

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 with 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?
- (A) Debit the receiver, credit the giver
 - (B) Debit what comes in, credit what goes out
 - (C) Debit all assets, credit all liabilities
 - ~~(D) Debit all incomes, credit all expenses~~

60. Purchase Book records the transactions related to

- (A) all types of purchases.
- (B) all purchases of goods.
- (C) all types of credit purchases.
- ~~(D) credit purchases of goods only.~~

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

- ~~(A) Sales day book~~
- (B) Cash book
- (C) General journal
- (D) Bills receivable book

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

- ~~(A) Land~~
- (B) Building
- (C) Plant
- (D) Fixtures

63. Prepaid insurance is, by nature, a
- (A) Direct expense
 - (B) Nominal account
 - (C) Tangible asset
 - ~~(D) 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

- (A) ₹ 9,600
- (B) ₹ 10,800
- ~~(C) ₹ 11,340~~
- (D) ₹ 13,140

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

- ~~(A) Revenue expenditure~~
- (B) Deferred revenue expenditure
- (C) Capital expenditure
- (D) Appropriation of profits

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

- (A) Trade Bill
- (B) Mutual Bill
- (C) Non-transaction Bill
- ~~(D) 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~~

$$\begin{array}{r} 40000 \\ 720 \\ 480 \\ \hline 41200 \end{array}$$

68. When consignor send goods to consignee he prepares and send 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

$$\begin{array}{r} 500000 \\ 20\% \text{ (B/P)} \\ \hline 400000 \end{array}$$

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%. 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 send out is _____.

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

$$\begin{array}{r} 640000 \times 50\% \\ = 320000 + 10\% \\ = 352000 \end{array}$$

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

$$\begin{array}{r} 1400000 \\ (300000) \\ \hline 1800000 \end{array}$$

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 00 000 |
| <input checked="" type="checkbox"/> (B) ₹2,90,000 | 8 00 000 | |
| (C) ₹3,00,000 | 4 00 000 | |
| (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