

**MOCK TEST PAPER 2**  
**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) Expenses in connection with obtaining a license for running the Cinema Hall is Revenue Expenditure.
  - (ii) If the effect of errors committed cancel out, the errors will be called compensating errors and the trial balance will disagree.
  - (iii) Stock at the end, if appears in the Trial Balance, is taken only to the Balance Sheet.
  - (iv) Consignment account is of the nature of real account.
  - (v) Partners can share profits or losses in their capital ratio, when there is no agreement.
  - (vi) Since company has existence independent of its members, it continues to be in existence despite the death, insolvency or change of members.
- (6 Statements x 2 Marks = 12 Marks)**
- (b) Explain Cash and Mercantile system of accounting. **(4 Marks)**
- (c) Give journal entries (narrations not required) to rectify the following:
- (i) Purchase of Furniture on credit from Samay for ₹ 4,300 posted to Vipin account as ₹ 3,400.
  - (ii) A Sales Return of ₹ 15,000 to Palash was not entered in the financial accounts though it was duly taken in the stock book.
  - (iii) Investments were sold for ₹ 75,000 at a profit of ₹ 15,000 and passed through Sales account.
  - (iv) An amount of ₹ 37,000 withdrawn by the proprietor (Sukhdeep) for his personal use has been debited to Trade Expenses account. **(4 Marks)**
2. (a) M/s Sam, Profit and loss account showed a net profit of ₹ 24,00,000, after considering the closing stock of ₹ 22,50,000 on 31<sup>st</sup> March, 2022. Subsequently the following information was obtained from scrutiny of the books:
- (i) Purchases for the year included ₹ 90,000 paid for new electric fittings for the shop.
  - (ii) M/s Sam gave away goods valued at ₹ 2,40,000 as free samples for which no entry was made in the books of accounts.
  - (iii) Invoices for goods amounting to ₹ 15,00,000 have been entered on 27<sup>th</sup> March, 2022, but the goods were not included in stock.
  - (iv) In March, 2022 goods of ₹ 12,00,000 sold and delivered were taken in the sales for April, 2022.

- (v) Goods costing ₹ 4,50,000 were sent on sale or return in March, 2022 at a margin of profit of 33-1/3% on cost. Though approval was given in April, 2022 these were taken as sales for March, 2022.

You are required to determine the adjusted net profit for the year ended on 31.3.2022 and calculate the value of stock on 31<sup>st</sup> March, 2022.

- (b) S & Co. purchased a machine for ₹1,00,000 on 1.1.2019 Another machine costing ₹1,50,000 was purchased on 1.7.2020. On 31.12.2021 the machine purchased on 1.1.2019 was sold for ₹50,000. The company provides depreciation at 15% on Written Down Value Method. The company closes its accounts on 31st December every year. Prepare – (i) Machinery Account, (ii) Machinery Disposal Account and (iii) Provision for Depreciation Account. **(10 +10 = 20 Marks)**

3. (a) Ramesh had the following bills receivable and bills payable against Ravi.

Date	Bills Receivable	Tenure	Date	Bills Payable	Tenure
1 <sup>st</sup> June	10,200	3 month	29 <sup>th</sup> May	7,500	2 month
5 <sup>th</sup> June	8,700	3 month	3 <sup>rd</sup> June	10,200	3 month
9 <sup>th</sup> June	17,400	1 month	9 <sup>th</sup> June	17,100	1 month
12 <sup>th</sup> June	5,100	2 month			
20 <sup>th</sup> June	5,700	3 month			

15<sup>th</sup> August was a public holiday. However, 6<sup>th</sup> September, was also declared as sudden holiday.

Calculate the average due date, when the payment can be received or made without any loss of interest to either party.

- (b) Attempt any **one** of the following two sub-parts i.e. Either (i) or (ii).

- (i) From the following particulars prepare an account current, as sent by Mr. AB to Mr. XY as on 31<sup>st</sup> October, 2021 by means of product method charging interest @ 5% p.a.

Date	Particulars	(₹)
1 <sup>st</sup> July	Balance due from XY	1,500
20 <sup>th</sup> August	Sold goods to XY	2,500
28 <sup>th</sup> August	Goods returned by XY	400
25 <sup>th</sup> September	XY paid by cheque	1,600
20 <sup>th</sup> October	Received cash form XY	1,000

- (ii) Ms. Sangeeta sends out goods on approval to few customers and includes the same in the Sales Account. On 31.03.2022, the Trade Receivables balance stood at ₹ 1,50,000 which included ₹13,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 30% over and above cost price and were sent to - Ms. Mansi ₹ 7,800 and Ms. Divya ₹ 5,200.

Ms. Mansi sent intimation of acceptance on 25<sup>th</sup> April, 2022 and Ms. Divya returned the goods on 15<sup>th</sup> April, 2022.

Make the adjustment entries and show how these items will appear in the Balance Sheet as on 31<sup>st</sup> March, 2022. Show also the entries to be made during April, 2022. Value of Closing Inventories as on 31<sup>st</sup> March, 2022 was ₹ 1,00,000.

- (c) Ravi draws a bill for ₹45,000 on Rishi on 15<sup>th</sup> April, 2021 for 3 months, which is returned by Rishi to Ravi after accepting the same. Ravi gets it discounted with the bank for ₹ 44,100 on 18<sup>th</sup> April, 2021 and remits one-third amount to Rishi. On the due date Ravi fails to remit the amount due to Rishi, but he accepts bill of ₹ 52,500 for 3 months, which Rishi discounts for ₹51,300 and remits ₹ 8,475 to Ravi. Before the maturity of the renewed bill Ravi becomes insolvent and only 50% was realized from his estate on 31<sup>st</sup> October, 2021.

Pass necessary Journal entries for the above transactions in the books of Ravi.

**(5 + 5 + 10 = 20 Marks)**

4. (a) Venus and Mercury are partners in a firm, sharing Profits and Losses in the ratio of 3 : 2. The Balance Sheet of Mercury and Venus as on 31.3.2022 was as follow:

Liabilities	Amount ₹	Assets		Amount ₹
Sundry Creditors	51,600	Building		1,04,000
Bill Payable	16,400	Furniture		23,200
Bank Overdraft	36,000	Stock-in-Trade		85,600
Capital Account:		Debtors	1,40,000	
Mercury 1,76,000		Less: Provision	<u>800</u>	1,39,200
Venus <u>1,44,000</u>	3,20,000	Investment		10,000
		Cash		<u>62,000</u>
	<u>4,24,000</u>			<u>4,24,000</u>

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

- He is admitted for 1/6th share in future profits and to introduce a Capital of ₹ 1,00,000.
- The new profit sharing ratio of Venus, Mercury and Mars will be 3 : 2 : 1 respectively.
- 'Mars' 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 'Mars's share in the profits and the capital contribution made by him to the firm.
- Furniture is to be written down by ₹ 3,480 and Stock to be depreciated by 5%. A provision is required for Debtors @ 5% for Bad Debts. A provision would also be made for outstanding wages for ₹6,240. The value of Buildings having appreciated be brought upto ₹ 1,16,800. The value of investment is increased by ₹ 1,800.
- It is found that the creditors included a sum of ₹ 5,600, which is not to be paid off.

Prepare the following:

- Revaluation Account.
  - Partners' Capital Accounts.
  - Balance Sheet of New Partnership firm after admission of 'Mars'.
- (b) Ms. Nidhi is engaged in business of selling magazines. Several of her customers pay money in advance for subscribing his magazines. Information related to year ended 31st March 2022 has been given below:

On 1.4.2021 he had a balance of ₹6,00,000 advance from customers of which ₹4,50,000 is related to year 2020-21 while remaining pertains to year 2021-22. During the year 2020-21 she made cash sales of ₹ 15,00,000. You are required to compute:

- (i) Total income for the year 2020-21.
- (ii) Total money received during the year if the closing balance in Advance from customers Account is ₹ 5,10,000. **(15 + 5 = 20 Marks)**

5. (a) New State Society showed the following position on 31<sup>st</sup> March, 2021:

Balance Sheet as on 31<sup>st</sup> March, 2021

Liabilities	₹	Assets	₹
Capital fund	15,86,000	Electrical fittings	3,00,000
Expenses payable	14,000	Furniture	1,00,000
		Books	8,00,000
		Investment in securities	3,00,000
		Cash at bank	50,000
		Cash in hand	<u>50,000</u>
	<u>16,00,000</u>		<u>16,00,000</u>

The receipts and payment account for the year ended on 31<sup>st</sup> March, 2022 is given below:

	₹		₹
To Balance b/d		By Electric charges	14,400
Cash at bank   50,000		By Postage and stationary	10,000
Cash in hand <u>50,000</u>	1,00,000	By Telephone charges	10,000
To Entrance fee	60,000	By Books purchased	1,20,000
To Membership subscription	4,00,000	By Outstanding expenses paid	14,000
To Sale proceeds of old papers	3,000	By Rent	1,76,000
To Hire of lecture hall	40,000	By Investment in securities	80,000
To Interest on securities.	16,000	By Salaries	1,32,000
		By Balance c/d	
		Cash at bank	40,000
		Cash in hand	<u>22,600</u>
	<u>6,19,000</u>		<u>6,19,000</u>

You are required to prepare Income and Expenditure account for the year ended 31<sup>st</sup> March, 2022 after making the following adjustments:

Membership subscription included ₹ 20,000 received in advance.

Provide for outstanding rent ₹ 8,000 and salaries ₹ 6,000.

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

75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2021 for ₹ 80,000.

- (b) Xavier & Co. employs a team of 9 workers who were paid ₹ 1,20,000 per month each in the year ending 31<sup>st</sup> December, 2020. At the start of 2021, the company raised salaries by 10% to ₹ 1,32,000 per month each.

On 1 July, 2021 the company hired 2 trainees at salary of ₹ 63,000 per month each. The work force are paid salary on the first working day of every month, one month in arrears, so that the employees receive their salary for January on the first working day of February, etc.

You are required to calculate:

- (i) Amount of salaries which would be charged to the profit and loss account for the year ended 31<sup>st</sup> December, 2021.
- (ii) Amount actually paid as salaries during 2021.
- (iii) Outstanding salaries as on 31<sup>st</sup> December, 2021. **(15 + 5 = 20 Marks)**

6. (a) Hari Om Ltd. registered with an authorised equity capital of ₹ 16,00,000 divided into 8,000 shares of ₹ 100 each, issued for subscription of 4,000 shares payable at ₹ 25 per share on application, ₹ 30 per share on allotment, ₹ 20 per share on first call and the balance as and when required. Application money on 4,000 shares was duly received and allotment was made to them. The allotment amount was received in full, but when the first call was made, two shareholders failed to pay the amount on 400 shares each held by them and another shareholder with 400 shares, paid the entire amount on his shares. The company did not make any other call. Give the necessary journal entries in the books of the company to record these transactions.
- (b) Sampati Ltd. issued 300 lakh 8% debentures of ₹100 each at a discount of 6%, redeemable at a premium of 5% after 3 years payable as : ₹ 50 on application and ₹ 44 on allotment.

You are required to prepare the necessary journal entries for issue of debentures.

- (c) From the following particulars, prepare a Bank Reconciliation Statement for Adam Ltd. As on 31.3.2022
- (1) Balance as per cash book is ₹ 6,00,000.
  - (2) Cheques issued but not presented in the bank amounts to ₹ 3,40,000.
  - (3) Bank charges amounts to ₹ 1,500.
  - (4) Interest credited by bank amounts to ₹ 7,500.

**OR**

- (c) Explain in brief objective and advantages of setting Accounting Standards.

**(10 + 5 + 5 = 20 Marks)**

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**ANSWERS**

1. (a) (i) **False:** The Cinema Hall could not be started without license. Expenditure incurred to obtain the license is pre-operative expense which is capitalized. Such expenses are not revenue and amortized over a period of time.
- (ii) **False:** If the effect of errors committed cancel out, the errors will be called compensating errors and the trial balance will agree.
- (iii) **True:** If closing stock appears in trial balance, it depicts that one aspect of the double entry has been completed, hence it is taken only to Balance Sheet.
- (iv) **False:** Consignment account is a nominal-cum-personal account
- (v) **False:** According to Partnership Act, in the absence of any agreement to the contrary profits and losses are to be shared equally among partners.
- (vi) **True:** As per Perpetual Existence company has existence independent of its members, it continues to be in existence despite the death, insolvency or change of members.
- (b) **Cash and mercantile system:** Cash system of accounting is a system by which a transaction is recognized only if cash is received or paid. In cash system of accounting, entries are made only when cash is received or paid, no entry being made when a payment or receipt is merely due. Cash system is normally followed by professionals, educational institutions or non-profit making organizations.

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

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

(c) **Journal Entries**

	<b>Particulars</b>	<b>L.F.</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
(i)	Vipin A/c Furniture A/c To Samay A/c	Dr. Dr.	900 3,400	4,300
(ii)	Sales Returns A/c To Palash A/c	Dr.	15,000	15,000
(iii)	Sales A/c To P & L A/c (Gain on sale of investments) To Investments A/c	Dr.	75,000	15,000 60,000
(iv)	Drawings A/c To Trade Expenses A/c	Dr.	37,000	37,000

2. (a) **Profit and Loss Adjustment Account**

	₹		₹
To Advertisement (samples)	2,40,000	By Net profit	24,00,000
To Sales	6,00,000	By Electric fittings	90,000
(goods approved in April to be taken as April sales)		By Samples	2,40,000
To Adjusted net profit	50,40,000	By Stock (Purchases of March not included in stock)	15,00,000
		By Sales (goods sold in March wrongly taken as April sales)	12,00,000
		By Stock (goods sent on approval basis not included in stock)	4,50,000
	<u>58,80,000</u>		<u>58,80,000</u>

**Calculation of value of inventory on 31<sup>st</sup> March, 2022**

	₹
Stock on 31 <sup>st</sup> March, 2022 (given)	22,50,000
Add: Purchases of March, 2022 not included in the stock	15,00,000
Goods lying with customers on approval basis	<u>4,50,000</u>
	<u>42,00,000</u>

(b) **S & Co.**

**Dr. Machinery Account Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
1.1.2019	To, Bank A/c	1,00,000	31.12.2019	By Balance c/d	1,00,000
		1,00,000			1,00,000
1.1.2020	To, Balance b/d	1,00,000			
1.7.2020	To, Bank A/c	1,50,000	31.12.2020	By Balance c/d	2,50,000
		2,50,000			2,50,000
1.1.2021	To, Balance b/d	2,50,000	31.12.2021	By, Machinery Disposal A/c	1,00,000
			31.12.2021	By Balance c/d	1,50,000
		2,50,000			2,50,000
1.1.2022	To, Balance b/d	1,50,000			

**Dr. Provision for Depreciation Account Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
31.12.2019	To, Balance c/d	15,000	31.12.2019	By, Depreciation A/c	15,000
		15,000			15,000
31.12.2020	To, Balance c/d	39,000	1.1.2020	By, Balance b/d	15,000
			31.12.2020	By, Depreciation A/c (₹ 12,750+₹11,250)	24,000
		39,000			39,000

31.12.2021	To, Machinery Disposal A/c [100000-61,413]	38,587	1.1.2021	By, Balance b/d	39,000
31.12.2021	To, Balance c/d	32,063	31.12.2021	By, Depreciation A/c	20,813
		70,650	31.12.2021	By Depreciation	10,837
			1.1.2022	By, Balance b/d	32,063

Dr.

### Machinery Disposal Account

Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
31.12.2021	To, Machinery A/c	1,00,000	31.12.2021	By, Provision for Depreciation A/c	38,587
			31.12.2021	By, Bank A/c	50,000
			31.12.2021	By, Profit & Loss A/c (Loss on Sale)	11,413
		1,00,000			1,00,000

### Working Notes:

- Depreciation for the machine purchased on 1.7.2020.  
For the year 2020 (Used for 6 months) = ₹ 1,50,000 x 15% x  $\frac{6}{12}$  = ₹ 11,250  
For the year 2021 (Used for full year) = ₹ 1,38,750 x 15% = ₹ 20,813
- Depreciation for the machine purchased on 1.1.2019.  
Depreciation = ₹ 1,00,000 x 15% = ₹ 15,000  
So, Depreciation for 2<sup>nd</sup> year = ₹ 85,000 x 15% = ₹ 12,750
- (a) Let us take 12.07.2021 as Base date.

### Bills receivable

Due date	No. of days from 12.07.2021	Amount	Product
04/09/2021	54	10,200	5,50,800
08/09/2021	58	8,700	5,04,600
12/07/2021	0	17,400	0
14/08/2021	33	5,100	1,68,300
23/09/2021	73	<u>5,700</u>	<u>4,16,100</u>
		<u>47,100</u>	<u>16,39,800</u>

### Bills payable

Due date	No. of days from 12.07.2021	Amount	Product
01/08/2021	20	7,500	1,50,000
07/09/2021	57	10,200	5,81,400
12/07/2021	0	<u>17,100</u>	<u>0</u>
		<u>34,800</u>	<u>7,31,400</u>



Excess of products of bills receivable over bills payable = 16,39,800 - 7,31,400 = 9,08,400

Excess of bills receivable over bills payable = 47,100 - 34,800 = 12,300

Number of days from the base date to the date of settlement is  $\frac{9,08,400}{12,300}$   
= 73.85 (approx.)

Hence date of settlement of the balance amount is 74 days after 12<sup>th</sup> July i.e. 24<sup>th</sup> September.

On 24<sup>th</sup> September, 2021 Ravi has to pay Ramesh ₹ 12,300 to settle the account.

**(b) (i) XY in Account Current with AB as on 31<sup>st</sup> Oct, 2021**

		(₹)	Days	Product (₹)			(₹)	Days	Product (₹)
01.07.21	To Bal. b/d	1,500	123	1,84,500	28.08.21	By Sales Returns	400	64	25,600
20.8.21	To Sales	2,500	72	1,80,000	25.09.21	By Bank	1,600	36	57,600
31.10.21	To Interest	37			20.10.21	By Cash	1,000	11	11,000
					20.10.21	By Balance of Products			2,70,300
					31.10.21	By Bal. c/d	1,037		
		<u>4,037</u>		<u>3,64,500</u>			<u>4,037</u>		<u>3,64,500</u>

**Note:**

$$\text{Interest} = ₹ 2,70,300 \times \frac{5}{100} \times \frac{1}{365} = ₹ 37 \text{ (approx.)}$$

**(ii) In the Books of Ms. Sangeeta**

**Journal Entries**

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2022 March 31	Sales A/c To Trade receivables A/c (Being the cancellation of original entry for sale in respect of goods lying with customers awaiting approval)	Dr.		13,000	13,000
March 31	Inventories with Customers on Sale or Return A/c To Trading A/c (Note 1) (Being the adjustment for cost of goods lying with customers awaiting approval)	Dr.		10,000	10,000
April 25	Trade receivables A/c To Sales A/c (Being goods costing worth ₹ 7,800 sent to Ms. Mansi on sale or return basis has been accepted by her)	Dr.		7,800	7,800

**Balance Sheet of Ms. Sangeeta as on 31st March, 2022 (Extracts)**

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>	<b>₹</b>
		Trade receivables (₹ 1,50,000 - ₹ 13,000)		1,37,000
		Inventories-in-trade	1,00,000	
		Add: Inventories with customers on Sale or Return	10,000	<u>1,10,000</u>
				<u>2,47,000</u>

**Notes:**

- (1) Cost of goods lying with customers =  $100/130 \times ₹ 13,000 = ₹ 10,000$
- (2) No entry is required on 15<sup>th</sup> April, 2022 for goods returned by Ms. Divya. Goods should be included physically in the Inventories

(c)

**In the books of Ravi**

**Journal Entries**

<b>Date</b>	<b>Particulars</b>		<b>Debit Amount</b>	<b>Credit Amount</b>
2021			₹	₹
April 15	Bills receivable account To Rishi's account (Being acceptance received from Rishi for mutual accommodation)	Dr.	45,000	45,000
April 18	Bank account Discount account To Bills receivable account (Being bill discounted with bank)	Dr. Dr.	44,100 900	45,000
April 18	Anup's account To Bank account To Discount account (Being one-third proceeds of the bill sent to Rishi)	Dr.	15,000	14,700 300
July 18	Rishi's account To Bills payable account (Being Acceptance given)	Dr.	52,500	52,500
July 18	Bank account Discount account (1,200 x 3/4) To Anup's account (Being proceeds of second bill received from Rishi)	Dr. Dr.	8,475 900	9,375
Oct.21	Bills payable account To Rishi's account (Being bill dishonoured due to insolvency)	Dr.	52,500	52,500
Oct.31	Anup's account (30,000+9,375)	Dr.	39,375	

	To Bank account			19,687.50
	To Deficiency account			19,687.50
	(Being insolvent, only 50% amount paid to Rishi)			

4. (a) (i) **Revaluation Account**

		₹			₹
To	Furniture	3,480	By	Building	12,800
To	Stock	4,280	By	Sundry creditors	5,600
To	Provision of doubtful debts (₹ 7,000 – ₹ 800)	6,200	By	Investment	1800
To	Outstanding wages	<u>6,240</u>			
		<u>20,200</u>			<u>20,200</u>

(ii) **Partners' Capital Accounts**

	Mercury	Venus	Mars		Mercury	Venus	Mars
	₹	₹	₹		₹	₹	₹
To Balance c/d	284,000	216,000	1,00,000	By Balance b/d	1,76,000	1,44,000	–
				By Cash A/c	–	–	1,00,000
				By Goodwill A/c (Working Note)			
					<u>1,08,000</u>	<u>72,000</u>	
	<u>284,000</u>	<u>216,000</u>	<u>1,00,000</u>		<u>284,000</u>	<u>216,000</u>	<u>1,00,000</u>

(iii) **Balance Sheet of New Partnership Firm**

(after admission of Mars) as on 31.3.2022

Liabilities	₹	Assets	₹
Capital Accounts:		Goodwill	1,80,000
Mercury 2,84,000		Building (1,04,000 + 12,800)	1,16,800
Venus 2,16,000		Furniture (23,200 – 3,480)	19,720
Mars <u>1,00,000</u>	6,00,000	Stock-in-trade (85,600 – 4,280)	81,320
Bills Payable	16,400	Debtors 1,40,000	
Bank Overdraft	36,000	Less: Provision for bad Debts ( <u>7,000</u> )	1,33,000
Sundry creditors (51,600-5,400)	46,000	Investment (10,000 + 1,800)	11,800
Outstanding wages	<u>6,240</u>	Cash (62,000 + 1,00,000)	<u>1,62,000</u>
	<u>7,04,640</u>		<u>7,04,640</u>

**Working Note:**

**Calculation of goodwill**

Mars's contribution of ₹ 1,00,000 consists only 1/6th of capital.

Therefore, total capital of firm should be ₹ 1,00,000 × 6 = ₹ 6,00,000.

But combined capital of Mercury, Venus and Mars amounts ₹ 1,76,000 + 1,44,000 + 1,00,000 = ₹ 4,20,000.

Thus Hidden goodwill is ₹ 1,80,000 (₹ 6,00,000 – ₹ 4,20,000).

(b) (i) **Computation of Income for the year 2020-21:**

	₹
Money received during the year related to 2020-21	15,00,000
Add: Money received in advance during previous years	4,50,000
<b>Total income of the year 2020-21</b>	<b>19,50,000</b>

(ii) **Advance from Customers A/c**

Date	Particulars	₹	Date	Particulars	₹
	To Sales A/c (Advance related to current year transferred to sales)	4,50,000	1.4.2020	By Balance b/d	6,00,000
31.3.21	To Balance c/d	5,10,000		By Bank A/c (Balancing Figure)	3,60,000
		9,60,000			9,60,000

So, total money received during the year is:

	₹
Cash Sales during the year	15,00,000
Add: Advance received during the year	3,60,000
<b>Total money received during the year</b>	<b>18,60,000</b>

5. (a)

**New State Society**  
**Income and Expenditure Account**  
**for the year ended 31<sup>st</sup> March, 2022**

Dr.					Cr.
Expenditure	₹	₹	Income		₹
To Electric charges		14,400	By Entrance fee (25% of ₹ 60,000)		15,000
To Postage and stationary		10,000			
To Telephone charges		10,000	By Membership subscription	4,00,000	
To Rent	1,76,000			<u>20,000</u>	3,80,000
Add: Outstanding	<u>8,000</u>	1,84,000	Less: Received in advance		
To Salaries	1,32,000		By Sale proceeds of old papers		3,000
Add: Outstanding	<u>6,000</u>	1,38,000	By Hire of lecture hall		40,000
To Depreciation (W.N.1)					
Electrical fittings	30,000		By Interest on securities (W.N.2)	16,000	
Furniture	10,000		Add: Receivable	<u>1,000</u>	17,000
Books		1,32,000	By Deficit- excess of expenditure over income		33,400
	<u>92,000</u>				
		<u>4,88,400</u>			<u>4,88,400</u>

**Working Notes:****1. Depreciation**

₹

Electrical fittings 10% of ₹ 3,00,000	30,000
Furniture 10% of ₹ 1,00,000	10,000
Books 10% of ₹ 9,20,000	92,000

**2. Interest on Securities**

Interest @ 5% p.a. on ₹ 3,00,000 for full year	15,000	
Interest @ 5% p.a. on ₹ 80,000 for half year	<u>2,000</u>	17,000
Less: Received		<u>(16,000)</u>
Receivable		<u>1,000</u>

**(b) (i) Amount of salaries to be charged to P & L A/c for the year ended 31<sup>st</sup> December, 2021**

Employees	= 9 x ₹ 1,32,000 x 12	= ₹ 1,42,56,000
Trainees	= 2 x ₹ 63,000 x 6	= ₹ <u>7,56,000</u>
Salaries charged to P & L A/c		₹ <u>1,50,12,000</u>

**(ii) Amount actually paid as salaries during 2021**

Employees	= 9 x ₹ 1,32,000 x 11 + 9 x ₹ 1,20,000	= ₹ 1,41,48,000
Trainees	= 2 x ₹ 63,000 x 5	= ₹ <u>6,30,000</u>
Amount paid as salaries		₹ <u>1,47,78,000</u>

**(iii) Outstanding salaries as on 31.12.2021**

Employees	= 9 x ₹ 1,32,000	= ₹ 11,88,000
Trainees	= 2 x ₹ 63,000	= ₹ <u>1,26,000</u>
Outstanding salaries		₹ <u>13,14,000</u>

**6. (a)****In the Books of HariOm**

Bank A/c To Equity Share Application A/c (Money received on application for 4,000 shares @ ₹ 25 per share)	Dr.	1,00,000	1,00,000
Equity Share Application A/c To Equity Share Capital A/c (Transfer of application money on 4,000 shares to share capital)	Dr.	1,00,000	1,00,000
Equity Share Allotment A/c To Equity Share Capital A/c (Amount due on the allotment of 4,000 shares @ ₹ 30 per share)	Dr.	1,20,000	1,20,000
Bank A/c To Equity Share Allotment A/c (Allotment money received)	Dr.	1,20,000	1,20,000
Equity Share First Call A/c	Dr.	80,000	

To Equity Share Capital A/c (First call money due on 4,000 shares @ ₹ 20 per share)			80,000
Bank A/c	Dr.	74,000	
Calls-in-Arrears A/c	Dr.	16,000	
To Equity Share First Call A/c			80,000
To Calls-in-Advance A/c			10,000
(First call money received on 3,200 shares and calls-in-advance on 400 shares @ ₹ 25 per share)			

(b)

**Books of Sampati Ltd.**

**Journal Entries**

Date	Particulars	L.F.	Debit Amount (₹ Lakhs)	Credit Amount (₹ Lakhs)
	Bank A/c	Dr.	15,000	
	To Debenture Application A/c (Debentures application money received)			15,000
	Debenture Application A/c	Dr.	15,000	
	To 8% Debentures A/c (Application money transferred to 8% debentures account)			15,000
	Debenture Allotment A/c	Dr.	13,200	
	Loss on issue of debenture A/c	Dr.	3,300	
	To 8% Debentures A/c			15,000
	To Debenture redemption premium A/c (Call made consequent upon allotment of debentures issued at discount and redeemable at premium)			1,500
	Bank A/c	Dr.	13,200	
	To Debenture Allotment A/c (Allotment amount received)			13,200

**Working Notes :**

Loss on issue of debentures =

(Amount of discount on issue + Premium payable on redemption) x No. of Debentures

= (6% of ₹100 + 5% of ₹ 100) x 300 lakh

= (₹ 6 + ₹ 5) x 300 lakh

= ₹ 3,300 lakh

(c)

**Adam Ltd.**

**Bank Reconciliation Statement as on 31.3.2022**

Particulars	₹
Balance as per cash book	6,00,000
Add : Cheque issued but not presented	3,40,000

Interest credited	<u>7,500</u>
	9,47,500
Less: Bank charges	<u>(1,500)</u>
Balance as per pass book	<u>9,46,000</u>

Or

- (c) **Objective and Advantages of Accounting Standards:** An Accounting Standard is a selected set of accounting policies or broad guidelines regarding the principles and methods to be chosen out of several alternatives. The Accounting Standards Board formulates Accounting Standards to be established by the Council of the Institute of Chartered Accountants of India.

The main objective of Accounting Standards is to establish standards which have to be complied with to ensure that financial statements are prepared in accordance with generally accepted accounting standards. Accounting Standards seek to suggest rules and criteria of accounting measurements. These standards harmonize the diverse accounting policies and practices at present in use in India.

The main advantage of setting accounting standards is that the adoption and application of Accounting Standards ensure uniformity, comparability and qualitative improvement in the preparation and presentation of financial statements.

The other advantages are as follows:

- (i) Reduction in variations.
- (ii) Disclosure beyond that required by law.
- (iii) Facilities comparison.

**MOCK TEST PAPER 2**

**FOUNDATION COURSE**

**PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE**

**PART- I: BUSINESS ECONOMICS**

**QUESTIONS**

1. Most of the economic problems are of \_\_\_\_\_ nature and are affected by \_\_\_\_\_.
  - (a) Complex, Several forces
  - (b) Simple, Several forces
  - (c) Simple, single factor
  - (d) Complex, Single factor
2. The survival and success of any business depends on sound \_\_\_\_\_.
  - (a) Mind
  - (b) Environment
  - (c) Decisions
  - (d) None of these
3. Management of the firm \_\_\_\_\_ control over macro-economic factors.
  - (a) has
  - (b) has no
  - (c) has partial
  - (d) None of these
4. In a planned or command economy all the economic decisions are taken by the \_\_\_\_\_.
  - (a) Workers
  - (b) Consumers
  - (c) Voters
  - (d) Government
5. The regulatory mechanism of the market system is-
  - (a) Self interest
  - (b) Private property
  - (c) Competition
  - (d) Specialization
6. Which of the following statements is/are correct about mixed economic system?
  - (a) Mixed economic system depends on both markets and governments for allocation of resources
  - (b) Mixed economy is not always a golden path between capitalism and socialism.
  - (c) It is very difficult to maintain a proper balance between private and public sectors.
  - (d) All of the above



7. After reaching the saturation point, consumption of additional units of the commodity cause-.
  - (a) Total utility to fall and marginal utility to increase.
  - (b) Total and marginal utility both to increase.
  - (c) Total utility to fall and marginal utility to become negative.
  - (d) Marginal utility to fall and total utility to become negative.
8. The substitution effect works to encourage a consumer to purchase more of a product when the price of that product is falling because-
  - (a) The consumer's real income has increased.
  - (b) The consumer's real income has decreased.
  - (c) The product is now relatively less expensive than before.
  - (d) Other products are now less expensive than before.
9. Which of the following statements is correct?
  - (a) When the slope of the demand curve is zero, demand is infinitely elastic and when the slope is infinite, elasticity is zero.
  - (b) When the slope of the demand curve is zero, the elasticity is also zero and when the slope is infinite, elasticity is also infinite.
  - (c) When the slope of the demand curve is zero, the elasticity is unity and also when the slope is infinite, elasticity is unity.
  - (d) None of these
10. Diminishing marginal utility implies that the
  - (a) marginal utility of a good diminishes over time.
  - (b) total utility is negative.
  - (c) last unit of a good consumed will contribute most to the consumer's satisfaction.
  - (d) first unit of a good consumed will contribute most to the consumer's satisfaction.
11. The law of diminishing marginal utility states that
  - (a) total utility is maximized when a consumer obtain the same amount of utility per unit of each product consumed
  - (b) beyond some point additional units of a product will yield less and less extra satisfaction to a consumer.
  - (c) price must be lowered to induce firms to supply more of a product.
  - (d) it will take larger and larger amounts of resources beyond some point to produce successive units of a product.
12. Marshallian theory of consumer's behavior is based on
  - (a) Hypothesis of additive utilities.
  - (b) Hypothesis of independent utilities.
  - (c) Both (A) and (B)
  - (d) Weak ordering
13. Demand and \_\_\_\_\_ are the forces that make market economies work.
  - (a) Elasticity of demand
  - (b) Quantity demanded

- (c) Supply
  - (d) Quantity supplied
14. Computers and computer software are \_\_\_\_\_
- (a) Substitute goods
  - (b) Complementary goods
  - (c) Independent goods
  - (d) Normal goods
15. Let slope of supply curve is 0.6, calculate elasticity of demand when initial price is \$ 30 per unit and initial quantity is 100 units of the commodity.
- (a) 0.5
  - (b) 5.55
  - (c) (-) 0.5
  - (d) (-) 0.18
16. Demonstration effect, a term coined by \_\_\_\_\_
- (a) Adam Smith
  - (b) James Duesenberry
  - (c) Alfred Marshall
  - (d) None of these
17. Consider the following statements and select the correct answer from the given options.
- Assertion (A):** Demand curve is vertical when elasticity of demand is zero.
- Reason (R):** Marginal utility of a product is increasing
- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
  - (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
  - (c) (A) is true but (R) is false
  - (d) (A) is false but (R) is true
18. A rise in price of a good \_\_\_\_\_ consumer surplus.
- (a) Reduces
  - (b) Increases
  - (c) Either (A) and (B)
  - (d) Doesn't effect
19. A consumer is in equilibrium when s/he is deriving \_\_\_\_\_ satisfaction from the goods.
- (a) maximum
  - (b) possible
  - (c) maximum possible
  - (d) None of these
20. Which one of the following statements is true regarding Indifference Curve?
- (a) Two ICs can never be parallel to each other
  - (b) Two ICs are always parallel to each other

- (c) Two ICs may not intersect each other
  - (d) Two ICs may be parallel to each other
21. Law of Equi-marginal Utility can be expressed as-
- (a)  $MU_X/P_X = Q_X$
  - (b)  $P_X Q_X = MU_M$
  - (c)  $MU_X/P_X = MU_Y/P_Y = MU_M$
  - (d)  $MU_X = MU_M$
22. Consider the following statements and select the correct answer from the given options.
- Assertion (A):** Consumer surplus is the difference between the potential price and actual price.
- Reason (R):** There exists an inverse relationship between the price and consumer surplus.
- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
  - (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
  - (c) (A) is true but (R) is false
  - (d) (A) is false but (R) is true
23. For substitutes, cross elasticity of demand is-
- (a) Positive
  - (b) Negative
  - (c) Zero
  - (d) Always less than one
24. The oldest approach to the theory of demand is \_\_\_\_\_.
- (a) the total utility approach
  - (b) the cardinal utility approach
  - (c) the ordinal utility approach
  - (d) None of these
25. "Returns to a factor" refers to the effect on total output of changes in
- (a) One factor only
  - (b) Various inputs separately
  - (c) All the inputs simultaneously
  - (d) None of the above
26. A factor of production is said to be superior if its expenditure elasticity
- (a) is negative
  - (b) lies in unit interval
  - (c) exceeds unity
  - (d) is zero
27. Which of the following is correct regarding long run cost?
- 1. It is least cost of producing each level of output
  - 2. LAC curve is envelope of SAC curves.
  - 3. LAC is U-shaped

- (a) 1 & 2 only
  - (b) 2 & 3 only
  - (c) 1 & 3 only
  - (d) 1, 2 & 3
28. The law of diminishing returns only applies in cases where
- (a) There is increasing scarcity of factors of production
  - (b) The price of extra unit of a factor is increasing
  - (c) There is atleast one fixed factor of production
  - (d) Capital is a variable input
29. Economies and diseconomies of scale explain why the
- (a) short run average fixed cost curve declines so long as output increases.
  - (b) marginal cost curve must intersect the minimum point the firm's average variable cost curve.
  - (c) long run average cost curve is typically U-shaped.
  - (d) short run average total cost curve is U-shaped.
30. Production function:  $Q = 4L^{1/2}K^{2/3}$  exhibits-
- (a) increasing returns to scale
  - (b) decreasing returns to scale
  - (c) constant returns to scale
  - (d) increasing returns to a factor
31. Which of the following is correct regarding the slope of iso-cost line?
- Slope of iso-cost line can change due to
1. Change in factor(s) price(s)
  2. Change in total outlay or total cost.
- (a) 1 only
  - (b) 2 only
  - (c) 1 & 2 both
  - (d) None of these
32. Which one of the following is not an internal economies of scale?
- (a) Technical economies
  - (b) Financial economies
  - (c) Economies due to localization of industries
  - (d) Marketing economies
33. Isoquant word is made up of two words i.e., Iso & Quant. Where Iso means equal then Quant means-
- (a) Quantity sold
  - (b) Output
  - (c) Quantity demanded
  - (d) Quantity supplied

34. Which one of the following cost curve is not in U-shape?
- AC
  - MC
  - AFC
  - AVC
35. Given  $TC = 2000 + 15Q - 6Q^2 + Q^3$ , How much is TFC at  $Q = 2000$ ?
- 2000
  - 975
  - 30,000
  - Can't be determined
36. Marginal Revenue of a monopoly firm is less than the price because
- Demand curve has a positive slope.
  - Demand curve has a negative slope.
  - Monopolist incurs losses.
  - Monopolist is in equilibrium.
37. Consider the following statements and select the correct answer from the given options.
- Assertion (A):** Although a monopolist can charge any price he likes, but does not charge a higher price than his equilibrium price.
- Reason (R):** Higher price means fall in total revenue.
- Both (A) and (R) are true and (R) is the correct explanation of (A)
  - Both (A) and (R) are true and (R) is not the correct explanation of (A)
  - (A) is true but (R) is false
  - (A) is false but (R) is true
38. The share of the tax borne by seller will be larger
- If the demand for the product is less elastic.
  - If the demand for the product is inelastic.
  - If the demand for the product has greater elasticity.
  - If the elasticity of supply of the product is larger.
39. Oligopolistic industries
- are characterized by a relatively large number of small firms.
  - may produce either standardized or differentiated products.
  - always produce differentiated products.
  - always produce stan products.
40. When total revenue is increasing
- Marginal revenue may be either positive or negative.
  - The demand curve is relatively inelastic.
  - Marginal revenue is positive.
  - Marginal revenue is negative.

41. Total revenue along with Total cost helps to determine
- (a) Profit maximizing output
  - (b) Profit/unit
  - (c) Price/unit
  - (d) Total revenue
42. In economics, we are concerned with
- (a) Value in use only
  - (b) Exchange value only
  - (c) Both value in use and exchange value
  - (d) None of the above
43. Exchange value is determined in
- (a) the monopoly market
  - (b) the oligopoly market
  - (c) in the market where exchange of goods and services takes place
  - (d) None of these
44. In economics, generally the classification of the markets is made on the basis of
- (a) Time
  - (b) Geographic area
  - (c) Volume of business
  - (d) All of these
45. If a firm's total revenue is not enough to make good even the \_\_\_\_\_, it is better for firm to shut down.
- (a) Total fixed cost
  - (b) Marginal cost
  - (c) Average fixed cost
  - (d) Total variable cost
46. Price of goods express their
- (a) Value in use
  - (b) Exchange value
  - (c) Economic value
  - (d) Both (B) and (C)
47. When demand increases and supply decreases,
- (a) the equilibrium price and quantity both rise
  - (b) the equilibrium price and quantity both fall
  - (c) the equilibrium price rises but nothing certain can be said about the change in equilibrium quantity.
  - (d) the equilibrium quantity rises but nothing certain can be said about the change in equilibrium price.

48. Marginal revenue is equal to the price under
- (a) Monopoly market structure
  - (b) Oligopoly form of market
  - (c) Monopolistically competitive market
  - (d) Perfect competition
49. The short run supply curve of a perfectly competitive firm is equal to
- (a) That portion of the short run marginal cost curve that is above the average variable cost curve
  - (b) That portion of the short run marginal cost curve that is above the average total cost curve
  - (c) That portion of the short run average total cost curve that is above the average variable cost curve
  - (d) None of the above is correct.
50. The market demand curve for a perfectly competitive industry is:  $Q_d = 12 - 2P$  and the market supply curve is:  $Q_s = 3 + P$ . The market will be in equilibrium if
- (a)  $P = 6$  and  $Q = 9$
  - (b)  $P = 5$  and  $Q = 2$
  - (c)  $P = 4$  and  $Q = 4$
  - (d)  $P = 3$  and  $Q = 6$
51. If the market demand curve for a commodity has a negative slope then the market structure must be:
- (a) Perfect competition
  - (b) Monopoly
  - (c) Imperfect competition
  - (d) The market structure cannot be determined as the information is insufficient
52. Which of the following is a differentiated product?
- (a) A hamburger
  - (b) A shirt
  - (c) An automobile
  - (d) All of the above
53. Which one of the following is not an internal cause of business cycles?
- (a) Money supply
  - (b) Technology shocks
  - (c) Psychological factors
  - (d) Fluctuations in investment
54. Peak is the \_\_\_\_\_ stage of expansion.
- (a) Later
  - (b) Earlier
  - (c) Either (A) or (B)
  - (d) None of the above

55. Different business cycles \_\_\_\_\_ in duration and intensity.
- (a) differ
  - (b) similar
  - (c) consistent
  - (d) Can't say
56. Repercussions of business cycles get \_\_\_\_\_ felt on nearly all economic variables.
- (a) alternatively
  - (b) simultaneously
  - (c) one by one
  - (d) All of the above
57. Nicholas Kaldor propounded \_\_\_\_\_
- (a) Nocholas theory
  - (b) Kaldor Theory
  - (c) Cobweb theory
  - (d) Cobb-douglas theory
58. During business cycles the opposite of a peak is \_\_\_\_\_.
- (a) an inflation
  - (b) a hyperinflation
  - (c) a trend
  - (d) a trough
59. Decrease in input demand \_\_\_\_\_.
- (a) Doesn't affect inputs prices
  - (b) Pushes inputs prices up
  - (c) Pulls inputs prices down
  - (d) Either (B) or (C)
60. Which of the following statements is correct regarding business cycles?
- (a) Business cycles are contagious and international in character.
  - (b) Business cycles begin in one country and spread to other countries through trade relations.
  - (c) Business cycles have serious consequences on well being of the societies.
  - (d) All of the above



**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE**

**QUESTIONS**

**Max. Marks: 40**

61. Usually, economics activities are driven by which of the following motives?
- (a) Altruism
  - (b) Emotions
  - (c) Rationality
  - (d) Profitability
62. Understanding buying patterns are a part of study of which of the following elements of the business environment?
- (a) Customers
  - (b) Suppliers
  - (c) Intermediaries
  - (d) Competitors
63. Identify the global company which started its Indian operations in 1921 in Kolkata.
- (a) American Express
  - (b) Goldman Sachs
  - (c) IBM Inc.
  - (d) HP Inc.
64. Which of the options is an incentive for exporters?
- (a) Exchange Rate Moderate
  - (b) Exchange Range Stable
  - (c) Exchange Rate Increasing
  - (d) Exchange Rate Falling
65. Coexistence of large and small enterprises in harmony is a major objective of which of these institutions?
- (a) RBI
  - (b) SEBI
  - (c) CCI
  - (d) IRDAI
66. Keeping extremely low prices to not let anyone grow as a competition is called?
- (a) Price Skimming
  - (b) Pre-emptive Pricing
  - (c) Price Discrimination
  - (d) Price Sensitivity
67. Which of the following statements about Non-Economic Activities is True?
- (a) Even Non-Economic activities have an economic dimension
  - (b) Even Consumption is a Non-Economic activity
  - (c) Non-Economic activities are Productive
  - (d) Unspent income comprises of Non-Economic capital

68. Which of the following is not part of internal environment of a business organisation?
- (a) Labor Unions
  - (b) Corporate Culture
  - (c) Customers
  - (d) Organisational Structure
69. Where is India's largest SEZ?
- (a) Hazira
  - (b) Dhamra
  - (c) Tehri
  - (d) Mundra
70. Foreign Exchange Management Act (FEMA), would fall under which of the following type of Public Policy?
- (a) Restrictive
  - (b) Regulatory
  - (c) Facilitating
  - (d) Advisory
71. Which of the following is not a Funding Institution?
- (a) World Bank
  - (b) NABARD
  - (c) Reserve Bank of India
  - (d) International Monetary Fund
72. The marketing department of Go Now Pvt. Ltd. divided the consumers into different groups based on their characteristics, like buying frequency, actuals spend, age and preferences. Which of the following has the marketing department focused on?
- (a) Market Segmentation
  - (b) Market Division
  - (c) Market Analysis
  - (d) Market Grouping
73. The maximum number of members of a public company is:
- (a) 07
  - (b) 50
  - (c) No limit
  - (d) 200
74. What is the single word that can best describe today's business?
- (a) Technology
  - (b) Change
  - (c) Persistence
  - (d) Profit making

75. Who was the co-founder of Microsoft with Bill Gates?
- (a) Paul Allen
  - (b) Melinda Gates
  - (c) Satya Nadella
  - (d) Lucci Hood
76. BRICS stands for:
- (a) Belgium, Russia, Indonesia, China and Saudi Arabia
  - (b) Belgium, Russia, India, Cambodia and Saudi Arabia
  - (c) Brazil, Russia, India, China and South Africa
  - (d) Brazil, Romania, India, Cambodia and South Africa
77. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
  - (b) NABARD
  - (c) IRDA
  - (d) IFCI
78. When two or more companies come together to expand their business operations in a newly created entity.
- (a) Joint venture
  - (b) Acquisition
  - (c) Partnership
  - (d) Merger
79. With two shareholders and two directors which company will be incorporated
- (a) Public company
  - (b) One Person Company
  - (c) Private company
  - (d) Public traded company
80. A successful business has to identify, appraise and respond to the various ----- and -----in its environment.
- (a) Suppliers and customers
  - (b) Competitors and creditors
  - (c) Rules and regulations
  - (d) Opportunities and threats
81. Which of the following is the most recently incorporated company?
- (a) Axis Bank Ltd.
  - (b) Adani Ports and Special Economic Zone Ltd.
  - (c) Bharti Airtel Ltd.
  - (d) Flipkart

82. FDI in sectors which required prior approval is identified as
- (a) Institutional Route
  - (b) Automatic Route
  - (c) Government Route
  - (d) NRI Route
83. CCI consists of a chairman and -----members appointed by the Central Government.
- (a) Five
  - (b) Six
  - (c) Seven
  - (d) Four
84. -----put option means the stock price is above the strike price.
- (a) In the money
  - (b) At the money
  - (c) Out of the money
  - (d) Call money
85. OPC (One Person Company) is a corporate form of which of the following?
- (a) LLP
  - (b) Sole Proprietorship
  - (c) Partnership
  - (d) HUF
86. Labour Unions are part of?
- (a) Micro Environment
  - (b) Macro Environment
  - (c) Internal Environment
  - (d) Organisational Environment
87. Which is the company in India to have equity stake in 1st Greenfield Airport at Cochi, India?
- (a) Adani Ports SEZ Ltd.
  - (b) Bharat Petroleum Corporation Ltd.
  - (c) Tata Sons Pvt. Ltd.
  - (d) Larsen & Toubro Ltd.
88. Exchange Rate weakening is beneficial for \_\_\_\_\_ while a strengthening is beneficial for \_\_\_\_\_?
- (a) Local Government and Foreign government
  - (b) State Government and Central Government
  - (c) RBI and SEBI
  - (d) Exporter and Importer
89. SEBI conducts investigation and enforcement action falls under its which function?
- (a) Quasi-Executive Function
  - (b) Quasi-Legislative Function

- (c) Quasi-Judicial Function
  - (d) Quasi-constitutional Function
90. Unpaid media coverage is achieved through?
- (a) Popularity
  - (b) Publicity
  - (c) Social Media Marketing
  - (d) Promotion
91. We can get edible oils from the local shop in our locality, or through a big mall nearby, or from an online marketplace or a 10 minutes delivery app. All these options portray to which of the below domains of BCK?
- (a) BCK is eclectic
  - (b) BCK is Vast
  - (c) BCK is multi-faceted
  - (d) BCK is complex
92. The wants and needs of the consumers fall under which of the following?
- (a) Events
  - (b) Trends
  - (c) Expectations
  - (d) Issues
93. Find the largest exporter of three wheelers in India.
- (a) APSEZ
  - (b) Bajaj Auto
  - (c) TVS Motor Company
  - (d) Maruti Suzuki
94. Privatisation refers to:
- (a) Transferring Government ownership to private hands
  - (b) Disinvestment in public sector enterprise
  - (c) Opening those areas for private sector which are reserved for Government
  - (d) All of the above
95. Who is responsible for overall credit and monetary policy of Indian economy?
- (a) RBI
  - (b) NABARD
  - (c) SEBI
  - (d) IDBI
96. Buying silver in Mumbai to take advantage of the price difference in Assam is an example of?
- (a) Hedge
  - (b) Put Option
  - (c) Arbitrage

- (d) Call Option
97. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
  - (b) Jain family
  - (c) Buddhist family
  - (d) Muslim family
98. Who is the present chairman of Wipro Limited?
- (a) Azim Premji
  - (b) Rishad Premji
  - (c) Thierry Delaporte
  - (d) and (b)
99. What is the constitution of Competition Commission of India?
- (a) A chairperson and 6 members appointed by the Central Government.
  - (b) A chairperson and 5 members appointed by the Central Government.
  - (c) A chairperson and 5 members appointed by the RBI.
  - (d) A chairperson and 6 members appointed by the RBI.
100. A very large loan extended by a group of small banks to a single corporate borrower is called as which of the following?
- (a) Time Deposit
  - (b) Long term loan
  - (c) Annuities
  - (d) Syndicated loan

**MOCK TEST PAPER 2**

**FOUNDATION COURSE**

**PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE**

**PART - I: BUSINESS ECONOMICS**

**ANSWERS**

**Answer Key**

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

**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE**  
**ANSWERS**

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



**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.*

**QUESTIONS**

1. (i) Mr. Joy owns two flats in a building. He wanted to sell flat no.101 to Mr. Roy. Mr. Joy offered to sell his flat no. 101 to Mr. Roy, but Mr. Roy thought that Mr. Joy wanted to sell flat no. 102 and said yes for the agreement. Considering the provisions of Indian Contract Act, 1872, discuss the validity of such a contract. **(4 Marks)**  
(ii) The paid-up capital of Ram Private Limited is ₹ 10 Crores in the form of 7,00,000 Equity Shares of ₹ 100 each and 3,00,000 Preference Shares of ₹ 100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited. State with reason, Whether Ram Private Limited is subsidiary of Lakhan Private Limited? **(4 Marks)**  
(iii) Write any four exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. **(4 Marks)**
2. (i) "All contracts are agreements, but all agreements are not contracts". Comment. **(4 Marks)**  
(ii) Karan agreed to purchase wooden table for his study room from Mr. X. Table was in good condition and was examined by Karan before purchasing. He found no defects in it and paid Rs. 20,000 for that table. Later on, it was found that one leg of table is broken and Mr. X has pasted the wood and tried to hide the defects in the table. Can Karan return the table and claim the amount back? Discuss the same with reference to Indian Contract Act, 1872? **(3 Marks)**  
(iii) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)**
3. (i) Enumerate the differences between Partnership and Joint Stock Company. **(6 Marks)**  
(ii) Rohan is running a grocery store in Delhi. He sells his grocery business, including goodwill worth ₹ 1,00,000 to Rohit for a sum of ₹ 5,00,000. After the sale of goodwill, Rohit made an agreement with Rohan. As per this agreement, Rohan is not to open another grocery store (similar kind of business) in the whole of India for next ten years. However, Rohan opens another store in the same city two months later. What are the rights available with Rohit regarding the restriction imposed on Rohan with reference to Indian Contract Act, 1872? **(6 Marks)**
4. (i) When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act, 1930? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court? **(6 Marks)**  
(ii) Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2020, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s AB and Co. to supply the furniture for their business on 25th May 2020, when Jay was also alive.

Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25th July 2020. The fact about Jay's death was known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Jay's private estate is also liable for the price of furniture purchased by the firm? **(6 Marks)**

5. (i) Avyukt purchased 100 Kgs of wheat from Bhaskar at Rs. 30 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed Avyukt that he can take the delivery of wheat from him and till then he is holding wheat on Avyukt's behalf. Before Avyukt picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Avyukt wants his price on the contention that no delivery has been done by seller. Whether Avyukt is right with his views under the Sale of Goods Act, 1930. **(6 Marks)**
- (ii) "The Memorandum of Association is a charter of a company". Discuss. Also explain in brief the contents of Memorandum of Association. **(6 Marks)**
6. (i) Explain the-term 'Quasi Contracts' and state their characteristics. **(5 Marks)**
- (ii) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**
- (iii) Five persons are the only members of a private company Flower Fans Limited. All of them go in a boat on a pleasure trip into an open sea. The boat capsizes and all the 5 die being drowned.
  - (a) Is the private company Flower Fans Limited no longer in existence?
  - (b) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued? Explain with reference to the provisions of Companies Act, 2013. **(3 Marks)**

## SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

Max Marks: 40 Marks

### Instructions

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

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

Organic farming is a method of farming which mainly aims at cultivating the land and raising crops in such a way, as to keep the soil alive and in good condition by use of organic wastes (crop, animal and farm wastes, even aquatic wastes) and other biological material along with beneficial microbes to release nutrients that would ensure increased sustainable production in an eco- friendly and pollution free environment.

Organic farming was being practiced in India years ago till the British ruled it. In traditional India, agriculture was practiced using organic techniques, where the fertilizers, pesticides etc. were obtained from plant and animal products. Organic farming was the backbone of the Indian economy. Ploughing was done by bullocks and cow dung was used as manure.

During the mid1900's, (1950's and 1960's to be precise), the ever increasing population of India and several natural calamities led to severe food crisis. As a result, the government was forced to import food grains from foreign countries. To increase food security, the government had to increase food production. Several hectares of land were bought under cultivation. Hybrid seeds were introduced. Natural and organic fertilizers were replaced by chemical fertilizers and locally made pesticides were replaced by chemical pesticides. With time, extensive dependence on chemical farming has led to loss of land fertility. Pests are becoming immune, requiring the farmers to use stronger and costlier pesticides.

Due to increased cost of farming, farmers are falling into trap of money lenders, who are exploiting them and forcing a lot of farmers to commit suicide. Both consumers and farmers are now gradually shifting back to organic farming in India. It is believed by many that organic farming is healthier. Consumers are willing to pay higher prices for the same. Many farmers are shifting to organic farming due to domestic and international demand for organic food.

Further, stringent standards for nonorganic food in European and US markets have led to rejection of many Indian food consignments in the past. Organic farming, therefore, provides a better alternative to chemical farming. Today, more than 2.5 million hectares of land is under organic farming in India. Moreover, there are over 15000 certified organic farms in India. Hence, India is one of the most important suppliers of organic food to the developed nations. The organic movement has again started in India.

- (1) Define organic farming. (1 Mark)
- (2) What measure were taken to increase food security? (1 Mark)
- (3) How do we know that India is one of the most important suppliers of organic food to the developed nations? (1 Mark)
- (4) Choose a suitable synonym for the word '**stringent**' as used in line 1, para 5: (1 Mark)
  - (a) Strict
  - (b) Busy
  - (c) Bulky
  - (d) Alarming
- (5) Why are farmers now shifting to organic farming? Explain in one line (1 Mark)

(b) Read the following passage

An Irish proverb says, 'a good laugh and a good sleep are the best cures in the doctor's book'. Ask an insomniac what the value of good sleep is. Without a night's sleep, the body does not function properly.

Experts believe that deep sleep enables the nervous system to function properly. Without good and deep sleep one fails to concentrate, remember or analyse. It is during sleep that cells manufacture more proteins that are vital for the cell growth/ sleep also keeps people fresh and active the whole day. Those who are unable to sleep well may develop ailments like high blood pressure, chest pain, arthritis and depression. So people must aim at having good sleep. An adult needs at least seven to eight hours of sleep at night. One can adopt various ways to ensure good sleep. Regular exercises during the day and weekly massages have proved beneficial to many people. However, results vary from person to person.

People who find it difficult to sleep for different reason must avoid few things. For example, worrying about not getting sleep should be stopped. Overeating, staying awake for long hours at night, frequently having tea or coffee should be avoided. A glass of warm milk at bed time may prove to be helpful in many ways. Hence, to maintain good health one must have a good night's sleep.

(i) Make notes, sub headings, abbreviations, wherever necessary giving a suitable title.

**(3 Marks)**

(ii) Write a summary

**(2 Marks)**

2. (a) Define Oral Communication. List at least 4 essentials of oral communication.

**(2 Marks)**

(b) (i) Choose the suitable synonym for the given word:

**(1 Mark)**

**Abdicate**

(1) Refer

(2) Acknowledge

(3) Isolate

(4) give up

(ii) Choose the most suitable antonym for the given word:

**(1 Mark)**

**Conspicuous**

(1) Important

(2) Unnoticeable

(3) Incapable

(4) Direct

(iii) Change the following sentence into indirect speech:

Garima says, 'Rashmi is smart'.

**(1 Mark)**

(c) Write a Précis for the passage given below and also give an appropriate title.

**(5 Marks)**

Talking is something we do a lot during any day. But, in order to speak well enough for people to understand us and hear what we have to say, takes the control of air from our lungs, voice, lip and tongue movements. So, the three main parts of our body that we use for talking are our lungs (for the air supply), our vocal folds (to make vocal sounds), and our tongue, lips and jaw (to shape speech sounds).

Most people use to express their thoughts and feelings. Talking is a form of communication. Interestingly, speaking begins with a person's thoughts and results in the formation of words and sentences to express the thought. We shape sounds using our tongue, lip, upper and lower teeth, roof of the mouth in order to say specific words and sounds.

3. (a) What is Star Network in communication? **(2 Marks)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
**Obsolete**
  - (1) New
  - (2) Conflict
  - (3) Outdated
  - (4) Outstanding
- (ii) Choose the word which best expresses the meaning of the given word **(1 Mark)**  
**Rejuvenate**
  - (1) Paradox
  - (2) Meek
  - (3) Stale
  - (4) Refresh
- (iii) Change the following into indirect speech:  
 Mohit said to me, I have finished writing the story'. **(1 Mark)**
- (c) You are a student of Rainbow Vista Public School. Your school hosted a Science fair where other schools of the city also participated. Events included quiz competitions, display of experiments, presentations etc. Draft a report stating the details of the events to be published in the School Science magazine. **(5 Marks)**
4. (a) Write a short note on Circuit Network followed in organizations. **(2 Marks)**
- (b) (i) Change the following sentence into indirect speech **(3 Marks)**  
*Karan said, 'I am tired.'*
- (ii) Change the following sentence into active voice.  
*The letter will be posted by Ashok.*
- (iii) Change the following sentence into passive voice.  
*Swati brought a glass of juice for me.*
- (c) As the Head of the Advertising Department (Sumit/Sumita) at Aegis Advertising Private limited, draft a circular informing all your team members to attend a meeting to discuss the details of an advertisement campaign recently received by the company. Mention the date, time and venue for the meeting.

**OR**

You are Mudit/Meena, Manager, Innovative Minds Call Centre. Write a formal e-mail to Ms. Sakshi Kapoor informing her about her interview date for the post of 'Executive caller'. Mention the list of documents she needs to carry for the interview and the other necessary details. **(5 Marks)**

5. (a) What do you understand by 'Attitude barriers'? **(2 Marks)**

(b) Select the correct meaning of idioms/phrases given below:

(i) Make a long story short (1 Mark)

- (1) Good at story telling
- (2) Always be different
- (3) Say something in brief
- (4) Answer with explanation

(ii) A storm in a tea cup (1 Mark)

- (1) Something addictive
- (2) A big issue about a small problem
- (3) Wind is always difficult to handle
- (4) Avoid drinking tea

(iii) Change the sentence into passive voice: (1 Mark)

Everyone will blame us.

(iv) Choose the word that best expresses the meaning of the given word: (1 Mark)

**Perseverance**

- (1) Exception
- (2) Reflection
- (3) Conservation
- (4) Determination

(c) You are Raj/Rajni, Supply Chain Head of Cloth Emporium, Lucknow. You wish to place a bulk order to 'Fabric For You Pvt. Ltd', Surat, Gujarat for variety of cloth material and tailoring equipment. Write a formal letter dated 18<sup>th</sup> April 2022, addressed to the Manager. Include a list of items to be delivered. (White cotton cloth 1500 m, Red Silk cloth 1500 m, Black cotton cloth 1000 m, Sewing machine 5 nos, threads, needles etc.) (4 Marks)

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

ANSWERS

1. (i) Section 10 of Indian Contract Act, 1872 laid down the essential elements of a valid contract. One of the essential elements of valid contract is free consent. Consent is an express willingness or giving voluntary permission or agreeing to something. Section 13 further clarifies "two or more persons are said to consent when they agree upon the same thing in the same sense"

In the present case, both the parties have given a free consent but they are not consenting for the same thing in the same sense. Mr. Joy wants to sell flat no. 101 and Mr. Roy has agreed the contract thinking that it's flat no. 102.

Hence, the agreement would be invalidated at the inception (beginning) stage itself because both the parties did not agree about a thing (sale of flat) in the same sense. Hence, both the parties did not have mutual consent for the contract; therefore it is not a valid contract.

- (ii) According to Section 2(87) of Companies Act, 2013 "subsidiary company" in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

For the purposes of this section —

- (i) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (ii) the expression "company" includes anybody corporate;

It is to be noted that Preference share capital will also be considered if preference shareholders have same voting rights as equity shareholders.

In the instant case, Ram Private Limited is having paid-up capital of ₹10 Crores in the form of 7,00,000 Equity Shares of ₹100 each and 3,00,000 Preference Shares of ₹100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited.

As in the given problem it is not clear that whether Preference Shares are having voting rights or not, it can be taken that there is no voting right with these shares. On the basis of provisions of Section 2(87) and facts of the given problem, Lakhan Private Limited is holding 3,00,000 Equity Shares of total equity paid up share capital of Ram Private Limited. Therefore, as Lakhan Private Limited does not exercise or control more than one-half of the total voting power in Ram Private Limited, Ram Private Limited is not subsidiary of Lakhan Private Limited.

- (iii) **Caveat Emptor:** In case of sale of goods, the doctrine 'Caveat Emptor' means 'let the buyer beware'. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective, he cannot hold the

seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.

The doctrine of Caveat Emptor is subject to the following exceptions:

1. **Fitness as to quality or use:** Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1) of the Sale of Goods Act, 1930].
  2. **Goods purchased under patent or brand name:** In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)].
  3. **Goods sold by description:** Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so, then seller is responsible.
  4. **Goods of Merchantable Quality:** Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods, this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination [Section 16(2)].
  5. **Sale by sample:** Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17].
  6. **Goods by sample as well as description:** Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition [Section 15].
  7. **Trade Usage:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].
  8. **Seller actively conceals a defect or is guilty of fraud:** Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case the buyer has a right to avoid the contract and claim damages.
2. (i) (a) An agreement comes into existence when one party makes a proposal or offer to the other party and that other party gives his acceptance to it. A contract is an agreement enforceable by law. It means that to become a contract, an agreement must give rise to a legal obligation i.e. duly enforceable by law. If an agreement is incapable of creating a duly enforceable by law, it is not a contract. There can be agreements which are not enforceable by law, such as social, moral or religious agreements. The agreement is a wider term than the contract. All agreements need not necessarily become contracts but all contracts shall always be agreements.

*All agreements are not contracts:* When there is an agreement between the parties and they do not intend to create a legal relationship, it is not a contract.

*All contracts are agreements:* For a contract there must be two things (a) an agreement and (b) enforceability by law. Thus, existence of an agreement is a pre-requisite existence of a contract. Therefore, it is true to say that all contracts are agreements.



Thus, we can say that there can be an agreement without it becoming a contract, but we can't have a contract without an agreement.

- (ii) As per Section 17 of Indian Contract Act, 1872, "A false representation of material facts when made intentionally to deceive the other party to induce him to enter into a contract is termed as a fraud." Section 17(2) further states about active concealment. When a party intentionally conceals or hides some material facts from the other party and makes sure that the other party is not able to know the truth, in fact makes the other party believe something which is false, then a fraud is committed. In case a fraud is committed, the aggrieved party gets the right to rescind the contract. (Section 19). If the aggrieved party has obtained some benefits in such a contract (caused by fraud), then all such benefits should be restored or returned back. And if aggrieved party has suffered any losses, it should be compensated by the other party.

On the basis of above provisions and facts of the case, in case a fraud is committed by one party, the contract becomes voidable at the option of the aggrieved party. Hence, Karan can rescind the contract and claim compensation for the loss suffered due to fraud done by Mr. X.

- (iii) **Designated Partner [Section 2(j)]:** "Designated partner" means any partner designated as such pursuant to section 7.

According to section 7 of the LLP Act, 2008:

- (i) Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.
- (ii) If in LLP, all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.

3. (i)

Basis	Partnership	Joint Stock Company
<b>Legal status</b>	A firm is not legal entity i.e. it has no legal personality distinct from the personalities of its constituent members.	A company is a separate legal entity distinct from its members ( <i>Salomon v. Salomon</i> ).
<b>Agency</b>	In a firm, every partner is an agent of the other partners as well as of the firm.	In a company, a member is not an agent of the other members or of the company, his actions do not bind either.
<b>Distribution of profits</b>	The profits of the firm must be distributed among the partners according to the terms of the partnership deed.	There is no such compulsion to distribute its profits among its members. Some portion of the profits, but generally not the entire profit, become distributable among the shareholders only when dividends are declared.
<b>Extent of liability</b>	In a partnership, the liability of the partners is unlimited. This means that each partner is liable for debts of a firm incurred in the course of the business of the firm and these debts can be recovered from	In a company limited by shares, the liability of a shareholder is limited to the amount, if any, unpaid on his shares, but in the case of a guarantee company, the liability is limited to the amount for which he has agreed

	his private property, if the joint estate is insufficient to meet them wholly.	to be liable. However, there may be companies where the liability of members is unlimited.
<b>Property</b>	The firm's property is that which is the "joint estate" of all the partners as distinguished from the 'separate' estate of any of them and it does not belong to a body distinct in law from its members.	In a company, its property is separate from that of its members who can receive it back only in the form of dividends or refund of capital.
<b>Transfer of shares</b>	A share in a partnership cannot be transferred without the consent of all the partners.	In a company a shareholder may transfer his shares, subject to the provisions contained in its Articles. In the case of public limited companies whose shares are quoted on the stock exchange, the transfer is usually unrestricted.
<b>Management</b>	In the absence of an express agreement to the contrary, all the partners are entitled to participate in the management.	Members of a company are not entitled to take part in the management unless they are appointed as directors, in which case they may participate. Members, however, enjoy the right of attending general meeting and voting where they can decide certain questions such as election of directors, appointment of auditors, etc.
<b>Registration</b>	Registration is not compulsory in the case of partnership.	A company cannot come into existence unless it is registered under the Companies Act, 2013.
<b>Winding up</b>	A partnership firm can be dissolved at any time if all the partners agree.	A company, being a legal person is either wind up by the National Company Law Tribunal or its name is struck off by the Registrar of Companies.
<b>Number of membership</b>	According to section 464 of the Companies Act, 2013, the number of partners in any association shall not exceed 100. However, the Rule given under the Companies (Miscellaneous) Rules, 2014 restrict the present limit to 50.	A private company may have as many as 200 members but not less than two and a public company may have any number of members but not less than seven. A private Company can also be formed by one person known as one person Company.
<b>Duration of existence</b>	Unless there is a contract to the contrary, death, retirement or insolvency of a partner results in the dissolution of the firm.	A company enjoys a perpetual succession.

(ii) Section 27 of the Indian Contract Act, 1872 provides that any agreement that restrains a person from carrying on a lawful trade, profession or business is void agreement. However, there are certain exceptions to this rule. One of the statutory exceptions includes sale of Goodwill. The restraint as to sale of goodwill would be a valid restraint provided -

- (i) Where the restraint is to refrain from carrying on a similar business
- (ii) The restraint should be within the specified local limits
- (iii) The restraint should be not to carry on the similar business after sale of goodwill to the buyer for a price
- (iv) The restriction should be reasonable. Reasonableness of restriction will depend upon number of factors as considered by court.

In the given case, Rohan has sold the goodwill and there is restraint for not carrying on the same business of grocery store. However the restriction imposed on Rohan is unreasonable as he cannot carry similar business in whole of India for next 10 years. The restriction on restraint to similar kind of trade should be reasonable to make it a valid agreement. Therefore, Rohit cannot take any legal action against Rohan as the restriction is unreasonable as per Section 27 of Indian Contract Act, 1872. Hence, the agreement made between Rohan and Rohit in restraint of trade is void agreement.

4. (i) (a) A lien is a right to retain possession of goods until the payment of the price. It is available to the unpaid seller of the goods who is in possession of them where-

- (i) the goods have been sold without any stipulation as to credit;
- (ii) the goods have been sold on credit, but the term of credit has expired;
- (iii) the buyer becomes insolvent.

The unpaid seller can exercise 'his right of lien even if the property in goods has passed on to the buyer. He can exercise his right even if he is in possession of the goods as agent or bailee for the buyer.

**Termination of lien:** An unpaid seller loses his right of lien thereon-

- (i) When he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods;
- (ii) When the buyer or his agent lawfully obtains possession of the goods;

Yes, he can exercise his right of lien even after he has obtained a decree for the price of goods from the court.

(ii) According to Section 35 of the Indian Partnership Act, 1932, where under a contract between the partners, the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

Further, in order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.

In the light of the facts of the case and provisions of law, since the delivery of furniture was made after Jay's death, his estate would not be liable for the debt of the firm. A suit for goods sold and delivered would not lie against the representatives of the deceased partner. This is because there was no debt due in respect of the goods in Jay's lifetime. He was already dead when the delivery of goods was made to the firm and also it is not necessary to give any notice either to the public or the persons having dealings with the firm on a death of a partner. So, the estate of the deceased partner may be absolved from liability for the future obligations of the firm.

5. (i) As per the provisions of the Sale of Goods Act, 1930 there are three modes of delivery, i) Actual delivery, ii) Constructive delivery and iii) Symbolic delivery. When delivery is affected without any change in the custody or actual possession of the things, it is called constructive delivery or delivery by acknowledgement. Constructive delivery takes place when a person in possession of goods belonging to seller acknowledges to the buyer that he is holding the goods on buyer's behalf.

In the instant case, Kishore acknowledges Avyukt that he is holding wheat on Avyukt's behalf. Before picking the wheat from warehouse by Avyukt, whole wheat was flooded in flood.

On the basis of above provisions and facts, it is clear that possession of the wheat has been transferred through constructive delivery. Hence, Avyukt is not right. He cannot claim the price back.

- (ii) The Memorandum of Association of company is in fact its charter; it defines its constitution and the scope of the powers of the company with which it has been established under the Act. It is the very foundation on which the whole edifice of the company is built.

**Object of registering a memorandum of association:**

- ◆ It contains the object for which the company is formed and therefore identifies the possible scope of its operations beyond which its actions cannot go.
- ◆ It enables shareholders, creditors and all those who deal with company to know what its powers are and what activities it can engage in.

A memorandum is a public document under Section 399 of the Companies Act, 2013. Consequently, every person entering into a contract with the company is presumed to have the knowledge of the conditions contained therein.

- ◆ The shareholders must know the purposes for which his money can be used by the company and what risks he is taking in making the investment.

A company cannot depart from the provisions contained in the memorandum however imperative may be the necessity for the departure. It cannot enter into a contract or engage in any trade or business, which is beyond the power conferred on it by the memorandum. If it does so, it would be ultra vires the company and void.

**Content of the memorandum:** The memorandum of a company shall state—

- (a) the name of the company (**Name Clause**) with the last word "Limited" in the case of a public limited company, or the last words "Private Limited" in the case of a private limited company. This clause is not applicable on the companies formed under section 8 of the Act.
- (b) the State in which the registered office of the company (**Registered Office clause**) is to be situated;
- (c) the objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof (**Object clause**);
- (d) the liability of members of the company (**Liability clause**), whether limited or unlimited,
- (e) the amount of authorized capital (**Capital Clause**) divided into share of fixed amounts and the number of shares with the subscribers to the memorandum have agreed to take, indicated opposite their names, which shall not be less than one share. A company not having share capital need not have this clause.
- (f) the desire of the subscribers to be formed into a company. The Memorandum shall conclude with the **association clause**. Every subscriber to the Memorandum shall take at least one share, and shall write against his name, the number of shares taken by him.

6. (i) **Quasi Contracts:** Under certain special circumstances, obligation resembling those created by a contract are imposed by law although the parties have never entered into a contract. Such obligations imposed by law are referred to as 'Quasi-contracts'. Such a contract resembles with a contract so far as result or effect is concerned but it has little or no affinity with a contract in respect of mode of creation. These contracts are based on the doctrine that a person shall not be allowed to enrich himself unjustly at the expense of another. The salient features of a quasi-contract are:

1. It does not arise from any agreement of the parties concerned but is imposed by law.
2. Duty and not promise is the basis of such contract.
3. The right under it is always a right to money and generally though not always to a liquidated sum of money.
4. Such a right is available against specific person(s) and not against the whole world.
5. A suit for its breach may be filed in the same way as in case of a complete contract.

- (ii) **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 incapacitated 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 of 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 breach 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.
- (iii) (a) **Perpetual Succession** – A company on incorporation becomes a separate legal entity. It is an artificial legal person and have perpetual succession which means even if all the members of a company die, the company still continues to exist. It has permanent existence.

In the instant case, five persons who were the only members of private company and they have died being drowned in the sea. The existence of a company is independent of the lives of its members. It has a perpetual succession. In this problem, the company will continue as

a legal entity. The company's existence is in no way affected by the death of all its members.

- (b) **The statement given is incorrect.** A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual. Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.

## ANSWER

## 1. (a) Reading Comprehension

- (1) Organic farming is a method of farming which mainly aims at cultivating the land and raising crops in such a way, as to keep the soil alive and in good condition by use of organic wastes (crop, animal and farm wastes, even aquatic wastes) and other biological material along with beneficial microbes to release nutrients.
- (2) To increase food security, the following measures were taken:
  - (a) The government had to increase food production.
  - (b) Several hectares of land were bought under cultivation.
  - (c) Hybrid seeds were introduced.
  - (d) Natural and organic fertilizers were replaced by chemical fertilizers and locally made pesticides were replaced by chemical pesticides
- (3) Today, more than 2.5 million hectares of land is under organic farming in India. Moreover, there are over 15000 certified organic farms in India. This shows that India is one of the most important suppliers of organic food to the developed nations.
- (4) Option a
- (5) Many farmers are shifting to organic farming due to domestic and international demand for organic food.

## (b) Title: Health benefits of sleep

- (1) Good laugh and good sleep are imp
  - 1.1 An insomniac knows the impn of sleep
  - 1.2 Body does not funct without good sleep.
- (2) What happns during sleep?
  - 2.1 Nrvs syst functs prply
  - 2.2 Cells manuf more prtns reqd. for cell growth
  - 2.3 One remains fresh and active throughout the day.
- (3) More info on sleep reltd topics
  - 3.1 Ppl with less sleep can devlp chest pain, bp, otr problems
  - 3.2 An adult shld sleep for 7 to 8 hrs.
  - 3.3 Reglr exercises and massages can help get better sleep
- (4) What to avoid and what to take?
  - 4.1 Stop worrying
  - 4.2 Do not stay awake for lng hrs at night
  - 4.3 Avoid frequent intake of tea/coffee
  - 4.4 A warm glass of milk before gng to bed can be helpful.

Key:

Imp: important

Impn: importance

Funct: function

Happns: happens

Nrvs: nervous

Syst: system

Prply: properly

Manuf: manufacture

Prtns: proteins

Info: information

Reltd: related

Ppl: people

Devlp: develop

Bp: blood pressure

Otr: other

Shld: should

Rglr: regular

Lng: long

Hrs: hours

Gng: going

**Summary:** A good night's sleep is beneficial for manifold reasons. It not only keeps one active, but also helps in release of proteins necessary for growth. Regular exercises and weekly massages can prove to be in favour of good sleep. Lack of sound sleep might lead to health issues like bp, chest pains, arthritis and even depression. Intake of coffee and tea, sitting for late hours and over eating should be avoided to ensure good sleep. A glass of warm milk before bedtime may prove to be helpful for a good night's sleep.

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

**Four essentials of oral communication are:**

- (i) Pronunciation
- (ii) Listening and Conversation
- (iii) Spoken grammar
- (iv) Vocabulary



- (b) (i) Option 4
- (ii) Option 2
- (iii) Garima says that Rashmi is smart.

(c) How do we talk? Or Do you know how we speak?

An activity that we do a lot during the day, that is talking begins with a person's thoughts and feelings. From the lips to the tongue, from the lungs to the vocal folds, many organs are involved in the process of speaking. The movement of air and the shaping of sounds using our tongue, roof of the mouth, upper and lower teeth, all help in saying specific sounds and words.

3. (a) 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.

- (b) (i) Option 3
- (ii) Option 4
- (iii) Mohit told me that he had finished writing the story.

(c) **Report Writing**

#### **Rainbow Vista Public School hosts Science Fair**

By Sharmishtha Banerjee

Rainbow Vista Public School, New Delhi hosted its first Science Fair on 10<sup>th</sup> April, 2022. The Chief Guest for the event was Delhi environment minister Mr. Gopal Rai. The event started by lighting of the lamp and a beautiful rendition of Ganesh Vandana performed and sung by the school students.

The fair was an exciting display of gripping experiments, research ideas and neck to neck quiz competitions. Almost 15 other schools from the city participated in this event and students displayed their talent and expertise.

The quiz competition was the most sought after event. It was a tough win for the host school and gathered a lot of compliments and encouragement. The other event that gathered audience was the electric display of experiments by students of grade X and XII. New ideas and thoughts combined with practical knowledge was praise worthy.

Mr. Gopal Rai gave an encouraging speech and inspired the students to think out of the box and always believe in practical knowledge. The Head of the department of Physics, Mr. Shukla also extended a vote of thanks to all the participating schools. The fair was a success amongst the participants and the students. As a token of appreciation, all participants were given a memento.

4. (a) When two persons communicate with each other, they form a communication circuit. Therefore, it is known as Circuit network. The two people can be colleagues placed at the same hierarchical level in the organization.
- (b) (i) Karan said that he was tired
  - (ii) Ashok will post the letter.
  - (iii) A glass of juice was bought by Swati for me.

(c) Circular No. XVI

**Meeting for a new Ad campaign**

8<sup>th</sup> April, 2022

For the Advertising team

This is to inform you that all team members of the Advertising division are requested to be present for a meeting tomorrow at 5.30 pm, at the Conference room (Lobby). This meeting is in regard with the new project that our company has received for advertisement campaign of an FMCG product. Suggestions and innovative ideas are welcome from all team members.

Attendance is compulsory.

Sumit,

Head, Advertising

Aegis Advertising Pvt. Ltd

OR

Email

To: sakshikapoor@abc.com

CC/BCC:simran@innovativeminds.com

Sub: Interview Call for 'Executive Caller'

Attachments: Google maps

Dear Ms. Sakshi,

We are pleased to inform you that you have been shortlisted for an interview on 20<sup>th</sup> April, 2022, at 10 am for post of 'Executive Caller' at Innovative Minds Call Centre

Please carry the following documents (originals):

- (1) XIIth class marksheet
- (2) College degree certificates
- (3) Adhar card.

Please come for the interview in formal attire and report 30 minutes prior to the scheduled time mentioned above. The exact location of the office is attached in the form of Google maps.

Feel free to write back for any queries.

All the Best!

Regards,

Meena,

Innovative Minds Call Centre

5. (a) Attitude barriers refer to personal attitude of employees that can act as a hindrance in effective communication within an organization. An active and motivated worker can prove to be an asset to the organization whereas a disgruntled, egoist employee can deter the growth of the organization. Attitude problems can be addressed by good management skills and regular interaction with staff members.

- (b) (i) Option 3  
(ii) Option 2  
(iii) We will be blamed by everyone.  
(iv) Option 4

(c) 18<sup>th</sup> April, 2022

To,  
Mr. Arun Sharma,  
Manager  
Fabric For You Pvt. Ltd,  
Surat, Gujarat

Dear Sir/Madam,

I would like to place a bulk order with regard to tailoring equipment and cloth fabric for our shop based in Lucknow. We have done business in the past and are aware of your quality and prompt delivery.

Following is the list of items required:

- Silk cloth 1500 metre
- Cotton white cloth 1500 metre
- Black cotton cloth 1000 metre
- Sewing machine 5 nos
- Sewing threads (cotton base) 100 pieces (assorted colours)
- Stitching accessories

For any other query regarding the order, please free to contact me. I would appreciate if you could send me a confirmation reply and also a tentative delivery date.

Looking forward to a healthy association yet again!

Thanking you!

Yours Sincerely,

Raj,  
Supply Chain Head  
Cloth Emporium,  
Lucknow, UP

## MOCK TEST PAPER II

## FOUNDATION COURSE

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

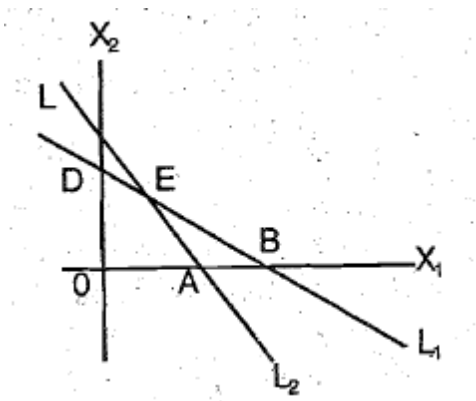
Time: 2 Hours

Marks: 100

## Part A: Business Mathematics and Logical Reasoning

- If  $x:y = 2:3$ , then  $(5x+2y):(3x-y) =$ 
  - 19:3
  - 16:3
  - 7:2
  - 7:3
- If  $(25)^{150} = (25x)^{50}$ , then the value of  $x$  will be:
  - $5^3$
  - $5^4$
  - $5^2$
  - 5
- The value of  $\left(\frac{y^a}{y^b}\right)^{a^2+ab+b^2} \times \left(\frac{y^b}{y^c}\right)^{b^2+bc+c^2} \times \left(\frac{y^c}{y^a}\right)^{c^2+ca+a^2}$  is equal to
  - $y$
  - 1
  - 1
  - None of these
- If  $x = \log_{24} 12$ ,  $y = \log_{36} 24$ ,  $z = \log_{48} 36$  then  $xyz + 1 =$ 
  - $2xy$
  - $2xz$
  - $2yz$
  - 2
- A person has asset worth of ₹ 1,48,200. He wish to divide it amongst his wife, son and daughter in the ratio 3:2:1 respectively . From this assets share of his wife son will be :
  - ₹ 24,700
  - ₹ 49,400
  - ₹ 74,100
  - ₹ 37,050

6. X, Y, Z together starts a business, if X invests 3 times as much as Y invests and Y invests two third of what Z invests, then the ratio of capitals of X,Y, Z is
- 3:9:2
  - 6:3:2
  - 3:6:2
  - 6:2:3
7. If the ratio of the roots of the equation  $4x^2-6x+p=0$  is 1:2 then the value of p is:
- 1
  - 2
  - 2
  - 1
8. If roots of equation  $x^2+x+r=0$  are  $\alpha$  and  $\beta$  and  $\alpha^3+\beta^3=-6$ . Find the value of 'r'
- 5/3
  - 7/3
  - 4/3
  - 1
9. If  $2^{x+y} = 2^{2x+y} = \sqrt{8}$  then the respective values of x and y are \_\_\_\_
- 1,  $\frac{1}{2}$
  - $\frac{1}{2}$ , 1
  - $\frac{1}{2}$ ,  $\frac{1}{2}$
  - None of these
10. If  $a^2 + b^2 = 45$  and  $ab = 18$ , the  $\frac{1}{a} + \frac{1}{b}$  is:
- $\pm 1/3$
  - $\pm 2/3$
  - $\pm 1/2$
  - None of these
11. The common region represented by the following in qualities  
 $L_1: X_1 + X_2 < 4$ ;  $L_2: 2X_1 - X_2 > 6$



- (a) OABC
  - (b) outside of OAB
  - (c)  $\Delta BCE$
  - (d)  $\Delta ABE$
12. An employer recruits experienced (x) and fresh workmen(y) for his under the condition that he can not employ more than 11 people and y can be related by the inequality.
- (a)  $x+y \neq 11$
  - (b)  $x+y \leq 11, x \geq 0, y \geq 0$
  - (c)  $x+y \geq 11, x \geq 0, y \geq 0$
  - (d) none of these
13.  $6x + y \geq 18, x + 4y \geq 12, 2x + y \geq 10$  On solving the inequalities; we get:
- (a) (0, 18), (12, 0), (4, 2) & (7, 6)
  - (b) (3, 0), (0, 3), (4, 2) & (7, 6)
  - (c) (5, 0), (0, 10), (4, 2) & (7, 6)
  - (d) (0, 18), (12, 0), (4, 2), (0, 0) & (7, 6)
14. Find the effective rate of interest if an amount of 30,000 deposited in a bank. For 1 year at the rate of 10% per annum compounded semi-annually.
- (a) 10.05%
  - (b) 10.10%
  - (c) 10.20%
  - (d) 10.25%
15. The present population of a town is 25,000. If it grows at the rate of 4%, 5%, 8% during 1<sup>st</sup> year, 2<sup>nd</sup> year, 3<sup>rd</sup> year respectively. Then find the population after 3 years.
- (a) 29,484
  - (b) 29,844
  - (c) 29,448
  - (d) 28,944
16. The present value of a scooter is ₹ 7290. The rate of depreciation is 10%. What was its value 3 years ago?
- (a) 10000
  - (b) 10010
  - (c) 9990
  - (d) 12000
17. The rate of interest for the first 2 year is 3% per annum, for next 3 years is 8% per annum and for the period beyond 5 years, 10% per annum. If a man gets ₹ 1520 as a simple interest for 6 years; how much money did he deposit?
- (a) ₹ 3800

- (b) ₹ 3000
  - (c) ₹ 4000
  - (d) None of these
18. Suppose your parent decides to open a PPF account in a bank towards your name with ₹ 10,000 every year starting from today for next 15 years. When you receive and get 8.5% per annum interest rate compounded annually. What is the present value of this annuity?
- (a) 83,042
  - (b) 80,900
  - (c) 90,100
  - (d) None of these
19. In what rate % per annum will ₹ 1,000 amounts to ₹ 1331 in 3 years? The interest is compounded yearly is:
- (a) 10%
  - (b) 12%
  - (c) 11%
  - (d) None of these
20. The difference between simple interest and compound interest on a certain for 2 years at 10% p.a. is ₹ 10. Find the Sum
- (a) ₹ 1010
  - (b) ₹ 1095
  - (c) ₹ 1000
  - (d) ₹ 990
21. The future value of an annuity of ₹ 5,000 is made annually for 8 years at interest rate of 9% compounded annually [ Given that  $(1.09)^8 = 1.99256$  ] is
- (a) ₹ 55,142.22
  - (b) ₹ 65,142.22
  - (c) ₹ 65,532.22
  - (d) ₹ 57,425.22
22. In how many years will a sum of money becomes four times at 12% p.a. simple interest?
- (a) 18 years
  - (b) 21 years
  - (c) 25 years
  - (d) 28 years
23. The effective rate of interest does not depend upon
- (a) Amount of Principal
  - (b) Amount of Interest
  - (c) Number of Conversion periods

- (d) None of these
24. Find the effective rate of interest at 10% p.a. When interest is payable quarterly.
- (a) 10.38%
- (b) 5%
- (c) 5.04%
- (d) 4%
25. In simple interest if the principle is ₹ 2,000 and the rate and time are roots of the equation  $x^2 - 11x + 30 = 0$
- (a) ₹ 500
- (b) ₹ 600
- (c) ₹ 700
- (d) ₹ 800
26. Determine the present value of perpetuity of ₹ 50,000 per month at the rate interest 12% per annum is
- (a) ₹ 45,00,000
- (b) ₹ 50,00,000
- (c) ₹ 55,00,000
- (d) ₹ 60,00,000
27. Find the number of even numbers greater than 100 that can be formed with the digits 0,1,2,3?
- (a) 10
- (b) 15
- (c) 20
- (d) None of these
28. In how many ways can the letters of the word "ALEGEBRA" be arranged without changing the relative order of the vowels?
- (a) 82
- (b) 70
- (c) 72
- (d) None of these
29. In how many ways can the letters of the word "DIRECTOR" be arranged so that the three vowels are never together?
- (a) 180
- (b) 18,000
- (c) 18,002
- (d) None of these
30. The first and fifth term of an A.P. of 40 terms are -29 and -15 respectively. Find the sum of all positive terms of this A.P.
- (a) 1605



- (b) 1705  
(c) 1805  
(d) None of these
31. If the common difference of an AP equals to the first term, then the ratio of its  $m^{\text{th}}$  term and  $n^{\text{th}}$  term is:  
(a)  $n:m$   
(b)  $m:n$   
(c)  $m^2:n^2$   
(d) None of these
32. Find the value of  $1 + 2 + 3 + \dots + 105$   
(a) 5000  
(b) 5560  
(c) 5565  
(d) None of these
33. In a G. P sixth term is 729 and the common ratio is 3, then the first term of G.P is  
(a) 2  
(b) 3  
(c) 4  
(d) 7
34. The number ways in which 4 persons can occupy 9 vacant seats is  
(a) 6048  
(b) 3024  
(c) 1512  
(d) 4536
35. If  $A = \{1, 2, 3\}$ ,  $B = \{3, 4\}$  and  $C = \{4, 5, 6\}$ , then  $A \times (B \cap C) =$   
(a)  $\{(1, 4), (2, 4), (3, 4)\}$   
(b)  $\{(4, 4), (4, 3), (4, 1)\}$   
(c)  $\{(3, 4), (2, 4)\}$   
(d)  $\{(1, 2), (1, 4), (1, 6), (3, 4)\}$
36. Let R be a relation on N defined by  $x + 2y = 8$ . The domain of R is:  
(a)  $\{2, 4, 8\}$   
(b)  $\{2, 4, 6, 8\}$   
(c)  $\{2, 4, 6\}$   
(d)  $\{1, 2, 3, 4\}$
37. The domain of the function  $f(x) = \frac{x^2 + 3x + 5}{x^2 - 5x + 4}$  is:  
(a) R

- (b)  $R - \{1, 4\}$   
 (c)  $R - \{1\}$   
 (d)  $(1, 4)$
38. If  $y = x^x$ , then  $\frac{dy}{dx}$  is :  
 (a)  $x^x (2 + \log x)$   
 (b)  $x^x \log(ex)$   
 (c)  $x^x \log\left(\frac{e}{x}\right)$   
 (d) None of these
39. If  $y = \sqrt{x} + \frac{1}{\sqrt{x}}$  then  $2x \frac{dy}{dx}$  is  
 (a)  $\sqrt{x} - \frac{1}{\sqrt{x}}$   
 (b)  $\sqrt{x} + \frac{1}{\sqrt{x}}$   
 (c)  $x - \frac{1}{x}$   
 (d) None of these
40. Evaluate  $\int 2^x x^2 dx$   
 (a)  $\frac{2^x \cdot x^2}{2} - \frac{x \cdot 2^{x+1}}{(\log 2)^2} + \frac{2^{x+1}}{(\log 2)^2} + c$   
 (b)  $\frac{2^x \cdot x^3}{3} - \frac{x^2 \cdot 2^{x+1}}{(\log 2)^2} + \frac{2^{x+1}}{(\log 3)^2} + c$   
 (c)  $\frac{2^x \cdot x^2}{3} - \frac{x^3 \cdot 2^x}{3} + \frac{2^{x+1}}{(\log 2)^3} + c$   
 (d) None of these
41. Find missing term of the series 2, 3, 3, 5, 10, 13, ?, 43, 172, 177  
 (a) 23  
 (b) 38  
 (c) 39  
 (d) 40
42. Find wrong number of the series 1, 5, 5, 9, 7, 11, 11, 15, 12, 17  
 (a) 11

- (b) 12
  - (c) 17
  - (d) 15
43. Find missing term of the letter series A, CD, GHI, UVWXY
- (a) LMNO
  - (b) MNO
  - (c) MNOP
  - (d) NOPQ
44. In a certain code TELEPHONE is written as ENOHPELET. How is ALIGATOR written in that code?
- (a) ROTAGILA
  - (b) ROTAGAIL
  - (c) ROTAGILE
  - (d) ROTEGILA
45. In a certain Code, 'CLOUD' is written as 'GTRKF'. How is 'SIGHT' written in that code?
- (a) UGHHT
  - (b) UHJFW
  - (c) WFJGV
  - (d) WGJHV
46. Raju starts walking straight towards East. After walking 75 metres, he turns to the left and walks 25 metres straight. Again, he turns to the left, walks a distance of 40 metres straight, again he turns to the left and walks a distance of 25 metres. How far is he from the starting point?
- (a) 25 meters
  - (b) 50 meters
  - (c) 115 meters
  - (d) 35 meters
47. Ravi started from the house towards West. After walking a distance of 30 metres, he turned towards right and walked 20 metres. He then turned left and moving a distance of 10 metres, turned to his left again and walked 40 metres. He now turned to the left and walked 5 metres. Finally, he turned to his left. In which direction was he walking now?
- (a) North
  - (b) South
  - (c) East
  - (d) South-West
48. I am facing South. I turn right and walk 20 meters. Then I turn right again and walk 10 meters. Then I turn left and walk 10 meters and then turning right walk 20 meters. Then I turn right again and walk 60 meters. Which direction am I facing now?
- (a) North
  - (b) North-West

- (c) East
  - (d) North-East
49. Going 50 m to the south of her house Radhika turns left and goes another 20 m. Then turning to the North, she goes 30 m and then starts walking to her house. In which direction is she walking now?
- (a) North-West
  - (b) North
  - (c) South-East
  - (d) East
50. A man is facing west. He turns  $45^\circ$  in the clockwise direction and then another  $180^\circ$  in the same direction and then  $270^\circ$  in the anticlockwise direction. Which direction is he facing now?
- (a) South
  - (b) North-West
  - (c) West
  - (d) South-West
51. E is the son of A. D is the son of B. E is married to C. C is B's daughter. How is D related to E ?
- (a) Brother
  - (b) Uncle
  - (c) Brother-in-law
  - (d) Husband
52. Pointing towards a girl in the photograph, Pooja said. "She is the mother of Janaki whose father is my son." How is Pooja related to the girl in the photograph?
- (a) Mother
  - (b) Cousin
  - (c) Aunt
  - (d) Mother-in-Law
53. Following questions are based on the information given below.
- (i) 'P×Q' means 'P is the father of Q'.
  - (ii) 'P−Q' means 'P is the sister of Q'.
  - (iii) 'P+Q' means 'P is the mother of Q'.
  - (iv) 'P÷Q' means 'P is the brother of Q'.
- In the expression  $B+D\times M\div N$ , how M is related to B
- (a) Granddaughter
  - (b) Son
  - (c) Grandson
  - (d) Granddaughter or Grandson

54. There are six children playing football namely A, B, C, D, E and F. A and E are brothers. F is the sister of E. C is the only son of A's uncle. B and D are the daughters of the brother of C's father. How is C related to F ?
- Cousin
  - Brother
  - Son
  - Uncle
55. Mr. Vimlesh said, "This girl is the wife of the grandson of my mother." How is the Mr. Vimlesh related to the girl?
- Father
  - Grand Father
  - Husband
  - Father-in-Law
56. Six students are sitting in row in an examination hall. K is sitting between V and R. V is sitting next to M. M is sitting next to B. B is sitting extreme left and Q is sitting next to R . Who is sitting adjacent to V?
- M and R
  - M and K
  - K and R
  - M and Q

(57-58) Read the following information carefully and answer the questions and answer the questions that follow.

There are 3 females A, B and E and 4 males C, D, F, and G standing in a straight line. No two females are together. B is to right of C, F and D are not together as A is placed between them. G is not near B or E but E and F are together. D is not to the right of B.

57. Who are in the extreme ends?

- G and B
- C and F
- B and D
- None of these

58. Who is exactly in the middle?

- A
- F
- E
- None of these

Study the following information carefully and answer the given Questions

Seven persons A, B, C, D, E, F and G are sitting in a straight line (not necessarily in the same order) facing North.

- Only two persons sit between F and G and G sits second to the left of B.
- D sits third to the left of C
- E sits exactly between G and B and B sits at the extreme right end of the row.

59. Who amongst the following sits at the extreme left of the line?

- (a) F
- (b) D
- (c) C
- (d) E

60. Who amongst the following sits exactly middle of the line?

- (a) A
- (b) C
- (c) E
- (d) G

### Part B: Statistics

61. Histogram is used for finding:

- (a) Mode
- (b) Mean
- (c) First Quartile
- (d) None

62. Data are said to be \_\_\_\_\_ if the investigator himself is responsible for the collection of data.

- (a) Primary Data
- (b) Secondary Data
- (c) Mixed of Primary and Secondary Data
- (d) None of these

63. The frequency of the Class 20-30 in the following data is;

Class	0-10	10-20	20-30	30-40	40-50
Cumulative Frequency	5	13	28	34	38

- (a) 5
- (b) 28
- (c) 15
- (d) 13

64. There were 200 employees in an office in which 150 were married. Total male employees were 160 out of which 120 were married. What was the female unmarried employees?

- (a) 30
- (b) 10
- (c) 40
- (d) 50

65. The quartile deviation from the following observations is 10,18,20,28,15,17,22,25,29,32,34 is equal to:

- (a) 8

- (b) 6
  - (c) 10
  - (d) 5
66. SD of first five consecutive natural numbers is:
- (a)  $\sqrt{10}$
  - (b)  $\sqrt{8}$
  - (c)  $\sqrt{3}$
  - (d)  $\sqrt{2}$
67. If the profit of a company remains same for the last 10 months then the SD of profit of the company would be:
- (a) Positive
  - (b) Negative
  - (c) Zero
  - (d) either (a) or (c)
68. A batsman in his 20<sup>th</sup> innings makes a score of 120 and thereby increases his average by 5. What is his average after 20<sup>th</sup> innings?
- (a) 60
  - (b) 55
  - (c) 65
  - (d) 70
69. The sum of squares of the deviations of the given values from their ..... is minimum.
- (a) Arithmetic Mean
  - (b) Median
  - (c) Mode
  - (d) None of these
70. When mean is 3.57 and mode is 2.13 then the value of median is
- (a) 3.09
  - (b) 5.01
  - (c) 4.01
  - (d) None of these
71. The mean of first three terms is 14 and mean of next two terms is 18. The mean of all five terms is
- (a) 14.5
  - (b) 15
  - (c) 14

- (d) 15.6
72. The Standard deviation of a variable x is to be 10. The Standard deviation of  $50+5x$  is
- 50
  - 100
  - 10
  - 500
73. The Quartile deviation is
- $\frac{2}{3}$  of SD
  - $\frac{4}{5}$  of SD
  - $\frac{5}{6}$  of SD
  - None of these
74. The first Quartile is 142 and Semi-Inter Quartile Range is 18 , then the value of Median is:
- 151
  - 160
  - 178
  - None of these
75. Geometric Mean of 8,4, 2 is
- 4
  - 2
  - 8
  - none of these
76. If  $P(A) = \frac{1}{2}$  ;  $P(B) = \frac{1}{3}$  and  $P(A \cap B) = \frac{1}{4}$  then the value of  $P(\overline{A} \cup \overline{B})$  is:
- $\frac{1}{4}$
  - $\frac{3}{4}$
  - $\frac{2}{5}$
  - None of these
77. From the following probability distribution table, find  $E(x)$ .
- |       |               |               |               |
|-------|---------------|---------------|---------------|
| x:    | 1             | 2             | 3             |
| f(x): | $\frac{1}{2}$ | $\frac{1}{3}$ | $\frac{1}{6}$ |
- 1
  - 1.50
  - 1.67



- (d) None of these
78. A husband and a wife appear in an interview for two vacancies in the same post. The probability of husband's selection is  $\frac{3}{5}$  and that of wife's selection is  $\frac{1}{5}$ . Then the probability that only one of them is selected is:
- (a)  $\frac{16}{25}$   
 (b)  $\frac{17}{25}$   
 (c)  $\frac{14}{25}$   
 (d) None of these
79. A bag contains 5 Red and 4 Black balls. A ball is drawn at random from the bag and put into another bag contains 3 red and 7 black balls. A ball is drawn randomly from the second bag. What is the probability that it is red?
- (a)  $\frac{32}{99}$   
 (b)  $\frac{1}{3}$   
 (c)  $\frac{74}{99}$   
 (d) None of these
80. If  $x$  be a poisson variates with parameter 1; then find  $P(3 < X < 5)$ . (Given  $e^{-1} = 0.36783$ )
- (a) 0.015326  
 (b) 0.15326  
 (c) 0.012326  
 (d) None of these
81. The probability that a student is not a swimmer is  $\frac{1}{5}$ , then the probability that out of five students four are swimmers is:
- (a)  $\left(\frac{4}{5}\right)^4 \left(\frac{1}{5}\right)$   
 (b)  ${}^5C_1 \left(\frac{1}{5}\right)^4 \left(\frac{4}{5}\right)$   
 (c)  ${}^5C_4 \left(\frac{4}{5}\right)^4 \left(\frac{1}{5}\right)$   
 (d) None of these
82. In a Binomial distribution  $n = 9$  and  $P = \frac{1}{3}$ . What is the value of Variance.
- (a) 8  
 (b) 4  
 (c) 2  
 (d) 16
83. The variance of standard normal distribution is
- (a) 1  
 (b) 0

- (c)  $\sigma^2$   
 (d) 0
84. In a Poisson Distribution  $P(x=0) = P(x=2)$ . Find  $E(x)$   
 (a)  $\sqrt{2}$   
 (b) 2  
 (c) -1  
 (d) 0
85. Name of the distribution which has Mean= Variance  
 (a) Binomial  
 (b) Poisson  
 (c) Normal  
 (d) (a) and (b)
86. If the difference between mean and mode is 33, then the difference between Mean and Median will be \_\_\_\_\_  
 (a) 63  
 (b) 31.5  
 (c) 11  
 (d) None of the above
87. Relative frequency for a particular class lies between:  
 (a) 0 and 1  
 (b) 0 and 1, both inclusive  
 (c) -1 and 0  
 (d) -1 and 1
88. Less than type and more than type Ogives meet at a point known as:  
 (a) Mean  
 (b) Median  
 (c) Mode  
 (d) None
89. If mean and coefficient of variation of the marks of n students is 20 and 80 respectively. What will be variance of them  
 (a) 256  
 (b) 16  
 (c) 25  
 (d) None of these
90. A non-leap year, the probability of getting 53 Sundays or 53 Tuesdays or 53 Thursdays is  
 (a)  $\frac{4}{7}$   
 (b)  $\frac{2}{7}$   
 (c)  $\frac{3}{7}$

- (d)  $1/7$
91. In a bivariate distribution if the rank correlation coefficient  $r = 0.12$ ;  $\Sigma D^2 = 146$ ; Then the no. of observed pairs (N) is
- 9
  - 8
  - 7
  - 10.
92. For 10 pairs of observations, number of concurrent deviations was found to be 4. What is the value of the coefficient of concurrent deviation?
- $\sqrt{0.2}$
  - $1/3$
  - $-1/3$
  - $-\sqrt{0.2}$
93. Consider the two regression lines  $3x + 2y = 26$  &  $6x + y = 31$ , Find the mean values of x and y.
- $\bar{x} = 4$  and  $\bar{y} = 7$
  - $\bar{x} = 7$  and  $\bar{y} = 4$
  - $\bar{x} = 5$  and  $\bar{y} = 6$
  - None of these
94. For a  $m \times n$  two way or bivariate frequency table, the maximum number of marginal distributions is coefficient
- 1
  - 2
  - $m+n$
  - $mn$
95. If the regression line of Y on X is given by  $Y = X + 2$  and Karl Pearson's coefficient of correlation is 0.5 then  $\frac{\sigma_y^2}{\sigma_x^2} = \underline{\hspace{2cm}}$ .
- 3
  - 2
  - 4
  - None of these
96. The number of tests of Adequacy is
- 2
  - 3
  - 4
  - 5

97. Fishers Ideal formula for calculating Index number satisfies the
- Unit Test
  - Factor Reversal Test
  - Time reversal Test
  - both (b) and (d)
98. Purchasing power of money is
- Reciprocal of Price index number
  - Equal to Price Index number
  - Unequal to Price Index number
  - None of these
99. The simple index number for the current year using simple aggressive method for the following data

Commodity base	Base year Price ( $P_0$ )	Current Year Price ( $P_1$ )
Wheat	80	100
Rice	100	150
Gram	120	250
Pulses	200	300

- 200
  - 150
  - 240
  - 160
100. The cost-of-living index number in year 2015 and 2018 were 97.5 and 115 respectively. The salary of CA Jitendra in 2015 was 195000. How much additional salary was required for him in 2018 to maintain the same standard of living as in 2015?
- 30,000
  - 40,000
  - 35,000
  - 45,000

**Paper 3: Business Mathematics, Logical Reasoning and Statistics**

**Key Part A: Business Mathematics and Logical Reasoning**

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

**Key Part B: Statistics**

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