

JUNE 2025

402350

FINANCIAL ACCOUNTING-2

Time Allowed: 1 hour

Full Marks: 50 (1×50)

Choose the correct answer from the given four alternatives:

✓ 1. Bonus is an ex-gratia payment made voluntarily without any obligation. In India, bonus is governed by the Payment of Bonus Act of _____.

- (A) 1956
- (B) 1965
- (C) 1967
- (D) 1976

✓ 2. _____ is the remuneration paid to workers for time spent directly on production unit.

- (A) Salaries
- (B) Allowances
- (C) Direct wages
- (D) Indirect wages

✓ 3. Under _____, payment consists of two portions — one based on regular time-based payments, other is linked to cost of living and merit awards.

- (A) Graduated time rate
- (B) Flat time rate
- (C) High wages rate
- (D) Dual time rate

4. Consider the following statements:

Statement 1: Payroll refers to earnings of all parties (viz. employees, suppliers etc.) for a particular period for their contribution to an organisation.

Statement 2: Payroll system ensures proper accounting of salary expenses in the books of accounts of an organisation.

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

5. In India, income tax of employees is calculated for the period

- (A) January – December..
- (B) March – February.
- (C) April – March.
- (D) July – June.

✓ 6. What is the due date for monthly remittance of ESIC? ✓

- (A) 7th of subsequent month
- (B) 10th of subsequent month
- (C) 15th of subsequent month
- (D) 25th of subsequent month

7. The _____ of employees is also termed as 'Take Home' pay.

- (A) Net pay
- (B) Gross pay
- (C) Total deductions
- (D) Gross earnings

8. Normally, gratuity shall be paid to an employee who has served a minimum period of _____ years under an employer.

- (A) 3
- (B) 5
- (C) 7
- (D) 8

9. All recoveries such as PF deductions, ESI payable, insurance recoveries payable are shown on _____, until it is paid.

- (A) Credit side of Trading Account
- (B) Credit side of Profit & Loss Account
- (C) Assets-side of Balance Sheet
- (D) Liabilities-side of Balance Sheet

10. _____ is given by employer to employees to compensate the high cost associated with having Metro Cities.

- (A) Special Allowance
- (B) Professional Development Allowance
- (C) Dearness Allowance
- (D) City Compensatory Allowance

11. All purchases are initiated with the approval of _____

- (A) Purchase Manager.
- (B) Stores Manager.
- (C) Board of Directors.
- (D) None of the above

12. 'Intent of Materials' is prepared by _____

- (A) Production Department.
- (B) Sales Department.
- (C) Materials Department.
- (D) Purchases Department.

13. Which of the following is/are transactions related to receipt of materials into a warehouse?

- (A) Purchases from suppliers
- (B) Diversion from other stores
- (C) Devolution from works
- (D) All of the above

14. In the context of inventory control, which of the following is the measure of 'Minimum Level'?

- (A) Re-order level - (Normal consumption \times Average re-order period)
- (B) Re-order level - (Normal consumption \times Maximum re-order period)
- (C) Re-order level + (Normal consumption \times Average re-order period)
- (D) Re-order level - (Maximum consumption \times Average re-order period)

15. The stores-keeper should send the copy of materials received report to _____ Department for payment purposes.

- (A) Cash
- (B) Accounts
- (C) Purchases
- (D) Production

16. _____ shows a complete list for each material, quantity to be issued against each component requiring that materials for a particular job, order or process.

- (A) Purchase order
- (B) Intent of materials
- (C) Bill of materials
- (D) None of the above

17. Maintenance of certain minimum quantity of materials in stock is the underlying principle of

- (A) First In First Out Method.
- (B) Highest In First Out Method.
- (C) Weighted Average Method.
- (D) Base Stock Method.

18. How are materials returned to stores after being issued earlier for production accounted for?

- (A) Entered in 'Receipts' column of Stores Ledger at original issue price
- (B) Entered in 'Receipts' column of Stores Ledger at present market price
- (C) Entered in 'Receipts' column of Stores Ledger as fresh purchase at present market price
- (D) No entry made in Stores Ledger

19. _____ are stores which are intended to be used over a prolonged period before becoming unusable or obsolete and having a significant disposal value.

- (A) Consumable Stores
- (B) Non-convertible Stores
- (C) Convertible Stores
- (D) Non-consumable Stores

20. The accounts of the Stores are based on the fundamental principle that all materials purchased shall be charged to the _____ in the first instance.

- (A) Stock Account
- (B) Stock Suspense Account
- (C) Stores Account
- (D) Purchase Suspense Account

21. In financial accounting, the term 'accrual' denotes

- (A) something that becomes due.
- (B) something that is paid in advance.
- (C) something that is payable in the future.
- (D) something that has already been paid.

22. The term 'Revenue' refers to the amount of income earned from business through its _____ activities.

- (A) core
- (B) allied
- (C) core and allied
- (D) incidental

23. Sales Day Book records

- (A) Cash sales.
- (B) Credit sales of goods.
- (C) Credit sales of goods and other things.
- (D) Total sales.

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4

24. Consider the following statements:

Statement 1: Cash Memo is issued to customer whenever cash sales is made.

Statement 2: While recording cash sales in the journal, it is not necessary to record customer's name.

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

25. In order to help retailers earn a better profit, manufacturers offer them _____.

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

26. Which of the following equations is correct regarding Net Sales?

- (A) $\text{Net Sales} = \text{Gross Sales} - \text{Returns Inwards} - \text{Sales Allowances}$
- (B) $\text{Net Sales} = \text{Gross Sales} - \text{Returns Outwards} - \text{Sales Allowances}$
- (C) $\text{Net Sales} = \text{Gross Sales} - \text{Returns Inwards} + \text{Sales Allowances}$
- (D) $\text{Net Sales} = \text{Gross Sales} - \text{Returns Outwards} + \text{Sales Allowances}$

27. In case of sales through credit cards, the merchant swipes the card in the card machine and the customer authenticates the identity with a/an _____.

- (A) ATM
- (B) POS
- (C) TIN
- (D) PIN

28. Bad Debts Account is debited under _____ of evaluating and interpreting accounts receivables.

- (A) Direct write-off Method
- (B) Indirect write-off Method
- (C) Allowance Method
- (D) Non-allowance Method

29. When the customer(s) agree to keep the undesirable product (instead of returning back) for a reduction in the selling price, the value of such reduction is debited to _____.

- (A) Sales Return A/c
- (B) Returns Outward A/c
- (C) Returns Inward A/c
- (D) Sales Allowance A/c

30. _____ is a broader term dealing with collection, handling, payment and investment of surplus cash to earn adequate returns.

- (A) Cash management
- (B) Float management
- (C) Receivables management
- (D) Working capital management

31. _____ reflects all assets of a company form of organisation.

- (A) Statement of Profit and Loss
- (B) Balance Sheet
- (C) Cash Flow Statement
- (D) Fund Flow Statement

32. _____ is an item of current assets.
- (A) Trade payables
 - (B) Trade receivables
 - (C) Long-term investments
 - (D) None of the above
33. Which of the following is not a characteristic of a project?
- (A) Specified deliverables
 - (B) Specified source of funding
 - (C) Indefinite project life
 - (D) None of the above
34. Consider the following statements:
- Statement 1: 'Acquisition cost' means the total cost of obtaining a fixed asset and putting it in place and in condition for use.
- Statement 2: The acquisition cost is generally the historical cost or original cost.
- (A) Only statement 1 is true.
 - (B) Only statement 2 is true.
 - (C) Both statements are true.
 - (D) Both statements are false.
35. As per Revised Schedule III to Companies Act, 2013, intangible assets are separately shown in the Balance Sheet under the head
- (A) Inventories
 - (B) Current assets
 - (C) Non-current assets
 - (D) Equity
36. The minimum depreciation rates to be charged on fixed assets are mentioned under _____ of Companies Act, 2013.
- (A) Schedule II
 - (B) Schedule III
 - (C) Schedule VI
 - (D) Schedule VII
37. Gain on disposal of a fixed asset is accounted for by
- (A) Debiting Trading A/c.
 - (B) Crediting Trading A/c.
 - (C) Debiting Profit & Loss A/c.
 - (D) Crediting Profit & Loss A/c.
38. In which of the following methods, the amount of depreciation of the asset reduces every year but the percentage of depreciation remains fixed?
- (A) Straight Line Method
 - (B) Written Down Value Method
 - (C) Both (A) and (B)
 - (D) Revaluation Method
39. Accounts receivables arises out of
- (A) Cash sales
 - (B) Credit sales
 - (C) Cash purchases
 - (D) Cash purchases

40. As per Income Tax Act, 1961 for assessing the tax liability of the company, the company has to use _____ for calculating depreciation.

- (A) Written Down Value Method
- (B) Revaluation Method
- (C) Annuity Method
- (D) Fixed Installment Method

41. In March 1, 2025, Dharmesh drew a bill on Mohan for ₹1,50,000 for 3 months. At maturity, Mohan requests Dharmesh to accept cash ₹50,000 and for balance draw a fresh bill for a further period of 2 months at 12% p.a. interest. The amount of interest will be

- (A) ₹5,000
- (B) ₹4,000
- (C) ₹3,000
- (D) ₹2,000

42. In the context of bills of exchange, 'Bills Sent to Bank for Collection' means

- (A) Bills retained by bank till maturity and realised on that date.
- (B) Bills retained by bank till maturity and returned back to client on that date.
- (C) Bills discounted and credited to client's account immediately.
- (D) Bills retained by bank and credited to client's account immediately.

43. In consignment, the goods are dispatched on the basis that the goods will be sold on behalf of, at the expense and at the risk of

- (A) Government
- (B) Consignee
- (C) Consignor
- (D) Bank

44. The periodical statement prepared by consignee for sending to the consignor providing details of sales, expenses and commission due is called

- (A) Sales Account
- (B) Sales Statement
- (C) Account Sales
- (D) Sales on Account

45. Consider the following statements:

Statement 1: When goods are sent by consignor to consignee, abnormal loss arises as a result of negligence/accident etc.

Statement 2: Sometimes insurance company admits the claim for the goods lost abnormally, either in part or in full.

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

46. Which of the following statements is not true in respect of a joint venture?

- (A) It is a going concern.
- (B) It is terminable by nature.
- (C) It does not follow accrual basis of accounting.
- (D) Co-venturers share the profit in agreed ratio.

47. When separate set of books are maintained for recording joint venture transactions, for purchase of goods of the venture by a co-venturer _____ will be debited and _____ will be credited.

- (A) Goods A/c; Venturer's Capital A/c.
- (B) Joint Venture A/c; Joint Bank A/c.
- (C) Venturer's Capital A/c; Joint Venture A/c.
- (D) Joint Venture A/c; Venturer's Capital A/c.

48. Adarsh and Vikash entered into a joint venture sharing profits and losses equally. Adarsh purchased 200 kg. of rice @ ₹20/ Kg. Brokerage paid was ₹650 and carriage charges incurred were ₹350. Vikash sold 90% of the goods @ ₹22/kg. Balance rice was taken-over by Vikash at 'cost less 20%'. The value of rice taken-over is

- (A) ₹320
- (B) ₹400
- (C) ₹368
- (D) ₹412

49. Under 'Sale on Approval' basis, when the transactions are few, and the customer accepts the goods, the accounting treatment will be

- (A) Entry in Sales or Return Day Book.
- (B) Entry in Sales or Return Journal.
- (C) No journal entry.
- (D) Sundry Debtors A/c-Dr.; Sales A/c-Cr.

50. Consider the following statements:

Statement 1: Either 'Sale or Return Day Book' or 'Sale or Return Journal' is maintained when fairly large number of goods are sent on sale on approval basis to customers.

Statement 2: A separate Sale or Return Day Book is maintained for recording the transactions when there are considerable number of transactions under sales of goods on 'Sale or Return' basis.

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

STATUTORY COMPLIANCE

Time Allowed: 1 hour

Full Marks: 50

1×50=50

Choose correct option from the four alternatives given:

51. Which article of the Constitution empowers Central and State Govt. to levy and collect GST?

- (A) 246
- (B) 246A
- (C) 269
- (D) 224

52. The idea of moving towards the GST was first mooted by the then Union Finance Minister in his Budget for

- (A) 2004-05
- (B) 2005-06
- (C) 2006-07
- (D) 2007-08

53. When opting for the Composition Scheme under GST, a tax payer will require filing summarized return on

- (A) monthly basis.
- (B) quarterly basis.
- (C) half-yearly basis.
- (D) None of the above

54. Negative list is the list of goods or services on which input tax credit

- (A) is not available.
- (B) is available.
- (C) may be available.
- (D) None of the above

55. All the taxes paid on the inputs would be recorded in the electronics—

- (A) Cash Ledger
- (B) Credit Ledger
- (C) Liability Ledger
- (D) None of the above

56. Due date for filing GSTR-1 is

- (A) 11th of next month.
- (B) 13th of next month.
- (C) 15th of next month.
- (D) 20th of next month.

57. The term supply includes

- (A) Sale
- (B) Transfer
- (C) Barter
- (D) All of the above

58. Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?

- (A) Sale of land and building
- (B) Lease of land
- (C) Rent of building
- (D) All of the above

59. Gift not exceeding _____ in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

- (A) ₹ 50,000
- (B) ₹ 25,000
- (C) ₹ 30,000
- (D) None of the above

60. For which of the following goods, the manufacturer is not allowed to opt for composition scheme?

- (A) Pan Masala
- (B) Ice cream
- (C) Topical and manufactured tobacco substitutes
- (D) All of the above

61. It is exempted upto _____ if VRS is as per prescribed condition.

- (A) ₹ 5,00,000
- (B) ₹ 3,00,000
- (C) ₹ 2,00,000
- (D) ₹ 1,00,000

62. Which of the following statements is not correct?

- (A) Safeguard Duty once imposed is valid.
- (B) Safeguard Duty is product specific.
- (C) The Central Government can impose Provisional Safeguard Duty, pending final determination upto 200 days.
- (D) Anti-dumping Duty and Safeguard Duty are considered for calculating IGST.

63. Consider following statements:

(i) GST will help to create a unified common national market for India, giving a boost to Foreign investment and 'Make in India' Campaign.

(ii) Input Tax credit of UTGST is allowed for payment of CGST.

- (A) Both statements are incorrect.
- (B) Both statements are correct.
- (C) Only statement (ii) is correct.
- (D) Only statement (i) is correct.

64. The Constitution of India which came into force with effect from _____ is the foundation and source of power to all laws in India.

- (A) 26th January, 1950
- (B) 26th January, 1949
- (C) 27th January, 1951
- (D) None of the above

65. _____ of the total numbers of members of GSTS would form Quorum in meeting of GSTS.

- (A) One half
- (B) One third
- (C) One fourth
- (D) None of the above

66. Credit note is issued when

- (A) tax invoice is found to exceed the taxable value or tax payable.
- (B) goods supplied are returned by the recipient.
- (C) goods or services are found to be deficient.
- (D) All of the above

67. A lady passenger is residing in abroad for more than one year. On return to India, how much value of jewellery allowed to her for duty-free clearance?

- (A) 20 grams with a value cap of ₹ 1,00,000
- (B) 40 grams with a value cap of ₹ 1,00,000
- (C) 50 grams with a value cap of ₹ 140,000
- (D) No exemption

68. Goods become liable to _____ when there is 'import into' India.

- (A) Export Duty
- (B) Import Duty
- (C) Luxury Tax
- (D) None of the above

69. State which of the following statement is false?

- (A) GST is applicable of supply of goods and services.
- (B) Import of services is treated as interstate supplies and is not subject to IGST.
- (C) GST is based on the principle of destination based consumption taxation.
- (D) An Integrated GST (IGST) is levied on interstate supply (including stock transfer) of goods and services.

70. A & Co (firm) was dissolved and its GST Registration was cancelled on 31.08.2023. What is the time limit within which A & Co. must file a final return in form GSTR-10?

- (A) On or before 31.03.2024
- (B) On or before 31.12.2023
- (C) On or before 30.11.2023
- (D) On or before 30.09.2023

71. Under GST Law, when the goods are dispatched (other than over dimensional cargo) to a destination which is 290 km from the place of dispatch, the e-way bill generated is valid for _____.

- (A) 1 day
- (B) 2 days
- (C) 14 days
- (D) 15 days

72. When goods are thrown into the sea to lighten the ship to prevent it from sinking, it is known as

- (A) Derelict
- (B) Wreck
- (C) Jetsam
- (D) Flotsam

73. Person in charge with respect to aircraft is

- (A) Master
- (B) Commander
- (C) Guard
- (D) Driver

74. Countervailing duty under Section 9 of the Customs Tariff Act, 1975 shall be in force for a period of

- (A) 2 years from the date of its importation and can be extended for a further period of 5 years.
- (B) 3 years from the date of its importation and can be extended for a further period of 2 years.
- (C) 8 years from the date of its importation and can be extended for a further period of 5 years.
- (D) 5 years from the date of its importation and can be extended for a further period of 3 years.

75. Hostel expenditure allowance is exempt upto

- (A) ₹ 300 per annum for 2 children.
- (B) ₹ 300 per month for 2 children.
- (C) ₹ 300 per month per child (for 2 children maximum).
- (D) ₹ 300 per annum per child for 2 children maximum.

76. Interest on borrowed capital for repairs in case of self-occupied property is allowed as deduction upto _____.

- (A) ₹ 20,000
- (B) ₹ 30,000
- (C) ₹ 25,000
- (D) ₹ 15,000

77. In case of Professional Income, accounts have to be audited if gross receipt exceeds _____.

- (A) ₹ 1 Crore
- (B) ₹ 75 Lakh
- (C) ₹ 25 Lakh
- (D) ₹ 50 Lakh

78. If importer do not file bill of entry within _____ of arrival of goods, the custodian of cargo can resell the goods after obtaining necessary permission from custom.

- (A) 30 days
- (B) 21 days
- (C) 14 days
- (D) 7 days

79. Expand LUT. ✓

- (A) Letter of Union Transport
- (B) Letter of Union Territory
- (C) Letter of Undertaking
- (D) None of the above

80. _____ means the area of a custom station and includes any area in which imported goods or export are ordinarily kept before clearance by Custom Authorities.

- (A) Custom Area
- (B) Excise Area
- (C) Special Area
- (D) None of the above

81. _____ challan allows shifting of the amounts that are available in the electronic cash ledger.

- (A) GST PMT 07
- (B) GST PMT 02
- (C) GST PMT 04
- (D) GST PMT 09

82. Every tax payer assigned a _____ PAN based GSTIN.

- (A) 15 digit
- (B) 10 digit
- (C) 7 digit
- (D) 4 digit

83. Which of the following is not included relating to the value of supply under GST?

- (A) Government subsidy
- (B) Subsidy linked to supply
- (C) All incidental expenses in relating to sales
- (D) For delayed payment of consideration penalty

84. Income Tax is imposed by

- (A) State Government.
- (B) Central Government.
- (C) Local Authority.
- (D) None of the above

85. Year in which income is taxable is known as

- (A) Assessment Year.
- (B) Previous Year.
- (C) Financial Year.
- (D) None of the above

86. IGST is payable when the supply is

- (A) Intra-State.
- (B) Interstate.
- (C) Intra-UT.
- (D) All of the above

87. Goods under Custom Act includes

- (A) Vessels, aircraft and vehicles.
- (B) Stores.
- (C) Baggage.
- (D) All of the above

88. Winnings from lotteries, card games, horse races are taxable at the rate of

- (A) 10%
- (B) 20%
- (C) 30%
- (D) 25%

89. Rate of depreciation of purely temporary structure is

- (A) 100%
- (B) 40%
- (C) 10%
- (D) 15%

90. What is the maximum exemption limit in case of non-government employee for leave encashment?

- (A) ₹ 3,00,000
- (B) ₹ 5,00,000
- (C) ₹ 2,00,000
- (D) ₹ 1,50,000

91. For understanding place of supply for services which of the following concepts are very important?

- (A) Location of the recipient of services
- (B) Location of the supplier of services
- (C) None of the above
- (D) Both (A) and (B)

92. Expenditure in cash payment is allowed

- (A) exceeding ₹ 20,000.
- (B) exceeding ₹ 10,000.
- (C) upto ₹ 20,000.
- (D) upto ₹ 10,000.

93. Maximum rate of surcharge in case of long-term capital gain u/s 112A is

- (A) 10%
- (B) 25%
- (C) 37%
- (D) 15%

94. If the assessee fails to make a return or a revised return or fails to comply with a notice issued by Assessing Officer (AO), then AO may make an assessment named

- (A) Regular Assessment.
- (B) Best Judgement Assessment.
- (C) Escape Assessment.
- (D) None of the above

95. A Super Senior Citizen's income is exempt upto

- (A) ₹ 2,50,000
- (B) ₹ 5,00,000
- (C) ₹ 3,00,000
- (D) Nil

96. State which of the following cases, transactions value may be rejected by appropriate custom authority?

- (A) Buyer and seller are related.
- (B) There is restrictions as to the disposition or use of the goods by the buyer.
- (C) Both (A) and (B)
- (D) None of the above

97. GSTR 6 shall be filed by

- (A) Tax deductor.
- (B) Input service distributor.
- (C) E-commerce operator.
- (D) Composite dealer.

98. In case goods disposed of by way of free sample

- (A) recipient can claim ITC.
- (B) supplier can claim ITC.
- (C) supplier can not claim ITC.
- (D) ITC can be claimed if value is more than ₹ 1,000.

99. Mr. PAN is engaged in growing and manufacturing tea in India. His income from this activity is ₹ 1,40,000. His agriculture income will be

- (A) ₹ 70,000
- (B) ₹ 84,000
- (C) ₹ 1,40,000
- (D) ₹ 56,000

100. Where the transport charges is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is

- (A) 10%
- (B) 20%
- (C) 25%
- (D) None of the above