

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER – 1: PRINCIPLES AND PRACTICE OF ACCOUNTING

(Time allowed: 3 Hours)

(100 Marks)

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.

1. (a) State with reasons whether the following statements are True or False:
- Inventory Turnover Ratio indicates the firm's ability of generating sales per rupee of long term investment.
  - The Sales book is kept to record both cash and credit sales.
  - In the calculation of average due date, only the due date of first transaction must be taken as the base date.
  - If a partner retires, then other partners have a gain in their profit sharing ratio.
  - When shares are forfeited, the share capital account is debited with called up capital of shares forfeited and the share forfeiture account is credited with calls in arrear of shares forfeited.
  - Accrual concept implies accounting on cash basis. **(6 Statements x 2 Marks = 12 Marks)**
- (b) Discuss the limitations which must be kept in mind while evaluating the Financial Statements.

**(4 Marks)**

- (c) Calculate the missing amount for the following.

	Assets	Liabilities	Capital
(a)	30,00,000	5,00,000	?
(b)	?	3,00,000	1,50,000
(c)	29,00,000	?	27,50,000
(d)	1,14,00,000	(5,60,000)	?

**(4 Marks)**

2. (a) The M/s LG Transport purchased 10 trucks at Rs. 45,00,000 each on 1st April 2014. On October 1<sup>st</sup>, 2016, one of the trucks is involved in an accident and is completely destroyed and Rs. 27,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of Rs. 50,00,000. The company write off 20% on the original cost per annum. The company follows the calendar year as its financial year. You are required to prepare the motor truck account for two year ending 31 Dec, 2017.
- (b) On 30th September, 2017, the bank account of Neel, according to the bank column of the Cash-Book, was overdrawn to the extent of Rs. 8,124. On the same date the bank statement showed a debit balance of Rs. 41,516 in favour of Neel. An examination of the Cash Book and Bank.

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PAPER 2: SECTION A: BUSINESS LAWS (60 Marks)

**Question No. 1 is compulsory.**

Answer any **FOUR** questions from the remaining **FIVE** questions

**QUESTIONS**

1. (i) Mr. JHUTH entered into an agreement with Mr. SUCH to purchase his (Mr. SUCH's) motor car for Rs. 5,00,000/- within a period of three months. A security amount of Rs. 20,000/- was also paid by Mr. JHUTH to Mr. SUCH in terms of the agreement. After completion of three months of entering into the agreement, Mr. SUCH tried to contract Mr. JHUTH to purchase the car in terms of the agreement. Even after lapse of another three month period, Mr. JHUTH neither responded to Mr. SUCH, nor to his phone calls. After lapse of another period of six months. Mr. JHUTH contracted Mr. SUCH and denied to purchase the motor car. He also demanded back the security amount of Rs. 20,000/- from Mr. SUCH. Referring to the provisions of the Indian Contract Act, 1872, state whether Mr. SUCH is required to refund the security amount to Mr. JHUTH.  
  
Also examine the validity of the claim made by Mr. JHUTH, if the motor car would have destroyed by an accident within the three month's agreement period. **(4 Marks)**
- (ii) The Object Clause of Memorandum of Association of ABC Pvt. Ltd. authorised the company to carry on the business of trading in Fruits and Vegetables. The Directors of the company in recently concluded Board Meeting decided and accordingly, the company ordered for fish for the purpose of trading. FSH Limited supplied fish to ABC Pvt. Ltd. worth Rs. 36 Lakhs. The members of the company convened an extraordinary general meeting and negated the proposal of the Board of Directors on the ground of ultra vires acts. FSH Limited being aggrieved of the said decision of ABC Pvt Ltd. seeks your advice. Advice them. **(4 Marks)**
- (iii) State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930. Examine whether there should be an agreement between the parties in order to constitute a sale under the said Act. **(4 Marks)**
2. (i) State the various modes of revocation of offer under the Indian Contract Act, 1872. **(7 Marks)**
- (ii) Differentiate between a Limited Liability Partnership and Limited Liability Company **(5 Marks)**
3. (i) In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to do certain acts. State the acts which are beyond the implied authority of a partner under the provisions of the Indian Partnership Act, 1932? **(6 Marks)**
- (ii) Mr. SAMANT owned a motor car. He approached Mr. CHHOTU and offered to sale his motor car for Rs. 3,00,000. Mr. SAMANT told Mr. CHHOTU that the motor car is running at the rate of 30 KMs per litre of petrol. Both the fuel meter and the speed meter of the car were working perfectly. Mr. CHHOTU agreed with the proposal of Mr. SAMANT and took delivery of the car by paying Rs. 3,00,000/- to Mr. SAMANT. After 10 days, Mr. CHHOTU came back with the car and stated that the claim made by Mr. SAMANT regarding fuel efficiency was not correct and therefore there was a case of misrepresentation. Referring to the provisions of the Indian Contract Act, 1872, decide and write whether Mr. CHHOTU can rescind the contract in the above ground. **(6 Marks)**
4. (i) What do you understand by "Caveat-Emptor" under the Sale of Goods Act, 1930? What are the exceptions to this rule? **(6 Marks)**

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MOCK TEST PAPER - 1

PAPER – 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS

Time Allowed 3 Hours

Maximum Marks: 100

PART A: BUSINESS MATHEMATICS  
QUESTIONS

1. For  $p, q, r, s > 0$  the value of each ratio is

$$\frac{p}{q+r} = \frac{q}{r+s} = \frac{r}{s+p} = \frac{s}{p+q}$$

- (a)  $\frac{1}{2}$   
 (b)  $\frac{1}{3}$   
 (c)  $\frac{1}{4}$   
 (d) 1
2. Let  $x, y$  and  $z$  are three positive numbers and  $P = \frac{x+y+z}{2}$ ; if  $(p-x):(p-y):(p-z) = 3:5:7$  then the ratio of  $x:y:z$  is  
 (a) 4:5:6  
 (b) 6:5:4  
 (c) 3:5:7  
 (d) 7:5:3
3. if  $x = \sqrt{\sqrt{6}+6+(\sqrt{7+2\sqrt{6}})-\sqrt{6}}$  then the value  
 (a) 1  
 (b) 2  
 (c) 3  
 (d) 6
4. If  $\log_7 \log_5 (\sqrt{x+5} + \sqrt{x}) = 0$ , the value of  $x$  is  
 (a) 0  
 (b) 1  
 (c)  $\frac{1}{4}$   
 (d) 4
5. if  $\alpha, \beta, \gamma$  are the roots of equation  $x^3-4x^2+x+6$  then the equation roots are  $\frac{1}{\alpha}, \frac{1}{\beta}$  and  $\frac{1}{\gamma}$  is  
 (a)  $x^3-4x^2+x+6=0$   
 (b)  $4x^3-6x^2+x-1=0$   
 (c)  $6x^3+x^2-4x+1=0$

**FOUNDATION COURSE**  
**MOCK TEST PAPER - 1**  
**PAPER – 4: PART I : BUSINESS ECONOMICS**

**Max. Marks : 60**

**QUESTIONS**

1. Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be “small” relative to the market. Which of the following best describes this smallness?
  - (a) The individual firm must have fewer than 10 employees
  - (b) The individual firm faces a downward-sloping demand curve
  - (c) The individual firm has assets of less than Rs. 20 lakh
  - (d) The individual firm is unable to affect market price through its output decisions
2. The average product of labour is maximized when marginal product of labour
  - (a) Equal the average product of labour
  - (b) Equals zero
  - (c) Is maximized
  - (d) None of the above
3. Suppose that a sole proprietorship is earning total revenues of Rs. 100,000 and is incurring explicit costs of Rs. 75,000. If the owner could work for another company for Rs. 30,000 a year, we would conclude that:
  - (a) The firm is incurring an economic loss of Rs. 5,000
  - (b) Implicit costs are Rs. 25,000
  - (c) The total economic costs are Rs. 100,000
  - (d) The individual is earning an economic profit of Rs. 25,000
4. Which of the following statements would you consider to be a normative one?
  - (a) Faster economic growth result if an economy has a higher level of investment
  - (b) Changing the level of interest rates is a better way of managing the economy than using taxation and government expenditure.
  - (c) Higher levels of unemployment will lead to higher levels of inflation
  - (d) The average level of growth in the economy was faster in the 1990s than the 1980s
5. Consumer surplus is highest in the case of :
  - (a) Necessities
  - (b) Luxuries
  - (c) Comforts
  - (d) Conventional necessities
6. If one unit of labour and one unit of capital give 200 units of output, two units of labour and two units of capital give 400 units of output and 5 units of labour and five units of capital give 1000 units of output then this is a case of:
  - (a) Constant returns of scale

Statement reveals the following:

1. A cheque for Rs. 26,28,000 deposited on 29th September, 2017 was credited by the bank only on 3rd October, 2017
2. A payment by cheque for Rs. 32,000 has been entered twice in the Cash Book.
3. On 29th September, 2017, the bank credited an amount of Rs. 2,34,800 received from a customer of Neel, but the advice was not received by Neel until 1st October, 2017.
4. Bank charges amounting to Rs. 1,160 had not been entered in the Cash Book.
5. On 6th September, 2017, the bank credited Rs. 40,000 to Neel in error.
6. A bill of exchange for Rs. 2,80,000 was discounted by Neel with his bank. This bill was dishonoured on 28th September, 2017 but no entry had been made in the books of Neel.
7. Cheques issued upto 30th September, 2017 but not presented for payment upto that date totalled Rs. 26,52,000.

You are required :

- (a) to show the appropriate rectifications required in the Cash Book of Neel, to arrive at the correct balance on 30th September, 2017 and
- (b) to prepare a bank reconciliation statement as on that date.

**(10 Marks +10 Marks= 20 Marks)**

3. (a) Gagan of Mumbai consigns 2,000 cases of goods costing Rs. 1,000 each to Kumar of Chennai. Gagan pays the following expenses in connection with consignment:

	Rs.
Carriage	20,000
Freight	60,000
Loading charges	20,000
Kumar sells 1,400 cases at Rs. 1,400 per case and incurs the following expenses:	
Clearing charges	17,000
Warehousing and storage	34,000
Packing and selling expenses	12,000

It is found that 100 cases have been lost in transit and 200 cases are still in transit.

Kumar is entitled to a commission of 10% on gross sales. You are required to prepare the Consignment Account and Kumar's Account in the books of Gagan.

- (b) A and B entered into a joint venture agreement to share the profits and losses in the ratio of 2:1. A supplied goods worth Rs. 60,000 to B incurring expenses amounting to Rs. 2,000 for freight and insurance. During transit goods costing Rs. 5,000 became damaged (having no residual value) and a sum of Rs. 3,000 was recovered from the insurance company. B reported that 90% of the remaining goods were sold at a profit of 30% of their original cost. Towards the end of the venture, a fire occurred and as a result the balance Inventories lying unsold with B was damaged. The goods were not insured and B agreed to compensate A by paying in cash 80% of the aggregate of the original cost of such goods plus proportionate expenses incurred by A. Apart from the share of profit of the joint venture, B was also entitled under the agreement to a commission of 5% of net profits of joint venture after charging such commission. Selling expenses incurred by B totalled

- (ii) A, B, and C are partners of a partnership firm ABC & Co. The firm is a dealer in office furniture. A was in charge of purchase and sale, B was in charge of maintenance of accounts of the firm and C was in charge of handling all legal matters. Recently through an agreement among them, it was decided that A will be in charge of maintenance of accounts and B will be in charge of purchase and sale. Being ignorant about such agreement, M, a supplier supplied some furniture to A, who ultimately sold them to a third party. Referring to the provisions of the Partnership Act, 1932, advise whether M can recover money from the firm.

What will be your advice in case M was having knowledge about the agreement? **(6 Marks)**

5. (i) Referring to the provisions of the Sale of Goods Act, 1930, state the circumstances under which when goods are delivered to the buyer "on approval" or "on sale or return" or other similar terms, the property therein passes to the buyer.

M/s PREETI owned a motor car which she handed over to Mr. JOSHI on sale or return basis. After a week, Mr. JOSHI pledged the motor car to Mr. GAJESH. Ms. PREETI now claims back the motor car from Mr. GAJESH. Will she succeed? Referring to the provisions of the Sale of Goods Act, 1930, decide and examine what recourse is available to Ms. PREETI. **(6 Marks)**

- (ii) What is the meaning of "Certificate of Incorporation" under the provisions of the Companies Act, 2013? What are the effects of registration of a company? **(6 Marks)**

6. (i) "To form a valid contract, consideration must be adequate". Comment.

*Or*

When a contract has been broken, the party who suffers by such a breach is entitled to receive compensation for any loss or damage caused to him". Discuss. **(5 Marks)**

- (ii) Subject to agreement by partners, state the rules that should be observed by the partners in settling the accounts of the firm after dissolution under the provisions of the Indian Partnership Act, 1932.

**(4 Marks)**

- (iii) FAREB Limited was incorporated by acquisition of FAREB & Co., a partnership firm, which was earlier involved in many illegal activities. The promoters furnished some false information and also suppressed some material facts at the time of incorporation of the company. Some members of the public (not being directors or promoters of the company) approached the National Company Law Tribunal (NCLT) against the incorporation status of FAREB Limited. NCLT is about to pass the order by directing that the liability of the members of the company shall be unlimited.

Given the above, advice on whether the above order will be legal and mention the precaution to be taken by NCLT before passing order in respect of the above as per the provisions of the Companies Act, 2013. **(3 Marks)**

(d)  $6x^3 - x^2 + 4x - 1 = 0$

6. For the value of x will the matrix  $\begin{bmatrix} 3 & 1 & 2 \\ x & 2 & 4 \\ 2 & 3 & 6 \end{bmatrix}$  become singular:

- (a) 4
- (b) 6
- (c) 8
- (d) 12

7. A number consist of three digit of which the middle one is zero and the sum of other digits is 9. The number formed by interchanging the first and third digits is more than the original number by 297 find the number?

- (a) 306
- (b) 309
- (c) 603
- (d) 307

8. The age of a person is twice the sum of the ages of his two sons and five years ago his age was thrice the sum of their ages. Find his present age.

- (a) 60 years
- (b) 52 years
- (c) 51 years
- (d) 50 years

9. The Solution of the 8 in equality  $8x + 6 < 12x + 14$  is

- (a)  $(-2, 2)$
- (b)  $(0, -2)$
- (c)  $(2, \infty)$
- (d)  $(-2, \infty)$

10. The rules and representations demand that employed should employ not more than 8 expressed leads to 1 fresh one and then fact can be expressed as

- (a)  $y \geq x/8$
- (b)  $8y \leq x$
- (c)  $8y = x$
- (d)  $y = 8x$

11. on the average experienced person does 6 units work while A person 2 units of work daily but employer has to maintain as output of at least 24 units of per day. This situation can be expressed as

- (a)  $6x + 2y \leq 24$
- (b)  $6x + 2y = 24$
- (c)  $6x + 2y \geq 24$
- (d)  $6x + 2y \neq 4$

- (b) Increasing returns to scale
  - (c) Decreasing returns to scale
  - (d) None of these
7. \_\_\_\_\_ pair of commodities is an example of substitutes.
- (a) Coffee and milk
  - (b) Diamond and cow
  - (c) Pen and ink
  - (d) Mustard oil and coconut oil
8. If increasing air fares increases revenues and decreasing them decreases revenues, then the demand for air travel has a price elasticity of:
- (a) Zero
  - (b) Greater than zero but less than one
  - (c) One
  - (d) Greater than one
9. If a good is a luxury, its income elasticity of demand is
- (a) Positive and less than 1
  - (b) Negative but greater than -1
  - (c) Positive and greater than 1
  - (d) Zero
10. In the case of a Giffen good, the demand curve will be
- (a) Horizontal
  - (b) Downward-sloping to the right
  - (c) Upward-sloping to the right
  - (d) Vertical
11. \_\_\_\_\_ expressed the view the “Economics is neutral between end”.
- (a) Robbins
  - (b) Marshall
  - (c) Pigou
  - (d) Adam Smith
12. The law of demand refers to \_\_\_\_\_.
- (a) Price-supply relationship
  - (b) Price-cost relationship
  - (c) Price-demand relationship
  - (d) Price-income relationship
13. In monopolistic competition, a firm is in long run equilibrium \_\_\_\_\_.
- (a) At the minimum point of the LAC curve
  - (b) In the declining segment of the LAC curve
  - (c) In the rising segment of the LAC curve



Rs. 1,000. B had earlier remitted an advance of Rs. 10,000. B duly paid the balance due to A by Bank Draft.

You are required to prepare the following accounts in A's books:

(i) Joint Venture Account and

(ii) B's Account.

**(10 + 10 = 20 Marks)**

4. Laurel and Hardy are partners of the firm LH & Co., from 1.4.2013. Initially both of them contributed Rs. 1,00,000 each as capital. They did not contribute any capital thereafter. They maintain accounts of the firm on mercantile basis. They were sharing profits and losses in the ratio of 5:4. After the accounts for the year ended 31.3.2017 were finalized, the partners decided to share profits and losses equally with effect from 1.4.2013.

It was also discovered that in ascertaining the results in the earlier years certain adjustments, details of which are given below, had not been noted.

Year ended 31 <sup>st</sup> March	2014	2015	2016	2017
	Rs.	Rs.	Rs.	Rs.
Profit as per accounts prepared and finalized	1,40,000	2,60,000	3,20,000	3,60,000
Expenses not provided for (as at 31 <sup>st</sup> March)	30,000	20,000	36,000	24,000
Incomes not taken into account (as at 31 <sup>st</sup> March)	18,000	15,000	12,000	21,000

The partners decided to admit Chaplin as a partner with effect from 1.4.2017. It was decided that Chaplin would be allotted 20% share in the firm and he must bring 20% of the combined capital of Laurel and Hardy.

Following is the Balance sheet of the firm as on 31.3.2017 before admission of Chaplin and before adjustment of revised profits between Laurel and Hardy.

Balance Sheet of LH & Co. as at 31.3.2017

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Plant and machinery	60,000
Laurel	2,11,500	Cash on hand	10,000
Hardy	1,51,500	Cash at bank	5,000
Trade Payables	2,27,000	Stock in trade	3,10,000
		Trade Receivables	2,05,000
	5,90,000		5,90,000

You are required to prepare:

(i) Profit and Loss Adjustment account;

(ii) Capital accounts of the partners; and

(iii) Balance Sheet of the firm after the admission of Chaplin.

**(20 Marks)**

5. (a) Smith Library Society showed the following position on 31<sup>st</sup> March, 2017:

Balance Sheet as on 31<sup>st</sup> March, 2017

Liabilities	Rs.	Assets	Rs.
Capital fund	7,93,000	Electrical fittings	1,50,000
Expenses payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in securities	1,50,000

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

*The Question Paper comprises of 5 questions of 10 marks each.  
Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three*

**Max Marks: 40**

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

Have you ever thought of how many ways there are to make musical sounds? You can make music with your own body. You can sing, clap and snap your fingers or whistle. Musical instruments allow us to make music beyond what our bodies are capable of. They allow us to make rhythmic precise sounds, pleasing to the ears. Bands or orchestras are made up of groups or families of musical instruments. Each family of instruments adds something unique to the music. Strings are one family of musical instruments like the guitar. It is played by the strings being struck with fingers. A violin has strings too, but a violin player uses a bow to make music. A bow is a smooth tool that slides over the strings and makes different sounds.

Wind instruments make up another family. Wind instruments produce music by moving currents of air. The flute, saxophone are such instruments. They are tube shaped and a flute player will blow air into it through a hole while playing it.

Have you ever seen or heard the clarinet? It is a wind instrument too. Clarinet players blow on a reed in the mouthpiece. The reed vibrates and sets the air inside the clarinet tube in motion.

Another family of musical gadgets is percussion instruments. Drums, tablas, dholkas etc. fall under the category. Skins of animals are stretched over an empty container and struck to make rhythmic sounds.

- (1) Find a word from the passage that means 'exclusive or special'

- (a) Percussion
- (b) Unique
- (c) Rhythmic
- (d) Snap

**(1 Mark)**

- (2) A band is a .....

- (a) An empty container used to play music
- (b) A tube shaped instrument
- (c) A musical gadget
- (d) A group of musical instruments

**(1 Mark)**

- (3) Which of the following is not true as per the passage?

- (a) We cannot make music beyond what our bodies are capable of.
- (b) A reed is required for clarinet players
- (c) Saxophone is an example of a wind instrument
- (d) String instruments can be played using a bow.

**(1 Mark)**

- (4) What are percussion instruments?

- (a) Clarinets, dholaks and drums

12. A lent Rs. 6000 to B for 2 years and 1500 to C for 4 years and received total interest of Rs. 900 from both. The rate of interest of Rs. 900 from both. The rate of interest, when simple interest method calculated.
- 5%
  - 6%
  - 7.5%
  - 9%
13. If the difference between the interests received from two different banks on Rs. 5000 for 2 years is Rs. 50 then the difference between this rates.
- 0.25 %
  - 0.40%
  - 0.50%
  - 0.75%
14. The simple interest of P % for P years will be Rs. P on a sum of :
- Rs.  $\frac{P}{100}$
  - Rs.  $\frac{100}{P}$
  - Rs.  $\left(\frac{P}{100} + 1\right)$
  - Rs.  $\left(\frac{100}{P} - 1\right)$
15. The compound interest on a certain sum is Rs. 209 simple interest is Rs. 200 for 2 years. What is the rate per cent for 2 years? what is the rate percent?
- 9%
  - 18%
  - 4.5%
  - 10%
16. The value of a machine depreciates 12% annually. If the present value of Rs.68,1450 then its value in 3 years ago was.
- Rs. 1,10,000
  - Rs. 1,00,00
  - Rs. 92,000
  - Rs. 97,000
17. What principal will amount to Rs. 370 in 6 years at 8% p.a. at simple interest
- Rs.210
  - Rs.250
  - Rs.310
  - Rs.310

- (d) When price is equal to marginal cost
14. Production may be defined as an act of \_\_\_\_\_.
- (a) Creating utility
  - (b) Earning profit
  - (c) Destroying utility
  - (d) Providing services
15. The sale of branded articles is common in a situation of \_\_\_\_\_
- (a) Excess capacity
  - (b) Monopolistic competition
  - (c) Monopoly
  - (d) Pure competition
16. The cost that firm incurs in hiring or purchasing any factor of production is referred to as \_\_\_\_\_.
- (a) Explicit cost
  - (b) Implicit cost
  - (c) Variable cost
  - (d) Fixed cost
17. The law of consumer surplus is based on:
- (a) Indifference curve analysis
  - (b) Revealed preference theory
  - (c) Law of substitution
  - (d) The law of diminishing marginal utility
18. The MC curve cuts the AVC and ATC curves
- (a) At the falling part of each
  - (b) At different points
  - (c) At their respective minimas:
  - (d) At the rising part of each
19. Which of the following market situations explains marginal cost equal to price for attaining equilibrium?
- (a) Perfect competition
  - (b) Monopoly
  - (c) Oligopoly
  - (d) Monopolistic competition
20. A monopolist who is selling in two markets in which demand is not identical will be unable to maximize his profits unless he
- (a) Sells below costs of production in both markets
  - (b) Practices price discrimination.
  - (c) Equates the volume of sales in both markets.
  - (d) Equates marginal costs with marginal revenue in one market only.

		Cash at bank	25,000
		Cash in hand	<u>25,000</u>
	<u>8,00,000</u>		<u>8,00,000</u>

The receipts and payment account for the year ended on 31<sup>st</sup> March, 2018 is given below:

	Rs.		Rs.
To Balance b/d		By Electric charges	7,200
Cash at bank	25,000	By Postage and stationary	5,000
Cash in hand	<u>25,000</u>	By Telephone charges	5,000
	50,000	By Books purchased	60,000
To Entrance fee	30,000	By Outstanding expenses paid	7,000
To Membership subscription	2,00,000	By Rent	88,000
To Sale proceeds of old papers	1,500	By Investment in securities	40,000
To Hire of lecture hall	20,000	By Salaries	66,000
To Interest on securities.	8,000	By Balance c/d	
		Cash at bank	20,000
		Cash in hand	<u>11,300</u>
	<u>3,09,500</u>		<u>3,09,500</u>

You are required to prepare income and expenditure account for the year ended 31<sup>st</sup> March, 2018 after making the following adjustments:

Membership subscription included Rs. 10,000 received in advance.

Provide for outstanding rent Rs. 4,000 and salaries Rs. 3,000.

Books to be depreciated @ 10% including additions. Electrical fittings and furniture are also to be depreciated at the same rate.

75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2017 for Rs. 40,000.

(b) (i)

Share capital	18,00,000
Preference shareholders	10,00,000
10% debentures	4,00,000
Loan from bank	24,00,000
Reserves	8,00,000

You are required to compute the Capital Gearing Ratio.

(ii) From the following information, calculate inventory turnover ratio:

Inventory in the beginning	108,000	Inventory at the end	1,32,000
Net purchases	2,76,000	Carriage inwards	24,000
Wages	84,000		

(12 + 4+4 = 20 Marks)

- (b) Tablas, flutes and clarinets  
 (c) Drums, tablas and dholaks  
 (d) Saxophone, guitar, dholaks. **(1 Mark)**
- (5) Give the passage a suitable title  
 (a) Different types of musical instruments  
 (b) Bands and Orchestras  
 (c) Families of musical instruments  
 (d) Body can make music **(1 Mark)**
- (b) Read the passage given below.
- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary. **(3 Marks)**
- (ii) Write summary. **(2 Marks)**
- Warming caused by greenhouse gas emissions is not linear: it appears to have lapsed in the early 21<sup>st</sup> century, a phenomenon known as a global warming hiatus. A new method for predicting mean temperatures, however, suggests that the next few years will likely be hotter than expected.
- The system, developed by researchers at CNRS, the University of Southampton and the Royal Netherlands Meteorological Institute, does not use traditional simulation techniques. Instead, it applies a statistical method to search 20th and 21st century climate simulations made using several reference models to find 'analogues' of current climate conditions and deduce future possibilities. The precision and reliability of this probabilistic system proved to be at least equivalent to current methods, particularly for the purpose of simulating the global warming hiatus of the beginning of this century.
- The new method predicts that mean air temperature may be abnormally high in 2018-2022 -- higher than figures inferred from anthropogenic global warming alone. In particular, this is due to a low probability of intense cold events. The phenomenon is even more salient with respect to sea surface temperatures, due to a high probability of heat events, which, in the presence of certain conditions, can cause an increase in tropical storm activity. Once the algorithm is 'learned' (a process which takes a few minutes), predictions are obtained in a few hundredths of a second on a laptop. In comparison, supercomputers require a week using traditional simulation methods.
2. (a) Define the term 'communication'. How is it relevant in daily life? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word.  
 Fraught  
 (a) Scam (b) Smelly (c) Rare (d) Full of **(1 Mark)**
- (ii) Select a suitable antonym for the word given in question.  
 Adamant  
 (a) Resolute (b) Steadfast (c) Flexible (d) Extinct **(1 Mark)**
- (iii) Change the following sentences into passive voice.  
 Give first priority to studies. **(1 Mark)**

18. The effective rate of interest is an amount Rs. 25,000 is deposited in a bank for one year at value of 6% per annum compounded semi-annually is
- 5.99%
  - 5.95%
  - 6.09%
  - 6.90%
19. Find the future value of annuity Rs.1000 made annually for 7 years at interest rate of 14% compounded annually is \_\_\_\_ Given  $(1.14)^6 = 2.5023$
- Rs.10730.71
  - Rs.10735
  - Rs.10734
  - Rs.10237
20. Rs. 10,000 is paid every year to off a loan, the loan amount if interest be 14% per annum compounded annually is (Given  $P(10, 0.14) = 5.21611$ )
- Rs.5216.11
  - Rs.1917.13
  - Rs. 52,161.1
  - Rs. 19,171, 3
21. The present value of Rs.1 to be receive after 3 year compounded annually at 11% interest is
- 0.713
  - 0.811
  - 0.731
  - 0.658
22. Suppose your further decides to gift you Rs. 5,000 every year starts from today for the next four years. You deposit the amount is a bank as and when you receive and get 10% per annum interest rate compound annually. The present value of this annuity is -----(given  $P(3,0.10) = 2.48685$ )
- Rs. 17,434.25
  - Rs. 17,344.25
  - Rs.17434.52
  - Rs. 17,344.52
23. Find the Present value of Rs.10,000 to be required after 5 years , If the Interest be 9 % . Given  $(1.09)^5 = 1.5386$
- Rs.6500
  - Rs. 6499.42
  - Rs. 6600.52
  - Rs.6700.52
24. Rs.500 is invested is invested at the end of each month is an account paying interest 8% per year compounded monthly. The future value of annuity after 10<sup>th</sup> payment is  $(1.08)^{10} = 2.15893$
- Rs.7243.31
  - Rs.7423.30

21. Which of the following is not micro - economic subject matter?
- The price of apples.
  - The cost of producing a fire truck for the fire department of Delhi, India
  - The quantity of apples produced for the apple market.
  - The national economy's annual rate of growth.
22. Which of the following is correct?
- Normative economics is not concerned with value judgment.
  - A market is a process that reconciles consumer decision, production decisions and labour decisions.
  - A mixed economy has a certain level of government intervention in the economy along with private sector ownership of the economy.
  - Both (b) and (c)
23. In the long run any firm will eventually leave the industry if:
- Price does not at least cover average total cost.
  - Price does not equal marginal cost.
  - Economies of scale are being reaped.
  - Price is greater than long run average cost.
24. You are given the following data:

**Table**

Output	Total Costs
0	0
1	15
2	30
3	45
4	60
5	75

- Constant returns to scale.
  - Decreasing returns to scale.
  - Increasing returns to scale.
  - Globalization.
25. When a market is in equilibrium:
- No shortages exist.
  - Quantity demanded equals quantity supplied.
  - A price is established that clears the market.
  - All of the above are correct.

**Read table 1 and answer questions 26-30**

**Table 1**

Labour Input	Output	Average Product	Marginal Product
0	0	-	-
2			25
4	90		



6. (a) On 1st June, 2017, Suraj Ltd. issued 86,000 shares of Rs. 100 each payable as follows:  
Rs. 20 on application;  
Rs. 20 on allotment;  
First call of Rs. 30 on 1<sup>st</sup> Dec, 2017; and  
Second and final call of Rs. 30 on 1<sup>st</sup> March, 2018.  
By 20th July, 80,000 shares were applied for and all applications were accepted. Allotment was made on 1st Aug. All sums due on allotment were received on 15th Sept; those on 1st call were received on 20th Dec.  
You are required to journalise the transactions when accounts were closed on 31<sup>st</sup> March, 2018. **(10 Marks)**
- (b) Pihu Ltd. issued 50,00,000, 9% debentures of Rs. 100 each at a discount of 10% redeemable at par at the end of 10th year. Money was payable as follows :  
Rs. 40 on application  
Rs. 50 on allotment  
Record necessary journal entries regarding issue of debenture. **(5 Marks)**
- (c) Explain in brief objectives of preparing Trial Balance. **(5 Marks)**
- Or**
- What are the rules of posting of journal entries into the Ledger? Explain in brief. **(5 Marks)**

(iv) Change the following sentences to indirect speech.

The doctor said to the patient, 'Please wait'

(1 Mark)

(c) Write a précis and give appropriate title to the passage given below.

In a landmark reform, India today switches to a new indirect tax system, the Goods and Services Tax. The GST subsumes the multiple Central, State and local taxes and cesses levied on goods and services, unifying the country into a single market, thereby making it easier to do business and ensure tax compliance. This will attract investors and more efficiently mop up revenues for the exchequer. The reform has been years in the making, and having shown the political will to finally pull it off, the Central government must work with the States to chart a road map to simplify the tax regime. Currently there are multiple tax rates ranging from 0% to 28%, plus a cess on some products, creating incentives for lobbying and rent-seeking. The level of preparedness for the new tax system too is not optimal, with sections of industry, trade as well as the bureaucracy visibly anxious about several aspects of the GST's operational and legal framework. In response, the date for businesses to file the first GST returns has been deferred. The generation of e-way bills for moving goods worth over Rs. 50,000 too has been put on hold, along with the requirement for e-commerce portals to deduct tax at source from small sellers.

(5 Marks)

3. (a) What is the 'chain of command' in communication?

(1 Mark)

(b) (i) Choose the word which best expresses the meaning of the given word.

Peroration

(a) Conclusion (b) Audience (c) Cheating (d) Priority

(1 Mark)

(ii) Choose the appropriate word to fill the blank:

With the economy going down, people who are rich might become \_\_\_\_\_

(a) Endemic (b) Healthy (c) Destitute (d) Considerable

(1 Mark)

(iii) Change the following sentences into passive voice

We can make a cake on a stove.

(1 Mark)

(iv) Change the following sentence to indirect speech.

They told me, 'We were living in Assam'

(1 Mark)

(c) You are a manager in a firm called Your Own Office Supplies Ltd. dealing with office supplies. Draft a formal letter to your client apologizing for the delay in shipping its order due to unforeseen reasons.

(5 Marks)

4. (a) List at least 5 barriers of communication. Explain any two of them in your own words. (2 Marks)

(b) (i) Select the suitable antonym for the given word:

Acquisition

(a) Forfeit (b) Revival (c) permission (d) Fulfilment

(1 Mark)

(ii) Rewrite the following sentences in active voice

Results had to be declared by the school authorities.

(1 Mark)

(iii) Change the following sentence into Indirect speech.

The teacher praised the girl, 'You have been working hard'

(1 Mark)

(c) Write an Article of about 250-300 words on the topic "Social media interferes with personal life".

OR

- (c) Rs.3451.50  
 (d) Rs. 3541.50
25. The Sum of all the 4 digits' numbers that can be formed with the digits 3,4,5,5 is  
 (a) 18887  
 (b) 33333  
 (c) 38887  
 (d) 56661
26. There are 12 points in a plane which are collinear no three points is a straight line, number of triangles that can be formed with the vertices as these points are:  
 (a) 216  
 (b) 220  
 (c) 110  
 (d) 108
27. In a lawn different ways can four persons stand in a line for a group photograph.  
 (a) 24  
 (b) 16  
 (c) 8  
 (d) 64
28. A Company wishes to simultaneously promote three of its 8 department assistant managers. In how many ways these promotions can take place?  
 (a) 336  
 (b) 56  
 (c) 8  
 (d) 1680
29. The  $n^{\text{th}}$  element of the series 1,3,5,7, ..... is  
 (a)  $n$   
 (b)  $2n-1$   
 (c)  $2n+1$   
 (d) none of these
30. If  $\frac{1+3+5+\dots+n \text{ terms}}{2+4+6+\dots+n \text{ terms}} = \frac{2}{51}$ , then the value of 'n'  
 (a) 9  
 (b) 10  
 (c) 12  
 (d) 13
31. If 6<sup>th</sup> and 13<sup>th</sup> term of an A.P are 15 and 36 respectively the A.P is  
 (a) 2,5, 8, 11  
 (b) 1,4,6,8

6	120		
8	140		
10		14	
12		10	

26. At a labour of 2, output is:
- 25
  - 30
  - 50
  - 75
27. At a labor input of 4, output per worker is:
- 20
  - 22.5
  - 45
  - 90
28. At a labour input of 6, the marginal product of labour is:
- 120
  - 20
  - 15
  - 10
29. Output per worker is maximized at a labour input of:
- 2
  - 4
  - 6
  - 8
30. The firm's output is at a short run maximum at a labour input of:
- 6
  - 10
  - 12
  - 2
31. Which of the following is incorrect?
- The cross elasticity of demand for two substitutes is positive.
  - The income elasticity of demand is the percentage change in quantity demanded of a good due to a change in the price of a substitute.
  - The cross elasticity of demand for two complements is negative.
  - The price elasticity of demand is always negative, except for Giffen goods.
32. Which of the following situation does not lead to an increase in equilibrium price?
- An increase in demand, without a change in supply
  - A decrease in supply accompanied by an increase in demand
  - A decrease in supply without a change in demand

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER – 1: PRINCIPLES AND PRACTICE OF ACCOUNTING

SUGGESTED ANSWERS/HINTS

1. (a) (i) **False** - Inventory Turnover Ratio measures the efficiency of the firm to manage its inventory Capital Turnover Ratio indicates the firm's ability of generating sales per rupee of long term investment.
- (ii) **False**- The Sales book is a register specially kept to record credit sales of goods dealt in by the firm, cash sales are entered in the cash book and not in the sales book.
- (iii) **False**- While calculating the average due date, any transaction date may be taken as the base date.
- (iv) **True**- If a partner retires, his share of profit or loss will be shared by the other partners in their profit sharing ratio.
- (v) **False**- When shares are forfeited, the share capital account is debited with called up capital of shares forfeited and the share forfeiture account is credited with amount received on shares forfeited.
- (vi) **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.
- (b) Limitations which must be kept in mind while evaluating the Financial Statements are as follows:
- The factors which may be relevant in assessing the worth of the enterprise don't find place in the accounts as they cannot be measured in terms of money.
  - Balance Sheet shows the position of the business on the day of its preparation and not on the future date while the users of the accounts are interested in knowing the position of the business in the near future and also in long run and not for the past date.
  - Accounting ignores changes in some money factors like inflation etc.
  - There are occasions when accounting principles conflict with each other.
  - Certain accounting estimates depend on the sheer personal judgement of the accountant.
  - Different accounting policies for the treatment of same item adds to the probability of manipulations.
- (c) Using the Accounting Equation:
- Assets = Capital + Liabilities
- (i) 25,00,000
- (ii) 4,50,000
- (iii) 1,50,000
- (iv) 1,19,60,000

An NGO working for the cause of the underprivileged had set up a one day workshop in your college. As member of the Organizing committee, write a report for your college magazine giving details of the workshop. **(5 Marks)**

5. (a) Based on communication channels, what are the different kinds of communication methods? Explain. **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (1) A man of action
- (a) Full of aggression
- (b) One who performs
- (c) Insubstantial person
- (a) More talks than action **(1 Mark)**
- (2) Face the music
- (a) Escape from the situation
- (b) Act violently
- (c) Enjoy the music
- (d) Face the challenges/ consequences **(1 Mark)**
- (ii) Change the following sentence into Indirect speech. **(1 Mark)**
- Children said, 'No homework today please'
- (c) Your company, primarily into FMCG has witnessed a gradual decline in a consumer product over the last six months. Prepare the minutes of the meeting for the same. Members in the meeting: Head of the Sales and Marketing, Product Head, Product lead and few team members. **(5 Marks)**

**OR**

Prepare a detailed resume in the functional format for a candidate applying for the post of a sales manager in an FMCG company. Include past experiences, with emphasis on the sales background.

Other inputs: Name: Manish Reddy

Experience: over 10 years, (divide it into two jobs)

Current designation: Senior Sales Executive

**(5 Marks)**

(c) -4, -1, 2, 5

(d) 3, 6, 9, 12

32.  $\int \frac{1}{(e^x - 1)^2} dx =$

(a)  $\log \left| \frac{e^x}{e^x - 1} \right| + \frac{1}{e^x - 1} + c$

(b)  $\log \left| \frac{e^x - 1}{e^x} \right| + \frac{1}{e^x - 1} + c$

(c)  $\log \left| \frac{e^x}{e^x - 1} \right| - \frac{1}{e^x - 1} + c$

(d)  $\log \left| \frac{e^x}{e^x - 1} \right| - \frac{1}{e^x + 1} + c$

33. If  $MC = 10 - 0.01x + 0.009x^2$  where  $x$  is quantity of production and the total fixed cost = Rs.100, then the total cost is

(a)  $100 + 10x - 0.05x^2 + 0.0009x^3$

(b)  $100 + 10x - 0.005x^2 + 0.0003x^3$

(c)  $100 + 10x - 0.05x^2 + 0.0009x^3$

(d)  $100 - 10x - 0.05x^2 + 0.0009x^3$

34. if  $e^{xy+xy} = e$  then  $\frac{dy}{dx} =$

(a)  $-\frac{y}{x}$

(b)  $-\frac{1}{xy}$

(c)  $xy$

(d)  $\frac{x}{y}$

35. If  $A$  and  $B$  are two sets  $A = \{1, 2, 3, 4\}$  and  $B = \{2, 3, 4\}$  then  $(A-B) \cup (B-A)$

(a)  $\{1, 2\}$

(b)  $\{1, 2, 3\}$

(c)  $\{1, 3\}$

(d)  $\{1, 2, 3, 4\}$

36. The number of subsets  $\{1, 2, 5\}$  is

(a) 3

(b) 8

(c) 6

- (d) An increase in supply accompanied by a decrease in demand
33. I am making a loss, but with the rent I have to pay. I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses, his behaviour in the short run is:
- (a) Rational, if the firm is covering its variable cost  
 (b) Rational, if the firm is covering its fixed cost  
 (c) Irrational, since plant closing is necessary to eliminate losses  
 (d) Irrational, since fixed costs are eliminated if a firm shuts down
34. The law of diminishing returns:
- (a) States that beyond some level of a variable input, the average product of that variable input begins to increase steadily.  
 (b) Assumes that there is technological improvement over time.  
 (c) States that beyond some level of a variable input, the marginal product of that variable begins to decrease steadily.  
 (d) Informs a firm whether or not to use a factor input.

**A Competitive firm sells as much as of its product as it chooses at a market price of Rs. 200 per unit. Its fixed cost is Rs. 600 and its variable costs (in rupees) for different levels of production are shown in the following table.**

**Use Table to answer questions 35 to 39:**

Quantity	Variable Cost	Fixed Cost	Total Cost	Average Variable Cost	Average Total Cost	Marginal Cost
0	0			-	-	-
5	500					
10	940					
15	1400					
20	1960					
25	2700					
30	3700					
35	5040					
40	6800					
45	9060					
50	11900					

35. When production is 40 units, the average total cost is
- (a) Rs. 8.80  
 (b) Rs. 15  
 (c) Rs. 170  
 (d) Rs. 185
36. In the table marginal cost per unit that corresponds to 40 units of production is
- (a) Rs. 44  
 (b) Rs. 170  
 (c) Rs. 352  
 (d) Rs. 1760



2. (a)

**Motor Truck A/c**

Date	Particulars	Amount	Date	Particulars	Amount
<b>2016</b>			<b>2016</b>		
Jan-01	To balance b/d	2,92,50,000	Oct-01	By bank A/c	27,00,000
Oct-01	To Profit & Loss A/c (Profit on settlement of Truck)	4,50,000	Oct-01	By Depreciation on lost assets	6,75,000
Oct-01	To Bank A/c	50,00,000	Dec-31	By Depreciation A/c	83,50,000
			Dec-31	By balance c/d	2,29,75,000
		<u>3,47,00,000</u>			<u>3,47,00,000</u>
<b>2017</b>			<b>2017</b>		
Jan-01	To balance b/d	2,29,75,000	Dec-31	By Depreciation A/c	91,00,000
			Dec-31	By balance c/d	1,38,75,000
		<u>2,29,75,000</u>			<u>2,29,75,000</u>

**Working Note:**

To find out loss on Profit on settlement of truck

Original cost as on 1.4.2014	45,00,000
Less: Depreciation for 2014	6,75,000
	<u>38,25,000</u>
Less: Depreciation for 2015	9,00,000
	<u>29,25,000</u>
Less: Depreciation for 2016 (9 months)	6,75,000
	<u>22,50,000</u>
Less: Amount received from Insurance company	27,00,000
	<u>4,50,000</u>

(b) (i) **Cash Book (Bank Column)**

Date	Particulars	Amount	Date	Particulars	Amount
<b>2017</b>		Rs.	<b>2017</b>		
Sept. 30			Sept. 30		
	To Party A/c	32,000		By Balance b/d	8,124
	To Customer A/c (Direct deposit)	2,34,800		By Bank charges	1,160
	To Balance c/d	22,484		By Customer A/c (B/R dishonoured)	2,80,000
		<u>2,89,284</u>			<u>2,89,284</u>

(ii) **Bank Reconciliation Statement as on 30th September, 2017**

Particulars	Amount
	Rs.
Overdraft as per Cash Book	22,484

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION A: BUSINESS LAWS

ANSWERS

1. (i) In terms of the provisions of Section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

Referring to the above provision, we can analyse the situation as under.

The contract is not a void contract. Mr. SUCH is not responsible for Mr. JHUTH's negligence. Therefore, Mr. SUCH can rescind the contract and retain the security amount since the security is not a benefit received under the contract, it is a security that the purchaser would fulfill his contract and is ancillary to the contract for the sale of the Motor Car.

Regarding the second situation given in the question, the agreement becomes void due to the destruction of the Motor car, which is the subject matter of the agreement here. Therefore, the security amount received by Mr. SUCH is required to be refunded back to Mr. JHUTH.

- (ii) **Doctrine of ultra vires:** The meaning of the term ultra vires is simply "beyond (their) powers". The legal phrase "ultra vires" is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited. It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company.

On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorized to carry on. The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a "public document", it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company.

Therefore, the resolution passed by the Board of Director ABC Pvt. Limited for an ultra vires transaction is invalid. As a result of this, the transaction entered into the supply of fish with FSH Limited is not legal and is void.

- (iii) **Essentials of Contract of Sale:** The following elements must co-exist so as to constitute a contract of sale of goods under the Sale of Goods Act, 1930.

- (i) There must be at least two parties
- (ii) The subject matter of the contract must necessarily be goods
- (iii) A price in money (not in kind) should be paid or promised.
- (iv) A transfer of property in goods from seller to the buyer must take place.
- (v) A contract of sale must be absolute or conditional [section 4(2)].
- (vi) All other essential elements of a valid contract must be present in the contract of sale.

- (d) 9
37. On the set of lines, being Perpendicular is a \_\_\_\_\_ relation.
- (a) Reflexive  
 (b) Symmetric  
 (c) Transitive  
 (d) None of these
38. A Sum of money doubles itself in 10 years. The number of years it would be trebled itself is :
- (a) 25 years  
 (b) 15 years  
 (c) 20 years  
 (d) None
39. if  $x = at^3$ ;  $y = 3bt^2$ ; then  $\frac{dy}{dx} =$
- (a)  $\frac{3x}{2y}$   
 (b)  $\frac{2y}{3x}$   
 (c)  $\frac{3y}{2x}$   
 (d)  $\frac{2x}{3y}$
40.  $\int_0^{2a} \frac{f(x)}{f(x) + f(2a-x)} dx$
- (a) a  
 (b) -a  
 (c) 0  
 (d) 2a

#### PART B: LOGICAL REASONING

41. In a certain code language "EXAM" is coded as 39 'PAPER' is coded as 51 then PAAS is coded as
- (a) 39  
 (b) 47  
 (c) 489  
 (d) 51
42. Find the oddman out
- (a) January  
 (b) April  
 (c) July

37. to maximize profit, the firm should produce
- 15 units
  - 30 units
  - 35 units
  - 50 units
38. If the market price drops from Rs. 200 to Rs. 112, the firm's short run response should be
- Shut down
  - Produce 5 units
  - Produce 20 units
  - Continue to produce the same number of units as before the drop in price.
39. If the market price rises form Rs. 200 to Rs. 352, the firm's short run response should be
- Shut down
  - Produce 40 units
  - Produce 20 units
  - Continue to produce the same number of units as before the increase in price.
40. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs. 220 to Rs. 190, the price elasticity of demand for blankets is
- 0.69
  - 1.0
  - 1.46
  - 2.66
41. Which of the following involve a trade – off?
- Taking a nap
  - All of these answers involve trade-offs.
  - Watching a football game on Saturday afternoon
  - Going to university
42. If an increase in the price of blue jeans leads to an increase in the demand for tennis shoes, then blue jeans and tennis shoes are \_\_\_\_\_
- Complements.
  - Inferior goods
  - Normal goods.
  - Substitutes.
43. Suppose you find Rs. 2000. If you choose to use Rs. 2000 to go to a cricket match, your opportunity cost of going to the game is \_\_\_\_\_.
- Nothing, because you found the money
  - Rs. 2000 (because you could have used Rs. 2000 to buy other things) plus the value of your time spent at the game.
  - Rs. 2000 (because you could have used Rs. 2000 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.

Add: Cheque deposited but not collected upto 30 <sup>th</sup> Sept., 2017	26,28,000
	26,50,484
Less: Cheques issued but not presented for payment upto 30 <sup>th</sup> Sept., 2017	(26,52,000)
Credit by Bank erroneously on 6 <sup>th</sup> Sept.	(40,000)
Overdraft as per bank statement	41,516

**Note:** Bank has credited Neel by 40,000 in error on 6<sup>th</sup> September, 2017. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with Rs. 26,52,000 resulting in debit balance of Rs. 1,516 as per pass-book.

3. (a)

**In the books of Gagan**

**Consignment to Kumar of Chennai Account**

Particulars	Rs.	Particulars	Rs.
To Goods sent on Consignment	20,00,000	By Kumar (Sales)	19,60,000
To Bank (Expenses)	1,00,000	By Loss in Transit 100 cases @ Rs. 1,050 each	1,05,000
To Kumar (Expenses)	63,000	By Consignment Inventories In hand 300 @ Rs. 1,060 each	3,18,000
To Kumar (Commission)	1,96,000	In transit 200 @ Rs. 1,050 each	2,10,000
To Profit on Consignment to Profit & Loss A/c	2,34,000		5,28,000
	25,93,000		25,93,000

**Kumar's Account**

Particulars	Rs.	Particulars	Rs.
To Consignment to Chennai A/c	19,60,000	By Consignment A/c (Expenses)	63,000
		By Consignment A/c (Commission)	1,96,000
		By Balance c/d	17,01,000
	19,60,000		19,60,000

**Working Notes:**

- Consignor's expenses on 2,000 cases amounts to Rs. 1,00,000; it comes to Rs. 50 per case. The cost of cases lost will be computed at Rs. 1,050 per case.
- Kumar has incurred Rs. 17,000 on clearing 1,700 cases, i.e., Rs. 10 per case; while valuing closing inventories with the agent Rs. 10 per case has been added to cases in hand with the agent.
- It has been assumed that balance of Rs. 17,01,000 is not yet paid.

2. (i) **Revocation or lapse of offer:** Section 6 of the Indian Contract Act, 1872 deals with various modes of revocation of offer. According to it, an offer is revoked-

(a) **By notice of revocation**

(b) **By lapse of time:** The time for acceptance can lapse if the acceptance is not given within the specified time and where no time is specified, then within a reasonable time. This is for the reason that proposer should not be made to wait indefinitely. It was held in *Ramsgate Victoria Hotel Co Vs Montefiore*, that a person who applied for shares in June was not bound by an allotment made in November. This decision was also followed in *India Cooperative Navigation and Trading Co. Ltd. Vs Padamsey Premji*. However these decisions now will have no relevance in the context of allotment of shares since the Companies Act, 2013 has several provisions specifically covering these issues.

(c) **By non fulfillment of condition precedent:** Where the acceptor fails to fulfill a condition precedent to acceptance the proposal gets revoked. This principle is laid down in Section 6 of the Act. The offeror for instance may impose certain conditions such as executing a certain document or depositing certain amount as earnest money. Failure to satisfy any condition will result in lapse of the proposal. As stated earlier 'condition precedent' to acceptance prevents an obligation from coming into existence until the condition is satisfied. Suppose where 'A' proposes to sell his house to be 'B' for ` 5 lakhs provided 'B' leases his land to 'A'. If 'B' refuses to lease the land, the offer of 'A' is revoked automatically.

(d) **By death or insanity:** Death or insanity of the proposer would result in automatic revocation of the proposal but only if the fact of death or insanity comes to the knowledge of the acceptor.

(e) **By counter offer**

(f) **By the non acceptance of the offer according to the prescribed or usual mode**

(g) **By subsequent illegality**

(ii) **Distinction between Limited Liability Partnership (LLP) and Limited Liability Company**

	Basis	LLP	Limited Liability Company
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 contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
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 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals/or body corporate through the nominees.	<b>Private company:</b> Minimum – 2 members Maximum 200 members <b>Public company:</b> Minimum – 7 members Maximum – No such limit on the members.

- (d) October
43. Find the oddman out of the series 5,10, 17, 25
- (a) 5
  - (b) 10
  - (c) 17
  - (d) 25
44. Mohan Starts from Point A and walks 1 km towards south, turns left and walks 1 km. Then he turns again and walks 1 km. Now he is facing.
- (a) East
  - (b) West
  - (c) North
  - (d) South- West
45. Arun Started from Point A and Walked 10 kms East to Point B , then turned to North and walked 3 kms to point C and then turned West and walked 12 kms to point D , then again turned South and walked 3 kms to point E . In which direction is he from his starting point?
- (a) East
  - (b) South
  - (c) West
  - (d) North
46. I Stand with my right hand extended side-ways towards South. Towards which direction will my back be?
- (a) North
  - (b) West
  - (c) East
  - (d) South
47. In a certain language MADRAS is coded as NBEST, how BOMBAY is coded in that language?
- (a) CPNCBX
  - (b) CPNCBZ
  - (c) CPOCBZ
  - (d) CQOCBZ
48. There are Five houses A, B, C, C, D, E, A is the right of B and E is left of C and right of A, B is right of D, which house is middle
- (a) A
  - (b) B
  - (c) C
  - (d) D
49. Girls are sitting on a bench, Q is the left of R but on the right of P. S is to be right of R but not left of T. Who are the extremes.
- (a) P,T
  - (b) P,S

- (d) Rs. 2000 (because you could have used Rs. 2000 to buy other things).
44. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples?
- (a) There is an increase in the quantity demanded of apples and in the supply for apples
  - (b) There is an increase in the demand and supply of apples.
  - (c) There is an increase in the demand for apples and a decrease in the supply of apples.
  - (d) There is an increase in the demand for apples and an increase in the quantity supplied.
45. If there are implicit costs of production:
- (a) Economic profit will be equal to accounting profit.
  - (b) Economic profit will be less than accounting profit.
  - (c) Economic profits will be zero
  - (d) Economic profit will be more than accounting profit.
46. If a competitive firm doubles its output, its total revenue:
- (a) Doubles.
  - (b) More than doubles.
  - (c) Less than doubles.
  - (d) Cannot be determined because the price of the good may rise or fall.
47. In which of the following market system, there, are few sellers in the market in the market selling similar or differentiated product?
- (a) Perfect Competition
  - (b) Monopoly
  - (c) Oligopoly
  - (d) Monopsony
48. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?
- (a) In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost.
  - (b) In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost.
  - (c) In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost.
  - (d) In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost.
49. In the case of an inferior good the income elasticity of demand is:
- (a) Positive
  - (b) Zero
  - (c) Negative
  - (d) Infinite
50. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in its:
- (a) Demand



(b)

**In the books of A**  
**Joint Venture Account**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Purchases (Cost of goods supplied)	60,000	By Bank (Insurance claim)	3,000
To Bank (Expenses)	2,000	By B (Sales)	64,350
To B (Expenses)	1,000	By B (agreed value for damaged goods)	4,546
To B (Commission - 1/21 of Rs. 8,896)	424		
To Profit transferred to:			
Profit & Loss A/c	5,648		
B	2,824		
	71,896		71,896

**B's Account**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Joint Venture A/c (Sales)	64,350	By Bank (Advance)	10,000
To Joint Venture A/c (Claim Portion)	4,546	By Joint Venture A/c (Expenses)	1,000
		By Joint Venture A/c (Commission)	424
		By Joint Venture A/c (Share of Profit)	2,824
		By Bank (Balance received)	54,648
	68,896		68,896

**Working Note:**

**Computation of Sales:**

	Rs.
Cost of goods sent	60,000
Less: Cost of damaged goods	<u>(5,000)</u>
	55,000
Less: Cost of goods remaining unsold	<u>(5,500)</u>
Cost of goods sold	49,500
Add: Profit @ 30%	<u>14,850</u>
Sales	<u>64,350</u>
Claim for loss of fire admitted by B	
Cost of goods	5,500
Add: Proportionate expenses [(2,000 x 5,500)/60,000]	<u>183</u>
	5,683
Less: 20%	<u>(1,137)</u>
	<u>4,546</u>

			Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/ partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the company 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	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

**3. (i) Implied authority of partner as agent of the firm (Section 19):**

Subject to the provisions of section 22, the act of a partner which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm. The authority of a partner to bind the firm conferred by this section is called his “implied authority”

In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to-

- (a) Submit a dispute relating to the business of the firm to arbitration;
- (b) Open a banking account on behalf of the firm in his own name;
- (c) Compromise or relinquish any claim or portion of a claim by the firm;
- (d) Withdraw a suit or proceedings filed on behalf of the firm;
- (e) Admit any liability in a suit or proceedings filed on behalf of the firm;
- (f) Acquire immovable property on behalf of the firm;
- (g) Transfer immovable property belonging to the firm; and
- (h) Enter into partnership on behalf of the firm.

- (ii)** As per the provisions of Section 19 of the Indian Contract Act, 1872, when consent to an agreement is caused by coercion, fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused.

A party to contract, whose consent was caused by fraud or misrepresentation, may, if he think fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.

**Exception-** If such consent was caused by misrepresentation or by silence, fraudulent within the meaning of section 17, the contract, nevertheless, is not voidable if the party whose consent was so caused had the means of discovering the truth with ordinary diligence.

In the situation given in the question, both the fuel meter and the speed meter of the car were working perfectly, Mr. CHHOTU had the means of discovering the truth with ordinary diligence. Therefore, the contract is not voidable. Hence, Mr. CHHOTU cannot rescind the contract on the above ground.

- 4. (i) Caveat Emptor’** means “let the buyer beware”, i.e. in sale of goods the seller is under no duty to reveal unflattering truths about the goods sold. Therefore, when a person buys some goods, he must examine them thoroughly. If the goods turn out to be defective or do not suit his purpose, or

- (c) Q,T  
(d) Q,S
50. Five friends P, Q, R, S and T are sitting in a row facing North. Here, S is between T and Q and Q is to the immediate left of R. P is to the immediate left of T. Who is in the middle?
- (a) S  
(b) T  
(c) Q  
(d) R
- 51-52. Read the following information and answer the Questions that follows.
- (1) Six friends A, B, C, D, E and F are sitting in a closed circle facing the center.  
(2) E is to the left of D.  
(3) C is between A and B.  
(4) F is between E and A.
51. Who is to the left of B?
- (a) A  
(b) C  
(c) D  
(d) E
52. Who is to the right of C?
- (a) A  
(b) B  
(c) D  
(d) E
53. In a march past, seven persons are standing in a row. Q is standing left to R but right to P. O is standing right to N and left to P. Similarly, S is standing right to R and left to T. Find out who is standing in middle?
- (a) P  
(b) Q  
(c) R  
(d) O
54. A is the sister of B. B is the brother of C. C is the son of D. How is D related to A?
- (a) Mother  
(b) Daughter  
(c) Son  
(d) Uncle
55. If P is the husband of Q and R is the mother of S and Q. What is R to P?
- (a) Mother  
(b) Sister  
(c) Aunt  
(d) Mother-in-law

- (b) Price
  - (c) Costs of production
  - (d) State of technology
51. An isoquant slopes:
- (a) Downward to the left
  - (b) Downward to the right
  - (c) Upward to the left
  - (d) Upward to the right
52. Which of the following statement is incorrect?
- (a) Even monopolist can earn losses
  - (b) Firms in a perfectly competitive market are price takers.
  - (c) It is always beneficial for a firm in the perfectly competitive market to discriminate prices
  - (d) Economic laws are exact than the laws of physical sciences
53. Which is the other name that is given to the demand curve?
- (a) Profit curve
  - (b) Average Revenue curve
  - (c) Average Cost Curve
  - (d) Indifference Curve
54. The second slice of bread gives less satisfaction to a hungry boy. This is a clear case of:
- (a) Law of demand
  - (b) Law of diminishing returns
  - (c) Law of diminishing utility
  - (d) Law of supply
55. A firm's average total cost is Rs. 300 at 5 units of output and Rs. 320 at 6 units of output the marginal cost of producing the 6<sup>th</sup> unit is:
- (a) Rs. 20
  - (b) Rs. 120
  - (c) Rs. 320
  - (d) Rs. 420
56. Which of the following is an example of an "explicit cost"?
- (a) The wages a proprietor could have made by working as an employee of a large firm
  - (b) The income that could have been earned in alternative uses by the resources owned by the firm
  - (c) The payment of wages by the firm
  - (d) The normal profit earned by a firm
57. Which of the following is an example of coincident indicator?
- (a) Industrial Production
  - (b) Inflation
  - (c) Retail Sales

4. (i)

**Profit and Loss Adjustment Account\***

	Rs.		Rs.
To Expenses not provided for (years 2014-2017)	1,10,000	By Income not considered (for years 2014-2017)	66,000
		By Partners' capital accounts (loss)	
		Laurel	22,000
		Hardy	<u>22,000</u>
	<u>1,10,000</u>		<u>1,10,000</u>

(ii)

**Partners' Capital Accounts**

	Laurel Rs.	Hardy Rs.	Chaplin Rs.		Laurel Rs.	Hardy Rs.	Chaplin Rs.
To P & L Adjustment A/c	22,000	22,000	-	By Balance b/d	2,11,500	1,51,500	-
To Hardy	60,000			By Laurel	-	60,000	-
To Balance c/d	<u>1,29,500</u>	<u>1,89,500</u>	<u>63,800</u>	By Cash	-	-	63,800
	<u>2,11,500</u>	<u>2,11,500</u>	<u>63,800</u>		<u>2,11,500</u>	<u>2,11,500</u>	<u>63,800</u>
				By Balance b/d	1,29,500	1,89,500	63,800

(iii)

**Balance Sheet of LH & Co.**

**as on 1.4.2017**

**(After admission of Chaplin)**

Liabilities	Rs.	Assets	Rs.
Capital accounts:		Plant and machinery	60,000
Laurel	1,29,500	Trade receivables	2,05,000
Hardy	1,89,500	Stock in trade	3,10,000
Chaplin	63,800	Accrued income	66,000
Trade payables	2,27,000	Cash on hand (10,000 + 63,800)	73,800
Outstanding expenses	<u>1,10,000</u>	Cash at bank	<u>5,000</u>
	<u>7,19,800</u>		<u>7,19,800</u>

**Working Notes:**

**1. Computation of Profit and Loss distributed among partners**

		Rs.
Profit for the year ended	31.3.2014	1,40,000
	31.3.2015	2,60,000
	31.3.2016	3,20,000
	31.3.2017	<u>3,60,000</u>
Total Profit		<u>10,80,000</u>

\* It is assumed that expenses and incomes not taken into account in earlier years were fully ignored.

if he depends upon his skill and judgment and makes a bad selection, he cannot blame any body excepting himself.

The rule is enunciated in the opening words of section 16 of the Sale of Goods Act, 1930 which runs thus: "Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale"

The rule of caveat emptor does not apply in the following cases:

- (i) *Fitness for buyer's purpose*: Where the buyer, expressly or by implication, makes known to the seller the particular purpose for which he requires the goods and relies on the seller's skill or judgment and the goods are of a description which it is in the course of the seller's business to supply, the seller must supply the goods which shall be fit for the buyer's purpose. [Section 16(1)].
  - (ii) *Sale under a patent or trade name*: In the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition that the goods shall be reasonably fit for any particular purpose [Section 16(1)].
  - (iii) *Merchantable quality*: Where goods are bought by description from a seller who deals in goods of that description (whether he is in the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality. But if the buyer has examined the goods, there is no implied condition as regards defects which such examination ought to have revealed. [Section 16(2)].
  - (iv) *Usage of trade*: An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade. [Section 16(3)].
  - (v) *Consent by fraud*: Where the consent of the buyer, in a contract of sale, is obtained by the seller by fraud or where the seller knowingly conceals a defect which could not be discovered on a reasonable examination, the doctrine of caveat emptor does not apply.
- (ii) According to Section 20 of the Indian Partnership Act, 1932, the partners in a firm may, by contract between the partners, extend or restrict implied authority of any partners.

Notwithstanding any such restriction, any act done by a partner on behalf of the firm which falls within his implied authority binds the firm, unless the person with whom he is dealing knows of the restriction or does not know or believe that partner to be a partner.

The implied authority of a partner may be extended or restricted by contract between the partners. Under the following conditions, the restrictions imposed on the implied authority of a partner by agreement shall be effective against a third party:

1. The third party knows about the restrictions, and
2. The third party does not know that he is dealing with a partner in a firm.

Now referring to the case given in the question, M supplied furniture to A, who ultimately sold them to a third party and M was also ignorant about the agreement entered into by the partners about the change in their role. M also is not aware that he is dealing with a partner in a firm. Therefore, M on the basis of knowledge of implied authority of A, can recover money from the firm.

But in the second situation, if M was having knowledge about the agreement, he cannot recover money from the firm.

5. (i) As per the provisions of section 24 of the Sale of Goods Act, 1930, when goods are delivered to the buyer on approval or 'on sale or return' or other similar terms, the property therein passes to the buyer-
- (a) When the buyer signifies his approval or acceptance to the seller or does any other act adopting the transaction;

56. P is the father of T. T is the daughter of M. M is the daughter of K. What is P to K?
- (a) Father
  - (b) father-in-law
  - (c) Brother
  - (d) Son-in-law
57. A and B are brothers. E is the daughter of F. F is the wife of B. What is the relation of E to A?
- (a) Sister
  - (b) Daughter
  - (c) Niece
  - (d) Daughter

58. In this questions two statements and two conclusions are given. Its required to check.

**Statement**

**I:** Some boys are student.

**II:** All students are Engineers.

**Conclusions:**

**I.** All Engineers are students.

**II.** Some boys are Engineers.

- (a) Only I follows
  - (b) Only II follows
  - (c) Both I and II follow
  - (d) Neither I nor II follows.
59. A conclusion drawn from two given statements, mark the conclusion as
- (a) if it is necessarily following the two statements.
  - (b) if it is only far drawn conclusion
  - (c) if it is conflict with the two given statements
  - (d) if it is doubtful

Statement P: The Sum of angles of a triangle ABC is  $180^\circ$

Q: Angle A in the triangle ABC =  $90^\circ$

Conclusion: Angle B is  $45^\circ$

60. Given below are two statements, P and Q followed by a conclusion. marks the conclusion as:
- (a) If Statements P supports the conclusion.
  - (b) If statements Q supports the conclusion.
  - (c) If Statement P and Q together support the conclusion
  - (d) If neither statement support the conclusion

Statement P: oxygen is essential for survival

Q: There is no atmosphere on Mars

Conclusion: No living being can survive on Mars.

- (d) New orders for Plant and equipment
58. When aggregate economic activity is increasing, the economy is said to be in
- (a) Expansion
  - (b) Contraction
  - (c) Peak
  - (d) A turning point.
59. If a fisher man must sell all of his daily catch before its spoils for whatever price he is offered, once the fish are caught the fisherman's price elasticity of supply for fresh fish is
- (a) Zero
  - (b) Infinite
  - (c) One
  - (d) Unable to determine
60. Suppose onions have (-) 0.5 as income elasticity, we can say from the data given that,
- (a) Onions are inferior goods
  - (b) Onions are superior goods
  - (c) Onions are necessities
  - (d) There is a need to increase the income of consumers so that they can buy onions.



	Laurel	Hardy	Total
	Rs.	Rs.	Rs.
Profit shared in old ratio i.e 5:4	6,00,000	4,80,000	10,80,000
Profit to be shared as per new ratio i.e. 1:1	<u>5,40,000</u>	<u>5,40,000</u>	<u>10,80,000</u>
Excess share	<u>60,000</u>		
Deficit share		<u>(60,000)</u>	

Laurel to be debited by Rs. 60,000 and Hardy to be credited by Rs. 60,000.

## 2. Capital brought in by Chaplin

	Rs.
Capital to be brought in by Chaplin must be equal to 20% of the combined capital of Laurel and Hardy	
Capital of Laurel (2,11,500 – 22,000 – 60,000)	1,29,500
Capital of Hardy (1,51,500 – 22,000 + 60,000)	<u>1,89,500</u>
Combined Capital	<u>3,19,000</u>
20% of the combined capital brought in by Chaplin (20% of Rs. 3,19,000)	<u>63,800</u>

5. (a)

### Smith Library Society Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2018

Dr.					Cr.
Expenditure	Rs.	Rs.	Income		Rs.
To Electric charges		7,200	By Entrance fee (25% of Rs. 30,000)		7,500
To Postage and stationary		5,000			
To Telephone charges		5,000	By Membership subscription	2,00,000	
To Rent	88,000		Less: Received in advance	<u>10,000</u>	1,90,000
Add: Outstanding	<u>4,000</u>	92,000			
To Salaries	66,000		By Sale proceeds of old papers		1,500
Add: Outstanding	<u>3,000</u>	69,000			
To Depreciation (W.N.1)			By Hire of lecture hall		20,000
Electrical fittings	15,000		By Interest on securities (W.N.2)	8,000	
Furniture	5,000		Add: Receivable	<u>500</u>	8,500
Books	<u>46,000</u>	66,000	By Deficit- excess of expenditure over income		16,700
		<u>2,44,200</u>			<u>2,44,200</u>

#### Working Notes:

1. Depreciation	Rs.
Electrical fittings 10% of Rs. 1,50,000	15,000
Furniture 10% of Rs. 50,000	5,000
Books 10% of Rs. 4,60,000	46,000

- (b) If he does not signify his approval or acceptance to the seller but retains the goods without giving notice or rejection, then, if a time has been fixed for the return of the goods, on the expiration of such time, and, if no time has been fixed, on the expiration of a reasonable time; or
- (c) he does something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods.

Referring to the above provisions, we can analyse the situation given in the question.

Since Mr. JOSHI, who had taken delivery of the Motor Car on sale or Return basis and pledged the Motor car to Mr. GAJESH, he has attracted the third condition that he has done something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods. Therefore, the property therein (Motor Car) passes to the Mr. JOSHI. Now in this situation, Ms. PREETI cannot claim back her Motor Car from Mr. GAJESH, but she can claim the price of the Motor Card from Mr. JOSHI only.

- (ii) Under section 7(2) the Registrar shall on the basis of documents and information filed for the formation of a company, shall register all the documents and information and issue a certificate that the company is incorporated in the prescribed form to the effect that the proposed company is incorporated under this Act. The company becomes a legal entity from the date mentioned in the certificate of incorporation and continues to be so till it is wound up.

#### **Effects of registration of a company**

Section 9 of the Companies Act, 2013 provides that, from the date of incorporation mentioned in the certificate of incorporation, such of the subscribers to the Memorandum and all other persons, as may from time to time become members of the company, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the functions of an incorporated company under this Act and having perpetual succession with power to acquire, hold and dispose of property, both movable and immovable, tangible and intangible, to contract and to sue and be sued by the said name. Accordingly, when a company is registered and a certificate of incorporation is issued by the Registrar, three important consequences follow:

- (a) the company becomes a distinct legal entity. Its life commences from the date mentioned in the certificate of incorporation capable of entering into contracts in its own name, acquiring, holding and disposing of property of any nature whatsoever and capable of suing and being sued in its own name.
- (b) it acquires a life of perpetual existence by the doctrine of succession. The members may come and go, but it goes on forever, unless it is wound up.
- (c) Its property is not the property of the shareholders. The shareholders have a right to share in the profits of the company as and when declared either as dividend or as bonus shares. Likewise any liability of the company is not the liability of the individual shareholders.

- 6. (i) The law provides that a contract should be supported by consideration. So long as consideration exists, the Courts are not concerned to its adequacy, provided it is of some value. The adequacy of the consideration is for the parties to consider at the time of making the agreement, not for the Court when it is sought to be enforced (**Bolton v. Modden**). Consideration must however, be something to which the law attaches value though it need not be equivalent in value to the promise made.

According to Explanation 2 to Section 25 of the Indian Contract Act, 1872, an agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

OR

## PART -C : STATISTICS

61. For frequency distribution and time series which from the presentation is rarely used.
- (a) Diagrammatic presentation
  - (b) Graphic
  - (c) both Diagrammatic and Graphic
  - (d) More information required
62. Mid values are also called
- (a) Lower limit
  - (b) Upper limit
  - (c) Class mark
  - (d) None
63. The technician of graphic presentation is extremely helpful in which of the following
- (a) Analysing the changes at different points of Time
  - (b) Analysing cause and effect relationship
  - (c) Analysing proportional relationship
  - (d) Analysing the degree of relationship
64. Statistics Analyses:
- (a) Qualitative
  - (b) Quantitative
  - (c) Either Qualitative or Quantitative
  - (d) Quantitative and Qualitative
65. Frequency Polygon is meant for -----frequency distribution.
- (a) Single
  - (b) Double
  - (c) Multi
  - (d) None of the above
66. Ogive is also called as
- (a) frequency graph
  - (b) cumulative frequency graph
  - (c) Histogram
  - (d) None of these
67. There are \_\_\_\_\_ types of frequency curves.
- (a) 1
  - (b) 2
  - (c) 3
  - (d) 4
68. The J shaped curve starts with a \_\_\_\_\_ frequency
- (a) Minimum

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER – 4: PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

1. Find out the incorrect:
  - (a) Economic Activities are drive by nationality.
  - (b) Economic Activities are guided by self interest.
  - (c) Non-Economic Activities are driven by emotional or sentimental force.
  - (d) Non-Economic Activities are not at all important in life.
2. SWOT refers to:
  - (a) Strength, Worry, Option, Threat
  - (b) Strength, Weakness, Opportunity, Threat
  - (c) Strong, Weak, Option, Threat
  - (d) Strong, Weakness, Opportunity, Think
3. Which one of the following is NOT a FMCG company?
  - (a) ITC
  - (b) Dabour
  - (c) HUL
  - (d) Maruti
4. Mark incorrect as Globalization refers to:
  - (a) Encouraging regional economic cooperation.
  - (b) Integrating the world into one economic global village.
  - (c) It pares the way for higher factor mobility.
  - (d) Drawing countries out of their insulation.
5. Which of the following is NOT a function of RBI?
  - (a) Monopoly of Note issue
  - (b) Banker to the Government
  - (c) Advancing loan to large business houses
  - (d) Controller of Credit
6. Which of the following is incorrect?
  - (a) Arbitrage is simultaneous purchase and sale of a commodity.
  - (b) Current assets are those which can be turned into cash within a year.
  - (c) Intangible assets are those which do not have physical form. They are in the form of rights.
  - (d) Break-even point is also called an optimum point of a firm.
7. Maximum number of members in a Private Limited Company are:
  - (a) 50
  - (b) 200

**2. Interest on Securities**

Interest @ 5% p.a. on Rs. 1,50,000 for full year	7,500	
Interest @ 5% p.a. on Rs. 40,000 for half year	<u>1,000</u>	8,500
Less: Received		<u>(8,000)</u>
Receivable		<u>500</u>

(b) (i) **Capital Gearing Ratio** =  $\frac{\text{Preference Share Capital + Debentures + Other Borrowed funds}}{\text{(Equity Share Capital + Reserves \& Surplus - Losses)}}$

$$= \frac{10,00,000 + 4,00,000 + 24,00,000}{18,00,000 + 8,00,000}$$

$$= 38,00,000/26,00,000$$

$$= 19: 13 \text{ (highly geared)}$$

(ii) **Inventory Turnover Ratio** = Cost of goods sold/ Average Inventory

Inventory Turnover Ratio = Rs. 3,60,000/ Rs. 1,20,000

$$= 3 \text{ Times}$$

**Working notes:**

- Cost of goods sold= Inventory in the beginning + Net Purchases + Wages + Carriage inwards – Inventory at the end  

$$= \text{Rs. } 1,08,000 + \text{Rs. } 2,76,000 + \text{Rs. } 84,000 + \text{Rs. } 24,000 - \text{Rs. } 1,32,000$$

$$= \text{Rs. } 3,60,000$$
- Average Inventory = (Inventory in the beginning + Inventory at the end)/ 2  

$$= (\text{Rs. } 1,08,000 + \text{Rs. } 1,32,000)/ 2$$

$$= \text{Rs. } 1,20,000$$

6. (a)

**Suraj Ltd.**  
**Journal**

2017			Dr. Rs.	Cr. Rs.
July 20	Bank Account To Share Application A/c (Application money on 80,000 shares at Rs. 20 per share received.)	Dr.	16,00,000	16,00,000
Aug 1	Share Application A/c To Share Capital A/c (The amount transferred to Capital Account on 80,000 shares Rs. 20 on application. Directors' resolution no..... dated .....	Dr.	16,00,000	16,00,000
	Share Allotment A/c To Share Capital A/c (Being share allotment made due at Rs. 20 per share. Directors' resolution no..... dated .....	Dr.	16,00,000	16,00,000

### **Compensation for loss or damage caused by breach of contract (Section 73)**

When a contract has been broken, the party who suffers by such a breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it.

Such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach.

In view of above, the statement given in the question seems to be incorrect.

### **(ii) Settlement of partnership accounts (Section 48)**

In settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed:

- (i) Losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits.
- (ii) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, must be applied in the following manner and order:
  - (a) in paying the debts of the firm to third parties;
  - (b) in paying to each partner rateably what is due to him from capital;
  - (c) in paying to each partner rateably what is due to him on account of capital; and
  - (d) the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.
- (iii) As per section 7(7) of the Companies Act, 2013, where a company has been got incorporated by furnishing false or incorrect information or representation or by suppressing any material fact or information in any of the documents or declaration filed or made for incorporating such company or by any fraudulent action, the Tribunal may, on an application made to it, on being satisfied that the situation so warrants, direct that liability of the members shall be unlimited.

Hence, the order of NCLT will be legal.

**Precautions:** Before making any order,—

- (a) the company shall be given a reasonable opportunity of being heard in the matter; and
- (b) the Tribunal shall take into consideration the transactions entered into by the company, including the obligations, if any, contracted or payment of any liability.

- (b) Maximum  
(c) Either maximum or minimum  
(d) none of these
69. If the mean of the set of observations  $x_1, x_2, x_3, \dots, x_n$  is  $\bar{X}$ , then the mean of the observation  $x_i + Ki$ , where  $i = 1, 2, 3, \dots, n$  and
- (a)  $\bar{X} + K(n+1)$   
(b)  $\bar{X} + kn$   
(c)  $\bar{X} + \frac{K}{n}$   
(d)  $\bar{X} + \frac{K}{2}(n+1)$
70. The mean age of a group of 100 men and women is 25 years. If the mean age of the group of men is 26, then that of the group of women is 21 then the ratio of women and men in the group:
- (a) 1:1  
(b) 1:2  
(c) 1:3  
(d) 1:4
71. The Geometric mean of the series  $1, k, k^2, \dots, k^n$ ; where  $k$  is constant is
- (a)  $K^{(n+1)/2}$   
(b)  $K^{n+0.5}$   
(c)  $K^{n+1}$   
(d)  $K^{n/2}$
72. If the SD of a variance  $X$  is  $\sigma$  then Quartile Deviation (QD) is
- (a)  $4/5 \sigma$   
(b)  $3/2 \sigma$   
(c)  $2/3 \sigma$   
(d)  $5/4 \sigma$
73. If  $X$  and  $Y$  are independent normal Variables with mean 100 and 80 respectively and standard deviation as 4 and 3 respectively. What is the distribution of  $(X+Y)$ ?
- (a) 180, 5  
(b) 180, 25  
(c) 90, 5  
(d) 180, 0
74. The mean salary for a group of for a group of 50 male workers is Rs.4800 per month and that for a group of 50 female workers is Rs. 5600. the combined mean salary is
- (a) 5100  
(b) 5200  
(c) 5300

- (c) 20
  - (d) 500
8. Environmental Analysis helps in:
- (a) Providing input for strategic decision making
  - (b) Turning threats to firm's advantage
  - (c) Anticipate opportunities and to take optimal responses
  - (d) All of the above
9. Which one of the following is NOT a Foreign Company?
- (a) Dr. Reddy's Laboratories Ltd.
  - (b) Walmart
  - (c) Nestle
  - (d) HP
10. Privatization may NOT be conceptualized in form of:
- (a) Divestment
  - (b) Disinvestment
  - (c) Dedication
  - (d) Displacement
11. Which one of the following is NOT a SEBI function as one body?
- (a) Quasi-legislative
  - (b) Quasi-judicial
  - (c) Quasi-fiscal
  - (d) Quasi-executive
12. ADR stands for:
- (a) American Deficit Record
  - (b) American Depository Receipt
  - (c) Asset Depreciation Record
  - (d) Asset Depository Receipt
13. Which of the following is NOT an economic objective of the firm?
- (a) Sales growth
  - (b) Improvement in market share
  - (c) Profits and return on investment
  - (d) Conservation of natural resources
14. In the PEST framework for environmental analysis, what does the letter 'E' stand for?
- (a) Ecological
  - (b) Economic
  - (c) Ethical
  - (d) Educational



Sept15	Bank Account To Share Allotment A/c (The sums due on allotment received.)	Dr.	16,00,000	16,00,000
Dec. 1	Share First Call Account To Share Capital Account (Amount due from members in respect of first call-on 80,000 shares at Rs. 30 as per Directors, resolution no... dated...)	Dr.	24,00,000	24,00,000
Dec. 20	Bank Account To Share First Call Account (Receipt of the amounts due on first call.)	Dr.	24,00,000	24,00,000
2018 March 1	Share Second and Final Call A/c To Share Capital A/c (Amount due on 80,000 share at Rs. 30 per share on second and final call, as per Directors resolution no... dated...)	Dr.	24,00,000	24,00,000
March 31	Bank Account To Share Second & Final Call A/c (Amount received against the final call on 80,000 shares at Rs. 30 per share.)	Dr.	24,00,000	24,00,000

(b)

**Books of Pihu Ltd.****Journal**

Particulars	L.F.	Debit (Rs. )	Credit (Rs. )
Bank A/c To Debenture Application A/c (Debenture application money received)	Dr.	20,00,00,000	20,00,00,000
Debenture Application A/c To 9% Debentures A/c (Application money transferred to 9% debentures account consequent upon allotment)	Dr.	20,00,00,000	20,00,00,000
Debenture allotment A/c Discount on issue of debentures A/c To 9% Debentures A/c (Amount due on allotment)	Dr. Dr.	25,00,00,000 5,00,00,000	30,00,00,000
Bank A/c To Debenture Allotment A/c (Money received consequent upon allotment)	Dr.	25,00,00,000	25,00,00,000

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a) (1) b  
(2) d  
(3) a  
(4) c  
(5) c
- (b) (i) Green house Gases and the effects (Heading)
- (1) Acc to Global Wrmng hts  
a) Wrmng lpsd in 21<sup>st</sup> cntry
- (2) New Prbltc System of prdctng clmt  
(a) Dvlpd by Univ of South Hampton  
(b) Uses new statscl mthd, diff from tradtnl smltns  
(c) Rlbl and eqvlnt to crnt mthds  
(d) Finds crnt clmt anlgs  
(e) Uses rfrnce mdl  
(f) Dedcs future psblts
- (3) New Method  
(a) Prdcts very high mean air temp, espclly on sea surfaces in 2018-22  
(i) Cause  
• Low prblty of intense cold events  
• High prblty of heat events  
(ii) Effect  
• Incrd trpcl strm actvty
- (b) Much faster than a super comp  
(i) Prdctns made in frctn of scnd based on algo

**Key Used**

- Glbl= global
- Wrmng= warming
- Hts=hiatus
- Lpsd=lapsed
- Cntry=century
- Prblstc=probalistic
- Prdctng=predicting
- Clmt=climate

- (d) 5400
75. The relationship between Mean, Median and Mode
- Mean-Mode = 3(Mean-Median)
  - Mode = 2 Median – 3 Median
  - Median- Mode = 3 (Median-mean)
  - none of these
76. The MD about the Mean for the data 6,9,11,10,12,12
- 1.47
  - 1.57
  - 1.67
  - 1.87
77. Coefficient of Variation (CV) is calculated
- $\frac{SD}{AM} \times 100$
  - $\frac{AM}{SD} \times 100$
  - $\frac{AM}{MD} \times 100$
  - none of these
78. Relationship between AM, GM, and HM
- $GM \geq AM \geq HM$
  - $AM \geq GM \geq HM$
  - $HM \geq AM \geq GM$
  - none of these
79. The SD for the data 6, 9, 10, 3, 7 is
- 2.35
  - 2.45
  - 2.55
  - 2.65
80. If  $P(A) = 1$  and  $P(B) = 1/3$  then  $P(A/B) =$
- $1/3$
  - $2/3$
  - 1
  - $1/2$
81. The probability of A solving a problem is  $\frac{7}{12}$  the odds against solving a problem
- 5:7
  - 4:7

15. Who is the present CFO of Adani Ports and Special Economic Zone Ltd.?
- (a) Ravi Bhamidipaty
  - (b) Karan Gautambhai Adani
  - (c) Alok Kumar Agarwal
  - (d) Farokh Nariman Subedar
16. Which of the following institutions has been scrapped recently?
- (a) Minerals and Metals Regulatory Commission
  - (b) Coal India Limited
  - (c) Planning Commission
  - (d) FIPB
17. Which of the following is a direct beneficiary of IFCI?
- (a) Agro-based industry
  - (b) Service industry
  - (c) Capital & intermediate goods industry
  - (d) All of the above
18. Risk is a probable chance that investments' actual returns will be \_\_\_\_\_ than as calculated.
- (a) Increased
  - (b) Reduced
  - (c) Equal
  - (d) None of the above
19. Find out the incorrect:
- (a) Sole proprietor is a business unit having unlimited liability
  - (b) LLP firm may be constituted
  - (c) HUF business may be formed by a group of people who do not belong to family
  - (d) Hindu includes Buddha, Jain, Sikh, Parsi families
20. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
  - (b) Liability of partner is limited to the extent of one's share capital
  - (c) The contract is an agreement enforceable at law is called deed
  - (d) Deed may be registered in India under the Partnership Act, 1932
21. Mark the correct:
- (a) Tata Sons is a holding company
  - (b) Infosys, Wipro and TCS are IT companies
  - (c) Flipkart, Amazon, Myntra are online trading companies
  - (d) All of the above are correct
22. Find out the correct:
- (a) For sustainable economic development, FII is more preferable to FDI.
  - (b) FDI has strong speculative effect in equity market.

(c) The preparation of trial balance has the following objectives:

- 1 **Checking of the arithmetical accuracy of the accounting entries:** Trial Balance enables one to establish whether the posting and other accounting processes have been carried out without committing arithmetical errors. In other words, the trial balance helps to establish the arithmetical accuracy of the books.
2. **Basis for preparation of financial statements:** Trial Balance forms the basis for preparing financial statements such as the Income Statement and the Balance Sheet. The Trial Balance represents all transactions relating to different accounts in a summarized form for a particular period. In case, the Trial Balance is not prepared, it will be almost impossible to prepare the financial statements to know the profit or loss made by the business during a particular period or its financial position on a particular date.
3. **Summarized ledger:** Trial Balance contains the ledger balances on a particular position of a particular account can be judged simply by looking at the Trial Balance. The ledger may be seen only when details regarding the accounts are required.

Or

**Rules regarding posting of entries in the ledger**

1. Separate account is opened in ledger book for each account and entries from journal are posted to respective account accordingly.
2. It is a practice to use words 'To' and 'By' while posting transactions in the ledger.
3. The concerned account debited in the journal should also be debited in the ledger but reference should be of the respective credit account.

- Temp=temperature
- Dvlpd=developed
- Univ= university
- Statscl=statistical
- Mthds=methods
- Tradtnl=traditional
- Smltns= simulations
- Rlbl=reliable
- EqvInt=equivalent
- Crnt=current
- Analgs=analogues
- Rfrnce=reference
- Mdls=models
- Dedcs=deduces
- Psblts=possibilities
- Espcly=especially
- Prdcts=Predicts
- Prblty=probability
- Incrsd=increased
- Trpcl=tropical
- Strm=storm
- Actvty=activity
- Comp=computer
- Prdctns=predeictions
- Frctn=fraction
- Scnd=second
- Algo=algorithm

**(b) (ii) Summary**

As per Global warming hiatus warming seem to have lapsed in this, but new method suggests hotter temperatures than expected. New probabilistic system developed by South Hampton University uses a method different from the traditional one that uses new statistical method that finds current climate analogues using reference models deducing future possibilities. The system is as reliable as the current system. It has predicted extremely high mean air temperature especially on the sea surfaces due to low probability of extreme cold events and high probability of high heat events causing increased tropical storm activity. It makes predictions in a fraction of a second and is much faster compared to a super computer.

2. (a) Communication is a process of exchanging information, ideas, thoughts, feelings and emotions through speech, signals, writing, or behavior. Communication is relevant in daily life as we experience it in all walks of life. While talking to friends, family and office colleagues, while passing on a piece of information, while starting a campaign or a protest march; at every step we want to

- (c) 5:8  
(d) 4:5
82. The correlation coefficient between  $x$  and  $y$  is 0.8, the correlation coefficient between  $u$  and  $v$  are  $2u + x + 4 = 0$  and  $4v + 16x + 11 = 0$
- (a)  $r = 0.8$   
(b)  $r = -0.8$   
(c)  $r = 0$   
(d)  $r = +1$
83. If two letters are taken at random from the word HOME, what is the Probability that none of the letters would be vowels?
- (a)  $1/6$   
(b)  $1/2$   
(c)  $1/3$   
(d)  $1/4$
84. Two events A & B Probabilities 0.24 and 0.52 respectively. If the probability of both A and B occurs simultaneously is 0.15. Then the probability that neither A nor B occur is 0.15, then the probabilities that neither A nor B is.
- (a) 0.39  
(b) 0.375  
(c) 0.61  
(d) 0.86
85. From a bag is containing 10 black and 20 white balls, a ball is drawn at random. What is the probability that is black?
- (a)  $1/2$   
(b)  $1/3$   
(c) 1  
(d) 2
86. A probability in statistics is given to five students A, B, C, D and E. Their chances of is  $1/2, 1/3, 1/4, 1/5, 1/6$ . What's the probability that the problem will be solved.
- (a)  $1/6$   
(b)  $5/6$   
(c) 1  
(d) none of these
87. The mean of binomial distribution is
- (a) Always more than its variance  
(b) always equal to variance  
(c) less than its variance  
(d) always equal to Standard deviation
88. If  $X$  is normal variate with mean 6 and variance 16 then the value of the probability.  $P(2 \leq x \leq 10)$  is equal to.

- (c) In India, permission for FDI is not uniform for all sectors.
  - (d) FDI is usually done to reap short term gains.
23. SIDBI does not function as a Nodal/ Implementing Agency to which ministry of the Government:
- (a) Ministry of textiles
  - (b) Ministry of Food Processing and industry
  - (c) Ministry of Commerce and Industry
  - (d) Ministry of External Affairs
24. Four P's of Marketing are:
- (a) Product
  - (b) Price
  - (c) Place
  - (d) Procedure
25. A partnership may NOT be formed to carry on:
- (a) Any trade
  - (b) Occupation
  - (c) Profession
  - (d) Social enterprise
26. Relationship between organisation and environment can be described through:
- (a) Exchange of information
  - (b) Exchange of resources
  - (c) Exchange of influence and power
  - (d) All of the above
27. American Express was ranked the 17<sup>th</sup> most admired company by Fortune in which year?
- (a) 2014
  - (b) 2015
  - (c) 2016
  - (d) 2017
28. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
  - (b) Deregulation
  - (c) Delegation
  - (d) Decentralization
29. Where is the head office of NABARD?
- (a) Mumbai
  - (b) Delhi
  - (c) Gurugram
  - (d) Bengaluru



communicate a message. The audience differs and the purpose differs; yet communication happens.

- (b) (i) d
- (ii) c
- (iii) Studies should be given first priority.
- (iv) The doctor asked the patient to wait.

(c) **GST : At a glance**

A new development in the field of tax payment has come up with the advent of GST (Goods and sales tax). This collective tax, includes all the multiple taxes levied on products, however the preparation for its implementation is not too sound. The government has postponed the first filing of GST, giving tax payers enough time to understand the nuances. The e commerce portals too have been given some leniency as far as deduction of taxes from sellers is concerned.

3. (a) **Chain of Command:** The communication pattern that follows the chain of command from the senior to the junior is called the chain network. Communication starts at the top, like from a CEO, and works its way down to the different levels of employees. It involves a lot of organizational hierarchy.
- (b) (i) a
  - (ii) c
  - (iii) A cake can be made by us on a stove.
  - (iv) They informed that they had been living in Assam.

(c) **Letter**

Manager

Date:

Your Own Office supplies Ltd.

New Delhi

Manager

Name of client company

New Delhi

Dear Sir/Madam

**Sub: Apology for delay in shipment of Order No. 12345**

This with reference to the order placed by your organization for supply of stationary items (Order No. 12345) dated 12<sup>th</sup> Aug., 2018. I sincerely apologize for the delay in the shipment of the same. Due to heavy rains in Mumbai, our dispatch section at the head office (based in Mumbai) could not send any orders for 3 days due to thin staff attendance and slow movement of traffic around the area resulting in inadvertent delay in shipment.

Please accept my sincere apologies for the inconvenience caused. We are a trusted a name in office supplies and we have always delivered your orders in time. We hope that you will give us many more opportunities to deal with you. Looking forward to a long term business relationship.

Thanks for the cooperation.

Regards,

**Manager, Office and food supplies ltd.**

- (a)  $2P(2 \leq x \leq 10)$   
 (b)  $2P(6 \leq X \leq 10)$   
 (c)  $P(0 \leq x \leq 6)$   
 (d)  $3P(6 \leq x \leq 10)$
89. In Binomial Distribution the trials are statistics  
 (a) dependent  
 (b) independent  
 (c) either independent or dependent  
 (d) none of these
90. If p is increased for a fixed n; the Binomial distribution shifts to the  
 (a) Right  
 (b) left  
 (c) Above  
 (d) Below
91. If the relation between two variables x and y is given by  $2x+3y+4=0$ , then the Value of the correlation coefficient between x and y is  
 (a) 0  
 (b) 1  
 (c) -1  
 (d) negative
92. For two variables x and y with the same mean the regression equation are  $y = 2x - \alpha$  and  $x = 2y - \beta$ ; what is the value of common mean  
 (a)  $-\alpha$   
 (b)  $\beta$   
 (c) 0  
 (d)  $-\beta$
93. Fishers' Ideal Index number is  
 (a) The median of Laspyre's and Paasches Index numbers  
 (b) The Arithmetic mean of Laspyres and Paasche's Index numbers  
 (c) The geometric mean of Laspyres and Paasche's Index Numbers  
 (d) None of these
94. Using the following table for trend values taken three year Moving Averages using a, b and C are

Year	Profit	3 Yearly Moving Averages
2002	40	----
2003	60	a
2004	68	b
2005	70	c
2006	90	-----

- (a) AP  
 (b) HP

30. What is a bull market?
- (a) A market in which the stock prices are increasing consistently.
  - (b) A market in which the stock prices are decreasing consistently.
  - (c) A market in which the stock prices are stable over a long time.
  - (d) None of the above
31. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
  - (b) Parsi family
  - (c) Buddhist family
  - (d) Muslim family
32. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
  - (b) Micro Environment
  - (c) Both Macro and Micro Environment
  - (d) None of above
33. Indane LPG is the product of which corporation in India?
- (a) IOCL
  - (b) NTPC
  - (c) ONGC
  - (d) PGCIL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
  - (b) Privatization
  - (c) Disinvestment
  - (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
  - (b) The Banking Regulation Act, 1949
  - (c) Both (a) and (b)
  - (d) The Companies Act, 2013
36. \_\_\_\_\_ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
  - (b) Encryption
  - (c) Hedge
  - (d) Term insurance

4. (a) **Barriers in communication:**

- Physical Barriers
- Cultural Barriers
- Language Barriers
- Technology Barriers
- Emotional Barriers

**Technology Barriers:** Being a technology driven world, all communication is dependent on good and extensive use of technology. However, there might arise technical issues, like server crash, overload of information etc. which lead to miscommunication or no communication at all.

**Language Barriers:** It's a cosmopolitan set up, where people of different nationalities move from their home to other countries for work. As a result, it is difficult to have a common language for communication. Hence, diversity gives rise to many languages and it acts as a barrier at times.

(b) (i) a

(ii) The school authorities declared the results

(iii) The teacher praised the girl that she had been working hard.

(c) **Answer Hints for Article**

- Social media is a good way to connect with friends and relatives
- A convenient platform for sharing ideas, thoughts and opinions
- Facebook, twitter, instagram, whatsapp are useful when used in a healthy way.
- Getting addicted to them is very easy and effects one's productivity.
- With the advent of social media in our lives, every movement gets tracked and reported.
- Technology at its boom, is not safe always. One needs to use it judiciously for good causes.
- The social media shows a person's daily movements, tracks your trips; what you see on your FB pages is influenced by your past searches, which is probably not right.
- A good balance of technology and mind, with less interference of the social media is an appropriate approach.

**Answer Hints for Report**

- Mention a heading, name of the NGO
- Venue, Date
- The purpose of the workshop
- How many members came from the NGO; how did they go ahead with the workshop
- The audience and its reaction
- Pamphlets , information shared during the session.
- Motivational talks to encourage donations to make a difference in the lives of underprivileged
- Felicitations/Valedictory session by the Principal

- (c) GP  
 (d) Neither AP or nor HP or GP
95. Fishers Ideal Formula satisfaction  
 (1) Unit Test  
 (2) Circular Test  
 (3) Factor Reversal Test  
 (4) Time Reversal Test  
 (a) 1 and 2  
 (b) 3 and 4  
 (c) 1 and 3  
 (d) 1,2 and 3
96. While construction of Index numbers which of the following has to be considered as point of the following has to be considered as point of reference in company various data describing individual behaviour.  
 (a) Selection of weights  
 (b) Base Period  
 (c) Selection of Formulae  
 (d) Choice of variables
97. If three Judges appointed for a beauty competition, then how many different rank correlation coefficients are required to analyse the judge competition.  
 (a) 3  
 (b) 1  
 (c) 2  
 (d) 6
98. In a bivariate population, the linear regression lines  $3x+y-2=0$  and  $y+x = 0$  then the coefficient of correlation is  
 (a) 0  
 (b)  $1/3$   
 (c)  $-1/3$   
 (d)  $-1/\sqrt{3}$
99. If the two regression co-efficients are 4 and 16 the percentage of unexplained variation is:  
 (a) 64  
 (b) 36  
 (c) 54  
 (d) 46
100. Which of the options does not contain the proper use of Index numbers  
 (a) Helpful in policy determination  
 (b) Useful in Forecasting  
 (c) Equally useful in all condition for different purpose  
 (d) Helpful in comparison

37. Which one is NOT a part of environmental scanning?
- (a) Identify opportunities & threats affecting business.
  - (b) It takes events, trends, issues and expectations in the consideration.
  - (c) It is done by government to know if the firm is engaged in any anti national activity.
  - (d) It helps in formulating future path of the firm.
38. Identify the sector where, FDI is NOT permitted:
- (a) Automobile
  - (b) Infrastructure
  - (c) Textile
  - (d) Atomic energy
39. How many members of SEBI should be from RBI?
- (a) 4
  - (b) 3
  - (c) 1
  - (d) 2
40. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:
- (a) Dividend
  - (b) Expense
  - (c) Expenditure
  - (d) Deferred income

5. (a) **Based on Communication channels, there are three kinds of categories:**

- Verbal: Verbal communication involves the use of words and language in delivering the intended message
- Non Verbal: Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own.
- Visual: Visual communication through visual aids such as signs, typography, drawing, graphic design, illustration, colour and other electronic resources usually reinforces written communication. Visuals like graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information. They are an essential part of official presentations these days.

(b) (i) b

(ii) d

(iii) The children requested for no homework that day.

(c) **Minutes of the Meeting**

Date: 21<sup>st</sup> July, 2018

Meeting started at 11: 00 am.

Members in attendance : Head of Sales and Marketing, the Product Head, Product lead, three members of the Sales team

Mr. Raju Murthy, Head of Sales and Marketing informed the agenda of the meeting i.e. the sales decline in the product

Mr. Kishore Sandhu, Product Head expressed concern over the matter; discussed a few flaws noticed in the sales strategy.

Ms. Seema Thakur, Sales Head gave a detailed analysis of the figures observed in the last six months.

Her team including Mr. X, Mr. Y and Mr. Z elaborated on the market trends based on the usage of the particular product

All the participants agreed to the concern and come back with a detailed report.

Conclusion Stated: ATR to be submitted by 24<sup>th</sup> July, 2018 to the Head of Sales and Marketing.

**Resume**

Name: Manish Reddy

Phone: 040-123456

Email:-mreddy@gmail.com

Address: 123, Chennai Road, Chennai

Birthday: 1<sup>st</sup> January

**CAREER OBJECTIVE:** Seeking a challenging career with a progressive organization that provides an opportunity to utilize my sales and marketing skills & abilities in the FMCG sector.

**PERSONAL SKILLS**

Excellent persuasion skills

Highly sales driven

## FOUNDATION COURSE

## MOCK TEST PAPER - 1

## PAPER – 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS

**Key Part A: Business Mathematics**

1	(a)	2	(b)	3	(a)	4	(d)	5	(c)
6	(b)	7	(a)	8	(d)	9	(d)	10	(a)
11	(c)	12	(a)	13	(c)	14	(b)	15	(a)
16	(b)	17	(b)	18	(c)	19	(a)	20	(c)
21	(c)	22	(a)	23	(b)	24	(a)	25	(d)
26	(a)	27	(a)	28	(b)	29	(b)	30	(b)
31	(d)	32	(c)	33	(b)	34	(b)	35	(a)
36	(b)	37	(b)	38	(c)	39	(b)	40	(a)

**Key Part B: Logical Reasoning**

41	(d)	42	(b)	43	(d)	44	(c)	45	(b)
46	(b)	47	(c)	48	(a)	49	(a)	50	(a)
51	(c)	52	(a)	53	(b)	54	(a)	55	(d)
56	(d)	57	(c)	58	(b)	59	(b)	60	(c)

**Key Part C: Statistics**

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



**FOUNDATION COURSE**  
**MOCK TEST PAPER - 1**  
**PAPER – 4: PART I : BUSINESS ECONOMICS**

**ANSWER**

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

Ability to work independently or as part of a team

Proven leadership skills and ability to motivate

### **EDUCATION**

B.com from Hindu College, Delhi University

PGDIM from Symbiosis University, Pune

### **ACHIEVEMENTS**

- Awarded the 'Best Sales person' Award in the company
- Awarded a cash prize for two consecutive months for over achieving sales target.

### **PROFESSIONAL EXPERIENCE**

XYZ Pvt Ltd, Chennai

Worked as a Junior Sales Executive

Responsible for daily sales with a predicted target

Experience: 5 years

Auromatic Brothers

Worked as Senior Sales Executive

Responsible for monthly sales target

Led a team of twenty members.

Experience: 5 years.

**REFERENCES:** Will be provided upon request.

**DECLARATION:** I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:      Place:

(Manish Reddy)

**FOUNDATION COURSE**  
**MOCK TEST PAPER**  
**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE**  
**ANSWERS**

1	2	3	4	5	6	7	8	9	10
(d)	(b)	(d)	(a)	(c)	(d)	(b)	(d)	(a)	(c)
11	12	13	14	15	16	17	18	19	20
(c)	(b)	(d)	(b)	(b)	(c)	(d)	(b)	(c)	(b)
21	22	23	24	25	26	27	28	29	30
(d)	(c)	(d)	(d)	(d)	(d)	(d)	(c)	(a)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(a)	(a)	(a)	(c)	(c)	(c)	(d)	(c)	(a)