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MCQs

PAPER - 2

BIT QUESTIONS

Fundamentals of Accounting

DIRECTORATE OF STUDIES
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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FUNDAMENTALS OF ACCOUNTING

I. Choose the correct answer from the given four alternatives:

1. **Which of the following item is shown in the Receipt and Payment account?**
   - **(A) Only items of capital nature.**
   - **(B) Only items of revenue nature which are received during the period of accounts.**
   - **(C) Only items of revenue nature pertaining to the period of accounts.**
   - **(D) Both the items of capital and revenue nature which are received during the period of accounts.**

2. **Any income arising from special fund will be credited to**
   - **(A) General fund in the Balance Sheet**
   - **(B) Receipt and Payment account**
   - **(C) Income and Expenditure account**
   - **(D) Special fund in the Balance sheet**

3. **There are 100 members each paying an annual subscription of ` 500. The Receipt and Payment account shows arrear subscription of ` 4,500, advance subscriptions ` 6,000 and current ` 44,500. How much amount to be credited in the Income and Expenditure account?**
   - **(A) ` 55,000**
   - **(B) ` 49,000**
   - **(C) ` 44,500**
   - **(D) ` 50,000**

4. **When opening stock ` 50,000; closing stock ` 40,000; purchases ` 1,90,000 profit margin is 16.67% on sales, the sales are:**
   - **(A) ` 2,40,000**
   - **(B) ` 2,36,000**
   - **(C) ` 2,00,000**
   - **(D) ` 2,44,000**

5. **Goods bought for ` 25,000 passed through sales day book will result in**
   - **(A) No effect on gross profit**
   - **(B) Decrease in gross profit**
   - **(C) Decrease in net profit**
   - **(D) Increase in gross profit**

6. **Which of the following will result in disagreement of Trial Balance?**
   - **(A) Sales return treated as purchase.**
   - **(B) Purchase return treated as sales.**
   - **(C) Ram a/c wrongly credited instead of Sham a/c**
   - **(D) Under casting cash book by `1,100**

7. **In a joint venture X and Y sharing profit and loss equally, X purchased goods costing of ` 40,000 and Y sold the goods for ` 50,000. X is entitled to get 1% commission on purchase and Y is entitled to get 5% commission on sales, the profit will be**
   - **(A) ` 7,200**
   - **(B) ` 7,100**
   - **(C) ` 6,800**
   - **(D) ` 7,600**

8. **What is the nature of joint venture with co-venture account?**
   - **(A) Nominal account**
   - **(B) Personal account**

(C) Real Account
(D) Memorandum Account

9. Which of the following term is applicable about consignment?
   (A) Sale of goods
   (B) Hypothecation of goods
   (C) Shipment of goods
   (D) Mortgage of goods

10. Retirement of bill means
   (A) sending the bill for collection
   (B) cancellation of the bill
   (C) endorsing the bill in favour of third party
   (D) making payment before the due date.

11. Which one of these documents is not required for bank reconciliation?
   (A) Bank Column of cash book
   (B) Bank pass book
   (C) Previous year's balance sheet
   (D) Bank statement

12. In a overdraft balance as per cash book, a cheque of ` 1,250 deposited into bank but not recorded in cash book will be
   (A) deducted by ` 1,250
   (B) added by ` 1,250
   (C) added by ` 2,500
   (D) deducted by ` 2,500

13. Which of these errors affects only one account?
   (A) Error of casting
   (B) Error of posting
   (C) Error of carry forward
   (D) All of the above

14. Which of the following error is an error of principle?
   (A) ` 4,000 received from Sham credited to Shamu a/c
   (B) ` 5,000 incurred on installation of new plant debited to salary a/c
   (C) ` 6,000 paid for wages debited to salary a/c
   (D) ` 7,000 being purchase of raw material debited to purchase a/c

15. In case of depreciable assets are revalued, the provision for depreciation is based on
   (A) Market value of the assets
   (B) Historical cost of the asset
   (C) Written down value of the asset
   (D) the revalued amount over the estimate of the remaining useful life of such asset.

16. Trade discount is allowed at the time of sale of goods.
   (A) is recorded in sales book
   (B) is recorded in cash book
   (C) is not recorded in books of accounts
   (D) is recorded in journal

17. A debit note issued to a creditor for goods returned is to be recorded in the
   (A) Purchase return book
   (B) Journal Proper
   (C) Purchase book
   (D) Bill Receivable book

18. The determination of expenses for an accounting period is based on the concept of

(A) Consistency concept
(B) Periodicity concept
(C) Timelines concept
(D) Industry practice

19. Decrease in the amount of creditors results in
(A) Increase in assets
(B) Increase in cash
(C) Decrease in cash
(D) No change in assets

20. Subscription received in advance to be shown in
(A) Liability side of the balance sheet
(B) Asset side of the balance sheet
(C) Income and Expenditure account
(D) Journal

21. Which of the following is an accounting equation?
(A) Capital = Assets + Liabilities
(B) Capital = Assets – Liabilities
(C) Assets = Liabilities – Capital
(D) Liabilities = Assets + Capital

22. AS – 09 deals with
(A) Inventory Valuation
(B) Depreciation Accounting
(C) Revenue Recognition
(D) Cash Flow Statement

23. 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
(B) ` 350
(C) ` 600
(D) ` 250

24. Bills Receivable books is part of the
(A) Journal
(B) Ledger
(C) Profit & Loss Account
(D) Balance Sheet

25. X of Delhi send out certain goods at cost + 25% of cost. Invoice value of goods is ` 1,20,000. 4/5th of the goods were sold by consignee at ` 1,00,000. Commission @ 2% up to invoice value and 10% of any surplus above invoice. The amount of commission will be
(A) ` 1,920
(B) ` 2,320
(C) ` 1,820
(D) ` 2,020

26. If X co-venture takes away of goods under memorandum Joint Venture Method then he will debit these goods in his books to
(A) Sales Account
(B) Purchase Account
(C) Personal Account
(D) Joint Venture Account

27. At the end of the year Bad Debts Recovered Account is
(A) Debited to Debtors Account

(B) Credited to Debtors Account
(C) Credited to Profit & Loss Account
(D) Debited to Profit & Loss Account

28. As regards the accounting treatment, Legacy should be
(A) treated as loss
(B) capitalized
(C) treated Revenue Expenses
(D) treated Deferred Revenue

29. Sales of ` 6,570 is recorded in the sales book as `6,750. Such Error is known as
(A) Error of Principle
(B) Error of Omission
(C) Error of Commission
(D) Compensating Error

30. Which of the following is correct?
(A) Cost of Goods Sold – Opening Stock + Purchases = Closing Stock
(B) Purchase + Cost of Goods Sold – Opening Stock = Closing Stock
(C) Cost of Goods Sold + Closing Stock – Opening Stock = Purchase
(D) Opening Stock + Closing Stock – Purchase = Cost of Goods sold

31. Provision for bad debt is made as per the
(A) Entity concept
(B) Conservatism concept
(C) Cost concept
(D) Going concern concept

32. Capital expenditures are shown in the
(A) Balance Sheet
(B) Profit & Loss a/c
(C) Trading a/c
(D) Manufacturing a/c

33. Import duty of raw material purchased is a
(A) Revenue Expenditure
(B) Capital Expenditure
(C) Deferred Revenue Expenditure
(D) None of the above

34. Life Insurance Corporation Account is a
(A) Nominal Account
(B) Artificial Personal Account
(C) Representative Personal Account
(D) Real Account

35. Goods taken from business for personal use by the proprietor should be credited to
(A) Drawing a/c
(B) Capital a/c
(C) Sales a/c
(D) Purchase a/c

36. A cash book with discount and bank column is called as
(A) Single Column Cash Book
(B) Two Column Cash Book
(C) Three Column Cash Book
(D) Petty Cash Book

37. The periodical total of Returns Inward Day Book is posted to

(A) Debit of Sales Account
(B) Debit of Sales Return Account
(C) Credit of Sales Return Account
(D) Debit of Debtors Account

38. The process of transfer of entries from day book to ledger is called as
(A) Balancing
(B) Journal Posting
(C) Transaction
(D) Ledger Posting

39. Which financial statement represents the accounting equation as – Assets = Liabilities + Owner's equity?
(A) Income Statement
(B) Statement of Cash Flows
(C) Balance Sheet
(D) Either (A) or (B)

40. The Depreciation Account is closed at the end of the year by transfer to the
(A) General Reserve a/c
(B) Profit and Loss a/c
(C) Provision for Depreciation a/c
(D) Fixed Asset a/c

41. The original cost of the machine is ` 19,00,000; machine installation charges are ` 1,00,000; working life of the machine is 5 years and residual value is ` 40,000. If the depreciation is charged on Straight Line basis then 4th year's depreciation will be:
(A) ` 3,72,000
(B) ` 4,00,000
(C) ` 3,92,000
(D) ` 3,52,000

42. Whenever errors are noticed in the accounting records, they should be rectified.
(A) at the time of preparation of Trial Balance.
(B) without waiting the accounting year to end.
(C) after the preparation of final accounts.
(D) in the next accounting year.

43. A purchase of ` 49,500 from Shiva was recorded in Purchases Book as ` 59,400, the profit would show
(A) an increase of ` 9,900
(B) a decrease of ` 9,900
(C) an increase of ` 59,400
(D) neither an increase nor a decrease

44. From the following details ascertain the adjusted bank balance as per Cash Book – overdraft as per Cash Book ` 1,60,000; cheque received entered twice in the Cash Book ` 10,000; credit side of bank column cash short by ` 1,000; bank charges amounting to ` 400 entered twice:
(A) ` 1,61,000
(B) ` 1,71,000
(C) ` 1,70,000
(D) ` 1,70,600

45. When credit balance as per pass book is the starting point of a Bank Reconciliation Statement then bank charges are
(A) Subtracted
(B) Added
(C) Either (A) or (B)

(D) None of the above

46. At the time of dishonor of an endorsed bill, which account would be credited by the drawee?
    (A) Bills Payable Account
    (B) Drawer's Account
    (C) Bank Account
    (D) Bills Dishonoured Account

47. At the end of the accounting year bills receivable discounted were ` 32,000 would be shown
    (A) on Liabilities side of the Balance Sheet
    (B) on Assets side of the Balance Sheet
    (C) by way of a note with Balance Sheet
    (D) Not appeared anywhere

48. X sends out goods to Y, costing `3,60,000. Goods are to be sold at cost plus 25% on sales. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be
    (A) ` 2,88,000
    (B) ` 2,16,000
    (C) ` 2,70,000
    (D) ` 3,36,000

49. X sends out certain goods to Y, costing `1,50,000 at cost plus 25% on invoice price. ¾ of the goods were sold by R at `1,76,000. Commission 5% upto invoice value and 10% of any surplus above invoice value. The amount of commission will be
    (A) ` 10,100
    (B) ` 11,975
    (C) ` 10,568.75
    (D) ` 9,350

50. 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
    (B) ` 55,250
    (C) ` 44,000
    (D) ` 50,000

51. Which of the following account(s) is (are) maintained in the joint venture when separate set of books are maintained?
    (A) Joint Bank a/c
    (B) Joint Venture a/c
    (C) Co-venturer a/c
    (D) All of the above

52. At the time of preparation of financial accounts, balance of Bad Debts Recovered Account will be transferred to
    (A) Debtor's Personal a/c
    (B) Profit & Loss a/c
    (C) Bad Debts a/c
    (D) Profit & Loss Appropriation a/c

53. In case of not for profit making concern, endowment fund receipt is treated as
    (A) Capital Receipt
    (B) Revenue Receipt
    (C) Either (A) or (B)
    (D) Neither (A) nor (B)

54. Any donation received for a specific purpose should be credited to
- **(A) Income and Expenditure Account**
- **(B) Capital Fund**
- **(C) Special Fund**
- **(D) Either (A) or (B)**

55. Income and Expenditure account shows subscription at ` 2,50,000. Subscriptions accrued in the beginning of the year and at the end of the year were ` 25,000 and ` 37,500 respectively. The amount of subscriptions received appearing in receipts and payments account will be
- **(A) ` 2,37,500**
- **(B) ` 2,75,000**
- **(C) ` 1,87,500**
- **(D) ` 2,62,500**

56. Which of the following transaction is not recorded in cash book?
- **(A) Bad debts recovered**
- **(B) Prepaid expenses**
- **(C) Trade discount allowed**
- **(D) Freight paid for acquiring an asset**

57. Credit purchase of fixed asset is recorded in
- **(A) Journal Proper**
- **(B) Purchase book**
- **(C) Cash book**
- **(D) Petty Cash Book**

58. Expenses paid but not accrued means
- **(A) Capital expenses**
- **(B) Outstanding expenses**
- **(C) Prepaid expenses**
- **(D) Cash**

59. Till the discounted bill is paid by the acceptor, it remains as
- **(A) a contingent liability**
- **(B) a current liability**
- **(C) an asset**
- **(D) an expense**

60. The amount of yearly depreciation under written down value method
- **(A) remains same over the years**
- **(B) decreases year by year**
- **(C) increases year by year**
- **(D) fluctuates**

61. Goods purchased from Mr. A but wrongly entered in the account of Mr. B. The rectification of error will result in
- **(A) increase in gross profit**
- **(B) decrease in gross profit**
- **(C) no effect on gross profit**
- **(D) either A or B**

62. When cash received for services rendered in the past
- **(A) Owner's equity increases**
- **(B) Current asset increases**
- **(C) Profit increases**
- **(D) None of the above**

63. Stock in the hand of the consignee is valued
- **(A) at market price or cost price whichever is less.**
- **(B) at selling price.**
- **(C) at cost price after inclusion of proportionate non-recurring expenses.**
- **(D) at consignment price.**

64. Noting charges are paid by
- **(A) the drawee**
- **(B) the drawer**
- **(C) the payee**
- **(D) the acceptor**

65. The valuation procedure for stock is cost or net realisable value, whichever is lower. The procedure follows as per
- **(A) Historical Cost Concept**
- **(B) Going Concern Concept**
- **(C) Money Measurement Concept**
- **(D) Conservatism Concept**

66. When incomes recognised on cash basis and expenditure recognised on accrual basis, the system termed as
- **(A) Accrual basis of accounting**
- **(B) Cash basis of accounting**
- **(C) Mercantile basis of accounting**
- **(D) Hybrid basis of accounting**

67. Which one is not considered as capital expenditure?
- **(A) Depreciation**
- **(B) Architect's fees**
- **(C) Demolition cost**
- **(D) Legal cost for buying property**

68. Legal charges paid to defend a suit on firm's factory site is
- **(A) Capital expenditure**
- **(B) Revenue expenditure**
- **(C) Deferred revenue expenditure**
- **(D) Prepaid expenditure**

69. Profit and loss account is prepared for a period of one year by following the concept of
- **(A) Consistency Concept**
- **(B) Cost Concept**
- **(C) Going Concern Concept**
- **(D) Periodicity Concept**

70. The trial balance checks
- **(A) Nature of business**
- **(B) Valuation of closing stock**
- **(C) Correctness of cash in hand**
- **(D) Arithmetical accuracy**

71. Errors in carry forward of closing balances from one year to another which affects
- **(A) Nominal accounts**
- **(B) Real accounts**
- **(C) Personal accounts**
- **(D) Both (B) and (C)**

72. If a bill drawn on 13th July 2018 for 60 days, payment must be made on
- **(A) 15th September, 2018**
- **(B) 14th September, 2018**

(C) 13th September, 2018
(D) 12th September, 2018

73. The manufacturing account is prepared
(A) to ascertain the cost of goods manufactured.
(B) to ascertain gross profit.
(C) to ascertain profit or loss on the goods manufactured.
(D) to ascertain the cost of goods sold

74. Which one of the following is not a financial statement?
(A) Trial Balance
(B) Profit and Loss account
(C) Balance Sheet
(D) Fund Flow statement

75. Any revenue expense for which a separate fund is available will be
(A) capitalised and shown in the balance sheet.
(B) debited to income and expenditure account.
(C) debited to the separate fund.
(D) None of the above

76. _____is not objective of accounting.
(A) Gives accurate information
(B) Keeps records in systematic manner
(C) Analyses recorded data
(D) Ascertain financial position of business

77. Which of the following is not a paper transaction?
(A) Charge of depreciation
(B) Discount received
(C) Bad debts written off
(D) Cash stolen from office

78. Which of the following is capital expenditure?
(A) Repairs of fixed asset
(B) Demolition cost
(C) Locker rent
(D) Annual subscription

79. Advertising expenses for launching a new product of the company is_____.
(A) Revenue expenditure
(B) Capital expenditure
(C) Deferred revenue expenditure
(D) Deferred capital expenditure

80. _____does fulfill the function of both a journal and a ledger.
(A) Purchase book
(B) Cash book
(C) Sales book
(D) Bills Payable book

81. Which of the following is artificial personal account?
(A) SBI account
(B) Wages paid account
(C) Discount received account
(D) Drawings account

82. Accounting cycle ends with preparation of_____.
(A) the journal/ledger

(B) the trial balance
(C) the financial statement
(D) the closing entries record

83. Journal proper uses to record _____.
(A) bad debts recovered
(B) all cash purchases of assets other than goods
(C) writing of bad debts
(D) purchase of goods on credit

84. In case of, deposited of c heque into bank but not collected, the balance is less as per _____.
(A) Cash book
(B) Pass book
(C) Pass book overdraft
(D) Both (A) and (B)

85. Accounting does not record non-financial transactions because of
(A) Entity concept
(B) Accrual concept
(C) Cost concept
(D) Money measurement concept

86. Narration is given at the end of
(A) Final accounts
(B) Trial balance
(C) Each ledger account
(D) Each journal entry

87. Which one of the following is an example of Personal Account?
(A) Machinery
(B) Rent
(C) Cash
(D) Creditor

88. ` 5,000 incurred for up gradation of computer by installation of 128 MB Ram is
(A) Revenue expenditure
(B) Deferred revenue expenditure
(C) Capital expenditure
(D) None of the above

89. Cost of goods purchased for resale is an example of
(A) Revenue expenditure
(B) Capital expenditure
(C) Deferred revenue expenditure
(D) None of the above

90. Insurance claim received on account of machinery damaged completely by fire is
(A) Capital receipt
(B) Revenue receipt
(C) Capital expenditure
(D) Revenue expenditure

91. An expenditure is capital in nature when
(A) The receiver of the amount is going to treat it for the purchase of fixed assets.
(B) It increases the quantity of fixed assets.
(C) It is paid as interest on loans for the business.
(D) It maintains of fixed asset.

92. A withdrawal of cash from business by the proprietor should be credited to
    (A) Drawing Account
    (B) Capital Account
    (C) Cash Account
    (D) Purchase Account

93. Cash book is a form of
    (A) Ledger
    (B) Journal
    (C) Trial Balance
    (D) All of the above

94. A sale of goods to Laxman for cash should be debited to
    (A) Laxman A/c
    (B) Cash A/c
    (C) Sales A/c
    (D) Capital A/c

95. The debts written off earlier as bad, subsequently recovered are
    (A) Debited to profit and loss A/c
    (B) Credited to bad debt recovery A/c
    (C) Credited to trade receivable A/c
    (D) Credited to debtors A/c

96. Which one of the following is an external cause for depreciation
    (A) Over use
    (B) Abnormal occurrence
    (C) Time element
    (D) Obsolescence

97. Original cost of a machine is ` 1,50,000, residual value ` 10,000, if depreciation is charged @ 105 per annum under WDV method then depreciation for 3rd year will be
    (A) ` 12,240
    (B) ` 11,340
    (C) ` 12,150
    (D) ` 14,000

98. On which of the following asset, depreciation is charged on 'Depletion method'
    (A) Goodwill
    (B) Plant and Machinery
    (C) Land and Building
    (D) Wasting asset like mine and quarries

99. If a sum of ` 1,500 received from Laxman (debtor) has not been recorded in the books, the
    (A) Profit would show an increase of ` 1,500
    (B) Profit would show a decrease of ` 1,500
    (C) Assets would show a decrease of ` 1,500
    (D) None of the above

100. It goods worth ` 1,750 returned to suppler is wrongly entered in sales returned book as ` 1,570 then
    (A) Gross profit will decrease by ` 3,320
    (B) Gross profit will decrease by ` 3,500
    (C) Gross profit will increase by ` 3,320
    (D) Net profit will decrease by ` 3,140

101. 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 book
(D) Posting an entry on the correct side but in the wrong account

102. Difference in Bank Balance as per Pass book and Cash book may arise on account of
(A) Cheque issued but not presented
(B) Cheque issued but dishonoured
(C) Cheque deposited not credited by bank
(D) All of the above

103. Which of these items are taken into consideration for preparation of adjusted cash book?
(A) Mistake in cash book
(B) Mistake in pass book
(C) Cheque issued but not presented for payment
(D) Cheque deposited but not cleared by bank

104. Kasi draws a bill on Shyam for ` 5,000 and Kasi endorsed it to Ram. Ram endorese it to Rahul. The payee of the bill will be
(A) Kasi
(B) Ram
(C) Shyam
(D) Rahul

105. On receipt of goods from the consignor the consignee debits which of these accounts?
(A) Purchase account
(B) Goods account
(C) Consignor account
(D) None of the above

106. The Consignment Accounting is made on the following basis
(A) Cash basis
(B) Realisation basis
(C) Accrual basis
(D) None of the above

107. Joint venture account is of the nature of
(A) Personal account
(B) Nominal account
(C) Real account
(D) Suspense account

108. If unsold goods costing ` 20,000 is taken over by venturer at ` 15,000, the joint venture account will be credited by
(A) ` 20,000
(B) ` 15,000
(C) ` 5,000
(D) Nil

109. Closing stock appearing in the trial balance is shown in
(A) Trading A/c and Balance sheet
(B) Profit and Loss A/c
(C) Balance Sheet only
(D) Trading A/c only

110. Which one of the following character is not related to Financial Accounting?
(A) Evaluates the financial strength of the whole business.
(B) Based on monetary transactions of the enterprise
(C) Reports are always subject to statutory audit.
(D) Reports are as per requirement of management.

111. Which one of the following equation is correct?
- **(A) Owner's Equity = Liability + Asset**
- **(B) Owner's Equity = Asset - Liability**
- **(C) Liability = Owner's Equity + Asset**
- **(D) Asset = Owner's Equity + Liability**

112. Identify the Personal Account from the following
- **(A) Salary Payable Account**
- **(B) Taxes paid account**
- **(C) Investment Account**
- **(D) Trademark Account**

113. Which of the following is a transaction of contra entry?
- **(A) Sale goods to Y ` 12,500**
- **(B) Godown rent ` 7,000 paid by cheque.**
- **(C) Received ` 12,000 in full settlement of ` 12,500**
- **(D) Cash deposited to bank ` 9,000.**

114. When Trial Balance will not tally/mismatch?
- **(A) Two errors those are compensating each other.**
- **(B) A transaction recorded twice.**
- **(C) Taking balance to the wrong side in the Trial balance**
- **(D) If an entry is totally missed.**

115. An entry of ` 1,560 has been debited to a Debtor's Personal Account at ` 1,650. It is an error of
- **(A) Omission**
- **(B) Commission**
- **(C) Principle**
- **(D) Compensating**

116. Amount set apart to meet loss due to bad debt is a
- **(A) Provision**
- **(B) Appropriation**
- **(C) Reserve**
- **(D) Commission**

117. Reduction in value of asset due to its continuous use is treated as
- **(A) Appreciation**
- **(B) Depreciation**
- **(C) Loss**
- **(D) Profit**

118. What happens when a bad debt is recovered?
- **(A) Current asset decreases**
- **(B) Debtor's balance decreases**
- **(C) Profit increases**
- **(D) Owner's fund decreases**

119. Which balance is not considered for closing entries on t he basis of trial balance for transferring to Trading and Profit & Loss Account?
- **(A) Salary and Wages**
- **(B) Discount Received**
- **(C) Commission Paid**
- **(D) Cash in Hand**

120. Select correct journal entry to rectify an error "An amount of ` 10,000, withdrawn by owner for personal use debited to Trade Expenses Account".

Debit Credit

(A) Drawing Account Trade Expenses a/c
(B) Trade Expenses a/c Drawing Account
(C) Drawing Account Cash Account
(D) Trade Expenses a/c Cash Account

121. M/s. A.B. Enterprises has bank balance ` 8,800 as per cash book and the followings were found:
(a) Three cheques deposited in bank for ` 5,800 but only one cheque for ` 2,000 was cleared.
(b) Dividend collected by Bank ` 1,250 was wrongly entered in cash book as ` 1,520. What is balance as per pass book?
(A) ` 3,480
(B) ` 4,730
(C) ` 2,730
(D) ` 3,750

122. House Building advance of ` 2.00 lakh paid to employees. It is a
(A) Asset
(B) Revenue Expenditure
(C) Capital Expenditure
(D) Deferred Revenue Expenditure

123. Claims against company pending in court case. It is a
(A) Current Liability
(B) Current Asset
(C) Contingent Liability
(D) Un-secured Loan

124. Which one of the following is not a negotiable instrument?
(A) Currency Note
(B) Promissory Note
(C) Bill of Exchange
(D) Crossed Cheque

125. Which one of the following is not the feature of a joint venture business?
(A) Co-venture may or may not contribute initial capital.
(B) It has limited duration
(C) It is done for specific purpose
(D) Profit or loss on joint venture is shared as per their capital ratio.

126. Del Credere Commission in consignment business is generally payable on
(A) Total sales
(B) only on credit sales.
(C) other than credit sales
(D) % on recovery of bad debt.

127. There are 250 members in the Srikrishna Club where annual subscription is ` 500. During 2016-17, subscription received ` 97,500 and subscription receivable is ` 47,500. What amount of subscription received in advance during 2016-17?
(A) ` 20,000
(B) ` 25,000
(C) ` 27,500
(D) ` 50,000

128. When goods are purchased for the joint venture, the account to be debited is
(A) Purchase account
(B) Joint Venture account
(C) Venture's capital account
(D) either Purchase account or Joint venture account

129. The abnormal loss on consignment is credited to:
- **(A) Profit and Loss Account**
- **(B) Consignee's Account**
- **(C) Consignment Account**
- **(D) Insurance Company Account**

130. Fixed Assets and Current Assets are categorized as per concept of
- **(A) Separate Entity**
- **(B) Going Concern**
- **(C) Consistency**
- **(D) Time period**

131. An expenditure is in capital nature when
- **(A) the receiver of the amount is going to treat it for the purchase of fixed assets.**
- **(B) it increase the quantity of fixed assets.**
- **(C) it is paid as interests on loans for the business**
- **(D) it maintains a fixed assets**

132. Cash book is a
- **(A) Subsidiary book**
- **(B) Subsidiary book and a Ledger account**
- **(C) Ledger account**
- **(D) None of the above**

133. The periodical total of the Sales Return Book is posted to the
- **(A) Debit side of Sales Account**
- **(B) Debit side of Sales Return Account**
- **(C) Credit side of Sales Return Account**
- **(D) Debit side of Debtors Account**

134. Goods sent on consignment account is of the nature of
- **(A) Personal Account**
- **(B) Nominal Account**
- **(C) Real Account**
- **(D) Sales Account**

135. Which of the following items are shown in the income and expenditure account?
- **(A) Only items of capital nature.**
- **(B) Only items of revenue nature which are received during the period of accounts.**
- **(C) Only items of revenue nature pertaining to the period of accounts.**
- **(D) Both the items of capital and revenue nature.**

136. Income tax of the sole trade paid is shown
- **(A) Debited to P & L Account**
- **(B) Debited to Trading Account**
- **(C) Debited to his Capital Account**
- **(D) None of the above**

137. Narration are given at the end of
- **(A) Final Accounts**
- **(B) Each Ledger Account in Trial Balance**
- **(C) Each Ledger Account**
- **(D) Each Journal Entry**

138. Life membership fees received by a club is a
- **(A) Revenue Expenditure**
- **(B) Capital Expenditure**
- **(C) Deferred Revenue Expenditure**

(D) Capital Receipt

139. A bad debt recovered during the year will be
(A) Capital Expenditure
(B) Revenue Expenditure
(C) Capital Receipt
(D) Revenue Receipt

140. Nominal Account represents
(A) Profit & Gain
(B) Loss / Expenses
(C) Both (A) and (B)
(D) None of the above

141. Prepaid rent is a
(A) Nominal Account
(B) Representative Personal Account
(C) Tangible Assets Account
(D) None of the above

142. Purchases book is used to record
(A) All purchases of goods
(B) All credit purchases
(C) All credit purchases of goods
(D) All credit purchases of assets other than goods

143. The source document or voucher used for recording entries in Sales Book is
(A) invoice recieved
(B) invoice sent out
(C) credit notes sent out
(D) debit notes received

144. Ledger contains various _____ in it.
(A) transactions
(B) entries
(C) accounts
(D) None of the above

145. Purchase price of Machine ` 8,90,000; Freight and Cartage ` 7,000; Installation charges ` 30,000; Insurance charges ` 20,000; Residual value is ` 40,000; estimated useful life 5 years. The amount of annual depreciation under straight line method will be
(A) ` 1,77,400
(B) ` 1,81,400
(C) ` 1,97,400
(D) ` 1,77,900

146. The value of an asset after deducting depreciation from the historical cost is known as
(A) Fair value
(B) Market value
(C) Net realizable value
(D) Book value

147. Goods worth ` 272 returned by Lala passed through the books as ` 722. In the rectification entry
(A) Lala will be debited by ` 450
(B) Lala will be debited by ` 272
(C) Lala will be credited by ` 722
(D) Lala will be credited by ` 272

148. When preparing a bank reconciliation statement, if you start with debit balance as per cash book cheques sent to bank but not collected should be
- **(A) Added**
- **(B) Deducted**
- **(C) Not required to be adjusted**
- **(D) None of the above**

149. Payment of Bills of Exchange is received
- **(A) by drawer**
- **(B) by holder in due course of due date**
- **(C) by endorsee**
- **(D) by bank**

150. Which of these is/are recurring (indirect) expenses?
- **(A) Transit Insurance and Freight**
- **(B) Octroi**
- **(C) Loading and Unloading**
- **(D) Godown Rent and Insurance**

151. Goods of the invoice value of ` 2,40,000 sent out to consignee at 20% profit on cost, the loading amount will be
- **(A) ` 40,000**
- **(B) ` 48,000**
- **(C) ` 50,000**
- **(D) None of the above**

152. Memorandum joint venture account is
- **(A) Personal Account**
- **(B) Real Account**
- **(C) Nominal Account**
- **(D) None of the above**

153. The balance of the Petty Cash is a / an
- **(A) expense**
- **(B) income**
- **(C) asset**
- **(D) liability**

154. Endowment fund receipt is treated as
- **(A) Capital Receipt**
- **(B) Revenue Receipt**
- **(C) Loss**
- **(D) Expenses**

Answer:

1.	D	2.	D	3.	D	4.	A	5.	D
6.	D	7.	B	8.	B	9.	A	10.	D
11.	C	12.	A	13.	D	14.	B	15.	D
16.	C	17.	A	18.	B	19.	C	20.	A
21.	B	22.	C	23.	B	24.	A	25.	B
26.	C	27.	C	28.	B	29.	C	30.	C
31.	B	32	A	33	A	34	B	35	D
36	C	37	B	38	D	39	C	40	B
41.	C	42.	B	43.	B	44.	D	45.	B
46.	B	47.	B	48.	C	49.	C	50.	C
51	C	52	D	53	B	54	A	55	B

56	A	57	C	58	A	59	C	60	A
61.	B	62.	C	63.	D	64.	A	65.	C
66.	D	67.	D	68.	C	69.	C	70.	D
71.	D	72.	D	73.	A	74.	A	75.	C
76.	A	77.	A	78.	D	79.	C	80	B
81.	A	82	D	83	B	84	B	85	A
86	D	87	D	88	C	89	A	90	A
91	B	92	C	93	A	94	B	95	B
96	D	97	C	98	D	99	D	100	A
101.	A	102	D	103	A	104	D	105	D
106	C	107	B	108	B	109	C	110	D
111	B	112	A	113	D	114	C	115	B
116	A	117	B	118	C	119	D	120	B
121	B	122	A	123	C	124	A	125	D
126	A	127	A	128	D	129	C	130	B
131	A	132	B	133	B	134	C	135	C
136	C	137	D	138	D	139	D	140	C
141	B	142	C	143	B	144	C	145	A
146	D	147	A	148	B	149	B	150	D
151	A	152	C	153	C	154	A		

II. Match the following:

1.

	Column 'A'		Column 'B'
1.	Consignment stock account is	A	Credit balance of pass book
2.	Debit balance of cash book is equal to	B	No depreciation
3.	Error of omission	C	Debit note
4.	Land	D	Capital expenditure
5.	Purchase return book	E	Real Account
6.	Cost of copyrights	F	Transaction recorded partly

2.

	Column 'A'		Column 'B'
1.	Preliminary Expenses	A	Revenue Received
2.	Interest Received	B	Bills of Exchange
3.	Patent Account	C	Fictitious Asset
4.	Obsolescence	D	Current Liability
5.	Days of Grace	E	External Cause of Depreciation
6.	Outstanding salary for c 25,000	F	Real Account

3.

	Column 'A'		Column 'B'
1.	Dishonour of a bill	A	Current Asset
2.	Statement furnished by consignee to consignor	B	Capital Expenditure
3.	Outstanding Salaries a/c	C	Notary Public
4.	Outstanding Subscription	D	Intangible Asset
5.	Preliminary Expenses	E	Account Sales
6.	Amortization term related to	F	Current Liabilities

4.

	Column 'A'		Column 'B'
1.	Concept relating to Profit & Loss a/c	A	Gross Profit

2.	Salary outstanding	B	Total Sale
3.	Sales minus cost of goods sold	C	Memorandum statement
4.	Del Credre Commission	D	Matching concept
5.	Honour before due date	E	Retirement of bill
6.	Bank reconciliation statement	F	Current liabilities

5.

	Column 'A'		Column 'B'
1.	Pre-receipt of income	A	Current Liability
2.	Return Inward	B	Capital Expenditure
3.	Wages paid of installation of machine	C	Real Account
4.	Goodwill Account	D	AS – 10
5.	Fixed Assets	E	Current Assets
6.	Rent Prepaid	F	Nominal Account

6.

	Column 'A'		Column 'B'
1.	Income and Expenditure a/c	A	Nominal a/c
2.	Fixed Assets held for	B	Intangible Asset
3.	Discount a/c	C	Consignment
4.	Patent and Copyright	D	Holder of the bill
5.	Del-credere commission	E	Earning revenue
6.	Noting charges paid	F	Non-profit concern

Answer:

1.

1.	E
2.	A
3.	F
4.	B
5.	C
6.	D

2.

1.	C
2.	A
3.	F
4.	E
5.	B
6.	D

3.

1.	C
2.	E
3.	F
4.	A
5.	D
6.	B

4.

1.	D
2.	F
3.	A

4.	B
5.	E
6.	C

5.

1.	A
2.	F
3.	B
4.	C
5.	D
6.	E

6.

1.	F
2.	E
3.	A
4.	B
5.	C
6.	D

III. State whether the following statement is True or False:

1. **The policy of anticipate no profit and provide for all probable losses arises due to the convention of conservatism.**
2. **Single entry system records only one aspect either debit or credit.**
3. **Rent outstanding is real account and shown in asset side of the balance sheet.**
4. **Demand bills are payable on a date calculated after adding three days of grace to the period of the bill.**
5. **Bills receivable a/c is debited by the acceptor on discounting of a bill.**
6. **Noting charges are related to dishonor of bill.**
7. **Delcredere Commission is extra commission which is given to the consignee for making him responsibility for extra sales.**
8. **Joint Venture does not follow actual basis of accounting.**
9. **Closing Stock, when it appears in the trial balance is taken only in the trading account.**
10. **Fixed assets are shown in the balance sheet at their market value less depreciation.**
11. **The capital receipts and payments in receipts and payment account are to be taken to the Balance Sheet.**
12. **When Credit sales is wrongly posted to the purchase book, it is an error of commission.**
13. **It is generally assumed that the business will not liquidate in the near forcible future because of entity concept.**
14. **Freight paid on purchase of machinery is to be treated as revenue expenditure.**
15. **Bank Reconciliation Statement is a part/component of financial statements.**
16. **Capital Account is a real account in nature.**
17. **Under straight line method of depreciation, the cost of the asset written off in equal proportion during its economic life.**
18. **Total of Purchase Day Book is short by `10,000 will not affect trial balance.**
19. **A credit balance in the pass book indicates excess of deposits over withdrawals.**
20. **In case of endorsement of bill, endorser debits endorsee and credits B/P Account.**
21. **In sole trade, income tax is treated and recorded as drawings.**
22. **At the end of the accounting year outstanding subscription is shown as liability in Balance Sheet.**
23. **The Balance Sheet will give the information regarding the financial position for a particular period.**
24. **Income and Expenditure Account closely resembles the Profit and Loss Account of a trading concern.**
25. **In case of non-profit organization, excess of income over expenditure is known as surplus.**
26. **Error of omission will not affect trial balance.**

27. Favourable bank balance means, debit balance in the pass book.
28. Balance Sheet covers the position for a period and not the position of a particular day.
29. Goods bought for 25,000 passed through sales day book will result an increase in gross profit.
30. Statement of affairs means statement of assets and liabilities.
31. A bill of exchange is a conditional order in writing given by a debtor to a creditor.
32. Accumulated depreciation account can be located in the debit side of the trial balance.
33. Closing stock appeared in the trial balance is taken to Trading Account.
34. Credit balance of Joint Venture Account is a Profit on Joint Venture.
35. Ownership expressed in terms of money is called Capital Account.
36. Renewal fee for patents is revenue expenditure.
37. Accounting is an art of record keeping.
38. Window dressing of accounts means showing more profits to attract more investment.
39. Cost of extension of building occupied on lease for five years is deferred revenue expenditure.
40. Freight paid on purchase of machinery is to be treated as revenue expenditure.
41. It is generally assumed that the business will not liquidate in near forcible future because of business entity concept.
42. Gratuity and pension paid to employees after retirement is deferred revenue expenditure.
43. Trade discount is allowed for prompt payment.
44. The balance in the petty cash book is an asset.
45. Profit or Loss has no effect on net worth.
46. Trial Balance Document is required for bank reconciliation.
47. A person by whom the bill is endorsed is called endorser.
48. Account sales is a statement furnished by consignor to consignee.
49. Profit and Loss a/c covers a period and not the position on a particular day.
50. The surplus of a non-profit organization is distributed amongst the members.
51. Current assets + Current Liabilities = Working Capital.
52. Discount on Bill of exchange is a loss for the drawer and gain for the drawee.
53. The owner of the consignment stock is consignee.
54. Certificate of protest is issued by a Notary Public.
55. Capital Account is a liability of the business.
56. Overcasting of purchase book would affect purchase account.
57. In case of mineral resources, depreciation is not provided but depletion is charged.
58. The discount column of the cash book is not posted is an example of error of omission.
59. Retirement of bill means sending the bill for collection.
60. Cost of the goods include all expenses incurred till the goods reach the premises of the consignee's godown.
61. Capital is equal to Asset – Liability.
62. Final Accounts are prepared at the end of the Accounting Year.
63. Del-credere commission is paid to the consignee for increasing the cash sales.
64. Receipts and Payments account shows the financial position of a Non-profit concern.
65. Trial Balance is a part of Final Accounts.
66. Under W.D.V method, the depreciation of an asset decreases every year.
67. Fixed assets are kept in the business for use over a longer period.
68. Ownership expressed in terms of money called Capital Account.
69. Incomplete record of accounting is also known as Single Entry System.
70. Bill of Exchange is accepted by the Drawer.
71. Owner of the goods sent on consignment is Consignor.
72. Bad debts previously written off, if recovered subsequently is credited to Debtor's Personal Account.

Answer:

1.	True
2.	True
3.	False
4.	True

5.	False
6.	True
7.	False
8.	True
9.	False
10.	False
11.	True
12.	True
13.	False
14.	False
15.	False
16.	False
17.	True
18.	False
19.	True
20.	False
21.	True
22.	False
23.	False
24.	True
25.	True
26.	True
27.	False
28.	False
29.	True
30.	True
31.	False
32.	False
33.	False
34.	True
35.	True
36.	True
37.	True
38.	True
39.	True
40.	False
41.	False
42.	False
43.	False
44.	True
45.	False
46.	False
47.	True
48.	False
49.	True
50.	False
51.	False
52.	False
53.	True
54.	False
55.	True
56.	True
57.	True
58.	True
59.	False
60.	True
61.	True

62.	True
63.	False
64.	False
65.	False
66.	True
67.	True
68.	True
69.	True
70.	False
71.	True
72.	False

FUNDAMENTALS OF COSTING

I. Choose the correct answer from the given four alternatives:

1. **Carriage outward is a part of**
   - **(A) Office and Administrative overhead**
   - **(B) Factory overhead**
   - **(C) Selling and Distribution overhead**
   - **(D) Prime Cost**

2. **Notional cost is also known as**
   - **(A) Variable cost**
   - **(B) Imputed cost**
   - **(C) Opportunity cost**
   - **(D) Out of Pocket cost**

3. **Which one of the following is not a cost unit?**
   - **(A) Kilo watt hour**
   - **(B) Credit division**
   - **(C) Patient day**
   - **(D) Tonne-mile**

4. **Cost reduction -**
   - **(A) Long term phenomena**
   - **(B) It challenges the standards.**
   - **(C) It is carried out without compromising the quality.**
   - **(D) All of the above**

5. **Statement showing break up of costs is known as**
   - **(A) Cost sheet**
   - **(B) Tender**
   - **(C) Production account**
   - **(D) Statement of profit**

6. **Prime cost may be correctly termed as**

(A) the total of all cost items which can be directly charged to product units.
(B) the sums of all direct materials and labour cost excluding all other cost.
(C) the total costs incurred in producing a finished unit.
(D) the sum of the large cost in product cost.

7. Which one is included in financial accounts but not in cost accounts?
(A) Royalty
(B) Dividend paid
(C) Excise duty
(D) Carriage and freight

8. Which of the following term is excluded from the cost accounts?
(A) Income tax
(B) Interest on debenture
(C) Cash discount
(D) All of the above

9. Variable costs are fixed
(A) depend upon the entity
(B) for a period
(C) per unit
(D) for a particular process of production

10. Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as
(A) Behavioural classification
(B) Classification according to controllability
(C) Functional classification
(D) Element wise classification

11. The main purpose of cost accounting is to
(A) maximize profit
(B) inventory valuation
(C) provide information for decision making.
(D) fixation of selling price

12. Process cost is very much applicable in
(A) Construction industry
(B) Pharmaceutical industry
(C) Airline company
(D) Printing industry

13. All indirect costs are termed as
(A) Prime cost
(B) Factory cost
(C) Conversion cost
(D) Overheads

14. CAS-21 is related to
(A) Cost Accounting Standard on Overburden Removal Cost.
(B) Cost Accounting Standard on Interest and Financing Charges
(C) Cost Accounting Standard on Joint Cost
(D) Cost Accounting Standard on Quality Control

15. On the basis of "Relationship with accounting period" costs are classified as
(A) Historical Costs and Pre-determined Costs.
(B) Capital Costs and Commercial Costs.
(C) Capital Costs and Revenue Costs.
(D) Product Costs and Period Costs

16. Cost of staff services is an example of
    (A) Committed Costs
    (B) Policy and Managed Costs
    (C) Discretionary Costs
    (D) Step Costs

17. Which of the following is not a method of costing?
    (A) Process Costing
    (B) Batch Costing
    (C) Direct Costing
    (D) Operating Costing

18. The written down value of the abandoned plant less its salvage value is
    (A) Imputed cost
    (B) Sunk cost
    (C) Avoidable Cost
    (D) Opportunity cost

19. The costs are differentiated between fixed and variable costs under
    (A) Marginal Costing
    (B) Direct Costing
    (C) Standard Costing
    (D) Absorption Costing

20. Which of the following is a suitable cost unit for the BPO Services/Call Centers?
    (A) Cost per item
    (B) Cost per hour
    (C) Cost per account handled
    (D) Cost per minute

21. Interest on own capital is
    (A) Cash Cost
    (B) Notional Cost
    (C) Part of Prime Cost
    (D) Semi-Variable Cost

22. Advertisement costs are termed as
    (A) Direct Expenses
    (B) Cost of Production
    (C) Selling Overhead
    (D) Distribution Overhead

23. Direct Wages ` 2,05,000 and Factory Cost ` 5,60,000. If the ratio of direct wages and factory overhead is 5 : 3 then Direct Material Cost will be
    (A) ` 2,32,000
    (B) ` 3,50,000
    (C) ` 3,41,667
    (D) ` 2,24,000

24. A technique and process of ascertaining costs is known as
    (A) Cost
    (B) Costing
    (C) Cost Accounting
    (D) Cost Accountancy

25. The branch of the accounting dealing with the classification, recording, allocation, summarizing and reporting of current and prospective costs, is known as
    (A) Financial Accounting
    (B) Management Accounting

(C) Cost Accounting
(D) Cost Accountancy

26. Which of the following is not a function of Cost Accountancy?
(A) Cost Control
(B) Cost Ascertainment
(C) Cost Analysis
(D) Cost Accounting

27. Which of the following 'CAS' is related to "Pollution Cost"?
(A) CAS - 11
(B) CAS - 13
(C) CAS - 14
(D) CAS – 17

28. Costs are classified between direct and indirect costs according to method of classification by
(A) Nature or Element
(B) Functions
(C) Degree of traceability to product
(D) Change in Activity or Volume

29. Depreciation on building is an example of
(A) Committed Costs
(B) Policy and Managed Costs
(C) Discretionary Costs
(D) Step Costs

30. When the volume of output is increased then the per unit fixed cost will be
(A) increase in the proportion of output.
(B) decrease in the reverse proportion of output
(C) changed but not in proportion of output.
(D) unchanged

31. Which of the following costing method is suitable for Toy Making Industry?
(A) Contract Costing
(B) Process Costing
(C) Job Costing
(D) Batch Costing

32. Which of the following is not a technique of costing?
(A) Managerial Costing
(B) Process Costing
(C) Standard Costing
(D) Budgetary Costing

33. Excise duty is an example of
(A) Chargeable expense
(B) Factory overhead
(C) Administrative overhead
(D) Non-cost item

34. Over which the following costs, management is likely to have least control?
(A) Wages cost
(B) Building Insurance cost
(C) Machinery Breakdown cost
(D) Advertisement cost

35. The works cost plus administration expenses represents

(A) Total cost
(B) Cost of Production
(C) Cost of sales
(D) Factory cost

36. Opportunity cost is the best example of
(A) Sunk cost
(B) Standard cost
(C) Relevant cost
(D) Irrelevant cost

37. Which method of costing is used for determination of costs for printing industry?
(A) Process costing
(B) Operating costing
(C) Batch costing
(D) Job costing

38. Prime cost plus factory overheads is known as
(A) Marginal Costing
(B) Conversion Cost
(C) Commercial Cost
(D) Factory Cost

39. From the following information, find out purchases when raw material consumed is ` 26,500; Closing stock ` 4,500 and opening stock ` 3,000.
(A) ` 26,500
(B) ` 25,000
(C) ` 28,000
(D) ` 34,000

40. Bad debts are included as
(A) Direct expenses
(B) Distribution overhead
(C) Cost of production
(D) Selling overhead

41. When re-ordering level is 200 units, minimum usage is 20 units, minimum lead time is 5 days, maximum stock is 400 units then re-ordering quantity will be:
(A) 400 units
(B) 200 units
(C) 300 units
(D) 100 units

42. In the situation of increasing prices, the valuation of closing stock is more under:
(A) Simple average
(B) Weighted average
(C) FIFO
(D) LIFO

43. Payment of Royalties is
(A) Direct Expenses
(B) Administrative Cost
(C) Charged to Profit & Loss A/c
(D) Factory Overheads

44. Which one of the following statement is true?
(A) Abnormal cost is not controllable
(B) Financial Expenses are included in Cost Sheet
(C) All overheads changes with the change in volume and in the same proportion.

(D) Primary packing is an item of prime cost.

45. Costing is a technique of
    (A) Recording of Cost transactions
    (B) Ascertaining Cost
    (C) Preparation of final accounts
    (D) Decision making

46. Which of following is appropriate Cost Unit for timber industry?
    (A) Per tonne
    (B) Per article
    (C) Per Kg.
    (D) Per foot

47. Which of the following is a Cost Control Technique?
    (A) Marginal Costing
    (B) Uniform Costing
    (C) Standard Costing
    (D) Absorption Costing

48. Cost of free samples and gifts are included in
    (A) Prime Cost
    (B) Factory Overhead
    (C) Office and Administrative Overheads
    (D) Selling & Distribution Overheads

49. In behavioural analysis, costs are divided into
    (A) Production and Non-Production costs
    (B) Controllable and Non-Controllable costs
    (C) Direct and indirect costs
    (D) Fixed and Variable costs

50. Which of the following is a part of both Prime cost and Conversion cost?
    (A) Direct Material
    (B) Indirect Labour
    (C) Direct Labour
    (D) All of the above

51. Which of the following is not a Relevant Cost?
    (A) Replacement Cost
    (B) Sunk Cost
    (C) Marginal Cost
    (D) Standard Cost

52. Direct Expenses are also known as
    (A) Overhead Expenses
    (B) Process Expenses
    (C) Chargeable Expenses
    (D) None of the above

53. Indirect material cost is a part of
    (A) Prime Cost
    (B) Factory Overhead
    (C) Chargeable Expenses
    (D) None of the above

Answer:

1.	C	2.	B	3.	B	4.	D	5.	A
6.	A	7.	B	8.	D	9.	C	10.	A
11.	C	12.	B	13.	D	14.	D	15.	C
16.	B	17.	C	18.	B	19.	A	20.	C
21.	B	22	C	23	A	24	B	25	C
26	C	27	C	28	C	29	A	30	B
31	B	32	D	33	A	34	C	35	B
36	C	37	D	38	D	39	C	40	D
41	C	42	C	43	A	44	D	45	B
46	D	47	C	48	D	49	D	50	C
51	B	52	C	53	B				

Notes

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