

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

Question No. 1 is compulsory.

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

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

Working Notes should form part of the answer.

(Time allowed: 3 Hours)

(100 Marks)

1. (a) State with reasons whether the following statements are True or False:
- i. Capital + Long Term Liabilities = Fixed Assets + Current Assets + Cash - Current Liabilities.
 - ii. Consignment account is of the nature of real account.
 - iii. The Sales book is kept to record both cash and credit sales.
 - iv. In the calculation of average due date, only the due date of first transaction must be taken as the base date.
 - v. If a partner retires, then other partners have a gain in their profit sharing ratio.
 - vi. Net income in case of persons practicing vocation is determined by preparing profit and loss account.
- (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) Classify the following errors under the three categories – Errors of Omission, Errors of Commission and Errors of Principle.
- (i) Sale of furniture credited to Sales Account.
 - (ii) Purchase worth Rs. 500 from M not recorded in subsidiary books.
 - (iii) Credit sale wrongly passed through the Purchase Book.
 - (iv) Machinery sold on credit to Mohan recorded in Journal Proper but omitted to be posted.
 - (v) Goods worth Rs. 5,000 purchased on credit from Ram recorded in the Purchase Book as Rs. 500.
- (4 Marks)**
2. (a) M/s Ram took lease of a quarry on 1-1-2016 for Rs. 2,00,00,000. As per technical estimate the total quantity of mineral deposit is 4,00,000 tonnes. Depreciation was charged on the basis of depletion method. Extraction pattern is given in the following table:

Year	Quantity of Mineral extracted
2016	4,000 tonnes
2017	20,000 tonnes
2018	30,000 tonnes

Required

Show the Quarry Lease Account and Depreciation Account for each year from 2016 to 2018.

- (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 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 charges	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) From the following details calculate the average due date:

Date of Bill	Amount (Rs.)	Usance of Bill
28 th January, 2018	5,000	1 month
20 th March, 2018	4,000	2 months
12 th July, 2018	7,000	1 month
10 th August, 2018	6,000	2 months

(c) Prepare Journal entries for the following transactions in K. Katrak's books.

- (i) Katrak's acceptance to Basu for Rs. 2,500 discharged by a cash payment of Rs. 1,000 and a new bill for the balance plus Rs. 50 for interest.
- (ii) G. Gupta's acceptance for Rs. 4,000 which was endorsed by Katrak to M. Mehta was dishonoured. Mehta paid Rs. 20 noting charges. Bill withdrawn against cheque.
- (iii) D. Dalal retires a bill for Rs. 2,000 drawn on him by Katrak for Rs. 10 discount.
- (iv) Katrak's acceptance to Patel for Rs. 5,000 discharged by Patel Mody's acceptance to Katrak for a similar amount.

(10 + 5 + 5 = 20 Marks)

4. A, B and C are partners in a firm sharing profits and losses as 8:5:3. Their balance sheet as at 31st December, 2018 was as follows:

	Rs.		Rs.
Sundry creditors	1,50,000	Cash	40,000
General reserve	80,000	Bills receivable	50,000
Partners' loan accounts:		Sundry debtors	60,000
A	40,000	Stock	1,20,000
B	30,000	Fixed assets	2,80,000
Partners' capital accounts:			
A	1,00,000		
B	80,000		
C	<u>70,000</u>		
	<u>5,50,000</u>		<u>5,50,000</u>

From 1st January, 2019 they agreed to alter their profit-sharing ratio as 5:6:5. It is also decided that:

- (a) the fixed assets should be valued at Rs. 3,31,000;
- (b) a provision of 5% on sundry debtors to be made for doubtful debts;
- (c) the goodwill of the firm at this date be valued at three years' purchase of the average net profits of the last five years before charging insurance premium; and
- (d) the stock be reduced to Rs. 1,12,000.

There is a joint life insurance policy for Rs. 2,00,000 for which an annual premium of Rs. 10,000 is paid, the premium being charged to profit and loss account. The surrender value of the policy on 31st December, 2018 was Rs. 78,000.

The net profits of the firm for the last five years were Rs. 14,000, Rs. 17,000, Rs. 20,000, Rs. 22,000 and Rs. 27,000.

Goodwill and the surrender value of the joint life policy was not to appear in the books.

Draft journal entries necessary to adjust the capital accounts of the partners and prepare the revised balance sheet. **(20 Marks)**

5. (a) From the following receipts and payments account of Mumbai Club, prepare income and expenditure account for the year ended 31.12.2018 and its balance sheet as on that date:

Receipts	Rs.	Payments	Rs.
Cash in hand	4,000	Salary	2,000
Cash at bank	10,000	Repair expenses	500

Donations	5,000	Purchase of furniture	6,000
Subscriptions	12,000	Misc. expenses	500
Entrance fees	1,000	Purchase of investments	6,000
Interest on investments	100	Insurance premium	200
Interest received from bank	400	Billiard table	8,000
Sale of old newspaper	150	Paper, ink etc.	150
Sale of drama tickets	1,050	Drama expenses	500
		Cash in hand (closing)	2,650
		Cash at bank (closing)	<u>7,200</u>
	<u>33,700</u>		<u>33,700</u>

Information:

- Subscriptions in arrear for 2018 Rs. 900 and subscriptions in advance for 2019 Rs. 350.
 - Insurance premium outstanding Rs. 40.
 - Misc. expenses prepaid Rs. 90.
 - 50% of donation is to be capitalized.
 - Entrance fees are to be treated as revenue income.
 - 8% interest has accrued on investment for five months.
 - Billiard table costing Rs. 30,000 was purchased during the last year and Rs. 22,000 were paid for it.
- (b) From the below mentioned information, prepare a Trading Account of M/s. Ketan Traders for the year ended 31st March, 2019:

	Rs.
Opening Inventory	1,50,000
Purchases	10,08,000
Carriage Inwards	45,000
Wages	75,000
Sales	16,50,000
Returns inward	1,50,000
Returns outward	1,08,000
Closing Inventory	3,00,000

- (c) Sky Ltd. keeps no stock records but a physical inventory of stock is made at the end of each quarter and the valuation is taken at cost. The company's year ends on 31st March, 2018 and their accounts have been prepared to that date. The stock valuation taken on 31st March, 2018 was however, misleading and you have been advised to value the closing stocks as on 31st March, 2018 with the stock figure as on 31st December, 2017 and some other information is available to you:
- The cost of stock on 31st December, 2017 as shown by the inventory sheet was Rs. 80,000.
 - On 31st December, stock sheet showed the following discrepancies:

- (a) A page total of Rs. 5,000 had been carried to summary sheet as Rs. 6,000.
- (b) The total of a page had been undercast by Rs. 200.
- (iii) Invoice of purchases entered in the Purchase Book during the quarter from January to March, 2018 totalled Rs. 70,000. Out of this Rs. 3,000 related to goods received prior to 31st December, 2017. Invoices entered in April 2018 relating to goods received in March, 2018 totalled Rs. 4,000.
- (iv) Sales invoiced to customers totalled Rs. 90,000 from January to March, 2018. Of this Rs. 5,000 related to goods dispatched before 31st December, 2017. Goods dispatched to customers before 31st March, 2018 but invoiced in April, 2018 totalled Rs. 4,000.
- (v) During the final quarter, credit notes at invoiced value of Rs. 1,000 had been issued to customers in respect of goods returned during that period. The gross margin earned by the company is 25% of cost.

You are required to prepare a statement showing the amount of stock at cost as on 31st March, 2018. **(12 + 4+4 = 20 Marks)**

6. (a) On 1st April, 2017, A Ltd. issued 43,000 shares of Rs. 100 each payable as follows:

Rs. 20 on application;

Rs. 30 on allotment;

Rs. 25 on 1st October, 2017; and

Rs. 25 on 1st February, 2018.

By 20th May, 40,000 shares were applied for and all applications were accepted. Allotment was made on 1st June. All sums due on allotment were received on 15th July those on 1st call were received on 20th October. Journalise the transactions when accounts were closed on 31st March, 2018. **(10 Marks)**

- (b) Simmons Ltd. issued 1,00,000, 12% Debentures of Rs.100 each at par payable in full on application by 1st April, Application were received for 1,10,000 Debentures. Debentures were allotted on 7th April. Excess money refunded on the same date.

You are required to pass necessary Journal Entries (including cash transactions) in the books of the company. **(5 Marks)**

- (c) State the causes of difference between the balance shown by the pass book and the cash book.

OR

Which subsidiary books are normally used in a business?

(5 Marks)

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

ANSWERS

1. (a) (i) **False-** The right hand side of the equation includes cash twice- once as a part of current assets and another separately. The basic accounting equation is

$$\text{Equity} + \text{Long Term Liabilities} = \text{Fixed Assets} + \text{Current Assets} - \text{Current Liabilities}$$
- (ii) **False:** Consignment account is a nominal account
- (iii) **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.
- (iv) **False-** While calculating the average due date, any transaction date may be taken as the base date.
- (v) **True-** If a partner retires, his share of profit or loss will be shared by the other partners in their profit sharing ratio.
- (vi) **False:** Net income is determined by preparing income and expenditure in case of persons practicing vocation.
- (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) (i) Error of Principle.
(ii) Error of Omission.
(iii) Error of Commission.
(iv) Error of Omission.
(v) Error of Commission

2. (a) **Quarry Lease Account**

Dr.		Rs.			Cr. Rs.
2016 Jan.	To Bank A/c	2,00,00,000	2016 Dec. 31	By Depreciation A/c [(4,000/4,00,000) ×	2,00,000

2017 Jan. 1	To Balance b/d		Dec. 31	Rs. 2,00,00,000]	
		2,00,00,000		By Balance c/d	1,98,00,000
		1,98,00,000	2017 Dec. 31	By Depreciation A/c	10,00,000
		1,98,00,000	Dec. 31	By Balance c/d	1,88,00,000
2018 Jan. 1	To Balance b/d	1,88,00,000	2018 Dec. 31	By Depreciation A/c	15,00,000
		1,88,00,000	Dec. 31	By Balance c/d	1,73,00,000
		1,88,00,000			1,88,00,000

Depreciation Account

Dr.		Rs.			Cr. Rs.
2016 Dec. 31	To Quarry lease A/c	2,00,000	2016 Dec. 31	By Profit & Loss A/c	2,00,000
		2,00,000			2,00,000
2017 Dec. 31	To Quarry lease A/c	10,00,000	2017 Dec. 31	By Profit & Loss A/c	10,00,000
		10,00,000			10,00,000
2018 Dec. 31	To Quarry lease A/c	15,00,000	2018 Dec. 31	By Profit & Loss A/c	15,00,000
		15,00,000			15,00,000

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

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

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

Particulars	Amount
	Rs.
Overdraft as per Cash Book	22,484
Add: Cheque deposited but not collected upto 30 th Sept., 2017	26,28,000
	26,50,484

Less: Cheques issued but not presented for payment upto 30 th Sept., 2017	(26,52,000)
Credit by Bank erroneously on 6 th Sept.	(40,000)
Overdraft as per bank statement	41,516

Note: Bank has credited Neel by 40,000 in error on 6th 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	5,28,000
To Profit on Consignment to Profit & Loss A/c	2,34,000			
	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.

(b) **Calculation of Average Due Date**

(Taking 3rd March, 2018 as base date)

Date of bill 2018	Term	Due date 2018	Amount (Rs.)	No. of days from the base date i.e. 3 rd March, 2018 (Rs.)	Product (Rs.)
28 th January	1 month	3 rd March	5,000	0	0

20 th March	2 months	23 rd May	4,000	81	3,24,000
12 th July	1 month	14 th Aug.	7,000	164	11,48,000
10 th August	2 months	13 th Oct.	<u>6,000</u>	224	<u>13,44,000</u>
			<u>22,000</u>		<u>28,16,000</u>

Average due date = Base date + Days equal to $\frac{\text{Sum of Products}}{\text{Sum of Amounts}}$

$$= 3^{\text{rd}} \text{ March, 2018} + \frac{28,16,000}{22,000}$$

$$= 3^{\text{rd}} \text{ March, 2018} + 128 \text{ days} = 9^{\text{th}} \text{ July, 2018}$$

Working Note:

Bill dated 12th July, 2018 has the maturity period of one month, due date (after adding 3 days of grace) falls on 15th August, 2018. 15th August being public holiday, due date would be preceding date i.e. 14th August, 2018.

(c)

Books of K. Katrak

Journal Entries

			Dr. Rs.	Cr. Rs.
(i)	Bills Payable Account Interest Account To Cash A/c To Bills Payable Account (Bills Payable to Basu discharged by cash payment of Rs. 1,000 and a new bill for Rs.1,550 including Rs. 50 as interest)	Dr. Dr.	2,500 50	1,000 1,550
(ii)	(a) G. Gupta To M. Mehta (G. Gupta's acceptance for Rs. 4,000 endorsed to M. Mehta dishonoured, Rs. 20 paid by M. Mehta as noting charges)	Dr.	4,020	4,020
	(b) M. Mehta To Bank Account (Payment to M. Mehta on withdrawal of bill earlier received from Mr. G. Gupta)	Dr.	4,020	4,020
(iii)	Bank Account Discount Account To Bills Receivable Account (Payment received from D. Dalal against his acceptance for Rs. 2,000. Allowed him a discount of Rs. 10)	Dr. Dr.	1,990 10	2,000
(iv)	Bills Payable Account To Bills Receivable Account (Bills Receivable from Mody endorsed to Patel in settlement of bills payable issued to him earlier)	Dr.	5,000	5,000

4.

In the books of M/s ABC**Journal Entries**

<i>Date</i>	<i>Particulars</i>		<i>Dr. (Rs.)</i>	<i>Cr.(Rs.)</i>
2019 January 1	Fixed assets A/c To Revaluation A/c (Revaluation of fixed assets)	Dr.	51,000	51,000
	Revaluation A/c To Stock A/c To Provision for doubtful debts A/c (Reduction in the value of stock and provision @ 5% on sundry debtors created for doubtful debts)	Dr.	11,000	8,000 3,000
	B's capital A/c C's capital A/c To A's capital A/c (Adjustment for goodwill and joint life policy(W.N.1))	Dr. Dr.	10,500 21,000	31,500
	Revaluation A/c To A's capital A/c To B's capital A/c To C's capital A/c (Transfer of profit on revaluation)	Dr.	40,000	20,000 12,500 7,500
	General reserve A/c To A's capital A/c To B's capital A/c To C's capital A/c (Transfer of general reserve)	Dr.	80,000	40,000 25,000 15,000

Balance Sheet (revised)**as on 1st January, 2019**

<i>Liabilities</i>		<i>Amount Rs.</i>	<i>Assets</i>		<i>Amount Rs.</i>
Sundry creditors		1,50,000	Cash		40,000
Partners' loan A/cs:			Bills receivable		50,000
A	40,000		Sundry debtors	60,000	
B	<u>30,000</u>	70,000	Less: Provision	<u>3,000</u>	57,000
Partners' capital A/cs:			Stock		1,12,000
(W.N.2)			Fixed assets		3,31,000
A	1,91,500				
B	1,07,000				
C	<u>71,500</u>	<u>3,70,000</u>			
		<u>5,90,000</u>			<u>5,90,000</u>

Working Notes:**(1) Adjustment for goodwill and joint life policy**

	Rs.
Average profit of last five years	20,000
Add: Insurance premium per annum	<u>10,000</u>
Average profit before charging premium	<u>30,000</u>
Value of goodwill (3x Rs. 30,000)	90,000
Add: Surrender value of joint life policy	<u>78,000</u>
Total amount for adjustment	<u>1,68,000</u>

	A	B	C
	Rs.	Rs.	Rs.
Raised in old profit sharing ratio (8:5:3)	84,000	52,500	31,500
Written off in new profit sharing ratio (5:6:5)	<u>52,500</u>	<u>63,000</u>	<u>52,500</u>
Net effect in capital accounts	<u>31,500</u>	<u>10,500</u>	<u>21,000</u>
	(Cr.)	(Dr.)	(Dr.)

Alternatively, the net effect in partners' capital accounts due to adjustment for goodwill and joint life policy can be shown on the basis of profit sacrificing ratio. Profit sacrificing ratios are:

$$A = (8/16) - (5/16) = 3/16$$

$$B = (5/16) - (6/16) = (1/16)$$

$$C = (3/16) - (5/16) = (2/16)$$

Therefore, adjustments in partner's capital account:

$$A = 3/16 \times \text{Rs. } 1,68,000 = \text{Rs. } 31,500 \text{ (Cr.)}$$

$$B = (1/16) \times \text{Rs. } 1,68,000 = \text{Rs. } 10,500 \text{ (Dr.)}$$

$$C = (2/16) \times \text{Rs. } 1,68,000 = \text{Rs. } 21,000 \text{ (Dr.)}$$

(2)**Partners' Capital Accounts**

		A	B	C			A	B	C
2019		Rs.	Rs.	Rs.	2019		Rs.	Rs.	Rs.
Jan 1	To A's capital A/c	-	10,500	21,000	Jan 1	By Balance b/d	1,00,000	80,000	70,000
	To Balance c/d	1,91,500	1,07,000	71,500		By B and C's capital A/c (as per contra)	31,500	-	-
						By Revaluation A/c (revaluation profit)	20,000	12,500	7,500
						By General reserve	<u>40,000</u>	<u>25,000</u>	<u>15,000</u>
		<u>1,91,500</u>	<u>1,17,500</u>	<u>92,500</u>			<u>1,91,500</u>	<u>1,17,500</u>	<u>92,500</u>

5. (a)

Income and Expenditure Account of Mumbai Club
for the year ended 31st December, 2018

<i>Dr.</i>					<i>Cr.</i>
<i>Expenditure</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Income</i>	<i>Rs.</i>	<i>Rs.</i>
To Salary		2,000	By Donation	5,000	
To Repair expenses		500	Less: Capitalised (50%)	<u>2,500</u>	2,500
To Misc. expenses	500		By Subscriptions	12,000	
Less: Prepaid	<u>90</u>	410	Add: Outstanding	<u>900</u>	
To Insurance premium	200			12,900	
Add: Outstanding	<u>40</u>	240	Less: Advance for 2019	<u>350</u>	12,550
To Paper, ink etc.		150	By Entrance fees		1,000
To Drama expenses		500	By Interest on investment		300
To Surplus-excess of income over expenditure		14,150	[100+8/100x6,000x5/12]		
			By Interest received from bank		400
			By Sale of old newspapers		150
			By Sale of drama tickets		<u>1,050</u>
		<u>17,950</u>			<u>17,950</u>

Balance Sheet of Mumbai Club
as on 31st December, 2018

<i>Liabilities</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital fund			Billiard table	30,000
Opening balance	36,000		Furniture	6,000
Add: Surplus	14,150		Investments	6,000
Donations	<u>2,500</u>	52,650	Interest accrued	200
Outstanding insurance premium		40	Prepaid expenses	90
Subscription received in advance		350	Subscriptions receivable	900
			Cash in hand	2,650
			Cash at bank	<u>7,200</u>
		<u>53,040</u>		<u>53,040</u>

Working Note:

Balance Sheet of Mumbai Club
as on 31st December, 2017

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital fund	36,000	Billiard table	30,000
(balancing figure)		Cash in hand	4,000
Creditors for billiard table	<u>8,000</u>	Cash at bank	<u>10,000</u>
	<u>44,000</u>		<u>44,000</u>

(b)

In the books of M/s. Ketan Traders

Trading Account for the year ended 31st March, 2019

Particulars	Rs.	Amount Rs.	Particulars	Rs.	Amount Rs.
To Opening Inventory		1,50,000	By Sales	16,50,000	
To Purchases	10,08,000		Less: Returns Inward	(1,50,000)	15,00,000
Less: Returns outward	(1,08,000)	9,00,000	By Closing Inventory		3,00,000
To Carriage Inwards		45,000			
To Wages		75,000			
To Gross profit		6,30,000			
		18,00,000			18,00,000

(c)

Valuation of Physical Stock as at March 31, 2018

		Rs.
Stock at cost on 31.12.2017		80,000
Add: (1) Undercasting of a page total	200	
(2) Goods purchased and delivered during January – March, 2018 Rs. (70,000 – 3,000 + 4,000)	71,000	
(3) Cost of sales return Rs. (1,000 – 200)	<u>800</u>	<u>72,000</u>
		1,52,000
Less: (1) Overcasting of a page total Rs. (6,000 – 5,000)	1,000	
(2) Goods sold and dispatched during January – March, 2018 Rs. (90,000 – 5,000 + 4,000)	89,000	
Less: Profit margin $\left(89,000 \times \frac{25}{125}\right)$	<u>17,800</u>	<u>(72,200)</u>
Value of stock as on 31st March, 2018		<u>79,800</u>

Note: In the above solution, transfer of ownership is assumed to take place at the time of delivery of goods. If it is assumed that transfer of ownership takes place on the date of invoice, then Rs. 4,000 goods delivered in March 2018 for which invoice was received in April, 2018, would be treated as purchases of the accounting year 2017-2018 and thus excluded. Similarly, goods dispatched in March, 2018 but invoiced in April, 2018 would be excluded and treated as sale of the year 2017-2018

6. (a)

A Ltd.

Journal

2017			Dr. Rs.	Cr. Rs.
May 20	Bank Account To Share Application A/c (Application money on 40,000 shares at Rs. 20 per share received.)	Dr.	8,00,000	8,00,000
June 1	Share Application A/c	Dr.	8,00,000	

	To Share Capital A/c (The amount transferred to Capital Account on 40,000 shares Rs. 20 on application. Directors' resolution no..... dated))			8,00,000
	Share Allotment A/c To Share Capital A/c (Being share allotment made due at Rs. 30 per share. Directors' resolution no..... dated))	Dr.	12,00,000	12,00,000
July 15	Bank Account To Share Application and Allotment A/c (The sums due on allotment received.)	Dr.	12,00,000	12,00,000
Oct. 1	Share First Call Account To Share Capital Account (Amount due from members in respect of first call-on 40,000 shares at Rs. 25 as per Directors, resolution no... dated...)	Dr.	10,00,000	10,00,000
Oct. 20	Bank Account To Share First Call Account (Receipt of the amounts due on first call.)	Dr.	10,00,000	10,00,000
2018 Feb. 1	Share Second and Final Call A/c To Share Capital A/c (Amount due on 40,000 share at Rs. 25 per share on second and final call, as per Directors resolution no... dated...)	Dr.	10,00,000	10,00,000
Mar. 31	Bank Account To Share Second & Final Call A/c (Amount received against the final call on 40,000 shares at Rs.25 per share.)	Dr.	10,00,000	10,00,000

(b) **In the books of Simmons Limited**

Date	Particulars		Rs. '000	Rs. '000
April 1	Bank A/c To 12% Debentures Application A/c (Being money received on 1,10,000 debentures)	Dr.	11,000	11,000
April 7	12% Debentures Application A/c To Bank A/c (Being money on 10,000 debentures refunded as per Board's Resolution No.....dated...)	Dr.	1,000	1,000
April 7	12% Debentures Application A/c To 12% Debentures A/c (Being the allotment of 1,00,000 debentures of Rs. 100 each at par, as per Board's Resolution No....dated...)	Dr.	10,000	10,000

(c) The difference between the balance shown by the passbook and the cashbook may arise on account of the following:

- (i) Cheques issued but not yet presented for payment.
- (ii) Cheques deposited into the bank but not yet cleared.
- (iii) Interest allowed by the bank.
- (iv) Interest and expenses charged by the bank.
- (v) Interest and dividends collected by the bank.
- (vi) Direct payments by the bank.
- (vii) Direct deposits into the bank by a customer.
- (viii) Dishonour of a bill discounted with the bank.
- (ix) Bills collected by the bank on behalf of the customer.
- (x) An error committed by the bank etc.

OR

(c) Normally, the following subsidiary books are used in a business:

- (i) Cash book to record receipts and payments of cash, including receipts into and payments out of the bank.
- (ii) Purchases book to record credit purchases of goods dealt in or of the materials and stores required in the factory.
- (iii) Purchase Returns Books to record the returns of goods and materials previously purchased.
- (iv) Sales Book to record the sales of the goods dealt in by the firm.
- (v) Sale Returns Book to record the returns made by the customers.
- (vi) Bills receivable books to record the receipts of promissory notes or hundies from various parties.
- (vii) Bills Payable Book to record the issue of the promissory notes or hundies to other parties.
- (viii) Journal (proper) to record the transactions which cannot be recorded in any of the seven books mentioned above.

MOCK TEST PAPER 1

PAPER 2A: BUSINESS LAWS

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.

Total Marks: 60

QUESTIONS

1. (a) Point out with reason whether the following agreements are valid or void:
 - (i) Riya promises Samarth to lend Rs. 500,000 in lieu of consideration that Samarth gets Riya's marriage dissolved and he himself marries her.
 - (ii) Aryan agrees with Mathew to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
 - (iii) Ravi sells the goodwill of his shop to Shyam for Rs. 4,00,000 and promises not to carry on such business forever and anywhere in India.
 - (iv) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent. **(4 Marks)**
- (b) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2019 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. **(4 Marks)**
- (c) What is meant by delivery of goods under the Sale of Goods Act, 1930? State various modes of delivery. **(4 Marks)**
2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Explain the statement and also the effect of anticipatory breach on contracts. **(7 Marks)**
- (b) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)**
3. (a) Distinguish between Partnership vs. Hindu Undivided Family. Write any two points. **(2 Marks)**
- (b) What are the consequences of Non -Registration of a Partnership Firm? Discuss. **(4 Marks)**
- (c) Evergreen Ltd., contracts with Shakti Traders to make and deliver certain machinery to them by 30th June, 2004 for Rs. 11.50 lakhs. Due to labour strike, Evergreen Ltd. could not manufacture and deliver the machinery to Shakti Traders. Later, Shakti Traders procured the machinery from another manufacturer for Rs.12.75 lakhs. Shakti Traders was also prevented from performing a contract which it had made with Xylo Traders at the time of their contract with Evergreen Ltd. and were compelled to pay compensation for breach of contract. Advise Shakti Traders the amount of

compensation which it can claim from Evergreen Ltd., referring to the legal provisions of the Indian Contract Act, 1872. **(6 Marks)**

4. (a) What do you understand by the term “unpaid seller” under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit? **(6 Marks)**
- (b) Mahesh, Suresh and Dinesh are partners in a trading firm. Mahesh, without the knowledge or consent of Suresh and Dinesh borrows himself Rs. 50,000 from Ramesh, a customer of the firm, in the name of the firm. Mahesh, then buys some goods for his personal use with that borrowed money. Can Mr. Ramesh hold Mr. Suresh & Mr. Dinesh liable for the loan? Explain the relevant provisions of the Indian Partnership Act, 1932. **(6 Marks)**
5. (a) Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending? **(6 Marks)**

- (b) Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non-profit company under Section 8 or a private company? **(6 Marks)**
6. (a) “To form a valid contract, consideration must be adequate”. Comment. **(5 Marks)**
- (b) What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties. **(4 Marks)**
- (c) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company.

Analyse the situation and decide whether Mr. X is free from his liability. **(3 Marks)**

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**.*

Total Marks: 40

Instructions

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.

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

Cybercrime is a crime which happens online or primarily online. Cybercriminals commit crimes by targeting computer networks or devices. One of the most common methods is by hacking. Other cybercrimes include cyber-stalking, child sexual exploitation, harassment and bullying. Hacking means violating IT (Information Technology) Act, and intervening into a computer, or a network system for specific goals, such as stealing money, gaining fame, stealing of confidential data etc. or to exploit someone. The person involved in hacking purpose is known as hacker. Hacker are categorised into three types: (i) White Hat hacker, (ii) Black Hat hacker and (iii) Grey Hat hacker.

White Hat hackers are also known as ethical hackers. White hackers are legal hacker and they never intent to harm a computer or system, rather they find out loopholes in a computer or a network system to keep the system safe from being hacked. Black Hat hackers are called crackers who gain unauthorised access to a system to harm or steal sensitive information. They find loopholes to gain access to a system. While grey hat hackers are mixture of both black hat and white hat hackers. They do it for fun without the owner's consent.

Some methods to protect yourself safe from cybercrimes are: (i) keep software updated, (ii) use strong passwords, (iii) manage the social media settings as per your privacy, (iv) talk to children about internet, (iv) keep an eye on kids using parental control, (v) keep your identity safe, (vi) do not click on any unknown link, (vii) know what do be done if you become a victim. Children are most common victims of cybercrime. So keeping an eye on children action is very important. Cybercrimes cases in India registered under the IT Act, increased between 2011 and 2014. In 2015, there were 11,592 cases of cybercrime in India. Cybercrime cases are increasing day by day. Protection from crime is in your hands. So use internet wisely. Beware of crime else crime will not aware you.

- 1) Reason for increase in cybercrime are: **(1 Mark)**
- a) Increased use of internet
 - b) Unawareness of cybercrime
 - c) Ignorance of privacy setting
 - d) Need of Digitalization
- 2) Children are common victim of cybercrime because: **(1 Mark)**
- a) They are innocent
 - b) Lack of information about internet
 - c) Lack of parent awareness
 - d) Both (a) and (c)

- 3) Which action should not be taken? **(1 Mark)**
- a) Creating a long password
 - b) Activating Internet Security
 - c) Creating Database without password
 - d) Using Parental control
- 4) Synonym of trail is: **(1 Mark)**
- a) Harassment
 - b) Bullying
 - c) Intervening
 - d) Stalking
- 5) The word assent means: **(1 Mark)**
- a) Stealing
 - b) Consent
 - c) Mixture
 - d) Beware

(b) Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.

(3 Marks)

- (ii) Write summary.

(2 Marks)

Mass communication is the procedure of exchanging information, particulars, facts, figures, and data, etc. through mass media to a large section of the population. In simple words conveyance of messages to several people at the same time is called mass communication. But by definition, mass communication is the process through which some information is circulated broadly among people throughout the globe. Through mass communication, information can be transmitted rapidly to mass that generally stay far away from the root of information. There are many mediums, such as radio, television, social networking (Facebook, Instagram, WhatsApp, Twitter, etc.), billboards, newspapers, magazines, film, and internet for spreading information.

Characteristics of mass communication: (i) Large number of audience and (ii) Wide area. It has a large number of spectators of different races, groups, sections, cultures, communities, etc. and they are geographically scattered which makes it most popular among communication systems as people keep their eyes on every update. The area of mass communication is wider than any other communication systems.

The main motive of mass communication study is to learn how the substances of mass communication affect the attitudes, opinions, emotions, and ultimately behaviours of the people who collect or obtain the message. Studying involves exposing participants to various media content and recording their reactions through data about the cause and effect of mass communication.

The survey, which is another method, involves summarizing individuals' responses to a set of questions to generalize their reaction to a larger part of the world. Content analysis is another process that concludes the undiluted reaction on a piece of communication, such as newspaper article, book, television program, film or broadcast news script.

A qualitative method is known as ethnography which permits the analyst to dip themselves into a culture to observe and document the calibre of communication that exists there.

It fosters mass products creating mass consumers which in turn increase sales of the product. People get the latest news in a short time irrespective of their location and at the same time, it educates people giving information about health, the environment and much more. Hidden talents get chances to showcase themselves in the field such as comedy, acting, and singing. Knowledge increases as watching quiz programs, animal programs and so on increases the general knowledge of the people. Using mass communication sensibly and accurately leads to the development of a country.

2. (a) What are the barriers of communication? Explain it. **(1 Mark)**

(b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**

Quixotic

(a) Pragmatic (b) Mundane (c) Utopian (d) Sane

(ii) Select a suitable antonym for the word given in question. **(1 Mark)**

Nebulous

(a) Sullen (b) Dismal (c) Definite (d) Gist

(iii) Change the following sentences into passive voice. **(1 Mark)**

Director supposes the staff to follow the rules.

(iv) Change the following sentences to indirect speech. **(1 Mark)**

I will tell my students, "I have completed mysyllabus."

(c) Write a précis and give appropriate title to the passage given below. **(5 Marks)**

UGC targets 30% enrolment in higher education by 2020. The University Grants Commission has set a target to increase the Gross Enrolment Ratio (GER) in higher education to 30 per cent by 2020 from the present 25.4 per cent, UGC Chairman DP Singh said on Wednesday. The UGC has also set certain objectives to improve the quality of higher education in institutions, he said. "The number of students enrolled in higher education system has gone up to about 3.66 crore in 2017-18. The GER rose to 25.4 per cent in 2017-18, while the aim is to increase it to 30 per cent by 2020," Singh told reporters here. GER is the ratio of students enrolled in the age group of 18-23 years to the population in that age group. Singh said the UGC has also recently chalked out some objectives for improving the quality of learning in higher education institutions (HEIs). "The objectives include regular revision of curriculum with clearly specified learning outcomes and soft skills, enabling youth to secure access to employment/self-employment, developing social-industry connect, availability of motivated teachers and accreditation to ensure qualitative self-improvement in HEIs," he said. He also informed that the UGC and the Ministry of Human Resources Development (HRD) recently organised a three- day national conference in Pune to discuss research and innovation in higher education and adopted 10 resolutions. These include achieving the UGC quality mandate in universities and affiliated institutions by 2020, adopting and implementing learning outcome-based curriculum framework, enhancing research productivity and boosting vocationalisation of higher education by participating in the National Apprenticeship Promotion Scheme (NAPS). The experts at the conference also stressed on the need to sensitise students and encourage them to participate in social/economic betterment of the community by adopting at least five villages under the Unnat Bharat Abhiyan, and to strive for smart and clean campus by 2020, the official said.

Source: The Hindu (Business Line)

3. (a) Differentiate between the Horizontal and Diagonal Communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**
 Stolid
 (a) Stain (b) Strafe (c) Stork (d) Stoical
- (ii) Choose the appropriate word to fill the blank: **(1 Mark)**
 students need to be aware of the significance of collocation.
 (a) Solipsistic (b) Inchoate (c) Advanced (d) Minger
- (iii) Change the following sentences into passive voice: **(1 Mark)**
 Had they completed the paperwork?
- (iv) Change the following sentence to indirect speech. **(1 Mark)**
 "Chinese Language is very difficult to learn." He said.
- (c) Draft a formal letter, as Head of the purchase, write a complaint letter to the xyz company for zyx product. **(5 Marks)**
4. (a) Compare written and oral communication in your own language? **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**
 Flamboyant
 (a) Colourful (b) Modest (c) Sporty (d) Actor
- (ii) Rewrite the following sentences in active voice:
 Let it be done now.
- (iii) Change the following sentence into Indirect speech.
 "Will the administrator release me? He asked.
- (c) Write an Article of about 250-300 words on the topic **"Team Building for Success"**. **(5 Marks)**

Or

You are Sameer Goyal, a reporter of 'The Hindu' newspaper. Write a report on Fake/fraud Calling for Getting OTP/Password in the Noida in 150-200 words.

5. (a) What are the characteristics of effective communication? **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (1) For good **(1 Mark)**
 (a) Sometimes
 (b) Permanently
 (c) Occasionally
 (d) Usually
- (2) Right-hand man **(1 Mark)**
 (a) Faithful
 (b) Punctual
 (c) Hard worker
 (d) Most efficient assistant

(ii) Change the following sentence into Indirect speech. **(1 Mark)**

My mother said to me, "Will you go and swim at least now."

- (c) The marketing Head of the A-Tour & Travels Ltd, a travel company, plans to conduct a meeting to review the effectiveness of plan & policies of the previous year and strategies for the next year to increase the profit margin of the company. (Attendees should be from marketing, advertisement and R&D). Prepare minutes of the meeting for the same. **(5 Marks)**

OR

Prepare a cover letter and detailed résumé in the functional format for a candidate applying for the post of a journal Trainee. Include past experiences, with emphasis on the journalism.

Other inputs: Name: Ravi Prakash Mandal

Experience: 2 years, (divide it into two jobs/company)

Current designation: Junior Journal Trainee

MOCK TEST PAPER 1
FOUNDATION COURSE
PAPER 2: SECTION A: BUSINESS LAWS

ANSWERS

1. (a) Validity of agreements

- (i) *Void Agreement:* As per Section 23 of the Indian Contract Act, 1872, an agreement is void if the object or consideration is against the public policy.
- (ii) *Void Agreement:* As per Section 20 of the Indian Contract Act, 1872 the contracts caused by mistake of fact are void. There is mistake of fact as to the existence of subject matter.
- (iii) *Void Agreement:* As per Section 27 of the Indian Contract Act, 1872 an agreement in restraint of trade is void. However, a buyer can put such a condition on the seller of good will, not to carry on same business. However, the conditions must be reasonable regarding the duration and the place of the business.
- (iv) *Void Agreement:* An agreement in restraint of legal proceedings is void as per Section 28 of the Indian Contract Act, 1872.

- (b)** Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to
- promote the charitable objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

Hence, a company that is registered under section 8 of the Companies Act, 2013, is prohibited from the payment of any dividend to its members.

In the present case, the company in question is a section 8 company and hence it cannot declare dividend. Thus, the contention of members is incorrect.

- (c) Delivery of goods [section 2(2) of the Sale of Goods Act, 1930]:** Delivery means voluntary transfer of possession from one person to another. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

Modes of delivery: Following are the modes of delivery for transfer of possession:

- (i) **Actual delivery:** When the goods are physically delivered to the buyer.
- (ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
- (iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

- 2. (a)** An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach.

Section 39 of the Indian Contract Act, 1872 deals with **anticipatory breach of contract** and provides as follows: "When a party to a contract has refused to perform or disable himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, but words or conduct, his acquiescence in its continuance."

Effect of anticipatory breach: The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

(b) Designated Partner [Section 2(j)]: "Designated partner" means any partner designated as such pursuant to section 7 of the LLP Act, 2008.

According to section 7:

- (i) Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.
- (ii) If in LLP, all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.
- (iii) Resident in India: For the purposes of this section, the term "resident in India" means a person who has stayed in India for a period of not less than 182 days during the immediately preceding one year.

3. (a) Partnership vs. Hindu Undivided Family

Basis of difference	Partnership	Joint Hindu family
Mode of creation	Partnership is created necessarily by an agreement.	The right in the joint family is created by status means its creation by birth in the family.
Death of a member	Death of a partner ordinarily leads to the dissolution of partnership.	The death of a member in the Hindu undivided family does not give rise to dissolution of the family business.
Management	All the partners are equally entitled to take part in the partnership business.	The right of management of joint family business generally vests in the Karta, the governing male member or female member of the family.
Authority to bind	Every partner can, by his act, bind the firm.	The Karta or the manager, has the authority to contract for the family business and the other members in the family.
Liability	In a partnership, the liability of a partner is unlimited.	In a Hindu undivided family, only the liability of the Karta is unlimited, and the other co-partners are liable only to the extent of their share in the profits of the family business.
Calling for accounts on closure	A partner can bring a suit against the firm for accounts, provided he also seeks the dissolution of the firm.	On the separation of the joint family, a member is not entitled to ask for account of the family business.

Governing Law	A partnership is governed by the Indian Partnership Act, 1932.	A Joint Hindu Family business is governed by the Hindu Law.
Minor's capacity	In a partnership, a minor cannot become a partner, though he can be admitted to the benefits of partnership, only with the consent of all the partners.	In Hindu undivided family business, a minor becomes a member of the ancestral business by the incidence of birth. He does not have to wait for attaining majority.
Continuity	A firm subject to a contract between the partners gets dissolved by death or insolvency of a partner.	A Joint Hindu family has the continuity till it is divided. The status of Joint Hindu family is not thereby affected by the death of a member.
Number of Members	In case of Partnership, number of members should not exceed 50	Members of HUF who carry on a business may be unlimited in number.
Share in the business	In a partnership, each partner has a defined share by virtue of an agreement between the partners.	In a HUF, no coparceners has a definite share. His interest is a fluctuating one. It is capable of being enlarged by deaths in the family diminished by births in the family.

(b) **Consequences of Non-Registration of a Partnership Firm [Section 69 of the Indian Partnership Act, 1932]:** Although registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. **These disabilities briefly are as follows:**

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

(c) Section 73 of the Indian Contract Act, 1872 provides for consequences of breach of contract. According to it, when a contract has been broken, the party who suffers by such 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 given for any remote and indirect loss or damage sustained by reason of the breach. It is further provided in the explanation to the section that in estimating the loss or damage from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account.

Applying the above principle of law to the given case, Evergreen Ltd. is obliged to compensate for the loss of Rs.1.25 lakhs (i.e. Rs.12.75 minus Rs.11.50 = Rs. 1.25 lakhs) which had naturally arisen due to default in performing the contract by the specified date.

Regarding the amount of compensation which Shakti Traders were compelled to make to Xylo Traders, it depends upon the fact whether Evergreen Ltd. knew about the contract of Shakti Traders for supply of the contracted machinery to Xylo Traders on the specified date. If so, Evergreen Ltd. is also obliged to reimburse the compensation which Shakti Traders had to pay to Xylo Traders for breach of contract. Otherwise Evergreen Ltd. is not liable.

4. (a) Unpaid Seller

According to Section 45 of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-

- (a) the whole of the price has not been paid or tendered.
- (b) a bill of exchange or other negotiable instrument has been received as conditional payment, and it has been dishonoured.

Right of stoppage of goods in transit

When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right by asking the carrier to return the goods back, or not to deliver the goods to the buyer.

However, the right of stoppage in transit is exercised only when the following conditions are fulfilled:

- (a) The seller must be unpaid.
- (b) The seller must have parted with the possession of goods.
- (c) The goods must be in the course of transit.
- (d) The buyer must have become insolvent.
- (e) The right is subject to provisions of the Act.

(b) Implied authority of a partner

Yes, as per sections 19 and 22 of the Indian Partnership Act, 1932 unless otherwise provided in the partnership deed, every partner has an implied authority to bind every other partner for acts done in the name of the firm, provided the same falls within the ordinary course of business and is done in a usual manner. Mahesh has a right to borrow the money of Rs. 50,000/- from Ramesh on behalf of his firm in the usual manner. Since, Ramesh has no knowledge that the amount was borrowed by Mahesh without the consent of the other two partners, Mr. Suresh and Mr. Dinesh, he can hold both of them (Suresh and Dinesh) liable for the re-payment of the loan.

- 5. (a) (i)** According to section 44 of the Sales of Goods Act, 1932, when the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not within a reasonable time after such request take delivery of the goods, he is liable to the seller for any loss occasioned by his neglect or refusal to take delivery and also for a reasonable charge for the care and custody of the goods.

The property in the goods or beneficial right in the goods passes to the buyer at appoint of time depending upon ascertainment, appropriation and delivery of goods. Risk of loss of goods *prima facie* follows the passing of property in goods. Goods remain at the seller's risk unless the property there in is transferred to the buyer, but after transfer of property therein to the buyer the goods are at the buyer's risk whether delivery has been made or not.

In the given case, since Mr. G has already intimated Mr. H, that he wanted to store some other goods and thus Mr. H should take the delivery of goods kept in the godown of Mr. G, the loss of goods damaged should be borne by Mr. H.

- (ii)** If the price of the goods would not have settled in cash and some amount would have been pending then Mr. G will be treated as an unpaid seller and he can enforce the following rights against the goods as well as against the buyer personally:

- (a) Where under a contract of sale the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1) of the Sales of Goods Act, 1930]
 - (b) Where under a contract of sale the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2) of the Sales of Goods Act, 1930].
- (b) **One Person Company (OPC) [Section 2(62) of the Companies Act, 2013]:** The Act defines one person company (OPC) as a company which has only one person as a member.

Rules regarding its membership:

- Only one person as member.
- The memorandum of OPC shall indicate the name of the other person, who shall, in the event of the subscriber's death or his incapacity to contract, become the member of the company.
- The other person whose name is given in the memorandum shall give his prior written consent in prescribed form and the same shall be filed with Registrar of companies at the time of incorporation.
- Such other person may be given the right to withdraw his consent.
- The member of OPC may at any time change the name of such other person by giving notice to the company and the company shall intimate the same to the Registrar.
- Any such change in the name of the person shall not be deemed to be an alteration of the memorandum.
- Only a natural person who is an Indian citizen and resident in India (person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year)-
 - shall be eligible to incorporate a OPC;
 - shall be a nominee for the sole member of a OPC.
- No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company.
- No minor shall become member or nominee of the OPC or can hold share with beneficial interest.

OPC cannot be incorporated or converted into a company under section 8 of the Act. Though it may be converted to private or public companies in certain cases. OPC cannot convert voluntarily into any kind of company unless two years have expired from the date of incorporation, except where the paid up share capital is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees.

6. (a) 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. Madden**). 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.

- (b) **Conclusive evidence of partnership:** Existence of Mutual Agency which is the cardinal principle of partnership law is very much helpful in reaching a conclusion with respect to determination of existence of partnership. Each partner carrying on the business is the principal as well as an agent of other partners. So, the act of one partner done on behalf of firm, binds all the partners. If the element of mutual agency relationship exists between the parties constituting a group formed with a view to earn profits by running a business, a partnership may be deemed to exist.

Circumstances when partnership is not considered between two or more parties: Various judicial pronouncements have laid to the following factors leading to no partnership between the parties:

- (i) Parties have not retained any record of terms and conditions of partnership.
- (ii) Partnership business has maintained no accounts of its own, which would be open to inspection by both parties
- (iii) No account of the partnership was opened with any bank
- (iv) No written intimation was conveyed to the Deputy Director of Procurement with respect to the newly created partnership.

- (c) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING
ANSWERS

1. (a) 1-b, 2-c, 3-c, 4-d, 5-b
- (b) 1. Intro of Mass Comm
 - 1.1 Dfn of Mass Comm
 - 1.2 Info can be transferred easily
 - 1.3 Mdm of Mass Comm
2. Chrctcs of Mass Communication
 - 2.2 Large audience
 - 2.2 Broader area
 - 2.3 Base of communication
3. Motive of Mass Comm Study
 - 3.1 Assess its effect on peoples' behaviour
 - 3.2 Methods
 - 3.2.1 Survey of data
 - 3.2.2 Content analysis
 - 3.2.3 Ethnography
4. Advntgs of Mass Comm
 - 4.1 Increases product sales
 - 4.2 Provides latest news, knowledge, health tips
 - 4.3 People can showcase hidden talents
 - 4.4 Leads to dvlpmnt of country

Key:

- 1) Intro- Introduction
- 2) Mass Comm- Mass communication
- 3) Dfn- Definition
- 4) Info- Information
- 5) Mdm- Medium
- 6) Chrctcs- Characteristics
- 7) Sprdng- spreading
- 8) Sbst- substance
- 9) Dcmntng- documenting
- 10) Comn- Communication
- 11) Advntgs- Advantages
- 12) Dvlpmnt- development

2. (a) An Obstacle to communication when the message delivered by the speaker doesn't reach to the receiver. There are many barriers in the communication process. These are the following:
 - i. **Physical Barriers:** Physical barriers are related to our surroundings such as noise, technical disturbances, outdated instrument, distant locale, old technology and inappropriate infrastructure.
 - ii. **Organisational structure barriers:** It occurs when the systems, structures and processes in the organization are not clear or have gaps in them.
 - iii. **Language barrier:** No two people speak or write alike. But there must be basic knowledge of phonology, morphology, syntax, semantics, and pragmatics of the language. Because inappropriate knowledge of language can create many snags in communication.
 - iv. **Cultural barriers:** It refers to having knowledge of different cultures in order to communicate effectively with cross culture people.
 - v. **Emotional barriers:** anger, fear of criticism, unreliability, and suspicion of intentions, jealousy, anxiety and many more emotions either positive or negative affect our communication.
 - vi. **Attitude barriers:** Personal attitudes of employees can affect communication with the organization.
 - vii. **Perception barriers:** Everyone perceives the world differently and this causes problem in communicating.
 - viii. **Physiological barriers:** Health issues can be hurdles in effective interaction with others.
 - ix. **Technology barriers:** Anyone who is not tech friendly struggles to communicate effectively via the medium.
 - x. **Gender barriers:** Men and women communicate differently. Men talk in linear, logical and compartmentalized manner whereas the women use both logic and emotion and are more verbose.
- (b) (i) c Utopian
 (ii) c Definite
 (iii) It is supposed by Director that the rules will be followed by the staff.
 (iv) I will tell my students that I have completed my syllabus.
- (c) UGC targets by 2020
 UGC targets increase the GER in higher education to 30% enrolment in higher education by 2020. The UGC has also set certain objectives to improve the quality of higher education. The objectives include regular revision of curriculum with clearly specified learning outcomes and soft skills, enabling youth to secure access to employment/self-employment, developing social industry connect availability of motivated teachers and accreditation to ensure qualitative self-improvement in HEIs. The UGC and the HRD recently organised a three-day national conference in Pune to discuss research and innovation in higher education and adopted 10 resolutions. The conference was based on the need to sensitise students to participate in social/economic betterment of the "Unnat Bharat Abhiyan".
3. (a) Horizontal communication that involves communication between two parts of the organisation at the same level. Such as, the managers of a project in a company may hold a regular daily, weekly, or monthly meeting to discuss the progress of the project. While Diagonal communication is cross-functional communication between employees at different levels of the organization hierarchy is described as diagonal communication. It is increasingly common in large organisations. It reduces the chances of distortion or misinterpretation by encouraging direct communication between the relevant parties. As a junior engineer reports directly to the General Manager regarding the progress on the project.

- (b) (i) d stoical
(ii) c advanced
(iii) Paper work been completed by them?
(iv) He said Chinese Language is very difficult to learn.
- (c) XYZ Pvt. Ltd.
Patel Chowk
New Delhi-05

August 27, 20XX

The Sales Manager
XYZ Communications
A-56/C Hari Nagar
New Delhi-06

Dear Sir/Ma'am,

Subject: Regarding Complaint against the order no. S/N-226

This is with reference to order no. S/N-226 made on July 28, 20XX. The order comprised six 2 tonne split air-conditioners of XXX brand and four 1.5 tonne window air-conditioners of xyz brand. As per the agreement, the products were to be delivered within ten days of order and a representative was to be sent for installation. Meanwhile, no one has visited the venue for installation.

The fact that you have taken undue time and have not yet delivered the order, has caused us great embarrassment and inconvenienced our clients. In addition, we have no correspondence from your side explaining the delay.

I sincerely request you to look into the matter and do the needful as soon as possible.

Thanks & Regards!

ZYX

Administrator

IT Solutions Ltd.

4. (a) Written and oral communication comes under the term verbal communication. Written communication is different from oral communication in terms of the following:

Written communication: Nowadays writing skills are very important. It includes letters and documents, e-mails, reports, handbooks, brochures, various chat platforms, SMS and any form of written interaction between people. The written form of communication is essential and indispensable for formal business interactions and legal instructions and documentation. Effectiveness of written communication depends on the writing style, knowledge of grammar, selection of lexicon and clarity.

Oral Communication: It refers to communication through the spoken word, either face-to-face, telephonically, via voice chat, video conference or any other medium. Formal medium like lectures, meetings, presentations, conferences, seminars, interview etc. are part of oral communication. Effectiveness of oral communication depends on clear speech and the tone used by the speaker. Speaking in too high/low volume or too fast/slow can also impair communication between people. Knowledge of paralanguage and use of paralanguage is desideratum for effective oral communication.

(b) (i) b

(ii) Do it now.

(iii) He asked whether administrator would release him.

(c) hints

- Acronym TEAM stands for Together, Everyone, Achieves, More.
- Generally, it ranges from 2-5 members while 4-5 is common in a project.
- It must be diverse in knowledge, social/cultural background, strengths and talents.
- Purpose of the team should be clear.
- Assign roles and tasks for everyone.
- Avoid conflicts among them.
- Decisions should be taken democratically.
- There should be no communication gap.
- Rumor and humor both affect a team, so, avoid rumor and inject humor in communication.
- Try to avoid personal identity but interested in achieving team recognition.
- Good teams always celebrate achievements or accomplishments.

Or

Fake/Fraud Calling for Getting OTP/Password

- Nowadays, OTP/Password theft on rise
- The situation is alarming
- Now we are used to online/digital transaction
- In most of the cases, A person calls as a bank employee regarding update or renew the debit/credit card
- Many people getting such calls in Noida
- Banks never ask for your password/OTP over calls, SMSes or emails.
- Recently, Ravi's 2 lakhs rupees have been stolen using this method.
- If you get such call, immediately disconnect your call and share his/her number to concerned bank/fraud prevention agency
- Never share confidential details to anyone in any circumstances

5. (a) Good communication is an art that has been developed and honed. Effective communicators practice every aspect of the skill frequently. These aspects are the following:
1. **Clarity**- Clarity means your meaning of message should be the same what you are trying to convey. Choosing conversational words, constructing effective sentence and paragraph is important when you communicate.
 2. **Conciseness**- Avoid using too many irrelevant words or adjectives. Ensure that there is no repetition.
 3. **Concreteness**- you must be specific, definite and vivid rather than vague.
 4. **Coherence**- It refers to the logical bridge between words, sentences, and paragraphs. All content under the topic should be pertinent, interconnected and present information in a flow.
 5. **Completeness**- Communication must be complete and requisite in every aspect. A complete communication helps in building the company's reputation, aids in better decision making as all appropriate and required information is available with the receiver.
 6. **Courteous**- It implies that the sender is polite, considerate, respectful, open and honest with the receiver. You must be sincere, thoughtful and appreciative in nature.
 7. **Focus and attention**- Everyday work environment has multiple activities going on simultaneously. You must focus and attention during the communication is imperative for effectiveness.
- (b) (i) (1) b Permanently
(2) d Most efficient assistant
- (ii) My mother asked me if I would go and swim at least then.
- (c) (below)

Agenda	
A-Tour & Travels Ltd Marketing Team Meeting August 27, 2019 Time: 10-11 A.M. Venue: Conference Room-02	
In attendance: Mr. S. Nayar, Head, Marketing, Mr. Keshav Panda, Area Manager, four members of the marketing team. Mr. S. Nayar, Head of the Marketing informed the agenda of the meeting i.e., the booking decline in India. Ms. Piya Raghav, Marketing lead gave a detailed analysis of the booking figures for the one year. Her team including Mr. A, Mr. B, Ms. C, Ms. D elaborated on the market's new trend, target customers and their needs. Mr. Vivek Pachauri, Head, Area Manager's, expressed concern over the matter, discussed a few changes in the advertisement and travel plans. All the participants consented to the concerns raised and decided to submit their reports. The Head of the Marketing proposed a vote of thanks and declared the next meeting to discuss reports to be held on September 01, 2019. ATR to be submitted by 26 th July 2019 to the Dr. Umesh Rawat, Jr. Marketing Analyst.	

Or

A-32 E, Sector-05

C-16/A, Sector-04

Laxmi Nagar

New Delhi-92

Ravi.goel@gmail.com

September 06, 20xx

The HRD

ABC Media House

Noida-62

Dear Sir/Ma'am,

Subject: Application for the Post of Journalist Trainee

This is with reference to your advertisement in 'Employment News' dated September 04, 20XX, for the post of Journalist in your organization. I wish to apply for the same.

I am conscientious, punctual and open to learning. I am pursuing the final semester of BJMC. I shall be taking my final exams in a month. Thereafter, I wish to join a reputed media house like yours.

If given the opportunity, I assure you that I shall work hard with utmost allegiance towards the organization and prove to be an asset.

I am enclosing my résumé herewith for your reference. I shall be available for an interview through online or face to face on any day of your convenience.

Thank you for your consideration, and I look forward to pleasing response from you!

Your Sincerely,

Ravi Prakash Goel

Enclosure:

1. Résumé

Résumé

RAM PRAKASH GOEL

C-16/A, Sector-04

Laxmi Nagar

New Delhi-92

Mob: +91-xxxxx xxxxx

Email: Ravi.goel@gmail.com

Profile:

- Hardworking, punctual, strong team player
- Confident working with computers and technology

Educational Qualifications:

S.No	Examination/ Degree / Course	Subject/Stream	Institute / College	Board/University	Year of Passing	Percentage / Division
1	BJMC	Print Media	ITS College	CCSU	2017	70%(aggregate of 5 semesters)
2	Higher Secondary	Commerce	St. jones Public School, New Delhi	CBSE	2014	69%
3	Secondary	Commerce	KV Intermediate School	CBSE	2012	72%

Professional Skills:

- Print Media, Electronic Media

Intrapersonal Skills:

- Excellent Communication Skills
- Highly organized and efficient
- Ability to work independently
- Ability to work in team
- Proven leadership skills and ability to motivate

Language Known:

- English, Hindi, Marathi (Comm.)

Hobbies:

- Reading Novels, Travelling, Interacting with people

Personal Details:

- Father's Name: XYZ
- Mother's Name: XYX
- DoB: XYZ
- Gender: Male
- Nationality: XYZ
- Marital Status: Single/Married

References:

Taruna Kohli

Assistant Secretary

Board of Studies

ICAI, Noida

Dr. Anand Kumar Saurabh

Project Associate

Board of Studies

ICAI, Noida

Mob.: +91-xxxxx xxxxx

Email: xyz@icai.in

Mob.: +91-xxxxx xxxxx

Email: xyz@icai.in

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

Date: XYZ

Place: XYZ

(RAM PRAKASH GOEL)

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS

Time: 2 hours

Marks: 100

Section A : Business Mathematics and Logical Reasoning

1. The ratio of the earnings of two persons 3:2. If each saves $\frac{1}{5}$ th of their earnings, the ratio of their savings.
 - (a) 2:3
 - (b) 3:2
 - (c) 4:5
 - (d) 5:4
2. The Third Proportional to 15 and 20 is
 - (a) $\frac{80}{3}$
 - (b) 80
 - (c) $\frac{80}{7}$
 - (d) 120
3. If $\log_9 x + \log_3 x = \frac{3}{2}$ then x is
 - (a) 0
 - (b) 1
 - (c) $\frac{9}{4}$
 - (d) 3
4. If x+y, y+z, z+x are in the ratio 6:7:8 and x + y + z =14 then the value of x is
 - (a) 6
 - (b) 7
 - (c) 8
 - (d) 10
5. If $2^x = 3^y = 6^z$ then $\frac{1}{x} + \frac{1}{y} =$
 - (a) $\frac{1}{z}$
 - (b) $\frac{1}{z} - \frac{1}{x}$
 - (c) $\frac{1}{z} + \frac{1}{x}$

- (d) 0
6. 5 chairs and 3 tables cost of Rs.350. and 3 Chairs and 5 tables cost Rs.370. What is the cost of the table and two chairs?
- (a) Rs.130
(b) Rs. 120
(c) Rs.150
(d) Rs.140
7. If one root of the quadratic equation is $2 + \sqrt{3}$, the equation is ____
- (a) $x^2 - 4x + 1 = 0$
(a) $x^2 + 4x + 1 = 0$
(c) $x^2 - 4x - 1 = 0$
(d) None of these
8. If thrice of A's age 6 years ago be subtracted from twice his present age, the result would be equal to his present age. Find A's Age
- (a) 9
(b) 8
(c) 10
(d) 12
9. Let $A = \begin{pmatrix} 2 & 3 \\ 4 & 5 \end{pmatrix}$; $B = \begin{pmatrix} 1 & 5 \\ 6 & 7 \end{pmatrix}$ then the value $A-3B$
- (a) $\begin{pmatrix} -1 & -12 \\ -14 & -16 \end{pmatrix}$
(b) $\begin{pmatrix} 1 & -12 \\ -14 & 16 \end{pmatrix}$
(c) $\begin{pmatrix} -1 & 12 \\ -14 & 16 \end{pmatrix}$
(d) $\begin{pmatrix} 1 & 12 \\ 14 & 16 \end{pmatrix}$
10. $\begin{pmatrix} a & -b \\ b & a \end{pmatrix} \times \begin{pmatrix} -a & b \\ b & a \end{pmatrix}$
- (a) $\begin{pmatrix} a^2 + b^2 & 0 \\ 0 & a^2 + b^2 \end{pmatrix}$
(b) $\begin{pmatrix} -a^2 - b^2 & 0 \\ 0 & a^2 + b^2 \end{pmatrix}$

(c) $\begin{pmatrix} a^2 - b^2 & 0 \\ 0 & a^2 + b^2 \end{pmatrix}$

(d) $\begin{pmatrix} a^2 - b^2 & 0 \\ 0 & a^2 - b^2 \end{pmatrix}$

11. The solution set of the in equation $x + 2 > 0$ and $2x - 6 > 0$ is
- $(-2, \infty)$
 - $(3, \infty)$
 - $(-\infty, 2)$
 - $(-\infty, -2)$
12. A company produces two products A and B, each of which requires processing in two machines. The first machine can be used at most for 60 hours, the second machine can be used at most for 40 hours. The product A requires 2 hours on machine one and one hour on machine two. The product B requires one hour on machine one and two hours on machine two. Express above situation using linear inequalities.
- $2x + y \leq 60$ and $x + 2y \geq 40$.
 - $2x + y \geq 60$ and $x + 2y \geq 40$.
 - $2x + y \leq 60$ and $x + 2y \leq 40$.
 - $2x + y \geq 60$ and $x + 2y \leq 40$.
13. Rs. 1000 is invested at annual rate of interest of 10% p.a. The amount after two years if compounding is done annually is _____
- Rs. 121
 - Rs. 1210
 - Rs. 2110
 - None of these
14. If A person invests Rs.3,000 in a three years' investment that pays you 12% per annum. Calculate the future value of the investment.
- Rs.4214.78
 - Rs. 4124.78
 - Rs.4324.48
 - Rs.4526.48
15. A person deposited a sum of Rs. 10,000 in a bank. After 2 years, he withdrew Rs. 4,000 and at the end of 5 years, he received an amount of Rs. 7,900; then the rate of simple interest is:
- 6%
 - 5%
 - 10%
 - None of these
16. A company is considering proposal of purchasing a machine either by making full payment of Rs.4000 or by leasing it for four years at an annual rate of Rs.1250. Which course of action is preferable if the company can borrow money at 14% compounded annually? $[P(4, 0.14) = 2.9137]$
- leasing is not preferable

- (b) leasing is preferable
 - (c) cannot determined
 - (d) none of these
17. Anil bought a motor cycle costing Rs.1,30,000 by making a down payment of Rs.30, 000 and agreeing to make equal annual payment for five years. How much would be each payment if the interest on unpaid amount be 10% compounded annually? [$P(5, 0.10) = 3.7908$]
- (a) Rs.28379.70
 - (b) Rs.26300.70
 - (c) Rs.26500.70
 - (d) Rs.26379.70
18. Shoba borrows Rs.50,00,000 to buy a house. If he pays equal instalments for 20 years and 10% interest on outstanding balance, what will be the equal annual instalment?
[Given : $P(20,0.10) = 8.51356$]
- (a) Rs.687298.4
 - (b) Rs.685298.4
 - (c) Rs.585298.4
 - (d) Rs.587298.4
19. A trust fund has invested Rs. 30,000 in two different types of bonds which pays 5% and 7% interest respectively. Determine how much amount is invested in each type of bond if trust obtains an annual total interest of Rs. 1600.
- (a) Rs.5000
 - (b) Rs.6000
 - (c) Rs.7000
 - (d) Rs. 8000
20. An overdraft of Rs. 50,000 to be paid back in equal annual installments over a period of 20 years. Find the value of Installment, if interest is compounded annually at 14% per annum.
[Given $(1.14)^{20} = 13.74349$]
- (a) Rs .550.50
 - (b) Rs .549.30
 - (c) Rs .559.50
 - (d) Rs .560.50
21. At six months' intervals A deposited of Rs. 1000 in a savings account which credit interest at 10% p.a., compounded semi-annually. The first deposit was made when A's son was 6 months old and last deposit was made when his son was 8 years old. The money remained in the account and was presented to the son on his 10th birthday. How much did he receive? $(1.06)^{16} = 2.1829$
- (a) Rs.25740
 - (b) Rs.23740
 - (c) Rs.25860
 - (d) Rs.25760

22. What is the effective rate of interest if the nominal rate 5 % p.a converted quarterly?
- (a) 6.09 %
 - (b) 5.09 %
 - (c) 5.55%
 - (d) 5.60 %
23. A sum of money doubles itself at compound interest in 10 years. In how many years will it become eight times?
- (a) 20
 - (b) 30
 - (c) 40
 - (d) 35
24. Certain sum of money borrowed at simple interest amount to Rs.2688 in three years and to Rs.2784 in four years at the rate per annum equal to
- (a) 7%
 - (b) 6%
 - (c) 5%
 - (d) 4%
25. In how many ways can a committee of 3 ladies and four gents be chosen from 8 ladies and 7 gents?
- (a) 1950
 - (b) 1920
 - (c) 1940
 - (d) 1960
26. In how many ways can the letters of the word 'STRANGE' be arranged so that the vowels never come together?
- (a) 3600
 - (b) 3686
 - (c) 5040
 - (d) 4050
27. A box contains 7 red, 6 white and 4 blue balls. How many selections of three balls on of each colour?
- (a) 178
 - (b) 158
 - (c) 198
 - (d) 168
28. The number of diagonals in a polygon of 6 sides
- (a) 9
 - (b) 8
 - (c) 6
 - (d) 12

29. If $A = \{1, 2, 3, 4, 5\}$ and $B = \{6, 7, 8\}$, then cardinal number of $A \times B$ is:
- 15
 - 5
 - 3
 - 8
30. The number of subsets of the set $A = \{1, 2, 3, 4, 5, 6, 7, 8\}$ is
- 36
 - 128
 - 256
 - None of these
31. If $f(x) = \left(\frac{x^2 - 4}{x - 2} \right)$, then $f(2)$ is
- 0
 - 2
 - 4
 - 1
32. The first term of an A.P. is 100 and the sum of whose first 6 terms is 5 times the sum of the next 6 terms, then the c.d. is –
- 10
 - 10
 - 5
 - None of these
33. The sum of n terms of an A.P. is $3n^2 + n$; then its p^{th} term is
- $6P + 2$
 - $6P - 2$
 - $6P - 1$
 - None of these
34. if three AM's between 3 and 11, they are
- 4, 6, 8
 - 3, 5, 7
 - 5, 7, 9
 - $11/2, 15/2, 19/2$
35. If $y^3 \cdot x^5 = (x+y)^8$, then $\frac{dy}{dx}$ is
- $\frac{y}{x}$
 - $\frac{-y}{x}$

- (c) $\frac{y^5}{x^3}$
- (d) None of these
36. If $f'(x) = 3x^2 + 2$ & $f(0) = 0$ then find $f(2)$.
- (a) 8
- (b) 10
- (c) 12
- (d) None of these
37. The gradient of the curve $x^3 + y^3 = 9$ at the point (1,2) is
- (a) $-1/4$
- (b) $1/4$
- (c) 4
- (d) -4
38. If $x = \frac{2t}{1+t^2}$, $y = \frac{1-t^2}{1+t^2}$ then $\frac{dy}{dx} + \frac{x}{y}$ is
- (a) 1
- (b) 2
- (c) 0
- (d) $4t^2$
39. Evaluate $\int \frac{2x+1}{x(x+1)} dx$
- (a) $\log(x^2 - x) + c$
- (b) $\log(x^2 + x) + c$
- (c) $\log(x^2 + 1) + c$
- (d) None of these
40. Evaluate $\int_0^1 x.e^x dx$
- (a) e
- (b) e-1
- (c) 2e
- (d) 1

Logical Reasoning

41. Find the missing term of the series 17, 14, 15, 12, 13, ?, ?
- (a) 10, 11
- (b) 14, 11

- (c) 11, 13
(d) 12, 13
42. Find out the odd man out of the series 5, 27, 61, 122, 213, 340, 509
(a) 27
(b) 61
(c) 122
(d) 509
43. a_c_ba_ca_cb
(a) abcc
(b) acba
(c) bcaa
(d) bcba
44. In a certain language TWINKLE is written as SVHOJKD, then how would FILTERS be written in the same code?
(a) EHKUDQR
(b) ITNFKD
(c) KVOHMF
(d) TIMFKD
45. C is mother of A and B. If D is husband of B, then what is C to D?
(a) Mother
(b) Aunt
(c) Mother-in-law
(d) Sister
46. Read the following information carefully to answer the questions that follow.
I. 'P + Q' means 'P is father of Q'
II. 'P - Q' means 'P is mother of Q'
III. 'P × Q' means 'P is brother of Q'
IV. 'P ÷ Q' means 'P is sister of Q'
Which of the following means 'M' is maternal uncle of T?
(a) $M \div K - T$
(b) $M \times K - T$
(c) $M \times K + T$
(d) $M \div K + T$
47. Pointing a man to photo graph, a man is said to a woman, "His mother is the only daughter of your father". How is the woman is related to the man in the photograph?
(a) Sister
(b) Mother
(c) Wife

- (d) Daughter
48. Moni is daughter of Sheela. Sheela is wife of my wife's brother. How Moni is related to my wife?
- (a) Cousin
(b) Niece
(c) Sister
(d) Sister-in-law
49. Four girls are A, B, C and D are sitting around a circle facing the centre. B and C are in front of each other, which of the following is definitely true?
- (a) A and D are in front of each other
(b) A is not between B and C
(c) D is to the left of C
(d) A is to the left of C
50. Seven children A, B, C, D, E, F and G are sitting in a row. G is to be right of D and to the left of B. A is on the right of C, A and D have one child between them. E and B have two children between them. Who is exactly in the middle?
- (a) A
(b) C
(c) D
(d) G
51. A man starts for his office in the North direction, he turns to his left, and then to his right and again to his right. In which direction he will be facing?
- (a) North
(b) South
(c) East
(d) North
52. Pramila is going towards East. She turns left, moves on same distance and again turns to her left. After walking some distance, she turns to her right and moves on. In which direction she is going now?
- (a) North
(b) South
(c) North-West
(d) West
53. Six friends A, B, C, D, E and F are sitting in row facing East. "C" is between 'A' and 'E'. 'B' is just to the right of 'E' but left of 'D'. 'F' is not right end. How many persons are to the left of E ?
- (a) 1
(b) 2
(c) 3
(d) 4
54. If 'MEAT' is written as 'TEAM', then 'BALE' is written as
- (a) ELAB
(b) EABL

- (c) EBLA
(d) EALB
55. Town D is 12 km towards the North of A. Town C is 15 km towards the West of town D. Town B is 15 km towards the west of town A, how far and which direction is town B from town C ?
(a) 15 Km towards North
(b) 12 Km towards North
(c) 3 km towards South
(d) 12 km towards South
56. Rajiv walks 10 m South from his house, turns left and walks 25 m, again turns left and walks 40 m, then turns right and walks 5 m to reach the college. In which direction is the college from his house
(a) North
(b) South-West
(c) North-East
(d) East

(57-60) Each of the following questions contains two statements followed by two conclusions numbered I and II. You have to consider the two statements to be true, even if they seem to be at variance at the commonly known facts. You have to decide which of the given conclusions definitely follows from the given statements

Give answer (a) if only I follows; (b) if only conclusion II follows; (c) both I and II follows and (d) if neither I nor II follows:

57. Statements: I. Some books are magazines.
II. Some magazines are novels
Conclusions: I. Some books are novels
II. Some novels are magazines.
58. Statements: I. Some scales are pencils.
II. Some erasers are pencils.
Conclusions: I. Some pencils are erasers.
II. Some pencils are scales.
59. Statements: I. Some bikes are vans.
II: All vans are trains.
Conclusions: I. Some bikes are trains.
II. No van is a bike.
60. Statements: I. No month is a year.
II. No year is second.
Conclusions: I. All months are second.
II. No Second is month.

Part B Statistics (40 Marks)

61. The number of times a particular item occurs in a given data is called its
- (a) Variation
 - (b) Frequency
 - (c) Cumulative frequency
 - (d) None of these
62. Frequency density is used in the construction of
- (a) Histogram
 - (b) Ogive
 - (c) Frequency polygon
 - (d) None of these
63. The width of each of ten classes in a frequency distribution is 2.5 and the lower class boundary of the lowest class is 10.6. Which one of the following is the upper class boundary of the highest class?
- (a) 35.6
 - (b) 33.1
 - (c) 30.6
 - (d) None of these
64. Let L be the lower class boundary of a class in a frequency distribution and m be the mid point of the class. Which one of the following is the higher class boundary of the class?
- (a) $m + \frac{m+2}{2}$
 - (b) $L + \frac{m+L}{2}$
 - (c) $2m-L$
 - (d) $m - 2L$
65. The mean of the values of 1, 2, 3, n with respective frequencies $x, 2x, 3x, \dots, nx$ is
- (a) $\frac{n+1}{2}$
 - (b) $\frac{n}{2}$
 - (c) $\frac{2n+1}{3}$
 - (d) $\frac{2n+1}{6}$
66. The mean of four observations is 10 and when a constant a is added to each observation, the mean becomes 13. The value of a is
- (a) 2
 - (b) -3
 - (c) 3

- (d) None of these
67. A person travels from A to B at the rate of 20 km/hr and from B to A at the rate of 30km/hr. What is the average rate of whole journey ?
- (a) 30 km/ hr.
(b) 24 km/hr.
(c) 35 km/hr.
(d) none of these
68. The average salary of a group of unskilled workers is Rs.10,000 and that of a group of skilled workers is Rs.15,000. If the combined salary is Rs.12,000, then what is the percentage of skilled workers?
- (a) 40%
(b) 50%
(c) 60%
(d) none of these
69. The third decile for the numbers 15, 10, 20, 25, 18, 11, 9, 12 is
- (a) 13
(b) 10.70
(c) 11
(d) 11.50
70. If the SD of x is 3, what is the variance of $(5-2x)$?
- (a) 36
(b) 6
(c) 1
(d) 9
71. If the values of all observations are equal then the Standard Deviation of the given observations is
- (a) 0
(b) 2
(c) 1
(d) None of these
72. The Standard Deviation of a set of 50 items is 10. Find the Standard Deviation if every item is increased by 5.
- (a) 15
(b) 5
(c) 10
(d) None of these
73. Find the coefficient of variation if the sum of squared deviations taken from mean 40 of 10 observations is 360.
- (a) 15
(b) 20
(c) 40

- (d) None of these
74. The average of n numbers is x . If each of the numbers is multiplied by $(n+1)$; then the average of new set of numbers is
- (a) x
- (b) $\frac{x}{n+1}$
- (c) $(n+1).x$
- (d) None of these
75. The average weight of 8 person increases by 1.5 kg, if a person weighing 65 kg replaced by a new person, what would be the weight of the new person?
- (a) 76 kg
- (b) 80 kg
- (c) 77 kg
- (d) None of these
76. For open-end classification, which of the following is the best measure of central tendency?
- (a) AM
- (b) GM
- (c) Median
- (d) Mode
77. The presence of extreme observations does not affect
- (a) AM
- (b) Median
- (c) Mode
- (d) Any of these.
78. Two variables x and y are given by $y = 2x - 3$. If the median of x is 20, what is the median of y ?
- (a) 20
- (b) 40
- (c) 37
- (d) 35
79. If one card is drawn at random from a pack of playing cards; find the probability it is neither a hearts nor a club:
- (a) $\frac{1}{2}$
- (b) $\frac{1}{4}$
- (c) $\frac{1}{8}$
- (d) None of these

80. Three balls are drawn at random from a bag containing 6 blue and 4 red balls. What is the chance that 2 balls are blue and 1 is red?
- (a) $\frac{1}{4}$
 (b) $\frac{3}{4}$
 (c) $\frac{1}{2}$
 (d) None of these
81. The probability that a person travels by a plane is $\frac{1}{5}$ and that he travels by train is $\frac{2}{3}$. Find the probability of his traveling neither by plane nor by train?
- (a) $\frac{13}{15}$
 (b) $\frac{2}{15}$
 (c) $\frac{1}{15}$
 (d) None of these
82. Find the probability that at least 5 defective bolts will be found in a box of 200 bolts. If it is known that 2% of such bolts are expected to be defective (Given: $e^{-4} = 0.0183$)
- (a) 0.4717
 (b) 0.3717
 (c) 0.3017
 (d) None of these
83. Let X be a random variable with the following distribution

X	-2	4	8
P(x)	$\frac{1}{6}$	$\frac{1}{3}$	$\frac{1}{2}$

Find expected value of the random variable

- (a) 5
 (b) 6
 (c) 7
 (d) 8
84. If x & y are two independent variables such that $x \sim B(n_1, P)$ and $y \sim B(n_2, p)$ then the parameter of $Z = x+y$ is
- (a) $(n_1+n_2), P$
 (b) $(n_1-n_2), P$
 (c) $(n_1+n_2), 2P$
 (d) None of these

85. Five coins tossed 3200 times. The number of times 5 heads appeared is
- 500
 - 1200
 - 200
 - 100
86. For the normal distribution density function $f(x) = k \cdot e^{\frac{(x^2-6x+9)}{8}}$, the mean and variance are
- (2,3)
 - (3,2)
 - (4,3)
 - (3,4)
87. The mean deviation of normal distribution is 16. The Quartile Deviation is
- 40/3
 - 20/3
 - 100/3
 - 50/3
88. The Quartile Deviation of the normal distribution $f(x) = \frac{1}{\sqrt{18\pi}} e^{\frac{-(x-10)^2}{18}}$, $-\infty < x < \infty$ is
- 3
 - 4/3
 - 2
 - $\frac{3}{4}$
89. If x and y are two independent normal random distributions with mean and SD's are (10, 5) and (15, 12) these mean and SD of (x+y) is
- (27, 15)
 - (10, 27)
 - (25,13)
 - (12,25)
90. If two variables are independent their covariance is
- 1
 - 1
 - 0
 - None of these

91. If two regression coefficients are 4 and 16, the percentage of unexplained variation is
- (a) 64
 - (b) 36
 - (c) 54
 - (d) 46
92. The covariance between two variables x and y is 72. The variances of x and y are 144 and 84. The coefficient of correlation is
- (a) $1/3$
 - (b) $4/5$
 - (c) $2/3$
 - (d) $3/5$
93. If the coefficient of determination is 0.64 and the regression coefficient of x on y is 4 then the regression coefficient y on x is
- (a) 0.32
 - (b) 0.16
 - (c) 0.48
 - (d) 0.96
94. Circular test is the extension of
- (a) Unit test
 - (b) Factor reversal test
 - (c) Time reversal test
 - (d) None of these
95. Unit test is satisfied by by
- (a) Fischers Index number
 - (b) Laspyers Index number
 - (c) Simple GM of price relatives
 - (d) Bowleys Index number
96. The best average construction of Index number is
- (a) AM
 - (b) GM
 - (c) HM
 - (d) none of these
97. The Paasches and Fishers index numbers are 169 and 156 respectively, then Laspyre's Index number is
- (a) 144

- (b) 152
 - (c) 148
 - (d) 151.5
98. The rise and fall of a time series over periods longer than one year is called:
- (a) Secular trend
 - (b) Seasonal variation
 - (c) Cyclical Variation
 - (d) irregular variations
99. A time series has
- (a) Two Components
 - (b) Three Components
 - (c) Four Components
 - (d) Five Components
100. What is Spurious correlation?
- (a) It is bad relation between two variables
 - (b) It is low correlation between two variables
 - (c) It is the correlation between two variables having no casual relation
 - (d) It is negative correlation

MOCK TEST PAPER 1**FOUNDATION COURSE****PAPER – 3: BUSINESS MATHEMATICS, LOGICAL REASONING AND STATISTICS****ANSWERS****Section A: Business Mathematics, Logical Reasoning (60 Marks)**

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

Section B: Statistics (40 Marks)

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

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

Max. Marks : 60

1. The implication that resource scarcity have for the satisfaction of wants are-
 - (a) Not all wants can be satisfied
 - (b) We will never be faced with the need to make choices
 - (c) We must develop ways to decrease our individual wants
 - (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants
2. A normative economic statement is-
 - (a) Unemployment rate decreases with industrialization
 - (b) Economics is a social science that studies human behaviour
 - (c) The minimum wage should be raised to ` 200/- per day
 - (d) India spends a huge amount of money on national defence
3. Administered prices refer to-
 - (a) Price determined by forces of demand and supply
 - (b) Price determined by sellers in the market
 - (c) Prices determined by an external authority which is usually the government
 - (d) None of the above
4. A downward movement along a demand curve indicate-
 - (a) Increase in demand
 - (b) Decrease in demand
 - (c) Contraction of demand
 - (d) Expansion of Demand
5. If price of automobiles increases by 10% and supply increases by 25%. The elasticity of supply is-
 - (a) 2.5
 - (b) 0.4
 - (c) -2.5
 - (d) -0.4
6. The consumer is in equilibrium at a point where the budget line-
 - (a) Is above an indifference curve
 - (b) Is below an indifference curve

- (c) Is tangent to an indifference curve
 - (d) Cuts an indifference curve
7. The second glass of water gives lesser satisfaction to a thirsty 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.
8. When the price of commodity increases by 40% and its quantity demanded falls from 150 to 120 units , then the price elasticity of demand for a commodity is-
- (a) -0.8%
 - (b) 0.8%
 - (c) 0.5%
 - (d) -0.5%
9. If the consumer consumes only one commodity X , he will be in equilibrium when-
- (a) $MU_x > P_x$
 - (b) $MU_x < P_x$
 - (c) $MU_x = P_x$
 - (d) None of these
10. Identify the coefficient of price-elasticity of demand when the percentage increase in the quantity of a good demanded is smaller than the percentage fall in its price-
- (a) Equal to one
 - (b) Greater than one
 - (c) Smaller than one
 - (d) Zero
11. 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
12. A consumer demands 5 units of a commodity at the price of Rs. 4 per unit. He demands 10 units when the price falls to Rs 3 per unit. Price elasticity of demand is equal to-
- (a) 3
 - (b) 2
 - (c) 1.5

- (d) 4
13. Availability of close substitutes makes the demand-
- (a) Less elastic
 - (b) More elastic
 - (c) Parallel to X axis
 - (d) Parallel to Y axis
14. The supply curve for perishable commodities is-
- (a) elastic
 - (b) inelastic
 - (c) perfectly elastic
 - (d) perfectly inelastic
15. The slope of consumer's budget line is –
- (a) Positive and constant
 - (b) Negative and decreasing
 - (c) Negative and constant
 - (d) Positive and increasing
16. Demand for water is –
- (a) Elastic
 - (b) Inelastic
 - (c) Perfectly elastic
 - (d) Relatively elastic
17. Inferior goods are those goods whose income effect is-
- (a) Negative
 - (b) Positive
 - (c) Zero
 - (d) None of these
18. Suppose income elasticity of bread is 0.25, it means that bread is-
- (a) Inferior goods
 - (b) Luxury goods
 - (c) Normal goods
 - (d) Can't say
19. The supply curve shifts to the right because of-
- (a) Improved technology

- (b) Increased price of factors of production
 - (c) Increased excise duty
 - (d) All of the above
20. If the demand is more than supply, then the pressure on price will be-
- (a) Upward
 - (b) Downward
 - (c) Constant
 - (d) None of the above
21. Which of the following goods has inelastic demand-
- (a) Salt
 - (b) Food grains
 - (c) Medicines
 - (d) All of the above
22. Demand for pepsi is elastic because-
- (a) Its falls under luxuries
 - (b) Its consumption can be postponed
 - (c) Its substitutes are available in the market
 - (d) It is a multiple use product
23. A good which cannot be consumed more than once is known as-
- (a) durable good
 - (b) non-durable good
 - (c) producer good
 - (d) none of the above
24. A consumer of two goods X and Y is in equilibrium. The price of good X is Rs. 10 and price of the good Y is Rs. 20 respectively. If the MU_x is 60 utils , then the MU_y is-
- (a) 30 utils
 - (b) 20 utils
 - (c) 60 utils
 - (d) 6 utils
25. The slope of indifference curve is given by-
- (a) Budget line
 - (b) Marginal rate of transformation
 - (c) Marginal rate of substitution
 - (d) None of these

26. In the third phase of Law of variable proportions, MP becomes-
- (a) Zero
 - (b) Negative
 - (c) Positive
 - (d) None of these
27. Law of variable proportion is related to-
- (a) Short-run
 - (b) Long-run
 - (c) Both a and b
 - (d) Very short run
28. When Marginal product is zero, then Total product is –
- (a) Zero
 - (b) Falling
 - (c) Rising
 - (d) Maximum
29. Long run production function related to-
- (a) Returns to a factor
 - (b) Returns to scale
 - (c) Both a and b
 - (d) None of these
30. Diminishing returns occur-
- (a) When units of a variable input are added to a fixed input and total product falls
 - (b) When units of a variable input are added to a fixed input and marginal product falls
 - (c) When the size of the plant is increased in the long run.
 - (d) When the quantity of the fixed input is increased and returns to the variable input falls.
31. In the production of wheat, all of the following are variable factors that are used by the farmer except-
- (a) The seed and fertilizer used when the crop is planted
 - (b) The field that has been cleared of trees and in which the crop is planted
 - (c) The tractor used by the farmer in planting and cultivating not only wheat but also corn and barley
 - (d) The number of hours that the farmer spends in cultivating the wheat fields
32. When total product is 200 units and units of variable factor are 8, average product will be –
- (a) 25
 - (b) 1600

- (c) 96
 - (d) 60
33. Economic costs includes-
- (a) Accounting costs
 - (b) Implicit costs
 - (c) Both a and b
 - (d) None of above
34. Which of the following cost curve is termed as a rectangular hyperbola-
- (a) TVC curve
 - (b) AVC Curve
 - (c) TFC curve
 - (d) AFC curve
35. The total cost of producing 30 units of output is Rs. 300. If average fixed cost at this level of output is Rs. 7, then the total variable cost will be –
- (a) Rs. 160
 - (b) Rs. 140
 - (c) Rs. 90
 - (d) Rs. 120
36. Total costs is the vertical summation of –
- (a) TFC and TVC
 - (b) AFC and AVC
 - (c) TVC and AVC
 - (d) None of these
37. Example of Fixed cost is-
- (a) Electricity bill
 - (b) Interest on loans
 - (c) Expenses on raw material
 - (d) Wages of daily workers
38. TVC can be calculate as-
- (a) AVC/Q
 - (b) $TC - TFC$
 - (c) $AC - AFC$
 - (d) None of these

39. The long run average cost curve is also called –
- (a) Envelope curve
 - (b) Plant curve
 - (c) Both a and b
 - (d) None of these
40. Economies of scale exist because as a firm increases its size in the long run-
- (a) Labour and management can specialize in their activities more
 - (b) As a larger input buyer, the firm can get finance at lower cost and purchase inputs at a lower per unit cost.
 - (c) The firm can afford to employ more sophisticated technology in production
 - (d) All of these
41. Example of variable cost is –
- (a) Salary of permanent staff
 - (b) Rent of premises
 - (c) License fees
 - (d) Wages
42. When average revenue is Rs.30 and output is equal to 50 units total revenue will be –
- (a) 2500
 - (b) 1500
 - (c) 1800
 - (d) 2000
43. The Average revenue and price are always equal under-
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition
 - (d) All market forms
44. If total revenue of a firm increases by Rs 65025 due to an increase in sale of good X from 60 units to 75 units, then marginal revenue will be –
- (a) 3000
 - (b) 4335
 - (c) 4000
 - (d) 3335
45. Which of the following is not an essential condition of pure competition?
- (a) Large number of buyers and sellers

- (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost
46. Product differentiation is a key feature of-
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic competition
47. A market induces cartel is –
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) None of these
48. In the context of oligopoly, the kinked demand hypothesis is designed to explain -
- (a) Price and output determination
 - (b) Price rigidity
 - (c) Price leadership
 - (d) Collusion among rivals
49. A combination of monopoly market and a monopsony market is known as-
- (a) Duopoly
 - (b) Monopsony
 - (c) Oligopsony
 - (d) Bilateral monopoly
50. A firm encounters its “shutdown point” when-
- (a) Average total cost equals price at the profit-maximising level of output
 - (b) Average variable cost equals price at the profit-maximising level of output
 - (c) Average fixed cost equals price at the profit-maximising level of output
 - (d) Marginal cost equals price at the profit-maximising level of output
51. Homogeneous product are sold under-
- (a) Collusive oligopoly
 - (b) Non-collusive oligopoly
 - (c) Perfect oligopoly
 - (d) Imperfect oligopoly

52. A market structure in which many firms sell products that are similar but not identical is known as-
- (a) Monopolistic competition
 - (b) Monopoly
 - (c) Perfect competition
 - (d) Oligopoly
53. In a very short period market-
- (a) The supply is fixed
 - (b) The demand is fixed
 - (c) Demand and supply are fixed
 - (d) None of the above
54. A monopolist is a-
- (a) Price maker
 - (b) Price –taker
 - (c) Price adjuster
 - (d) None of the above
55. The term business cycle refers to-
- (a) The ups and downs in production of commodities
 - (b) The fluctuation levels of economic activity over a period of time
 - (c) Decline in economic activities over prolonged period of time
 - (d) Increasing unemployment rate and diminishing rate of savings
56. The lowest point in the business cycle is referred as the –
- (a) Expansion
 - (b) Boom
 - (c) Peak
 - (d) Trough
57. A indicator which occur simultaneously with the business cycle movements is-
- (a) Lagging indicator
 - (b) Coincident indicator
 - (c) Leading indicator
 - (d) None of these
58. Example of Lagging indicator is-
- (a) Corporate profits
 - (b) Interest rates

- (c) Consumer price index
 - (d) All of these
59. "Trade cycle is a purely monetary phenomenon", according to-
- (a) Pigou
 - (b) Hawtrey
 - (c) Keynes
 - (d) Schumpeter
60. When aggregate economic activity is declining, the economy is said to be in-
- (a) Contraction
 - (b) An Expansion
 - (c) Trough
 - (d) Turning point

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

1. There is a requirement of registration of the following as per Indian Companies Act 2013:
 - (a) Private Company
 - (b) Public Company
 - (c) One Person Company
 - (d) All of the above
2. Opportunity is:
 - (a) Inherent capacity
 - (b) Strategic disadvantage
 - (c) Favourable condition
 - (d) None of the above
3. Which gas company owns India's largest pipeline network?
 - (a) GAIL (India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC
4. Public policies are of three types:
 - (a) Restrictive, Regulatory, Participative
 - (b) Restrictive, Regulatory, Facilitating
 - (c) Voluntarily, Participative, Facilitating
 - (d) Regulatory, Voluntarily, Continuous
5. Which of the following is not a function of RBI?
 - (a) Monetary Policy
 - (b) Fiscal Policy
 - (c) Custodian of Foreign Exchange Reserves
 - (d) Controller of Credit
6. _____ is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.
 - (a) E-cash
 - (b) Digi-cash
 - (c) Hedge
 - (d) Cap
7. The attribute of a profession does not include:
 - (a) Rendering of specialized nature of services

- (b) Certificate of service from government
 - (c) Self-imposed code of conduct
 - (d) All of the above
8. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
9. Walmart ranked 1st on:
- (a) Forbes World's Best Employers List 2018
 - (b) Fortune 500 Companies List 2018
 - (c) Forbes World's Largest Public Corporations List 2018
 - (d) None of the above
10. OCBs mean:
- (a) Overseas Corporate Bodies
 - (b) Ordnance Commission Bilateral secretariat
 - (c) Oversees Civic Boards
 - (d) Oversees Commercial Bilateral Treaties
11. Which one of the following is not the role of the Competition Commission of India?
- (a) To promote practices having adverse effect on competition.
 - (b) To promote and sustain competition in markets.
 - (c) To protect the interests of consumers and,
 - (d) To ensure freedom of trade carried on by other participants in markets in India.
12. The number of units of given currency that can be purchased for one unit of another currency is called _____.
- (a) Current ratio
 - (b) Exchange rate
 - (c) Equity
 - (d) Dividend
13. Which of the following is organic objective of business?
- (a) Economic Value added
 - (b) Fitness of Human resource
 - (c) Community Service
 - (d) Effective waste handling and disposal

14. According to Peter Drucker aim of the business is to _____ and _____.
- (a) Create and retain customer
 - (b) Retain customer and create profits
 - (c) Create and retain consumer
 - (d) Retain consumer and maximise wealth
15. Which of the following is not related to ITC Limited?
- (a) Vishal Sikha
 - (b) 1910
 - (c) Kolkata
 - (d) Yogesh Chander Deveshwar
16. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms
17. Who is the custodian of the nation's foreign exchange reserves?
- (a) Central Government of India
 - (b) President of India
 - (c) Reserve Bank of India
 - (d) State Bank of India
18. Carry forward of a transaction from one settlement period to other is
- (a) Badla
 - (b) Repo
 - (c) Open Interest
 - (d) None of the above
19. A partnership may not be formed to carry on:
- (a) Any trade
 - (b) Occupation
 - (c) Profession
 - (d) Social enterprise
20. 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

21. Which company ranked 3rd on Forbes World's Best Employer List 2018?
- (a) Walmart
 - (b) Microsoft
 - (c) Google
 - (d) Apple
22. 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
23. Where is the head office of NABARD?
- (a) Mumbai
 - (b) Delhi
 - (c) Gurugram
 - (d) Bengaluru
24. The opposite of bid is _____
- (a) Ask/Offer
 - (b) Call
 - (c) Purchase
 - (d) None of the above
25. Which of the following statement is correct with respect to HUF?
- (a) HUF earns income from salary
 - (b) Four successive generations of an undivided
 - (c) HUF enjoys a separate entity status under Income tax act –1961
 - (d) All of the above
26. What is not a characteristic of business environment?
- (a) Complex
 - (b) Static
 - (c) Multi-faced
 - (d) Far reaching
27. NESTLE is a beverage partner with which of the following companies?
- (a) Coca-Cola India
 - (b) Pepsico India Holdings Pvt. Ltd.
 - (c) Red Bull India Pvt. Ltd

- (d) Dabur India Ltd
28. FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDA
 - (d) IFCI
30. Which of the following is Return on investment?
- (a) Dividend
 - (b) Interest
 - (c) Yield
 - (d) None of the above
31. Business as institution is _____
- (a) Job Creator
 - (b) Job seeker
 - (c) Both
 - (d) None of the above
32. Internal Environment includes _____
- (a) Customer
 - (b) Economic
 - (c) Demography
 - (d) Mission & Objectives
33. What happened in Microsoft in the year 2014?
- (a) Satya Nadella succeeded on Steve Ballmer
 - (b) Acquired Hardware division of NOKIA
 - (c) Both (a) & (b)
 - (d) None of the above
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. What is price sensitivity?
- (a) the effect a change in price will have on customers.
 - (b) charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
 - (c) a strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
 - (d) It measures the responsiveness of a change in demand for a product following a change in its own price.
37. Who is the present MD & CEO of ICICI Bank?
- (a) Chanda Kochar
 - (b) Shika Sharma
 - (c) M.K. Sharma
 - (d) Sandeep Bakshi
38. Where are the headquarters of L&T?
- (a) Bengaluru
 - (b) Delhi
 - (c) Mumbai
 - (d) Chennai
39. SEBI, RBI & IRDA are:
- (a) Regulatory Bodies
 - (b) Cluster Bodies
 - (c) Goal Sector bodies
 - (d) None of the above
40. Which of the following is not a subsidiary of Indian Oil Corporation Ltd.?
- (a) Chennai Petroleum Ltd.
 - (b) Brahmaputra Cracker and Polymer Ltd.
 - (c) Indian Oil – CREDA Biofuels Ltd.
 - (d) Indian Catalyst Private Ltd.

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

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

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

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