



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

**SET 2
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.	Omission of paise and showing the round figures in Financial Statements is based on		
	(a)	Conservatism Concept	O
	(b)	Materiality Concept	O
	(c)	Realization Concept	O
	(d)	Consistency Concept	O
2.	A sum of Rs. 400 was spent on painting the factory		
	(a)	Capital expenditure	O
	(b)	Deferred Revenue expenditure	O
	(c)	Revenue expenditure	O
	(d)	Investment expenditure	O
3.	Money spent Rs.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
4.	Opening entries are generally passed through the:		
	(a)	General journal	O
	(b)	Cash book	O
	(c)	Ledger	O
	(d)	Trial balance	O
5.	If the effect of an error is cancelled by the effect of some other error, it is commonly known as:		



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(a)	Clerical error	O
	(b)	Error of omission	O
	(c)	Error of commission	O
	(d)	Compensating error	O
6.	Goods worth RS. 272 returned by Raja passed through the books as Rs. 722. The rectification entry is		
	(a)	Raja will be debited by Rs. 450	O
	(b)	Raja will be debited by Rs. 272	O
	(c)	Raja will be credited by Rs. 722	O
	(d)	Raja will be credited by Rs. 272	O
7.	The allowance made for prompt payment is called:		
	(a)	Purchase discount	O
	(b)	Trade discount	O
	(c)	Cash discount	O
	(d)	Quantity discount	O
8.	Accounting does not record non-financial transactions because of		
	(a)	Cost Concept	O
	(b)	Money Measurement Concept	O
	(c)	Accrual Concept	O
	(d)	Entity Concept	O
9.	Errors of carry forward from one year to another affects _		
	(a)	Personal Account	O
	(b)	Real Account	O
	(c)	Nominal Account	O
	(d)	both (a) and (b)	O
10.	Balance as per adjusted Cash Book Rs. 274. Cheques not yet presented Rs. 730. Cheques deposited not yet recorded by bank Rs. 477 balance as per Pass Book will		



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MODEL QUESTION PAPER
PAPER - 2**

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	be	
	(a) 528	O
	(b) 500	O
	(c) 527	O
	(d) 456	O
11.	Which of the following account with normal balance is shown at the debit side of a Trial Balance?	
	(a) Cash Account	O
	(b) Unearned Income Account	O
	(c) Rent Income Account	O
	(d) Creditors Account	O
12.	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
13.	A Machinery with original cost of Rs. 10, 00,000 and Nil Salvage value acquired on 1st April 2019 with 4 years useful life was depreciated using Straight Line Method. It was decided to sell the machinery on 1st October 2022 for Rs. 1, 20,000. What shall be the gain or (loss) on the sale of Machinery	
	(a) Gain of Rs. 1,20,000	O
	(b) Loss of Rs. 5,000	O
	(c) Loss of Rs. 1,30,000	O
	(d) Gain of Rs. 5,000	O
14.	A credit purchase of Rs. 950 from sudhir was recorded in purchases book as Rs. 590. The rectification entry is ____	
	(a) Purchases account will be debited by Rs.360	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(b)	Sudhir will be credited by Rs. 590	O
	(c)	Purchases account will be debited by Rs. 950	O
	(d)	Sudhir will be credited by Rs. 950	O
15.	The portion of the acquisition cost of the tangible asset, yet to be allocated is known as		
	(a)	Accumulated value	O
	(b)	Written down value	O
	(c)	Realisable Value	O
	(d)	Both (b) & (c)	O
16.	X of Kanpur sends out 1000 boxes to Y Delhi costing Rs. 200 each at an invoice price of Rs. 220 each goods sent out on consignment to be credited in general trading will be		
	(a)	Rs. 2,00,000	O
	(b)	Rs. 2,40,000	O
	(c)	Rs. 40,000	O
	(d)	Rs. 2,20,000	O
17.	A, for joint venture with B, Purchased goods costing Rs. 2, 00,000. B sold 80% of the goods for Rs. 2, 50,000. Balance of goods was taken over by B at cost less 25%. Find out profit on venture?		
	(a)	Rs. 70,000	O
	(b)	Rs. 60,000	O
	(c)	Rs. 80,000	O
	(d)	Rs. 50,000	O
18.	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



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

19.	Extra commission given to the consignee, for making him responsible for bad debts this extra commission is known as ____.		
	(a)	Agency Commission	O
	(b)	Performance Commission	O
	(c)	Special Commission	O
	(d)	Del Credere Commission	O
20.	____ is the concept which the joint venture accounting does not follow.		
	(a)	Separate entity concept	O
	(b)	Dual aspect concept	O
	(c)	Money measurement concept	O
	(d)	Going concern concept	O
21.	X sends out 100 bags to Y costing ₹1,000 each. 60 bags were sold at 10% above cost price. Sale value will be :		
	(a)	₹65,000	O
	(b)	₹66,000	O
	(c)	₹60,000	O
	(d)	₹65,500	O
22.	X-draws a trade bill of Rs. 25,000 for 6 months on Y. After holding the bill for 1.5 months, X-discounts the bill with bank @ 10% p.a. What is the amount of discount on the bill?		
	(a)	₹937.50	O
	(b)	₹935.50	O
	(c)	₹900.50	O
	(d)	₹1000	O
23.	If the due date is a public holiday what will be the due date of the bill		



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(a)	following day	O
	(b)	preceding day	O
	(c)	the same day only	O
	(d)	one month later	O
24.	Opening stock Rs. 50,000 closing stocks Rs. 40,000, purchases RS. 1,90,000, profit margin is 16.67% on the sales, then sales are _____		
	(a)	₹2,20,000	O
	(b)	₹2,50,000	O
	(c)	₹2,40,000	O
	(d)	₹2,30,000	O
25.	Bills receivable discounted but not due till the date of final accounts is shown in:		
	(a)	Current Liabilities	O
	(b)	Non-Current Liabilities	O
	(c)	Footnotes	O
	(d)	Fixed Assets	O
26.	At the time of preparation of financial accounts, bad debts recovered account will be transferred to:		
	(a)	Profit & Loss A/c	O
	(b)	Debtors A/c	O
	(c)	Profit & loss Adjustment A/c	O
	(d)	Profit & loss Appropriation A/c	O
27.	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)	matching concept	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(d)	going concern concept	O
28.	The Receipts and Payments Account shows the following details: Subscription Arrears Rs. 500 Current Rs. 10,500 Advance Rs.800 There are 1,200 members each paying an annual subscription of Rs.10. The amount to be credited to Income and Expenditure Account will be		
	(a)	₹11,800	O
	(b)	₹12,000	O
	(c)	₹ 11,300	O
	(d)	₹11,500	O
29.	Given old provision for bad & doubtful debt is Rs.4, 000 sundry debtors Rs. 50,000, new PBD required = 10% on sundry debtors then the amount of additional provision to be credited is Rs. ____		
	(a)	₹ 1,000	O
	(b)	₹ 2,000	O
	(c)	₹ 3,000	O
	(d)	₹ 4,000	O
30.	The sports club of Orissa had received in 2022-2023 Rs. 2,000 towards subscription. Subscription for 2021 -22 unpaid on 1.4.2022 was Rs. 200. Subscriptions paid in advance on 31.3.2022 were Rs. 50 and the same on 31.3.2023 was Rs.40. Subscriptions for 2022-2023 unpaid on 31.3.2023 were Rs. 90. Calculate subscription income for 2022-2023		
	(a)	₹2,120	O
	(b)	₹1,980	O
	(c)	₹1,900	O
	(d)	₹2,000	O
31.	Legacy are generally-		
	(a)	Treated Loss	O
	(b)	Capitalized	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(c)	Revenue Expenses	O
	(d)	Deferred Revenue expenses	O
32.	___ contains closing balances of Real and Personal Account		
	(a)	Trading Account	O
	(b)	Profit and Loss Account	O
	(c)	Income and Expenditure Account	O
	(d)	Balance Sheet	O
33.	In case of a deficit in the Income and Expenditure Account, how is it treated in the Balance Sheet?		
	(a)	It is deducted from the Capital or General Fund	O
	(b)	It is added to the Capital or General Fund	O
	(c)	It is shown as a liability	O
	(d)	It is ignored in the Balance Sheet	O
34.	Any revenue expenditure relating to a special fund must be deducted from ____.		
	(a)	Income and Expenditure Account	O
	(b)	Capital Fund	O
	(c)	Special Fund	O
	(d)	General Fund	O
35.	Income and Expenditure Account shows subscriptions at Rs.10, 000. Subscriptions accrued in the beginning of the year and at the end of the year were Rs. 1,000 and Rs. 1,500 respectively. The figure of subscriptions received appearing in the Receipts and Payments Account will be:		
	(a)	₹10,000	O
	(b)	₹10,500	O
	(c)	₹11,000	O
	(d)	₹9,500	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

36.	Which method of costing is most commonly used in the Soft Drinks industry?		
	(a)	Job Costing	O
	(b)	Process Costing	O
	(c)	Batch Costing	O
	(d)	Multiple Costing	O
37.	Gross Factory Cost = Rs. 52,000. Net Factory Cost = Rs. 74,000. Opening stock of work-in- progress is Rs. 9,000. Find closing stock of work-in-progress.		
	(a)	₹31,000	O
	(b)	₹13,000	O
	(c)	₹22,000	O
	(d)	₹15,000	O
38.	Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as:		
	(a)	functional classification	O
	(b)	classification according to controllability	O
	(c)	element wise classification	O
	(d)	behavioral classification	O
39.	Advertisements are treated as		
	(a)	selling overheads	O
	(b)	direct expenses	O
	(c)	cost of production	O
	(d)	distribution overheads	O
40.	The main purpose of cost accounting is to:		
	(a)	maximize profits,	O
	(b)	provide information to management for decision making	O
	(c)	help in inventory valuation	O
	(d)	Aid in the fixation of selling price	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

41.	From the following information, find out purchases. Raw material consumed = Rs.26, 500. Closing Stock = Rs. 4,500 Opening Stock = Rs. 3,000		
	(a)	₹25,000	O
	(b)	₹29,500	O
	(c)	₹28,000	O
	(d)	22,000	O
42.	Cost of Sales = Rs.37, 416. Advertisement Expenses = Rs.600. Discount on sales = 50% of advertisement Expenses. Find Cost of Goods Sold.		
	(a)	₹37,716	O
	(b)	₹37,416	O
	(c)	₹36,516	O
	(d)	₹38,016	O
43.	Which of the following is not a relevant cost?		
	(a)	Replacement cost	O
	(b)	Marginal cost	O
	(c)	Opportunity cost	O
	(d)	Sunk cost	O
44.	_____ Costs are costs which are ascertained after they have been incurred.		
	(a)	Relevant Costs	O
	(b)	Historical Costs	O
	(c)	Out of pocket Costs	O
	(d)	Marginal Costs	O
45.	Which method of costing is used for determination of costs for printing industry?		
	(a)	job costing	O
	(b)	batch costing	O
	(c)	operating costing	O



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

	(d)	process costing	O
46.	Which of the following is an example of Imputed Costs?		
	(a)	Rent for office space	O
	(b)	Wages paid to employees	O
	(c)	Interest on internally generated funds	O
	(d)	Direct material cost	O
47.	Which of the following is a Non-Controllable Cost?		
	(a)	Cost of raw materials	O
	(b)	Factory rent	O
	(c)	Direct labour cost	O
	(d)	Variable overheads	O
48.	Which CAS number focuses on the costs of utilities such as water, electricity, and gas in the production process?		
	(a)	CAS10	O
	(b)	CAS12	O
	(c)	CAS6	O
	(d)	CAS8	O
49.	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)	28%	O
	(b)	20%	O
	(c)	25%	O
	(d)	33%	O
50.	The following data relate to the manufacture of a standard product during the month of March 2023.		
	Raw materials	80,000	
	Direct wages	48,000	



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

**SET 2
TERM JUNE-2025**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

		Machine hours worked	8,000		
		Office overhead	10% on works cost		
		Machine hour rate	₹ 4		
		Selling overhead	₹ 1.50 p unit		
		Units produced	4,000		
		and sold @ ` 50 each	3,600		
		Find Cost of Production per unit.			
	(a)	₹44			O
	(b)	₹45S			O
	(c)	₹46.5			O
	(d)	₹45.5			O