

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

Test Booklet No. :

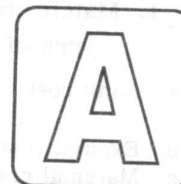
Series

28501

TEST BOOKLET

Paper—II

Part-II (ACCOUNTANCY/STATISTICS/MATHEMATICS)
(Objective Type)



Time Allowed : 2 Hours

Full Marks : 100

Read the following instructions carefully before you begin to answer the questions :

1. The name of the Subject, Roll Number as mentioned in the Admission Certificate, Test Booklet No. and Series are to be written legibly and correctly in the space provided on the Answer-Sheet with Black/Blue ballpoint pen.
2. **Answer-Sheet without marking Series as mentioned above in the space provided for in the Answer-Sheet shall not be evaluated.**
3. All questions carry equal marks.

The Answer-Sheet should be submitted to the Invigilator.

Directions for giving the answers : Directions for answering questions have already been issued to the respective candidates in the 'Instructions for marking in the OMR Answer-Sheet' along with the Admit Card and Specimen Copy of the OMR Answer-Sheet.

Example :

Suppose the following question is asked :

The capital of Bangladesh is

- (A) Chennai
- (B) London
- (C) Dhaka
- (D) Dhubri

You will have four alternatives in the Answer-Sheet for your response corresponding to each question of the Test Booklet as below :

(A) (B) (C) (D)

In the above illustration, if your chosen response is alternative (C), i.e., Dhaka, then the same should be marked on the Answer-Sheet by blackening the relevant circle with a Black/Blue ballpoint pen only as below :

(A) (B) (C) (D)

The example shown above is the only correct method of answering.

4. Use of eraser, blade, chemical whitener fluid to rectify any response is prohibited.
5. Please ensure that the Test Booklet has the required number of pages (56) immediately after opening the Booklet. **Students can attend questions of any one subject—Accountancy or Statistics or Mathematics.** In case of any discrepancy, please report the same to the Invigilator.
6. No candidate shall be admitted to the Examination Hall/Room 20 minutes after the commencement of the examination.
7. **No candidate shall leave the Examination Hall/Room** without prior permission of the Supervisor/ Invigilator. No candidate shall be permitted to hand over his/her Answer-Sheet and leave the Examination Hall/Room before expiry of the full time allotted for each paper.
8. No Mobile Phone, Electronic Communication Device, etc., are allowed to be carried inside the Examination Hall/Room by the candidates. Any Mobile Phone, Electronic Communication Device, etc., found in possession of the candidate inside the Examination Hall/Room, even if on off mode, shall be liable for confiscation.
9. No candidate shall have in his/her possession inside the Examination Hall/Room any book, notebook or loose paper, except his/her Admission Certificate and other connected papers permitted by the Commission.
10. Complete silence must be observed in the Examination Hall/Room. No candidate shall copy from the paper of any other candidate, or permit his/her own paper to be copied, or give, or attempt to give, or obtain, or attempt to obtain irregular assistance of any kind.
11. This Test Booklet can be carried with you after answering the questions in the prescribed Answer-Sheet.
12. Noncompliance with any of the above instructions will render a candidate liable to penalty as may be deemed fit.
13. No rough work is to be done on the OMR Answer-Sheet. You can do the rough work on the space provided in the Test Booklet.

N.B. : There will be negative marking @ 0.25 per 1 (one) mark against each wrong answer.

[Can attend questions of any ONE subject]

ACCOUNTANCY

1. Match the following in respect of types of costs :

- | | |
|------------------|-------------------------------------|
| a. Sunk cost | 1. A pre-determined cost |
| b. Expired cost | 2. A variable cost |
| c. Marginal cost | 3. An irrecoverable cost |
| d. Standard cost | 4. An expense of the current period |

Choose the correct option.

- (A) a b c d
2 1 4 3
- (B) a b c d
2 1 3 4
- (C) a b c d
3 4 2 1
- (D) a b c d
3 4 1 2

2. Match the following in respect of preparation of budgets :

- | | |
|----------------------|---|
| a. Flexible budget | 1. Taken previous year's cost as a base |
| b. Master budget | 2. No. of units to produce |
| c. Zero-base budget | 3. Different levels of capacity |
| d. Production budget | 4. Integration of various budgets |

Choose the correct option.

- (A) a b c d
2 1 4 3
- (B) a b c d
2 1 3 4
- (C) a b c d
3 4 2 1
- (D) a b c d
3 4 1 2

3. An amount of ₹1,000 received from Akash was recorded as ₹100 and ₹100 received from Garima was recorded as ₹1,000. Which of the following accounts will be credited?

- (A) Cash A/c—₹900
- (B) Akash A/c—₹900
- (C) Garima A/c—₹900
- (D) Suspense A/c—₹900

4. Given below are two statements, one is labelled as Assertion (A) and the other is labelled as Reason (R). Read the statements and choose the correct answer using the options given below :

Assertion (A) :

GST is a comprehensive levy and collection on both goods and services at the same rate with the benefit of input tax credit or subtraction of value.

Reason (R) :

GST is a destination-based tax and levied at a single point at the time of consumption of goods and services by the end consumer.

Options :

- (A) Both (A) and (R) are correct
- (B) (A) is correct but (R) is incorrect
- (C) Both (A) and (R) are incorrect
- (D) (A) is incorrect but (R) is correct

5. Given below are two statements, one is labelled as Assertion (A) and the other is labelled as Reason (R). Read the statements and choose the correct answer using the options given below :

Assertion (A) :

According to conservatism, principle valuation of inventory should be made at cost price or market price whichever is lower.

Reason (R) :

Inventory valuation is necessary when a business is going to be sold as a going concern.

Options :

- (A) Both (A) and (R) are correct
(B) (A) is correct but (R) is incorrect
(C) Both (A) and (R) are incorrect
(D) (A) is incorrect but (R) is correct

6. Match the following in respect of types of ratio analysis :

- | | |
|--------------------|---|
| a. Solvency ratio | 1. refers to the ability of a concern to meet its current obligations |
| b. Liquidity ratio | 2. refers to the ability of a concern to meet its long-term obligations |
| c. Leverage ratio | 3. measures the efficiency of the concern utilizing its resources for generating cash and revenue |
| d. Activity ratio | 4. indicates the level of debts incurred by a concern in financing the assets |

Choose the correct option.

- (A) a b c d
2 1 4 3
(B) a b c d
2 1 3 4
(C) a b c d
3 4 2 1
(D) a b c d
3 4 1 2

7. Match the following in respect of goodwill in business :

- | | |
|----------------------|---|
| a. Normal profit | 1. Excess of actual profit over normal profit |
| b. Super profit | 2. Profit required to cover all explicit costs but does not yield any surplus profit |
| c. Operating profit | 3. [Total Revenue - (Cost of Goods Sold + Operating Expenses + Taxes)] |
| d. Accounting profit | 4. [(Net Sales + Other Operating Incomes) - (Cost of Goods Sold + Administrative, Selling and Distribution Expenses)] |

Choose the correct option.

- (A) a b c d
2 1 4 3
(B) a b c d
1 4 3 2
(C) a b c d
4 3 2 1
(D) a b c d
2 3 1 4

8. Match the following in respect of accounts of not-for-profit organization :

- | | |
|----------------------------------|---------------------|
| a. Subscriptions | 1. Revenue payments |
| b. Legacies | 2. Capital payments |
| c. Honorariums | 3. Revenue receipts |
| d. Books & Periodicals purchased | 4. Capital receipts |

Choose the correct option.

(A) a b c d
 2 1 3 4

(B) a b c d
 2 3 1 4

(C) a b c d
 3 2 4 1

(D) a b c d
 3 4 1 2

9. The amount paid for stationery during the year ₹4,000; stock of stationery at the beginning and at the end of the year ₹500 and ₹700 respectively; creditors for stationery at the beginning and at the end of the year ₹500 and ₹800 respectively. The amount of stationery to be posted in Income & Expenditure A/c would be

- (A) ₹3,800
(B) ₹3,900
(C) ₹4,100
(D) ₹4,200

10. Which of the following statements is true?

- (A) There is no uniformity in the application of accounting conventions in different enterprises.
(B) Convention of full disclosure is also known as convention of prudence.
(C) Accounting conventions are established by law.
(D) There is no personal bias in the adoption of accounting conventions.

11. Given below are two statements, one is labelled as Assertion (A) and the other is labelled as Reason (R). Read the statements and choose the correct answer using the options given below :

Assertion (A) :

Management of working capital refers to the management of current assets and current liabilities.

Reason (R) :

But the major thrust of course is on the management of current assets because current liabilities arise in the context of current assets.

Options :

- (A) Both (A) and (R) are correct
(B) (A) is correct but (R) is incorrect
(C) Both (A) and (R) are incorrect
(D) (A) is incorrect but (R) is correct

12. Given below are two statements, one is labelled as Assertion (A) and the other is labelled as Reason (R). Read the statements and choose the correct answer using the options given below :

Assertion (A) :

Revenue expenses are written off in the year in which they are incurred.

Reason (R) :

The benefit of revenue expenses is consumed within a year.

Options :

- (A) Both (A) and (R) are correct
- (B) (A) is correct but (R) is incorrect
- (C) Both (A) and (R) are incorrect
- (D) (A) is incorrect but (R) is correct

13. Match the following in respect of application of cost accounting :

- | | |
|---------------------|-------------------------------|
| a. Job costing | 1. Automobiles |
| b. Multiple costing | 2. Printing works |
| c. Batch costing | 3. Textile industries |
| d. Process costing | 4. Biscuits manu-
factured |

Choose the correct option.

- (A) a b c d
 2 1 4 3
- (B) a b c d
 2 1 3 4
- (C) a b c d
 3 2 4 1
- (D) a b c d
 3 4 1 2

14. Which of the following is **not** covered under Section 80D of the Income-tax Act, 1961?

- (A) Health insurance premium paid for self, spouse, children and parents
- (B) Payments made towards preventive health check-ups
- (C) Medical expenses incurred on maintaining the health of senior citizens without any medical insurance
- (D) Medical expenses incurred on the treatment of a dependent who is a person with a disability

15. Which one of the following is **not** an error of commission for the purpose of audit?

- (A) Posting of wrong amount
- (B) Posting of wrong account
- (C) Posting a revenue item to a personal account
- (D) Posting to one side only

16. Which one of the following Sections is **not** related to Tax Deducted at Source (TDS) as per the Income-tax Act, 1961?

(A) Section 189

(B) Section 193

(C) Section 194

(D) Section 206AA

17. Which one of the following Forms is **not** used for filing TDS returns?

(A) Form 24Q

(B) Form 25Q

(C) Form 26Q

(D) Form 27Q

18. Which one of the following investments/payments is **not** allowable deduction u/s 80C of the Income-tax Act, 1961?

(A) Contribution to Provident Fund

(B) Subscription to National Savings Certificate

(C) Interest paid on loan taken for higher education

(D) Repayment of housing loan principal amount

19. Which one of the following is **not** an exempted income as per Section 10 of the Income-tax Act, 1961?

(A) Agricultural income

(B) Share of profit of a partner from a firm

(C) Retirement compensation from a public sector company

(D) Self-employment income

20. Which of the following statements is/are **not** correct? Choose the answer from the options given :

1. Self-generated goodwill will have to be adjusted through Partner's Capital A/c.

2. Goodwill is not an expense, and it takes time to build.

3. As per AS-26, goodwill is to be recorded in books of accounts only when money or money's worth has been paid for it.

4. Goodwill is a fictitious asset.

Options :

(A) 1 only

(B) 1 and 3 only

(C) 2 and 4 only

(D) 4 only

21. Match the following in respect of income measurement :

- | | |
|----------------------|--|
| a. Accounting period | 1. Assets are recorded at cost less depreciation |
| b. Conservatism | 2. Same accounting principle to follow year-to-year |
| c. Consistency | 3. Income of one period may be shifted to another period |
| d. Going concern | 4. Instead of point of time, span of time is required |

Choose the correct option.

(A) a b c d
2 1 4 3

(B) a b c d
1 4 3 2

(C) a b c d
4 3 2 1

(D) a b c d
4 2 1 3

22. Which one of the following is **not** a part of 'cash and cash equivalent' in a cashbook?

- (A) Coins
- (B) Liquid securities
- (C) Certificate of deposit
- (D) Commercial paper

23. Which of the following does **not** need to be adjusted into the cashbook balance?

- (A) Cheques mistakenly credited by bank
- (B) Cheques deposited but not cleared
- (C) Cheques issued but not presented
- (D) All of the above

24. Which one of the following is **false** in respect of Section 80 of the Income-tax Act, 1961?

- (A) Section 80C : Investment
- (B) Section 80CCC : Pension Fund
- (C) Section 80CD : Interest on Home Loan
- (D) Section 80TTA : Interest on Savings A/c

25. Which one of the following is **false** in respect of Accounting Standards issued by the Institute of Chartered Accountants of India?

- (A) AS-1 : Disclosure of Accounting Policies
- (B) AS-6 : Accounting for fixed assets
- (C) AS-9 : Revenue Recognition
- (D) AS-22 : Accounting for taxes on income

26. Which one of the following is **not** an example of fictitious assets?

- (A) Preliminary expenses
- (B) Loss on issue of debentures
- (C) Discount on issue of shares
- (D) Cost of acquiring goodwill

27. Read the following statements in respect of Bank Reconciliation Statement :

1. Bank Reconciliation Statement is prepared by bank.
2. When cashbook balance shows positive balance, passbook balance shows negative balance.
3. Overdraft as per cashbook means withdrawals exceed deposits.
4. When bank charges are debited in the passbook, that means your bank has deducted an amount for their services.

Which of the above statements is/are **false**?

- (A) 1 only
- (B) 1 and 2 only
- (C) 1, 2 and 3 only
- (D) All are false

28. A machine was acquired in exchange of an old machine and ₹55,000 paid in cash. The carrying amount of the old machine was ₹2,00,000 whereas its fair value was ₹1,75,000 on the date of exchange. The historical cost of the new machine will be

- (A) ₹2,00,000
- (B) ₹2,30,000
- (C) ₹2,55,000
- (D) None of the above

29. Which one of the following is a statutory deduction u/s 24 of the Income-tax Act, 1961?

- (A) Interest on home loan
- (B) Interest on fixed deposit
- (C) Interest on Savings Bank A/c
- (D) Interest on car loan

30. Which one of the following is **not** a deduction u/s 16 of the Income-tax Act, 1961?

- (A) Professional tax
- (B) Entertainment allowance
- (C) House rent allowance
- (D) Standard deduction ₹50,000

31. While preparing Bank Reconciliation Statement, if bank gives wrong credit of ₹300, it means bank balance as cashbook

- (A) increases by ₹300
- (B) decreases by ₹300
- (C) increases by ₹600
- (D) decreases by ₹600

32. Which of the following statements is **incorrect** in respect of cashbook?

- (A) A contra entry is one which does not require posting to the ledger.
- (B) Cashbook is both a ledger and a special-purpose book.
- (C) Only cash transactions are recorded in the cashbook.
- (D) Discount A/c should be balanced in the cashbook.

33. Which of the following statements is **false**?

- (A) Where accounting ends, auditing begins.
- (B) Auditing is a systematic examination of books and other records of a business.
- (C) The principal objective of audit is to discover errors and frauds, if there are any.
- (D) The word 'audit' has been derived from the Latin word 'audire'.

34. A businessman purchased goods for ₹25,00,000 and sold 80% of such goods during the accounting year ended 31.03.2020. The market value of the remaining goods was ₹4,00,000. He valued the closing inventory at cost. He violated the concept of

- (A) money measurement
- (B) conservatism
- (C) cost
- (D) materiality

35. Given below are two statements, one is labelled as Assertion (A) and the other is labelled as Reason (R). Read the statements and choose the correct answer using the options given below :

Assertion (A) :

Increasing the value of opening inventory decreases profit.

Reason (R) :

Because increase in the value of opening inventory increases the cost of goods sold.

Options :

- (A) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
- (B) Both (A) and (R) are correct, and (R) is the correct explanation of (A)
- (C) Both (A) and (R) are incorrect
- (D) Both (A) and (R) are correct

36. The Government of India in consultation with the Institute of Chartered Accountants of India (ICAI) decided to

- (A) adapt with IFRS
- (B) converge with IFRS
- (C) apply IFRS in India
- (D) notify IFRS in India

37. Bank passbook showed an overdraft of ₹1,600. Interest on overdraft ₹100 not recorded in cashbook. Balance as per cashbook will be

- (A) ₹1,700 (Cr.)
- (B) ₹1,700 (Dr.)
- (C) ₹1,500 (Cr.)
- (D) ₹1,500 (Dr.)

38. As per prudence

- (A) loyalty of the management team is not disclosed
- (B) accounting policies are not changed frequently
- (C) anticipated incomes are not recognized
- (D) None of the above

39. Under hybrid basis of accounting, incomes are recognized when

- (A) incomes are received
- (B) incomes are accrued
- (C) expenses are paid
- (D) All of the above

40. Purchase of goods on credit will result in

- (A) decrease in assets, increase in liabilities
- (B) increase in assets, increase in liabilities
- (C) increase in assets, decrease in liabilities
- (D) decrease in assets, decrease in liabilities

41. In cashbook, 'Trade Discount Received' is

- (A) recorded in the discount column on the debit side of single-column cashbook
- (B) recorded in the discount column on the debit side of double-column cashbook
- (C) recorded in the discount column on the debit side of three-column cashbook
- (D) None of the above

42. When starting point is unfavourable (debit) balance as per Passbook, bills collected and credited by bank but no advice received by the business should be
- added in Bank Reconciliation Statement
 - deducted in Bank Reconciliation Statement
 - Both (A) and (B)
 - None of the above
43. After preparing the Trial Balance, the total of credit side is short by ₹ 1,000, this difference will be
- credited to Suspense A/c
 - debited to Suspense A/c
 - adjusted in the debit balance of any account
 - adjusted in the credit balance of any account
44. Trial Balance will **not** be affected, if
- posting a debit entry to the credit of an account
 - wages paid ₹ 750 entered as ₹ 75 in Wages A/c but correctly entered in cashbook
 - purchase of furniture is entered in the purchase book
 - interest paid correctly entered in cashbook is not posted to Interest A/c
45. Which of the following is **not** an agricultural income under the Indian Income-tax Act, 1961?
- Income from use of land for grazing of cattle required for agricultural pursuits
 - Income received from the sale of trees which were replanted and subsequent operations were carried out
 - Income from growing flowers and creepers
 - Income from sale of trees of spontaneous growth
46. Which of the following is **not** a capital asset under the Indian Income-tax Act, 1961?
- Government securities
 - Agricultural land situated in rural areas
 - Drawings
 - Archaeological collections
47. The convention of conservatism when applied to the Balance Sheet, results in
- understatement of assets
 - overstatement of assets
 - understatement of liabilities
 - overstatement of liabilities

48. The contingent liability shown in the Balance Sheet arises due to the accounting convention of

(A) consistency

(B) conservatism

(C) disclosure

(D) materiality

49. Which of the following is a revenue expenditure?

(A) Compensation paid to a retrenched employee

(B) Amount spent on construction of railway siding

(C) Expenses incurred in connection with obtaining the license for starting the factory

(D) None of the above

50. Which of the following is a capital expenditure?

(A) Freight and cartage on purchase of new machine

(B) Legal expenses in connection with defending a title to firm's property

(C) Expenditure on painting of factory shed

(D) Wages paid to machine operator

51. Match the following types of errors arising in books of accounts :

- | | |
|-------------------------|--|
| a. Errors of principle | 1. Purchase of machinery worth ₹ 5,000 has been recognized as an expense |
| b. Errors of omission | 2. Purchase Book is undercast by ₹ 1,000 and Return Inward Book is overcast by ₹ 1,000 |
| c. Errors of commission | 3. A sale of ₹ 350 is entered in the Sales Book as ₹ 530 |
| d. Compensating errors | 4. Rent has been paid for 11 months and the remaining amount for 1 month which is remained unpaid (outstanding) has not been recorded in the Journal |

Choose the correct option.

(A) a b c d
1 4 2 3

(B) a b c d
1 4 3 2

(C) a b c d
2 4 3 1

(D) a b c d
2 3 1 4

52. Match the following in respect of Indian Accounting Standards (Ind-AS) :

- | | |
|---------------|----------------------------------|
| a. Ind AS-101 | 1. Insurance contracts |
| b. Ind AS-102 | 2. Business combination |
| c. Ind AS-103 | 3. Share-based payment |
| d. Ind AS-104 | 4. First time adoption of Ind AS |

Choose the correct option.

(A) a b c d
1 2 3 4

(B) a b c d
1 4 3 2

(C) a b c d
4 3 2 1

(D) a b c d
4 3 1 2

53. Generally Accepted Accounting Principles (GAAP)

1. are accounting adoptions based on the laws of economic science
2. derive their credibility and authority from legal rulings and courts' precedents
3. derive their credibility and authority from the federal government through the financial reporting
4. derive their credibility and authority from general recognition and acceptance by the accounting profession

Which of the above statements is/are **correct**?

- (A) 1 only
(B) 1 and 2 only
(C) 1 and 3 only
(D) 4 only

54. Match the following in respect of goodwill in business :

- | | |
|----------------------|---|
| a. Dog goodwill | 1. depends on the temporary attraction of customers who are here today and will go to another firm tomorrow |
| b. Cat goodwill | 2. depends on the owner, not the place of business |
| c. Rat goodwill | 3. depends on the place of business, and does not change due to change in ownership |
| d. Positive goodwill | 4. real net worth is greater than the book value of assets |

Choose the correct option.

(A) a b c d
1 2 3 4

(B) a b c d
1 4 3 2

(C) a b c d
2 3 4 1

(D) a b c d
2 3 1 4

55. A sells land to B and gives possession of the land to B and receives full consideration. But sale deed is not yet registered for want of NOC from local authority.

The accounting principle involved in the above statement would be

- (A) principle of materiality
- (B) principle of prudence
- (C) substance over legal form
- (D) full disclosure principle

56. Match the following in respect of filing of TDS returns :

- | | |
|--------------|--|
| a. Form 24Q | 1. Quarterly statement of collection of tax at source |
| b. Form 26Q | 2. Quarterly statement of deduction of tax from interest, dividend or any other sum payable to non-residents |
| c. Form 27Q | 3. Quarterly statement for tax deducted at source from 'salaries' |
| d. Form 27EQ | 4. Quarterly statement of tax deducted at source in respect of all payments other than 'salaries' |

Choose the correct option.

- (A) a b c d
2 1 3 4

- (B) a b c d
2 3 1 4

- (C) a b c d
3 4 2 1

- (D) a b c d
3 4 1 2

57. Match the items given in Column-I with the headings/subheadings (Balance Sheet) given in Column-II as defined in Schedule-III of the Companies Act, 2013 :

Column-I

Column-II

- | | |
|----------------------|----------------------------------|
| a. Loose Tools | 1. Intangible assets |
| b. Patents | 2. Other current assets |
| c. Prepaid Insurance | 3. Long-term borrowings |
| d. Debentures | 4. Inventories |
| e. Machinery | 5. Property, plant and equipment |

Choose the correct option.

- (A) a b c d e
4 1 5 3 2

- (B) a b c d e
4 1 2 3 5

- (C) a b c d e
3 2 4 1 5

- (D) a b c d e
5 4 1 2 3

58. Match the following in respect of Financial Statement of the company :

- | | |
|----------------|---|
| a. Section 128 | 1. Central Government to prescribe Accounting Standards |
| b. Section 129 | 2. Appointment of auditor |
| c. Section 133 | 3. Books of accounts to be kept by company |
| d. Section 139 | 4. Financial statements |

Choose the correct option.

- (A) a b c d
2 1 3 4
- (B) a b c d
2 3 1 4
- (C) a b c d
3 2 4 1
- (D) a b c d
3 4 1 2

59. Match the following in respect of types of costs :

- | | |
|------------------|--|
| a. Marginal cost | 1. Cost of producing one additional unit |
| b. Variable cost | 2. Predetermined cost |
| c. Sunk cost | 3. Cost that has already been incurred |
| d. Standard cost | 4. Increase or decrease in total costs which results from producing or selling additional or fewer units |

Choose the correct option.

- (A) a b c d
2 1 4 3
- (B) a b c d
1 4 3 2
- (C) a b c d
4 3 2 1
- (D) a b c d
1 4 2 3

60. Which of the following statements is/are **false**? Choose the answer from the options given :

- Contribution is the difference between sales and variable cost or marginal cost of sales.
- Break-even point is that point of sales volume at which total revenue is equal to total costs of sales.
- Variable cost is also known as period cost.
- P/V ratio can be improved by reducing the fixed costs.

Options :

- (A) 1 only
- (B) 2 only
- (C) 3 and 4 only
- (D) 4 only

61. As per Ind AS-2, inventory is valued at Cost or Net Realizable Value (NRV) whichever is lower. This rule of valuation of inventory violates the concept of
- (A) conservatism
 - (B) industry practice
 - (C) consistency
 - (D) materiality
62. According to AS-1 : Disclosure of Accounting Policies, which of the following is **not** a fundamental accounting assumption?
- (A) Prudence
 - (B) Going concern
 - (C) Consistency
 - (D) Accrual
63. Under AS-9 : Revenue Recognition, which of the following would **not** be considered as revenue for the purpose of the standard?
- (A) Cash inflows from the sale of goods
 - (B) Interest received from investment
 - (C) Realized gains from the sale of fixed assets
 - (D) Dividend received from shareholding
64. In AS-3 : Cash Flow Statements, which of the following cash flows would be classified under investing activities?
- (A) Cash receipts from sales of goods and services
 - (B) Cash paid to suppliers for raw materials
 - (C) Cash received from the sale of machinery
 - (D) Payment of interest on a loan
65. According to AS-17 : Segment Reporting, the primary basis for identifying business segment is
- (A) geographical location of the enterprise's operations
 - (B) the enterprise's internal financial reporting system
 - (C) the product or service line
 - (D) the profitability of different departments
66. Under AS-1 : Disclosure of Accounting Policies, if an enterprise chooses to change its method of inventory valuation, which of the following is required?
- (A) The change should not be disclosed if it is immaterial
 - (B) The impact of the change must be disclosed if it materially affects financial statements
 - (C) The enterprise must retrospectively adjust all prior financial statements
 - (D) The change can be implemented without any disclosure

67. As per AS-9 : Revenue Recognition, revenue from the sale of goods should be recognized when

- (A) goods are ordered by the customers
- (B) significant risks and rewards of ownership are transferred to the buyer
- (C) the payment is received by the seller
- (D) the goods are fully manufactured and stored in inventory

68. Which of the following best describes the GAAP principle of 'materiality'?

- (A) Only small and insignificant transactions need to be disclosed in financial statements
- (B) All financial transactions, regardless of their size or importance, should be disclosed with complete transparency
- (C) Financial information that could influence the decision of an investor or stakeholder should be fully disclosed
- (D) All immaterial errors and omissions can be excluded from financial statements as they do not impact the final outcome

69. Which of the following correctly defines the 'continuity' principle of GAAP?

- (A) It assumes that the business will continue its operations indefinitely unless there is evidence to the contrary
- (B) It assumes that the business will close down after each financial year and hence all assets should be liquidated
- (C) It requires businesses to continuously change their accounting methods to reflect market trends
- (D) It assumes that companies should prepare their financial statements assuming no future operations

70. Which accounting convention is used when inventory is valued at the lower of cost or market value?

- (A) Convention of disclosure
- (B) Convention of consistency
- (C) Convention of conservatism
- (D) Convention of materiality

71. The classification of assets and liabilities into current and non-current is based on

- (A) the company's operating cycle
- (B) the size of the company's profit
- (C) the historical cost of the assets
- (D) the annual turnover of the company

72. Which of the following items must be disclosed in the notes to accounts under the heading of share capital in the Balance Sheet, as per the Companies Act, 2013?

- (A) Number of shares allotted as fully paid-up bonus shares
- (B) Interest accrued on long-term borrowings
- (C) Total amount of trade payables for the reporting period
- (D) Total amount of secured loans taken from financial institutions

73. Which of the following principles is applied when revenue is recognized at the time of the delivery of goods, even if the cash payment is delayed?

- (A) Prudence
- (B) Going concern
- (C) Accrual
- (D) Matching concept

74. Under guaranteed profit arrangement in a partnership, if a partner's share of profit is less than the guaranteed amount, the deficiency is

- (A) adjusted against the Partner's Capital A/c
- (B) borne by the firm as a whole
- (C) shared by the other partners in an agreed ratio
- (D) automatically carried forward to the next year

75. The capital raised through a public issue that exceeds the face value of shares is transferred to the 'Securities Premium A/c'.

Which of the following purposes can the Securities Premium be utilized for?

- (A) To pay dividends to shareholders
- (B) To buyback shares of the company
- (C) To write off revenue losses of the company
- (D) To compensate directors for their services

76. "Financial statements are prepared under the accrual basis of accounting."

Which of the following violates the accrual concept in the preparation of financial statements?

- (A) Recognizing revenues when earned, irrespective of cash receipts
- (B) Recognizing expenses when incurred, regardless of payment
- (C) Recording revenue from sales made on credit
- (D) Recognizing expenses for bad debts when they occur

77. "The current ratio measures a company's ability to pay off its short-term liabilities using its current assets."

Which of the following scenarios would result in no change in the current ratio?

- (A) Purchase of inventory on credit
- (B) Payment of a current liability using cash
- (C) Collection of trade receivables
- (D) Issuance of new equity shares

78. "A company paid dividends during the year."

Under which section of the Cash Flow Statement would this transaction be classified, and how does it impact cash flow?

- (A) Operating activities, increases cash flow
- (B) Financing activities, decreases cash flow
- (C) Investing activities, decreases cash flow
- (D) Financing activities, increases cash flow

79. "Proceeds from the sale of equipment are reported in the Cash Flow Statement."

In which section of the Cash Flow Statement is this transaction recorded, and how does it affect cash flow?

- (A) Investing activities, increases cash flow
- (B) Operating activities, increases cash flow
- (C) Financing activities, decreases cash flow
- (D) Investing activities, decreases cash flow

80. "A company acquired machinery by issuing shares instead of paying cash."

How is this transaction reflected in the Cash Flow Statement?

- (A) It is shown as an outflow under investing activities
- (B) It is shown as an inflow under financing activities
- (C) It is not recorded in the Cash Flow Statement
- (D) It is shown under both operating and investing activities

81. "Changes in working capital directly impact cash flow from operating activities."

Which of the following would increase cash flow from operating activities?

- (A) Increase in inventories
- (B) Decrease in trade payables
- (C) Decrease in trade receivables
- (D) Increase in prepaid expenses

82. "Bonus shares are issued to existing shareholders based on the proportion of shares they already hold."

What is the primary reason companies issue bonus shares?

- (A) To raise additional capital
- (B) To reduce the price per share, encouraging retail participation
- (C) To pay off outstanding debts
- (D) To increase the number of shareholders

83. "Bonus shares do not result in any inflow of funds to the company."

How does the issue of bonus shares affect the net worth of a company?

- (A) It increases net worth of the company
- (B) It decreases net worth of the company
- (C) It does not affect the net worth of the company
- (D) It results in an inflow of cash, increasing the net worth

84. How is goodwill calculated under the capitalization of super profit method?

- (A) By multiplying the super profits by the number of years' purchase
- (B) By dividing the super profits by the normal rate of return
- (C) By multiplying the actual profits by the capitalization rate
- (D) By dividing the average profits by the rate of return on investment

85. What is the correct accounting treatment for calls in arrears on shares?

- (A) It is added to the Share Capital A/c
- (B) It is subtracted from the paid-up Share Capital in the Balance Sheet
- (C) It is credited to the Share Allotment A/c
- (D) It is debited to the General Reserve A/c

86. Which of the following expenses is an example of semi-variable cost?

- (A) Depreciation on machinery calculated using straight-line method
- (B) Rent of office building
- (C) Utility bills that include a fixed charge plus a usage-based charge
- (D) Direct wages paid to factory workers

87. When preparing a Cost Sheet, which of the following is **not** considered a direct cost?

- (A) Raw materials consumed
- (B) Wages paid to workers directly involved in production
- (C) Factory rent
- (D) Direct expenses for specific product manufacturing

88. When calculating the Cost of Goods Sold in a Cost Sheet, which of the following would increase the Cost of Goods Sold?

- (A) An increase in the opening stock of finished goods
- (B) A decrease in the selling expenses
- (C) A decrease in the closing stock of finished goods
- (D) A decrease in the administrative overheads

89. A company has variable cost of ₹1,50,000; fixed cost of ₹90,000 and sales revenue of ₹3,00,000. What is the company's profit-volume (P/V) ratio?

- (A) 25%
- (B) 30%
- (C) 40%
- (D) 50%

90. In marginal costing, if the contribution per unit is ₹10 and the fixed cost amounts to ₹50,000, what is the break-even point in units?

- (A) 500
- (B) 5000
- (C) 10000
- (D) 1000

91. Which of the following does **not** affect the profit-volume (P/V) ratio in cost-volume-profit (CVP) analysis?

- (A) An increase in the selling price
- (B) An increase in variable costs
- (C) A change in fixed costs
- (D) A reduction in the variable cost per unit

92. In standard costing, variances are used to control costs. If the actual cost of direct materials exceeds the standard cost, which of the following represents the likely variance?

- (A) Favourable material price variance
- (B) Unfavourable material price variance
- (C) Favourable material usage variance
- (D) Unfavourable labour efficiency variance

93. Which of the following is an advantage of using standard costing in manufacturing companies?

- (A) It is suitable for all industries, regardless of product standardization
- (B) It provides incentives to workers by measuring efficiency
- (C) It eliminates the need for variance analysis
- (D) It requires no regular updates or revisions to standards

94. Any person who deducts tax at source but does not deposit it in Government Treasury is called

- (A) assessee
- (B) deemed assessee
- (C) assessee in person
- (D) assessee-in-default

95. Rate of statutory deduction in case of income from house property is

- (A) 25%
- (B) 30%
- (C) 40%
- (D) 20%

96. Which of the following is **not** an income from other sources?

- (A) Dividend on shares of cooperative societies
- (B) Income from sale of shares
- (C) Commission received by a director of a company for underwriting shares
- (D) Directors' fees

97. Which of the following is **not** a deduction under Section 80C of the Income-tax Act?

- (A) Deposits in Sukanya Samriddhi Scheme
- (B) Life Insurance Premium payment
- (C) Deposits in NPS
- (D) Deduction in respect of expenditure on medical treatment

98. GST is levied on supply of all goods and services, **except**

- (A) alcoholic liquor for human consumption
- (B) tobacco
- (C) healthcare services
- (D) All of the above

99. Income from sale of a house property is treated as

- (A) capital gain
- (B) income from house property
- (C) exempted income
- (D) income from other sources

100. Prepaid interest given in the adjusted Trial Balance will be treated as

- (A) asset
- (B) liability
- (C) revenue
- (D) deferred expenses