

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 hour

Full Marks: 100 (2×50)

Choose the correct answer from the given four alternatives:

51. _____ is an activity which is concerned with recording and classifying financial data related to business operations in order of its occurrence.

- (A) Book-keeping
- (B) Accounting
- (C) Posting
- (D) Journalizing

52. Which of the following is not a framework of accounting?

- (A) Legal Framework
- (B) Business Framework
- (C) Institutional Framework
- (D) Regulatory Framework

53. Which of the following is not a concept of accounting?

- (A) Dual aspect concept
- (B) Periodicity concept
- (C) Accounting cycle concept
- (D) Matching concept

54. Annual maintenance fee of factory machine is an example of

- (A) Capital expenditure
- (B) Revenue expenditure
- (C) Deferred revenue expenditure
- (D) Prepared expenses

55. Goods purchased from Sonu but wrongly entered in the account of Simmu. The rectification of error will result in

- (A) increase in net profit.
- (B) decrease in net profit.
- (C) change in total sundry creditors.
- (D) no effect on net profit.

56. _____ is a representation of the inter-relationship between three important aspects of accounting namely, Assets, Liabilities and Equity.

- (A) Chart of Accounts
- (B) Accounting Equation
- (C) Trial Balance
- (D) Statement of Changes in Equity

57. On purchase of old furniture, ₹2,000 incurred on freight charges should be debited to

- (A) Freight A/c
- (B) Trading A/c
- (C) Wages A/c
- (D) Furniture A/c

58. Which of the following documents is not required for preparing the Bank Reconciliation Statement?

- (A) Bank pass book
- (B) Bank statement
- (C) Trial Balance
- (D) Cash book

59. Which of the following is not correct?

- Debit the receiver, credit the giver
- Debit what comes in, credit what goes out
- Debit all assets, credit all liabilities
- Debit all incomes, credit all expenses

60. Purchase Book records the transactions related to

- all types of purchases.
- all purchases of goods.
- all types of credit purchases.
- credit purchases of goods only.

61. Equipment sold on credit basis to Mr. Arora should be recorded in

- Sales day book
- Cash book
- General journal
- Bills receivable book

62. Which of the following asset is considered to be non-depreciating?

- Land
- Building
- Plant
- Fixtures

63. Prepaid insurance is, by nature, a

- Direct expense
- Nominal account
- Tangible asset
- Representative personal account

64. If original cost of a machine is ₹ 1,26,000 and rate of depreciation is 10% per annum, then the depreciation of the machine for 2nd year under Written Down Value Method will be

- ₹ 9,600
- ₹ 10,800
- ₹ 11,340
- ₹ 13,140

65. A sum of ₹ 2,50,000 was paid as compensation to an employee who was retrenched. It is a

- Revenue expenditure
- Deferred revenue expenditure
- Capital expenditure
- Appropriation of profits

66. Which one is used without a trade transaction but for mutual benefit?

- Trade Bill
- Mutual Bill
- Non-transaction Bill
- Accommodation Bill

67. D of Darjeeling sent 10,000 kg. of tea costing ₹ 200 per kg. to B of Bundi. D incurred: Freight ₹ 36,000 and Transit Insurance ₹ 24,000. During transit, 200 kg. of tea were lost due to theft. The value of loss to be recorded in Consignment Account is

(A) ₹ 40,000
 (B) ₹ 40,480
 (C) ₹ 40,720
 (D) ₹ 41,200

40000
 720
 480
~~40000~~
 41200

68. When consignor sends goods to consignee he prepares and sends a

(A) Debit note
 (B) Account sales
 (C) Proforma invoice
 (D) Sales invoice

69. Which of the following accounts is debited by the consignee on receipts of goods from consignor?

(A) Purchase Account
 (B) Goods Account
 (C) Consignment Account
 (D) None of the above

70. A joint venture with B, purchased goods costing ₹ 5,00,000. B sold 80% of the goods for ₹ 6,25,000. Balance of goods were taken over by B at cost less 20%. The profit on joint venture will be

(A) ₹ 2,05,000
 (B) ₹ 2,25,000
 (C) ₹ 2,00,000
 (D) ₹ 1,25,000

500000
 200000
 300000 | 625000
 125000 | 80000
 (B) 125000

71. Joint Venture account is of the nature of

(A) Personal Account
 (B) Real Account
 (C) Nominal Account
 (D) Suspense Account

72. A Bill of Exchange worth ₹ 9,00,000 was discounted by Tanuj with his banker for ₹ 8,73,000. At maturity the bill was dishonoured, and noting charges of ₹ 1,200 was incurred. How much amount will the bank deduct from Tanuj's bank balance at the time of such dishonour?

(A) ₹ 8,73,000
 (B) ₹ 8,74,200
 (C) ₹ 9,00,000
 (D) ₹ 9,01,200

73. D of Delhi sends out certain goods to K of Kolkata at cost plus 25%. $\frac{1}{2}$ (50%) of the goods received by K is sold at ₹ 3,52,000 at 10% above Invoice Price. The Invoice Value of goods sent out is _____.

(A) ₹ 6,33,600
 (B) ₹ 7,04,000
 (C) ₹ 3,20,000
 (D) ₹ 6,40,000

$640000 \times 50\%$
 $\rightarrow 320000 + 10\%$
 $\rightarrow 352000$

74. If Opening Capital, Drawings and Closing Capital are ₹ 14,00,000, 3,00,000 and ₹ 18,00,000 respectively, then the profit for the year would be

(A) ₹ 3,00,000
 (B) ₹ 4,00,000
 (C) ₹ 7,00,000
 (D) ₹ 1,00,000

1400000
 (300000)
 X
 1800000

75. At the end of the accounting year the balance of Nominal accounts are transferred to

- (A) Trading Account only.
- (B) Profit and Loss Account only.
- (C) Trading and Profit & Loss Account.
- (D) Balance Sheet.

76. Under the Permanence Approach of Marshalling,

- (A) most liquid assets are reflected first in the Balance Sheet.
- (B) fixed assets comes before the current assets in the Balance Sheet.
- (C) fixed assets comes after the current assets in the Balance Sheet.
- (D) non-current liabilities comes after the current liabilities in the Balance Sheet.

77. The Manufacturing account is prepared to

- (A) ascertain gross profit.
- (B) ascertain the cost of goods manufactured.
- (C) ascertain profit or loss on the goods manufactured.
- (D) ascertain the cost of goods sold.

78. Fixed assets are disclosed in the Balance Sheet at

- (A) Original cost.
- (B) Market value.
- (C) Original cost or Market Value, whichever is lower.
- (D) Original cost less Depreciation till date.

79. Ascertain the value of Closing inventory, given that: Opening inventory ₹ 2,00,000; Sales ₹ 10,00,000; Purchases ₹ 8,00,000; Wages ₹ 40,000; Gross Profit rate 25% on Sales.

(A) ₹ 2,50,000	2 50 000	10 000
<input checked="" type="checkbox"/> (B) ₹ 2,90,000	8 00 000	40 000
(C) ₹ 3,00,000	4 00 000	25 000
(D) ₹ 3,20,000	2 50 000	

80. Which of the following is not a component of the financial statements of a sole proprietorship?

- (A) Profit & Loss Account
- (B) Balance Sheet
- (C) Trading Account
- (D) Receipts and Payments Account

81. Legacy receipt by a non-profit organisation is treated as

- (A) Capital receipt
- (B) Revenue receipt
- (C) Capital loss
- (D) Revenue loss

82. Capital Fund of a non-profit organisation is also known as

- (A) Equity
- (B) Accumulated Fund
- (C) Finance Reserve
- (D) Cash Fund

83. The books of Ganga Welfare Trust show subscriptions received during the year 2024-25 was ₹1,11,250 and advance subscriptions on 31-03-2025 was ₹15,000. If outstanding subscription on 31.03.2025 was ₹11,250, then the subscription to be credited in the Income and Expenditure Account would be

- (A) ₹1,25,000
- (B) ₹1,22,500
- (C) ₹1,11,250
- (D) ₹1,07,500

84. Which of the following items are shown in the Income and Expenditure Account?

- (A) Both items of capital and revenue nature
- (B) Only items of capital nature
- (C) Only items of revenue nature which are received during the period of accounts
- (D) Only items of revenue nature pertaining to the period of accounts

85. Which of the following is/are true regarding Receipts & Payments Account?

- (A) It is a summary of the Cash Book.
- (B) It is a Nominal account by nature.
- (C) It consists of transactions of revenue nature only.
- (D) All of the above

86. Costs are often measured in terms of a product, a service to a hotel guest or a sales territory. These are known as _____.

- (A) Cost driver
- (B) Cost centre
- (C) Cost unit
- (D) Cost object

87. In India, which of the following formulates the Cost Accounting Standards(CAS)?

- (A) The Institute of Cost Accountants of India
- (B) Cost Accounting Standards Board
- (C) The Institute of Chartered Accountants of India
- (D) Council of Cost Accounting Standards

88. Which method of costing is appropriate for colleges?

- (A) Operating Costing
- (B) Job Costing
- (C) Multiple Costing
- (D) Contract Costing

89. The process of assigning a whole item of cost, or of revenue, to a single cost unit, centre, account or time period is referred to as

- (A) Apportionment
- (B) Adjustment
- (C) Allocation
- (D) Assignment

90. _____ are also called irrecoverable costs.

- (A) Opportunity costs
- (B) Sunk costs
- (C) Imputed costs
- (D) Relevant costs

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91. Indirect materials cost is a part of

- (A) Prime cost
- (B) Chargeable expenses
- (C) Raw material consumed
- (D) Works overheads

92. In which year was cost audit introduced under the Indian Companies Act?

- (A) 1958
- (B) 1968
- (C) 1978
- (D) 1988

93. From the following data of a factory, ascertain the amount of Prime Cost:

Direct materials: ₹1,20,000; Direct labour: ₹20,000; Factory overheads: 35,000; Chargeable expenses: 50% of Direct labour.

- (A) ₹1,80,000
- (B) ₹1,85,000
- (C) ₹1,55,000
- (D) ₹1,50,000

94. Which of the following is an example of cost driver?

- (A) Tonne-Km
- (B) Passenger-miles
- (C) Set-up hours
- (D) Per bed per day

95. Which of the following is the classification of costs 'by nature of production or operation process'?

- (A) Job cost, Batch cost, Contract cost, Process cost and Joint cost.
- (B) Normal cost and Abnormal cost.
- (C) Fixed cost, Variable cost and Semi-variable cost.
- (D) Direct cost and Indirect cost.

96. Identify the correct sequence of costs appearing in a Cost Sheet drafted under Absorption costing technique:

- (i) Cost of Goods Sold, (ii) Works cost, (iii) Cost of Production, (iv) Prime cost
- (A) (iv), (iii), (ii), (i)
- (B) (iv), (ii), (i), (iii)
- (C) (iv), (i), (ii), (iii)
- (D) (iv), (ii), (iii), (i)

97. Determine the amount of purchase of raw materials from the given particulars:

Raw materials consumed: ₹1,27,200; Opening stock of raw materials: ₹14,400 ; Closing stock of raw materials: ₹21,600.

- (A) ₹91,200
- (B) ₹1,63,200
- (C) ₹1,20,000
- (D) ₹1,34,400

98. CAS 14 deals with

- (A) Cost of Utilities
- (B) Quality Control
- (C) Pollution Control Cost
- (D) Overburden Removal Cost

99. Consider the following statements:

Statement I: Budgets are financial and/ or quantitative statements prepared and approved prior to a defined period of time.

Statement II: Budgets are formal quantifications of the plans of management.

- (A) Only Statement I is true.
- (B) Only Statement II is true.
- (C) Both statements are true.
- (D) Both statements are false.

100. _____ costing differentiates between fixed cost and variable cost.

- (A) Marginal
- (B) Uniform
- (C) Absorption
- (D) Standard