COMBINED TECHNICAL SERVICE EXAMINATION
NON-INTERVIEW - 2025
TENTATIVE KEY MARKED QUESTION PAPER
FINANCIAL AND COST ACCOUNTANCY (433)

1. Fixed overheads are classified on the basis of

(A) Function
(B) Elements
(C) Behaviour
(D) Output
(E) Answer not known

2. Machine hour rate is

(A) The cost of running a machine per hour
(B) Pre determined rate of absorption of overheads
(C) The method used where direct labour constitutes a major proportion of the cost of production
(D) The method used where prices of materials are stable
(E) Answer not known

3. When the amount of under or over absorption is significant, it should be disposed of by

(a) Transferring to costing profit and loss A/c
(b) The use of supplementary rates
(c) Carrying over as a defferred charge to the next accounting year

(A) (a) only
(B) (b) only
(C) (c) and (a)
(D) (c) only
(E) Answer not known

4. Which of the following will be treated as factory overheads?

(1) Gate keeper's salary

(2) Remuneration for legal advice

(3) Bad debts

(4) Royalty paid on the basis of sales

(A) (1), (2), (3) and (4)
(B) (1), (2) and (4)
(C) (2) and (3)
(D) (1) only
(E) Answer not known

5. Business telephone bill should normally be classified as

(A) Variable overheads
(B) Fixed overheads
(C) Stepped fixed overheads
(D) Semi-variable overheads
(E) Answer not known

6. Compute the inventory turnover ratio from the following details

Opening stock	–	Rs. 10,000
Closing stock	–	Rs. 16,000
Material consumed	–	Rs. 78,000

(A) 6 times
(B) 3 times
(C) 2 times
(D) 4 times
(E) Answer not known

7. The storekeeper should initiate a purchase requisition when stock reaches

(A) Average stock level
(B) Minimum stock level
(C) Maximum stock level
(D) Re-order level
(E) Answer not known

8. The reasons for the accumulations of stocks which may result in low turnover ratio

(i) Uncertainty of supply in near future
(ii) There may be high cost for ordering
(iii) Availability of stock at cheap price
(iv) High cost of stock out

(A) (i) only
(B) (i) and (iii) only
(C) (i) and (ii) only
(D) (i), (ii), (iii) and (iv)
(E) Answer not known

9. When the FIFO (First In First Out) method is most suitable

   (i) In the times of falling prices

   (ii) In the case of rising prices

   (iii) Prices fluctuate considerably

   (iv) Materials are subject to natural wastage

   (A) (ii) only

   (B) (i) only

   (C) (ii) and (iii) only

   (D) (iii) and (iv) only

   (E) Answer not known

10. In case of physical verification of stock reveals the actual balance of stock is more than the balance shown by bincard or stores ledger __________ is prepared and stock records are adjusted accordingly

   (A) Credit note

   (B) Debit note

   (C) Bill of material

   (D) Material abstract

   (E) Answer not known

11. Which of the following statements are True/False?

(1) Weighted average cost of valuing material issues involves adding all the different prices and dividing by the number of such prices

(2) Material abstract is also known as materials Issue Analysis Sheet

(A) (1) true and (2) false
(B) (1) false and (2) true
(C) Both (1) and (2) true
(D) Both (1) and (2) false
(E) Answer not known

12. The quantity of materials to be ordered at one time is known as

(A) Minimum Order Quantity
(B) Maximum Order Quantity
(C) Economic Order Quantity
(D) Danger Level Quantity
(E) Answer not known

13. Which of the following statements are True/False?

(1) Stores Ledger is a record of both quantities and values.

(2) It is maintained by the Costing Department

(3) It is kept outside the stores

(4) Each transaction is posted before the transaction takes place

(A) All are correct
(B) (1), (2), (3) true and (4) false
(C) All statements are false
(D) (1) and (2) true (3) and (4) false
(E) Answer not known

14. Time and motion study is conducted by

(A) The Personal department

(B) The Payroll department

(C) The Engineering department

(D) Departmental foreman

(E) Answer not known

15. Labour turnover is measured by

(1) Number of workers joining/Number of workers in the beginning of the period

(2) Number of workers left/Number of workers in the beginning plus at the end

(3) No of workers replaced/Average number of workers

(A) (1) only

(B) (2) only

(C) (3) only

(D) (1) and (2)

(E) Answer not known

16. Who is called as father of scientific management?

(A) Taylor

(B) Merrick

(C) F.A. Halsey

(D) James Rowan

(E) Answer not known

17. What is the minimum bonus % of gross annual earnings will be paid irrespective of profits made or losses incurred by the company to the eligible employees under payment of Bonus Act, 1965?

(A) $8\frac{1}{3}\%$
(B) 10%
(C) 5%
(D) 20%
(E) Answer not known

18. Labour Turnover according to Replacement method is

(A) $\frac{\text{No. of additions} + \text{Seperations}}{\text{Average no. of workers}} \times 100$
(B) $\frac{\text{No. of workers seperated}}{\text{Average no. of workers}} \times 100$
(C) $\frac{\text{No. of workers replaced}}{\text{Average no. of workers}} \times 100$
(D) $\frac{\text{No. of workers replaced}}{\text{No. of workers seperated}} \times 100$
(E) Answer not known

19. Incentive system of wage payments

(A) Pay bonus for the time saved besides guaranteeing wages for the time taken
(B) Is a fraud on the employee compensation plan
(C) Is intended to speed up work for the benefit of the employer
(D) Pay increased bonus as efficiency decreases
(E) Answer not known

20. In which of the incentive plans of wage payment wages on time basis are not guaranteed?

(A) Gant's Task and bonus plan

(B) Halsey plan

(C) Rowan plan

(D) Taylor's differential piece rate system

(E) Answer not known

21. ESI Act does not confer any benefit on

(i) Employees in mines subject to the Mines Act

(ii) Employees in railway running sheds

(iii) Members of the Indian naval, military of Air forces

(iv) Employees whose wages (excl. remuneration for overtime) exceed such wages as may be prescribed by the respective state Govt.

(A) (i) and (ii)

(B) (i), (ii) and (iii)

(C) (ii) and (iii)

(D) (iii) and (iv)

(E) Answer not known

22. As per ESI Act 1948, the following categories are coming under the preview of the definition employee

(a) Canteen workers

(b) Working in show room or sales office

(c) Any member of the Indian naval, military or air force

(d) Part time employees on daily rate wages

(A) (a), (b), (c) correct

(B) (a), (b), (d) correct

(C) (a), (c) correct

(D) (b), (d) correct

(E) Answer not known

23. As per employees PF Act, 1952 advances can be drawn from the fund for following reasons

(1) For illness in certain cases

(2) For marriage or post matriculation education of children

(3) During natural calamity like flood, earthquake etc.,

(A) (1) only

(B) (1) and (2) only

(C) (2) and (3) only

(D) (1), (2) and (3) only

(E) Answer not known

24. The Employees PF Act provides the following scheme benefit to the employees

(i) Employees' PF schemes

(ii) Employees' Pension scheme

(iii) Employees' deposit linked insurance scheme

(A) (i) only

(B) (ii) only

(C) (i), (ii) and (iii)

(D) (iii) only

(E) Answer not known

25. The leave with wages is allowed to every worker, under the Factories Act, 1948, who has worked in a factory during a calendar year, for a period of

(i) 100 days or more

(ii) 140 days or more

(iii) 200 days or more

(iv) 240 days or more

(A) (i)

(B) (ii)

(C) (iii)

(D) (iv)

(E) Answer not known

26. As per payment of Gratuity Act, nomination rules are:

(i) Nomination can be made after completion of one year of service

(ii) Nomination to be made in form F

(iii) Nomination can be made for more than one person

(iv) Nomination can be made to any person

(A) (iv) only

(B) (i) only

(C) (i) and (ii) only

(D) (i), (ii) and (iii) only

(E) Answer not known

27. Under Factories Act, manufacturing process refers to

(i) Pumping oil, water, sewage or any other substance

(ii) Generating, transforming or transmitting power

(iii) Constructing, repairing, breaking up ships

(iv) Taking tuitions to the children

(A) (i) only

(B) (ii) only

(C) (i), (ii) and (iii) only

(D) (iv) only

(E) Answer not known

28. If the price in not determined by the parties in a contract of sale, the buyer is bound to pay

(A) The price demanded by the seller

(B) A reasonable price

(C) The price which the buyer thinks is reasonable

(D) The price to be determined by a third independent person

(E) Answer not known

29. The doctrine of caveat emptor applies

(i) In case of implied conditions and warranties

(ii) When the buyer does not intimate the purpose to the seller and depends upon his own skill and judgment

(iii) When goods are sold by sample

(iv) When goods are sold by description

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

30. Any variance made without surety's consent in the terms of contract between the principal debtor and the creditor discharges the surety

(i) As to transactions prior to variance

(ii) As to transactions post variance

(iii) As to all transactions

(iv) From his liability under the guarantee

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

31. A wagering agreement is

(i) Forbidden by law

(ii) Immoral

(iii) Opposed to public policy

(iv) Devoid of consideration

(A) (i)　　(B) (ii)

(C) (iii)　　(D) (iv)

(E) Answer not known

32. When parties enter into a contract on telephone, the contract becomes complete at the place where acceptance is heared by the proposes - this has been provided in

(A) A decision of supreme court

(B) Section 2 of the contract Act

(C) Section 3 of the contract Act

(D) Section 4 of the contract Act

(E) Answer not known

33. 'Adolescent' under the minimum wages Act means a person

(i) Who has completed his 14^{th} year but has not completed 18^{th} year

(ii) Who has completed his 12^{th} year but has not completed his 20^{th} year

(iii) Who has completed his 16^{th} year but has not completed his 20^{th} year

(iv) Who has completed his 10^{th} year but has not completed his 18^{th} year

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

34. An employee does two or more classes and work, then, the employer shall pay to that employee a __________ rate of wages for the time respectively occupied in each class of work, as per minimum wages concept.

(A) Identical rate of wages

(B) Different minimum rate of wages

(C) As per the wage fixed by wage bond

(D) As per the wage fixed by management

(E) Answer not known

35. "Government" under Tamil Nadu Tender Transparency Act, 1998 means:

(i) Central govt.

(ii) State govt.

(iii) Local govt.

(iv) Appropriate govt.

(A) (i)
(B) (ii)
(C) (iii)
(D) (iv)
(E) Answer not known

36. The tender documents shall require all tenderers without exception to pay an EMD ordinarily not exceeding __________ % of the value of procurement.

(A) 5%
(B) 2%
(C) 1%
(D) 3%
(E) Answer not known

37. The presentment for sight is required in case of a

(i) Bill of Exchange

(ii) Promissory Note

(iii) Cheque

(iv) Bill of Lading

(A) (i)
(B) (ii)
(C) (iii)
(D) (iv)
(E) Answer not known

38. The following are terms used to indicate the various crossing of cheques. They are :

(a) General Crossing

(b) Special Crossing

(c) Restrictive Crossing

(A) (a) and (b)
(B) (b) and (c)
(C) (a) and (c)
(D) (a), (b) and (c)
(E) Answer not known

39. A sold some land to B. At the time of sale both the parties believe in good faith that the area of land sold was 10 Hect. However, it turned out the area was 7 Hect. only. The status of agreement is

(A) Can be enforceable
(B) Can be enforceable of the instance of court
(C) Agreement is void
(D) Agreement is voidable
(E) Answer not known

40. A failure to present a negotiable instrument for payment as per the ruler discharges

(A) All parties to the instrument
(B) All parties except these secondarily liable
(C) All parties except those primarily liable
(D) None of the parties to the instrument
(E) Answer not known

41. Show the consumption of stationery to be shown in Income and Expenditure A/c for the year ended 31st March. 22.

	Rs.
Stock of stationery as on 1.4.21	5,000
Stock of stationery as on 31.3.22	30,000
Purchase of stationery during the year	1,01,700

(A) 1,01,700
(B) 30,000
(C) 5,000
(D) 76,700
(E) Answer not known

42. Calculate the amount of depreciation for library books for the year ended 31.3.15.

	Rs.
Library books as on 1.4.14	1,00,000
Library books purchased on 1.10.14	1,00,000

Rate of depreciation @ 10% p.a.

(A) Rs. 20,000
(B) Rs. 15,000
(C) Rs. 17,500
(D) Rs. 10,000
(E) Answer not known

43. Which method of branch accounting uses a system where the branch is treated as a separate entity for accounting purpose?

(A) Stock and Debtors method
(B) Independent Branch method
(C) Cash Basis method
(D) Fixed Assets method
(E) Answer not known

44. Under final accounts method of branch accounting, following accounts are prepared.

(i) Branch Trading a/c

(ii) Branch P and L A/c

(iii) Branch account

(iv) Branch Stock account

(A) (i) only
(B) (ii) only
(C) (i), (ii) and (iii) only
(D) (i), (ii) and (iv) only
(E) Answer not known

45. At the end of financial year branch books are closed by transferring all the assets and liabilities to Head Office A/c by

(i) Assets transferred by debiting HO and Crediting branch assets

(ii) Liabilities transferred by crediting HO and debiting branch liabilities

(iii) Assets and liabilities are retained at branch accounts

(A) (i) only
(B) (ii) only
(C) (i) and (ii) only
(D) (iii) only
(E) Answer not known

46. What is the main purpose of maintaining a "Contingency Reserve" in a Co-operative Society?

(A) To cover anticipated losses (or) future expenses
(B) To distribute as dividends to members
(C) To invest in new projects
(D) To meet day-to-day operational costs
(E) Answer not known

47. According to Indian Co-operative accounting practices, which financial document is used to report the results of operations and allocation of profits or losses?

(A) Statement of Cash flows
(B) Income statement
(C) Member's Ledger
(D) Fixed asset's register
(E) Answer not known

48. Aditya Ltd. purchased machine on 1.4.23 for Rs. 10,00,000/-

It received Govt. Grant for 50% of machine. Life of machine 10 years. Depreciation under straight line method is

(A) Rs. 1,00,000/- per year
(B) Rs. 10,000/- per year
(C) Rs. 5,000/- per year
(D) Rs. 50,000/- per year
(E) Answer not known

49. When fixed assets retired from active use and held for disposal should be stated at

(A) Net book value
(B) Net realisable value
(C) Lower of net book value and net realisable value
(D) Higher of net book value and net realisable value
(E) Answer not known

50. Which of the following manager does the financial management help in managing their work?

(A) Accounts Manager
(B) Bank Manager
(C) Financial Manager
(D) Cash Manager
(E) Answer not known

51. The disagreement between the costing and financial profit is caused by the following :

(i) Items shown only in financial accounts

(ii) Items shown only in cost accounts

(iii) Over or under absorption of overheads

(iv) Different bases for stock valuation

(A) (i), (ii), (iii)

(B) (iii), (iv), (i)

(C) (iv), (ii), (i)

(D) (i), (ii), (iii), (iv)

(E) Answer not known

52. In Reconciliation statement, expenses shown only in cost accounts are

(i) Added to financial profit

(ii) Deducted from financial profit

(iii) Ignored

(iv) Deducted from costing profit

(A) (iv)

(B) (iii)

(C) (ii)

(D) (i)

(E) Answer not known

53. Composite cost unit for a hospital is

(A) Per day

(B) Per bed

(C) Per Patient day

(D) Per Patient

(E) Answer not known

54. The following are terms associated with transport costing.

(i) Standing or fixed charges

(ii) Maintenance charges

(iii) Operating and running charges

(A) (i) and (ii)

(B) (i) and (iii)

(C) (ii) and (iii)

(D) (i), (ii) and (iii)

(E) Answer not known

55. A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station R. It reaches back directly to station P after getting reloaded with 8 tonnes at station R. The distance between P to Q – 40 kms

Q to R – 60 kms

R to P – 80 kms

Calculate Absolute tonne kms

(A) 1440 tonne kms

(B) 1240 tonne kms

(C) 1420 tonne kms

(D) 1400 tonne kms

(E) Answer not known

56. The journal entry for credit purchases of Rs. 3,90,000 and carriage inwards Rs. 5,850 in cost ledger accounts will be

		₹	₹
(A)	Stores ledger control a/c	Dr 3,95,850	
	To general Ledger Adjustment a/c		3,95,850
(B)	Work in progress control a/c	Dr 3,95,850	
	To general Ledger Adjustment a/c		3,95,850
(C)	Work overhead control a/c	Dr 3,95,850	
	To general Ledger Adjustment a/c		3,95,850
(D)	General Ledger Adjustment a/c	Dr 3,00,000	
	To stores ledger control a/c		3,00,000
(E)	Answer not known		

57. The type of process loss that should not be allowed to affect the cost of good units is called

(A) Standard loss
(B) Normal loss
(C) Abnormal loss
(D) Seasonal loss
(E) Answer not known

58. 400 units were introduced in a process in which 40 units is the normal loss. If the actual output is 300 units then there is

(A) Abnormal gain of 60 units
(B) Abnormal loss of 60 units
(C) No abnormal loss
(D) No abnormal gains
(E) Answer not known

59. Which of the following are the main features of job costing?

(a) The production is generally against customer's order but not for stock

(b) Each job has its own characteristics and needs special treatment

(c) Each job is treated as a cost unit under this method of costing

(A) (a) and (b)

(B) (b) and (c)

(C) (a) and (c)

(D) (a), (b) and (c)

(E) Answer not known

60. In manufacturing aluminium ingots, the cost of electricity required for processing is an item of

(A) Direct Material

(B) Direct Labour

(C) Direct Expenses

(D) Selling Expenses

(E) Answer not known

61. Which of the following items is not excluded while preparing a cost sheet?

(A) Goodwill written off

(B) Provision for taxation

(C) Property tax on factory building

(D) Transfer to reserves

(E) Answer not known

62. In a integrated system of accounting, when wages paid to direct workers then _________ account as debited and _________ account is credited.

(A) Work in progress, Bank

(B) Wages, Bank

(C) Factory overhead, Bank

(D) Factory overhead Suspense, Bank

(E) Answer not known

63. Integral system of accounting eliminates the necessity of maintaining

(A) Stores ledger control a/c

(B) WIP ledger control a/c

(C) General Ledger Adjustment a/c

(D) Wages control a/c

(E) Answer not known

64. Which of the following classification is meant for distinction between direct cost and indirect cost?

(A) Function

(B) Element

(C) Variability

(D) Controllability

(E) Answer not known

65. Cost price is Rs. 30,376

Profit is 20% on sales

Calculate sales

(A) Rs. 36,450

(B) Rs. 37,970

(C) Rs. 39,770

(D) Rs. 34,650

(E) Answer not known

66. The CVP (Cost Volume Profit) analysis is based on the assumptions except

(A) Cost can be segregated into fixed and variable elements

(B) Costs and revenues are linear over a relevant range of a activity

(C) Costs and revenue are influenced only by volume

(D) Inventory level fluctuations

(E) Answer not known

67. From the following data, compute break-even sales (in rupees)

Sales	Rs. 16,00,000
Fixed cost	Rs. 6,00,000
Profit	Rs. 2,00,000

(A) Rs. 14,00,000

(B) Rs. 10,00,000

(C) Rs. 12,00,000

(D) Rs. 8,00,000

(E) Answer not known

68. How is the break-even point affected by the fixed cost?

(i) If the fixed cost decreases, break even point decreases

(ii) If the fixed cost increases, break even point decreases

(iii) If the fixed cost remains constant, break event point decreases

(iv) All of the above

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

69. Margin of safety is

(A) Actual sales – Breakeven sales

(B) Expected sales – Actual sales

(C) Actual sales – Safety sales

(D) Actual sales – Future sales

(E) Answer not known

70. Cost Volume Profit analysis is able to determine

(i) Breakeven point

(ii) Sales required to obtain particular level of profit

(iii) Fixed cost incurred

(A) (i) only (B) (ii) only

(C) (iii) only (D) (i) and (ii)

(E) Answer not known

71. Variable cost is made by

(i) Electricity bills for factory

(ii) Salary of labours

(iii) Cost of raw materials

(A) (i)

(B) (ii)

(C) (iii)

(D) (i), (ii) and (iii)

(E) Answer not known

72. The marginal cost is equal to

(A) Prime cost plus all variables overhead

(B) Prime cost minus all variables overhead

(C) The sum of fixed cost and the variable cost

(D) The difference of fixed cost and the variable cost

(E) Answer not known

73. Calendar variance is a sub-variance of

(A) Variable overhead expenditure variance

(B) Fixed overhead budget variance

(C) Fixed overhead volume variance

(D) Fixed overhead cost variance

(E) Answer not known

74. The loss that arise in manufacturing due to the nature of product upto certain level is known as

(i) Abnormal loss

(ii) Net loss

(iii) Normal loss

(A) (i) only

(B) (ii) only

(C) (iii) only

(D) (i) and (ii) only

(E) Answer not known

75. Fixed overhead efficiency variance is calculated by :

(i) Actual rate × (Actual hours – Standard hours for actual production)

(ii) Standard rate × (Actual hours – Standard hours for actual production)

(iii) Standard rate × (Standard hours for actual production – Actual hours)

(iv) Actual rate × (Standard hours for actual production – Actual hours)

(A) (i)

(B) (ii)

(C) (iii)

(D) (iv)

(E) Answer not known

76. Product A requires 10 Kg of materials at the rate of Rs. 4/- per Kg. The actual consumption was 12 Kg of materials at Rs. 4.50/- per Kg. Find out material cost variance.

(i) Rs. 14 favourable

(ii) Rs. 14 adverse

(iii) Rs. 5 favourable

(iv) Rs. 5 adverse

(A) (i)
(B) (ii)
(C) (iii)
(D) (iv)
(E) Answer not known

77. Standard quantity of materials to produce 1 unit of output is 5 Kgs. Standard price is Rs. 6/- per Kg. During a particular period, 500 units were produced. Actual material consumed was 2,700 Kgs. at a cost of Rs. 16,200. Calculate material usage variance

(i) Rs. 1,000 (adverse)

(ii) Rs. 1,200 (favourable)

(iii) Rs. 1,200 (adverse)

(iv) Rs. 800 (adverse)

(A) (i) only
(B) (ii) only
(C) (iii) only
(D) (iv) only
(E) Answer not known

78. In a factory, where standard costing system is followed, the production department consumed 1,100 Kgs of material @ Rs. 8 per Kg for product X resulting in material price variance of Rs. 2,200 (Fav) and material usage variance of Rs. 1,000 (Adv). What is the standard material cost of actual production of product X ?

(A) Rs. 11,000
(B) Rs. 20,000
(C) Rs. 14,000
(D) Rs. 10,000
(E) Answer not known

79. The actual quantity produced and standard quantity fixed might he different because of higher or lower efficiency of workers employed in manufacturing goods. The over or under recovery of overheads is computed as under

(A) Fixed Overhead Efficiency Variance
(B) Fixed Overhead Capacity Variance
(C) Fixed Overhead Effective Variance
(D) Fixed Overhead Production Variance
(E) Answer not known

80. One of the objective of standard costing is to ______ (most appropriate)

(A) Promote and Measure Performance
(B) Control and Reduce Costs
(C) Simplify Production Operations
(D) Set Cost of Manufacture
(E) Answer not known

81. X Ltd. a normal tax payer, is winding up its business in Rajasthan. The tax consultant of X Ltd. has seek your opinion which return has to be filed at the time of voluntary cancellation of registration in the state of Rajasthan

(A) Annual Return

(B) Final Return

(C) Either annual or final Return

(D) Both Annual and Final Return

(E) Answer not known

82. Is it compulsory for a taxpayer to file return by himself (using his login credentials)

(A) Yes

(B) No

(C) Yes, through GSTP

(D) Yes, through GSTP subject to confirmation of registered person over mail or SMS

(E) Answer not known

83. All composition tax payer, are require to file their Annual Return by 30th April of following month the _______ Form.

(A) GSTR – 1

(B) GSTR – 4

(C) GSTR – 3

(D) GSTR – 2

(E) Answer not known

84. Taxable persons selling notified goods are liable to collect and pay GST less. Notified goods are

(A) Pan masala

(B) Tobacco and Tobacco Products

(C) Sugar

(D) (A) and (B)

(E) Answer not known

85. Introduction of GST Act after amendments in the constitution is due to :

(a) To empower both State and Central Government to levy and collect taxes

(b) Unique Institutional Mechanism

(c) To ensure decision about structure and operation of GST be handled jointly by the two

(A) (a), (b) are correct

(B) (a), (c) are correct

(C) (a), (b), (c) are correct

(D) (b) and (c) are correct

(E) Answer not known

86. Cascading effect of tax means

(A) Tax on goods

(B) Tax on services

(C) Tax on Tax

(D) None of these

(E) Answer not known

87. Mr. A looked a marriage hall on 8th Sep. for an event on 2nd Nov. On 8th Sep., he paid advance of Rs. 5 Lakhs. The invoice was issued on 4th December by the supplier to Mr. A. Mr. A paid final amount in invoice on 20th December. The time of supply for advance is _______ and for balance amount is __________.

(A) 8th Sept.; 4th Dec.
(B) 8th Sept.; 2nd Nov.
(C) 8th Sept.; 2nd Dec.
(D) 8th Sept.; 20th Dec.
(E) Answer not known

88. What are the circumstances for cancellation of GST Registration Certificate?

(A) Discontinuance of business or closure of business
(B) Transfer of business on account of Amalgamation, merger, de-merger
(C) Change in the constitution of business leading to change PAN
(D) All of the above
(E) Answer not known

89. AC Enterprises quotes a price of Rs. 66,000 (before taxes) for sale of goods. It received a subsidy of Rs. 14,000 from a non-governmental agency and such subsidy was not included earlier. What is the value of taxable supply?

(A) Rs. 66,000
(B) Rs. 80,000
(C) Rs. 52,000
(D) Rs. 14,000
(E) Answer not known

90. Which type of GST is levied on intra-state supplies made within the State of Tamil Nadu?

(A) IGST
(B) SGST
(C) CGST and SGST
(D) CGST and UTGST
(E) Answer not known

91. In case of goods sent on sale or return basis, the invoice should be issued

(A) Within 6 months from date of removal
(B) Before or at the time of supply
(C) Earlier of (A) or (B)
(D) Later of (A) or (B)
(E) Answer not known

92. Mr. A enters into a contract for supply of goods worth Rs.10 Lakhs with Mr. B on 10^{th} April 22. Goods removed with invoice dated 12^{th} April 22, date of delivery is 13^{th} April 2022 and date of payment is 15^{th} July 2022, Mr. A is not opting for composition scheme. What will be the time of supply of entire amount?

(A) 12^{th} April 2022
(B) 13^{th} April 2022
(C) 15^{th} July 2022
(D) 14^{th} April 2022
(E) Answer not known

93. Transaction value shall be considered as value of taxable supply, provided which of the following conditions are satisfied?

(A) The supplier and the recipient of the supply are not related

(B) The price is the sole consideration

(C) (A) or (B)

(D) (A) and (B)

(E) Answer not known

94. Advantages of getting GST registration

(A) Legally recognised as supplier of goods or services

(B) Seamless flow of input tax credit from supplier to recipients

(C) Legally authorise to collect tax

(D) All of the above

(E) Answer not known

95. Reverse charge mechanism means the liability to pay tax on supply of goods or services or both falls on

(A) The supplier of goods or services

(B) The recipient of goods or services

(C) Both supplier and recipient of goods or services

(D) A third party not being supplier or recipient

(E) Answer not known

96. In case of goods received in LOTS : ITC available only on receipt of

(A) First lot

(B) Second lot

(C) Last lot

(D) Choice of the recipient

(E) Answer not known

97. A hotel provides a 4-Days/3-Nights package with the facility of breakfast. This is a

(A) Composite supply
(B) Mixed supply
(C) Zero rated supply
(D) Nil rated supply
(E) Answer not known

98. Which of the following is/are the essential elements of mixed supply?

(A) Supply is made by taxable person to a recipient
(B) Supply consists of two or more individual supplies of goods or services on both or any combination thereof but it is not naturally bundled
(C) Supply is made for single price
(D) All of the above
(E) Answer not known

99. Input tax credit on capital goods and inputs can be availed in ____________ instruments.

(A) In thirty six installments
(B) In twelve installments
(C) In one installment
(D) In six installments
(E) Answer not known

100. The value of the supply including subsidy, directly linked to price, other than the subsidies given by the central Government or state Government is to be

(A) Included in the transaction value

(B) Included in the transaction value only if directly linked with supply

(C) Not to be included in the transaction value

(D) Shall not be considered, simply ignore

(E) Answer not known

101. Value of taxable supply when supply made to unrelated person, where price is the sole consideration =

(A) Transaction value u/s 15(1)

(B) Transaction value u/s 15(1) + elements specified u/s 15(2)

(C) Transaction value u/s 15(1) + elements specified u/s 15(2) and 15(3)

(D) Value to be determined as per rule 2017

(E) Answer not known

102. When goods are supplied to an unregistered person and the address of the recipient is recorded in the invoice, then the place of supply is

(A) Location of the supplier

(B) Location as per the address of the recipient recorded in the invoice

(C) Location of GST department

(D) Always the recipient's place of business

(E) Answer not known

103. Restaurant services provided through an E-commerce operator (ECO) be treated as ____________ ____________ in the GST returns of E-commerce operator

(A) Inward supplies liable to RCM in GSTR 3B

(B) ITC on these supplies

(C) GST to the restaurant on such supplies

(D) Inward supplies in GSTR-3B, as they are not the recipient

(E) Answer not known

104. Which of the following scenarios allows input tax credit on the purchase of vehicle under GST?

(A) Cars purchased by a manufacturing company for official use of employees

(B) Car purchased by a company to be used for employee transport in small vehicles

(C) Car purchased by a car dealer for resale to customers

(D) Car purchased for own use

(E) Answer not known

105. Which of the following statement is correct regarding ITC under CGST act in the context of invoices furnished by suppliers?

(A) ITC can be claimed on all invoices furnished by suppliers in GSTR-1 regardless of their eligibility

(B) ITC must be claimed on every invoice reflected in GSTR 2B, even if it is blocked U/S 17 (5)

(C) Invoices on which ITC is not available u/s 17(5) should not be considered for ITC claim, even if furnished by suppliers and reflected in GSTR-2B

(D) ITC automatically granted for all invoices uploaded by the supplier

(E) Answer not known

106. Mr. X. a performing artist, provides the following information. Find out exempted supply pertaining to him

(a) Performing classical dance

(b) Performing in television serial

(c) Services as brand ambassador

(d) Coaching in recreational activities relating to arts

(e) Activities in sculpture making

(f) Performing Western dance

(A) (a), (c), (f) only

(B) (b), (c), (d), (f) only

(C) (a) and (d) only

(D) (c), (d) and (e) only

(E) Answer not known

107. The value of supply of goods and services shall be

(A) MRP

(B) Market value

(C) Transaction value

(D) Value including GST

(E) Answer not known

108. Registration certificate granted under GST is valid for

(A) One year

(B) 5 years

(C) Valid till it is cancelled

(D) 6 months, then need to apply for renewal

(E) Answer not known

109. GST (Compensation to States) Act, 2017 was enacted to levy compensation cess for providing compensation to the

(A) CG for Administration

(B) GST council for managing GST related issues

(C) States for the loss of revenue arising on account of implementation of GST

(D) Provide educational facility to the public

(E) Answer not known

110. Projected revenue for 2023-24 : Rs. 50 crores. Actual revenue earned for 2023-24 is Rs. 47.83 crores. How much compensation payable to state?

(A) Rs. 50 crores

(B) Rs. 2.17 crores

(C) 25% of 50 crores

(D) Rs. 47.83 crores

(E) Answer not known

111. Which is the denominator in calculation of Gross profit Ratio?

(i) Gross sales

(ii) Net sales (Gross sales less sales returns)

(iii) Net sales less sales returns less GST

(iv) Gross sales less GST

(A) (i)
(B) (ii)
(C) (iii)
(D) (iv)
(E) Answer not known

112. Return on capital employed is measured as a percentage of

(A) EBIT divided by capital employed
(B) EBT divided by capital employed
(C) EBIT divided by total assets
(D) EBIT divided by EBT
(E) Answer not known

113. A ratio that is calculated to measure the relationship between total operating expenses and sales in known as

(A) Net profit ratio
(B) Gross profit ratio
(C) Operating ratio
(D) Operating profit ratio
(E) Answer not known

114. X Ltd sales Rs. 4,00,000/- variable cost 50%. Fixed cost Rs. 1,00,000/-. Interest Rs. 50,000/-. What is operating leverage?

(A) 6 Times
(B) 8 Times
(C) 4 Times
(D) 2 Times
(E) Answer not known

115. Combined leverage calculated as follows

(A) EBIT / EBT

(B) Contribution / EBIT

(C) Sales – Total cost

(D) Contribution / EBT

(E) Answer not known

116. Cost of capital is the return expected by the providers of the capital and it consists of

(a) Cost of debt

(b) Cost of equity

(c) Cost of retained earnings

(d) Cost of fixed asset

(A) (a), (b), (c) are true

(B) (d) alone true

(C) (b), (c) are true

(D) (a), (c) are true

(E) Answer not known

117. In working out leverage, which of the following is correct

(a) Combined leverage = operating leverage + Financial leverage

(b) Combined leverage = operating leverage – Financial leverage

(c) Combined leverage = operating leverage × Financial leverage

(A) (a) and (b) true

(B) (a) alone correct

(C) (c) alone correct

(D) (b) alone correct

(E) Answer not known

118. Cost of issuing new shares to the public is known as :

(i) Cost of equity

(ii) Cost of capital

(iii) Floating cost

(iv) Marginal cost of capital

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

119. ____________ method is not used for calculating working capital cycle.

(i) Trial and error method

(ii) Regression analysis method

(iii) Percentage of sales method

(iv) Operating cycle approach

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

120. Annual consumption of material is 60,000 units. Economic ordering quantity is 1,000. Ordering cost Rs. 100 carrying cost Rs. 2 per unit. Find no. of orders.

(A) 60 orders (B) 600 orders

(C) 10 orders (D) 100 orders

(E) Answer not known

121. Temporary working capital is otherwise called as

(A) Regular working capital

(B) Revolving working capital

(C) Fluctuating working capital

(D) All the above

(E) Answer not known

122. Basically, the following are the approaches for evaluating the credit policies to be adopted by a company.

(A) Total approach and incremental approach

(B) Cash and bank approach

(C) Debit and credit approach

(D) Debit and equity approach

(E) Answer not known

123. Which of the following is / are source(s) of funds?

(i) Issue of bonus shares

(ii) Conversion of debentures into equity shares

(iii) Issue of preference shares

(iv) Issue of equity shares against purchase of fixed assets

(A) (i) and (ii)

(B) (i) and (iii)

(C) (iii)

(D) (i), (iii) and (iv)

(E) Answer not known

124. Which method of accounting recognizes revenue at the point of sale and expenses when they are incurred?

(A) Cash method

(B) Cash flow method

(C) Indirect method

(D) Accrual method

(E) Answer not known

125. What is the formula for value of firm?

(A) Number of shares × issue price

(B) Number of shares × earnings per share

(C) Number of shares × cost of acquisition

(D) Number of shares × market price of shares

(E) Answer not known

126. The whole concept of financial management is focus on the following decisions :

(a) Investment decisions

(b) Financing decisions

(c) Dividend decisions

(d) Cost control decisions

(A) (a), (b), (c) are true

(B) (a), (b), (d) are true

(C) (b), (c), (d) are true

(D) (c), (d) are true

(E) Answer not known

127. __________ is an form of equity, financing where an investor is a wealthy individual who provides capital for start-up, in exchange for an ownership.

(A) International funding
(B) Equity
(C) Angel Financing
(D) Preference Capital
(E) Answer not known

128. Capital structure represents the mix of

(A) Different sources of Income
(B) Raising funds for working capital
(C) Different sources of long-term funds
(D) Current Liabilities
(E) Answer not known

129. Calculate market price per share ($\bar{x}$)

Earnings per share Rs. 8.45

Price earning ratio 20 : 1

(A) Rs. 216.50
(B) Rs. 169
(C) Rs. 150
(D) Rs. 160
(E) Answer not known

130. Assertion [A] : IRR (Internal rate of return) is the rate at which the sum of discounted cash inflows equals the sum of discounted cash out flows.

Reason [R] : This method generally employed when cost of investment and annual cash inflows are known.

(A) [A] is true but [R] is false

(B) [A] is false but [R] is true

(C) Both [A] and [R] are true and [R] is correct explanation of [A]

(D) Both [A] and [R] are true and [R] is not correct explanation of [A]

(E) Answer not known

131. Formula for pay back period is

(A) $\dfrac{\text{Initial Investment}}{\text{Cash flow before tax per year}}$

(B) $\dfrac{\text{Initial Investment}}{\text{Cash flow after tax per year}}$

(C) $\dfrac{\text{Initial Investment}}{\text{Profit before tax per year}}$

(D) $\dfrac{\text{Initial Investment}}{\text{Profit after tax per year}}$

(E) Answer not known

132. The cost of issuing __________ is generally higher than the cost of issuing other types of securities.

(A) Debentures

(B) Preference shares

(C) Equity shares

(D) Long term borrowings

(E) Answer not known

133. Choose the right matches among type where

(1)	NPV > Zero	–	accept the proposal
(2)	NPV < Zero	–	accept the proposal
(3)	PV > C	–	accept the proposal
(4)	PV < C	–	reject the proposal

PV stands for present value of cash inflows, C for Present Value of cash outflows, NPV for Net Present Value.

(A) (1), (3), (4) are correct
(B) (1) and (3) are correct
(C) (2), (3), (4) are correct
(D) (1) and (4) are correct
(E) Answer not known

134. Calculate Average Rate of Return (ARR) for the following details.

(i) Profit before depreciation of Tax = Rs. 2,00,000

(ii) Depreciation = Rs. 45,000

(iii) Tax rate = 50%

(iv) Average Investment Rs. 2,25,000

(A) 31%
(B) 32%
(C) 33%
(D) 34%
(E) Answer not known

135. Of the product of which two ratios is the return on Investment Composed?

(i) Overall Turnover Ratio and Current Ratio

(ii) Net Profit Ratio and Fixed Asset Turnover

(iii) Working capital Turnover Ratio and Net Profit Ratio

(iv) Net Profit Ratio and overall Turnover ratio

(A) (i) (B) (ii)

(C) (iii) (D) (iv)

(E) Answer not known

136. In cash flow statement, cash includes

(i) Cash on hand

(ii) Demand deposits with banks

(iii) Cash on hand and demand deposits with banks

(iv) Cash on hand of demand deposits with banks

(A) (i) (B) (iii)

(C) (ii) (D) (iv)

(E) Answer not known

137. Company decided to value stock at cost, whereas previously, the practice was to value stock @ cost less 10%. Stock on 31.3.22 was Rs. 2,16,000 stock on 31.3.23 was correctly valued at Rs. 3,00,000. What is the effect of this transaction in cash flow statement?

(A) No effect in current year cash flow statement

(B) Opening stock will be revised to Rs. 2,40,000 and profit opening balance increased by Rs. 24,000

(C) Opening stock will be revised to Rs. 2,40,000. No change in profit

(D) Opening stock will be revised to Rs. 2,00,000. No change in profit

(E) Answer not known

138. What is the value of Net Profit (in lakhs) for year 2

	Year 1
Sales	200 lakhs
Net Profit margin	25 %

Sales for year 2 is 120% of year 1 and estimated Net Profit Margin is 20%.

(A) Rs. 50 Lakhs

(B) Rs. 40 Lakhs

(C) Rs. 58 Lakhs

(D) Rs. 48 Lakhs

(E) Answer not known

139. Working capital Rs. 4,00,000

Current Ratio 2

Calculate Current Assets

(A) Rs. 4,00,000
(B) Rs. 6,00,000
(C) Rs. 8,00,000
(D) Rs. 10,00,000
(E) Answer not known

140. Under direct method, when cost of goods sold is Rs. 90,000 and change in accounts payable Rs. 5,000 (Increase), change in inventory Rs. 2,000 (Increase), Find the amount paid to suppliers to be shown as outflow under operating activities.

(A) Rs. 97,000
(B) Rs. 93,000
(C) Rs. 87,000
(D) Rs. 90,000
(E) Answer not known

141. In which of the below process, the duties of various staff of a business are arranged in such way that work performed by one is automatically checked by the next staff while performing his duties.

(A) Internal audit
(B) Internal check
(C) Continuous audit
(D) Statutory audit
(E) Answer not known

142. Choose the right answer :

Internal audit is mandatory for every unlisted public company having paid up share capital of

(A) Rs. 100 crores during the preceding financial year

(B) Rs. 50 crores during the preceding financial year

(C) Rs. 500 crores during the preceding financial year

(D) Rs. 200 crores during the preceding financial year

(E) Answer not known

143. Choose the right answer :

Checklist contains the instructions to be followed by the

(A) Employer of the organisation

(B) Employee of the organisation

(C) Banker to the organisation

(D) Audit staff engaged by the auditor of the organisation

(E) Answer not known

144. Which one is not the example of detective control, a type of internal control?

(A) Reviews of performance

(B) Reconciliation of work of employee standard with actual and takes corrective actions in case of differences

(C) Segregation of duties

(D) Physical verification of inventories

(E) Answer not known

145. A system of control established by management of an organisation so as to ensure achievement of organisational objective effectively and efficiently is known as

(A) Inherent risk

(B) Analytical procedure

(C) Internal control

(D) Detection risk

(E) Answer not known

146. Choose the right answer :

Which of the following audit procedures help in obtaining audit evidence?

(i) Risk assessment

(ii) Control testing

(iii) Substantive procedures

(A) (i) only

(B) (i) and (ii) only

(C) (i), (ii) and (iii)

(D) (ii) and (iii) only

(E) Answer not known

147. Choose the right answer :

What relationship exists between audit evidence and auditor's opinion?

(A) Audit evidence provides basis to arrive at conclusions for auditor's opinion

(B) Audit evidence proves the work done by auditor

(C) Audit evidence proves the effectiveness of auditor's audit procedures

(D) No relationship exists

(E) Answer not known

148. Choose the right answer :

A permanent audit file normally includes :

(a) Information concerning legal and organisational structure of the entity examples memorandum and articles of association

(b) Extracts of important documents like legal agreements

(c) Copies of management letters issued to auditors

(d) Copy of communication with retiring auditors

(A) (a), (b), (c)

(B) (b),(c),(d)

(C) (a), (b), (d)

(D) (a), (b), (c) and (d)

(E) Answer not known

149. What is the primary purpose of an audit program?

(A) To determine the audit fees

(B) To ensure compliance with regulatory requirements

(C) To outline the audit procedures and ensure systematic execution

(D) To asses the client's internal control systems

(E) Answer not known

150. Which of the following is a typical content of an audit note book?

(A) Detailed client correspondence

(B) Initial findings and observations

(C) Finalized financial statements

(D) The audit firm's marketing materials

(E) Answer not known

151. Choose the right answer.

U/S 43 (h) of Central Act, who can frame rules prescribing the books and accounts to be kept by a co-operative society?

(A) Central government

(B) State government

(C) Secretary of the co-operative society

(D) Management committee of the society

(E) Answer not known

152. Choose the right answer :

The surplus funds of a co-operative society can be invested only

(a) Government savings bank

(b) Any bank in the approved list of the registrar.

(c) Securities specified in sec. 20 of the Indian Trust Act, 1882

(d) In shares and securities of other co-operative societies with limited liability

(A) (a) and (b)

(B) (b) and (c)

(C) (a) and (d)

(D) (a), (b), (c) and (d)

(E) Answer not known

153. Which standard is primarily used for auditing financial statements of hospitals in India?

(A) Indian Accounting Standards (Ind AS) – 115

(B) Indian Standards on Auditing (ISA) – 700

(C) Indian Standards on Auditing (ISA) – 240

(D) Indian Standards on Auditing (ISA) – 315

(E) Answer not known

154. In auditing trust's, what is the primary purpose of examining the trust's financial statements?

(A) To evaluate the trust's ability to attract new donors

(B) To ensure that the financial statements provide a true and fair view of the trust's financial position

(C) To assess the effectiveness of the trust's fund raising events

(D) To review the performance of the trust's management team

(E) Answer not known

155. A building may be constructed with the help of government money, but not used for the purpose it was aimed at, reverting in unproductive expenditure, coming under ———— type of audit

(A) Cost audit

(B) Statutory audit

(C) Propriety audit

(D) Internal audit

(E) Answer not known

156. While auditing the co-operative society, cash receipts on account of share capital should be vouched with

(A) Register of Members

(B) Cash Book

(C) Bank Book

(D) Banker's Statement

(E) Answer not known

157. What is the ultimate benefit of conducting an audit for stake holders?

(A) Decreased audit fees

(B) Improved internal controls

(C) Reliable financial Informations for decision making

(D) Enhanced operational efficiency

(E) Answer not known

158. Choose the right answer :

Which of the following Best describes the scope and objective of an audit?

(A) Prepare financial statements as per applicable law

(B) Find fault in financial information of an entity

(C) Verify the documents for financial transactions

(D) Obtain reasonable assurance if the financial statements are free from mis-statements

(E) Answer not known

159. Which of the following type of audit where "Early detection and prevention of further damage" is possible

(A) Balance sheet audit

(B) Statutory audit

(C) Performance audit

(D) Internal audit

(E) Answer not known

160. The scope of an audit and financial statements is determined by

(A) The auditor as per terms of engagement

(B) Board of directors of the company

(C) Respective state or central government

(D) Share holders of the company

(E) Answer not known

161. Exemption under section 54F shall NOT be allowed if the assessee, on the date of transfer if he owns

(A) Any residential house

(B) Residential house which let out

(C) House which is self occupied

(D) More than one residential house

(E) Answer not known

162. "Compensation on account of disaster relief received from a local authority by an individual or his/her legal heir is taxable".

Examine the correctness of the statement.

(A) Statement is correct

(B) Statement is not correct

(C) Partially correct

(D) Only CG [Central Government] is exempt

(E) Answer not known

163. Mr. A. retires from service on Dec. 31, 2023, after 25 years of service. Following are the investment; Lump sum payment received: Rs. 6,00,000 from recognised provident fund and Rs. 60,000 interest thereon. Compute taxable portion of the amount received from provident fund in the hands of "A" for the Assessment year 24-25.

(A) Rs. 6,60,000
(B) Rs. 60,000
(C) Rs. 6,00,000
(D) Fully exempt
(E) Answer not known

164. Mr. D is working in a partnership firm. He borrowed a loan of Rs. 1,00,000 for his sisters wedding as advance of salary. This amount will be taxed under the sec

(A) Sec 16
(B) Sec 17
(C) Sec 15
(D) Sec 18
(E) Answer not known

165. Income received in India during the previous year is taxable in the case of

(a) All residents

(b) Resident, but not ordinarily resident

(c) Non-resident

(A) (a), (b) only correct
(B) (a) only correct
(C) (b), (c) only correct
(D) (a), (b), (c) correct
(E) Answer not known

166. What is the expansion of HUF, with reference to the Income Tax Act?

(A) Holistic Undertaking Finance

(B) Hindu Undertaking Finance

(C) Household Unlevered Financing

(D) Hindu Undivided Family

(E) Answer not known

167. A Resident co-operative society who wants to avail the benefit of lower rate under the alternate tax regime of section 115 BAD of Income Tax Act, 1961 is required to upload an option in

(A) Form No. 10-IF

(B) Form No. 10-u

(C) Form No. 10-E

(D) Form No. 10-DE

(E) Answer not known

168. Following income is eligible to be claimed as deduction by a co operative society

(a) Interest earned from investment in other cooperative society

(b) Income from letting of godowns for storage

(c) Capital gains income

(d) Society engaged in cottage industry

(A) (a), (b) and (c)

(B) (a), (c) and (d)

(C) (b), (c) and (d)

(D) (a), (b) and (d)

(E) Answer not known

169. The rate of TCS is not 1% for

(A) Alcoholic liquor for home consumption

(B) Scrap

(C) Specified minerals

(D) Tendu leaves

(E) Answer not known

170. Examine the TDS implications under section 194 A in the cases mentioned here under.

On 1.10.2023, Mr. Rajesh started six months recurring deposits of Rs. 2,00,000 per month @ 8% p.a with PQR bank. The recurring deposit matures on 31.03.24.

(A) Rs. 2,800

(B) NIL

(C) Rs. 4,000

(D) Rs. 1,000

(E) Answer not known

171. The following overhead expenses relate to a cost centre operating at 50% of normal capacity. Draw up a flexible budget for the cost centre for operating at 75%, 100% and 125% of normal capacity. Indicate the basis upon which you have estimated each item of expenses for the different operating levels.

	Rs.		Rs.
Foreman	60	Defective work	25
Assistant	40	Consumable store	20
Inspectors	65	Overtime bonus	-
Shop labours	40	Machine depreciation	110
Machinery repair	100		460

(A) Rs. 565
(B) Rs. 760
(C) Rs. 950
(D) Rs. 900
(E) Answer not known

172. Zero Base Budgeting is a technique, whereby involves:

(a) All elements of manager, budget requests

(b) Critical examination of on-going activities as closely as proposed activities

(c) Providing each manager a range of choices of different activities and allocating resources

(A) (a) and (b) are correct
(B) (a) and (c) are correct
(C) (a), (b) and (c) are correct
(D) (b) and (c) are correct
(E) Answer not known

173. Stages involved in zero based budgeting

(i) Ranking (prioritisation) of the decision packages

(ii) Allocation of resources

(iii) Doesn't Evaluate of decision packages

(iv) Identification of systematic approach

(A) (i) and (iii)

(B) (iii) and (iv)

(C) (iv) and (i)

(D) (i) and (ii)

(E) Answer not known

174. Zero Base Budgeting facilitates review of various activities from ———— and a detailed ———— is required to be conducted for each activity.

(A) Preliminary, Activity Based Study

(B) Scratch, Cost Benefit Study

(C) Allocation and Flexible Budget Study

(D) Absorbtion of Costs, Fixed Budget Study

(E) Answer not known

175. While application of zero based budgeting, ———— is to be identified which is a document that identify an activity which can complete for limited resources and decide whether to sanction or not by the management.

(A) ABC technique

(B) Decision package

(C) Absorption costing

(D) Cost element

(E) Answer not known

176. Zero based budgeting involves mainly ———— as well as

(A) Cash and bank (B) Money and funds

(C) Time and cost (D) Process and procedure

(E) Answer not known

177. A Ltd company has the following overheads at the production level of 50,000 units?

Works overheads

(60% fixed) – Rs. 2.50 p.u.

What is the amount of overheads for a production level of 1,00,000 units

(A) Rs. 1,75,000 (B) Rs. 2,00,000

(C) Rs. 2,25,000 (D) Rs. 2,10,000

(E) Answer not known

178. Choose the correct answer for the following statements:

The primary difference between fixed budget and a variable budget is that a fixed budget.

(A) Fixed budget includes only fixed costs while a variable budget includes only variable costs

(B) Is concerned only with future acquisitions of fixed costs, while a variable budget is concerned with expenses which vary with sales

(C) Cannot be changed after period begins while a variable budget can be changed after a period begins

(D) Is a plan for a single level of sales while a variable budget consists of several plans

(E) Answer not known

179. The budget which usually takes the form of budgeted profit and loss A/c and balance sheet is known as

(A) Flexible budget (B) Master budget

(C) Cash budget (D) Purchase budget

(E) Answer not known

180. In order to find out whether the deviations of actuals from budgeted results are favourable or otherwise, certain ratios are commonly used and expressed in terms of percentage, which are

(a) Activity ratio

(b) Capacity ratio

(c) Efficiency ratio

(A) (a), (b) alone true (B) (a), (c) alone true

(C) (b) alone true (D) (a), (b), (c) are true

(E) Answer not known

181. If company wishes to establish factory overhead budget system in which estimated costs can be derived directly from the estimates of activity levels, it should prepare

(A) Master budget (B) Cash budget

(C) Flexible budget (D) Fixed budget

(E) Answer not known

182. A Budget or Budgetary control is not something rigid or like as trait - Jacket. There is enough flexibility to provide initiative and drives, which contains advantage of

(a) Uncovering, uneconomic operations and weakness in the organisation

(b) Minimising the wasteful spending

(c) Introduction of Dynamism in the organisation

(A) (a) and (b) alone are true

(B) (a), (b), (c) are true

(C) (b) alone true

(D) (c) alone true

(E) Answer not known

183. Which is a major limitation of budgetary control?

(1) It reduces need for reporting

(2) It requires extensive analysis and reporting

(3) It simplifies the budgeting process

(4) It eliminates the need for detailed planning

(A) (1) only true

(B) (2) only true

(C) (3) only true

(D) (4) only true

(E) Answer not known

184. State which of the following is not a limitation of budgetary control.

(1) The accurate position of the business cannot be estimated

(2) Budget is only a management tool and not a substitute for management

(3) Accuracy in budgeting comes through experience only and not in the development period

(4) Budgets act as a safety tool for management

(A) (1), (2) both are correct
(B) (3) only correct
(C) (4) correct
(D) (2), (3) both are correct
(E) Answer not known

185. Budgetory control provides a basis for

(A) Bonus shares
(B) Rights shares
(C) Remuneration plans
(D) Issue of shares
(E) Answer not known

186. Which of the following statements are true/false?

(1) Budget is a means and budgetory control is the end result

(2) A budget manual is a summary of all functional budgets

(A) (1) and (2) True
(B) (1) and (2) False
(C) (1) False (2) True
(D) (1) True (2) False
(E) Answer not known

187. The main objective of budgetory control is

(1) To define the goal of the firm

(2) To coordinate different departments

(3) To plan to achieve its goals

(A) (1) only

(B) (2) only

(C) (1) and (3)

(D) (3) only

(E) Answer not known

188. Budgeting provides the following except

(A) A means to communicate the organisation's short term goals to its members

(B) Support for the management functions of planning and coordination

(C) A means to anticipate problems

(D) A guarantee of future profits

(E) Answer not known

189. From the information calculate Efficiency Ratio

Actual Hours worked 600

Budgeted production 88 units

Standard Hours per unit 10

Actual production 75 units

(A) 125%

(B) 152%

(C) 85-23%

(D) 68 -18%

(E) Answer not known

190. Sales and production budgets are ——————budgets

(A) Financial

(B) Investment

(C) Zero base

(D) Operating

(E) Answer not known

191. Budgets prepared at single level of activity are referred to as

(A) Flexible Budgets

(B) Fixed Budget

(C) Rolling Budget

(D) Sales Budget

(E) Answer not known

192. A system by which budgets are used as a means of planning and controlling all aspects of a business is called as

(A) Forecosting

(B) Master Budget

(C) Zero Base Budgeting

(D) Budgetory control

(E) Answer not known

193. Find which one is correct :

The capital expenditure budget is an important budget providing for acquisition of assets necessitated by the following factors.

(i) Replacement of existing assets.

(ii) Purchase of additional assets to meet a proposed. Decrease in production due to Decrease in demand.

(iii) Sale of assets because of starting up of new lines of improvement

(iv) Installation of an improved type of machinery so as to reduce cost of production.

(A) (i) and (iii)

(B) (i) and (iv)

(C) (iv) and (iii)

(D) (iii) and (ii)

(E) Answer not known

194. A budget which provides a guidance as to the amount of capital that may be needed for procurement of assets during the budget period is known as

(A) Cash Budget

(B) Capital Expenditure Budget

(C) Cash flow Budget

(D) Asset Budget

(E) Answer not known

195. In case of plant, the key factor may be

(A) Shortage of experienced salesman

(B) General shortage of power

(C) Insufficient market demand

(D) Insufficient capacity

(E) Answer not known

196. Which of the following statements are True/False?

(1) Budgetory control can be prepared on the basis of past figures adjusted to future trends

(2) Standards setup targets which are to be attained by actual performance

(A) (1) and (2) False

(B) (1) False (2) True

(C) (1) True (2) False

(D) (1) and (2) True

(E) Answer not known

197. When a manager is concerned with monitoring total cost total revenue and net profit conditioned upon the levels of productivity an accountant should normally recommend

(A) Flexible Budget and standard costing

(B) Fixed Budget and standard costing

(C) Flexible Budget and Absorption costing

(D) Flexible Budget and Activity based costing

(E) Answer not known

198. Which of the following statements are True/False?

(1) Standard costing is related with the control of the expenses hence it is more intensive

(2) Budgetory control is concerned with the operations of a business as a whole hence it is more extensive

(A) (1) True (2) False

(B) (1) False (2) True

(C) (1) and (2) True

(D) (1) and (2) False

(E) Answer not known

199. Purchases budget and Materials budget are same

(a) Purchases budget is a budget which includes only the details of all materials purchased

(b) Purchases budget is a wider concept and thus includes not only purchases of materials but also other items as well

(c) Purchases budget is different from materials budget it includes purchases of other items only

(d) Purchase budget is same from material budget

(A) (d), (a) are true
(B) (a), (c) are true
(C) (b) alone true
(D) (c) alone true
(E) Answer not known

200. The operations to produce a unit of product L requires 9 active hours. Budgeted idle time of 10% of total hours, paid for is to be incorporated into the standard time for all product. The wage rate is Rs. 4 per hour. The standard Labour cost of one unit of product L is

(A) 10
(B) 36
(C) 39
(D) 40
(E) Answer not known
