



**FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 2**

**SET 1
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	The main Purpose of Financial Accounting is?		
	(a)	To Provide financial information to shareholders	O
	(b)	To maintain Balance Sheet	O
	(c)	To minimize taxes	O
	(d)	To keep track of liabilities	O
2.	The revenues and expenses of a company are displayed in which statement?		
	(a)	Balance Sheet	O
	(b)	Cash Flow Statement	O
	(c)	Income Statement	O
	(d)	Periodicity	O
3.	A bad debt recovered during the year will be		
	(a)	Capital Expenditure	O
	(b)	Revenue Expenditure	O
	(c)	Capital Receipt	O
	(d)	Revenue Receipt	O
4.	Accounting provides information on :		
	(a)	Cost and income for managers	O
	(b)	Company's tax liability for a particular year	O
	(c)	Financial conditions of an institutions	O
	(d)	All of the above	O
5.	Goods worth ₹272 returned by Lala passed through the books as ₹722. The rectification entry is		
	(a)	Lala will be debited by ₹ 450	O
	(b)	Lala will be debited by ₹ 272	O
	(c)	Lala will be credited by ₹ 722	O
	(d)	Lala will be credited by ₹ 272	O



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6.	Money spent ₹ 10,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is		
	(a)	Capital Expenditure	O
	(b)	Revenue Expenditure	O
	(c)	Deferred Revenue Expenditures	O
	(d)	None	O
7.	P.N.B Bank Account is a ...		
	(a)	Nominal	O
	(b)	Artificial Personal Account	O
	(c)	Representative Personal Account	O
	(d)	None	O
8.	If a receipt of ₹ 200 from rajesh (debtor) has not been recorded in the books the profits would show		
	(a)	An increase of ₹ 2,000	O
	(b)	A decrease of ₹ 200	O
	(c)	Neither an increase nor a decrease	O
	(d)	None of the above	O
9.	Which of these errors affect only one account		
	(a)	errors of casting	O
	(b)	errors of carry forward	O
	(c)	errors of posting	O
	(d)	All the three	O
10.	Import duty of raw material purchased		
	(a)	Revenue Expenditure	O
	(b)	Capital Expenditure	O
	(c)	Deferred Revenue Expenditure	O
	(d)	None of These	O



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11.	A Trial Balance shows		
	(a)	Honesty of accountants	O
	(b)	Accuracy of account	O
	(c)	Only arithmetical accuracy of accounts	O
	(d)	None of these	O
12.	Debit side of Bank Pass Book corresponds to –		
	(a)	credit side of Cash Book	O
	(b)	debit side of Cash Book	O
	(c)	debit side of Trial Balance	O
	(d)	credit side of Balance Sheet	O
13.	In case the depreciable assets are revalued, the provision for depreciation is based on		
	(a)	market value of the assets	O
	(b)	historical cost of assets	O
	(c)	depreciated value of the assets	O
	(d)	The revalued amount over the estimate of the remaining useful life of such asset	O
14.	The Depreciation Account is closed at the end of the year by transfer to the		
	(a)	General Reserve A/c	O
	(b)	Profit and Loss A/c	O
	(c)	Provision for Depreciation A/c	O
	(d)	Fixed Asset A/c	O
15.	₹ 3,500 spent on painting new factory is ____.		
	(a)	Capital Expenditure	O
	(b)	Revenue Expenditure	O
	(c)	Deferred Revenue Expenditure	O
	(d)	None of the above	O



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16.	Goods of the invoice value of ₹ 2,70,000 sent out to consignee at 20% profit on cost the loading amount will be :		
	(a)	₹ 45,000	O
	(b)	₹ 48,000	O
	(c)	₹ 50,000	O
	(d)	None	O
17.	Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand :		
	(a)	Packing	O
	(b)	Octroy	O
	(c)	delivery charges	O
	(d)	Freight	O
18.	X of Mumbai sends out certain goods at cost + 25%. Invoice value of the goods is ₹2,00,000. 4/5 th of the goods were sold by consignee at ₹ 1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be:		
	(a)	₹ 4,800	O
	(b)	₹ 5,200	O
	(c)	₹ 3,200	O
	(d)	₹ 1,600	O
19.	A and B purchased a piece of land for ₹40,000 and sold it for ₹ 60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture?		
	(a)	₹ 20,000	O
	(b)	₹ 16,000	O
	(c)	₹ 30,000	O
	(d)	Nil	O
20.	Memorandum Joint Venture Account is :		
	(a)	Personal Account	O
	(b)	Real Account	O
	(c)	Nominal Account	O
	(d)	None of the above	O



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21.	What is the nature of joint venture with co-venture account :		
	(a)	Nominal Account	O
	(b)	Real Account	O
	(c)	Personal Account	O
	(d)	None of these	O
22.	Goods costing ₹10,000 destroyed by an accident, insurance claim nil :		
	(a)	₹10,000 will be credited to joint venture account	O
	(b)	No entry will be made in the books of joint venture	O
	(c)	₹10,000 will be debited in Joint venture account as loss	O
	(d)	₹ 8,000 will be credited in joint venture account	O
23.	Payment of Bills of exchange is received :		
	(a)	by drawer	O
	(b)	by holder in due course of due date	O
	(c)	by endorsee	O
	(d)	by bank	O
24.	If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of ₹_____ on a profit of ₹ 8,400		
	(a)	400	O
	(b)	442.11	O
	(c)	420	O
	(d)	None of these	O
25.	Fixed assets are :		
	(a)	Kept in the business for use over a long time for earning income	O
	(b)	Meant for resale	O
	(c)	Meant for conversion into cash as quickly as possible	O
	(d)	All of the above	O



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26.	Which of the following item(s) is (are) shown in the Income and Expenditure Account		
	(a)	Only items of capital nature	O
	(b)	Only items of revenue nature which are received during the period of accounts	O
	(c)	Only items of revenue nature pertaining to the period of accounts	O
	(d)	Both the items of capital and revenue nature	O
27.	Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet.		
	Particulars	₹	
	Bad debts (from trial balance)	1,600	
	Provision for doubtful debts (old)	2,000	
	Current year's provision (new)	800	
	(a)	₹ 400	O
	(b)	₹ 800	O
	(c)	₹ 2,000	O
	(d)	₹ 2,400	O
28.	Legacy are generally -		
	(a)	Capitalized	O
	(b)	Treated Loss	O
	(c)	Revenue Expenses	O
	(d)	Deferred Revenue expenses	O
29.	Average stock = ₹12,000, closing stock is ₹ 5,000 more than Opening Stock the value of Closing Stock will be ____		
	(a)	₹ 13,500	O
	(b)	₹ 12,500	O
	(c)	₹ 14,500	O
	(d)	₹ 15,000	O



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30.	Any revenue expenses for which a separate fund is available will be		
	(a)	Debited to the separate fund	O
	(b)	Debited to Income and Expenditure Account	O
	(c)	Capitalized and shown in the Balance Sheet	O
	(d)	None of the above	O
31.	Out of ₹5,00,000 collection for the building ₹3,00,000 is invested and the balance spent on building. Income from investments ₹20,000. The balance to be shown in the building fund?		
	(a)	₹5,00,000	O
	(b)	₹5,20,000	O
	(c)	₹2,20,000	O
	(d)	₹2,00,000	O
32.	Expenses due but not yet paid are known as ____		
	(a)	Real Expenses	O
	(b)	Paid Expenses	O
	(c)	Outstanding Expenses	O
	(d)	None of the above	O
33.	Gross Profit + Direct Expenses + Purchases + Opening Stock – Closing Stock		
	(a)	Net Profit	O
	(b)	Sales	O
	(c)	Cost of Goods Sold	O
	(d)	None of the above	O
34.	In sole trade, income tax is recorded as ____		
	(a)	Revenue Income	O
	(b)	Revenue Expense	O
	(c)	Capital Expense	O
	(d)	Drawings	O



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35.	Receipts and Payments Account is nothing but a consolidated summary of the ____		
	(a)	Profit and Loss Account	O
	(b)	Cash Book	O
	(c)	Balance Sheet	O
	(d)	Trading Account	O
36.	The main purpose of cost accounting is to:		
	(a)	maximize profits	O
	(b)	help in inventory valuation	O
	(c)	provide information to management for decision making	O
	(d)	Aid in the fixation of selling price	O
37.	The following is included in financial accounts, but not in cost accounts :		
	(a)	carriage and freight	O
	(b)	Excise duty	O
	(c)	Royalty	O
	(d)	Dividend paid	O
38.	Advertisements are treated as :		
	(a)	direct expenses	O
	(b)	cost of production	O
	(c)	selling overheads	O
	(d)	distribution overheads	O
39.	Direct expenses are also known as :		
	(a)	Overhead expenses	O
	(b)	process expenses	O
	(c)	chargeable expenses	O
	(d)	None	O



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40.	Directors remuneration and expenses form a part of :		
	(a)	Production overhead	O
	(b)	Administration overhead	O
	(c)	Selling overhead	O
	(d)	Distribution overhead	O
41.	Factory Cost is ₹3,95,000. Find Office and Administration overheads cost which is 7.315% of factory cost.		
	(a)	₹ 28,990	O
	(b)	₹ 28,894.25	O
	(c)	₹27,695.65	O
	(d)	₹28,849.30	O
42.	Gross Factory Cost = ₹58,000. Net Factory Cost = ₹54,000. Opening stock of work-in-progress is ₹8,000. What will be the closing stock of work-in-progress		
	(a)	₹12,000	O
	(b)	₹15,000	O
	(c)	₹20,000	O
	(d)	₹10,000	O
43.	Prime cost = ₹50,000. Direct labour = 70% of prime cost. The amount of direct material		
	(a)	₹35,000	O
	(b)	₹8,000	O
	(c)	₹20,000	O
	(d)	₹15,000	O
44.	Fixed cost per unit ____ with increasing output.		
	(a)	Increases	O
	(b)	Decreases	O
	(c)	Remains same	O
	(d)	none of the above	O



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45.	The cost of a group of products is ascertained.		
	(a)	Job Costing	O
	(b)	Contract costing	O
	(c)	Batch Costing	O
	(d)	ABC Costing	O
46.	Historical costs are _____ costs for decision making		
	(a)	Relevant	O
	(b)	Not Relevant	O
	(c)	Variable	O
	(d)	Fixed	O
47.	The semi- finished goods is also known as ____ in cost accounting.		
	(a)	Raw materials	O
	(b)	work-in-progress	O
	(c)	Finished good	O
	(d)	Direct materials	O
48.	Interest on own capital is		
	(a)	Cash cost	O
	(b)	Notional cost	O
	(c)	Sunk cost	O
	(d)	Part of Prime Cost	O
49.	Wages of delivery van driver is a _____ in cost accounting.		
	(a)	Distribution Overhead	O
	(b)	Direct Labour	O
	(c)	Factory Overhead	O
	(d)	Administrative Expense	O



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50.	Finished goods Opening Inventory ₹ 30,000 Finished goods Closing Inventory ₹ 50,000 Cost of goods sold ₹ 1,90,000 What will be the value of Cost of Production?		
	(a)	2,00,000	O
	(b)	2,10,000	O
	(c)	1,70,000	O
	(d)	3,20,000	O



FOUNDATION EXAMINATION
ANSWER TO MODEL QUESTION PAPER
PAPER - 2

SET 1
TERM – JUNE 2025
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	c	d	d	a	a	b	c	d	a
11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
c	a	d	b	a	a	c	a	a	c
21.	22.	23.	24.	25.	26.	27.	28.	29.	30.
c	b	b	c	a	c	b	a	c	a
31.	32.	33.	34.	35.	36.	37.	38.	39.	40.
b	c	b	d	b	c	d	c	c	B
41.	42.	43.	44.	45.	46.	47.	48.	49.	50.
b	a	d	b	c	b	b	b	a	b