4,00,000. He valued the closing inventory at cost. He violated the concept of**
- (a) Money measurement (b) Conservatism
(c) Cost (d) Periodicity

22. M/s ABC Brothers, which was registered in the year 2008, has been following Straight Line Method (SLM) of depreciation. In the current year it changed its method from Straight Line to Written Down Value (WDV) Method, since such change would result in the additional depreciation of Rs. 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.

The objection of the auditor 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

23. E Ltd., a dealer in second-hand cars has the following five vehicles of different models and makes in their inventory at the end of the financial year 2009-2010:

Car	Fiat	Ambassador	Maruti Esteem	Maruti 800	Zen
Cost Rs.	90,000	1,15,000	2,75,000	1,00,000	2,10,000
Net realisable value (Rs.)	95,000	1,55,000	2,65,000	1,25,000	2,00,000

The value of inventory included in the Balance Sheet of the company as on March 31, 2010 was

- (a) Rs. 7,62,500
- (b) Rs. 7,70,000
- (c) Rs. 7,90,000
- (d) Rs. 8,70,000

24. Original cost = Rs. 1,26,000; Salvage value = Nil; Useful life = 6 years. Depreciation for the first year under sum of years digits method will be

- (a) Rs. 6,000
- (b) Rs. 12,000
- (c) Rs. 18,000
- (d) Rs. 36,000

25. If sales revenues are Rs. 4,00,000; cost of goods sold is Rs. 3,10,000 and operating expenses are Rs.60,000, the gross profit is

- (a) Rs. 30,000
- (b) Rs. 90,000
- (c) Rs. 3,40,000
- (d) Rs. 60,000

26. Consider the following for Alpha Co. for the year 2009-10:

Cost of goods available for sale	Rs.1,00,000
Total sales	Rs. 80,000
Opening inventory of goods	Rs. 20,000
Gross profit margin	25%

Closing inventory of goods for the year 2009-10 was

- (a) Rs. 80,000
- (b) Rs. 60,000
- (c) Rs. 40,000
- (d) Rs. 36,000



27. A and B entered into a joint venture and purchased a piece of land for Rs 20,000 and sold it for Rs 60,000 in 2010. Originally A had contributed Rs 12,000 and B Rs 8,000. The profit on venture will be
- (a) Rs. 40,000 (b) Rs. 20,000
(c) Rs. 60,000 (d) Nil
28. On 1.1.2010 X draws a bill on Y for Rs. 50,000. At maturity, the bill returned dishonoured as Y became insolvent and 40 paise per rupee is recovered from his estate. The amount recovered is:
- (a) Rs. 20,000 (b) Nil
(c) Rs. 30,000 (d) 40 paise
29. Average inventory = Rs 12,000. Closing inventory is Rs. 3,000 more than opening inventory. The value of closing inventory will be
- (a) Rs. 12,000 (b) Rs. 24,000
(c) Rs. 10,500 (d) Rs. 13,500.
30. Find the goodwill of the firm using capitalization method from the following information:
Total Capital Employed in the firm Rs. 8,00,000
Reasonable Rate of Return 15%
Profits for the year Rs. 12,00,000
- (a) Rs. 82,00,000 (b) Rs. 12,00,000
(c) Rs. 72,00,000 (d) Rs. 42,00,000
31. A & B are partners sharing profits and losses in the ratio 5:3. After admission of C, new profit sharing ratio between A, B and C are 7:5:4. The sacrificing ratio among A:B will be
- (a) 3:1 (b) 4:7
(c) 5:4 (d) 2:1
32. The cash book showed an overdraft of Rs. 1,500, but the pass book made up to the same date showed that cheques of Rs. 100, Rs. 50 and Rs. 125 respectively had not been presented for payments; and the cheque of Rs.400 paid into account had not been cleared. The overdraft balance as per the pass book will be
- (a) Rs. 1,100 (b) Rs. 2,175
(c) Rs. 1,625 (d) Rs. 1,375
33. A second hand machinery is purchased for Rs. 10,000, the amount of Rs. 1,500 is spent on its transportation and Rs. 1,200 is paid for installation. The amount debited to machinery account will be
- (a) Rs. 10,000 (b) Rs. 10,500
(c) Rs. 11,500 (d) Rs. 12,700

34. Consider the following data pertaining to a company for the month of March 2010:

Particulars	Rs.
Opening inventory	22,000
Closing inventory	25,000
Purchases less returns	1,10,000
Gross profit margin (on sales)	20%

The sales of the company during the month are

- (a) Rs. 1,41,250 (b) Rs. 1,35,600
 (c) Rs. 1,33,750 (d) Rs. 1,28,400.

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

S. No.	Account heads	Debit (Rs.)	Credit (Rs.)
1.	Sales		15,000
2.	Purchases	10,000	
3.	Miscellaneous expenses	2,500	
4.	Salaries		<u>2,500</u>
	Total	<u>12,500</u>	<u>17,500</u>

The above difference in trial balance is due to

- (a) Wrong placing of sales account
 (b) Wrong placing of salaries account
 (c) Wrong placing of miscellaneous expenses account
 (d) Wrong placing of all accounts

36. The profits of last five years are Rs. 85,000; Rs. 90,000; Rs. 70,000; Rs. 1,00,000 and Rs. 80,000. Find the value of goodwill, if it is calculated on average profits of last five years on the basis of 3 years of purchase.

- (a) Rs. 85,000 (b) Rs. 2,55,000
 (c) Rs. 2,75,000 (d) Rs. 2,85,000

37. C Ltd. recorded the following information as on March 31, 2010:

	Rs.
Inventory as on April 01, 2009	80,000
Purchases	1,60,000
Sales	2,00,000

It is noticed that goods worth Rs. 30,000 were destroyed due to fire. Against this, the insurance company accepted a claim of Rs. 20,000.

The company sells goods at cost plus $33\frac{1}{3}\%$. The value of closing inventory, after taking into account the above transactions is,



- (a) Rs. 10,000
(c) Rs. 1,00,000
- (b) Rs. 30,000
(d) Rs. 60,000

	Rs.		Rs.
Opening inventory	20,000	Carriage on sales	3,000
Closing inventory	18,000	Rent of Office	5,000
Purchases	85,800	Sales	1,40,700
Carriage on purchases	2,300		
Gross profit will be			

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

39. Omega Ltd., a listed company, acquired assets worth Rs. 7,50,000 from Alpha Ltd. and issued shares of Rs. 100 each at premium of 25%. The number of shares to be issued by Omega Ltd. to settle the purchase consideration will be

- (a) 6,000
(c) 9,375
- (b) 7,500
(d) 5,625

40. X sent out certain goods to Y of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs. 12,500. Invoice value of goods sent out on consignment will be:

- (a) Rs. 1,20,000
(c) Rs. 1,40,000
- (b) Rs. 1,25,000
(d) Rs. 1,00,000

41. F Ltd. purchased Machinery from G Company for a book value of Rs.4,00,000. The consideration was paid by issue of 10% debentures of Rs.100 each at a discount of 20%. The debenture account was credited with

- (a) Rs. 4,00,000
(c) Rs. 3,20,000
- (b) Rs. 5,00,000
(d) Rs. 4,80,000

42. P Ltd. issued 5,000, 12% debentures of Rs.100 each at a premium of 10%, which are redeemable after 10 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is

- (a) Rs. 80,000
(c) Rs. 10,000
- (b) Rs. 40,000
(d) Rs. 8,000

43. X and Y share profits and losses in the ratio of 2 : 1. They take Z as a partner and the new profit sharing ratio becomes 3 : 2 : 1. Z brings Rs. 4,500 as premium for goodwill. The full value of goodwill will be

- (a) Rs. 4,500
(c) Rs. 27,000
- (b) Rs. 18,000
(d) Rs. 24,000

- 44. The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. Find out the goodwill of two years purchase.**
- (a) Rs. 42,000 (b) Rs. 84,000
(c) Rs. 1,26,000 (d) Rs. 36,000
- 45. T Ltd. has issued 14% Debentures of Rs.20,00,000 at a discount of 10% on April 01, 2008 and the company pays interest half-yearly on June 30, and December 31 every year. On March 31, 2010, the amount shown as “interest accrued but not due” in the Balance Sheet will be**
- (a) Rs. 70,000 shown under current liabilities
(b) Rs. 2,10,000 under current liabilities
(c) Rs. 1,40,000 shown along with Debentures
(d) Rs. 2,80,000 under current liabilities
- 46. A and B enter into a joint venture sharing profit and losses in the ratio 2:1. A purchased goods costing Rs. 2,00,000. B sold the goods for Rs. 2,50,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales. The profit on venture will be:**
- (a) Rs. 35,500 (b) Rs. 36,000
(c) Rs. 34,000 (d) Rs.38,000
- 47. Ashok purchased a machine on 01.01.2010 for Rs 1,20,000. Installation expenses were Rs. 10,000. Residual value after 5 years Rs. 5,000. On 01.07.2010, expenses for repairs were incurred to the extent of Rs 2,000. Depreciation is provided under straight line method. Annual Depreciation is**
- (a) Rs. 13,000 (b) Rs. 17,000
(c) Rs. 21,000 (d) Rs. 25,000
- 48. X draws a bill on Y for Rs. 30,000. X wants to endorse it to W in settlement of Rs 35,000 at 2% discount with the help of Y’s acceptance and balance in cash. How much cash X will pay to Y?**
- (a) Rs. 4,300 (b) Rs. 4,000
(c) Rs. 4,100 (d) Rs. 5,000
- 49. A and B entered into joint venture for equal profits. A purchased 1,000 kg of rice costing Rs. 200 each. Carriage Rs. 2,000, insurance Rs. 3,000. 4/5th of the boxes were sold by B at Rs. 250 per boxes. Remaining inventory were taken over by B at cost. The amount of inventory taken over will be:**
- (a) Rs. 40,000 (b) Rs. 41,000
(c) Rs. 50,000 (d) Rs. 50,200



50. A company sends its 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 cost Rs.55,000 each have been sent on 'sale or return' and have been debited to customers at Rs.75,000 each, cost of goods lying with the customers will be
- (a) Rs. 1,10,000 (b) Rs. 55,000
(c) Rs. 75,000 (d) None of the above
51. Electricity charges paid on 1 October, 2008 for the year to 30 September, 2009 was Rs. 2,400 and electricity charges paid on 1 October, 2009 for the year to 30 September, 2010 was Rs. 3,200. Electricity charges paid, as shown in the profit and loss account for the year ended 31 December 2009, would be:
- (a) Rs. 2,400 (b) Rs. 3,200
(c) Rs. 2,600 (d) Rs. 3,000
52. Goods costing Rs 2,00,000 sent out to consignee at Cost + 20%. Invoice value of the goods will be
- (a) Rs. 2,50,000 (b) Rs. 2,40,000
(c) Rs. 3,00,000 (d) None of the above.
53. R, J and D are the partners sharing profits in the ratio 7:5:4. D died on 30th June 2010 and profits for the accounting year 2009-2010 were Rs. 24,000. How much share in profits for the period 1st April 2010 to 30th June 2010 will be credited to D's Account.
- (a) Rs. 6,000 (b) Rs. 1,500
(c) Nil (d) Rs. 2,000
54. X of Kolkata sends out certain goods at cost + 25%. Invoice value of goods sends out Rs. 2,00,000. 4/5th of the goods were sold by consignee at Rs.1,76,000. Commission is 2% upto invoice value and 10% of any surplus above invoice value.
The amount of commission will be:
- (a) Rs. 4,800 (b) Rs. 5,200
(c) Rs. 3,200 (d) Rs. 1,600
55. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2010 is Rs. 1,500. Cheques deposited but not cleared amounts to Rs. 100 and Cheques issued but not presented is Rs. 150. The bank allowed interest amounting Rs. 50 and collected dividend Rs. 50 on behalf of ABC Enterprises. Balance as per pass book should be
- (a) Rs. 1,600 (b) Rs. 1,450
(c) Rs. 1,850 (d) Rs. 1,650

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56. If a purchase return of Rs.1,000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers' account, the total of the

- (a) Trial balance would show the debit side to be Rs. 1,000 more than the credit
- (b) Trial balance would show the credit side to be Rs. 1,000 more than the debit
- (c) The debit side of the trial balance will be Rs. 2,000 more than the credit side
- (d) The credit side of the trial balance will be Rs. 2,000 more than the debit side

57. X and Y are partners sharing profits in the ratio 5:3. They admitted Z for 1/5th share of profits, for which he paid Rs. 1,20,000 against capital and Rs. 60,000 against goodwill. Find the capital balances for each partner taking Z's capital as base capital.

- (a) Rs. 3,00,000; Rs. 1,20,000 and Rs. 1,20,000
- (b) Rs. 3,00,000; Rs. 1,20,000 and Rs. 1,80,000
- (c) Rs. 3,00,000; Rs. 1,80,000 and Rs. 1,20,000
- (d) Rs. 3,00,000; Rs. 1,80,000 and Rs. 1,80,000

58. L's acceptances of Rs. 20,000 given to A is renewed upon cash payment of Rs. 5,000 and the fresh bill of Rs. 15,100. Journal entry for renewal in the books of A will be

(a)	B/R A/c	Dr	15,100	
	Cash A/c	Dr	5,000	
	To L A/c			20,000
	To Interest A/c			100
(b)	B/R A/c	Dr	20,100	
	To Cash A/c			5,100
	To L A/c			15,000
	To Interest A/c			100
(c)	B/R A/c	Dr	20,100	
	To L A/c			20,100
(d)	B/R A/c	Dr	15,000	
	Cash A/c	Dr	5,000	
	To L A/c			20,000

59. A company forfeited 2,000 shares of Rs. 10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs. 4 per share. The called-up value per share was Rs.9. On forfeiture, the amount debited to share capital will be _____

- (a) Rs. 10,000
- (b) Rs. 8,000
- (c) Rs. 2,000
- (d) Rs. 18,000.

60. X, Y and Z are partners sharing profits in the ratio 2:2:1. On retirement of Y, goodwill was valued as Rs. 30,000. The contribution of X and Z to compensate Y will be _____

- (a) Rs. 20,000 and Rs. 10,000
- (b) Rs. 8,000 and Rs. 4,000
- (c) They will not contribute any thing.
- (d) Information is insufficient for any comment.



SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Which of the following statement is true?

- (a) An agreement is an unaccepted proposal
- (b) An agreement enforceable by law is a contract
- (c) An agreement can only consist of an offer
- (d) An agreement can only consist of an acceptance

62. An offer may lapse by:

- (a) Revocation
- (b) Counter Offer
- (c) Rejection of Offer by Offeree
- (d) All of these

63. Consideration must move at the desire of

- (a) Promisor
- (b) Promisee
- (c) Any other person
- (d) Any of these

64. Which of the following statements is not true about minor's position in a firm?

- (a) He cannot become a partner in an existing firm
- (b) He can become a partner in an existing firm
- (c) He can be admitted only to the benefits of any existing firm
- (d) He can become partner on becoming a major

65. A contract is discharged by novation which means the

- (a) Cancellation of the existing contract
- (b) Change in one or more terms of the contract
- (c) Substitution of existing contract for a new one
- (d) None of these

66. When prior to the due date of performance, the promisor absolutely refuses to perform the contract, it is known as

- (a) Abandonment of contract
- (b) Remission of contract
- (c) Actual breach of contract
- (d) Anticipatory breach of contract

67. In case of breach of contract, which of the following remedy is available to the aggrieved party?

- (a) Suit for rescission
- (b) Suit for damages
- (c) Suit for specific performance
- (d) All of these

68. A voidable contract is one which

- (a) Can be enforced at the option of aggrieved party
- (b) Can be enforced at the option of both the parties
- (c) Cannot be enforced in a court of law
- (d) Courts prohibit

69. A agrees to sell his car worth Rs. 1,00,000 to B for Rs. 20,000 only, and A's consent was obtained by coercion. Here, the agreement is

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Unlawful

70. The term "goods" under the Sale of Goods Act, 1930 does not include

- (a) Goodwill.
- (b) Actionable claims.
- (c) Stocks and shares.
- (d) Harvested crops.

71. Which of the following is not an implied condition in a contract of sale?

- (a) Condition as to title
- (b) Condition as to description
- (c) Condition as to free from encumbrance
- (d) Condition as to sample

72. Which of the following is not a form of delivery?

- (a) Constructive delivery
- (b) Structured delivery
- (c) Actual delivery
- (d) Symbolic delivery

73. 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

74. 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 goods are purchased under its brand name
- (d) All of the above

75. If X commissioned Y, an artist, to paint a portrait of A for 200 dollars & Y uses his own canvas and paint then it is

- (a) Contract of sale
- (b) Contract of work and labour
- (c) Sale on approval
- (d) Hire-Purchase agreement



76. The most important element in partnership is:

- (a) Business
- (b) Sharing of Profits
- (c) Agreement
- (d) Business to be carried on by all or any of them acting for all

77. On dissolution the partners remain liable to till

- (a) Accounts are settled
- (b) Partners dues are paid off
- (c) Public notice is given
- (d) The registrar strikes off the name

78. Which of the following acts are not included in the implied authority of a partner?

- (a) To buy or sell goods on accounts of partners
- (b) To borrow money for the purposes of firm
- (c) To enter into partnership on behalf of firm
- (d) To engage a lawyer to defend actions against firm

79. After retirement from firm, which of the following partners is not liable by holding out, even if the public notice of retirement is not given?

- (a) Active partner
- (b) Sleeping partner
- (c) Representative of deceased partner
- (d) Both (b) and (c)

80. An agreement enforceable by law is a _____.

- (a) Promise
- (b) Contract
- (c) Obligation
- (d) Lawful Promise

81. A wrong representation when made without any intention to deceive the other party amounts to _____.

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

82. When the consent of a party is obtained by coercion, undue influence, fraud or misrepresentation, the contract is _____.

- (a) Void
- (b) Voidable
- (c) Valid
- (d) Illegal

83. A threatens to kill B if he does not agree to sell his scooter to him for Rs. 1,000 only. Here B's consent is obtained by _____.

- (a) Undue influence
- (b) Fraud
- (c) Coercion
- (d) None of these

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84. Where the consent of both the parties is given by mistake, the contract is _____.

- (a) Void (b) Valid
(c) Voidable (d) Illegal

85. 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

86. An agreement, which prevents a person from carrying a lawful business, is _____.

- (a) Valid (b) Void
(c) Voidable (d) Contingent

87. A agrees to sell his car to B at a price which B may be able to pay. This agreement is _____.

- (a) Void (b) Valid
(c) Voidable (d) Contingent

88. 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.

89. Agreement-the meaning of which is uncertain is _____.

- (a) Valid (b) Void
(c) Voidable (d) Illegal

90. The goods are at the risk of a party who has the _____.

- (a) Ownership of goods (b) Possession of goods
(c) Custody of goods (d) Both (b) and (c)

91. In case of unconditional contract of sale, the property passes to the buyer at the time of making the contract. For this rule to apply, the goods must be _____.

- (a) Specific (b) In a deliverable state
(c) Physically transferred to buyer (d) Both (a) and (b)

92. In case of sale of unascertained goods, the ownership is transferred to the buyer when the goods are _____.

- (a) Ascertained (b) Appropriated to the contract
(c) Weighed and measured (d) Both (a) and (b)

93. In case of sale on approval, the ownership is transferred to the buyer when he _____.

- (a) Accepts the goods (b) Adopts the transaction
(c) Fails to return goods (d) In all the above cases.



- 94. The bidder at an auction sale can withdraw his bid _____.**
- (a) Any time during auction (b) Before fall of hammer
(c) Before payment of price (d) Cannot withdraw at all.
- 95. A partner can retire on _____.**
- (a) Reaching the age of superannuation
(b) On the balance in the capital account reaching a certain amount
(c) In accordance with the Partnership Deed
(d) On the condition of his nominee becoming a partner
- 96. Death of partner has the effect of _____.**
- (a) Dissolving the firm
(b) Result in continuance of the business of the firm
(c) His heirs joining the firm
(d) Computation of profits upto the date of death
- 97. The reconstitution of the firm takes place in case of _____**
- (a) Admission of a partner (b) Retirement of a partner
(c) Expulsion or death of a partner (d) All of the above
- 98. A partner may be expelled from the firm on the fulfillment of the condition that the expulsion power is exercised _____.**
- (a) As given by express contract (b) By majority of partners
(c) In absolute good faith (d) All of the above
- 99. A contracts with B to buy a necklace, believing it is made of pearls whereas in fact it is made of imitation pearls of no value. B knows that A is mistaken and takes no steps to correct the error. Now A wants to cancel the contract on the basis of fraud. Which of the following statement is correct?**
- (a) A can cancel the contract alleging fraud
(b) A cannot cancel the contract
(c) A can cancel the contract alleging undue influence
(d) A can claim damages
- 100. A timber merchant agreed to supply best teak at a certain agreed price to a builder. Later the merchant supplied timber which was identified as ordinary class of timber and demanded the payment from the builder. Which of the following statements is/are true?**
- (a) Builder can reject the goods and can claim damages
(b) Builder has to accept the goods
(c) Builder has to pay the price by taking delivery of teak wood
(d) Timber merchant cannot plead the doctrine of caveat emptor

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is correct?

- (a) Agriculture occupies 10 percent population of India
- (b) Nearly 5 percent population of India is below the poverty line
- (c) The production techniques are backward
- (d) None of the above

102. The green revolution is also known as:

- (a) Wheat revolution
- (b) Rice revolution
- (c) Maize revolution
- (d) Forest revolution

103. 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

104. Per capita national income means

- (a) $NNP \div \text{population}$
- (b) $\text{Total capital} \div \text{population}$
- (c) $\text{Population} \div NNP$
- (d) None of the above.

105. In the theory of demographic transition in the last stage,

- (a) Birth rate rises, death rate rises
- (b) Birth rate falls, death rate rises
- (c) Birth rate rises, death rate falls
- (d) Birth rate falls, death rate falls

106. Work force refers to that part of:

- (a) Labour force which is employed
- (b) Population which is unemployed
- (c) Population which is forced to work
- (d) Labour force which is unemployed

107. According to National Sample Survey Organisation (NSSO) during 2011-12

- (a) Unemployment rates on the basis of current daily status were same as those on the basis of usual status
- (b) Unemployment rates on the basis of current daily status were higher than those on the basis of usual status
- (c) Unemployment rates on the basis of current daily status were lower than those on the basis of usual status
- (d) None of the above



108. Electricity generated from radio active elements is called:

- (a) Thermal electricity
- (b) Atomic energy
- (c) Hydel electricity
- (d) Tidal energy

109. FRBM Act stands for:

- (a) Fiscal Revenue and Budget Management
- (b) Foreign Revenue and Business Management
- (c) Fiscal Responsibility and Budget Management
- (d) Foreign Responsibility and Budget Management

110. The pre-condition for privatization to be successful requires:

- (a) Liberalization and de-regulation of the economy.
- (b) Capital markets should be sufficiently developed.
- (c) None of the above
- (d) Both of the above (a) & (b)

111. Which of the following is also known as International Bank for Reconstruction and Development?

- (a) IMF
- (b) RBI
- (c) WTO
- (d) World Bank

112. Fiscal policy means:

- (a) Policy relating to money and banking in a country
- (b) Policy relating to public revenue and public expenditure
- (c) Policy relating to non banking financial institutions
- (d) None of the above

113. Money in traditional sense:

- (a) Serves as a medium of exchange
- (b) Serves as a store of value
- (c) Serves as both medium of exchange and store of value
- (d) Serves neither as medium of exchange and store of value

114. Narrow money refers to:

- (a) M_1
- (b) M_2
- (c) M_3
- (d) M_4

115. Which of the following statements about banks is incorrect?

- (a) Banks encourage saving habits among people
- (b) Banks mobilize savings and make them available for production
- (c) Banks help in creating credit money
- (d) None of the above

116. Who is the official “lender of the last resort” in India?

- (a) SBI (b) PNB
(c) RBI (d) OBC

117. Since Independence the share of industrial sector in the GDP of India has _____.

- (a) Increased
(b) Decreased
(c) Remained constant
(d) Remained above 50 percent

118. Three steel plants in Bhilai, Rourkela and Durgapur were set up in the _____.

- (a) First plan (b) Second plan
(c) Third plan (d) Fourth plan

119. The annual addition to the country’s population is almost equal to the total population of _____.

- (a) Bangladesh (b) Australia
(c) Japan (d) China

120. India’s passing through _____ stage of demographic transition.

- (a) Fourth (b) Third
(c) First (d) Second

121. At present only _____ industries are reserved for the public sector.

- (a) 5 (b) 7
(c) 8 (d) 2

122. At present, 100 percent FDI is allowed in _____ .

- (a) Defence (b) Drugs and pharmaceuticals
(c) Banks (d) Insurance

123. When due to introduction of new machinery, some workers tend to be replaced by machines, their unemployment is termed as _____.

- (a) Structural (b) Technological
(c) Mechanical (d) Seasonal

124. Most of the unemployment in India is _____.

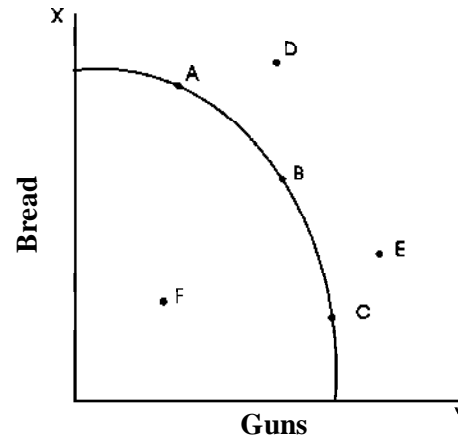
- (a) Voluntary (b) Structural
(c) Frictional (d) Technical



- 125. Rural bank branches constitute __ percent of total bank branches in India. (as on June 2012)**
- (a) 14 (b) 60
(c) 38 (d) 82
- 126. A study of how increases in the corporate income tax rate will affect the national unemployment rate is an example of_____.**
- (a) Macroeconomics (b) Descriptive economics
(c) Microeconomics (d) Normative economics
- 127. If the marginal (additional) opportunity cost is a constant then the PPC would be _____.**
- (a) Straight line (b) Convex
(c) Backward leading (d) Concave
- 128. If a good is a luxury, its income elasticity of demand is_____.**
- (a) Positive and less than 1. (b) Negative but greater than -1.
(c) Positive and greater than 1. (d) Zero.
- 129. In the case of a Giffen good, the demand curve will be _____.**
- (a) Horizontal (b) Downward-sloping to the right
(c) Upward-sloping to the right (d) Vertical
- 130. _____ is also known as planning curve.**
- (a) Long run average cost curve (b) Short run average cost curve
(c) Average variable cost curve (d) Average total cost curve
- 131. If increasing air fares increases revenues and decreasing them decreases revenues, then the demand for air travel has a price elasticity of:**
- (a) Zero (b) Greater than zero but less than one
(c) One (d) Greater than one
- 132. When _____, we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency.**
- (a) $AC = AR$ (b) $MC = AC$
(c) $MC = MR$ (d) $AR = MR$

Figure 1 gives the production possibilities frontier of an economy that produces two types of goods, guns and bread. Read the figure and answer questions 133-135.

133. Which point on the PPF shows a productively efficient level of output?



- (a) A
- (b) B
- (c) C
- (d) All of the above

134. Which of the following clearly represents a movement toward greater productive efficiency?

- (a) A movement from point A to point B
- (b) A movement from point C to point D
- (c) A movement from point F to point C
- (d) A movement from point E to point B

135. Which of the following illustrates a decrease in unemployment using the PPF?

- (a) A movement down along the PPF
- (b) A rightward shift of the PPF
- (c) A movement from a point on the PPF to a point inside the PPF
- (d) A movement from a point inside the PPF to a point on the PPF

Read the para below and answer questions 136-137.

It was the World Trade Organisation (WTO) which gave a real push to the process of globalization. The World Trade Organisation came into existence on 1st January 1995. It is a powerful body which aims at making the whole world a big village where there is a free flow of goods and services and there is no barrier to trade. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations.

136. What is globalization?

- (a) It refers to the transfer of assets from public to private ownership
- (b) It refers to the disposal of public sector's equity in the market
- (c) It means integrating the domestic economy with the world economy
- (d) None of the above



137. Which of the following is false about WTO?

- (a) It is the main organ for implementing the Multilateral Trade Agreements
- (b) It is global in its membership
- (c) It has far wider scope than GATT
- (d) Only countries having more than prescribed level of total GDP can become its members

A competitive firm sells as much as of its product as it chooses at a market price of Rs. 100 per unit. Its fixed cost is Rs. 300 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 2 to answer questions 138-141.

Table 2

Quantity	Variable Cost	Fixed cost	Total cost	Average variable cost	Average total cost	Marginal cost
0	0			-	-	-
5	250					
10	470					
15	700					
20	980					
25	1350					
30	1850					
35	2520					
40	3400					
45	4530					
50	5950					

138. When production is 40 units, the average total cost is

- (a) Rs. 4.40
- (b) Rs. 7.50
- (c) Rs. 85
- (d) Rs. 92.50

139. In the table marginal cost per unit that corresponds to 40 units of production is

- (a) Rs. 22
- (b) Rs. 85
- (c) Rs. 176
- (d) Rs. 880

140. To maximize profit, the firm should produce

- (a) 15 units
- (b) 30 units
- (c) 35 units
- (d) 50 units

141. If the market price drops from Rs 100 to Rs 56, the firm's short run response should be

- (a) Shut down
- (b) Produce 5 units
- (c) Produce 20 units
- (d) Continue to produce the same number of units as before the drop in price.

Read the following data and answer Questions number 142-147

A shopkeeper sells gel pen at Rs. 10 per pen. At this price he can sell 120 per month.

After some time, he raises the price to Rs. 15 per pen. Following the price rise:

- Only 60 pens were sold every month.
- The number of refills bought went down from 200 to 150.
- The number of ink pen customers bought went up from 90 to 180 per month.

142. The price elasticity of demand when gel pen's price increases from Rs. 10 per pen to Rs. 15 per pen is equal to: (use arc Elasticity Method)

- (a) 2.5 (b) 1.0
(c) 1.66 (d) 2.66

143. The cross elasticity of monthly demand for refills when the price of gel pen increase from Rs. 10 to Rs.15 is equal to:

- (a) - 0.71 (b) + 0.25
(c) - 0.1 (d) + 0.38

144. The cross elasticity of monthly demand for ink pen when the price of gel pen increases from Rs. 10 to Rs. 15 is equal to:

- (a) + 1.66 (b) -1.05
(c) -2.09 (d) + 2.09

145. What can be said about the price elasticity of demand for pen?

- (a) It is perfectly elastic (b) It is elastic
(c) It is perfectly inelastic (d) It is inelastic

146. Suppose income of the residents of locality increases by 50% and the quantity of gel pens demanded increases by 20%. What is income elasticity of demand for gel pen?

- (a) 0.4 (b) 0.6
(c) 1.25 (d) 1.50

147. We can say that gel pen in economics sense is a/an

- (a) Luxury good (b) Inferior good
(c) Normal good (d) Nothing can be said.

148. Suppose that a sole proprietorship is earning total revenues of Rs.120,000 and is incurring explicit costs of Rs 90,000. If the owner could work for another company for Rs.50,000 a year, we would conclude that:

- (a) the firm is incurring an economic loss
(b) implicit costs are Rs. 90,000
(c) the total economic costs are Rs. 100,000
(d) the individual is earning an economic profit of Rs. 25,000



Use Table 3 to answer questions 149-150.

Table 3		
Hours of Labour	Total Output	Marginal Product
0	—	—
1	300	300
2	—	240
3	720	—

149. What is the total output when 2 hours of labour are employed?

- (a) 160 (b) 200
(c) 360 (d) 540

150. What is the marginal product of the third hour of labour?

- (a) 120 (b) 160
(c) 200 (d) 180

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Statistics is concerned with

- (a) Qualitative information (b) Quantitative information
(c) (a) or (b) (d) Both (a) and (b)

152. 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

153. Bivariate Data are the data collected for

- (a) Two variables
(b) More than two variables
(c) Two variables at the same point of time
(d) Two variables at different points of time

154. Karl Pearson's coefficient is defined from

- (a) Ungrouped data (b) Grouped data
(c) Both (d) None

155. An experiment is known to be random if the results of the experiment

- (a) Cannot be predicted
(b) Can be predicted
(c) Can be split into further experiments
(d) Can be selected at random

MODEL TEST PAPER - 3

156. A theoretical probability distribution

- (a) Does not exist (b) Exists only in theory
(c) Exists in real life (d) Both (b) and (c)

157. Poisson distribution may be

- (a) Unimodal (b) Bimodal
(c) Multi-modal (d) (a) or (b)

158. 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 a parameter
(d) Standard deviation of a statistic

159. P_{01} is the index for time

- (a) 1 on 0 (b) 0 on 1
(c) 1 on 1 (d) 0 on 0

160. The present value of an annuity of Rs. 3,000 for 15 years at 4.5% p.a CI is

- (a) Rs. 23,809.41 (b) Rs. 32,218.644
(c) Rs. 32,214.90 (d) None of these.

161. If $b^2 - 4ac > 0$ then the roots are _____ and _____ .

- (a) Real, Equal (b) Real, Unequal
(c) Imaginary, Unequal (d) Imaginary, Equal

162. If an investment of Rs. 60,000 and Rs. 70,000 respectively yields an income of Rs. 5,750 Rs. 6,500 an investment of Rs. 90,000 would yield income of Rs. _____

- (a) 7,500 (b) 8,000
(c) 7,750 (d) 7,800

163. In _____ ways can 4 Americans and 4 English men be seated at a round table so that no 2 Americans may be together.

- (a) $4! \times 3!$ (b) 4P_4
(c) $3 \times {}^4P_4$ (d) 4C_4

164. The last term of the series $x^2, x, 1, \dots$ to 31 terms is _____ .

- (a) x^{28} (b) $1/x$
(c) $1/x^{28}$ (d) $1/x^{30}$



165. The sum of all natural numbers between 200 and 400 which are divisible by 7 is _____.

- (a) 7730 (b) 8729
(c) 7729 (d) 8730

166. An Ogive can be prepared in _____ different ways.

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

167. Mutually inclusive classification is usually meant for _____ .

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

168. _____ is an absolute measure of dispersion.

- (a) Range (b) Mean Deviation
(c) Standard Deviation (d) All these measures

169. For finding the degree of agreement about beauty between two Judges in a Beauty Contest, we use _____ .

- (a) Scatter diagram
(b) Coefficient of rank correlation
(c) Coefficient of correlation
(d) Coefficient of concurrent deviation

170. Probability density function is always _____ .

- (a) Greater than 0 (b) Greater than equal to 0
(c) Less than 0 (d) Less than equal to 0

171. The value of $\left(\frac{8}{27}\right)^{\frac{1}{3}}$ is

- (a) $\frac{2}{3}$ (b) $\frac{3}{2}$
(c) $\frac{2}{9}$ (d) None of these.

172. The equation $-7x + 1 = 5 - 3x$ will be satisfied for x equal to

- (a) 2 (b) -1
(c) 1 (d) None of these

173. The sum of two numbers is 52 and their difference is 2. The numbers are

- (a) 17 and 15 (b) 12 and 10
(c) 27 and 25 (d) None of these.

174. In what time will Rs. 85,000 amount to Rs. 1,57,675 at 4.5% p.a. Simple Interest?

- (a) 18 years (b) 18.5 years
(c) 19 years (d) 20 years

MODEL TEST PAPER - 3

175. On what sum will the compound interest at 5% per annum for two years compounded annually be Rs. 1,640?

- (a) Rs. 16000 (b) Rs. 17000
(c) Rs. 18000 (d) Rs. 19000

176. Find the future value of an annuity of Rs.500 is made annually for 7 years at interest rate of 14% compounded annually. Given that $(1.14)^7 = 2.5023$.

- (a) Rs. 5,635.25 (b) Rs. 5,365.25
(c) Rs. 6,535.25 (d) Rs. 6,355.25

177. Find n if ${}^n P_3 = 60$

- (a) 4 (b) 5
(c) 6 (d) 7

178. A man has 5 friends. In how many ways can he invite one or more of his friends to dinner?

- (a) 29 (b) 30
(c) 31 (d) 32

179. The 4 arithmetic means between -2 and 23 are

- (a) 3, 13, 8, 18 (b) 18, 3, 8, 13
(c) 3, 8, 13, 18 (d) None of these

180. The second term of a G P is 24 and the fifth term is 81. The series is

- (a) 16, 36, 24, 54,..... (b) 24, 36, 53,.... ..
(c) 16, 24, 36, 54,..... (d) None of these

181. In a group of 20 children, 8 drink tea but not coffee and 13 like tea. The number of children drinking coffee but not tea is

- (a) 6 (b) 7
(c) 1 (d) None of these

182. Evaluate: $\lim_{x \rightarrow 3} \frac{x^2 - 6x + 9}{x - 3}$.

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

183. $\lim_{x \rightarrow 1} \frac{x^2 - \sqrt{x}}{\sqrt{x} - 1}$ is equal to

- (a) -3 (b) 1/3
(c) 3 (d) None of these



184. If $y = x(x-1)(x-2)$ then $\frac{dy}{dx}$ is

- (a) $3x^2 - 6x + 2$ (b) $-6x + 2$
(c) $3x^2 + 2$ (d) None of these.

185. The derivative of $\frac{3-5x}{3+5x}$ w.r.t. x is

- (a) $30 / (3 + 5x)^2$ (b) $1 / (3 + 5x)^2$
(c) $-30 / (3 + 5x)^2$ (d) None of these

186. Integration of $3 - 2x - x^4$ will become

- (a) $-x^2 - x^5 / 5$ (b) $3x - x^2 - \frac{x^5}{5}$
(c) $3x - x^2 - x^5 / 5 + k$ (d) None of these

187. Evaluate $\int_0^1 (2x^2 - x^3) dx$ and the value is

- (a) $4/3$ (b) $5/12$
(c) $-4/3$ (d) None of these.

188. Find the number of observations between 250 and 300 from the following data:

Value :	More than 200	More than 250	More than 300	More than 350
No. of observations:	56	38	15	0

- (a) 56 (b) 23
(c) 15 (d) 8

189. What is the median for the following observations?
5, 8, 6, 9, 11, 4.

- (a) 6 (b) 7
(c) 8 (d) None of these

190. 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

191. If the range of x is 2, what would be the range of $-3x + 50$?

- (a) 2 (b) 6
(c) -6 (d) 44

MODEL TEST PAPER - 3

192. What is the standard deviation of 5, 5, 9, 9, 9, 10, 5, 10, 10?

- (a) $\sqrt{14}$ (b) $\sqrt{42/3}$
(c) 4.50 (d) 8

193. When $r = 0$ then $\text{cov}(x,y)$ is equal to

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

194. If an unbiased die is rolled once, the odds in favour of getting a point which is a multiple of 3 is

- (a) 1:2 (b) 2:1
(c) 1:3 (d) 3:1

195. If A, B and C are mutually exclusive independent and exhaustive events then what is the probability that they occur simultaneously?

- (a) 1 (b) 0.50
(c) 0 (d) Any value between 0 and 1

196. 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

197. If the quartile deviation of a normal curve is 4.05, then its mean deviation is

- (a) 5.26 (b) 6.24
(c) 4.24 (d) 4.80

198. If $2 \log x = 4 \log 3$, the x is equal to

- (a) 3 (b) 9
(c) 2 (d) None of these.

199. The number of subsets of the sets $\{6, 8, 11\}$ is

- (a) 9 (b) 6
(c) 8 (d) None of these.

200. $\lim_{x \rightarrow \infty} \frac{e^x + 1}{e^x + 2}$ is evaluated to be

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

★ ★ ★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 4

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

- 1. In the books of manufacturing concern, opening inventory consists of**

(a) Raw materials	(b) Work-in-progress
(c) Finished goods	(d) All of the above

- 2. When adjusted purchase is shown on the debit column of the trial balance then**

(a) Both opening stock and closing inventory do not appear in the trial balance	(b) Closing inventory is shown in the trial balance and not the opening inventory
(c) Opening inventory is shown in the trial balance and not the closing inventory	(d) Both opening and closing inventory appear in the trial balance

- 3. Following is the example of external users of financial statements:**

(a) Government	(b) Owners
(c) Management	(d) Employees

- 4. “Business unit is separate and distinct from the person who supply capital to it”, is based on**

(a) Money measurement concept	(b) Going concern concept
(c) Business entity concept	(d) Dual aspect concept

5. State the case where the going concern concept is applied?

- (a) When an enterprise was set up for a particular purpose, which has been achieved, or to be achieved shortly
- (b) When a receiver or liquidator has been appointed in case of a company which is to be liquidated
- (c) Fixed assets are acquired for use in the business for earning revenues and are not meant for resale
- (d) When an enterprise is declared sick

6. If two or more transactions of the same nature are journalised together having either the debit or the credit account common is known as

- (a) Compound journal entry
- (b) Separate journal entry
- (c) Posting
- (d) None of the above

7. If the cheque issued is not presented for the payment upto the date of the preparation of the Bank Reconciliation Statement, then the balance as per Pass Book will be

- (a) Higher than the balance shown by the cashbook by the amount of unpresented cheque
- (b) Lower than the balance shown by the cashbook by the amount of unpresented cheque
- (c) Same as shown by the cashbook
- (d) None of the above

8. Whenever errors are noticed in the accounting records, they should be rectified

- (a) At the time of preparation of the trial balance
- (b) Without waiting the accounting year to end
- (c) After the preparation of final accounts
- (d) In the next accounting year

9. Parties to a bill of exchange are

- (a) Drawer
- (b) Drawee
- (c) Payee
- (d) All of the above

10. All the expenditures and receipts of revenue nature go to

- (a) Trading account
- (b) Profit and loss account
- (c) Balance Sheet
- (d) Either to (a) or (b)

11. A _____ is sent to a customer when he returns the goods.

- (a) Debit note
- (b) Credit note
- (c) Proforma invoice
- (d) None of the above

12. Noting charges are paid at the time of _____ of a bill.

- (a) Retirement
- (b) Renewal
- (c) Dishonour
- (d) None of the above



- 13. Depreciation of fixed assets is an example of _____ expenditure.**
- (a) Revenue (b) Deferred revenue
(c) Capital (d) None of the above
- 14. Interest on drawings is _____ for the business.**
- (a) Loss (b) Expense
(c) Gain (d) None of the three
- 15. An amount of Rs.200 received from A credited to B would affect _____**
- (a) Accounts of A and B both (b) A's account only
(c) Cash account (d) B's account only
- 16. In _____ method, depreciation is charged by allocating depreciable cost in proportion of the annual output to the probable life-time output.**
- (a) Working hours method (b) Replacement method
(c) Revaluation method (d) Production units method
- 17. As per section 12 of Negotiable Instruments Act, which of the following is not a foreign bill?**
- (a) A bill drawn outside India and made payable outside India
(b) A bill drawn outside India and made payable in India
(c) A bill drawn outside India on a person resident in India
(d) A bill drawn in India on a person resident outside India and made payable outside India
- 18. General reserve at the time of admission of a new partner is transferred to _____.**
- (a) Profit and Loss adjustment Account
(b) Old partners' capital accounts
(c) Revaluation account
(d) Memorandum revaluation account
- 19. A suspense account facilitates the preparation of _____ even when the _____ has not tallied.**
- (a) Ledgers; Trial balance
(b) Financial statements; Trial Balance
(c) Trial balance; Financial statements
(d) Journal; Trial balance
- 20. Recording of a transaction in the ledger is called _____ .**
- (a) Costing (b) Balancing
(c) Journalizing (d) Posting

21. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of financial statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are

- | | |
|----------------------------|--------------------------|
| (a) Accounting regulations | (b) Accounting notes |
| (c) Accounting standards | (d) Accounting framework |

22. RPG Ltd. purchased equipment from PQR Ltd. for Rs.50,000 on 1st April, 2009. The freight and cartage of Rs.2,000 is spent to bring the asset to the factory and Rs.3,000 is incurred on installing the equipment to make it possible for the intended use. The market price of machinery on 30th April, 2010 is Rs.60,000 and the accountant of the company wants to disclose the machinery at Rs.60,000 in financial statements. However, the auditor emphasizes that the machinery should be valued at Rs.55,000 (50,000+2,000+3,000) according to:

- | | |
|---------------------------------|-----------------------------|
| (a) Money measurement principle | (b) Historical cost concept |
| (c) Full disclosure principle | (d) Revenue recognition |

23. Mr. A started a business on 1st January 2009 with Rs. 5,00,000. During the year he bought goods worth Rs. 1,00,000 on credit and sold 80% of the same goods at profit of 20% on cost. At the end of the year 2009, the amount of opening inventory to be shown in the trial balance of Mr. A will be

- | | |
|------------------|----------------|
| (a) Rs. 20,000 | (b) Rs. 24,000 |
| (c) Rs. 1,00,000 | (d) Nil |

24. Trade receivables on 31st March 2010 are Rs.55,200. Further bad debts are Rs.200. Provision for doubtful debts are to be made on Trade receivables @ 5% and also provision of discount is to be made on Trade receivables @ 2%. The amount of provision of doubtful debts will be

- | | |
|--------------|--------------|
| (a) Rs.1,045 | (b) Rs.2,750 |
| (c) Rs.1,100 | (d) Rs.2,760 |

25. A firm purchases a 5 years' lease for Rs. 40,000 on 1st January. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity for it is 0.230975. The amount of annual depreciation will be

- | | |
|---------------|---------------|
| (a) Rs. 8,000 | (b) Rs. 2,000 |
| (c) Rs. 9,239 | (d) Rs. 6,000 |

26. The balance of machine on 31st March 2010 is Rs.72,900 (after charging depreciation of the year). The machine was purchased on 1st April 2007 charging depreciation @10% p.a. by diminishing balance method. The cost price of the machine as on 1st April 2007 would be

- | | |
|------------------|----------------|
| (a) Rs. 1,00,000 | (b) Rs. 90,000 |
| (c) Rs. 81,000 | (d) Rs. 72,900 |



27. On May 01, 2009, Y Ltd. issued 7% 40,000 convertible debentures of Rs.100 each at a premium of 20%. Interest is payable on September 30 and March 31, every year. Assuming that the interest runs from the date of issue, the amount of interest expenditure debited to Profit and Loss Account for the year ended March 31, 2010 will be
- (a) Rs. 2,80,000 (b) Rs. 2,33,333
(c) Rs. 3,36,000 (d) Rs. 2,56,667
28. A company cannot issue redeemable preference shares (not issued for infrastructure projects) for a period exceeding
- (a) 6 years (b) 7 years
(c) 8 years (d) 20 years
29. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application is Rs.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; Rs.120 (b) 340 shares; Rs.160
(c) 320 shares; Rs.200 (d) 300 shares; Rs.240
30. Z Ltd. issued 10,000 shares of Rs.10 each. The called up value per share was Rs.8. The company forfeited 200 shares of Mr. A for non-payment of 1st call money of Rs.2 per share. He paid Rs.6 for application and allotment money. On forfeiture, the share capital account will be _____.
- (a) Debited by Rs. 2,000 (b) Debited by Rs. 1,600
(c) Credited by Rs. 1,600 (d) Debited by Rs. 1,200
31. R, J and D are partners sharing profits in the ratio 7:5:4. D died on 30th June 2010 and profits for the accounting year 2009-2010 were Rs. 24,000. How much share in profits for the period 1st April 2010 to 30th June 2010 will be credited to D's Account?
- (a) Rs. 6,000 (b) Rs. 1,500
(c) Nil (d) Rs. 2,000
32. A company sends its 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 cost Rs.55,000 each have been sent on 'sale or return' and have been debited to customers at Rs.75,000 each, cost of goods lying with the customers will be
- (a) Rs.1,10,000 (b) Rs. 55,000
(c) Rs. 75,000 (d) None of the above
33. A second hand car is purchased for Rs. 10,000, the amount of Rs. 1,000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owner's name and Rs. 1,200 is paid as dealer's commission. The amount debited to car account will be
- (a) Rs. 10,000 (b) Rs. 10,500
(c) Rs. 11,500 (d) Rs. 12,700

MODEL TEST PAPER - 4

34. A bill of Rs. 12,000 was discounted by A with the banker for Rs. 11,880. At maturity, the bill returned dishonoured, noting charges Rs 20. How much amount will the bank deduct from A's bank balance at the time of such dishonour?

- (a) Rs. 12,000 (b) Rs. 11,880
(c) Rs. 12,020 (d) Rs. 11,900

35. In a joint venture between A and B, A purchased goods costing Rs.42,500. B sold goods costing Rs. 40,000 at Rs. 50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over by A will be:

- (a) Rs. 3,125 (b) Rs. 2,500
(c) Rs. 3,000 (d) None of the above

36. Mr. X is a partner in a firm. He withdraws Rs.200 at the end of each month. If rate of interest on drawings is @ 5% p.a., the interest on drawings is

- (a) Rs. 65 (b) Rs. 55
(c) Rs. 60 (d) Rs. 50

37. Mohan and Sohan are partners in a firm sharing profits and losses in the ratio 5:3. The firm earned profits during last four years amounting Rs.18,000, Rs.8,500 (loss), Rs.30,000 and Rs.16,500 respectively. The value of goodwill on the basis of one and a half year's purchase of average profits of last four years will be

- (a) Rs.14,000 (b) Rs.27,375
(c) Rs.21,000 (d) Nil

38. A to whom 100 shares of Rs.10 each was allotted at par, paid Rs.3 on application, Rs.3 on allotment but could not pay the first and final call money of Rs.4. His shares were forfeited by the directors. The amount to be credited to shares forfeited account will be

- (a) Rs.500 (b) Rs.400
(c) Rs.600 (d) Rs.1,000

39. Balance as per cash book is Rs. 5,000. Cheques issued but not presented for payment Rs. 2,000 and cheques sent for collection but not collected Rs. 1,500. The Bank had wrongly debited the account of firm by Rs. 20. Balance as per pass book will be

- (a) Rs. 5,500 (b) Rs. 5,480
(c) Rs. 5,700 (d) Rs. 8,300

40. Following are the extracts from the trial balance of a firm as on 31st December, 2009:

Particulars	Dr.	Cr.
Investments in 6% Debentures of A Ltd. (Interest payable on 31 st March and 30 th September)	Rs. 30,000	
Interest on investments		Rs. 900

The amount of accrued interest on 31st December will be

- (a) Rs. 1,800 (b) Rs. 900
(c) Rs. 450 (d) None of the above.



41. Following are the extracts from the Trial Balance of a firm as on 31st December, 2009.

Particulars	Rs.
Trade receivables	30,000
Bad debts	5,000

Additional information:

- (i) After preparing the trial balance, it is learnt that a customer, Mohan became insolvent and therefore, the entire amount of Rs.3,000 due from him was irrecoverable.
- (ii) 10% provision for bad and doubtful debts is generally created.
The amount of provision for bad and doubtful debts to be charged to profit and loss account will be

- (a) Rs. 3,000
- (b) Rs. 2,700
- (c) Rs. 2,500
- (d) None of the three

42. A and B are partners in a firm. During the year 2009, A withdrew Rs.1,000 p.m. and B withdraw Rs.500 p.m. on the first day of each month for personal use. Interest on drawings is to be charged @ 10% p.a. The interest on drawings will be

- (a) Rs. 650
- (b) Rs. 975
- (c) Rs. 900
- (d) Rs. 1,800

43. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They have invested capitals of Rs.40,000 and Rs.25,000 respectively. As per the partnership deed, they are entitled to interest on capital @ 5% p.a. before dividing the profits. During the year, the firm earned a profit of Rs.3,900 before allowing interest. The net profit will be apportioned as

- (a) Rs.260 to A and Rs.390 to B
- (b) Rs.390 to A and Rs.260 to B
- (c) Rs.2,340 to A and Rs.1,560 to B
- (d) Rs.1,560 to A and Rs.2,340 to B

44. Advertisement expenditure of Rs.10,000 paid on 30.12.2009, the advertisement in respect of which has appeared in the magazines of January, 2010.

This expenditure will be

- (a) Shown as 'expense' in the financial statements of the year ended 31st December, 2009
- (b) Shown as 'liability' in the financial statements of the year ended 31st December, 2009
- (c) Shown as prepaid expense in the financial statements of the year ended 31st December, 2009
- (d) None of the three

45. Our acceptance to Mr. A for Rs.8,000 renewed for 3 months on the condition that Rs.2,000 is paid in cash immediately and the new bill to be drawn for remaining balance to carry out interest at 18% p.a. The amount of the renewed bill of exchange will be

- (a) Rs.6,270
- (b) Rs.8,270
- (c) Rs.8,000
- (d) None of the three

46. On 1st January, 2009, Alpha Ltd. purchased a machine for Rs.50,000 and spent Rs.4,000 on its carriage and Rs.2,000 on its installation. On the date of purchase, it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be Rs.6,000. Depreciation is charged on straight line basis. Depreciation for the year 2009 will be

- (a) Rs.4,600 (b) Rs.5,000
(c) Rs.4,800 (d) Rs.4,500

47. Ram and Gopal are partners sharing profits and losses in the ratio of 2:1. Gopal gave a loan of Rs.12,000 to the firm. They did not have any specific agreement about interest on loan mentioned in the partnership deed. Gopal claims interest on loan @ 10% p.a. The interest on loan as per the rules of the Partnership Act, 1932 will be:

- (a) Rs.840 (b) Rs.820
(c) Rs.720 (d) Rs.960

48. Mr. A is a partner in a firm along with Mr. B. Both contributed capitals of Rs.40,000 and Rs.50,000 respectively on the 1st of July, 2009. Interest on capital is to be charged @ 10% p.a. Books of account are to be closed on 31st December, 2009. Interest on capital is

- (a) Rs.2,500 (b) Rs.2,000
(c) Rs.4,500 (d) None of the above

49. A firm has an average profit of Rs.60,000. Rate of return on capital employed is 12.5% p.a. Total capital employed in the firm was Rs.4,00,000. Goodwill on the basis of two years purchase of super profits is

- (a) Rs.20,000 (b) Rs.15,000
(c) Rs.10,000 (d) None of the above.

50. A transport company purchases a truck for Rs.2,00,000 on 1st January, 2009. It charges 20% depreciation p.a. according to w.d.v. method. The truck was sold on 1st July, 2010 for a sum of Rs.1,60,000.

The profit or loss on sale of truck is

- (a) Loss of Rs. 16,000 (b) Profit of Rs. 16,000
(c) Profit of Rs. 12,000 (d) Loss of Rs. 12,000

**51. Ram started business with cash Rs.50,000
Purchased goods from Mohan on credit Rs.20,000
Sold goods to Shyam (costing Rs.3,000) for cash Rs.3,600
The accounting equation on the basis of the above transactions will be**

- (a) Assets Rs.70,600 = Liabilities Rs.3,600+Owner's equity Rs.67,000
(b) Assets Rs.70,600 = Liabilities Rs.50,600+Owner's equity Rs.20,000
(c) Assets Rs.70,600 = Liabilities Rs.20,000+Owner's equity Rs.50,600
(d) None of the three



52. Value of physical inventory on 15.4.2010 was Rs.3,00,000. Sales amounting Rs.1,00,000 and purchases worth Rs.50,000 were held between 31.3.2010 and 15.4.2010. Goods are sold at a profit of 20% on sales. Value of inventory as on 31.3.2010 is

- (a) Rs.3,50,000 (b) Rs.2,70,000
(c) Rs.3,30,000 (d) Rs.3,00,000

53. A and B entered into a joint venture agreement to share the profits and losses in the ratio of 2:1. A supplied 100 radio sets worth Rs.1,00,000 to B incurring expenses of Rs.5,000 for freight and insurance. B sold 95 radio sets for Rs.1,20,000. 5 radio sets were taken over by B. The profit/loss on venture will be

- (a) Profit of Rs.20,000 (b) Profit of Rs.15,000
(c) Loss of Rs.20,000 (d) Profit of Rs.20,250

54. A cheque of Rs.1,000 received from Ramesh was dishonoured and had been posted to the debit of sales returns account.

The rectifying journal entry will be

(a)	Sales Returns A/c	Rs. Dr.1,000	Rs. 1,000
	To Ramesh		
(b)	Ramesh	Dr.1,000	1,000
	To Sales Return A/c		
(c)	Ramesh	Dr.1,000	1,000
	Sales Returns A/c	Dr.1,000	
	To Suspense A/c		2,000
(d)	None of the above		

55. Record of purchase of T.V.parts.

Date	Quantity Units	Price per unit Rs.
March 4	900	5
March 10	400	5.50

Record of issues

March 5	600
March 12	400

The value of T.V. sets on 15 March, as per LIFO will be

- (a) Rs.1,500 (b) Rs.1,650
(c) Rs.1,575 (d) None of the three

56. A purchased a computer costing Rs.10,000. Repairing expenses Rs.1,000 and miscellaneous expenses Rs.500 were incurred by him on the Computer. He sold the computer at 20% margin on selling price. The sales value will be

- (a) Rs.12,500 (b) Rs.11,000
(c) Rs.14,375 (d) Rs.13,800

MODEL TEST PAPER - 4

57. Priya sold goods to Nidhi for Rs.1,00,000. Priya will grant 5% discount to Nidhi. Nidhi requested Priya to draw a bill. The amount of the bill will be

- (a) Rs.1,00,000 (b) Rs.95,000
(c) Rs.93,800 (d) Rs.90,000

58. A bill is drawn on 28th March, 2010 for one month after sight. The date of acceptance is 2nd April, 2010. The maturity date of the bill will be

- (a) 1st May, 2010 (b) 28th April, 2010
(c) 5th May, 2010 (d) 2nd May, 2010

59. Under mutual accommodation, Mohan drew a bill on Shyam for Rs.50,000 for 3 months. Proceeds are to be shared equally. Mohan got the bill discounted at 12% p.a. and remits required proceeds to Shyam. The amount of such remittance will be

- (a) Rs.24,250 (b) Rs.25,000
(c) Rs.16,167 (d) Rs.32,333

60. Goods costing Rs. 10,000 were sold at 1/6 profit on selling price. The sale value will be

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

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Cross Offers means

- (a) Exchanging identical offers by two parties in ignorance
(b) Offer made to the public in general
(c) Offer allowed to remain open for acceptance over a period of time
(d) Offer made to a definite person

62. Valid Contract:

- (a) In case of this collateral agreements 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 both the parties

63. Which of the following is a requirement for misrepresentation to exist?

- (a) Misrepresentation should relate to a material fact
(b) The person making a misrepresentation should not believe it to be true
(c) It must be made with an intention to deceive the other party
(d) All of the above



64. Which of the following agreements is void?

- (a) Agreements made under the unilateral mistake of fact
- (b) Agreements made under the bilateral mistake of fact
- (c) Agreements made under the influence of fraud
- (d) Contingent agreement

65. Which of the following offers constitute a valid offer?

- (a) An auctioneer displays a TV. set before a gathering in an auction sale
- (b) Ram who is in possession of three cars purchased in different years says 'I will sell you a car'
- (c) A says to B, "Will you purchase my motor cycle for Rs. 20,000?"
- (d) All of the above

66. Which of the following statements is true?

- (a) Even if a proposal is not accepted properly it becomes a valid contract
- (b) The agreements which are against the public policy can be enforced if the parties are willing to contract
- (c) A contract can consist of an offer or an acceptance only
- (d) Two or more persons are said to consent when they agree upon the same thing in the same sense

67. Contract caused by which of the following is void?

- (a) Fraud
- (b) Misrepresentation
- (c) Coercion
- (d) Bilateral Mistake

68. Suppose the time fixed for performance of the contract has expired but the time is not essential. What is the remedy to the promisee in the circumstances?

- (a) Can rescind the contract
- (b) To claim compensation
- (c) No remedy available
- (d) Can't be determined

69. What is legal terminology for the doing or not doing of something which the promisor desires to be done or not done?

- (a) Desires
- (b) Wishes
- (c) Consideration
- (d) Promise

70. Goods must be the same as wanted by the buyer. This is

- (a) Condition as to description
- (b) Condition as to sample
- (c) Condition as to wholesomeness
- (d) Condition as to title

71. Goods dependant upon certain events which may or may not happen.

- (a) Unascertained goods
- (b) Future goods
- (c) Contingent Goods
- (d) Existing Goods

72. Which of the following is a not document of title to goods?

- (a) Bill of Lading
- (b) Railway Receipt
- (c) Dock Warrant
- (d) Performa invoice

73. The term 'goods' for the purpose of the Sale of Goods Act, 1930 includes

- (a) Money
- (b) Actionable claims
- (c) Growing crops, grass
- (d) None of these

74. In which of the following cases, the unpaid seller loses his right of lien?

- (a) Delivery of goods to buyer
- (b) Delivery of goods to carrier
- (c) Tender of price by buyer
- (d) All of these

75. In case of sale of standing trees, the property passes to the buyer when trees are

- (a) Felled and ascertained
- (b) Not felled but earmarked
- (c) Counted and ascertained
- (d) Both (b) and (c)

76. Partnership

- (a) Arises by operation of law
- (b) Comes into existence only after registration
- (c) Can arise by agreement or otherwise
- (d) Arise by way of an agreement only

77. X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y. The relation between X and Y is that

- (a) Partners
- (b) Carpenters
- (c) Labourers
- (d) Master-Servant

78. Which of the following is an essential feature of partnership?

- (a) Registration
- (b) Test of Mutual Agency
- (c) Separate Legal Entity
- (d) All of the above

79. Which of the following acts are not included in the implied authority of a partner?

- (a) To buy or sell goods on accounts of partners
- (b) To borrow money for the purposes of firm
- (c) To enter into partnership on behalf of firm
- (d) To engage a lawyer to defend actions against firm

80. Implied contract, even if not in writing or express words, is perfectly _____ if other conditions are satisfied

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Illegal



- 81. R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is _____**
- (a) Valid (b) Void
(c) Voidable (d) Illegal
- 82. _____ consideration is no consideration in England.**
- (a) Past (b) Present
(c) Future (d) Past and Present
- 83. A agrees to pay Rs. 500 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
- 84. When the offeree offers to qualified acceptance of the offer subject to modifications and variations he is said to have made a _____.**
- (a) Standing, open or continuing offer (b) Counter Offer
(c) Cross Offers (d) Special Offer
- 85. When after the formation of a valid contract, an event happens which makes the performance of contract impossible, and then the contract becomes _____.**
- (a) Void (b) Voidable
(c) Valid (d) Illegal
- 86. Where the performance of a promise by one party depends on the prior performance of promise by the other party, such reciprocal promises fall under the category of _____.**
- (a) Mutual and concurrent
(b) Conditional and dependent
(c) Mutual and independent
(d) Can't be determined
- 87. 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
- 88. A agrees to pay Rs. 1000 to B if a certain ship returns within a year. However, the ship sinks within the year. In this case, the contract becomes _____**
- (a) Valid (b) Void
(c) Voidable (d) Illegal

MODEL TEST PAPER - 4

89. Where an agreement consists of two parts once legal and the other illegal, and the legal part is separable from the illegal one, such legal part is _____.

- (a) Void (b) Valid
(c) Voidable (d) Illegal

90. The Sale of Goods Act, 1930 came into force on _____.

- (a) 15th March, 1930 (b) 1st July, 1930
(c) 30th July, 1930 (d) 30th June, 1930

91. Contract of Sale is _____.

- (a) Executory Contract
(b) Executed Contract
(c) Executory Contract or Executed Contract
(d) None of the above

92. Where in an auction sale, the seller appoints more than one bidder, the sale is _____.

- (a) Void (b) Illegal
(c) Conditional (d) Voidable

93. Where the goods are delivered to a carrier or wharfinger for the purpose of transmission to the buyer, the delivery is _____.

- (a) Invalid and ineffective (b) Valid and effective
(c) Conditional (d) None of these

94. The property in the goods means the _____.

- (a) Possession of goods (b) Custody of goods
(c) Ownership of goods (d) Both (a) and (b)

95. Until goods are ascertained there is merely _____.

- (a) An agreement to sell (b) A breach of warranty
(c) A breach of condition (d) All the above

96. A genuine pre-estimate of the probable loss is _____.

- (a) Penalty (b) Damages
(c) Liquidated damages (d) All of the above

97. Discharge by mutual agreement may involve _____.

- (a) Novation (b) Rescission
(c) Alteration (d) All of the above

98. A enquires from B, "Will you purchase my cow for \$ 100?" B replies, "I shall purchase your cow for \$ 100 provided you purchase my parrot for \$ 120." In this case _____.

- (a) B has accepted the offer of A (b) B has made a counter offer to A
(c) A is bound by the actions of B (d) B cannot make such an offer



99. A sold 1000 tins of oil to B without appropriating any particular oil to the contract. B sold 600 tins out it to C and gave delivery order addressed to A. C lodged the delivery order with A requesting him to “await” his orders. Meanwhile, B became insolvent and thus A became the unpaid seller.

- (a) A can exercise his right of lien and refuse to make delivery to C
- (b) A cannot exercise his right of lien and refuse to make delivery to C
- (c) C has claim over the goods in possession of A
- (d) None of the above

100. X fraudulently induced Y to enter into partnership with him and Y pays a premium of Rs.5,000/- to A. Within three months the firm incurs liabilities to the extent of Rs.10,000/-. On discovering the fraud, Y files a suit for the rescission of the contract creating partnership and contract is rescinded. The creditors of the firm also levy attachment on Y who pays Rs.3,000/- to them as well. Which of the following is correct?

- (a) Y can obtain a decree for Rs.8000/- against A
- (b) Y can obtain a decree for Rs.5000/- against A
- (c) Y can obtain a decree for Rs.3000/- against A
- (d) Y cannot obtain a decree for either Rs.5,000/- or Rs.3,000/- or Rs.8000/- against

SECTION – C : GENERAL ECONOMICS(50 MARKS)

101. Find the correct match:

- (a) An enquiry into the nature and causes of the wealth of the nation: A.C.Pigou.
- (b) Science which deals with wealth: Alfred Marshall.
- (c) Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses: Robbins.
- (d) The range of our enquiry becomes restricted to that part of social welfare that can be brought directly or indirectly into relation with the measuring rode of money: Adam Smith.

102. Suppose the demand for meals at a medium-priced restaurant is elastic. If the management of the restaurant is considering raising prices, it can expect a relatively:

- (a) large fall in quantity demanded
- (b) large fall in demand
- (c) small fall in quantity demanded
- (d) small fall in demand

103. Which of the following is not a characteristic of a “price taker”?

- (a) $TR = P \times Q$
- (b) $AR = Price$
- (c) Negatively – sloped demand
- (d) $Marginal Revenue = Price$

104. Which cost increases continuously with the increase in production?

- (a) Average cost
- (b) Marginal cost
- (c) Fixed cost
- (d) Variable cost

105. Which one is not an assumption of the theory of demand based on analysis of indifference curves?

- (a) Given scale of preferences as between different combinations of two goods
- (b) Diminishing marginal rate of substitution
- (c) Constant marginal utility of money
- (d) Consumers would always prefer more of a particular good to less of it, other things remaining the same

106. Which of the following statements is correct?

- (a) Under zamindari system, farmers directly paid land revenue to the state.
- (b) At present, income tax revenues from the agriculture sector are negligible.
- (c) Commercial banks are providing loans to the agriculture sector at zero interest rate
- (d) None of the above

107. We can say Indian agriculture has become modern since:

- (a) there has been an increased in the use of high yielding varieties of seeds, fertilizers, pesticides etc.
- (b) there has been noticeable positive change in the attitude of farmers towards new techniques of production
- (c) farmers are increasingly resorting to intensive cultivation, multiple cropping, scientific water management
- (d) all of the above

108. Which of the following statements is correct?

- (a) The demand and the supply of fuel are almost equal
- (b) Our import bill on account of oil has been decreasing since 1990
- (c) Oil prices have been decreasing since 1973
- (d) Transmission and distribution losses of power companies are very high

109. Jet Airways and Kingfisher are examples of:

- (a) Private Schools
- (b) Private Airlines
- (c) Private Ships
- (d) Private Railways

110. All of the following developments were noticed during 1991 (when economic reforms were enforced) except one. Identify it.

- (a) National debt was nearly 60 percent of the GNP of India
- (b) Inflation crossed double digits
- (c) Foreign reserves were maintained at a very high level
- (d) None of the above



111. All of the following statements except one are correct about the foreign trade policy, 2004-09. Identify the incorrect statement:

- (a) Certain thrust areas like agriculture, handlooms, handicrafts etc have been identified
- (b) Vishesh Krishiupaj Yojana has been started
- (c) 'Served from India' scheme has been started
- (d) The entry of FDI in India has been restricted

112. The economic reforms have failed to:

- (a) keep fiscal deficits to the targeted levels
- (b) fully implement industrial deregulation
- (c) fully open the economy to trade
- (d) all of the above

113. Broad money refers to

- (a) M_1
- (b) M_2
- (c) M_3
- (d) M_4

114. Nationalization of banks aimed at all of the following except:

- (a) removal of control by a few
- (b) provision of credit to big industries only
- (c) provision of adequate credit for agriculture, small industry and export units
- (d) encouragement of a new class of entrepreneur

115. In order to encourage investment in the country, the RBI may:

- (a) reduce CRR
- (b) increase CRR
- (c) sell securities in the open market
- (d) increase Bank rate

116. Which of the following statements is incorrect?

- (a) The Indian road net work is one of the longest in the world
- (b) The rural road network connects around 65 percent of all weather roads
- (c) Most of the State Road Transport Corporations are running on profits
- (d) The National highways carry more than 40 percent of the total road traffic

117. _____ expressed the view that "Economics is neutral between end".

- (a) Robbins
- (b) Marshall
- (c) Pigou
- (d) Adam Smith

118. The law of demand refers to _____.

- (a) price-supply relationship
- (b) price-cost relationship
- (c) price-demand relationship
- (d) price-income relationship

119. Increasing returns imply _____.

- (a) constant average cost
- (b) diminishing cost per unit of output
- (c) optimum use of capital and labour
- (d) external economies

120. In monopolistic competition, a firm is in long run equilibrium _____.

- (a) at the minimum point of the LAC curve
- (b) in the declining segment of the LAC curve
- (c) in the rising segment of the LAC curve
- (d) when price is equal to marginal cost

121. Of the major 12 ports, _____ has been top traffic handler for the last five years.

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

122. On an average, one post office in India serves _____.

- | | |
|-----------------------|------------------------|
| (a) about 100 persons | (b) about 1000 persons |
| (c) more than 7100 | (d) about 5800 persons |

123. At present, nearly _____ percent of the energy consumed is obtained from non-commercial traditional sources.

- | | |
|--------|--------|
| (a) 45 | (b) 51 |
| (c) 22 | (d) 10 |

124. _____ refers to the transfer of assets or services functions from public to private ownership.

- | | |
|-------------------|--------------------|
| (a) Globalization | (b) Privatization |
| (c) Disinvestment | (d) Liberalization |

125. At present only _____ industries are reserved for the public sector.

- | | |
|-------|-------|
| (a) 5 | (b) 7 |
| (c) 8 | (d) 2 |

126. At present, Bank rate is _____ percent. (Sept. 2014)

- | | |
|---------|---------|
| (a) 5 | (b) 9 |
| (c) 6.5 | (d) 5.5 |

127. _____ is the official minimum rate at which the central bank of a country is prepared to rediscount approved bills held by banks.

- | | |
|---------------|---------------|
| (a) CRR | (b) SLR |
| (c) Bank rate | (d) Repo rate |



128. EPCG stands for _____.

- (a) Export Promotion Capital Goods
- (b) Expert Programme for Credit Generation
- (c) Exchange Programme for Consumer Goods
- (d) Export Promotion Consumer Goods

129. The area under irrigation has _____ over the years in India.

- (a) remained constant
- (b) decreased
- (c) increased.
- (d) first increased and then decreased

130. The service sector in India now accounts for _____.

- (a) more than 80 percent of GDP
- (b) more than 70 percent of GDP
- (c) more than 50 percent of GDP
- (d) more than 90 percent of GDP

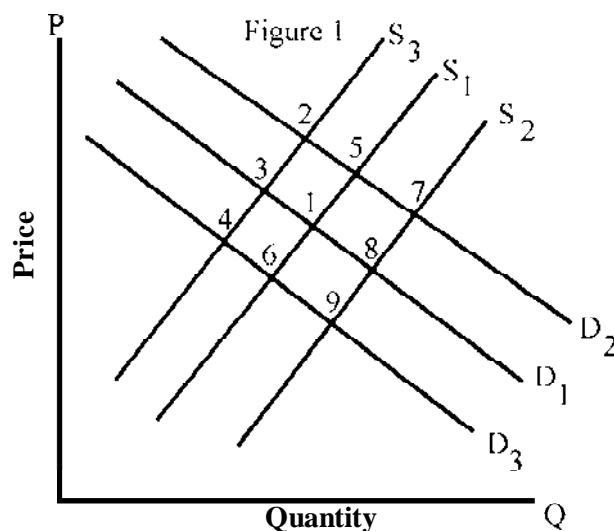
131. _____ is the Banker's Bank in India.

- (a) SBI
- (b) PNB
- (c) RBI
- (d) OBC

132. According to the 2001 census the total literacy ratio is

- (a) 32.5%
- (b) 65.4%
- (c) 52.1%
- (d) 75.8%

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



133. Assume X is a normal good. Holding everything else constant, assume that income rises and the price of a factor of production also increases. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

- (a) Point 9
- (b) Point 5
- (c) Point 3
- (d) Point 2.

134. We are analyzing the market for good Z. The price of a complement good, good Y, declines. At the same time, there is a technological advance in the production of good Z. What point Figure 1 is most likely to be the new equilibrium price and quantity?

- (a) Point 4
- (b) Point 5
- (c) Point 7
- (d) Point 8

135. Heavy rains in Maharashtra during 2005 and 2006 caused havoc with the rice crop. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

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

136. Assume that consumers expect the prices on new cars to significantly increase next year. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

- (a) Point 6
- (b) Point 5
- (c) Point 3
- (d) Point 8

137. What combinations of changes would most likely decrease the equilibrium quantity?

- (a) When supply increases and demand decreases
- (b) When demand increases and supply decreases
- (c) When supply increases and demand increases
- (d) When demand decreases and supply decreases



Use Table 1 to answer questions 138 - 141

Table 1

Quantity	Average Fixed cost	Average Total cost	Marginal cost
0	-	-	-
1	80.00	100.00	20
2	40.00	58.00	17
3	26.66	44.00	15
4	20.00	36.25	13
5	16.00	31.40	12
6	13.33	28.33	13
7	11.42	26.29	14
8	10.00	26.13	25
9	8.88	26.56	30
10	8.00	27.30	34
11	7.27	28.45	40
12	6.66	30.00	47
13	6.15	31.92	55

138. Refer to Table 1 which lists the average costs of a perfectly competitive firm. If the price of the good is Rs 13, the firm will be produce

- (a) 4 units at a loss of Rs. 93 (b) 6 units at a loss Rs. 92
(c) zero units at a loss of Rs. 80 (d) 8 units at a profit of Rs. 9

139. Refer to the competitive firm in Table 1. If the market price is Rs 31, the firm will produce:

- (a) 9 units at an economic profit of Rs. 40
(b) 10 units at an economic profit of Rs. 67
(c) 9 units at an economic profit of Rs. 81
(d) Zero units of output and lose its fixed cost

140. In Table 1, if price is Rs 26, the perfectly competitive firm will:

- (a) shut down in the short run
(b) produce 8 units at an economic loss of Rs. 9
(c) produce 9 units at an economic loss of Rs. 5
(d) produce 8 units at an economic loss of Rs. 1.04

141. In Table 1, if price is Rs 34, the perfectly competitive firm will:

- | | |
|----------------------|-----------------------|
| (a) shut down | (b) produce 10 units |
| (c) produce 11 units | (d) produce 13 units. |

Read the following paragraph and answer Questions number 142-147

Anisha quit her job at a private company where she earned Rs. 2,90,000 a year. She withdrew Rs. 4,00,000 in a savings account that earned 10% interest annually to buy a second hand mini bus to commute passenger between Cannaught Place and Noida. There are 1000 passengers who will pay Rs. 4000 a year each for commuter services; Rs. 2800 from each passenger goes for petrol, maintenance, depreciation etc.

142. What is Anisha's total revenue from her commuter service?

- | | |
|--------------------|-------------------|
| (a) Rs. 40,00,000 | (b) Rs. 2, 90,000 |
| (c) Rs. 28, 00,000 | (d) Rs. 31,30,000 |

143. Calculate Anisha's accounting costs?

- | | |
|--------------------|-------------------|
| (a) Rs. 12, 00,000 | (b) Rs. 40,00,000 |
| (c) Rs. 28, 00,000 | (d) Rs. 8,70,000 |

144. Calculate Anisha's economic cost?

- | | |
|------------------|-------------------|
| (a) Rs. 3,30,000 | (b) Rs. 40,000 |
| (c) Rs.28,00,000 | (d) Rs. 31,30,000 |

145. We can say that Anisha:

- (a) earned economic profits but suffered accounting loss
- (b) earned economic profits and accounting profits
- (c) suffered economic loss and accounting loss
- (d) earned accounting profits but suffered economic loss

146. Calculate Anisha's accounting profit/ loss?

- | | |
|-------------------|-------------------|
| (a) Rs. 40,00,000 | (b) Rs. 12,00,000 |
| (c) Rs. 8,70,000 | (d) Rs. 2,90,000 |

147. Calculate Anisha's economic profit/loss?

- | | |
|-------------------|------------------|
| (a) Rs. 12,00,000 | (b) Rs. 30,000 |
| (c) Rs. 31,30,000 | (d) Rs. 8,70,000 |

148. If the local pizzeria raises the price of a medium pizza from Rs.60 to Rs.100 and quantity demanded falls from 700 pizzas a night to 100 pizzas a night, the price elasticity of demand for pizzas is: (use arc Elasticity Method)

- | | |
|---------|---------|
| (a) .67 | (b) 1.5 |
| (c) 2.0 | (d) 3.0 |



149. Suppose a consumer's income increases from Rs.30,000 to Rs.36,000. As a result, the consumer increases her purchases of compact discs (CDs) from 25 CDs to 30 CDs. What is the consumer's income elasticity of demand for CDs?

- (a) 0.5 (b) 1.0
(c) 1.5 (d) 2.0

150. If the quantity demanded of beef increases by 5% when the price of chicken increases by 20%, the cross-price elasticity of demand between beef and chicken is

- (a) -0.25 (b) 0.25
(c) -4 (d) 4

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. The entire upper part of a table is known as

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

152. Ogive is a

- (a) Line diagram (b) Bar diagram
(c) Both (d) None

153. In case of an even number of observations which of the following is median?

- (a) Any of the two middle-most value
(b) The simple average of these two middle values
(c) The weighted average of these two middle values
(d) Any of these

154. If the A.M. and G.M. for two numbers are 6.50 and 6 respectively then the two numbers are

- (a) 6 and 7 (b) 9 and 4
(c) 10 and 3 (d) 8 and 5

155. If all the observations are increased by 10, then

- (a) Standard Deviation would be increased by 10
(b) Mean deviation would be increased by 10
(c) Quartile deviation would be increased by 10
(d) All these three remain unchanged

156. Mode of 0, 3, 5, 6, 7, 9, 12, 0, 2 is

- (a) 6 (b) 0
(c) 3 (d) 5

MODEL TEST PAPER - 4

157. What is spurious correlation?

- (a) It is a bad relation between two variables
- (b) It is very low correlation between two variables
- (c) It is the correlation between two variables having no causal relation
- (d) It is a negative correlation

158. The line $x = a + by$ represents the regression equation of

- (a) y on x
- (b) x on y
- (c) Both of above
- (d) None of above

159. When 'p' = 0.5, the binomial distribution is

- (a) Asymmetrical
- (b) Symmetrical.
- (c) Both of above.
- (d) None of above.

160. A population comprises 5 members. The number of all possible samples of size 2 that can be drawn from it with replacement is

- (a) 100
- (b) 15
- (c) 125
- (d) 25

161. Tally marks determines _____ .

- (a) Class width
- (b) Class boundary
- (c) Class limit
- (d) Class frequency

162. _____ always lies in between the arithmetic mean & mode.

- (a) G.M.
- (b) H.M.
- (c) Median
- (d) G.M. and H.M.

163. In case 'The ages of husbands and wives' correlation is _____ .

- (a) Positive
- (b) Negative
- (c) Zero
- (d) One

164. If $P(A \cap B) = 0$, then the two events A and B are _____ .

- (a) Mutually exclusive
- (b) Exhaustive
- (c) Equally likely
- (d) Independent

165. In _____ distribution, mean = variance.

- (a) Normal
- (b) Binomial
- (c) Poisson
- (d) None of above

166. A _____ distribution is a theoretical distribution that expresses the functional relation between each of the distinct values of the sample statistic and the corresponding probability.

- (a) Normal
- (b) Binomial
- (c) Poisson
- (d) Sampling



167. If an investment of Rs.1000 and Rs.100 yield an income of Rs.90 and Rs.20 respectively, for earning Rs.50 investment of Rs._____ will be required.

- (a) Less than Rs.500 (b) Over Rs.500
(c) Rs.485 (d) Rs.486

168. If ${}^{18}C_n = {}^{18}C_{n+2}$ then the value of n is _____ .

- (a) 0 (b) -2
(c) 8 (d) None of above

169. The sum of square of first n natural number is _____.

- (a) $(n/2)(n+1)$ (b) $(n/6)(n+1)(2n+1)$
(c) $[(n/2)(n+1)]^2$ (d) None of above

170. If $b^2 - 4ac = 0$ the roots are _____ and _____.

- (a) Real, Unequal (b) Real, Equal
(c) Irrational, Unequal (d) Rational, Unequal

171. The index number of prices at a place in 1998 is 355 with 1991 as base. This means

- (a) There has been on the average a 255% increase in prices
(b) There has been on the average a 355% increase in price
(c) There has been on the average a 250% increase in price
(d) None of these

172. The sum of a series in A.P. is 72 the first term being 17 and the common difference -2. The number of terms is

- (a) 6 (b) 12
(c) 6 or 12 (d) 10

173. The mean proportional between 1.4 gms and 5.6 gms is

- (a) 28 gms. (b) 2.8 gms.
(c) 3.2 gms. (d) None of these

174. Which is True ?

- (a) $2^\circ > \left(\frac{1}{2}\right)^\circ$ (b) $2^\circ < \left(\frac{1}{2}\right)^\circ$
(c) $2^\circ = \left(\frac{1}{2}\right)^\circ$ (d) None of these

MODEL TEST PAPER - 4**175. 8 is the solution of the equation**

(a) $\frac{x+4}{4} + \frac{x-5}{3} = 11$

(b) $\frac{x+4}{2} + \frac{x+10}{9} = 8$

(c) $\frac{x+24}{5} = 4 + \frac{x}{4}$

(d) $\frac{x-15}{10} + \frac{x+5}{5} = 4$

176. The sum of the digits of a two digit number is 10. If 18 be subtracted from it the digits in the resulting number will be equal. The number is

(a) 37

(b) 73

(c) 64

(d) None of these

177. The values of x for the equation $x^2 + 9x + 18 = 6 - 4x$ are

(a) (1,12)

(b) (-1,-12)

(c) (1,-12)

(d) (-1,12)

178. The effective rate of interest corresponding a nominal rate of 7% p.a convertible quarterly is

(a) 7%

(b) 7.5%

(c) 7.10%

(d) None of these

179. A person bought a house paying Rs. 20000 cash down and Rs. 4000 at the end of each year for 25 yrs at 5% p.a. compound interest. The cash down price is

(a) Rs. 75,000

(b) Rs. 76,000

(c) Rs. 76,382.80

(d) None of these

180. The ways of selecting 4 letters from the word EXAMINATION is

(a) 136

(b) 130

(c) 125

(d) None of these

181. If there are 50 stations on a railway line how many different kinds of single first class tickets may be printed to enable a passenger to travel from one station to other?

(a) 2500

(b) 2450

(c) 2400

(d) None of these

182. The sum of 3 numbers of a G.P. is 39 and their product is 729. The numbers are

(a) 3, 27, 9

(b) 9, 3, 27

(c) 3, 9, 27

(d) None of these

183. Find the four numbers in A.P. with the sum of second and third being 22 and the product of the first and fourth being 85.

(a) 3, 5, 7, 9

(b) 2, 4, 6, 8

(c) 5, 9, 13, 17

(d) None of these



184. The sum of n terms of the series $2 + 6 + 10 + \dots$ is

- (a) $2n^2$ (b) n^2
(c) $n^2/2$ (d) $4n^2$

185. If A has 32 elements, B has 42 elements and $A \cup B$ has 62 elements, the number of elements in $A \cap B$ is

- (a) 12 (b) 74
(c) 10 (d) None of these

186. $\lim_{x \rightarrow 1} \frac{x^2 - 1}{\sqrt{3x+1} - \sqrt{5x-1}}$ is evaluated to be

- (a) 4 (b) $1/4$
(c) -4 (d) None of these

187. $\lim_{x \rightarrow t} \frac{x^3 - t^3}{x^2 - t^2}$ is evaluated to be

- (a) $3/2$ (b) $2/3t$
(c) $\left(\frac{3}{2}\right)t$ (d) None of these

188. If $f(x) = e^{ax^2+bx+c}$ the $f'(x)$ is

- (a) e^{ax^2+bx+c} (b) $e^{ax^2+bx+c}(2ax + b)$
(c) $2ax + b$ (d) None of these

189. If $y = e^{\sqrt{2x}}$, $\frac{dy}{dx}$ is calculated as

- (a) $\frac{e^{\sqrt{2x}}}{\sqrt{2x}}$ (b) $e^{\sqrt{2x}}$
(c) $\frac{e^{\sqrt{2x}}}{\sqrt{2}}$ (d) None of these

190. Evaluate result of $\int (x^2 - 1)^2 dx$ is

- (a) $x^5/5 - 2/3 x^3 + x + k$ (b) $x^5/5 - 2/3 x^3 + x$
(c) $2x$ (d) None of these

191. Evaluate $\int_1^4 (2x+5) dx$ and the value is

- (a) 3 (b) 10
(c) 30 (d) None of these

192. The following data relate to the marks of a group of students:

Marks :	Below 10	Below 20	Below 30	Below 40	Below 50
No. of students:	15	38	65	84	100

How many students got marks more than 30?

- (a) 65 (b) 50
(c) 35 (d) 43

193. The harmonic mean for the numbers 2, 3, 5 is

- (a) 2.00 (b) 3.33
(c) 2.90 (d) $\sqrt[3]{30}$

194. The coefficient of mean deviation about mean for the first 9 natural numbers is

- (a) $200/9$ (b) 80
(c) $400/9$ (d) 50

195. Maximum value of Rank Correlation coefficient is

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

196. 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) $1/4$

197. The chance of getting a sum of 6 in a single throw with two dice is

- (a) $3/36$ (b) $4/36$
(c) $6/36$ (d) $5/36$

198. What is the number of trials of a binomial distribution having mean and Standard Deviation as 3 and 1.5 respectively?

- (a) 2 (b) 4
(c) 8 (d) 12



199. If the price of all commodities in a place has increased 125 times in comparison to the base period prices, then the index number of prices for the place is now

- | | |
|---------|------------------------|
| (a) 100 | (b) 125 |
| (c) 225 | (d) None of the above. |

200. If the amount of an annuity for 25 years at 5% p.a. C.I. is Rs. 50,000 the annuity will be

- | | |
|------------------|--------------------|
| (a) Rs. 1,406.90 | (b) Rs. 1,047.60 |
| (c) Rs. 1,146.90 | (d) None of these. |

★ ★ ★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 5

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

1. Drawings account is in the nature of

- | | |
|----------------------|-----------------------|
| (a) Personal account | (b) Real account |
| (c) Nominal account | (d) None of the above |

2. Income tax paid by the sole-proprietor from business bank account is debited to

- | | |
|------------------------|---|
| (a) Income tax account | (b) Bank account |
| (c) Capital account | (d) Not to be shown in the business books |

3. Following is the example of internal users of financial statements:

- | | |
|----------------|---------------|
| (a) Government | (b) Investors |
| (c) Lenders | (d) Employees |

4. Recording of a transaction in a journal is called

- | | |
|--------------|------------|
| (a) Posting | (b) Entry |
| (c) Transfer | (d) Ruling |

5. Narrations are given at the end of

- | | |
|-------------------------|------------------------|
| (a) Final accounts | (b) Trial balance |
| (c) Each ledger account | (d) Each journal entry |

6. The concerned account debited in the journal should be

- (a) Debited in the ledger but reference should be of the respective credit account.
- (b) Credited in the ledger but reference should be of the respective debit account.
- (c) Credited in the ledger and reference should also be of the respective credit account
- (d) Debited in the ledger and reference should also be of the respective debit account

7. The basic consideration(s) in distinction between capital and revenue expenditures is/are

- (a) Nature of business
- (b) Effect on revenue generating capacity of business
- (c) Purpose of expenses
- (d) All of the above

8. Unintentional omission or commission of amounts and accounts in the process of recording transactions are known as

- (a) Frauds
- (b) Misinterpretation
- (c) Errors
- (d) None of the above

9. “Treating a revenue expense as a capital expenditure” is an example of

- (a) Compensating error
- (b) Error of principle
- (c) Error of omission
- (d) Error of commission

10. Under bank reconciliation statement, while adjusting the cash book

- (a) All the errors and omissions in the cashbook are taken into consideration
- (b) All the errors and omissions in the passbook are taken into consideration
- (c) Delays in recording in the passbook due to difference in timing are taken into consideration
- (d) All of the above

11. In ledger, there are _____ columns

- (a) 4
- (b) 6
- (c) 8
- (d) 10

12. In journal, transactions are recorded on _____.

- (a) Chronological order
- (b) Ascending order of amount
- (c) Descending order of amount
- (d) None of the above

13. If an effect of an error is cancelled by the effect of some other error, it is commonly known as _____

- (a) Errors of principle
- (b) Compensating errors
- (c) Errors of omission
- (d) Errors of commission

14. When opening inventory is overstated, net income for the accounting period will be ____.

- (a) Overstated
- (b) Not be affected
- (c) Understated
- (d) None of the above



- 15. Inventories should be generally valued at lower of cost or _____**
- (a) Fair market value (b) Replacement value
(c) Present value (d) Net realisable value
- 16. Joint venture account is a _____**
- (a) Personal account (b) Real account
(c) Nominal account (d) None of the above
- 17. At the time of admission of a new partner, if the value of goodwill is shown in the books, it is written back by _____**
- (a) Old partners in old profit/loss sharing ratio
(b) All the partners including the new partner in new profit/loss sharing ratio
(c) Old partners in sacrificing ratio
(d) New partner in gaining ratio
- 18. Commission provided by the consignor to the consignee to promote credit sale is known as _____**
- (a) Ordinary commission (b) Del-credere commission
(c) Over riding commission (d) Special commission
- 19. _____ is unavoidable and should be spread over the entire consignment while valuing consignment inventory.**
- (a) Abnormal loss (b) Normal loss
(c) Extra-ordinary loss (d) None of the three
- 20. Generally, when the size of the venture is _____, the co-venturers keep separate set of books of account for the joint venture.**
- (a) Small (b) Medium
(c) Big (d) All of the above
- 21. Mohit, the acceptor of the bill has to honour a bill on 31st March 2010. Due to financial crisis, he is unable to pay the amount of bill of Rs. 20,000. Therefore, he approaches Rohit on 20th March 2010 for extension of bill for further 3 months. Rohit agrees to extend the credit period by drawing a new bill for Rs. 20,500 together with interest of Rs. 1,000 in cash. In this case, old bill of Rs. 20,000 will be considered as**
- (a) Discounted (b) Dishonoured
(c) Cancelled (d) Retired

22. Sujal consigned goods costing Rs. 2,50,000 to Mridul on 1st January 2010 by incurring Rs. 20,000 on freight. Some goods were lost in transit. For remaining goods Mridul spend Rs. 15,000 to take the delivery including storage charges. During the quarter, Mridul sold 3/4 of the goods received by him for Rs. 3,00,000 and charged commission @10% on it to Sujal. At the end of the quarter, Sujal asked the details of goods lost, sold, expenses commission and balance due to him alongwith the consignment inventory from Mridul. As desired, Mridul sent the periodical detail statement commonly known as

- (a) Account statement (b) Account sales
(c) Statement of affairs (d) Summary statement

23. The following information pertains to X Ltd.

Equity share capital called up	Rs.5,00,000
Calls in arrear	Rs. 40,000
Calls in advance	Rs. 25,000
Proposed dividend	15%
The amount of dividend payable = ?	

- (a) Rs. 75,000 (b) Rs. 72,750
(c) Rs. 71,250 (d) Rs. 69,000

24. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs.2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F

- (a) 60 shares; Rs. 120 (b) 340 shares; Rs. 160
(c) 320 shares; Rs. 200 (d) 300 shares; Rs. 240

25. X of Kolkata sent out 2,000 boxes costing 100 each with the instruction that sales are to be made at cost + 45%. X draws a bill on Y for an amount equivalent to 60% of sales value. The amount of bill will be

- (a) Rs. 1,74,000 (b) Rs. 2,00,000
(c) Rs. 2,90,000 (d) Rs. 1,20,000

26. A purchase of Rs. 1,870 by cheques has been wrongly posted in the cashbook as Rs. 1,780. This has the effect of

- (a) Increasing the bank balance by Rs.90
(b) Decreasing the bank balance by Rs.90
(c) Increasing the bank balance by Rs.180
(d) Decreasing the bank balance by Rs.180



27. M/s Delhi Stationers purchase 1,000 pcs of cover file @ Rs. 275 per 100 pcs. The wholesaler charged 5% sales tax on cost price. Transport charges were Rs. 50. The purchase price per piece of cover file will be
- (a) Rs. 2,937.50 (b) Rs. 293.75
(c) Rs. 29.375 (d) Rs. 2.9375
28. A consignee sold goods costing Rs. 50,000 at a profit of Rs. 10,000. Out of total sales, 30% was credit sale. As per the agreement the consignee will get 5% ordinary commission, 2% del-credere commission on credit sale and 3% over-riding commission on amount in excess of cost price. The amount of commission will be
- (a) Rs. 3,360 (b) Rs. 3,660
(c) Rs. 4,500 (d) Rs. 3,000
29. In a Joint venture between A and B, A, on purchase of goods, spend Rs.2,000 on freight, Rs.1,000 as godown rent, and also raised a loan from bank of Rs.50,000 at 18% p.a. repayable after 1 month. B spend Rs. 5,000 as selling expenses and he also raised a loan from bank of Rs.1,50,000 at 18% repayable after 2 months. The total expenses of Joint venture other than purchases will be
- (a) Rs. 8,000 (b) Rs. 8,250
(c) Rs. 5,250 (d) Rs. 13,250
30. The bill of Rs. 10,000 accepted by Ritesh on 1 July 2009, was discounted by Hitesh on 15 July 2009 for Rs. 9,600. On 4th October 2009, the bill was dishonoured and bank notified it for Rs. 200. The amount to be received from Ritesh would be
- (a) Rs. 10,600 (b) Rs. 10,000
(c) Rs. 10,200 (d) Rs. 10,400
31. Y Ltd. sends out its goods Rs. 1,20,000 to one of its dealer on Sale or Return basis. On 31st March he received an approval letter for goods of Rs. 80,000. Y Ltd. charge 25% profit on cost. The cost price of the unapproved goods with the dealer will be
- (a) Rs. 32,000 (b) Rs. 40,000
(c) Rs. 80,000 (d) Rs. 64,000
32. A, B and C are in partnership with no partnership deed. A brought Rs.80,000, B Rs.60,000 and C Rs.40,000 as capital. A does not take part in day to day activities, B acts as general manger and C acts as a sales manager. The profit during the year was Rs. 1,50,000. The share of each partner in profit will respectively be
- (a) Rs.66,667: Rs.50,000: Rs.33,333 (b) Rs.50,000: Rs.50,000: Rs.50,000
(c) Nil: Rs. 75,000: Rs.75,000 (d) None of the above

- 33. A second hand car is purchased for Rs. 2,00,000, the amount of Rs. 25,000 is spent on its repairs, Rs. 5,000 is incurred to get the car registered in owner's name and Rs. 2,000 is paid as dealer's commission. The amount debited to car account will be**
- (a) Rs. 2,32,000 (b) Rs. 2,25,000
(c) Rs. 2,30,000 (d) Rs. 2,05,000
- 34. Atul, Vipul and Prafful are partners in a firm with no partnership agreement. They invested Rs.1,00,000, Rs.75,000 and Rs.50,000 as capital in the firm. The profit for the year was Rs.2,50,000. Prafful demands interest on loan of Rs.20,000 advanced by him at the market rate of interest which is 12% p.a. The amount of interest to be received by him will be**
- (a) Rs. 2,400 (b) Nil
(c) Rs. 1,200 (d) Rs. 3,600
- 35. In a joint venture between Ansh and Vansh, Ansh purchased goods costing Rs.2,40,000. Vansh sold goods costing Rs 1,60,000 at Rs 2,40,000. Balance goods were taken over by Ansh at same gross profit percentage as in case of sale. The amount of goods taken over will be:**
- (a) Rs. 1,20,000 (b) Rs. 80,000
(c) Rs. 40,000 (d) Rs. 1,00,000
- 36. Brave Ltd. issued 60,000 shares of Rs. 9 each at par. The application money was Rs. 2, allotment money was Rs. 4, and first call was of Re.1. The amount of final call will be**
- (a) Rs. 3 (b) Rs. 2
(c) Re.1 (d) Nil
- 37. A partnership firm maintains its accounts on calendar year basis. B, one of its partner died on 31st March 2010. The profit for the year 2009 was Rs. 75,000, which was distributed among all the three partners equally. The share of profit of B for the year 2010 on the basis of the year 2009 will be**
- (a) Rs.18,750 (b) Rs.25,000
(c) Nil (d) Rs.6,250
- 38. Asha Ltd. issued shares of Rs. 100 each at a premium of 25%. Mamta, who has 2,000 shares of Asha Ltd., failed to pay first and final call of Rs.5. Premium was taken by Asha Ltd. at the time of allotment. On forfeiture of Mamta's shares, the amount to be debited to securities premium account will be**
- (a) Rs.5,000 (b) Rs.10,000
(c) Rs.15,000 (d) Nil
- 39. As per Section 37 of the Indian Partnership Act, 1932, the executors would be entitled at their choice to the interest calculated from the date of death of a partner till the date of payment on the final amount due to the dead partner at _____ percent per annum.**
- (a) 7 (b) 4
(c) 6 (d) 12



40. Fena sent out certain goods to Kena of Delhi. 1/10 of the goods were lost in transit. Invoice value of goods lost Rs 25,000. Invoice value of goods sent out on consignment will be:
- (a) Rs.2,50,000 (b) Rs.25,000
(c) Rs.2,500 (d) Rs.1,25,000
41. Taksh Ltd. purchased land and building from Daksh Ltd. for a book value of Rs.5,00,000. The consideration was paid by issue of 10% Debentures of Rs.100 each at a discount of 20%. The debentures account will be credited with
- (a) Rs.6,00,000 (b) Rs.6,25,000
(c) Rs.5,00,000 (d) Rs.5,50,000
42. Jadu Ltd. reissued 2,000 shares, which were forfeited by crediting Share forfeiture account by Rs.3,000. These shares were reissued Rs. 9 per share. The amount to be transferred to Capital Reserve account will be
- (a) Rs.3,000 (b) Rs.2,000
(c) Rs.1,000 (d) Nil
43. A machine purchased on 1st April 2010 for Rs. 10,000 is showing a balance of Rs. 6,000 as on 1st April 2012 when depreciation is charged on S.L.M. basis. Now, company wants to switch over to W.D.V method by charging depreciation @ 20%. The amount of excess/short depreciation of last two years will be
- (a) Excess depreciation Rs.400
(b) Short depreciation Rs.400
(c) Excess depreciation Rs.1,600
(d) Short depreciation Rs.1,600
44. Trade receivables of M/s Santosh amounts to Rs. 25,000 and bad debts Rs.3,000. M/s Santosh provides for Doubtful debts @ 2% and for discount @ 1%. The amount of net trade receivables to be shown in the Balance Sheet will be
- (a) Rs. 21,560 (b) Rs. 22,000
(c) Rs. 21,780 (d) Rs. 21,344
45. A, B and C share profits and losses in the ratio of 4:4:2. They have a joint life insurance policy of Rs.1,00,000, whose premium is paid by the firm. Surrender value of the policy at the beginning of the year 2010 in the balance sheet is Rs. 80,000. On the death of A on 2nd January 2010, the amount to be credited in C's account will be
- (a) Rs. 20,000 (b) Rs. 4,000
(c) Rs. 8,000 (d) Nil

- 46. X, Y and Z are equal partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before salary of partners' capital was Rs. 60,000 and Y claimed salary for his extra services to the firm @ 2,000 p.m. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.**
- (a) Rs. 20,000 to each partner
(b) Rs. 12,000 to each partner
(c) Rs. 12,000 to X and Z and Rs. 36,000 to Y
(d) Rs. 24,000 to Y and Rs. 18,000 to X and Z
- 47. Deepak consigned 100 sets of TVs to Sudeep @ Rs. 10,000 each. 5 TVs were damaged in transit due to unavoidable reason whose price was adjusted in the remaining TVs. The new price of each TV will be**
- (a) Rs. 10,000 (b) Rs. 10,200
(c) Rs. 15,000 (d) Rs. 10,526
- 48. A draws a bill on B for Rs 30,000 for mutual accommodation. A discounted that bill for Rs. 28,000 from bank and remitted Rs. 14,000 to B. On due date A will send to B**
- (a) Rs. 14,000 (b) Rs. 14,500
(c) Rs. 15,000 (d) Rs. 15,500
- 49. A and B enter into a joint venture for purchase and sale of Type-writer. A purchased Typewriter costing Rs. 1,20,000. Repairing expenses Rs. 10,000, printing expenses Rs 10,000. B sold it at 20% margin on selling price. The sales value will be:**
- (a) Rs. 1,25,000 (b) Rs. 1,50,000
(c) Rs. 1,00,000 (d) Rs. 1,40,000
- 50. Sure Ltd. issued 5,000, 15% Debentures of Rs. 100 each at a premium of Rs. 10 each. These debentures were to be redeemed at a premium of Rs. 4 each after 5 years. The amount to be credited to the securities premium account will be**
- (a) Rs. 25,000 (b) Rs. 50,000
(c) Rs. 40,000 (d) Rs. 60,000
- 51. Light Ltd. has 10,000 5% preference shares of Rs. 10 each to be redeemed after 5 years. The company forfeited 500 preference shares on which final call of Rs 2 has not been received after due notice, and cancelled these shares on account of redemption. Remaining shares were redeemed out of reserves of the company. The amount to be credited to capital redemption reserve will be**
- (a) Rs. 1,00,000 (b) Rs. 95,000
(c) Rs. 99,000 (d) Rs. 99,500



52. Bajaj Ltd. issued 25,000 equity shares of Rs. 10 each payable at Rs. 2 on application, Rs. 3 on allotment, Rs. 2 on first call and the balance in the final call. Archit, who has 1,000 shares paid full value of shares with allotment money. The amount to be debited to bank account at the time of receipt of first call money will be
- (a) Rs.50,000 (b) Rs.47,000
(c) Rs.49,000 (d) Rs.48,000
53. Books of Ekta, shows on 1st January 2010 furniture Rs. 20,000. During the year a part of the furniture whose book value on 1st January 2010 is Rs. 1,200 has been exchanged with another furniture by paying additional Rs. 500. Ekta charge depreciation @ 10% p.a. The net amount of the furniture to be shown in the balance sheet will be
- (a) Rs 18,508 (b) Rs 20,440
(c) Rs 18,396 (d) Rs 18,478
54. In the bank reconciliation statement, when balance as per the cash book is taken as the starting point, then direct deposits from the customer of Rs. 2,500 in the bank will be
- (a) Added (b) Subtracted
(c) Ignored (d) None of the above
55. Debit balance as per Cash Book of Topsy Enterprise as on 31.3.2010 is Rs. 1,500. Cheques deposited but not cleared amounts to Rs. 100 and Cheques issued but not presented is of Rs. 150. The bank allowed interest amounting Rs. 50 and collected dividend Rs. 50 on behalf of Topsy Enterprise. After reconciliation, balance as per pass book should be
- (a) Rs. 1,600 (b) Rs. 1,450
(c) Rs. 1,650 (d) Rs. 1,850
56. If a sales return of Rs.1,500 has been wrongly posted to the credit of the purchase returns account, but has been correctly entered in the trade receivable's account, the total of the
- (a) trial balance would show the debit side to be Rs.3,000 more than the credit
(b) trial balance would show the credit side to be Rs.3,000 more than the debit
(c) the debit side of the trial balance will be Rs.1,500 more than the credit side
(d) the credit side of the trial balance will be Rs.1,500 more than the debit side
57. The total cost of goods available for sale with a company during the current year is Rs.12,00,000 and total sales during the period is Rs.13,00,000. If the gross profit margin of the company is 33 1/3% on cost, the closing inventory during the current year is
- (a) Rs. 4,00,000 (b) Rs. 3,00,000
(c) Rs. 2,25,000 (d) Rs. 2,60,000

58. On 31st March 2009, Suraj has to pay to M/s Chandra Rs.7,000 on account of credit purchase from the later. He paid Rs.1,800 on 30th June 2009 after availing a cash discount of 10%. On 30th September 2009, he paid Rs. 2,850 after availing 5% cash discount. On account of final settlement, the amount to be paid by Suraj without any discount will be

- | | |
|---------------|---------------|
| (a) Rs. 2,350 | (b) Rs. 2,000 |
| (c) Rs. 2,200 | (d) Rs. 2,150 |

59. The profit of the M/s ABC, a partnership firm before charging managerial commission is Rs. 44,000. The managerial commission is charged @ 10% on profit after charging such commission. The amount of managerial commission will be

- | | |
|--------------|---------------|
| (a) Rs.4,400 | (b) Rs.40,000 |
| (c) Rs.4,000 | (d) Rs.39,600 |

60. A bad debt recovered during the year is a

- | | |
|-------------------------|-------------------------|
| (a) Capital expenditure | (b) Revenue expenditure |
| (c) Capital receipt | (d) Revenue receipt |

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. The following conditions must exist so that a promise to pay for the past voluntary services is binding:

- (a) The services should have been rendered voluntarily
- (b) The services must have been rendered for the promisor
- (c) They must be in existence at the time when the services were rendered and must have intended to compensate the promise
- (d) All of the above

62. In case of a firm carrying on the business of banking

- (a) There should be at least seven members and maximum number of members should not exceed fifty.
- (b) There should be at least two members and maximum number of members should not exceed ten.
- (c) There should be at least ten members and maximum number of members should not exceed twenty.
- (d) There should be at least two members and maximum number of members should not exceed fifty.

63. Champerty means

- (a) An agreement to trade with the enemy owing allegiance to a government at war with India.
- (b) An agreement whereby a person promises to maintain a suit, by money or otherwise, in which he has no interest.
- (c) An agreement whereby a person agrees to help another in a litigation in exchange of a share of the result of the litigation.
- (d) An agreement to stifle criminal prosecutions tend to be a perversion or an abuse of justice.



64. A collateral event is an event

- (a) The performance for which is neither directly promised nor it is the entire consideration for the promise
- (b) The performance for which is directly promised
- (c) It is the entire consideration for the promise
- (d) The performance which is agreed upon by the parties in a Court of Law

65. A person who has been induced to enter into a contract by misrepresentation has the following remedies:

- (a) Affirm the contract and insist on the misrepresentation being made good, if possible
- (b) Rescind the contract
- (c) Rely upon the misrepresentation as a defence to an action on the contract
- (d) All of the above

66. Damages that constitutes the direct loss suffered by the aggrieved party:

- (a) Special damages
- (b) Nominal damages
- (c) Exemplary damages
- (d) Ordinary damages

67. 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 non-existence of encumbrances
- (b) Condition as to undisturbed possession
- (c) Both (a) and (b)
- (d) None of the above

68. A person to whom money has been paid, or anything delivered by mistake

- (a) Becomes the owner of such money or those goods
- (b) Must repay the money or return those goods
- (c) Is allowed to sell the goods and retain the money realized from such sale
- (d) Has no obligation to return the money, he may do so only a good gesture

69. Which one of the offers is a valid offer?

- (a) A garment store gave the following advertisement in a newspaper – “Special sale for tomorrow only. Men’s night suits reduced from Rs.200 to Rs.100”
- (b) P says to Q, “I will sell you a digital camera.” P owns three different types of digital cameras of various prices
- (c) An auctioneer displays a refrigerator before a gathering in an auction sale
- (d) A advertises in a leading daily newspaper that he would pay Rs. 2000 to anyone who finds and returns his lost dog

70. A promises to paint a picture for B at a certain price. Which of the following is not correct ?

- (a) A is not bound to perform the promise himself
- (b) A can appoint some other painter to paint the picture on his behalf
- (c) A dies before painting the picture, the contract can be enforced either by representatives of A or by B
- (d) All of the above are incorrect

71. An agreement of partnership may be

- (a) Expressed or implied from the act done by partners
- (b) Oral or in writing
- (c) Both of the above
- (d) None of the above

72. Dissolution of a firm may take place

- (a) By the adjudication of all the partners or of all the partners but one as insolvent
- (b) As a result of any agreement between all the partners
- (c) By the business of the firm becoming unlawful
- (d) All of the above

73. In case of a sale the buyer

- (a) Can pass a goods title to a bonafide purchaser
- (b) Cannot pass a goods title to a bonafide purchaser
- (c) Both of the above
- (d) None of the above

74. The following persons can enter into contracts as per the provisions of the Indian Contract Act, 1872:

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

75. Which of the following is correct?

- (a) Free consent is not important, if consideration is present, even if the consideration is inadequate
- (b) Anticipatory breach and anticipatory bail are actually the same thing
- (c) The concept of damage allows one to make some gain out of it
- (d) All of the above are incorrect

76. Remedies available for breach of contract are:

- (a) Dissolution of the firm
- (b) Charging extra fees from the party committing the breach



- (c) Suit for Specific Performance
- (d) None of the above

77. Cases in which the doctrine of supervening impossibility will not apply:

- (a) Impossibility due to behaviour of third person
- (b) Partial impossibility
- (c) Civil disturbances
- (d) All of the above

78. Reciprocal promises means :

- (a) Mutual promises
- (b) Promise for a promise
- (c) Both (a) and (b)
- (d) Tender of promise

79. A sale implies an agreement

- (a) Plus conveyance of property and creates jus in personam
- (b) Plus conveyance of property and creates jus in rem
- (c) No conveyance of property and creates jus in rem
- (d) No conveyance of property and creates jus in personam

80. If the terms of a contract are expressly agreed upon (whether by words spoken or written) at the time of formation of the contract, the contract is said to be an _____.

- (a) Express Contracts
- (b) Implied Contracts
- (c) Quasi Contracts
- (d) None of the above

81. According to the Indian Contract Act, 1872, Consent is said to be free when it is not caused by _____.

- (a) Misrepresentation
- (b) Undue Influence
- (c) Coercion
- (d) All of the above

82. Where both parties to a contract of sale are under a mistake as to a matter of fact, essential to such contract, then the contract is _____.

- (a) Illegal
- (b) Void
- (c) Still enforceable
- (d) None of the above

83. In India the age of majority is regulated by _____.

- (a) The Indian Majority Act, 1875
- (b) The Indian Minority Act, 1875
- (c) The Indian Contract Act, 1872
- (d) The Constitution of India

84. Agreement entered into by a minor is _____.

- (a) Void as against the minor (b) Illegal
(c) Unlawful (d) Unenforceable by the minor

85. The Sale of Goods Act, 1930 deals with

- (a) Movable goods only (b) Immovable goods only
(c) Both movable & immovable goods (d) All goods except ornaments

86. If the offeree offers to qualified acceptance of the offer subject to modifications and variations in the terms of original offer, he is said to have made a _____.

- (a) Special Offer (b) Counter Offer
(c) Continuing Offer (d) Cross Offer

87. Sale is an _____.

- (a) Executed contract (b) Executory contract
(c) Both of the above (d) None of the above

88. Interest on advances by a partner to his firm may be payable _____.

- (a) @ 6% per annum (b) @ 8% per annum
(c) @ 8.5% per annum (d) At any rate

89. The law dealing with the partnerships is contained in _____.

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

90. Conditions and warranties _____.

- (a) Must be expressed
(b) Must be implied if not expressed
(c) May either be expressed or implied
(d) None of the above

91. 'Seller' means a person who _____.

- (a) Sells goods (b) Agrees to sell goods
(c) Sells or agrees to sell goods (d) Has sold goods

92. Delivery of a thing in token of a transfer of something else is known as _____.

- (a) Actual Delivery (b) Constructive Delivery
(c) Delivery by acknowledgment (d) None of the above

93. A is not a minor. A agrees to B for Rs.1,00,000/- that A will never marry. Promise of A is _____.

- (a) Binding (b) Not binding
(c) Enforceable (d) Illegal



94. The rule of caveat emptor does not apply in the case of_____.

- (a) Fitness for buyer's purpose
- (b) Sale under a patent or trade name
- (c) Usage of trade or consent by fraud
- (d) All of the above

95. _____ is/are the exception(s) to the general rule, no consideration no contract.

- (a) Natural love and affection
- (b) Compensation for past voluntary services
- (c) Promise to pay a time barred debt
- (d) All of the above

96. An offer should be distinguished from_____ .

- (a) Invitation to treat an offer
- (b) Mere communication of information in the course of negotiation
- (c) Statement of intention
- (d) All of the above

97. _____ is/are the 'document of title to goods'

- (a) Railway receipt or Multimodal transport document
- (b) Warrant or order for delivery of goods
- (c) Warehouse keeper's certificate
- (d) All the above

98. A agrees to pay B Rs.500/- if a particular ship does not return to the port. The ship was sunk. The contract _____.

- (a) Can be enforced by B
- (b) Cannot be enforced by B
- (c) Is a wagering contract
- (d) Is unlawful, illegal and against public policy

99. D believes blue colour to be black colour, for any reason whatsoever. He has a garment shop. He sells one blue colour shirt to M, representing it to be black colour. M knows nothing about colours. M believes D and accepts the blue colour to be black colour. Later on M's mother explains M that the colour of the shirt is actually blue and not black. It is a clear case of

- (a) Misrepresentation
- (b) Fraud
- (c) Unintentional fraud
- (d) Cheating

100. A & B are the only two partners in a firm. B was murdered by C, who wanted to become a partner of the firm, but B has raised objections to it. A now wants to take D as a partner in the said firm. D is father of C. In light of the situation answer, which of the following is correct?

- (a) The original partnership is dissolved
- (b) The original partnership is not dissolved and A & D can continue
- (c) A & D has to enter into a fresh agreement and create a new partnership
- (d) Both (a) & (c)

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. In a typical demand schedule, quantity demanded:

- (a) varies directly with price
- (b) varies proportionately with price
- (c) varies inversely with price
- (d) is independent of price

102. When the perfectly competitive firm and industry are in long run equilibrium then:

- (a) $P = MR = SAC = LAC$
- (b) $D = MR = SMC = LMC$
- (c) $P = MR =$ Lowest point on the LAC curve
- (d) All of the above

103. In monopoly, the relationship between average and marginal revenue curves is as follows:

- (a) AR curve lies above the MR curve
- (b) AR curve coincides with the MR curve
- (c) AR curve lies below the MR curve
- (d) AR curve is parallel to the MR curve

104. All of the following are U shaped curves except the:

- (a) AVC curve
- (b) AFC curve
- (c) AC curve
- (d) MC curve

105. From the national point of view which of the following indicates micro approach?

- (a) Per capita income of India
- (b) Underemployment in agricultural sector.
- (c) Lock out in TELCO
- (d) Total savings in India

106. The total effect of a price change of a commodity is

- (a) substitution effect plus price effect
- (b) substitution effect plus income effect
- (c) substitution effect plus demonstration effect
- (d) substitution effect minus income effect



107. Which of the following is not a part of Fiscal policy?

- (a) Subsidy under public distribution system
- (b) Control of population
- (c) Imposition of taxation
- (d) Issue of bonds by government

108. 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

109. The difference between GNP and NNP equals:

- (a) consumer expenditure on durable goods
- (b) indirect business taxes
- (c) a statistical discrepancy
- (d) depreciation

110. National income at market prices, plus subsidies, but less indirect taxes is equal to which one of the following?

- (a) Gross national income
- (b) National income at factor cost
- (c) Private income before cost
- (d) Net consumer income

111. All but one of the following statements are incorrect. Find the correct statement.

- (a) Balance of payments is a narrow concept than balance of trade
- (b) India is facing severe foreign exchange reserves crunch
- (c) Devaluation is panacea for BOP problem
- (d) The RBI is the lender of last resort for Indian public sector banks

112. In which state is the sex ratio most favourable to women?

- (a) Andhra Pradesh
- (b) Kerala
- (c) U.P.
- (d) Karnataka

113. An underdeveloped economy is generally characterized by a:

- (a) high ratio of commercial farming to subsistence farming
- (b) high ratio of industrial output to total output
- (c) high utilization of existing capital in the economy
- (d) coexistence of underutilized labour with unexploited national and other resources

114. Which institution is known as the “soft loan window” of World Bank?

- (a) IFC (b) IDA
(c) IMF (d) Indian Development Forum

115. In order to encourage investment in the country, the RBI may:

- (a) decrease bank rate (b) increase CRR
(c) sell securities in the open market (d) increase bank rate

116. A strategy of heavy industry is sometimes preferred for a developing economy because it can :

- (a) generate employment opportunity on a large scale
(b) provide a strong base for rapid industrialization
(c) contain inflationary pressures
(d) meet the deficits in Balance of Payments in the short run

117. The branch of economic theory that deals with the problem of allocation of resources is ———

- (a) Microeconomic theory (b) Macroeconomic theory
(c) Econometrics (d) None of the above

118. Production may be defined as an act of ———.

- (a) creating utility (b) earning profit
(c) destroying utility (d) providing services

119. The sale of branded articles is common in a situation of ———.

- (a) excess capacity (b) monopolistic competition
(c) monopoly (d) pure competition

120. If GNP is 15% higher than last year’s and the rate of inflation is 7%, production in the economy has grown by ———.

- (a) 8% (b) 7%
(c) 15% (d) 2.1%

121. ——— concept of Budget deficit has become practically redundant in India.

- (a) Fiscal deficit (b) Budgetary deficit
(c) Primary deficit (d) Revenue deficit

122. Demand for electricity is elastic because ———.

- (a) it is very expensive (b) it has a number of close substitutes
(c) it has alternative uses (d) none of the above

123. The cost that firm incurs in hiring or purchasing any factor of production is referred to as ———.

- (a) explicit cost (b) implicit cost
(c) variable cost (d) fixed cost



124. The main security guard for International Trade is _____.

- (a) IMF (b) World Bank
(c) WTO (d) RBI

126. _____ is the most liquid measure of money supply.

- (a) M_1 (b) M_2
(c) M_3 (d) M_4

127. Population density means _____.

- (a) number of persons living per sq. km.
(b) number of persons living per kilometer
(c) ratio of population living below poverty line to total population
(d) number of persons in a village

128. NABARD is a _____.

- (a) bank
(b) board
(c) exchange programme for consumer goods
(d) department

129. In terms of lending, priority sector constitute about _____ of total bank lending. (March, 2012)

- (a) 60 (b) 36
(c) 80 (d) 30

130. The tele density in India is about _____ in per cent.

- (a) 75.23 (b) 15.34
(c) 16.6 (d) 19.22

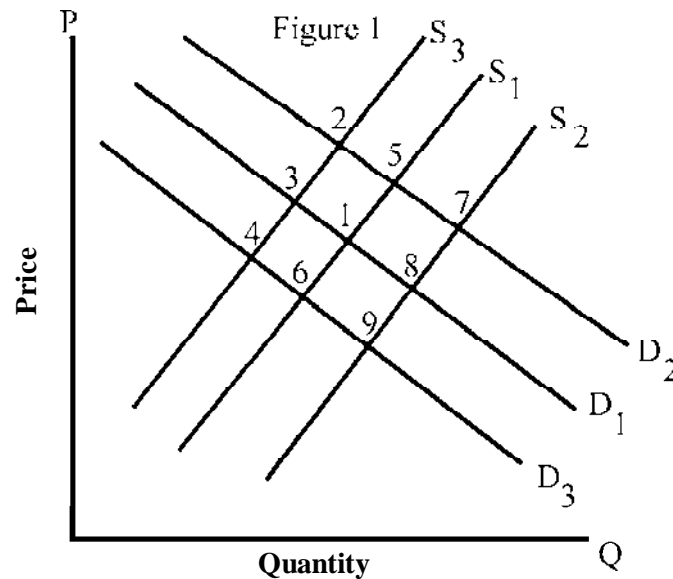
131. According to 2012 data, there are _____ Health centers existing in India.

- (a) about 50,000 (b) about 1,00,000
(c) about 1,77,000 (d) about 2,50,000

132. TRAI stands for _____.

- (a) Trade Regulatory Authority of India
(b) Transport Regulatory Authority of India
(c) Training Registrar Authority of India
(d) Telecom Regulatory Authority of India

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



133. Suppose wage rate of coal miners increases and price of natural gas decreases. (Coal and natural gas are substitutes). What point in Figure 1 is most likely to be the new equilibrium price and quantity?

- | | |
|-------------|-------------|
| (a) Point 6 | (b) Point 4 |
| (c) Point 3 | (d) Point 2 |

134. Assume that consumer income has increased. Given that Y is an inferior good, which point in Figure 1 is most likely to be the new equilibrium price and quantity?

- | | |
|-------------|-------------|
| (a) Point 4 | (b) Point 6 |
| (c) Point 5 | (d) Point 8 |

135. Assume that the government has just removed the 10% excise duty on good X. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

- | | |
|-------------|-------------|
| (a) Point 6 | (b) Point 4 |
| (c) Point 7 | (d) Point 8 |

136. A government research agency has published outcome of studies which say that the consumption of good X could cause cancer. In addition, assume that a powerful lobby has persuaded the government to give subsidy to the manufacturers of good X. What point in Figure 1 is most likely to be the new equilibrium price and quantity?

- | | |
|-------------|-------------|
| (a) Point 6 | (b) Point 5 |
| (c) Point 3 | (d) Point 9 |



137. An increase in demand and an increase in supply will:

- (a) affect equilibrium quantity in an indeterminate way and price will decrease
- (b) affect price in an indeterminate way and quantity will decrease
- (c) affect price in an indeterminate way and quantity will increase
- (d) affect equilibrium quantity in an indeterminate way and price will increase

Use Table 1 to answer questions 138-142

The following table provides cost and price information for an individual firm. The first two columns represent the demand curve that the firm faces. The firm has a fixed amount of capital equipment, but can change the level of other inputs such as labour and materials. Calculate the missing values in the table, and use the table to answer questions 138 to 142. (Make sure you answer each question using the production level specified.)

Table 1

Production (Q)	Price per unit (P)	Total Cost (TC)	Variable Cost (VC)	Marginal Cost (per unit) (MC)	Total Revenue (TR)	Marginal Revenue (per unit) (MR)
0	130	45	0	–		–
1	124	88				
2	118	125				
3	112	159				
4	106	193				
5	100	230				
6	94	273				
7	88	325				
8	82	389				
9	76	465				

138. When production equals 4 units, the firm's:

- (a) fixed cost is 100 and its variable cost is 93
- (b) fixed cost is 193 and its variable cost is 0
- (c) fixed cost is 0 and its variable cost is 193
- (d) fixed cost is 45 and its variable cost is 148

139. When production equals 5 units, the firm's total revenue is:

- (a) Rs. 100
- (b) Rs. 270
- (c) Rs. 324
- (d) Rs. 500

140. When production equals 6 units, the firm's marginal revenue is:

- (a) Rs. 384
- (b) Rs. 94
- (c) Rs. 64
- (d) Rs. 2

141. When production equals 7 units, the firm's profit is:

- (a) Rs. 0 (b) Rs. 41.57
(c) Rs. 291 (d) Rs. 336

142 To maximize its profit, the firm should produce:

- (a) 0 units (b) 3 units
(c) 5 units (d) 7 units

Read table 2 and answer Questions number 143-149

Table 2						
Production Possibilities (alternatives)						
	A	B	C	D	E	F
Hot Pockets	15	12	9	6	3	0
Eggos	0	6	11	15	18	20

143. According to the production possibilities curve in Table 2, a combination of 12 Hot Pockets and 11 Eggos:

- (a) is attainable and it involves an efficient use of society's resources
(b) is attainable but involves the unemployment or inefficient use of some of society's resources
(c) is not attainable given society's current resources and technology
(d) may be produced only if the production possibilities curve shifts inward

144. According to the production possibilities curve in Table 2, a combination of 3 Hot Pockets and 15 Eggos:

- (a) is attainable and it involves an efficient use of society's resources
(b) is attainable but involves the unemployment or inefficient use of some of society's resources
(c) is not attainable given society's current resources and technology
(d) may be produced only if the production possibilities curve shifts inward

145. Referring to Table 2, in moving from point D to point C, the opportunity cost of 1 more Hot Pockets is:

- (a) 4 eggos (b) $\frac{3}{4}$ eggos
(c) 1 eggos (d) $\frac{4}{3}$ eggos

146. Given the data in Table 2, as one moves successively from point A to points B, C, D, E, and F the opportunity cost of eggos:

- (a) increases as more Eggos are produced
(b) decreases as more Eggos are produced
(c) remains constant as more Eggos are produced
(d) cannot be measured



147. Given the data in Table 2, as one moves successively from point F to points E, D, C, B, and A, the opportunity cost of Hot Pockets:

- (a) increases as more Hot potatoes are produced
- (b) decreases as more Hot potatoes are produced
- (c) remains constant as more Hot potatoes are produced
- (d) cannot be measured

148. Which of the following would not cause an economy's production possibilities curve to shift to the right?

- (a) The discovery of new superconductivity materials which makes manufacturing more efficient
- (b) A decrease in unemployment
- (c) Improvements in technology
- (d) Widespread application of irrigation to agricultural land

149. In drawing a production possibilities curve, which of the following is (are) held constant?

- (a) The supply of natural resources and the supply of labor.
- (b) Technology and the educational attainment of the work force.
- (c) Both (a) and (b).
- (d) None of the above.

150. 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

- (a) 7.9%
- (b) 12.5%
- (c) 20.2%
- (d) 22.2%

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Which of the following measures of central tendency is based on only fifty percent of the central values?

- (a) Mean
- (b) Median
- (c) Mode
- (d) Both (a) and (b)

152. The unit of measurement in tabulation is shown in

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

MODEL TEST PAPER - 5

153. Most extreme values which would ever be included in a class interval are called

- (a) Class limits (b) Class interval
(c) Class boundaries (d) None of these

154. The method applied for deriving the regression equations is known as

- (a) Least squares (b) Concurrent deviation
(c) Product moment (d) Normal equation

155. A binomial distribution is

- (a) Never symmetrical (b) Never positively skewed
(c) Never negatively skewed (d) Symmetrical when $p = 0.5$

156. If A denotes that a student reads in a school and B denotes that he plays cricket, then

- (a) $P(A \cap B) = 1$ (b) $P(A \cup B) = 1$
(c) $P(A \cap B) = 0$ (d) $P(A) = P(B)$

157. Probability mass function is always

- (a) 0 (b) Greater than 0
(c) Greater than equal to 0 (d) Less than 0

158. The sampling distribution is

- (a) The distribution of sample observations
(b) The distribution of random samples
(c) The distribution of a parameter
(d) The probability distribution of a statistic

159. If now the prices of all the commodities in a place have been decreased by 85% over the base period prices, then the index number of prices for the place is now (index number of prices of base period = 100)

- (a) 100 (b) 135
(c) 65 (d) None of these

160. The ratio between the speeds of two trains is 7: 8. If the second train runs 400 Kms. in 5 hours, the speed of the first train is

- (a) 10 Km/hr (b) 50 Km/hr
(c) 71 Km/hr (d) None of these

161. If α , β be the roots of the equation $2x^2 - 4x - 3 = 0$, the value of $\alpha^2 + \beta^2$ is _____.

- (a) 5 (b) 7
(c) 3 (d) -4

162. In _____ first payment/receipt takes place at the end of first period.

- (a) Annuity immediate (b) Annuity regular
(c) Annuity due (d) Annuity special



163. Difference between the maximum & minimum value of a given data is called _____ .

- (a) Width (b) Size
(c) Range (d) Class

164. _____ is used when distribution pattern has to be studied at varying levels.

- (a) A.M. (b) Median
(c) G.M. (d) Mode

165. _____ is extremely sensitive to the size of the sample.

- (a) Range (b) Mean
(c) Median (d) Mode

166. Under Algebraic Method we get _____ linear equations.

- (a) One (b) Two
(c) Three (d) Five

167. If the probability of a horse A winning a race is $\frac{1}{6}$ and the probability of a horse B winning the same race is $\frac{1}{4}$, _____ is the probability that one of the horses will win.

- (a) $\frac{5}{12}$ (b) $\frac{7}{12}$
(c) $\frac{1}{12}$ (d) $\frac{1}{7}$

168. _____ distribution is sometimes known as the “distribution of rare events”.

- (a) Poisson (b) Normal
(c) Binomial (d) t

169. The Standard deviation of the _____ distribution is called standard error.

- (a) Normal (b) Poisson
(c) Binomial (d) Sampling

170. For 5 sample values, we have _____ degree of freedom.

- (a) 5 (b) 3
(c) 4 (d) 6

171. Solve for y in the equation $\frac{y+11}{6} - \frac{y+1}{9} = \frac{y+7}{4}$ and the value of y is

- (a) -1 (b) 7
(c) 1 (d) $-\frac{1}{7}$

172. If $5Pr = 60$, then the value of r is

- (a) 3 (b) 2
(c) 4 (d) None of these

MODEL TEST PAPER - 5

173. A question paper contains 6 questions, each having an alternative. The number of ways an examiner can answer one or more questions is

- (a) 720 (b) 728
(c) 729 (d) None of these

174. $\lim_{x \rightarrow \infty} \frac{2x^2 - 7x + 6}{5x^2 - 11x + 2}$ is equal to

- (a) 2/5 (b) 9
(c) -1/9 (d) None of these

175. If $y = x^{-1/2}$ then $\frac{dy}{dx}$ is

- (a) $(-1/2)x^{-3/2}$ (b) $(1/2)x^{-3/2}$
(c) $(-1/2)x^{3/2}$ (d) None of these

176. Integrate w.r.t. $(3 - 2x - x^4)$

- (a) $3x - x^2 - x^5/5$ (b) $3x + x^2 - x^5/5$
(c) $3x + x^2 + x^5/5$ (d) None of these

177. $\int_0^2 3x^2 dx$ is

- (a) 7 (b) -8
(c) 8 (d) None of these

178. If there are two groups containing 30 and 20 observations and having 50 and 60 as arithmetic means, then the combined arithmetic mean is

- (a) 55 (b) 56
(c) 54 (d) 52

179. If all the observations are multiplied by 2, then

- (a) New Standard Deviation would be also multiplied by 2.
(b) New Standard Deviation would be half of the previous SD.
(c) New Standard Deviation would be increased by 2.
(d) New Standard Deviation would be decreased by 2.

180. The median of 27, 30, 26, 44, 42, 51, 37 is

- (a) 30 (b) 42
(c) 44 (d) 37



- 181. The minimum value of correlation coefficient is**
- (a) 0 (b) -2
(c) 1 (d) -1
- 182. The two lines of regression become identical when**
- (a) $r = 1$ (b) $r = -1$
(c) $r = 0$ (d) (a) or (b)
- 183. If an unbiased coin is tossed twice, the probability of obtaining at least one tail is**
- (a) 0.25 (b) 0.50
(c) 0.75 (d) 1.00
- 184. In a single throw with two dice the probability of getting a sum of five on the two dice is**
- (a) $1/9$ (b) $5/36$
(c) $5/9$ (d) None of these
- 185. A card is drawn from each of two well-shuffled packs of cards. The probability that at least one of them is an ace is**
- (a) $1/169$ (b) $25/169$
(c) $2/13$ (d) None of these
- 186. In Binomial distribution if $n = 4$ and $p = 1/3$, then the value of variance is**
- (a) $8/3$ (b) $8/9$
(c) $4/3$ (d) None of these
- 187. A die was thrown 400 times and 'six' resulted 80 times then observed value of proportion is**
- (a) 0.4 (b) 0.2
(c) 5 (d) None of these
- 188. If the prices of all commodities in a place have increased 1.25 times in comparison to the base period, the index number of prices of that place is now**
- (a) 125 (b) 150
(c) 225 (d) None of these
- 189. The solution of the equation $(p+2)(p-3) + (p+3)(p-4) = p(2p-5)$ is**
- (a) 6 (b) 7
(c) 5 (d) None of these
- 190. The effective rate of interest corresponding to a nominal rate 3% p.a payable half yearly is**
- (a) 3.2% p.a. (b) 3.25% p.a.
(c) 3.0225% p.a (d) None of these

MODEL TEST PAPER - 5

191. The present value of annuity of Rs. 5000 per annum for 12 years at 4% p.a C.I. is

- (a) Rs. 46000 (b) Rs. 46955.64
(c) RS. 15000 (d) None of these

192. A person has 8 friends. The number of ways in which he may invite one or more of them to a dinner are

- (a) 250 (b) 255
(c) 200 (d) None of these

193. The sum of n terms of the series $2 + 6 + 10 + \dots$ is

- (a) $2n^2$ (b) n^2
(c) $n^2/2$ (d) $4n^2$

194. If A has 32 elements B has 42 elements and $A \cup B$ has 62 elements. Find the number of elements in $A \cap B$?

- (a) 74 (b) 62
(c) 12 (d) None of these

195. $\lim_{x \rightarrow 1/2} \left(\frac{8x^3 - 1}{6x^2 - 5x + 1} \right)$ is equal to

- (a) 5 (b) -6
(c) 6 (d) None of these

196. If $a : b = 3 : 4$, the value of $(2a+3b) : (3a+4b)$ is

- (a) 18 : 25 (b) 8 : 25
(c) 17 : 24 (d) None of these

197. The value of $8^{1/3}$ is

- (a) $3\sqrt{2}$ (b) 4
(c) 2 (d) None of these

198. $\log (1 \times 2 \times 3)$ is equal to

- (a) $\log 1 + \log 2 + \log 3$ (b) $\log 3$
(c) $\log 2$ (d) None of these

199. The three numbers in A.P. whose sum is 27 and the sum of their squares is 341, are

- (a) 2, 9, 16 (b) 16, 9, 2
(c) Both (a) and (b) (d) -2, -9, -16



200. $\int_0^4 \sqrt{3x+4}$ is equal to

- (a) 9/112
(c) 11/9

- (b) 112/9
(d) None of these

★ ★ ★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 6

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

- 1. Transactions between owner and business are recorded as per**

(a) Periodicity concept	(b) Going concern concept
(c) Prudence concept	(d) Business Entity concept

- 2. Which of the following items is an asset?**

(a) Salary paid to manager	(b) Accounts payable
(c) Sales	(d) Trade receivables

- 3. The information provided in the annual financial statements of an enterprise pertain to:**

(a) Business Industry	(b) Economy
(c) Individual business entity	(d) None of the three

- 4. Which of the following is not a transaction?**

(a) Goods are purchased on cash basis for Rs.1,000.
(b) Salaries paid for the month of May, 2010.
(c) Land is purchased for Rs.10 lacs.
(d) An employee dismissed from the job.

MODEL TEST PAPER - 6

5. All the following statements are objectives of accounting except

- (a) Providing information about the assets, liabilities and capital of business entity.
- (b) Maintaining records of business.
- (c) Providing information about the performance of business entity.
- (d) Providing details about the personal assets and liabilities of the owner.

6. Payment of personal expenses of the owners of the business need to be recorded as:

- (a) Drawings.
- (b) Liabilities.
- (c) Expenses.
- (d) None of the three.

7. The purchases Journal records

- (a) All purchases.
- (b) All purchases of goods dealt in by the firm.
- (c) Credit purchases of goods dealt in by firm.
- (d) Cash purchase of goods dealt in by firm.

8. Which of the following lists the balance and the title of accounts given in the ledger, on a given date?

- (a) P & L Account.
- (b) Balance sheet.
- (c) Earnings Statement
- (d) Trial balance.

9. Under straight line method, depreciation is calculated on

- (a) Written down value.
- (b) Scrap value.
- (c) Original cost.
- (d) None of the three.

10. If the date of maturity of a bill is a holiday, then the bill will mature on:

- (a) Next working day.
- (b) Preceding working day.
- (c) Holiday itself.
- (d) Other agreed day.

11. A promissory note is drawn by _____ in favour of _____ .

- (a) Drawer, Drawee.
- (b) Maker, Payee.
- (c) Payer, Payee.
- (d) Drawer, Payee.

12. _____ principle requires that the same accounting method should be used from one accounting period to the next.

- (a) Conservatism.
- (b) Consistency.
- (c) Business entity.
- (d) Money measurement.

13. The left side of an account is known as _____ and the right side as _____ .

- (a) Debit, credit.
- (b) Credit, debit.
- (c) Liability, asset.
- (d) None of the three.



14. In double entry book keeping system, every transaction affects at least _____ account(s).
- (a) One. (b) Two.
(c) Three. (d) Four.
15. All expenses and _____ accounts appearing in the trial balance are transferred either to the trading account or profit and loss account.
- (a) Loss. (b) Income
(c) Asset. (d) Liability.
16. Scrap value of an asset means the amount that it can fetch on sale at the _____ of its useful life.
- (a) Beginning. (b) End
(c) Middle. (d) None of the three.
17. The petty cashier generally work on _____ system.
- (a) Accrual. (b) Balancing.
(c) Imprest. (d) None of the three.
18. Proforma invoice is a statement of information in the form of invoice prepared by the _____ to appraise the _____ about certain essential particulars of the goods.
- (a) Consignee, Consignor. (b) Buyer/Seller.
(c) Consignor, Consignee. (d) None of the three.
19. Carriage charges paid for a new plant purchased if debited to carriage account would affect
- (a) Plant account. (b) Carriage account.
(c) Plant and carriage accounts. (d) None of the three.
20. The amount due to the retiring partner on account of goodwill is debited to the continuing partners in their _____.
- (a) Profit sharing ratio. (b) Sacrificing ratio.
(c) Capital ratio. (d) Gaining ratio.
21. Mr. A, the owner of M/s Apex Ltd. withdrew some goods from the business for his personal use. The accountant of the firm recorded this transaction on the basis of selling price of goods. He justifies his contention on the basis that business and the proprietor are two different entities as per business entity concept and therefore drawings should be charged at the same price on which the goods are sold to the outside customers. However, Mr. A emphasizes that he should be charged with only the cost price of the goods withdrawn by him.
- At which price, the drawings should be recorded?
- (a) Fair value. (b) Selling price.
(c) Cost price. (d) None of the three.

22. The substance of the transactions gets preference over legal position. The transactions and events recorded in the books of account and presented in the financial statements, should be governed by the substance of such transactions and not merely by their legal form as per the concept of

- (a) Faithful representation. (b) Substance over form.
(c) Neutrality. (d) Fair disclosure.

23. A and B are partners sharing profits in the ratio of 3:2. They admit C as a new partner for $\frac{3}{10}$ th share, which he acquires $\frac{2}{10}$ from A and $\frac{1}{10}$ from B. The new profit sharing ratio of A, B and C is

- (a) 3:4:3. (b) 4:3:3.
(c) 3:3:4. (d) None of the three.

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

Year	Rs.
2006	40,000
2007	50,000
2008	60,000
2009	50,000

The value of goodwill on the basis of three 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.

25. G Ltd. acquired assets worth Rs. 75,000 from H 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) 6,000 shares (b) 7,500 shares
(c) 9,375 shares (d) 5,000 shares

26. A and B are partners in a firm sharing profits in the ratio of 3:2. They admit C as the new partner for $\frac{1}{6}$ th share in the profits. The firm's goodwill was valued at Rs.1,50,000. For adjustment of goodwill, C's account will be debited by

- (a) Rs. 20,000. (b) Rs. 15,000.
(c) Rs. 25,000. (d) None of the three.

27. Following figures have been taken from the trial balance of a trader;

Purchases	Rs. 30,000
Purchase Returns	Rs. 5,000
Sales	Rs. 40,000
Sales Returns	Rs. 5,000

The amount of profit will be

- (a) Rs. 10,000. (b) Rs. 5,000.
(c) Rs. 7,500. (d) None of the three.



28. The balance of furniture and fixtures as on 1st April, 2009 was Rs. 10,000. Furniture of Rs.5,000 was purchased on 1st October, 2009. Depreciation is charged @ 10% p.a. on W.D.V. method. The depreciation for the year ended 31st March, 2010 will be _____
- (a) Rs.1,500 (b) Rs.1,250
(c) Rs.1,750 (d) None of the above
29. Mr. Yatharth consigned to Mr. Ramesh 100 cases of tea costing Rs. 100 per case. He paid Rs. 1,000 as freight and cartage. Mr. Ramesh could take delivery of only 90 cases since 10 cases were loss in transit. The amount of abnormal loss will be _____
- (a) Rs.1,000 (b) Rs.1,100
(c) Rs.1,050 (d) None of the three
30. Mr. Sharma holding 1,000 equity shares of Rs.10 each, issued at par, could pay Rs.3.50 on application, but could not pay the allotment money of Rs. 2.5 per share and his shares were forfeited. In the books of the company, shares forfeited account will be credited by _____
- (a) Rs. 2,500 (b) Rs. 1,500
(c) Rs. 3,500 (d) Rs. 2,000
31. Omega Ltd. purchased assets of Alfa Ltd. for purchase consideration of Rs.60 lacs. It was decided that the purchase consideration will be discharged by issue of 10% debentures of Rs.1,000 each at a premium of 20%. The number of debentures issued will be _____
- (a) 6,000 (b) 10,000
(c) 5,000 (d) None of the above
32. Asha Deep Company Ltd. issued 1,00,000, 7% debentures of Rs.100 each at a discount of 4% redeemable after 5 years at a premium of 6%. Loss on issue of debentures is _____
- (a) Rs. 10,00,000 (b) Rs. 6,00,000
(c) Rs. 16,00,000 (d) Rs. 4,00,000
33. Om, Jai and Jagdish are partners sharing profits and losses in the ratio of 5: 3 :2. Om retires and goodwill is valued at Rs. 50,000. New profit sharing ratio of Jai and Jagdish will be equal. For the adjustment of goodwill, Jai and Jagdish's capital accounts will be debited by:
- (a) Rs. 15,000 and Rs. 10,000 respectively
(b) Rs. 10,000 and Rs. 15,000 respectively
(c) Rs. 20,000 and Rs. 5,000 respectively
(d) Rs. 5,000 and Rs. 20,000 respectively
34. The date of maturity of bill is 10th October, 2009. The Government of India suddenly declared 10th October, 2009 as the holiday under the Negotiable Instruments Act, then the bill will mature on _____
- (a) 9th October, 2009 (b) 10th October, 2009.
(c) 12th October, 2009. (d) 11th October, 2009.

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35. A Ltd. Company purchase machinery on 1st April, 2007 for Rs. 1,00,000. The depreciation on this machinery is charged @ 10% per annum on straight line method. On 30th September, 2009 machinery is sold for Rs.89,000. The profit or loss on sale of such machinery is:

- (a) Profit of Rs. 12,000. (b) Loss of Rs. 12,000.
(c) Profit of Rs. 14,000. (d) Loss of Rs. 6,000.

36. The following are the details regarding purchases of a certain item during the month of January.

January 1	Purchases	200 units	@Rs. 7	Rs. 1,400
January 8	Purchases	900 units	@Rs. 8	Rs. 7,200
January 25	Purchases	300 units	@Rs. 9	Rs. 2,700
January 30	Purchases	400 units	@Rs. 10	<u>Rs. 4,000</u>
				<u>Rs. 15,300</u>

A physical inventory of the items taken on January 31 shows that there are 700 units in hand. The valuation of inventory as per FIFO method is:

- (a) Rs. 5,400. (b) Rs. 6,700.
(c) Rs. 8,600 (d) Rs. 5,000.

37. A promissory note for Rs. 5,000 in favour of Mohan settled by sending him Tania's acceptance for Rs. 5,000. The required Journal entry will be

- (a) Mohan Dr. Rs. 5,000
 To Tania Rs. 5,000
- (b) Tania Dr. Rs. 5,000
 To Mohan Rs. 5,000
- (c) Bill receivable Dr. Rs. 5,000
 To Bills payable Rs. 5,000
- (d) Bill payable Dr. Rs. 5,000
 To Bills receivable Rs. 5,000

38. Shyam prepared a trial balance for his factory on 31st March, 2010. The debit total of the trial balance was short by Rs. 500. He transferred the deficiency to a suspense account. In April, 2010 after a close examination, he found that the purchases day book for September, 2009 was undercast by Rs.500. The necessary Journal entry to rectify the error will be _____ assuming Final Accounts are not prepared.

- (a) Purchases A/c Dr. Rs. 500
 To Cash A/c Rs. 500
- (b) Suspense A/c Dr. Rs. 500
 To Purchases A/c Rs. 500
- (c) Purchases A/c Dr. Rs. 500
 To Suspense A/c Rs. 500
- (d) None of the above.



39. The following particulars relate to the business of Mohan on March 31, 2010.

Balance as shown by the cash book	Rs. 10,000
Cheques issued but not presented for payment	Rs. 4,000
Cheque deposited but not yet collected	Rs. 3,000
Balance as shown by the Bank pass book will be	

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

40. Which of the following errors will affect the trial balance?

- (a) Repairs to building wrongly debited to Building A/c
(b) Total of Purchase Journal cast short by Rs.1,000.
(c) Freight paid on new machinery debited to Freight A/c
(d) None of the three.

41. A's acceptance to B for Rs. 10,000 renewed for 2 months on the condition that Rs. 4,000 be paid in cash immediately and the remaining amount will carry interest @ 12% p.a. The amount of interest will be _____

- (a) Rs. 120 (b) Rs. 80
(c) Rs. 90 (d) Rs. 160

42. On 1.1.2010, a machine costing Rs. 10,000 and a piece of furniture costing Rs.20,000 was purchased. Depreciation is provided @ 5% p.a. on furniture and 10% per annum on machine. The depreciation for the year ended 31st March, 2010 should be:

- (a) Rs. 1,000. (b) Rs. 300
(c) Rs. 500 (d) None of the three.

43. On 1st February, 2010, a loan of Rs.10,000 was given @ 12% per annum. Interest was received for 3 months from February to April in April, 2010. In the financial statements of the year ended 31st March, 2010 amount of accrued interest should be:

- (a) Rs. 100 (b) Rs. 200
(c) Rs. 300 (d) Rs. 1,200

44. Goods costing Rs. 4,80,000 were sent on consignment basis. Goods are invoiced at 125% of the cost price. The invoice price and the loading will be:

- (a) Rs. 6,00,000 and Rs. 1,00,000. (b) Rs. 5,00,000 and Rs. 1,00,000.
(c) Rs. 6,00,000 and Rs. 1,20,000. (d) Rs. 5,00,000 and Rs. 1,20,000.

45. Mr. A sent 250 units costing Rs. 10,000 each to Mr. B. Mr. B sold 150 units @ Rs. 14,200 per unit on credit and 75 units @ Rs. 14,000 for cash. Mr. B is entitled to a commission Rs.500 per unit. The amount of commission will be:

- (a) Rs. 75,000 (b) Rs. 37,500
(c) Rs. 1,12,500 (d) Rs. 85,000

46. Ram and Shyam enter into a joint venture. Both of them deposited Rs.65,000 and Rs.32,500 respectively into a joint venture. Goods were purchased for Rs.75,000 and expenses amounting Rs.10,950 were incurred. Goods sold for Rs.90,000 and goods unsold were taken over by Ram at an agreed value of Rs.2,700. The profit on joint venture is:

- (a) Rs. 17,700 (b) Rs. 4,500
(c) Rs. 4,050 (d) Rs. 6,750

47. On 1st January Shilpa owes Rs.10,000 and accepts a 3 months bill for the amount. On the date of maturity Shilpa, not being able to honour the bill. She paid Rs.4,000 cash and requested to draw another bill for three months for the balance amount with interest @ 15% per annum. The amount of interest should be

- (a) Rs. 200 (b) Rs. 225
(c) Rs. 500 (d) Rs. 900

48. A draws a bill of Rs.10,000 on B on 23rd December, 2009 for one month. The bill is accepted on 25th December, 2009 by B. The maturity date of the bill will be:

- (a) 26th January, 2010. (b) 28th January, 2010.
(c) 27th January, 2010. (d) 25th January, 2010.

49. On 1st January, 2010, Vimal sold goods worth Rs.20,000 to Renu and drew a bill on Renu for 3 months. Renu accepted the bill and returned it to Vimal who discounted the bill with bank on 4th February, 2010 @ 15% per annum. The discounting charges will be:

- (a) Rs. 3,000 (b) Rs. 750
(c) Rs. 500 (d) None of the three.

50. X and Y are partners sharing profit and losses in the ratio of 2:1. On 1st January, 2009, Z is admitted with 1/4th share in profits with guaranteed amount of Rs. 25,000. The profits for the year ended 31st December, 2009 amounting to Rs. 76,000. The share of Y in the profits should be:

- (a) Rs.19,000 (b) Rs.38,000
(c) Rs.17,000 (d) None of the above.

51. Dheeraj and Gopal are partners in a firm with capitals of Rs. 5,00,000 each. They admit Deepak as a partner with 1/4th share in the profits of the firm. Deepak bring Rs. 8,00,000 as his share of capital. The profit and loss account showed a credit balance of Rs. 4,00,000 as on the date of his admission. The value of hidden goodwill will be

- (a) Rs. 14,00,000. (b) Rs. 18,00,000.
(c) Rs. 10,00,000. (d) None of the above.

52. Rent due for the month of March will appear _____ in the cash book

- (a) On the receipt side (b) On the payment side
(c) As a contra entry (d) No where



53. Alfa Ltd. issued 20,000, 8% debentures of Rs. 10 each at par. The debentures are redeemable at a premium of 20% after 5 years. The amount of loss on redemption of debentures should be:
- (a) Rs. 50,000 (b) Rs. 40,000
(c) Rs. 30,000 (d) None of the above.
54. Gama Ltd. issued 10,000, 10% debentures of Rs.100 each at a discount of 10%. The entire amount is payable on application. Applications were received for 12,000 debentures. The allotment of debentures was made on 10th October, 2009. The amount which should be credited to the debentures account on 10th October, 2009 will be:
- (a) Rs. 12,00,000. (b) Rs. 10,80,000.
(c) Rs. 9,00,000 (d) Rs. 10,00,000
55. Indigo Ltd. had 9,000, 10% redeemable preference shares of Rs. 10 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of Rs.10 each fully paid up at a discount of 10%. The number of equity shares issued should be:
- (a) 9,000 (b) 11,000
(c) 10,000 (d) None of the above.
56. A firm dealing in cloth has 15,000 meters of cloth on April 1, 2009 valued at Rs.1,50,000. The firm purchased 20,000 meters @ Rs.12 per meter during the year ending 31st March, 2010 and sold 30,000 meters @ Rs.25 per meter during the same period. As per LIFO, the closing inventory will be valued at:
- (a) Rs. 60,000 (b) Rs. 1,25,000
(c) Rs. 50,000 (d) None of the above.
57. On January 1, 2010 Victory Ltd., purchased a second hand machinery for Rs. 50,000 and spend Rs. 2,000 as shipping and forwarding charges, Rs. 1,000 as import duty, Rs.1,000 as carriage inwards, Rs.500 is repair charges, Rs. 200 as installation charges, Rs.400 as brokerage of the middle man and Rs. 100 for an iron pad. Total cost of machinery is
- (a) Rs. 55,100 (b) Rs. 55,000
(c) Rs. 54,600 (d) Rs. 55,200.
58. On 1-4-2009, Ram invested Rs.1,00,000 in a business. Interest on capital is to be allowed @ 12% per annum. Amount of interest to be charged to P & L Account for the year 2009-2010 is:
- (a) Rs. 9,000. (b) Rs. 10,000
(c) Rs. 12,000 (d) None of the above.

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59. Goods costing Rs. 1,20,000 were sent on consignment basis. These goods are invoiced to give a gross margin of 20% on invoice price. The amount of loading is:

- (a) Rs. 24,000. (b) Rs. 30,000.
(c) Rs. 20,000. (d) None of the above.

60. Mohan's trial balance contains the following information:

Discount received Rs.1,000
Provision for discount on trade payables Rs.1,600

It is desired to maintain a provision for discount on trade payables at Rs.1,100. The amount to be credited to P & L Account is :

- (a) Rs.1,500 (b) Rs.3,500.
(c) Rs.1,000. (d) Rs.500.

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. A mate's receipt

- (a) Is a document of title to goods
(b) Is an acknowledgement for the receipt of goods
(c) Both the above
(d) None of the above

62. An offer to perform one's obligations under a contract is called as :

- (a) Tender
(b) Attempted performance
(c) Both (a) and (b)
(d) Actual performance

63. A contract was entered before 1st September, 1872 is governed by The Indian Contract Act, 1872

- (a) Yes if the contract was entered in Indian soil
(b) Yes if there was performance of the contract on or after 1st September 1872
(c) No as the act does not apply retrospectively
(d) No as there was no performance on or after 1st September 1872

64. A share in a partnership:

- (a) Can be transferred in accordance with the terms and conditions contained in the partnership deed
(b) Can be transferred only if all the partners agree for such transfer
(c) Cannot be transferred at all.
(d) Can be transferred through the recognized stock exchanges.



65. Which of the following is not correct?

- (a) Joint Hindu Family is governed by law relating to registration of agreements.
- (b) Joint Hindu Family is governed by Hindu Law.
- (c) Joint Hindu Family is governed by the Civil Procedure Code.
- (d) Both (a) & (c)

66. In case of sale

- (a) Property in goods passes to the buyer.
- (b) Risk in the goods passes to the buyer.
- (c) Both the above.
- (d) None of the above.

67. Which one of the following is not a contract?

- (a) A engages B for a certain work and promises to pay such remuneration as shall be fixed by C. B does the work.
- (b) A and B promise to marry each other.
- (c) A takes a seat in a public vehicle.
- (d) A invites B to a card party. B accepts the invitation.

68. Which of the statement is incorrect?

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

69. The difference between contingent contract and wagering agreements are as follows:

- (a) A wagering agreement consists of reciprocal promises whereas a contingent contract may not contain reciprocal promises.
- (b) In a wagering agreement the uncertain event is the sole determining factor while in a contingent contract the event is only collateral.
- (c) A wagering agreement is void whereas a contingent contract is valid.
- (d) All of the above.

70. An agreement made without consideration is valid under the Indian Contract Act, 1872 if

- (a) The agreement is expressed in writing.
- (b) The agreement is made on account of natural love and affection or 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.

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71. Which of the following is not correct?

- (a) Minor can always plead minority.
- (b) Minor is liable for necessities supplied to him.
- (c) Minor is a person who has not completed 18 years of age.
- (d) Minor can be a beneficiary.

72. Which of the following is not correct?

- (a) Consideration must be at the desire of the promisor.
- (b) Consideration may be past, present or future.
- (c) Consideration need not be adequate, but should be real and supported by free consent.
- (d) Consideration should be always monetary.

73. Novation means:

- (a) Substituting a new contract for the old one.
- (b) Cancellation of the old contract.
- (c) Modifying or altering the terms of contract such that it has the effect of substituting a new contract for the old one.
- (d) Dispensing away the performance of the promise made by the other party.

74. Quasi-contract rest upon the maxim:

- (a) No one can give a better title than he himself has
- (b) No man must grow rich out of another persons loss
- (c) An act of the court will prejudice no one
- (d) Ubi jus ibi remedium

75. 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 an entry of the statement in the Register of Firms to this effect.
- (d) After giving the information to the Central Government in this regard.

76. Just and equitable grounds for the dissolution of the firm :

- (a) Deadlock in the management
- (b) Partners are not in talking terms between them
- (c) Insanity of partner
- (d) Both (a) and (b)

77. A student was motivated by his teacher to sell his car (value being Rs. 10,00,000/-) for Rs. 5,00,000/-. The student sold the same at the desired price of the teacher. The student can sue the teacher on the ground of :

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



78. Types of partners includes:

- (a) Active Partner.
- (b) Sleeping Partner.
- (c) Nominal Partner.
- (d) All of the above.

79. 'Price' under the Sale of Goods Act, 1930 means

- (a) Money or money's worth.
- (b) Monetary consideration for the sale of goods.
- (c) Any consideration that can be expressed in terms of money.
- (d) None of the above.

80. Goods that are identified and agreed upon at the time of contract of sale are known as _____.

- (a) Specific Goods
- (b) Existing Goods
- (c) Future Goods
- (d) Generic Goods

81. A contract in which only one party has to fulfill his obligation at the time of the formation of the contract, the other party having fulfilled his obligation at the time of the contract or before the contract comes into existence is known as _____.

- (a) Unilateral Contract
- (b) Bilateral Contract
- (c) Quasi Contract
- (d) Express Contract

82. An offer made to the public in general which anyone can accept and do the desired act is _____.

- (a) General Offer
- (b) Special Offer
- (c) Cross Offer
- (d) Counter Offer

83. In case of an agreement to sell, subsequent loss or destruction of the goods is the liability of _____.

- (a) The buyer
- (b) The seller
- (c) Both the buyer and the seller
- (d) The insurance company

84. An auction sale is an example of _____.

- (a) Invitation to treat an offer
- (b) Mere communication of information in the course of negotiation
- (c) Statement of intention
- (d) Offer

85. Agreement for the creation of monopolies _____.

- (a) Is allowed in the interest of economy
- (b) Is opposed to public policy and hence void
- (c) Is not detrimental to any nation
- (d) Is impossible because of perfect competition in today's scenario

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86. Quasi – contracts arise _____.

- (a) Where obligations are created without a contract
- (b) Where obligations are created under a contract
- (c) Out of natural causes
- (d) Out of man-made causes

87. Wagering agreements are

- (a) Valid
- (b) Void
- (c) Unlawful
- (d) Illegal

88. A partner entitled to share the profits only without being liable for the losses :

- (a) Nominal partner
- (b) Sleeping partner
- (c) Sub-partner
- (d) Partner in profits only

89. Goods that are defined only by description and not identified and agreed upon at the time of contract of sale are known as _____.

- (a) Specific Goods
- (b) Existing Goods
- (c) Future Goods
- (d) Unascertained Goods

90. Delivery by acknowledgment is _____.

- (a) Actual Delivery
- (b) Constructive Delivery
- (c) Symbolic Delivery
- (d) None of the above

91. In case of a sale the position of a buyer is that of _____.

- (a) Owner of the goods
- (b) Bailee of the goods
- (c) Hirer of the goods
- (d) None of the above

92. 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

93. Registration of a partnership firm is _____.

- (a) Compulsory from the beginning
- (b) Not compulsory till first five years of beginning of the partnership
- (c) Not compulsory at all
- (d) Compulsory only if the Registrar of Firms gives an order in this regard

94. Death of a partner ordinarily leads to _____.

- (a) Dissolution of the partnership.
- (b) Revision of the partnership.
- (c) Reconsidering of the partnership.
- (d) Induction of a new partner to carry on the partnership.



- 95. A new partner is held liable for all acts of the firm done _____.**
- (a) Before he became a partner
 - (b) After he became a partner.
 - (c) Any time after even he ceases to be a partner and upto his death.
 - (d) Before or after he became a partner
- 96. One of the essential elements of a partnership is agreement _____.**
- (a) Which is enforceable
 - (b) Which is legal
 - (c) Between two or more persons
 - (d) The object of which is not prohibited by law.
- 97. A person is deemed to be in a position to dominate the will of the other when he _____.**
- (a) Holds real authority over the other
 - (b) Holds apparent authority over the other
 - (c) Stands in a fiduciary relation to the other
 - (d) All of the above
- 98. As per the Indian Partnership Act, 1932 a partner may transfer his interest in the firm _____.**
- (a) By sale
 - (b) By mortgage
 - (c) By charge
 - (d) All of the above
- 99. D P Tyre Co. Ltd. sold tyres to a dealer S, who sold those to D, a sub-dealer on the condition that those tyres would not be sold at a price lower than the list price fixed by D P Tyre Co. Ltd. and if the tyres were sold at a price lower than the list price, a penalty of \$ 2 for every tyre sold below the list price would be recovered as damages. D sold five tyres below the list price. D P Tyre Co. Ltd. filed a suit against S. Is D P Tyre Co. Ltd. entitled to maintain the suit?**
- (a) No since D P Tyre Co. Ltd. was not a party to the contract.
 - (b) No since only 5 tyres are involved and the amount is insignificant.
 - (c) Yes as D P Tyre Co. Ltd. is the producer of the tyres.
 - (d) Yes as D P Tyre Co. Ltd. sold the tyres to S who in turn sold to D.
- 100. A, B and C are partners in a firm. B was murdered by D, who wanted to become a partner of the firm, but B has raised objections to it. The Partnership Deed contains a provision that the firm would not be dissolved after the death of any partner. Which of the following is correct?**
- (a) Estate of B is liable for the act of the firm done after the death of B.
 - (b) Estate of B is not liable for the act of the firm done after the death of B.
 - (c) Estate of D is liable for the act of the firm done after the death of B.
 - (d) D is liable for the act of the firm done after the death of B.

SECTION – C : GENERAL ECONOMICS(50 MARKS)

101. The law of consumer surplus is based on :

- (a) Indifference curve analysis
- (b) Revealed preference theory.
- (c) Law of substitution
- (d) The law of diminishing marginal utility.

102. Supply of a commodity is a:

- (a) Stock concept
- (b) A flow concept
- (c) Both stock and flow concept.
- (d) None of these.

103. If two goods were perfect substitutes of each other, it necessarily follows that

- (a) An indifference curve relating the two goods will be curvilinear.
- (b) An indifference curve relating the two goods will be linear.
- (c) An indifference curve relating the two goods will be divided into two segments which meet at a right angle.
- (d) An indifference curve relating the two goods will be convex to the origin.

104. The MC curve cuts the AVC and ATC curves

- (a) At the falling part of each.
- (b) At different points.
- (c) At their respective minimas.
- (d) At the rising part of each.

105. In general, most of the production functions measure

- (a) The productivity of factors of production.
- (b) The relation between the factors of production.
- (c) The economies of scale.
- (d) The relations between change in physical inputs and physical output.

106. Which of the following market situations explains marginal cost equal to price for attaining equilibrium?

- (a) Perfect competition.
- (b) Monopoly
- (c) Oligopoly.
- (d) Monopolistic competition.

107. The period of time in which the plant capacity can be varied is known as

- (a) The short period
- (b) The market period
- (c) The long period
- (d) All of the above.

108. A monopolist who is selling in two markets in which demand is not identical will be unable to maximize his profits unless he

- (a) Sells below costs of production in both markets.
- (b) Practices price discrimination.
- (c) Equates the volume of sales in both markets.
- (d) Equates marginal costs with marginal revenue in one market only.

109. Which of the following is not microeconomic subject matter?

- (a) The price of apples.



- (b) The cost of producing a fire truck for the fire department of Delhi, India
- (c) The quantity of apples produced for the apple market.
- (d) The national economy's annual rate of growth.

110. Which of the following is a reason for the negative slope of the PPF?

- (a) The inverse relationship between the use of technology and the use of natural resources.
- (b) Scarcity at any point in time we have limited amounts of productive resources.
- (c) Resource specialisation.
- (d) Increasing opportunity costs.

111. SJSRY stands for

- (a) Swarna Jayanti Shahari Rozgar Yojana
- (b) Shahari Jeewan Sudhar Rashtriya Yojana
- (c) Sampoorna Jeewan Shahari Rozgar Yojana
- (d) None of the above.

112. Who is regulatory authority for telecom in India?

- (a) SEBI
- (b) TRAI
- (c) MTNL
- (d) BSNL

113. Which of the following has resulted in failure to achieve targets of industrial production?

- (a) Poor planning
- (b) Power, finance and labour problems
- (c) Technical complications
- (d) All of the above.

114. Oil and Natural Gas Corporation Indian Oil Corporation, Steel Authority of India, and Bharat Heavy Electricals are all examples of

- (a) Small scale units.
- (b) Private sector units
- (c) Public sector units
- (d) Sick units

115. 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.

116. Money stock in India refers to:

- (a) M_1
- (b) M_2
- (c) M_3
- (d) M_4

117. Giffen goods are those goods _____

- (a) For which demand increases as price increases
- (b) That have a high income elasticity of demand
- (c) That are in short supply
- (d) None of these

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118. Three methods of computing national income are _____.

- (a) Production, outlay and income methods.
- (b) Balance of payments, income and consumption methods.
- (c) Saving, investment and income methods.
- (d) Outlay, depreciation and production methods.

119. When AR = Rs. 10 and AC = Rs. 8 the firm makes _____.

- (a) Normal profit
- (b) Net profit
- (c) Gross profit
- (d) Supernormal profit

120. If two goods are complements, this means that a rise in the price of one commodity will induce _____.

- (a) An upward shift in demand for the other commodity.
- (b) A rise in the price of the other commodity.
- (c) A downward shift in demand for the other commodity.
- (d) No shift in the demand for the other commodity.

121. _____ controls affect indiscriminately all sectors of the economy.

- (a) Selective credit
- (b) Quantitative
- (c) Margin requirements
- (d) Optional

122. 'The lender of last resort' means _____.

- (a) The government coming to the rescue of poor farmers.
- (b) Central bank coming to the rescue of other banks in times of financial crisis.
- (c) Commercial banks coming to the rescue of small industrial units.
- (d) People coming to the rescue of commercial banks in times of their financial crisis.

123. _____ is the custodian of monetary reserves in India

- (a) SBI
- (b) SIDBI
- (c) NABARD
- (d) RBI

124. Demand for final consumption arises in _____.

- (a) Household sector only.
- (b) Government sector only.
- (c) Both household and government sectors.
- (d) Neither household nor government sector.

125. Service Tax was introduced in the financial year _____.

- (a) 1991-92
- (b) 2001-02
- (c) 1994-95
- (d) 1995-96

126. At present, the marginal rate of income tax(i.e. tax for the highest slab) is _____

- (a) 10%.
- (b) 20%
- (c) 30%
- (d) 40%



127. About _____ percent of the external assistance has been in the form of loans.

- (a) 40 (b) 30
(c) 10 (d) 90

128. _____ is a systematic record of all the economic transactions between one country and rest of the world

- (a) Balance of trade (b) Balance of transactions
(c) Budget (d) Balance of payments

129. If borrowings and other liabilities are added to the budget deficit we get _____.

- (a) Revenue deficit (b) Capital deficit
(c) Primary deficit (d) Fiscal deficit

130. _____ gives 100 days of guaranteed employment in a Financial year to every household whose adult member volunteer to do unskilled work.

- (a) IRDP (b) MGNREGS
(c) IAY (d) SGRY

131. According to Planning Commission about _____ percent of the population of India lived below poverty line (as per MRP Method) in 2011-12.

- (a) 21.9 (b) 25.7
(c) 22.5 (d) 21.5

132. In terms of deposit mobilization, _____ leads other states.

- (a) U.P (b) Maharashtra
(c) Kerala (d) Bihar

Questions 133 to 137 are based on the Figure 1.

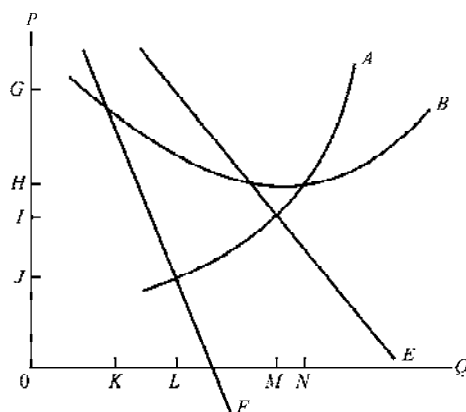


Figure 1

MODEL TEST PAPER - 6**133. Figure 1 represents a:**

- (a) Perfectly competitive firm. (b) Perfectly competitive industry.
(c) Monopolist (d) None of the above.

134. In figure 1, the firm's marginal revenue curve is curve

- (a) E (b) A
(c) F (d) B

135. In Figure 1, curve E is the firm's:

- (a) Marginal cost curve (b) Average cost curve
(c) Demand curve. (d) Marginal revenue curve

136. In figure 1, the firm's most efficient output is:

- (a) K (b) L
(c) M (d) N

137. In figure1, the firm's most profitable output is:

- (a) K (b) L
(c) M (d) N

Consider Sumit's production data given in the table 1. Use Table 1 to answer questions 138-142

Table 1

Number of Workers	Total Output
1	10
2	22
3	31
4	40
5	47
6	52
7	56
8	58
9	60
10	61

138. Suppose Sumit has to pay his workers Rs 20 per hour, and further suppose there are no other production costs at all. What is the marginal product of the 5th worker?

- (a) 12 (b) 9
(c) 7 (d) 8



139. In Table 1, Sumit's Average Total Cost when 40 units are produced is:

- (a) Rs. 2 (b) Rs. 80
(c) Rs. 5 (d) Rs. 20

140. Using data in Table 1, we know that the approximate marginal cost of the 52nd unit of output is:

- (a) Rs. 0.25 (b) Rs. 1.25
(c) Rs. 2.50 (d) Rs. 4.00

141. Suppose Sumit decides to purchase fire insurance which costs Rs. 87,600 a year. (As it happens, it works out to be Rs 10 per hour) The approximate marginal cost of the 52nd unit now is:

- (a) Rs. 0.25 (b) Rs. 1.25
(c) Rs. 2.50 (d) Rs. 4.00

142. Sumit's marginal product of the 9th worker:

- (a) 2 units (b) 3 units
(c) 5 units (d) 7 units

Read table 2 and answer Questions number 143-145

	% change in price	% change in quantity demanded(quantity supplied)	Elasticity
Demand for salt	20	-1	x
Demand for bananas	15	y	3
Supply of chicken	z	14	1

143. Refer Table 2 and find the value of x.

- (a) -20 (b) -0.05
(c) -1 (d) Can not be determined

144. Refer Table 2 and find the value of y.

- (a) -5 (b) 15
(c) -45 (d) -3

145. Refer table 2 and find the value of z.

- (a) 14 (b) 1
(c) 0.07 (d) 5

Read table 3 and answer Questions number 146-147

With the same amount of resources, a farmer can feed the following combinations of sheep and cows:

Table 3		
	Sheep	Cows
Option I	84	22
Option II	75	25

146. Given the options available to him, what is the opportunity cost to the farmer of feeding one cow?

- (a) 1 sheep (b) 3 sheep
(c) 9 cows. (d) 9 sheep.

147. Given the options available to him, what is the opportunity cost to the farmer of feeding one sheep?

- (a) 9 sheep. (b) 3 cows.
(c) 1/3 sheep. (d) 1/3 cow.

148. If the quantity of CD demanded increases from 260 to 290 in response to an increase in income from Rs. 9,000 to Rs. 9,800, the income elasticity of demand is approximately:

- (a) 3.4 (b) 0.01
(c) 1.3 (d) 2.3

149. If the quantity of good X demanded increases from 8 to 12 in response to an increase in the price of good Y from Rs. 23 to Rs. 27, the cross elasticity of demand for X with respect to the price of Y is approximately:

- (a) 0.35 and X and Y are complements.
(b) 0.35 and X and Y are substitutes.
(c) 2.5 and X and Y are complements.
(d) 2.5 and X and Y are substitutes.

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

Table 4			
Total population	228	Children(below the working age)	36
Unemployed people looking for a job	18	Full-time students (not looking for a job)	4
Retired people	28	Employed people	126
People confined to correctional institutions	2	Other adults not in the labour force	14

Based on the information in table 4, the country's unemployment rate is

- (a) 7.9% (b) 12.5%
(c) 20.2% (d) 22.2%



SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

151. Standard deviation of binomial distribution is :

- (a) $(npq)^2$ (b) \sqrt{npq}
(c) $(np)^2$ (d) \sqrt{np}

152. $A \cup A'$ is equal to

- (a) A (b) Sample Space
(c) ϕ (d) None of these

153. The integral of $\frac{x^3}{x^2+1}$ dx is equal to:

- (a) $\frac{1+2x^2}{4(x^2+1)^2} + c$ (b) $\frac{1-2x^2}{4(x^2+1)^2} + c$
(c) $\frac{-(1+2x^2)}{4(x^2+1)^2} + c$ (d) None of these.

154. 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) $(2x^2+1)^8$

155. A sample survey is prone to:

- (a) Sampling error. (b) Non-sampling error.
(c) Either (a) or (b). (d) Both (a) and (b).

156. Simple Aggregative Method is used for computing a:

- (a) Relative index. (b) Price index.
(c) Value index. (d) None of these.

157. The algebraic sum of deviations of a set of observations from their A.M. is:

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

158. Number of petals in a flower is an example of:

- (a) A continuous variable. (b) A discrete variable.
(c) An attribute. (d) All of these.

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159. A Qualitative characteristic is known as :

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

160. Methods that are employed for the collection of primary data

- (a) Interview method. (b) Questionnaire method.
(c) Observation method. (d) All of these.

161. The normal curve is _____.

- (a) Bell-shaped (b) U-shaped
(c) J-shaped (d) Inverted J-shaped

162. The _____ is satisfied when $P_{ab} \times P_{bc} \times P_{ca} = 1$

- (a) Time reversal test (b) Factor reversal test
(c) Circular test (d) Unit test

163. _____ is an extension of time reversal test.

- (a) Factor reversal test (b) Circular test
(c) Unit test (d) None of these

164. For a set of observations, the sum of absolute deviations is _____, when the deviations are taken from the median.

- (a) Zero (b) Maximum
(c) Minimum (d) None of these

165. The triplicate ratio of 4: 5 is _____.

- (a) 125: 64 (b) 16:25
(c) 64:125 (d) None of these

166. When we want to divide the given set of observations into two equal parts, we consider _____.

- (a) Mean (b) Median
(c) Mode (d) None of these

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

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



168. The value of $\lim_{x \rightarrow 1} \frac{2x^2 + x - 3}{x^3 + 9}$ is _____.

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

169. The two variables are known to be _____ if the movement on the part of one variable does not produce any movement on other variable in a particular direction.

- (a) Correlated (b) Uncorrelated
(c) Positive correlated (d) Negative correlated

170. The correlation between demand and price (for normal goods) is _____.

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

171. Differentiate $\sqrt{1+x^2}$ w.r.t. x, we get :

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

172. If $\lim_{x \rightarrow a} \frac{x^9 - a^9}{x - a} = 9$, the value of a is :

- (a) 9,-9 (b) 1,-1
(c) 8,-8 (d) None of these

173. If the coefficient of correlation between two variables is -0.3 , then the coefficient of determination is

- (a) 0.3 (b) 0.09
(c) 0.7 (d) 0.9

174. If the coefficient of correlation between two variables is 0.6 , then the percentage of variation accounted for is _____

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

175. What is the chance of picking a heart or a queen not of heart from a pack of 52 cards?

- (a) $17/52$ (b) $1/3$
(c) $4/13$ (d) $3/13$

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176. In a single throw with two dice, chance of throwing 8 is

- (a) $1/9$ (b) $5/36$
(c) $5/18$ (d) $2/9$

177. A bag contains 10 red and 10 green balls and a ball is drawn from it. The probability that it will be green is:

- (a) $1/10$ (b) $1/3$
(c) $1/2$ (d) None of these

178. If an event cannot take place, probability will be _____

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

179. The mean of binomial distribution is 4 and standard deviation $\sqrt{3}$. What is the value of n?

- (a) 14 (b) 16
(c) 18 (d) 20

180. Two variables x and y are related by $5x + 6y + 9 = 0$ and $\bar{x} = 6$, then \bar{y} is

- (a) 6.50 (b) 6.66
(c) -6.50 (d) -6.66

181. The mean weight for a group of 40 female students is 42 kg and that for a group of 60 male students is 52 kg. What is the combined mean weight?

- (a) 46 (b) 47
(c) 48 (d) 49

182. The wages of 8 workers expressed in rupees are 42, 45, 49, 38, 56, 54, 55, 47. Find median wage?

- (a) 47 (b) 48
(c) 49 (d) 50

183. Refer following table:

Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find class mark for the first class interval?

- (a) 4 (b) 46
(c) 44 (d) 48



184. Find the sum of 10 terms G. P with first term and common ratio being 8 and 3 respectively?

- (a) 2,63,291 (b) -2,36,192
(c) 2,19,631 (d) 2,36,192

185. If compounding is done quarterly, what will be the amount Mr. Ravi will receive for Rs. 4000 @10% rate of interest for 4 years?

- (a) Rs. 5893.02 (b) Rs. 5938.02
(c) Rs. 5000 (d) None of these.

186. The equation of a line passing through (3, 4) and slope 2 is

- (a) $y - 2x + 2 = 0$ (b) $y - 3x + 4 = 0$
(c) $y - 4x + 3 = 0$ (d) $y - 2x + 4 = 0$

187. Find the logarithmic of 58,564 to the base $11\sqrt{2}$

- (a) 3 (b) 4
(c) 2 (d) None of these

188. Find the sum of progression $1, \frac{1}{2}, \frac{1}{4}, \frac{1}{8}, \dots, 10$ terms.

- (a) 1.9 (b) 1.989
(c) 1.998 (d) 1.89

189. Eleven students are participating in a race. In how many ways the first 5 prizes can be won?

- (a) 44550 (b) 55440
(c) 120 (d) 90

190. Solve for x, $4^x - 3 \cdot 2^{x+2} + 2^5 = 0$

- (a) 4, 8 (b) -2, -3
(c) 2, 6 (d) 2, 3

191. A sum of money doubles itself in 25 years. The number of years it would trebles itself is:

- (a) 50 years. (b) 37.5 years.
(c) 75 years. (d) None of these.

192. The ratio compound of two ratios 4:3 and 7:3 is

- (a) 12:21 (b) 28:9
(c) 9:28 (d) None of these

193. Evaluate the value of $\int_0^3 (3x^2 + 5x + 2) dx$

- (a) 55 (b) 55.5
(c) 57 (d) 56

194. The ratio of two quantities is 5:9. If the antecedent is 25, the consequent is:

- (a) 9 (b) 45
(c) 40 (d) None of these

195. The sum of two numbers is 38 and their difference is 2. Find the two numbers?

- (a) 20, 18 (b) 10, 12
(c) 17, 15 (d) None of these.

196. Mr. A plans to invest upto Rs. 30,000 in two stocks X and Y. Stock X(x) is priced at Rs. 175 and Stock Y(y) at Rs. 95 per share. This can be shown by _____

- (a) $175x + 95y \leq 30,000$ (b) $175x + 95y \geq 30,000$
(c) $175x + 95y = 30,000$ (d) None of these

197. Find the value of n if $(n + 1)! = 42(n - 1)!$

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

198. The number of subsets of the set {1, 2, 3, 4} is:

- (a) 13 (b) 12
(c) 16 (d) 15

199. The derivative of $8x^2 - 2x + 5$ w.r.t. x is :

- (a) $16x + 2$ (b) $16x - 2$
(c) $16x - 2 + 5$ (d) $16x + 7$

200. A box contains 7 red, 6 white and 4 blue balls. How many selections of three balls can be made so that none is red?

- (a) 90 (b) 120
(c) 48 (d) 24

★★★



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT – 7

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

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

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

- 1. “Assets should be valued at the price paid to acquire them” is based on:**
(a) Accrual concept. (b) Cost concept.
(c) Money measurement concept. (d) Realisation concept.
- 2. Cash book is a form of**
(a) Trial Balance. (b) Journal.
(c) Ledger. (d) All of the above.
- 3. If bank balance as per cash book differs from that appearing in the current account statement, then the balance considered for finalizing the accounts is of**
(a) Adjusted cash book.
(b) Cash book before any adjustments.
(c) Pass book.
(d) Not taken to final accounts in case of difference in the balance.
- 4. Material costing Rs. 700 in the erection of the machinery and the wages paid for it amounting to Rs. 400 should be debited to:**
(a) Material account. (b) Wages account.
(c) Purchases account. (d) Machinery account.

5. Difference of totals of both debit and credit side of the trial balance is transferred to

- (a) Difference account.
- (b) Trading account.
- (c) Miscellaneous account.
- (d) Suspense account.

6. "Inventories should be out of godown in the sequence in which they arrive" is based on:

- (a) FIFO.
- (b) LIFO.
- (c) FIFO.
- (b) Weighted average.

7. The value of an asset after deducting depreciation from the historical cost is known as:

- (a) Fair value.
- (b) Book value.
- (c) Market value.
- (d) Net realisable value.

8. Expenses incurred to retain the title of a building is a

- (a) Revenue expenditure.
- (b) Capital expenditure.
- (c) Deferred revenue expenditure.
- (d) None of the above.

9. Carriage inwards is debited to

- (a) Trading account.
- (b) Profit and loss account
- (c) Profit and loss appropriation account
- (d) Balance sheet

10. A bill has been drawn on 26.2.2010 payable after 90 days. The maturity date of the bill will be _____

- (a) 30.5.2010.
- (b) 29.5.2010.
- (c) 28.5.2010.
- (d) 27.5.2010.

11. If total of all debits of a ledger account is more than the total of all credits of the same account, then the balancing figure is placed at the _____

- (a) Debit side of that ledger account.
- (b) Credit side of that ledger account.
- (c) End of that ledger account as a footnote.
- (d) None of the above.

12. The cost of a small calculator is accounted as an expense and not shown as an asset in a financial statement of a business entity due to _____

- (a) Materiality concept.
- (b) Matching concept.
- (c) Periodicity concept.
- (d) Conservatism concept.

13. A minimum quantity of inventory always held as precaution against out of inventory situation is called _____

- (a) Zero stock.
- (b) Risk stock.
- (c) Base stock.
- (d) None of the above.



- 14. M/s Bhaskaran & Co. drew a three months' bill of Rs. 6,000 on M/s Patel & Co. on 1.1.2010 payable to M/s Surendran & Co. or bearer. Here the payee will be _____**
- (a) M/s Bhaskaran & Co.
 - (b) M/s Patel & Co.
 - (c) M/s Surendran & Co. or bearer.
 - (d) All of the above.
- 15. Fluctuating capital account is credited with _____**
- (a) Interest on capital.
 - (b) Profits of the year.
 - (c) Salaries or remuneration of the partners.
 - (d) All of the above.
- 16. 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) Profits.
 - (d) Premium for goodwill.
- 17. Memorandum joint venture account is prepared _____**
- (a) When separate set of joint venture books is prepared.
 - (b) When each co-venturer keeps records of all the the joint venture transactions himself.
 - (c) When each co-venturer keeps records of their own joint venturer transactions.
 - (d) None of the above.
- 18. In case of del-credere commission provided by consignor to consignee, bad debts is a loss of _____**
- (a) Consignee.
 - (b) Consignor.
 - (c) Both consignor and consignee.
 - (d) Neither of the two.
- 19. The party who sends the goods for sale on fixed commission basis is _____**
- (a) Consignee.
 - (b) Consignor.
 - (c) Drawee.
 - (d) Drawer.
- 20. Discounting of bill by the drawer is done with _____**
- (a) Creditors (trade payables).
 - (b) Drawee.
 - (c) Bank.
 - (d) Notary public.

21. Under this method, the annual charge for depreciation decreases from year to year, so that the burden and benefits of later years are shared by the earlier years. Also, under this method, the value of asset can never be completely extinguished. The other advantage of this method is that the total charge to revenue is uniform when the depreciation is high, repairs are negligible; and as the repairs increase, the burden of depreciation gets lesser and lesser. This method of depreciation is:

- (a) Straight Line Method. (b) Written Down Value Method.
(c) Annuity Method. (d) Sinking Fund Method.

22. M/s Mittal & Sen & Co. sends goods costing Rs. 50,000 to M/s Suneja & Jadeja & Co. for sale at invoice price. The invoice price of the goods was Rs. 60,000. Former spends Rs. 2,000 on freight for sending the delivery and later spends Rs. 1,500 for receiving the delivery. M/s Suneja & Jadeja & Co. sold 90% of goods at invoice price and earned a commission of Rs. 5,400. In the due course he made some credit sales also out of which some amount were proved to be bad and was borne by him only. Remaining goods were taken back by M/s Mittal & Sen & Co. The balance due was paid by M/s Suneja & Jadeja & Co. through a demand draft. The above transactions are in the nature of :

- (a) Consignment
(b) Joint venture
(c) Sale of goods on sale or return basis
(d) Credit sales

23. It is decided to form a partnership with a total capital of Rs. 6,00,000. Three partners Ajay, Vijay and Sanjay who will share profits and losses in the ratio of 5:3:2, agreed to contribute proportionate capital. Their capital contribution will be:

- (a) Rs. 3,00,000: Rs.1,80,000: Rs. 1,20,000
(b) Rs. 2,00,000: Rs.2,00,000: Rs. 2,00,000
(c) Rs. 3,00,000: Rs.2,00,000: Rs. 1,00,000
(d) Rs. 1,00,000: Rs.2,00,000: Rs. 3,00,000

24. Aditya Ltd. issued 50,000 equity shares of Rs. 10 each for subscription. 40,000 shares were subscribed by the public by paying Rs. 3 as application money. Number of shares allotted to public by Aditya Ltd. will be:

- (a) 50,000 equity shares. (b) 40,000 equity shares.
(c) 30,000 equity shares. (d) 10,000 equity shares.

25. A company issued 1,00,000 equity shares of Rs.10 each at a premium of Rs. 2 and 5,000 10% Debentures of Rs. 100 each at 10% discount. All the shares and debentures were subscribed and allotted by crediting 10% Debentures account with :

- (a) Rs. 10,00,000 (b) Rs. 12,00,000
(c) Rs. 5,00,000 (d) Rs. 4,50,000



26. Preference shares amounting to Rs. 1,00,000 are redeemed at a premium of 5% by issue of shares amounting to Rs. 50,000 at a premium of 10%. The amount to be transferred to capital redemption reserve account will be:
- (a) Rs. 55,000. (b) Rs. 50,000.
(c) Rs. 45,000. (d) Rs. 57,500.
27. On 1st June 2009, Harsh Ltd. issued 4,000 9% convertible debentures of Rs. 100 each at a premium of 10%. Interest is payable on September 30 and March 31, every year. Assuming that the interest runs from the date of issue, the amount of interest expenditure debited to profit and loss account for the year ended 31st March 2010 will be :
- (a) Rs. 12,000. (b) Rs. 18,000.
(c) Rs. 36,000. (d) Rs. 30,000.
28. Followings are the information related to Great Ltd.:
- (i) Equity share capital called up Rs. 3,00,000, (ii) Call-in advance Rs. 10,000, (iii) Call in arrears Rs. 15,000 and (iv) Proposed dividend 20%. The amount of dividend payable by Great Ltd. will be:
- (a) Rs. 57,000 (b) Rs. 59,000.
(c) Rs. 60,000. (d) Rs. 58,000.
29. 3,000 shares of Rs. 10 each of Krishna were forfeited by crediting Rs. 5,000 to share forfeiture account. Out of these, 1,800 shares were re-issued to Radhe for Rs. 9 per share. The amount to be transferred to capital reserve account will be
- (a) Rs. 3,200. (b) Rs. 2,000.
(c) Rs. 1,800. (d) Rs. 1,200.
30. Bittu Ltd. issued 10,000 shares of Rs.10 each to public. Applications were received for 12,000 shares by paying Rs.2 per share. Shares were allotted on pro-rata basis to the public and excess money was kept to be used in allotment and further calls. Kittu failed to pay the allotment money of Rs.3 per share and her 1,000 shares were forfeited after due notice. No further calls were made to her. Her call in arrears was
- (a) Rs. 3,000. (b) Rs. 2,800.
(c) Rs. 2,600. (d) Rs. 2,400.
31. He, She and Me are partners in a firm sharing profits and losses in the ratio of 5:3:2. Firm took Separate Life Policy of Rs. 50,000, Rs.1,00,000 and Rs.1,50,000 for He, She and Me respectively. The share of Me in the policy will be:
- (a) Rs. 1,50,000. (b) Rs. 90,000.
(c) Rs. 60,000. (d) Rs. 3,00,000.
32. Vijay, Vineet and Vivek are partners in a firm sharing profits or losses in 3:2:1. Vijay retires and goodwill of the firm was revalued at Rs.18,000. If new profit sharing ratio is 2:1, then Vijay's share of goodwill debited respectively to Vineet and Vivek's capital account will be:
- (a) Rs. 6,000: Rs. 3,000. (b) Rs. 9,000: Rs. 9,000.
(c) Rs. 4,500: Rs. 4,500. (d) Nothing is to be debited to their account.

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 Ashna 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. A trader has credited certain items of sales on approval aggregating Rs. 60,000 to Sales Account. Of these, goods of the value of Rs.16,000 have been returned and taken into inventory at cost Rs. 8,000 though the record of return was omitted in the accounts. In respect of another parcel of Rs.12,000 (cost being Rs. 6,000) the period of approval did not expire on the closing date. Cost of goods lying with customers should be:

- (a) Rs. 12,000 (b) Rs. 54,000
(c) Rs. 6,000 (d) None of the above

37. On 1st January 2010 Nisha draws a bill for Rs. 5,000 on Disha for 3 months for mutual accommodation. On the same day, Disha draws a bill for Rs. 6,000 on Nisha for 4 months. Both the bills were discounted with the bank for Rs. 4,850 and Rs. 5,700 respectively. 50% of the receipt was sent to the other party. First bill was met on its due date. On the maturity date of Nisha's acceptance, Disha will send

- (a) Rs. 3,000 (b) Rs. 2,850
(c) Rs. 2,425 (d) Rs. 2,500

38. Gaurav has to pay Rs. 10,000 to Saurabh on account of Bill accepted by him for credit purchases. Due to financial crisis, Gaurav was unable to pay the bill and was declared insolvent and his estate realized only 30 paise in a rupee. The amount to be debited to bad debts account of Saurabh will be

- (a) Rs. 3,000 (b) Rs. 7,000
(c) Rs. 10,000 (d) None of the above



39. Ram in a joint venture with Shyam purchased goods costing Rs. 20,000 and sends to Shyam for sale incurring Rs.1,000 on freight. Shyam took the delivery and paid Rs. 500 as carriage. He sold the goods costing Rs. 18,000 for Rs. 25,000 and kept the remaining goods at cost price. Sharing equal profits of the venture, amount to be paid by Shyam to Ram will be:

- | | | | |
|-----|------------|-----|------------|
| (a) | Rs. 25,000 | (b) | Rs. 22,250 |
| (c) | Rs. 23,750 | (d) | Rs. 24,500 |

40. Expenses incurred by the consignor on sending the goods to the consignee is Rs.1,000 for insurance, Rs. 1,500 on freight and Rs.500 on packing the goods. While expenses incurred by the consignee on behalf of the consignment are Rs. 800 on octroi, Rs. 600 as godown charges and Rs. 1,200 as selling expenses. The amount to be excluded while calculating consignment inventory will be:

- | | | | |
|-----|-----------|-----|-----------|
| (a) | Rs. 2,600 | (b) | Rs. 600 |
| (c) | Rs. 1,200 | (d) | Rs. 1,800 |

41. The holder of debentures issued as collateral security is entitled to interest on

- | | | | |
|-----|--------------------|-----|------------------------------|
| (a) | The amount of loan | (b) | Face value of debentures |
| (c) | Both (a) and (b) | (d) | No interest will be payable. |

42. Opening inventory of the year is Rs. 20,000, Goods purchased during the year is Rs. 1,00,000, Carriage Rs. 2,000 and Selling expenses Rs.2,000. Sales during the year is Rs. 1,50,000 and closing inventory is Rs. 25,000. The gross profit will be:

- | | | | |
|-----|-------------|-----|-------------|
| (a) | Rs. 53,000. | (b) | Rs. 55,000. |
| (c) | Rs. 80,000. | (d) | Rs. 51,000. |

43. Following errors have been rectified at the end of the year:

- (i) The return inward book was undercast by Rs. 150.
- (ii) The return outward book was overcast by Rs. 1,000.
- (iii) A payment of Rs.1,500 on account of salaries has been posted twice in the salaries account although entered correctly in the cashbook.

The above errors if rectified, will give correct trial balance. Before rectification, balance of suspense account was

- | | | | |
|-----|---------------|-----|-----------------|
| (a) | Rs. 150 (Dr.) | (b) | Rs. 1,150 (Dr.) |
| (c) | Rs. 350 (Cr.) | (d) | Rs. 1,500 (Cr.) |

44. Given below are the ledger balances of a management consultancy firm:

Capital Rs. 4,00,000, Computer Rs. 25,000, Air conditioner and furniture Rs. 1,00,000, Fixed Deposits Rs. 2,00,000, Salaries Rs. 8,00,000, Fee received Rs. 12,00,000, Travelling expenses Rs. 1,50,000, Rent and office expenses Rs. 2,40,000, Cash balances Rs. 1,80,000. Bank overdraft Rs. 95,000. The total of trial balance will be:

- | | | | |
|-----|----------------|-----|----------------|
| (a) | Rs. 16,00,000. | (b) | Rs. 16,95,000. |
| (c) | Rs. 14,50,000. | (d) | Rs. 15,00,000. |

45. M/s Delhi Stationers purchase goods from the manufacturers, do packaging and labelling and sell to their customers. At the year-end they had 1,000 pieces of toilet soaps in hand, purchase price of which is Rs. 3.25 per piece. These are yet not packed and labelled. The packaging cost per unit is Re. 0.35 per piece and selling price is Rs. 4.25 per piece. The historical cost and selling price of the closing inventory will be

- (a) Rs. 3,250 and Rs. 3,900 respectively.
- (b) Rs. 3,600 and Rs. 4,250 respectively.
- (c) Rs. 3,250 and Rs. 4,250 respectively.
- (d) Rs. 3,600 and Rs. 3,900 respectively.

46. Depreciable amount of the machinery is Rs. 11,00,000. The machine is expected to produce 30 lakhs units in its 10 year life and expected distribution of production units is as follows:

1-3 year	5 lacs units each year
4-6 year	3 lacs units each year
7-10 year	1.5 lacs units each year.

Annual depreciation for 1-3 year, using production units method will be _____

- (a) Rs. 1,10,000.
- (b) Rs. 55,000.
- (c) Rs. 65,000.
- (d) Rs. 1,83,333.

47. The cashbook showed an overdraft of Rs. 2,000 as cash at bank, but the pass book made up to the same date showed that cheques of Rs. 200, Rs. 150 and Rs. 175 respectively had not been presented for payments; and the cheque of Rs. 600 paid into account had not been cleared. The balance as per the pass book will be _____

- (a) Rs. 2,150.
- (b) Rs. 2,175.
- (c) Rs. 1,475.
- (d) Rs. 2,075.

48. Cost of physical inventory on 31.3.2012 is Rs.2,80,000, out of which inventory of Rs. 1,20,000 is held as consignee. Goods costing Rs. 25,000 were damaged beyond repair and were expected to realize Rs. 5,000 only. The value of own inventory on 31.3.2012 will be _____

- (a) Rs. 2,60,000
- (b) Rs. 1,60,000
- (c) Rs. 1,35,000
- (d) Rs. 1,40,000

49. A lease is purchased on 1st January, 2012 for 4 years at a cost of Rs. 1,00,000. Lease is to be depreciated by the annuity method charging 5% interest. Annuity of Re.1 over 4 years charging 5% interest is Re. 0.282012. The amount of annual depreciation will be _____

- (a) Rs. 28,201.
- (b) Rs. 20,000.
- (c) Rs. 25,000.
- (d) None of the above.

50. 18% investment of Rs. 1,00,000 and interest received on investment Rs. 15,000 have been given in the trial balance for the period ended on 31.3.2012. The amount of interest outstanding in the final accounts will be _____

- (a) Rs.18,000
- (b) Rs.15,000
- (c) Rs.3,000
- (d) Nil



51. Bank overdraft as per trial balance is Rs. 1,60,000. Bank has allowed the customer to overdraw 80% of the hypothecated value of the inventory. Hypothecation of inventory has been done by the bank at 80% of the original closing inventory value. The amount of closing inventory is:
- (a) Rs. 2,00,000. (b) Rs. 2,50,000.
(c) Rs. 1,02,400. (d) Rs. 1,28,000.
52. Net profit before commission has been Rs. 1,20,000. Manager's commission is 20% of net profit before charging such commission. The amount of manager's commission is
- (a) Rs. 22,000. (b) Rs. 25,000.
(c) Rs. 24,000. (d) Rs. 20,000.
53. Out of four floors of a building, ground floor is used as a store house for trading goods, first and second floor is used for office purpose and third floor is used for residential purposes. Total depreciation of a building amounts to Rs. 80,000. The depreciation of building to be shown in the business books will be _____
- (a) Rs. 80,000. (b) Rs. 60,000.
(c) Rs. 40,000. (d) Rs. 20,000.
54. Closing inventory was not taken on 31.3.2012 but only on 7.4.2012. Following transactions had taken place during the period from 1.4.2012 to 7.4.2012. Sales Rs. 2,50,000, purchases Rs. 1,50,000, inventory on 7.4.2012 was Rs. 1,80,000 and the rate of gross profit on sales was 20%. Closing inventory on 31.3.2012 will be _____
- (a) Rs. 3,80,000. (b) Rs. 4,00,000.
(c) Rs. 2,30,000. (d) Rs. 1,50,000.
55. Ravi Ltd. issued 1,40,00,000, 9% debentures of Rs.100 each at a discount of 6%, redeemable at a premium of 5% after 3 years payable as Rs.50 on application and Rs.44 on allotment. Total amount of loss on issue of debentures will be
- (a) Rs. 8,40,00,000. (b) Rs. 7,00,00,000.
(c) Rs. 15,40,00,000. (d) Rs. 1,40,00,000.
56. Kena Ltd. issued 10,000 12% Debentures of Rs.100 each at a discount of 10% payable in full on application by 31st March, 2012. Applications were received for 12,000 debentures. Debentures were allotted on 9th June, 2012. The amount of excess money refunded on the same date will be _____
- (a) Rs. 1,80,000. (b) Rs. 1,00,000.
(c) Rs. 1,20,000. (d) Rs. 1,50,000.
57. Ankush Ltd. had issued 10,000, 10% Redeemable Preference Shares of Rs. 100 each, fully paid up. The company decided to redeem these preference shares at par, by issue of sufficient number of equity shares of Rs. 10 each at a premium of Rs.2 per share as fully paid up. The amount to be transferred to capital redemption reserve account will be _____
- (a) Rs. 10,00,000. (b) Rs. 12,00,000.
(c) Rs. 8,00,000. (d) Nil.

58. Bill of Rs. 10,000 accepted by Rajesh was endorsed by Ritesh to Dinesh on account of final settlement of Rs.10,500. The benefit of Rs.500 earned by Ritesh was:

- (a) Credited to discount allowed account by Rs. 500.
- (b) Credited to discount received account by Rs. 500.
- (c) Credited to rebate account by Rs.500.
- (d) Not shown in the books of Ritesh at all.

59. A company on non-receipt of First Call money of Rs. 2 per share and Final Call money of Rs. 3 per share from Rahul, debited Call-in-Arrears account by Rs. 2,000 and Rs. 3,000 respectively. After due notice 1,000 shares of Rs.10 each were forfeited from Rahul. The amount to be credited to First Call Account at the time of entry for forfeiture will be

- (a) Rs. 2,000.
- (b) Rs. 3,000.
- (c) Nil.
- (d) Rs. 10,000.

60. 1,000 shares of Rs. 100 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 Rs. 1,00,000.
- (b) Legal services account by Rs. 1,00,000.
- (c) Promoter's account by Rs. 1,00,000.
- (d) Formation expenses account by Rs. 1,00,000.

SECTION – B : MERCANTILE LAWS (40 MARKS)

61. Which of the following is correct :

- (a) A minor can be admitted as a partner provided the partnership deed is signed by the guardian of the minor on behalf of and in the best interest of such minor.
- (b) A minor can enter into a contract of partnership provided it is a 'necessity' and not a 'luxury'.
- (c) A minor cannot be admitted as a partner unless all the partners agree to it.
- (d) A minor can be admitted to the benefits of partnership.

62. As per the Indian Contract Act, 1872 every person is competent to contract provided he:

- (a) Is of the age of majority according to the law to which he is subject.
- (b) Is of sound mind.
- (c) Is not disqualified from contracting by any law to which he is subject.
- (d) All of the above.

63. Necessary condition for existing goods is

- (a) They should be in existence at the time of the contract of sale.
- (b) They should be owned or possessed by the seller.
- (c) Both of the above.
- (d) None of the above.



64. The action of goods being physically delivered to the buyer is known as:

- (a) Actual Delivery.
- (b) Constructive Delivery.
- (c) Symbolic Delivery.
- (d) All of the above.

65. A tells his wife that he would commit suicide, if she did not transfer her personal assets to him. She does so under his threat.

- (a) The wife can avoid the contract.
- (b) The wife cannot avoid the contract.
- (c) The husband can enforce the contract.
- (d) Both (b) & (c).

66. In case of a hire – purchase the hirer

- (a) Can pass a goods title to a bonafide purchaser.
- (b) Cannot pass a goods title to a bonafide purchaser.
- (c) Can choose whether to pass or not to pass the goods title to a bonafide purchaser.
- (d) All of the above.

67. Which of the following are the characteristics of a contingent contract:

- (a) The performance of a contingent contract depends upon the happening or non-happening of a certain event in future.
- (b) The event must be uncertain.
- (c) The event must be collateral to the main contract.
- (d) All of the above.

68. Partnership is created by:

- (a) Status
- (b) Contract
- (c) Delegation
- (d) Association

69. A sold some land to B. At the time of sale both the parties believed to be in good faith that the area of the land sold was 10 hectares. It however, turned out that the area was 7 hectares only. How is the contract of sale affected?

- (a) The agreement is void.
- (b) The agreement is illegal.
- (c) The agreement is impossible.
- (d) All of the above.

70. Which one of the following is a legal requirement regarding consideration:

- (a) Consideration should move at the desire of the promisor.
- (b) Consideration may move from promisee or any other person.
- (c) Consideration may be past, present or future.
- (d) All of the above.

71. Exceptions to the statement “No consideration no contract” are the following:

- (a) No consideration is required to create an agency as also in the case of completed gifts.
- (b) A promise made without consideration is valid if it is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt, which is barred by the Law of Limitation.
- (c) A promise made without any consideration is valid if it is a promise to compensate wholly or in part a person who has already voluntarily done something for the promisor or something which the promisor was legally compellable to do.
- (d) All of the above.

72. In case of a firm carrying on the business other than banking

- (a) There should be at least seven members and maximum number of members should not exceed fifty.
- (b) There should be at least two members and maximum number of members should not exceed ten.
- (c) There should be at least two members and maximum number of members should not exceed twenty.
- (d) There should be at least two members and maximum number of members should not exceed fifty.

73. Which of the following agreements are void:

- (a) An agreement to share the salary of a public officer.
- (b) An agreement to sell a religious office.
- (c) An agreement with the objective of procuring a public post.
- (d) All of the above.

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. The distinction between fraud and misrepresentation are the following:

- (a) Misrepresentation is innocent whereas fraud is deliberate or willful.
- (b) In misrepresentation the person making the suggestion believes it to be true while in case of a fraud he does not believe it to be true.
- (c) In misrepresentation there can be no suit for damages whereas in fraud there can be a suit for damages.
- (d) All of the above.

76. The following are the essential elements which need to co-exist in order to make a valid contract:

- (a) Lawful Consideration.
- (b) Lawful Agreement.
- (c) Free Consent.
- (d) All of the above.



77. The test of good faith as required under the Partnership Act includes the following:

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

78. Delivery which is effected without any change in the custody or actual possession of the thing is known as:

- (a) Actual Delivery.
- (b) Symbolic Delivery.
- (c) Constructive Delivery.
- (d) None of the above.

79. The essential elements of a partnership at will are:

- (a) No period has been fixed by the partners for its duration.
- (b) There is no provision in the partnership agreement for its determination.
- (c) Both of the above.
- (d) None of the above.

80. 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

81. Where a person asserts something which is not true, though he believes it to be true, his assertion amounts to _____.

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

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. The communication of an acceptance is complete as against the acceptor, _____.

- (a) When it is put in course of transmission to him so as to be out of reach of the acceptor
- (b) When it comes to the knowledge of the proposer
- (c) When both the proposer and the acceptor declare the acceptance
- (d) When the acceptor accepts his acceptance in a court of law

84. Total substitution of new contract in place of the old contract takes place in case of _____.

- (a) Remission
- (b) Rescission
- (c) Novation
- (d) Alteration

85. A bonafide agreement between persons not to bid against each other at an auction sale.

- (a) Puffers
- (b) Damping
- (c) Pretended Bidding
- (d) Knockout Agreement

86. In which of the following cases the partnership relationship does not exist:

- (a) Joint owners sharing gross returns
- (b) Person engaged as an employee who also receives his remuneration as a share of profit
- (c) Widow of a deceased partner receives a portion of the profits
- (d) All of the above

87. A intending to deceive B falsely represents that 750 tons of sugar is produced per annum at the factory of A and hereby induces B to buy the factory. The contract is avoidable at the option of _____.

- (a) B
- (b) A
- (c) Congruence of A and B
- (d) Either party cannot avoid the contract

88. A and B, co-owners, agree to conduct the business in common for profits.

- (a) A & B are partners
- (b) A and B are owners
- (c) A and B are co-owners
- (d) Can't be decided

89. A contract to do or not to do something if some event, collateral to such contract does or does not happen is _____.

- (a) A contingent contract
- (b) A wagering contract
- (c) Illegal
- (d) Void

90. A contracts to pay B Rs. 5,00,000/- 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. All Contracts which are not made under seal are _____ contracts.

- (a) Formal
- (b) Simple
- (c) Unlawful
- (d) Illegal



- 92. The latin maxim “Nemo dat quod non habet” means _____.**
- (a) An eye for an eye and a tooth for a tooth
 - (b) Never dare to quarrel with a good seller
 - (c) No one can give what he has not got
 - (d) Let the buyer beware.
- 93. Rules regarding delivery of goods are given in the _____ .**
- (a) Sale of Goods Act, 1930
 - (b) Indian Partnership Act, 1932
 - (c) Indian Contract Act, 1872
 - (d) None of the above
- 94. Right of lien is to _____.**
- (a) Retain possession
 - (b) Regain possession
 - (c) Remove possession
 - (d) Recharge possession
- 95. Non - 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
- 96. 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 a good gesture
- 97. Quasi – contracts arise _____.**
- (a) Where obligations are created without a contract
 - (b) Where obligations are created under a contract
 - (c) Out of natural causes
 - (d) Out of man-made causes
- 98. Discharge by mutual agreement may involve _____.**
- (a) Novation
 - (b) Rescission
 - (c) Alteration
 - (d) Novation, Rescission and alteration

99. A & B are partners in a partnership firm. A introduced C, a former partner, as his partner to D. C remained silent at that moment, but later on informed D that he is actually a former partner of the firm. C had also issued public notice in the year of his retirement from the partnership firm. D, a trader supplied 500 refrigerators to the firm on credit. The credit period expired and D did not get the price of his supplies. D filed a suit against A & C for the recovery of price. In light of the above circumstances answer which of the following is correct:

- (a) C is liable for the price to D.
- (b) C is liable for the price to D, irrespective of the fact, whether C remained silent or not.
- (c) C is not liable for the price to D.
- (d) None of the above.

100. H contracted with NIC Corporation for the erection of a number of houses. In calculating his price for the houses, H 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 H.
- (c) There is no contract at all, since there is no consensus ad idem.
- (d) The contract is not binding.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. An increase in the demand can result from:

- (a) A decline in market price.
- (b) An increase in income.
- (c) A reduction in the price of substitutes.
- (d) An increase in the price of complements.

102. In the short run if a perfectly competitive firm finds itself operating at a loss, it will:

- (a) Reduce the size of its plant to lower fixed costs.
- (b) Raise the price of its product.
- (c) Shut down.
- (d) Continue to operate as long as it covers its variable cost.

103. A competitive firm maximizes profit at the output level where:

- (a) Price equals marginal cost.
- (b) The slope of the firm's profit function is equal to zero.
- (c) Marginal revenue equals marginal cost.
- (d) All of the above.



104. Which of the following is correct?

- (a) Normative economics is not concerned with value judgment.
- (b) A market is a process that reconciles consumer decision, production decisions and labour decisions.
- (c) A mixed economy has a certain level of government intervention in the economy along with private sector ownership of the economy.
- (d) Both (b) and (c).

105. A necessity is defined as a good having:

- (a) A positive income elasticity of demand.
- (b) A negative income elasticity of demand.
- (c) An income elasticity of demand between zero and 1.
- (d) An income elasticity of more than 1.

106. In the long run any firm will eventually leave the industry if:

- (a) Price does not at least cover average total cost.
- (b) Price does not equal marginal cost.
- (c) Economies of scale are being reaped.
- (d) Price is greater than long run average cost.

107. If a firm's average variable cost curve is rising, its marginal cost curve must be:

- (a) Constant.
- (b) Above the total cost curve.
- (c) Above the average variable cost curve.
- (d) All of the above.

108. You are given the following data:

Table 1

Output	Total Costs
0	0
1	15
2	30
3	45
4	60
5	75

The above data is an example of:

- (a) Constant returns to scale.
- (b) Decreasing returns to scale.
- (c) Increasing returns to scale.
- (d) Globalization.

109. Which of the following is incorrect?

- (a) The central problem in economics is that of allocating scarce resources in such a manner that society's unlimited needs are satisfied as well as possible.
- (b) In mixed economy, the government and the private sector interact in solving the basic economic questions.
- (c) Microeconomics best describes the study of the behaviour of individual agents.
- (d) An important theme in economics is that market systems are better than command (socialistic) economies.

110. When a market is in equilibrium:

- (a) No shortages exist.
- (b) Quantity demanded equals quantity supplied.
- (c) A price is established that clears the market.
- (d) All of the above are correct.

111. Which among the following is incorrect?

- (a) 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.
- (b) Removal of poverty and the attainment of self reliance were two basic objectives of the fifth plan.
- (c) India has never been able to achieve its targeted rate of growth.
- (d) The Second plan was a very ambitious plan as seeds of industrialization were sowed.

112. Reserve Bank of India is India's:

- | | |
|------------------------------|-----------------------------|
| (a) Central bank | (b) Biggest commercial bank |
| (c) Biggest cooperative bank | (d) All of the above |

113. In infrastructure of an economy we include:

- | | |
|-------------|----------------------|
| (a) Power | (b) Transport |
| (c) Banking | (d) All of the above |

114. Find the odd one out:

- | | |
|-------------------------|---------------------------|
| (a) State Bank of India | (b) Reserve Bank of India |
| (c) Bank of Baroda | (d) Bank of India |

115. Indian economy is mixed economy because:

- (a) Agriculture and industry have both simultaneously developed in India.
- (b) Agriculture and industry have both developed in the public sector.
- (c) Private ownership and public ownership over means of production co-exist.
- (d) Any of the above.



116. What is the contribution of agriculture to National income in India (2013-14) Constant Price?

- (a) 44% (b) 14%
(c) 34% (d) 50%

117. In a _____ budget revenue equals expenditure.

- (a) Balanced (b) Deficit
(c) Surplus (d) Long term

118. Indian population registered a growth of 1.25% per annum during the decade _____.

- (a) 1941-51 (b) 1961-71
(c) 1971-81 (d) 1981-91

119. India's population recorded the maximum growth rate of 2.22 % per annum during the decade _____.

- (a) 1941-51 (b) 1961-71
(c) 1971-81 (d) 1981-91

120. Suppose India's GNP increased at an annual average rate of 6.6% during the Tenth plan, presuming that the growth rate of population is 2 per cent per annum; per capita income would increase at an annual average rate of _____.

- (a) 3.3% (b) 4.6%
(c) 6.6% (d) 2%

121. About _____ area is rain fed in India.

- (a) 50% (b) 40%
(c) 55% (d) 80%

122. Fiat money is some thing which _____

- (a) depreciates fast (b) has stability in value
(c) has huge intrinsic value (d) has no intrinsic value

123. _____ FDI is allowed in private banking in India.

- (a) 74% (b) 100%
(c) 49% (d) 26%

124. MSME sector contributes nearly _____ of the total exports in India.

- (a) 60% (b) 35%
(c) 40% (d) 20%

125. Services account for around _____ of total export of India.

- (a) one-fourth (b) one-third
(c) one-half (d) one-tenth

MODEL TEST PAPER - 7

126. Product method of calculating national income is also known as _____.

- (a) Income method
- (b) Value added method
- (c) Expenditure method
- (d) Distribution method

127. NDP is GDP minus _____.

- (a) Depreciation.
- (b) Indirect taxes.
- (c) Subsidies
- (d) NNP

128. In 2012-13, direct taxes were around _____ % of GNP.

- (a) 10
- (b) 15
- (c) 12
- (d) 7

129. Abolition of intermediaries and tenancy reforms are both parts of _____.

- (a) Industrial reforms in India.
- (b) External sector reforms in India.
- (c) Land reforms in India.
- (d) Banking reforms in India.

130. A sick industrial unit in India is one _____.

- (a) Where most of the employees are sick.
- (b) If any of the borrowal account of the enterprise remain NPA for 3 months or more or if there is erosion due to accumulated losses to the extent of 50% of its net worth during the previous accounting year.
- (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.

131. BPO stands for _____.

- (a) Bharat Petro Organisation
- (b) Business Process Outsourcing
- (c) Big Portfolio Outsourcing
- (d) Business Partners Organisation

132. India accommodates about _____ percent of the world's population.

- (a) 17.5%
- (b) 11.4%
- (c) 15.1%
- (d) 25.8%

Questions 133 to 135 are based on Figure 1 which shows production possibilities curve (PPC) for grape juice and wine.

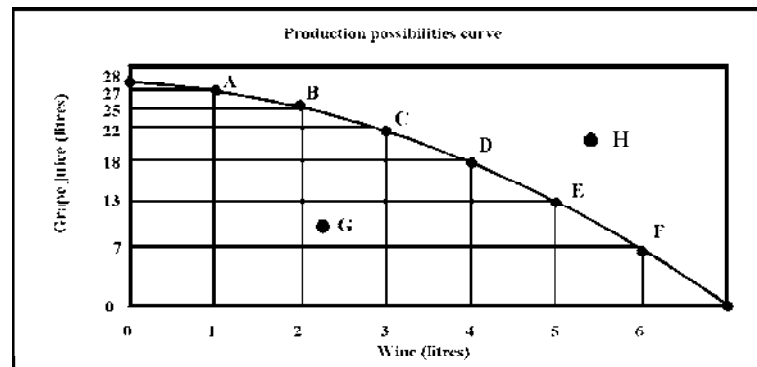


Figure 1



133. The opportunity cost of increasing wine production from D to E is:

- (a) 0 litres of grape juice.
- (b) 5 litres of grape juice.
- (c) 1 litre of wine.
- (d) 0.2 litres of wine.

134. Assuming that the PPC does not shift, which of the following is true?

- (a) Point A is desirable but is inefficient.
- (b) Point D represents a more efficient allocation of resources than points A and F.
- (c) Point H is desirable but is not attainable.
- (d) If wine production equals 7 litres, the maximum amount of grape juice that can be produced simultaneously is 28 litres.

135. The PPC in the diagram reflects:

- (a) Increasing opportunity cost of more wine production and constant opportunity cost of more grape juice production.
- (b) Increasing opportunity cost of more wine production and decreasing opportunity cost of more grape juice production.
- (c) Decreasing opportunity cost of more wine production and decreasing cost of more grape juice production.
- (d) Increasing opportunity cost of more wine production and increasing cost of more grape juice production.

Read the following paragraph and answer questions 136 and 137.

John is Jacqueline's father. Both of them are unemployed. Jacqueline, a brilliant new Ph.D in Economics, has turned down many job offers because she hopes eventually to teach at one of the top ten universities in her field. John lost his job as a shipbuilder during the recession of 1991. His plant never reopened and he has very specialized skills that are no longer in demand.

136. The type of unemployment Jacqueline is experiencing is

- (a) Frictional.
- (b) Structural.
- (c) Seasonal.
- (d) Cyclical.

137. The type of unemployment John is experiencing is

- (a) Frictional.
- (b) Structural.
- (c) Seasonal.
- (d) Cyclical.

138. In the table below what will be equilibrium market price?

Table 2

Price (Rs.)	Demand (tonnes per annum)	Supply (tonnes per annum)
1	1000	400
2	900	500
3	800	600
4	700	700
5	600	800
6	500	900
7	400	1000
8	300	1100

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

Read Table 3 and answer questions 139-143

Table 3

Labor Input	Output	Average Product	Marginal Product
0	0	---	---
2	5	9	25
4	90	25	4
6	120		
8	140		
10	10	14	
12	14	10	

139. At a labour input of 2, output is:

- (a) 25 (b) 30
 (c) 50 (d) 75

140. At a labour input of 4, output per worker is:

- (a) 20 (b) 22.5
 (c) 45 (d) 90



141. At a labour input of 6, the marginal product of labour is:

- (a) 120 (b) 20
(c) 15 (d) 10

142. Output per worker is maximized at a labour input of:

- (a) 4 (b) 2
(c) 6 (d) 8

143. The firm's output is at a short run maximum at a labour input of :

- (a) 6 (b) 10
(c) 12 (d) 2

Table 4 provides cost and price information for a firm called Comfy Cushions (CC). The firm produces and sells cushions using a fixed amount of capital equipment but can change the level of inputs such as labour and materials. Read Table 4 and answer questions 144-150

Table 4

Production (Q)	Price per unit (P)	Total Cost (TC)	Average Total Cost (ATC)	Marginal Cost (MC)	Total Revenue (TR)	Marginal Revenue (per unit) (MR)
0	250	500				
1	240	730				
2	230	870				
3	220	950				
4	210	1010				
5	200	1090				
6	190	1230				
7	180	1470				
8	170	1850				
9	160	2410				

144. What is the value of fixed cost incurred by CC?

- (a) Rs. 250 (b) Rs. 730
(c) Rs. 500 (d) cannot be determined

145. What is the average total cost when 5 units are produced?

- (a) Rs. 218 (b) Rs. 1090
(c) Rs. 730 (d) Rs. 210

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146. What is the marginal revenue (per unit) when production increases from 7 units to 8 units?

- (a) 160 (b) 140
(c) 120 (d) 100

147. What is the marginal cost when production increases from 3 to 4 units?

- (a) 140 (b) 80
(c) 60 (d) 240

148. To maximize its profit or minimize its loss, what level of production should CC choose?

- (a) 7 units. (b) 6 units
(c) 4 units. (d) 8 units.

149. At the profit maximizing level, what price should be charged?

- (a) Rs. 190 (b) Rs. 200
(c) Rs. 210 (d) Rs. 220

150. Calculate CC's maximum profit or minimum loss.

- (a) Loss of Rs. 100 (b) Loss of Rs. 60
(c) Profit of Rs. 90 (d) Loss of Rs. 90

SECTION – D : QUANTITATIVE APTITUDE(50 MARKS)

151. If $q : p$ is the sub duplicate ratio of $q - x^2 : p - x^2$, then x^2 is

- (a) $\frac{p+q}{pq}$ (b) $\frac{pq}{p-q}$
(c) $\frac{pq}{p+q}$ (d) None of these.

152. If $p : q = r : s$, implies $q : p = s : r$, then the process is called

- (a) Componendo. (b) Invertendo.
(c) Alternendo. (d) Dividendo.

153. The gender of a baby is example of :

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

154. The coefficient of correlation

- (a) Has no limits. (b) Can be less than one.
(c) Can be more than one. (d) Varies between ± 1 .



155. If two events A and B are dependent, the conditional probability of B given A i.e., $P(B/A)$ is calculated as

- (a) $P(AB)/P(B)$. (b) $P(A)/P(B)$.
(c) $P(AB)/P(A)$. (d) $P(A)/P(AB)$.

156. Time reversal test is satisfied when

- (a) $P_{01} \times P_{10} = 0$ (b) $P_{01} \times P_{10} = 1$
(c) $P_{01} \times P_{10} < 1$ (d) $P_{01} \times P_{10} > 1$

157. The mean of binomial distribution is

- (a) $(np)^2$ (b) np
(c) \sqrt{np} (d) None of these.

158. Standard deviation of poisson distribution is

- (a) m (b) m^2
(c) \sqrt{m} (d) $1/\sqrt{m}$

159. If A has 70 elements, B has 32 elements and $A \cap B$ has 22 elements then $A \cup B$ is

- (a) 60 (b) 124
(c) 80 (d) None of these.

160. Which of the following statements is not false?

- (a) Scatter diagram fails to measure the extent of relationship between the variables.
(b) Scatter diagram can measure correlation only when the variables are having a linear relationship.
(c) Scatter diagram can measure correlation only when the variables are having a non-linear relationship.
(d) None of these.

161. The value of the integral will be _____ for $\int \left(x - \frac{1}{x}\right)^2 dx$.

- (a) $\frac{x^3}{3} - 2x + \frac{1}{x} + c$ (b) $\frac{x^3}{3} + 2x + \frac{1}{x} + c$
(c) $\frac{x^3}{3} - 2x - \frac{1}{x} + c$ (d) None of these.

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162. The derivative of $\log x \cdot e^x$ is _____.

- (a) $\frac{e^3}{x} + e^x (\log x)$ (b) $e^x \left(\frac{1}{x} - \log x \right)$
(c) $e^x (1 + \log x)$ (d) None of these.

163. The null set is given by _____.

- (a) ϕ (b) $\{\phi\}$
(c) 0 (d) $\{0\}$

164. Quartiles are values dividing a given set of observations into _____ equal parts.

- (a) Two (b) Four
(c) Six (d) Ten

165. The data are known to be _____ if the data, as being already collected, are used by a different person or agency.

- (a) Primary (b) Secondary
(c) Specialized (d) Subsidiary

166. The amount of non responses is likely to be maximum in _____ method of collecting data.

- (a) Telephone interview method
(b) Personal interview method
(c) Mailed questionnaire method
(d) Observation method

167. If two variables x and y are independent then the correlation coefficient between x and y is _____?

- (a) Positive (b) Negative
(c) Zero (d) One

168. The slope of the equation $x - y + 5 = 0$ is _____.

- (a) 1 (b) -1
(c) 5 (d) -5

169. The correlation between height and intelligence is _____.

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

170. The sixth term of a G.P. with common ratio as 2 and first term being 5 is _____.

- (a) 160 (b) 32
(c) 800 (d) 64



171. The gradient of the curve $y = 4x^2 - 2x$ at $x = 1$ is

- (a) 4 (b) 6
(c) 8 (d) None of these.

172. Find the $f \circ g$ for the functions $f(x) = x^2$, $g(x) = x + 1$

- (a) $x^2(x+1)$ (b) x^2
(c) $x+1$ (d) $(x+1)^2$

173. What is the annual rate of interest compounded annually doubles an investment in 2 years. Given that $\sqrt{2} = 1.4142135$.

- (a) 46.04125 % (b) 14.142135
(c) 41.42135 % (d) None of these.

174. $\log 8 + \log 9$ is expressed as

- (a) $\log 72$ (b) $\log 27$
(c) $\log 8/9$ (d) None of these.

175. The value of ${}^8C_4 + {}^5C_4$ is

- (a) 75 (b) 24
(c) 30 (d) 27

176. Determine the value of $\lim_{x \rightarrow 0} \left(\frac{10^x - 2^x}{x} \right)$

- (a) 2 (b) 10
(c) $\log_e 5$ (d) 8

177. Find the sum of progression 18, 15, 12..... 10 terms.

- (a) 40 (b) 45
(c) -45 (d) 42

178. In how many different ways 3 letters can be formed using the letters of the word SPECIAL?

- (a) 210 (b) 6
(c) 840 (d) 450

179. Determine the value of x for the equation $x^2 - 8x + 16 = 0$

- (a) 4, 4 (b) -4, -4
(c) 2, 6 (d) 6, 2

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180. How much money should be invested to earn a monthly interest of Rs. 1800 at 9% per annum simple interest?

- (a) Rs. 120,000 (b) Rs. 240,000
(c) Rs. 200,000 (d) None of these.

181. Division of Rs. 1100 into 3 parts in the ratio of 4:5:6 is

- (a) 293.33, 366.67, 440 (b) 200 : 500 : 400
(c) 400 : 300 : 400 (d) None of these.

182. Evaluate $\int_{-3}^3 (x^3 + x) dx$

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

183. The denominator of a fraction exceeds the numerator by 7 and if the 2 is added to the denominator then the fraction becomes $\frac{4}{7}$. Find the fraction.

- (a) $\frac{12}{19}$ (b) $\frac{7}{14}$
(c) $\frac{9}{16}$ (d) $\frac{11}{18}$

184. A firm plans to purchase hens (x) for its canteen. There cannot be more than 20 hens, this can be shown by

- (a) $x \leq 20$ (b) $x = 20$
(c) $x \geq 20$ (d) None of these.

185. Compute the value of 8!

- (a) 120 (b) 362880
(c) 720 (d) 40320

186. The sum of progression (a+b), a, (a-b).....n term is

- (a) $\frac{n}{2} [2a+(n-1)b]$ (b) $\frac{n}{2} [2a+(3-n)b]$
(c) $\frac{n}{2} [2a+(3-n)]$ (d) $[2a+ (n-1)]$



187. The mean of binomial distribution is 4 and standard deviation $\sqrt{3}$. What is the value of p ?

- (a) $1/3$ (b) $1/4$
(c) $1/5$ (d) $3/4$

188. If with a rise of 10% in prices the salaries are increased by 20%, the real salary increases by

- (a) 10% (b) More than 10%
(c) 20% (d) Less than 10%

189. If A and B are mutually exclusive events and $P(A) = 0.3$ and $P(B) = 0.4$, find $P(A \cup B)$.

- (a) 0.12 (b) 0.7
(c) 0.3 (d) None of these.

190. Two variables x and y are related by $10x + 9y + 8 = 0$ and $\bar{x} = 5$, then \bar{y} is

- (a) 6.33 (b) -6.33
(c) 6.44 (d) -6.44

191. The mean salary for a group of 20 female workers is Rs. 5,000 per month and that for a group of 30 male workers is Rs. 6,000 per month. What is combined mean salary?

- (a) Rs. 5,400 (b) Rs. 5,500
(c) Rs. 5,600 (d) Rs. 5,700

192. The weight of 8 students expressed in kg. are 40, 35, 50, 45, 46, 39, 41, 42. Find median weight?

- (a) 40.5 (b) 41
(c) 41.5 (d) 42

193. If the relationship between x and y is given by $4x - 6y = 13$ and if the median of x is 16. Find median of y .

- (a) 7.50 (b) 8.00
(c) 8.50 (d) None of these.

194. Refer following table:

Frequency distribution of weights of 16 students

Weight in kg. (Class interval)	No. of students (Frequency)
44 – 48	4
49 – 53	5
54 – 58	7
Total	16

Find width of class interval for the second class interval.

- (a) 4 (b) 5
(c) 46 (d) 48

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195. A bag contains 30 balls numbered from 1 to 30. One ball is drawn at random. The probability that the number of the drawn balls will be multiple of 5 or 7 is

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

196. A card is drawn from a pack of playing cards and then another card is drawn without the first being replaced. What is the probability of getting two kings?

- (a) $7/52$ (b) $1/221$
(c) $3/221$ (d) None of these.

197. A and B are two events such that $P(A) = 1/2$, $P(B) = 1/4$ and $P(A \cap B) = 1/5$. Find $P(A \cup B)$?

- (a) $4/5$ (b) $11/20$
(c) $3/5$ (d) None of these.

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

- (a) $\frac{3x^2 + 5}{15x^2(x^3 + 1)^4}$ (b) $\frac{10(x^2 + 1)^4}{3x^2 + 5}$
(c) $5x(x^2 + 1)^4$ (d) None of these.

199. Find Q_1 for the following observations:
14, 16, 13, 15, 20, 18, 19, 22

- (a) 14 (b) 14.25
(c) 15 (d) 15.25

200. If the coefficient of correlation between two variables is -0.2 , then the coefficient of determination is:

- (a) 0.8 (b) 0.2
(c) 0.4 (d) 0.04
