

PANCHAKSHARI'S PROFESSIONAL ACADEMY PVT LTD

CS Foundation Full length Test paper

Mock Test

PAPER 1

Part A

BUSINESS ENVIRONMENT & ENTREPRENEURSHIP

1. Which one of the following is not a feature of business environment ?

- (A) Dynamic nature
- (B) Image building
- (C) Uncertainty
- (D) Totality of external forces.

Which one of the following describes the desired future position of a company ?

- (A) Mission statement
- (B) Vision statement
- (C) Competitive advantage
- (D) Qualitative policy.

3. The process of eliminating unnecessary controls and restrictions on the smooth functioning of a business enterprise is known as —

- (A) Liberalisation
- (B) Globalisation
- (C) Privatisation
- (D) None of the above.

4. The choice of an appropriate form of business organisation largely depends upon :

- I. Ease of formation
- II. Continuity and stability
- III. Liability aspects

Correct option is —

- (A) I and II
- (B) II and III
- (C) I and III
- (D) I, II and III.

The minimum number of members required to get a co-operative society registered is —

- (A) 15
- (B) 20
- (C) 10
- (D) 5.

6. Which of the following entity is created under an Act of the Parliament or an Act of the State legislature ?

- (A) Statutory corporation
- (B) Government companies
- (C) Co-operative society
- (D) Limited Liability Partnership.

7. Which form of business organisation has a separate legal entity ?

- (A) Hindu Undivided Family (HUF)
- (B) Co-operative society
- (C) Partnership firm
- (D) Sole proprietorship.

8. In which of the following, personal digital

assistants (PDAs) are used for buying and selling of goods and services ?

- (A) E-commerce
- (B) M-commerce
- (C) V-commerce
- (D) All of the above.

The online purchase of a book from flipkart.com is an example of —

- (A) B2B e-commerce
- (B) B2C e-commerce
- (C) C2B e-commerce
- (D) C2C e-commerce.

10. For a car manufacturing firm, which of the following business process is most suitable for outsourcing ?

- (A) Production Management
- (B) Quality Assurance
- (C) Customer Relationship
- (D) None of the above.

11. Car servicing is an example of —

- (A) Batch processing
- (B) Job processing
- (C) Flow processing
- (D) Contract processing.

12. Which of the following type of budget is prepared to assess the level of inventories, receivables, etc. ?

- (A) Material Budget
- (B) Profitability Budget
- (C) Cash Budget
- (D) Working Capital Budget.

Which of the following strategy focuses on issues of production processes, material, etc. ?

- (A) Operation Strategy
- (B) Business Unit Strategy
- (C) Corporate Strategy
- (D) Marketing Strategy.

14. Generally _____ is responsible for complying procedural formalities relating to corporate restructuring in a company —

- (A) Finance function
- (B) Marketing function
- (C) Secretarial function
- (D) Administration function.

15. Transfer pricing litigations are generally related to —

- (A) Domestic Companies
- (B) Multinational Companies
- (C) Public Enterprises
- (D) Statutory Authority.

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Part B Business Law

16. _____ means "adhere to the decision and do not unsettle things which are established" —

- (A) *Stare decisis*
- (B) *Ratio decidendi*
- (C) *Obiter dicta*
- (D) None of the above.

17. A contract is —

- (A) A promise to do something or abstain from doing something
- (B) A communication of intention to do something or abstain from doing something
- (C) A set of promises
- (D) An agreement enforceable by law.

18. If a new contract is substituted in place of an existing contract, it is called —

- (A) Alteration
- (B) Rescission
- (C) Novation
- (D) Waiver.

19. A contract of indemnity is a —

- (A) Contingent contract
- (B) Wagering contract
- (C) *Quasi* contract
- (D) Void agreement.

When consent is obtained under undue influence, the contract is termed as —

- (A) Valid contract
- (B) Void contract
- (C) Voidable contract
- (D) Unilateral contract.

21. A surety may be discharged from liability :

X. By notice of revocation of guarantee
Y. On the failure of payment by the main creditor.

Z. If the creditor does any act which is against the rights of the surety.

Correct option is —

- (A) X and Y
- (B) Y and Z
- (C) X and Z
- (D) X, Y and Z.

22. As per the Sale of Goods Act, 1930, 'goods' include :

- I. Existing goods
- II. Future goods
- III. Contingent goods
- IV. Actionable claims

Correct option is —

- (A) I, II and III
- (B) II, III and IV
- (C) I, II and IV

(D) I, II, III and IV.

An agreement for rendering services entered into by a father on behalf of his minor daughter is —

- (A) Void
- (B) Voidable
- (C) Valid
- (D) *Quasi*.

24. An agent who in consideration of extra commission gives guarantees to his principal that the purchaser of the goods on credit will pay for the goods is called —

- (A) Sub-agent
- (B) Mercantile agent
- (C) Brokers
- (D) *Del credere* agent.

25. If the behavior of a person shows that he is a partner in a firm (when actually he is not), such a person is known as —

- (A) Nominal partner
- (B) Sleeping partner
- (C) Sub-partner
- (D) Partner by *estoppel*.

26. Which of the following are the rights of a partner in a partnership firm ?

X. To take part in the conduct and management of the business

Y. To receive remuneration for active working in the firm

Z. To receive interest on the capital invested in the firm

W. To receive share in the profit

Correct option is —

- (A) X and Y
- (B) X and Z
- (C) X and W
- (D) X, Z and W.

In which of the following cases, a partnership firm may be dissolved ?

X. On the death of a partner

Y. On the insolvency of a partner

Z. On the retirement of a partner

Correct option is —

- (A) X and Y
- (B) X and Z
- (C) Y and Z
- (D) X, Y and Z.

28. Which of the following maxim means

'No one can pass a better title than he himself has' ?

- (A) *Caveat emptor*
- (B) *Nemo dat quod non habet*
- (C) *Res integra*
- (D) *Sine die*.

29. The meaning of legal maxim '*mens rea*'

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is —

- (A) A pending suit
- (B) Immediate profits
- (C) During litigation
- (D) A guilty mind.

30. Which of the following are the characteristics of a private company ?

- X. Limited liability of members
- Y. Perpetual succession
- Z. Free transferability of shares

Correct option is —

- (A) X and Y
- (B) Y and Z
- (C) X and Z
- (D) X, Y and Z.

Which of the following gives a right to claim damages for its breach ?

- (A) Conditions
- (B) Warranties
- (C) Both (A) and (B) above
- (D) None of the above.

32. Which of the following is a valid promissory note —

- (A) I owe A `500
- (B) I promise to pay `1,000 ten days after the death of B
- (C) I promise to pay the bearer `1,000
- (D) I promise to pay `1,000 after the marriage of B.

33. Which of the following is an example of immaterial alteration in a negotiable instrument ?

- (A) Changing the date
- (B) Changing the sum payable
- (C) Crossing the instrument
- (D) Changing the place of payment.

Which of the following negotiable instrument is drawn, accepted or endorsed without consideration ?

- (A) Inland bill of exchange
- (B) Foreign bill of exchange
- (C) Accommodation bill
- (D) Promissory note.

35. Which of the following type of business are ordinarily carried out at annual general meeting of a company ?

- X. To declare dividend
- Y. To recommend dividend
- Z. To appoint the auditors
- W. To make calls on shares

Correct option is —

- (A) X and Y
- (B) X and Z
- (C) X, Z and W
- (D) X, Y, Z and W.

Part C Entrepreneurship

36. Research which is proactively carried out for a specific purpose is called —

- (A) Primary Research
- (B) Secondary Research
- (C) Active Scanning
- (D) Creative Destructions.

37. A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation, is an —

- (A) Intrapreneur
- (B) Entrepreneur
- (C) Manager
- (D) Improver.

38. Which of the following is a characteristic of intrapreneurship ?

- X. Intrapreneurship is a risk taking factor, which is responsible for the end result in the form of profit or loss
- Y. It cultivates entrepreneurial skills
- Z. Its followers are called managers.

Correct option is —

- (A) X and Y
- (B) Y and Z
- (C) X and Z
- (D) X, Y and Z.

Which of the following is also known as Internal External (IE) Matrix ?

- (A) PESTLE Analysis
- (B) Pareto Analysis
- (C) SWOT Analysis
- (D) Industry Analysis.

40. Who among the following propounded the concept of 'creative destructions' ?

- (A) Steve Jobs
- (B) Albert S Humphrey
- (C) Joseph Schumpeter
- (D) Cantillon.

41. In which type of environmental scanning, *ad hoc* decisions are made ?

- (A) Passive Scanning
- (B) Active Scanning
- (C) Directed Scanning
- (D) None of the above.

42. Which one of the following is not a myth about business plans ?

- (A) Business plans are required only for start-up companies
- (B) Business plans should be optimistic
- (C) Business plans should be concise and

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well written

(D) Business plans should emphasize upon ideas and concepts.

general, Vision and Mission statements of an organisation are a result of —

- (A) Operational Planning
- (B) Strategic Planning
- (C) Middle level Planning
- (D) Performance Planning.

44. Who said ' Innovation is a means by which entrepreneurs exploit changes as an opportunity for a different business or a different service' ?

- (A) Steve Jobs
- (B) Peter F. Drucker
- (C) Joseph Schumpeter
- (D) Paul H. Wilken.

45. Who among the following, first recognised the necessity of entrepreneurship for production ?

- (A) David Ricardo
- (B) Peter F. Drucker
- (C) Alfred Marshall
- (D) John Stuart Mill.

of the following are characteristics of a person with weak sense of selfefficacy ?

X. Recovering quickly from setbacks and disappointments

Y. Focusing on personal failings and negative outcomes

Z. Avoiding challenging tasks

The correct option is —

- (A) X and Y
- (B) Y and Z
- (C) X and Z
- (D) X, Y and Z.

47. One who with his charm establishes and manages business to take it to unimaginable heights is known as _____ entrepreneur.

- (A) Superstar
- (B) Idealist
- (C) Artist
- (D) Sustainer.

48. "The entrepreneurship is essentially a creative activity or it is an innovative function" is said by —

- (A) Schumpeter
- (B) Kelsen
- (C) Henry Maine
- (D) Peter Drucker.

48. The careful monitoring of an organisation's internal and external environments for detecting early signs of opportunities and

threats that may influence its current and future plans means —

- (A) Environment Scanning
- (B) Market Analysis
- (C) SWOT Analysis
- (D) PESTLE Analysis.

49. PESTLE analysis is a useful tool for understanding the 'big picture' of the _____ in which an entrepreneur is planning to operate —

- (A) Environment
- (B) Strategy
- (C) Position
- (D) Marketing proposition.

Business Management, Ethics & Communication Part A

Business Management

51. The Greek word 'nomos' means —

- (A) Control
- (B) Norms
- (C) Management
- (D) Business.

52. The essence of management which is all pervasive and permeates every function of management is —

- (A) Staffing
- (B) Coordination
- (C) Reporting
- (D) Budgeting.

53. Differential Piece Rate system was devised by —

- (A) Henri Fayol
- (B) Henry Lawrence Gantt
- (C) Frederick Taylor
- (D) Peter Drucker.

54. Planning may call for a change in the existing —

- (A) Accounting Concepts
- (B) Government Mandates
- (C) Governance Standards
- (D) Procedures and Policies.

Budget preparation is primarily a planning process whereas its administration is a part of —

- (A) Implementation
- (B) Controlling
- (C) Payments
- (D) Approval process.

56. _____ organisation refers to the relationship between people based not on procedures but on personal attitudes, prejudices and also the likes and dislikes of people.

- (A) Informal

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- (B) Formal
- (C) Normal
- (D) Mutual.

57. _____ denotes answerability for the accomplishment of the task assigned by the superior to his subordinate.

- (A) Delegation of power
- (B) Authority
- (C) Accountability
- (D) Centralisation.

58. Line type of structure is the _____ pattern of organisation.

- (A) Modern
- (B) Oldest
- (C) Most expensive
- (D) Flexible.

Henri Fayol defined _____ as "the right to give orders and exact obedience".

- (A) Delegation
- (B) Authority
- (C) Accountability
- (D) Reporting.

60. Delegation is the process while _____ is the situation produced by larger delegation of authority down the levels of organisation.

- (A) Centralisation
- (B) Accountability
- (C) Decentralisation
- (D) Responsibility.

61. Human Resource Management is that part of management which is concerned with _____ and their relationship with an enterprise.

- (A) Board of directors
- (B) Society at large
- (C) Regulators
- (D) The employees.

62. "Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labour upon whom the organisation can draw when it needs additional employees". The given statement is the observation of —

- (A) Edwin B. Flippo
- (B) Dale S. Beach
- (C) Peter Drucker
- (D) Douglas McGregor.

_____ means systematic evaluation of the personality and performance of each employee by his supervisor or some other person trained in the techniques of merit rating.

- (A) Training and development
- (B) Performance appraisal

- (C) Human Resource Management
- (D) Behaviourally Anchored Rating Scales (BARS).

64. _____ is an important function of management which involves communicating and providing leadership to the subordinates and motivating them to contribute to the best of their capacity for the achievement of organisational objectives.

- (A) Motivation
- (B) Directing
- (C) Discipline
- (D) Coordination.

65. _____ co-ordination refers to that coordination in which a superior authority coordinates his work with that of his subordinates and *vice versa*.

- (A) Internal
- (B) Vertical
- (C) Horizontal
- (D) External.

66. Grapevine consists of a complex network of _____ communication.

- (A) Crosswise
- (B) Formal
- (C) Informal
- (D) None of the above.

67. An efficient system of control encourages top management to go in for _____ of authority.

- (A) Centralisation
- (B) Decentralisation
- (C) Classification
- (D) None of the above.

68. _____ is the process of adjusting future actions based upon information about past performance.

- (A) Control
- (B) Organisational suitability
- (C) Feedback
- (D) Network Analysis.

69. _____ is the relation between various elements of financial statements expressed in mathematical terms.

- (A) Ratio Analysis
- (B) Management Audit
- (C) Internal Audit
- (D) PERT.

70. _____ is an approach that organisations use to improve their internal processes and increase customer satisfaction.

- (A) Total Quality Management (TQM)
- (B) Customer Management
- (C) Risk Management
- (D) Financial Management.

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Part B Business Ethics

71. The rules or principles that define right or wrong conduct are known as —

- (A) Ethics
- (B) Customer satisfaction
- (C) Ethical conflict
- (D) None of the above.

72. An activity is probably ethical if —

- (A) It is approved of by most individuals in the organisation and is customary in the industry
- (B) It is approved of by most individuals in the organisation
- (C) It is customary in the industry
- (D) It is legal.

73. _____ also serves to inform employees of the vision that the company's executives have for the company's image and goals.

- (A) Customer Feedback
- (B) Code of Ethics
- (C) Ethics Coach
- (D) Mission.

74. Investors are concerned about _____ of the company in which they invest.

- (A) Ethics, social responsibility and reputation
- (B) Employees
- (C) Executive compensation
- (D) Only profitability.

The ethics in human resource management cover those ethical issues arising around the —

- (A) Society-employer relationship
- (B) Customer-employees relationship
- (C) Employer-State relationship
- (D) Employer-employees relationship.

76. Price skimming is an ethical issue covered under —

- (A) Ethics in Compliance
- (B) Ethics in Marketing
- (C) Ethics in Finance
- (D) Ethics in Production.

77. Anti-competitive practices include —

- (A) Insider trading
- (B) Grey markets
- (C) Employment of child labour in production activities
- (D) Tie-in arrangements.

78. A situation requiring a choice between equally undesirable alternatives; any difficult or perplexing situation or problem is known as —

- (A) Trivial
- (B) Pivotal
- (C) Dilemma

(D) Veteran.

79. Spending money on restoring the environment, affected out of products of inherently dangerous nature are known as—

- (A) Business Ethics
- (B) Corporate Philanthropy
- (C) Whistle Blowing
- (D) Corporate Leadership.

80. Mohan joined a company as Chief Finance Officer (CFO). He observed that the company is involved in concealing tax and engaged in other malpractices. He brought this fact to the notice of the Income Tax Authorities. This action of Mohan would be termed as —

- (A) Cartelisation
- (B) Misconduct
- (C) Ethical wrong
- (D) Whistle blowing.

81. Gestures cannot be used in —

- (A) Oral communication
- (B) Body language
- (C) Written communication
- (D) Informal communication.

82. Seven C's of effective communication do not include —

- (A) Consideration of sender
- (B) Courtesy towards recipient
- (C) Correctness of facts
- (D) Concreteness in presentation.

83. The flow or pattern of communication can be —

- (A) Downward
- (B) Upward
- (C) Diagonal or horizontal
- (D) All of the above.

84. 'To play second fiddle' means —

- (A) To play the violin
- (B) To meddle with something
- (C) To take a subordinate part
- (D) To cheat.

85. _____ means incapable of making mistakes.

- (A) Intelligent
- (B) Infallible
- (C) Incongruous
- (D) Indispensable.

86. Organisations publish _____ when they have to procure goods and services on a large scale or get projects executed.

- (A) Purchase requisition

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- (B) Tender Notice
(C) Purchase Order
(D) None of the above.
- 87.** A company operates its bank account only through —
(A) Shareholder
(B) Investors
(C) Persons authorized by the Board of Directors
(D) Company Secretary.
- 88.** _____ is neither entered into books of account nor charged to the account of the recipients.
(A) Delivery Challan
(B) Invoice
(C) Credit/Debit Note
(D) Proforma Invoice.
- _____ are made in order to voice a grievance and to secure a relief.
(A) Business Communication
(B) Invoice
(C) Public Notices
(D) Representations.
- 90.** When an organisation needs to share important information with members of general public, it drafts a —
(A) Public Notice
(B) Office Memorandum
(C) Agreement
(D) Representation.
- 91.** A _____ does not have a salutation and complimentary close.
(A) Purchase Order
(B) External Letter
(C) Call Letter
(D) Memo.
- 92.** Memorandums are preferred when one needs to convey information —
(A) Urgently
(B) In writing
(C) Telephonically
(D) Verbally.
- 93.** A good press release should not be —
(A) Factual
(B) Lengthy
(C) News value
(D) Format based.
- 94.** _____ option forbids unwanted e-mails to enter into the Inbox.
(A) Interface
(B) Spam
(C) Protocols
(D) Jargon.
- 95.** The meaning of Latin phrase *ab initio* is —
(A) From the origin
(B) From the beginning
(C) From the middle
(D) From the ages.
- 96.** Which of the following is main function of an Apostrophe (') ?
(A) To point the reader's attention forward
(B) To separate two or more independent clauses
(C) To denote possession and other kinds of relationship
(D) To link contracting statements.
- 97.** Which of the following is a definite article ?
(A) A
(B) An
(C) The
(D) All of the above.
- 98.** When goods are returned by the customer, which one of the following is issued to the customer for the value of goods returned ?
(A) Debit Note
(B) Performa Invoice
(C) Invoice
(D) Credit Note.
- 99.** Which of the following is passive voice of "Shahjahan built Taj Mahal" ?
(A) Taj Mahal is built by Shahjahan.
(B) Taj Mahal was built by Shahjahan.
(C) Taj Mahal was build by Shahjahan.
(D) Taj Mahal built by Shahjahan.
- 100.** Which of the following is grammatically correct ?
(A) A snake was kill by me.
(B) You are request to come daily.
(C) Company Secretaries are also known as governance professionals.
(D) Mahesh is more intelligent student of the class.

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BUSINESS ECONOMICS PART-A

ECONOMICS

1. Among the following, which of the statement is reflecting both positive and normative economics —

- (A) If the general price level goes up, borrowers gain but lenders gain more
- (B) Inflation hurts the poor more but they can find employment opportunities
- (C) Inflation hurts the poor class more; therefore, the government should arrange to supply commodities at subsidised rates to this section of the society
- (D) If the government supplies luxurious goods at cheaper rates, demand for such goods may fall.

2. An economic problem arises primarily due to scarcity of resources. Scarcity of resources is best reflected in the market supply of —

- W. Wheat and rice
- X. Sand at sea shore
- Y. High-brand jewellery
- Z. Free air.

Correct option is —

- (A) WX
- (B) XZ
- (C) WY
- (D) YZ.

3. Indian economy, at present juncture can be best represented as a —

- (A) Mixed socialist economy
- (B) Mixed capitalist economy
- (C) Purely capitalist economy
- (D) Perfectly competitive market economy.

4. With a fall in the price of a commodity-X demand for commodity-Y also falls. This best represents —

- (A) An exception to the law of demand
- (B) Universal application of the law of supply
- (C) Relationship between two goods that are substitutes for each other
- (D) A market economy where pricing decisions are difficult to make.

5. A functional relationship is given as follows :

$$QN = f(PN)$$

Where QN stands for quantity demanded of commodity-N and PN stands for the price of commodity-N. The law of demand states that other variables remain constant, there is an inverse relationship between price of a commodity and its quantity demanded. It

means that if —

- (A) The price of a commodity goes up, quantity demanded of its substitute will fall
- (B) The demand for a commodity goes up, its price will also go up
- (C) The price of a commodity falls, its quantity demanded will rise
- (D) None of the above.

If consumption of each additional unit of a commodity is expected to give an increasing marginal utility, total utility derived by consumer will —

- (A) Initially rise, but eventually fall
- (B) Rise at an increasing rate as long as marginal utility keeps rising
- (C) Rise at an increasing rate as long as marginal utility is more than zero
- (D) Not reflect any increasing trend.

7. In case of a commodity for which no price is to be paid, a consumer will reach equilibrium —

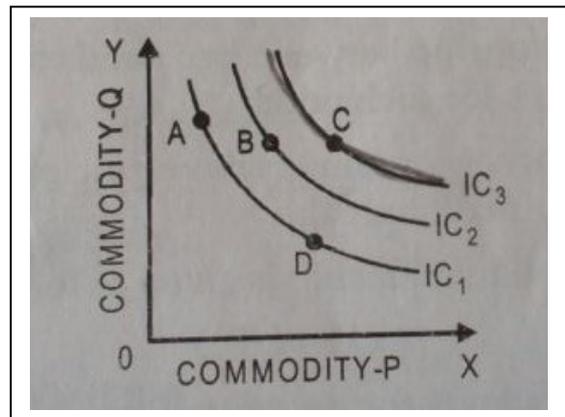
- (A) At any point on the vertical axis
- (B) At the point where the falling marginal utility curve cuts the horizontal axis
- (C) Only when the consumer is taken away from the table
- (D) Only when the marginal utility begins to fall.

8. Which of the following is not correct ?

Normally, an indifference curve —

- (A) Slopes downwards from left to right
- (B) Does not have a concave shape
- (C) Can touch any other indifference curve
- (D) Can cut through a budget line.

9.



In figure above, the highest desired level of satisfaction is being represented by —

- (A) Point A
- (B) Point B

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- (C) Point C
(D) Point D.

10. If the income elasticity co-efficient for demand of a Commodity-X is +0.5; with an increase in the consumer's income, share of income spent on this commodity will —

- (A) Rise
(B) Fall
(C) Remain same
(D) Not be determined.

11. Cross elasticity of demand for Commodity-X and Commodity-Y is (-) 0.5. It means that —

- (A) Commodity-X and Commodity-Y are not related
(B) An increase in price of Commodity-Y results in a fall in the price of Commodity-X
(C) Commodity-X and Commodity-Y are substitute goods
(D) None of the above.

12. Study the three tables given below —

Input-X Input-Y Input-X Input-Y Input-X Input-Y

1 20 1 10 1 20

2 10 2 10 2 16

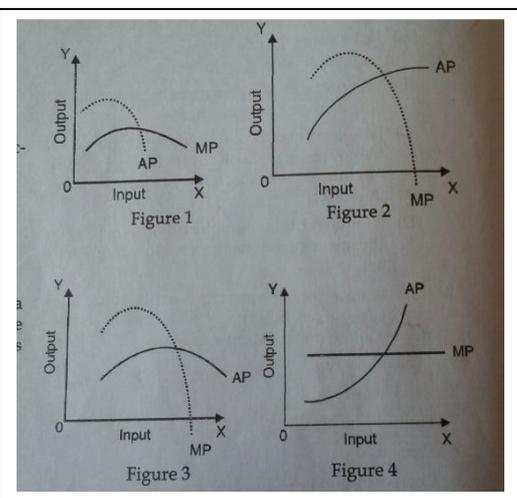
3 4 3 10 3 8

Table -1 Table-2 Table-3

Which of the above tables is showing fixed factor proportions —

- (A) Table-1
(B) Table-2
(C) Table-3
(D) None of the above.

13. Which of the following figures is showing correct relationship between average product and marginal product under production theory ?



Correct option is —

- (A) Figure 1
(B) Figure 2
(C) Figure 3
(D) Figure 4.

14. With an increase in the units of a variable input, total product keeps rising at a constant rate, marginal product curve will be best represented as a —

- (A) Rising straight line
(B) Falling straight line
(C) Vertical straight line
(D) Horizontal straight line.

15. In the production theory, the optimum level of output is represented at a point where —

- (A) Marginal product curve begins to fall
(B) Average product curve begins to fall
(C) Marginal product becomes zero
(D) Average product becomes zero.

16. Increasing returns to scale are obtained when —

- (A) Fixed factors begin to yield increasing marginal returns
(B) Proportionate increase in output is more than the proportionate increase in inputs.
(C) The total output reflects an erratic behaviour
(D) None of the above.

17. Which of the following type of commodities, normally, do not operate in an oligopoly market structure ?

- (A) High-brand luxury goods
(B) Air-line services
(C) High end beauty parlours
(D) Metro rails.

18. Market for mobile phone-sets in India demonstrates the characteristics of a —

- (A) Perfectly competitive market
(B) Oligopoly
(C) Monopsony
(D) Monopoly.

19. Given below is the short-run cost-sheet of a perfectly competitive firm, at equilibrium level of output :

Average variable cost = `9 per unit

Average fixed cost = `2 per unit

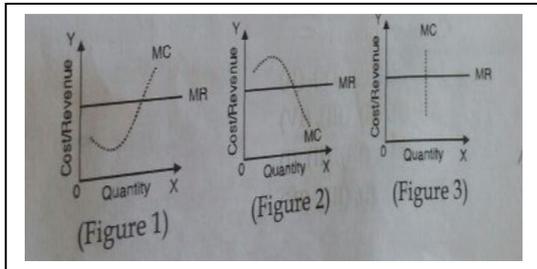
The firm would be well advised to continue to produce if the per unit market price of the commodity is —

- (A) `6
(B) `7
(C) `8
(D) `10.

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20. Which of the following figures best represents the profit being earned by a perfectly competitive firm ?



Correct option is —

- (A) Figure 1
(B) Figure 2
(C) Figure 3
(D) None of the above.
21. Which one of the following is not true about the Indian economy ?
(A) Indian population has been rising
(B) Output of cereals has been rising
(C) Rate of growth of India's population has been rising
(D) The share of work force engaged in agriculture has been falling.
22. In terms of contribution made to the GDP, the predominant sector in the Indian economy is —
(A) Agricultural sector
(B) Manufacturing sector
(C) Industrial sector
(D) Service sector.
23. A good measure of economic welfare in an economy is —
(A) An increase in nominal GDP
(B) An increase in real GDP
(C) An increase in real per capita income
(D) An increase in supply of money and ATM cards.
24. Demographic dividend accrues to an economy due to a change in —
(A) Density of population
(B) Sex composition of population
(C) Age composition of population
(D) Rural-urban distribution of population.
25. Current account deficit of a country measures the excess of —
(A) Monetary value of exports of merchandise over the monetary value of imports of merchandise
(B) Monetary value of imports of goods over the monetary value of exports of goods during a year
(C) Monetary value of imports of goods and services over the monetary value

of exports of goods and services
(D) Receipts of foreign capital over withdrawal of foreign capital.

26. A distinguishing feature of unemployment in India is largely the presence of —

- (A) Disguised unemployment
(B) Seasonal unemployment
(C) Technological unemployment
(D) Cyclical unemployment.

27. If the rate of inflation falls down from current 8% to 6%, the price of your favourite ice-cream may —

- (A) Fall
(B) Rise
(C) Remain unchanged
(D) None of the above.

28. The current economic crises in the Euro-zone and the USA have led to —

- (A) Serious inflation in India
(B) Significant fall in the volume of exports from India
(C) Heavy fall in agricultural output
(D) Sharp rise in the cost of production in the Indian industry.

29. An important monetary policy tool among the following is —

- (A) Better access to Public Distribution System (PDS)
(B) Higher expenditure on social services
(C) Rationing of credit
(D) Increased subsidies on petroleum, food, exports and fertilizers.

30. Fiscal deficit in India, currently, is financed by —

- (A) Selling the equity in PSUs
(B) Raising the interest rates
(C) Raising the rate of different taxes
(D) Printing of new currency.

31. Which of the following does not have a fixed tenure ?

- (A) Planning Commission
(B) Finance Commission
(C) Five Year Plan
(D) Foreign Trade Policy.

32. Which of the following is classified as a development bank in India ?

- (A) IDBI Bank
(B) ICICI Bank
(C) Axis Bank
(D) IFCI.

33. If the target of the Central Bank is to reduce the rate of inflation in the economy, it should not —

- (A) Reduce the bank rate
(B) Raise the Cash Reserve Ratio (CRR)

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(C) Raise the Statutory Liquidity Ratio (SLR)

(D) Raise the Repo rate.

34. Which of the following is the regulator for telecommunication sector in India ?

(A) TRAI

(B) IRDA

(C) RBI

(D) PFRDA.

35. Arrange the following poverty alleviation programmes in the ascending order of the year of launch/implementation :

(I) Employment Assurance Scheme

(II) Prime Minister Rozgar Yojana (PMRY)

(III) Swaran Jayanti Rozgar Yojana

(IV) Jawahar Gram Samridhi Yojana

Correct option is —

(A) (I), (II), (III), (IV)

(B) (II), (I), (III), (IV)

(C) (III), (IV), (I), (II)

(D) (IV), (III), (II), (I).

Arrange the following stages of a statistical enquiry in proper order :

(I) Organisation and presentation of data

(II) Interpretation of data

(III) Collection of data

(IV) Analysis of data.

Correct option is —

(A) (III), (I), (IV), (II)

(B) (I), (II), (III), (IV)

(C) (IV), (III), (II), (I)

(D) (II), (I), (III), (IV).

Which of the following statements qualifies to be called 'statistics' ?

(A) Metro rail length all-over India is 600 Kms.

(B) Indian automobile industry produced 2 million cars during the year 2012-13

(C) The minimum support price for wheat for the crop season 2013-14 has been fixed at `1,800 per quintal, as against `1,750 in the previous season

(D) More people are making use of public transport, thereby easing traffic problems.

38. The quote about the nature of statistics, "Statistics are like the clay from which you can make a God or a devil as you please", is attributed to —

(A) Croxton and Cowden

(B) W. I. King

(C) A. L. Bowley

(D) Lincoln L. Chao.

39. One of the following is a secondary source of data —

(A) Collection of demographic data from your neighborhood

(B) Data collected by an investigator from the shops selling coffee seeds

(C) Output data related to the production of wheat from the World Bank Reports

(D) Counting the number of persons visiting a shrine on a particular day.

40. An 'ogive' can be used to estimate the value of —

(A) Mean

(B) Mode

(C) Quartiles

(D) Harmonic mean.

41. In a moderately asymmetrical distribution, Arithmetic mean = 50, and Mode = 37.5.

The value of median will be —

(A) 45.83

(B) 42.15

(C) 43.20

(D) 44.00.

42. The sum of deviations of a set of observations is zero when the deviations are taken from their —

(A) Mode

(B) Median

(C) Arithmetic mean

(D) None of the above.

The mean and standard deviations of 10 observations are 35 and 2 respectively. If each observation is increased by 4, the changed mean and standard deviation respectively will be —

(A) 35 and 2

(B) 40 and 4

(C) 39 and 2

(D) None of the above.

44. An index number is a —

(A) Measure of dispersion

(B) Measure of correlation

(C) Measure of regression

(D) Special type of average expressed in percentage or rate over a period of time.

45. Test of adequacy requires that the formulae for calculating an index number should give consistent results in both the directions. This test is satisfied by —

(A) Fisher Ideal Index

(B) Bowley Index

(C) Kellys Index

(D) Walche Index.

46. What is the probability of getting a sum of 9 from two throws of a dice ?

(A) 1/9

(B) 2/9

(C) 1/36

(D) 1/3.

47. Mutually exclusive events mean —

(A) No events can be expected to occur in

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preference to any other event in the same experiment

(B) Events which can be decomposed further into elementary events

(C) The occurrence of one event prevents the occurrence of other event in the same experiment

(D) Events which are independent of one another.

48. In what period, the compound interest on ₹30,000 at 7% per annum amounts to ₹4,347 —

(A) 2 years

(B) 3 years

(C) 1.5 years

(D) 4 years.

49. A bag contains 6 black and 8 white balls. One ball is drawn at random. The probability that the ball drawn is white will be —

(A) $\frac{1}{14}$

(B) $\frac{1}{7}$

(C) $\frac{3}{7}$

(D) $\frac{4}{7}$.

50. Given are the Country-X's exports (in ₹ crores) to different regions between April, 2012 and February, 2013 :

Which of the following region has 18° in the Pie Chart —

(A) Europe

(B) Asia

(C) America

(D) Africa.

51. Atul purchased a car for ₹5,00,000, by making a down payment of ₹1,00,000 and signing a ₹4,00,000 bill payable due in 60 days. As a result of this transaction —

(A) Total assets increased by ₹5,00,000

(B) Total liabilities increased by ₹4,00,000

(C) Total assets increased by ₹4,00,000

(D) Total assets increased by ₹4,00,000

with a corresponding increase in liabilities by ₹4,00,000.

52. Gauri paid ₹1,000 towards a debt of ₹1,050, which was written-off as bad debt in the previous year. Which of the following account will be credited for this amount —

(A) Gauri's personal account

(B) Bad debts account

(C) Bad debts recovered account

(D) None of the above.

53. While finalising the current year's profit, the company realised that there was an error in the valuation of closing stock of the previous year. In the previous year, closing stock was valued more by ₹50,000. As a result —

(A) Previous year's profit was overstated and current year's profit is also

overstated

(B) Previous year's profit was understated and current year's profit is overstated

(C) Previous year's profit was understated and current year's profit is also understated

(D) Previous year's profit was overstated and current year's profit is understated.

54. ₹1,000 was paid as rent to the landlord, Krishna. This amount was debited to Krishna's personal account. This error will —

(A) Affect agreement of the trial balance.

(B) Not affect agreement of the trial balance

(C) Affect the suspense account

(D) None of the above.

55. Dinesh Garments purchased a machine for ₹50,000 and spent ₹6,000 on its erection.

On the date of purchase it was estimated that the effective life of the machine will be ten years and after ten years its scrap value will be ₹6,000. The amount of depreciation for each year on straight line basis is —

(A) ₹5,000

(B) ₹5,600

(C) ₹6,000

(D) None of the above.

56. An equipment was purchased on 1st January, 2012 for ₹25,000 and is to be depreciated at 30% based on reducing balance method. If the company closes its books of account on 31st March every year, what would be the net book value of the equipment as at 31st December, 2013 —

(A) ₹12,250

(B) ₹10,000

(C) ₹17,750

(D) ₹12,545.

57. A firm earns a profit of ₹1,10,000. The normal rate of return in a similar type of business is 10%. The value of total assets (excluding goodwill) and total outside liabilities are ₹11,00,000 and ₹1,00,000 respectively. The value of goodwill is —

(A) ₹1,00,000

(B) ₹10,00,000

(C) ₹10,000

(D) None of the above.

58. Which of the following is true about a partnership —

(A) All partners invest an equal amount of capital in the partnership's business

(B) All partners are personally liable for the debts of the Partnership business

(C) Partnerships get favourable tax

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treatment compared to corporations

(D) A partnership requires at least three persons.

59. At the time of retirement of a partner from a partnership firm, the adjustment of goodwill is done in —

(A) Old profit sharing ratio

(B) Gaining ratio

(C) Sacrificing ratio

(D) New profit sharing ratio.

60. A, B and C share profits and losses of a firm on 1:1:1 basis. B retired from business and his share is purchased by A and C in 40:60 ratio. New profit and loss sharing ratio between A and C would be —

(A) 1:1

(B) 2:3

(C) 7:8

(D) 3:5.

61. G Ltd. purchased land and building from H Ltd. at a book value of ₹2,00,000.

The consideration was paid by issue of 12% debentures of ₹100 each at a discount of 20%. For this transaction, the debentures account would be credited with —

(A) ₹2,60,000

(B) ₹2,50,000

(C) ₹2,40,000

(D) ₹1,60,000.

62. Solid Ltd. issued 2,000, 10% preference shares of ₹100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 equity shares of ₹100 each at a premium of 20% per share. At the time of redemption of preference shares, the amount to be transferred by the company to the Capital Redemption Reserve Account will be —

(A) ₹50,000

(B) ₹40,000

(C) ₹2,00,000

(D) ₹2,20,000.

63. A company forfeited 1,000 shares of ₹10 each (which were issued at par) held by Saurabh for non-payment of allotment money of ₹4 per share. The called-up value per share was ₹8. On forfeiture, the amount debited to share capital account will be —

(A) ₹10,000

(B) ₹8,000

(C) ₹2,000

(D) ₹18,000.

64. In a partnership firm, in the beginning of the year, capital of one partner is ₹80,000. During the year, he introduced ₹7,000 as additional capital. In addition to this, he

withdraws ₹2,000 in the middle of every month. The firm does not pay any interest on capital but charges 6% interest on drawings. His share of profit after interest on drawings is ₹20,000. At the end of the year, his capital in the firm would be —

(A) ₹83,000

(B) ₹1,05,000

(C) ₹82,280

(D) ₹1,09,000.

65. The rule 'every transaction affects two or more ledger accounts' is based on the concept of —

(A) Going concern

(B) Double entry system of book-keeping

(C) Money measurement

(D) Periodicity.

66. Expenses incurred for obtaining a license for starting a factory are —

(A) Capital Expenditure

(B) Revenue Expenditure

(C) Deferred Revenue Expenditure

(D) Prepaid Expenses.

67. Which of the following is correct about 'Accounting Concept' —

(A) Accounting concepts are based on accounting conventions

(B) Accounting concepts are established by common accounting practices

(C) Accounting concepts are methods or procedures accepted by general agreement

(D) Personal judgment has no role in the adoption of accounting concepts.

68. Madhur and Company purchases a machine for a certain sum. The company has a policy of charging 8% depreciation on written down value. The depreciated value of the machine after three years in the books of Madhur and Company is ₹3,89,344. What was the purchase value of machine —

(A) ₹5,00,000

(B) ₹4,60,000

(C) ₹4,23,000

(D) ₹5,52,000.

69. Which of the following accounting equation is correct —

(A) Capital (₹15,000) = Fixed Assets (₹12,000) + Cash (₹4,000)

(B) Trade payables (₹3,000) + Capital (₹17,000) + Bills Payable (₹4,000) =

Fixed Assets (₹20,000)

(C) Capital (₹15,000) = Cash (₹3,000) +

Fixed Assets (₹9,000)

(D) Trade payables (₹8,000) + Capital

(₹7,000) = Fixed Assets (₹8,000) +

Cash at Bank (₹4,000) + Cash

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(`3,000).

70. X Limited is in the business of trading. It is to receive `7,000 from Vinod and to pay `8,000 to Vinod. Similarly, it is to pay `8,000 to Sudhir and to receive `9,000 from Sudhir. Except above but after all the adjustment, the books of X Limited show the debtors balance at `72,000 (Dr.) and creditors balance at `39,000 (Cr.). The correct value of debtors and creditors to be shown in balance sheet would be —

- (A) Debtors (`72,000), Creditors (`39,000)
- (B) Debtors (`88,000), Creditors (`55,000)
- (C) Debtors (`80,000), Creditors (`47,000)
- (D) Debtors (`79,000), Creditors (`46,000).

71. The value of a fixed asset after deducting depreciation is known as its —

- (A) Book value
- (B) Market value
- (C) Face value
- (D) Realisable value.

72. Which of the following is true about bank reconciliation statement —

- (A) Bank reconciliation statement need not to be prepared where the balance of cash book and pass book matches
- (B) Bank reconciliation statement is to be prepared necessarily as per the Incometax Act, 1961
- (C) Bank reconciliation statement is prepared on yearly basis
- (D) Bank reconciliation statement is to be prepared and supplied by bank.

73. M and N are partners sharing profit and loss in equal ratio. Their capital balances stood at `23,000 and `27,000 respectively. They wanted to grow their business and admitted P as a working partner for 1/3rd share. P is to bring capital in the proportion of his share of profit and besides capital, he is to bring `9,000 as goodwill. What will be the amount of capital to be brought in by P —

- (A) `27,000
- (B) `23,000
- (C) `36,000
- (D) `29,500.

74. The imprest system pertains to —

- (A) Purchases book
- (B) Sales book
- (C) Cash book
- (D) Petty cash book.

75. The statement showing balance of all the ledger accounts is known as —

- (A) Trial balance
- (B) Balance sheet
- (C) Bank reconciliation statement

(D) Profit and loss account.

76. General reserve is created on the basis of convention of —

- (A) Conservatism
- (B) Uniformity
- (C) Materiality
- (D) Full disclosure.

77. Which of the following errors is an error of omission —

- (A) Sale of `1,000 was recorded in the purchase journal
- (B) Salary paid to Mohan and Vikas have been debited to their personal accounts
- (C) The total of sales journal has not been posted to the sales account
- (D) Repairs to building have been debited to building account.

78. The maximum amount beyond which a company is not allowed to raise funds by issue of its shares, is called —

- (A) Subscribed capital
- (B) Called-up capital
- (C) Paid-up capital
- (D) Authorised capital.

79. Which of the following errors are revealed by the trial balance —

- (A) Errors of principle
- (B) Errors of omission
- (C) Errors of commission
- (D) None of the above.

80. Revaluation account is a —

- (A) Nominal account
- (B) Real account
- (C) Personal account
- (D) None of the above.

81. If the insurance premium paid is `1,000 and prepaid insurance is `300, the amount of insurance premium shown in profit and loss account will be —

- (A) `1,300
- (B) `700
- (C) `1,000
- (D) `300.

82. Pious Limited purchases a machine worth `1,15,000 from Indigo Traders. Payment was made as `10,000 by cheque and the remaining by issue of equity shares of the face value of `10 each fully paid-up at an issue price of `10.50 each. Amount of share premium would be —

- (A) `6,000
- (B) `5,000
- (C) `7,000
- (D) `4,000.

83. The expired cost of a deferred revenue expense is known as —

- (A) Asset

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- (B) Expense
- (C) Liability
- (D) Provision.

84. Which of the following errors will result into non-agreement of the trial balance ?

- (A) Totalling the returns inwards journal as `11,400 instead of `12,600
- (B) Recording a sales invoice for `5,600 as `6,500 in the Sales Journal
- (C) Failing to record a purchase invoice for `54,000 in the Purchases Journal
- (D) Recording in the Purchases Journal, an invoice for acquiring a non-current asset for `60,000.

85. If prepaid rent appears in the trial balance, while preparing the final accounts it will be shown in —

- (A) Assets side of the balance sheet
- (B) Liabilities side of the balance sheet
- (C) Profit and Loss A/c and asset side of the balance sheet
- (D) Profit and Loss A/c and liabilities side of balance sheet.

86. The statutory auditor of a company can act as —

- (A) Internal Auditor
- (B) Cost Auditor
- (C) Tax Auditor
- (D) None of the above.

87. Statutory audit report of a company is addressed to —

- (A) Board of Directors
- (B) Ministry of Corporate Affairs
- (C) Employees of the company
- (D) Members of the company.

88. Which of the following are techniques of gathering audit evidence ?

- X. Inspection
- Y. Enquiry
- Z. Observation

Correct option is —

- (A) X and Y
- (B) Y and Z
- (C) X and Z
- (D) X, Y and Z.

89. In general, what is the period covered in a statutory audit ?

- (A) 1 Year
- (B) 2 Years
- (C) 3 Years
- (D) Depending upon the auditor's wish.

90. Who is the custodian authority for audit working papers ?

- (A) Shareholders
- (B) Managing Director
- (C) Company Secretary
- (D) Auditor.

91. As per the Companies Act, 1956, which of the following audit is voluntary for all companies in India :

- X. Secretarial Audit
 - Y. Statutory Audit
 - Z. Cost Audit
 - W. Internal Audit
- Correct option is —

- (A) X and Y
- (B) X and W
- (C) X and Z
- (D) X, Y, Z, and W.

92. Which of the following are the rights of a Statutory Auditor ?

- X. To receive remuneration
- Y. To attend Board of Directors' meeting
- Z. To attend the general meeting
- W. To visit the branch office

Correct option is —

- (A) X and Y
- (B) X, Y and Z
- (C) X, Z and W
- (D) X, Y, Z and W.

93. The nature, time and extent of audit procedure are covered under —

- (A) Audit Programme
- (B) Audit Execution
- (C) Audit Plan
- (D) None of the above.

94. Which of the following technique is used to ascertain the correctness of debtors balance in books ?

- (A) Observation
- (B) Enquiry
- (C) Computation
- (D) Confirmation.

95. In general, the scope of management audit is —

- (A) Flexible
- (B) Rigid
- (C) Prescribed by law
- (D) Prescribed by the appointing authority.

96. For auditors, which of the following document generally contains the scope of work —

- (A) Appointment letter
- (B) Terms of engagement
- (C) Offer letter
- (D) None of the above.

97. The form and basic contents of statutory audit report are —

- (A) Provided in the Companies Act, 1956
- (B) Provided in the Chartered Accountants Act, 1949
- (C) Provided in the Code of Civil Procedure, 1908
- (D) Not provided anywhere.

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98. Detection and prevention of fraud is the _____ objective of auditing activity.

- (A) Primary
- (B) Secondary
- (C) Single
- (D) Specific.

99. Which of the following is necessarily to be included in an auditor's report —

- (A) Whether the company has followed best HR practices in recruitment of employees.
- (B) Whether the company is an equal opportunities employer
- (C) Whether the company has taken any loan from its directors
- (D) Whether any director is disqualified from being appointed under section 274(1)(g).

100. 'Disclaimer of Opinion' means —

- (A) The auditor gives clean report
- (B) The auditor gives qualified report
- (C) The auditor gives adverse report
- (D) The auditor is unable to express his opinion.