GUIDELINE ANSWERS

COMPANY SECRETARY
EXECUTIVE ENTRANCE TEST
(CSEET)

JUNE 2026

भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)
ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003
tel 011-4534 1000 email info@icsi.edu website www.icsi.edu

CONTENTS

Note : The Guidelines Answers contain information based on the Laws/ Rules applicable at the time of preparation and should be treated as indicative rather than exhaustive.

BUSINESS COMMUNICATION

PAPER 1

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 8

***NOTE**: Question No. **1** is compulsory. Attempt any **five** questions from Q. No. 2 to Q. No. 8.*

Question 1

(a) NovoTecho Ltd. is facing communication difficulties. Employees complain that :

- *Instructions are often unclear.*
- *Messages pass through too many levels of hierarchy.*
- *Language differences create misunderstandings.*
- *Background noise in the factory causes communication problems.*

Identify the communication barriers present in the situation and suggest measures to overcome them.

(8 marks)

(b) Explain the following business terminologies :

(i) Zero Coupon Bond

(ii) Warrant

(iii) Trespass

(iv) Earnest Money

(v) Vakalathnama

(vi) Consortium

(vii) Caveat Emptor

(viii) ASSOCHAM

(1×8=8 marks)

(c) Choose the correct one-word substitute for any two of the following :

(i) Boil down to. (to amount to/to ignore)

(ii) As soon as the bell rang, the students rushed out. (Begin with : No sooner…………)

(iii) Market situation in which a few producers dominate the market. (Oligopoly/ Monopoly)

(iv) Reduction in the exchange value of your currency vis-à-vis euro. (Devaluation/ Revaluation)

(1×4=4 marks)

Answer 1(a)

Communication barriers are obstacles that prevent effective and accurate transmission of information, thoughts and ideas from the sender to the receiver. Common examples of communication barriers are information overload, choosy perceptions, workplace gossips, semantics, gender differences, etc.

In the given situation of NovoTecho Ltd., the following communication barriers are identified:

- **Instructions are often unclear**

  In this situation the employees complain that the instructions are often unclear. This means that the employees are unsure of what is expected of them or what they are supposed to do. Unclear instructions may be due to any of the following barriers:

  i. Language Barrier:

     It is due to the language and linguistic aptitude that may act as a barrier to communication and create misunderstandings. Even when communicating in a similar language, the terms used in a message may act as a barrier if it is not easy to understand by the receiver.

  ii. Psychological Barrier:

     It may also be due to the fault of the either the sender or the receiver wherein his specific psychological condition has prevented him from sending/ receiving the information in a clear and cogent manner. For example, anger is a psychological barrier to communication. When we are angry, we may later regret the words uttered during the outburst of rage. On the other hand, an angry listener is more likely to misunderstand even our clear instructions.

  Measures to overcome this barrier:

  The message should be structured in clear, sharp, precise and simple language. The tone should not harm the feelings of the receiver. There should be coherence in the instructions. In other words, it should flow in a logical sequence. As far as possible, the contents of the message should be concisely framed according to the needs of the receiver keeping in mind his point of understanding and the surroundings. The directions should leave no room for doubts or guessing. They should have only one possible meaning or interpretation. Unnecessary use of technical words should be avoided and a feedback mechanism should be provided to clarify and confirm the understanding of the information received by the receiver.

- **Messages pass through too many levels of hierarchy**

  In the second situation the employees complain that the messages pass through too many levels of hierarchy. This indicates Organizational/Hierarchical Barrier in communication. It must be noted that when messages pass through multiple hierarchical levels in an organisation, it can potentially lead to distortion and thereby inevitably delay the communication process. Communication is relatively much smoother and swifter in organization with fewer hierarchical levels.

  Measures to overcome this barrier:

  The most effective means to overcome this barrier is to flatten the organization tier that will help information travel faster and with less distortion. Open door policies should be adopted and direct channels in the form of anonymous feedback boxes should be encouraged. Implementation of the flexible communication structure and effective direct communication shall go a long way in dismantling the Hierarchical Barrier.

- **Language differences create misunderstandings**

  In the third situation where the employees complain that the language differences create misunderstandings, it is due to the Language Barrier in communication. Poor linguistic skills hamper the communication process and may tend to create misunderstandings among employees. Thus even the phrases used in the same language, may act as a barrier if they are not understood in the proper context by the receiver.

  Measures to overcome this barrier:

  The organization should ensure the use of simple, clear, structured and unambiguous language. Technical jargons should be avoided, and where necessary, a proper explanation should be provided. A feedback mechanism may also be provided to confirm the understanding of the information received by the receiver. In case of doubt, the receiver should be encouraged to ask questions to clarify the message and avoid misunderstandings.

- **Background noise in the factory causes communication problems**

  In the fourth situation, the employees complain that the background noise in the factory causes communication problems. This indicates the presence of the physical barrier in communication**.** Unlike psychological barriers, they exist in the physical world such as noise, technical glitches or geographic distance and block both verbal and non-verbal communication. The background noise in the factory acts as a physical barrier and interfere with communication among the employees.

  Measures to overcome this barrier:

  Modern technology has provided a plethora of tools to overcome physical barriers. Soundproof glasses can be used to minimize noise levels. Designated quiet spaces can be allocated for one-on-one conversations and crucial meetings. The use of suitable communication tools, such as written instructions or digital communication platforms, may also be encouraged and feedback mechanism may also be adopted to ensure the correctness of communication between the sender and the receiver. Noise cancelling headphones, high quality microphones and reliable communication platforms can ensure clear digital exchanges.

Answer 1(b)

(i) Zero Coupon Bond

A bond that pays no interest while the investor holds it. It is sold originally at a substantial discount from its eventual maturity value, paying the investor its full-face value when it comes due, with the difference between what he paid initially and what he finally collected representing the interest he would have received over the years it was held.

(ii) Warrant

A tradable instrument giving the holder the right to buy from the issuer a fixed income security or equity stock under specified conditions after some period of time.

(iii) Trespass

It means entering someone's land, building, or property without their permission or legal authority. It is an offence which is punishable in law.

(iv) Earnest Money

A refundable security in the form of demand draft or bank guarantees to keep off non-serious applicants usually for tenders. It is also given by a buyer to the seller to bind the bargain and may be adjusted later with the cost of the purchase.

(v) Vakalathnama

It is a document by which an advocate is authorized to represent a party in court.

(vi) Consortium

An association of companies formed for the purpose of undertaking a particular activity. There may be no other connection between the companies outside the scope of activities. It is usually to share the limited resources and risks associated with the activity undertaken.

(vii) Caveat Emptor

A legal doctrine literally meaning 'let the buyer beware' of what he is buying and satisfy himself about the quality and condition of what he is buying.

(viii) ASSOCHAM

It stands for The Associated Chambers of Commerce and Industry of India.

It is one of the bodies representing the Indian industry.

Answer 1(c)

(i) Boil down to - **to amount to**

(ii) As soon as the bell rang, the students rushed out- **No sooner had the bell rung than the students rushed out.**

(iii) Market situation in which a few producers dominate the market - **Oligopoly**

(iv) Reduction in the exchange value of your currency vis-à-vis euro - **Devaluation**

Question 2

(a) Ravi Gupta is the Company Secretary of Paramount Industries Pvt. Ltd. Draft a notice for a meeting to be held with all departmental managers to discuss the :

- *Company's declining sales performance.*
- *Immediate corrective measures.*
- *Finalization of 90-day priority action plan.*

(8 marks)

(b) What do you understand by means of communication ? Explain various means of communication.

(4 marks)

(c) Distinguish between simple, compound and complex sentences with examples. Also give summary/key distinction of the differences.

(4 marks)

Answer 2(a)

PARAMOUNT INDUSTRIES PVT. LTD

NOTICE

Date: ________

Meeting of Departmental Managers

It is hereby informed that a meeting of all Departmental Managers of the Company is scheduled to be held on DATE at our Head office. The meeting will commence at TIME sharp and will conclude by TIME.

The meeting agenda includes the following topics of critical operational and strategic importance for the company-

- Company's declining sales performance
- Immediate corrective measures
- Finalization of 90-days priority action plan.

All Departmental Managers are requested to attend the meeting without fail and come prepared with relevant data and suggestions.

Ravi Gupta
Company Secretary

Answer 2(b)

Means of Communication refers to the various methods or channels used to send, receive and exchange information.

Various means of communication are described as following:

1. **Verbal Communication:** Verbal communication is also known as spoken communication. Verbal communication can be done by means of direct face-to-face contact, telephonic conversation, television, FM radio, and any other means of verbal or spoken communication.
2. **Non-Verbal Communication:** The second type of communication category is the opposite of verbal communication, which is non-verbal communication. Non-verbal communication includes the body gestures which a person makes, how a person is dressed up for a particular thing like dance, drama, thriller, etc. In this form, messages are communicated through facial expressions and eye contact. The voice tone and the mood of a person are also an example of non-verbal communication.
3. **Written Communication:** Written communication refers to the exchange of information through hand written or digital text and includes letters proposals or postcards to communicate with the other party. Internet blogs or web writings is also a form of written communication.
4. **Visualizations:** Visualization refers to a technique that uses, images, diagrams or mental pictures to communicate messages. It includes communication via visuals like pictorial representations and graphs etc. Visual communication helps to convey messages relating to statistical data and analysis.

Answer 2(c)

1. **Simple Sentence**

   A sentence which has only one finite verb and one independent clause is called a simple sentence.

   For example-

   - The train arrived at the station early.
   - She loves reading autobiographies.

2. **Compound Sentence**

   A compound sentence is made up of two or more independent clauses.

   For example-

   - The train arrived at the station early, so we waited at the platform.
   - She loves reading autobiographies but she hates to read fantasy novels.

3. **Complex Sentence**

   A complex sentence has an independent clause and atleast one dependent clause.

   For example-

   - Because the train arrived early, we waited on the platform.
   - She loves reading novels which have strong patriotic characters.

   Summary/Key Distinction

   The key distinction among the three types of sentences lies in the number and types of clauses. Simple sentences have one independent clause, compound sentences have two or more such clauses and the complex have one independent clause supported by a dependent clause. The above examples have elucidated the distinction.

Question 3

(a) *The Board of Directors of Sunrise Infrastructure Ltd. held a meeting to discuss :*

- *Confirmation of minutes of previous meeting*
- *Appointment of Internal Auditor*
- *Proposal to establish a new branch office in Jaipur*
- *Review of ongoing projects*

Draft the Minutes of the Meeting.

(8 marks)

(b) *Imagine two companies launching similar products. Company X spends millions on advertising but ignores Public Relations (PR). Company Y advertises moderately but also invests in PR campaigns such as community service, media, coverage and environmental projects. Over time, people begin to trust Company Y more because PR builds emotional connection and authenticity.*

Elucidate the importance and functions of PR.

(4 marks)

(c) Explain the use of the following punctuation marks with the help of symbol and an example :

(i) Hyphen

(ii) Quotation Marks

(iii) Apostrophe

(iv) Angle brackets

(1×4=4 marks)

Answer 3(a)

SUNRISE INFRASTRUCTURE LTD.

MINUTES OF THE <u>(SERIAL NUMBER OF THE MEETING)</u> MEETING OF THE BOARD OF DIRECTORS OF SUNRISE INFRASTRUCTURE LTD. HELD ON <u>(DAY), (DATE)</u> AND <u>(TIME)</u>, AT <u>(VENUE)</u> FROM <u>(TIME OF COMMENCEMENT) TO (TIME OF CONCLUSION)</u>

DIRECTORS PRESENT:

S.No.	Name of the Directors	Designation
1	Mr. ABA	Chairperson
2	Mr. XYZ	……
3	Mr. ABC	……
4	Mrs. FTA	……
5	Ms. LMO	……
6	Mr. TYU	……
7	Mr. ASD	……

IN ATTENDANCE:

CS ABC (Company Secretary)

ITEM NO. 1. CHAIRMAN OF THE MEETING

Mr./Ms. ____________was elected as the Chairman for the meeting.

ITEM NO. 2. LEAVE OF ABSENCE

No Leave of Absence was granted to any director.

ITEM NO. 3. QUORUM

The business before the meeting was taken up after having established that the requisite quorum was present.

ITEM NO. 4: CONFIRMATION OF MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting of the Board of Directors held on (date of previous meeting) were placed before the Board and were duly confirmed.

ITEM NO. 5: APPOINTMENT OF INTERNAL AUDITOR

The Chairman informed the Board that the Company is required to appoint an Internal Auditor in compliance with the mandate under the Companies Act, 2013. The Audit Committee has recommended for approval by the Board, the appointment of M/s ZYX & Associates, New Delhi as the Internal Auditor for the financial year 2026–27.

After due deliberation, the following resolution was passed in this regard:

"RESOLVED THAT pursuant to the recommendation of the Audit Committee M/s ZYX & Associates, New Delhi, be and is hereby appointed as Internal Auditors of Sunrise Infrastructure Limited for the financial year 2026–27, to conduct internal audit of the functions and activities of the Company on such remuneration as may be fixed by the Chairman and Managing Director in consultation with them."

ITEM NO. 6: PROPOSAL TO ESTABLISH A NEW BRANCH OFFICE IN JAIPUR

It was proposed to establish a new branch office in Jaipur with a view to expand the Company's operational footprints in Rajasthan. A detailed note on the proposed branch covering the location, budget, proposed staffing, revenue projections etc. was presented.

After due deliberations, the Board expressed its unanimous approval and the following resolution was passed in this respect:

"RESOLVED THAT approval of the Board of Directors be and is hereby accorded to the establishment of a Branch Office of Sunrise Infrastructure Limited at Address, Jaipur, Rajasthan, to carry out the business activities and further expand the Company's operational footprints in Rajasthan."

ITEM NO. 7: REVIEW OF ONGOING PROJECTS

A consolidated progress report on the Company's ongoing projects as on date was presented. The Board conducted a comprehensive review and noted the progress of all the projects. The Board directed the (Name of Director) to expedite pending clearances and to submit the revised final report by date.

In this regard, the following resolution was passed:

"RESOLVED THAT the Board of Directors hereby takes note of the progress report on the ongoing projects as presented and directs [Name of Director] to expedite the pending clearances and to submit a detailed revised final report by date."

VOTE OF THANKS

There being no other business to transact, the meeting terminated with a vote of thanks to the chair.

(Signature)

Chairperson

Date:

Place:

Answer 3(b)

Public Relations, usually known as PR, is the practical art and science of managing communication between an organization and its stakeholders. Stakeholders can be customers, employees, investors, the government, or even the public.

Importance of Public Relations (PR):

- Builds Faith – A company with good PR is seen as reliable.
- Manages Crises – In times of accidents, scandals, or rumours, PR protects reputation.
- Supports Marketing – Positive stories in the media strengthen advertisements.
- Improves Internal Relations – PR also includes communication with employees.
- Strengthens Brand Loyalty – Customers stay loyal when they feel connected.

Functions of Public Relations (PR):

- **Media Relations:** Building good relationships with journalists, newspapers, and TV channels. It ensures accurate and positive coverage of company news.
- **Community Engagement:** Sponsoring local festivals, blood donation camps, or educational scholarships. It helps build emotional connection with the community.
- **Corporate Social Responsibility (CSR):** Most of the companies engage in charity, education, environment protection, etc. Example: TATA Group in India is famous for community development.
- **Crisis Management:** It handles negative events such as product recalls, accidents, or controversies and thus protects the company's reputation. In 2000, Ford recalled 13 million vehicles and Firestone recalled 6.5 million tyres after defective tread separation on SUVs.
- **Event Management:** Organizing cultural programs, exhibitions, trade fairs, and seminars. These events bring publicity and goodwill.
- **Employee Relations:** Conducting internal newsletters, appreciation programs, and open communication channels. Motivated employees become brand ambassadors.

Answer 3(c)

i. **Hyphen (-)**

Hyphen (-) is used between words to clarify meaning. It also links words to form a compound word. For example- bitter-sweet, socio – economic.

It is also used when two adjectives are combined to form a word such as old-fashioned, short-sighted, red-blooded.

ii. **Quotation Marks (“ ”)/(‘ ’)**

Quotation marks (also known as quotes or inverted commas) are used to enclose direct speech or quotations. It can be double (“ ”) or single(‘ ’). They are used at the beginning and end of a phrase to show that it is being written exactly as it was originally said or written.

For Example: She whispered, “The doors are locked.”

iii. Apostrophe (’)

It is used to denote possession and other kinds of relationship. For example- This is Walter’s book.

It is also used for contraction of words. For example: Isn’t (is not) it a great day?

iv. Angle Brackets (< >)

They are generally used in specialised texts or technical writing, coding, or to enclose tags. In maths, for example, a single angle bracket is commonly used to mean that something is “less than” (<) or “greater than” (>) something else. They are also used in mentioning a website in writing. For Example: <https://www.icsi.edu/home/>

Question 4

(*a*) *Greenfield Solutions Company, tested a new energy saving device across its five office branches. After a 3-months trial, the branches reported a 12% reduction in electricity consumption. The management asks you to prepare a Business Report summarising the findings and recommending whether the device should be installed company-wide.*

As the Company’s trainee executive, mention the essential components you will include in the Business Report and draft the structure of an effective Business Report.

(8 marks)

(b) Attempt the following as directed :

(i) Choose the correct option :

Synonym of “Generous”.

(a) Selfish

(b) Kind

(c) Weak

(d) Poor

(ii) Identify the incorrectly spelled word :

(a) Environment

(b) Occassion

(c) Development

(d) Technology

(iii) Choose the correct word :

She was unable to ________ the heavy box.

(a) lift

(b) leave

(iv) What is the full form of CEO ?

(a) Chief Executive Officer

(b) Corporate Executive Officer

(c) Central Executive Officer

(d) Chief Economic Officer

(1×4 = 4 marks)

(c) Explain the Telephone Etiquette that should be followed by employees when handling customer calls.

(4 marks)

Answer 4(a)

A business report can be defined as an evaluation or assessment or review of a particular event, issue, period or set of circumstances which is related to a business. An effective Business Report should include the following four essential components:

i. **Executive Summary** -It acts like the Abstract of a regular essay. It will briefly state the purpose of the report, it will briefly describe the methodology used to investigate the issue and it will list the key points and findings that are found in the report.

ii. **Body-** It gives details of the evaluation process. It will describe your methodology and identify particular issues that impacted on your evaluation. It might also allude to or give a brief preview of findings. Relevant tables and/or diagrams will appear in the Body.

iii. **Key Findings/ Recommendations-** Key findings are discussed/described and identified and suitable recommendations are made under this heading.

iv. **Conclusion-** Findings are summed up and in doing so and it is ensured that these relate back to the original question or issue that has given rise to the report.

DRAFT STRUCTURE OF THE BUSINESS REPORT

Greenfield Solutions Company

Business Report

Evaluation of feasibility of installing Energy Saving Device

1. Executive Summary

This report has been prepared to evaluate the performance of an energy saving device that was tested across five office branches of Greenfield Solutions Company over a period of three months. The primary purpose of the trial was to determine whether the device delivered measurable reductions in electricity consumption and would justify its installation across all company premises.

The findings reveal a consistent 12% reduction in electricity consumption across all trial branches.

2. Body

The energy saving device was installed in 5 branches and the change in energy consumption was studied over a period of three months. Electricity consumption before and after installation was compared and comparative tables/charts were prepared and 12% reduction in the electricity consumption was noted.

3. Key Findings and Recommendations

The key findings are identified and discussed and recommendations are thereafter made on the basis of the findings. In the given case-

- Comparative analysis of pre- and post-installation electricity consumption was noted.
- Average reduction of 12% in electricity consumption.
- It is recommended that Greenfields Solutions install the device across all the branches to achieve cost savings and energy efficiency.

4. Conclusion

The results indicate that the device effectively reduces usage. It also supports environmental sustainability goals. Initial installation costs may be offset by long-term savings. The energy saving device has proven to be effective and beneficial for the company and is recommended for installation across all the company's branches.

Answer 4(b)

(i) **(b) Kind**

(ii) **(b) Occassion**
(Incorrect spelling – correct: "Occasion")

(iii) **(a) lift**

(iv) **(a) Chief Executive Officer**

Answer 4(c)

Telephone etiquette refers to the manner in which employees communicate with customers over the telephone. It relies on being prepared, actively listening and projecting a polite, professional tone. Telephone communication is vital to business because it allows both customers and employees to gather information or solve problems very quickly. It plays an important role in creating a positive impression of the organization.

Following are certain fundamentals that the employees must keep in mind while talking to clients or customers over the telephone:

- **Smile:** The smile is carried through the tone of one's voice. It naturally raises the pitch and warms the tone making one sound friendly and approachable. Thus, if the employees are tired or seem bored, their voice carries a lack of enthusiasm over the telephone, which affects the relations with the respondent.

- **Use the caller's name**: It's always a pleasant thing to hear one's name, which makes the person feel valued that the person on the other end has taken care to remember his/her voice. While first names show greater warmth, it is preferred to address the respondent by their last name as a mark of respect but it also depends on the culture of one's organization.
- **Be Courteous in one's language**: The employees must use courteous expressions like' please', 'thank you', 'it's my pleasure', 'I had been glad to help you', which will help make the conversation smooth and pleasant for both. The image of the organization is conveyed thorough interaction with others and courtesy helps convey a positive image.
- **Echo important points**: Echoing is an integral part of active listening. Active listening calls for undivided attention and concise communication by the listener. Employees should listen carefully to the caller without interrupting, ensuring proper understanding of the issue. When we echo the important points, the benefits are dual. Firstly, it helps us to stay on track. Secondly, we can always cross-check if we have heard right.
- **Acknowledge the person on the other end:** The employees must acknowledge the person and the problem for which if he/she is calling for the second or third time, and the problem should be addressed suitably. If the respondent appears harassed or confused, then one needs to be empathetic and do the best to help.
- **Record the Conversation for feedback:** Calls preferably should be recorded and relistened to for preparing notes that can be helpful for the employees in the future. They can identify and analyse if they are too slow, fast or appear aggressive, indifferent or courteous and helpful. They can also get rid of their speech mannerisms or unconscious habits and quirks by listening to the recorded conversations.

Thus, Good telephone etiquette helps build customer trust, enhance satisfaction, and maintain the organization's professional image.

Question 5

(a) *Artificial Intelligence (AI) has emerged as one of the most transformative technologies of the 21st century. From voice assistants in smartphones to advanced medical diagnosis systems, AI is increasingly shaping the way humans live, work, and interact. Its influence extends across industries, education, healthcare, communication, and even personal decision-making.*

One of the most significant impacts of AI is in the workplace. Automation powered by AI has increased efficiency and productivity in sectors such as manufacturing, banking, and customer service. Tasks that once required hours of human effort can now be completed within minutes. However, this progress has also raised concerns about job displacement. While some traditional roles are disappearing, new opportunities in data science, machine learning, and AI ethics are emerging.

In education, AI-driven tools personalize learning experiences. Smart platforms analyse students' strengths and weaknesses and provide customized study materials. This allows learners to progress at their own pace. Similarly, in healthcare, AI assists doctors in diagnosing diseases early by analysing large volumes of medical data with high accuracy. Such advancements improve the quality of life and increase life expectancy.

AI also influences social interactions. Social media algorithms determine what content users see, shaping opinions and preferences. Recommendation systems on streaming platforms guide entertainment choices. While this enhances convenience, it may also limit exposure to diverse viewpoints, creating echo chambers.

Despite its benefits, AI raises ethical concerns. Issues such as data privacy, surveillance, algorithmic bias, and decision-making transparency remain critical challenges. Humans must ensure that AI systems are developed responsibly and used ethically to prevent misuse.

In conclusion, AI is neither entirely beneficial nor harmful. Its impact depends largely on how society chooses to develop and regulate it. When used wisely, AI can empower humans, enhance creativity, and solve complex global problems. However, careful planning and ethical consideration are essential to ensure that AI remains a tool that serves humanity rather than controls it.

In the above context, answer the following questions by choosing the correct option :

(i) Artificial Intelligence is mainly used to :

- *(a) Replace all human activities*
- *(b) Improve efficiency and automate tasks*
- *(c) Stop technological growth*
- *(d) Reduce communication*

(ii) In the workplace, AI helps by :

- *(a) Decreasing productivity*
- *(b) Eliminating all jobs*
- *(c) Completing tasks faster and more accurately*
- *(d) Increasing manual work*

(iii) One positive impact of AI in education is :

- *(a) Removing exams*
- *(b) Personalized learning experiences*
- *(c) Closing schools*
- *(d) Reducing student participation*

(iv) AI in healthcare is useful because it :

- *(a) Makes doctors unnecessary*
- *(b) Increases medical errors*
- *(c) Assists in early disease detection*
- *(d) Stops medical research*

(v) *Social media platforms use AI to :*

(a) *Control Governments*

(b) *Recommend content based on user interests*

(c) *Delete all user data*

(d) *Ban communication*

(vi) *An "echo chamber" refers to :*

(a) *A medical device*

(b) *A classroom activity*

(c) *Exposure to only similar opinions*

(d) *A type of robot*

(vii) *One major ethical concern about AI is :*

(a) *Lack of electricity*

(b) *Data privacy and security*

(c) *Too much human control*

(d) *Slow processing speed*

(viii) *The overall impact of AI on humans depends on :*

(a) *Luck*

(b) *Weather conditions*

(c) *How responsibly it is developed and used*

(d) *The number of robots produced*

(1×8=8 marks)

(b) *Explain the importance of workplace etiquette in a multicultural environment.*

(4 marks)

(c) *Write one word for the following :*

(i) *The activity of providing goods and services involving financial, commercial, and Industrial aspects.*

(ii) *Postponement of a court session until another time or place.*

(iii) *To swear/affirm to the truth of a statement/document.*

(iv) *A document or some such evidence of a transaction, usually payment of money.*

(1×4=4 marks)

Answer 5(a)

(i) Artificial Intelligence is mainly used to:

(b) Improve efficiency and automate tasks

(ii) In the workplace, AI helps by:

(c) Completing tasks faster and more accurately

(iii) One positive impact of AI in education is:

(b) Personalized learning experiences

(iv) AI in healthcare is useful because it:

(c) Assists in early disease detection

(v) Social media platforms use AI to:

(b) Recommend content based on user interests

(vi) An "echo chamber" refers to:

(c) Exposure to only similar opinions

(vii) One major ethical concern about AI is:

(b) Data privacy and security

(viii) The overall impact of AI on humans depends on:

(c) How responsibly it is developed and used

Answer 5(b)

Workplace etiquette refers to the set of acceptable behaviours and manners that individuals are expected to follow in a professional environment. They encompass unwritten rules of professional conduct and behaviour that govern interactions in the office. A multicultural workplace has people from diverse backgrounds, cultures, and beliefs. The importance of workplace etiquette in such an environment can never be over emphasized. They are as follows:

i. Promotes Mutual Respect

Proper etiquette ensures that employees respect each other's cultural beliefs, traditions and practices. This helps in building good relationships with other colleagues.

ii. Improves Communication

In such environment, it is important to listen carefully and speak clearly since people may have different accents and ways of speaking. Awareness of cultural differences helps in avoiding misunderstandings and enhances clarity in communication.

iii. Enhances Teamwork and Collaboration

When employees follow professional etiquettes like punctuality, respect others personal space, are cooperative with a willingness to help others and avoid discussion on sensitive topics like politics and religion, it fosters trust and cooperation among team members from different cultures.

iv. Creates Positive Organizational Image

An organization that maintains proper workplace etiquette, appreciates diversity and celebrates differences has an enhanced reputation as it reflects professionalism and inclusiveness.

Thus, workplace etiquette is essential in a multicultural environment for maintaining discipline, respect and effective communication.

Answer 5(c)

(i) Business

(ii) Adjournment

(iii) Oath

(iv) Voucher

Question 6

(a) State whether the following statements are True or False. If false give true statement :

(i) Communication always requires at least two participants.

(ii) Non-verbal communication has no role in professional interactions.

(iii) Listening is an important part of communication.

(iv) Feedback helps improve communication effectiveness.

(v) Written communication is always faster than oral communication.

(vi) Cultural differences may influence communication.

(vii) Good communication improves workplace relationships.

(viii) Communication barriers may arise due to language differences.

(1×8=8 marks)

(b) Explain the rules of using articles 'a', 'an', 'the' with examples.

(4 marks)

(c) Explain the features of an Email Account

(4 marks)

Answer 6(a)

i. True

ii. False
(Non-verbal communication plays an important role in professional interactions)

iii. True

iv. True

v. False
(Oral communication is generally faster than written communication/

Written communication is generally slower than oral communication)

vi. True

vii. True

viii. True

Answer 6(b)

Rules of using the articles 'a' and 'an' :

The articles 'a' and 'an' are called the indefinite articles because it usually leaves indefinite the person or thing spoken of, for example- A doctor; that is, any doctor**.** Both are used before singular countable nouns.

- The article 'a' is used before singular countable nouns starting with a consonant sound. Example: She bought a book.
- The article 'an' is used when the singular countable noun to which it is attached begins with a vowel sound (a, e, i, o and u). It is the vowel sound and not the vowels that determines the use of 'a' or 'an'. For example- He is an honest man.

Rules of using the article 'the':

'The' is called the definite article because it normally points out some particular person or thing. For example- He saw the doctor, meaning some particular doctor. The definite article is used before singular countable nouns, plural countable nouns and uncountable nouns. For example- The pen, the milk, the idea.

Answer 6(c)

An email account is an electronic system that enables users to send and receive messages through the internet. It is widely used in business communication due to its speed and convenience.

The main features of an email account are as follows:

1. **Inbox**
   The inbox is the primary folder where all incoming emails are received and stored.
2. **Sent Mail**

   It stores copies of all emails that have been sent by the user for future reference.
3. **Drafts**
   Emails that are written but not yet sent are saved in the drafts folder.
4. **Spam/Junk Folder**

   Unwanted or suspicious emails are automatically filtered and stored in this folder.
5. **Trash**

   Any deleted mail is put in the trash folder. Trash allows you to get back an email which has already been deleted.
6. **Compose Mail**

   Composing is addressing, writing, and sending an e-mail message. By clicking on the Compose Mail button a window appears where we can write our message in the message box and the email addresses of the person we want to send the mail.

7. **Contacts**

   The Contacts helps to find email address of a person which are saved in the Contact list. We can also quickly find email conversations associated with a contact, and store additional information about other persons whose email id is stored in our contacts (such as a mailing address, title, phone number, etc).

8. **To field**

   The "To" field in an email specifies the primary recipient(s) of the message. In case you, email is to be sent to more than one receiver then put commas between their email addresses or add cc. or add bcc. Cc stands for Carbon copy the persons whose address is listed in this field will receive a carbon copy of the message and Bcc means blind carbon copy similar to Cc but the only difference is that the recipient who had got Bcc is invisible to other recipients.

9. **Subject**

   It is the main heading of the mail i.e., it will explain that the mail is regarding which issue.

10. **Text Area**

    It is the area in which the body of the mail is written.

11. **Send**

    It is a button to finally send the mail to the receivers.

12. **Group Contacts**

    Contacts can be organized in different groups like office, school, relatives etc., making the search easier.

Thus, email accounts provide an efficient and organized means of communication in modern organizations.

Question 7

(a) A new employee has been asked to write business letters to clients but lacks experience. Explain the essentials of a good business letter. Also draft a sample business letter (in Semi-Blocked Format) advising a client about a delay in the delivery of goods.

(8 marks)

(b) Identify and correct the errors in the following sentences :

(i) Each of the employees have submitted their reports late.

(ii) The manager discussed about the issue in detail.

(iii) She did not knew about the meeting schedule.

(iv) Neither of the proposals were accepted by the committee.

(1×4=4 marks)

(c) Due to the increase in remote work, organisations conduct many virtual meetings.

Explain the different types of virtual meetings used in organisations.

(4 marks)

Answer 7(a)

An effective business letter communicates a clear professional message while achieving its intended goal a good business letter should possess the following essential characteristics:

1. **Completeness**
   The letter must be complete in itself. It should contain all the necessary information required by the addressee. The important and relevant matter should not be left out. Incomplete letters do not produce the desired effect on the mind of the reader. When a letter is incomplete, an unnecessary delay is caused in seeking clarifications. The writer should try to grasp all the relevant facts and arrange them logically and systematically to incorporate them into the body of the letter.

2. **Clarity**
   The writer must be clear about what he wants to convey and then he should try to express it in simple and straightforward language. The core purpose should be stated immediately. Clear writing and clear thinking should go hand in hand, and the person who thinks straight is usually able to write straight. Before writing, the writer should plan the message to be conveyed in order to avoid vagueness. Planning helps to produce an orderly kind of letter that creates a good impression because its message is clear.

3. **Accuracy**
   A business letter should not have any false or misleading statements. There should be no mistakes which usually creep into a letter due to negligence. Mistakes, however small, should be avoided, as they cause much inconvenience and trouble. All facts, figures and references should be as accurate as possible and documents like bills of exchange, invoices, statements of accounts should be carefully prepared and checked.

4. **Brevity**
   A business letter should be concise and to the point. Unnecessary words and superfluous matter should be avoided. As brevity in a letter is the soul of commercial correspondence, the writer must ensure that every sentence is impregnated with appropriate meaning.

5. **Courtesy**
   Courtesy refers to polite, respectful and professional tone. The general tone of the letter should be mild and there should be a consideration for the feelings of others. Curt and rude letters have no place in the business world. Courtesy should not be sacrificed for the sake of brevity. Discourteous and unpleasant language should be avoided even while writing letters of complaint or letters of refusal.

6. **Sincerity**
   Business letters should be written with sincerity. The business letter may seem to be a common piece of writing if all letters are modelled to a set style. It must have originality of the sort that expresses the thoughts of its writer in his own style.

7. **Simplicity**

   A Business letter should be in a plain and simple style, clear and easily understood. Accordingly, the language of business letters should be very simple. The use of winding expressions and high sounding phrases should be avoided.

8. Style

The words used in a business letter and the way in which they are used express the writer's personality and give the letter what is called its style. Style in writing as in other walks of life is a quality peculiar to the individual. It is determined by the background, training, experience of a person and the way he thinks. If one writes with naturalness and ease, the letter so produced will reflect the personality of the writer.

SAMPLE BUSINESS LETTER IN SEMI-BLOCKED FORMAT

ABC LIMITED

Regd Office: ………………………..

Phone No…………, Email…………………….

Date: _________

The Manager

XYZ Ltd.

Address:……………

Dear Sir,

Ref: Order No ……………………..

We regret to inform you that due to unforeseen circumstances, there will be a delay in the delivery of your order no…………..dated ……….. placed with us.

The delay has occurred due to certain logistical issues beyond our control. However, we are making all possible efforts to ensure that the goods are dispatched at the earliest.

We sincerely apologize for the inconvenience caused and assure you of our continued commitment to providing quality service.

Thanking you for your understanding.

Yours faithfully

(CBA)

Manager, ABC Ltd.

Answer 7(b)

i. Each of the employees has submitted his/her report late.

(Error: Since the subject begins with "Each," it must be treated as singular. Therefore, change "have" to "has" and "their" to "his/her")

ii. The manager discussed the issue in detail.

(Error: The word discuss is a transitive verb which must be followed directly by their object)

iii. She did not know about the meeting schedule.

(Error: When using the helping verb "did" in a negative sentence, the main verb must always be in its base form.)

iv. Neither of the proposals was accepted by the committee.

(Error: The word "neither" is treated as a singular subject, and thus it takes singular verb)

Answer 7(c)

Virtual Meetings can be defined as meetings that involve professional interactions using integrated audio, video, and digital tools. The meeting attendees participate remotely and usually don't share a common Physical location. The main types of virtual meetings are:

1. **Teleconference**
In this, meetings are conducted over the telephone or mobile phone. It was one of the primary modes of meetings before advanced technology took over. It is simple to use and requires no additional budget as every individual has the basic equipment. However, with technological advancement, the audio only stream makes it too one-way communication and modern office spaces don't mandatorily need work phones to operate.

2. **Video Conferencing**

This involves real-time communication using audio and video with the help of applications such as Teams and Google Meets, enabling participants to interact face-to-face despite being geographically distant. However, some systems need updated software, making them less affordable for smaller Companies. Moreover, security issues do persist where hackers can access sensitive Company files.

3. **Webinars/ Web Conference**

Video Meeting Software has now been upgraded into a full-fledged web conferencing platform that is browser-based and doesn't require additional software setups. These help in conducting online seminars for a large audience, generally used for training, presentations, or knowledge sharing. These platforms make the meeting more engaging with features like mobile accessibility, Cloud storage, Q&A sessions, and interactive polls. The limitation of this system is a slow internet connection.

Question 8

(a) Attempt the following as directed :

(i) this report was prepared by the research team yesterday (Punctuate the sentence)

(ii) One of the students have submitted the assignment late. (Correct the sentence)

(iii) The manager approved the proposal. (Change into passive voice)

(iv) She has ____ experience in this field than her colleague. (less/fewer)

(v) One who writes books. (Give one word substitution)

(vi) *To "hit the nail on the head" means :*

(a) *To build something*

(b) *To speak exactly correct*

(c) *To repair something*

(d) *To criticize someone*

(vii) *The new policy had a positive ________________ on employee motivation.*

(a) *affect*

(b) *effect*

(viii) *Hardly had the meeting started ____________________ the electricity failed. (Complete the sentence correctly)*

(1×8=8 marks)

(b) *"Communication is a two-way process." Do you agree? Give reasons.*

(4 marks)

(c) *Distinguish between a Memorandum and an Office Order.*

(4 marks)

Answer 8(a)

i. This report was prepared by the research team yesterday.

ii. One of the students **has** submitted the assignment late.

iii. The proposal was approved by the manager.

iv. She has less experience in this field than her colleague.

v. Author

vi. (b) To speak exactly correct

vii. (b) effect

viii. Hardly had the meeting started when the electricity failed.

Answer 8(b)

Yes, communication is a two-way process because it involves both sending and receiving of information. It is a dynamic process involving a sender who conveys a message and a receiver who interprets it and provides feedback in the form of another message within a given time frame.

The person who initiates the communication in the form of sending the encoded message to the receiver of the information is known as the sender. The sender is the first person involved in the process of communication. The sender encodes the information in the form of certain words or symbols, body language, signs or gestures so as to translate the information into a message and transmits the message to the receiver.

The receiver or recipient is the one for whom the message is intended. He is the one who decodes the message, interprets it and then sends the feedback.

The feedback informs the sender that his message has been received by the receiver who has decoded and understood it in the best possible way. Feedback confirms whether the message has been received and interpreted correctly or if it requires adjustments. It is therefore necessary as it increases efficiency and permits the encoder to know the efficacy of the message.

Thus, effective communication is an interactive, cyclical, two-way process that relies on a continuous loop of sending information and receiving feedback to ensure both parties understand each other.

Answer 8(c)

Memorandum:

A Memorandum is a useful mode of internal communication. When addressed to all employees, a memorandum is as good as an Office Order. A memorandum (memorandums or memoranda in plural) plays a convenient and flexible role. While much of inter and intra-office communication is being done over the phone, memorandums are preferred when one needs to convey information in writing.

There are minor variations in format but most memos have the same headings. The difference with the letter format is obvious. Inside name and address are done away with. Nor are salutation and complimentary close used. Informal tone and use of personal pronouns are allowed. Numbering is optional. Titles such as Interoffice Communication, Office Memorandum or Interoffice Correspondence may be used in place of more commonly used Memorandum. When addressed to all employees, a memorandum is as good as an Office Circular.

Office Order:

Office Orders have a format similar to that of memorandums. What makes them different is the purpose and tone employed. They are mandatory directives used to dictate personnel decisions and generally deal with matters affecting the rights and privileges of employees. It functions as concrete documented proofs of administrative changes.

The language used is formal and legally common. Passive verbs are preferred. They carry a number since they remain in force till revoked and are filed for future reference.

A memorandum communicates information, while an office order enforces decisions.

***

FUNDAMENTALS OF ACCOUNTING

PAPER 2

Time allowed : 3 hours *Maximum marks : 100*

NOTE : *Question No. 1 is compulsory. Attempt any five questions from Q. No. 2 to Q. No. 8.*

Question 1

(a) On 1st August, 2022 Happy & Lucky Associates, a firm purchased a machine for ₹ 3,90,000 and spent ₹10,000 on its installation. It decided to provide depreciation @15% per annum, using written down value method.

On 30th November, 2025 the machine was dismantled at a cost of ₹ 5,000 and then sold for ₹ 1,00,000.

On 1st December, 2025 the firm acquired and put into operation a new machine at a total cost of ₹7,60,000.

Depreciation was provided on the new machine on the same basis as had been used in the case of the earlier machine.

The firm closes its books of account every year on 31st March.

Prepare Machinery Account and Depreciation Account for four accounting years ended 31st March, 2026.

(8 marks)

(b) Mention the purposes for which securities premium can be utilized.

(4 marks)

(c) From the following particulars prepare a Bank Reconciliation Statement on 31st March, 2026 :

(1) Bank balance as on 31st March, 2026 as per Pass Book ₹ 15,200.

(2) Bank charges debited ₹ 95 in the Pass Book.

(3) Cheques issued but not presented to bank for payment ₹ 1,500.

(4) Cheques deposited to bank but not credited in the Pass Book ₹ 5,000.

(5) A cheque entered as a deposit in the Cash Book instead of a payment ₹ 600.

(6) ₹ 835 paid into bank had been entered twice in the Cash Book.

(7) The receipt column of the Cash Book has been overcast by ₹ 800.

(8) A cheque drawn for ₹ 9 had been incorrectly entered in the Cash Book as ₹ 99.

(8 marks)

Answer 1(a)

In the books of Happy & Lucky Associates

Machinery Account

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
2022 Aug 1	To Bank	3,90,000	2023 Mar 31	By Depreciation (for 8 months)	40,000
Aug 1	To Bank (Installation Exp)	10,000	Mar 31	By Balance c/d	3,60,000
	Total	4,00,000		Total	4,00,000
2023 Apr 1	To Balance b/d	3,60,000	2024 Mar 31	By Depreciation	54,000
			Mar 31	By Balance c/d	3,06,000
	Total	3,60,000		Total	3,60,000
2024 Apr 1	To Balance b/d	3,06,000	2025 Mar 31	By Depreciation	45,900
			Mar 31	By Balance c/d	2,60,100
	Total	3,06,000		Total	3,06,000
2025 Apr 1	To Balance b/d	2,60,100	2025 Nov 30	By Depreciation (on ₹ 2,60,100 @15% for 8 months)	26,010
Nov 30	To Bank (dismantling charges)	5,000	Nov 30	By Bank (sale proceeds)	1,00,000
Dec 1	To Bank (new machine)	7,60,000	Nov 30	By P&L (loss on disposal of machine) (W. N. 1)	1,39,090
			2026 Mar 31	By Depreciation (on ₹7,60,000 @15% for 4 months)	38,000
			Mar 31	By Balance c/d	7,22,000
	Total	10,25,100		Total	10,25,100
2026 Apr 1	To Balance b/d	7,22,000			

Depreciation Account

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
Mar 31, 2023	To Machinery A/c	40,000	Mar 31, 2023	By Profit & Loss A/c (transfer)	40,000
	Total	40,000		Total	40,000
Mar 31, 2024	To Machinery A/c	54,000	Mar 31, 2024	By Profit & Loss A/c (transfer)	54,000
	Total	54,000		Total	54,000
Mar 31, 2025	To Machinery A/c	45,900	Mar 31, 2025	By Profit & Loss A/c (transfer)	45,900
	Total	45,900		Total	45,900
Nov 30, 2025	To Machinery A/c	26,010			
Mar 31, 2026	To Machinery A/c	38,000	Mar 31, 2026	By Profit & Loss A/c (transfer)	64,010
	Total	64,010		Total	64,010

Working Notes 1:	*In ₹.*
Written down value of machine on 1st April, 2025	2,60,100
Less: Depreciation for 8 months	26,010
Written down value on 30th Nov, 2025	2,34,090
Add: Dismantling charges	5,000
Total	2,39,090
Less: Sales proceeds	1,00,000
Loss on disposal of machine	1,39,090

Answer 1(b)

The securities premium can be utilized for the purpose:

1) Towards issue of unissued shares of the company to members as fully paid bonus shares;
2) Write off preliminary expenses of the company;
3) Purchase of its own shares or other securities (buy back of shares);
4) Write off expenses of or commission paid or discount allowed on any issue of shares or debentures of the company;
5) Providing for premium payable on redemption of preference shares or of any debentures of the company.

Answer 1(c)

Bank Reconciliation Statement as on 31st March, 2026

Particulars	*Amount (₹)*	*Amount (₹)*
Bank Balance as per Pass Book (Cr.)		15,200
Add: Bank charges	95	
Add: Cheques deposited but not credited in the passbook	5,000	
Add: Deposit treated wrongly as payment (Rs. 600 x 2)	1200	
Add: Double entry of deposit	835	
Add: Receipt column of cash book has been overcast	800	7930
Less: Cheques issued but not presented for payment	1,500	
Less: Cheque drawn for Rs. 9 has been incorrectly entered in the cash book as Rs. 99	90	(1590)
Balance as per Cash Book (Dr.)		21,540

Note: It is assumed that the balance as per passbook is favorable balance i.e. credit balance

Alternative Answer 1(c)

Bank Reconciliation Statement as on 31st March, 2026

Particulars	*Amount (₹)*	*Amount (₹)*
Bank Balance as per Pass Book (Dr. overdraft)		(15,200)
Add: Bank charges	95	
Add: Cheques deposited but not credited in the passbook	5,000	
Add: Deposit treated wrongly as payment (Rs. 600 x 2)	1200	
Add: Double entry of deposit	835	
Add: Receipt column of cash book has been overcast	800	7930
Less: Cheques issued but not presented for payment	1,500	
Less: Cheque drawn for Rs. 9 has been incorrectly entered in the cash book as Rs. 99	90	(1590)
Balance as per Cash Book (Cr. i.e. overdraft)		(8,860)

Note: It is assumed that the balance as per passbook is unfavorable balance i.e. debit balance or overdraft.

Question 2

(a) Prepare an extract of Balance Sheet as at 31st March, 2026 for prize fund :

Prizes awarded : ₹ 200

Prize Fund as at 31.3.2025 : ₹ 10,000

Donations for prizes received during the year 2025-26 : ₹ 500

10% Prize Fund investments as at 31st March, 2025 : ₹ 10,000

Interest received on Prize Fund Investments : ₹ 600

(6 marks)

(b) You have joined a company as Compliance Officer. Pramod, Managing Director, of the company wants to know from you the various principles and conventions used in accounting. Write a note to Pramod.

(6 marks)

(c) From the following information, prepare a schedule of Intangible Assets as it would appear in the Notes to Accounts of Balance Sheet of Tough Ltd. as at 31st March, 2026 :

(i) Goodwill : Cost ₹ 6,00,000; Amortized for 2 years @ ₹ 1,00,000 p.a.

(ii) Patent : Cost ₹ 4,00,000; Amortized for 3 years @ ₹ 50,000 p.a.

(iii) Software : Cost ₹ 90,000; Fully amortized in current year.

(iv) Trademark : Acquired during current year for ₹ 1,50,000; Useful lifespan is 5 years.

(4 marks)

Answer 2(a)

An extract of Balance Sheet of Prize Fund as at 31st March, 2026:

Liabilities	*Amount (₹)*	*Assets*	*Amount (₹)*
Prize Fund:		10% Prize Fund Investments	10,000
Opening Balance	10,000	Accrued Interest on 10% Prize Fund Investments [(₹ 10,000 × 10 / 100) – 600]	400
Add: Donations	500		
Add: Interest on prize fund investments (400 + 600)	1,000		
Less: Prizes awarded	(200)		
Balance	11,300		

Answer 2(b)

Note to Managing Director:

The fundamental accounting principles and conventions that guide accounting practices. These serve as the backbone of financial reporting and ensure consistency, reliability, and comparability of accounts. The various principles and convention of accounting are as under:

1. Consistency
2. Conservatism
3. Full disclosure
4. Materiality
5. Objectivity
6. Business Entity
7. Going Concern
8. Accrual
9. Money Measurement
10. Matching Concept
11. Accounting Period
12. Dual Aspect
13. Cost Concept
14. Revenue Recognition

Answer 2(c)

In the books of Tough Ltd. as on March 31, 2026:

Schedule of Intangible Assets	*Amount (Rs.)*	*Amount (Rs.)*
Goodwill (Cost)	6,00,000	
Less: Amortized for 2 Years @ Rs. 1,00,000 p.a.	(2,00,000)	4,00,000
Patent (Cost)	4,00,000	
Less: Amortized for 3 Years @ Rs. 50,000 p.a.	(1,50,000)	2,50,000
Software (Cost)	90,000	
Less: Fully Amortized in current year	(90,000)	Nil
Trademark acquired during the year	1,50,000	
Less: Amortized during the year (life span 5 years) (Rs. 1,50,000 / 5 year)	(30,000)	1,20,000
Total		**7,70,000**

Question 3

(a) *The Cash Book of Clever & Wise, a firm showed an overdraft of ₹ 30,000 on 31st March, 2026.*

A comparison of the entries in the cash book and pass book revealed that :

(i) *On 22nd March, 2026, cheques totalling ₹ 6,000 were sent to bankers for collection. Out of these, a cheque for ₹ 1,000 was wrongly recorded on the credit side of the cash book and a cheque amounting to ₹ 300 could not be collected by bank before 1st April, 2026.*

(ii) *A cheque for ₹ 4,000 was issued to a supplier on 28th March, 2026. The cheque was presented to bank on 4th April, 2026.*

(iii) *There were debits of ₹ 2,600 in the pass book for interest on overdraft and bank charges, but the same had not been recorded in the cash book.*

(iv) *A cheque for ₹ 1,000 was issued to a creditor on 27th March, 2026 but by mistake the same was not recorded in the cash book. The cheque was, however, duly encashed by 31st March, 2026.*

(v) *As per standing instructions, the banker collected dividend of ₹ 500 on behalf of the firm and credited the same to its account by 31st March, 2026. The fact was, however, intimated to the firm on 3rd April, 2026.*

You are required to prepare a bank reconciliation statements as on 31st March, 2026.

(8 marks)

(b) *AE, BF and CG were partners in a firm named Sampark sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve their firm w.e.f. 31st December, 2025, the Balance Sheet on which date was as follows :*

Liabilities	₹	***Assets***	₹
Creditors	*30,000*	*Machinery*	*54,000*
Loan on mortgage	*24,000*	*Stock*	*24,000*
Joint Life Policy Reserve	*15,000*	*Debtors*	*36,000*
Capital A/c—AE	*48,000*	*Less : Provision*	*–2,000*
Capital A/c—BF	*36,000*	*Debtors (Net)*	*34,000*
Capital A/c—CG	*21,000*	*Joint Life Policy*	*18,000*
		Patents	*27,000*
		Cash at bank	*17,000*
Total	*1,74,000*	*Total*	*1,74,000*

Additional Information :

(a) Joint life policy was surrendered and insurance company paid a sum of ₹ 20,000.

(b) BF took some of the patents at ₹ 4,000 whose book value was ₹ 6,000.

(c) The remaining assets were realised as follows :

Machinery = ₹ 35,000; Stock = ₹ 18,000; Debtors = ₹ 30,000; Patents = 50% of the book value.

(d) Liabilities were paid and discount of ₹ 1,500 was allowed by the creditors.

(e) Expenses of dissolution amounted to ₹ 2,000.

Prepare the necessary ledger accounts to close the books of the firm.

(8 marks)

Answer 3(a)

Bank Reconciliation Statement as on 31st March, 2026

Particulars	*Amount (Rs.)*	*Amount (Rs.)*
Bank Overdraft as per cash book		30,000
Add: Cheque deposited but not collected	300	
Add: Interest on overdraft and bank charges not recorded in cash book	2,600	
Add: Cheques issued to creditors but not recorded in cash book	1,000	3,900
Total		33,900
Less: Cheques wrongly recorded on credit side of cash book (1000×2)	2,000	
Less: Cheques issued but presented on 4th April, 2026	4,000	
Less: Dividend collected by bank but not recorded in cash book	500	(6,500)
Bank Overdraft as per pass book		27,400

Alternate Answer 3(a)

Bank Reconciliation Statement as on 31st March, 2026

Particulars	*Amount (Rs.)*	*Amount (Rs.)*
Bank Overdraft as per cash book		(30,000)
Less: Cheque deposited but not collected	300	
Less: Interest on overdraft and bank charges not recorded in cash book	2,600	
Less: Cheques issued to creditors but not recorded in cash book	1,000	(3,900)
Total		(33,900)
Add: Cheques wrongly recorded on credit side of cash book (1000×2)	2,000	
Add: Cheques issued but presented on 4th April, 2026	4,000	
Add: Dividend collected by bank but not recorded in cash book	500	6,500
Bank Overdraft as per pass book		(27,400)

Answer 3(b)

In the books of Sampark

Realization Account

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
Dec 31, 2025	To Machinery A/c	54,000	Dec 31, 2025	By Provision for Doubtful debts A/c	2,000
	To Stock A/c	24,000		By Creditors A/c	30,000
	To Debtors A/c	36,000		By Loan on mortgage A/c	24,000
	To Joint Life Policy A/c	18,000		By BF's Capital A/c (patents taken over)	4,000
	To Patents A/c	27,000		By Bank A/c (policy realised)	20,000
	To Bank A/c (creditors payment)	28,500		By Bank A/c (assets realised):	

	To Bank A/c (expenses on resolution paid)	2,000		Machinery	35,000
	To Bank A/c (loan repaid)	24,000		Stock	18,000
				Debtors	30,000
				Patents (50% of ₹. 21,000)	10,500
				By Partners' Capital A/c (loss):	
				AE	20,000
				BF	13,333
				CG	6,667
	Total	**2,13,500**		**Total**	**2,13,500**

Partners' Capital Accounts

Date	*Particulars*	*Partner's*			*Date*	*Particulars*	*Partner's*		
		AE	*BF*	*CG*			*AE*	*BF*	*CG*
Dec 31, 2025	To Realisation A/c (loss)	20,000	13,333	6,667	Dec 31, 2025	By Balance b/d	48,000	36,000	21,000
	To Realisation A/c (taken by BF)	-	4000	-		By Joint Life Policy Reserve A/c	7,500	5,000	2,500
	To Bank A/c (final payment)	35,500	23,667	16,833					
	Total	**55,500**	**41,000**	**23,500**		**Total**	**55,500**	**41,000**	**23,500**

Bank Account

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
Dec 31, 2025	To Balance b/d	17,000	Dec 31, 2025	By Realisation a/c (creditors payment)	28,500
	To Realisation a/c (policy value received)	20,000		By Realisation a/c (expenses on resolution paid)	2,000
	To Realisation a/c (assets value received 35000+18000+ 30000+10500)	93,500		By Realisation a/c (loan repaid)	24,000
				By Partner's Capital A/c	
				AE	35,500
				BF	23,667
				CG	16,833
	Total	**1,30,500**		**Total**	**1,30,500**

Question 4

(a) *On 1st April, 2025, Ruby, Emerald & Diamond entered into partnership with capitals of ₹ 60,000, ₹ 50,000 and ₹ 90,000 respectively.*

Ruby advanced ₹ 10,000 as loan to the partnership firm on 1st October, 2025. The Partnership Deed has the following clauses :

(i) *Interest on capital is to be allowed @ 6% p.a.*

(ii) *Interest on drawings is to be charged @ 6% p.a. Each partner withdrew ₹ 6,000 at the end of each quarter commencing from 30th June, 2025.*

(iii) *Working partners Emerald and Diamond to get salary of ₹ 600 and ₹ 900 per month respectively.*

(iv) *Interest on loan was allowed to Ruby @ 6% p.a.*

(v) *Diamond is to get rent of ₹ 1,500 per month for use of his building by the firm. It is paid to him by cheque at the end of every month.*

(vi) *Profits are shared equally among the partners.*

Profit of the firm for the year ended 31st March, 2026 (before the above adjustments) was ₹ 1,50,000. Prepare Profit and Loss Appropriation Account and Capital Accounts of Partners if capitals are fixed.

(12 marks)

(b) *What is meant by 'pro-rata allotment' of securities ? Under what circumstances is it made ?*

(4 mark)

Answer 4(a)

In the books of Ruby, Emerald & Diamond

Profit & Loss Appropriation Account for the year ended 31st March, 2026

Particulars	*Amount ₹*	*Particulars*	*Amount ₹*
To Interest on Capital A/c:		By Profit and Loss A/c (Net Profit) [₹ 150,000 – ₹ 18,000 (rent Rs. 1500 per month x 12 month) – Rs. 300 (interest on loan Rs. 10,000 x 6% for 6 month)]	1,31,700
Ruby (Rs. 60,000 x 6%)	3,600	By Interest on Drawings A/cs (Note):	
Emerald (Rs.50,000 x 6%)	3,000	Ruby	540
Diamond (Rs. 90,000 x 6%)	5,400	Emerald	540
		Diamond	540
To Partner's Salaries A/c:			
Emerald (Rs. 600 x 12 month)	7,200		
Diamond (Rs. 900 x 12 month)	10,800		
To Profit transferred to Current A/cs:			
Ruby	34,440		
Emerald	34,440		
Diamond	34,440		
Total	**1,33,320**	**Total**	**1,33,320**

Partners' Capital Accounts

Date	Particulars	Amount ₹			Date	Particulars	Amount ₹		
		Ruby	Emerald	Diamond			Ruby	Emerald	Diamond
March 31, 2026	To Balance c/d	60,000	50,000	90,000	April 1, 2025	By Bank A/c	60,000	50,000	90,000
	Total	**60,000**	**50,000**	**90,000**		**Total**	**60,000**	**50,000**	**90,000**

Partners' Current Accounts

Particulars	*Amount ₹*			*Particulars*	*Amount ₹*		
	Ruby	*Emerald*	*Diamond*		*Ruby*	*Emerald*	*Diamond*
To Drawings A/c (Rs. 6000 per quarter x 4 quarter)	24,000	24,000	24,000	By Interest on Capital A/c	3,600	3,000	5,400
To Interest on Drawings A/c (Note)	540	540	540	By Partner's Salaries A/c		7,200	10,800
To Balance c/d	13,500	20,100	26,100	By P & L App. A/c (Profit)	34,440	34,440	34,440
Total	**38,040**	**44,640**	**50,640**	**Total**	**38,040**	**44,640**	**50,640**

Notes: When fixed amount is withdrawn at the end of each quarter during the year, interest will be charged on the whole amount for average period of 4½ months. Thus, interest on drawings to be charged from each partner will be: Rs. 6000 per quarter x 4 quarter x 4.5 / 12 x 6% = 540.

Alternatively, calculation of interest of drawing will be as follow:

Quarter 1 withdrawal - Rs. 6,000 x 6% for 9 month = 270

Quarter 2 withdrawal Rs. 6,000 x 6% for 6 month = 180

Quarter 3 withdrawal Rs. 6,000 x 6% for 3 month = 90

Quarter 4 withdrawal Rs. 6,000 x 6% for 0 month = 0

Total = Rs. 540

Answer 4(b)

Pro-rata allotment means allotment of shares in proportion to the number of shares applied for when the number of shares applied exceeds the number of shares available for allotment.

Circumstances when Pro-rata allotment is made:

1. Over-subscription of shares;
2. When applications received are more than shares offered.
3. Company decides to allot proportionately.
4. prorate allotment, instead of rejecting excess applications.
5. Partial acceptance of applications;
6. Applicants are given shares in a fixed ratio.

Question 5

The following is the trial balance of VK & Sons on 31st March, 2026 :

Particulars	***Dr (₹)***	***Cr (₹)***
Capital		*8,00,000*
Opening Stock	*1,00,000*	
Purchase and Sales	*6,00,000*	*9,50,000*
Sales returns	*20,000*	
Wages	*50,000*	
Interest on Ram's loan	*10,000*	
Manufacturing expenses	*60,000*	
Salaries	*34,000*	
Insurance	*15,000*	
Provision for doubtful debts		*18,000*
Bad debts	*3,000*	
Bills payable (B/P)		*50,000*
Interest		*10,000*
Building	*4,00,000*	
Machinery	*5,00,000*	
Furniture	*20,000*	
Motor car	*3,00,000*	
Debtors and Creditors	*2,54,000*	*4,00,000*

Drawings	*25,000*	
Cash in hand	*8,000*	
Motor car expenses	*6,000*	
Loan from Ram from April 1, 2025 at 12% interest p.a.		*3,00,000*
Bank deposit	*1,00,000*	
Depreciation on Machinery	*20,000*	
Accrued interest on bank deposit	*3,000*	

Adjustments :

1. *Closing stock ₹ 2,50,000.*
2. *The insurance premium instalment was paid on 1st July, 2025 for 12 months.*
3. *The installing charges of machine ₹ 10,000 were posted to wages account.*
4. *Goods costing ₹ 8,000 were sent to a customer on sale or approval on 31st March, 2026, but were wrongly entered as sales for ₹ 10,000.*
5. *Write off further bad debts for ₹ 4,000 and increase provision for doubtful debts by ₹ 20,000.*
6. *Charge depreciation on Motor Car at 10% p.a., 1/3 part of Motor Car is used for private purpose.*
7. *A bill of ₹ 50,000 was discounted on 25th March, 2026, the due date of which was 16th April, 2026.*

Prepare Trading Account, Profit & Loss Account for the year ended 31st March, 2026 and Balance Sheet as on that date.

(16 marks)

Answer 5

In the books of VK & Sons -

Trading and Profit and Loss Account
for the year ended 31st March, 2026

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		1,00,000	By Sales	9,50,000	
To Purchases		6,00,000	Less: Returns	(20,000)	
				9,30,000	
To Wages	50,000		Less: Sale on approval	(10,000)	9,20,000
Less: Machinery installation charges	(10,000)	40,000			

To Manufacturing Expenses		60,000	By Closing Stock Add: Cost of stock sent on approval basis	2,50,000 <u>8,000</u>	2,58,000
To Gross Profit c/d		3,78,000			
		11,78,000			11,78,000
To Int on Ram's Loan Add: Outstanding	10,000 <u>26,000</u>	36,000	By Gross Profit b/d		3,78,000
To Insurance Less: Prepaid	15,000 <u>(3,750)</u>	11,250	By Interest		10,000
To Bad Debts Add: further bad debts Add: New Provision Less: Old Provision	3,000 4,000 <u>31,000</u> 38,000 <u>(18,000)</u>	20,000			
To Salaries		34,000			
To Depreciation on Machinery		20,000			
To Motor Car Expenses Less: Drawings	6,000 <u>(2,000)</u>	4,000			
To Depreciation on Motor Car Less: Drawings	30,000 <u>(10,000)</u>	20,000			
To Net Profit transferred to Capital a/c		2,42,750			
Total		**3,88,000**	**Total**		**3,88,000**

Balance Sheet as at 31st March, 2026

Liabilities		*Amount ₹*	*Assets*		*Amount ₹*
Capital	8,00,000		Building		4,00,000
Add: Net Profit	2,42,750		Machinery	5,00,000	
Less: Drawings (Note1)	(37,000)	10,05,750	Add: Inst. charges	(10,000)	5,10,000
Bills Payable		50,000	Furniture		20,000
Creditors		4,00,000	Motor Car	3,00,000	
			Less: Depreciation	(30,000)	2,70,000
Ram's Loan	3,00,000		Debtors	2,54,000	
Add: Outstanding	26,000	3,26,000	Less: sent on approval	(10,000)	
				2,44,000	
			Less: Further Bad Debt	(4,000)	
				2,40,000	
			Less: New provision (Note 2)	31,000	2,09,000
			Stock-in-trade	2,50,000	
			Add: Cost of goods on approval	8,000	2,58,000
			Bank deposit	1,00,000	1,03,000
			Add: Accrued Interest	3,000	
			Cash in hand		8,000
			Prepaid Insurance		3,750
Total		**17,81,750**	**Total**		**17,81,750**

Note: Contingent Liabilities: ₹. 50,000 (Bill Discounted).

Working Notes:

(1) Drawings Calculation: ₹

Amount of Drawings (Trial Balance)	25,000
1/3 Motor Car Expenses	2,000
1/3 Depreciation on Motor Car	10,000
Total Drawings	37,000

(2) Provision for Bad Debt:

Old Provision	18,000
Less: Bad Debts (Trial Balance)	3,000
Balance	15,000

Less: Further Bad Debts	4,000
Remaining Provision	11,000
Provision to be increased	20,000
New Provision	31,000

Note: It is assumed that the depreciation on Installation charges of Machinery of Rs. 10,000 have been already included in depreciation of machinery of Rs. 20,000 mentioned in the trail balance.

Alternate Answer 5

In the books of VK & Sons -

Trading and Profit and Loss Account
for the year ended 31st March, 2026

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		1,00,000	By Sales	9,50,000	
To Purchases		6,00,000	Less: Returns	(20,000)	
				9,30,000	
To Wages	50,000		Less: Sale on approval	(10,000)	9,20,000
Less: Machinery installation charges	(10,000)	40,000			
To Manufacturing Expenses		60,000	By Closing Stock	2,50,000	
			Add: Cost of stock sent on approval basis	8,000	2,58,000
To Gross Profit c/d		3,78,000			
		11,78,000			11,78,000
To Int on Ram's Loan	10,000		By Gross Profit b/d		3,78,000
Add: Outstanding	26,000	36,000			
To Insurance	15,000		By Interest		10,000
Less: Prepaid	(3,750)	11,250			
To Bad Debts	3,000				
Add: further bad debts	4,000				
Add: New Provision	38,000				
	45,000				

Less: Old Provision	(18,000)	27,000			
To Salaries		34,000			
To Depreciation on Machinery		20,000			
To Motor Car Expenses Less: Drawings	6,000 (2,000)	4,000			
To Depreciation on Motor Car Less: Drawings	30,000 (10,000)	20,000			
To Net Profit transferred to Capital a/c		2,35,750			
Total		**3,88,000**	**Total**		**3,88,000**

Balance Sheet as at 31st March, 2026

Liabilities	*Amount ₹*	*Assets*	*Amount ₹*
Capital 8,00,000 Add: Net Profit 2,35,750 Less: Drawings (Note1)(37,000)	9,98,750	Building	4,00,000
		Machinery 5,00,000 Add: Inst. charges (10,000)	5,10,000
Bills Payable	50,000	Furniture	20,000
Creditors	4,00,000	Motor Car 3,00,000 Less: Depreciation (30,000)	2,70,000
Ram's Loan 3,00,000 Add: Outstanding 26,000	3,26,000	Debtors 2,54,000 Less: sent on approval (10,000) 2,44,000 Less: Further Bad Debt (4,000) 2,40,000 Less: New provision 38,000 (Note 2)	2,02,000

		Stock-in-trade 2,50,000 Add: Cost of goods on approval <u>8,000</u>	2,58,000
		Bank deposit 1,00,000 Add: Accrued Interest <u>3,000</u>	1,03,000
		Cash in hand	8,000
		Prepaid Insurance	3,750
Total	**17,74,750**	**Total**	**17,74,750**

Note: Contingent Liabilities: ₹. 50,000 (Bill Discounted).

Working Notes:

(1) Drawings Calculation: ₹

Amount of Drawings (Trial Balance) 25,000

1/3 Motor Car Expenses 2,000

1/3 Depreciation on Motor Car 10,000

Total Drawings 37,000

(2) Provision for Bad Debt:

Old Provision 18,000

Less: Bad Debts (Trial Balance) 3,000

Balance 15,000

Less: Further Bad Debts 4,000

Remaining Provision 11,000

Net provision to be increased (Bal. fig.) 27,000

New Provision (18000+20000)..................... 38,000

Note: It is assumed that the depreciation on Installation charges of Machinery of Rs. 10,000 have been already included in depreciation of machinery of Rs. 20,000 mentioned in the trail balance.

Question 6

(a) OMEGA LTD. issued 25,000 equity shares of ₹ 100 each at a premium of ₹ 25 per share payable as follows :

On application ₹ 50

On allotment ₹ 50 including premium of ₹ 25 and On final call ₹ 25

Applications were received for 30,000 shares. Letters of regret were issued to applicants for 5,000 shares and shares were allotted to all other applicants.

XYZ, the holder of 300 shares, failed to pay the allotment and call money; the shares were forfeited.

Show the journal entries and cash book in the books of OMEGA LTD.

(12 marks)

(b) *Amrita and Sumana signed partnership deed on 1st July, 2025. They agreed that Sumana will be entitled to a commission of 20% of the net profit after charging Amrita's salary of ₹ 5,000 per quarter and Sumana's commission. The net profit before charging Amrita's salary and Sumana's commission for the year ended 31st March, 2026 was ₹ 3,15,000.*

Calculate Sumana's commission.

(4 marks)

Answer 6(a)

Journal entries in the Books of OMEGA LTD.

Date	*Particulars*	*LF*	*Dr. Amount ₹*	*Cr. Amount ₹*
-	Bank A/c Dr.		15,00,000	
	To Equity Share Application A/c			15,00,000
	(Being application money received on 30,000 shares @ ₹50)			
-	Equity Share Application A/c Dr.		2,50,000	
	To Bank A/c			2,50,000
	(Being application money on 5,000 shares @ ₹50 returned)			
-	Equity Share Application A/c Dr.		12,50,000	
	To Equity Share Capital A/c			12,50,000
	(Being application money on 25,000 shares @ ₹50 transferred to Share Capital A/c)			
-	Equity Share Allotment A/c Dr.		12,50,000	
	To Equity Share Capital A/c			6,25,000

Date	*Particulars*		*LF*	*Dr. Amount ₹*	*Cr. Amount ₹*
	To Securities Premium A/c				6,25,000
	(Being allotment money @ ₹50 per share including premium of ₹25 per share made due)				
-	Bank A/c	Dr.		12,35,000	
	To Equity Share Allotment A/c				12,35,000
	(Being allotment money received on 24,700 shares)				
-	Equity Share Final Call A/c	Dr.		6,25,000	
	To Equity Share Capital A/c				6,25,000
	(Being final call money @ ₹25 per share made due)				
-	Bank A/c	Dr.		6,17,500	
	To Equity Share Final Call A/c				6,17,500
	(Being final call money received on 24700 shares)				
-	Equity Share Capital A/c (300 × ₹100)	Dr.		30,000	
	Securities Premium A/c (300 × ₹25)	Dr.		7,500	
	To Equity Share Allotment A/c				15,000
	To Equity Share Final Call A/c				7,500
	To Forfeited Shares A/c				15,000
	(Being forfeiture of 300 shares for non-payment of allotment and final call money)				

In the books of OMEGA Ltd.

Cash book

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
	To Equity Share Application A/c (30,000 shares × ₹50)	15,00,000		By Equity Share Application A/c (5,000 shares × ₹50)	2,50,000
	To Equity Share Allotment A/c (24,700 shares × ₹50 each)	12,35,000		By Balance c/d	31,02,500
	To Equity Share Final Call A/c (24,700 shares × ₹25)	6,17,500			
	Total	**33,52,500**		**Total**	**33,52,500**

Alternative Answer 6(a)

Journal entries in the Books of OMEGA LTD.

Date	*Particulars*	*LF*	*Dr. Amount ₹*	*Cr. Amount ₹*
-	Bank A/c Dr.		15,00,000	
	To Equity Share Application A/c			15,00,000
	(Being application money received on 30,000 shares @ ₹50)			
-	Equity Share Application A/c Dr.		2,50,000	
	To Bank A/c			2,50,000
	(Being application money on 5,000 shares @ ₹50 returned)			
-	Equity Share Application A/c Dr.		12,50,000	
	To Equity Share Capital A/c			12,50,000
	(Being application money on 25,000 shares @ ₹50 transferred to Share Capital A/c)			

Date	*Particulars*	*LF*	*Dr. Amount ₹*	*Cr. Amount ₹*
-	Equity Share Allotment A/c Dr.		12,50,000	
	To Equity Share Capital A/c			6,25,000
	To Securities Premium A/c			6,25,000
	(Being allotment money @ ₹50 per share including premium of ₹25 per share made due)			
-	Bank A/c Dr.		12,35,000	
	Calls in Arrears Dr.		15,000	
	To Equity Share Allotment A/c			12,50,000
	(Being allotment money received on 24,700 shares)			
-	Equity Share Final Call A/c Dr.		6,25,000	
	To Equity Share Capital A/c			6,25,000
	(Being final call money @ ₹25 per share made due)			
-	Bank A/c Dr.		6,17,500	
	Calls in Arrears Dr.		7,500	
	To Equity Share Final Call A/c			6,25,000
	(Being final call money received on 24700 shares)			
-	Equity Share Capital A/c (300 × ₹100) Dr.		30,000	
	Securities Premium A/c (300 × ₹25) Dr.		7,500	
	To Calls in Arrears A/c			22,500
	To Forfeited Shares A/c			15,000
	(Being forfeiture of 300 shares for non-payment of allotment and final call money)			

In the books of OMEGA Ltd.

Cash book

Date	*Particulars*	*Amount ₹*	*Date*	*Particulars*	*Amount ₹*
	To Equity Share Application A/c (30,000 shares × ₹50)	15,00,000		By Equity Share Application A/c (5,000 shares × ₹50)	2,50,000
	To Equity Share Allotment A/c (24,700 shares × ₹50 each)	12,35,000		By Balance c/d	31,02,500
	To Equity Share Final Call A/c (24,700 shares × ₹25)	6,17,500			
	Total	**33,52,500**		**Total**	**33,52,500**

Answer 6(b)

Calculation of Sumana's Commission	*Amount in Rs.*
Net Profit before charging Amrita's Salary and Sumana's Commission	3,15,000
Less: Amrita's salary for 3 quarters (Rs. 5000 x 3 quarter)	15,000
Profit remaining for commission	3,00,000
Sumana's Commission is 20% of Net Profit after charging Sumana's Commission = (3,00,000 x 20 / 120)	50,000

Question 7

The following is the Receipts and Payment Account for Victory Sport Club for the year ended 31st December, 2025 :

Receipts and Payments Account :

Receipts	*₹*	*Payments*	*₹*
To Cash in hand	*11,000*	*By Bank Overdraft (1.1.2025)*	*15,000*
To Subscriptions :		*By Investments*	*13,600*
2024	*1,200*	*By Furniture*	*10,000*

2025	*64,800*	*By Salaries*	*20,400*
2026	*6,000*	*By Printing and Stationery*	*3,560*
To Interest from Securities	*2,600*	*By Postage and Telegrams*	*5,000*
To Entrance Fees	*2,000*	*By Cost of Drama*	*7,000*
To Proceeds from Drama	*8,160*	*By Sundry Expenses*	*6,000*
To Sale Proceeds from old furniture (cost ₹ 400)	*800*	*By Balance :*	
		Cash in Hand	*4,000*
		Cash in Bank	*12,000*
Total	*96,560*		*96,560*

You are required to prepare the Income and Expenditure Account for the year ended 31st December, 2025 and the Balance Sheet as on that date after taking into account the following information :

(a) On 1st January 2025, the club premises value stood at ₹ 1,00,000; investments at ₹ 24,000; and furniture at ₹ 15,000.

(b) The club had 720 members each paying an annual subscription of ₹ 100.

(c) Salaries for December, 2025 amounting to ₹ 2,500 are outstanding.

(d) Half of the entrance fees are to be capitalised.

(e) Stock of stationery on 31st December, 2024 was ₹ 2,000 and on 31st December 2025 was ₹ 3,000.

(f) Depreciation of club premises to be 10%.

(16 marks)

Answer 7

Income and Expenditure Account of Victory Sports Club
for the year ended 31st December, 2025

Expenditure	*Amount in Rs.*	*Amount in Rs.*	*Income*	*Amount in Rs.*	*Amount in Rs.*
To Salaries	20,400		By Subscriptions	64,800	

Add: Outstanding	2,500	22,900	Add: Outstanding (Ref. working note 2)	7,200	72,000
To Printing and Stationery	3,560		By Entrance Fees (50% capitalised)		1,000
Add: Opening stock of Stationery	2,000		By Proceeds from drama	8,160	
Less: Closing stock of Stationery	(3,000)	2,560	Less: Cost of drama	(7,000)	1,160
To Postage and telegrams		5,000	By Interest from Securities		2,600
To Sundry Expenses		6,000	By Profit on sale of furniture (Rs. 800 – Rs. 400)		400
Depreciation on Club premises		10,000			
To Surplus transferred to Capital Fund		30,700			
Total		**77,160**	**Total**		**77,160**

Balance Sheet as at 31st December, 2025

Liabilities	*Amount in Rs.*	*Amount in Rs.*	*Assets*	*Amount in Rs.*	*Amount in Rs.*
Capital Fund:			Club Premises	1,00,000	
Opening Balance (Ref. working note)	1,38,200		Less: Dep@10%	(10,000)	90,000
Add: Entrance Fees	1,000				

Add: Surplus	30,700	1,69,900	Furniture	15,000	
			Less: Book value of furniture sold	(400)	
Subscriptions received in advance		6,000		14,600	
Outstanding Salaries		2,500	Add: Purchases	10,000	24,600
			Investment	24,000	
			Add: Purchased	13,600	37,600
			Subscription in arrear		7,200
			Stock of Stationery		3,000
			Cash at Bank		12,000
			Cash in Hand		4,000
Total		**1,78,400**	**Total**		**1,78,400**

Working Note

(1) Balance Sheet as at 1st January, 2025

Liabilities	*Amount in Rs.*	*Assets*	*Amount in Rs.*
Capital Fund (Balancing figure)	1,38,200	Premises	1,00,000
Bank Overdraft	15,000	Furniture	15,000
		Investments	24,000
		Stock of Stationery	2000
		Cash in Hand	11,000
		Subscriptions in arrear	1,200
Total	**1,53,200**	**Total**	**1,53,200**

(2) Subscription in Arrear as on 31st Dec, 2025

Subscriptions for the year (720 × ₹ 100) = 72,000

Subscriptions received for the year = ₹ 64,800

Subscriptions in arrear = ₹ 7,200

Question 8

(a) Rustam Ltd. forfeited 500 shares of ₹ 100 each, ₹ 70 called up, on which the shareholder had paid application money of ₹ 30 per share only. These shares were subsequently reissued at ₹ 60 per share as ₹ 70 paid up.

Pass journal entries for forfeiture and reissue with narrations.

(6 marks)

(b) In which book of original entry would the following transactions be entered ?

(1) Goods sold on credit were returned by a customer and cash was given immediately.

(2) A machinery was purchased on credit from M/s XYZ. for ₹ 10,000 for free delivery service.

(3) Discount allowed on prompt payment received by company.

(4) Certain goods for which the payment is due after 30 days were sold to Y for ₹ 10,000.

(5) Payment of salary due to Sananda who resigned from the service and which will be paid on final settlement.

(5 marks)

(c) B Ltd. purchased machinery for ₹ 1,50,000 on 1st April, 2022. The estimated life is 10 years and the scrap value after 10 years is estimated at ₹ 15,000. Depreciation @ 10% is charged under diminishing balance method. On 1st April, 2025 it has been decided to follow straight line method and it is anticipated that scrap value will be nil at the end of its useful life. Show Machinery Account from 2022 to 2026.

(5 marks)

Answer 8(a)

Journal Entries in the Books of Rustam Ltd.

Date	*Particulars*	*LF*	*Dr. Amount (₹)*	*Cr. Amount (₹)*
Forfeiture of 500 Shares				
	Share Capital A/c (Called-up: 500 × ₹ 70) Dr.		35,000	
	To Share Allotment / Calls in Arrears A/c (Unpaid: 500 × ₹ 40)			20,000
	To Share Forfeiture A/c (Received: 500 × ₹ 30)			15,000
	(Being 500 equity shares of ₹ 100 each, ₹ 70 called up, forfeited for non-payment of allotment and call money)			

Date	Particulars		LF	Dr. Amount (₹)	Cr. Amount (₹)
Reissue of 500 forfeited shares at ₹ 60 per share as ₹ 70 paid up					
	Bank A/c (500 × ₹ 60)	Dr.		30,000	
	Share forfeiture A/c	Dr.		5,000	
	To Share Capital A/c				35,000
	(Being 500 forfeited shares reissued at ₹. 60 per share as ₹. 70 paid up)				
Transfer of balance of share forfeiture a/c to capital reserve					
	Share forfeiture A/c	Dr.		10,000	
	To Capital Reserve A/c				10,000
	(Being balance of Share forfeiture A/c, after adjusting discount on reissue, transferred to Capital Reserve)				

Answer 8(b)

The transactions will be entered in:

1. Goods sold on credit were returned by a customer and cash was given immediately will be entered in Sales Returns Book and Cash Book
2. A machinery was purchased on credit from M/s XYZ for Rs. 10,000 for free delivery service will be entered in Journal Proper.
3. Discount allowed on prompt payment received by company will be entered in Cash Book/Journal Proper.
4. Certain goods for which the payment is due after 30 days were sold to Y for Rs. 10,000 will be entered in Sales Book
5. Payment of salary due to Sananda who resigned from the service and which will be paid on final settlement will be entered in Journal Proper.

   Note: It is assumed that the salary is due and will be paid on final settlement.

   Alternate Answer

   Payment of salary due to Sananda who resigned from the service and which will be paid on final settlement will be entered in Cash book.

   Note: It is assumed that the salary is already due and now paid on final settlement.

Answer 8(c)

Machinery Account

Date	*Particulars*	*Amount (in ₹.) Dr.*	*Date*	*Particulars*	*Amount (in ₹.) Cr.*
April 1, 2022	To Bank A/c	150,000	Mar 31, 2023	By Depreciation (1,50,000 @ 10%)	15,000
			Mar 31, 2023	By Balance c/d	1,35,000
	Total	150,000		Total	150,000
April 1, 2023	To Balance b/d	1,35,000	Mar 31, 2024	By Depreciation (1,35,000 @ 10%)	13,500
			Mar 31, 2024	By Balance c/d	1,21,500
	Total	1,35,000		Total	135,000
April 1, 2024	To Balance b/d	1,21,500	Mar 31, 2025	By Depreciation (1,21,500 @ 10%)	12,150
			Mar 31, 2025	By Balance c/d	1,09,350
	Total	1,21,500		Total	1,21,500
April 1, 2025	To Balance b/d	1,09,350	Mar 31, 2026	By Depreciation for current year (Rs. 1,09,350 / 7 year)	15,621
			Mar 31, 2026	By Balance c/d	93,729
		109,350			109,350

Note: Calculation of Depreciation has been made as per revised AS 10.

Alternate Answer 8(c)

Machinery Account

Date	*Particulars*	*Amount (in ₹.) Dr.*	*Date*	*Particulars*	*Amount (in ₹.) Cr.*
April 1, 2022	To Bank A/c	150,000	Mar 31, 2023	By Depreciation (1,50,000 @ 10%)	15,000

			Mar 31, 2023	By Balance c/d	1,35,000
	Total	150,000		Total	150,000
April 1, 2023	To Balance b/d	1,35,000	Mar 31, 2024	By Depreciation (1,35,000 @ 10%)	13,500
			Mar 31, 2024	By Balance c/d	1,21,500
	Total	1,35,000		Total	135,000
April 1, 2024	To Balance b/d	1,21,500	Mar 31, 2025	By Depreciation (1,21,500 @ 10%)	12,150
			Mar 31, 2025	By Balance c/d	1,09,350
	Total	1,21,500		Total	1,21,500
April 1, 2025	To Balance b/d	1,09,350	Mar 31, 2026	By Depreciation for current year (1,09,350 – 4,350) / 7 year	15,000
				Additional Depreciation	4,350
				By Balance c/d	90,000
	Total	**109,350**		**Total**	**109,350**

Additional depreciation:

Cost of Machinery as on April 1, 2022 = Rs. 1,50,000

Less: Depreciation under SLM basis (1,50,000 / 10 years) = Rs. 15,000

A) Total Depreciation for the year ended 2023, 2024 and 2025 = Rs. 15,000 x 3 = Rs. 45,000

B) Total Depreciation charged under diminishing balance method = 40,650 (15,000+13500+12150)

Additional Depreciation to be charged (A-B) = Rs. 4,350.

Note: Calculation of Depreciation have been made as per pre-revised AS 10.

***

ECONOMIC AND BUSINESS ENVIRONMENT

PAPER 3

Time allowed : 3 hours *Maximum marks : 100*

PART - I

(Attempt: Question No. 1 is compulsory and any 2 (two) Question from Q. Nos. 2 to 4)

Question 1

(a) Elaborate the factors affecting the price elasticity of demand.

(b) Explain the concept ''Economics is the study of choice under conditions of scarcity''.

(c) What do you understand by the term National Income ? Explain the Value Added Method to measure it.

(d) Describe the financial market and what are its key functions ?

(5 marks each)

Answer 1(a)

The price elasticity of demand is primarily affected by the following factors**:**

1. **Price Level**: The demand is generally elastic for moderately priced goods but, the demand for very costly and very cheap goods is inelastic. The rich do not bother about the prices of the goods that they buy. Very costly goods are demanded by the rich people and hence their demand is not affected much by the change in prices. For example, on increase in the price of Toyota car from Rs. 5,00,000 to Rs. 5,20,000 will not make any noticeable difference in its demand. Similarly, the change in the price of very cheap goods (such as salt) will not have any effect on their demand, for their consumption which is very small and fixed.
2. **Availability of Substitutes:** If a good has close substitutes, the price elasticity of demand for a commodity will be very elastic as some other commodities can be used for it. A small rise in the price of such a commodity will induce consumers to switch their consumption to its substitutes. For example, gas, kerosene oil, coal etc. will be used more as fuel if the price of wood increases. On the other hand, the demand of such commodities which have no close substitutes is inelastic, such as salt.
3. **Necessities:** If a good is a necessity, then the demand tends to be inelastic. For example, if the price for drinking water rises, then there is unlikely to be a huge drop in the quantity demanded since drinking water is a necessity.

4. **Time Period:** Over time, a good tends to become more elastic because consumers and businesses have more time to find alternatives or substitutes. For example, if the price of gasoline goes up, over time people will adjust for the change, i.e., they may drive less or use public transportation or form carpools.
5. **Habits:** The demand for addictive or habitual products is usually inelastic. This is because the consumer has no choice but no pay whatever the producer is demanding. For example, if the price for a pack of cigarettes goes up, it will likely not have any effect on demand.
6. **Nature of the Commodities:** The demand for necessities is inelastic and that for comforts and luxuries is elastic. This is so because certain goods which are essential will be demanded at any price, whereas goods meant for luxuries and comforts can be dispensed with easily if they appear to become costlier.
7. **Various Uses:** A commodity which has several uses will have an elastic demand such as milk, wood etc. On the other hand, a commodity having only one or fewer uses will have inelastic demand. The consumer finds it easier to adjust the quantity demanded of a good when it is to be used for satisfying several wants than if it is confined to a single or few uses. For this reason, a multiple-use good tends to have more elastic demand.
8. **Postponing Consumption:** Usually the demand for commodities, the consumption of which can be postponed, is elastic as the prices rise and are expected to fall again. For example, the demand for mp3 is elastic because its use can be postponed for some time if its price goes up, but the demand for rice and wheat is inelastic because their use cannot be postponed when their prices increase.

Answer 1(b)

The concept that 'Economics is the study of choice under conditions of scarcity' explicitly highlights two fundamental components.

a) **Choice and**

b) **Scarcity**

Scarcity: is a situation in which the amount of something available is insufficient to satisfy the desire for it. As an individual, for instance, we face scarcity of time and spending power. Given more of either, we could have more of the good and services that we desire. At any given point of time, individuals face numerous scarcities. There are so many things one might like to have – sedan cars, branded clothes, stylish shoes, branded watches, sports equipment’s, studio apartments, independent bungalow, and so on i.e. individuals have unlimited wants but face the constraint of limited spending power.

Choice: Every individual confronts this kind of situation on day-to-day basis. Because of the scarcities of time and spending power, each of us is forced to make choices. We must allocate our scarce time to different activities: work, play, study, sleep, shopping and more. We must allocate our scarce spending power among different goods and services; housing, food, furniture, travel, and many others. And each time we choose to buy something or do something, we also choose not to buy or do something else.

A little reflection suggests that just like individuals, at any given point of time, a society also faces unlimited wants and limited resources. The limited resources have alternative uses to which they can be put to use. Out of these alternative uses of scarce resources and unlimited wants, society has to make choice. The problem of scarcity and choice forms the core of Economics.

Given this, Economics would mean the study of ways in which mankind organizes itself to tackle the basic problem of scarcity of resources. Hence, economics is the study of alternate systems requisite to allocate these resources between competing ends. In view of allocation of resources, it can be said that; Economics is the study of how we choose to use limited resources with alternative uses to obtain the maximum satisfaction of unlimited human wants.

Consequently, economics is the study of how society allocates scarce resources with alternative uses to achieve the maximum satisfaction of unlimited human wants.

Answer 1(c)

National income is an uncertain term which is used interchangeably with national dividend, national output and national expenditure. On this basis, national income has been defined in a number of ways. In common parlance, national income means the total value of goods and services produced annually in a country.

In other words, the total amount of income accruing to a country from economic activities in a year's time is known as national income. It includes payments made to all resources in the form of wages, interest, rent and profits.

National Income or Net National Income is Gross National Income or Gross National Product less depreciation. It is to be noted that National Income includes Net Factor Income Earned from Abroad also. While computing National Income only finished or final goods are considered as factoring intermediate goods used for manufacturing would amount to double counting. It includes taxes but does not include subsidies.

The **Value-Added Method** also known as Product method of measuring the national income. Under this method, it measures the contribution of each producing enterprise in the domestic territory of the country. This method involves the following steps:

(a) Identifying the producing enterprise and classifying them into individual sectors according to their activities.

(b) Estimating net value added by each producing enterprise as well as each industrial sector and adding up the net value added by all the sectors.

Goods and services are counted in gross domestic product (GDP) at their market values. The product approach defines a nation's gross product as that market value of goods and services currently produced within a nation during a one-year period of time. The product approach measuring national income involves adding up the value of all the final goods and services produced in the country during the year. Here we focus on various sectors of the economy and add up all their production during the year. The main sectors whose production value is added up are:

(i) agriculture (ii) manufacturing (iii) construction (iv) transport and communication (v) banking (vi) administration and defense and (vii) distribution of income

Answer 1(d)

Financial markets refer to the markets where buyers and sellers participate in the trade of assets like equities, bonds, currencies and derivatives. It provides a platform for investors to invest money in securities and for companies to raise money by issuing securities. The securities are traded on exchanges like the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India, are the financial markets of India.

Stock market allows companies to raise capital by issuing shares to the public and investors to purchase shares of companies

Financial markets systematically facilitate economic growth through the following major functions:

a) **Facilitating capital formation:** Financial markets allow companies to raise fresh capital from investors to finance their operations or expansion plans. This helps businesses grow and create jobs, leading to economic growth.

b) **Price discovery:** Prices of all financial instruments are determined through market forces like supply demand dynamics in these markets. This helps buyers and sellers determine fair prices for a given security or asset class at any given time.

c) **Allocating capital efficiently:** By allowing investors to allocate their capital across different classes of assets according to their risk appetite, financial markets help ensure that resources are allocated efficiently across various sectors of the economy.

d) **Risk management tools:** These markets also offer sophisticated risk management tools such as derivatives which can be used by institutions or individual traders seeking exposure without taking on too much risk or leverage levels beyond what they can manage effectively.

Question 2

(a) Elaborate the objectives and significance of Indian Union Budget.

(b) Explain the objectives of forming Small Industries Development Bank of India (SIDBI). What are the initiatives it took, since its incorporation, in promoting the growth of Micro, Small and Medium Enterprises (MSME).

(c) Describe the purpose for which the International Financial Services Centre Authority (IFSCA) has been formed and what are the key objectives?

(5 marks each)

Answer 2(a)

Key objectives of the Indian Union Budget are to promote economic growth and development. To achieve this, the government allocates resources to various sectors such as agriculture, education, health infrastructure, and defense. The budget also aims to promote social welfare and reduce poverty by increasing investments in social programs and schemes.

Another objective of the Union Budget is to maintain macroeconomic stability by managing inflation and reducing the fiscal deficit. To achieve this, the government may introduce measures such as increasing taxes, reducing subsidies, and rationalizing government expenditure. The government may also take steps to attract foreign investment and promote exports, in order to increase foreign exchange reserves and stabilize the economy.

The Indian Union Budget is also a reflection of the government's policy priorities and political agenda. For instance, in the 2021-22 Union Budget, the government focused on promoting infrastructure development, increasing healthcare spending, and boosting rural and agricultural growth. The government also announced several measures to promote digitalization, innovation, and entrepreneurship, as part of its vision to make India self-reliant and a global manufacturing hub.

The Union Budget has a significant impact on the Indian economy and its various stakeholders. For instance, businesses and industries are affected by changes in tax rates, subsidies, and government policies. Investors and financial markets also closely monitor the budget announcements, as they can affect stock prices, bond yields, and currency exchange rates. Similarly, individual taxpayers are affected by changes in income tax rates, deductions, and exemptions.

The Union Budget is also a platform for the government to announce policy reforms and initiatives. For instance, in recent years, the government has introduced several reforms such as the Goods and Services Tax (GST), Digital India, Make in India, and Atmanirbhar Bharat, which have had a significant impact on the Indian economy and society.

Answer 2(b)

Small Industries Development Bank of India (SIDBI) set up on 2nd April 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for coordination of functions of institutions engaged in similar activities.

SIDBI's initiatives have remained aligned to the national goals of poverty alleviation, employment generation, kindling entrepreneurship and fostering competitiveness in MSME sector. Some of SIDBI's key initiatives over more than the past 25 years of tirelessly promoting the growth of MSMEs, include;

(i) Providing cumulative assistance of around INR 5.40 lakh crore channelized into MSME segment.

(ii) Directly impacting over 360 lakh persons/enterprises through its branch network of around 80 offices spread across the country as well as through the network of banks/ institutions (having more than 1.25 lakh branches) across the country.

(iii) Extending loans, equity and quasi-equity aggregating to INR 13,689 crore benefitting 356 lakh disadvantaged people, mostly women, through its Micro Finance operations.

(iv) Deepening its outreach by nurturing and evolving more than 100 MFIs who have emerged as strong and viable financial intermediaries serving the unserved.

(v) Supporting more than 1.16 lakh budding and existing entrepreneurs by infusing skills and reskilling initiatives.

(vi) Facilitating Institutions Building by adopting a SIDBI Plus approach and creating its Subsidiary and Associate Institutions for providing impetus to the growth of MSME ecosystem.

(vii) Developing a passionate pool of 1000+ professionals with 22% women and 40% belonging to SC/ST and OBCs category, for serving the needs of the dynamic and consistently evolving MSME Sector.

Answer 2(c)

The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India.

The main objective of IFSCA is to develop and regulate financial services in the International Financial Services Centres (IFSCs) established in India, with a mandate to create a world-class financial ecosystem based on ease of doing business and to provide best in class regulatory system to make IFSCs in India a preferred global destination for international financial services.

Other key objectives of IFSCA include the following:

a) To facilitate the development of a strong base of international financial services in the country,

b) To promote IFSCs as a dominant gateway for international capital flows into and out of India,

c) To emerge as a regional and global hub for international financial services,

d) To provide a state-of-the-art unified regulatory framework, with robust regulation and supervisory technology aligned with international best practices,

e) To develop a strong global, connect with leading international financial jurisdictions.

Question 3

(a) Describe the Private Income and Personal Income. What is the difference between both of them?

(b) ''Tax revenue is the most significant source of revenue of any Government'', elaborate the concept with reference to the various sources of revenue of the Government of India.

(c) What is the meaning of 'Balance of Payment' ? Describe key components of its structure.

(5 marks each)

Answer 3(a)

Private income is income obtained by private individuals from any source, productive or otherwise, and the retained income of corporations. It can be arrived at from NNP at Factor Cost by making certain additions and deductions.

The additions include transfer payments such as pensions, unemployment allowances, sickness and other social security benefits, gifts and remittances from abroad, windfall gains from lotteries or from horse racing, and interest on public debt. The deductions include income from government departments as well as surpluses from public undertakings, and employees' contribution to social security schemes like provident funds, life insurance, etc.

Private Income = National Income (or NNP at Factor Cost) + Transfer Payments + Interest on Public Debt - Social Security - Profits and Surpluses of Public Undertakings.

On the other hand, Personal income is the total income received by the individuals of a country from all sources before payment of direct taxes in one year. Personal income is never equal to the national income, because the former includes the transfer payments whereas they are not included in national income.

Personal income is derived from national income by deducting undistributed corporate profits, profit taxes, and employees' contributions to social security schemes. These three components are excluded from national income because they do reach individuals.

But business and government transfer payments, and transfer payments from abroad in the form of gifts and remittances, windfall gains, and interest on public debt which are a source of income for individuals are added to national income.

Personal Income = National Income - Undistributed Corporate Profits - Profit Taxes – Social Security Contribution + Transfer Payments + Interest on Public Debt.

Personal Income is always less than Private Income because corporations do not distribute their entire profits to individuals — the portion retained within the firm, known as Undistributed Corporate Profits, never reaches individual hands. Since Private Income includes the earnings of both households and firms, while Personal Income covers only what individuals actually receive, the retained profits are deducted. Hence,

Personal Income = Private Income - Undistributed Corporate Profits - Profit Taxes

Answer 3(b)

Tax revenue is the most significant source of revenue for any government including the Indian government. These can be either direct or indirect taxes. Direct taxes refer to taxes that are paid directly by individuals and corporations, whereas Indirect taxes refer to taxes that are levied on goods and services.

For the Government of India, tax revenue from direct taxes contributes around 70% of the government's total revenue receipts. The followings are the examples of tax revenue:

1) **Income Tax:** Tax levied on the income earned by individuals and entities.
2) **Corporate Tax:** Tax imposed on the profits earned by companies.
3) **Goods and Services Tax (GST):** A consumption tax levied on the sale of goods and services.
4) **Customs Duty:** Tax imposed on goods imported into or exported out of the country.
5) **Excise Duty:** Tax levied on the production or sale of certain goods within the country.

Non-tax revenue from indirect taxes refers to the government's revenue inflows from sources other than taxes. Non-tax revenue contributes around 30% of the government's total revenue receipts. Non-tax revenue includes sources such as:

1) **Interest Receipts:** Interest earned on loans extended by the government.
2) **Dividend and Profits:** Income earned from investments in public sector enterprises.
3) **Fees and Fines:** Revenue generated from fees for government services and fines imposed for violations of regulations.
4) **Revenue from Public Sector Enterprises:** Income earned by the government from its ownership of public sector companies.

Answer 3(c)

The balance of payments (BOP) is the method countries use to monitor all international monetary transactions at a specific period. Usually, the BOP is calculated every quarter and every calendar year. All trades conducted by both the private and public sectors are accounted for in the BOP to determine how much money is going in and out of a country. If a country has received money, it is known as a credit, and if a country has paid or given money, the transaction is known as debit.

Theoretically, the BOP should be zero, meaning that assets (credits) and liabilities (debits) should balance, but in practice, this is rarely the case. Thus, the BOP can tell the observer if a country has a deficit or a surplus and from which part of the economy the discrepancies are stemming. A country's trade balance equals the value of its exports minus its imports.

The formula is: **X - M = TB [***Here: X = Exports, M = Imports and TB = Trade Balance]*

The structure of balance of payment has mainly three components, these are as under;

i) **Current Account**: The current account is useful for monitoring inflow and outflow of goods and services. Thus, this account covers all the payments and receipts that are made with respect to manufactured goods and raw materials. Furthermore, it also includes receipts from tourism, engineering, business services, transportation, etc.

ii) **Capital Account**: The capital transactions that occur between the countries are monitored under the capital account. Thus, capital transactions include the sale and purchase of assets like properties. Furthermore, the capital account also includes the flow of taxes, sales and purchases of fixed assets for a migrant moving in or out of the country. The three major elements of the capital account are investments, foreign exchange reserves, and loans and borrowings.

iii) **Financial Account**: The flow of funds to and from foreign countries via various investments in real estate, FDI, business ventures, etc. are monitored through the financial account. Also, this account measures the variation in foreign ownership. When you analyze this, you can understand whether a country us acquiring more or selling more.

Question 4

(a) Elaborate on the Revenue Budget of the Government of India.

(b) Micro, Small and Medium Enterprises (MSME) sector, plays a pivotal role in any economy. Elaborate the key initiatives taken by the Government of India, in the recent past, in bolstering this sector.

(c) What are the key differences between the Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) ?

(5 marks each)

Answer 4(a)

The budget of the Government of India, comprises of two components namely, Revenue Budget and Capital Budget.

The Revenue Budget consists of the revenue receipts of the Government (Tax revenues and non-tax revenues) and the revenue expenditure. Tax revenues comprise proceeds of taxes and other duties levied by the Union. Other revenues are receipts of the government mainly consisting of interest and dividend on investments made by the government, and fees and receipts for other services rendered by the government.

The Revenue Budget of India is an essential component of the Union Budget, which lays out the government's revenue and expenditure plans for the upcoming fiscal year. The Revenue Budget is a crucial tool for promoting economic growth and development in India, as it enables the government to allocate resources efficiently and effectively towards critical areas such as education, healthcare, infrastructure, and social welfare programs.

The Revenue Budget comprises two major components:

a) **Revenue Receipts:** Revenue Receipts refer to the government's revenue inflows from various sources such as taxes, duties, fees, and other levies. Revenue receipts include tax revenue and non-tax revenue.

b) **Revenue Expenditures:** Revenue Expenditure refers to the government's expenditure on various heads such as salaries and wages, interest payments, subsidies, pensions, and grants, among others.

The difference between these two components results either the Revenue Surplus (if receipts are more than expenditure), or Revenue Deficit (if expenditures are more than receipts).

Answer 4(b)

In the recent years, the Government of India has implemented a robust array of initiatives aimed at bolstering the Micro, Small, and Medium Enterprises (MSME) sector, recognizing its pivotal role in the economy. These efforts range from financial support and procurement policies to capacity building and market integration.

Key initiatives include the Udyam Registration Portal, PM Vishwakarma scheme, PMEGP, SFURTI, and the Public Procurement Policy for MSEs, all aimed at fostering entrepreneurship, enhancing employment, and integrating informal sectors into the formal economy.

These initiatives reflect the government's commitment to supporting MSMEs and driving inclusive economic growth nationwide.

The **'PM Vishwakarma' scheme,** launched by the Government of India, aims to enhance the quality and reach of products and services by artisans and craftspeople, integrating them into domestic and global value chains. Announced in the 2023-24 Budget and launched on September 17, 2023, this scheme seeks to provide comprehensive support to Vishwakarmas, improving their socio-economic status and quality of life.

Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme for providing employment opportunities through establishment of micro-enterprises in the non-farm sector. Under the Scheme, Margin Money (Subsidy) is provided to beneficiaries availing loan from banks for setting up new enterprises. The maximum project cost admissible for setting up of new project is Rs. 50 lakhs in manufacturing sector and Rs. 20 lakhs in Service Sector.

The Ministry of MSME, Government of India, notified the Public Procurement Policy for Micro and Small Enterprises (MSEs) in 2012. This policy mandates that 25% of annual procurement by Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) must be sourced from MSEs.

Answer 4(c)

Major differences between the foreign direct investment and the foreign portfolio investment are as under;

Sl. No.	Basis for Comparison	Foreign Direct Investment (FDI)	Foreign Portfolio Investment (FPI)
1	Meaning	FDI refers to the investment made by the foreign investors to obtain a	When an international investor, invests in the passive holdings of an

		substantial interest in the enterprise located in a different country	enterprise of another country, i.e. investment in the financial asset, it is known as FPI.
2	Investor's role	Active	Passive
3	Degree of control	High	Very less
4	Term	Long term	Short term
5	Management of Projects	Efficient	Comparatively less efficient.
6	Investment in	Physical/ intangible assets	Financial assets
7	Entry/ exit	Difficult	Relatively easy
8	Results in	Transfer of funds, technology and other resources.	Capital inflows

PART – II

(Attempt: Question No. 5 is compulsory and any 2 (two) Question from Q. Nos. 6 to 8)

Question 5

(a) *Elaborate the initiatives taken by the Government of India, on Skill India Misson (SIM).*

(b) *Explain why Securities and Exchange Board of India (SEBI) has been set up, and what are its powers?*

(c) *''India is committed towards reduction of emission intensity'', elaborate the statement with reference to the initiatives taken by the Government of India on Carbon Credit Trading Scheme (CCTS).*

(d) *Which regulatory frameworks are applicable to 'Corporate Governance'' ? Elaborate the reporting requirements on Corporate Governance.*

(5 marks each)

Answer 5(a)

Under the Government of India's Skill India Mission (SIM) , the Ministry of Skill Development and Entrepreneurship (MSDE) delivers skill, re-skill and up-skill training through an extensive network of skill development centres under various schemes, viz. Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Jan Shikshan Sansthan (JSS), National Apprenticeship Promotion Scheme (NAPS) and Craftsman Training Scheme (CTS) through Industrial Training Institutes (ITIs), to all the sections of the society across the country. The SIM aims at enabling youth of India to get future ready and equipped with industry relevant skills.

To promote new age skills in areas like AI/ML, Robotics and Green technology, MSDE has undertaken the following initiatives:

(a) Under PMKVY, more than 200 new age/future skills job-roles have been specially aligned with Industry 4.0 requirements in areas like AI/ML, Robotics, EVs, Mechatronics, Drone Tech, etc. for upcoming market demand and industry requirements.

(b) Under NAPS, the apprentices are engaged by the establishment in trades (both, designated and optional), which includes those pertaining to new-age /future skills.

(c) Directorate General of Training (DGT) under aegis of MSDE has introduced 31 new age /future skills courses in Industrial Training Institutes (ITIs) and National Skill Training Institutes (NSTIs) under CTS to provide training in emerging areas such as 5G Network, AI/ML, Cyber Security, Drone Technology, etc.

(d) DGT has signed MoU with IT Tech companies like IBM, CISCO, Future Skill Rights Network, Amazon Web Services (AWS) and Microsoft to ensure industry linkages for the institutes at the state and regional levels under CSR initiatives. These partnerships facilitate the provision of technical and professional skills training in modern technologies.

(e) Indian Institute of Skills (IIS) established at Ahmedabad and Mumbai, in Public Private Partnership (PPP) Mode, provide training to create a pool of industry-ready workforce for Industry 4.0, equipped with cutting-edge technology and hands-on training.

(f) MSDE has launched Skill India Digital Hub (SIDH) platform, a comprehensive and accessible platform for skill enhancement, offering industry-relevant skill courses, job opportunities, and entrepreneurship support to youth of the country. SIDH offers an extensive array of AI/ML, Robotics and Green tech courses.

Answer 5(b)

Securities and Exchange Board of India (SEBI) is a statutory regulatory body entrusted with the responsibility to regulate the Indian capital markets. It monitors and regulates the securities market and protects the interests of the investors by enforcing certain rules and regulations. SEBI was founded on April 12, 1992, under the SEBI Act, 1992. Headquartered in Mumbai, India, SEBI has regional offices in New Delhi, Chennai, Kolkata and Ahmadabad along with other local regional offices across prominent cities in India.

The objective of SEBI is to ensure that the Indian capital market works in a systematic manner and provide investors with a transparent environment for their investment. To put it simply, the primary reason for setting up SEBI was to prevent malpractices in the capital market of India and promote the development of the capital markets.

The Preamble of the Securities and Exchange Board of India describes the basic functions of the Securities and Exchange Board of India as: *"...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto."*

Securities and Exchange Board of India has the following three powers:

(a) **Quasi-Judicial:** With this authority, SEBI can conduct hearings and pass ruling judgements in cases of unethical and fraudulent trade practices. This ensures transparency, fairness, accountability and reliability in the capital market.

(b) **Quasi-Legislative:** Powers under this segment allow SEBI to draft rules and regulations for the protection of the interests of the investor. One such regulation is SEBI LODR (Listing Obligation and Disclosure Requirements). It aims at consolidating and streamlining the provisions of existing listing agreements for several segments of the financial market like equity shares. This type of regulation formulated by SEBI aims to keep any malpractice and fraudulent trading activities at bay.

(c) **Quasi-Executive:** SEBI is authorised to file a case against anyone who violates its rules and regulation. It is empowered to inspect account books and other documents as well if it finds traces of any suspicious activity.

Answer 5(c)

Towards India's commitment on emission intensity reduction, Government of India has already notified The Carbon Credit Trading Scheme, 2023 in June 2023, and laid the foundation for the Indian Carbon Market (ICM) by establishing the institutional framework, including the National Steering Committee for Indian Carbon Market (NSCICM). In December 2023, the scheme was amended to introduce the Offset Mechanism, enabling participation from non-obligated entities through voluntary climate mitigation projects.

The **Carbon Credit Trading Scheme (CCTS)** in India is a mechanism designed to reduce greenhouse gas (GHG) emissions through carbon pricing. It involves two key elements:

a) a compliance mechanism for obligated entities (primarily industrial sectors) and

b) an offset mechanism for voluntary participation.

The CCTS aims to incentivize and support entities in their efforts to decarbonize the Indian economy. CCTS laid the foundation for the Indian Carbon Market (ICM) by establishing the institutional framework.

Carbon pricing is a policy tool that puts a financial cost on greenhouse gas emissions, primarily carbon dioxide, to incentivize reductions in pollution and promote a shift towards cleaner energy sources. It works by making emitters pay for the environmental damage caused by their pollution, encouraging them to reduce emissions.

Emissions Trading System (ETS)

India is rapidly advancing toward a structured and regulated carbon pricing ecosystem as part of its broader climate and sustainable development agenda. Against the backdrop of increasing global emphasis on carbon markets and emissions trading, India is now actively developing a rate-based Emissions Trading System (ETS) and associated voluntary carbon crediting mechanisms.

Answer 5(d)

Various regulatory frameworks as applicable to Corporate Governance are like Companies Act 2013 and SEBI Act, 1992. Additionally, for listed companies in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Reporting Requirements on Corporate Governance:

For listed companies, two major reporting requirements on Corporate Governance are prescribed by the SEBI. These requirements are as under;

a) **Corporate Governance Report (CGR):**

The Securities Exchange Board of India has under Regulation 27 required Companies to file a quarterly report on Corporate Governance and a yearly report to be also attached to the Annual Reports. The details called for broadly cover: Board Composition, Board Committee Composition, Meetings of the Board and Committees, Related Party Transactions, Senior Management, Remuneration of Directors, Meetings of Members, General Shareholder Information etc. The idea is to enlarge disclosure which improves transparency and monitoring.

b) **Business Responsibility and Sustainability Report (BRSR):**

Based on the National Guidelines on Responsible Business Conduct (NGRBC) released by the Ministry of Company Affairs, the Securities Exchange Board of India has directed the top 1000 companies to attach a Business Responsibility and Sustainability Report as part of the Annual Report. The format for the BRSR is also provided by SEBI.

One of the important components of the BRSR is the principle wise information to be provided in respect of the nine principles laid down in the NGRBC. The principle wise information will clearly demonstrate the extent of good governance that exists in the Company.

Question 6

(a) ''The auxiliaries to trade perform multifaceted functions that contribute to the efficient functioning of the global economy'', elucidate the statement with reference to the significance of auxiliaries to trade.

(b) What do you understand by the term 'International Monetary Fund' (IMF) ? Describe its contributions to fostering the business, trade and commerce.

(c) Comment on the major challenges and opportunities of Artificial Intelligence (AI), in the life of general public.

(5 marks each)

Answer 6(a)

Commerce, the intricate web of economic activities that involves the exchange of goods and services, forms the backbone of any modern society. To keep this wheel turning smoothly, a range of support services and processes come into play, collectively known as "Auxiliaries to Trade."

The auxiliaries to trade perform multifaceted functions that contribute to the efficient functioning of the global economy. This reflect the significance of the auxiliaries into global trade; it can be understood from the following factors;

(i) **Risk Management:** Trade involves inherent risks, from damage during transportation to fluctuating currency values. Insurance and financial services mitigate these risks, giving businesses the confidence to engage in international trade without fearing substantial losses.

(ii) **Efficiency and Speed:** Transportation and logistics services ensure that goods reach their destinations promptly and efficiently. This efficiency is vital for perishable goods, such as fruits and vegetables, and industries with just-in-time manufacturing processes.

(iii) **Global Connectivity:** Communication and information services bridge the geographical gap between buyers and sellers, enabling them to interact and transact regardless of physical location. This global connectivity expands market reach and opportunities for businesses.

(iv) **Legal Compliance:** International trade involves navigating complex regulations and legal requirements. Legal and regulatory support ensures that businesses remain compliant with international laws, avoiding legal disputes and barriers to trade.

(v) **Informed Decision-Making:** Market research and analysis provide valuable insights that guide businesses in making informed decisions. Understanding consumer behavior and market trends enables companies to tailor their products and strategies accordingly.

(vi) **Sustainable Growth:** Advertising and marketing services contribute to brand building and consumer awareness. This, in turn, drives demand for products and services, fostering sustainable business growth.

Answer 6(b)

The International Monetary Fund (IMF) is an institution, it is a key part of the global financial system. It is established to ensure monetary stability and promote international cooperation. While it doesn’t directly drive business or trade like a company or a free trade agreement, its role in creating a stable and predictable economic environment is vital for global commerce.

The IMF’s contributions to global business, trade, and commerce are indirect but fundamental. They stem from its mission to establish a steady, rule-based international monetary system. These are as under;

(i) **Promoting Exchange Rate Stability**: One of the IMF’s founding goals was to maintain stable exchange rates among its members. By discouraging competitive currency devaluations, the IMF gives businesses the certainty needed to engage in cross-border trade and investment. A steady exchange rate lowers the risk for companies involved in international transactions.

(ii) **Removing Trade and Payment Restrictions:** The IMF collaborates with its members to eliminate foreign exchange barriers and set up a multilateral payment system. This allows businesses to exchange currencies and conduct transactions across borders more easily, which is essential for the smooth flow of goods and services.

(iii) **Lending as a “Financial Firefighter”:** By providing loans to countries in distress, the IMF prevents economic turmoil from spreading to other nations. This “contagion” effect can trigger global recessions and interrupt supply chains. The IMF’s responses to crises, such as the 1997 Asian financial crisis or the 2008 global financial crisis, were crucial in restoring trust in the global financial system.

(iv) **Encouraging Sound Policies:** The conditions tied to IMF loans often require countries to pursue market-driven reforms. These can include fiscal discipline, trade liberalization, and improved governance. Such reforms can create a clearer and more attractive environment for both local and foreign businesses to grow and succeed.

Answer 6(c)

One of the most significant technical developments of the twenty-first century has been Artificial Intelligence (AI), which has transformed the way people live, work, and connect. To ensure AI's safe and ethical development and deployment, there are a number of issues that must be resolved, just like with any other technical advance.

Challenges of Artificial Intelligence

(i) **Bias and Discrimination:** The possibility for prejudice and discrimination is one of the biggest problems with artificial intelligence. Because AI algorithms can only be as objective as the data they are trained on, biased data will result in biased algorithms.

(ii) **Transparency:** Lack of openness and ability to explain is yet another difficulty with artificial intelligence. The majority of AI algorithms are complicated, making it difficult to comprehend how they make judgments.

(iii) **Concerns regarding Security and Safety:** Artificial Intelligence systems have the potential to have severe negative effects, especially if they break down or are compromised.

(iv) **Displacement of Jobs:** When AI develops, it will be able to perform numerous activities in lieu of humans, which would cause redundancy and societal unrest.

(v) **Privacy:** With AI, data collection, gathering a lot of personal information if ends up being in the possession of some unwanted person/hacker, it might be misused. Hence, protecting the security and privacy of sensitive data is essential for the ethical creation and utilization of AI.

(vi) **Automation of Work:** Automation of chores is one of AI's most important potential benefits. Large database processing and other activities that would take humans a very long time to accomplish can be handled by AI systems.

(vii) **Personalization:** The potential to customise products and offerings is yet another advantage AI offers. In order to offer personalised suggestions and insights, AI systems may examine data on consumer behaviour and preferences.

(viii) **Making better decisions:** AI may be applied to numerous businesses to enhance decision-making. In order to find patterns and forecast outcomes, AI systems can analyse vast volumes of data, allowing businesses and organisations to make better decisions.

Question 7

(a) Describe the characteristics of a successful entrepreneur.

(b) What are the functions of NITI Aayog, and which principles of effective governance it follows ?

(c) Describe Social Stock Exchange and explain its key objectives ?

(5 marks each)

Answer 7(a)

The Various characteristics of a successful entrepreneur, are as under;

(i) **Mental Ability**: entrepreneur must have creative thinking and must be able to analyse problems and situations. He should be able to anticipate changes.

(ii) **Business Secrecy**: he should guard his business secrets from his competitors.

(iii) **Clear Objectives**: he must have clear objectives as to the exact nature of business or the nature of goods to be produced.

(iv) **Human Relation**: he must maintain good relations with his customers, employees etc. to maintain good relationship he should have emotional stability, personal relations, tactfulness and consideration.

(v) **Communication Ability**: he should have good communication skills means both the sender and the receiver should understand each other's message

Answer 7(b)

The NITI Aayog (National Institution for Transforming India) serves as the apex public policy think tank of the Government of India. NITI Aayog is developing itself as a State-of-the-art Resource Centre, with the necessary resources, knowledge and skills, that will enable it to act with speed, promote research and innovation, provide strategic policy vision for the government, and deal with contingent issues.

NITI Aayog's main functions are as under;

(i) Design Policy & Programme Framework

(ii) Foster Cooperative Federalism

(iii) Monitoring & Evaluation

(iv) Think Tank and Knowledge & Innovation Hub

NITI Aaayog is based on the 7 pillars of effective governance which are as under;

(i) Pro-People

(ii) Pro-Activity

(iii) Participation

(iv) Empowering

(v) Inclusion of all

(vi) Equality and

(vii) Transparency

Answer 7(c)

Social Stock exchange is mechanism where social enterprises, NGOS and voluntary organizations and donors of social projects interact with each other. SSE is an electronic fund-raising platform under the surveillance of the SEBI for listing social enterprises and voluntary organizations so that they can raise capital as equity, debt or as units like a mutual fund.

The SEBI (Securities and Exchange Board of India) Report, suggests the SSE allows Indian non profit organizations to list securities, creating a dedicated platform for fund raising and reducing reliance on ad hoc funding. Operating as a separate segment within existing stock exchanges, it encourages socially minded investors to diversify their portfolios, fostering a robust social securities market in the country.

The National Stock Exchange (NSE) and the BSE (formerly called as the Bombay Stock Exchange) play pivotal roles as the platforms facilitating the operation of the SSE. They support the listing of eligible Not-for Profit Organizations (NPOs) and For-Profit Social Enterprises (FPEs), enabling them to raise funds through innovative financial instruments. It emphasizes transparency, accountability, and efficiency to ensure that NPOs and social enterprises can achieve their funding and impact goals effectively.

Objectives of the Social Stock Exchange (SSE):

(i) Regulated platform that brings together social enterprises and donors,

(ii) Facilitate funding and growth of social enterprises, and

(iii) Enabling mechanism to ensure robust standards of social impact and financial reporting.

Question 8

(a) Discuss the economic and legal aspect of a business environment.

(b) Write a note on Business Responsibility and Sustainability Reporting (BRSR).

(c) Explain the concept of Digital Currency.

(5 marks each)

Answer 8(a)

Economic Environment

The current economic condition in most countries is highly volatile. And this is relevant to every business large and small. However, the presence of the open market has been highly beneficial towards businesses as well. Since the global economy is volatile most big business has to be careful of its impact at all times.

The main components of Economic Environment are:

(i) Economic system i.e., capitalist, socialist and mixed economic system.

(ii) Economic policies such as, monetary policy, fiscal policy, supply side policy etc.

(iii) Economic indices such as, Gross Domestic Product, Consumer Price index, Per Capita Income etc.

(iv) Financial markets such as, share market, money market, capital market etc.

(v) Industrial infrastructure etc.

Legal Environment

There are laws for businesses in every country in the world and every business has to abide by these laws. So, regulations are a primary factor that every business needs to consider in its external environment. But there are also regulations that help businesses thrive. Example: A cigarette-selling company compulsorily has to put the slogan “smoking is injurious to health” on every packaging.

The main components of Legal Environment are:

(i) Current Legislations,

(ii) International Legislations

(iii) Regulatory bodies and processes

(iv) Tax Regulations

(v) Competitive Regulations

(vi) Industry Specific Regulations

(vii) Government Regulations.

Answer 8(b)

In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. There is an increased focus of investors and other stakeholders seeking businesses to be responsible and sustainable towards the environment and society. Thus, reporting of company’s performance on sustainability related factors has become as vital as reporting on financial and operational performance.

Business Responsibility and Sustainability Reporting (BRSR) is a reporting framework by the Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations for the top 1,000 listed companies in India.

The BRSR seeks disclosures from listed entities on their performance against the nine principles of the ‘National Guidelines on Responsible Business Conduct’ (NGRBCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavour to report the leadership indictors also.

The BRSR is intended towards having quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures will be helpful for investors to make better investment decisions. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

Answer 8(c)

Digital currency is a form of currency that is available only in digital or electronic form. It is also called digital money, electronic money, electronic currency, or cyber cash. The key features of a digital currency are as under:

(i) Digital currencies are currencies that are only accessible with computers or mobile phones because they only exist in electronic form.

(ii) Typical digital currencies do not require intermediaries and are often the cheapest method for trading currencies.

(iii) All cryptocurrencies are digital currencies, but not all digital currencies are cryptocurrencies.

(iv) Some of the advantages of digital currencies are that they enable seamless transfer of value and can make transaction costs cheaper.

(v) Some of the disadvantages of digital currencies are that they can volatile to trade and are susceptible to hacks.

Digital currencies have utility similar to physical currencies. They can be used to purchase goods and pay for services. They can also find restricted use among certain online communities, such as gaming sites, gambling portals, or social networks.

Digital currencies also enable instant transactions that can be seamlessly executed across borders. For instance, it is possible for a person located in the United States to make payments in digital currency to a counterparty residing in Singapore, provided they are both connected to the same network.

***

BUSINESS LAWS AND MANAGEMENT – SET A

PAPER 4

Time allowed : 2 hours *Maximum marks : 100*

Total number of questions : 100

PART A

1. The decisions of Supreme Court and High Court which lay down some rule or principle are called :
   (A) Judicial Precedents
   (B) Custom
   (C) Statute
   (D) Act

2. Bharatiya Nagarik Suraksha Sanhita, 2023 deals with consolidation and amendment of :
   (A) Provisions relating to offences and incidental matters
   (B) Law relating to criminal procedure
   (C) Law related to civil procedure
   (D) All of the above

3. Which of the following is correct in reference to The Mediation Act, 2023 ?
   (A) It encourages voluntary and structured mediation to resolve disputes amicably
   (B) It encourages voluntary and unstructured mediation to resolve disputes amicably
   (C) It encourages involuntary and structured mediation to resolve disputes amicably
   (D) It encourages involuntary and unstructured mediation to resolve disputes amicably

4. In the case of Kesavananda Bharati v. State of Kerala, (1973) 4 SCC 225, what does ''SCC'' stand for?
   (A) State Court Cases
   (B) Supreme Court Cases
   (C) Supreme Court Calendar
   (D) Supreme Court Citation

5. What is the primary objective of the DPDP Act, 2023 ?
   (A) To regulate only traditional, non-digital data
   (B) To ban international data transfers completely

(C) To protect digital personal data for lawful purposes

(D) To increase governmental surveillance on social media

6. The ''Bharatiya Sakshya Adhiniyam, 2023'' replaces which of the following law ?

(A) The Indian Evidence Act, 1872

(B) The Indian Penal Code, 1860

(C) The Code of Criminal Procedure, 1973

(D) The Code of Civil Procedure Code, 1908

7. What do you mean by maxim ''Audi alteram partem'' ?

(A) Let the buyer beware

(B) Seller is responsible

(C) Hear the other side

(D) No one can be a judge in his own case

8. The property of the company CFI Technologies Private Ltd. is not the property of its shareholders. It is the property of the company. Which landmark case stated this concept ?

(A) Connors Bros. v Connors (1940)

(B) Gilford Motor Co. v Horne (1933)

(C) Gramophone & Typewriter Co. v Stanley (1906)

(D) Salomon v Salomon (1897)

9. Which section of The Companies Act, 2013 defines company as a company incorporated under the Companies Act, 2013 or under any previous Company Law ?

(A) Section 2(20)

(B) Section 2(21)

(C) Section 2(50)

(D) Section 2(51)

10. In 'The Workmen Employed in Associated Rubber Industries Ltd., Bhavnagar v The Associated Rubber Industries. Ltd., Bhavnagar and another (1986) the corporate veil was lifted because :

(A) Purpose of company formation was to avoid welfare legislation

(B) Company evaded income tax

(C) Company was just an agency or trust for someone else

(D) For determining true character of the company

11. A company is called a small company, if it has :

    (A) Borrowing of less than ₹25 lakh

    (B) Number of employees less than 25

    (C) Number of directors less than seven

    (D) Turnover is ₹50 lakhs

12. A company in broad sense may mean ''an association of individuals formed for some purpose'', was governed by the case study :

    (A) Smith v. Anderson

    (B) Solomon v. Solomon and Company Limited

    (C) Gramophone & Typewriter Co. v. Stantley

    (D) Mohari Bibi v. Dharmodas Ghosh

13. Pursuant to Companies Act, 2013 a company should file resolutions of certain specified agenda discussed in board meeting in e-form :

    (A) MGT-15

    (B) DIR-12

    (C) MGT-7

    (D) MGT-14

14. Without approval of the shareholders by the special resolution a company can have how many directors under the Companies Act, 2013 ?

    (A) 20

    (B) 15

    (C) 12

    (D) 10

15. A general meeting may be called after giving a shorter notice if consent is given in writing by :

    (A) Not less than 75% of members entitled to vote at such meeting

    (B) Not less than 90% of members entitled to vote at such meeting

    (C) Not less than 95% of members entitled to vote at such meeting

    (D) Not less than 50% of members entitled to vote at such meeting

16. Any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company.

    (A) Small Company

    (B) Government Company

    (C) Producer Company

    (D) Foreign Company

17. In case a company does not have a common seal and there is Company Secretary, the authorization shall be made by :

    (A) One Director

    (B) A Director and Company Secretary

    (C) Company Secretary

    (D) Either (A) or (B)

18. Every listed company should have at least ___________ of the total number of directors as independent directors.

    (A) One-half

    (B) One-third

    (C) Two-third

    (D) Two-fifth

19. The minimum number of directors in Samrat Steels Private Ltd. which is a small company is :

    (A) Two

    (B) One

    (C) Three

    (D) Five

20. The minimum paid-up share capital of Sunrise Private Ltd. is :

    (A) ₹ 1,00,000

    (B) ₹ 5,00,000

    (C) ₹ 10,00,000

    (D) As may be prescribed by Central Government

21. A meeting of Board of Directors was called on 18.12.2025. There was no quorum. Hence the meeting shall automatically stand adjourned to :

    (A) Next day

    (B) Next month

    (C) Same day in the next week

    (D) After 14 days from 18.12.2025

22. The gap between two consecutive board meetings in Himmat Ltd. should not be more than :

    (A) 90 days

    (B) 120 days

    (C) 60 days

    (D) 180 days

23. In case of a dormant company at least :

    (A) One board meeting should be conducted in each half of the calendar year

    (B) Three board meetings should be conducted in each half of the financial year

    (C) Two board meetings should be conducted in each half of the calendar year

    (D) One board meeting should be conducted in a calendar year

24. Every company shall have at least one director who stays in India for how many days in the financial year ?

    (A) Not less than 150 days

    (B) Not less than 180 days

    (C) Not less than 200 days

    (D) 182 days or more

25. Which of the following person cannot be an independent director in FDE Textiles Ltd. ?

    (A) Who was a promoter of a subsidiary company

    (B) Who is a promoter of holding company

    (C) Who is related to directors in the company

    (D) All of the above

26. Contract by which one party promises to save the other party from loss caused to him by the conduct of the promisor himself, or by the conduct of any other person is called :

    (A) Proposal

    (B) Indemnity

    (C) Guarantee

    (D) Agreement

27. Rohit deposited his gold chain with the bank as security for loan of ` 1,00,000/- and promised to repay the amount with interest. What kind of special contract entered by Rohit and Bank ?

    (A) Bailment

    (B) Indemnity

    (C) Guarantee

    (D) Pledge

28. In order to convert a proposal to promise, the acceptance must be :

    (A) Absolute and qualified

    (B) Expressed in some usual and reasonable manner, unless the proposal prescribes the manner in which it is to be accepted

    (C) Absolute and unqualified

    (D) Both (B) and (C) only

29. A person who is employed to bring his principal into contractual relations with third parties is known as :

    (A) Bailor

    (B) Bailee

    (C) Agency

    (D) Owner

30. An agreement was entered into with Raghu who is a minor. This agreement is :

    (A) Voidable

    (B) Void

    (C) Bad

    (D) Illegal

31. Which one from below is not related to contract of bailment ?

    (A) Ranjan left luggage in a cloak room

    (B) Ranvir delivered his TV for repair

    (C) Rajesh left his scooter at parking stand beside the mall

    (D) Shareholder Rana executed a bond favoring the company thereby agreeing to satisfy the company for any loss caused as a consequence of his own act

32. While attending a seminar, Sumana invited Amrita to have dinner at her flat on Saturday. Amrita hired a cab and reached Sumana's flat at the appointed time. Sumana failed to perform her promise. Can Amrita recover any damages from Sumana ?

    (A) Yes, as Amrita has suffered

    (B) No, as the intention was not to create legal relation

    (C) Either (A) or (B)

    (D) None of the above

33. Which of the following is not competent to contract ?

    (A) Jay – A person of unsound mind

    (B) Dev – A minor

    (C) Sam – A person disqualified from contracting by some law

    (D) All of the above

34. Cancellation of contract by agreement between the parties at any time before it is discharged by performance and as a result none requires to perform is called :

    (A) Rescission

    (B) Remission

    (C) Waiver

    (D) None of the above

35. A warranty is a stipulation .... to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract as repudiated.

    (A) Collateral

    (B) Not collateral

    (C) Essential

    (D) Not essential

36. Praveen is a partner in a LLP. Contribution from Praveen may consist of :

    (A) Intangible property

    (B) Tangible property

    (C) Immovable property

    (D) All of the above

37. State which one from this is false in the hands of Dixit, Saxena, Ghosh and Co. LLP ?
    (A) It cannot raise funds from public
    (B) Any act of partner Saxena without the knowledge of other partners may not bind the LLP
    (C) No separation of Management from owners
    (D) It is easy to dissolve or wind up
38. Which of the following is not an essential requisite for creating a partnership as per section 4 of the Partnership Act 1932 ?
    (A) An agreement to carry on a business
    (B) Sharing of profits
    (C) Sharing of losses
    (D) Business to be carried by all or any of them acting for all
39. Every LLP shall ensure that decisions taken by it are recorded in minutes within how many days of taking such decisions ?
    (A) Fifteen
    (B) Twenty-one
    (C) Thirty
    (D) Forty-five
40. Any matter or issue relating to the LLP shall be decided by a resolution passed by :
    (A) Two-third of partners
    (B) Majority of partners
    (C) Three-fourth of partners
    (D) Three-fifth of partners
41. A partner who does not invest or participate in the management of the firm but only give their name to the business or firm is known as :
    (A) Sleeping Partner
    (B) Nominal Partner
    (C) Ostensible Partner
    (D) Sub-Partner

42. Under section 2(b) of Indian Partnership Act 1932 'business' includes :
    - (A) Every trade and occupation
    - (B) Every occupation and profession
    - (C) Every trade, occupation and profession
    - (D) Every trade and profession

43. Under section 10 of the Indian Partnership Act, 1932 every partner has a duty to indemnify the firm for any loss caused to firm by his conduct of business of the firm arising out of :
    - (A) Negligence
    - (B) Wrongful act
    - (C) Fraud
    - (D) All of the above

44. The relation of partnership according to prescribed section of Indian Partnership Act, 1932 arises from :
    - (A) Status
    - (B) Contract
    - (C) Friendship
    - (D) None of the above

45. Bobby is a partner in East and West Tyres. He has contributed more than share of the capital for business purpose. In the absence of any agreed rate, Bobby is entitled to interest at the rate of :
    - (A) 5% p.a.
    - (B) 7% p.a.
    - (C) 8% p.a.
    - (D) 6% p.a.

46. A stipulation which is essential to the main purpose of the contract of sale is known as :
    - (A) Condition
    - (B) Guarantee
    - (C) Warranty
    - (D) Indemnity

47. Which legal maxim governs the transfer of title by non-owners ?
    - (A) Ubi jus ibi remedium
    - (B) Nemo dat quod non habet
    - (C) Caveat Emptor
    - (D) Ab initio

48. Which can be called as a Promissory Note ?

(A) I promise to pay Susanta ₹ 500 and to deliver to him by black horse on 1st June next

(B) I promise to pay Susanta ₹ 500 five days after my marriage with Koyel

(C) I acknowledge myself to be indebted to Susanta in ₹ 500 to be paid on demand for value received

(D) I promise to pay Susanta ₹ 500 on Damodar's death, provided he leaves me enough to pay that sum

49. If the endorser signs his name and adds a direction to pay the amount mentioned in the instrument to or to the order of a specified person the endorsement is said to be :

(A) Restrictive

(B) Full

(C) Partial

(D) Conditional

50. In a contract of sale of goods, the seller is under no duty to reveal unflattering truths about the goods sold. The doctrine is called as :

(A) Doctrine of constructive notice

(B) Doctrine of unjust enrichment

(C) Doctrine of Caveat Emptor

(D) Doctrine of ultra vires

51. When a surety pays off the debt of the principal debtor, the surety steps into the shoes of the creditor. This right is known as :

(A) Right of Lien

(B) Right of Subrogation

(C) Right of Contribution

(D) Right of Set-off

52. Under the Negotiable Instrument Act, what is the validity period for presenting a cheque for payment ?

(A) 1 month

(B) 3 months

(C) 6 months

(D) 12 months

53. A bill is said to be dishonored by non-acceptance when the :

(A) Drawee does not accept it within 48 hours from time of presentment

(B) Drawee does not accept it within 72 hours from time of presentment

(C) Drawer does not accept it within 90 hours from time of presentment

(D) Acceptance is an unqualified one

54. When can a seller stop the goods in transit ?

(A) When the buyer of goods informs that he will pay after sometime

(B) The seller has no right to stop the goods in transit

(C) When the buyer of goods becomes insolvent and goods are in transit

(D) When the buyer informs that he is now not in need of the goods

55. Which of the following is an inland instrument ?

(A) A bill drawn in India, payable in Korea upon a company in India

(B) A bill drawn in India, payable in India but drawn upon a company in Korea

(C) A bill drawn in India, payable in Korea upon a company in Korea

(D) Both (A) and (B) above

56. Vicky is a minor and has been admitted to the benefits of partnership under partnership law. On attaining majority, he has to exercise option to stay or leave the firm within how many days/months of attaining majority ?

(A) Ninety days

(B) One month

(C) Six months

(D) Four months

57. Which implied condition or warranty from below is false in a contract of sale of goods ?

(A) Goods must be of merchantable quality

(B) Condition as to wholesomeness

(C) As to the quality or fitness for any particular purpose of goods supplied

(D) None of the above

58. A bill or note payable ‘‘after sight’’ means :

(A) Payable on maturity

(B) Payable on demand

(C) Payable at a fixed rate

(D) Payable after acceptance

59. When a holder of a negotiable instrument signs it for the purpose of negotiation, it is called :
    (A) Acceptance
    (B) Presentment
    (C) Crossing
    (D) Endorsement
60. According to Section 13(1) of the Negotiable Instrument Act, 1881 which of the following is specifically recognized as a negotiable instrument ?
    (A) Promissory Notes
    (B) Share Certificates
    (C) Money Orders
    (D) Post Dated Cheques

PART B

61. Which ancient Indian text is a comprehensive treatise on state administration, governance, and economic policy ?
    (A) Arthashastra
    (B) Rigveda
    (C) Samveda
    (D) Ramayana
62. Scientific management which aimed to improve economic efficiency, especially labour productivity was introduced by :
    (A) Henry Fayol
    (B) F.W. Taylor
    (C) Max Weber
    (D) Elton Mayo
63. Which of the following is a key characteristic of persuasive management ?
    (A) Low involvement of the manager in relational aspects
    (B) Significant involvement of the manager on the organizational level
    (C) Short focus on short-term profits
    (D) Centralized decision-making with no feedback
64. Which of the following is false ?
    (A) Management can be physically seen
    (B) Presence of management can be felt
    (C) Management cannot be touched
    (D) None of the above

65. Which one from the following will denote an autocratic management ?
    - (A) Quick decision-making in crisis situations
    - (B) Clear chain of command and high accountability
    - (C) High risk of poor decisions if manager lacks all the necessary information
    - (D) Leads to better and innovative decisions by pooling expertise

66. Democratic management is highly effective in which type of environment ?
    - (A) Environments that require strict, rigid rules
    - (B) Environments where innovation and creativity are required
    - (C) Manufacturing units requiring only manual labour
    - (D) Crisis situations requiring immediate, solitary action

67. Transformational leadership works best in environments where :
    - (A) Creativity and innovation are vital
    - (B) Routine tasks are the main focus
    - (C) High risk of failure is unacceptable
    - (D) The organization is stagnant

68. Servant leadership is often described as a ‘‘paradox’’ because :
    - (A) It achieves objectives by focusing on people, not just results
    - (B) It requires being weak to be strong
    - (C) It is both authoritative and democratic
    - (D) It relies on monetary incentives

69. What is the role of listening in servant leadership ?
    - (A) It is passive and inefficient
    - (B) It helps the leader make decision faster without team input
    - (C) It builds trust and shows respect for team members
    - (D) It is only necessary during disciplinary actions

70. Which of the following is the first step in the process of organizing ?
    - (A) Assignment of duties
    - (B) Identification and division of work
    - (C) Departmentalization
    - (D) Establishing reporting relationships

71. Which one from below is correct relating to performance appraisal ?
    (A) It evaluates an employee's skills
    (B) It evaluates an employee's skills and achievements
    (C) It evaluates an employee's skills achievements and growth
    (D) It evaluates an employee's skills, achievements and growth or lack thereof
72. Which of the following is a primary characteristics of Laissez-faire leadership ?
    (A) Close supervision of all tasks
    (B) Centralized decision-making
    (C) Strict compliance with rules
    (D) High autonomy and minimal supervision
73. Which function is the base for all other management functions ?
    (A) Planning
    (B) Controlling
    (C) Staffing
    (D) Organizing
74. Which of the following defines the relationship between Superior and subordinate in an organization ?
    (A) Planning
    (B) Reporting relationships
    (C) Staffing
    (D) Controlling
75. Assigning responsibility, granting authority and creating accountability refers to which concept ?
    (A) Centralization
    (B) Decentralization
    (C) Delegation
    (D) Specialization
76. The process where the result of a group's effort exceeds an individual effort, promoting team work, exchange of ideas and viewpoints allowing the organization to reach its maximum potential is called :
    (A) Synergy effect
    (B) Growth in size
    (C) Specialisation
    (D) Empire building

77. The final step in the selection process is :

    (A) Medical examination

    (B) Preliminary interview

    (C) Reference check

    (D) None of the above

78. The process of searching for prospective employees and stimulating them to apply for jobs is known as:

    (A) Selection

    (B) Training

    (C) Placement

    (D) Recruitment

79. Which feature of planning implies that it exists at all levels of management ?

    (A) Futuristic

    (B) Pervasive

    (C) Continuous

    (D) Decision-making

80. Management reports can be presented in various formats. Which one from below is correct ?

    (A) Written

    (B) Oral

    (C) Visual

    (D) All of the above

81. Who is popularly known as the father of Scientific Management ?

    (A) Frederick Taylor

    (B) Henry Maine

    (C) Austin

    (D) Salmond

82. Fayol's principle of ''unity of command'' is based on the idea that :

    (A) An employee shall receive orders from one senior only

    (B) To ensure obedience and respect for superiors

    (C) It refers to thinking out and executing plan

    (D) It refers to superiors-subordinate relations throughout the organization

83. The theory which suggests leaders should adapt their style based on the readiness or maturity of their followers is known as :

(A) Path-Goal Theory

(B) Situational Leadership Theory

(C) Decision Making Theory

(D) Fiedler's Contingency Theory

84. Budgeting provides a benchmark against which an organization can measure its actual financial performance, allowing for identification of areas of success and those in need of improvement. This refers to which objective of budgeting ?

(A) Allocating resources

(B) Controlling costs

(C) Financial planning

(D) Performance evaluation

85. How much should be the minimum turnover of a unlisted public company to trigger requirement of Secretarial Audit Report ?

(A) ₹ 100 crore

(B) ₹ 200 crore

(C) ₹ 300 crore

(D) ₹ 250 crore

86. Advising companies on compliance of legal and procedural aspects such as environment and pollution control laws is covered in which of the following areas where a Company Secretary renders service?

(A) Corporate secretarial services

(B) Secretarial audit and certification services

(C) Corporate laws advisory services

(D) Representation services

87. ''MOST Analysis'' in management stands for :

(A) Mission, Objectives, Strategy, Tactics

(B) Management, Objectives, Structure, Tactics

(C) Mission, Organization, Systems, Targets

(D) Memorandum, Offer, Strategy, Technology

88. According to Henri Fayol, what is the main objective of the 'Division of Work' principle ?

(A) To increase employee workload

(B) To reduce the number of employees

(C) To create a hierarchy

(D) To produce more and better work with the same effort

89. "Specialization increases efficiency." Which principle does this refer to ?

(A) Discipline

(B) Division of work

(C) Equity

(D) Initiative

90. Which principle emphasizes that personal interests should be secondary to organizational interests?

(A) Stability of Tenure

(B) Subordinate of individual interest

(C) Equity

(D) Esprit de corps

91. Arranging board/general meetings and preparing minutes thereof is covered under which of the following areas where a Company Secretary render services ?

(A) Corporate Secretarial Services

(B) Secretarial/Compliance Audit and Certification Services

(C) Corporate Law Advisory Services

(D) Representation Services

92. A Company Secretary's compliance with rules and regulations, especially for Audit in relation to Reconciliation of share capital for a listed company will be covered under :

(A) Financial Market Services

(B) Securities Compliance and Certification Services

(C) Taxation Services

(D) Management Services

93. Annual Secretarial compliance report shall be submitted by a listed company to stock exchange within .... days from end of each financial year.

(A) 21

(B) 30

(C) 45

(D) 60

94. Mention which of the following is a demerit of transformational style of management ?

(A) Employees can get frustrated if their inputs is continuously ignored

(B) Requires a high level of skill and charisma from the manager

(C) A strong individual can sometimes dominate the group decision.

(D) Employees can become over reliant of the manager

95. MBO is often considered a/an .... approach to management.

(A) Traditional

(B) Modern

(C) Outdated

(D) Bureaucratic

96. You are the Company Secretary in employment of your company. You hold a vital position in your company as a KMP. You contribute considerably in integration and optimum utilization of resources. Which function of management is being performed by you in this statement ?

(A) Planning

(B) Organizing

(C) Coordination

(D) All of the above

97. Conducting board meetings through video conferencing and tele-conferencing is covered under which of the following services rendered by a Company Secretary ?

(A) Management services

(B) Corporate communication and public relations services

(C) Information technology services

(D) Finance and accounting services

98. Advising companies on compliance of legal and procedural aspects such as environment and pollution control laws is covered in which of the following areas where a Company Secretary renders services ?

(A) Corporate secretarial services

(B) Secretarial audit and certification services

(C) Corporate laws advisory services

(D) Representation services

99. Company Secretaries are now recognized as ___________ under the Companies Act, 2013.
   (A) Accountant
   (B) Key Managerial Personnel
   (C) Manager
   (D) Financial Officer

100. Company Secretaries play an important role as _____________ professionals in all types of companies.
   (A) Secretarial
   (B) Legal
   (C) Governance
   (D) Ethics

ANSWER KEY

BUSINESS LAWS AND MANAGEMENT – SET A

Q	Sol.	Q	Sol.	Q	Sol.
PART A		PART A		PART B	
1	**A**	31	**D**	61	**A**
2	**B**	32	**B**	62	**B**
3	**A**	33	**D**	63	**B**
4	**B**	34	**A**	64	**A**
5	**C**	35	**A**	65	**A or B or C**
6	**A**	36	**D**	66	**B**
7	**C**	37	**B**	67	**A**
8	**C**	38	**C**	68	**A**
9	**A**	39	**C**	69	**C**
10	**A**	40	**B**	70	**B**
11	**D**	41	**B**	71	**D**
12	**A**	42	**C**	72	**D**
13	**D**	43	**C**	73	**A**
14	**B**	44	**B**	74	**B**
15	**C**	45	**D**	75	**C**
16	**B**	46	**A**	76	**A**
17	**B**	47	**B**	77	**D**
18	**B**	48	**C**	78	**D**
19	**A**	49	**B**	79	**B**
20	**D**	50	**C**	80	**D**
21	**C**	51	**B**	81	**A**
22	**B**	52	**B**	82	**A**
23	**A**	53	**A**	83	**B**
24	**D**	54	**C**	84	**D**
25	**D**	55	**D**	85	**D**
26	**B**	56	**C**	86	**C**
27	**D**	57	**Either C or D**	87	**A**
28	**D**	58	**D**	88	**D**
29	**C**	59	**D**	89	**B**
30	**B**	60	**A**	90	**B**

Q	Sol.	Q	Sol.	Q	Sol.
PART B		PART B		PART B	
91	**A**	95	**B**	99	**B**
92	**B**	96	**Either B or D**	100	**C**
93	**D**	97	**C**		
94	**B**	98	**C**		

***

Motto

सत्यं वद। धर्मं चर।

speak the truth, pursue righteousness

Vision

"To be a global leader in promoting good corporate governance"

Mission

"To develop high calibre professionals facilitating good corporate governance"

भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003
tel 011-4534 1000 **email** info@icsi.edu **website** www.icsi.edu