

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 2****FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING****Time Allowed: 1 Hour****Full Marks: 100**

Answer all questions. Each question carries 2 marks.

| | | | |
|----|---|--|---|
| 1. | The revenues and expenses of a company are displayed in which statement? | | |
| | (a) | Balance Sheet | O |
| | (b) | Cash Flow Statement | O |
| | (c) | Income Statement | O |
| | (d) | Periodicity | O |
| 2. | 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 |
| 3. | Accounting provides information on : | | |
| | (a) | Cost and income for managers | O |
| | (b) | Company's tax liability for a particular year | O |
| | (c) | Financial conditions of an institutions | O |
| | (d) | All of the above | O |
| 4. | The determination of expenses for an accounting period is based on the concept of | | |
| | (a) | Objectivity | O |
| | (b) | Materiality | O |
| | (c) | Matching | O |
| | (d) | Periodicity | O |
| 5. | Accounting does not record non-financial transactions because of | | |
| | (a) | Entity Concept | O |
| | (b) | Accrual Concept | O |
| | (c) | Cost Concept | O |
| | (d) | Money Measurement Concept | O |
| 6. | Provision for bad debt is made as per the | | |
| | (a) | Entity Concept | O |
| | (b) | Conservatism Convention | O |



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| | | | |
|-----|---|---|---|
| | (c) | Cost Concept | O |
| | (d) | Going Concern Concept | O |
| | | | |
| 7. | Fixed Assets and Current Assets are categorized as per concept of | | |
| | (a) | Separate Entity | O |
| | (b) | Going Concern | O |
| | (c) | Consistency | O |
| | (d) | Time period | O |
| | | | |
| 8. | Omission of paise and showing the round figures in Financial Statements is based on | | |
| | (a) | Conservatism Concept | O |
| | (b) | Consistency Concept | O |
| | (c) | Materiality Concept | O |
| | (d) | Realization Concept | O |
| | | | |
| 9. | 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 |
| | | | |
| 10. | An expenditure is capital in Nature when | | |
| | (a) | The receiver of the amount is going to treat it | O |
| | (b) | It increase the quantity of fixed assets for the purchase of fixed assets | O |
| | (c) | It is paid as interests on loans for the business | O |
| | (d) | It is maintains a fixed assets | O |
| | | | |
| 11. | Capital expenditures are recorded in the | | |
| | (a) | Balance Sheet | O |
| | (b) | Profit and Loss A/c | O |
| | (c) | Trading A/c | O |
| | (d) | Manufacturing A/c | O |
| | | | |
| 12. | Which of the following transaction is of capital nature | | |
| | (a) | Purchases of a truck | O |

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|-----|-----|--|---|
| | (b) | Replacement of old trucks | O |
| | (c) | Cost of repairing of truck | O |
| | (d) | All of the above | O |
| | | | |
| 13. | | ₹ 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 |
| | | | |
| 14. | | 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 |
| | | | |
| 15. | | Cost of goods purchased for resale is an example of | |
| | (a) | Capital Expenditure | O |
| | (b) | Revenue Expenditure | O |
| | (c) | Deferred Revenue Expenditure | O |
| | (d) | None of These | O |
| | | | |
| 16. | | 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 |
| | | | |
| 17. | | On receipt of goods the consignee debits which of these accounts : | |
| | (a) | Purchase Account | O |
| | (b) | Goods Account | O |
| | (c) | Marginal cost | O |
| | (d) | Standard cost | O |
| | | | |
| 18. | | Goods of the invoice value of ₹2,40,000 sent out to consignee at 20% profit on cost the loading amount will be : | |

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|-----|--|------------------------|---|
| | (a) | ₹40,000 | O |
| | (b) | ₹48,000 | O |
| | (c) | ₹50,000 | O |
| | (d) | None | O |
| | | | |
| 19. | Goods sent on consignment account is of the nature of : | | |
| | (a) | Personal Account | O |
| | (b) | Nominal Account | O |
| | (c) | Real Account | O |
| | (d) | Marginal | O |
| | | | |
| 20. | Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand | | |
| | (a) | packing | O |
| | (b) | octroi | O |
| | (c) | delivery charges | O |
| | (d) | freight | 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) | ₹66,000 | O |
| | (b) | ₹65,000 | O |
| | (c) | ₹60,000 | O |
| | (d) | ₹65,500 | O |
| | | | |
| 22. | The consignment accounting is made on the following basis : | | |
| | (a) | accrual basis | O |
| | (b) | realization basis | O |
| | (c) | cash basis | O |
| | (d) | all of above | O |
| | | | |
| 23. | Which of the following term is true about consignment? | | |
| | (a) | sale of goods | O |
| | (b) | hypothecation of goods | O |
| | (c) | shipment of goods | O |
| | (d) | mortgage of goods | O |
| | | | |

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| | | | |
|-----|--|---|-----------------------|
| 24. | The purpose of preparing final accounts is to ascertain : | | |
| | (a) | Profit & Loss A/c | <input type="radio"/> |
| | (b) | Capital | <input type="radio"/> |
| | (c) | The value of assets | <input type="radio"/> |
| | (d) | Profit or loss and financial position | <input type="radio"/> |
| 25. | A manager is entitled to a commission of 5% on the profit before the deduction of this commission. What will be the commission amount if the profit is ₹ 8,400 | | |
| | (a) | ₹400 | <input type="radio"/> |
| | (b) | ₹442.11 | <input type="radio"/> |
| | (c) | ₹420 | <input type="radio"/> |
| | (d) | None of these | <input type="radio"/> |
| 26. | The balance of the petty cash is : | | |
| | (a) | An expense | <input type="radio"/> |
| | (b) | An income | <input type="radio"/> |
| | (c) | An asset | <input type="radio"/> |
| | (d) | A liability | <input type="radio"/> |
| 27. | Fixed assets are : | | |
| | (a) | Kept in the business for use over a long time for earning income | <input type="radio"/> |
| | (b) | Meant for resale | <input type="radio"/> |
| | (c) | Meant for conversion into cash as quickly as possible | <input type="radio"/> |
| | (d) | All of the above | <input type="radio"/> |
| 28. | The manufacturing account is prepared: | | |
| | (a) | To ascertain the profit or loss on the goods produced | <input type="radio"/> |
| | (b) | To ascertain the cost of the manufactured goods | <input type="radio"/> |
| | (c) | To show the sale proceeds from the goods produced during the year | <input type="radio"/> |
| | (d) | both (b) and (c) | <input type="radio"/> |
| 29. | 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) | 33% | <input type="radio"/> |
| | (b) | 25% | <input type="radio"/> |

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| | | | |
|-----|--|---|-----------------------|
| | (c) | 20% | <input type="radio"/> |
| | (d) | None of these | <input type="radio"/> |
| | | | |
| 30. | At the time of preparation of financial accounts, bad debts recovered account will be transferred to | | |
| | (a) | Debtors A/c | <input type="radio"/> |
| | (b) | Profit & Loss A/c | <input type="radio"/> |
| | (c) | Profit & loss Adjustment A/c | <input type="radio"/> |
| | (d) | Profit & loss Appropriation A/c | <input type="radio"/> |
| | | | |
| 31. | Depreciation appearing in the Trial Balance should be | | |
| | (a) | Debited to P & L A/c | <input type="radio"/> |
| | (b) | Shown as liability in balance sheet | <input type="radio"/> |
| | (c) | reduced from related asset in balance sheet | <input type="radio"/> |
| | (d) | both (a) and (c) above | <input type="radio"/> |
| | | | |
| 32. | Gross profit is equal to | | |
| | (a) | sales – cost of goods sold | <input type="radio"/> |
| | (b) | sales – closing stock + purchase | <input type="radio"/> |
| | (c) | opening stock + purchases – closing stock | <input type="radio"/> |
| | (d) | none of the above | <input type="radio"/> |
| | | | |
| 33. | The profit and loss Account shows the _____. | | |
| | (a) | financial results of the concern for a period | <input type="radio"/> |
| | (b) | Financial position of the concern on particular date | <input type="radio"/> |
| | (c) | financial results of the concern on a particular date | <input type="radio"/> |
| | (d) | cost of goods sold during the period | <input type="radio"/> |
| | | | |
| 34. | Which of the following is not a financial statement? | | |
| | (a) | Profit and loss account | <input type="radio"/> |
| | (b) | Balance sheet | <input type="radio"/> |
| | (c) | funds flow statement | <input type="radio"/> |
| | (d) | Trial balance | <input type="radio"/> |
| | | | |
| 35. | Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet? | | |



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|-----|---|---|---|
| | (a) | business entity concept | O |
| | (b) | money measurement concept | O |
| | (c) | going concern concept | O |
| | (d) | matching concept | O |
| | | | |
| 36. | 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 |
| | | | |
| 37. | 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 |
| | | | |
| 38. | Process cost is very much applicable in: | | |
| | (a) | construction industry | O |
| | (b) | pharmaceutical industry | O |
| | (c) | Air line company | O |
| | (d) | none of these | O |
| | | | |
| 39. | 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 |
| | | | |
| 40. | Opportunity cost is the best example of: | | |
| | (a) | sunk cost | O |
| | (b) | Standard cost | O |
| | (c) | relevant cost | O |
| | (d) | irrelevant cost | O |
| | | | |



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| 41. | Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as: | |
| | (a) functional classification | O |
| | (b) behavioral classification | O |
| | (c) element wise classification | O |
| | (d) classification according to controllability | O |
| 42. | 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 |
| 43. | 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 |
| 44. | Which of these errors affect two or more accounts _____. | |
| | (a) for a period | O |
| | (b) per unit | O |
| | (c) depends upon the entity | O |
| | (d) for a particular process of production | O |
| 45. | In behavioral 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 |
| 46. | Prime cost plus factory overheads is known as : | |
| | (a) factory on cost | O |
| | (b) conversion cost | O |
| | (c) factory cost | O |
| | (d) marginal cost | O |

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| 47. | From the following, find out purchase : Raw Material Consumed ₹26,500, Closing stock ₹4,500 and opening stock ₹3,000. | |
| (a) | ₹ 28,000 | O |
| (b) | ₹ 25,000 | O |
| (c) | ₹ 27,500 | O |
| (d) | ₹ 28,500 | O |
| 48. | Prime cost ₹ 33,500, Depreciation ₹1,500, Factory Rent is 200% of Depreciation, Find out Factory cost : | |
| (a) | ₹35,000 | O |
| (b) | ₹36,000 | O |
| (c) | ₹38,000 | O |
| (d) | ₹38,500 | O |
| 49. | Cost of Sales: ₹37,416, Advertisement expenses ₹ 600, Discount on sales 50 % of Advertisement expenses, Find out cost of goods sold | |
| (a) | ₹ 37,456 | O |
| (b) | ₹ 36,516 | O |
| (c) | ₹ 32,536 | O |
| (d) | ₹ 33,616 | O |
| 50. | Gross Factory cost = ₹ 58,000, Net Factory cost = ₹ 54,000. Opening stock of WIP ₹ 8,000, Find out Closing stock of WIP | |
| (a) | ₹ 12,000 | O |
| (b) | ₹ 13,000 | O |
| (c) | ₹ 10,500 | O |
| (d) | ₹ 11,000 | O |