



FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER – 2
FUNDAMENTALS OF ACCOUNTING

SET - 1
TERM – DEC 2023
SYLLABUS - 2016

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Principle which assumes that a business enterprise will not be liquidated in the near future :	
(a)	Going concern concept	O
(b)	Accounting period	O
(c)	Prudence	O
(d)	Accounting entity	O
2.	Salary to Manager will be recorded in the books of accounts but appointment of manager is not recorded due to _____.	
(a)	Full disclosure	O
(b)	Accounting period	O
(c)	Business entity	O
(d)	Money measurement	O
3.	Capital expenditure – i. Car purchased for sale ii. Machine purchased for business use iii. Road tax and insurance premium of delivery van Which one is correct of the following?	
(a)	i & ii	O
(b)	ii & iii	O
(c)	i & iii	O
(d)	i, ii & iii	O
4.	Copy Rights A/c is a :	
(a)	Tangible Real Account	O
(b)	Intangible Real Account	O
(c)	Personal Account	O
(d)	None of these	O
5.	The book value of asset was after charging 3-year depreciation @ 10 % p.a. is ₹ 7,290. What was the cost of the machine?	



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	(a)	10,000	O
	(b)	11,000	O
	(c)	8,000	O
	(d)	9,000	O
6.	Journal is also known by -----		
	(a)	Memorandum A/c	O
	(b)	Cash books	O
	(c)	Books of original entry	O
	(d)	Proper books	O
7.	If opening capital is ₹70,000 and closing capital is ₹90,000, what is the amount of profit or loss?		
	(a)	Profit ₹20,000	O
	(b)	Loss ₹20,000	O
	(c)	Loss ₹70,000	O
	(d)	Profit ₹90,000	O
8.	Which method of depreciation is approved by income tax act?		
	(a)	reducing balance method	O
	(b)	Straight line method	O
	(c)	Annuity method	O
	(d)	None of these	O
9.	Which is the odd account from the following accounts in context to debit balance or credit balance?		
	(a)	Bills Payable Account	O
	(b)	Creditors Account	O
	(c)	Bills Receivable Account	O
	(d)	Capital Account	O
10.	Which of the following is a method of preparing Trial Balance :		
	(a)	Total Method or Gross Trial Balance	O
	(b)	Balance Method or Net Trial Balance	O
	(c)	Compound Method	O
	(d)	All of these	O



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11.	Benefits of preparing Bank Reconciliation Statement includes -----		
	(a)	It brings out any errors committed in preparation of Cash book / Bank Pass Book	O
	(b)	Highlights under delay in clearance of cheques deposited but not credited	O
	(c)	Help know actual bank balance	O
	(d)	All the three	O
12.	What is the value of sundry creditor at the end of the year - Opening Sundry Creditor 19,000 Cash paid to Sundry creditors 40,000 Discount received 1,000 Return outwards 4,800 Credit purchases 51,200		
	(a)	24,400	O
	(b)	25,400	O
	(c)	23,400	O
	(d)	30,200	O
13.	What type of transaction is Freight inward?		
	(a)	Revenue	O
	(b)	Capital	O
	(c)	Deferred Revenue	O
	(d)	Fictitious	O
14.	Which of the options is not an intangible asset?		
	(a)	Land	O
	(b)	Patents	O
	(c)	Goodwill	O
	(d)	Franchise rights	O
15.	In an account if credit side > debit side, the balance is known as the:		
	(a)	Negative Balance	O
	(b)	Debit balance	O
	(c)	Positive Balance	O
	(d)	Credit balance	O



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16.	If goods worth ₹ 1,750 returned to a supplier is wrongly entered in sales return book as ₹ 1,570 , then :	
(a)	Net Profit will decrease by ₹ 3,140	O
(b)	Gross Profit will increase by ₹ 3,320	O
(c)	Gross Profit will decrease by ₹ 3,500	O
(d)	Gross Profit will decrease by ₹ 3,320	O
17.	Original cost of a machine is ₹ 1,50,000, residual value ₹ 10,000, if depreciation is charged @ 10% per annum under WDV method then depreciation for 3rd year will be :	
(a)	₹ 12,240	O
(b)	₹ 11,340	O
(c)	₹ 12,150	O
(d)	₹ 14,000	O
18.	Debit balance as per bank pass book mean ----- .	
(a)	Surplus cash	O
(b)	Bank Overdraft	O
(c)	Terms deposits with bank	O
(d)	None of these	O
19.	Negotiable Instrument Act was enacted in-----.	
(a)	1981	O
(b)	1881	O
(c)	1871	O
(d)	2001	O
20.	A sends goods costing ₹ 1,00,000 on consignment to yield a profit of 20% on cost. What is the invoice price :	
(a)	1,37,500	O
(b)	1,25,000	O
(c)	1,20,000	O
(d)	None	O



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21.	_____ is earned during the current accounting year but is not received during that year.		
	(a)	Accrued Income	O
	(b)	Accrued Expense	O
	(c)	Prepaid Income	O
	(d)	Prepaid Expense	O
22.	P and Q are partners sharing profit and loss in the proportion 2:1 in the Joint Venture. P keeps accounts of joint venture. Q gave ₹ 5,000 to P for joint venture business. P Prepared accounts and showed profit of ₹ 2,250. P settled Q's account. In the books of Q, ₹ Profit is credited.		
	(a)	₹ 2,250	O
	(b)	₹ 750	O
	(c)	₹ 1,500	O
	(d)	₹ 5,750	O
23.	What are the three additional days known as that a drawer gives to the drawee for payment :		
	(a)	Conditional days	O
	(b)	Additional days	O
	(c)	Days of grace	O
	(d)	Days of rebate	O
24.	In accounting consignment means :		
	(a)	Goods forwarded from one place to another	O
	(b)	Goods forwarded by a person to another	O
	(c)	Goods sent by its owner to his agent	O
	(d)	Goods sent by its owner to his agent for the purpose by sale	O
25.	The main object of non-profit organisation is—		
	(a)	To earn the Profit	O
	(b)	To Serve the Society	O
	(c)	To Prepare Profit & Loss A/c	O
	(d)	All the above	O



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26.	X draws a trade bill of ₹25,000 for 6 months on Y. After holding the bill for 1.5 months, X discounts the bill with bank @ 10% p.a. The amount of discount on bill is :	
(a)	937.5	O
(b)	625	O
(c)	1350	O
(d)	612.5	O
27.	A purchased goods costing ₹ 2,60,000 for joint venture with B. B sold a major part of the goods at cost plus 25% on cost, for ₹ 2,50,000. Balance of goods were taken over by B at cost less 10%. Find out profit/loss on Joint Venture.	
(a)	(Loss) ₹ 10,000	O
(b)	₹ 55,250	O
(c)	₹ 44,000	O
(d)	₹ 50,000	O
28.	Subscription received during the year ₹ 50,000; Subscriptions outstanding at the end of the year ₹ 8,000; Subscription outstanding at the beginning of the year ₹ 6,000. Net Income from subscription will be—	
(a)	₹ 48,000	O
(b)	₹ 64,000	O
(c)	₹ 52,000	O
(d)	₹ 36,000	O
29.	Y-draws a trade bill of ₹ 12,000 for 6 months on X. After holding the bill for 2.5 months, Y discount the bill with bank @ 10% p.a. The amount of discount on bill is :	
(a)	₹ 100	O
(b)	₹ 350	O
(c)	₹ 600	O
(d)	₹ 250	O
30.	Carriage on goods purchased is shown in -----.	
(a)	Profit and loss A/c	O
(b)	Capitalized with work in progress	O
(c)	Trading A/c	O



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	(d)	Shown in balance sheet	O
31.	By Profit & Loss Account we get :		
	(a)	Net profit	O
	(b)	Capital	O
	(c)	Gross profit	O
	(d)	Gross loss	O
32.	Endowment Fund received by a club is a —		
	(a)	Revenue Receipt	O
	(b)	Capital Receipt	O
	(c)	Advance Payment	O
	(d)	Revenue Payment	O
33.	Which of the following is correct?		
	(a)	Cost of Goods Sold - Opening Stock + Purchases = Closing Stock	O
	(b)	Purchase + Cost of Goods Sold - Opening Stock = Closing Stock	O
	(c)	Cost of Goods Sold + Closing Stock - Opening Stock = Purchase	O
	(d)	Opening Stock + Closing Stock - Purchase = Cost of Goods sold	O
34.	Income Statement of a charitable institution is known as _____.		
	(a)	Trading A/c	O
	(b)	Profit & Loss A/c	O
	(c)	Income & Expenditure A/c	O
	(d)	Receipts & Payments A/c	O
35.	If income is ₹ 16,000 and 'deficit' debited to capital fund is ₹ 4,300, then expenditure is—		
	(a)	₹16,000	O
	(b)	₹ 4,300	O
	(c)	₹ 20,300	O
	(d)	None of these	O
36.	Arrangement of Balance Sheet in a logical order is known as -----.		
	(a)	Dressing balance sheet	O
	(b)	Marshalling balance sheet	O



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	(c)	Formatting balance sheet	O
	(d)	Make up of balance sheet	O
37.	Which of the following is not a cost centre?		
	(a)	Purchase department	O
	(b)	Marketing Department	O
	(c)	Managing Director	O
	(d)	Passenger-km travelled	O
38.	A cost unit is :		
	(a)	The cost per machine hour	O
	(b)	Cost per labour hour	O
	(c)	A unit of production or service in relation to which costs are ascertained	O
	(d)	A measure of work output in a standard hour	O
39.	Cost unit of Sugar industry is :		
	(a)	Cost per quintal/tonne	O
	(b)	Cost per Cycle	O
	(c)	Cost per meter	O
	(d)	Cost per quintal/tonne	O
40.	_____ is the use of same costing principles and/or practice by several undertakings from common control or comparison of costs.		
	(a)	Marginal costing	O
	(b)	Uniform costing	O
	(c)	Historical costing	O
	(d)	None	O
41.	If the fixed deposit in a bank is withdrawn for financing a new project, the loss of interest on such fixed deposits is a/ an _____ cost.		
	(a)	Opportunity	O
	(b)	Replacement	O
	(c)	Marginal	O
	(d)	Step	O
42.	Administrative Overheads is related to :		



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	(a)	CAS 11	O
	(b)	CAS 2	O
	(c)	CAS 10	O
	(d)	None	O
43.	Which of the following is a part of Cost Sheet :		
	(a)	Prime Cost	O
	(b)	Cost of Sales	O
	(c)	Factory Cost	O
	(d)	All of these	O
44.	Process Cost is very much applicable in :		
	(a)	Soft Drink Manufacturing Industry	O
	(b)	Pharmaceutical Industry	O
	(c)	Airline company	O
	(d)	None of these	O
45.	Gross Factory Cost = ₹58,000. Net Factory Cost = ₹54,000. Opening stock of work-in- progress is ₹8,000. Find closing stock of work-in-progress.		
	(a)	₹12,000	O
	(b)	₹66,000	O
	(c)	₹4,000	O
	(d)	₹1,20,000	O
46.	Direct Wages is ₹2,05,000 If the ratio of direct wages and factory cost is 5:3. Calculate Factory Cost :		
	(a)	₹1,23,000	O
	(b)	₹ 3,41,667	O
	(c)	₹ 6,15,000	O
	(d)	₹1,00,000	O
47.	Del-credere commission is paid to the consignee for increasing the cash sales.		
	(a)	TRUE	O
	(b)	FALSE	O
48.	Discounting means encashment of the bill before due date.		



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	(a)	TRUE	O
	(b)	FALSE	O
49.	The surplus of not for profit organisation is distributed among the members.		
	(a)	TRUE	O
	(b)	FALSE	O
50.	A statement of affairs is prepared from incomplete records.		
	(a)	TRUE	O
	(b)	FALSE	O