

## CAT COURSE EXAMINATION

259357

DECEMBER 2025

## FINANCIAL ACCOUNTING-2

Time Allowed: 1 hour

Full Marks: 50 (1×50)

Choose the correct answer from the given four alternatives:

1. Payroll is prepared based on
  - (A) Product Card
  - (B) Time Card
  - (C) Job Card
  - (D) Activity Card
  
2. Deduction for Provident Fund contribution normally forms a percentage of
  - (A) Basic Salary
  - (B) Dearness Allowance
  - (C) Basic Salary + Dearness Allowance
  - (D) Basic Salary – Dearness Allowance
  
3. Which of the following is not a component of employee withholdings?
  - (A) Goods and Services Tax
  - (B) Income Tax
  - (C) Professional Tax
  - (D) ESI Contribution
  
4. Consider the following statements:

Statement 1: Outsourced payroll system is suitable for small firms.

Statement 2: Such payroll system is cost effective and provides operational level results.

  - (A) Only Statement 1 is true
  - (B) Only Statement 2 is true
  - (C) Both statements are true
  - (D) Both statements are false
  
5. Which of the following is not included in employee's Earnings?
  - (A) Allowances
  - (B) Commission
  - (C) Overtime Pay
  - (D) Gratuity
  
6. Children education allowance is given by employer to employee for study upto \_\_\_\_\_ children.
  - (A) one
  - (B) two
  - (C) three
  - (D) four
  
7. The payroll details of the employees should be recorded with the Payroll (Finance) department by the \_\_\_\_\_ for monthly processing of payroll and other benefits.
  - (A) selection HR team
  - (B) appointment HR team
  - (C) training HR team
  - (D) recruitment HR team
  
8. In India, Payroll Registers are to be preserved for a minimum period of \_\_\_\_\_ years.
  - (A) 15
  - (B) 10
  - (C) 3
  - (D) 5

9. The remuneration paid to workers for the time spent directly on production is called

- (A) Incentives
- (B) Fringe benefits
- (C) Indirect wages
- (D) Direct wages

10. On receipt of gratuity by a company for payment to its employees, the journal entry passed in the books of the company involves

- (A) Bank A/c Dr.; Gratuity Fund A/c Cr.
- (B) Bank A/c Dr.; Gratuity Premium A/c Cr.
- (C) Gratuity Premium A/c Dr.; Bank A/c Cr.
- (D) Gratuity Fund A/c Dr.; Bank A/c Cr.

11. Inventories held for sale in the ordinary course of business are called

- (A) Stores
- (B) Consumable items
- (C) Indirect materials
- (D) Finished goods

12. In the context of inventory control, which of the following is the measure of 'Reorder Level'?

- (A) Maximum usage  $\times$  Minimum reorder period
- (B) Maximum usage  $\times$  Maximum reorder period
- (C) Minimum usage  $\times$  Minimum reorder period
- (D) Minimum usage  $\times$  Maximum reorder period

13. In case of urgency, purchase of goods shall be done through a Local Purchase Committee consisting of at least \_\_\_\_\_ members.

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

14. Under \_\_\_\_\_ method, pricing of materials from the warehouse is based on the assumption that materials received latest is issued first.

- (A) First In First Out (FIFO)
- (B) Last In First Out (LIFO)
- (C) Highest In First Out (HIFO)
- (D) Base Stock

15. Consider the following statements:

*Statement 1:* Ordering cost depends on the number of orders placed and number of items ordered.

*Statement 2:* Larger the order size, higher will be the order placing cost per unit.

- (A) Only Statement 1 is true
- (B) Only Statement 2 is true
- (C) Both statements are true
- (D) Both statements are false

16. In the mathematical model of Economic Order Quantity (EOQ), which is given as

$$EOQ = \sqrt{\frac{2.A.O}{C}}, \text{ what does 'C' stand for?}$$

- (A) Total Carrying Cost
- (B) Carrying Cost per unit
- (C) Carrying Cost per annum
- (D) Carrying Cost per unit per annum

17. \_\_\_\_\_ of pricing inventory issues assumes that stock of materials should always be valued at the lowest possible price.

- (A) First In First Out method
- (B) Last In First Out method
- (C) Highest In First Out method
- (D) Periodic Weighted Average method

18. \_\_\_\_\_ is that material which cannot be easily identified and related with a particular product, job and process.

- (A) Raw Material
- (B) Direct Material
- (C) Indirect Material
- (D) Either Raw Material or Direct Material

19. Which method of pricing of materials issue is based on predetermined price?

- (A) Adjusted price method
- (B) Market price method
- (C) Standard price method
- (D) Inflated price method

20. In the context of Stores Accounting, LTAS stands for

- (A) Long Term Asset Statement.
- (B) Limited Time Asset Stores.
- (C) Lower Terminal Asset Standard.
- (D) Limited Time Asset Statement.

21. For service industries, the term 'revenue' denotes

- (A) amount of sales.
- (B) amount of professional income.
- (C) amount collected as different forms of tax.
- (D) None of the above

22. The \_\_\_\_\_ is not recorded in the books of accounts.

- (A) Trade discount
- (B) Cash discount
- (C) Sales allowance
- (D) Sales returns

23. Sales Allowance is accounted for by

- (A) debiting Sales A/c.
- (B) debiting Sales Allowance A/c.
- (C) crediting Sales Allowance A/c.
- (D) debiting Sales Commission A/c.

24. \_\_\_\_\_ forms the basis for recording credit sales in the books of accounts of the seller.

- (A) Inward invoice
- (B) Outward invoice
- (C) Proforma invoice
- (D) Cash bill

25. Which of the following is an example of the branded credit cards?

- (A) MASTER cards
- (B) MAESTRO cards
- (C) VISA cards
- (D) All of the above

26. When goods are sold on cash, \_\_\_\_\_ gets credited.

- (A) Goods A/c
- (B) Customer's A/c
- (C) Creditors's A/c
- (D) Sales A/c

27. Negative Cash Flow is the situation of \_\_\_\_\_.
- Cash Inflows > Cash Outflows
  - Cash Inflows < Cash Outflows
  - Cash Inflows = Cash Outflows
  - Either (A) or (C)
28. The primary objective of allowing cash discount is to
- encourage prompt payment.
  - discourage prompt payment.
  - increase the length of operating cycle.
  - decrease the length of operating cycle.
29. Consider the following statements:
- Statement 1:* Whenever cash sales is made, Cash Memo is prepared and delivered to the customer after sending the goods.
- Statement 2:* Cash Memo is required to be prepared in duplicate.
- Only Statement 1 is true
  - Only Statement 2 is true
  - Both statements are true
  - Both statements are false
30. Sales Returns Book is also known as
- Returns Inwards Book
  - Returns Outwards Book
  - Supplier Returns Book
  - Credit Note Book
31. Which of the following is not a tangible asset?
- Machinery
  - Building
  - Furniture
  - Patent
32. Prepaid expense is an example of
- Fixed Assets
  - Current Assets
  - Fictitious Assets
  - Current Liabilities
33. As per Companies Act, 2013, intangible assets are shown under the head of \_\_\_\_\_ in the Balance Sheet.
- Non-Physical Assets
  - Capital Work-in-Progress
  - Non-Current Assets
  - Fictitious Assets
34. Consider the following statements:
- Statement 1:* On disposal of a fixed asset, a comparison is made between original cost of the asset and its disposal value.
- Statement 2:* The excess of original cost over the disposal value represents loss on asset disposal.
- Only Statement 1 is true
  - Only Statement 2 is true
  - Both statements are true
  - Both statements are false
35. The method of depreciation under which estimation of cost is made in respect of a group of similar small value assets is
- Straight line method.
  - Written down value method.
  - Revaluation method.
  - Units of Production method.
36. Which of the following relationship holds true?
- Assets = Liabilities + Equity
  - Assets = Equity - Liabilities
  - Assets = Liabilities × Equity
  - Liabilities = Equity + Assets

37. \_\_\_\_\_ represents debt owed to a firm by its customers arising from sale of goods or rendering of services in the course of business.

- (A) Accounts receivable
- (B) Cash credit
- (C) Accounts payable
- (D) Bank overdraft

38. Fixed assets are now referred to as

- (A) Property & Equipment
- (B) Plant & Equipment
- (C) Property & Plant
- (D) Property, Plant & Equipment

39. Under which of the following method of depreciation, a fixed or equal amount of depreciation is charged at the end of each year?

- (A) Straight line method
- (B) Diminishing balance method
- (C) Revaluation method
- (D) Sum of years digital method

40. Which of the following statement(s) is/are true about project accounting?

- (A) It is similar to standard accounting.
- (B) It monitors the financial progress of a project only.
- (C) It monitors the financial progress of a project along with overall progress of the organization.
- (D) None of the above

41. When a bill is honoured at the maturity date, the drawee debits

- (A) Drawer's A/c
- (B) Bank A/c
- (C) Bills Receivable A/c
- (D) Bills Payable A/c

42. No journal entry for payment of a bill on maturity is required to be passed in the books of the drawer

- (A) when the bill is retained till maturity.
- (B) when the bill is sent for collection.
- (C) when the bill is endorsed.
- (D) None of the above

43. A bill of ₹ 3,00,000 was discounted by Aditya with his banker for ₹ 2,91,000. At maturity, the bill was returned dishonoured, noting charges being ₹ 400. How much amount will the bank deduct from Aditya's bank balance on the event of such dishonour?

- (A) ₹ 2,91,000
- (B) ₹ 2,91,400
- (C) ₹ 3,00,000
- (D) ₹ 3,00,400

44. The entry passed in the books of the Consignor for recording unsold stock on consignment lying with the Consignee involves debiting \_\_\_\_\_ and crediting \_\_\_\_\_.

- (A) Consignment A/c; Stock on Consignment A/c
- (B) Stock on Consignment A/c, Consignment A/c
- (C) Trading A/c, Stock on Consignment A/c
- (D) Stock on Consignment A/c; Trading A/c

45. Account Sales is sent by \_\_\_\_\_.
- (A) Consignor to Consignee
  - (B) Consignee to Consignor
  - (C) Consignor to Consignee as well as Consignee to Consignor
  - (D) Consignee to Debtor's of consignment
46. Goods of invoice value of ₹ 12,00,000 sent out to Consignee at 20% profit on cost. The amount of loading will be
- (A) ₹ 2,00,000
  - (B) ₹ 2,40,000
  - (C) ₹ 2,50,000
  - (D) ₹ 2,20,000
47. Which of the following is/are the basic feature(s) of a joint venture business?
- (A) It is a limited duration partnership.
  - (B) It has no name.
  - (C) The co-ventures may or may not contribute initial capital.
  - (D) All of the above
48. Aakash and Barun enter into a joint venture sharing profits and losses in 3:2 ratio. Aakash purchased 1,000 units @ ₹ 200 per unit, and incurred expenses ₹ 40,000. Barun sold all goods at 20% margin on selling price. The sales value is
- (A) ₹ 2,40,000
  - (B) ₹ 2,60,000
  - (C) ₹ 2,80,000
  - (D) ₹ 3,00,000
49. 'Sale on return' basis is also known as
- (A) Sale on Approval basis
  - (B) Sale on Attachment basis
  - (C) Sale on Apportionment basis
  - (D) Sale on Allowance basis
50. \_\_\_\_\_ is prepared for maintaining accounts which record the transactions of parties to whom goods have been sent on 'Sale or Return' basis.
- (A) Sale or Return Journal
  - (B) Sale or Return Ledger
  - (C) Sale or Return Day Book
  - (D) Statement of Sale or Return

## STATUTORY COMPLIANCE

Time Allowed: 1 hour

Full Marks: 50 (1×50)

Choose the correct answer from the given four alternatives:

- 51.** Which of the following is/are the pillars of our Constitution?  
 (A) Legislature  
 (B) Executive  
 (C) Judiciary  
 (D) All of the above
- 52.** Which article of the Constitution empowers President of India to constitute GST Council?  
 (A) 246  
 (B) 246A  
 (C) 279A  
 (D) 269
- 53.** G.S.T. will bring in \_\_\_\_\_ regime in the Country.  
 (A) Make in India  
 (B) One Nation one Tax  
 (C) Both of the above option  
 (D) one Nation one Benefit
- 54.** Which of the following activity is outside the scope of supply and not taxable under G.S.T.?  
 (A) Services of funeral  
 (B) Actionable claims other than lottery, betting and gambling  
 (C) None of the above option  
 (D) Both of the above options of (A) and (B)
- 55.** The Companies Act makes it \_\_\_\_\_ to write off depreciation on fixed assets before declaring dividend.  
 (A) Optional  
 (B) Mandatory  
 (C) Recommendatory  
 (D) None of the above
- 56.** What is the taxable event under GST?  
 (A) Manufacturing of Goods  
 (B) Sale of Goods  
 (C) Provision of Service  
 (D) Supply
- 57.** Which of the following taxes will be levied on Imports of Goods and Services under GST?  
 (A) Exempt  
 (B) SGST  
 (C) CGST  
 (D) IGST
- 58.** Which of the following is an Intrastate Supply under GST?  
 (A) Supplier of Goods at Lucknow and Place of Supply is at Ghaziabad  
 (B) Supplier of Goods located in Rohtak (Haryana) and Place of Supply in Delhi  
 (C) Supplier of Goods located in Nagpur and Place of Supply in Chennai  
 (D) All of the above
- 59.** Which of the following statements is false?  
 (A) Input Tax Credit of IGST can be adjusted against CGST and SGST.  
 (B) Input Tax Credit of CGST can be adjusted against IGST.  
 (C) Input Tax Credit of SGST cannot be adjusted against CGST.  
 (D) Input Tax Credit of CGST can be adjusted against SGST.
- 60.** In India GST is effective from  
 (A) 1st April, 2016.  
 (B) 1st April, 2017.  
 (C) 1st September, 2017.  
 (D) 1st July, 2017.

61. Shipping Bill for export of duty free goods is in colour of  
 (A) Pink  
 (B) White  
 (C) Yellow  
 (D) Blue
62. What is meant by Coastal Goods?  
 (A) Goods imported from other Countries  
 (B) Goods exported from Indian Coast  
 (C) Goods sent from one port to another part within India  
 (D) None of the above
63. TDS is not deducted on Lottery Income up to  
 (A) ₹ 25,000  
 (B) ₹ 20,000  
 (C) ₹ 10,000  
 (D) ₹ 15,000
64. Which of the following documents is not required to be submitted by the importer to the Customs Authorities?  
 (A) Invoice  
 (B) MRN  
 (C) Packing list  
 (D) Bill of lading
65. Supply of Goods from one State to another State will levy  
 (A) CGST  
 (B) IGST  
 (C) SGST  
 (D) All of the above
66. "Dumping" under the Customs Act means  
 (A) destroying excess goods imported or exported.  
 (B) dispose of excess stock of goods at very low price.  
 (C) goods imported or exported without paying Custom Duty.  
 (D) None of the above
67. TDS Provisions will apply if aggregate sum of rent paid exceeds  
 (A) ₹ 2,40,000  
 (B) ₹ 1,20,000  
 (C) ₹ 1,44,000  
 (D) ₹ 1,68,000
68. \_\_\_\_\_ will display the total amount deposited by the tax payer towards discharge of his tax liability or late fee or penalty and other amounts.  
 (A) Electronics Cash Ledger  
 (B) Electronics Credit Ledger  
 (C) Electronic Liability Ledger  
 (D) Input Credit Ledger
69. Expand MAT :  
 (A) Maximum Advance Tax  
 (B) Maximum Alternate Tax  
 (C) Municipal Authority Tax  
 (D) Minimum Alternate Tax
70. Which of the following statements is false with reference to input Tax Credit?  
 (A) SGST Input Tax Credit can't be used to adjust Output CGST.  
 (B) CGST Input Credit first utilized towards the payment of Output CGST.  
 (C) CGST Input Tax Credit can be used to adjust Output SGST.  
 (D) All of the above

71. For the Purpose of Computing IGST on Imported Goods, one of the following shall not be included in the value for Computation :

- (A) GST Compensation Cess
- (B) Social Welfare Surcharge
- (C) Anti-dumping Duty
- (D) None of the above

72. Cost of acquisition of Bonus Shares will be treated as

- (A) NIL
- (B) Market Value of Shares
- (C) Nominal Value
- (D) None of the above

73. What is the due date of third installment of Advance Tax?

- (A) 15th July of Previous Year
- (B) 15th December of Previous Year
- (C) 15th September of Previous Year
- (D) 15th May of Previous Year

74. Where assessment has not been completed for Assessment Year 2025–26, belated return can be filed up to

- (A) 31.12.2025
- (B) 31.12.2026
- (C) 31.03.2026
- (D) 31.01.2026

75. What is the minimum rate prescribed under Goods & Services Tax (effect from 22 September, 2025)?

- (A) 5%
- (B) 15%
- (C) 28%
- (D) None of the above

76. Which return must be filled by the Composition dealer?

- (A) GSTR-4
- (B) GSTR-5
- (C) GSTR-3
- (D) GSTR-6

77. Application for refund of Custom Duty must be made in

- (A) Triplicate
- (B) Duplicate
- (C) Quadruplicate
- (D) None of the above

78. Every taxable person registered as Input Service Distributor is required to furnish credit distributed on form :

- (A) GSTR-4
- (B) GSTR-1
- (C) GSTR-5A
- (D) GSTR-6

79. How much Income is exempt from Tax for Individual and HUF for the Assessment Year 2025–26 under new tax regime— U/S 115 BAC ?

- (A) ₹ 3,00,000
- (B) ₹ 2,00,000
- (C) ₹ 2,40,000
- (D) ₹ 3,50,000

80. An individual is said to be resident in India if \_\_\_\_\_.

- (A) he has a house in India
- (B) he is in India in the previous year for period of 182 days or more
- (C) Both (A) and (B)
- (D) his parents are Indian Citizens

81. The base year for Cost Inflation Index for the earlier Financial Year 1981–82 changed to Financial Year \_\_\_\_\_.

- (A) 2010–11
- (B) 2000–01
- (C) 2001–02
- (D) 1991–92

82. MR. SONTAI, who is engaged in a profession abroad or is transferring his residence to India after staying abroad more than 2 years can bring household items without payment of duty up to

- (A) ₹ 5,00,000
- (B) ₹ 10,00,000
- (C) ₹ 15,00,000
- (D) ₹ 50,000

83. Under which of the Entry No. 'Custom Duty' is dealt within the Constitution of India?

- (A) Entry No. 83
- (B) Entry No. 82
- (C) Entry No. 84
- (D) Entry No. 85

84. What are the taxes levied on Intra-State Supply?

- (A) IGST & SGST
- (B) SGST
- (C) CGST
- (D) CGST & SGST

85. If the population of a city exceeds 25 Lakhs, in that case, value of perquisite for rent free unfurnished accommodation for Private Sector employees is

- (A) 15% of Salary
- (B) 25% of Salary
- (C) 7.5 of Salary
- (D) 10% of Salary

86. Who is liable to file form GSTR 7 Return?

- (A) E Commerce Operator
- (B) Composition Supplier
- (C) Tax Deductor
- (D) None of the Above

87. Electronics Credit Ledger shall be maintained in form :

- (A) GST PMT 02
- (B) GST PMT 05
- (C) GST PMT 06
- (D) GST PMT 04

88. GST Model has \_\_\_\_\_ rate Structures :

- (A) 2
- (B) 3
- (C) 4
- (D) 5

89. The system is allowing the Assessee to view their TDS Credit in form \_\_\_\_\_ :

- (A) 27 AS
- (B) 26 AS
- (C) 29 AS
- (D) 24 AS

90. A registered person may not issue a tax invoice if the value of goods / service is less than —

- (A) ₹ 500
- (B) ₹ 1,000
- (C) ₹ 5,000
- (D) ₹ 200

91. Standard deduction from annual value under Income from House property under Income Tax Act is

- (A) 30%
- (B) 20%
- (C) 25%
- (D) 15%

92. What is the rate of depreciation on Residential Building under Income Tax Act?

- (A) 5%
- (B) 10%
- (C) 15%
- (D) 20%

93. Any area in which imported goods or exported goods are ordinarily kept before clearance by Custom Authorities is called

- (A) Custom Destination
- (B) Custom Station
- (C) Custom Area
- (D) None of the above

94. Expand SEZ :

- (A) Service Entry Zone
- (B) Special Excisable Zone
- (C) Special Economic Zone
- (D) Special Exempted Zone

95. When Parliament is in recess the President has the power to promulgate ordinances under

- (A) Article 265
- (B) Article 245
- (C) Article 270
- (D) Article 123

96. Section 80 C of the Income Tax Act, provides for deduction in respect of Tuition fee up to \_\_\_\_\_ Child/Children.

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

97. What is the rate of Custom Duty on baggage except Education Cess?

- (A) 30%
- (B) 25%
- (C) 35%
- (D) 15%

98. What will be the Tax rate of a Co-operative Society under Income Tax Act if Net Income is ₹ 9215?

- (A) 10%
- (B) NIL
- (C) 20%
- (D) 5%

99. Expand TAN :

- (A) Tax Deduction Account Number
- (B) Tax Account Number
- (C) TDS Account Number
- (D) None of the above

100. What is the rate of Income Tax for Local Authorities under Income Tax Act?

- (A) 5%
- (B) 20%
- (C) 22%
- (D) 30%