



FOUNDATION EXAMINATION

MODEL QUESTION PAPER

TERM – DEC 2023

PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	CAS _____ stands for Classification of Cost.	
(a)	2	O
(b)	1	O
(c)	6	O
(d)	4	O
2.	Factory Costs = _____ Cost + Factory Overhead.	
(a)	Process	O
(b)	Employee	O
(c)	Material	O
(d)	Prime	O
3.	Over which of the following costs, management is likely to have least control -	
(a)	wages cost	O
(b)	building insurance cost	O
(c)	machinery breakdown cost	O
(d)	advertisement cost	O
4.	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
5.	In a Passenger Transport _____ is used as an appropriate cost unit.	
(a)	Room - Day	O
(b)	Patient - Day	O
(c)	Tonne – kilometre	O
(d)	Passenger - Km	O
6.	CAS 2 stands for _____.	
(a)	Average (Equalized) Cost of Transportation	O
(b)	Material Cost	O



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	(c)	Capacity Determination	O
	(d)	None of the above	O
7.		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
8.		The following is included in financial accounts, but not in cost accounts.	
	(a)	carriage and freight	O
	(b)	Excise duty	O
	(c)	Patent	O
	(d)	Dividend paid	O
9.		Direct expenses are also known as _____.	
	(a)	Overhead expenses	O
	(b)	Process expenses	O
	(c)	Chargeable expenses	O
	(d)	Factory overhead	O
10.		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
11.		Subscription received during the year ₹ 50,000; Subscriptions outstanding at the end of the year ₹ 8,000; Subscription outstanding at the beginning of the year ₹6,000. Net Income from subscription will be—	
	(a)	₹48,000	O
	(b)	₹64,000	O
	(c)	₹52,000	O
	(d)	₹36,000	O



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12.	By Profit & Loss Account we get _____.		
	(a)	Net Profit	O
	(b)	Capital	O
	(c)	Gross Profit	O
	(d)	Gross Loss	O
13.	The information for the preparation of receipts and payments account is taken from _____.		
	(a)	Cash Book	O
	(b)	Income and Expenditure Account	O
	(c)	Cash Book and Balance Sheet	O
	(d)	None	O
14.	Endowment Fund received by a club is a _____.		
	(a)	Revenue Receipt	O
	(b)	Capital Receipt	O
	(c)	Advance Payment	O
	(d)	Revenue Payment	O
15.	If income is ₹16,000 and 'deficit' debited to capital fund is ₹4,300, then expenditure is _____.		
	(a)	₹16,000	O
	(b)	₹4,300	O
	(c)	₹20,300	O
	(d)	None of the above	O
16.	Legacy are generally _____.		
	(a)	Capitalized	O
	(b)	Treated Loss	O
	(c)	Revenue Expenses	O
	(d)	Deferred Revenue expenses	O
17.	Which of the following is not a relevant cost?		
	(a)	Replacement cost	O
	(b)	Sunk cost	O
	(c)	Marginal cost	O



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	(d)	Standard cost	O
18.	_____ costing is applied in Canteens.		
	(a)	Contract	O
	(b)	Operating	O
	(c)	Process	O
	(d)	Batch	O
19.	In case of _____ Costing, costs are ascertained only after they have been incurred.		
	(a)	Absorption	O
	(b)	Standard	O
	(c)	Historical	O
	(d)	Marginal	O
20.	Opportunity cost is the best example of:		
	(a)	Sunk cost	O
	(b)	Standard cost	O
	(c)	Relevant cost	O
	(d)	Irrelevant cost	O
21.	'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹ 12,000 and spend ₹ 200 on various expenses. 'N' sells the entire lot for ₹ 15,000 meeting selling expenses amounted to ₹ 400 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be _____.		
	(a)	₹ 13,400	O
	(b)	₹ 14,600	O
	(c)	₹ 12,800	O
	(d)	₹ 12,200	O
22.	Mr. P sold goods to Mr. Q for ₹60,00,00. ½ of the amount will be received in cash and the balance through a Bills Receivable. For what amount Mr. P should draw a bill _____.		
	(a)	₹ 3,00,000	O
	(b)	₹ 6,00,000	O
	(c)	₹ 2,00,000	O
	(d)	₹ 2,40,000	O



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23.	A person who endorses a bill is called _____.		
	(a)	drawer	O
	(b)	drawee	O
	(c)	Bank	O
	(d)	endorser	O
24.	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
25.	Gross profit is equal to _____.		
	(a)	sales – cost of goods sold	O
	(b)	sales – closing stock + purchase	O
	(c)	opening stock + purchases – closing stock	O
	(d)	none of the above	O
26.	Income Statement of a charitable institution is known as _____.		
	(a)	Trading Account	O
	(b)	Profit and Loss Account	O
	(c)	Income and Expenditure Account	O
	(d)	Receipts and Payments Account	O
27.	If sales are ₹2,000 and the rate of G.P on cost of goods sold is 25%, then the cost of goods sold will be _____.		
	(a)	₹1,600	O
	(b)	₹2,000	O
	(c)	₹400	O
	(d)	₹500	O
28.	The receipts and payments account of a non-profit organization is a _____.		
	(a)	Nominal Account	O
	(b)	Real Account	O
	(c)	Income Statement Account	O
	(d)	Financial Account	O



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29.	The capital of a non-profit organization is generally known as _____.	
(a)	Equity	O
(b)	Accumulated Fund	O
(c)	Finance Reserve	O
(d)	Cash Fund	O
30.	If ₹1,500 was outstanding at the beginning of the year towards subscription and ₹10,000 is received during the year, with ₹ 2,500 still outstanding at the end of the year the amount to be taken to receipts and payments account is _____.	
(a)	₹11,000	O
(b)	₹8,500	O
(c)	₹10,000	O
(d)	None of the above	O
31.	To write off bad debt, following entry is passed _____	
(a)	Provision for bad debts debit: Debtors credit	O
(b)	Provision for bad debts debit: Bad debts credit	O
(c)	Bad debts debit: Debtors credit	O
(d)	none of the above	O
32.	A recovery of bad debt _____.	
(a)	increases net income	O
(b)	decreases net income	O
(c)	increases gross profit and net income	O
(d)	None of the above	O
33.	A trial balance will not balance if _____.	
(a)	correct entry is posted twice	O
(b)	The purchase on credit basis is debited to purchases and credited to cash	O
(c)	₹500 cash payment to creditors is debited to creditors for ₹50 and credited to cash as ₹ 500	O
(d)	None of the above	O
34.	₹ 200 paid as wages for erecting a machine should be debited to _____.	
(a)	Repair A/c	O



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	(b)	Machine A/c	O
	(c)	Capital A/c	O
	(d)	Furniture A/c	O
35.	Bad debt is a confirmed _____.		
	(a)	Loss	O
	(b)	Profit	O
	(c)	Revenue	O
	(d)	None of the above	O
36.	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
37.	A, for joint venture with B, purchased goods costing ₹2,00,000. B sold 80% of the goods for ₹2,50,000. Balance of goods were taken over by B at cost less 25%. Find out profit on venture?		
	(a)	80,000	O
	(b)	90,000	O
	(c)	50,000	O
	(d)	None of the above	O
38.	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 the above	O
39.	A promissory note contains an _____ _____ to pay.		
	(a)	undertaking or promise	O
	(b)	request	O
	(c)	order	O

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	(d)	ownership	O
40.	A purchased goods costing ₹42,500. B sold goods of ₹40,000 at ₹50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be _____.		
	(a)	₹ 3,125	O
	(b)	₹ 2,500	O
	(c)	₹ 3,000	O
	(d)	None	O
41.	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
42.	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
43.	Money spent ₹ 12,000 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 of the above	O
44.	Which of these errors affect two or more accounts _____.		
	(a)	Errors of complete omission	O
	(b)	Errors of principle	O
	(c)	Errors of posting to wrong account	O
	(d)	All the three	O

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45.	Purchase price of machine ₹8,90,000, freight and cartage ₹7,000, installation charges ₹30,000, Insurance charges ₹20000, residual value is ₹40,000, estimated useful life 5 years. Calculate the amount of annual depreciation under straight line method?	
	(a) ₹ 1,77,400	O
	(b) ₹ 1,81,400	O
	(c) ₹ 1,97,400	O
	(d) ₹ 1,77,900	O
46.	Depreciation Accounts is a _____ account.	
	(a) Personal	O
	(b) Nominal	O
	(c) Real	O
	(d) None of the above	O
47.	Original cost is ₹1,50,000 residual value is ₹10,000, depreciation for 3rd year @ 10% p.a. under WDV method _____.	
	(a) ₹ 14,000	O
	(b) ₹ 12,150	O
	(c) ₹ 11,340	O
	(d) ₹ 12,240	O
48.	Bank has directly paid ₹2,250 for rent as per standing instructions. In BRS starting with Pass Book overdraft _____.	
	(a) ₹ 2,250 will be added to Pass Book overdraft	O
	(b) ₹ 4,500 will be added to Pass Book overdraft	O
	(c) ₹ 2,250 will be deducted from Pass Book overdraft.	O
	(d) None of the above	O
49.	Journal is the book of _____ entry.	
	(a) Primary	O
	(b) Secondary	O
	(c) Final	O
	(d) All of the above	O
50.	Debit side of Bank Pass Book corresponds to _____.	
	(a) credit side of Cash Book	O



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	(b)	debit side of Cash Book	O
	(c)	debit side of Trial Balance	O
	(d)	credit side of Balance Sheet	O

Answer:

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