



**FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER – 2**

**SET 1
TERM DEC-2025
SYLLABUS – 2022**

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Received from Solomon & co., an invoice for ₹ 1,500 for repairs to factory walls _____.		
	(a)	Revenue Expenditure	O
	(b)	Capital Expenditure	O
	(c)	Deferred Revenue Expenditure	O
	(d)	None of These	O
2.	Prepaid rent is a _____.		
	(a)	Nominal A/c	O
	(b)	Representative Personal A/c	O
	(c)	Tangible Assets A/c	O
	(d)	None	O
3.	The process of transfer of entries from day book to ledgers is called _____.		
	(a)	Simple posting	O
	(b)	Journal posting	O
	(c)	Transaction	O
	(d)	Ledger posting	O
4.	Owner withdrew ₹7,000 cash for personal use. How is this recorded in the ledger?		
	(a)	Debit Capital A/c, Credit Cash A/c	O
	(b)	Debit Drawings A/c, Credit Cash A/c	O
	(c)	Debit Cash A/c, Credit Drawings A/c	O
	(d)	Debit Personal A/c, Credit Cash A/c	O
5.	₹200 paid as wages for erecting a machine should be debited to _____.		
	(a)	Repair A/c	O
	(b)	Machine A/c	O
	(c)	Capital A/c	O
	(d)	Furniture A/c	O
6.	Sales of Shyam of ₹ 500 not recorded in the books would affect _____.		
	(a)	Shyam's Account	O
	(b)	Sales Account	O
	(c)	Sales Account and Shyam's Account	O



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	(d)	Cash Account	O
7.	Goods of the invoice value of ₹1,20,000 sent out to consignee at 20% profit on cost the loading amount will be		
	(a)	₹20,000	O
	(b)	₹24,000	O
	(c)	₹25,000	O
	(d)	None of these	O
8.	X of Mumbai sends out certain goods at cost +25%. Invoice value of the goods is ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be		
	(a)	₹5,200	O
	(b)	₹3,200	O
	(c)	₹1,600	O
	(d)	₹4,800	O
9.	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 these	O
10.	X Sold goods to Y for ₹3,00,000. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y		
	(a)	₹1,50,000	O
	(b)	₹3,00,000	O
	(c)	₹1,00,000	O
	(d)	₹1,20,000	O
11.	Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars ₹ Bad debts (from trial balance) 1,600 Provision for doubtful debts (old) 2,000 Current year's provision (new) 800		
	(a)	₹ 400	O
	(b)	₹ 800	O



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	(c)	₹ 2,000	O
	(d)	₹ 2,400	O
12.	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
13.	Sale of old materials must be shown on the credit side of _____.		
	(a)	Cash Book	O
	(b)	Income and Expenditure Account	O
	(c)	Balance Sheet	O
	(d)	None of the above	O
14.	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
15.	Any revenue expenses for which a separate fund is available will be _____.		
	(a)	Debited to the separate fund	O
	(b)	Debited to Income and Expenditure Account	O
	(c)	Capitalized and shown in the Balance Sheet	O
	(d)	None of the above	O
16.	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



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17.	Closing stock appearing in the trial balance is shown in –		
	(a)	Trading A/c and Balance Sheet	O
	(b)	Profit and Loss A/c	O
	(c)	Balance Sheet only	O
	(d)	Trading A/c only	O
18.	Which of the following is not a part of financial statement?		
	(a)	Profit and loss account	O
	(b)	Balance sheet	O
	(c)	Cash flow statement	O
	(d)	Trial balance	O
19.	Average stock = ₹12,000, closing stock is ₹3,000 more than Opening Stock the value of Closing Stock will be _____.		
	(a)	₹9,000	O
	(b)	₹10,500	O
	(c)	₹12,000	O
	(d)	₹13,500	O
20.	In the final accounts, outstanding expenses are:		
	(a)	Added to expenses in the Profit & Loss Account	O
	(b)	Deducted from expenses in the Profit & Loss Account	O
	(c)	Shown as assets in the Balance Sheet	O
	(d)	Ignored	O
21.	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
22.	A cheque issued for ₹2,000 was recorded in the cash book as ₹200. This error will:		
	(a)	Cause the cash book balance to be overstated by ₹1,800	O
	(b)	Cause the cash book balance to be understated by ₹1,800	O
	(c)	Cause the bank statement balance to be overstated by ₹1,800	O
	(d)	Not affect the cash book balance	O



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23.	Trial Balance is used to check the accuracy of		
	(a)	Balance Sheet balances	O
	(b)	Ledger Accounts balance	O
	(c)	Cash Flow Statement balances	O
	(d)	Income Statement balances	O
24.	A machine costing ₹2,00,000 is purchased and depreciation is charged at 10% per annum using the straight-line method. What is the depreciation expense for the first year?		
	(a)	₹20,000	O
	(b)	₹18,000	O
	(c)	₹22,000	O
	(d)	₹24,000	O
25.	The value of an asset after deducting depreciation from the historical cost is known as _____.		
	(a)	Fair Value	O
	(b)	Market Value	O
	(c)	Net Realizable Value	O
	(d)	Book Value	O
26.	Bad Debts are recorded on which accounting principle:		
	(a)	Going Concern	O
	(b)	Substance Over Form	O
	(c)	Prudence	O
	(d)	None of the above	O
27.	<p>A business has the following expenses:</p> <ul style="list-style-type: none"> • Rent ₹17,000 • Salaries ₹25,000 • Interest ₹5,000 • Discount received ₹2,000 <p>What will be the total expenses shown in the Profit & Loss Account?</p>		
	(a)	₹45,000	O
	(b)	₹47,000	O
	(c)	₹43,000	O
	(d)	₹50,000	O
28.	Statements prepared to indicate profit/loss & financial position are called:		
	(a)	Financial Statements	O



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	(b)	Bank Reconciliation Statements	O
	(c)	Trial Balance	O
	(d)	All of these	O
29.	Prime Cost = ₹33,500, Depreciation = ₹1,500. Factory rent is 200% of Depreciation. Find out the Factory Cost.		
	(a)	₹37,500	O
	(b)	₹38,000	O
	(c)	₹39,000	O
	(d)	₹36,500	O
30.	Indirect material cost is a part of :		
	(a)	Prime cost	O
	(b)	Factory overhead	O
	(c)	chargeable expenses	O
	(d)	None of these	O
31.	Direct expenses are also known as:		
	(a)	Overhead expenses	O
	(b)	process expenses	O
	(c)	chargeable expenses	O
	(d)	None	O
32.	Statement showing break-up of costs is known a :		
	(a)	cost-sheet	O
	(b)	statement of profit	O
	(c)	production account	O
	(d)	Tender	O
33.	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
34.	Opportunity cost is the best example of:		
	(a)	sunk cost	O
	(b)	Standard cost	O



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	(c)	relevant cost	O
	(d)	irrelevant cost	O
35.	Which method of costing is used for determination of costs for printing industry?		
	(a)	process costing	O
	(b)	operating costing	O
	(c)	batch costing	O
	(d)	job costing	O
36.	Gross Factory Cost = ₹58,000 Net Factory Cost = ₹54,000 Opening stock of work-in-progress = ₹8,000 Find the closing stock of work-in-progress.		
	(a)	₹12,000	O
	(b)	₹14,000	O
	(c)	₹10,000	O
	(d)	₹8,000	O
37.	Given: <ul style="list-style-type: none"> Finished Goods Opening Inventory = ₹30,000 Finished Goods Closing Inventory = ₹50,000 Cost of Goods Sold = ₹1,90,000 What is the Cost of Production?		
	(a)	₹2,10,000	O
	(b)	₹2,20,000	O
	(c)	₹2,30,000	O
	(d)	₹1,70,000	O
38.	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
39.	Cost reduction is _____.		
	(a)	Long term phenomena	O
	(b)	It challenges the standards	O
	(c)	It is carried out without compromising the quality	O
	(d)	All of the above	O



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40.	Original cost = ₹12,60,000; Salvage value = Nil; Useful life = 6 years. Depreciation for the first year under sum of years digits method will be		
	(a)	₹3,60,000	O
	(b)	₹1,20,000	O
	(c)	₹1,80,000	O
	(d)	₹2,80,000	O
41.	Which of the following assets does not depreciate?		
	(a)	Machinery and equipment	O
	(b)	Patents	O
	(c)	Land	O
	(d)	Building	O
42.	Bills Receivable Book is a part of the _____.		
	(a)	Ledger	O
	(b)	Balance Sheet	O
	(c)	Journal	O
	(d)	Profit and Loss Account	O
43.	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
44.	Goods costing ₹10,000 destroyed by an accident, insurance claim nil :		
	(a)	₹10,000 will be credited to joint venture account	O
	(b)	No entry will be made in the books of joint venture	O
	(c)	₹10,000 will be debited in Joint venture account as loss	O
	(d)	₹ 8,000 will be credited in joint venture account	O
45.	X and Y started a joint venture. X purchased goods costing ₹4,00,000 and sent them to Y. Y sold 75% of goods for ₹3,60,000 and took over the remaining goods at cost less 10%. What is the value of goods taken over by Y?		
	(a)	₹1,00,000	O
	(b)	₹80,000	O
	(c)	₹60,000	O
	(d)	₹90,000	O



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46.	Directors remuneration and expenses form a part of		
	(a)	Production overhead	O
	(b)	Administration overhead	O
	(c)	Selling overhead	O
	(d)	Distribution overhead	O
47.	Advertisements are treated as		
	(a)	direct expenses	O
	(b)	cost of production	O
	(c)	selling overheads	O
	(d)	distribution overheads	O
48.	At 1,000 units, the total cost is ₹1,10,000. Fixed cost is ₹50,000. What is the variable cost per unit?		
	(a)	₹30	O
	(b)	₹60	O
	(c)	₹20	O
	(d)	₹50	O
49.	The main purpose of cost accounting is to:		
	(a)	maximize profits,	O
	(b)	help in inventory valuation	O
	(c)	provide information to management for decision making	O
	(d)	Aid in the fixation of selling price	O
50.	A factory has the following expenses: Direct materials: ₹1,00,000 Direct labour: ₹45,000 Factory overheads: ₹35,000 What is the prime cost?		
	(a)	₹1,80,000	O
	(b)	₹1,30,000	O
	(c)	₹80,000	O
	(d)	₹1,50,000	O