

400017

JUNE 2025

## FUNDAMENTALS OF FINANCIAL ACCOUNTING

Time Allowed: 1 hour

Full Marks: 60 (1×60)

Choose the correct answer from the given four alternatives:

1. The difference between current assets and current liabilities is known as
  - (A) Net Current Assets
  - (B) Internal Liabilities
  - (C) Gross Working Capital
  - (D) Net Working Capital
2. Capital expenditures are shown in the
  - (A) Profit and Loss A/c
  - (B) Trading A/c
  - (C) Manufacturing A/c
  - (D) Balance Sheet
3. As per the \_\_\_\_\_ the business entity is assumed to have an indefinite life.
  - (A) Matching Concept
  - (B) Accounting Period Concept
  - (C) Going-concern Concept
  - (D) Business Entity Concept
4. Prepaid rent is a
  - (A) Nominal Account
  - (B) Real Account
  - (C) Representative Personal Account
  - (D) Artificial Personal Account
5. The rules of Debit and Credit according to the American Approach, transactions are divided into
  - (A) two categories
  - (B) three categories
  - (C) five categories
  - (D) None of the above
6. Which of the following is a source voucher?
  - (A) Transfer voucher
  - (B) Credit voucher
  - (C) Debit voucher
  - (D) Invoice
7. According to Historical Cost Concept, assets should be recorded at
  - (A) Market Value
  - (B) Actual Cost or purchase price
  - (C) Estimated value
  - (D) None of the above
8. Construction of basement costing ₹3,15,000 at the factory premises should be treated as
  - (A) Revenue Expenditure
  - (B) Deferred Revenue Expenditure
  - (C) Capital Expenditure
  - (D) Either Revenue Expenditure or Capital Expenditure
9. Goods worth ₹2,720 returned by Lala passed through the books as ₹7,220. The rectification entry is—
  - (A) Lala will be debited by ₹4,500.
  - (B) Lala will be debited by ₹2,720.
  - (C) Lala will be credited by ₹7,220.
  - (D) Lala will be credited by ₹2,720.

10. Which of these errors affect only one account?
- (A) Errors of casting
  - (B) Errors of carry forward
  - (C) Errors of posting
  - (D) All of the above
11. Which of the following errors affects the agreement of a Trial Balance?
- (A) Mistake in balancing an account
  - (B) Omitting to record a transaction entirely in the subsidiary books
  - (C) Recording of a wrong entry in the subsidiary books
  - (D) Posting an entry on the correct side but in the wrong account
12. ₹15,000 paid as wages for installation of a machine should be debited to
- (A) Repair Account
  - (B) Machine Account
  - (C) Capital Account
  - (D) Wages Account
13. In Bank Pass Book, the favourable balance indicates
- (A) Credit Balance
  - (B) Debit Balance
  - (C) Bank Overdraft
  - (D) Adjusted Balance
14. Which of the following statements is correct?
- (A) Bank Reconciliation Statement is a part of the process of accounts.
  - (B) Bank Reconciliation Statement is prepared by the Statutory Auditors of the business.
  - (C) Bank Reconciliation Statement is prepared at any time during the financial year, as and when it is required.
  - (D) All of the above
15. When Debit Balance as per Cash Book is the starting point of Bank Reconciliation Statement, a cheque of ₹5,000 deposited into bank but not yet collected will be
- (A) added by ₹5,000.
  - (B) deducted by ₹5,000.
  - (C) added by ₹10,000.
  - (D) deducted by ₹10,000.
16. Depreciation refers to the process of \_\_\_\_\_.
- (A) Asset valuation
  - (B) allocation of cost of the assets over the period of its life
  - (C) verification of assets
  - (D) increasing or decreasing the value of asset
17. Which of the following is the external cause for depreciation?
- (A) Obsolescence
  - (B) Inadequacy
  - (C) Time element
  - (D) All of the above

18. The Depreciation Account is closed at the end of the year by transfer to the

- (A) General Reserve Account
- (B) Profit and Loss Account
- (C) Provision for Depreciation Account
- (D) Fixed Asset Account

19. The cost of a Furniture is ₹14,00,000. Four years later the book value is ₹8,40,000. The straight-line percentage of depreciation is

- (A) 12%
- (B) 15%
- (C) 10%
- (D) 20%

20. If the original cost of the machine = ₹4,00,000; Residual value = ₹8,000, and if the depreciation for 4th year as per SLM is ₹78,400, then the useful life of the machine is

- (A) 4 years
- (B) 5 years
- (C) 6 years
- (D) 8 years

21. \_\_\_\_\_ is prepared to reconcile the balances as reflected by two related books, namely Cash Book and Pass Book.

- (A) Bank Reconciliation Statement
- (B) Receivable Reconciliation Statement
- (C) Payable Reconciliation Statement
- (D) Bank Statement

22. Which of the following is an example of Intangible Real Account?

- (A) Goodwill Account
- (B) Trade Mark Account
- (C) Copy Right Account
- (D) All of the above

23. Chandu purchased goods of ₹25,000 for cash at 10% trade discount and 5% cash discount. Purchase Account is to be debited by \_\_\_\_\_.

- (A) ₹22,500
- (B) ₹21,250
- (C) ₹25,000
- (D) ₹21,375

24. Goods purchased from Shiva but wrongly entered in the Sales Returns Book. After rectification of error the result will be

- (A) increase in gross profit.
- (B) decrease in gross profit.
- (C) no effect on gross profit.
- (D) Either (A) or (B)

25. Which of the following accounts has always debit balance?

- (A) Bank Account
- (B) Interest Account
- (C) Drawings Account
- (D) Bad Debts Recovered Account

26. Which of the following is not a part of Accounting Cycle?

- (A) Journal
- (B) Trial Balance
- (C) Bank Statement
- (D) Balance Sheet

27. Information about financial position is primarily provided in a \_\_\_\_\_.

- (A) Trading Account
- (B) Profit and Loss Account
- (C) Balance Sheet
- (D) All of the above

28. Heavy advertising cost of ₹5,00,000 spent on the launching of a company's new product is a
- Revenue expenditure
  - Revenue loss
  - Capital expenditure
  - Capital loss
29. Accounting Standard(AS)-3 deals with
- Construction Contracts
  - Inventories
  - Employee Benefits
  - Statement of Cash Flows
30. Ledger Folio (L.F.) column stands in
- Journal
  - Ledger Account
  - Trial Balance
  - Trading and Profit & Loss Account
31. Which of the following is/are subsidiary book(s)?
- Cash Book
  - Purchase Day Book
  - Return Inward Book
  - All of the above
32. What is the need for companies to make a trial balance?
- To tally the balance of cash and the bank
  - For calculating profit and loss
  - For checking arithmetical accuracy of the account books
  - Both (A) and (B)
33. Closing Entries are passed on the basis of trial balance for transferring the balances to
- Trading Account only.
  - Profit and Loss Account only.
  - Trading and Profit & Loss Account.
  - Trading and Profit & Loss Account and Balance Sheet.
34. Salaries paid during the year 2023-24 ₹88,900 and salaries were outstanding for 5 months at the end of the year. The amount of outstanding salaries is \_\_\_\_\_.
- ₹37,042
  - ₹66,680
  - ₹76,200
  - ₹63,500
35. Which of the following is single sided error ?
- Sales Day Book was cast short by ₹10,000.
  - Cash paid to Sohan ₹15,000 was posted to his account as ₹1,500.
  - ₹5,000 received from Richa has been debited to Ritu.
  - All of the above
36. Credit Sales to Mr. Jatin during the year were ₹6,50,000. Goods returned by Jatin ₹25,000 due to defective quality, credit note raised but not recorded in the books. At the time of preparing Reconciliation Statement it will be
- added to Credit Sales by ₹25,000.
  - deducted from Credit Sales by ₹25,000.
  - added to Credit Sales ₹50,000.
  - deducted from Credit Sales by ₹50,000.

37. Total amount of depreciation of an asset cannot exceed its

- (A) Scrap value
- (B) Depreciable value
- (C) Market value
- (D) None of the above

38. Gross profit is equal to

- (A) Sales – (Opening stock + Purchases + Closing stock).
- (B) Sales – (Cost of goods sold + Opening stock).
- (C) Sales – (Opening stock + Cost of goods sold – Closing stock).
- (D) Sales – Cost of goods sold.

39. Which of the following is not a Tangible Real Account?

- (A) Patent Rights Account
- (B) Inventories Account
- (C) Plant and Machinery Account
- (D) Cash Account

40. In which of the following method of depreciation the amount of depreciation gradually decreases every year ?

- (A) Straight Line Method
- (B) Written Down Value Method
- (C) Annuity Method
- (D) All of the above

41. Which of the following asset did not covered by Accounting Standard(AS)-10?

- (A) Plant and Machinery
- (B) Furniture
- (C) Live Stock
- (D) Building

42. Sales, Opening Stock and Closing Stock are ₹2,40,000, ₹36,000 and ₹45,000 respectively. If the rate of Gross Profit on sales is 20%, then the amount of purchases will be

- (A) ₹1,83,000
- (B) ₹1,92,000
- (C) ₹2,01,000
- (D) ₹1,89,000

43. The Balance Sheet shows the

- (A) financial results of the concern for a period.
- (B) financial position of the concern on a particular date.
- (C) financial results of the concern on a particular date.
- (D) cost of goods sold during the period.

44. Fixed assets are

- (A) kept in the business for use over a long time for earning income.
- (B) meant for resale.
- (C) meant for conversion into cash as quickly as possible.
- (D) All of the above

45. The Profit and Loss Account shows the

- (A) financial results of the concern for a period.
- (B) financial position of the concern on a particular date.
- (C) financial results of the concern on a particular date.
- (D) cost of goods sold during the period.

46. Which of the following is not a feature of Receipts and Payments Account?
- It is a summary of Cash Book.
  - It follows Real Account.
  - It is prepared according to accrual basis of accounting.
  - All cash receipts both capital and revenue during the period are debited to it.
47. The Income and Expenditure Account of a non-profit organization is a
- Nominal Account
  - Real Account
  - Income Statement Account
  - Financial Account
48. If ₹15,000 was outstanding at the beginning of the year towards subscription and ₹1,00,000 is received during the year, with ₹25,000 still outstanding at the end of the year the amount to be shown in Income and Expenditure Account is
- ₹1,10,000
  - ₹85,000
  - ₹1,00,000
  - ₹90,000
49. If Average Stock is ₹1,20,000 and Closing stock is ₹30,000 more than Opening Stock then the value of Opening Stock will be
- ₹1,05,000
  - ₹1,50,000
  - ₹1,40,000
  - ₹1,35,000
50. \_\_\_\_\_ contains closing balances of Real and Personal Account.
- Trading Account
  - Profit and Loss Account
  - Balance Sheet
  - All of the above
51. Outstanding Expenses means
- expenses paid but not yet due.
  - expenses paid during the accounting year.
  - expenses due but not yet paid.
  - All of the above
52. Given:  
Old Provision for Bad & Doubtful Debts = ₹13,000  
Sundry Debtors = ₹1,50,000,  
New Provision for Bad & Doubtful Debts is required 10% on Sundry Debtors then the amount of provision to be shown in Balance Sheet will be \_\_\_\_\_.
- ₹28,000
  - ₹15,000
  - ₹13,000
  - ₹2,000
53. What are three components/activities of a Cash Flow Statement?
- Operating Activities; Investing Activities; Administrative Activities
  - Administrative Activities; Investing Activities; Financial Activities
  - Operating Activities; Administrative Activities; Financing Activities
  - Operating Activities; Investing Activities; Financing Activities
54. Which of the following is/are included in Investing Activities of a Cash Flow Statement?
- Purchase of fixed assets in cash
  - Purchase of investment in cash
  - Received from disposal of fixed assets
  - All of the above

55. Depreciation on factory equipment would be reported in the Statement of Cash Flow prepared by the indirect method in

- (A) the cash flow from Investing Activities section.
- (B) the cash flow from Operating Activities Section.
- (C) a separate Schedule.
- (D) None of the above

56. Which of the following transaction does not create flow of funds?

- (A) Purchase furniture in cash
- (B) Purchase office equipment on credit
- (C) Purchase machinery by issue of shares
- (D) Bad debts written off

57. If Earning Per Share and Market Price per Equity Share are ₹6 and ₹30 respectively then Price-Earning Ratio(P/E Ratio) will be

- (A) 20%
- (B) 5
- (C) 1:5
- (D) 1/5

58. The term Super Quick Assets means Current Assets excluding

- (A) Stock
- (B) Prepaid Expenses
- (C) Both (A) and (B)
- (D) None of the above

59. Which of the following is not a Profitability Ratio?

- (A) Gross Profit Ratio
- (B) Operating Ratio
- (C) Expenses Ratio
- (D) Interest Coverage Ratio

60. Given:

Stock ₹1,50,000; Debtors ₹2,30,000; Cash and Bank Balance ₹40,000; Debentures ₹1,00,000; Creditors ₹2,00,000. The Current Ratio will be

- (A) 2.1 : 1
- (B) 1.4 : 1
- (C) 1.35 : 1
- (D) 1.9 : 1

## APPLIED BUSINESS AND INDUSTRIAL LAWS

Time Allowed: 1 hour

Full Marks: 40 (1×40)

Choose the correct answer from the given four alternatives:

61. In India the Law of Contract is contained in Indian Contract Act, 1872 which came into force with effect from
- (A) 15th April, 1872
  - (B) 1st May, 1872
  - (C) 1st September, 1872
  - (D) 20th November, 1872
62. Which of the following is correct?
- (A) A promise is a contract.
  - (B) A set of promises is a contract.
  - (C) A proposal is a contract.
  - (D) Agreements enforceable by law is a contract.
63. An agreement to lend money to minor is void but not \_\_\_\_\_.
- (A) Illegal
  - (B) Legal
  - (C) Voidable
  - (D) None of the above mentioned options
64. \_\_\_\_\_ means voluntary transfer of possession from one person to another.
- (A) Expression
  - (B) Delivery
  - (C) Sale
  - (D) None of the mentioned options
65. When a party to a contract refused to perform or disable himself from performing his promise in its entirety, the promisee may put an end to the contract. This is called the \_\_\_\_\_.
- (A) Rescission of Contract
  - (B) Enforcement of Contract
  - (C) Extension of Contract
  - (D) None of the mentioned options
66. Consider the following statements in context of Partnership Act, 1932:
- (1) A partner having right to access to books of accounts of firm.
  - (2) Partnership deed must be a written document in which terms of partnership as agreed by partners are mentioned.
- (A) Only statement (2) is correct.
  - (B) Both statements are incorrect.
  - (C) Only statement (1) is correct.
  - (D) Both statements (1) and (2) are correct.
67. The term \_\_\_\_\_ is generic term and encompasses both "Sale" and "Agreement to Sell".
- (A) Contract of Purchase
  - (B) Contract of Sale
  - (C) Agreement of Sale
  - (D) Agreement of Purchase
68. Anticipated breach of contract occurs
- (A) before the performance is due.
  - (B) on due date of performance.
  - (C) during the course of performance.
  - (D) after the performance is due.

69. Which of the following is not essential for a Valid Contract of Sale?

- (A) The subject matter of Sale is services.
- (B) There must be two parties.
- (C) Contract of Sale may be expressed or implied.
- (D) All of the mentioned options

70. \_\_\_\_\_ means goods to be manufactured or produced or acquired by the seller after the making of the Contract of Sales.

- (A) Manufactured Goods
- (B) Future Goods
- (C) Special Goods
- (D) None of the mentioned options

71. Expand IRDA:

- (A) Insurance Regulatory and Development Authority
- (B) Insurance Revision and Development Authority
- (C) Insurance Regulatory and Department Authority
- (D) Insurance Regulatory and Development Association

72. P promised to marry none else than Miss B and in default to pay her a sum of ₹ 5,000. Subsequently P married Miss T and Miss B sued for recovery of ₹ 5,000. The contract is \_\_\_\_\_.

- (A) Valid
- (B) Void
- (C) Voidable
- (D) Enforceable

73. Fiduciary relationship exists between

- (A) Creditor and Debtor
- (B) Husband and Wife
- (C) Landlord and Tenant
- (D) Solicitor and Client

74. In which of the following cases the claim of *quantum meruit* arise(s)?

- (A) Where there is a breach of contract.
- (B) Where the contract is divisible.
- (C) When a contract is discovered to be void.
- (D) All of the above options

75. Expand MPBF:

- (A) Multipurpose Bank Finance
- (B) Maximum Permissible Bank Finance
- (C) Minimum Permissible Bank Finance
- (D) Market Pricing Benchmark Finance

76. A Lunatic Person means

- (A) insolvent person.
- (B) person disqualified by law.
- (C) person of unsound mind.
- (D) All of the mentioned options

77. \_\_\_\_\_ means a claim to any debt or any beneficial interest in moveable property not in Possession.

- (A) Final Claim
- (B) Actionable Claim
- (C) Revised Claim
- (D) Interim Claim

78. Active Partner is also called
- (A) Real Partner
  - (B) Otensible Partner
  - (C) Nominal Partner
  - (D) Sub-Partner
79. LLP is created by
- (A) Agreement
  - (B) Law
  - (C) Mutual Agency
  - (D) All of the mentioned options
80. Who will appoint the Chief Inspector under Factories Act, 1948?
- (A) State Government
  - (B) Central Government
  - (C) Local Authority
  - (D) None of the mentioned options
81. Any member of a company, entitled to attend a meeting and vote, shall be entitled to appoint another person as \_\_\_\_\_ to attend and vote at the meeting.
- (A) a Voter
  - (B) an Agent
  - (C) Authority
  - (D) Proxy
82. Which form is required by the aggrieved party to make an application for recovery of gratuity under Section 8 of the Payment of Gratuity Act, 1972?
- (A) Form "C"
  - (B) Form "T"
  - (C) Form "H"
  - (D) Form "K"
83. Ethics reflect beliefs about what is right, what is wrong, what is just, what is unjust, what is good and what is bad in term of
- (A) Human Value
  - (B) Human Behavior
  - (C) Human Character
  - (D) Human Conduct
84. Caveat Emptor is the concept of "Let \_\_\_\_\_ be aware".
- (A) Buyer
  - (B) Producer
  - (C) Seller
  - (D) Vendor
85. "\_\_\_\_\_ insurance business" means the business of effecting, otherwise than incidental to some other class of insurance business, contracts of insurance against loss by or incident to fire or other occurrence customarily included among the risks insured against in fire insurance policies.
- (A) General
  - (B) Fire
  - (C) Health
  - (D) Indian

86. A is appointed as Director under Section 161(2) of the Companies Act, 2013. He is
- (A) Alternate Director
  - (B) Additional Director
  - (C) Nominee Director
  - (D) Whole-time Director
87. As per the Factories Act, 1948, after how many years should the factory premises be oil painted and refurbished?
- (A) 7 years
  - (B) 10 years
  - (C) 5 years
  - (D) 3 years
88. As per Section 149(1) of Companies Act, 2013, every listed company should have
- (A) at least one Woman Director.
  - (B) at least three Women Directors.
  - (C) no Women Directors required.
  - (D) at least five Women Directors.
89. A proper foundation of Ethics requires a standard of \_\_\_\_\_ to which all goals and actions can be compared to.
- (A) Life
  - (B) Living
  - (C) Speech
  - (D) Value
90. The ESI 1948 provides certain benefits to the employees in case of
- (A) Employment Injury
  - (B) Maternity
  - (C) Sickness
  - (D) All of the above
91. In which of the following situations member of the Employees Provident Fund Scheme can withdraw full amount accumulated with interest?
- (A) Permanent Disability
  - (B) Superannuation
  - (C) Both of (A) and (B)
  - (D) None of the above
92. Which Section of the Code on Wages, 2019, lays down the provisions relating to power of Central Government to fix Floor Wages?
- (A) Section 9
  - (B) Section 11
  - (C) Section 19
  - (D) Section 28
93. In which of the following Sections of the Code on Wages, 2019, lays down that all amounts payable to an employee by way of bonus shall be paid by crediting it in the Bank Account of the employee by his employer within a period of eight months from the close of the accounting year?
- (A) Section 37
  - (B) Section 38
  - (C) Section 39
  - (D) None of the above

94. Section 55 of the Code on Wages, 2019 talks about the

- (A) Composition of Offences.
- (B) Offences by Companies.
- (C) Penalties for Offences.
- (D) Appointments of Inspector-cum-Facilitators and their powers.

95. The minimum paid-up voting equity capital for small finance banks is

- (A) ₹ 200 crore
- (B) ₹ 500 crore
- (C) ₹ 50 crore
- (D) ₹ 100 crore

96. The promoter's minimum initial contribution to the paid-up equity capital of payments bank shall at least be 40 per cent for the first \_\_\_\_\_ years from the commencement of its business.

- (A) two
- (B) three
- (C) four
- (D) five

97. \_\_\_\_\_ is not a negotiable Instrument as per custom and usage.

- (A) Delivery Note
- (B) Cheque
- (C) Dividend Warrant
- (D) Bearer Debenture

98. What is a unique feature of an LLP regarding its existence?

- (A) It depends on the partner's agreement.
- (B) It has perpetual succession unaffected by changes in partners.
- (C) It can be dissolved at any time.
- (D) It ceases to exist with the death of a partner.

99. Which one of the following working capital finances from banks is Non-funds based finance?

- (A) Bank Overdraft
- (B) Cash Credit Facility
- (C) Bank Guarantee
- (D) Bill Discounting

100. When a promissory note or bill of exchange has been dishonored by non-acceptance or non-payment, the holder may, within a reasonable time cause such dishonor to be noted and certified by a notary public. Such certificate is called a/an

- (A) Protest
- (B) Noting
- (C) Endorsement
- (D) Allonge