

**FOUNDATION EXAMINATION****SET 1****MODEL QUESTION PAPER TERM DECEMBER-2024****PAPER - 2****FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING****Time Allowed: 1 Hour****Full Marks: 100**

Answer all questions. Each question carries 2 marks.

1.	The determination of expenses for an accounting period is based on the concept of _____.		
	(a)	Objectivity	O
	(b)	Materiality	O
	(c)	Matching	O
	(d)	Periodicity	O
2.	Fixed Assets and Current Assets are categorized as per concept of _____.		
	(a)	Separate Entity	O
	(b)	Going Concern	O
	(c)	Consistency	O
	(d)	Time period	O
3.	An expenditure is capital in Nature when _____.		
	(a)	It is paid as interest on loans for the business	O
	(b)	It increases the quantity of fixed assets along with the future benefits	O
	(c)	The receiver of the amount is going to treat it for the purchases of fixed assets	O
	(d)	None of the above	O
4.	Life membership fees received by a club is a _____.		
	(a)	Revenue Receipt	O
	(b)	Capital Receipt	O
	(c)	Reserve	O
	(d)	None of the above	O
5.	Preliminary expenses incurred before the commencement of business is considered _____.		
	(a)	Revenue Expenditure	O
	(b)	Capital Expenditure	O
	(c)	Deferred Revenue Expenditure	O
	(d)	None of These	O



6.	The debts written off as bad, if recovered subsequently are _____.		
	(a)	Credited to Bad Debts Recovered A/c	O
	(b)	Credited to Trade Receivables Account	O
	(c)	Debited to Profit and Loss Account	O
	(d)	None	O
7.	If goods worth Rs.1,750 returned to supplier is wrongly entered in sales returns book as Rs.1,570, then		
	(a)	Net Profit will decrease by Rs. 3,140	O
	(b)	Gross Profit will increase by Rs. 3,320	O
	(c)	Gross Profit will decrease by Rs. 3,500	O
	(d)	Gross Profit will decrease by Rs. 3,320	O
8.	Which of the following errors affects the agreement of a Trial Balance?		
	(a)	Compensating errors.	O
	(b)	Error of principle.	O
	(c)	Wrong totalling of subsidiary books.	O
	(d)	All of the above.	O
9.	Debit balance as per Bank Pass Book mean –		
	(a)	surplus cash	O
	(b)	bank overdraft	O
	(c)	Terms deposits with bank	O
	(d)	none of these	O
10.	Original cost is Rs.1,50,000 residual value is 10,000, depreciation for 3rd year @ 10% p.a. under WDV method _____.		
	(a)	Rs.14,000	O
	(b)	Rs.12,150	O
	(c)	Rs.11,340	O
	(d)	Rs.12,240	O
11.	Provision for discount allowed on outstanding debtors balances should be calculated, at an appropriate rate, on _____.		
	(a)	total debtors	O



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	(b)	total debtors net of any bad debts written off	O
	(c)	total debtors less. total creditors	O
	(d)	total debtors net of any bad debts written off and after deducting the cumulative amount of any provision for doubtful debts	O
12.	Accumulated depreciation is an example of _____.		
	(a)	A liability	O
	(b)	An expense	O
	(c)	A contra account.	O
	(d)	An unrecorded revenue	O
13.	Purchase price of machine Rs.8,90,000, freight and cartage Rs.7,000, installation charges Rs.30,000, Insurance charges Rs.20000, residual value is Rs.40,000, estimated useful life 5 years. Calculate the amount of annual depreciation under straight line method?		
	(a)	Rs.1,77,400	O
	(b)	Rs.1,81,400	O
	(c)	Rs.1,97,400	O
	(d)	Rs.1,77,900	O
14.	Trial Balance is used to check the accuracy of _____.		
	(a)	Balance Sheet balances	O
	(b)	Ledger Accounts balances	O
	(c)	Cash Flow Statement balances	O
	(d)	Income Statement balances	O
15.	Depreciation refers to the process of _____.		
	(a)	Asset valuation	O
	(b)	Allocation of cost of the assets over the period of its life	O
	(c)	verification of assets	O
	(d)	increasing or decreasing the value of asset	O
16.	Which of these is/are recurring (indirect expenses)?		
	(a)	transit insurance and freight	O
	(b)	octroi	O
	(c)	loading and unloading	O



	(d)	godown rent and insurance	O
17.	Goods of the invoice value of Rs.2,40,000 sent out to consignee at 20% profit on cost the loading amount will be :		
	(a)	Rs.40,000	O
	(b)	Rs.48,000	O
	(c)	Rs.50,000	O
	(d)	none	O
18.	A proforma invoice is sent by :		
	(a)	consignee to consignor	O
	(b)	consignor to consignee	O
	(c)	debtor to consignee	O
	(d)	debtor to consignor	O
19.	Memorandum joint venture account is prepared:		
	(a)	When separate set of books is maintained	O
	(b)	When each co-venturer keeps record of all the transactions himself .	O
	(c)	When each co-venturer keeps records of their own joint venture transaction	O
	(d)	None of these	O
20.	When the notary public notes the bill, it is called _____.		
	(a)	Accepting	O
	(b)	Noting	O
	(c)	Discounting	O
	(d)	None of the above options	O
21.	X Sold goods to Y for Rs.30,00,00. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y .		
	(a)	Rs.1,50,000	O
	(b)	Rs.3,00,000	O
	(c)	Rs.1,00,000	O
	(d)	Rs.1,20,000	O



22.	P sends out goods costing Rs.3, 00,000 to Y at cost + 25%, consignor's expenses Rs.5, 000. 1/10th of goods were lost in transit. Insurance claim received Rs.3, 000. The net loss on account of abnormal loss is:		
	(a)	Rs.27,500	O
	(b)	Rs.25,500	O
	(c)	Rs.30,500	O
	(d)	Rs.38,000	O
23.	Del credere commission is allowed to cover-		
	(a)	Normal loss	O
	(b)	Abnormal loss	O
	(c)	Loss due to bad debts	O
	(d)	All of the above	O
24.	Kuntal draws a bill on shyam for Rs. 3,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:		
	(a)	Kuntal	O
	(b)	Ram	O
	(c)	Shyam	O
	(d)	Rahim	O
25.	On 01-08-23, X draws a bill on Y for 30 days after sight The date of acceptance is 08-08-23. The due date of the bill will be _____.		
	(a)	08.09.2023	O
	(b)	10.09.2023	O
	(c)	11.09.2023	O
	(d)	09.09.2023	O
26.	A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?		
	(a)	33%	O
	(b)	25%	O
	(c)	20%	O
	(d)	None of these	O



27.	Depreciation appearing in the Trial Balance should be _____.		
	(a)	Debited to P & L A/c	O
	(b)	Shown as liability in balance sheet	O
	(c)	reduced from related asset in balance sheet	O
	(d)	both (a) and (c) above	O
28.	Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet?		
	(a)	business entity concept	O
	(b)	money measurement concept	O
	(c)	going concern concept	O
	(d)	matching concept	O
29.	Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars Bad debts (from trial balance) Rs. 1,600 Provision for doubtful debts (old) Rs. 2,000 Current year's provision (new) Rs. 800		
	(a)	Rs.400	O
	(b)	Rs.800	O
	(c)	Rs.2000	O
	(d)	Rs.2400	O
30.	Organise the order of the process of final accounting.		
	(a)	Final accounts, journal, ledger	O
	(b)	Ledger, journal final accounts	O
	(c)	Journal, ledger, final accounts	O
	(d)	They do not have an order	O
31.	A profit and loss appropriation account is used to _____.		
	(a)	To divide the profit and loss between the owners of the company	O
	(b)	To show an ideal profit and loss situation of the company according to the market.	O
	(c)	To compare the profit and loss of the company with other companies	O
	(d)	None of the above	O



32.	The capital of a non-profit organization is generally known as :		
	(a)	Equity	O
	(b)	Accumulated Fund/Capital Fund	O
	(c)	Finance Reserve	O
	(d)	Cash Fund	O
33.	Any donation received for a specific purpose is a _____.		
	(a)	Capital receipt	O
	(b)	Revenue receipt	O
	(c)	Liability	O
	(d)	None of the above	O
34.	The balance of the petty cash is :		
	(a)	An expense	O
	(b)	An income	O
	(c)	An asset	O
	(d)	A liability	O
35.	The manufacturing account is prepared:		
	(a)	To ascertain the profit or loss on the goods produced	O
	(b)	To show the sale proceeds from the goods produced during the year	O
	(c)	To ascertain the cost of the manufactured goods	O
	(d)	both (b) and (c)	O
36.	Closing stock appearing in the trial balance is shown in –		
	(a)	Trading A/c and Balance Sheet	O
	(b)	Profit and Loss A/c	O
	(c)	Balance Sheet only	O
	(d)	Trading A/c only	O
37.	Opportunity cost is the best example of:		
	(a)	sunk cost	O
	(b)	Standard cost	O
	(c)	relevant cost	O
	(d)	irrelevant cost	O



38.	Variable costs are fixed :		
	(a)	for a period	O
	(b)	per unit	O
	(c)	depends upon the entity	O
	(d)	for a particular process of production	O
39.	Which cost system description applies to the manufacture of 20 engraved doors for the new club house at a golf course?		
	(a)	contract	O
	(b)	process	O
	(c)	Batch	O
	(d)	service	O
40.	Process cost is very much applicable in:		
	(a)	construction industry	O
	(b)	pharmaceutical industry	O
	(c)	Airline company	O
	(d)	none of these	O
41.	Which of the following items is excluded from cost Accounts?		
	(a)	Income tax	O
	(b)	interest on debentures	O
	(c)	cash discount	O
	(d)	All of these	O
42.	What cost will be payable even if the company is closed?		
	(a)	Cost of shut-down	O
	(b)	Cost of the historical record	O
	(c)	Cost of sunk	O
	(d)	Imputed cost	O
43.	The main objective of cost accounting is:		
	(a)	To record day-to-day business transactions	O
	(b)	To measure managerial efficiency	O
	(c)	To ascertain the true cost of products and services	O



	(d)	To determine tender price	O
44.	Cost reduction is :		
	(a)	Long term phenomena	O
	(b)	It challenges the standards	O
	(c)	It is carried out without compromising the quality	O
	(d)	All of the above	O
45.	The guidance and regulation by executive action of the cost of operating an undertaking is said to be :		
	(a)	Budgetary control	O
	(b)	cost control	O
	(c)	cost analysis	O
	(d)	None	O
46.	Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as:		
	(a)	functional classification	O
	(b)	behavioural classification	O
	(c)	element wise classification	O
	(d)	classification according to controllability	O
47.	Which method of costing is used for determination of costs for printing industry?		
	(a)	process costing	O
	(b)	operating costing	O
	(c)	batch costing	O
	(d)	job costing	O
48.	Statement showing break-up of costs is known as :		
	(a)	cost-sheet	O
	(b)	statement of profit	O
	(c)	production account	O
	(d)	Tender	O
49.	What items aren't part of cost accounting?		
	(a)	Cost of the product	O

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	(b)	Controlling	O
	(c)	Planning	O
	(d)	Profit sharing	O
50.	Batch costing is useful to determine _____.		
	(a)	Maximum quantity of output	O
	(b)	Minimum quantity of output	O
	(c)	Economic batch quantity	O
	(d)	Profit of batches	O

**FOUNDATION EXAMINATION****MODEL ANSWERS****PAPER – 2****SET 1****TERM – DEC 2024****SYLLABUS 2022****FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING****Time Allowed: 1 Hour****Full Marks: 100**

Answer all questions. Each question carries 2 marks.

Answer:

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