



FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 2

SET - 2
TERM DEC-2024

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Entrance fee of ₹20,000 received by a club is a _____.		
	(a)	Capital Receipts	O
	(b)	Revenue Receipt	O
	(c)	Capital Expenditure	O
	(d)	Revenue Expenditure	O
2.	₹ 5,000 incurred for up gradation of computer by installation of 128 MB Ram is _____.		
	(a)	Capital Expenditure	O
	(b)	Deferred Revenue Expenditure	O
	(c)	Revenue Expenditure	O
	(d)	None of the above	O
3.	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
4.	A Ledger is also called :		
	(a)	Book of Original entry	O
	(b)	Book of Primary entry	O
	(c)	Book of Final entry	O
	(d)	None of the above	O
5.	When preparing a Bank Reconciliation Statement, if you start with debit balance as per Cash Book cheques sent to bank but not collected should be _____.		
	(a)	Added	O
	(b)	Deducted	O
	(c)	Not required to be adjusted	O



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	(d)	None	O
6.	_____ concept assumes that, for accounting purposes, the business enterprise and its owners are two separate independent entities.		
	(a)	Accrual	O
	(b)	Money Measurement	O
	(c)	Going Concern	O
	(d)	Business Entity	O
7.	Bank has directly paid ₹1,250 for rent as per standing instructions. In BRS starting with Pass Book overdraft _____.		
	(a)	₹ 1,250 will be added to Pass Book overdraft	O
	(b)	₹ 2,500 will be added to Pass Book overdraft	O
	(c)	This amount will be ignored	O
	(d)	₹ 1,250 will be deducted from Pass Book overdraft.	O
8.	Journal entry of wages ₹8,000 paid for installation of machinery will be _____.		
	(a)	Dr. Wages A/c and Cr. Cash A/c with ₹8,000	O
	(b)	Dr. Machinery A/c and Cr. Cash A/c with ₹8,000	O
	(c)	Dr. Machinery repairs A/c and Cr. Cash A/c with ₹8,000	O
	(d)	None of these	O
9.	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
10.	If the original cost of the machine = ₹ 1,00,000, life = 5 years' residual value = ₹ 2,000. If the depreciation for 4th year as per SLM is ₹ 19,600, then the rate of depreciation p.a. is _____.		
	(a)	10%	O
	(b)	15%	O
	(c)	20%	O
	(d)	5%	O



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11.	A withdrawal of cash from business by the proprietor should be credited to :	
(a)	Drawing A/c	O
(b)	Capital A/c	O
(c)	Cash A/c	O
(d)	Purchase A/c	O
12.	Prepaid rent is a :	
(a)	Nominal A/c	O
(b)	Representative Personal A/c	O
(c)	Tangible Assets A/c	O
(d)	None	O
13.	Which financial statement represents the accounting equation-Assets = Liabilities + Owner's equity:	
(a)	Income Statement	O
(b)	"Statement of Cash flows"	O
(c)	"Balance Sheet"	O
(d)	"None"	O
14.	The process of recording business transactions in a book of original entry is known as _____.	
(a)	Journal	O
(b)	Balance	O
(c)	Posting	O
(d)	none	O
15.	In an Account if debit > credit side, the balance is known as the _____.	
(a)	Negative balance	O
(b)	Debit balance	O
(c)	Positive balance	O
(d)	Credit balance	O
16.	X sends out goods to Y, costing ₹1,50,000. Goods are to be sold at cost +33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be :	



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	(a)	₹1,20,000	O
	(b)	₹1,00,000	O
	(c)	₹1,50,000	O
	(d)	None	O
17.	"If unsold goods costing ₹ 20,000 is taken over by venture at ₹15,000 the Joint venture A/c will be credited"		
	(a)	₹20,000	O
	(b)	₹15,000	O
	(c)	₹5,000	O
	(d)	Nil	O
18.	Over-riding commission is calculated on:		O
	(a)	Cash sales	O
	(b)	Credit sales only	O
	(c)	Sales at higher price	O
	(d)	Credit sales less cash sales.	O
19.	If the del credere commission is 10%, cash sales are ₹5,000 and credit sales is ₹10,000. Calculate the amount of del credere commission.		
	(a)	₹1,500	O
	(b)	₹.1,000	O
	(c)	₹.500	O
	(d)	None of the above.	O
20.	The unsold stock on consignment is valued at-		
	(a)	Original cost of the goods	O
	(b)	Original cost + expenses incurred by both consignor and consignee	O
	(c)	Original cost + expenses incurred only by the consignee	O
	(d)	Original cost + all expenses incurred by consignor & consignee	O
21.	What is the liability for the discounted bill known as?		
	(a)	Current liability	O
	(b)	Contingent liability	O
	(c)	Non-current liability	O



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	(d)	None of the preceding.	O
22.	Retirement of bill means:		
	(a)	making payment before the due date	O
	(b)	cancellation of the bill	O
	(c)	sending the bill for collection	O
	(d)	endorsing the bill in favour of third party	O
23.	What is Bill Endorsement?		
	(a)	The bill's terms and the date of the drawing	O
	(b)	The acceptance date as well as the bill's terms	O
	(c)	Extra days for making a payment after the bill's due date	O
	(d)	The process through which the bill's holder transfers the bill's title with the help of their creditors.	O
24.	At the time of preparation of financial accounts, bad debts recovered account will be transferred to		
	(a)	Debtors A/c	O
	(b)	Profit & Loss A/c	O
	(c)	Profit & loss Adjustment A/c	O
	(d)	Profit & loss Appropriation A/c	O
25.	P & L Account is prepared for period of one year by following _____.		
	(a)	Consistency Concept	O
	(b)	Conservatism Concept	O
	(c)	Accounting Period Concept	O
	(d)	Cost Concept	O
26.	"Income and Expenditure Account shows subscriptions at ₹10,000. Subscriptions accrued in the beginning of the year and at the end of the year were ₹1,000 and ₹1,500 respectively. The figure of subscriptions received appearing in Receipts and Payments Account will be"		
	(a)	9500	O
	(b)	11000	O
	(c)	10000	O
	(d)	None of the above	O



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27.	The periodic financial statements of a not-for-profit organisation comprises which of the following?		
(a)	Receipts and Payments Account to determine the inflow and outflow of cash of the organisation for a given period		O
(b)	Income and Expenditure Account to determine the surplus and deficit of the organisation for the period concerned		O
(c)	Balance Sheet to assess the financial state of affairs as at the end of the accounting period		O
(d)	All of these		O
28.	Inventory is :		
(a)	Included in the category of fixed assets		O
(b)	An investment		O
(c)	A part of current assets		O
(d)	An intangible fixed asset		O
29.	Which one of the following is not prepared by non-profit organizations :		
(a)	Profit and Loss Account		O
(b)	Income & Expenditure Account		O
(c)	Receipts and Payments Account		O
(d)	Balance Sheet		O
30.	Endowment fund receipt is treated as -		
(a)	Capital Receipt		O
(b)	Revenue Receipt		O
(c)	Loss		O
(d)	Expenses		O
31.	A profit and loss sheet is prepared		
(a)	With the trading account		O
(b)	In succession to the trading account		O
(c)	Before the trading account		O
(d)	It can be prepared anytime		O
32.	Gross profit is equal to		



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	(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
33.	The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as:		
	(a)	direct cost	O
	(b)	Variable cost	O
	(c)	commercial cost	O
	(d)	conversion cost	O
34.	Interest on own capital is :		
	(a)	Cash cost	O
	(b)	Notional cost	O
	(c)	Sunk cost	O
	(d)	Part of Prime Cost	O
35.	Marginal costing is concerned with:		
	(a)	Fixed costs	O
	(b)	Variable costs	O
	(c)	Semi-fixed costs	O
	(d)	None of the above	O
36.	Cost of production of 16,000 units @ ₹ 2 per unit. Selling overheads @ 50 paise per unit for 16,000 units. Units sold @ ₹4.00 per unit. Compute profit.		
	(a)	₹24,000	O
	(b)	₹1.50	O
	(c)	₹40,000	O
	(d)	None of the above	O
37.	In behavioural analysis', costs are divided into :		
	(a)	production and non-production costs	O
	(b)	controllable and non-controllable costs	O
	(c)	direct and indirect costs	O
	(d)	fixed and variable costs	O



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38.	"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
39.	Gross Factory Cost = ₹29,000. Net Factory Cost = ₹27,000. Opening stock of work-in- progress is ₹4,000. Find closing stock of work-in-progress.	
(a)	₹25,000	O
(b)	₹6,000	O
(c)	₹33,000	O
(d)	None of the above	O
40.	"The Receipts and Payments Account shows the following details: Subscription Arrears ₹500 Current ₹10,500 Advance ₹800 There are 1,200 members each paying an annual subscription of ₹10. The amount to be credited to Income and Expenditure Account will be"	
(a)	₹11,800	O
(b)	₹11,300	O
(c)	₹12,000	O
(d)	None of the above	O
41.	Depreciation is an example of-	
(a)	Fixed Cost	O
(b)	Variable Cost	O
(c)	Semi Variable Cost	O
(d)	None	O
42.	The works cost plus administration expenses :	
(a)	Total Cost	O
(b)	Cost of production	O
(c)	cost of sales	O



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	(d)	Factory cost	O
43.	Which of the following is a part of both Prime cost and conversion cost :		
	(a)	Direct Material	O
	(b)	Indirect Labour	O
	(c)	Indirect Material	O
	(d)	Direct Labour	O
44.	Average stock = ₹12,000, closing stock is ₹3,000 more than Opening Stock the value of Closing Stock will be _____.		
	(a)	₹10,500	O
	(b)	₹13,500	O
	(c)	₹12,000	O
	(d)	₹24,000	O
45.	Cost units of Automobile Industry is-		
	(a)	Cubic meter	O
	(b)	Bed Night	O
	(c)	Number of Call	O
	(d)	Number of vehicle	O
46.	Marginal costing is concerned with:		
	(a)	Fixed costs	O
	(b)	Variable costs	O
	(c)	Semi-fixed costs	O
	(d)	None of the above	O
47.	Which of the following is not a relevant cost?		
	(a)	Replacement cost	O
	(b)	Sunk cost	O
	(c)	Marginal cost	O
	(d)	standard cost	O
48.	Over which of the following costs, management is likely to have least control :		
	(a)	wages cost	O
	(b)	building insurance cost	O



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	(c)	machinery breakdown cost	O
	(d)	advertisement cost	O
49.	"Indirect material cost is a part of:"		
	(a)	Prime cost	O
	(b)	Factory overhead	O
	(c)	chargeable expenses	O
	(d)	None of these	O
50.	From the following information, find out purchases. Raw material consumed = ₹53,000. Closing Stock = ₹9,000 Opening Stock = ₹6,000		
	(a)	₹56,000	O
	(b)	₹62,000	O
	(c)	₹47,000	O
	(d)	₹68,000	O