MOCK TEST PAPER II

FOUNDATION COURSE

PAPER – 1: PRINCIPLES AND PRACTICE OF ACCOUNTING

Question No. **1** *is compulsory.*

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

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

Working Notes should form part of the answer.

(Time allowed: 3 Hours) **(100 Marks)**

1. (a) State with reasons whether the following statements are True or False:

   i. "Salary paid in advance" is not an expense because it neither reduces assets nor increases liabilities.

   ii. Reducing balance method of depreciation is followed to have a uniform charge for depreciation and repairs and maintenance together.

   iii. The financial statements must disclose all the relevant and reliable information in accordance with the Full Disclosure Principle.

   iv. When there is no agreement among the partners, the profit or loss of the firm will be shared in their capital ratio.

   v. Debenture interest is payable after the payment of preference dividend but before the payment of equity dividend.

   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) Change in accounting policy may have a material effect on the items of financial statements." Explain the statement with the help of an example. **(4 Marks)**

   (c) A Plant & Machinery costing Rs. 40,00,000 is depreciated on straight line basis assuming 10 year working life and zero residual value, for four years. At the end of the fourth year, the machinery was revalued upwards by Rs. 1,60,000. The remaining useful life was reassessed at 8 years. Calculate Depreciation for the fifth year. **(4 Marks)**

2. (a) The following mistakes were located in the books of a concern after its books were closed and a Suspense Account was opened in order to get the Trial Balance agreed:

   (i) A Bill Receivable for Rs. 1,550 was passed through Bills Payable Book. The Bill was given by Ram.

   (ii) Cash received from Manan was debited to Tapan Rs. 7,500.

   (iii) General expenses Rs. 2600 was posted in the General Ledger as Rs. 6200.

   (iv) Sales Day Book was overcast by Rs. 5,000.

   (v) Legal Expenses Rs. 7,670 paid to Mr. Gupta was debited to her personal account.

   (vi) A sale of Rs. 25,000 to Tina was wrongly debited to the Account of Hina.

(vii) While carrying forward the total of one page of the Purchases Book to the next, the amount of Rs. 1,690 was written as Rs. 1,960.

(viii) Rs 7,000 due to Mr. Somdev was omitted to be taken to trial balance.

Find out the nature and amount of the Suspense Account and Pass entries (including narration) for the rectification of the above errors in the subsequent year's books.

(b) On 30th September, 2020, the bank account of Sameer, according to the bank column of the Cash-Book, was overdrawn to the extent of Rs. 16,248. On the same date the bank statement showed a credit balance of Rs. 83,032 in favour of Sameer. An examination of the Cash Book and Bank Statement reveals the following:

1. A cheque for Rs. 52,56,000 deposited on 29th September, 2020 was credited by the bank only on 3rd October, 2020

2. A payment by cheque for Rs. 64,000 has been entered twice in the Cash Book.

3. On 29th September, 2020, the bank credited an amount of Rs. 4,69,600 received from a customer of Sameer, but the advice was not received by Sameer until 1st October, 2020.

4. Bank charges amounting to Rs. 2,320 had not been entered in the Cash Book.

5. On 6th September, 2020, the bank credited Rs. 80,000 to Sameer in error.

6. A bill of exchange for Rs. 5,60,000 was discounted by Sameer with his bank. This bill was dishonoured on 28th September, 2020 but no entry had been made in the books of Sameer.

7. Cheques issued upto 30th September, 2020 but not presented for payment upto that date totalled Rs. 53,04,000.

You are required :

(a) to show the appropriate rectifications required in the Cash Book of Sameer, to arrive at the correct balance on 30th September, 2020 and

(b) to prepare a bank reconciliation statement as on that date. **(10 +10 = 20 Marks)**

3. (a) Mr. Devender of Dehradun sent on 16th February, 2020 a consignment of 500 Pen drives to Mr. Satender of Bengal costing Rs. 100 each. Expenses of Rs. 750 were met by the consignor. Satender spent Rs. 1,500 for clearance and selling expenses were Rs. 20 per Pen Drive.

Satender sold on 15th March, 2020, 300 Pen drives @ Rs. 160 per Pen drive and again on 20th May, 2020, 150 Pen drives @ Rs. 170 each.

Satender is entitled to a commission of Rs. 25 per Pen drive sold plus ¼ of the amount by which the gross sale proceeds less total commission thereon exceeded a sum calculated @ Rs. 125 per Pen drive sold. Satender sent the amount due to Devender on 30th September, 2020.

You are required to prepare the consignment account and Satender's account in the books of Devender.

(b) Hari accepted the following bills drawn by Vinny:

On 8th March, 2020 Rs. 12,000 for 4 months.

On 16th March, 2020 Rs. 15,000 for 3 months.

On 7th April, 2020 Rs. 18,000 for 5 months.

On 17th May, 2020 Rs. 15,000 for 3 months.

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He wants to pay all the bills on a single day. Find out this date. Interest is charged @ 9 % p.a. and Hari wants to save Rs. 471 by way of interest. Calculate the date on which he has to effect the payment to save interest of Rs. 471.

(c) A firm sends good on "Sale or Return basis. Customers have the choice of returning the goods within a month. During October,2020 the following are the details of goods sent:

Date (Oct)	2	8	12	18	20	27
Customers	U	V	W	X	Y	Z
Value (Rs.)	10,000	15,000	18,000	5,500	2,000	21,000

Within the stipulated time, U and W returned the goods and V, X and Y signified that they have accepted the goods.

Show in the books of the firm, the Sale or Return Account and Customer W for Sale or Return Account as on 15th November 2020.   **(10 + 5 + 5 = 20 Marks)**

4. (a) Alpha and Beta are partners in a firm, sharing Profits and Losses in the ratio of 3 : 2. The Balance Sheet of Alpha and Beta as on 1.1.2021 was as follows:

Liabilities	Amount Rs.	Assets		Amount Rs.
Sundry Creditors	25,800	Building		52,000
Bill Payable	8,200	Furniture		11,600
Bank Overdraft	18,000	Stock-in-Trade		42,800
Capital Account:		Debtors	70,000	
Alpha 88,000		Less: Provision	400	69,600
Beta 72,000	1,60,000	Investment		5,000
		Cash		31,000
	2,12,000			2,12,000

'Gama' was admitted to the firm on the above date on the following terms:

(i) He is admitted for 1/6th share in future profits and to introduce a Capital of Rs. 50,000.

(ii) The new profit sharing ratio of Alpha, Beta and Gama will be 3 : 2 : 1 respectively.

(iii) 'Gama' is unable to bring in cash for his share of goodwill, partners therefore, decide to raise goodwill account in the books of the firm. They further decide to calculate goodwill on the basis of 'Gama's share in the profits and the capital contribution made by him to the firm. Later, the goodwill was written off among all the partners in the new profit sharing ratio.

(iv) Furniture is to be written down by Rs. 1,740 and Stock to be depreciated by 10%. A provision is required for Debtors @ 5% for Bad Debts. A provision would also be made for outstanding wages for Rs. 3,120. The value of Buildings having appreciated be brought upto Rs. 58,400. The value of investment is increased by Rs. 900.

(v) It is found that the creditors included a sum of Rs. 2,800, which is not to be paid off.

Prepare the following:

(i) Revaluation Account.

(ii) Partners' Capital Accounts.

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(iii) Balance Sheet of New Partnership firm after admission of 'Gama'.

(b) Mr. Surya runs a factory, which produces detergents. Following details were available in respect of his manufacturing activities for the year ended 31-03-2021.

Opening work-in-progress (27,000 units)	78,000
Closing work-in-progress (42,000 units)	1,44,000
Opening inventory of Raw Materials	7,80,000
Closing inventory of Raw Materials	9,60,000
Purchases	24,60,000
Hire charges of Machinery @ Rs. 0.70 per unit manufactured	
Hire charges of factory	7,80,000
Direct wages-contracted @ Rs. 0.80 per unit manufactured	
and @ Rs. 0.40 per unit of closing W.I.P.	
Repairs and maintenance	5,40,000
Units produced - 15,00,000 units	

You are required to prepare a Manufacturing Account of Mr. Surya for the year ended 31-03-2021.

(15+5= 20 Marks)

5. (a) From the following information supplied by New Punjabi Bagh Club, prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31st March 2021.

	01.04.2020 Rs.	31.03.2021 Rs.
Outstanding subscription	70,000	1,00,000
Advance subscription	12,500	15,000
Outstanding salaries	7,500	9,000
Cash in Hand and at Bank	55,000	?
10% Investment	70,000	35,000
Furniture	14,000	7,000
Machinery	5,000	10,000
Sports goods	7,500	12,500

Subscription for the year amount to Rs. 1,50,000/-. Salaries paid Rs. 30,000. Face value of the Investment was Rs. 87,500, 50% of the Investment was sold at 80% of Face Value. Interest on investments was received Rs. 7,000. Furniture was sold for Rs. 4000 at the beginning of the year. Machinery and Sports Goods purchased and put to use at the last date of the year. Charge depreciation @ 15% p.a. on Machinery and Sports goods and @10% p.a. on Furniture.

Following Expenses were made during the year:

Sports Expenses:	Rs. 25,000
Rent:	Rs. 12,000 out of which Rs. 1,000 outstanding
Misc. Expenses:	Rs. 2,500

(b) Following information is provided for M/s. Ritu Manufacturers for the year ended 31st Dec, 2020:

	Rs.
Opening Inventory	3,00,000

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Purchases	20,16,000
Carriage Inwards	90,000
Wages	1,50,000
Sales	33,00,000
Returns inward	3,00,000
Returns outward	2,16,000
Closing Inventory	6,00,000

You are required to pass necessary closing entries in the journal proper of M/s. Ritu Manufacturers.

(15 + 5 = 20 Marks)

6. (a) Daniel Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 20 each.

The amounts were payable as follows:

On application   - Rs. 6 per share

On allotment   - Rs. 10 per share

On first and final call   - Rs. 4 per share

Applications were received for 1,50,000 shares and pro-rata allotment was made to all the applicants. Money overpaid on application was adjusted towards allotment money. X, who was allotted 3,000 shares, failed to pay the first and final call money. His shares were forfeited. Out of the forfeited shares, 2,500 shares were reissued as fully paid-up @ Rs. 16 per share.

Pass necessary Journal entries to record the above transactions in the books of Daniel Ltd.

(10 Marks)

(b) On 1st January 2020 Pigeon Ltd. issued 12% debentures of the face value of Rs. 40,00,000 at 10% discount. Debenture interest after deducting tax at source @10% was payable on 30th June and 31st December every year. All the debentures were to be redeemed after the expiry of five year period at 5% premium.

Pass necessary journal entries for the accounting year 2020.   **(5 Marks)**

(c) Write short notes on any two of the following:

(i) Double entry system.

(ii) Importance of bank reconciliation to an industrial unit.

(iii) Bill of exchange and the various parties to it.

(iv) Retirement of bills of exchange.

(5 Marks)

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ANSWERS

1. **(a) (i) True:** Salary paid in advance relates to the coming accounting period. It has nothing to do with the current period. Hence it is not taken in the Profit and Loss Account as an expense. It is shown as a Current Asset in the Balance Sheet.

   (ii) True: In the early periods of useful life of a fixed assets, repairs and maintenance expenses are relatively low because the asset is new. Whereas in later periods, as the asset become old, repairs and maintenance expenses increase continuously. Under written down value method, depreciation charged is high in the initial period and reduces continuously in the later periods. Thus, depreciation and repair and maintenance expenses become more or less uniform throughout the useful life of the asset.

   (iii) True: The financial statements must disclose all the relevant and reliable information in accordance with the Full Disclosure Principle.

   (iv) False: According to the Indian Partnership Act, in the absence of any agreement to the contrary, profits and losses of the firm are shared equally among partners.

   (v) False: Debenture interest is payable before the payment of any dividend on shares.

   (vi) False: Net income is determined by preparing income and expenditure in case of persons practicing vocation.

   (b) Change in accounting policy may have a material effect on the items of financial statements. For example, cost formula used for inventory valuation is changed from weighted average to FIFO. Unless the effect of such change in accounting policy is quantified, the financial statements may not help the users of accounts.

   (c) Calculation of depreciation for 5th year

   Depreciation per year charged for four years = Rs. 40,00,000 / 10 = Rs. 4,00,000

   WDV of the machine at the end of fourth year = Rs. 40,00,000 – Rs. 4,00,000 × 4 = Rs. 24,00,000.

   Depreciable amount after revaluation = Rs. 24,00,000 + Rs. 1,60,000 = Rs. 25,60,000

   Remaining useful life as per previous estimate = 6 years

   Remaining useful life as per revised estimate = 8 years

   Depreciation for the fifth year and onwards = Rs. 25,60,000 / 8 = Rs. 3,20,000.

2. **(a)**

(i)	Bills Receivables A/c	Dr.	1,550	
	Bills Payable A/c	Dr.	1,550	
	To Ram A/c			3,100
	(Correction of error by which Bills Receivable account of Rs 1,550 was wrongly posted through Bills Payable book)			
(ii)	Suspense A/c	Dr.	15,000	
	To Manan			7,500

	To Tapan (Removal of wrong debit to Tapan and giving credit to Manan from whom cash was received)			7,500
(iii)	Suspense A/c To P & L Adjustment A/c (Correct of error by which general expenses of Rs. 2,600 was wrongly posted as Rs. 6,200)	Dr.	3,600	3,600
(iv)	P&L Adjustment A/c To Suspense (Correction of error by which Sales account was overcast last year)	Dr.	5,000	5,000
(v)	P & L Adjustment A/c To Mr. Gupta (Correction of error by which legal expenses paid to Mr. Gupta was wrongly debited to her personal account)	Dr.	7,670	7,670
(vi)	Tina To Hina (Correction of error by which sale of Rs. 25,000 to Tina was wrongly debited to Hina's account)	Dr.	25,000	25,000
(vii)	Suspense A/c To P&L Adjustment A/c (Correction of error by which Purchase A/c was excess debited by Rs.270 i.e. Rs.1,960 – Rs.1,690)	Dr.	270	270
(vii)	Trade Receivable A/c To Suspense A/c (Rs. 7,000 due by Mr. Somdev not taken into trial balance now rectified)	Dr.	7,000	7,000

Suspense A/c

	Rs.		Rs.
To P & L Adjustment A/c	3,600	By P & L Adjustment A/c	5,000
To Manan	7,500	By Trade Receivable (Mr. Somdev)	7,000
To Tapan	7,500	By Difference in Trial Balance (Balancing figure)	6,870
To P&L Adjustment A/c	270		
	18,870		18,870

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

Date	Particulars	Amount	Date	Particulars	Amount
2020		Rs.	**2020**		Rs.

Sept. 30	To Party A/c
	To Customer A/c
	       (Direct deposit)
	To Balance c/d
		64,000
		
		4,69,600
		44,968
		5,78,568
			Sept. 30	By Balance b/d
				By Bank charges
				By Customer A/c
				       (B/R dishonoured)
					16,248
					2,320
					5,60,000
					
					5,78,568

Bank Reconciliation Statement as on 30th September, 2020

Particulars	Amount
	Rs.
Overdraft as per Cash Book	44,968
Add: Cheque deposited but not collected upto 30th Sept., 2020	52,56,000
	53,00,968
Less: Cheques issued but not presented for payment upto 30th Sept., 2020	(53,04,000)
Credit by Bank erroneously on 6th Sept.	(80,000)
Credit balance as per bank statement	83,032

Note: Bank has credited Sameer by 80,000 in error on 6th September, 2020. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with Rs. 53,04,000 resulting in credit balance of Rs. 3,032 as per pass-book.

3. (a)

In the books of Devender

Consignment Account

Dr.			Amount				Cr. Amount
2020			Rs.	2020			Rs.
Feb. 16	To	Goods sent on consignment account	50,000	March 15	By	Satender's account (Sales) (300 × Rs. 160)	48,000
Feb. 16	To	Cash/Bank account (Expenses)	750	May 20	By	Satender's account (Sales) (150 × Rs. 170)	25,500
Feb. 16	To	Satender's account (Clearance charges)	1,500	Sep 30	By	Consignment Stock (Working note 2)	5,225
Sep 30	To	Satender's account: Selling expenses (450 × Rs. 20)	9,000				
		Commission (Working note 1)	12,450				
Sep 30	To	Profit and loss account (profit on consignment transferred)	5,025				
			78,725				78,725

Satender's Account

Dr.			Amount				Cr. Amount
2020			Rs.	2020			Rs.
March 15	To	Consignment account (Sales)	48,000	Feb 16	By	Consignment account (Clearance charges)	1,500

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May 20	To	Consignment account (Sales)		25,500	Sep 30	By	Consignment account: Selling expenses Commission	9,000 12,450
					Sep 30	By	Cash/Bank account	50,550
				73,500				73,500

Working Notes:

1. **Calculation of total commission:**

   Let total commission be x

   $$x = 450 \times \text{Rs. } 25 + \frac{1}{4}[(\text{Rs. } 48,000 + \text{Rs. } 25,500) - x - (450 \times \text{Rs. } 125)]$$

   $$x = \text{Rs. } 11,250 + \frac{1}{4}[\text{Rs. } 73,500 - x - \text{Rs. } 56,250]$$

   $$x = \text{Rs. } 11,250 + \frac{1}{4}[\text{Rs. } 17,250 - x]$$

   $$4x + x = \text{Rs. } 45,000 + \text{Rs. } 17,250$$

   $$5x = \text{Rs. } 62,250$$

   $$x = \text{Rs. } 12,450$$

2. **Valuation of consignment stock:**

	Rs.
50 Pen Drives @ Rs. 100 each	5,000
Add: Proportionate expenses of Satender $\dfrac{(`1,500 \times 50)}{500}$	150
Proportionate expenses paid by Devender $\dfrac{(`750 \times 50)}{500}$	75
	5,225

(b)   **Taking 19.6.2020 as a Base date**

Transaction Date	Due Date	Amount	Days	Amount
8.3.2020	11.7.2020	12,000	22	2,64,000
16.3.2020	19.6.2020	15,000	0	0
7.4.2020	10.9.2020	18,000	83	14,94,000
17.5.2020	20.8.2020	15,000	62	9,30,000
		60,000		26,88,000

$$\text{Average Due Date} = \text{Base date} + \frac{\text{Total of Product}}{\text{Total of Amount}}$$

$$= 19.6.2020 + \text{Rs. } 26,88,000/\text{Rs.}60,000$$

$$= 19.6.2020 + 44.8 \text{ days (or 45 days approximately)}$$

$$= 3.8.2020$$

Hari wants to save interest of Rs. 471. The yearly interest is Rs. 60,000 × 9% = Rs. 5,400.

Assume that days corresponding to interest of Rs. 471 are Y.

Then, 5,400 × Y/365 = Rs. 471 or Y = 471 × 365/5,400 = 31.8 days or 32 days (Approx.)

Hence, if Hari wants to save Rs. 471 by way of interest, he should prepone the payment of amount involved by 32 days from the Average Due Date. Hence, he should make the payment on 2.7.2020 (3.8.2020 – 32 days).

(c)

Sale or Return Account

Date	Particulars	Rs.	Date	Particulars	Rs.
2020			2020		
Oct 31	To Sundries: Sales	22,500	Oct 31	By Sundries	
Nov 15	To Sundries: Returned	28,000		(Goods sent on sale or return basis)	71,500
Nov 15	To Balance c/d	21,000			
		71,500			71,500
			Nov 16	By Balance b/d	21,000

W's Account

Date	Particulars	Rs.	Date	Particulars	Rs.
2020			2020		
Oct 31	To Sale or Return A/c	18,000	Nov 15	By Sale or Return A/c	18,000

4. (i)

Revaluation Account

		Rs.			Rs.
To	Furniture	1,740	By	Building	6,400
To	Stock	4,280	By	Sundry creditors	2,800
To	Provision of doubtful debts (Rs. 3,500 – Rs. 400)	3,100	By	Investment	900
			By	Revaluation Loss	2,140
To	Outstanding wages	3,120			
		12,240			12,240

(ii)

Partners' Capital Accounts

		Alpha	Beta	Gama			Alpha	Beta	Gama
		Rs.	Rs.	Rs.			Rs.	Rs.	Rs.
To	Revaluation Loss	1,284	856		By	Balance b/d	88,000	72,000	–
To	Goodwill	45,000	30,000	15,000	By	Cash A/c	–	–	50,000
To	Balance c/d	95,716	77,144	35,000					
					By	Goodwill A/c (Working Note)	54,000	36,000	
		1,42,000	1,08,000	50,000			1,42,000	1,08,000	50,000

Balance Sheet of New Partnership Firm

(after admission of Gama) as on 1.1.21

Liabilities		Rs.	Assets		Rs.
Capital Accounts:					
Alpha 95,716			Building (52,000 + 6,400)		58,400
Beta 77,144			Furniture (11,600 – 1,740)		9,860
Gama <u>35,000</u>		2,07,860	Stock-in-trade (42,800 – 4,280)		38,520
Bills Payable		8,200	Debtors	70,000	
Bank Overdraft		18,000	Less: Provision for bad debts (<u>3,500</u>)		66,500
Sundry creditors		23,000	Investment (5,000 + 900)		5,900
(25,800-2,800)					
Outstanding wages		<u>3,120</u>	Cash (31,000 + 50,000)		<u>81,000</u>
		2,60,180			2,60,180

Working Note:

Calculation of goodwill

Gama's contribution of Rs. 50,000 consists only 1/6th of capital.

Therefore, total capital of firm should be Rs. 50,000 × 6 = Rs. 3,00,000.

But combined capital of Alpha, Beta and Gama amounts Rs. 88,000 + 72,000 + 50,000 = Rs. 2,10,000.

Thus Hidden goodwill is Rs. 90,000 (Rs. 3,00,000 – Rs. 2,10,000).

(b) **In the Books of Mr. Surya**

Manufacturing Account for the Year ended 31.03.2021

Particulars		Units	Amount Rs.	Particulars	Units	Amount Rs.
To Opening Work-in-Process		27,000	78,000	By Closing Work-in-Process	42,000	1,44,000
To Raw Materials Consumed:				By Trading A/c – Cost of finished goods transferred	15,00,000	58,00,800
Opening Inventory	7,80,000					
Add: Purchases	24,60,000					
	32,40,000					
Closing Inventory	(9,60,000)		22,80,000			
To Direct Wages – W.N. (1)			12,16,800			
To Direct expenses:						
Hire charges on Machinery – W.N. (2)			10,50,000			

To Indirect expenses:						
Hire charges of Factory			7,80,000			
Repairs & Maintenance			5,40,000			
			59,44,800			59,44,800

Working Notes:

(1) Direct Wages – 1,500,000 units @ Rs.0.80   =   Rs.12,00,000

      42,000 units @ Rs.0.40   =   Rs.   16,800

                                               Rs. 12,16,800

(2) Hire charges on Machinery – 15,00,000 units @ Rs.0.70   =   Rs.10,50,000

5. (a)   **Receipts and Payments Account for the year ended 31-03-2021**

Receipts	Rs.	Payments	Rs.
To balance b/d		By Salaries	30,000
Cash and bank	55,000	By Purchase of sports goods	5,000
To Subscription received (W.N.1)	1,22,500	Rs. (12,500-7,500)	
To Sale of investments (W.N.2)	35,000	By Purchase of machinery	5,000
To Interest received on investment	7,000	Rs. (10,000-5,000)	
To Sale of furniture	4,000	By Sports expenses	25,000
		By Rent paid	11,000
		Rs. (12,000 -1,000)	
		By Miscellaneous expenses	2,500
		By Balance c/d	
		Cash and bank	1,45,000
	2,23,500		2,23,500

Income and Expenditure account for the year ended 31-03-2021

Expenditure	Rs.	Rs.	Income	Rs.	Rs.
To Salaries	30,000		By Subscription		1,50,000
Add: Outstanding for 2021	9,000		By Interest on Investment		
	39,000		Received	7,000	
Less: Outstanding for 2020	(7,500)	31,500	Accrued (W.N.5)	1,750	8,750
To Sports expenses		25,000			
To Rent		12,000			
To Miscellaneous exp.		2,500			
To Loss on sale of furniture (W.N.3)		3,000			
To Depreciation (W.N.4)					

Furniture	700					
Machinery	750					
Sports goods	1,125	2,575				
To Surplus		82,175				
		1,58,750				1,58,750

Working Notes:

1. **Calculation of Subscription received during the year 2020-21**

	Rs.
Subscription due for 2020-21	1,50,000
Add: Outstanding of 2020	70,000
Less: Outstanding of 2021	(1,00,000)
Add: Subscription of 2021 received in advance	15,000
Less: Subscription of 2020 received in advance	(12,500)
	1,22,500

2. **Calculation of Sale price and profit on sale of investment**

Face value of investment sold: Rs. 87,500 × 50% = Rs. 43,750

Sales price: Rs. 43,750 × 80% = Rs. 35,000

Cost price of investment sold: Rs. 70,000 × 50% = Rs. 35,000

Profit/loss on sale of investment: Rs. 35,000 - Rs. 35,000 = NIL

3. **Loss on sale of furniture**

	Rs.
Value of furniture as on 01-04-2020	14,000
Value of furniture as on 31-03-2021	7,000
Value of furniture sold at the beginning of the year	7,000
Less: Sales price of furniture	(4,000)
Loss on sale of furniture	3,000

4. **Depreciation**

Furniture -	Rs.7,000 × 10%	=	700
Machinery -	Rs.5,000 × 15%	=	750
Sports goods -	Rs.7,500 × 15%	=	1,125

5. **Interest accrued on investment**

	Rs.
Face value of investment on 01-04-2020	87,500
Interest @ 10%	8,750
Less: Interest received during the year	(7,000)
Interest accrued during the year	1,750

Note: It is assumed that the sale of investment has taken place at the end of the year.

(b) **Journal Proper in the Books of M/s. Ritu Manufacturers**

Date 2020	Particulars		Amount Rs.	Amount Rs.
Dec. 31	Returns outward A/c	Dr.	2,16,000	
	To Purchases A/c			2,16,000
	(Being the transfer of returns to purchases account)			
	Sales A/c	Dr.	3,00,000	
	To Returns Inward A/c			3,00,000
	(Being the transfer of returns to sales account)			
.	Sales A/c	Dr.	30,00,000	
	To Trading A/c			30,00,000
	(Being the transfer of balance of sales account to trading account)			
	Trading A/c	Dr.	23,40,000	
	To Opening Inventory A/c			3,00,000
	To Purchases A/c			18,00,000
	To Wages A/c			1,50,000
	To Carriage Inwards A/c			90,000
	(Being the transfer of balances of opening inventory, purchases, carriage inwards and wages accounts)			
	Closing Inventory A/c	Dr.	6,00,000	
	To Trading A/c			6,00,000
	(Being the incorporation of value of closing Inventory)			
	Trading A/c	Dr.	12,60,000	
	To Gross Profit			12,60,000
	(Being the amount of gross profit)			
	Gross profit	Dr.	12,60,000	
	To Profit and Loss A/c			12,60,000
	(Being the transfer of gross profit to Profit and Loss Account)			

6. (a) **In the books of Daniel Ltd.**

Journal Entries

		Dr. Rs.	Cr. Rs.
Bank A/c	Dr.	9,00,000	
To Equity Share Application A/c			9,00,000
(Being the application money received for 1,50,000 shares at Rs. 6 per share)			
Equity Share Application A/c	Dr.	9,00,000	
To Equity Share Capital A/c (1,00,000 x Rs. 6)			6,00,000
To Share allotment A/c			3,00,000
(Being share allotment made for 1,00,000 shares and excess adjusted towards allotment)			

9

		Dr.	10,00,000	
Equity Share Allotment A/c		Dr.	10,00,000	
To Equity Share Capital A/c				10,00,000
(Being allotment amount due on 1,00,000 equity shares at Rs. 10 per share as per Directors' resolution no... dated...)				
Bank A/c		Dr.	7,00,000	
To Equity Share Allotment A/c				7,00,000
(Being balance allotment money received for 1,00,000 shares)				
Equity Share first and final call A/c		Dr.	4,00,000	
To Equity Share Capital A/c				4,00,000
(Being first and final call amount due on 1,00,000 equity shares at Rs. 4 per share as per Directors' resolution no... dated...)				
Bank A/c		Dr.	3,88,000	
Calls in arrears A/c			12,000	
To Equity Share first and final call A/c				4,00,000
(Being final call received on 97,000 shares)				
Share capital A/c (3,000 x Rs. 20)		Dr.	60,000	
To Forfeited shares A/c (3,000 x Rs. 16)				48,000
To Calls in arrears A/c (3,000 x Rs. 4)				12,000
(Being forfeiture of 3,000 shares of Rs. 20 each fully called-up for non payment of first and final call @ Rs. 4 as per Directors' resolution no... dated..)				
Bank A/c (2,500 x Rs.16)		Dr.	40,000	
Forfeited shares A/c (2,500 x Rs.4)			10,000	
To Equity Share Capital A/c (2,500 x Rs. 20)				50,000
(Being re-issue of 2,500 shares @ Rs. 16)				
Forfeited share A/c (2,500 x Rs. 12)			30,000	
To capital reserve A/c (2,500 x Rs. 12)				30,000
(Being profit on re-issue transferred to capital reserve)				

Working Note:

Calculation of amount to be transferred to Capital reserve A/c   **Rs.**

Forfeited amount per share	= 48,000/3,000	=	16
Loss on re issue (20-16)			4
Surplus per share			12
Transfer to capital reserve	Rs. 12 x 2,500	Rs. 30,000	

(b)   **Journal Entries**

			Dr. (Rs.)	*Cr. (Rs.)*
1-1-2020	Bank A/c	Dr.	36,00,000	

	Discount/Loss on Issue of Debentures A/c	Dr.	4,00,000	
	To 12% Debentures A/c			40,00,000
	To Premium on Redemption of Debentures A/c			2,00,000
	(For issue of debentures at discount redeemable at premium)			
30-6-2020	Debenture Interest A/c	Dr.	4,80,000	
	To Debenture holders A/c			4,32,000
	To Tax Deducted at Source A/c			48,000
	(For interest payable)			
	Debenture holders A/c	Dr.	4,32,000	
	Tax Deducted at Source A/c	Dr.	48,000	
	To Bank A/c			4,80,000
	(For payment of interest and TDS)			
31-12-2020	Debenture Interest A/c	Dr.	4,80,000	
	To Debenture holders A/c			4,32,000
	To Tax Deducted at Source A/c			48,000
	(For interest payable)			
	Debenture holders A/c	Dr.	4,32,000	
	Tax Deducted at Source A/c	Dr.	48,000	
	To Bank A/c			4,80,000
	(For payment of interest and tax)			
	Profit and Loss A/c	Dr.	9,60,000	
	To Debenture Interest A/c			9,60,000
	(For transfer of debenture interest to profit and loss account at the end of the year)			
	Profit and Loss A/c	Dr.	80,000	
	To Discount/Loss on issue of debenture A/c			80,000
	(For proportionate debenture discount and premium on redemption written off, i.e., 4,00,000 x 1/5)			

(c) **(i)** Double entry system may be defined as that system which recognizes and records both the aspects of a transaction.

Every transaction has two aspects and according to this system, both the aspects are recorded. This system was developed in the 15th century in Italy by Luca Pacioli. It has proved to be systematic and has been found of great use for recording the financial affairs for all institutions requiring use of money.

(ii) Banks are essential to modern society, but for an industrial unit, it serves as a necessary instrument in the commercial world. Most of the transactions of the business are done through bank whether it is a receipt or payment. Rather, it is legally necessary to operate the

transactions through bank after a certain limit. All the transactions, which have been operated through bank, if not verified properly, the industrial unit may not be sure about its liquidity position in the bank on a particular date. There may be some cheques which have been issued, but not presented for payment, as well as there may be some deposits which has been deposited in the bank, but not collected or credited so far. Some expenses might have been debited or bills might have been dishonoured. It is not known to the industrial unit in time, it may lead to wrong conclusions. The errors committed by bank may not be known without preparing bank reconciliation statement. Preparation of bank reconciliation statement prevents the chances of embezzlement. Hence, bank reconciliation statement is very important and is a necessity of an industrial unit as it plays a key role in the liquidity control of the industry.

(iii) A bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money to or to the order of certain person or to the bearer of the instrument. When such an order is accepted by the drawee on the face of the order itself, it becomes a valid bill of exchange.

There are three parties to a bill of exchange:

(i) The drawer, who draws the bill, that is, the creditor to whom the money is owing;

(ii) The drawee, the person to whom the bill is addressed or on whom it is drawn and who accepts the bill that is, the debtor; and

(iii) The payee, the person who is to receive the payment. The drawer in many cases is also the payee.

(iv) **Retirement of bills of exchange:** Sometimes, the acceptor of a bill of exchange has spare funds much before the maturity date of the bill of exchange accepted by him. He may, therefore, desire to pay the bill before the due date. In such a circumstance, the acceptor shall ask the payee or the holder of the bill to accept cash before the maturity date. If the payee agrees, the acceptor may be allowed a rebate or discount on such early payment. This rebate is generally the interest at an agreed rate for the period between the date of payment and date of maturity. The interest/rebate/discount becomes the income of the acceptor and expense of the payee. It is a consideration for premature payment. When a bill is paid before due date, it is said to be retired under rebate.

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

*Question No. **1** is compulsory.*

*Answer any **four** questions from the remaining **five** questions. 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) Shambhu Dayal started "self service" system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide as per the provisions of the Indian Contract Act, 1872. **(4 Marks)**

   (b) 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 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. **(4 Marks)**

   (c) Explain the term "Delivery and its forms" under the Sale of Goods Act, 1930. **(4 Marks)**

2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Explain and also discuss the effect of anticipatory breach on contracts. **(7 Marks)**

   (b) Differentiate between the Limited Liability Partnership (LLP) and Limited Liability Company. **(5 Marks)**

3. (a) Whether a minor may be admitted in the business of a partnership firm? Explain the rights of a minor in the partnership firm. **(6 Marks)**

   (b) Mr. X and Mr. Y entered into a contract on 1ˢᵗ August, 2020, by which Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2ⁿᵈ August, 2020 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20ᵗʰ August, 2020 for which

Mr. Y did not agree. On 1ˢᵗ September, 2020, Mr. X claimed compensation of Rs. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000, which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention. **(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) A, B, and C are partners of a partnership firm ABC & Co. The firm is a dealer in office furniture. A was in charge of purchase and sale, B was in charge of maintenance of accounts of the firm and C was in charge of handling all legal matters. Recently through an agreement among them, it was decided that A will be in charge of maintenance of accounts and B will be in charge of purchase and sale. Being ignorant about such agreement, M, a supplier supplied some furniture to A, who ultimately sold them to a third party. Referring to the provisions of the Partnership Act, 1932, advise whether M can recover money from the firm.

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

5. (a) Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent? **(6 Marks)**

    (b) F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability.

    Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(6 Marks)**

6. (a) Define consideration. State the characteristics of a valid consideration. **(5 Marks)**

    (b) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**

    (c) Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:

    (a) Directors and their relatives   190

    (b) Employees   15

    (c) Ex-Employees (Shares were allotted when they were employees   10

    (d) 5 couples holding shares jointly in the name of husband and wife (5*2) 10

    (e) Others   5

    The Board of Directors of the company proposes to convert it into a private company. Also advise whether reduction in the number of members is necessary. **(3 Marks)**

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

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

That large animals require luxuriant vegetation has been a general assumption which has passed from one work to another, but I do not hesitate to say that it is completely false and that it has vitiated the reasoning of geologists on some points of great interest in the ancient history of the world. The prejudice has probably been derived from India, and the Indian islands, where troops of elephants, noble forests, and impenetrable jungles are associated together in everyone's mind. If, however, we refer to any work of travels through the southern parts of Africa, we shall find allusions in almost every page either to the desert character of the country or to the numbers of large animals inhabiting it. The same thing is rendered evident by the many engravings which have been published in various parts of the interior.

Dr Andrew Smith, who has lately succeeded in passing the Tropic of Capricorn, informs me that taking into consideration the whole of the southern part of Africa, there can be no doubt of its being a sterile country. On the southern coasts, there are some fine forests, but with these exceptions, the traveller may pass for days together through open plains, covered by poor and scanty vegetation. Now, if we look to the animals inhabiting these wide plains, we shall find their numbers extraordinarily great, and their bulk immense.

It may be supposed that although the species are numerous, the individuals of each kind are few. By the kindness of Dr Smith, I am enabled to show that the case is very different. He informs me that in one day's march with the bullock-wagons, he saw, without wandering to any great distance on either side, between one-hundred and one-hundred and fifty rhinoceroses—the same day he saw several herds of giraffes, amounting together to nearly a hundred.

At the distance of a little more than one hour's march from their place of encampment on the previous night, his party actually killed eight hippopotamuses at one spot and saw many more. In this same river, there were likewise crocodiles. Of course, it was a case quite extraordinary to see so many great animals crowded together, but it evidently proves that they must exist in great numbers. Dr Smith describes that the country passed through that day as 'being thinly covered with grass, and bushes about four feet high, and still more thinly with mimosa trees'.

Besides these large animals, anyone the least acquainted with the natural history of the Cape has read of the herds of antelopes, which can be compared only with the flocks of migratory birds. The numbers indeed of the lion, panther, and hyena, and the multitude of birds of prey, plainly speak of the abundance of the smaller quadrupeds. One evening, seven lions were counted at the same time prowling round Dr Smith's encampment. .As this, an able naturalist remarked to me, each day the carnage in Southern Africa must indeed be terrific! I confess that it is truly surprising how such a number of animals can find support in a country producing so little food.

The larger quadrupeds no doubt roam over wide tracts in search of it; and their food chiefly consists of underwood, which probably contains many nutrients in a small bulk. Dr. Smith also informs me that the vegetation has a rapid growth; no sooner is a part consumed, than its place is supplied by a fresh stock. There can be no doubt, however, that our ideas respecting the apparent amount of food necessary for the support of large quadrupeds are much exaggerated. The belief that where large quadrupeds exist, the vegetation must necessarily be luxuriant is

more remarkable because the converse is far from true.

Mr. Burchell observed to me that when entering Brazil, nothing struck him more forcibly than the splendour of the South American vegetation contrasted with that of South Africa, together with the absence of all large quadrupeds. In his travels, he has suggested that the comparison of the respective weights (if there were sufficient data) of an equal number of the largest herbivorous quadrupeds of each country would be extremely curious. If we take on the one side, the elephants, hippopotamus, giraffe, bos caffer, elan, five species of rhinoceros; and on the American side, two tapirs, the guanaco, three deer, the vicuna, peccari, capybara (after which we must choose from the monkeys to complete the number), and then place these two groups alongside each other; it is not easy to conceive ranks more disproportionate in size.

After the above facts, we are compelled to conclude, against the anterior probability that among the Mammalia there exists no close relation between the bulk of the species, and the quantity of the vegetation in the countries which they inhabit.

(i)   What is the primary concern of the author?

(ii)   What prejudice has vitiated the reasoning of geologists?

(iii) Why does Dr Smith refer to Africa as a sterile country?

(iv)   According to the author, what has led to the 'prejudice'?

    (a)   Errors in the reasoning of biologists

    (b)   False ideas about animals in Africa

    (c)   Incorrect assumptions on the part of geologists

    (d)   Doubt in the mind of the author

(v)   Why are the flocks of migratory birds mentioned in the passage?

    (a)   To describe an aspect of the fauna of South Africa

    (b)   To illustrate a possible source of food for large carnivores

    (c)   To contrast with the habits of the antelope

    (d)   To suggest the size of antelope herds   **(1 x 5 =5 Marks)**

(b) Read the passage given below.

   (i)   Make notes, using headings, sub-headings, and abbreviations wherever necessary. **(3 Marks)**

   (ii)   Write summary.   (**2 Marks**)

Despite all the research every one of us catches cold and most of us catch it frequently. Our failure to control one of the commonest of all ailments sometimes seems ridiculous. Medical science regularly practices transplant surgery and has rid whole countries of such killing diseases as Typhus and the Plague. But the problem of common cold is unusually difficult and much has yet to be done to solve it. It is known that a cold is caused by one of a number of viral infections that affect the lining of the nose and other passages leading to the lungs but the confusing variety of viruses makes study and remedy very difficult. It was shown in 1960 that many typical colds in adults are caused by one or the other of a family of viruses known as rhinoviruses, yet there still remain many colds for which no virus has as yet been isolated.

There is also the difficulty that because they are so much smaller than the bacteria which cause many other infections, viruses cannot be seen with ordinary microscopes. Nor can they be cultivated easily in the bacteriologist's laboratory, since they only grow within the living cells of animals or plants. An important recent step forward, however, is the

development of the technique of tissue culture, in which bits of animal tissue are enabled to go on living and to multiply independently of the body. This has greatly aided virus research and has led to the discovery of a large number of viruses. Their existence had previously been not only unknown but even unsuspected.

The fact that we can catch a cold repeatedly creates another difficulty. Usually, a virus strikes only once and leaves the victim immune to further attacks. Still, we do not gain immunity from colds. Why? It may possibly be due to the fact that while other viruses get into the bloodstream where anti-bodies can oppose them, the viruses causing cold attack cells only on the surface. Or it may be that immunity from one of the many different viruses does not guarantee protection from all the others. It seems, therefore, that we are likely to have to suffer colds for some time yet.

2. (a) What do you understand by coherence in communication?   **(1 Mark)**

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

        Haggle

        (a) postpone   (b) accept   (c) bargain   (d) reject

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

        Renounce

        (a) Abdicate   (b) relinquish   (c) deny   (d) possess

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

        You don't need to wind this watch.

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

        Seema said, "It's time. I must go now."

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

    There is an enemy beneath our feet - an enemy more deadly for his complete impartiality. He recognizes no national boundaries, no political parties. Everyone in the world is threatened by him. The enemy is the earth itself. When an earthquake strikes, the world trembles. The power of a quake is greater than anything man himself can produce.

    But today scientists are directing a great deal of their effort into finding some way of combating earthquakes, and it is possible that at some time in the near future mankind will have discovered a means of protecting itself from earthquakes. An earthquake strikes without warning. When it does, its power is immense. If it strikes a modern city, the damage it causes is as great as if it has struck a primitive village. Gas mains burst, explosions are caused and fires are started. Underground railways are wrecked. Buildings collapse, bridges fall, dams burst, gaping crevices appear in busy streets. If the quake strikes at sea, huge tidal waves sweep inland. If it strikes in mountain regions, avalanches roar down into the valley. Consider the terrifying statistics from the past 1755: Lisbon, capital of Portugal - the city destroyed entirely and 450 killed. 1970: Peru: 50,000 killed.

    In 1968 an earthquake struck Alaska. As this is a relatively under populated part, only a few people were killed. But it is likely that this was one of the most powerful quakes ever to have hit the world. Geologists estimate that during the tremors, the whole of the state moved over 80 feet farther west into the Pacific Ocean. Imagine the power of something that can move an entire subcontinent! This is the problem that the scientists face. They are dealing with forces so immense that man cannot hope to resist them. All that can be done is to try to pinpoint just where the earthquake will strike and work from there. At least some precautionary measures can then

be taken to save lives and some of the property.

3. (a) Name the essential aspects of oral communication. **(1 Mark)**

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

   Largesse

   (a) Hindrance   (b)   kindness   (c)   malevolence   (d)   cruelty

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

   Ostentatious

   (a) respectful   (b) Awkward   (c)   Bankrupt   (d)   Reserved

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

   One should not give unsolicited advice.

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

   Reena said, "Alas! These are difficult times."

   (c) Write an Article in 250-300 words on the topic **'Seeking Excellence'**

   Or

   Write a report in 250-300 words on the rising crime rate in your area. **(5 Marks)**

4. (a) What are cultural barriers in communication? How do they impact communication? **(2 Marks)**

   (b) (i) Select the suitable antonym for the given word: **(1 Mark)**

   Proclivity

   (a) Antipathy   (b)   Calm   (c)   Desire   (d)   Dearth

   (ii) Rewrite the following sentence in passive voice: **(1 Mark)**

   Lie face-down; stretch your arms in front.

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

   He said that he would deposit the cheque the following day.

   (c) (i) You are Manager Administration of ASD International. Write a letter to place an order for Covid related equipment/articles to the Manager (Sales and Marketing) of BKL Enterprises. **(3 Marks)**

   (ii) You have been appointed as the Account Manager of a client at JKL Ltd. Draft a mail to introduce yourself to the client. **(2 Marks)**

5. (a) What are networks in communication? Briefly explain the star network. **(2 Marks)**

   (b) (i) Select the correct meaning of the idioms/phrases given below. **(1 Mark)**

   put a spoke in the wheel.

   (a) tried to cause an accident

   (b) helped in the execution of the plan

   (c) hwarted the execution of the plan

   (d) destroyed the plan

   (ii) Play to the gallery **(1 Mark)**

   (a) Advertise

   (b) Attempt to appeal to popular opinion

        (c)   Cater to the public taste

        (d)   Attempt to appeal to popular opinion

        (e)   Depend on public for approval

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

        He said to me, "Is she ready or shall I wait?"

(c)   An organization is introducing new products in the market. The senior management along with Manager Sales and Marketing, Customer Care and HR are discussing advertising and customer care strategies. Prepare minutes of a meeting with participants in discussion.   **(5 Marks)**

<div align="center">OR</div>

Prepare a cover letter and detailed résumé in the functional format for a candidate applying for the post of Article Assistant in a CA firm

Name: XYZ

Qualifications: CA Intermediate both groups

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

ANSWERS

1. **(a) Invitation to offer:** The offer should be distinguished from an invitation to offer. An offer is the final expression of willingness by the offeror to be bound by his offer should the party chooses to accept it. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

   The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt. Prakash by selecting some articles and approaching the cashier for payment simply made an offer to buy the articles selected by her. If the cashier does not accept the price, the interested buyer cannot compel him to sell.

   (b) 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 to 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.

   (c) Delivery - its forms and derivatives: Delivery means voluntary transfer of possession from one person to another [Section 2(2) of the Sale of Goods Act, 1930]. 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.

   Forms of delivery: Following are the kinds 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)** Section 39 of the Indian Contract Act 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) **Distinction between LLP and Limited Liability Company**

	Basis	LLP	LLC
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	Internal governance structure	The internal governance structure of a LLP is governed by contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals/or body corporate through the nominees.	**Private company:** Minimum – 2 members Maximum 200 members **Public company:** Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/ partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the company managed by the partners	The affairs of the company are managed by board of directors

		including the designated partners authorized in the agreement.	elected by the shareholders.
8.	Minimum number of directors/designated partners	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

3. **(a)** A minor cannot be bound by a contract because a minor's contract is void and not merely voidable. Therefore, a minor cannot become a partner in a firm because partnership is founded on a contract. Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership under Section 30 of the Indian Partnership Act, 1932. In other words, he can be validly given a share in the partnership profits. When this has been done and it can be done with the consent of all the partners then the rights and liabilities of such a partner will be governed under Section 30 as follows:

Rights:

(i)   A minor partner has a right to his agreed share of the profits and of the firm.

(ii) He can have access to, inspect and copy the accounts of the firm.

(iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.

(iv) On attaining majority he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.

(b) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. X and Mr. Y have entered into the contract to supply 50 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. X has to pay back the amount of Rs. 50,000 that he received from Mr. Y as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Y is correct.

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.

3

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) According to Section 20 of the Indian Partnership Act, 1932, the partners in a firm may, by contract between the partners, extend or restrict implied authority of any partners.

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

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

1. The third party knows above the restrictions, and

2. The third party does not know that he is dealing with a partner in a firm.

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

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

5. **(a)** Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provides that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied. Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. Samuel has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

(i) **Where the bales have been selected with the consent of the buyer's representatives:** In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. Samuel. As regards 40 bales, the loss would be borne by Mr. Varun, since the goods have not been identified and appropriated.

(ii) **Where the bales have not been selected with the consent of buyer's representatives:** In this case the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. Varun completely.

(b) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

1. The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore the whole idea of Mr. F was simply to split his income into three parts with a view to evade tax. No other business was done by the company.

2. The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried on no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans. The same was upheld in *Re Sir Dinshaw Maneckji Petit* AIR 1927 Bom.371 and *Juggilal vs. Commissioner of Income Tax* AIR (1969) SC (932).

6. (a) Definition of Consideration-Section 2(d)

"When at the desire of the promisor, the promise or any other person has done, or does or abstains from doing of promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise"

The essential characteristics of a valid consideration are as follows:

(1) Consideration must move at the desire of the promisor

(2) It may proceed from the promisee or any other person on his behalf.

(3) It may be executed or executory. It may be past, present or future.

(4) It must be real and have some value in the eyes of law.

(5) It must not be something which the promisor is already legally bound to do.

(6) It must not be unlawful, immoral or opposed to public policy.

(7) Inadequacy of consideration does not invalidate the contract. Thus, it need not be proportionate to the value of the promise of the other.

(8) It may comprise of some benefit, profit, right or interest accruing to one or some loss, detriment, obligation or responsibility undertaken by the other.

(b) Dissolution of Firm: The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes in capacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

Dissolution of a Firm may take place (Section 39 - 44)

(a)   as a result of any agreement between all the partners (i.e., dissolution by agreement);

(b)   by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);

(c)   by the business of the Firm becoming unlawful (i.e., compulsory dissolution);

(d)   subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.

(e)   by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and

(f)   by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent branches of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.

(c) According to section 2(68) of the Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles, except in case of One Person Company, limits the number of its members to two hundred.

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

It is further provided that -

(A)   persons who are in the employment of the company; and

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

shall not be included in the number of members.

In the instant case, Flora Fauna Limited may be converted into a private company only if the total members of the company are limited to 200.

Total Number of members

(i)	Directors and their relatives	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	Total	200

Therefore, there is no need for reduction in the number of members since existing number of members are 200 which does not exceed maximum limit of 200.

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. **(a)** **(i)** Author's primary concern is to discuss the relationship between the size of mammals and the nature of vegetation in their habitats.

   (ii) The prejudice that large animals require luxuriant vegetation has vitiated the reasoning of geologists.

   (iii) Dr Smith refers to Africa as a sterile country. Here, the traveller may pass for days together through open plains, covered by apoor and scanty vegetation.

   (iv) b

   (v) c

(b)(i) Note Making

1. Facts about Common Cold

   1.1 Very freq. viral inf.

   1.2 Can't be cntrld.

   1.3 Difficult prblm.

   1.4 Affects nose-lining & other passages to lungs

2. Causes

   2.1 family. of vrss. viz. Rhinoviruses

   2.2 Not known as no vrs. isolated for some infs.

3. Prblms. of idntfg. vrs.

   3.1 Smaller than bacteria

   3.2 can't be seen with microscopes

   3.3 Grow within living cells of plants and animals

   3.4 Can't be easily cultivated in labs

4. Recent. rsrch.

   4.1 Tissue. Culture

       4.1.1 Def.

           4.1.1.1 bits of animal tis. grown in lab

           4.1.1.2 multiply indptly. off the body

       4.1.2 Led to

           4.1.2.1 the discovery of large no. of unknown & unsuspected vrss.

5. Reasons of no imnty.

   5.1 Vrs. attack only on surface & not bloodstream

   5.2 Can't be opposed by anti-bodies

   5.3 Imnty. from one vrs. not grntg. protection from all

Key :

Freq: frequent

Inf.: infection

Cntrld: controlled

Prblm: problem

Vrs.: virus

Vrss:viruses

Infs.: infections

Idntfg: identifying

Rsrch:research

Indptly: independently

Imnty:immunity

Grntg: guaranteeing

(ii) Summary

Common cold is a very frequently occurring viral infection that affects the nose-lining and other passages to the lungs. It is a difficult problem and cannot be controlled. Although a family of viruses termed as Rhinoviruses has been identified that cause this infection for certain others no virus has been isolated yet. Problems with identifying viruses are that they are smaller than bacteria and cannot be seen through microscope and they grow within living plant and animal cells thus cannot be cultivated in labs. The recent research in virus isolation/identification is Tissue culture that enables tissues to be grown independently off the animal/plant bodies leading to the discovery of many unknown viruses. Immunity cannot be developed against these viruses as they affect the cell surface and not the bloodstream, so antibodies do not develop. Moreover, immunity against one virus does not guarantee safety from other viruses.

2. (a) Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself/herself. The key to coherence is sequentially organised and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.

(b) (i) c

   (ii) d

   (iii) This watch need not be wound.

   (iv) Seema said that it was time and she had to go then.

(c) Précis

Earthquake - The Great Destroyer

Earthquake is the mankind's deadly enemy. Earthquake strikes all without a distinction of nationality or political affiliation. The power of a quake is greater than that of any man-made weapon of destruction. An earthquake strikes mankind without a warning. A modern city when struck is reduced -to a nibble. A quake strikes plains, seas and mountains causing all round

destruction. The quake struck Lisbon in 1755 killing 450; Peru in 1970 killing 50,000; Alaska in 1968 moving it 80 feet into the Pacific Ocean. Scientists are trying to find out means to combat earthquakes, to predict the origin of the quake so that precaution can be taken to save man and property from destruction.

3. **(a)** **Oral Communication** refers to communication through the spoken word, either face-to-face, telephonically, via voice chat, video conferencing or any other medium. Formal medium like lectures, conferences, seminars, meetings and informal conversations, friendly gossips etc. are part of oral communication.

Major aspects of oral communication are:

a. Pronunciation

b. Listening &conversation

c. Spoken grammar

d. Vocabulary

(b) **(i)** b

(ii) d

(iii) Unsolicited advice should not be given.

(iv) Reena sighed with sorrow that those were difficult times.

(c) **(i)** Article Hints: 'Seeking Excellence'

- Excellence is the quality/virtue of being outstanding or extremely good

- Giving your 100% in whatever you attempt

- How to achieve excellence

  ➢ Determine what you want to achieve

  ➢ How earnestly you want it.

  ➢ Benchmark against the best.

  ➢ Believe that you can do it.

  ➢ Build concrete strategy & plans.

  ➢ Learn from the best.

  ➢ Do not limit yourself.

  ➢ Work really hard.

  ➢ Focus your efforts.

  ➢ Be adaptable.

  ➢ Never give up.

(ii) **Report: Hints: Rising criminal activity in your area**

- Kind of crimes:

  ➢ Chain snatching

  ➢ Purse snatching

  ➢ Car/2-wheeler theft

- Reasons:
  - Miscreants coming from adjoining areas
  - Unemployment due to factories being moved
  - Low rate of education
  - Mushrooming of unauthorized colonies around the area
  - Addiction to liquor and drugs
  - Societal acceptance to crime
  - Local gangs active
  - No street light in small alleys
- Remedies:
  - Installation of CCTV cameras
  - Increased surveillance by Police personnel
  - Training and engaging local youth to mobilize information against local goons
  - Police posts to be set up at a distance of every one kilometer
  - Barricading of entry gates to colonies at night
  - Street lights to be installed and to remain on during the night till sunrise

4. (a) **Cultural barriers**: Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people.

Understanding various cultures in this era of globalisation is an absolute necessity as most professionals work in a diverse work environment with their team mates come from different countries , cultures and ethnicities. Owing to this, certain gestures, words and symbols may be interpreted differently resulting in communication barriers and miscommunications. Sensitizing employees about cross-cultural acceptance creates cohesive teams that ultimately helps organizations to achieve their objectives/targets.

(b) (i) a

(ii) Let face be down; let arms be stretched out.

(iii) He said, "I will deposit the cheque tomorrow."

(c) (i) Letter:

To   Date: xx/xx/xxxx

The Manager (Sales and Marketing)

BKL Enterprises,

{Address}

Sir,

Subject: Placing an order

Greetings! We have been sourcing toiletries and other house-keeping articles from your organization for the past 5 years. As per your recent communication, you are now dealing with equipment and articles for the pandemic at discounted prices for bulk orders.

Considering the present situation, we would like to place a bulk order for the articles as under:

Name of the article	Quantity
• Sanitizers (500ml pack)	100
• Sanitizer Dispensing stands	20
• Sanitizers (50 ml pack)	500
• Sanitizing Spray (200ml)	500
• N-95 face masks	1000
• Face Shields	500
• Disposable Gloves	1000 pairs

You are requested to deliver the order in the next 4 days at our head office.

You may deliver the bill along with the articles specifying your bank details for direct bank transfer through NEFT. Your payment shall be made within 24 hours from the date of delivery.

Regards,

Manager (Administration)

ASD International

(ii) Mail:

Sir,

Warm greetings from JKL!

I would like to introduce myself as your new Account Manager for the services you have opted with us at JKL.

Since Ms. X is not associated with us anymore, I shall be your first point of contact at JKL for your account. My paramount concern is how JKL and I can serve you better. I shall be happy to assist you anytime.

You may call me at xxxxxxxxxx or send a mail at support@jkl.co.in

You can also connect with our customer service helpline at xxxxxxxxxx.

Thanks & Regards,

Mr. Y

5. (a) A **communication network** refers to the method and pattern used by members of an organisation to pass on information to other employees in the organisation. Network helps managers create various types of communication flow according to requirement of the task at hand.

The star network communication has multiple channels of communication open between all members. This network propagates group communication and is essential where teamwork is involved. The members communicate and exchange information with each other freely, and without hindrance or hesitation. It can be adopted in an organization where all entities are at par

with respect to decision making. A start-up can be a good example where star network of communication is essentially seen.
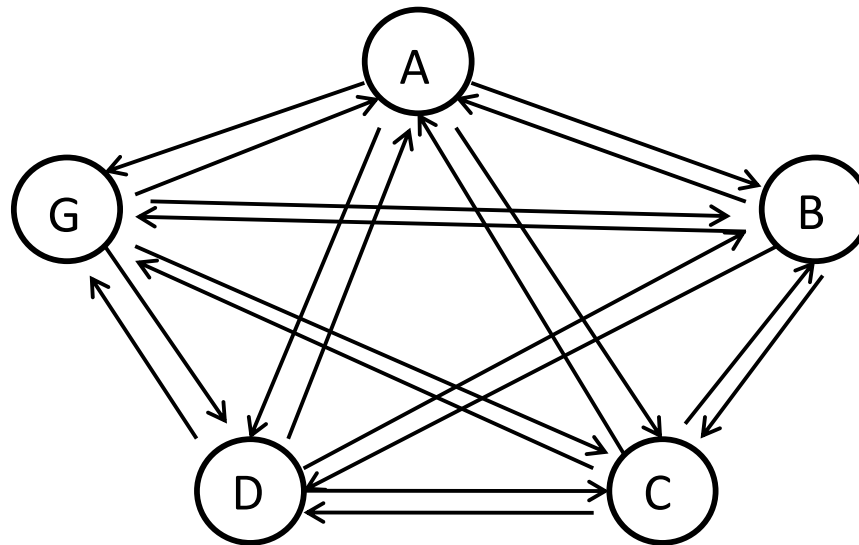
Star Network

(b) **(i)** c

(ii) b

(iii) He asked me whether you were ready or he should wait.

(c) **Minutes :**

Participants in attendance: Managing Director, Senior Manager Sales and Marketing, Manager Customer Care, Manager HR

Date: April xx, 20xx

Meeting started at 11: 00 am.

Mr. CM, Managing Director briefly introduced the agenda i.e. to suggest measures to be introduced by the participating departments to popularize their product line.

Mr. SM, Senior Manager Sales and Marketing proposed that advertising strategy should be focused on social media platforms such as Youtube, Facebook, Instagram etc. He suggested

- small videos to be uploaded featuring actual users using the products in real time as a demonstration of the product. These users can be families of employees.

- small videos to be uploaded with the users endorsing the products, specifically discussing the quality parameters and ease of usage.

- Product review and feedback including product rating to be sought in writing from the users.

Mr. MN, Manager Customer Care proposed that a toll-free customer care helpline be initiated to render information about the products, their usage and grievance redressal. He further suggested tooutsource the service to a call centre.

Mr. FA, Manager HR expressed his concerns over monitoring and supervision of the outsourcing

entity.

Mr. CM directed Mr. MN and Mr. FA to jointly prepare a concept paper on outsourcing, discussing its pros and cons and complete work details.

ATR to be submitted by Mr. SM, Mr. MN and Mr. FA in the next 10 days

latest by **April xx,20xx.**

Group to again meet virtually on **May x, 20xx** at same time.

(a) Cover Letter

To   Date: Apr xx, 20XX

Manager (HR)

CDE Consultants

{Address D-51/3, Taj Nagar

New Delhi 1100xx}

Sir,

Subject: Application for the post of Articled Assistant

Greetings! I am writing this letter to express my interest in the position of Articled Assistant in your firm.

I have qualified CA Intermediate both groups recently. Right now, I am looking for an opportunity in a prestigious firm like yours so that I can learn the various aspects of the accounting profession to make a worthy contribution.

I am ready to present myself for a personal interaction in virtual mode as per your convenience. I assure that I shall work earnestly with utmost allegiance to your firm.

My detailed resume is enclosed herewith for your perusal. Looking forward to a positive response.

Best Regards,

XYZ

{Address-2}

Resume

Name: XYZ

Address-2:

Email id: XYZ@gmail.com

Mobile No.- +91 XXXXXXXX

Objective

- I seek to join a firm where I can learn various aspects of profession such as audit, taxation (GST) and law..

- I wish to contribute towards organizational goals through my technical skills, hard work and initiative.

Academics

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate	ICAI	Feb 2021	69%
CA Foundation	ICAI	2020	81%
XII	CBSE	2019	96%
X	CBSE	2017	93%

Skills

- MS-Office, Tally, Advance Excel, Payroll, MIS
- Good analytical and communication skills

Achievements

- Black belt in Judo. Won 2 consecutive zonal inter- school championship trophy.
- Part of the team that won the second prize at the state level inter-school quiz contest organized by Delhi Government Ministry of Education.

Personal Details

Father's Name:

Date of Birth:

Nationality:

Declaration

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

Date: XYZ,

                                                                  Signature

MOCK TEST PAPER SERIES -2

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 number of boys and girls in a school is 2:5. if there are 280 students in the school, find number of girls in the school

    (a)   200

    (b)   250

    (c)   150

    (d)   100

2. The third proportional to 9 and 25

    (a)   80/3

    (b)   80

    (c)   80/7

    (d)   None of these

3. $\left(\dfrac{\sqrt{3}}{9}\right)^{5/2}\left(\dfrac{9}{3\sqrt{3}}\right)^{7/2}\times 9$ is equal to :

    (a)   1

    (b) $\sqrt{3}$

    (c) $3\sqrt{3}$

    (d) $\dfrac{3}{9\sqrt{3}}$

4. The value $\dfrac{\log_3 8}{\log_9 16.\ \log_4 10}$ is:

    (a)   3 log$_{10}$2

    (b)   7 log$_{10}$3

    (c)   3 log $_e$ z

    (d)   None.

5. If $\dfrac{p}{q}=-\dfrac{2}{3}$ then the value of $\dfrac{2p+q}{2p-q}$ is:

    (a)   1

    (b)   -1/7

(c) 1/7

(d) 7

6. Roots of the equation $3x^2 - 14x + k = 0$ will be reciprocal of each other if :

(a) $k = -3$

(b) $k = 0$

(c) $k = 3$

(d) $k = 14$

7. If one root of the equation $x^2 - 3x + k = 0$ is 2, then value of k will be

(a) -10

(b) 0

(c) 2

(d) 10

8. On the average an experienced person does 7 units of work while a fresh one work 5 units of work daily but the employer has to maintain an output of atleast 35 units of work per day. The situation can be expressed as:

(a) $7x + 5y < 35$

(b) $7x + 5y \leq 35$

(c) $7x + 5y > 35$

(d) $7x + 5y \geq 35$

9. If arithmetic mean between roots of a quadratic equation is 8 and the geometric mean between them is 5, the equation is _____

(a) $x^2 - 16x - 25 = 0$

(b) $x^2 - 16x + 25 = 0$

(c) $x^2 + 16x + 25 = 0$

(d) None of these

10. Solution space of the inequalities $2x + y \leq 10$ and $x-y \leq 5$:

(i) includes the origin

(ii) includes the point (4,3)

Which one is correct?

(a) Only (i)

(b) Only (ii)

(c) Both (i) and (ii)

(d) None of the above.

11. If $A = \dfrac{1}{\sqrt{2}} \begin{bmatrix} 1 & -1 \\ 1 & 1 \end{bmatrix}$ then $A^T.A = A.A^T =$

   (a) Identity matrix

   (b) Null matrix

   (c) A^2

   (d) none of these

12. Find the Inverse of matrix $\begin{bmatrix} a & b \\ c & d \end{bmatrix}$

   (a) $\begin{bmatrix} a & -b \\ -c & d \end{bmatrix}$

   (b) $\begin{bmatrix} d & -b \\ -c & a \end{bmatrix}$

   (c) $\dfrac{1}{ad-bc} \begin{bmatrix} d & -b \\ -c & a \end{bmatrix}$

   (d) $\dfrac{1}{ad-bc} \begin{bmatrix} a & -b \\ -c & d \end{bmatrix}$

13. Two equal sums were lent out at 7% and 5% simple interest respectively. The interest earned on the two loans adds upto Rs.960 for four years. Find the sum lent out.

   (a) Rs. 4000

   (b) Rs.3000

   (c) Rs. 5000

   (d) Rs. 6000

14. A sum of money amounts to Rs. 20,800 in 5 years and Rs. 22720 in 7 years. Find the principle and rate of interest.

   (a) Rs. 5000, 6%

   (b) Rs.16000, 6%

   (c) Rs.80000, 8%

   (d) Rs. 10000, 10%

15. A machine can be purchased for Rs. 50,000. Machine will contribute Rs. 12,000 per year for the next five years. Assume borrowing cost is 10% per annum. Determine whether machine should be purchased or not: (P(5,0.10) = 3.79079)

   (a) Should be purchased

   (b) Should not be purchased

   (c) Can't say about purchase

   (d) None of the above

3

16. The annual birth and death rates per 1000 are 39.4 and 19.4 respectively. The number of years in which the population will doubled assuming there is no immigration or emigration is:

    (a) 35 years

    (b) 30 years

    (c) 25 years

    (d) None of these.

17. The effective annual rate of interest corresponding to nominal rate 6% p.a. payable half yearly is

    (a) 6.06

    (b) 6.07

    (c) 6.08

    (d) 6.09

18. The cost of machinery Rs.1,25,000 if its useful life estimated to the 20 years and the rate of depreciation of its cost is 10% p.a . Then scrap value of machinery is (given that $(0.9)^{20} = 0.1215$)

    (a) Rs. 15,187

    (b) Rs. 15,400

    (c) Rs. 15,300

    (d) Rs. 15,250

19. How much amount is required to be invested every year so as to accumulate Rs. 3,00,000 at the end of 10 years, if interest is compounded annually at 10%?

    {Give $(1.1)^{10} = 2.5937$}

    (a) Rs. 18,823.65

    (b) Rs. 18,828.65

    (c) Rs. 18,832.65

    (d) Rs. 18,182.65

20. Rs. 5000 is paid every year for 10 years to pay off a loan. What is the loan amount if interest be 14% per annum compounded annually? (P(10,0.14) = 5,21611)

    (a) Rs.26000.33

    (b) Rs.26080.55

    (c) Rs.27080.55

    (d) Rs.28080.55

21. Rs.2000 is invested at the end of each month in account paying interest 6% per compounded monthly , What is the future value of this annuity after 10th payment ?

    (a) Rs. 51, 100

    (b) Rs.52,200

    (c) Rs.53, 300

    (d) Rs.54, 500

22. If a simple interest on a sum of money at 6% p.a for 7 tears is equal to twice of simple interest on another Sum for 9 years at 5% p.a . The ratio will be

    (a) 2:15

    (b) 7: 15

    (c) 15: 7

    (d) 1:7

23. In what will be a sum of money double itself at 6.25% p.a . Simple interest?

    (a) 5 years

    (b) 8 years

    (c) 12 years

    (d) 16 years

24. What will be population after 3 years when present population is 25,000 and population increase at the rate of 3% in first year , at 4% in second year and at 5 % in third year ?

    (a) 28,119

    (b) 29,118

    (c) 30,100

    (d) 27,100

25. A sum amount to Rs. 1331 at a principal of Rs.1000 at 10% compounded annually. Find the time

    (a) 3.31 years

    (b) 4 years

    (c) 3 years

    (d) 2 years

26. A boy has 3 library tickets and 8 books of his interest in the library of these 8, he does not want to borrow mathematics part II unless mathematics part-1 is also borrowed? In how many ways can he choose the three books to be borrowed?

    (a) 41

    (b) 51

    (c) 61

    (d) 71

27. An examination paper consists of 12 questions divided into two parts A and B. Part A contains 7 questions and Part B contains 5 questions. A candidate is required to attempt 8 questions selecting at least 3 from each part, in how many maximum ways can the candidate select the questions?

    (a) 35

    (b) 175

    (c) 210

    (d) 420

28. A Supreme Court Bench consists of 5 judges. In how many ways, the bench can give a majority division?

(a) 10

(b) 5

(c) 15

(d) 16

29. Given : P (7 , k) = 60 P (7, k-3). Then:

(a) k = 9

(b) k = 8

(c) k = 5

(d) k = 0

30. If $a^{1/x} = b^{1/y} = c^{1/z}$ and a,b,c are in G.P; the x,y,z are in:

(a) A.P.

(b) G.P.

(c) Both (a) & (b)

(d) None of these

31. If the pth term of a G.P. is x and the qth term is y, then find the nth term:

(a) $\left[\dfrac{x^{(n-q)}}{y^{(n-p)}} \right]$

(b) $\left[\dfrac{x^{(n-q)}}{y^{(n-p)}} \right]^{(p-q)}$

(c) 1

(d) $\left[\dfrac{x^{(n-q)}}{y^{(n-p)}} \right]^{\frac{1}{p-q}}$

32. The sum of the series: 0.5+0.55+0.555+……….. to n term is:

(a) $\dfrac{5n}{9} + \dfrac{5}{9}\left[1-(0.1)^n\right]$

(b) $\dfrac{5n}{9} - \dfrac{5}{81}\left[1-(0.1)^n\right]$

(c) $\dfrac{5n}{9} + \dfrac{5}{81}\left[1-(0.1)^n\right]$

(d) $\dfrac{5n}{9} + \dfrac{5}{81}\left[1+(0.1)^n\right]$

33. Let R is the set of real numbers such that the function f : R → R and g : R → R are defined by by f(x) = x²+3x+1 and g(x) = 2x-3. Find (fog):

   (a) 4x²+6x+1

   (b) x²+6x+1

   (c) 4x²-6x+1

   (d) x²- 6x+1.

34. In a survey of 300 companies, the number of companies using different Media-Newspapers (N), Radio (R) and Television (T) are as follows:

   n(N) = 200, n (R)= 100, n(T) = 40, n(N ∩ R) = 50, n(R ∩ T) = 20, n(N ∩ R) = 25, and

   n(N ∩ R ∩ T) = 5, Find the numbers of companies using none of these media:

   (a) 20 companies

   (b) 250 companies

   (c) 30 companies

   (d) 50 companies

35. If A = [1,2,3,4}, B = {2,4,6,8} , f(1) = 2, f(2) = 4, f(3) = 6 and f(4) = 8, and f: A → B then f⁻¹ is:

   (a) {(2,1), (4,2), (6,3) (8,4)}

   (b) {(1,2), (2,4), (3,6), (4,8)}

   (c) {(1,4), (2,2), (3,6), (4,8)}

   (d) None of these

36. $\int \left(x^2 - 1 \right) dx$ is equal to:

   (a) $\dfrac{x^3}{5} - \dfrac{2}{3} x^3 + x + k$

   (b) $\dfrac{x^3}{3} - x + k$

   (c) 2x

   (d) none of these

37. If y = $2x + \dfrac{4}{x}$, then $x^2 \dfrac{d^2 y}{dx^2} + x \dfrac{dy}{dx} - y$ yields

   (a) 3

   (b) 1

   (c) 0

   (d) 4

38. $\int x^2 e^{3x} dx$ is:

   (a) x².e³ˣ-2xe³ˣ+2e³ˣ+C

(b) $\dfrac{e^{3x}}{3} - \dfrac{x.e^{3x}}{9} + 2e^{3x} + C$

(c) $\dfrac{x^2.e^{3x}}{3} - \dfrac{2x.e^{3x}}{9} + \dfrac{2}{27}e^{3x} + C$

(d) None of these

39. If $x^3 - 2x^2y^2 + 5x + y = 5$, then $\dfrac{dy}{dx}$ at x= 1 and y = 1 is:

(a) 4/3

(b) -5/4

(c) 4/5

(d) -4/3

40. Six seats of articled clerks are vacant in a 'Chartered Accountant Firm'. How many different batches of candidates can be chosen out of ten candidates?

(a) 216

(b) 210

(c) 220

(d) None

41. Find next number in the following series 7, 11, 13, 17, 19, 23, 25, 29,?

(a) 30

(b) 31

(c) 32

(d) 33

42. Find odd man out of the following series 15, 21, 63, 81, 69

(a) 15

(b) 21

(c) 63

(d) 81

43. If DELHI is coded as 73541 and CALCUTTA as 82589662, then CALICUT be coded as?

(a) 8251896

(b) 82518 69

(c) 8521896

(d) 8258196

44. Which of the following is odd one

(a) CEHL

(b) KMPT

(c) OQTX

(d) NPSV

45. Kiran walks 2 km towards North then he turns East and walks 10 km. After this he turns North and walks 3 km .Again he turns towards East and walks 2 km. How far from the starting point?

(a) 10 km

(b) 13km

(c) 15 km

(d) 17 km

46. Ramu moved a distance of 75 meters towards North. He then turned to left and walking for about 25 m, turned left again and walks 80m. Finally, he turned to the right at an angle of 45^0. In which direction was he moving finally?

(a) South-East

(b) South-West

(c) North-West

(d) North- East

47. If a man on motor bike starts from a point and rides 4 km South then turns left and rides 2 km and turn again to the right to ride in which direction is he moving?

(a) North

(b) West

(c) South

(d) North

48. I stand with my right hand extended side-ways towards south. Towards which direction will my back be?

(a) North

(b) West

(c) East

(d) South

49. Six flats on a floor in two rows facing North and South are allotted to P, Q, R, S, T and U. If Q gets a North facing flat and is not next to S. S and U get diagonally opposite flat. R is next to U gets a south facing flat and T gets North facing flat. Whose falt is between Q and S?

(a) T

(b) U

(c) R

(d) P

50. In a straight line there are six person sitting in a row? B is between F and D. E is between A and C. A does not stand next to either F or D, C does not stand next to D. F is between which of the following?

    (a) B and E

    (b) B and C

    (c) B and D

    (d) B and A

51. Five boys A, B, C, D and E are sitting in a row. A is to the right of B and E is to the left of B but to the right of C. A is to the left of D. Who is second from left end

    (a) A

    (b) B

    (c) D

    (d) E

52. Directions to solve

    (a) P, Q, R, S, T, U, V and W are sitting round the circle and are facing the Centre

    (b) P is second to the right of T who is the neighbor of R and V.

    (c) S is not neighbour of P

    (d) V is neighbour of U

    (e) Q is not between S and W, W is not between U and S

    Who is two of the following are not neighbour

    (a) RV

    (b) UV

    (c) RP

    (d) QW

53. Pointing to a photograph of a boy Ravi said, "He is son of the only son of my mother ". How is Ravi related to that boy?

    (a) Brother

    (b) Uncle

    (c) Cousin

    (d) Father

54. If 'A +B means A is brother of B', A-B means A is sister of B, and A × B means A is the father of B. Which of the following means that C is the son of M?

    (a) M-N×C+F

    (b) F-C+ N×M

    (c) N+M-F×C

    (d) M×N-C+F

55. If D is brother of B and B is related C. To answer this question which of the following statements are necessary?

   I.   The son of D is the grandson of C.

   II.   B is the sister of D.

   (a)   Only 1

   (b)   Only II

   (c)   Either I or II

   (d)   I and II

56. A, B, C, D, E and F are members of the family. B is the son A but A is not mother B, A and C are married couple. F is brother of A. D is the sister of B. E is son of C.

   How many male members are in the family?

   (a)   1

   (b)   2

   (c)   3

   (d)   4

57. Statements I: Some actors are singers.

              II: All singers are directors.

   Conclusions I: Some actors are directors.

               II: No singer is actor.

   (a)   If only Conclusion I follows.

   (b)   If only Conclusion II follow.

   (c)   If both I and II follow.

   (d)   If neither I nor II follow.

58. Statements I: All actors are girls.

              II: All the girls are beautiful

   Conclusions I   All the actors are beautiful.

               II. Some girls are actors.

   (a)   If only Conclusion I follows.

   (b)   If only Conclusion II follow.

   (c)   If both I and II follow.

   (d)   If neither I nor II follow.

59. Statement I: Some players are singers.

              II: All singers are tall.

   Conclusion I: Some players are tall.

               II: All players are tall.

(a)   If only Conclusion I follow

(b)   If only conclusion II follow

(c)   If either I or II follow.

(d)   If neither I nor II follow.

60.   Statement I: Some books are pens.

        II: No pen is pencil.

Conclusion I: Some books are pencil.

        II :   No book is pencil

(a)   If only Conclusion I follow

(b)   If only conclusion II follow

(c)   If either I or II follow.

(d)   If neither I nor II follow.

PART B – STATISTICS

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

(a)   Personal interview.

(b)   Telephone interview.

(c)   Mailed questionnaire method.

(d)   Indirect interview.

62.   Which of the following statements is true?

(a)   Usually mean is the best measure of central tendency.

(b)   Usually median is the best measure of central tendency.

(c)   Usually mode is the best measure of central tendency.

(d)   Normally, GM is the best measure of central tendency

63.   The mean salary for a group of 40 female workers is 5000 per month and that for a group of 60 male workers is 6000 per month. What is the combined mean salary?

(a)   6500

(b)   6200

(c)   6160

(d)   5600

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

(a)   4

(b)   6

(c)   3

(d)   0

65. When mean is 3.57 and mode is 2.13 then the value of the median is

    (a) 3.09

    (b) 5.01

    (c) 4.01

    (d) None of these.

66. The variance of the data 3, 4 ,5 , 8 is

    (a) 4.5

    (b) 3.5

    (c) 5.5

    (d) 6.5

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

    (a) Positive

    (b) Negative

    (c) Zero

    (d) (a) or (c)

68. The point of intersection of less than ogive and greater than ogive curve is gives us

    (a) Mean

    (b) Mode

    (c) Median

    (d) Harmonic Mean

69. The following frequency distribution

x	12	17	24	36	45
F	2	5	3	9	8

    Is classified as:

    (a) Continuous distribution

    (b) Discrete distribution

    (c) Cumulative frequency distribution.

    (d) None of the above

70. The median of the data 13, 8 ,11, 6, 4, 15, 2, 18 is

    (a) 5

    (b) 8

    (c) 11

    (d) 9.5

71. The A.M and H.M for two numbers are 5 and 3.2 respectively then the G.M will be

    (a) 4.05

    (b) 16

    (c) 4

    (d) 4.10

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

    (a) 17

    (b) 16

    (c) 12.75

    (d) 12

73. What is the coefficient of range for the following for the following distribution?

Class Interval	10-19	20-29	30-39	40-49	50-59
Frequency	11	25	16	7	3

    (a) 22

    (b) 50

    (c) 75.82

    (d) 72.46

74. Which measure of dispersion is based on all the observations?

    (a) Mean deviation

    (b) Standard deviation

    (c) Quartile deviation

    (d) (a) and (b) but not (c)

75. Interval Quartile Range is ____of Quartile Deviation

    (a) Half

    (b) Double

    (c) Triple

    (d) Equal

76. The Sum of the squares of the deviations from mean of 10 observations is 250. Mean of the data is 10. Find coefficient of variation.

    (a) 10 %

    (b) 25%

    (c) 50 %

    (d) 0 %

77. The mean of the variable x is 50, then the mean of u = 10+5x will be

    (a) 250

    (b) 260

    (c) 265

    (d) 273

78. The Standard Deviation of a variable x is known to be 10. The Standard deviation of 50+5x

    (a) 50

    (b) 100

    (c) 10

    (d) 500

79. The of mean and SD of a series is a + b, if we add 2 to each observations of the series then the sum of the mean and SD is

    (a) a+b+2

    (b) 6-a+b

    (c) 4+a-b

    (d) a+b+4

80. Which of the following is affected by shifting of scale

    (a) SD

    (b) MD

    (c) QD

    (d) All the above

81. P(A) = 0.45 , P(B) =0.36 and P(A $\cap$ B) = 0.25 then P(A/B) = ?

    (a) 1.40

    (b) 1.80

    (c) 0.714

    (d) 0.556

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

    (a) 4/13

    (b) 5/13

    (c) 0.25

    (d) 0.20

83. From the following probability distribution table, find E(x).

x:	1	2	3
f(x):	$\dfrac{1}{2}$	$\dfrac{1}{3}$	$\dfrac{1}{6}$

    (a) 1

    (b) 1.50

(c) 1.67

(d) None of these

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

(a) $n(1-p)$.

(b) $np(1-p)$.

(c) np.

(d) $\sqrt{np(1-p)}$.

85. The total area of the normal curve is

(a) One.

(b) 50 per cent.

(c) 0.50.

(d) Any value between 0 and 1.

86. For a normal distribution with mean 150 and SD is 45, Find Q1 and Q3

(a) 119.35 and 190.65

(b) 119.65 and 180 .35

(c) 180.35 and 119.65

(d) 123.45 and 183.65

87. The Binomial distribution n = 9 and p = 1/3 . What is the value of the variance?

(a) 8

(b) 4

(c) 2

(d) 16

88 A bag contains 12 balls of which 3 are red and 5 balls are drawn at random. Find the probability that 5 balls 3 are red

(a) 3/132

(b) 5/396

(c) 1/36

(d) 1/22

89. A card is drawn from a pack of playing cards at random. What is the probability that the card drawn a king or red colour?

(a) 1/4

(b) 4/13

(c) 7/13

(d) 1/2

90 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

91. If the coefficient of correlation between two variables is 0.8 then the percentage of variation unaccounted for is

(a) 70%

(b) 30%

(c) 51%

(d) 36%

92. The correlation coefficient (r) is the _____of the two regression coefficients

(a) AM

(b) GM

(c) HM

(d) Median

93. The coefficient of correlation between x and y is 0.6. If x and y values are multiplied by -1, then coefficient of correlation will be

(a) –0.6

(b) 1/0.6

(c) 0.6

(d) 0.4

94. The regression equation x and y is3x +2y = 100, the value of bxy

(a) -2/3

(b) 100/3

(c) 3/2

(d) 2/3

95. price and Demand are the example of

(a) No Correlation

(b) Positive Correlation

(c) Negative Correlation

(d) None of these

96. If an increase of 10% in prices. The rise in wages is 20% then the real wage has increased by   An index time series is a list of _____ numbers for two or more periods of time.

   (a) 20%

   (b) 10 %

   (c) Less than 10 %

   (d) More than 20%

97. Purchasing power of money is

   (a) Reciprocal of the Price Index Number.

   (b) Equal to price index number.

   (c) Unequal to price index number.

   (d) None of these.

98. The cost of living index numbers in years 2015 and 2021 were 97.5 and 115 respectively. The salary of a worker in 2015 was Rs. 19,500. How much additional salary is required for him in 2021 to maintain living standard of 2015?

   (a) Rs. 3,000

   (b) Rs. 4,000

   (c) Rs. 3,500

   (d) Rs. 4,500

99. A time series has

   (a) Two Components

   (b) Three Components

   (c) Four Components

   (d) Five Components

100. In a time series seasonal variations can occur within a period of

   (a) Four years

   (b) Three years

   (c) One year

   (d) Nine years

MOCK TEST PAPER SERIES –II

Paper 3: Business Mathematics, Logical Reasoning and Statistics

Key Part A: Business Mathematics and Logical Reasoning

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

Key Part B: Statistics

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

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

**PART- I: BUSINESS ECONOMICS**

QUESTIONS

1. An Applied Economics that fills the gap between economic theory and business practice:

    (a) Business Economics

    (b) Macro Economics

    (c) Welfare Economics

    (d) None of these

2. Administered price are determined in socialism by:

    (a) Market Forces

    (b) Government

    (c) Both (a) and (b)

    (d) None of these

3. Exception to the law of demand

    (a) Speculative effect

    (b) Fear of Shortage

    (c) Ignorance

    (d) All the above

4. The Shape of TC Curve of the monopolist is _____

    (a) U Shape

    (b) S Shape

    (c) Inverse S Shape

    (d) None of these

5. Unique supply curve in monopoly is not due to _____

    (a) P > MC

    (b) P < MC

    (c) P = MC

    (d) None of these

6. Shampoo manufactures is an example of :

    (a) Perfect Competition

    (b) Monopolistic Competition

(c) Monopoly

(d) None of these

7. Reliance Jio can be described as part of which form to market structure:

(a) Oligopoly

(b) Monopoly

(c) Duopoly

(d) Perfect Competition

8. Price Elasticity of demand of a firm is infinite in _____

(a) Monopoly

(b) Perfect Competition

(c) Oligopoly

(d) Monopolistic Competition

9. Price Discrimination cannot be implemented?

(a) When there is perfect competition in the market.

(b) Elasticity of demand must be different in both the market.

(c) Two or more market which can be separated and can be kept separate.

(d) All the above

10. Raw materials and other factors of production is not monopolised, and labour is not unionised in which form of market structure:

(a) Monopoly

(b) Perfect Competition

(c) Monopolistic Competition

(d) Oligopoly

11. AR is different from MR under:

(a) Monopoly

(b) Monopolistic competition

(c) Perfect Competition

(d) Both a and b

12. Wild Animals had destroyed the entire crops of a farmer what effect it will have on the price in perfect competition:

(a) Price will remain constant

(b) Price will decrease

(c) Price will decrease

(d) None of these

13. Cross elasticity of Product in Monopoly is:

    (a) Zero

    (b) High

    (c) Infinity

    (d) None of these

14. In the following diagram the Monopolist is incurring -------
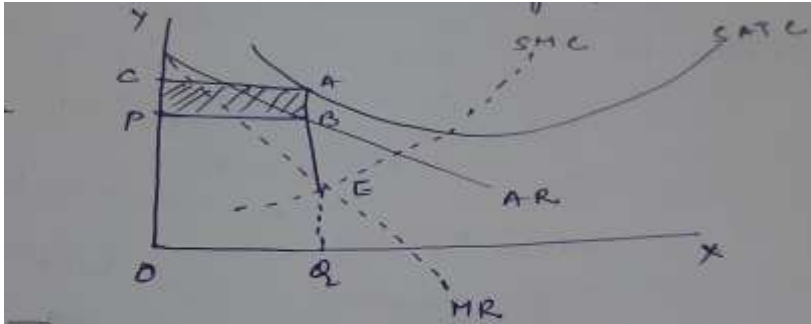
    (a) Losses

    (b) Profit

    (c) Super normal profit

    (d) None of these

15. The dilemma faced by a Monopolistic is setting _____.

    (a) Price

    (b) Output

    (c) Both a and b

    (d) Either a or b

16. Innovation theory is propounded by :

    (a) Schumpeter

    (b) Nicholas Kaldor

    (c) Keynes

    (d) None of these

17. Fluctuations in Economic activities are due to:

    (a) Aggregate demand

    (b) Aggregate effective demand

    (c) Effective demand

    (d) None of these

18. During expansion phase of business cycle which of the following does not occur:

    (a) Business profits and business confidence tend to increase

3

(b) Demand for labour increases as employment increases.

(c) Purchase of all types of goods is increased by consumer.

(d) None of these

19. Phase of business cycle are ___

(a) Expansion, peak, contraction, and trough

(b) Contraction, expansion, trough, and boom.

(c) Expansion, contraction, peak and trough

(d) Peak, depression, bust and boom

20. External causes of business Cycle are:

(a) Money Supply

(b) Fluctuations in Investment

(c) Technological Shock

(d) None of these

21. Great Depression of 1930's is an example of:

(a) Business cycle

(b) Consumer sovereignty

(c) Freedom of choice

(d) None of these

22. Which of the following is a normative statement?

(a) Health care basic facilities to be provided to all citizens.

(b) With Industrialisation, unemployment rate decreases.

(c) On national defence India spent huge amount of money.

(d) None of these

23. Which of the following is not a demerit of Capitalism?

(a) The pattern of demand does not represent the real need of the society.

(b) Strikes and lockdown are very common under capitalism

(c) Capitalism usually functions in a democratic framework.

(d) None of these

24. Socialist economy does have:

(a) Right to work and minimum standard to living

(b) Absence of competition

(c) Right to private property

(d) Both a and b

25. Scarcity of resources of occurs due to:

    (a) High demand of resources

    (b) Absence of Substitutes

    (c) Mismanagement and inequality

    (d) All of these

26. In case of inferior goods:

    (a) Income effect and substitution effect work in opposite direction

    (b) Income effect and substitution effect work in same direction

    (c) It leads consumer to purchase less of a good and more of the substitute

    (d) None of these

27. If $MU_x = 30$, $Px = 5$ $MU_y = 40$ the value of P_y will be

    (a) 10

    (b) 15

    (c) 6

    (d) None of these

28. When the demand curve is parallel to Y axis the elasticity of demand will be _____

    (a) Zero

    (b) Utility

    (c) Less than Unity

    (d) None of these

29. A rise in sale of which type of good is expected in the case of recession:

    (a) Luxury

    (b) Necessity

    (c) Interior

    (d) Normal

30. If price of both goods fall how would the budget line is affected?

    (a) The budget line will shift to left.

    (b) The budget line will shift to right

    (c) The budget line will not change

    (d) The new budget line will have the same slope as the original so long as the price of both goods change in the same proposition.

31. When price of a good rises from Rs. 20 to Rs. 30 the producer supplier 20 percent more the Price elasticity of supply is

    (a) 0.5

    (b) 0.4

(c)   1

(d)   None of these

32.   Cartels can be formed in which form of market:

(a)   Perfect competition

(b)   Monopoly

(c)   Oligopoly

(d)   None of these

33.   Average revenue curve is more elastic under monopolistic competition than under monopoly due to:

(a)   Government control

(b)   Availability of close substitute

(c)   Lack of no substitute

(d)   None of these

34.   From the following demand curve determine the elasticity at the given price

Q = 1200 – 10P

When P = 5, dQ/dP = 10

(a)   Elastic

(b)   Inelastic

(c)   Unitary elastic

(d)   None of these

35.   The Delphi process is a technique of:

(a)   Budget Analysis

(b)   Demand forecasting

(c)   Cost Analysis

(d)   None of these

36.   If the Price of Thumps Up increase the demand curve of Pepsi will:

(a)   Remain at the same level

(b)   Shift towards right

(c)   Shift towards left

(d)   None of those

37.   Consumer surplus means:

(a)   Area between the average revenue and marginal revenue curve.

(b)   Area inside the budget line above the price of the commodity.

(c)   Difference between the market price and the surplus curve.

(d)   Difference between the maximum amount a person is willing to pay for a good and its maximum price

38. Which of the following is a variable cost in the short run?

   (a) Rent

   (b) Wages

   (c) Internal payments on borrowed financial capital

   (d) None of these

39. Linear homogeneous function means:

   (a) Input and output increases by same proportions.

   (b) Input increases by some proportions and output increase more than proportionately

   (c) Input increase by some proportion and output less than the proportionately

   (d) None of these

40. When output of a firm increases in the short run, its average fixed cost:

   (a) Decreases

   (b) Increases

   (c) Remain constant

   (d) First rises then decline

41. If a very small factory were to expand its scale of operations in the long run it is likely that it would initially experience:

   (a) Constant returns to scale

   (b) Diseconomies of scale

   (c) Economies of scale

   (d) None of these

42. Entry of firms is barred in which form of market structure:

   (a) Oligopoly

   (b) Monopoly

   (c) Perfect Competition

   (d) Monopolistic Competition

43 In the absence of competition the monopolist:

   (a) The monopolist need not produce at the optimal level

   (b) Produce at the optimal level

   (c) Either a or b

   (d) None of these

44. The firm's Cost function is not a determinant of:

   (a) The price of the labour

   (b) The price of the firm's output

   (c) Taxes

   (d) The production functions

45. Normal profit is part of :
    (a) Implicit Costs
    (b) Average Cost
    (c) Explicit Cost
    (d) None of these

46. Monopoly market and Monopsony market when in combination caused:
    (a) Monopolistic market
    (b) Oligopoly market
    (c) Bilateral Monopoly market
    (d) Duopoly market.

47. What will be the shape of indifference curve in case of two perfect substitutes:
    (a) C Shaped
    (b) L Shaped
    (c) U Shaped
    (d) Straight line

48. The Turning point of business cycle is practiced by :
    (a) Leading Indicator
    (b) Coincident
    (c) Lagging indicator
    (d) All the above

49. Modern business activities are based on the anticipations of business community and are affected by waves of optimism or pessimism:
    (a) Pigou
    (b) Schumpeter
    (c) Hawtrey
    (d) Keynes

50. Which of the following statement is correct?
    (a) An industry consists of many firms.
    (b) Price rigidity is an important feature of monopoly.
    (c) Under perfect competition factors of production do not move freely
    (d) Selling cost are possible under perfect competition.

51. Which of the Statement is correct: -
    (a) Isoquant slopes downwards from left to right
    (b) No two Isoquant can intersect each other
    (c) Isoquants are convex to the origin
    (d) All the above

52. Suppose production function is given by:

$Q_2 = 15\sqrt{LK}$ what type of return does is exhibit?

(a) Constant return

(b) Increasing return

(c) Decreasing return

(d) None of these

53. The slope of Isocost line is

(a) w/r

(b) r/w

(c) r x w

(d) None of these

54. Relative price of goods reflects their:

(a) Opportunity Cost

(b) Fixed Cost

(c) Average Cost

(d) None of these

55. A mfg. company has TFC = 120 lakhs, TVC = $100 Q + 7Q^2 + 0.25Q^3$

Calculate the MC?

(a) $100 + 1.4 Q + 0.75Q^2$

(b) $120 + 7Q^2 + 0.25Q^3$

(c) $100 + 7Q^2 + 0.25Q^3$

(d) None of these

56. Marketing Planning is based on:

(a) Demand forecasting

(b) Demand function

(c) Demand estimation

(d) Demand Analysis

57. Monopolistic Competition theory architect was :

(a) Roden

(b) Marx

(c) J R Hicks

(d) Chamberlin

58. Production function in short run is called:

(a) Production possibility frontier

(b) Return to Scale

(c) Laws of variable

(d) None of these

59. Which markets form has features or selling cost :

(a) Oligopoly

(b) Monopolistic Competition

(c) Monopoly

(d) None of these

60. Cinema Halls, Telephone bills etc are following

(a) Differential Pricing

(b) Full cost pricing

(c) Marginal Cost Pricing

(d) None of these

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS   Max. Marks: 40

1. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?

    (a) BCK is Vast

    (b) BCK is Expanding

    (c) BCK is Eclectic

    (d) BCK is Vague

2. Gain for one is a loss for someone else - this concept can be understood by which of the characteristics of Business Environment?

    (a) It is Dynamic

    (b) It has far reaching impact

    (c) It is multi-faceted

    (d) It is complex

3. Bank of Madura was acquired by which of these?

    (a) ICICI Bank Ltd

    (b) State Bank of India

    (c) Life Insurance Corporation of India (LIC)

    (d) HDFC Bank Ltd

4. Policy Context has a core motive behind it, which is?

    (a) Economic Welfare

    (b) GDP Growth

    (c) Holistic Development

    (d) Social Welfare

5. Which of the following is not a function of RBI?

    (a) Promotion of Banking

    (b) Collection of Foreign Institutional Data

    (c) Banker to Government

    (d) Funding NABARD

6. Highest Price the buyer is willing to pay is called?

    (a) Bid

    (b) Ask

    (c) Badla

    (d) Beta

7. The structure in which there is a separation of ownership and management is called

    (a) Sole proprietorship

    (b) Partnership

(c) Company

(d) All business organisations

8. Which of the following is not an example of socio-cultural environment?

(a) Role of women in society

(b) Rising income

(c) Family structure

(d) Educational levels

9. Which of the following is founded by two Danish Engineers taking refuge in India?

(a) Cipla Ltd

(b) L&T Ltd

(c) Flipkart

(d) NTPC Ltd

10. Policy Formulation process is?

(a) Uni-Directional

(b) Bi-Directional

(c) Multi-Directional

(d) Single Point of Contact Oriented

11. Free and fair competition ensures all, except?

(a) Punishing the laggards

(b) Boosts fixed choice preferences of customers

(c) Increases Efficiency

(d) Encourages Innovation

12. Security whose price is derived from another underlying asset is called?

(a) Derivative

(b) Options

(c) Forwards

(d) Futures

13. Maximum number of members in a Private limited company are:

(a) 50

(b) 200

(c) 20

(d) 500

14. Environmental analysis helps in:

(a) Providing input for strategic decision making

(b) Turning threats to firm's advantage

(c) Anticipate opportunities and to take optimal responses

(d) All of the above

15. Which one of the following is not a foreign company?

    (a) Dr. Reddy's Laboratories Ltd.

    (b) Walmart

    (c) Nestle

    (d) HP

16. Privatization may not be of conceptualized in form of:

    (a) Divestment

    (b) Disinvestment

    (c) Dedication

    (d) Displacement

17. Which one of the following is not a SEBI function as one body?

    (a) Quasi-legislative

    (b) Quasi-judicial

    (c) Quasi-fiscal

    (d) Quasi-executive

18. ADR stands for:

    (a) American Deficit Record

    (b) American Depository Receipt

    (c) Asset Depreciation Record

    (d) Asset Depository Receipt

19. A HUF cannot comprise members of a:

    (a) Hindu & Sikh family

    (b) Jain family

    (c) Buddhist family

    (d) Muslim family

20. The term PESTLE analysis is used to describe a framework for analyzing:

    (a) Macro Environment

    (b) Micro Environment

    (c) Both Macro and Micro Environment

    (d) None of above

21. Indane LPG is the product of which corporation in India?

    (a) IOCL

    (b) NTPC

    (c) ONGC

    (d) PGCIL

22. Simplification of trade restrictions related to import is an example of:

    (a) Globalization

    (b) Privatization

(c) Disinvestment

(d) Aggregation

23. 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

24. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.

(a) Cap

(b) Encryption

(c) Hedge

(d) Term insurance

25. Which of the following is not an economic objective of the firm?

(a) Sales growth

(b) Improvement in market share

(c) Profits and return on investment

(d) Conservation of natural resources

26. Mark incorrect: Partnership implies

(a) Contractual ownership of business

(b) Liability of partner is limited to the extent of one's share capital

(c) The contract is an agreement enforceable at law is called deed

(d) Deed may be registered in India under the Partnership Act, 1932

27. Who is the present CEO and MD of Larsen & Toubro Ltd.?

(a) Keshab Pandey

(b) K R Krishanmurthy

(c) S N Subrahmanyan

(d) None of these

28. Which of the following statements about RBI is incorrect?

(a) It deals largely with Governments, Central and State Banks.

(b) Its role is to ensure monetary stability, including stability of domestic price levels.

(c) One of its missions is to protect the interest of policyholders.

(d) The RBI is the sole authority for the issue of currency in India.

29. Economic Reforms introduced in India in 1992 are called LPG that refers to

(a) Liquidation of loss making units

(b) Popularise Public private partnership

(c) Good governance

(d) None of the above

30. Setting low prices in order to discourage or deter potential new entrants to the suppliers market:

   (a) Pre-Emptive Pricing

   (b) Price Sensitivity

   (c) Price Discrimination

   (d) Price Elasticity

31. Mark the Correct:

   (a) Hindu Succession Act, 1956 is applicable in HUF.

   (b) LLP firm may be constituted on basis of LLP Act 2009.

   (c) A dormant company registered under Companies Act, 2013.

   (d) All are correct.

32. PESTLE refers to:

   (a) Political, Economic, Social, Technological, Legal & Environmental factors affecting business.

   (b) All these are external factors.

   (c) All these constitute macro environment.

   (d) All of the above.

33. Which company ranked 2rd on Forbes World's Best Employer's List 2020?

   (a) Amazon

   (b) Walmart

   (c) Microsoft

   (d) Apple

34. Identify the one which may be considered as a public policy:

   (a) A decision by a central government to purchase a fleet of cars.

   (b) An old building to be demolished by a municipal corporation.

   (c) All citizens are to be provided with biometric Aadhar card.

   (d) Government passes a special resolution to change the name of a park.

35. Who was the regulatory body for controlling financial affairs in India before SEBI?

   (a) Controller of Capital Issues

   (b) Reserve Bank of India

   (c) Insurance Regulatory and Development Authority of India

   (d) Government of India

36. What is consolidation?

   (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.

   (b) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.

   (c) Potential liability arising from a past transaction or a subsequent event.

   (d) Costs that can be attributed clearly to the activity you are considering.

37. Who is the present chairman of Wipro Limited?

   (a) Azim Premji

(b)   Rishad Premji

(c)   Thierry Delaporte

(d)   (a) and (b)

38.   Business and technology are:

    (a)   Interrelated

    (b)   Interdependent

    (c)   Interrelated & Interdependent

    (d)   None of the above

39.   Self Help Groups are catered specifically by?

    (a)   All development banks

    (b)   SIDBI

    (c)   RBI

    (d)   NABARD

40.   Government decides to spend 400 crores in the next 5 years for the benefit of women entrepreneurs in India. This is an example of?

    (a)   Fiscal Policy

    (b)   Monetary Policy

    (c)   FDI Policy

    (d)   Industrial Policy

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

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

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

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