



**POSTAL TEST PAPER**  
**FOUNDATION**  
**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 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
  
2. Trial Balance is used to check the accuracy of \_\_\_\_\_.
  - (a) Balance Sheet balances O
  - (b) Ledger Accounts balances O
  - (c) Cash Flow Statement balances O
  - (d) Income Statement balances O
  
3. Money spent ₹ 12,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is \_\_\_\_\_.
  - (a) Capital Expenditure O
  - (b) Revenue Expenditure O
  - (c) Deferred Revenue Expenditures O
  - (d) None of the above O
  
4. Which of these errors affect two or more accounts \_\_\_\_\_.
  - (a) Errors of complete omission O
  - (b) Errors of principle O
  - (c) Errors of posting to wrong account O
  - (d) All the three O
  
5. Purchase price of machine ₹8,90,000, freight and cartage ₹7,000, installation charges ₹30,000, Insurance charges ₹20000, residual value is ₹40,000, estimated useful life 5 years. Calculate the amount of annual depreciation under straight line method?
  - (a) ₹ 1,77,400 O
  - (b) ₹ 1,81,400 O
  - (c) ₹ 1,97,400 O
  - (d) ₹ 1,77,900 O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

6. Depreciation Accounts is a \_\_\_\_\_ account.
- (a) Personal O  
(b) Nominal O  
(c) Real O  
(d) None of the above O
7. Original cost is ₹1,50,000 residual value is ₹10,000, depreciation for 3rd year @ 10% p.a. under WDV method \_\_\_\_\_.
- (a) ₹ 14,000 O  
(b) ₹ 12,150 O  
(c) ₹ 11,340 O  
(d) ₹ 12,240 O
8. Bank has directly paid ₹2,250 for rent as per standing instructions. In BRS starting with Pass Book overdraft \_\_\_\_\_.
- (a) ₹ 2,250 will be added to Pass Book overdraft O  
(b) ₹ 4,500 will be added to Pass Book overdraft O  
(c) ₹ 2,250 will be deducted from Pass Book overdraft. O  
(d) None of the above O
9. Journal is the book of \_\_\_\_\_ entry.
- (a) Primary O  
(b) Secondary O  
(c) Final O  
(d) All of the above O
10. Debit side of Bank Pass Book corresponds to \_\_\_\_\_.
- (a) credit side of Cash Book O  
(b) debit side of Cash Book O  
(c) debit side of Trial Balance O  
(d) credit side of Balance Sheet O
11. To write off bad debt, following entry is passed \_\_\_\_\_
- (a) Provision for bad debts debit: Debtors credit O  
(b) Provision for bad debts debit: Bad debts credit O  
(c) Bad debts debit: Debtors credit O  
(d) none of the above O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

12. A recovery of bad debt \_\_\_\_\_.
- (a) increases net income O
  - (b) decreases net income O
  - (c) increases gross profit and net income O
  - (d) None of the above O
13. A trial balance will not balance if \_\_\_\_\_.
- (a) correct entry is posted twice O
  - (b) The purchase on credit basis is debited to purchases and credited to cash O
  - (c) ₹500 cash payment to creditors is debited to creditors for ₹50 and credited to cash as ₹ 500 O
  - (d) None of the above O
14. ₹ 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
15. Bad debt is a confirmed \_\_\_\_\_.
- (a) Loss O
  - (b) Profit O
  - (c) Revenue O
  - (d) None of the above O
16. A and B purchased a piece of land for ₹40,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture?
- (a) ₹ 20,000 O
  - (b) ₹ 16,000 O
  - (c) ₹ 30,000 O
  - (d) Nil O



**POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2**

**FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING**

17. 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 the above O
18. What is the nature of joint venture with co-venture account?
- (a) Nominal Account O  
(b) Real Account O  
(c) Personal Account O  
(d) None of the above O
19. A promissory note contains an \_\_\_\_\_ to pay.
- (a) undertaking or promise O  
(b) request O  
(c) order O  
(d) ownership O
20. 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
21. 'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹ 12,000 and spend ₹ 200 on various expenses. 'N' sells the entire lot for ₹ 15,000 meeting selling expenses amounted to ₹ 400 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be \_\_\_\_\_.
- (a) ₹ 13,400 O  
(b) ₹ 14,600 O  
(c) ₹ 12,800 O  
(d) ₹ 12,200 O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

22. Mr. P sold goods to Mr. Q for ₹60,00,00.  $\frac{1}{2}$  of the amount will be received in cash and the balance through a Bills Receivable. For what amount Mr. P should draw a bill \_\_\_\_\_.
- (a) ₹ 3,00,000 O  
(b) ₹ 6,00,000 O  
(c) ₹ 2,00,000 O  
(d) ₹ 2,40,000 O
23. A person who endorses a bill is called \_\_\_\_\_.
- (a) drawer O  
(b) drawee O  
(c) Bank O  
(d) endorser O
24. Fixed assets are \_\_\_\_\_.
- (a) Kept in the business for use over a long time for earning income O  
(b) Meant for resale O  
(c) Meant for conversion into cash as quickly as possible O  
(d) All of the above O
25. Gross profit is equal to \_\_\_\_\_.
- (a) sales – cost of goods sold O  
(b) sales – closing stock + purchase O  
(c) opening stock + purchases – closing stock O  
(d) none of the above O
26. Any income arising from special fund will be credited to \_\_\_\_\_.
- (a) Special Fund in the Balance Sheet O  
(b) Income and Expenditure Account O  
(c) General Fund in the Balance Sheet O  
(d) None of the above O
27. Prime Cost = ₹67,000, Depreciation = ₹3,000. Factory rent is 200% of Depreciation. Factory Cost is \_\_\_\_\_.
- (a) ₹3,200 O  
(b) ₹4,000 O  
(c) ₹800 O  
(d) ₹1,000 O



**POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2**

**FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING**

28. Which of the following is not a feature of a Not-for-Profit Organisation?
- (a) It is establishments are established for furnishing service to a particular group or public at large. O
  - (b) Their activities are normally regulated by the Government. O
  - (c) The principal source of income of these organisations are entrance fees, life membership fees, annual subscriptions, donations, grants, legacies etc. O
  - (d) The surplus generated in the form of excess of income over expenditure is not allocated amongst the members. O
29. \_\_\_\_\_ indicates the cumulative claim of the owner of the business.
- (a) Capital O
  - (b) Sundry Creditors O
  - (c) Bills Payable O
  - (d) Outstanding Expenses O
30. The balance of the petty cash is \_\_\_\_\_.
- (a) An expense O
  - (b) An income O
  - (c) An asset O
  - (d) A liability O
31. Entrance fees unless otherwise stated is to be taken as a
- (a) Capital receipt O
  - (b) Revenue receipt O
  - (c) Capital expense O
  - (d) Revenue expense O
32. The capital of a non-profit organization is generally known as \_\_\_\_\_.
- (a) Equity O
  - (b) Accumulated Fund O
  - (c) Finance Reserve O
  - (d) Cash Fund O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

33. Carriage on goods purchased is shown in the \_\_\_\_\_.
- (a) Trading Account O  
(b) Profit and Loss Account O  
(c) Balance Sheet O  
(d) None of the above O
34. Opening stock ₹50,000 closing stocks ₹40,000, purchases ₹1,90,000, profit margin is 16.67% on the sales, then sales are \_\_\_\_\_.
- (a) ₹2,40,000 O  
(b) ₹2,10,000 O  
(c) ₹3,26,000 O  
(d) ₹2,20,000 O
35. If income is ₹32,000 and 'deficit' debited to capital fund is ₹8,300, then expenditure is \_\_\_\_\_.
- (a) ₹32,000 O  
(b) ₹8,300 O  
(c) ₹40,300 O  
(d) ₹23,700 O
36. Assets appearing in the books having no real value are known as \_\_\_\_\_.
- (a) Fictitious Assets O  
(b) Current Asset O  
(c) Fixed Assets O  
(d) Tangible Assets O
37. Opportunity cost is the best example of \_\_\_\_\_.
- (a) Sunk cost O  
(b) Standard cost O  
(c) Relevant cost O  
(d) Irrelevant cost O
38. Indirect material cost is a part of \_\_\_\_\_.
- (a) Prime cost O  
(b) Factory overhead O  
(c) Chargeable expenses O  
(d) None of these O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

39. Statement showing break-up of costs is known as \_\_\_\_\_.
- (a) Cost-sheet O  
(b) Statement of profit O  
(c) Production account O  
(d) Tender O
40. 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
41. CAS \_\_\_\_\_ stands for Repairs & Maintenance Cost.
- (a) 12 O  
(b) 14 O  
(c) 16 O  
(d) 10 O
42. Net Factory Cost = Gross Factory Cost + \_\_\_\_\_ – Closing Stock in WIP.
- (a) Opening Stock in WIP O  
(b) Opening Stock in Finished Goods O  
(c) Material O  
(d) Prime Cost O
43. Which of the following items is excluded from cost Accounts?
- (a) Income tax O  
(b) interest on debentures O  
(c) cash discount O  
(d) Bad debt O
44. Factory Cost is ₹5,95,000. Find Office and Administration overheads cost which is 9.315% of factory cost.
- (a) ₹28,894.25 O  
(b) ₹55,424.25 O  
(c) ₹53,550 O



POSTAL TEST PAPER  
FOUNDATION  
PAPER - 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

- (d) ₹59,500 O
45. In a Cement Factory \_\_\_\_\_ is used as an appropriate cost unit.
- (a) Megawatt, Kilo Watt Hour (KWH) O
- (b) Metric Tonne (MT) O
- (c) Tonne – kilometre O
- (d) Passenger - Km O
46. CAS 10 stands for \_\_\_\_\_.
- (a) Average (Equalized) Cost of Transportation O
- (b) Material Cost O
- (c) Capacity Determination O
- (d) Direct Expenses O
47. CAS 20 is related to \_\_\_\_\_.
- (a) Royalty and Technical Know-How Fee O
- (b) Pollution Control Cost O
- (c) Cash Discount O
- (d) Packing Material Cost O
48. The appropriate method of costing in Toy making industries is \_\_\_\_\_.
- (a) Process Costing O
- (b) Batch Costing O
- (c) Job Costing O
- (d) Contract Costing O
49. The appropriate method of costing in an oil refining industry is \_\_\_\_\_.
- (a) Process Costing O
- (b) Batch Costing O
- (c) Job Costing O
- (d) Contract Costing O
50. The main objective of \_\_\_\_\_ Costing is to ascertain costs that have been incurred in past.
- (a) absorption O
- (b) historical O
- (c) batch O
- (d) service O



**POSTAL TEST PAPER**  
**FOUNDATION**  
**PAPER - 2**  
**FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING**