

MOCK TEST PAPER 1
FOUNDATION COURSE
PAPER – 1: PRINCIPLES AND PRACTICE OF ACCOUNTING

Question No. 1 is compulsory.

*Answer any **four** questions from the remaining **five** questions.*

*Wherever necessary, suitable assumptions should be made and disclosed
by way of note forming part of the answer.*

Working Notes should form part of the answer.

(Time allowed: 3 Hours)

(100 Marks)

1. (a) State with reasons whether the following statements are True or False:
- (i) "Salary paid in advance" is not an expense because it neither reduces assets nor increases liabilities.
 - (ii) Accrual concept implies accounting on cash basis.
 - (iii) Stock at the end, if appears in the Trial Balance, is taken only to the Balance Sheet.
 - (iv) Discount at the time of retirement of a bill is a gain for the drawee.
 - (v) Partners can share profits or losses in their capital ratio, when there is no agreement.
 - (vi) Receipts and Payments Account highlights total income and expenditure.
- (6 Statements x 2 Marks = 12 Marks)**
- (b) Explain Cash and Mercantile system of accounting. **(4 Marks)**
- (c) Prepare Journal Entries for the following transactions in the books of Annamalai Bros.
- (i) Employees had taken stock worth ₹ 20,000 (Cost price ₹ 15,000) on the eve of Deepawali and the same was deducted from their salaries in the subsequent month.
 - (ii) Wages paid for erection of Machinery ₹ 16,000.
 - (iii) Income tax liability of proprietor ₹ 3,400 was paid out of petty cash.
 - (iv) Purchase of goods from Naveen of the list price of ₹ 4,000. He allowed 10% trade discount, ₹ 100 cash discount was also allowed for quick payment. **(4 Marks)**
2. (a) Physical verification of stock in a business was done on 23rd April, 2023. The value of the stock was ₹ 48,00,000. The following transactions took place between 23rd April to 30th April, 2023:
- (i) Out of the goods sent on consignment, goods at cost worth ₹ 2,40,000 were unsold.
 - (ii) Purchases of ₹ 4,00,000 were made out of which goods worth ₹ 1,60,000 were delivered on 5th May, 2023.
 - (iii) Sales were ₹ 13,60,000, which include goods worth ₹ 3,20,000 sent on approval. Half of these goods were returned before 30th May, 2023, but no information is available regarding the remaining goods.
 - (iv) Goods are sold at cost plus 25%. However goods costing ₹ 2,40,000 had been sold for ₹ 1,20,000.

You are required to determine the value of stock on 30th April, 2023

- (b) M/s Mazars purchased a brand new machinery on 1st January 2019 for ₹ 3,20,000 and also incurred ₹ 80,000 on its installation. Another machinery was purchased on 1st July 2019 for ₹ 1,60,000. On 1st July 2021, the machinery purchased on 1st January 2019 was sold for ₹ 2,50,000. Another machinery was purchased and installed on 30th September 2021 for ₹ 60,000.

Under existing practice, the company provides for depreciation @10% p.a. on Original cost. However, from the year 2022 it decided to adapt WDV method and charge the depreciation @ 15% p.a. You are required to show the Machinery Account for the years 2021 and 2022 considering the books of accounts are closed on 31st December each year. **(10 +10 = 20 Marks)**

3. (a) On 1st January 2023, Rajat draws two bills of exchange for ₹ 32,000 and ₹ 50,000.

The bill of exchange for ₹ 32,000 is for two months while the bill of exchange for ₹ 50,000 is for three months. These bills are accepted by Vishal. On 4th March, 2023, Vishal requests Rajat to renew the first bill with interest at 15% p.a. for a period of two months. Rajat agreed to this proposal. On 25th March, 2023, Vishal retires the acceptance for ₹ 50,000, the interest rebate i.e. discount being ₹ 500. Before the due date of the renewed bill, Vishal becomes insolvent and only 50 paise in a rupee could be recovered from his estate.

Show the Journal Entries (with narrations) in the books of Rajat.

- (b) Kiran had accepted bills payable to Divya, falling due on different dates. The details of bills are as follows:

Date of bill	Amount	Usance of bill
9th April 2022	₹ 3,000	for 4 months
18th April 2022	₹ 5,500	for 3 months
25th May 2022	₹ 3,000	for 6 months
5th June 2022	₹ 6,000	for 3 months

On 1st July, it was agreed that these bills should be withdrawn and that Kiran should accept on that day two bills, one for ₹ 10,000 due in 4 months and the other for the balance with interest, due in 6 months. Calculate the amount of the second bill taking interest @ 10% p.a. Take 365 days in year 2022-2023.

- (c) From the following transactions in the books of Mr. Lee, prepare an Account Current, by means of product to be sent by him to Mr. Cooper for the quarter ending 31st March, 2023. Interest is to be charged and/or allowed @ 12% p.a. (Take 365 days in year)

2023		₹
January 1	Balance in Cooper's Account (Credit)	3,500
January 12	Sold goods to Cooper (due 1st February)	30,000
January 31	Sold goods to Cooper (due 15th February)	27,500
February 15	Cash received	40,000
February 20	Cash received	7,500
March 10	Goods returned by Cooper	7,000
March 25	Cash received	6,500

(10 +5 + 5 = 20 Marks)

4. (a) The Balance Sheet of a Partnership Firm M/s Pigeon & Associates consisted of two partners P and Q who were sharing Profits and Losses in the ratio of 5 : 3 respectively. The position as on 31-03-2023 was as follows:

Liabilities	₹	Assets	₹
P's Capital	4,10,000	Land & Building	3,80,000
Q's Capital	3,30,000	Plant & Machinery	1,70,000
Profit & Loss A/c	1,12,000	Furniture	1,09,480
Trade Creditors	54,800	Stock	1,45,260
		Sundry debtors	60,000
		Cash at Bank.	42,060
	9,06,800		9,06,800

On the above date, R was admitted as a partner on the following terms:

- R should get $\frac{1}{5}$ th of share of profits.
- R brought ₹ 2,40,000 as his capital and ₹ 32,000 for his share of Goodwill.
- Plant and Machinery would be depreciated by 15% and Land & Buildings would be appreciated by 40%.
- A provision for doubtful debts to be created at 5% on sundry debtors.
- An unrecorded liability of ₹ 6,000 for repairs to Buildings would be recorded in the books of accounts.
- Immediately after R's admission, Goodwill brought by him would be adjusted among old partners. Thereafter, the capital accounts of old partners would be adjusted through the current accounts of partners in such a manner that the capital accounts of all the partners would be in their profit sharing ratio.

Prepare Revaluation A/c, Capital Accounts of the partners, New profit sharing ratio and Balance Sheet of the Firm after the admission of R.

- (b) The following are the balances as at 31st March, 2023 extracted from the books of Mr. Kamal.

	₹		₹
Plant and Machinery	39,100	Bad debts recovered	900
Furniture and Fittings	20,500	Salaries	45,100
Bank Overdraft	1,60,000	Salaries payable	4,900
Capital Account	1,30,000	Prepaid rent	600
Drawings	16,000	Rent	8,600
Purchases	3,20,000	Carriage inward	2,250
Opening Stock	64,500	Carriage outward	2,700
Wages	24,330	Sales	4,30,600
Provision for doubtful debts	6,400	Advertisement Expenses	6,700
Provision for Discount on debtors	2,750	Printing and Stationery	2,500
Sundry Debtors	2,40,000	Cash in hand	2,900
Sundry Creditors	95,000	Cash at bank	6,250
Bad debts	2,200	Office Expenses	20,320
		Interest paid on loan	6,000

Additional Information:

- Purchases include sales return of ₹5,150 and sales include purchases return of ₹ 3,450.
- Goods withdrawn by Mr. Kamal for own consumption ₹ 7,000 included in purchases.

3. Create a provision for doubtful debts @ 5% and provision for discount on debtors @ 2.5%.
4. Free samples distributed for publicity costing ₹ 1,650.
5. Wages paid in the month of April for installation of plant and machinery amounting to ₹ 900 were included in wages account.
6. Bank overdraft is secured against hypothecation of stock. Bank overdraft outstanding as on 31.3.2023 has been considered as 80% of real value of stock (deducting 20% as margin) and after adjusting the marginal value 80% of the same has been allowed to draw as an overdraft.
7. Depreciation is to be provided on plant and machinery @ 15% p.a. and on furniture and fittings @ 10% p.a.

Prepare a Trading and Profit and Loss Account for the year ended 31st March, 2023 and a Balance Sheet as on that date. **(10 + 10 = 20 Marks)**

5. From the following data, prepare an Income and Expenditure Account for the year ended 31st December 2022, and Balance Sheet as at that date of the Pushp Speciality Hospital:

**Receipts and Payments Account for the
year ended 31 December, 2022**

RECEIPTS	₹	₹	PAYMENTS	₹	₹
To Balance b/d			By Salaries:		
Cash	1,600		(₹ 14,400 for 2021)		62,400
Bank	<u>10,400</u>	12,000	By Hospital Equipment		34,000
To Subscriptions:			By Furniture purchased		12,000
For 2021		10,200	By Additions to Building		1,00,000
For 2022		49,000	By Printing and		4,800
For 2023		4,800	Stationery		
To Government Grant:			By Diet expenses		31,200
For building		1,60,000	By Rent and rates		
For maintenance		40,000	(₹ 600 for 2023)		4,000
Fees from sundry			By Electricity and water		
Patients		9,600	charges		4,800
To Donations (not to be		16,000	By office expenses		4,000
capitalized)			By Investments		40,000
To Net collections from			By Balances:		
benefit shows		12,000	Cash	2,800	
		<u>3,13,600</u>	Bank	<u>13,600</u>	<u>16,400</u>
					<u>3,13,600</u>
Additional information :					₹
Value of building under construction as on 31.12.2022					2,80,000
Value of hospital equipment on 31.12.2022					1,02,000
Building Fund as on 1.1. 2022					1,60,000
Subscriptions in arrears as on 31.12.2021					13,000
Investments in 8% Govt. securities were made on 1st July, 2022.					

(20 Marks)

6. (a) V Kohli Ltd. invited applications for 15 lakhs shares of ₹ 100 each payable as follows :

	₹
On Application	20
On Allotment (on 1st June, 2022)	30
On First Call (on 1st Nov., 2022)	30
On Final Call (on 1st March, 2023)	20

All the shares were applied for and allotted. A shareholder holding 30,000 shares paid the whole of the amount due along with allotment.

You are required to prepare the journal entries for the above-mentioned transactions, assuming all sums due were received. Interest was paid to the shareholder concerned on 1st March, 2023.

- (b) Suman Limited issued 40,000 14% Debentures of the nominal value of ₹ 2,00,00,000 as follows:

- (a) To sundry persons for cash at 90% of nominal value of ₹ 100,00,000.
- (b) To the banker as collateral security for a loan of ₹ 40,00,000 – ₹ 50,00,000 nominal value.
- (c) To a vendor for purchase of fixed assets worth ₹ 40,00,000 – ₹ 50,00,000 nominal value.

You are required to prepare necessary journal entries Journal Entries.

- (c) Classify the following errors under the three categories - Errors of Omission, Errors of Commission and Errors of Principle.

- (i) Goods worth ₹ 5,000 purchased on credit from Ram recorded in the Purchase Book as ₹ 500.
- (ii) Purchase worth ₹ 500 from Vipin not recorded in subsidiary books.
- (iii) Credit sale wrongly passed through the Purchase Book.
- (iv) Machinery sold on credit to Mohan recorded in Journal Proper but omitted to be posted.
- (v) Sale of furniture credited to Sales Account.

(10 + 5 + 5 = 20 Marks)

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PAPER – 1: PRINCIPLES AND PRACTICE OF ACCOUNTING

ANSWERS

1. (a) (i) **True:** Salary paid in advance relates to the coming accounting period. It has nothing to do with the current period. Hence it is not taken in the Profit and Loss Account as an expense. It is shown as a Current Asset in the Balance Sheet.
- (ii) **False:** Accrual concept implies accounting on 'due' or 'accrual' basis. Accrual basis of accounting involves recognition of revenues and costs as and when they accrue irrespective of actual receipts or payments.
- (iii) **True:** If closing stock appears in the trail balance, it depicts that one aspect of the double entry has been completed.
- (iv) **True:** Discount at the time of retirement of a bill is a gain for the drawee and loss for the drawer.
- (v) **False:** According to Partnership Act, in the absence of any agreement to the contrary profits and losses are to be shared equally among partners.
- (vi) **False:** Receipts and payments account is a classified summary of cash receipts and payments over a certain period together with cash and bank balances at the beginning and close of the period.

- (b) **Cash and mercantile system:** Cash system of accounting is a system by which a transaction is recognized only if cash is received or paid. In cash system of accounting, entries are made only when cash is received or paid, no entry being made when a payment or receipt is merely due. Cash system is normally followed by professionals, educational institutions or non-profit making organizations.

On the other hand, mercantile system of accounting is a system of classifying and summarizing transactions into assets, liabilities, equity (owner's fund), costs, revenues and recording thereof. A transaction is recognized when either a liability is created/ impaired and an asset is created /impaired. A record is made on the basis of amounts having become due for payment or receipt irrespective of the fact whether payment is made or received actually.

Mercantile system of accounting is generally accepted accounting system by business entities

- (c) **Journal Entries in the books of Annamalai Bros.**

	<i>Particulars</i>	<i>Dr.</i> <i>Amount</i> <i>(₹)</i>	<i>Cr.</i> <i>Amount</i> <i>(₹)</i>
(i)	Salaries A/c To Purchase A/c (Being entry made for stock taken by employees)	15,000	15,000
(ii)	Machinery A/c To Cash A/c (Being wages paid for erection of machinery)	16,000	16,000

(iii)	Drawings A/c To Petty Cash A/c (Being the income tax of proprietor paid out of business money)	3,400	3,400
(iv)	Purchase A/c To Cash A/c To Discount Received A/c (Being the goods purchased from Naveen for ₹ 4,000 @ 10% trade discount and cash discount of ₹ 100)	3,600	3,500 100

2. (a)

Statement of Valuation of Stock on 30th April, 2023

		₹
Value of stock as on 23 rd April, 2023		48,00,000
<i>Add:</i> Unsold stock out of the goods sent on consignment	2,40,000	
Purchases during the period from 23 rd April, 2023 to 30 th April, 2023	2,40,000	
Goods in transit on 30 th April, 2023	1,60,000	
Cost of goods sent on approval basis (80% of ₹ 1,60,000)	<u>1,28,000</u>	<u>7,68,000</u>
		55,68,000
<i>Less:</i> Cost of sales during the period from 23 rd April, 2023 to 30 th April, 2023		
Sales (₹ 13,60,000 - ₹ 1,60,000)	12,00,000	
<i>Less:</i> Gross profit	<u>96,000</u>	
		<u>11,04,000</u>
Value of stock as on 30 th April, 2023		<u>44,64,000</u>

Working Notes:

		₹	₹
1. Calculation of normal sales:			
Actual sales			13,60,000
Less: Abnormal sales	1,20,000		
Return of goods sent on approval	<u>1,60,000</u>	<u>2,80,000</u>	
			<u>10,80,000</u>
2. Calculation of gross profit:			
Gross profit on normal sales			2,16,000
20/100 x ₹ 10,80,000			
Less: Loss on sale of particular (abnormal) goods (2,40,000 - 1,20,000)		<u>1,20,000</u>	
Gross profit			<u>96,000</u>

(b)

In the books of M/s Mazars

Machinery A/c

Date	Account	(in ₹)	Date	Account	(in ₹)
01.01.2021	To Balance b/d	4,56,000	01.07.2021	By Bank A/c	2,50,000
				By P&L A/c – Loss on Sale	50,000
30.09.2021	To Bank A/c	60,000	31.12.2021	By Depreciation	37,500
				By Balance c/d	1,78,500
		<u>5,16,000</u>			<u>5,16,000</u>
01.01.2022	To Balance b/d	1,78,500	31.12.2022	By Depreciation	26,775
			31.12.2022	By Balance c/d	1,51,725
		<u>1,78,500</u>			<u>1,78,500</u>

Working Note: Calculation of Book Value of Machines under SLM

	Machine 1	Machine 2	Machine 3
	(in ₹)	(in ₹)	(in ₹)
<u>Date of Purchase</u>	01.01.2019	01.07.2019	30.09.2021
Original Cost	4,00,000	1,60,000	60,000
Depreciation for 2019 (SLM)	<u>(40,000)</u>	<u>(8,000)</u>	
WDV on 31.12.2019	3,60,000	1,52,000	
Depreciation for 2020 (SLM)	<u>(40,000)</u>	<u>(16,000)</u>	
WDV on 31.12.2020	3,20,000	1,36,000	
Depreciation for 2021 (SLM)	<u>(20,000)</u>	<u>(16,000)</u>	<u>(1,500)</u>
WDV on 31.12.2021 (30 th June for Machine1)	3,00,000	1,20,000	58,500
Sale Proceeds	<u>(2,50,000)</u>		
Loss on Sale	50,000		
Depreciation for 2022 (WDV @ 15%)	-	<u>(18,000)</u>	<u>(8,775)</u>
WDV on 31.12.2022	-	1,02,000	49,725

3. (a)

Journal Entries in the books of Rajat

2023			Dr. (₹)	Cr. (₹)
Jan. 1	Bills receivable (No. 1) A/c Bills receivable (No. 2) A/c To Vishal A/c (Being drawing of bills receivable No. 1 due for maturity on 4.3.2023 and bills receivable No. 2 due for maturity on 4.4.2023)	Dr. Dr.	32,000 50,000	82,000
March 4	Vishal's A/c To Bills receivable (No.1) A/c (Being the reversal entry for bill No.1 on renewal)	Dr.	32,000	32,000

March 4	Bills receivable (No. 3) A/c To Interest A/c To Vishal 's A/c (Being the drawing of bill of exchange no. 3 due for maturity on 7.5.2023 together with interest at 15%p.a. in lieu of the original acceptance of Vishal)	Dr.	32,800	800 32,000
March 25	Bank A/c Discount A/c To Bills receivable (No. 2) A/c (Being the amount received on retirement of bills No.2 before the due date)	Dr. Dr.	49,500 500	50,000
May 7	Vishal's A/c To Bills receivable (No. 3) A/c (Being the amount due from Vishal on dishonour of his acceptance on presentation on the due date)	Dr.	32,800	32,800
May 7	Bank A/c To Vishal's A/c (Being the amount received from official assignee of Vishal at 50 paise per rupee against dishonoured bill)	Dr.	16,400	16,400
May 7	Bad debts A/c To Vishal's A/c (Being the balance 50% debt in Vishal's Account arising out of dishonoured bill written off as bad debts)	Dr.	16,400	16,400

(b)

Calculation of Average Due Date

Taking Base Date 21.07.2022

Date of bill	Period	Due Date	Amount	Number of Days from Base Date	Product
			₹		₹
9.4.2022	4 months	12.08.2022	3,000	22	66,000
18.4.2022	3 months	21.07.2022	5,500	0	0
25.5.2022	6 months	28.11.2022	3,000	130	3,90,000
5.6.2022	3 months	8.09.2022	<u>6,000</u>	49	<u>2,94,000</u>
			<u>17,500</u>		<u>7,50,000</u>

$$\text{Average Due Date} = 21\text{st July} + \frac{7,50,000}{17,500} = 21.7.2022 + 43 \text{ days} = 2.09.2022.$$

Since two new bills will be drawn, their due dates will be as follows:

First Bill- 1.7.2022 + 4 months = 4.11.2022;

Second Bill- 1.7.2022+ 6 months = 4.1.2023.

Interest to be charged in respect of the above bills:

1st bill = Interest will be charged on ₹ 10,000 @ 10% p.a. for 63 days (2.09.2022 to 4.11.2022)
 = ₹ 10,000 x 10% x 63/365 = ₹ 172.60

2nd bill = Interest will be charged on ₹ 7,500 (₹ 17,500 - 10,000) @ 10% p.a. for 124 days (2.09.2022 to 4.1.2023)
 = ₹ 7,500 x 10% x 124/365 = ₹ 254.80.

Therefore, the value of the two bills:

First bill = ₹ 10,000

Second bill = ₹ (7,500+ 172.60+ 254.80) = ₹ 7,927.4

(c) **In the books of Mr. Lee**

Mr. Cooper in Account Current with Mr. Lee

(Interest to 31st March, 2023 @ 12% p.a.)

(By means of product)

Date 2023	Particulars	Due Date	Amount ₹	Days	Product	Date 2023	Particulars	Due Date	Amount ₹	Days	Product
Jan 12	To Sales A/c	Feb. 1	30,000	58	17,40,000	Jan. 1	By Balance b/d	Jan. 1	3,500	90	3,15,000
Jan 31	To Sales A/c	Feb. 15	27,500	44	12,10,000	Feb. 15	By Cash A/c	Feb. 15	40,000	44	17,60,000
Mar. 31	To Interest		130			Feb. 20	By Cash A/c	Feb. 20	7,500	39	2,92,500
	3,96,500/365					Mar. 10	By Sales returns	Mar. 10	7,000	21	1,47,000
	$\times \frac{12}{100}$					Mar. 25	By Cash A/c	Mar. 25	6,500	6	39,000
Mar. 31	To Balance c/d		6,870			Mar. 31	By Balance of products				3,96,500
			<u>64,500</u>		<u>29,50,000</u>				<u>64,500</u>		<u>29,50,000</u>

4. (a) **Revaluation Account**

	₹		₹
To Plant & Machinery (1,70,000 x 15%)	25,500	By Land & Building A/c	1,52,000
To Provision for Bad & Doubtful Debts (60,000 x 5%)	3,000		
To Outstanding Repairs to Building	6,000		
To P's Capital A/c (5/8)	73,438		
To Q's Capital A/c (3/8)	44,062		
	<u>1,52,000</u>		<u>1,52,000</u>

Partners Capital Account

	P	Q	R		P	Q	R
To P's Capital A/c	-	-	20,000	By Balance b/d	4,10,000	3,30,000	-

To Q's Capital A/c			12,000	By Revaluation A/c	73,438	44,062	-
To Q's Current A/c	-	68,062		By Profit & Loss A/c	70,000	42,000	-
To Balance c/d	6,00,000	3,60,000	2,40,000	By Bank	-	-	2,72,000
				By R's Capital A/c	20,000	12,000	-
				By P's Current A/c	26,562	-	-
	6,00,000	4,28,062	2,72,000		6,00,000	4,28,062	2,72,000

Calculation of New Profit Sharing Ratio and gaining ratio:

R's Share of Profit = $1/5 = 2/10$

Remaining Share = $1 - 1/5 = 4/5$

P's Share = $5/8 \times 4/5 = 20/40 = 5/10$

Q's Share = $3/8 \times 4/5 = 12/40 = 3/10$

New Profit sharing Ratio = 5:3:2

Gaining ratio = 5:3 (same as old profit sharing ratio among old partners)

Balance sheet of M/s Pigeon and Associates as on 31.3.2023

Liabilities		₹	Assets		
Capital Accounts:			Land & Buildings		5,32,000
P	6,00,000		Plant & Machinery	1,70,000	
Q	3,60,000		Less: Depreciation	<u>25,500</u>	1,44,500
R	<u>2,40,000</u>	12,00,000	Furniture		1,09,480
Q's Current A/c		68,062	Stock		1,45,260
Trade Creditors		54,800	Sundry Debtors	60,000	
Outstanding Repairs to Building		6,000	Less: Provision	<u>3,000</u>	57,000
			Cash at Bank		3,14,060
			P's current A/c		<u>26,562</u>
		<u>13,28,862</u>			<u>13,28,862</u>

Working Note:

Required Balance of Capital Accounts

R's Capital after writing off Goodwill = $2,72,000 - 32,000 = 2,40,000$

R's Share of Profit = $1/5$

Thus Capital of the firm shall be = $2,40,000 \times 5 = 12,00,000$

P's Capital = $12,00,000 \times 5/10 = 6,00,000$ and

Q's Capital = $12,00,000 \times 3/10 = 3,60,000$

(b)

Trading and Profit and Loss Account of Mr. Kamal
for the year ended 31st March, 2023

	Amount			Amount	
	₹	₹		₹	₹
To Opening stock		64,500	By Sales	4,27,150	
To Purchases	3,06,200		Less: Sales return	<u>5,150</u>	4,22,000
Less: Purchases return	<u>3,450</u>	3,02,750	By Closing stock		2,50,000
To Carriage inward		2,250	(₹ 1,60,000 ×		
To Wages		23,430	$\frac{100}{80} \times \frac{100}{80}$)		
To Gross profit c/d		<u>2,79,070</u>			<u>6,72,000</u>
		<u>6,72,000</u>			<u>6,72,000</u>
To Salaries		45,100	By Gross profit b/d		2,79,070
To Rent		8,600	By Bad debts recovered		900
To Advertisement expenses		8,350			
To Printing and stationery		2,500			
To Bad debts		2,200			
To Carriage outward		2,700			
To Provision for doubtful debts					
5% of ₹ 2,40,000	12,000				
Less: Existing provision	<u>6,400</u>	5,600			
To Provision for discount on debtors					
2.5% of ₹ 2,28,000	5,700				
Less: Existing provision	<u>2,750</u>	2,950			
To Depreciation:					
Plant and machinery	6,000				
Furniture and fittings	<u>2,050</u>	8,050			
To Office expenses		20,320			
To Interest on loan		6,000			
To Net profit					
(Transferred to capital account)		<u>1,67,600</u>			
		<u>2,79,970</u>			<u>2,79,970</u>

Balance Sheet of Mr. Kamal as on 31st March, 2023

Liabilities	(₹)	Amount (₹)	Assets	(₹)	Amount (₹)
Capital account	1,30,000		Plant and machinery	40,000	
Add: Net profit	<u>1,67,600</u>		Less: Depreciation	<u>6,000</u>	34,000
	2,97,600		Furniture and fittings	20,500	
Less: Drawings	<u>23,000</u>	2,74,600	Less: Depreciation	<u>2,050</u>	18,450

Bank overdraft	1,60,000	Closing stock	2,50,000
Sundry creditors	95,000	Sundry debtors	2,40,000
Payable salaries	4,900	Less: Provision for doubtful debts	12,000
		Provision for disc on debtors	<u>5,700</u>
		Prepaid rent	600
		Cash in hand	2,900
		Cash at bank	<u>6,250</u>
	<u>5,34,500</u>		<u>5,34,500</u>

5.

Pushp Speciality Hospital
Income & Expenditure Account
for the year ended 31 December, 2022

Expenditure	(₹)	Income	(₹)
To Salaries	48,000	By Subscriptions	49,000
To Diet expenses	31,200	By Govt. Grants (Maintenance)	40,000
To Rent & Rates	3,400	By Fees, Sundry Patients	9,600
To Printing & Stationery	4,800	By Donations	16,000
To Electricity & Water-charges	4,800	By Benefit shows (net collections)	12,000
To Office expenses	4,000	By Interest on Investments	1,600
To Excess of Income over expenditure transferred to Capital Fund	<u>32,000</u>		
	<u>1,28,200</u>		<u>1,28,200</u>

Balance Sheet as at 31st Dec., 2022

Liabilities	₹	₹	Assets	₹	₹
Capital Fund :			Building :		
Opening balance	98,600		Opening balance	1,80,000	
Excess of Income			Addition	<u>1,00,000</u>	2,80,000
Over Expenditure	<u>32,000</u>	1,30,600	Hospital Equipment :		
Building Fund :			Opening balance	68,000	
Opening balance	1,60,000		Addition	<u>34,000</u>	1,02,000
Add : Govt. Grant	<u>1,60,000</u>	3,20,000	Furniture		12,000
Subscriptions received in advance		4,800	Investments-		
			8% Govt. Securities		40,000
			Subscriptions receivable		2,800
			Accrued interest		1,600
			Prepaid expenses (Rent)		600

		Cash at Bank	13,600
		Cash in hand	2,800
	<u>4,55,400</u>		<u>4,55,400</u>

Working Notes:

(1) Balance sheet as at 31st Dec., 2022

Liabilities	₹	Assets	₹
Capital Fund		Building	1,80,000
(Balancing Figure)	98,600	Equipment	68,000
Building Fund	1,60,000	Subscription Receivable	13,000
Creditors for Expenses :		Cash at Bank	10,400
Salaries payable	<u>14,400</u>	Cash in hand	<u>1,600</u>
	<u>2,73,000</u>		<u>2,73,000</u>
(2) Value of Building			₹
Balance on 31st Dec. 2022			2,80,000
Paid during the year			<u>(1,00,000)</u>
Balance on 31st Dec. 2021			<u>1,80,000</u>
(3) Value of Equipment			
Balance on 31st Dec. 2022			1,02,000
Paid during the year			<u>(34,000)</u>
Balance on 31st Dec. 2021			<u>68,000</u>
(4) Subscription due for 2021			
Receivable on 31st Dec. 2021			13,000
Received in 2022			<u>(10,200)</u>
Still Receivable for 2022			<u>2,800</u>

6. (a) Journal of V Kohli. Ltd.

2022			Dr. ₹ in lakhs	Cr. ₹ in lakhs
June 1	Bank A/c To Shares Application A/c (Receipt of applications for 15 lakh shares along with application money of ₹ 20 per share.)	Dr.	300	300
June 1	Share Application A/c Share Allotment A/c To Share Capital A/c (The allotment of 15 lakh shares : payable on application ₹ 20 share and ₹ 30 on allotment as per Directors' resolution no... dated...)	Dr. Dr.	300 450	750
June 1	Bank A/c To Shares Allotment A/c	Dr.	465	450

	To Calls in Advance A/c [Receipt of money due on allotment @ ₹ 30, also the two calls (₹ 30 and ₹ 20) on 30,000 shares.]			15
Nov. 1	Share First Call A/c To Share Capital A/c (The amount due on 15 lakh shares @ ₹ 30 on first call, as per Directors, resolution no... dated...)	Dr.	450	450
	Bank A/c Calls in Advance A/c To Share First Call A/c (Receipt of the first call on 14.7 lakh shares, the balance having been previously received and now debited to call in advance account.)	Dr. Dr.	441 9	450
2023 March 1	Share Final Call A/c To Share Capital A/c (The amount due on Final Call on 15 lakh shares @ ₹ 20 per share, as per Directors' resolution no... dated...)	Dr.	300	300
March 1	Bank A/c Calls in Advance A/c To Share Final Call A/c (Receipt of the moneys due on final call on 14.7 lakhs shares, the balance having been previously received.)	Dr. Dr.	294 6	300
March 1	Interest on calls in Advance A/c To Shareholder A/c (Being interest on call in advance made due)	Dr.	0.99	0.99
March 1	Shareholder A/c To Bank A/c (Being interest paid)	Dr.	0.99	0.99

Working Note:

The interest on calls in advance paid @ 12% on :	₹
₹ 9,00,000 (first call) from 1st June to 1st Nov., 2022–5 months	45,000
₹ 6,00,000 (final call) from 1st June to 1st March., 2023–9 months	54,000
Total Interest Amount Due	99,000

(b)

In the books of Suman Company Ltd.

Journal Entries

Date	Particulars		Dr. ₹	Cr. ₹
(a)	Bank A/c To Debentures Application A/c	Dr.	90,00,000	90,00,000

	(Being the application money received on 20,000 debentures @ ₹ 450 each)			
	Debentures Application A/c	Dr.	90,00,000	
	Discount on issue of Debentures A/c	Dr.	10,00,000	
	To 14% Debentures A/c			1,00,00,000
	(Being the issue of 20,000 14% Debentures @ 90% as per Board's Resolution No....dated....)			
(b)	Bank A/c	Dr.	40,00,000	
	To Bank Loan A/c (See Note)			40,00,000
	(Being a loan of ₹ 40,00,000 taken from bank by issuing debentures of ₹50,00,000 as collateral security)			
(c)	Fixed Assets A/c	Dr.	40,00,000	
	To Vendor A/c			40,00,000
	(Being the purchase of fixed assets from vendor)			
	Vendor A/c	Dr.	40,00,000	
	Discount on Issue of Debentures A/c	Dr.	10,00,000	
	To 14% Debentures A/c			50,00,000
	(Being the issue of debentures of ₹ 50,00,000 to vendor to satisfy his claim)			

Note: No entry is made in the books of account of the company at the time of making issue of such debentures. In the "Notes to Accounts" of Balance Sheet, the fact that the debentures being issued as collateral security and outstanding are shown by a note under the liability secured.

- (c) (i) Error of Commission.
(ii) Error of Omission.
(iii) Error of Commission.
(iv) Error of Omission.
(v) Error of Principle.

MOCK TEST PAPER - 1

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

Question No. 1 is compulsory.

Answer any **four** questions from the remaining **five** questions.

QUESTIONS

1. (a) Mr. Ayush is the principal in Modern Public School. He needs 2000 packets of Biscuits to be distributed to students in his school on the occasion of Republic Day celebration. For this purpose, he contracted with Yograj Biscuit Company. Mr. Ayush visited the workshop of Yograj Biscuit Company and was very much satisfied with the quality of biscuits. He also found that a large number of varieties of biscuits are manufactured in the workshop. He ordered 2000 packs of biscuits and gave the token money but did not specify the category of biscuits, he needed. Yograj Biscuit Company did not supply the biscuits on the due date. Mr. Ayush filed the suit against Yograj Biscuit Company for compensation. State with reasons, whether Yograj Biscuit Company is liable under Indian Contract Act, 1872? **(4 Marks)**
- (b) Parasnath Infra Height Limited is a public company having 215 members. Out of 215 members, 20 members were employee in the company during the period 1st June, 2021 to 30th June, 2023. They were allotted shares in Parasnath Infra Height Limited on 1st April, 2017 which are held by them till today i.e. 31st October, 2023. Now, company wants to convert itself into a private company.
State with reasons, whether Parasnath Infra Height Limited is required to reduce the number of members under the provisions of Companies Act, 2013? **(4 Marks)**
- (c) "*Risk Prima Facie passes with property.*" Elaborate in the context of the Sale of Goods Act, 1930. **(4 Marks)**
2. (a) Explain any five circumstances under which contracts need not be performed with the consent of both the parties. **(7 Marks)**
- (b) "A LLP (Limited Liability Partnership) is a type of partnership in which participants' liability is fixed to the amount of money they invest whereas a LLC (Limited Liability Private/Public Company) is a tightly held business entity that incorporates the qualities of a corporation and a partnership".
In line of above statement clearly elaborate the difference between LLP and LLC. **(5 Marks)**
3. (a) "Indian Partnership Act does not make the registration of firm's compulsory nor does it impose any penalty for non-registration." In light of the given statement, discuss the consequences of non-registration of the partnership firms in India. Also, explain the rights unaffected due to non-registration of firms. **(6 Marks)**
- (b) Chhotu of 17 years has purchased a mobile of ₹ 25,000 for his online classes from Mobile Sales Centre on credit. On due date, he did not make the payment of mobile. Mobile Sales Centre sued Chhotu and his parents for the price of mobile. Chhotu has ₹ 15,000 as his cash balance but his father has enough money to pay the price of mobile. Who will be liable to pay the price of mobile under the provisions of Indian Contract Act, 1872? **(6 Marks)**
4. (a) What are the rights of unpaid seller in context to re-sale of the goods under Sale of Goods Act, 1930? **(6 Marks)**

- (b) A and B are partners in M/s Aee Bee & Company. Firm is doing business of trading of plastic bottles. A is authorised to sell the stock of plastic bottles. It was decided between them that A should sell the plastic bottles at the minimum price which they have decided and if A sell at a price less than minimum price, he should first take the permission of B. Due to sudden change in government policy, the price of plastic bottles was continuously declining. To save the loss of firm, A sold the stock at lower price. Meanwhile, A tried to contact B but couldn't do so as B was on foreign trip. Afterwards when B came, he filed the suit to recover the difference of sale price and minimum price to the firm. Whether B can do so under the provisions of Indian Partnership Act, 1932? **(6 Marks)**
5. (a) Ram Bilas Yadav is a farmer. Anna Chips Company approached him and entered in a contract to supply 100 quintals of potatoes which to be grown in the fields belonging to Ram Bilas Yadav @ ₹1000/- per quintal. Anna Chips Company made the payment of price but delivery to be made after six months. Before the time of delivery, the whole crop of potatoes was destroyed due to flood. Anna Chips Company demanded the payment of price which is already made by it. Ram Bilas Yadav denied returning the price by saying that contract of sale was already entered and hence crop belongs to Anna Chips Company. Hence loss of crop must be borne by it. Referring to the provisions of the Sale of Goods Act, 1930, whether Anna Chips Company recover amount from Ram Bilas Yadav? **(6 Marks)**
- (b) The Articles of Association (AOA) of Avenue International Private Limited contained a clause that in case of insolvency of any member, his shares in the company should be sold to other person and at the price fixed by directors of the company. Mr. Neeraj, a shareholder was adjudicated insolvent. His official assignee in insolvency claimed that he was not bound by the provisions of AOA and is free to sell the shares at their true value. Referring the provisions of the Companies Act 2013, whether official assignee is bound by AOA? **(6 Marks)**
6. (a) Explain the following statements in the light of provisions of Indian Contract Act, 1872:
- (i) "Agreements made out of love and affection are valid agreements."
(ii) "Promise to pay a time barred debt cannot be enforced." **(5 Marks)**
- (b) "Sharing in the profits is not conclusive evidence in the creation of partnership". Comment. **(4 Marks)**
- (c) Mike LLC incorporated in Singapore having an office in Pune, India. Analyse whether Mike LLC would be called as a foreign company as per the provisions of the Companies Act, 2013? Also explain the meaning of foreign company. **(3 Marks)**

SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

Max Marks: 40 Marks

Instructions

The Question paper comprises of 5 questions of 10 Marks each. Question 1 is compulsory. Out of 2 to 5, attempt any three.

1. (a) Read the passage and answer the questions that follow

People these days are beginning to think twice before having people over for lunch or dinner. Soaring food prices of everything from tomatoes to tapioca, from potatoes to pumpkins are part of the problem, but only a part.

The real problem is diets. Many if not most of the people you know, gender and age no bar are on some diet of some sort. To further complicate matters, everyone's on a different diet from everyone else. In a middle class India everyone is becoming health conscious, diets are the latest fad and going on a special designer diet is even more fashionable than snapping selfies with your latest model customized iPhone.

There's one diet, called the Atkins, in which people will eat only proteins (meat, fish, eggs) and veggies, but no cereals or carbs, as carbohydrates are referred to in diatese, the special language in which dieters speak to each other.

Then there are people who will eat all carbs, but won't eat wheat because that has gluten in it. There are diehard non vegetarians who become vegetarians on Tuesday or during certain phases of the moon. There are vegans who are not only pure vegetarians but won't eat any animal products, like paneer, cheese though food cooked in pure ghee is presumably exempt.

There's even something called the paleo diet or caveman's diet in which you are only allowed what are prehistoric ancestors ate before they invented agriculture. So paleo's will eat only meat, and berries and other stuff that grows in the wild.

The keto diet is the latest low carb craze to hit the active scene. In truth, it's been around for a while decades, in fact and has been used in treatment of children with epilepsy; but the term is now finding a mainstream health following. On the plus side, it offers weight loss, and on the minus side, according to few nutrition experts, there isn't much negative about it.

The keto (short for ketogenic) diet works when your body produces ketones from broken down fats in the liver for energy, rather than relying on insulin to convert carbohydrates. The body enters a state of ketosis in layman's terms, suing fat rather than sugar for energy.

Will diet spell the doom of the shared dinner table? Not at all. There is for sure one form of diet that will solve the problem. It's the special diet called 'fasting'. The fast feast will provide the perfect social evening, guaranteed to reduce both food bills and waistlines.

- (1) Identify the tone of the passage (1 Mark)

- (a) Descriptive
- (b) Skeptical
- (c) Persuasive
- (d) Retrospective

- (2) Which diet allows the body to use fat and not sugar for releasing energy? (1 Mark)

- (3) Which of the following statements is incorrect according to the passage: (1 Mark)

- (a) Atkins is a diet which allows people to eat only proteins
- (b) Vegans do not eat animal products on Tuesdays only

- (c) Keto is not a useful diet in any respect
- (d) High food prices discourage inviting people for lunch or dinner.
- (4) Choose the word similar in meaning to 'fad' as used in paragraph two: **(1 Mark)**
- (a) Need
- (b) Desire
- (c) Responsibility
- (d) Trend
- (5) Give the passage a suitable title. **(1 Mark)**
- (b) Read the following passage

The Sundarbans is a cluster of low-lying islands in the Bay of Bengal, spread across India and Bangladesh, famous for its unique mangrove forests. This active delta region is among the largest in the world, measuring about 40,000 sq km.

The Sundarbans forest is about 10,000 sq km across India and Bangladesh, of which 40% lies in India, and is home to many rare and globally threatened wildlife species such as the estuarine crocodile (*Crocodilus porosus*), royal Bengal tiger (*Panthera tigris*), Water monitor lizard (*Varanus salvator*), Gangetic dolphin (*Platinista gangetica*), and olive ridley turtle (*Lepidochelys olivacea*). The forest in India is divided into the Sundarbans Tiger Reserve and 24 Parganas (South) Forest Division, and together with the forest in Bangladesh is the only mangrove forest in the world where tigers are found.

The Sundarbans delta in India has been a priority region for WWF-India since 1973 due to its unique biodiversity. While it supports a sizeable population of wild tigers and other wildlife, it is also an ecologically fragile and climatically vulnerable region that is home to over 4.5 million people. Securing the future of the Sundarbans, its biodiversity and people requires a long term vision that can integrate climate adaptation and conservation strategies along with shorter term interventions such as ensuring sustainable livelihoods, access to clean and sustainable energy and effective human wildlife conflict management.

WWF-India's vision for this landscape is to develop a climate resilient Sundarbans that supports biodiversity, ecosystems services and sustainable development.

- (i) Make notes, sub-heading, abbreviations, wherever necessary giving a suitable title. **(3 Marks)**
- (ii) Write a summary **(2 Marks)**
2. (a) List down the advantages of learning 'Business English'. **(2 Marks)**
- (b) (i) Choose the suitable synonym for the word: **(1 Mark)**
- Abetment**
- a. Finalise
- b. Assist
- c. Curb
- d. Destroy

(ii) Choose the suitable antonym for the word: (1 Mark)

Exuberant

- a. Dull
- b. Joyful
- c. Important
- d. Extra

(iii) Change the following sentence into direct speech (1 Mark)

Shikha said that she had finished the project work already.

(c) Write a Précis and also give a suitable title to the passage given below (5 Marks)

Ideas rule the world. You shape your fate and decide your destiny by your thoughts. You have to believe and be sure of yourself to win a prize. Life's battles don't always go to the stronger or the faster man. But, sooner or later, the man who wins is the man who thinks he can.

Success starts with your thoughts. Whatever your mind can conceive and believe, it can achieve. And your mind is nothing more than a bundle of thoughts. Since you have the power to shape your thoughts, you automatically have the power to fashion your fate and decide your destiny. Thus your thoughts are the most potent, powerful and prime source of your success. For your thoughts to blossom into success, they should be combined with definiteness of purpose, perseverance and a burning, pulsating strong desire to translate them into action. Believe that you will succeed and believe it firmly. You will then do whatever is necessary to bring success about.

3. (a) How does 'body language' constitute a kind of communication? (2 Marks)

(b) (i) Choose the option which best expresses the meaning of the word (1 Mark)

Bona fide

- (1) Achievable
- (2) Worthless
- (3) In good faith
- (4) Benevolent

(ii) Choose the option which best expresses the opposite meaning of the word (1 Mark)

Heinous

- (1) Unacceptable
- (2) Shocking
- (3) Desirable
- (4) Distant

(iii) Change the following into indirect speech (1 Mark)

Siddhant said to his colleague, 'I can't work anymore'

(c) You are Mr. Rakesh Tripathi, Administration Head at Horizon Public School, Jaipur, Rajasthan. Write an Order letter to M/S Vinayak School supplies Ltd, stating your bulk order for various types of school supplies (including, stationery, black boards, chalk boxes, book shelves etc.). Give a detailed list of the items to be ordered with the quantity required and the date by which you wish the order to be delivered. **(5 Marks)**

4. (a) The effectiveness of written communication depends on certain factors. Explain. **(2 Marks)**

(b) (i) Change the following sentence into indirect speech **(3 Marks)**
Priya said, 'We will sing a song.'

(ii) Change the following sentence into active voice
The car was repaired by a 10 year old child.

(iii) Change the following sentence into passive voice
Farmers held a protest in the city yesterday.

(c) Write a 250 words article on the topic 'The increasing incidents of cyber bullying and its consequences'. **(5 Marks)**

OR

Write a 250 words article on the topic 'The need to use renewable resources of energy for a better and safer future'.

5. (a) Explain 'Informal communication' in the light of the statement, 'Information can flow from any source in any direction'. **(2 Marks)**

(b) Select the correct meaning of the following idiom/phrase **(3 Marks)**

(i) Go down in flames

- (1) to get serious burns
- (2) Fail badly
- (3) To destroy the enemy
- (4) To accept one's fault

(ii) Haste makes waste

- (1) Keep up with the pace
- (2) Allow others to rule you
- (3) Utilize the waste in a good way
- (4) Things go wrong in hurry

(iii) Change the sentence into passive voice

The fast moving bike hit the pavement .

(c) Choose the word that best expresses the meaning of the given word **(1 Mark)**

Barren

- (1) Green
- (2) Brilliant

- (3) Cautious
- (4) Unfertile
- (c) You are a senior member of the HR team. Write a report using the official report format proposing to conduct health and hygiene workshops for the employees of the organization. Include details of expenditure.

OR

The HR Head of Verity Technologies has decided to hold a meeting to discuss the need to regularly attend training programs held by office (onshore and offshore), to understand the work better and know the organization. The meeting will include the presence of all Vertical and Department Heads.

Write the agenda of the meeting in a tabular form. Include the names of speakers also.

(4 Marks)

MOCK TEST PAPER - 1

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

ANSWERS

1. (a) According to the Indian Contract Act 1872, the meaning of agreement must be certain and not vague or indefinite. If the meaning of agreement is not certain, the agreement is not enforceable by law.

In the instant case, Mr. Ayush is being principal in Modern Public School ordered 2000 packs of biscuits to Yograj Biscuit Company for the purpose of distribution on Republic Day among students. He also gave the token money but did not specify the category of biscuits. Yograj Biscuit Company did not supply the biscuits on the due date and Mr. Ayush filed the suit for compensation.

On the basis of above provisions and facts, it can be said that the agreement was not enforceable for want of certainty of meaning as Mr. Ayush did not specify the category of biscuits. Hence, Yograj Biscuit Company is not liable to pay any compensation to Mr. Ayush.

- (b) According to Section 2(68) of Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,—

- (i) restricts the right to transfer its shares;
- (ii) except in case of One Person Company, limits the number of its members to two hundred:

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that—

- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

shall not be included in the number of members; and

- (iii) prohibits any invitation to the public to subscribe for any securities of the company;

In the given problem, 20 members were employees of the company but they were not employee at the time of getting membership i.e. 1st April, 2017 and nor on existing date i.e. 31st October, 2023. Hence, they will be considered as members for the purpose of the limit of 200 members.

Hence, taking into account the provisions of Section 2(68) of the Act, the company is required to reduce the number of members to 200 before converting it into a private company.

- (c) **Risk prima facie passes with property (Section 26 of the Sale of Goods Act, 1930)**

According to Section 26, unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not.

It is provided that, where delivery has been delayed because of the fault of either buyer or seller, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault.

Provided also that nothing in this section shall affect the duties or liabilities of either seller or buyer as bailee of the goods of the other party.

2. (a) Under following circumstances, the contracts need not be performed with the consent of both the parties:
- (i) **Novation:** Where the parties to a contract substitute a new contract for the old, it is called novation. A contract in existence may be substituted by a new contract either between the same parties or between different parties the consideration mutually being the discharge of old contract. Novation can take place only by mutual agreement between the parties. On novation, the old contract is discharged and consequently it need not be performed. (Section 62 of the Indian Contract Act, 1872)
 - (ii) **Rescission:** A contract is also discharged by rescission. When the parties to a contract agree to rescind it, the contract need not be performed. (Section 62)
 - (iii) **Alteration:** Where the parties to a contract agree to alter it, the original contract is rescinded, with the result that it need not be performed. In other words, a contract is also discharged by alteration. (Section 62)
 - (iv) **Remission:** Every promisee may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance or may accept instead of it any satisfaction which he thinks fit. In other words, a contract is discharged by remission. (Section 63)
 - (v) **Rescinds voidable contract:** When a person at whose option a contract is voidable rescinds it, the other party thereto need not perform any promise therein contained in which he is the promisor.
 - (vi) **Neglect of promisee:** If any promisee neglects or refuses to afford the promisor reasonable facilities for the performance of his promise, the promisor is excused by such neglect or refusal as to any non-performance caused thereby. (Section 67)

(b) **Distinction between Limited Liability Partnership (LLP) and Limited Liability Company (LLC)**

S. No.	Basis	Limited Liability Partnership (LLP)	Limited Liability Company (LLC)
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	Internal governance structure	The internal governance structure of a LLP is governed by agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013) read with its Memorandum of Association and Articles of Association.
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 partners Maximum – No such limit on the partners in the Act. The	Private company: Minimum – 2 members Maximum 200 members

		partners of the LLP can be individuals/or body corporate through the nominees.	Public company: Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/partners	Liability of a partner is limited to the extent of agreed contribution.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the LLP managed by the partners including the designated partners authorized in the agreement.	The affairs of the company are managed by board of directors elected by the shareholders.
8.	Minimum number of directors/designated partners	2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

3. (a) The Indian Partnership Act, 1932 does not make the registration of firm's compulsory nor does it impose any penalty for non-registration. However, under Section 69 of the Indian Partnership Act, 1932, non-registration of partnership gives rise to a number of disabilities. These disabilities briefly are as follows:

- (i) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm, unless the firm is registered and the persons suing are or have been shown in the register of firms as partners in the firm.
- (ii) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than ` 100 or pursue other proceedings to enforce the rights arising from any contract.
- (iii) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm. But such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
- (iv) **Third party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.

Following are the Rights unaffected due to non-registration of firms: Non-registration of a firm does not, however effect the following rights:

1. The right of third parties to sue the firm or any partner.
2. The right of partners to sue for the dissolution of the firm or for the settlement of the accounts of a dissolved firm, or for realization of the property of a dissolved firm.
3. The power of an Official Assignees, Receiver of Court to release the property of the insolvent partner and to bring an action.
4. The right to sue or claim a set-off if the value of suit does not exceed ` 100 in value.
5. The right to suit and proceeding instituted by legal representatives or heirs of the deceased partner of a firm for accounts of the firm or to realise the property of the firm.

- (b) Section 11 of the Indian Contract Act, 1872 provides that a minor is not capable to enter into a contract. A contract with minor is *void-ab-initio*. A minor cannot be enforced to pay off his liabilities. Parents or guardians of minor are also not liable for any contract entered by minor. However, a minor is liable for supplies of necessaries out of his assets. Minor is not personally liable even for necessaries.

In the instant case, parents of Chhotu are not liable for price of mobile. Chhotu's assets are liable to make the payment of price. Hence, Mobile Sales Centre can recover only ₹ 15,000 from Chhotu i.e. equal to his assets.

4. (a) **Right of re-sale [Section 54 of the Sale of Goods Act, 1930]:**

The unpaid seller can exercise the right to re-sell the goods under the following conditions:

- (i) **Where the goods are of a perishable nature:** In such a case, the buyer need not be informed of the intention of resale.
- (ii) **Where he gives notice to the buyer of his intention to re-sell the goods:** If after the receipt of such notice, the buyer fails within a reasonable time to pay or tender the price, the seller may resell the goods.

It may be noted that in such cases, on the resale of the goods, the seller is also entitled to:

- (a) Recover the difference between the contract price and resale price, from the original buyer, as damages.
- (b) Retain the profit if the resale price is higher than the contract price.

It may also be noted that the seller can recover damages and retain the profits only when the goods are resold after giving the notice of resale to the buyer. Thus, if the goods are resold by the seller without giving any notice to the buyer, the seller cannot recover the loss suffered on resale. Moreover, if there is any profit on resale, he must return it to the original buyer, i.e. he cannot keep such surplus with him [Section 54(2)].

- (iii) **Where an unpaid seller who has exercised his right of lien or stoppage in transit resells the goods:** The subsequent buyer acquires the good title thereof as against the original buyer, despite the fact that the notice of re-sale has not been given by the seller to the original buyer.

- (iv) **A re-sale by the seller where a right of re-sale is expressly reserved in a contract of sale:** Sometimes, it is expressly agreed between the seller and the buyer that in case the buyer makes default in payment of the price, the seller will resell the goods to some other person. In such cases, the seller is said to have reserved his right of resale, and he may resell the goods on buyer's default.

It may be noted that in such cases, the seller is not required to give notice of resale. He is entitled to recover damages from the original buyer even if no notice of resale is given.

- (v) **Where the property in goods has not passed to the buyer:** The unpaid seller has in addition to his remedies a right of withholding delivery of the goods. This right is similar to lien and is called "quasi-lien".

- (b) According to Section 13(e) of Indian Partnership Act, 1932, every partner has the right to be indemnified by the firm in respect of payments made and liabilities incurred by him in the ordinary and proper conduct of the business of the firm as well as in the performance of an act in an emergency for protecting the firm from any loss, if the payments, liability and act are such as a prudent man would make, incur or perform in his own case, under similar circumstances.

In the instant case, due to some emergency, A sold the stock at lower price to save the firm from loss. A couldn't contact B as he was on foreign trip.

Hence, on the basis of above provisions and facts of the problem given, selling by A at a lower price was to save the firm from loss. As the act of A was in favour of firm, he was not liable to bear the loss.

5. (a) As per Section 4(3) of the Sale of Goods Act, 1930, where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell and as per Section 4(4), an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.

Further Section 2(6) defines "future goods" means goods to be manufactured or produced or acquired by the seller after making of the contract of sale.

In the instant case, on the basis of above provisions and facts, it can be said that there was an agreement to sell between Ram Bilas Yadav and Anna Chips Company because the goods under agreement was future goods. Even the payment was made by Anna Chips Company, the property in goods can be transferred only after the goods is ascertained. As the goods was not ascertained, property is not passed to buyer. Hence, Ram Bilas Yadav must return the price to Anna Chips Company.

- (b) The Articles of Association (AOA) of a company are its rules and regulations, which are framed to manage its internal affairs. Just as the Memorandum contains the fundamental conditions upon which the company is allowed to be incorporated, so also the articles are the internal regulations of the company (*Guinness vs. Land Corporation of Ireland*). Further according to the decision taken in case of *S.S. Rajkumar vs. Perfect Castings (P) Ltd.*, the document containing the AOA of a company (the Magna Carta) is a business document; hence it has to be construed strictly. It regulates the domestic management of a company and creates certain rights and obligations between the members and the company.

On the basis of above, it can be said that Official assignee of Mr. Neeraj is bound by the AOA.

6. (a) (i) **Agreements made out of love and affection are valid agreements:** A written and registered agreement based on natural love and affection between the parties standing in near relation (e.g., husband and wife) to each other is enforceable even without consideration. The various conditions to be fulfilled as per Section 25(1) of the Indian Contract Act, 1872:
- (A) It must be made out of natural love and affection between the parties.
 - (B) Parties must stand in near relationship to each other.
 - (C) It must be in writing.
 - (D) It must also be registered under the law.

Hence, the agreements made out of love and affection, without consideration, shall be valid, if the above conditions are fulfilled.

- (ii) **Promise to pay a time barred debt cannot be enforced:** According to Section 25(3) of the Indian Contract Act, 1872, where a promise in writing signed by the person making it or by his authorised agent, is made to pay a debt barred by limitation is valid without consideration.

Hence, this statement is not correct.

Note: The above statement can be correct also on the basis of the "Discharge of Contract by Lapse of time" as per Limitation Act, 1963, and accordingly it can be mentioned that contract should be performed within a specified period as prescribed by the Limitation Act, 1963 and if no action is taken by the promisee within the specified period of limitation, he is deprived of remedy at law.

(b) “Sharing in the profits is not conclusive evidence in the creation of partnership”

Sharing of profit is an essential element to constitute a partnership. But it is only a prima facie evidence and not conclusive evidence, in that regard. The sharing of profits or of gross returns accruing from property by persons holding joint or common interest in the property would not by itself make such persons partners. Although the right to participate in profits is a strong test of partnership, and there may be cases where, upon a simple participation in profits, there is a partnership, yet whether the relation does or does not exist must depend upon the whole contract between the parties.

Where there is an express agreement between partners to share the profit of a business and the business is being carried on by all or any of them acting for all, there will be no difficulty in the light of provisions of Section 4 of the Indian Partnership Act, 1932, in determining the existence or otherwise of partnership.

But the task becomes difficult when either there is no specific agreement or the agreement is such as does not specifically speak of partnership. In such a case for testing the existence or otherwise of partnership relation, Section 6 has to be referred.

According to Section 6, regard must be had to the real relation between the parties as shown by all relevant facts taken together. The rule is easily stated and is clear, but its application is difficult. Cumulative effect of all relevant facts such as written or verbal agreement, real intention and conduct of the parties, other surrounding circumstances etc., are to be considered while deciding the relationship between the parties and ascertaining the existence of partnership.

Hence, the statement is true / correct that mere sharing in the profits is not conclusive evidence.

(c) Mike LLC is incorporated in Singapore and having a place of business in Pune, India. Since, Mike LLC is incorporated outside India and having a Place of business in India, hence it is a foreign Company.

Foreign Company [Section 2(42) of the Companies Act, 2013]: It means any company or body corporate incorporated outside India which—

- (i) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- (ii) conducts any business activity in India in any other manner.

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a) (1) Option a
(2) Keto or ketogenic diet allows the body to use fat and not sugar for releasing energy.
(3) Option b
(4) Option d
(5) The diet trends: New diets and their effects;
- (b) (1) Sundarbans
(a) Sprd ovr Bay of Bengal
(b) Mangrove forests
(c) Actv delta rgn
(d) Largest in wrld
- (2) Inside Sunderbans
(a) 10,000 sq km acrs B'desh and India
(b) 40% in India
(c) Home to thrtnd and rare spcs
(i) Estuarine crocodile
(ii) Royal Bengal Tiger
(iii) Water monitor Lizard
(iv) Gangetic Dolphin
(v) Olive ridley turtle
(d) Only mngr fst in the wrld
- (3) WWE- prty rgn
(a) Unq bdvsty
(b) Ecgly frgl, clmtcly vlnrbl rgn
(c) 4.5 mln ppl rsde
(d) Acs to clean stnbl ergy
- (4) WWE India vsn to make Sundarbans
(a) Clmt rsInt
(b) and has sntbl dvlpmnt

Key:

- (1) Sprd= spread
(2) Ovr= over
(3) Actv= active
(4) Rgn= region

- (5) wrld= world
- (6) Acrs= across
- (7) B'desh= Bangladesh
- (8) Thrthn= threatened
- (9) Spcs= species
- (10) mngr= mangrove
- (11) fst= forest
- (12) Prt= priority
- (13) unq= unique
- (14) Bdvsty= biodiversity
- (15) Ecgly= ecologically
- (16) Frgl= fragile
- (17) Cmlctly= climactically
- (18) Vlnrbl= vulnerable
- (19) Mln= million
- (20) Ppl= people
- (21) Rsd= reside
- (22) Acs= access
- (23) Stnbl=sustainable
- (24) Ergy=energy
- (25) Vsn= vision
- (26) Clmt= climate
- (27) Rslnt= resilient
- (28) Dvlpmnt= development

Summary

Sunderbans, an active delta region with over 40,000km of stretch is largest in the world. A cluster of low lying islands, the forest area is spread over Bangladesh and India and is the only mangrove forest in India with wild tigers. A host to threatened and rare species like the water monitor lizard, Gangetic dolphin etc, the forests have been a hub of ecological balance. The WWE has its visions to maintain the ecological bi diversity and make for the sustainable development in the region.

2. (a) Business English skills are essential for getting ahead at the work place.
 - 1) Improving Business English knowledge and vocabulary helps to work more effectively.
 - 2) It opens new career opportunities.
 - 3) It helps in developing interview skills and write emails with clarity.
 - 4) It increases awareness on business topics and issues.
 - 5) Business English is the language used for Correspondence and Reporting.

- (b) (i) Option b
(ii) Option a
(iii) Shikha said, 'I have finished the work already'.
- (c) Precis writing

Our thoughts make us the winner

A man's thoughts are one of the important factor to shape his destiny. The stronger you believe, the closer you are to your goal. Battles in life are not won by anybody faster or stronger. One can mould one's destiny with one's beliefs and conviction. So believe in your success with thoughts of purpose and perseverance and nothing can stop you. A strong desire to bring the thoughts into action can help to achieve success. One who thinks he can win, wins!

3. (a) Body language, that is facial expressions, gestures, stances and other physical signals constitute a means of communication known as non verbal communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture. Smiles, frowns, pursing of lips, clenching of wrists etc. transmit emotions which are not expressed through verbal communication.
- (b) (i) Option 3
(ii) Option 3
(iii) Siddhant told his colleague that couldn't work anymore.
- (c) Horizon Public School

Jaipur, Rajasthan

27th Sept, 2023

M/s Vinayak School Supplies,

Jaipur, Rajasthan

Dear Sir/Madam

Subject: Bulk order for school supplies

We would like to place a bulk order of various types of school supplies for our school. Please find the detailed list below:

Name of the product	Quantity
Black Board	25
White Board	30
Duster, Chalks, Marker box	20 each
Dust bins	30
Bulletin Boards	28
Book shelves	20
World map	10

We request you to send us an approximate price list for the above mentioned items. Also, a discount on the above items would be highly appreciated.

Kindly also mention the tentative delivery date for the order.

Waiting for a quick response!

Thanks and Regards

Rakesh Tripathi

Admin Head,

Horizon Public School

4. (a) The effectiveness of written communication depends on grammar, writing style, vocabulary and clarity. The choice of words, framing of suitable sentences, division of paragraphs, inclusion of anecdotes and dialogues and use of illustrations and examples, decide whether the written content makes an impact on the readers. A simple idea can be expressed in a beautiful way by using interesting, specific and jargon based words. This is a time consuming and laborious task. One may write, delete and rewrite before the final product is ready.
- (b) (i) Priya said that they would sing a song.
(ii) A 10 year old child repaired the car.
(iii) A protest was held by farmers in the city the previous day.
- (c) Increasing incidents of Cyber Bullying and its consequences:

Hints:

- Cyber crime has been increasing every year.
- More than crime it is now cyber bullying.
- Cyber bullying occurs over digital devices and platforms like sms, chats, social media etc.
- There is a thin line of difference between bullying and making fun
- Cyber bullying may include sending abusive/ hurting/ threatening messages or videos.
- Impersonating someone and sending wrong messages by faking identity.
- One should be cautious while sharing email ids and personal social media account details.
- Any kind of bullying should be immediately reported.
- Cyber police is very active and alert.
- Staying quiet and tolerating a stalker is a crime in itself.

OR

Need to use renewable energy resources

Hints:

- (1) With the increase in population and urbanization, resources being used would come to an end.
- (2) Over use of non renewable resources would not be beneficial for the future generations.
- (3) Need of the hour; shift to renewable sources of energy like Solar, wind, tidal, hydro etc.
- (4) These resources are cost effective, safe, no side effects, do not cause pollution.
- (5) Initial cost of shifting from non- renewable to renewable sources might be high but there are many long term benefits.
- (6) We should act as responsible citizens of the world.

(7) Let's make the Earth a better place to live.

5. (a) **Informal Communication** is casual, friendly and unofficial. It is spontaneous conversation and exchange of information between two or more persons without being restricted to rules, processes, systems, formalities and chain of command.

Since informal communication is between families, friends, neighbours, members of the community and other social relations which are based on common interests, and dispositions, the Information can flow from any source in any direction.

- (b) (i) Option 2
(ii) Option 4
(iii) The pavement was hit by a fast moving bike.

(c) **Option 4**

Formal Report (Hints)

To: Management division

From: HR

Date: 5th May 2023

Subject: Proposal for conducting health and hygiene workshops

Acknowledgements: Names of people who helped in drafting the report

Contents:

1. Need for awareness about health and hygiene
2. Lifestyle diseases are increasing: Reason and understanding
3. Methodology and plan of action
4. Cost, inventory and expenditure details

Summary

We propose to conduct workshops focusing on health and hygiene to spread awareness about the health issues. With the increasing mental stress and unhealthy lifestyle, one must spare time to work on one's health and do the best for it. This can be a good opportunity to discuss the importance of exercise and cleanliness in life. We propose to have talks, group discussions, quiz sessions to engage the audience in a unique way.

OR

Agenda for meeting

Time	Topic	Attendees	Speaker	Duration
9:00am	Introduction: Need for training programs	Names of the participants	Name of the speaker	15 mins
9:15 am	How training helps	Names of the participants	Name of the speaker	30 mins
9:45 am	Practical knowledge, interaction, group discussions is the need of the hour after covid.	Name of the participants	Name of the speaker	30 mins

10:15 am	Tea break	All members		
10:40 am	Training improves personality; gives a better overview of the company	Names of the participants	Name of the speaker	35 mins
11:15 am to 11:25	Thank you Note	Name of the participants	Chairperson/CEO	10 mins

MOCK TEST PAPER I
FOUNDATION COURSE

PAPER 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS

Time: 2 Hours

Marks: 100

Part A: Business Mathematics and Logical Reasoning

1. What is the value of $\frac{p+q}{p-q}$ if $\frac{p}{q} = 7$
 - (a) $\frac{4}{3}$
 - (b) $\frac{2}{3}$
 - (c) $\frac{2}{6}$
 - (d) $\frac{7}{8}$

2. If $x/2 = y/3 = z/7$, then the value of $(2x - 5y + 4z)/2y$ is
 - (a) $\frac{6}{23}$
 - (b) $\frac{23}{6}$
 - (c) $\frac{3}{2}$
 - (d) $\frac{17}{6}$

3. If $x : y = 3 : 4$, the value of $x^2y + xy^2 : x^3 + y^3$ is
 - (a) $13 : 12$
 - (b) $12 : 13$
 - (c) $21 : 31$
 - (d) none of these

4. If $a^x = b$, $b^y = c$, $c^z = a$, then xyz is
 - (a) 1
 - (b) 2
 - (c) 3
 - (d) none of these

5. Given that $\log_{10}2 = x$ and $\log_{10}3 = y$, the value of $\log_{10}120$ is expressed as
 - (a) $2x - y + 1$
 - (b) $2x + y + 1$
 - (c) $2x - y - 1$
 - (d) none of these

6. The simplified value of $2 \log_{10} 5 + \log_{10} 8 - \frac{1}{2} \log_{10} 4$ is

- (a) $\frac{1}{2}$
- (b) 4
- (c) 2
- (d) none of these

7. If $\log \left(\frac{a+b}{4} \right) = \frac{1}{2} (\log a + \log b)$ then $\frac{a}{b} + \frac{b}{a}$

- (a) 12
- (b) 14
- (c) 16
- (d) 8

8. If $\frac{\sqrt{x+5} + \sqrt{x-16}}{\sqrt{x+5} - \sqrt{x-16}} = \frac{7}{3}$ then x equals

- (a) 10
- (b) 20
- (c) 30
- (d) 40

9. If $x = 3^{\frac{1}{4}} + 3^{-\frac{1}{4}}$ and $y = 3^{\frac{1}{4}} - 3^{-\frac{1}{4}}$ then the value $3(x^2 + y^2)^2$ will be

- (a) 12
- (b) 18
- (c) 46
- (d) 64

10. If the ratio of the roots of the Equation $4x^2 - 6x + p = 0$ is 1:2 then the value of p is :

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

11. If $2x+5 > 3x+2$ and $2x-3 \leq 4x-5$, then x takes which of the following value ?

- (a) 4
- (b) -4

- (c) 2
(d) -2
12. Solve for x of the Inequalities $2 \leq \frac{3x-2}{5} \leq 4$ where $x \in \mathbb{N}$
- (a) {5,6,7}
(b) {3,4,5,6}
(c) {4,5,6}
(d) {4,5,6,7}
13. The amount charged for a defined length of time for uses of principal, generally on year basis is known as
- (a) Balance
(b) Rate of Interest
(c) Principal
(d) Interest
14. The sum required to earn a monthly interest of Rs.1200 at 18% p.a Simple Interest is –
- (a) Rs. 50,000
(b) Rs. 60,000
(c) Rs.80,000
(d) None of these
15. Sachin deposited Rs.1,00,000 in his bank for 2 years at simple interest of 6% . How much interest would he earn? How much final value of deposit
- (a) Rs.6,000, Rs, 1,06,000
(b) Rs.15,000, Rs.1,15,000
(c) Rs.11,600, Rs.1,11,600
(d) Rs.1200, Rs,1, 12,000
16. The ratio of principal and the compounded interest value for three years (Compounded annually) is 216:127 . The rate of interest is
- (a) 0.1777
(b) 0.1567
(c) 0.1666
(d) 0.1587
17. The Compounded interest Rs.8000 for 6 months at 12% p.a payable quarterly is
- (a) Rs.487.20
(b) Rs.480

- (c) Rs.380
(d) None of these
18. The annual birth and death rates per 1,000 are 39.4 and 19.4 respectively. The number of years in which the population will be doubled assuming there is no immigration or emigration is
- (a) 35 years
(b) 30 years
(c) 25 years
(d) none of these
19. The simple interest on sum of money at 6% p.a for 7 years is equal to twice of simple interest on another sum for 9 years at 5 p.a. The ratio will be
- (a) 2:15
(b) 7:15
(c) 15.7
(d) 1:7
20. Nominal rate of Interest is 9.9 % p.a. If interest is compounded monthly, what will be effective rate of Interest.
- (a) 10.36%
(b) 9.36%
(c) 11.36%
(d) 9.9%
21. The population of a town increases by 2% of the population at the beginning of the year. The number of years by which the total increases in population would be 40% is
- (a) 7 years
(b) 10 years
(c) 17 years
(d) 19 years
22. A stock pays annually an amount of Rs. 10 from 6th year onwards . What is the present value of perpetuity, if the rate of return is 20%
- (a) 20.1
(b) 19.1
(c) 21.1
(d) 22.1

23. A sum of money invested in compounded interest doubles itself in four years. In how many years it becomes 32 times of itself as the same rate of compound interest ?
- (a) 12 years
 - (b) 16 years
 - (c) 20 years
 - (d) 24 years
24. Sinking fund factor is the reciprocal of ____
- (a) Present value of interest factor of a single cash flow
 - (b) Present value interest factor of annuity
 - (c) Future value of Interest factor of annuity
 - (d) Future value of Interest factor of a single cash flow
25. If the nominal rate of growth is 17% and inflation is 9% for the five years. Let P be the Gross domestic Product (GDP) amount at the present year then the projected real GDP after 6 years is
- (a) 1.587 P
 - (b) 1.921P
 - (c) 1.403P
 - (d) 2.51 P
26. If discounted rate is 14% per annum , then how much company has to pay receive Rs.280 growing at 9% annually forever ?
- (a) Rs.5600
 - (b) Rs.2800
 - (c) Rs.1400
 - (d) Rs.4200
27. A bag contains 4 red, 3 black and 2 white balls > In how many ways 3 balls can be drawn from this bag so that they include at least one black ball?
- (a) 64
 - (b) 46
 - (c) 85
 - (d) None of the above
28. The number of words from the letters of the word BHARAT, in which B and H will never come together is
- (a) 360
 - (b) 240
 - (c) 120

- (d) None of these
29. The value of N in $\frac{1}{7!} + \frac{1}{8!} = \frac{N}{9!}$ is
- (a) 81
 - (b) 78
 - (c) 89
 - (d) 64
30. The 3rd term of a G.P is $\frac{2}{3}$ and 6th term is $\frac{2}{81}$, then the first term is
- (a) 6
 - (b) $\frac{1}{3}$
 - (c) 9
 - (d) 2
31. A person pays Rs. 975 in monthly instalments, each instalment is less than former by Rs. 5. The amount of first instalment is Rs. 100. In what time will the entire amount be paid?
- (a) 26 months
 - (b) 15 months
 - (c) Both (a) & (b)
 - (d) 18 months
32. If the sum of n terms of an A.P. is $(3n^2 - n)$ and its common difference is 6, then its first term is:
- (a) 3
 - (b) 2
 - (c) 4
 - (d) 1
33. In a survey of 300 companies, the number of companies using different media-Newspapers (N), Radio (R) and Television (T) are as follows:
 $n(N) = 200$, $n(R) = 100$, $n(T) = 40$, $n(N \cap R) = 50$, $n(R \cap T) = 20$, $n(N \cap R) = 25$, and $n(N \cap R \cap T) = 5$;
- Find the numbers of companies using none of these media:
- (a) 20 companies
 - (b) 250 companies
 - (c) 30 companies
 - (d) 50 companies

34. If $f(x) = x+2$, $g(x) = 7^x$, then $\text{gof}(x) =$
- (a) $7^x \cdot x + 2$, 7^x
 - (b) 7^{x+2}
 - (c) $49(7^x)$
 - (d) None of these
35. Let $A = \{1, 2, 3\}$, then the relation $R = \{(1, 1), (2, 3), (2, 2), (3, 3), (1, 2)\}$ is called
- (a) Symmetric
 - (b) Transitive
 - (c) Reflexive
 - (d) Equivalence
36. The cost function for the production of x units of a commodity by $C(x) = 2x^3 + 15x^2 + 36x + 15$ the cost will be minimum when ' x ' is equal to
- (a) 3
 - (b) 2
 - (c) 1
 - (d) 4
37. If $f(x) = x_{e_3}$ then $f'(1) = ?$
- (a) $1/6$
 - (b) $-1/6$
 - (c) $5/6$
 - (d) $-5/6$
38. The equation of the curve which passes through the point $(1, 2)$ and has the slope $3x - 4$ and the point of (x, y) is
- (a) $2y = 3x^2 - 8x + 9$
 - (b) $y = 6x^2 - 8x + 9$
 - (c) $y = x^2 - 8x + 9$
 - (d) $2y = 3x^2 - 8x + c$
39. The slope of the tangent to the curve $y = \frac{x-1}{x+2}$ at $x=2$ is
- (a) $\frac{3}{16}$
 - (b) $\frac{3}{16}$

(c) $\frac{1}{4}$

(d) $\frac{1}{4}$

40. $\int_0^5 \frac{x^2 dx}{x^2 + (5-x)^2} =$

- (a) 5
- (b) 5/2
- (c) 1
- (d) none of these

41. TWENTY is written as 863985 and ELEVEN is written as 323039, then TEWELVE can be coded.

- (a) 863203
- (b) 836203
- (c) 826303
- (d) 862303

42. Find next number of the series 7, 23, 47, 119, 167

- (a) 211
- (b) 223
- (c) 287
- (d) 319

43. Find odd man out: 34, 105, 424, 2123, 12756.

- (a) 12756
- (b) 2123
- (c) 424
- (d) 34

44. Find next term of the series A5A, C10C, E15E, E20G ____

- (a) I25I
- (b) I20I
- (c) J25J
- (d) K20K

45. Find next term of the letter series QPO, NML, KJI, HGF, ____
- (a) EDC
 - (b) HGE
 - (c) CAB
 - (d) GHI
46. If PLAY is coded as 823 and RHYME is coded 49367. What will be code of MEAL?
- (a) 6712
 - (b) 6198
 - (c) 6395
 - (d) 6721
47. The length and breadth of a room are 8 metre and 6 metre respectively. A cat runs along all four walls and finally along diagonal order to catch a rat. How much total distance covered by the cat?
- (a) 10
 - (b) 14
 - (c) 38
 - (d) 48
48. Ravi left home and cycled 10 km towards South, then turned right and cycled 5 km and then again turned right and cycled 10 km. After this he turned left and cycled 10 km. How many kilometers will he have to cycle to reach his home straight?
- (a) 10 km
 - (b) 15 km
 - (c) 12 km
 - (d) 17 km
49. Hari in order to go to university started from his house in the east and came to a crossing. The road to the left ends in a theatre, straight ahead is the hospital. In which direction is the university?
- (a) North
 - (b) South
 - (c) East
 - (d) West
50. Shivam started from his house towards west. After walking a distance of 15 m. He turned to the right and walked 10 m. He then again turned to the right and walked 5 m. After this he is to turn right at 135° and to cover 10 m. In which direction should he go?
- (a) South
 - (b) South-West

- (c) South-East
(d) North
51. If $A \times B$ means A is to the south of B; $A + B$ means A is to the north of B; $A \% B$ means A is to the east of B; $A - B$ means A is to the west of B; then in $P \% Q + R - S$, S is in which direction with respect to Q?
- (a) South -West
(b) South- East
(c) North-East
(d) North-West
52. A, P, R, X, S and Z are sitting in a row. S and Z are in the centre. A and P are at the ends. R is sitting to the left of A. Who is to the right of P?
- (a) A
(b) X
(c) S
(d) Z
53. Shyam, Sathish, Amar and Pavan are playing cards. Amar is to the right of Sathish, who is to the right of Shyam. Who is to the right of Amar?
- (a) Satish
(b) Amar
(c) Pavan
(d) Shyam
54. In a line P is sitting 13th from left. Q is sitting 24th from the right and 3rd left from P. How many people are sitting are in the line?
- (a) 34
(b) 31
(c) 32
(d) 33
55. P is the mother of K , K is the sister of D. D is the father of J . How is P related to J?
- (a) Mother
(b) Grandmother
(c) Aunt
(d) Data is in adequate

56. If A+B means B is the brother of A; A×B means B is the husband of A; A-B means A is the mother of B and A % B means A is the father of B, which of the following relations shows that Q is the grandmother of T ?

- (a) Q-P+R%T
- (b) PXQ%R-T
- (c) P×Q%R+T
- (d) P+Q%R-T

57. Read the following instructions:

P \$ Q means P is the brother of Q;

P # Q means P is the mother of Q;

P * Q means P is the daughter of Q

If the code of family is A # B \$ C * D, who is the father in them?

- (a) D
- (b) B
- (c) C
- (d) A

58. There seven members A, B, C, D, E, F, G and H in a family. There are two fathers , one mother two sisters and four brothers There are seven members A, C, D, E, F, G and H in a family. There are two fathers, one mother, two sisters and four brothers. E is a sister-in-law of D. G is a daughter of C. F is the brother of E. A is a grandfather of G. E is a mother of H.1) How is H related to A?

- (a) Grandson
- (b) Granddaughter
- (c) Son
- (d) Cannot be determined

59. How many male members in the family?

- (a) 4
- (b) 5
- (c) 3
- (d) Data Inadequate

60. A is B's sister. C is B's mother. D is C's father. E is D's mother. Then how A is related to D.

- (a) Grandfather
- (b) Grandmother
- (c) Daughter
- (d) Granddaughter

Part B – Statistics

61. A tabular presentation Can be Used for
- (a) Continuous data
 - (b) Nominal data
 - (c) Time Series data
 - (d) Comparing different components
62. When data are classified according one criterion, then it is called ----- classification
- (a) quantitative
 - (b) qualitative
 - (c) Simple
 - (d) factored
63. Census report are used as source of secondary data.
- (a) Secondary
 - (b) Primary
 - (c) Organize
 - (d) Confidential
64. In a graphical representation of data , the largest numerical value is 4 the smallest numerical value is 25. If classes desired are 4 then which class interval is
- (a) 45
 - (b) 5
 - (c) 20
 - (d) 7.5
- 65 A student marks in five subjects S1, S2, S3, , S4 and S5 are 86, 79, 90, 88 and 89 . If we need to draw a pie chart to represent these marks, what will be central angle for S3.
- (a) 103.2°
 - (b) 750°
 - (c) 105.6°
 - (d) 94.8°
66. The median following numbers , which are given in ascending order is 25. Find the value of x
- 11, 13 , 15 , 19 , (x+2) , (x+4) , 30, 35, 39, 46
- (a) 22
 - (b) 20
 - (c) 15
 - (d) 30

67. The mean salary of a group of 50 persons is Rs. 5850. Later on it is discovered that the salary of one has been wrongly taken as Rs.8000 instead of RS. 7800. The corrected mean salary is
- (a) Rs.5854
 - (b) Rs.5846
 - (c) Rs.5640
 - (d) none
68. If the mode of a data is 18 and mean is 24, then median is
- (a) 18
 - (b) 24
 - (c) 22
 - (d) 21
69. If the first Quartile is 142 and semi-inter quartile range is 18 , then the value of median is :
- (a) 151
 - (b) 160
 - (c) 178
 - (d) none of these
70. Origin is shifted by 5, what will happen
- (a) SD will increase by 5
 - (b) QD will increase by 5
 - (c) MD will increase by 5
 - (d) There will be no change in SD
71. The third decile for the numbers 15, 10, 25, 18, 11, 9 and 12 is
- (a) 13
 - (b) 10.70
 - (c) 11
 - (d) 11.50
72. The Harmonic mean H of two numbers is 4 and their arithmetic means A and the geometric mean G satisfy the equation $2A+G^2 = 27$, the numbers are
- (a) (1,3)
 - (b) 9,5)
 - (c) 6,3)
 - (d) (12,7)

73. If mean and coefficient of variation of the marks of 10 students is 20 and 80 respectively. What will be the variance of them ?

- (a) 256
- (b) 16
- (c) 25
- (d) none of these

74. If the same amount is added or subtracted from all the of an individual series then the standard deviation and variance both shall be ____

- (a) Changed
- (b) Unchanged
- (c) Same
- (d) none of these

75. The algebraic sum of the deviations of set of values from their arithmetic mean is

- (a) >0
- (b) <0
- (c) 0
- (d) None of these

76. The AM of 15 observations is 9 and the AM of first 9 observations is 11 and then AM of remaining observations is

- (a) 11
- (b) 6
- (c) 5
- (d) 9

77. If $P(A \cap B) = 0.10$, and $P(B') = 0.80$, then $P(A/B)$ is

- (a) 0.25
- (b) 0.40
- (c) 0.50
- (d) 0.75

78. In connection with random experiment, it is found that $P(A) = 2/3$, $P(B) = 3/5$ and $P(A \cup B) = 5/6$

Find $P(A'/B)$

- (a) $13/18$
- (b) $1/2$

- (c) $13/20$
(d) $5/18$
79. If a card is drawn at random from a pack of 52 cards, what is the chance of getting spade or an ace ?
(a) $4/13$
(b) $5/13$
(c) 0.25
(d) 0.20
80. The chance of getting a sum of 10 in a simple single throw is
(a) $10/36$
(b) $1/12$
(c) $1/12$
(d) none
81. A dice is rolled thrice , if getting a four is considered a success , find the variance of the probability distribution of number of successes
(a) $\frac{1}{2}$
(b) $\frac{1}{4}$
(c) $5/12$
(d) $7/12$
82. The probability that A speaks truth is $4/5$ while this probability for B is $3/4$. The probability that they contradict each other when asked to speak on a fact is
(a) $3/20$
(b) $1/5$
(c) $7/20$
(d) $4/5$
83. A random variable x follows Binomial Distribution With $E(x) = 2$ and $V(x) = 1.2$, then the value of n is
(a) 8
(b) 2
(c) 5
(d) none
84. If x is binomial variate with parameter 15 and $1/3$, what is mode of the distribution?
(a) 5 and 6
(b) 5
(c) 5.50

- (d) 6
85. The mean deviation about median of standard normal variate is
- (a) 0.675σ
 - (b) 0.675
 - (c) 0.80σ
 - (d) 0.80
86. If the Quartile Deviation of a normal distribution with mean 10 and SD 4 is
- (a) 0.675
 - (b) 67.50
 - (c) 2.70
 - (d) 3.20
87. If the two Quartiles $N(\mu, \sigma^2)$ are 14.6 and 25.4 respectively. What is the standard deviation of the distribution?
- (a) 9
 - (b) 6
 - (c) 10
 - (d) 8
88. When 'p' is large than 0.5, the Binomial Distribution is
- (a) Asymmetrical
 - (b) Symmetrical
 - (c) Both
 - (d) None
89. A die is thrown 100 times .if getting an even number is considered a success then the variance number of success.
- (a) 50
 - (b) 25
 - (c) 10
 - (d) 100
90. Two regression lines are perpendicular each other of $r =$
- (a) 0
 - (b) +1
 - (c) -1

- (d) ± 1
91. If $r = 0.6$, then the coefficient of non-determination is
- (a) 0.4
 - (b) -0.6
 - (c) 0.36
 - (d) 0.64
92. The sum of the squares of differences in ranks of marks obtained in Physics and Chemistry by 10 students in a test is 150, then the coefficient of rank correlation by :
- (a) 0.849
 - (b) 0.091
 - (c) 0.909
 - (d) None of these
93. If one regression coefficient is ____ unity, the other must be ____ Unity
- (a) more than, more than
 - (b) less than, less than
 - (c) more than, less than
 - (d) positive, negative
94. Find the coefficient of correlation $2x+3y= 2$ and $4x+3y= 4$
- (a) -0.71
 - (b) 0.71
 - (c) -0.5
 - (d) 0.5
95. If the coefficient of correlation between x and y is 0.5, the covariance is 16 and the Standard of y is
- (a) 4
 - (b) 8
 - (c) 16
 - (d) 64
96. Fisher index number is _____ of Laspyres and Paasches Index Number
- (a) A.M
 - (b) G.M
 - (c) H.M

- (d) None of these
97. Circular test is satisfied by which of the following index?
- (a) Laspeyres index
 - (b) Paasche's index
 - (c) Fisher's index
 - (d) Simple geometric mean of price relatives
98. $\sum P_0Q_0=1360$, $\sum P_nQ_0=1900$, $\sum P_0Q_n=1344$, $\sum P_nQ_n=1880$, then the Laspyres Index number is
- (a) 71
 - (b) 139.70
 - (c) 175
 - (d) none of these
99. If Laspyres Index number is 250 and Paasches Index number is 160, then Fishers Index number is
- (a) 200
 - (b) 400
 - (c) 250
 - (d) 196
100. The cost of Index number is always
- (a) Price Index number
 - (b) Quantity Index number
 - (c) Weighted Index number
 - (d) Value index number

MOCK TEST PAPER I
FOUNDATION COURSE

PAPER 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS

Key Part A: Business Mathematics and Logical Reasoning

1	(a)	2	(d)	3	(b)	4	(a)	5	(b)
6	(b)	7	(b)	8	(b)	9	(d)	10	(b)
11	(c)	12	(d)	13	(b)	14	(c)	15	(d)
16	(c)	17	(a)	18	(a)	19	(c)	20	(a)
21	(c)	22	(a)	23	(c)	24	(b)	25	(a)
26	(a)	27	(a)	28	(b)	29	(a)	30	(a)
31	(b)	32	(b)	33	(d)	34	(c)	35	(c)
36	(a)	37	(b)	38	(d)	39	(a)	40	(b)
41	(a)	42	(b)	43	(b)	44	(a)	45	(a)
46	(d)	47	(c)	48	(b)	49	(a)	50	(b)
51	(b)	52	(b)	53	(c)	54	(d)	55	(b)
56	(a)	57	(a)	58	(a)	59	(b)	60	(a)

Key Part B: Statistics

61	(d)	62	(c)	63	(a)	64	(b)	65	(b)
66	(a)	67	(b)	68	(c)	69	(b)	70	(d)
71	(b)	72	(c)	73	(a)	74	(b)	75	(c)
76	(b)	77	(c)	78	(d)	79	(a)	80	(c)
81	(c)	82	(c)	83	(c)	84	(b)	85	(c)
86	(c)	87	(d)	88	(a)	89	(b)	90	(a)
91	(d)	92	(b)	93	(c)	94	(a)	95	(c)
96	(b)	97	(d)	98	(b)	99	(a)	100	(c)

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

QUESTIONS

1. Price discrimination will be profitable only if the elasticity of demand in different markets in which the total market has been divided is:
 - (a) uniform
 - (b) different
 - (c) less
 - (d) zero
2. An example of positive economic analysis would be:
 - (a) an analysis of the relationship between the price of food and quantity purchased
 - (b) determining how much income each person should be granted
 - (c) determining the fair price for food
 - (d) deciding how to distribute the output of the economy
3. The kinked demand curve model of oligopoly assumes that:
 - (a) Response to a price increase is less than the response to a price decrease
 - (b) Response to a price increase is more than the response to a price decrease
 - (c) Elasticity of demand is constant regardless of whether price increases or decreases
 - (d) Elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases
4. The Cobb-Douglas homogeneous production function given as: $Q = L^{1/2} K^{1/2}$ exhibits:
 - (a) Constant returns to scale
 - (b) Decreasing returns to scale
 - (c) Increasing returns to scale
 - (d) All of the above at various level of output
5. Business cycle emerge in _____.
 - (a) Socialist economy
 - (b) Free market economy
 - (c) Mixed economic system
 - (d) None of the above
6. With fall in price of commodity, demand of the commodity increases as it becomes relatively cheaper in comparison to other commodities. This effect is known as:
 - (a) Substitution Effect

- (b) Income Effect
 - (c) Law of Demand
 - (d) Law of diminishing Returns
7. Normal Profits earned by a firm are included in:
- (a) Implicit cost
 - (b) Explicit cost
 - (c) Fixed cost
 - (d) Variable cost
8. In the short run, total cost curve starts from:
- (a) Origin
 - (b) Positive vertical intercept
 - (c) Positive horizontal intercept
 - (d) None of these
9. If a resource can be put only to a particular use, then opportunity cost is:
- (a) Applicable and quantifiable
 - (b) Applicable but not quantifiable
 - (c) Not applicable at all
 - (d) None of these
10. Demand curve in case of Monopolistic competition is more elastic as compared to demand curve under Monopoly due to:
- (a) Huge Selling Costs
 - (b) Freedom of Entry and Exit
 - (c) Presence of Close Substitutes
 - (d) Large Number of Firms
11. Scarcity definition of Economics is given by:
- (a) Adam Smith
 - (b) Robinson
 - (c) Samuelson
 - (d) Alfred Marshall
12. Demonstration effect a term coined by:
- (a) James Dusenbery
 - (b) Milton
 - (c) Kuznets
 - (d) Hicks

13. The Substitution effect will be stronger when –
- (a) The goods are closer Substitutes
 - (b) There is lower cost of switching to the Substitute goods
 - (c) There is lower inconvenience while switching to the Substitute goods
 - (d) All the above
14. The objective of advertisement and all other sales promotion activities by any firm is to :
- (a) Shift the demand curve to the right.
 - (b) Shift the demand curve to the left
 - (c) will not influence the demand curve
 - (d) None of these
15. A rise in price of a good _____ consumer Surplus.
- (a) Increases
 - (b) Decreases
 - (c) Remain constant.
 - (d) None of these
16. If the firms are not working to full capacity the supply will be:
- (a) inelastic
 - (b) elastic
 - (c) constant
 - (d) None of these
17. At higher prices people demand more of certain goods not for their worth but for their prestige value, this is called:
- (a) Veblen effect
 - (b) Giffen Paradox
 - (c) Speculative effect
 - (d) None of these
18. Which is not a characteristic of land:
- (a) land is a passive factor
 - (b) It is immobile
 - (c) It is heterogenous
 - (d) All the above
19. The negatively sloped part of the long run average total cost is due to which of the following:
- (a) Diminishing return
 - (b) Diseconomies of scale

- (c) the difficulties encountered in coordinating the many activities of a large firm.
- (d) The increase in productivity that results from Specialization
20. Law of Production does not include:
- (a) least cost combination of factors
 - (b) return to Scale
 - (c) law of diminishing returns to a factor
 - (d) Law of variable proportion
21. Example of Third-Degree Price Discrimination:
- (a) Dumping
 - (b) charging different prices for domestic and commercial uses
 - (c) lower prices in railways for senior citizen
 - (d) All of the above
22. The market structure in which many firms sell products that are similar but not identical is known as:
- (a) Oligopoly
 - (b) Monopoly
 - (c) Monopolistic Competition
 - (d) None of these
23. Lagging Indicators are:
- (a) unemployment
 - (b) Corporate Profits
 - (c) Interest rate
 - (d) All of the above
24. Internal causes of business cycle:
- (a) Money Supply
 - (b) Psychological factors
 - (c) Macroeconomic Policies
 - (d) All of the above
25. Factors affecting demand for Non-Durable Consumer goods:
- (a) Disposable Income
 - (b) Price
 - (c) Demography
 - (d) All of the above
26. Which is the statistical method of demand forecasting:
- (a) Trend Projection Method

- (b) Expert Opinion Method
 - (c) Collective opinion method
 - (d) None of these
27. In Monopoly entry of new firms:
- (a) is restricted at all the times
 - (b) is possible only in the long run
 - (c) is possible in the short run
 - (d) Both (b) and (c)
28. Theory of Group Behavior is related to:
- (a) Monopoly
 - (b) Monopolistic Competition
 - (c) Oligopoly
 - (d) Perfect Competition
29. Allocation of resources is dealt in:
- (a) Macro Economic
 - (b) Microeconomics
 - (c) Public Finance
 - (d) None of these
30. U Shaped Cost Curve is never represented as :
- (a) Average Fixed Cost Curve
 - (b) Marginal Cost Curve
 - (c) Average Cost Curve
 - (d) Average Variable Cost Curve
31. The budget line is also known as :
- (a) Production Possibility Curve
 - (b) Consumption Possibility Curve
 - (c) Iso Utility Curve
 - (d) None of these
32. All Giffen goods are:
- (a) Inferior goods
 - (b) Non Inferior goods
 - (c) Normal Goods
 - (d) None of these

33. The study of demand and supply model is useful in explaining
- (a) How government works
 - (b) How markets work
 - (c) How consumers behave
 - (d) None of these
34. _____ is concerned with welfare proposition.
- (a) Normative Economics
 - (b) Positive Economics
 - (c) Both (a) and (b)
 - (d) None of these
35. Excess capacity is not found under _____
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition.
 - (d) Oligopoly
36. The regulatory mechanism of the market system is-
- (a) Self interest
 - (b) Private property
 - (c) Competition
 - (d) Specialization
37. Nicholas Kaldor propounded _____
- (a) Nocholas theory
 - (b) Kaldor Theory
 - (c) Cobweb theory
 - (d) Cobb-douglas theory
38. During business cycles the opposite of a peak is _____.
- (a) an inflation
 - (b) a hyperinflation
 - (c) a trend
 - (d) a trough
39. If the market demand curve for a commodity has a negative slope, then the market structure must be:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Imperfect competition

- (d) The market structure cannot be determined as the information is insufficient
40. What is 'price ceiling'
- (a) Minimum price that can be charged for a good
 - (b) Maximum price that can be charged for a good
 - (c) Minimum support price
 - (d) Both (a) and (b)
41. Utility is a ___
- (a) Qualitative
 - (b) Quantitative
 - (c) Both (a) and (b)
 - (d) None of these
42. Huge selling costs are incurred in which form of market?
- (a) Monopolistic competition
 - (b) Perfect competition
 - (c) Monopoly
 - (d) None of these
43. Which one of the following is not an internal economies of scale?
- (a) Technical economies
 - (b) Financial economies
 - (c) Economies due to localization of industries
 - (d) Marketing economies
44. In Monopoly Cross elasticity of Product is:
- (a) Zero
 - (b) High
 - (c) Infinity
 - (d) None of these
45. The vertical difference between TVC and TC is equal to:
- (a) Marginal Cost
 - (b) Average variable cost
 - (c) Total fixed Cost
 - (d) None of these.
46. 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.
47. In the long run, some firms will exit the market if the price of the good offered for sale is less than:
- (a) marginal revenue.
 - (b) marginal cost.
 - (c) average total cost.
 - (d) average revenue
48. Coincident indicator is not indicated as:
- (a) Inflation
 - (b) Industrial Production
 - (c) Retail Sales
 - (d) New order for Plant and equipment
49. An economic profit is earned by a perfectly competitive firm when:
- (a) $MR < MC$
 - (b) $P < ATC$
 - (c) $P > AVC$
 - (d) $P > ATC$
50. With fall in price of commodity, demand of the commodity increases as it becomes relatively cheaper in comparison to other commodities. This effect is known as:
- (a) Substitution Effect
 - (b) Income Effect
 - (c) Law of Demand
 - (d) Law of diminishing Returns
51. Normal Profits earned by a firm are included in:
- (a) Implicit cost
 - (b) Explicit cost
 - (c) Fixed cost
 - (d) Variable cost
52. Goods are Perfect Complements when:
- (a) A consumer is interested in consuming only in fixed proportion
 - (b) The Indifference Curve will consist of two straight lines
 - (c) Both a and b are correct
 - (d) None of these

53. If the Price of both goods fell how the budget will be affected:
- (a) The Budget line would not shift.
 - (b) The Budget line must be shifting to the left.
 - (c) The new budget line must be parallel to the old budget line.
 - (d) The new budget line will have the same slope as the original so long as the price of both goods changes in the same proportion.
54. Agricultural goods market depict characteristic close to:
- (a) Oligopoly
 - (b) Monopoly
 - (c) Perfect Competition
 - (d) Monopolistic Competition
55. Time element was conceived by:
- (a) Pigou
 - (b) Adam Smith
 - (c) Alfred Marshall
 - (d) Robinson
56. The efficient scale of production is the quantity of output that minimizes:
- (a) Average variable cost
 - (b) Average fixed cost
 - (c) Average total cost
 - (d) None of these
57. The Indian Government imposed heavy taxes on commodity to reduce its consumption by the public. Such heavy taxes will decrease the demand of the commodity only when:
- (a) $ed = 0$
 - (b) $ed > 1$
 - (c) $Ed < 1$
 - (d) $ed = 1$
58. The income elasticity of demand for inferior good is :
- (a) Infinite
 - (b) Positive
 - (c) Zero
 - (d) Negative
59. Marginal Cost is closely related to:
- (a) Opportunity Cost
 - (b) Variable Cost

(c) Economic Cost

(d) None of these

60. Average Revenue Curve is also known as:

(a) Average Cost Curve

(b) Indifference Curve

(c) Demand Curve

(d) None of these

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Which of the following is not an economic objective of business?
- (a) Responsibility towards suppliers
 - (b) Efficiency
 - (c) Sales
 - (d) Return on investment
62. PESTLE analysis is a component of which of the following environment?
- (a) Internal Environment
 - (b) Competitive Environment
 - (c) Micro Environment
 - (d) Macro Environment
63. Life blood of business is _____
- (a) Deposit
 - (b) Deal
 - (c) Finance
 - (d) Invest
64. Which is the first development bank?
- (a) ICICI
 - (b) IDBI
 - (c) IFCI
 - (d) NABARD
65. Selling portion of government ownership to private individuals -
- (a) Delegation
 - (b) Deregulation
 - (c) Disinvestment
 - (d) Displacement
66. MRTP Act comes under -
- (a) Protective
 - (b) Regulatory
 - (c) Restrictive
 - (d) Development
67. Business to consumer market is a _____
- (a) Wholesale market
 - (b) Retail market

- (c) Regulator market
(d) Unregulated market
68. Bridge financing is also known as:
- (a) Base-finance
(b) E-finance
(c) Gap financing
(d) Mortgage financing
69. Save money, live better is the slogan of -
- (a) Nestle
(b) Amazon
(c) Walmart
(d) Reliance
70. Which one of the following is usually not included in a company overview?
- (a) Vision
(b) Competitive scenario
(c) Market position
(d) Paid up capital
71. Find out the incorrect statement:
- (a) Economic activities are income generating activities
(b) Economic activities are productive activities
(c) Consumption is not an economic activity
(d) Non-banking financial companies' operations are economic activities
72. Code of Conduct is an aspect of which form of occupation?
- (a) Employment
(b) Entrepreneurship
(c) Business
(d) Profession
73. RBI's role does not include-
- (a) Friend, Philosopher and Guide to Government
(b) Maintain financial books of accounts of the Government
(c) Regulate inflation
(d) Guide all commercial banks
74. 'Limit order' is
- (a) An order to buy or sell a share at a higher price
(b) An order to buy or sell a share at a lower price
(c) An order to buy or sell a share at a specified price
(d) An order to buy or sell a share at prevailing price

75. Financial analysts are also called among which of the following?
- (a) Management consultants
 - (b) Mutual fund analysts
 - (c) Financial guru
 - (d) Security analysts
76. Prohibition of crackers in Delhi by the state government is a type of?
- (a) Protective
 - (b) Regulatory
 - (c) Restrictive
 - (d) Facilitating
77. Which one of the following is requested to obtain certificate of commencement of business in addition to certificate of incorporation?
- (a) Private Limited Company
 - (b) Hindu Undivided Family
 - (c) Public Limited Company
 - (d) One Person Company
78. The rate at which bank borrow money from RBI (Reserve Bank of India) against pledging is known.
- (a) Repo rate
 - (b) Reverse repo rate
 - (c) Bankrate
 - (d) Discount rate
79. Nomadic humans bringing their hunt and getting rice in return can be called as?
- (a) Non-economic activity
 - (b) Sustainable practice of trade
 - (c) Social entrepreneurship
 - (d) Economic activity
80. The event of conducting commonwealth games in India is an example of the following element of macro environment:
- (a) Political-legal environment
 - (b) Socio-cultural environment
 - (c) Technological environment
 - (d) Global environment
81. Attitude that inclined a customer either to return to a shop or outlet to purchase there again or to repurchase a particular product.
- (a) Customers need
 - (b) Customer demand

- (c) Customer satisfaction
 - (d) Customer loyalty
82. Kumar & Sons has business presence in India, Bangladesh, Nepal and Bhutan. It can be termed as-
- (a) Binational
 - (b) Multinational
 - (c) Local
 - (d) Domestic
83. Environmental analysis helps in except-
- (a) Anticipate opportunities and to take optimum responses
 - (b) Turning threats to firm's advantages
 - (c) Providing input for strategic decision making
 - (d) Avoiding competition
84. Identify the Swiss transnational food and drink company?
- (a) Larsen & Toubro
 - (b) Walmart
 - (c) Nestle
 - (d) Unilever
85. Land reforms made by "Akbar the Great" were introduced under the leadership of-
- (a) Birbal
 - (b) Todarmal
 - (c) Hizabal
 - (d) Jaidev
86. NABARD's refinancing is available to all the below except which of the following?
- (a) State cooperative banks
 - (b) Regional rural banks
 - (c) Commercial banks
 - (d) Private sector banks
87. The idea of being concerned with People, Profits and Planet is a concept under?
- (a) PESTLE
 - (b) SWOT
 - (c) Sustainable Development
 - (d) Triple Bottom Line
88. Type of privatization, where Government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services though contract franchise, grant, etc., is known as:
- (a) Investment
 - (b) Disinvestment
 - (c) Displacement
 - (d) Delegation

89. Tariff Advisory Committee is a part of?
- (a) RBI
 - (b) IRDAI
 - (c) SEBI
 - (d) CCI
90. What is Hedge?
- (a) It is a statistical measurement of change in the economy.
 - (b) It is strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
 - (c) It is trading platform.
 - (d) It is a security which has a solid record of dividend payments.
91. Coal India is incorporated in -
- (a) 1977
 - (b) 1976
 - (c) 1975
 - (d) 1974
92. Which one of the following is not a sectoral policy?
- (a) Agricultural Policy
 - (b) Industrial Policy
 - (c) Foreign Trade Policy
 - (d) Fiscal Policy
93. Which of the following is not a component of internal environment?
- (a) Intermediary
 - (b) Value system
 - (c) Quality of Human Resources
 - (d) Labour Unions
94. Who from the below helps a budding business to quickly launch a product and put it in the care connectively?
- (a) Freight forward
 - (b) Financial consultant
 - (c) Business incubator
 - (d) Business accelerator
95. Which authority regulates and develops the Indian capital market and protects the interest of investors in the capital market?
- (a) National stock exchange (NSE)
 - (b) SEBI
 - (c) RBI
 - (d) Bombay stock exchange

96. A token money given to establish an acceptance of buying especially in real estate deals is called-
- (a) E-Cash
 - (b) Earnest money deposit
 - (c) Fixed deposit
 - (d) Concurrent depository receipt
97. Which of the following is incorrect?
- (a) Events lead to trends
 - (b) Trends lead to events
 - (c) Issues raise expectations
 - (d) Expectations are opportunities
98. Which of the following elected by shareholders in organization?
- (a) Owners
 - (b) Board of Directors
 - (c) Employees
 - (d) Directors
99. Perpetual succession benefit is enjoyed by?
- (a) HUF
 - (b) Company
 - (c) LLP
 - (d) Both Company and LLP
100. X-Mart stocks goods from various sellers in its huge store and charges money to advertise/sell specific products. What can X-Mart be termed as?
- (a) Market Share
 - (b) Aids to Trade
 - (c) Suppliers
 - (d) Intermediary

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

Answer Key

1	(b)	11	(b)	21	(d)	31	(b)	41	(c)	51	(a)
2	(a)	12	(a)	22	(c)	32	(a)	42	(a)	52	(c)
3	(a)	13	(d)	23	(d)	33	(b)	43	(c)	53	(d)
4	(a)	14	(a)	24	(d)	34	(a)	44	(a)	54	(c)
5	(b)	15	(a) ^B	25	(d)	35	(c)	45	(c)	55	(c)
6	(a)	16	(b)	26	(a)	36	(c)	46	(c)	56	(c)
7	(a)	17	(a)	27	(a)	37	(c)	47	(c)	57	(b)
8	(b)	18	(d)	28	(c)	38	(d)	48	(d)	58	(d)
9	(c)	19	(d)	29	(b)	39	(d)	49	(d)	59	(b)
10	(c)	20	(a)	30	(a)	40	(b)	50	(a)	60	(c)

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

61	62	63	64	65	66	67	68	69	70
(a)	(d)	(c)	(c)	(c)	(c)	(b)	(c)	(c)	(d)
71	72	73	74	75	76	77	78	79	80
(c)	(d)	(b)	(c)	(d)	(c)	(c)	(a)	(d)	(d)
81	82	83	84	85	86	87	88	89	90
(d)	(b)	(d)	(c)	(b)	(d)	(d)	(d)	(b)	(b)
91	92	93	94	95	96	97	98	99	100
(c)	(d)	(a)	(d)	(b)	(b)	(b)	(b)	(d)	(d)