

**PAPER - 5**  
**Financial Accounting**  
**Bit Questions**



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Choose the most appropriate one from given four alternatives.

1. If an employee of the business files a legal suit on business, it is considered in the books as a
  - (a) Legal Expense
  - (b) Liability
  - (c) Contingent Asset
  - (d) **Contingent Liability**
2. At the end of the accounting year the capital expenditures are shown in the
  - (a) **assets side of the Balance Sheet.**
  - (b) liabilities side of the Balance Sheet.
  - (c) debit side of the Profit and Loss A/c.
  - (d) credit side of the Profit and Loss A/c.
3. Which of the following is not a method of charging depreciation?
  - (a) Sinking Fund Method
  - (b) Sum of years Digit Method
  - (c) Working hours Method
  - (d) **Asset's Life-cycle Method**
4. If average inventory is `1,25,000 and closing inventory is `10,000 less than opening inventory then the value of closing inventory will be
  - (a) ` 1,35,000
  - (b) ` 1,15,000
  - (c) ` 1,30,000
  - (d) **` 1,20,000**
5. The Accommodation bill is drawn
  - (a) to finance actual purchase or sale of goods.
  - (b) to facilitate trade transmission.
  - (c) **when both parties are in need of funds.**
  - (d) None of the above
6. Balance of X's account in creditors ledger is transferred to X's account in debtors ledger, in this case
  - (a) X's account in debtors ledger will be debited.
  - (b) **X's account in creditors ledger will be debited.**
  - (c) Suspense account will be debited.
  - (d) None of the above
7. Ground rent or surface rent means
  - (a) Minimum rent
  - (b) Maximum royalty payable
  - (c) Minimum royalty payable
  - (d) **Fixed rent payable in addition to minimum rent**
8. Accounting standard in India are issued by
  - (a) Government of India
  - (b) Reserve Bank of India
  - (c) **The Institute of Chartered Accountants of India**
  - (d) The Institute of Accounting Standard of India
9. As on 31st March, 2017 debtors; and additional bad debts are ` 8,00,000 and ` 10,000 respectively. If the provision for bad debts is made at 5% on debtors then amount of such provision will be
  - (a) ` 40,000
  - (b) ` 50,000
  - (c) **` 39,500**
  - (d) ` 40,500
10. Income and Expenditure Account is a
  - (a) **Nominal Account**
  - (b) Real Account
  - (c) Personal Account
  - (d) Artificial Personal Account
11. Creditors ledger adjustment account is opened in
  - (a) **General Ledger**
  - (b) Debtors Ledger
  - (c) Creditors Ledger
  - (d) Either (b) or (c)
12. Receipts and Payments account is a
  - (a) Nominal Account
  - (b) **Real Account**
  - (c) Personal Account
  - (d) Artificial Personal Account
13. A resource owned by the business with purpose of using it for generating future profit, is known as
  - (a) Capital
  - (b) **Asset**
  - (c) Liability
  - (d) Surplus
14. Outward Invoice issued is a source document of
  - (a) Purchase Book
  - (b) **Sales Book**
  - (c) Return Inward Book
  - (d) Return Outward Book
15. Which of the following is of capital nature?
  - (a) Commission on purchases
  - (b) **Cost of repairs**

- (c) Rent of factory (d) Wages paid for installation of machinery
16. **If any stock is taken by a co-venturer, it will be treated as**  
 (a) **an income of the joint venture.** (b) an expense of the joint venture.  
 (c) to be ignored from joint venture.  
 (d) it will be treated in the personal books of the co-venturer.
17. **Contingent liability would appear**  
 (a) on the liability side of the Balance Sheet. (b) on the assets side of the Balance Sheet.  
 (c) do not shown in the books of accounts. (d) **as a note in Balance Sheet.**
18. **Income statement of a Charitable Institution is known as**  
 (a) Statement of profit and loss (b) Receipts and Payments Account  
 (c) **Income and Expenditure Account** (d) Profit and Loss Account
19. **Which of the following account is mainly prepared at the time of dissolution of the firm**  
 (a) Revaluation A/c (b) Goodwill A/c  
 (c) **Realization A/c** (d) Memorandum Revaluation A/c
20. **Advertisement expenses are apportioned among departments in the proportion of**  
 (a) **sales of each department** (b) purchases of each department  
 (c) no. of units sold by each department (d) cost of sales of each department
21. **In Hire Purchase system cash price plus interest is known as**  
 (a) Capital value of asset (b) Book value of asset  
 (c) **Hire purchase price of asset** (d) Hire purchase charges
22. **Which one is/ are the method/s of Accounting for Branches**  
 (a) Final Accounts Method; (b) Debtors Method and  
 (c) Stock and Debtors Method. (d) **All of the above**
23. \_\_\_\_\_ **is similar to the Profit and loss A/c**  
 (a) **Income and Expenditure A/c** (b) Receipts and Payments A/c  
 (c) Balance Sheet (d) None of the Above
24. **Kuntal draws a bill on shyam for ` 7,000 kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:**  
 (a) Kuntal (b) Ram (c) Shyam (d) **Rahim**
25. **Bad debts are apportioned among departments in the proportion of**  
 (a) Sales of each department (b) **Number of units sold each department**  
 (c) Cost of sales of each department (d) None of the above
26. **Which of the following is not a Fundamental Accounting Assumption?**  
 (a) Going Concern (b) Consistency (c) Accrual (d) **Materiality**
27. \_\_\_\_\_ **is equal to estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.**  
 (a) **Net Realisable value** (b) Cost of Conversion  
 (c) Cost of Purchase (d) None of the above
28. \_\_\_\_\_ **are investments which are held beyond the current period as to sale or disposal.**  
 (a) **Non-current Investments** (b) Current Investments  
 (c) Current Liabilities (d) None of the above
29. **An obligation which may or may not materialize is a/an \_\_\_\_\_.**  
 (a) Loss (b) Asset (c) **Contingent Liability** (d) None of the above
30. \_\_\_\_\_ **voucher denotes payment of cash.**  
 (a) **Cash Payment** (b) Cash Receipt (c) Bank Payment (d) All of the above
31. **Which of the following is an example of Capital Expenditure?**  
 (a) Inventory of raw materials, work-in-progress and finished goods;  
 (b) Insurance premium; (c) Taxes and legal expenses;  
 (d) **None of the above.**
32. **Which of the following errors is not disclosed by a Trial Balance?**  
 (a) Errors of Omission (b) Errors of Commission  
 (c) Compensating Errors (d) **All of the above**
33. \_\_\_\_\_ **is specially suited to mines, oil wells, quarries, sandpits and similar assets of a wasting character.**  
 (a) **Depletion** (b) Depreciation (c) Amortisation (d) Delapidation
34. **The following account has a credit balance**

- (a) Plant and Equipment A/c (b) Loans A/c  
(c) Purchase A/c (d) None of the above
35. From the following details estimate the capital as on 31.03.2017, Capital as on 01.04.2016  
`4,10,000. Drawings ` 40,000, Profit during the year ` 50,000  
(a) ` 4,10,000 (b) ` 4,50,000  
(c) ` 4,20,000 (d) ` 4,00,000
36. A and B purchased a piece of land for ` 30,000 and sold it for ` 60,000 in 2016. Originally A had contributed ` 12,000 and B ` 8,000. The profit on venture will be  
(a) ` 30,000 (b) ` 20,000  
(c) ` 60,000 (d) Nil
37. AB Ltd. has signed at 31st December, 2017 the Balance Sheet date, a contract where the Total Revenue is estimated at ` 15 Crores and Total Cost is estimated at ` 20 Crores. No work began on the contract. Is the Contractor required to give any accounting effect for the ended 31st December, 2017?  
(a) Recognise expected loss of ` 5 Crores (b) Recognize ` 15 Crores as Profit  
(c) No entry (d) None of the above
38. Which of the following item does not match with receipts and payments account?  
(a) It is a summarized cash book (b) Transactions are recorded in it on cash basis  
(c) It records revenue transactions only (d) It serves the purpose of a real account
39. Which of the following is/ are the basic features of a Joint Venture  
(a) The profit or loss on joint venture is shared between the co-venturers in the agreed ratio;  
(b) The co-venturers may or may not contribute initial capital;  
(c) The JV is dissolved once the purpose of the business is over;  
(d) All of the above.
40. Excess of hire purchase price over cash price is known as  
(a) Installment (b) Cash down payment  
(c) Interest (d) Capital value of asset
41. Which of the following is/are revenue expenditure?  
(a) Consumable Stores (b) Taxes and legal expenses  
(c) Rent of factory building (d) All of Above
42. AS-9 is related to  
(a) Revenue Recognition (b) Cash Flow Statement  
(c) Accounting for Fixed Assets (d) Disclosure of Accounting policies
43. The person to whom bill is endorsed is known as \_\_\_\_\_.  
(a) Endorsee (b) Drawee  
(c) Drawer (d) None of the above
44. The following account has a credit balance  
(a) Plant and Equipment A/c (b) Loans A/c  
(c) Purchase A/c (d) None of the above
45. Which of the following is/are feature/features of Income and Expenditure Account?  
(a) It follows Nominal Account  
(b) All Capital incomes and expenditures are excluded  
(c) Profit on sale of asset is credited  
(d) All of the above
46. The debts which are not bad is known as  
(a) Good debt (b) Bad Debt  
(c) Doubtful Debt (d) None of the above
47. Accounting standards in India are issued by  
(a) Comptroller and Auditor general of India (b) Reserve bank of India  
(c) The Institute of Accounting standards of India  
(d) The Institute of Chartered Accountants of India
48. A transaction without immediate cash settlement is known as  
(a) Cash Transaction; (b) Credit Transaction;  
(c) Deferred Transaction; (d) None of the above.

49. \_\_\_\_\_ liabilities represent proprietor's equity, i.e. all those amount which are entitled to the proprietor  
 (a) External; (b) Debenture;  
 (c) Internal; (d) None of the above.
50. Goods are transferred from Department X to Department Y at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹ 48,000, then the amount of stock reserve on closing stock will be  
 (a) ₹ 12,000 (b) ₹ 9,000  
 (c) ₹ 18,000 (d) None of the above
51. Bad debts Recovered ₹ 1,000. It will be  
 (a) Credited to Bad debts A/c (b) Credited to debtor's personal A/c  
 (c) Debited to creditor's personal A/c (d) Credited to bad debts recovered A/c
52. Which of the following purpose is served from the preparation of Trial Balance?  
 (a) To check the arithmetical accuracy of the recorded transactions;  
 (b) To ascertain the balance of any ledger account;  
 (c) To facilitate the preparation of final accounts promptly;  
 (d) All of the above.
53. \_\_\_\_\_ contains the transactions relating to goods that are returned by us to our creditors  
 (a) Return Inward; (b) Return Outward;  
 (c) Sales Daybook; (d) None of the above.
54. The basic principles of \_\_\_\_\_ concept is that business is assumed to exist for an indefinite period  
 (a) Going Concern; (b) Business Entity;  
 (c) Money Measurement; (d) None of the above.
55. Capital Profit arises from which of the following?  
 (a) Profit prior to incorporation; (b) Premium received on issue of shares;  
 (c) Profit made on re-issue of forfeited shares; (d) All of the above.
56. Which of the following cannot be detected by Trial Balance?  
 (a) Errors of Omission; (b) Errors of Principal;  
 (c) Errors of Misposting; (d) All of the above.
57. The concept that business is assumed to exist for an indefinite period and is not established with the objective of closing down is referred to as  
 (a) Money Measurement concept (b) Going Concern concept  
 (c) Full Disclosure concept (d) Dual Aspect concept
58. In the hire purchase system interest charged by vendor is calculated on the basis of  
 (a) Outstanding cash Price (b) Hire purchase Price  
 (c) Installment amount (d) None of the above
59. Goods are transferred from Department A to Department B at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹ 36,000, then the amount of stock reserve on closing stock will be  
 (a) ₹ 12,000 (b) ₹ 9,000  
 (c) ₹ 18,000 (d) None of the above
60. Bad debts Recovered ₹ 750. It will be  
 (a) Credited to Bad debts A/c (b) Credited to debtor's personal A/c  
 (c) Debited to creditor's personal A/c (d) Credited to bad debts recovered A/c
61. Which of the following is a function of journal:  
 (a) Analytical Function (b) Recording Function  
 (c) Historical Function (d) All of the above
62. The out flow of funds to acquire an asset that will benefit the business for more than one accounting period is referred to as —  
 (a) Miscellaneous Expenditure (b) Revenue Expenditure  
 (c) Capital expenditure (d) Deferred Revenue Expenditure
63. The cost of a Fixed Assets of a business has to be written off over its  
 (a) Natural Life (b) Accounting Life  
 (c) Physical Life (d) Estimated Economic Life
64. Receipts and Payments Account records

- (a) Only revenue nature receipts (b) Only capital nature receipts and payment  
(c) Only revenue nature receipts and payments  
**(d) Both the revenue and capital nature receipts and payments**
65. **Excess of minimum rent over royalty is known as**  
(a) Maximum rent (b) Excess workings  
(c) **Short workings** (d) Deficiency of actual royalty
66. **If any transaction is not recorded in the primary books the same is recorded in \_\_\_\_\_**  
(a) **Journal Proper** (b) Sales Day Book  
(c) Cash Book (d) None of the above
67. **Which of the following is not a feature of Trial Balance**  
(a) It is a list of debit and credit balances which are extracted from various ledger accounts;  
(b) It does not prove arithmetical accuracy which can be determined by audit;  
(c) It is not an account. It is only a statement of account;  
**(d) All the transactions are primarily recorded in this book, hence it is the primary book of entry.**
68. **The person in whose favour the bill is endorsed is known as \_\_\_\_\_.**  
(a) **Endorsee** (b) Drawee (c) Drawer (d) None of the above
69. **Which of the following is/ are the basic features of a Joint Venture**  
(a) The profit or loss on joint venture is shared between the co-venturers in the agreed ratio;  
(b) The co-venturers may or may not contribute initial capital;  
(c) The JV is dissolved once the purpose of the business is over;  
**(d) All of the above.**
70. **The following account has a credit balance**  
(a) Plant and Equipment A/c (b) **Purchase Returns A/c**  
(c) Purchase A/c (d) None of the above
71. **When Sales = ` 3,60,000, Purchase = ` 3,20,000, Opening Stock = ` 68,000 and rate of the Gross Profit is 20% on cost, the Closing Stock would be**  
(a) `1,00,000 (b) `44,000 (c) `46,000 (d) **None of the above**
72. **As per AS – 1, which of the following is not a Fundamental Accounting Assumptions?**  
(a) Conservatism (b) Going Concern  
(c) Consistency (d) Accrual
73. **Name the book in which, entries are recorded on the basis of debit notes issued.**  
(a) Sales book (b) Purchase Book  
(c) Sales Return Book (d) Purchase Return Book
74. **Name the principle involved in the classification of Assets as Fixed and Current**  
(a) Cost Principle (b) Going Concern Principle  
(c) Matching Principle (d) Prudence Principle
75. **If a fixed amount is withdrawn on the first day of every month of calendar year by a partner in partnership firm, then for what period the interest on the total amount of drawings will be calculated?**  
(a) 4.5 months (b) 5.5 months (c) 6.5 months (d) 7.5 months
76. **Del credere commission is allowed to consignee**  
(a) for making cash sales (b) for making credit sales  
(c) for making extra sales (d) for undertaking risk of bad debts
77. **The concept that business is assumed to exist for an indefinite period and is not established with the objective of closing down is referred to as**  
(a) Money Measurement concept (b) **Going Concern concept**  
(c) Full Disclosure concept (d) Dual Aspect concept
78. **In the hire purchase system interest charged by vendor is calculated on the basis of**  
(a) **Outstanding cash Price** (b) Hire purchase Price  
(c) Installment amount (d) None of the above
79. **Which of the following is a function of journal:**  
(a) Analytical Function (b) Recording Function  
(c) Historical Function (d) **All of the above**
80. **Any change in the accounting policy relating to inventories which has a material effect in the current or later periods should be disclosed. This is in accordance with the accounting principle of:**



- (a) Going Concern (b) Conservatism  
(c) Consistency (d) Disclosure
81. Depreciation is a process of  
(a) Apportionment (b) Valuation (c) Allocation (d) None of the above
82. AS-9 is related to  
(a) Revenue Recognition (b) Cash Flow Statement  
(c) Accounting for Fixed Assets (d) Disclosure of Accounting policies
83. An amount spent in connection with obtaining a License for starting the factory is  
(a) Revenue Expenditure (b) Capital Expenditure  
(c) Pre-paid Expenditure (d) None of the above
84. According to AS-15 (Revised) superannuation scheme which has relevance only to the final salary and number of years of service is  
(a) Defined Benefit Scheme (b) Defined Contribution Scheme  
(c) Non-Contributory Scheme (d) Both (a) and (b)
85. Expenditures in respect of certain types of assets whose usefulness does not expires in the year of their occurrence but generally expires in the near future are called  
(a) Revenue Expenditure (b) Capital Expenditure  
(c) Deferred Revenue Expenditure (d) None of the above
86. The main objective of average clause contained in a fire insurance policy is to  
(a) Encourage full Insurance (b) Discourage full Insurance  
(c) Encourage under Insurance (d) Encourage full Insurance and Discourage under Insurance
87. Short working can be recouped out of  
(a) Minimum Rent (b) Excess of Actual Royalty over Minimum Rent  
(c) Excess of Minimum Rent over Actual Royalty  
(d) Profit and Loss Account
88. AS-6 (revised) is applicable to which one of the following assets?  
(a) Goodwill (b) Live stock  
(c) Plantation (d) Plant and Machinery
89. According to AS-3 (Revised) interest and dividends received in the case of a manufacturing enterprise should be classified as cash flow from  
(a) Operating Activities (b) Financing Activities  
(c) Investing Activities (d) Both (b) and (c)
90. Provision for bad and doubtful debts is created in anticipation of actual bad debts on the basis of:  
(a) Business Entity Concept; (b) Conservatism Concept;  
(c) Accrual Concept; (d) Full Disclosure Concept.
91. The out flow of funds to acquire an asset that will benefit the business for more than one accounting period is referred to as:  
(a) Miscellaneous Expenditure; (b) Revenue Expenditure;  
(c) Capital Expenditure; (d) Deferred Revenue Expenditure.
92. Goods are sent to the Branch at cost plus 25%. The loading on invoice price is:  
(a) 20%; (b) 25%; (c) 30%; (d) None of the above.
93. Actuarial valuation relates to:  
(a) Banking company; (b) Electric Supply Company;  
(c) Insurance Company; (d) None of the above.
94. Survey expenses for marine insurance claim must be  
(a) Added to claim; (b) Added to legal charges;  
(c) Added to administrative charges; (d) None of the above.
95. A profit on sale of furniture of a club will be taken to  
(a) Cash Account; (b) Receipts and Payment Account;  
(c) Income and Expenditure Account; (d) Profit and Loss Account.
96. Realisation Account is a:  
(a) Representative Personal Account; (b) Artificial Personal Account;  
(c) Real Account; (d) Nominal Account.
97. Bank shows the provision for income tax under the head  
(a) Contingency Accounts; (b) Other liabilities and provisions;  
(c) Contingent liabilities; (d) Borrowings.

98. **Bank Reconciliation Statement is:**  
 (a) Ledger Account (b) Part of cash book  
 (c) **A separate statement** (d) A subsidiary of Journal
99. **Income & Expenditure A/c shows subscriptions `10,000; Subscriptions accrued in the beginning of the year and at the end of the year were `1,000 and `1,500 respectively. The figure of subscription received appear in receipts and payments account will be:**  
 (a) **`9,500** (b) `10,000 (c) `10,500 (d) `12,000
100. **In the hire purchase system interest is charged by vendor is calculated on the basis of**  
 (a) **Outstanding cash price** (b) Hire purchase price  
 (c) Installment amount (d) None of the above
101. **A non-performing asset is:**  
 (a) Money at call and short notice. (b) Cash balance with bank  
 (c) **An asset that ceases to generate income** (d) None of the above
102. **Which of the following is not a Qualitative characteristics of Financial Statement?**  
 (A) **Cost Principle** (B) Understandability  
 (C) Relevance (D) Reliability
103. **Name the book in which, entries are recorded on the basis of credit notes issued.**  
 (A) Sales Book (B) Purchase Book  
 (C) **Sales Return Book** (D) Purchase Return Book
104. **Exception to consistency principle is**  
 (A) Cost Principle (B) Going Concern Principle  
 (C) Matching Principle (D) **Prudence Principle**
105. **Interest charged by vendor in Hire Purchase System, is calculated on the basis of**  
 (A) Outstanding hire purchase price (B) **Outstanding cash price**  
 (C) Instalment amount (D) Cost price of the asset
106. **The balance in consignment account shows**  
 (A) Amount receivable from consignee (B) Amount payable to consignee  
 (C) **Profit/ loss on consignment** (D) Closing stock with consignee
107. **Provision for bad debts is**  
 (A) Real Account (B) Nominal account  
 (C) **Personal account** (D) None of the above
108. **The business is treated as distinct and separate from its owners on the basis of the**  
 (A) Going concern concept (B) Conservatism concept  
 (C) Matching concept (D) **Business entity concept**
109. **Due to retrospective effect on revision of salary of employees, the arrears of salary relating to past years, payable in current year is**  
 (A) Prior - period item (B) Extra - ordinary item  
 (C) **Ordinary item requiring separate disclosure** (D) Contingent item
110. **Discount given in the Sales - Invoice itself is**  
 (A) Cash discount (B) **Trade discount**  
 (C) Rebate (D) Allowance
111. **Canteen expenses are apportioned among departments in the proportion of**  
 (A) Departmental floor space (B) Departmental direct wages  
 (C) Departmental sales (D) **Departmental No. of employees**
112. **Both cash and credit transactions are recorded, on the basis of**  
 (A) Accounting Period Concept (B) Going Concern Concept  
 (C) Business Entity Concept (D) **Accrual Concept**
113. **Which of the following book is both a journal and a ledger?**  
 (A) **Cash Book** (B) Sales Day Book  
 (C) Bills Receivable Book (D) Journal Proper
114. **Interest received in advance account is a**  
 (A) Nominal Account (B) Real Account  
 (C) Artificial Personal Account (D) **Representative Personal Account**
115. **Shiva draws a bill on Sanat on 25th October, 2018 for 90 days, the maturity date of the bill will be**  
 (A) 27th January, 2019 (B) 26th January, 2019  
 (C) **25th January, 2019** (D) 28th January, 2019



116. Peeru and Simu are entered in the business of buy and sale of food grain for a period of one year and sharing the profit in the ratio of 3 : 2, this agreement is a  
 (A) Partnership (B) Consignment  
 (C) Joint-venture (D) Lease
117. At the end of the year 2017-18, Prepaid Insurance Premium Rs. 7,500 appeared in the Trial Balance, it will be shown  
 (A) only in Profit & Loss Account. (B) only in Balance Sheet.  
 (C) both in Profit & Loss Account and in Balance Sheet.  
 (D) not in Both in Profit & Loss Account and in Balance Sheet.
118. Contingent Liability would appear  
 (A) on the liabilities side of the Balance Sheet. (B) on the assets side of the Balance Sheet.  
 (C) as a note in the Balance Sheet. (D) None of the above
119. Debtors Ledger Adjustment Account is opened in the  
 (A) Debtors Ledger (B) Creditors Ledger  
 (C) General Ledger (D) Both Creditors Ledger and General Ledger
120. Generally sacrifice ratio is concerned with the situation of  
 (A) Admission of a new partner (B) Retirement of a partner  
 (C) Dissolution of firm (D) Conversion of firm into company
121. KCS purchased a machine from JPS on hire purchase system, whose cash price was Rs.8,64,000. Rs.2,16,000 being paid on delivery and balance in three annual instalments of Rs.2,88,000 each. The amount of interest included in first installment would be  
 (A) Rs. 72,000 (B) Rs. 57,600  
 (C) Rs. 1,08,000 (D) Rs. 36,000
122. Which of the following is a resource owned by the business with the purpose of using it for generating future profits?  
 (A) Loan from Bank (B) Owner's Capital  
 (C) Trade Mark (D) All of the above
123. Chandu & Co.'s Account is a  
 (A) Real Account (B) Nominal Account  
 (C) Representative Personal Account (D) Artificial Personal Accounts
124. Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of  
 (A) Omission (B) Commission  
 (C) Principle (D) Misposting
125. Which of the following term is most suitable for writing off Patent?  
 (A) Depletion (B) Amortization  
 (C) Depreciation (D) All of the above
126. Memorandum Joint Venture Account is prepared when  
 (A) the separate set of books is maintained for Joint Venture.  
 (B) the each Co-venturer keeps records of all transactions.  
 (C) the each Co-venturer keeps records of their own transactions only.  
 (D) All of the above cases
127. Which of the following commission is allowed by the consignor to the consignee to encourage the consignee for putting-up hard work in introducing new product in the market?  
 (A) Del-credere Commission (B) Over-riding Commission  
 (C) Hard work Commission (D) Ordinary Commission
128. If Ram's acceptance which was endorsed by us in favour of Saleem is dishonoured, then the amount will be debited in our books to  
 (A) Saleem (B) Ram  
 (C) Bills Receivable Account (D) None of the above
129. In case of a Club, the excess of expenditure over income is called as  
 (A) Surplus (B) Deficit  
 (C) Capital Fund (D) Investment in Fixed Assets
130. A Charitable Institution has 250 members with a annual subscription of ` 5,000 each. The subscription received during 2018-19 were ` 11,25,000, which include ` 65,000 and ` 25,000 for the years of 2017-18 and 2019-20 respectively. Amount of outstanding subscription for the 2018-19 will be

- (A) ` 90,000 (B) ` 1,25,000  
 (C) ` 2,15,000 (D) ` 1,90,000

131. The following are details of closing stock items in Aarvi Limited:

Items	Historical Cost ( ` in Lakh)	Net Realisable Value ( ` in Lakh)
A	30	27
B	15	18
C	35	35
D	40	45

The value of Closing Stock will be

- (A) ` 120 Lakh (B) ` 125 Lakh  
 (C) ` 117 Lakh (D) ` 128 Lakh

132. When stock is valued at cost in one accounting period and at lower of cost and Net realizable value in another accounting period

- (A) Prudence Principle conflicts with Consistency Principle.  
 (B) Matching Principle conflicts with Consistency principle.  
 (C) Consistency Principle conflicts with Accounting Period Assumption.  
 (D) None of the above

133. Materiality Principle is an exception to the

- (A) Consistency principle (B) Full disclosure Principle  
 (C) Accounting Period Assumption (D) Prudence Principle

134. In a Cash Book Debit balance of ` 112 brought forward as credit balance of ` 121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point:

- (A) ` 112 to be added (B) ` 121 to be added  
 (C) ` 233 to be added (D) ` 112 to be subtracted

135. \_\_\_\_\_ represents a potential obligation that could be created depending on the outcome of an event.

- (A) Internal Liability (B) Current Liability  
 (C) Contingent Liability (D) Non-current Liability

136. Opening Debtors, Collection from Debtors and Discount Allowed were ` 3,15,000; ` 18,30,000 and ` 35,000 respectively. If the closing debtors were 20% of credit sales of the period then closing debtors and credit sales would be

- (A) ` 3,51,667 and ` 17,58,333 (B) ` 3,63,333 and ` 18,16,667  
 (C) ` 3,87,500 and ` 19,37,500 (D) ` 3,10,000 and ` 15,50,000

137. Following information is given

Opening Stock	2,13,000
Purchase	16,55,000
Sales	21,32,000
Carriage Inwards	32,500
Carriage Outwards	38,600
Return Inwards	38,000

If the rate of gross profit is 25% on cost then value of closing stock will be

- (A) ` 2,57,800 (B) ` 1,94,900  
 (C) ` 2,25,300 (D) ` 3,30,000

138. Provision for Doubtful Debt on 1st April, 2018 was ` 21,500. During the year 2018 – 19 the Bad-debt and Recovery of Bad-debt were ` 10,500 and ` 2,100 respectively. The Sundry Debtors on

31st March, 2019 were ` 2,25,000. Provision is to be made @ 5% on Debtors. If on 31st March, 2019, there was additional Bad-debt of ` 2,500 then Provision for doubtful-debt will be

- (A) debited to Profit & Loss Account by ` 11,250.
- (B) debited to Profit & Loss Account by ` 2,625.**
- (C) debited to Profit & Loss Account by ` 3,000.
- (D) debited to Profit & Loss Account by ` 900.

139. A and B enter into a joint venture sharing profit and losses in the ratio of 3:2. A purchased goods costing ` 2,00,000. B sold 95% goods for ` 2,50,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales. A drew a bill on B for an amount equivalent to 80% of original cost of goods. A got it discounted at ` 1,50,000. What is A's share of profit?

- (A) ` 15,300
- (B) ` 21,300**
- (C) ` 18,900
- (D) None of the above

140. Subscription of ` 6,25,000 had been shown in the Income and Expenditure Account prepared for the year ending 31st March, 2019. Additional information is as below:

	On 31st March, 2018 (₹)	On 31st March, 2019 (₹)
<b>Subscription Outstanding</b>	<b>55,000</b>	<b>72,000</b>
<b>Subscription Received in Advance</b>	<b>31,000</b>	<b>37,000</b>

The amount of subscription received during the year 2018-19 would be

- (A) ` 6,36,000
- (B) ` 6,02,000**
- (C) ` 6,14,000
- (D) ` 6,48,000

141. X and Y are partners with the capital of ` 50,000 and ` 30,000 respectively. Interest Payable on Capital is 10% p.a. If the profits earned by the firm is ` 4,800, what will be the Interest on Capital for X and Y?

- (A) ` 5,000 and ` 3,000
- (B) ` 3,000 and ` 1,800**
- (C) No interest will be paid to the partners
- (D) None of the above

**Match the following in Column I with the appropriate in Column II**

1. Match the following:

	Column I		Column II
1.	Noting charges	A	Branch Accounts
2.	Stock and Debtors Method	B	Piecemeal Distribution
3.	Work certified	C	Not-for Profit Organisation
4.	Average Clause	D	Royalty Accounts
5.	Maximum Loss Method	E	Bill of Exchange
		F	Construction Contract
		G	Insurance Claims

**Ans: 1) E          2) A          3) F          4) G          5) B**

2. Match the following:

	Column I		Column II
1.	Garner Vs. Murray Case	A	AS – 10
2.	Repossession of Goods	B	Computerized Accounting System
3.	Provision for unrealized profit	C	Insolvency of a Partner
4.	Property, Plant and Equipment	D	Royalty Accounts
5.	Automatic Financial Statements	E	Hire Vendor

		F	Inter-departmental transfer at invoice price
		G	Retirement of a Partner

**Ans:** 1) C                      2) E                      3) F                      4) A                      5) B

**3. Match the following:**

	Column I		Column II
1.	GAAP	A	Encourages prompt payment by debtor
2.	Cash receipt voucher	B	Amount owed by business to others
3.	Capital Receipt	C	Generally Accepted Accounting Principles
4.	Liabilities	D	Denotes receipt of cash
5.	Cash Discount	E	It is non-recurring in nature

**Ans:** 1) C                      2) D                      3) E                      4) B                      5) A

**4. Match the following:**

	Column I		Column II
1.	Chronologically recording of transactions	A	Machinery Account
2.	Generally Accepted Accounting Principles	B	Recurring in nature
3.	Tangible Real a/c	C	Journal
4.	Revenue Receipts	D	GAAP
5.	Helps check the arithmetical accuracy	E	Drawee
6.	Acceptance of Bills of Exchange	F	Trial Balance
7.	Dissolution of Firm	G	AS – 10
8.	Property, Plant and Equipment	H	Realisation Account
9.	Amount of actual royalty over minimum rent	I	Tournament Expenses
10.	Not for profit organizations	J	Excess working

**Ans:** 1) C    2) D    3) A    4) B    5) F    6) E    7) H    8) G    9) J    10) I

**5. Match the following:**

	Column I		Column II
1.	Double Column	A	Property, Plant and Equipments
2.	Under Valuation of Assets	B	Cash Book
3.	AS – 10	C	Secret Reserves
4.	Indemnity Period	D	Dead Rent
5.	Minimum Rent	E	Insurance Claims

**Ans:** 1) B                      2) C                      3) A                      4) E                      5) D

**6. Match the following:**

	Column I		Column II
1.	Both a journal and a ledger	A	Valuation of Inventories
2.	Under valuation of Assets	B	Cash Book
3.	AS – 2	C	Secret Reserves
4.	Indemnity Period	D	Royalties
5.	Minimum Rent	E	Insurance Claim

**Ans:** 1) B                      2) C                      3) A                      4) E                      5) D

**7. Match the following:**

	Column I		Column II
1.	Maximum Loss	A	Hire Purchase
2.	Partial repossession	B	Bills of Exchange
3.	Purchases day book	C	Credit Balance

4.	Noting charges	D	Partnership Dissolution
5.	Provision for bad and doubtful debts	E	Subsidiary Book

**Ans:** 1) D                      2) A                      3) E                      4) B                      5) C

**8. Match the following:**

	Column I		Column II
1.	Events occurring after the Balance Sheet Date	A	AS – 6
2.	Prior Period Items	B	AS – 9
3.	Depreciation Accounting	C	AS – 16
4.	Timing of recognition of sales of goods	D	AS – 5
5.	Capitalization of Borrowing Cost	E	AS - 4

**Ans:** 1)                      2)                      3)                      4)                      5)

**9. Match the following:**

	Column I		Column II
1.	AS 16	A	Revenue Recognition
2.	Remittance in transit	B	Receipts and Payments account
3.	Entrance Fee	C	Borrowing costs
4.	AS 9	D	Dissolution of Partnership firm
5.	Garner V Murray Rule	E	Branch Adjustment

**Ans:** 1) C                      2) E                      3) B                      4) A                      5) D

**10. Match the following:**

	Column I		Column II
1.	Non Performing Assets	A	Branch Accounts
2.	AS – 15 (Revised)	B	Consignment Accounting
3.	AS – 28	C	Banking Company
4.	Stock and Debtors Method	D	Employee Benefits
5.	Account Sales	E	Impairment of Assets
		F	Borrowing Cost

**Ans:** 1) C                      2) D                      3) E                      4) A                      5) B

**11. Match the following:**

	Column I		Column II
1.	Assets are equal to liabilities plus capital	A	AS – 9
2.	Intangible Fixed Assets	B	AS – 2
3.	Depreciation Accounting	C	Dual Aspect Concept
4.	Revenue Recognition	D	AS – 6
5.	Valuation of Inventories	E	Goodwill
		F	Borrowing Cost

**Ans:** 1) C                      2) E                      3) D                      4) A                      5) B

**12. Match the following:**

	Column I		Column II
1.	Non Performing Assets	A	Single Entry System

2.	Intangible Assets	B	Trial Balance
3.	Statement of Affairs	C	AS – 26
4.	Depreciation Accounting	D	Banking Companies
5.	Check Arithmetic Accuracy	E	AS - 10

**Ans:** 1) D                    2) C                    3) A                    4) E                    5) B

**13. Match the following:**

	Column I		Column II
1.	Cash Flow Statement	A	AS – 13
2.	Unexpired Risk Revenue	B	Consignment
3.	Accounting for Investment	C	AS – 7
4.	Delcredere Commission	D	Insurance Companies
5.	Construction Contracts	E	AS – 3

**Ans:** 1) E                    2) D                    3) A                    4) B                    5) C

**14. Match the following:**

	Column I		Column II
1.	AS – 3	A	Insurance Claims
2.	Maximum Loss Method	B	Accounting for fixed assets
3.	AS – 10	C	Hire Purchase system
4.	Average Clause	D	Piece meal distribution
5.	Reposses the goods	E	Cash flow statement

**Ans:** 1) E                    2) D                    3) B                    4) A                    5) C

**15. Match the following:**

	Column I		Column II
1.	Receipt & Payment a/c	A	AS – 10
2.	Revaluation model of Asset	B	Consignment
3.	Proforma Invoice	C	Not for Profit Organization
4.	Stage of Completion Method	D	Hire Purchase
5.	Partial Repossession	E	AS – 7
		F	AS – 6

**Ans:** 1) C                    2) A                    3) B                    4) E                    5) D

**16. Match the following:**

	Column I		Column II
1.	Dead Rent	A	Bills Receivable
2.	Marshalling	B	Consignment
3.	Protesting	C	Liquidity Order
4.	Account Sales	D	Accounting Policies
5.	Substance over form	E	Royalty

**Ans:** 1) E                    2) C                    3) A                    4) B                    5) D

**17. Match the following:**

	Column I		Column II
--	----------	--	-----------



1.	Highest Relative Capital Method	A	Departmental Accounts
2.	Basis of Apportionment of Expenses	B	Insurance Claim
3.	Partial Repossession	C	AS – 9
4.	Indemnity Period	D	Piecemeal Distribution
5.	Revenue Recognition	E	Hire Purchase

**Ans:** 1) D                    2) A                    3) E                    4) B                    5) C

**18. Match the following:**

	Column I		Column II
1.	Endorsement	A	AS – 7
2.	Amortisation	B	AS – 10
3.	Average Clause	C	Depreciation
4.	Percentage of Completion	D	Bills Receivable
5.	Recoverable Amount	E	Insurance Claim

**Ans:** 1) D                    2) C                    3) E                    4) A                    5) B

**State whether the following statements given below are 'True' or 'False'.**

1. Memorandum joint venture account is prepared to find out amount due from co-venture. **[False]**
2. Receipts and Payments Account is prepared by adopting cash principle of accounting. **[True]**
3. As per AS-9 revenue from interest should be recognized on the time proportion basis. **[True]**
4. Bad debts recovered is credited to debtor's personal account. **[False]**
5. New-partner pays premium for goodwill, which will be shared by old partners in their new profit sharing ratio. **[False]**
6. One of the objectives achieved by providing depreciation is saving cash resources for future replacement of assets. **[True]**
7. Royalty account is a real account in nature. **[False]**
8. As per AS-7 expenses recognized in the period in which the work to which expenses relate is performed. **[True]**
9. Expenses incurred by branch out of petty cash balance are debited to branch account by the head office. **[False]**
10. In absence of partnership deed the profit or loss should be distributed among partners in their capital ratio. **[False]**
11. The excess of expense over income is called Profit. **[False]**
12. Current Liability represents a potential obligation that could be created depending on the outcome of an event. **[False]**
13. The primary stage of accounting function is called Book-keeping. **[True]**
14. In Dual Aspect Concept the assets represent economic resources of the business. **[True]**
15. According to AS-2 Inventories are held for sale in normal course of business. **[True]**
16. Premium received on issue of shares is a revenue profit. **[False]**
17. Depreciation is an actual loss. **[False]**
18. Dishonour of a Bill means that the acceptor refuses to honour his commitment on due date and payment of the bill on presentation does not take place. **[True]**
19. Consignee is the person who sends goods to agents. **[False]**
20. Average Clause is a clause contained in a fire insurance policy. **[True]**
21. In case of Hire Purchase ownership passes at the time of sale. **[False]**
22. Minimum rent is also called dead rent or fixed rent. **[True]**
23. Revenue expenditure is the outflow of funds to acquire an asset that will benefit the business for not more than one accounting period. **[True]**
24. Dishonour of a Bill means that the acceptor refuses to honour his commitment on due date and payment of the bill on presentation does not take place. **[True]**
25. Independent Branches maintain independent accounting records. **[True]**
26. Depreciation is a charge against profit. **[True]**
27. Compensation paid to employees who are retrenched is Capital expenditure. **[False]**

28. In the hire purchase system interest charged by vendor is calculated on the basis of the outstanding cash price. **[True]**
29. When complete sequence of accounting procedure is done, which happens frequently and repeatedly in same directions then it is called an accounting cycle. **[True]**
30. Liabilities are resources owned by the business with the purpose of using it for generating future profits. **[False]**
31. Excess of hire purchase price over cash price is known as Interest. **[True]**
32. Bad debts are apportioned among departments in the proportion of sales of each department. **[True]**
33. Joint Venture is a Temporary form of business organization. **[True]**
34. As per concept of conservatism, the Accountant should provide for all possible losses but should not anticipate profit. **[True]**
35. Hybrid Basis of Accounting is the combination of both Cash as well as Accrual basis. **[True]**
36. Honour of a Bill means that the acceptor refuses to honour his commitment on due date and for this, payment of the bill on presentation does not take place. **[False]**
37. As per full disclosure principle, the financial statements should disclose all irrelevant information.
38. Realisation account is a real account.
39. Trade discount is recorded in the books of original entry.
40. Abnormal wastages should be included in the cost of inventories as per AS – 2.
41. In absence of partnership deed, partners are entitled to interest on capital @ 6% p.a.
42. Realisation account is opened at the time of dissolution of the partnership firm. **[True]**
43. Amount spent for white washing the factory building is treated as Revenue Expenditure. **[True]**
44. In the case of consignment sales, revenue is to be recognised on sale of goods to a third party. **[True]**
45. The amount by which the minimum rent exceeds the actual Royalty is known as Excess Workings. **[False]**
46. Bank Reconciliation Statement is not a part of the process of Accounts. **[True]**
47. As per AS-2 Inventory is valued at the lower of net realisable value and current replacement cost. **[False]**
48. Retiring a bill under rebate means payment of the bill before due date. **[True]**
49. Income and Expenditure Account is prepared by adopting accrual principle of Accounting. **[True]**
50. As per concept of conservatism, the Accountant should provide for all possible losses but should not anticipate profit. **[True]**
51. The cost of developing software for a company engaged in software business is revenue expenditure. **[False]**
52. Goodwill is a fictitious asset. **[False]**
53. Wages incurred by departmental workers of a factory in installing a new machinery is a revenue expenditure. **[False]**
54. Royalty account is a nominal account in nature. **[True]**
55. Trial Balance would not disclose error of omission. **[True]**
56. Original cost minus scrap value is the depreciated value of an asset. **[True]**
57. The average clause is applicable when the actual loss is less than the sum assured. **[False]**
58. Life membership fee may be capitalized and shown in balance sheet in liabilities side. **[True]**
59. Bad debts are apportioned among departments in the proportion of value of sales of each department. **[True]**
60. Joint Venture is temporary partnership. **[True]**
61. As per AS-2, inventory should normally be valued at historical cost or market value whichever is lower. **[True]**
62. When the goods are returned by branch goods sent to branch account will be credited in the books of head office. **[False]**
63. The contract of insurance is a contract of guarantee. **[False]**
64. Receipt & Payment Account only records the revenue nature of receipts and expenses. **[False]**
65. Sales Book records both cash and credit sales. **[False]**
66. Normal loss of goods sent on consignment is shown in Consignment Account. **[False]**
67. In case of trading concern, cost of goods sold and cost of sales are same. **[False]**
68. In Proprietorship business, Income-tax payable is shown as a liability in Balance Sheet. **[False]**
69. Bank reconciliation statement is prepared to arrive at the bank balance. **[False]**
70. Deferred revenue expenditure is current year's revenue expenditure to be paid in the later years. **[False]**

71. Reducing balance method for depreciation is followed to have a uniform charge for depreciation and repairs and maintenance together. [True]
72. Reserve for Discount on Creditors has a credit balance. [False]
73. A promissory note can be made payable to the bearer. [False]
74. All these items of revenue nature which received during the period of accounts, are only shown in the Income and Expenditure Account. [False]
75. When the capitalization of profits method is used then the value of goodwill on the basis of future maintainable profits is more than that of on the basis of super profits. [False]
76. In case of transfer from Creditors Ledger to Debtors Ledger, the Debtors Ledger Adjustment Account should be debited. [False]
77. Unrecoupable short-workings should be charged to Profit and Loss Account. [True]
78. In the Stock and Debtors Method of accounting, balance of Branch Stock Account shows either Gross Profit or Gross Loss. [True]
79. Prudence is a concept to recognise all losses and not profits. [False]
80. Revenues are matched with expenses in accordance with the matching principle. [False]
81. Depreciation is non-cash and non-operating expense which is to be provided for if there are profits. [False]
82. Net Profit is reflected in higher cash balances and net loss is reflected in lower net worth. [False]
83. If Partnership Deed is silent, Rate of Interest on loan by firm to a Partner shall be 6% p.a. [False]

**Fill in the blanks (You may write only the Roman numeral and the content filling the blank):**

1. The **trade** discount is not recorded in the books of accounts.
2. Profit or Loss on revaluation is shared among the partners in **Old Profit sharing** Ratio.
3. At the time of goods sent to consignee, the proforma invoice is prepared by **Consignor**.
4. Memorandum revaluation account is prepared when the **Book Value** of assets and liabilities are not altered.
5. Realisation account is opened at the time of **Dissolution** of the firm.
6. A bill of exchange drawn on 12th April, 2017 for four months, the date of maturity will be **14<sup>th</sup> August, 2017**.
7. The parties of joint venture is called **co-venturers**.
8. Outstanding subscription is shown in the **Assets** side of Balance Sheet.
9. According to AS-2 inventories should be valued at lower of cost and **Net Realizable** value.
10. Revenue expenditure is incurred to earn revenue of the **current** period.
11. The debts which may or may not be realized are called **doubtful** debts.
12. The **Balance Sheet** shows financial position of the business as on a particular date.
13. **Hybrid/Mixed** is the combination of both the basis i.e. Cash as well as Accrual basis.
14. A transaction forgotten to be entered in books of accounts is an error of **Omission**.
15. In a Computerised Environment the processing of information will be by one or more **Computers**.
16. **Drawings** represents an amount of cash, goods or any other assets which the owner withdraws from business for his or her personal use.
17. Assets like brand value, copy rights, goodwill are known as **Intangible Assets**.
18. Rebate is given in case of **Retirement** of a bill.
19. Goods costing `4,00,000 sent out to consignee at cost + 25%. Invoice value of the goods will be **`5.00.000**.
20. The amount invested by owners into business is called **Capital**.
21. As per **Going Concern** concept business is assumed to exist for an indefinite period.
22. **Single Column** Cash Book has one amount column on each side.
23. In case of departmental accounting each department is considered to be an **Activity** Centre.
24. **Customized** accounting package can suitably match with the organisational structure of the company.
25. Debtor is a person who **owes** to others.
26. The average clause is applicable when the actual loss is **more** than the sum assured.
27. Vehicles represent **capital** expenditure while repairs to vehicle would mean **revenue** expenditure.
28. Amount spent on the travelling expenses of a partner to a foreign trip for purchase of an asset to be used for the business is **capital** expenditure.
29. The withdrawal of money by the owner of business is called **drawings**.
30. An allowance by a creditor to debtor for prompt payment is **Cash discount**.

31. Income & Expenditure Account is similar to **Profit and Loss** A/c.
32. Profit means excess of **income** over **expenditure**.
33. The Bank A/c is a **Personal** Account.
34. Assets are classified as non-current asset and current assets as per **Going Concern** Principle.
35. **Recoverable / Fair Value** Amount is the higher of asset's net selling price and its value in use.
36. The **Normal** Loss is included in the valuation of inventories.
37. **Short - Workings** is the amount by which minimum rent exceeds the actual royalty.
38. While posting an opening entry in the ledger, in case of an Account having debit balance, in 'Particulars' column the words **To balance b/f** are written on debit side.
39. Depreciation Accounting is the process of **allocation** and not **valuation**.
40. Finished goods are normally valued at cost or **Net Realisable Value** whichever is lower.
41. The relation between Consignee and Consignor is that of **Agent and Principal**.
42. The relationship between Co-venturers is that of **Co-owners**.
43. Net Worth is excess of **total assets** over **total liabilities**.
44. The Sales ` 180 Lakh, Purchases ` 129 Lakh and Opening Stock ` 33 Lakh. If the rate of Gross Profit is 50% on cost, then the value of closing stock will be **` 42 Lakh**.
45. In case of Loss of Profit Policy, Gross Profit is the sum of Net Profit plus **Insured** Standing Charges.
46. Interest to be allowed @ 0.75 per cent per month on Partners Capital of ` 60 Lakh; Manager's Commission @ 5 per cent of Net Profit before charging such commission. If the Net Profit before charging interest on capital and manager's commission amounted to ` 14.85 Lakh, then manager's commission will be **` 47,250**.
47. A machinery was purchased on Hire Purchase System. Its cash price was ` 5,20,000 which was payable in annual instalments of ` 1,80,000 each including interest @ 15 per cent per annum. The amount of interest included in 2nd instalment would be **` 62,700**.
48. **Reducing Balance** method for depreciation is followed to have a uniform charge for depreciation and repairs and maintenance together.
49. Reserve for Discount on Creditors has a **debit** balance.
50. **Bills Receivable** can be made payable to the bearer.
51. The gain from sale of capital assets need not be added to revenue to ascertain the **Operating Profit or Loss** of a business.
52. **Movable** property may be the subject matter of consignment.

**PAPER - 6**  
**Laws and Ethics**  
**Bit Questions**

**PAPER - 6**  
**Law and Ethics:: Bit Questions**

Choose the correct answer from the given alternatives:

1. The term 'sub-agent' in the business of agency is defined as a person employed by, and acting under the control of the
 

(a) Principal	(b) Original agent
(c) Lawyer	(d) Third person
2. The first endorsement of an instrument can be made by the
 

(a) Banker	(b) Payee
(c) Holder in due course	(d) Agent
3. Which of the following is not the mode of dissolution of a firm under voluntary dissolution?
 

(a) Dissolution by agreement	(b) Dissolution on the happenings of certain contingencies
(c) Dissolution on becoming a partner of unsound mind	(d) Compulsory dissolution
4. White wash or color wash should be carried out at least once in every period of
 

(a) 14 months	(b) 24 months
(c) 48 months	(d) 60 months
5. The term 'family' as defined in ESI Act, 1948 does not include
 

(a) a spouse	(b) a minor adopted child
(c) a dependent unmarried daughter	(d) an independent married sister
6. Which one of the following amounts to safety measure?
 

(a) Artificial humidification	(b) Ventilation
(c) Fencing of machinery	(d) First aid appliances
7. If a company does not have a common seal, the share certificate shall be signed by
 

(a) Two Directors	(b) One Director and Company Secretary
(c) Two Directors and Company Secretary	(d) Company Secretary
8. In case of e-voting, notice shall be sent as attachment in
 

(a) PDF file	(b) Word file
(c) Excel file	(d) Access file
9. A Director may be elected by small shareholders upon a notice by
 

(a) not less than 1000 small shareholders.	(b) one tenth of the total number of shareholders.
(c) not less than 1000 small shareholders or one tenth of such shareholders, whichever is lower.	(d) one tenth of 1000 small shareholders.
10. Meta ethics deal with the nature of \_\_\_\_\_.
 

(a) external influences	(b) moral judgement
(c) material facts	(d) animal rights
11. The breach of contract may be-
 

(a) Actual;	(b) Anticipatory;
(c) None of the above;	(d) Either of (a) and (b)
12. Which one of the following is not the feature of "agreement to sale"?
 

(a) It is an executor contract;	(b) Sales takes place for existing and specific goods;
(c) The seller can sue for damages only in case of breach by the buyer;	(d) It gives a right to the buyer against the seller to sue for damages.
13. Which one of the following is not the element of draft?
 

(a) It cannot be drawn on private individual;	(b) It cannot be countermanded easily;
(c) It is open to the person to stop payment;	(d) The bank undertakes the liability which it is bound to discharge in whose favor the draft is issued;

14. Who may negotiate?  
 (a) Drawer; (b) Payee;  
 (c) All of the joint makers; (d) Any of (a) to (c).
15. The Information Memorandum shall be deemed to be a \_\_\_\_\_.  
 (a) Prospectus (b) Articles  
 (c) Memorandum (d) None of the above.
16. The Regional Director shall communicate the confirmation of shifting of registered office within \_\_\_\_\_ days of receipt of the application.  
 (a) 15 (b) 30  
 (c) 45 (d) 90
17. The private placement shall be made, not more than \_\_\_\_\_ persons in aggregate in a financial year.  
 (a) 50 (b) 100  
 (c) 200 (d) 400
18. If the shareholders not less than \_\_\_ of the issued shares of class did not consent to the variation or vote in favor of the special resolution for the variation, such shareholders may apply to the Tribunal to have the variation cancelled.  
 (a) 10% (b) 15%  
 (c) 25% (d) None of the above
19. The company shall not issue sweat equity shares for more than \_\_\_\_\_ of the existing paid up share capital in a year.  
 (a) 10% (b) 15%  
 (c) 25% (d) None of the above
20. Which one of the following is not the discharge by operation of law?  
 (a) By merger; (b) By insolvency;  
 (c) By breach of contract; (d) By the unauthorized alteration of items of a written document.
21. Which one of the following is not the feature of the Contract of Guarantee?  
 (a) There are two parties in this contract.  
 (b) The liability of surety is secondary.  
 (c) There is an existing debt for which the surety gives guarantee to the creditor on behalf of the principal debtor.  
 (d) The surety gives contract at the request of the principal debtor.
22. Section 2(7) of the Sale of Goods Act, 1930 the term 'Goods' does not include \_\_\_\_\_.  
 (a) Stock and share (b) Growing Crops  
 (c) Grass (d) Neither (A) nor (B) nor (C)
23. No female child shall be allowed to work in any factory except between \_\_\_\_\_.  
 (a) 8 AM and 7 PM (b) 6 PM and 6 AM  
 (c) 6 AM and 7 PM (d) 10 PM and 5 AM
24. The Bonus shares may be issued out of the \_\_\_\_\_.  
 (a) Free Reserves (b) Securities Premium Account  
 (c) Capital Redemption Reserve Account (d) Any of the above
25. An instrument of the proxy shall be deposited with the registered office of the company before \_\_\_\_\_ hours of the conduct of the meeting.  
 (a) 7 hours (b) 21 hours  
 (c) 48 hours (d) 60 hours
26. The minimum number of designated partners in an LLP shall \_\_\_\_\_.  
 (a) 1 (b) 2  
 (c) 7 (d) 15
27. At every AGM, not less than \_\_\_\_\_ of the total number of directors shall retire by rotation.  
 (a) One third (b) Two third  
 (c) Three fourths (d) Half
28. The minimum number of directors for a public company is \_\_\_\_\_.  
 (a) 1 (b) 2  
 (c) 3 (d) 7
29. This is not one of the 7 principles of public life.  
 (a) Integrity (b) Honesty  
 (c) Content (d) Accountability



30. Which of the following is an invitation for offer?  
 (a) A tender to supply goods at a certain time (b) A request for a loan  
 (c) Bids in an auction sale (d) A catalogue of goods for sale
31. Where seller delivers to the buyer a quantity of goods less than the contracted to sell, the buyer  
 (a) may reject them  
 (b) should not reject them as more quantity might be supplied.  
 (c) may resell them  
 (d) give less price for them.
32. A person who has ultimate control over the affairs of the factory under Factories Act, 1948 is called as:  
 (a) Occupier (b) Manager  
 (c) Chairman (d) Managing Director
33. A bearer instrument is negotiated by  
 (a) delivery only (b) delivery and endorsement  
 (c) endorsement (d) stamping and attestation
34. X, Y and Z are partners in a firm. X, without the authority of Y and Z buys certain shares in his name out of partnership money. These shares will constitute  
 (a) Partnership liability (b) Partnership Property  
 (c) Partnership network (d) Partnership Capital
35. Business ethics calls for avoidance of  
 (a) Competition (b) Publicity  
 (c) Monopoly (d) Self-interest
36. Business ethics has a \_\_\_\_\_ application.  
 (a) Universal (b) Natural  
 (c) Practical (d) Physical
37. A contract is a combination of  
 (a) Agreement and free consent (b) agreement and consideration  
 (c) agreement and enforceability (d) agreement and competence of parties
38. A proper foundation of ethics requires a standard of \_\_\_\_\_ to which all goals and actions can be compared to.  
 (a) value (b) living  
 (c) life (d) speech
39. The provisions regarding maximum number of members in a partnership are given in  
 (a) The Partnership Act (b) The Companies Act  
 (c) The Societies Registration Act (d) The Co-operative Societies Act
40. X and Y agree to divide the profits of a business in equal shares but the loss if any is to be borne by X only. The partnership agreement is  
 (a) void (b) voidable  
 (c) lawful (d) illegal
41. First aid boxes or cupboard equipped with prescribed contents and not less than one in number must be provided and maintained in every factory so as to be accessible during all working hours for every  
 (a) 200 workers for any time (b) 150 workers for any time  
 (c) 500 workers for any time (d) 30 workers for any time
42. XYZ Ltd., to which the Payment of Wages Act, 1936 is applicable, fixes the wages period of 36 days. You as a Cost and Management Accountant of the Company, how would advice the company.  
 (a) There is no problem in the above act of the Company  
 (b) As per Section 4(2) of the Act, no wage period can exceed one month. So the company would be advised accordingly.  
 (c) The wages period can be more than 30 days subject to approval of appropriate Government  
 (d) The company should take permission of Inspector of the factory.
43. When the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the  
 (a) Preceding day  
 (b) Next preceding business day  
 (c) Same day of next week  
 (d) 3rd day following the day holiday

44. In case of an employee who has not completed 15 years of age at the beginning of the Accounting year, the minimum bonus will be  
 (a) `100 or 8.33% of salary or wages whichever is higher.  
**(b) `60 or 8.33% of salary or wages whichever is higher.**  
 (c) `60 or 8.33% of salary or wages whichever is lower.  
 (d) 8.33% of salary or wages.
45. Every LLP firm shall have at least \_\_\_\_\_ designated partners who are individuals.  
 (a) two (b) three  
 (c) four (d) Five
46. K owns a residential flat in Chennai. He is entitled to quiet possession and enjoyment of his property. This is called –  
 (a) Rights in Personam (b) Rights in Rem  
 (c) Constitutional Right (d) There is no right at all
47. X sells the goodwill of his retail store to Y for `5 lacs and promises not to carry on the same business for ever and anywhere in India. This agreement is:  
 (a) Valid (b) Void  
 (c) Voidable (d) Illegal
48. In a Contract of Guarantee there is/are:  
 (a) One contract (b) Two contracts  
 (c) Three contracts (d) Four contracts
49. Right of Stoppage in transit can be exercised by the Unpaid Seller, where the Buyer:  
 (a) is solvent (b) becomes insolvent  
 (c) acts fraudulently (d) acts smartly
50. "Nemo dat quad non habet", means:  
 (a) no one is greater than god (b) none can give who does not himself possess  
 (c) everyone can give everything he has (d) everyone is bound by is habit
51. According to Sec 2(n) "Occupier" of a factory means \_\_\_\_\_  
 (a) The person who has established the factory  
 (b) The person who has highest profit share in the factory  
**(c) The person who has ultimate control over the affairs of the factory**  
 (d) The person who has ultimate control over the employees of the factory
52. A factory employs 250 workers. All the workers including workers above 60 years of age and below 15 years of age went on strike. The employer  
 (a) can deduct fine from all the workers  
**(b) cannot deduct fine from workers who are under the age of 15**  
 (c) no fine can be imposed from workers who are 60 years and above  
 (d) cannot deduct any fine from any worker.
53. Permanent disablement benefit is paid at the rate of \_\_\_\_\_ of wages.  
 (a) 120% (b) 100%  
 (c) 79% (d) 90%
54. Workers will be entitled to overtime wages if they have worked for more than \_\_\_\_\_.  
 (a) Forty-eight hours in any four week (b) Forty-eight hours in any three week  
 (c) Forty-eight hours in any two week **(d) Forty-eight hours in any week**
55. Appropriate Government reviews the rates of minimum wages within:  
 (a) 2 years (b) 4 years  
**(c) 5 years** (d) 6 years
56. Anchal purchased a motor car from Kamal who had no title to it. Anchal used the motor car for several months. True owner spotted the motor car and demanded it from Anchal. In such case  
**(a) Anchal is bound to hand-over the motor car to true owner.**  
 (b) Anchal is not bound to return the motor car to true owner as he has paid in full settlement to Kamal.  
 (c) Anchal shall advise true owner to approach Kamal.  
 (d) True owner has no right to claim either from Anchal or from Kamal.
57. Which of the following agreement is wagering agreement under the Indian Contract Act, 1872?  
 (a) Crossword competition involving application of skill and knowledge.  
 (b) Contract of Insurance.

- (c) A promise to pay B ` 1,000 if it rains on Monday.  
(d) A agrees to pay B ` 1,000 if he marries C.
58. Under Sale of Goods Act, which of the delivery of goods is called as delivery by attornment?  
(a) Actual (b) Symbolic  
(c) Constructive (d) Physical
59. Where the price of the goods under a contract of sale is to be fixed by the valuation of a third party who fails to fix the valuation, but goods are supplied to the buyer, under section 10 of the Sale of Goods Act, 1930, the buyer is  
(a) liable to pay the reasonable price of the goods.  
(b) liable to pay the minimum price of the goods.  
(c) not liable to pay any price until fixed by the valuer.  
(d) liable to pay the maximum retail price.
60. Under Factories Act, 1948, where work of the same kind is carried out by two or more sets of workers during different period of the day, each of such period is called a  
(a) Relay (b) Shift  
(c) Recess (d) Overtime
61. Under Payment of Wages Act, 1936, deduction on account of payment to cooperative societies shall not be more than  
(a) 50% of wages (b) 75% of wages  
(c) 90% of wages (d) 60% of wages
62. Under Employee's State Insurance Act, in order to qualify for sickness benefit, the insured worker is required to contribute for  
(a) 70 days in a contribution period of 6 months.  
(b) 78 days in a contribution period of 3 months.  
(c) 91 days in a contribution period of 3 months.  
(d) 78 days in a contribution period of 6 months.
63. Ankit purchased goods worth ` 20,000 from Anuj. In lieu of cash payment, Ankit accept a bill of exchange of ` 20,000 to be payable after three months. This is an example of  
(a) Accomodation Bill (b) Fictitious Bill  
(c) Genuine Bill (d) Documentary Bill
64. Under the Negotiable Instruments Act, 1881, whether acceptance of a bill of exchange in the following situation shall be treated as qualified acceptance where the acceptor  
(a) undertakes to pay only ` 10,000 for a bill drawn for ` 15,000.  
(b) declares the payment to be independent of any other event.  
(c) writes, 'Accepted, payable at ABC Bank'.  
(d) writes, 'Accepted, payable at Delhi'.
65. When a partnership firm is continued even after the expiry of fixed term is called  
(a) Perpetual partnership (b) Fixed partnership  
(c) Contract partnership (d) Partnership at will
66. A person who is not a partner of a Partnership Firm, but he may liable for firm's debt as if he was a Partner. Such a person is called  
(a) Nominal Partner (b) Sleeping Partner  
(c) Partner by estoppels (d) Partner for profit only
67. Under Companies (Registration Offices and Fees) Rules, 2014, every foreign company shall file with the Registrar of Companies along with the financial statement in form \_\_\_\_\_ which belong to the list of all the places of business established by the foreign company in India.  
(a) FC 4 (b) FC 2  
(c) FC 1 (d) FC 3
68. Business ethics are needed to create a faith about the quality, quantity, price etc. of products. The customers have more trust and faith in the businessmen who follow ethical rules. They feel that such businessmen would not cheat them. Which one of the following is appropriate for it?  
(a) Safeguarding consumers' right  
(b) Improve customers confidence  
(c) Survival of business  
(d) Consumer movement

69. **Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance or their official duties. This principle of public life is called**  
(a) Selflessness (b) Honesty  
(c) Objectivity (d) **Integrity**
70. **There are many types of ethical conflicts in the**  
(a) Business place (b) Office place  
(c) **Work place** (d) Public place
71. **Which one of the following is said to be —unethical behavior!?**  
(a) Encouraging communication (b) **Adulteration**  
(c) Employees awareness (d) Objectivity
72. **A contract creates**  
(a) **jus in personam.** (b) jus in rem.  
(c) only rights and no obligations. (d) only obligations and no rights.
73. **Provisions of EPF & Misc Provisions Act 1952 are applicable to Cinema/Theatre employing**  
(a) 10 or more persons. (b) 20 or more persons.  
(c) **5 or more persons.** (d) 15 or more persons.
74. **In the absence of Partnership agreement, the Partner has**  
(a) **right to avail interest on advances paid to partnership firm.**  
(b) right to avail interest on advances paid to partnership firm provided there is profit.  
(c) has no right to avail interest on advances.  
(d) has right to avail interest on advances even after dissolution of the firm.
75. **A person who is employed by the seller to raise the price by fictitious bids. Such person is known as**  
(a) Puffer (b) By bidder  
(c) Decoy Ducks (d) **All of the above**
76. **In case of banker's refusal to honour the cheque in spite of sufficient funds in customer's account, the banker is**  
(a) **liable to compensate the drawer.** (b) not liable to compensate the drawer .  
(c) criminally liable under section 138. (d) liable to be delisted.
77. **Dependants benefit is paid at the rate of**  
(a) 60% of wages in the form of monthly payment.  
(b) 75% of wages in the form of monthly payment.  
(c) 80% of wages in the form of monthly payment.  
(d) **90% of wages in the form of monthly payment.**
78. **Board of Directors of every listed Company shall constitute an Audit Committee which shall consists of a minimum of**  
(a) 2 Directors (b) **3 Directors**  
(c) 4 Directors (d) 5 Directors
79. **The maximum limit of bonus payable to an employee is fixed by way of percentage of salary or wages earned by the employee during the accounting year, the percentage is:**  
(a) 10% (b) 15%  
(c) **20%** (d) 25%
80. **Business Ethics also called as Corporate Ethics is a form of**  
(a) Positive Ethics (b) **Applied Ethics**  
(c) Physical Ethics (d) Practical Ethics
81. **An agreement which is enforceable at the option of one or more parties thereto but not at the option of other or others is called**  
(a) Void contract. (b) **Voidable contract.**  
(c) Void agreement. (d) Unenforceable contract.
82. **Which of the following agency is irrevocable under The Indian Contract Act, 1872?**  
(a) Agency for fixed period  
(b) Agency for single transaction  
(c) **Agency coupled with interest**  
(d) Continuing agency
83. **A sort of tacit understanding/agreement among the intending bidders to stifle competition by not bidding against each other in an auction sale is called as**  
(a) Damping (b) **Knock-out agreement**

- (c) Puffers (d) By-bidders
84. **When an instrument is drawn conditionally or for a special purpose as a collateral security and not for the purpose of transferring property therein, it is called**  
 (a) Ambiguous (b) Inchoate  
 (c) Escrow (d) Inland
85. **Which Committee is constituted by the occupier to promote cooperation between the workers and management in maintaining proper safety and health at workplace?**  
 (a) Safety Committee (b) Health Committee  
 (c) Management Workers Consultative Committee (d) Maintenance Committee
86. **Under Payment of Bonus Act, 1965, in disputed cases, bonus must be paid**  
 (a) Within 8 months from the close of the accounting year.  
 (b) **Within 1 month from the date on which the award becomes enforceable.**  
 (c) Within 2 months from the date on which the award becomes enforceable.  
 (d) Within 6 months from the date of closing of the accounting year.
87. **Businessmen or industrialists take initiative to form new companies. Their main function is to manage the company after its promotion, they are known as**  
 (a) Particular Promoters (b) Occasional Promoters  
 (c) Professional Promoters (d) **General Promoters**
88. **The study of ethics can be divided into four operational areas namely meta ethics, normative ethics, descriptive ethics and**  
 (a) Positive ethics (b) Physical ethics  
 (c) **Applied ethics** (d) Natural ethics
89. **In social agreements usual presumption is**  
 (a) that parties do not intend to create social relations.  
 (b) that parties intend to perform them.  
 (c) that parties do not intend to make legal and social relations.  
 (d) **that the parties do not intend to create legal relations between them.**
90. **In a sale of goods, the doctrine of caveat emptor will not apply when there is**  
 (a) usage of trade (b) consent by fraud  
 (c) buyer's error of judgment (d) **Merchantable Quality**
91. **A bill of exchange, that is drawn accepted or endorsed without consideration is called**  
 (a) **Accommodation bill** (b) Promissory note  
 (c) Trade bill (d) Bearer instrument
92. **Under Industrial Disputes Act, Appropriate Government may require to constitute a workman committee on any day in the preceding 12 months, where an industrial establishment employees**  
 (a) 250 or more workers (b) **100 or more workers**  
 (c) 500 or more workers (d) 200 or more workers
93. **Employee's State Insurance Act, 1948 is applicable to all**  
 (a) factories including factories belonging to Government and seasonal factories.  
 (b) factories excluding seasonal factories.  
 (c) factories including factories belonging to Government and seasonal but excluding Silk factory.  
 (d) **factories including factories belonging to Government but excluding seasonal factories.**
94. **A partner must give a public notice of his retirement from the firm in order absolve himself from the liability for the acts of the other partners done after his retirement is known as**  
 (a) Dormant partner (b) **Ostensible partner**  
 (c) Nominal partner (d) Partner by estoppel
95. **A prospectus which does not have complete particulars on the price of securities offered and the quantum of securities offered by the company is known as**  
 (a) Statement in lieu of prospectus (b) **Red-herring prospectus**  
 (c) Deemed prospectus (d) Shelf prospectus
96. **The crucial step in understanding business ethics is**  
 (a) Establishing codes of ethics (b) **Learning to recognize ethical issues**  
 (c) Having efficient operations (d) Implementing s strategic plan
97. **Which of the following reason is applicable for unethical business practices?**  
 (a) Workplace Surveillance (b) Profit making by some of the big companies  
 (c) Success of the company (d) **Administrative corruption**
98. **A party who does not suffer any loss in case of breach of contract is entitled to**  
 (a) Statutory damages (b) Liquidated damages



- (c) Exemplary damages (d) Nominal damages
99. **If part of contract is illegal, then the whole contract will be**  
 (a) Voidable (b) Void  
 (c) Legal (d) Illegal
100. **In which of the following cases, the claim of Quantum Meruit arise**  
 (a) When there is no breach of contract  
 (b) When a contract is discovered to be valid  
 (c) Where something has been done non gratuitously  
 (d) **Where the contract is divisible**
101. **Amit tells Bharat in the presence of Chetan that Amit is agent of Chetan. Chetan maintain silence instead of denying it. Later, if Amit sells Chetan's goods to Bharat, Chetan cannot dispute Bharat's title to the goods. This is example of**  
 (a) Sale by official receiver (b) Sale by a finder of goods  
 (c) **Sale by estoppel** (d) execution of Sale
102. **An act to dissuade the intending buyer from bidding or from raising the price by pointing out defects in the goods or by doing some other acts which prevent persons from forming a fair estimate of the price of the goods is known as**  
 (a) Knock out agreement (b) **Damping**  
 (c) Puffers (d) None of the above
103. **If a minor draws, endorses, delivers or negotiates an instrument, such instrument binds**  
 (a) all parties to the instrument including the minor  
 (b) only the minor and no other parties to the instrument  
 (c) **all parties to the instrument except the minor**  
 (d) None of the above
104. **In a partnership firm, the decision can be made by rule of majority when decisions relate to**  
 (a) policy matters (b) **ordinary routine matters**  
 (c) financial matters (d) buying and selling of property
105. **Power to exempt any LLP or class of LLP for audits of accounts is with**  
 (a) Inspector (b) **Central Government**  
 (c) Any other regulatory authority (d) None of the above
106. **Every inspector appointed under the Factories Act or Payment of Wages Act is deemed to be a**  
 (a) Controlling Officer (b) Labour Welfare Officer  
 (c) Honorary Magistrate (d) **A Public Servant**
107. **No fine can be imposed on any employed person who is under the age of**  
 (a) 10 (b) 12  
 (c) **15** (d) 18
108. **In case of employee covered under the ESI, the accident report shall be sent in... ..... to local office of the ESI to which the company is attached.**  
 (a) Form No. 18 (b) Form No. 18A  
 (c) Form No. 25 (d) **Form No. 16**
109. **The first case 'doctrine of frustration' as decided by the Supreme Court of India is**  
 (a) Basanti Bastralaya Vs. River Steam Navigation Co. Ltd.  
 (b) Raju Dhruv Dev Chand Vs. Raja Harmohinder Singh  
 (c) Sushila Devi Vs. Hard Singh  
 (d) **Satyabrata Ghosh Vs. Mugneeram**
110. **Application for Director Identification Number (DIN) is to be made to Central Govt. in Form**  
 (a) **DIN-1** (b) DIN-2  
 (c) DIN-3 (d) None of the above
111. **Business ethics is based on well accepted**  
 (a) **Moral and Social Values** (b) Social Values only  
 (c) Moral Values only (d) None of the above
112. **Out of seven principles of public life, the principle of objectivity means**  
 (a) holders of public office should take decisions solely in terms of the public interest.  
 (b) **in carrying out public business including making public appointments, holders of public office should make choices on merit.**  
 (c) holders of public office are accountable for their decision and actions to the public.



- (d) holders of public office should be as open as possible about all the decisions and actions that they take.
113. **Who is responsible for ethical behavior?**  
(a) Lecturers and Supervisors (b) **The Psychologist**  
(c) The Participants (d) The psychological Community
114. **The three C's of business ethics are**  
(a) Commitment, Contribution and Consequences  
(b) **Compliance, Contribution and Consequences**  
(c) Compliance, Customs and Contribution  
(d) Codes, Compliance and Contributions
115. **Cash is withdrawn by a customer of a bank from the automatic teller machine is an example of**  
(a) Express Contract (b) Void Contract  
(c) **Tacit Contract** (d) Illegal Contract
116. **Which of the following is not implied condition under The Sale of Goods Act, 1930?**  
(a) Sale by description (b) **Sale by discount price**  
(c) Sale by sample (d) Quality or fitness
117. **Occupier of every factory shall provide and maintain suitable room or rooms for the use of the children under the age of six years of women workers where the number of such women workers exceed**  
(a) 20 (b) 50  
(c) **30** (d) 150
118. **Examine as to which of the following payments form part of "salary" under the provisions of the Payment of Bonus Act, 1965.**  
(a) Travelling allowance (b) Commission on sales  
(c) **Dearness allowance** (d) Overtime allowance
119. **Under Payment of wages Act, 1963, in any factory, in which 1200 persons are employed, wages must be paid**  
(a) any time (b) **before the expiry of 10th day of the following month**  
(c) before the close of the month (d) before the expiry of 7th day of the following month
120. **The Employees Provident Funds Act, 1952 is applicable to every establishment mentioned in schedule 1 and employed**  
(a) 10 persons or more (b) 100 or more persons  
(c) **20 or more persons** (d) 50 or more persons
121. **The employer's and employee's share of contribution of ESI fund is**  
(a) 1.75% and 4.75% of wages respectively (b) **4.75% and 1.75% of wages respectively**  
(c) 10% and 3.75% of wages respectively (d) 11 % and 3.75% of wages respectively
122. **A Formal notarial certificate attesting the dishonour of a bill or note is called**  
(a) Noting (b) **Protest**  
(c) Attestation of Dishonour (d) Endorsement
123. **Public notice is not required when there is**  
(a) **admission of new partner** (b) retirement of any partner  
(c) expulsion of any partner (d) dissolution of the firm
124. **A LLP shall file an annual return duly authenticated with the Registrar within \_\_\_\_\_ of closure of a financial year under Limited Liability Partnership Act, 2008.**  
(a) 30 days (b) 45 days  
(c) **60 days** (d) 90 days
125. **The board of directors may appoint additional directors from time to time if so authorized by**  
(a) **Articles of Association**  
(b) Memorandum of Association  
(c) A resolution passed at general meeting  
(d) A resolution passed at board meeting
126. **Business ethics are gaining importance because of**  
(a) smooth functioning (b) good image  
(c) **the growth of consumer movement** (d) increasing profit
127. **Which of the following statement is correct about business ethics?**  
(a) Social responsibility and business ethics are considered different concepts  
(b) Making higher profits should be the main objective of a business

- (c) A business may sustain only if it cares for society  
(d) Companies making ethical investments may not be able to compete
128. **Holders of public office should take decision solely in terms of the public interest. This principle of public life is called**  
(a) Integrity (b) Accountability  
(c) Honesty (d) **Selflessness**
129. **To resolve the Ethical Conflict, following should not be considered.**  
(a) Relevant facts (b) Alternative Course of action  
(c) **Arms Length** (d) Ethical issues involved
130. **Which one of the following is not a quasi contract?**  
(a) Claim for necessities supplied to person incapable of contracting, or on his account;  
(b) Reimbursement of persons paying money by another, in payment of which he is interested;  
(c) **Uncertainty and futurity of the event to which it is related;**  
(d) Responsibility of finder of goods.
131. **Which one of the following is the subject matter of the contract?**  
(a) Existing or future goods;  
(b) Goods perishing before making contract;  
(c) Goods perishing before sale but after agreement to sell;  
(d) **Any of the above.**
132. **One of the following is not a negotiable instrument. Identify the same.**  
(a) **Share certificate;** (b) Bill of Exchange;  
(c) Cheque; (d) Promissory note.
133. **Which one of the following is a Bill of Exchange?**  
(a) A banker's draft;  
(b) A demand draft;  
(c) An order issued by a District Board Engineer on Government Treasury for payment to or order of a certain person;  
(d) **All the above.**
134. **Who can take active part in the management of the firm?**  
(a) Sleeping partner; (b) Secret partner;  
(c) **Working partner;** (d) Nominal partner.
135. **A new partner can be introduced as a partner into a firm-**  
(a) At the discretion of active partner;  
(b) At the decision of partners authorized in this behalf;  
(c) **With the consent of all existing partners;**  
(d) None of the above.
136. **Shelter rooms with suitable lunch rooms are to be provided, if more than \_\_\_\_\_ workers are employed.**  
(a) 100 (b) **150**  
(c) 500 (d) 1000
137. **Gratuity is payable to an employee \_\_\_\_\_.**  
(a) On his superannuation; (b) Retirement;  
(c) Retrenchment; (d) **In all the above cases.**
138. **Contribution of the employer to employees' pension scheme is-**  
(a) **8.33%** (b) 10%  
(c) 12% (d) None of the above.
139. **Who, among the following, is not the Principal Employer?**  
(a) Occupier of the factory; (b) Owner of the factory;  
(c) Legal representative of the owner; (d) **Legal representative of the contractor.**
140. **The time limit for making bonus payment is-**  
(a) Within a period of one month from the close of the accounting year;  
(b) Within a period of three months from the close of the accounting year;  
(c) Within a period of six months from the close of the accounting year;  
(d) **Within a period of eight months from the close of the accounting year.**
141. **Review of minimum wages is to be done at such interval not exceeding-**  
(a) 3 years (b) **5 years**  
(c) 7 years (d) 10 years

142. The wages of employed persons in an establishment where less than 1000 persons are employed, shall be paid before-
- (a) 7th day (b) 10th day  
(c) 15th day (d) Second working day
143. In case of unlisted company the duplicate share certificate shall be issued within a period of-
- (a) 45 days (b) 3 months  
(c) 6 months (d) None of the above
144. Which one of the following is not a contract?
- (a) A finds B's purse and gives it to him. B promises to give him `1,000/-;  
(b) A promises, for no consideration, to give `10,000/-;  
(c) A agrees to sell a horse worth of `1,000/- for `10/-;  
(d) A supports B's infant son. B promises to pay A's expenses in so doing.
145. Find out the right of the unpaid seller from the following-
- (a) A lien on the goods for the price while he is in possession of them;  
(b) A right of resale as limited by the Act;  
(c) In case of the insolvency of the buyer a right of stopping the goods in transit after he has parted with the possession of them.  
(d) All the above.
146. Holder in due course means any person-
- (a) Drawing the instrument;  
(b) Who for consideration became the possession of a promissory note;  
(c) Named in the instrument to whom or to whom order the money is directed to be paid;  
(d) None of the above.
147. Intimation of the reconstitution of change in a registered partnership is to be given to the Registrar of firms-
- (a) No time limit; (b) Within 30 days;  
(c) Within 60 days; (d) Within 90 days.
148. A firm shall not contain any name-
- (a) King; (b) Queen;  
(c) Empire; (d) All the above
149. The fee payable for registration of LLP whose contribution exceeds `10 lakhs is -
- (a) `500/- (b) `2000/-  
(c) `4000/- (d) `5000/-
150. Identify from the following which is the power of Inspector of Factory.
- (a) Enter into any place of a factory;  
(b) Make inquiry into any accident;  
(c) Seize or take copies of any document;  
(d) All the above.
151. The gratuity is payable to an employee shall not exceed-
- (a) 12 months pay; (b) 16 months pay;  
(c) 20 months pay; (d) 24 months pay.
152. Withdrawal from PF may be allowed for –
- (a) Marriage of the employer; (b) Post matriculation education of children;  
(c) For the purchase of a dwelling place; (d) For illness in certain cases.
153. ESI Corporation is a-
- (a) Partnership firm; (b) Limited Liability Partnership;  
(c) Body Corporate; (d) Hindu Undivided Family.
154. Who is not eligible to get bonus?
- (a) A temporary workman; (b) A dismissed employee;  
(c) A piece rated employee; (d) A retrenched employee.
155. The appropriate government may fix minimum rate of wages for-
- (a) Time work; (b) Piece work;  
(c) Guarantee time rate; (d) All the above.
156. The payment of wages Act applies to wages payable to an employed person in respect of wage period if such wages for that wage period do not exceed \_\_\_\_\_ per month.

- (a) `6500/- (b) `10000/-  
 (c) `18,000/- (d) `25,000/-
157. **The quorum for a public company having the number of members more than 5000 is-**  
 (a) 2 (b) 5  
 (c) 15 (d) 30
158. **In the case of an adjourned meeting the company shall give not less than \_\_\_\_\_ notice to the members.**  
 (a) 1 day (b) 3 days  
 (c) 7 days (d) None of the above.
159. **Ethics is a set of \_\_\_\_\_ of human conduct that govern the behavior of individuals or organizations.**  
 (a) Principles (b) Standards  
 (c) Principles or standards (d) None of the above
160. **The society for Business Ethics was started in**  
 (a) 1950 (b) 1960  
 (c) 1970 (d) 1980
161. **The Payment of Bonus Act 1965 extends to:**  
 (a) The whole of India  
 (b) The whole of India except Jammu & Kashmir  
 (c) The whole of India except Kerala  
 (d) The whole of India except Jammu & Kashmir and Kerala
162. **The minimum ceiling on gratuity as per the Payment of Gratuity Act, 1972 is:**  
 (a) `5 lakhs (b) `10 lakhs  
 (c) `15 lakhs (d) `20 lakhs
163. **The ESI Act, 1948 provides certain benefits to the employees in case of \_\_\_\_\_**  
 (a) Case of sickness (b) Maternity  
 (c) Employment injury (d) All the three
164. **A monthly return of contribution in the prescribed form 6 is required to be filed with the Commissioner within ..... days of the close of the month as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**  
 (a) 15 (b) 20 (c) 25 (d) 30
165. **\_\_\_\_\_ is not a negotiable instrument as per customs and usage**  
 (a) Delivery note (b) Railway Receipt  
 (c) Cheque (d) Government promissory note
166. **The minimum paid-up capital for a Public company is:**  
 (a) `3lakhs (b) `4lakhs  
 (c) `5lakhs (d) None of the above
167. **If the agreement is made by obtaining consent by doing an act forbidden by the Indian Penal Code, the agreement would be caused by:**  
 (a) Coercion (b) Fraud  
 (c) Misrepresentation (d) Undue influence
168. **Hundi's are Indigenous instrument written in \_\_\_\_\_ language**  
 (a) Vernacular (b) Hindi  
 (c) English (d) Sanskrit
169. **"If you contract to sell peas, you cannot oblige a party to have beans" - This statement applies to:**  
 (a) a implied condition as to be description of goods  
 (b) the implied condition as to fitness of goods for a particular purpose  
 (c) implied condition as to sample  
 (d) implied condition as to title
170. **Who is an Adolescent as per Factories Act, 1948?**  
 (a) Who has completed 17 years of age  
 (b) Who is less than 18 years  
 (c) Who has completed 15 years but less than 18 years  
 (d) None of these
171. **Which of these is not a negotiable instrument as per the Negotiable Instrument Act, 1881**

- (a) Bill of exchange (b) Delivery note  
(c) Bearer Cheque (d) Share Certificate
172. **Public Notice under the Indian Partnership Act, 1932 is given in the following manner:**  
(a) Serving a copy of the Notice to the Registrar of firms  
(b) Publishing the Notice in the Official Gazette  
(c) Publishing the Notice in one vernacular newspaper circulating in the district where the firm's principal place of business is situated  
(d) All of the above
173. **A person may not become an agent if \_\_\_\_\_**  
(a) He is of the age maturity; (b) He is of unsound mind;  
(c) Either of the above; (d) None of the above.
174. **In absence of a contract to the contrary, an agent is entitled to retain \_\_\_\_\_ of the principal until amount due for commission is not received by him.**  
(a) Goods; (b) Papers;  
(c) Property (whether moveable or immovable); (d) All of the above.
175. **Section 122 of Companies Act, 2013 provides that which of the following provisions are not applicable to an OPC**  
(a) Section 100: Calling of EGM (b) Section 101: Notice of Meeting  
(c) Section 105: Proxies (d) All of the above
176. **A company in which either of the Government has no paid up share capital is called as a \_\_\_\_\_ company**  
(a) Non-Government (b) Government  
(c) Listed (d) Non-listed
177. **Section 7(4) of Companies Act, 2013 provides that the company shall maintain and preserve copies of all documents and information as originally filed with the registrar till it's \_\_\_\_\_ under this Act.**  
(a) Incorporation (b) Commencement  
(c) Dissolution (d) None of the above
178. \_\_\_\_\_ are the principles of Business Ethics.  
(a) Avoid exploitation of consumers (b) Avoid unfair trade practices  
(c) Unfair treatment to employees (d) All of the above
179. **In case of contractual obligations where the promisor dies before performance:**  
(a) The legal representatives of the promisor must perform the promise  
(b) The legal representatives of the promisor must perform the promise provided it is not one dependent on the personal qualifications of the promisor  
(c) The legal representatives may not perform the promise  
(d) The legal representatives are not liable to pay damages for nonperformance of the promise.
180. **An anticipatory repudiation has the effect of:**  
(a) An automatic putting an end to the contract  
(b) Putting an end to the contract only on acceptance of the repudiation by the other party  
(c) Putting an end to the contract only on failure to perform when performance is due.  
(d) No putting an end to the contract.
181. **In pretended bidding, sale is \_\_\_\_\_.**  
(a) Sale is voidable at the option of the seller (b) Sale is voidable at the option of the buyer  
(c) Valid (d) Illegal
182. **According to Minimum Wages Act, 1948 wage slip shall be issued by every employer to his employees**  
(a) One day prior to disbursement of wages (b) On the date of disbursement of wages  
(c) One day later to the disbursement of wages (d) Anytime during the month
183. **All monies received on application shall be kept in a separate bank account in a \_\_\_\_\_ bank.**  
(a) Nationalised (b) Scheduled  
(c) Government (d) Any of the above
184. **Where a company issues shares with differential right, the \_\_\_\_\_ should be maintained under Section 88 of Companies Act, 2013.**  
(a) List of share-holders (b) Register of shares  
(c) Register of Members (d) List of shares
185. **Rule 34 provides that where the Tribunal has made winding up order of a LLP, the liquidator shall submit a report containing which of the following particulars:**

- (a) Debts due to the LLP (b) Guarantees given by the LLP  
(c) Existing and contingent liabilities of the LLP (d) All of the above
186. Every member of a company listed by shares and holding equity share capital shall have the right to \_\_\_\_\_ on every \_\_\_\_\_ placed before the company.  
(a) vote; resolution (b) Speak; agenda  
(c) Speak; resolution (d) Any of the above.
187. When a professional promotes a position or opinion to such extent that some objectivity may have to be compromised, this threat is known as  
(a) Familiarity threat (b) Objectivity threat  
(c) Advocacy threat (d) Intimidation threat
188. The \_\_\_\_\_ of the company shall contain the regulations for management of the company.  
(a) Articles (b) Memorandum  
(c) Both (d) None of the above
189. The supervisory board under the German Model is known as  
(a) Aufsichtsrat (b) Kiertsu  
(c) Vorstand (d) Kyosei
190. An audit committee has four fold relationship and therefore has to interact with management, internal auditor, public and  
(a) Cost auditor (b) Statutory auditor  
(c) Tax auditor (d) Management auditor
191. Which of the following is a method of discharge from liability?  
(a) By endorsement (b) By promising  
(c) By cancellation (d) By registration
192. A partner may contribute to the LLP  
(a) tangible or intangible property. (b) moveable or immoveable property.  
(c) money, promissory note etc. (d) Any of the above
193. Gratuity is payable to an employee after he has rendered continuous service for not less than five years on his  
(a) transfer (b) daughter's marriage  
(c) re-employment (d) resignation
194. Who will not be considered as an employee?  
(a) Canteen workers (b) Casual workers  
(c) Partners (d) Part time employee
195. "Individual pension account" means an account of subscriber, executed by a contract setting out the terms and conditions under the  
(a) Provident fund scheme (b) National pension system  
(c) Citizen welfare system (d) Minimum wage payment scheme
196. Which of the following is not a category of company?  
(a) Inactive company (b) Assistant company  
(c) Dormant company (d) Producer company
197. Section 92 of the Companies Act, 2013 requires a company to prepare and file annual return in form no.  
(a) MGT-12 (b) INC-23  
(c) MGT-7 (d) SH-10
198. The main feature of e-contract is  
(a) Cost and acceptability (b) Purity and clarity  
(c) Speed, accurate and reliable (d) Perfection and attractive
199. Which of the following is not an unpaid seller's right against the goods?  
(a) The right of retention (b) The right of stoppage in transit  
(c) The right of seeking claim for damage (d) The right of resale
200. Where the endorser does not want that the endorsee or any other holder to incur any expense on his account is called  
(a) Restrictive endorsement (b) Sans frais endorsement  
(c) Conditional endorsement (d) Unwanted endorsement
201. The liability of the partners will continue for the acts done before the dissolution, even after the dissolution, until  
(a) Public notice is given of the dissolution



- (b) Partners are getting the final payment  
(c) Claim is demanded by the creditors  
(d) The death of partners
202. **Every employee shall be entitled to receive bonus from his employer in an accounting year if he has worked for not less than**  
(a) Ten working days (b) Twenty working days  
(c) **Thirty working days** (d) Forty working days
203. **Under Employee's State Insurance Act, 1948, the term of the office of the members of Medical Benefit Council shall be**  
(a) 2 Years (b) **4 Years**  
(c) 5 Years (d) 10 Years
204. **Which one cannot be transacted through postal ballot?**  
(a) **Appointment of auditor**  
(b) Election of a Director  
(c) Buy back of shares by a company  
(d) Change in place of registered office outside the local limits of any city, town or village
205. **The appointment of an independent director shall be approved by the**  
(a) Board meeting (b) **General meeting**  
(c) Registrar of Companies (d) Central Government
206. **The sweat equity shares shall be locked in for a period of \_\_\_\_\_ years from the date of allotment.**  
(a) One (b) Two  
(c) **Three** (d) Four
207. **The following is the disadvantage of business ethics:**  
(a) Through increasing morale and trust business can increase their market share  
(b) Publicity due to well and ethical performance  
(c) Acceptance of products of the company by the public  
(d) **Diversity in achievements**
208. **A proposal may be revoked at any time before**  
(a) **the communication of acceptance** (b) the payment of consideration  
(c) signing the agreement (d) execution of the proposal
209. **Which of the following is not to be taken care while admitting a new partner?**  
(a) Computation of new profit sharing ratio and sacrifice ratio  
(b) Accounting treatment of goodwill  
(c) **Professional qualification of admitting partner**  
(d) Revaluation of assets and liabilities
210. **Where goods are delivered to the buyer and he refuses to accept them, the buyer is not bound to**  
(a) retain them with him. (b) look-after the goods.  
(c) **return them to the seller.** (d) store them in his godown.
211. **No child shall be allowed to work in a factory unless he has completed his**  
(a) 12th year (b) **14th year**  
(c) 16th year (d) 18th year
212. **Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than**  
(a) three years (b) **five years**  
(c) seven years (d) ten years
213. **The Employees' State Insurance Corporation is**  
(a) Hindu Undivided Family (b) Local Authority  
(c) Charitable Institution (d) **Body Corporate**
214. **The annual return of an OPC shall be signed by the company secretary or where there is no company secretary, by the**  
(a) Senior executive of the company (b) Auditor of the company  
(c) **Director of the company** (d) Advocate of the company
215. **If there is any mis-statement in the prospectus then it would attract the liability on**  
(a) The printer (b) **The issuer**  
(c) The publisher (d) The proof-reader
216. **Every company limited by shares shall keep and maintain the Register of Members in Form No.**  
(a) **MGT-1** (b) MGT-3

- (c) MGT-7 (d) MGT-12
217. **Ethics are the set of moral principles that guide a person's**  
 (a) Behaviour (b) Philosophy  
 (c) Religion (d) Profession
218. **Anu threaten to kidnap Binu's daughter if she does not sell her house worth ` 90 Lakh to her for ` 20 Lakh. This Contract is void due to —**  
 (a) inadequacy of Consideration (b) absence of Free Consent  
 (c) incompetence of Parties (d) None of the above
219. **The Latin Maxim "Nemo Dat Quod non Habet" means**  
 (a) no man can pass a better title than he has (b) let the Buyer beware  
 (c) no consideration – No contract (d) ignorance of law is no excuse
220. **As per the RBI Act, which of the following negotiable Instruments can be payable to the bearer on demand?**  
 (a) Cheque (b) Hundi  
 (c) Bank Draft (d) Promissory Note
221. **When a partnership firm is continued even after the expiry of fixed term, it is called**  
 (a) Partnership at Will (b) Perpetual Partnership  
 (c) Fixed Partnership (d) Particular Partnership
222. **The amount of gratuity payable to an employee shall not exceed**  
 (a) Ten months' pay (b) Twelve months' pay  
 (c) Twenty months' pay (d) Twenty-five months' pay
223. **No female child shall be allowed to work in any factory except between**  
 (a) 8 AM to 7 PM (b) 6 AM to 6 PM  
 (c) 6 AM to 7 PM (d) 10 AM to 5 PM
224. **In case of a private company, mention the number of members personally present to form the quorum of a meeting of the company.**  
 (a) One member (b) Two members  
 (c) Three members (d) Four members
225. **Which of the following is not a valid medium of sending notice to all shareholders?**  
 (a) By registered post or speed post (b) Through public advertisement  
 (c) Through registered email-id (d) Through courier service
226. **If any default is made in filing refund of money, the company and every officer, who is in default shall be liable to a penalty maximum up to**  
 (a) ` 50,000 (b) ` 75,000  
 (c) ` 1,00,000 (d) ` 1,25,000
227. **Value chain as a strategic framework for analysis of competitive advantaged was promoted by**  
 (a) Peter Drucker (b) F. W. Taylor  
 (c) Michael Porter (d) Tom Peters
228. **A person is said to be of sound mind for the purposes of making a contract if, at the time when he makes it, he is capable of**  
 (a) listening it (b) hearing it  
 (c) understanding it (d) interpreting it
229. **Ankit agrees to pay Bina ` 1500 if it rains today, otherwise Bina pays Ankit ` 2000. This is a**  
 (a) Gambling (b) Wagering agreement  
 (c) Valid agreement (d) Speculation
230. **Writing of a person's name on the face or back of an instrument or on a slip of paper attached to it is known as**  
 (a) Endorsement (b) Transfer  
 (c) Negotiation (d) Transmission
231. **Anusua and Shrita formed a partnership to undertake a construction of a shopping complex in New Delhi. This partnership is called**  
 (a) Partnership at will (b) Particular partnership  
 (c) Unlimited partnership (d) Partnership with undefined mission
232. **As per the Minimum Wages Act 1948, Adolescent means a person who has completed the age of 14 years but not completed the age of**  
 (a) 15 (b) 14

- (c) 21 (d) 18
233. Every employee shall be entitled to receive bonus from his employer in  
 (a) a financial year (b) an accounting year  
 (c) a calendar year (d) a manufacturing year
234. The annual return of an OPC shall be signed by  
 (a) the company secretary (b) the director  
 (c) the chief accountant (d) the auditor
235. The minimum age limit for appointment of managing director and the whole time director is  
 (a) 18 years (b) 21 years  
 (c) 25 years (d) 30 years
236. A company cannot remove a director appointed  
 (a) at the annual general meeting (b) at the extra ordinary general meeting  
 (c) by the promoter (d) by the tribunal
237. Moral management requires ethical  
 (a) producer (b) leadership  
 (c) market (d) customer

Match the following in Column I with the appropriate in Column II

1. Match the following:

	Column I		Column II
1.	Presentment	A	Determines acceptable conduct in business organization
2.	Form No. INC 23	B	Issue of global depository receipt
3.	Continuing Guarantee	C	Bill of Exchange
4.	Business Ethics	D	Shifting of registered office within the same state.
5.	Section 41 of the Companies Act	E	Guarantee which extends to a series of transactions.

Ans: 1) C 2) D 3) E 4) A 5) B

2. Match the following:

	Column I		Column II
1.	Designated Partner	A	Quorum for meetings
2.	Business Ethics	B	Claim for necessities supplied to person who is incompetent to contract.
3.	Negotiation	C	Stop malpractices
4.	Section 68 of Contract Act	D	At least two
5.	Section 103 of the Companies Act, 2013	E	Transfer

Ans: 1) D 2) C 3) E 4) A 5) B

3. Match the following:

	Column I		Column II
1.	Active Partner	A	Latin term 'Ethos'
2.	Consensus-ad-idem	B	Director Identification Number
3.	OPC	C	Identity of Minds
4.	DIN	D	Working Partner
5.	Ethics	E	One Person Company

Ans: 1) D 2) C 3) E 4) B 5) A

4. Match the following:

	Column I		Column II
1.	Order of Performance of Reciprocal Promise.	A	Not completed 15 years of age
2.	Waiver	B	Seven Principles of Public Life
3.	Child	C	Laws of Contract
4.	Permanent Disablement Benefit	D	Foregoing or giving up certain rights.

5.	Leadership	E	90% of wages
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Ans: 1)                      2)                      3)                      4)                      5)

5. Match the following:

	Column I		Column II
1.	True test of Partnership	A	Sale of Goods Act, 1930
2.	Agreement in restraint of trade	B	Factories Act, 1948
3.	Doctrine of Caveat Emptor	C	Cox V Hickman
4.	Spittoons	D	Seven principles of public life
5.	Integrity	E	Void

Ans: 1) C                      2) E                      3) A                      4) B                      5) D

6. Match the following:

	Column I		Column II
1.	Allocable Surplus	A	Indian Contract Act
2.	Doctrine of Implied Authority	B	Payment of Bonus Act
3.	Doctrine of Frustration	C	Sale of Goods Act
4.	Damping	D	Business Ethics
5.	Consumer Movement	E	Indian Partnership Act

Ans: 1) B                      2) E                      3) A                      4) C                      5) D

7. Match the following:

	Column I		Column II
1.	Doctrine of privity of contract	A	Factories Act
2.	Quantum Meruit	B	Minimum Wages Act
3.	Relay	C	Solomon V Solomon Co. Ltd.
4.	Schedule Employment	D	Ethical Conflict
5.	Lifting of Corporate Veil	E	Contracts Act
6.	Economic Cycles	F	Sale of Goods Act

Ans: 1) E                      2) F                      3) A                      4) B                      5) C                      6) D

8. Match the following:

	Column I		Column II
1.	Doctrine of Privity of Contract	A	Section 2(h) of Indian Contract Act
2.	Ethics	B	Dunlop Pneumatic Tyre Co. Ltd. V. Selfridge and Co.
3.	Contract	C	1 <sup>st</sup> April, 1949
4.	Offer	D	Greek word Ethos
5.	Factories Act, 1948	E	Proposal

Ans: 1) B                      2) D                      3) A                      4) E                      5) C

9. Match the following:

	Column I		Column II
1.	Suit for Injunction	A	Not completed 15 <sup>th</sup> year of age
2.	Waiver	B	Seven principles of public life
3.	Child	C	Warner Bros V Nelson
4.	Permanent Disablement Benefit	D	Foregoing or Giving up certain rights
5.	Leadership	E	90% of wages

Ans: 1) C                      2) D                      3) A                      4) E                      5) B

## 10. Match the following:

	Column I		Column II
1.	Tacit Contract	A	Three months
2.	Maternity Benefit	B	Corporate Ethics
3.	Ostensible Partner	C	Director Identification Number
4.	Business Ethics	D	Withdrawal of Cash from ATM
5.	DIN	E	Who is engaged in the conduct of the business.

Ans: 1) D                      2) A                      3) E                      4) B                      5) C

## 11. Match the following:

	Column I		Column II
1.	Annual Leave	A	Auction Sales
2.	Right of an unpaid seller	B	Within 60 days of AGM
3.	Filling of Annual Return	C	Capital Redemption Reserve Account
4.	Section 64 of the Contract Act	D	1 day for every 20 days of work performed
5.	Issue of Bonus Share	E	Right of Resale

Ans: 1) D                      2) E                      3) B                      4) A                      5) C

## 12. Match the following:

	Column I		Column II
1.	Wagering Agreement	A	Voting through electronic means
2.	Delivery by attornment	B	Work of the same kind is carried out by two or more sets of workers during different period of the day
3.	Shift	C	A company in which that other company has a significant influence.
4.	Deduction on account of payment to cooperative societies.	D	Code of conduct
5.	Drawn without consideration	E	Ultra vires
6.	Associate Company	F	Annual Return
7.	Sec. 108	G	Promise to pay `1,000 if it rains today.
8.	Beyond their Powers	H	Accommodation bill
9.	Section 92	I	Constructive
10.	Business Ethics	J	75% of wages

Ans: 1) G    2) I    3) B    4) J    5) H    6) C    7) A    8) E    9) F    10) D

## 13. Match the following:

	Column I		Column II
1.	Debtor and Creditor	A	Personal attribute
2.	Employers contribution	B	Designated Partner Identification Number
3.	Morals	C	4.75%
4.	DPIN	D	No presumption of undue influence
5.	Honesty	E	General Principles

Ans: 1) D                      2) C                      3) E                      4) B                      5) A

## 14. Match the following:

	<b>Column I</b>		<b>Column II</b>
1.	Hybrid between a company and a partnership.	A	Existence from the time of incorporation to winding up
2.	Perpetual Succession	B	Powers of the controlling authority
3.	Red herring prospectus	C	Need for business ethics
4.	Requiring the discovery and production of documents.	D	A limited liability partnership
5.	Smooth functioning	E	Does not include complete particulars of the quantum of the price of securities.

**Ans:** 1) D                      2) A                      3) E                      4) B                      5) C

**15. Match the following:**

	<b>Column I</b>		<b>Column II</b>
1.	Legal representative of the contractor	A	Welfare measures taken in a factory
2.	Where the seller makes a false representation and buyer relies on it.	B	Certificate of Incorporation
3.	Creches	C	Extract of the annual return of a company
4.	MGT – 9	D	Exception to the Doctrine of Caveat Emptor.
5.	Form No. INC – 11	E	He who is not the Principal Employer

**Ans:** 1) E                      2) D                      3) A                      4) C                      5) B

**16. Match the following:**

	<b>Column I</b>		<b>Column II</b>
1.	Wagering Contract	A	Voting through electronic means
2.	Coercion	B	War, animal rights and capital punishment
3.	Consensus ad- idem	C	Committing any act forbidden by the Indian Penal Code.
4.	Section 108 of Companies Act, 2013	D	Identity of minds
5.	Applied ethics	E	Promise to pay Rs. 1,000 if it rains

**Ans:** 1) E                      2) C                      3) D                      4) A                      5) B

**17. Match the following:**

	<b>Column I</b>		<b>Column II</b>
1.	Occupier	A	P purchases goods from S, he has no intention of paying for it.
2.	Section. 92 of the Companies Act, 2013	B	Annual Return
3.	Meta Ethics	C	Person having ultimate control
4.	Fraud	D	Control of at least 20 per cent of total share capital
5.	Significant influence	E	Nature of moral judgement

**Ans:** 1) C                      2) B                      3) E                      4) A                      5) D

**18. Match the following:**

	<b>Column I</b>		<b>Column II</b>
1.	Right of lien	A	Industrial Establishment
2.	Certificate of Incorporation	B	Minimum rates of wages have been fixed.
3.	Lord Nolan	C	Keep the goods in his possession
4.	Plantation	D	Seven Principles of Public Life



5.	Cost of living index number	E	Form No. INC – 11
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Ans: 1) C                      2) E                      3) D                      4) A                      5) B

**State whether the following are 'True' or 'False'**

1. In an agreement to sale, the buyer is entitled to recover the same from the official liquidator in case of insolvency of the seller. **[False]**
2. The term 'employed person' includes the legal representatives of a deceased employed person. **[True]**
3. Payment of Gratuity Act, 1972 applies to every shop and establishment employing seven or more persons. **[False]**
4. Any misstatement in the prospectus would attract the liability on the issuer. **[True]**
5. Continuous improvement or kaizen is a popular theme. **[True]**
6. The buyer of the goods is not bound to accept the delivery of goods by installments unless otherwise agreed. **[True]**
7. A woman employee may be allowed to work between 6 p.m. and 6 a.m. **[False]**
8. The employer cannot reduce wages of the employee to avoid his liability under the Employee Provident Fund and Miscellaneous Provisions Act. **[True]**
9. Standing Committee under Employees State Insurance Act shall consist of three members of the Corporation. **[True]**
10. A general meeting may be called after giving a shorter notice if consent is given in writing by not less than 50% of members entitled to vote at such meeting. **[False]**
11. Cheque is a bill of exchange. **[True]**
12. LLP is a separate legal entity. **[True]**
13. Gratuity is a lump sum payable on consideration of the past services rendered by the employee. **[True]**
14. A dismissed employee, reinstated with back wages is entitled to bonus. **[True]**
15. A promissory note must be conditional. **[False]**
16. Two persons agreed to produce a film and share the profits of hiring it out; it is not held to be sufficient to constitute a partnership. **[False]**
17. Any contract or agreement between the employer and employee whereby an employee either relinquishes or reduces his right to minimum wages or any privileges or concession is allowed under Minimum Wages Act, 1948. **[False]**
18. Under the Companies Act, 2013 a Red Herring Prospectus shall carry the same obligations as are applicable to a prospectus and any variation between the Red Herring Prospectus and a Prospectus shall be highlighted as variations in the prospectus. **[True]**
19. Ethics, also known as moral philosophy, is not a branch of Philosophy. **[False]**
20. According to the Payment of Wages Act, 1936 other deduction cannot be more than 50% of wages. **[True]**
21. Limited liability Partnership should have a minimum paid up capital of INR 1,00,000. **[False]**
22. Two thirds of total directors can be given permanent appointment in the company. **[False]**
23. All agreements are contracts but all contracts are not agreements. **[False]**
24. In a contract of guarantee two parties are necessary. **[False]**
25. Delivery means voluntary transfer of possession of goods from one person to another. **[True]**
26. Share holders and Stake holders are synonyms. **[False]**
27. Ethics and Law have the same purpose. **[True]**
28. As per Section 24 of PFRDA Act, 2013 the aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons, whether registered or not under any law of a country outside India taken in aggregate in the pension fund shall not exceed twenty-six per cent of the paid-up capital. **[True]**
29. The registered office shall be opened within 15 days from the date of incorporation of the company. **[True]**
30. Where a bill is drawn in sets, the acceptance is required to be put on all the parts separately. **[False]**
31. Business ethics is not as important to practice good ethical behavior. **[False]**
32. Cheque is a promissory note. **[False]**
33. Where the transfer of property in goods is to take place at a future date or subject to some conditions thereafter to be fulfilled, the contract is called sale. **[False]**
34. Bonus is a lump sum payable on consideration of the past services rendered by the employee. **[False]**

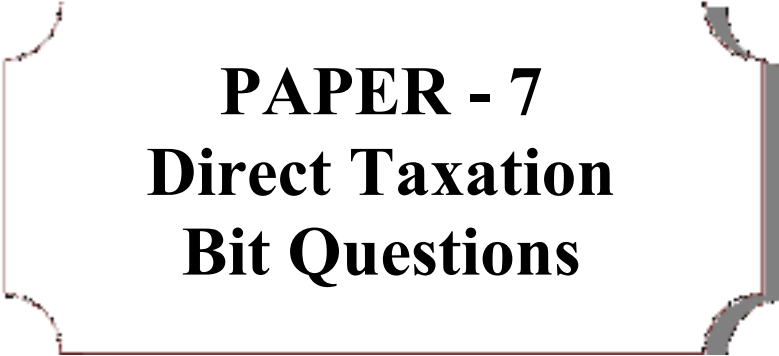
35. In case of alteration of memorandum, the Registrar of the State where the registered office is being shifted to shall issue a fresh certificate of incorporation. **[True]**
36. Currency note, being a promissory note, is a negotiable instrument. **(False)**
37. A stranger to contract cannot sue upon it. **(True)**
38. When the affected party treat breach of condition as breach of warranty he cannot repudiate the contract but claim damages only. **(True)**
39. If there is a custom in that particular trade that the risk does not pass with property, in such a case the risk will pass with the property. **(False)**
40. If the Tribunal is of the opinion that an LLP can be revived or rehabilitated, it may, direct that an action for revival or rehabilitation may be taken. **(True)**
41. The expression 'preferential offer' means an issue of shares or other securities, by a company to any select person or group of persons on a preferential basis and includes shares or other securities offered through a public issue. **(False)**
42. Rule 12 (6)(b) provides that the company shall have the freedom to specify the lock-in-period for the shares issued pursuant to exercise such option. **(True)**
43. The company shall not convert its existing equity share capital with voting rights into equity share capital carrying differential voting rights and vice versa. **(True)**
44. If more than 150 workers are employed in a factory a canteen or canteens shall be provided and maintained by the occupier. **(False)**
45. Ethics is a requirement for human life. **(True)**
46. The seller of the goods is not bound to deliver them until the buyer applies for the delivery. **(True)**
47. The partners of a LLP may remove an auditor from office at any time by following the procedure as laid down in the LLP agreement. **(True)**
48. The certificate of fitness granted by the certifying surgeon shall be valid for a period of 24 months from the date thereof. **(False)**
49. The e-voting shall remain open for not less than 3 days and shall close at 5.00 P.M. on the date preceding the date of general meeting. **(True)**
50. The term 'ethics' derived from French word 'ethos' which means character. **(False)**
51. Gratuitous bailment continues even after the death of either of the bailor or bailee. **(False)**
52. A holder is not having right to duplicate of lost bill, before it is overdue. **(False)**
53. Fine may be recovered from the employed person by installments. **(False)**
54. Share certificate is a negotiable instrument. **(False)**
55. The businessmen who do not follow business ethics will have short term success, but they will fail in the long run. **(True)**
56. Goods to be manufactured or produced or acquired by the seller after making of the contract of sale are called future goods. **(True)**
57. The first endorsement of an instrument can be made by the Banker. **(False)**
58. Payment of Gratuity Act, 1972 applies to every shop and establishment employing seven or more persons. **(False)**
59. In case of e-voting, notice shall be sent as attachment in word file. **(False)**
60. Ethics is a requirement for human life. **(True)**
61. An agreement which is impossible is void. **(True)**
62. In case of expulsion of a partner, the provisions of retired partners will be applicable to such expelled partner. **(True)**
63. Sickness benefit is paid up to a maximum day of 60 days in a year. **(False)**
64. A director in the whole time employment of the Company is called Whole Time Director. **(True)**
65. Contribution to pension scheme is recoverable when employee crosses 58 year of age. **(False)**
66. A promise in return for promise means Cross promises. **(False)**
67. Section 65 provides that the Central Government shall appoint one or more Inspectors to investigate the affairs of a LLP. **(False)**
68. The information Memorandum shall be deemed to be a Red herring prospectus. **(False)**
69. A holder of depository receipts may become a member of the company. **(True)**
70. Value chain as a strategic framework for analysis of competitive advantage was promoted by Peter Drucker. **(False)**

**Fill in the blanks (You may write only the Roman numeral and the content filling the blank):**

1. Misrepresentation must relate to some fact which is material to the contract.

2. The LLP shall inform the concerned Registrar within **15 days** of the date of registration about the conversion and the particulars of LLP.
3. The term of office of a member of the standing committee, constituted under ESI Act, shall be two years from the date on which his election is **notified**.
4. The registered office shall be opened within 15 days from the date of **incorporation** of the company.
5. A company shall send copy of each of the document such as memorandum etc., to a member within **7** days of the request made by him.
6. Agreements of wagers are **Void**.
7. The unpaid seller has the right of **Lien** on the goods for the price while he is in possession of them.
8. A cheque is a bill of exchange drawn on a specified **banker**, payable on demand.
9. The Limited Liability Partnership Act does not allow the conversion from **Listed company** into LLP
10. The prospectus shall contain a report by a Chartered Accountant upon the profits or losses for each of **five** financial years immediately preceding the date of issue of prospectus.
11. No company shall issue any debenture carrying any **Voting Rights**.
12. The wage period shall not exceed **One Month**.
13. A warranty is a stipulation **Collateral** to the main purpose of the contract.
14. The maximum age limit of Managing Director is **Seventy** years.
15. The gratuity is payable to an employee after he has rendered continuous service for not less than **Five** years.
16. "Sale" is an **executed** contract.
17. No child shall be permitted or required to work between **7 p.m to 8 a.m**
18. Any individual or **body corporate** may be a partner in a limited liability partnership.
19. A **conflict of interest** arise where the professional have to decide between compliance with principles and actions which are beneficial to the business organization at large.
20. All wages payable under Payment of Wages Act, 1936 is required to be paid in current coins or in **currency notes** or both.
21. No adult worker can be allowed to work more than **nine** hours in a day.
22. A Meeting of Board of Directors must be held at least once in every **three/four** months.
23. Only designated partners are liable to obtain unique identification number called as **Designated Partner Identification Number (DPIN)**.
24. Where the paid up share capital of an One Person Company exceeds **fifty lakh rupees** or its average annual turnover during the relevant period exceeds **two crore rupees**, it shall cease to be entitled to continue as a One Person Company.
25. The maximum number of parties in a contract may be **infinite**.
26. If gratuity is not paid within 30 days from the date it becomes payable simple interest @ **10%** p.a. is payable on the expiry of the said period.
27. The appropriate Government may direct that the provision of Minimum Wages Act 1948 will not be applicable in case of wages payable to a **disabled** person.
28. In the case of banking business, the maximum number of legal partners is **10**.
29. Winding up of an LLP can either be **Voluntary** or by the **National Company Law Tribunal (NCLT)**.
30. When an instrument is dishonoured the holder may cause such dishonour to be noted and certified by the notary public. Such certificate is called a **Protest**.
31. Section 206 of Indian Contract Act, 1872 state that **reasonable notice** must be given before revocation by principal or renunciation of the agency.
32. The company shall file an application in Form No **INC - 6** for its conversion from private company to OPC.
33. Share capital of the company includes **stock**.
34. Maximum number of partners in Banking Business is **50**.
35. After buyback a company shall not make a further issue of share within a period of **six months**.
36. The wage limit contribution under EPFMP Act, 1952 ha been fixed at **15,000** with effect from 01.09.2014.
37. No suit shall be brought for recovering anything alleged to be won on any **wager**.
38. An agency is terminated by the principle by **revoking** his authority.
39. **State Government** may appoint qualified medical practitioners to be certifying surgeons.
40. No gratuity payable under this Act shall be liable to **attachment** in execution of any decree or order of any civil, revenue or criminal court.

41. **Intermediary** includes pension fund, central recordkeeping agency, National Pension System Trust, pension fund adviser, retirement adviser, point of presence and such other person or entity connected with collection, management, recordkeeping and distribution of accumulations
42. An application in Form No. **INC 23** along with the fee is filed with the Regional Director for seeking confirmation for shifting the registered office within the same state.
43. The company shall not use any amount raised through the issue of **prospectus** for buying, trading or otherwise dealing in equity shares of any other listed company.
44. Sweat equity shares are such equity shares as are issued by a company to its **directors** or **employees** at a discount or for consideration, other than cash.
45. Section 95 provides that the register, their indices shall be **prima facie evidence** of any matter directed or authorized to be inserted therein.
46. The Seven Principles of Public Life were set out by **Lord Nolan** for the first time in the year 1995.
47. Remission means **acceptance** of a lesser performance than what is actually due under the contract.
48. A promissory note or bill of exchange, in which no time for payment is specified, and a cheque, are payable on **demand**.
49. Where a person provides labour or service to another for remuneration which is less than the minimum wage, such labour is called **forced labour**.
50. The monies received on application shall be kept in a separate bank account in a **Scheduled** bank.
51. The seven principles of **public life** were set out by Lord Nolan in 1995.
52. The liability of surety arises only when the principal debtor fails to pay the debt to the **Creditor**.
53. Goods to be manufactured or produced or acquired by the seller after making of the contract of sale is called **future** good.
54. If there is a dispute as to the amount of gratuity payable to the employee, the employer shall deposit the gratuity with the **Controlling Authority**.
55. The time limit for registration of charge is **30** days from the date of creation of charge.
56. The ethical operation of a company is directly related to **profitability** in both short and long term.
57. The dishonor of the instrument may be due to Non-acceptance and **Non Payment**.
58. The term of the office of the representative members of Medical Benefit Council shall be **Four** years from the date on which the appointment is notified.
59. The company shall have the **freedom** to specify the lock-in-period for the shares issued in pursuant to exercise such option.
60. A director may resign from his office by giving a notice in writing to the **Company**.
61. The Seven Principles of Public Life were set out by **Lord Nolan** for the first time in the year 1995.
62. When the consent is caused by **undue influence**, the agreement is voidable at the option of the party whose consent was so caused.
63. All payments of wages shall be made on a **working** day.
64. Whenever a company makes any allotment of securities, it shall file a return of allotment with the Registrar within **30** days of allotment.
65. The application for the purpose of Alteration of Articles is to be filed in Form No. **INC - 27**.
66. Business ethics must safeguard different rights of the **consumers**.
67. Section 92 of the Companies Act provides that every company shall prepare an Annual Return in Form No. **MGT - 7**.
68. No fine shall be imposed on any employed person who is under the age of **15 years**.
69. The ESI Act, 1948 is the first major legislation on **Social** security for the employees in India.
70. A company whose principal business is the acquisition of shares, debentures or other securities is termed as **Investment** company.
71. **Business Ethics** is the principles and standards that determine acceptable conduct in business organizations.



**PAPER - 7**  
**Direct Taxation**  
**Bit Questions**

**PAPER - 7**  
**Direct Taxation :: Bit Questions**

Choose the correct answer from the given alternatives:

1. **The number of identities included in the definition of persons is**  
(A) five (B) six  
(C) seven (D) eight
2. **A trust shall not be considered as charitable trust for according the benefits of section II, when the commercial activities in the previous year exceed 20% of total receipts.**  
(A) 10 lakhs (B) 25 lakhs  
(C) 15 lakhs (D) 30 lakhs  
**Note: There is no option in respect of correct answer as it should be 20% of gross receipt.**
3. **Deduction available under section 24(a) is \_\_\_\_\_ of NAV.**  
(A) 30% (B) 50%  
(C) 15% (D) 70%
4. **Expenditure incurred by a businessman for ready to use software is entitled to benefit of**  
(A) 15% as depreciation (B) 30% as depreciation  
(C) 60% as depreciation (D) 100% as revenue expenditure
5. **The basic exemption limit for a resident super senior citizen above the age of 80 is**  
(A) ` 2,00,000 (B) ` 2,50,000  
(C) ` 5,00,000 (D) None of the above
6. **The provisions relating to interest on delay in payment of refund are given in section**  
(A) 234A (B) 234B  
(C) 244A (D) 244B
7. **Which of the following can be corrected while processing the return of income under section 143(1)?**  
(A) Any arithmetical error in the return  
(B) Any mistake in the return of income  
(C) Any error of principle in the return of income  
(D) Any claim by the taxpayer which is against law
8. **Notice under section 156 is given for**  
(A) failure to submit return (B) tax demand  
(C) deferment of tax (D) None of the above
9. **As per section 271H, where a person fails to file the statement of tax deducted/collected at source i.e. TDS/TCS return on or before the due dates prescribed in this regard, then he shall be liable to pay penalty under section 271H. Maximum penalty that can be levied is \_\_\_\_\_.**  
(A) 1,00,000, but not exceeding the amount of TDS/TCS.  
(B) 2,00,000  
(C) 3,00,000  
(D) 3,00,000
10. **The threshold exemption limit for Equalization levy is?**  
(A) ` 5 lakh (B) ` 3 lakh  
(C) ` 2 lakh (D) ` 1 lakh
11. **Rate of surcharge applicable to a foreign company having total income of ` 8 crore is :**  
(A) Nil (B) 2%  
(C) 5% (D) 10%
12. **Income Computation and Disclosure Standards are to be applied in computation of income under the head:**  
(A) Capital Gain only  
(B) Profits and Gains of business or Profession only  
(C) Income from other sources only



- (D) Both “Profits and Gains from business or Profession” and “Income from Other Sources”.**
13. **New plant and machinery acquired and put to use by an assessee engaged in transmission of power is eligible for additional depreciation at \_\_\_\_\_ of actual cost.**  
 (A) 10% (B) 12.5%  
 (C) 15% (D) 20%
14. **Maximum amount of exemption available in respect of amount received under voluntary retirement scheme is :**  
 (A) ` 2,00,000 (B) ` 3,00,000  
 (C) ` 4,00,000 (D) ` 5,00,000
15. **An individual can claim deduction from his gross total income in respect of expenditure for the medical treatment of a dependent, being a person with disability upto maximum limit of**  
 (A) ` 50,000 (B) ` 1,00,000  
 (C) ` 75,000 (D) ` 1,25,000
16. **Dividend from a company which is engaged in agricultural activities is:**  
 (a) Agriculture income (b) Business income  
 (c) Partly agricultural income (d) None of above
17. **Short term capital gain not covered u/s 111A is:**  
 (a) Exempt (b) Taxable @ 15%  
 (c) Taxable at normal rate applicable to the assessee (d) None of above
18. **Loss from house property can be carried forward and set-off in subsequent eight assessment years:**  
 (a) If return of loss is filed within due date (b) Even if return of loss is filed after due date  
 (c) Even if return of loss is not filed (d) None of above
19. **The basic exemption limit in case of a non-resident firm is:**  
 (a) ` 2,50,000 (b) ` 3,00,000  
 (c) ` 5,00,000 (d) None of these
20. **TDS u/s 194 in respect of dividend, if payee furnish PAN is:**  
 (a) 10% (b) 20%  
 (c) 30% (d) None of above
21. **Tax payable by a resident individual, if he has long term capital gain of ` 2,60,000 but has no other income is:**  
 (a) ` 1000 plus cess (b) ` 26,000 plus cess  
 (c) ` 52,000 plus cess (d) None of above
22. **Winnings from lotteries is ` 50,000 and expenses incurred to earn such income is ` 5,000. Its taxable income is**  
 (a) ` 50,000 (b) ` 45,000  
 (c) Nil (d) None of above
23. **Net salary after deducting tax at source ` 10,000 is ` 2,50,000 the amount of taxable salary is:**  
 (a) ` 2,40,000 (b) ` 2,50,000  
 (c) ` 2,60,000 (d) None of the above
24. **Amount of deduction in respect of donation to approved scientific research institution u/s 80GGA is:**  
 (a) 100% of such donation (b) 200% of such donation  
 (c) 175% of such donation (d) None of above
25. **Agricultural land located in rural area is:**  
 (a) Capital asset (b) Not a capital asset  
 (c) Exempted capital asset (d) None of above
26. **TDS U/s 193 in respect of interest on securities if payee does not furnish PAN is:**  
 (a) Rate in force (b) Rate as per Act  
 (c) Nil (d) None of above
27. **Income of public charitable trust registered u/s 12A is:**  
 (a) Exempt (b) Taxable at MMR  
 (c) Taxable at slab rates (d) None of above

28. The number of Income computation and Disclose Standards issued so far are:  
 (a) 32 (b) 24  
 (c) 10 (d) None of above
29. Expenditure in respect of winnings from card games is:  
 (a) Deductible (b) Not deductible  
 (c) Deductible if conditions are satisfied (d) None of above
30. Tax payable by a non-resident individual, if he has long term capital gain of ` 2,60,000 but has no other income is :  
 (a) ` 1000 plus cess (b) ` 26,000 plus cess  
 (c) ` 52,000 plus cess (d) None of above
31. Stake money on owning and maintaining race horses is ` 70,000 and expenses incurred is ` 20,000. Its taxable income is:  
 (a) ` 70,000 (b) ` 50,000  
 (c) Nil (d) None of above
32. Rent after deducting municipal taxes is ` 2,00,000, the amount of taxable income from house property is:  
 (a) ` 2,00,000 (b) ` 1,40,000  
 (c) ` 2,60,000 (d) None of above
33. Contribution to approved research (not scientific) institution in case of a business man is:  
 (a) 100% of such amount (b) 125% of such amount  
 (c) 175% of such amount (d) None of above
34. Rebate u/s 87A is allowed to an Individual who is resident in India and whose total income does not exceed\_\_\_\_\_.  
 (a) ` 2,50,000 (b) ` 3,00,000  
 (c) ` 5,00,000 (d) None of the above
35. The payment under Bhopal Gas Leak Disaster shall be\_\_\_\_\_  
 (a) Fully taxable (b) Partially taxable  
 (c) Exempt (d) None of the above
36. Compensatory field area allowance is exempt upto \_\_\_\_\_  
 (a) 1,300 (b) 1,800  
 (c) 2,500 (d) 2,600
37. The time limit for acquisition or construction of self occupied house property for claiming deduction of interest is:  
 (a) 3 years (b) 5 years  
 (c) 8 years (d) 10 years
38. Tax to be collected at source in case of motor vehicle value exceeding ` \_\_\_\_\_.  
 (a) ` 2,50,000 (b) ` 5,00,000  
 (c) ` 7,50,000 (d) ` 10,00,000
39. Interest rate on refund as per section 244A (1A)  
 (a) 3% (b) 6%  
 (c) 9% (d) None of the above
40. Quantum of deduction u/s 80EE is\_\_\_\_\_.  
 (a) 5,000 (b) 50,000  
 (c) 75,000 (d) None of the above
41. Island duty allowance is exempt upto \_\_\_\_  
 (a) 1,300 (b) 1,800  
 (c) 2,500 (d) 3,250
42. Threshold limit for person having income from business u/s 44AD is\_\_\_\_\_.  
 (a) 50 Lakh (b) 80 Lakh  
 (c) 1 crore (d) 2 crore
43. Tax to be collected at source in case of commission on sale of lottery tickets.  
 (a) 1% (b) 2%  
 (c) 5% (d) 10%

44. When a person having agricultural lands sells the seeds taken from such lands in a nursery, which is part of the said lands, the income from such sale is treated as  
 (A) Business income (B) Agricultural income  
 (C) Income from other sources (D) None of the above
45. An employer has paid medical insurance premium of ` 12,000 in respect of a salaried employee drawing annual salary of ` 6 lakhs. The amount of perquisite charged in the hands of employee is  
 (A) Nil (B) ` 6,000  
 (C) ` 12,000 (D) None of the above
46. The rate of depreciation for a block of assets consisting of buildings used as factory is  
 (A) 2.5% (B) 5%  
 (C) 10% (D) None of the above
47. In case of a Hindu Undivided Family, where the return of income cannot be signed by the Karta, the same can be signed by  
 (A) the next senior-most male member. (B) Karta's wife.  
 (C) any male member of the family. (D) any adult member of the family.
48. In case of an individual or HUF, to determine whether certain TDS provisions are attracted, what has to be seen is whether the person is subject to tax audit under section 44AB in  
 (A) the immediately preceding financial year. (B) current year.  
 (C) last two continuous financial years. (D) None of the above
49. A senior citizen having total income consisting of pension and let out property income aggregating to ` 6 lakhs must have paid advance tax during the financial year 2015-16 of  
 (A) NIL (B) 90% of ` 28,840  
 (C) 90% of 44,290 (D) 90% of ` 39,140
50. Mr. Ramji is employed in ABC Ltd. who maintained a hospital for treatment of employees. During the financial year 2015-16, the value of medical benefit availed by Ramji's family from the hospital was ` 2,10,000. The amount of medical perquisite chargeable to income tax would be  
 (A) ` 2,10,000 (B) ` 1,05,000  
 (C) ` 21,000 (D) Nil
51. Mr. Laxman occupied his apartment till December 2015 and thereafter occupied the quarters provided by the employer. The apartment of Mr. Laxman was let out at ` 20,000 per month from 1st January, 2016. The annual value of the property would be  
 (A) ` 60,000 (B) ` 2,40,000  
 (C) ` 1,80,000 (D) NIL
52. When a company paid ` 5 lakhs to Indian Institute of Technology to carry on research in a field unrelated to the activity of the company, the amount eligible for deduction paid by way of donation would be  
 (A) ` 5,00,000 (100%) (B) ` 6,25,000 (125%)  
 (C) ` 10,50,000 (175%) (D) ` 7,50,000 (150%)
53. Mr. A has loss from regular business of ` 8 lakhs and income from speculation business of ` 11 lakhs. His total income chargeable to tax would be  
 (A) ` 3,00,000 (B) ` 11,00,000  
 (C) ` 7,00,000 (D) ` 2,50,000
54. AOP should consist of:  
 a) Individuals only b) Persons other than individuals only  
 c) Individuals and HUF only d) None of the above
55. An Indian Company, where place of effective management is outside India, shall be:  
 a) Resident in India b) Non-resident in India  
 c) Not ordinarily resident in India d) None of the above
56. Casual income received by the assessee  
 a) Exempt upto 50,000 b) Fully exempt  
 c) Fully taxable d) None of the above

57. **Free meal worth 120 per meal for 200 days provided by the employer during working hours in a remote area is:**  
 a) Exempt upto 50 per meal  
 b) Taxable upto 50 per meal  
 c) **Fully exempt**  
 d) Fully taxable
58. **Unrealised rent of a property shall be excluded from:**  
 a) **Gross Annual Value**  
 b) Net Annual Value  
 c) Income from property  
 d) All the three
59. **Deduction under Section 32AD is allowed to:**  
 a) Corporate assessee in notified area.  
 b) Non-corporate assessee in notified area.  
 c) **Corporate and non-corporate assessee in notified area.**  
 d) None of the above.
60. **For the purpose of computation of capital gain, securities transaction tax is :**  
 a) Allowed as deduction  
 b) Form part of cost  
 c) **Neither allowed as deduction nor form part of cost**  
 d) None of the above
61. **Loss from trading in derivatives through a recognised stock exchange can be carried forward for:**  
 a) **8 years**  
 b) 4 years  
 c) Unlimited years.  
 d) None of the above
62. **Deduction u/s. 80E in respect of interest on education loan is allowed for:**  
 a) 10 years or till the interest is paid whichever is earlier.  
 b) **8 years or till the interest is paid whichever is earlier.**  
 c) 10 years  
 d) 8 years
63. **Dividend received by a shareholder of an Indian Company engaged in growing and manufacturing of tea shall be treated as:**  
 a) Agricultural income upto 60%  
 b) Agricultural income upto 100%  
 c) Non-agricultural income upto 60%  
 d) **Non-agricultural income upto 100%**
64. **Income of REIF being a business trust by way of renting or leasing of an asset is exempt if:**  
 (a) Such asset is a land owned by it  
 (b) **Such asset is any Real Estate Asset owned by it**  
 (c) Such asset is a land hired by it  
 (d) Such asset is any Real Estate Asset hire by it
65. **Cash gifts received by HUF from his members to the extent of `75,000 will be treated as income of:**  
 (a) The HUF  
 (b) **The members**  
 (c) None, as it is exempt  
 (d) Both the HUF and the members
66. **The following is taxable under the head "Salaries":**  
 (a) **Gifts received by employee from employer**  
 (b) Salary received by partner from a firm  
 (c) Fees received by director from a company  
 (d) Commission received by agent from a principal
67. **Maximum amount which is not chargeable to tax in case of a non-resident very senior citizen is**  
 (a) **` 2,50,000**  
 (b) ` 3,00,000  
 (c) ` 5,00,000  
 (d) None of above
68. **A partnership firms will become resident in India if**  
 (a) Its control and management is totally in India  
 (b) **Its control and management is totally or partly in India**  
 (c) Its place of effective management is in India  
 (d) Its partners become resident in India
69. **Transport allowance in case of a disabled employee is exempt upto:**  
 (a) ` 800 p.m.  
 (b) ` 1,600 p.m.  
 (c) **` 3,200 p.m.**  
 (d) No limit
70. **A religions trust received anonymous donations of ` 10 lakhs, the said sum is:**  
 (a) Fully exempt  
 (b) Partly exempt  
 (c) Chargeable at MMR  
 (d) **Not taxable at MMR**
71. **Income from farm house outside India is:**

- (a) Agricultural income  
 (b) Agricultural income, if certain conditions are satisfied  
 (c) **Non-agricultural income**  
 (d) Partly agricultural and partly non-agricultural income
72. **While calculating TDS, surcharge is also considered if the payee is:**  
 (a) Non-Resident (b) **Foreign company**  
 (c) Domestic company 10,000 (d) Any assessee
73. **When the shares are held in unlisted company, it is trusted as long term capital assets when the holding period exceeds**  
 (a) 36 months (b) 12 months  
 (c) 6 months (d) **24 months**
74. **Personal effect do not cover the following**  
 (a) Jewellery (b) Immovable property  
 (c) Drawings (d) **All of the above**
75. **TDS on interest on securities is covered under section**  
 (a) Section 192 (b) Section 192A  
 (c) **Section 193** (d) None of the above
76. **Rate of TDS on dividend u/s 194**  
 (a) 5% (b) **10%**  
 (c) 20% (d) None of the above
77. **Income of minor child is exempt upto\_\_\_\_\_.**  
 (a) `1,000 (b) **`1,500**  
 (c) `2,500 (d) None of the above.
78. **The accounts of the political party shall be audited by a\_\_\_\_\_.**  
 (a) Cost Accountant (b) **Chartered Accountant**  
 (c) Company Secretary (d) None of the above.
79. **Loss from specified business covered u/s 35AD can be adjusted against the income of**  
 (a) Any other business income (b) Cannot be adjusted  
 (c) Any income other than salary (d) **Income from other specified business**
80. **ICDS-II stands for\_\_\_\_\_.**  
 (a) Accounting policies (b) Construction Contract  
 (c) Revenue recognition (d) **Valuation of inventories**
81. **ICDS-IV stands for\_\_\_\_\_.**  
 (a) Accounting policies (b) Construction Contract  
 (c) **Revenue recognition** (d) Valuation of inventories
82. **TDS on income of FII from securities**  
 (a) 5% (b) **10%**  
 (c) 20% (d) 30%
83. **TDS on commission other than insurance commission**  
 (a) **5%** (b) 10%  
 (c) 20% (d) 30%
84. **As per ICDS-II — “Valuation on Inventories” there recognises\_\_\_\_\_ costing formulae.**  
 (a) 2 (b) **3**  
 (c) 4 (d) 5
85. **Mr Pankaj, partner of PKJ, is assessable as**  
 (a) Firm (b) **Individual**  
 (c) HUF (d) None of the above
86. **In case of local authority the return of income is verified by**  
 (a) Karta (b) Managing director  
 (c) **Principal officer** (d) Partner
87. **In case of self occupied house property, following category of person are considered.**  
 (a) All assessee (b) All assessee other than company  
 (c) All Assessee other than HUF (d) **Individual and HUF**
88. **Amortization of preliminary expenses has been restricted to\_\_\_\_of the cost of project.**  
 (a) 2% (b) 3%  
 (c) **5%** (d) 8%
89. **Unabsorbed business losses cannot be carried forward for more than**

- (a) 5 A.Y (b) 6 A.Y  
(c) 8 A.Y (d) 10 A.Y
90. Coverage of best judgment assessment is under which section.  
(a) 143 (b) 139(1)  
(c) 147 (d) 144
91. Monetary limit for exemption in the case of encashment of earned leave on superannuation received by private sector employee is  
(a) 1 Lakh (b) 2 Lakh  
(c) 3 Lakh (d) None of the above
92. Deduction is not allowed to the assessee while computing income from other sources for  
(a) Direct Tax  
(b) Interest payable outside India without TDS  
(c) Personal expenditure  
(d) All of the above
93. When Mr. Balu paid royalty to Dr. Peter of Sweden for use of know-how in India, such payment is  
(a) exempt from tax (b) accruing in India  
(c) accrues in Sweden (d) received in India.
94. Mr. Hari resident in India received `11 lakhs by way of dividend from Indian companies. Such dividend is:  
(a) exempt from tax (b) taxable at regular rates.  
(c) taxable at maximum marginal rate (d) taxable at 10%
95. When an employee receives money on closure of national pension system trust it is  
(a) chargeable to tax (b) exempt from tax  
(c) 40% is exempt from tax (d) 60% is exempt from tax
96. When employer contributes to approved superannuation fund it is chargeable to tax as perquisite when the contribution exceeds.  
(a) `1,50,000 (b) `1,00,000  
(c) `50,000 (d) `20,000
97. Long term capital gain arising from transfer of unlisted securities in the hands of non-resident / foreign company is chargeable to tax at  
(a) 10% (b) 20%  
(c) 30% (d) 40%
98. A start-up can claim deduction under Section 80-IAC for \_\_\_\_\_ consecutive years beginning from the year in which the eligible start-up was incorporated.  
(a) 1 (b) 2  
(c) 3 (d) 5
99. When the return of income for the assessment year 2017-18 is filed under Section 139(4), the assessee can revise the return on or before.  
(a) 31-3-2018 (b) 31-12-2018  
(c) 31-03-2019 (d) 31-12-2019
100. When copyright is acquired for `50 lakhs on 10-11-2016 and used from 01-12-2016, the amount of depreciation under Section 32 would be \_\_\_\_\_.  
(a) Nil (b) ` 12,50,000  
(c) ` 6,25,000 (d) ` 15,00,000
101. Mr. Raj (age 62) is Karta of HUF which is engaged in textile trade. The total income of the HUF is `3,40,000. The tax liability of the HUF would be \_\_\_\_\_.  
(a) ` 9,270 (b) `4,120  
(c) Nil (d) `1,05,060
102. Interest on Post Office SB joint account is exempt upto \_\_\_\_\_.  
(a) `3,500 (b) `7,000  
(c) `10,000 (d) `20,000
103. When cash is deposited into savings bank account, quoting of PAN is mandatory when the amount of deposit is \_\_\_\_\_ or more.  
(a) `20,000 (b) `50,000



- (c) `1,00,000 (d) `2,00,000
104. **Financial Year 2017-18 shall be considered as**  
 a) Assessment Year for the P.Y. 2016-17 and previous year for the A.Y. 2017-18  
**b) Assessment Year for the P.Y. 2016-17 and previous year for the A.Y. 2018-19**  
 c) Assessment Year for the previous year 2017-18  
 d) Previous year for the assessment year 2017-18
105. **For the purpose of levying tax on income other than agricultural income, Union List contained entry**  
 a) 82 b) 92C  
 c) 92D d) None of the Above
106. **Following is not a head of income:**  
 a) Income from House Property b) Salaries  
**c) Income from Interest on securities** d) None of the Above
107. **If total income of a person is `2,67,888.34, it shall be rounded off to:**  
 a) `2,67,888/- b) `2,67,890/-  
 c) `2,67,880/- d) None of the Above
108. **Income tax is a:**  
 a) Indirect Tax b) Entertainment Tax  
**c) Direct Tax** d) None of the Above
109. **A Hindu Undivided family is said to be resident in India if**  
 a) The family has a house in India where some of its members reside  
 b) The member of such HUF is in India during the previous year  
**c) Control and management of its affairs wholly or partly situated in India**  
 d) The Karta has been resident in India in at list 9 out of 10 previous years preceding the relevant previous year
110. **An individual is said to be resident in India if**  
 a) He has a house in India  
**b) He is in India in the previous year for a period of 182 days or more**  
 c) He is in India for a period of 30 days or more during the previous year and for 365 or more days during 4 previous years immediately preceding the relevant previous year  
 d) His parents are Indian citizen.
111. **An Indian citizen leaving India during the previous year for employment purpose is said to be resident if**  
 a) He has a house in India  
**b) He is in India in the previous year for a period of 182 days or more**  
 c) He is in India for a period of 60 days or more during the previous year and for 365 or more days during 4 previous years immediately preceding the relevant previous year  
 d) His parents are Indian citizen.
112. **An individual, being foreign national, came to India first time during the previous year 2017-18 on 01-01-2018 for 200 days, his residential status for the previous year 2017-18 is.**  
 a) Non-resident b) Resident but not ordinarily resident in India  
 c) Resident and ordinarily resident in India d) Resident in India
113. **Following income of a resident and ordinarily resident is taxable in India, that is**  
 a) Bank interest from State Bank of India, Delhi  
 b) Bank interest from Bank of America, New York Branch  
 c) Rental income from house property located in London  
**d) All of the above**
114. **Which of the following is an agriculture income?**  
 a) Dividend paid by a company out of its agriculture income.  
**b) Share of Profit of a Partner from a firm engaged in an agriculture operation**  
 c) Income from supply of water by a assessee from a tank in its agriculture land.  
 d) Interest received by a money lender in the form of agricultural produce.
115. **Which of the following incomes received by an assessee are exempt under section 10 of the Income Tax Act?**  
 a) Agriculture Income b) Salary of a partner from a firm  
 c) Salary received by a member of a ship's crew. d) All of (a), (b) and (c) above

116. **In case of an individual or HUF, agricultural income is**  
a) Exempted  
**b) Exempted but included in the total income for the rate purpose**  
c) Fully taxable provided it is earned from India  
d) Taxable at flat rate of 10%
117. **In case of an assessee engaged in the business of manufacturing of tea, his agricultural income is:**  
a) 60% of total receipt of the business  
b) 60% of income of the business  
c) Nil  
d) Total business income
118. **Remuneration to partner of a firm engaged in the business of growing and manufacturing rubber in India is:**  
**a) Partly agricultural income and partly non-agricultural income**  
b) Agricultural income  
c) Non-Agricultural income  
d) None of the above
119. **Following activity shall be considered as agricultural activity:**  
a) Subsequent operation on the agricultural land  
b) Basic operation on the agricultural land  
c) Basic and subsequent operation on the agricultural land  
**d) Both (b) and (c)**
120. **Which of the following is not taxable under head 'Salaries'?**  
a) Remuneration paid to the lecturer of a college for setting a question paper by a university.  
b) Salary received by a member of the Parliament.  
c) Commission received by an employee director of a company.  
**d) Both (a) and (b) above**
121. **Employer's contribution to unrecognized provident fund**  
**a) Is exempt from tax**  
b) 10% of Salary of employee is taxable  
c) Is exempted subject to maximum of 2/5 of salary of the employee  
d) Is fully taxable
122. **If a domestic servant is engaged by the employer and salary is paid by him, the perquisite is**  
a) Taxable in the hands of all employees  
b) Not taxable in the hands of both specified and non-specified employers  
**c) Taxable in the hands of specified employees only**  
d) Taxable to the extent of ` 120 per person in the hands of all employees.
123. **Which of the following is taxable under the head 'salaries'?**  
a) Salary received by a Member of State Legislature.  
**b) Commission received by an employee director of a company.**  
c) Family pension received  
d) Both (a) and (b) above
124. **Who among the following is a specified employee?**  
a) A director of a company  
b) An employee drawing a salary of ` 15,000 p.m.  
c) A person who is an owner of equity shares carrying 10% voting power in the employer company.  
**d) Both (a) and (b) above**
125. **Rate of Interest accruing to a particular employee by virtue of his employer's contribution to Recognized Provident Fund is 12.5% p. a. In such a case**  
a) Total Interest accrued is taxable  
b) Total Interest accrued is exempt  
c) Only 10% Interest is taxable  
**d) Only 3% of interest is taxable**
126. **Statutory limit u/s.16(ii) for deduction of entertainment allowance in case of a non-Government employee is**  
a) `5,000  
b) 12.5% of employees' salary  
c) 20% of employees' salary  
**d) NIL**
127. **Taxable value of perquisite being sweat equity shares allotted by the employer is:**

- a) **The fair market value of such shares as on the date when such option is exercised by the employee as reduced by the amount paid**  
 b) The fair market value of such shares as on the date when such option is vested to the employee as reduced by the amount paid  
 c) Fair market value subject to standard deduction of `50,000  
 d) Not taxable in hands of employee.
128. **Net Annual Value of a self-occupied property treated as such is:**  
 a) Fair Rent  
 b) Nil  
 c) Reasonable Expected Rent as reduced by municipal tax paid during the previous year.  
 d) None of the Above
129. **One out of the following house properties is not exempted, which is:**  
 a) House property of a political party  
 b) **House property let out for the purpose of own business of tenant.**  
 c) House property of a local authority  
 d) None of the Above
130. **A house property located outside India is:**  
 a) Taxable in hands of all assessee  
 b) Taxable in hands of non resident assessee  
 c) **Taxable in hands of resident and ordinarily resident assessee**  
 d) Exempted from tax in India.
131. **Deduction u/s 24(a) is**  
 a) **30% of net annual value of the house property**  
 b) 30% of gross annual value of house property  
 c) 30% of actual rent received  
 d) None of the Above
132. **Interest relating to pre-construction period is allowable:**  
 a) In 5 equal installments from the year in which it was incurred.  
 b) In the year in which it was incurred  
 c) In the year in which house property was constructed  
 d) **None of the Above**
133. **For the purpose of claiming higher deduction u/s 24(b), while computing income of a self-occupied property, assessee is required to take:**  
 a) Loan on or before 01-04-1999  
 b) **Loan on or after 01-04-1999**  
 c) Loan after 01-04-1999  
 d) Loan on 01-04-1999
134. **Income from sub-letting is:**  
 a) Taxable under the head 'Income from House Property'  
 b) **Taxable under the head 'Income from Other Sources'**  
 c) Exempted  
 d) None of the above
135. **Deduction u/s 24(a) is not available when:**  
 a) Net annual value is zero  
 b) Net annual value is positive  
 c) **Net annual value is zero or negative**  
 d) None of the above
136. **Which of the following deductions is /are not allowed in case of a deemed to be let-out house?**  
 a) New construction allowance  
 b) Repairs  
 c) Vacancy allowance  
 d) **All of the above**
137. **Which of the following is not allowed as a deduction for computation of business Income?**  
 a) Loss incurred due to theft in factory after working hours  
 b) **Anticipated future losses**  
 c) Loss caused by white ants  
 d) Loss due to accidental fire in stock-in-trade
138. **Preliminary expenses are incurred in every business. What are the expenses that qualify for deduction u/s.35D?**  
 a) Expenses for drafting memorandum and articles of association  
 b) Payment of duty at the office of Registrar of Companies  
 c) Expenditure incurred in preparation of project report  
 d) **All of the above**

139. **Expenditure incurred by a company for the purpose of promoting family planning among its employees, being of a capital nature**  
a) Is not allowed as a deduction  
b) Allowed as deduction in 4 equal installments in 4 years  
c) **1/5 of expenditure is allowed as deduction in the previous year**  
d) 4/5 of expenditure is allowed as deduction in 4 equal installments in 4 years after the previous year
140. **Expenditure on promotion of family planning is an allowance as deduction u/s. 36(1)(ix) of the Income Tax Act, 1961 in case of**  
a) Individual  
b) Firm  
c) HUF  
d) **Company**
141. **Deduction u/s 35AD is available in respect of expenditure on specified business, one of them is:**  
a) **Setting up and operating a cold chain facility**  
b) Setting up and operating a power plant  
c) Setting up and operating an industrial unit  
d) All of the above
142. **Deduction u/s 35AD is available in respect of expenditure on specified business provided such business commenced its operation on or after 01-04-2009 subject to an exception that:**  
a) Business of industrial undertaking may be commenced at any time on or after 01-04-2007  
b) **Business of laying and operating a cross-country natural gas pipeline network may be commenced at any time on or after 01-04-2007**  
c) Business of cold chain facility may be commenced at any time on or after 01-04-2007  
d) All of the above
143. **In case of loss, a partnership firm may claim deduction in respect of remuneration to partner to the extent of:**  
a) `1,50,000/-  
b) **`1,50,000/- or remuneration paid, whichever is lower**  
c) `1,50,000/- or 90% of book profit, whichever is lower  
d) Nil
144. **Block of asset is required to be increased by an amount which is actual cost of the asset being covered u/s 35AD that amount is:**  
a) Actual expenditure  
b) **Nil**  
c) 50% of actual expenditure  
d) None of the above.
145. **A payment of `25,000 is made to the road transport-operator on 20-02-2018 in cash, consequently, amount disallowed u/s 40A(3) is**  
a) **Nil**  
b) `25,000  
c) `5,000  
d) None of the above
146. **U/s 54, capital gain will be allowed as exemption if the house property under transfer is held for**  
a) Less than 12 months preceding the date of transfer  
b) More than 12 months preceding the date of transfer  
c) Less than 36 months preceding the date of transfer  
d) **More than 24 months preceding the date of transfer**
147. **Capital gain on Slump sale is**  
a) always short-term capital gain  
b) always long-term capital gain  
c) **Depends on period of holding of capital asset being undertaking transferred**  
d) Not taxable
148. **While computing capital gain on sale of immovable property, full value of consideration shall be:**  
a) Actual consideration  
b) Actual consideration less expenses on transfer  
c) **Actual consideration or stamp duty value of the property transferred, whichever is higher**  
d) Stamp Value of the property transferred.
149. **Cost of acquisition of capital asset being immovable property acquired through gift covered u/s 49(4) is:**  
a) Actual cost of acquisition to the previous owner  
b) Nil  
c) **Stamp duty value of the property as considered while computing income u/s 56(2)**  
d) Actual cost of acquisition to the assessee.

150. **Long term capital gain on sale of equity share through stock exchange**  
 a) is exempt u/s 10(38)  
 b) is exempt u/s 10(37)  
 c) is covered u/s 111A, hence liable to tax @ 15%  
 d) is taxable @ 20% and @ 10% if index benefit is not claimed.
151. **Caution money forfeited by the assessee is:**  
 a) Taxable in the year of forfeiture under the head “Income from Other Sources”  
 b) Exempt fully  
 c) Taxable in the year of forfeiture under the head “Capital Gain”  
 d) Considered as casual income and liable to tax @ 30%.
152. **Gift of a capital asset is not considered as transfer, however exception is:**  
 a) Shares acquired under the Employees Stock Option Plan  
 b) Jewellery  
 c) Immovable property  
 d) Nil
153. **Cost of acquisition of self-generated asset is nil, the exception is:**  
 a) Goodwill  
 b) Route permit  
 c) Bonus shares acquired before 01-04-2001  
 d) Loom hours
154. **Interest on delayed compensation or enhanced compensation is taxable:**  
 a) On accrual basis  
 b) On receipt basis  
 c) Exempt from tax  
 d) As per method of accounting of the assessee.
155. **While computing taxable interest on delayed compensation, a standard deduction is allowed @**  
 a) 50%  
 b) 30%  
 c) 15%  
 d) Nil
156. **An individual purchased a painting on 01-11-2017 for `5,00,000 though fair market value of the asset is `5,25,000. Income taxable u/s 56(2)(x) is:**  
 a) `25,000 i.e., difference between market value and actual consideration  
 b) Nil as this is not gift  
 c) Nil as difference between market value and actual consideration does not exceed `50,000  
 d) The provision of sec. 56(2)(x) is not applicable for any transaction entered during P.Y. 2017-18.
157. **The provision of sec.56(2)(x) is applicable on**  
 a) All assessee  
 b) Only on corporate assessee  
 c) On an individual only  
 d) On an individual and HUF only
158. **Tax is deducted at source on winning from lottery, the rate for such deduction in case of resident individual deductee is:**  
 a) 30.9%  
 b) Maximum marginal rate of tax  
 c) 30% if such winning exceeds `10,000  
 d) 33.99%
159. **While computing income from other sources, deduction is not allowed to the assessee for:**  
 a) Personal expenditure  
 b) Direct tax  
 c) Interest payable outside India without TDS  
 d) All of the above
160. **Gift received by an individual in certain circumstances is not taxable, one of them is:**  
 a) Any gift received from family friend  
 b) Any gift received on the occasion of any marriage in the family  
 c) Any gift received on the occasion of the marriage of the individual-assessee  
 d) All of the above
161. **Generally, dividend is exempt from tax. Exceptions to this rule is:**  
 a) Dividend distributed by foreign company  
 b) Dividend covered u/s 2(22)(e)  
 c) Dividend from co-operative society  
 d) All of the above
162. **One of the following receipt is taxable under the head ‘Income from Other Sources’:**  
 a) Uncommuted pension received from ex-employer  
 b) Income from racing establishment  
 c) Rental income from house property  
 d) Income on transfer of rural agro land
163. **A person is deemed to have substantial interest in a company if he is**  
 a) The owner of at least 20% of equity capital of the company  
 b) The owner of at least 25% of equity capital of the company  
 c) Entitled to 10% of profits of the concern  
 d) An employee director

164. **Income of minor is clubbed however the clubbing provision is not applicable if**  
 a) Minor is a married daughter  
**b) Minor is handicapped as specified u/s 80U**  
 c) Parents are separated  
 d) None of the above
165. **As per sec.60, income is clubbed if**  
 a) Asset yielding income is transferred as revocable transfer  
**b) Income is transferred without transferring asset yielding income**  
 c) Asset yielding income is transferred as irrevocable transfer  
 d) None of the above
166. **Any income from an asset transferred to spouse without adequate consideration is clubbed in the hands of the transferor if:**  
 a) Such asset is hold by the spouse as on the last day of the previous year  
**b) Relationship between them exist as on the date of accrual of income**  
 c) Transferee is not a senior citizen  
 d) None of the above
167. **For the purpose of sec.64, an individual have substantial interest in a company if he holds 20% of voting right alongwith his relative. Here, relative do not include:**  
 a) Spouse  
 b) Father  
**c) Father-in-law**  
 d) None of the above
168. **Unabsorbed business losses cannot be carried for more than**  
 a) 7 assessment years  
**b) 8 assessment years**  
 c) 10 assessment years  
 d) 12 assessment years
169. **Long term capital loss can be adjusted against**  
 a) Any income excluding winning from lottery  
 b) Any capital gain  
**c) Any long term capital gain**  
 d) Any speculative business income
170. **Unabsorbed depreciation can be carried forward for**  
 a) Any number of years  
 b) 8 years  
 c) 4 years  
 d) 7 years
171. **Deduction u/s 80CCC allowed to an individual for amount paid by him in an annuity plan of LIC is restricted to**  
 a) `5,000  
 b) `7,500  
**c) `1,50,000**  
 d) `12,500
172. **Deduction under the section 80E is allowed in respect of**  
 a) Donations to charitable institutions  
 b) Medical treatment of handicapped person  
**c) Interest on loan taken for education**  
 d) Profits earned from exports
173. **80GGA available for donations made to**  
 a) Charitable Institutions  
 b) Educational Institutions  
**c) Research Associations**  
 d) Religion organizations
174. **Deduction u/s. 80JJA is available if the assessee**  
 a) Is engaged in scientific research  
 b) Sets up an industrial unit in a backward area  
 c) Is engaged in agriculture business  
**d) Is engaged in the business of collecting and processing biodegradable waste.**
175. **On donation to whom of the following a 50% deduction is allowable u/s.80G of the Income Tax Act?**  
 a) National Defence Fund  
 b) Prime Ministers National Relief Fund  
**c) Rajiv Gandhi Foundation**  
 d) National foundation for Communal Harmony
176. **Section 80QQB of the Income Tax Act, 1961, deals with**  
 a) Interest on debentures of a govt. company  
**b) Royalty Income of authors**  
 c) Royalties from textbooks  
 d) ( Profits from export of computer software
177. **First due date for payment of advance tax in case of an individual is .....of the previous year**  
 a) 15-Dec  
**b) 15-June**  
 c) 15-Sept  
 d) 15-Mar





- (d) None of the above
192. Where assessment has not been completed, belated income tax return for the A.Y. 2018-19 can be filed up to:  
 (a) 31.03.2019 (b) 31.02.2019  
 (c) 31.03.2020 (d) Cannot be filed belatedly.
193. An individual estimates that he is required to pay ` 1,00,000 as advance tax. By 15th of December, how much amount must be paid by the individual?  
 (a) ` 30,000 (b) ` 75,000  
 (c) ` 1,00,000 (d) Nil
194. Section 80 RRB the Income-tax Act, 1961 deals with deduction from gross total income in respect of income by way of  
 (a) Interest on debentures of a government company (b) Royalty income on authors  
 (c) Royalty on patents (d) Royalty from text-books
195. Preliminary expenses that can be amortized under the Income-tax Act 1961 has to be restricted to \_\_\_\_\_ of the cost of the Project.  
 (a) 5% (b) 15%  
 (c) 20% (d) None of the above
196. Maximum Marginal Rate for the A.Y. 2018-19 is \_\_\_\_\_.  
 (a) 34.5% (b) 33.99%  
 (c) 35.535% (d) None of the above
197. Rebate u/s 87A can be claimed by  
 (a) Any resident (b) Resident Individual  
 (c) Any person (d) Any person other than non resident
198. As per section 115BBDA dividend from Indian companies is taxable in the hands of certain recipients at \_\_\_\_\_ when the aggregate dividend exceeds ` \_\_\_\_\_.  
 (a) 10%, 1 lakh (b) 15%, 10 lakhs  
 (c) 10%, 10 lakhs (d) 5%, 5 lakhs
199. ICDS VIII deals with \_\_\_\_\_.  
 (a) Government Grants (b) Securities  
 (c) Revenue recognition (d) Construction Contract
200. Income escaping assessment is covered under section \_\_\_\_\_.  
 (a) 144 (b) 156 (c) 143(3) (d) 147
201. Short-term capital gain on sale of listed shares (STT paid) in a recognized stock exchange is chargeable to income-tax @ \_\_\_\_\_%.  
 (A) 10 (B) 15  
 (C) 20 (D) 30
202. When the total income of an individual exceeds Rs.50 lakhs, the surcharge is payable @  
 (A) 5% (B) 7%  
 (C) 10% (D) 12%
203. When the amount is withdrawn from National Pension System Trust, it is chargeable to tax to the extent the withdrawal exceeds \_\_\_\_\_% of the contribution of the assessee.  
 (A) 10 (B) 25  
 (C) 15 (D) 20
204. Ms. Jothi (aged 23) got married and left India to join her husband in the United Kingdom on 10.06.2017. She had never left India earlier. Her residential status for the assessment year 2018-19 is:  
 (A) Resident and ordinarily resident (B) Resident but not ordinarily resident  
 (C) Non-resident (D) None of the above
205. While computing TDS on salary paid to employees, the losses given below to the applicable extent would be considered by the employer:  
 (A) Loss from business (B) Loss from house property  
 (C) Long-term capital loss (D) Short-term capital loss
206. When tax is not deducted at source on annual rent of Rs.2 lakhs paid to landlord by a company, the amount liable for disallowance under section 40(a) (ia) is  
 (A) Nil (B) Rs.2,00,000  
 (C) Rs.20,000 (D) Rs.60,000

207. When the assessee has loss from house property, the maximum amount of such loss eligible for set off against other permissible incomes would be  
 (A) Rs.30,000 (B) Rs.1,50,000  
 (C) Rs.2,00,000 (D) No Limit
208. When a capital asset was acquired on 01.04.1980 and sold in June, 2017, the cost of acquisition or the fair market value of the asset as on-----, at the option of the assessee is to be adopted for indexation purpose:  
 (A) 01.04.2011 (B) 01.04.2001  
 (C) 01.04.1991 (D) 01.04.1981
209. When a motor car is sold for Rs.12 lakhs by a dealer to a buyer holding PAN, the amount of tax collectible as source shall be\_\_\_\_\_.  
 (A) Rs.12,000 (1%) (B) Rs. 24,000 (2%)  
 (C) Rs. 1,20,000(10%) (D) NIL
210. Cash donation given to a charitable trust (approved under section 80G) is eligible for deduction under that section, when the amount of donation does not exceed Rs. -----.  
 (A) 2,000 (B) 5,000  
 (C) 7,000 (D) 10,000
211. In the case of a domestic company (turnover/gross receipts ` 70 crores), the basic rate of income-tax applicable for computing as per normal provisions would be\_\_\_\_\_, when the turnover of the company has been ` 45 crores in the previous year relevant to the assessment year 2017-18.  
 (Note: Ignore surcharge, education cess, etc.)  
 (A) 30% (B) 29%  
 (C) 25% (D) 35%
212. The maximum marginal rate of tax applicable for individual taxpayer having total income of ` 1.5 crore (including surcharge and health & education cess) is\_\_\_\_\_.  
 (A) 34.32% (B) 35.88%  
 (C) 34.944% (D) 29.12%
213. When a charitable trust registered u/s 12AA pays ` 50,000 towards rent to a resident for the premises occupied by it without deduction of tax at source for the entire previous year 2018-19, the amount of rental expenditure liable for disallowance would be\_\_\_\_\_.  
 (A) Nil (B) ` 6,00,000  
 (C) ` 4,20,000 (D) ` 1,80,000
214. The lock-in-period for capital gain bonds issued by National Highway Authority of India for the purpose of deduction under section 54EC is\_\_\_\_\_.  
 (A) 5 years (B) 3 years  
 (C) 7 years (D) 1 year
215. The TDS rate for payments made to a non-resident sportsman is\_\_\_\_\_%.  
 (A) 20 (B) 20.8  
 (C) 30 (D) Nil
216. Where a partner of a firm transfers any capital asset to the firm by way of capital contribution, for the purpose of computing capital gain in the hands of the partner, the amount of deemed consideration is  
 (A) cost to the partner.  
 (B) fair market value of the asset on the date of transfer.  
 (C) the amount recorded in the books of the firm.  
 (D) value as determined by the Stamp valuation authority.
217. When the gross receipts from profession exceed ` \_\_\_\_\_ lakhs, it is liable for audit under section 44AB and the provisions of section 44ADA will not apply.  
 (A) 50 (B) 25  
 (C) 100 (D) 20
218. Medical insurance premium incurred for senior citizen is eligible for deduction up to ` \_\_\_\_\_ under section 80D.  
 (A) 30,000 (B) 50,000

- (C) 1,00,000 (D) 60,000
219. When a resident senior citizen having gross total income of ₹ 5,56,000, has derived interest from savings account in a nationalized bank of ₹ 8,200 and fixed deposit interest of ₹ 47,000 from such bank, he is eligible for deduction of ₹ \_\_\_\_\_ from the gross total income.  
 (A) 55,200 (B) 8,200  
 (C) 47,000 (D) 50,000
220. Seshan, a retired civil servant received monthly pension of ₹ 60,000 during the previous year 2018-19. The amount of pension liable to tax after standard deduction would be ₹ \_\_\_\_\_.  
 (A) 7,10,000 (B) 7,00,000  
 (C) 6,80,000 (D) 6,30,000
221. Mr. Atul (aged 63), a resident Indian, paid for himself through account payee cheque, health insurance premium of ₹ 2,10,000 for 5 years in one lump sum on 28.03.2019. The eligible amount of deduction under section 80-D for the assessment year 2019-20 would be ₹ \_\_\_\_\_.  
 (A) 50,000 (B) 30,000  
 (C) Nil (D) 42,000
222. Ramesh Tea Ltd., acquired a motor car for ₹ 6,20,000 on 30.08.2018. The company is engaged in manufacture of tea in India. The amount of depreciation allowable on such motor car would be ₹ \_\_\_\_\_.  
 (A) 93,000 (B) 37,200  
 (C) 46,500 (D) Nil
223. When an individual non-resident has total income exceeding ₹ 50 lakhs, the amount of surcharge payable on income-tax would be \_\_\_\_\_.  
 (A) 17% (B) 15%  
 (C) 12% (D) 10%
224. When a charitable trust registered under section 12AA paid rent of ₹ 50,000 per month throughout the PY 2018-19 and no tax was deducted at source, the amount of expenditure to be considered for computing the application of income by the trust would be ₹ \_\_\_\_\_.  
 (A) 6,00,000 (B) Nil  
 (C) 3,00,000 (D) 4,20,000
225. Manoj, a resident, employed in ABC Ltd., an Indian company, has gross annual salary income of ₹ 20,60,000. The standard deduction available under section 16(1) would be ₹ \_\_\_\_\_.  
 (A) Nil (B) 30,000  
 (C) 40,000 (D) 50,000
226. Shares in unlisted companies, in order to be treated as long-term capital asset, should be held for a minimum period of \_\_\_\_\_ immediately prior to the date of transfer.  
 (A) 365 days (B) 12 months  
 (C) 24 months (D) None of the above
227. Padmaja Power Co. (P) Ltd. is engaged in generation and distribution of electrical power. It avails deduction under section 80-IA. The gross receipts of the company is ₹ 89 lakhs. The last date for filing the return of income in order to be eligible to avail deduction under section 80-IA is \_\_\_\_\_.  
 (Note: Assume there is no extension of time for filling the return of income)  
 (A) 30.09.2019 (B) 31.07.2019  
 (C) 30.11.2019 (D) 31.03.2020
228. Mr. Harivallabh incurred medical expenditure of ₹ 1,20,000 in respect of the disease specified in rule 11DD for his father (aged 66) who is wholly dependent on him. The amount eligible for deduction from his gross total income would be ₹ \_\_\_\_\_.  
 (A) 40,000 (B) 60,000  
 (C) 80,000 (D) 1,00,000

229. When Mr. Avinash earned long-term capital gain of ₹ 1,80,000 on sale of listed shares, his total income being ₹ 10 lakhs, the amount of income-tax (including cess) on the said long-term capital gain would be \_\_\_\_\_.
- (A) Nil (B) 18,720  
(C) 8,320 (D) 10,400
230. Mr. Seshan received a loan of ₹ 2 lakhs from Seshan Trading (P) Ltd. in which he has 35% equity shareholding (with voting power). The accumulated profits of the company on the date of loan was ₹ 10 lakhs. The amount of tax (ignore cess) payable on such loan would be
- (A) @ 10% by Mr. Seshan  
(B) @ 20% by the company  
(C) @ 30% by the company  
(D) depended upon other income earned by Mr. Seshan.

**Match the following:**

1. **Match the following:**

	Column I		Column II
1.	Section 87A	A	₹ 5,000
2.	Section 80 GG	B	₹ 3,500 or Actual Tax (w.e.l)
3.	Sukanya Samrudhi Scheme	C	₹ 1,500
4.	Minor Child exemption	D	30% of deduction
5.	Arrears of rent	E	Section 80C

**Ans:** 1) B                      2) A                      3) E                      4) C                      5) D

2. **Match the following:**

	Column I		Column II
1.	Contribution of ₹ 8,000 in cash by a company to a political party	A	Allowed as deduction in computing business income.
2.	Commodity Transaction Tax	B	Income from other sources.
3.	Forfeiture of advance received for transfer of capital asset	C	Not eligible for deduction under Section 80 GGB
4.	Interest from Sukanya Samridhi Account	D	Allowed only on payment basis
5.	Amount payable to the Indian Railway for use of railways asset.	E	Not included in total income

**Ans:** 1) C                      2) A                      3) B                      4) E                      5) D

3. **Match the following:**

	Column I		Column II
1.	Winnings from lotteries	A	Covered u/s 14A
2.	Resident Foreign Company	B	Central Board of Direct Taxes
3.	Cultivation Expenses	C	Taxed @ 30%
4.	Tax Administration	D	Sec 139 (1)
5.	Return of Loss	E	Place of effective management

		F	Sec. 139(3)
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Ans: 1) C                      2) E                      3) A                      4) B                      5) F

4. Match the following:

	Column I		Column II
1.	Appeal	A	Deduction u/s. 36 (i) (iii)
2.	Non resident shipping business	B	Deduction u/s. 80 C
3.	Interest on borrowed capital	C	Twelve months
4.	Repayment of housing loan	D	Assessing officer
5.	Assessment year	E	7.5% of gross receipts
		F	Tax Tribunal

Ans: 1) F                      2) E                      3) A                      4) B                      5) C

5. Match the following:

	Column I		Column II
1.	Securities Transaction Tax	A	Maximum Limit Rs. 50 lakhs
2.	Contribution of Employer to Pension Fund of Central Government	B	Includible as salary income of employee
3.	Donation in Kind	C	Not deductible while computing income from property
4.	Ground rent	D	Deductible as business expenditure
5.	Bonds specified in Section 54EC	E	Not eligible for deduction under section 80G

Ans: 1) D                      2) B                      3) E                      4) C                      5) A

6. Match the following:

	Column I		Column II
1.	Rounding of Total Income	A	Sec. 87A
2.	Failure to apply PAN	B	Sec. 44AA
3.	Entry No. 46 of State List	C	Sec. 139AA
4.	Rebate	D	` 10,000 u/s. 272B
5.	Quoting of Aadhar Number	E	Taxes on Agricultural Income
6.	Scrutiny Assessment	F	Sec. 288B
7.	ICDSX	G	Sec. 143(3)
8.	Maintenance of Books of Account	H	30% Plus Surcharge, Education Cess and SHEC
9.	Rate of TDS on winning from lotteries for Non Resident	I	Contingent Assets
10.	Rounding of Tax	J	Sec. 288A

Ans: 1) J    2) D    3) E    4) A    5) C    6) G    7) I    8) B    9) H    10) F

7. Match the following:

	Column I		Column II
1.	Additional depreciation for plant used for more than 180 days	A	40%
2.	Basic exemption limit of income for resident individual being senior citizen	B	` 3,500
3.	Rate of tax for LLP	C	` 3,00,000
4.	Depreciation for computers	D	30%



5.	Exemption in respect of Post Office SB interest	E	20%
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**Ans:** 1) E                      2) C                      3) D                      4) A                      5) B

**8. Match the following:**

	Column I		Column II
1.	Rate of depreciation on goodwill	A	₹ 1,50,000
2.	Tax rate applicable for LLP	B	75%
3.	Monetary limit of deduction of entertainment allowance of Government employee	C	25%
4.	% of advance tax payable before 15 <sup>th</sup> December	D	₹ 5,000
5.	Maximum deduction under Sec. 80C	E	30%

**Ans:** 1) C                      2) E                      3) D                      4) A                      5) B

**9. Match the following:**

	Column I		Column II
1.	Securities Transaction Tax	A	Maximum limit of ₹ 50 Lakhs
2.	Contribution of Employer to Pension Fund of Central Govt.	B	Includible as salary income of employee.
3.	Donation in kind	C	Not deductible while computing income from property
4.	Ground Rent	D	Deductible as business expenditure
5.	Bonds specified in Sec. 54EC	E	Not eligible for deduction u/s. 80G

**Ans:** 1) D                      2) B                      3) E                      4) C                      5) A

**10. Match the following:**

	Column I		Column II
1.	Sec 288B	A	Determination of residential status
2.	Sec. 6	B	Capital Gain
3.	Sec. 10	C	Depreciation
4.	Sec. 45	D	Rounding off of tax
5.	Sec. 32	E	Exempted Income

**Ans:** 1) D                      2) A                      3) E                      4) B                      5) C

**11. Match the following:**

	Column I		Column II
1.	Sec 80	A	Effect of changes in foreign exchange rates
2.	ICDS VI	B	Compulsory filing of loss returns
3.	Sec. 80P	C	Zero Coupon Bonds
4.	Section 59	D	Income of Co-operative Societies
5.	Section 2(48)	E	Profit chargeable to tax

**Ans:** 1) B                      2) A                      3) D                      4) E                      5) C

**12. Match the following:**

	Column I		Column II
1.	Return of Income	A	Sec. 140
2.	Scrutiny Assessment	B	Sec. 140A

3.	Self Assessment	C	Sec. 143(1)
4.	Intimation	D	Sec. 139
5.	Return by whom to be verified	E	Sec. 143(3)

**Ans:** 1) D                      2) E                      3) B                      4) C                      5) A

**13. Match the following:**

	Column I		Column II
1.	Sec. 194B	A	5%
2.	Sec. 194C	B	30%
3.	Sec. 194H	C	1%
4.	Sec. 194A	D	20%
5.	Sec. 194E	E	10%

**Ans:** 1) B                      2) C                      3) A                      4) E                      5) D

**14. Match the following:**

	Column I		Column II
1.	Sec. 194B	A	₹15,000
2.	Sec. 194C	B	₹5,000
3.	Sec. 194H	C	₹30,000
4.	Sec. 194A	D	₹10,000
5.	Sec. 194J	E	₹1,00,000

**Ans:** 1) D                      2) E                      3) A                      4) B                      5) C

**15. Match the following:**

	Column I		Column II
1.	Non speculative business loss	A	₹1,50,000
2.	Loss under the Head Income from House Property	B	₹15,000
3.	Deduction u/s. 80C	C	₹10,000
4.	Deduction on receipt of family pension	D	8 Years
5.	Deduction u/s. 80TTA	E	₹2,00,000

**Ans:** 1) D                      2) E                      3) A                      4) B                      5) C

**16. Match the following:**

	Column I		Column II
1.	Alternate minimum tax	A	Section 44AD
2.	Return by whom to be verified	B	Section 263
3.	Revision by Commissioner	C	Section 140
4.	Presumptive tax	D	Section 80EE
5.	₹ 50,000	E	Section 115JC

**Ans:** 1) E                      2) C                      3) B                      4) A                      5) D

**17. Match the following:**

	Column I		Column II
1.	Depreciation on patents	A	40%
2.	Amount received by an individual as a loan in a reverse mortgage	B	Valuation of Inventories
3.	Interest partner on capital	C	25%
4.	Depreciation on solar power generating system.	D	Exempted, since there is no transfer.
5.	ICDS II	E	Allowed upto 12% p.a.

Ans: 1) C                    2) D                    3) E                    4) A                    5) B

18. Match the following:

	Column I		Column II
1.	ICDS IX	A	Quoting of Aadhar Number
2.	Section 139 AA	B	Rs. 1500 per child u/s. 10 (32)
3.	Minor son / daughter clubbing	C	Borrowing cost
4.	Sec. 45 (2)	D	Exempted from tax u/s. 10 (17)
5	Any allowance received by MP / MLA	E	Conversion of capital asset into stock in trade.

Ans: 1) C                    2) A                    3) B                    4) E                    5) D

19. Match the following:

	Column I		Column II
1.	Threshold limit for TDS deduction on commission / brokerage under section 194H.	A	Rs. 18,000
2.	Rate of tax on royalty from registered patent in India.	B	Rs. 2,000
3.	Rate of tax deduction at source for participating in a Television channel game show in case of residents.	C	10%
4.	Cash donation exceeding this amount is not admissible under section 80G.	D	30%
5	Taxable amount where enhanced compensation of Rs. 36,000 has been received.	E	Rs. 15,000

Ans: 1) E                    2) C                    3) D                    4) B                    5) A

State whether the following are 'True' or 'False':

- An Indian company is always resident in India. [True]
- Salary received by a member of Parliament is exempt. [False]
- Income of a self-occupied property cannot be negative. [False]
- Preliminary expenditure are allowed deduction in 10 equal instalments. [False]
- Capital gain arises from the transfer of any capital asset. [True]
- A trust shall be considered as charitable trust irrespective of its quantum of commercial activities during the previous years. [True]
- Periodical pension received by government employee is exempt u/s 10 (10A). [False]
- Zero coupon bonds are considered to be short term capital asset if they are held upto 12 months, though they are not listed. [True]
- Conversion of proprietary firm into a partnership firm is not considered as transfer under capital gains. [False]
- Unabsorbed depreciation is carry forward even if return is not submitted within due date. [True]
- Deduction u/s 80C is allowed from long term capital gain u/s 112. [False]
- Rebate u/s 87A is not available to a resident individual, aged 80. [True]
- If a karta is resident in India, his HUF will also become resident in India. [False]

14. TDS for winning from lotteries is mandatory irrespective of the amount of winning. **[False]**
15. A firm not having business income can claim exemption from payment of advance tax u/s 207. **[False]**
16. TDS on commission or brokerage is levied when the amount exceeds ` 15,000. **[True]**
17. Tax to be collected at source in case of sale of any goods (other than bullion and jewellery) or providing of service exceeding ` 1,00,000. **[False]**
18. Circulars and classification are issued by the central government. **[False]**
19. Provision of Section 44AE is not applicable in case the assessee owns more than 10 goods carriage or where he declares lower profits and gains than the profit and gains specified in section 44AE. **[True]**
20. Refund of income tax is not income as it was not allowed as deduction but interest received on refund will be treated as income. **[True]**
- 21 The Finance Act has amended so as to exclude Deposit Certificates issued under Gold Monetization scheme, 2015 notified by Central Government from the definition of capital assets and thereby has exempted it from capital gain tax. **[True]**
22. The term hearing as per section 2(23C) excludes communication of data and documents through electronic mode. **[False]**
23. The amount of tax, interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of the Income tax Act shall be rounded off to the nearest multiple of ten rupees. **[False]**
24. Contingent income is not income. Until the contingency has happened it cannot be postulated that income has accrued or has arisen to the assessee. **[True]**
25. Fair rent is the rent which a similar property can fetch in the same or similar locality, if it is let for a year. **[True]**
26. Share of a private limited company held for 15 months before its sale is a long-term capital asset. **[False]**
27. A return of income filed without payment of self-assessment tax is a defective return. **[True]**
28. Profit from growing and manufacturing tea in India is fully exempted from income tax under section 10 (1) of the Income-tax Act. **[False]**
29. Tax is required to be deducted at source from salary at the time of payment and not at the time of crediting salary to the account of the employee. **[True]**
30. Capital gain arising from compulsory acquisition of a property under law is taxable in the year of receipt of compensation or part thereof. **[True]**
31. Salary received by the partner from the firm in which he is a partner is taxable under the head salary. **[False]**
32. Gross Annual Value of a property cannot exceed rent as per the Rent Control Act. **[False]**
33. Depreciation is allowed as deduction u/s. 32 in case of registered owner only. **[False]**
34. Loss can be set off only by the assessee who has incurred the loss. **[True]**
35. Benefit of indexation is not available in case of Capital Indexed Bonds for computation of long term capital gain. **[False]**
36. There is no capital gain on the transfer of self generated asset being goodwill of a profession. **[True]**
37. Loss cannot be set off against clubbed income. **[False]**
38. Expenditure relating to corporate social responsibility shall be allowed as deduction u/s. 37(1). **[False]**
39. “Project Allowance” is taxable as “Profits in lieu of Salary”. **[True]**
40. Gross Annual Value of a Property can be negative. **[False]**
41. Every person shall intimate the Assessing Officer (A.O), in the prescribed manner, any change in his address or in the name & nature of his business on his business on the basis of PAN was allotted to him. **[True]**
42. The provision of Alternate Minimum Tax (AMT) shall not apply to an individual or an AOP or a BOI, whether incorporated or not, or an artificial judicial person, if the adjusted total income of such person doesn't exceed ` 20 lakh. **[True]**
43. ICDS-1 stands for valuation of inventory. **[False]**
44. A return furnished without paying self assessment tax and interest, if any shall be treated as defective return. **[True]**
45. Apart from TDS another device applied for quicker collection of tax is Tax collection at source (TCS) u/s 141. **[False]**
46. Deduction in respect of interest on loan taken for education is covered under section 80U. **[False]**
47. Unabsorbed business loss cannot be carried for more than 7 assessment year. **[False]**
48. Unabsorbed depreciation can be carried forward for any number of the years. **[True]**

49. A person is deemed to have substantial interest in a company if he is the owner of at least 51% of equity capital of the company. **[False]**
50. Long term capital gain on sale of equity share through stock exchange is exempt under section 10(38). **[True]**
51. Interest on deposit certificates issued under Gold Monetization Scheme, 2015 is exempt from tax. **[True]**
52. The monetary limit of `5 lakhs in respect of gratuity received by an employee covered by Payment of Gratuity Act, 1972 is exempt from tax. **[False]**
53. Medical insurance premium paid by son for parents who are senior citizens is deductible upto a maximum of `35,000. **[False]**
54. In order to avail carry forward loss from house property, the return of income must be filed before the due date specified in Section 139(3). **[False]**
55. 30% of the additional employee cost incurred by the employer is deductible under Section 80JAA. **[True]**
56. Where a person does basic operations in lands and later sells the saplings grown by him in a nursery owned by him, the same will be agricultural income. If the basic operations are not done by the assessee and the saplings are sold in his nursery, the same will still be regarded as agricultural income. **[True]**
57. Short-term capital gains arising from sale of listed shares through a recognized stock exchange, for which security transaction tax has been paid, will be charged to tax at a concessional rate of 15%. **[True]**
58. Tax is required to be deducted at source from salary at the time of payment and not at the time of crediting salary to the account of the employee. **[True]**
59. Capital gain arising from compulsory acquisition of a property under law is taxable in the year of receipt of compensation or part thereof. **[True]**
60. It is not possible to have negative income under the head 'income from house property'. **[False]**
61. Loss in speculation as well as non-speculation business can be carried forward to a maximum of four consecutive assessment years immediately succeeding the assessment year for which loss was first computed. **[False]**
62. Allowances paid by any employer outside India would be wholly exempted from income tax. **[False]**
63. Prize given to Suresh by the Government of Madhya Pradesh on account of higher crop yield is an agricultural income. **[True]**
64. Voluntary contribution received by electoral trust shall be exempt in all cases. **[True]**
65. A partnership firm incurring loss need not to file return of income. **[False]**
66. Any income derived from land situated in India is agricultural income. **[False]**
67. Allowances payable to Central Government employees for serving outside India is exempt. **[True]**
68. Telephone provided to an employee at his residence is a tax-free perquisite. **[True]**
69. Tax return prepares are employees of income-tax department. **[False]**
70. Unabsorbed depreciation can be carried forward for a maximum period of eight assessment years. **[False]**
71. Expenses of purchasing lottery tickets are deducted out of winning from lottery under the head income from other sources. **[False]**
72. Zero-coupons bonds shall be treated as 'short-term capital asset' if held for more than 12 months but not more than 36 months. **[False]**
73. The income of minor child will always be included in the income of his/her parents. **[False]**
74. No tax is required to be deducted from winning from race-horse, if such winning does not exceed ` 10,000. **[True]**
75. Cash gift of `1,00,000 from uncle's son is not taxable. **[False]**
76. Indexation of cost of acquisition is necessary for short term capital gain **[False]**
77. A firm resident in India having total income of `1,46,000/- is eligible to claim deduction u/s 80D **[False]**
78. Income arising from the accretion of transferred property shall not be clubbed. **[True]**
79. Loss on account of owning and maintaining race horses can be carried forward upto 8 assessment years. **[False]**
80. For adjusting brought forward business loss with current year business income, one of the conditions is that such business must be continued during the current year. **[False]**
81. Leave encashment received while in service is taxable. **[True]**

82. Reasonable expected rent cannot exceed standard rent. **[True]**
83. All incomes that accrue to a minor child will be included in the total income of that parent whose total income is greater. **[False]**
84. Caution money forfeited by the assessee is taxable in the year of forfeiture under the head capital gains. **[False]**
85. Paintings are not considered as personal effects in the context of "capital asset" definition. **[True]**
86. In the hands of a manufacturer, factory building newly constructed is not eligible for additional depreciation. **[True]**
87. Income from assets acquired by spouse out of pin money or household savings is not subject to clubbing. **[True]**
88. Cost of self-generated goodwill of business is deemed to be Nil. **[True]**
89. Reimbursement of ordinary medical expenses by the employer is fully exempted. **[False]**
90. Where capital gain arises to an individual from the transfer of a capital asset, being immovable property under a joint development agreement, the capital gain is chargeable to tax in the previous year in which the certificate of completion for whole or part of the project is issued by the competent authority. **[True]**
91. In order to avail carry forward of unabsorbed depreciation, the assessee must furnish the return of income within the due date specified in section 139(1). **[False]**
92. In order to claim exemption under section 54B, the agricultural land, which is transferred, must have been used by the assessee or his parents for at least 3 years prior to the date of transfer. **[False]**
93. In applicable situations of TDS, such TDS is to be deducted on amount including GST component. **[False]**
94. Contribution made to political party by way of cash to the extent of ` 10,000 is allowed as business expenditure. **[False]**
95. Unabsorbed depreciation can be carried forward for any number of years. **[True]**
96. Interest on normal compensation/enhanced compensation is fully chargeable to tax in the year of receipt. **[False]**
97. Long-term capital gain arising from sale of listed shares (STT paid) is not fully exempted from tax. **[True]**
98. Income from sale of seeds derived from a nursery adjacent to agricultural lands is an agricultural income. **[True]**
99. Unabsorbed depreciation can be carried forward for a maximum period of eight assessment years. **[False]**
100. Cash gift of ` 1,00,000 received from uncle's son by a resident individual is taxable as income from other sources. **[True]**
101. A firm, resident in India, having total income of ` 1,46,000 is eligible to claim deduction u/s 80D. **[False]**
102. For adjusting brought forward business loss with current year business income, one of the conditions is that such business must be continued during the current year. **[False]**

### Fill in the blanks

- In case of an Indian citizen who leaves India during the previous year for employment outside India, the period of 60 days shall be substituted by **182** days.
- Scholarship received by a student was ` 2,000 p.m. He spends ` 16,000 for meeting the cost of education. The Balance ` 8,000 is **exempt**.
- Generally, income is taxable under the head, house property only when the assessee is the **owner** of such house property.
- Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head **Profits and gains of business or profession**.
- Period for holding bonus shares or any other financial asset without any payment shall be reckoned from the date of **Allotment**.
- The maximum amount deductible under Section 80GG in respect of house rent paid by a self-employed individual is ` **5,000** per month.
- The loss from activity of owning and maintaining race horses can be carried forward for **4** assessment years, immediately succeeding the assessment year for which loss was first computed.



8. In order to qualify as long-term capital assets, shares of a private limited company should be held for more than **24** months immediately before transfer.
9. In case of under-reporting of income, the assessee is liable to penalty under Section 270A for an amount equal to **50** % of tax payable on under-reported income.
10. The amount of standard deduction available in respect family pension received by the legal heir of the deceased is  $33\frac{1}{3}$  % of such pension or **15,000**, whichever is less.
11. When a trader opts for presumptive income determination u/s. 44AD, advance tax is payable on or before **15<sup>th</sup> March** of the previous year.
12. Irrespective of the period of holding of asset, profit arising to a block of depreciable asset from transfer of such asset is always taxed as **short term** capital gain.
13. The due date for filing return of income for Assessment Year 2017-18 of a company, which is required to obtain a report under Section 92E in respect of specified domestic transactions is **30<sup>th</sup> Nov.**
14. Amount received by a member of a HUF as his share from the income of the HUF is **not included** (included/not included) in his total income.
15. Mr. X gifted ` 1 lakh to his wife, Mrs. X who invested such sum in a business. The business suffered a loss of ` 20,000. Such loss **can** (can/cannot) be set off against eligible income of Mr. X.
16. Rebate u/s 87A is allowed up to **2,500**.
17. Dividend from a domestic company is exempted up to **without any limit** in case of a person other than an individual/HUF/Firm.
18. Securities Transaction Tax is **not deductible** (deductible/ not deductible) while computing capital gain.
19. Interest on enhanced compensation is taxable after deduction at the rate of **50%**.
20. Advance tax is not required if the amount of tax payable is **less than ` 10,000**.
21. Surcharge is payable @ **15%** by individuals, if the total income exceeds ` one crore.
22. Payment from National Pension System Trust on closure of account is exempt upto **40%**.
23. Capital expenditure for promoting family planning amongst employees is **allowed** (allowed/not allowed) deduction in case of corporate assessee.
24. Recovery of unrealized rent is taxable in the year of receipt after allowing **deduction @ 30%**.
25. Belated return should be submitted before the **end of assessment year** or before the completion of assessment, whichever is earlier.
26. Total Income of Mr Pankaj aged 30 is ` 7,26,500. His tax liability would be for assessment year 2017-18 is **72,410**.
27. The obligation to pay advance tax arises in every case where the advance tax payable is **10,000** or more.
28. Deduction in respect of interest on loan taken from financial institutions for residential house property, if certain conditions are satisfied is limited to maximum of **50,000**
29. The rate of TDS if pan is not provided is **maximum marginal rate**.
30. Dividend in aggregate exceeding **10 lakhs** received by certain persons to be taxed at the special rate of 10%.
31. Rebate u/s 87A is allowed **2,500** to an Individual who is resident in India and whose income does not exceed ` 3,50,000.
32. TDS rate for payment in respect of NSS deposit is **10%**.
33. Employer contribution to the superannuation fund shall be tax free perquisite upto **1,50,000**.
34. Assessee engaged in business of generation or transmission or distribution of power shall be allowed additional depreciation at the rate of **20%**.
35. Standard deduction @ **30%** is allowed from such arrear of rent or unrealised rent.
36. The maximum amount deductible under section 80 TTA in respect of interest on savings bank account is **10,000**.
37. Monetary limit for exemption in the case of encashment of earned leave on superannuation received by private sector employees is **3,00,000**.

38. When unrealized rent of ` 50,000 in respect of a let-out property is realized subsequently, the amount liable to tax would be ` **50,000**.
39. Interest on enhanced compensation received by Mr. A, a resident individual is ` 4,00,000 of which 75% pertains to earlier financial years. The amount of such interest to be included in the total income under the head 'income from other sources' is ` **2,00,000**.
40. Medical expenditure of ` 40,000 was incurred by Mr. A on his mother (being a senior citizen). The amount eligible for deduction under section 80D would be ` **30,000**.
41. Assessee's own contribution to the National Pension Scheme is eligible for a maximum deduction of ` **50,000**.
42. Any payment received from an account opened under Sukanya Samridhi Account Rules, 2014 is **exempt Section 10(11A)**.
43. A charitable trust in order to be eligible for exemption under section 11 must not have more than **20%** of aggregate receipts from any activity in the nature of trade, commerce or business.
44. The amount of deduction towards health insurance premium paid by an individual (not being a senior citizen) is limited to ` **25,000**.
45. Fee under section 234E for delay in filing of quarterly TDS/TCS return is ` **200** per day.
46. Periodical pension received by a Government employee is **taxable**.
47. Cost of acquisition of self generated capital asset, being route permit shall be **nil**.
48. Loss from house property cannot be adjusted from **winnings from lotteries**.
49. Belated return of income **cannot** (can/cannot) be revised.
50. Interest on capital borrowed for repairs of let-out property is deductible on **accrual** (accrual/payment) basis.
51. Interest on capital borrowed for repairs of self-occupied property is deductible upto a maximum of ` **30,000**.
52. Shares given to the employee free of cost under ESOP is taxable if he is **either specified or non-specified** (specified/non-specified/either specified or non-specified).
53. Cost of improvement of self-generated capital asset, being tenancy right shall be **actual price**.
54. Loss from owning and maintaining the race camels can be carry forward for a maximum of **8** assessment years.
55. The due date of filing the return of income of a charitable trust which is claiming exemption u/s. 12AA is **30<sup>th</sup> September or 30<sup>th</sup> November of RAY as the case may be**.
56. ` 2,00,000 is paid towards Life Insurance Premium, Public Provident Fund and NSC IX out of agricultural income of an individual. Deduction available u/s 80C of IT Act. 1961 is ` **1,50,000**
57. A foreign company will become resident in India if its **Place of effective management** during the relevant previous year is in India.
58. Income of a charitable trust by way of forfeiture of exemption is chargeable to tax at the rate of **Maximum Marginal Rate**.
59. Employer's contribution to National Pension Scheme is deductible upto **10% of salary** U/s 36 (1) (iva).
60. Obligation to furnish Annual Information Return by a banking company will arise if a person deposits ` **10 lakhs or more** in cash in any savings bank account during the year.
61. Income by way of interest on fixed deposits in the name of a minor married daughter **will** (will/will not) be clubbed in the hands of her parents.
62. General public utility shall be deemed charitable purpose if income from the activity in the nature of trade or commerce does not exceeds **20%** of total receipts of the trust during the previous year.
63. ` 50,000 is paid towards medical insurance premium out of agricultural income of an individual. Deduction available u/s 80D of IT Act, 1961 is **Nil**
64. Contribution by the employer towards approved superannuation fund is not taxable upto ` **1,50,000** in the hands of employees.
65. Notice u/s 148 in respect of assessment relating to any asset located outside India can be issued within a period of **16 years** from the end of relevant assessment year.

66. Failure to apply for PAN or to quote PAN in prescribed documents attracts penalty of ₹10,000 u/s 272B.
67. **Slump Sale** means the transfer of one or more undertaking for a lump sum consideration without assigning values to the individual assets and liabilities in such sales.
68. **Long term capital gain** on sale of equity share through stock exchange is exempt u/s 10(38).
69. **Sec. 80 GGA** available for donations made to Research Associations.
70. Form **No. 3** is to be used for filling the return of income by an individual having business income.
71. The maximum limit for deduction u/s 80TTA is ₹10,000.
72. Salary forgone is **taxable** in computing the income from salaries in the hands of the concerned employee.
73. **Foreign** Company means a company which is not a domestic company.
74. When a director of a company received 30 lakhs by way of non-compete fee, it is taxable under the head **PGBP**
75. When unrealized rent is received based on court decree but at the time of receipt the property was not owned by the assessee, it is taxable under the head **IHP**
76. When Mr. Ashwin received ` 20,000 as scholarship for meeting the cost of education it is **exempt**
77. The Income Computation Disclosure Standards (ICDS) will apply only when the assessee adopts **mercantile** method of accounting.
78. Speculation loss can be carried forward for a maximum period of **4** (number of) years after the year of such loss.
79. When an Indian citizen leaves India for the purpose of employment his residential status is resident and ordinarily resident if he had stayed in India during the year for **182** days during that previous year.
80. Transport allowance for the purpose of commuting between the place of residence and place of duty is exempt upto **Rs. 3,200 pm** in the case of an employee who is blind or deaf and dumb.
81. When tax is not deducted at source **30** % of expenditure is liable for disallowance under Section 40(a) (ia).
82. When a company pays commission of `30,000 to a person in March, 2017, it has to deduct tax at source at **5** %.
83. An educational institution existing solely for education is exempt from tax when the aggregate annual receipt does not exceed **one crore**.
84. Royalty received for a patent is eligible for deduction under Section 80RRB upto ₹3,00,000
85. When a professional has aggregate fee receipt of `30 lakhs his presumptive income under Section 44ADA shall be ₹15 lakhs
86. Electoral trust must distribute **95**% of donation received by it during the year.
87. Expenditure on amalgamation or demerger is eligible for amortization in **5** annual instalments under Section 35DD.
88. The monetary limit for deduction in respect of family pension is ₹15,000
89. The maximum amount deductible u/s 80 TTA in respect of interest on savings bank account is ₹10,000.
90. When unrealized rent of `50,000 in respect of a let-out property is realized subsequently, the amount liable to tax would be ₹35,000.
91. A foreign company is liable to surcharge at 5%, if the total income exceeds ₹10 crores.
92. A Zero coupon bond is a long-term capital asset, if it is held for more than **12** months before transfer.
93. Maximum amount of exemption under section 10(10C) of the Income-tax Act in respect of compensation received for voluntary retirement is ₹5,00,000.
94. Mr. A, a senior citizen, has total income of `8 lacs, earned by way of interest from secured debentures. The advance tax payable by him is **Nil**
95. A partnership firm will be treated as non-resident, only if the **whole** of the control and management of its affairs is situate outside India.
96. An employee of a partnership firm is treated as “specified employee” if the income under the head “Salaries”, excluding non-monetary perquisites exceeds ₹50,000.

97. The maximum amount of retrenchment compensation exempt u/s 10 (10B) in the hands of a person, when received from a private scheme not approved by the Board, is **₹5,00,000**.
98. In the case of a payee not having PAN for whom tax is to be deducted at source u/s 194A, the rate applicable is **20%**.
99. Interest payable to a partner by a firm shall not exceed **12%** (18% /12%) per annum.
100. Chapter VI-A deduction **shall not** (shall/shall not) be allowed in respect of income from long term capital gain.
101. Salary received by Mr. P a foreign national and a non resident out-side India for services rendered in India for 150 days is **chargeable** (chargeable/not chargeable) to tax in India.
102. Deduction for provision for bad and doubtful debts made by a NBFC is allowed upto **5%** of total income before allowing such deduction and deduction under chapter VIA.
103. Z. awarded three contracts for repair work of ₹21,000, ₹23,000 and ₹30,000 respectively to L. Ltd. Z. is **not required** (required/ not required) to deduct tax at source u/s 194C
104. In case of slump sale of any undertaking indexation benefit is **not allowed** (allowed/not allowed) for the purpose of computation of capital gain.
105. Amount received under Keyman Insurance Policy including bonus thereon is **income** (income/exempted income) under the Income-tax Act, 1961.
106. Exemption u/s. 10(32) in respect of income of minor child included in the hands of assessee under Section 64(1A) is restricted to **₹1,500** per child.
107. Deposit in public provident fund in the name of minor child is **deductible** u/s 80C in the hands of contributing parent.
108. An individual can avail the benefit of exemption in respect of leave travel concession offered by his employer **twice** in a block of four years.
109. Amount recovered by an employer from the employees towards the latter's share of provident fund contribution is **income** of the assessee-employer.
110. Loss from non-speculation business **can** be set off against profits derived from speculation business.
111. Salary foregone is **taxable** in computing the income from salaries in the hands of the concerned employee.
112. The monetary ceiling limit for exemption for gratuity received under the Payment of Gratuity Act, 1972 is **₹10,00,000**.
113. Fixed medical allowance of ₹2,000 per month paid by an employer is **taxable** in the hands of the employee.
114. Interest received on delayed payment of enhanced compensation shall be deemed to be **income** (income/ not an income /interest relating to the concerned year alone is income) of the year in which it is received.
115. Gift received from a trust registered under section 12AA is **not included** (included/not included) in the taxable income of an individual.
116. Any sum paid on account of income tax is **not deductible** (deductible/not deductible) while computing from other sources.
117. Dividend received from a company having only agricultural income is **non-agricultural income** (agricultural income /non- agricultural income/50% taxable) in the hands of its shareholder.
118. There are two schools of Hindu Law, one is Mitakshara and the other is **Dayabhaga**.
119. The depreciation allowable in respect of an asset used for the purpose of business for less than 180 days shall be restricted to **50%** (50%/25%/75%) of the normal rate of depreciation.
120. The Alternate Minimum Rate u/s 115JC shall be **18.5%** of adjusted total income [Basic rate excluding surcharge, education cess, etc.]
121. Unabsorbed loss under the head 'Capital gains' shall be carried forward for a period of **8** assessment years immediately following the assessment year in which such loss was incurred.
122. Loss from gambling **cannot** (can /cannot) be carried forward and set off in subsequent years under profits from gambling.
123. On 30.3.2018, Mr. Nathan acquired a building for ₹10,00,000 when the State stamp valuation authority adopted ₹10,25,000 for stamp duty purpose. The amount taxable in the hands of Mr. Nathan u/s 56(2) will be **Nil**.
124. The due date for filing return of income u/s 139(1) in the case of individual assessee having turnover above ₹200 lakhs is **30<sup>th</sup> Sep of the AY**.

125. Salary paid to a working partner of a firm is chargeable to income-tax in the hands of such partner under the head **Profit and Gains of business or profession**.
126. Total tax payable on a lottery income of `3,00,000 as per section 115BB is `90,000 (**plus applicable education cess**)
127. Payment of education loan, **interest** (principal/interest) is deductible under section 80E.
128. Claim of depreciation is **mandatory** (mandatory/optional) while computing business income of the assessee.
129. Advance tax is payable in **4** instalments by a non-corporate assessee.
130. A **foreign company** means a company which is not a domestic company.
131. Interest on refund on Income-tax paid in excess is a **taxable** receipt.
132. Amount received towards permission for putting up hoarding at the top of the building is taxable under the head **income from other sources**.
133. Mr. A holds 25% of the equity shares in LMN Ltd., a listed company. He has borrowed a sum of `10 lakhs from this company on 21.03.2018. As on this date, the accumulated profits and free reserves are `8 lakhs. The deemed dividend taxable u/s 2(22) (e) of the Income Tax Act, 1961 is ` **Nil** (8,00,000 / 10,00,000 / Nil).
134. Compensation received from an insurer on account of damage to the crops is an **agricultural** income.
135. Receipts from TV serial shooting in farm house **is non** agricultural income.
136. The cost of acquisition of 100 bonus shares, where the original shares (100 nos.) were acquired for `30,000 is **Nil**.
137. A person owns 4 heavy goods vehicles. His estimated annual income u/s 44AE is **`3,60,000**.
138. The rate of depreciation on general plant and machinery is **15%** and on computer is **40%**
139. **Capital Expenses** is a non-recurring expenditure whereas **Revenue Expenses** is normally a recurring one.
140. Depreciation on an asset purchased and kept as standby will be allowed inspite of the same has not been put to use as it has **passive** (passive/active) use by the assessee during the year.
141. According to section 40A(3), where the assessee incurs any expenditure in respect of which payment is made in a sum exceeding **`10,000** otherwise than by a crossed cheque or crossed bank draft, **100** percent of such expenditure shall not be allowed as a deduction.
142. Deduction under section 80GGB in respect of house rent paid is applicable to **Individual**. (Sec. is wrongly quoted in the question paper)
143. Unabsorbed depreciation shall be allowed to be carried forward for any number of years and such carried forward unabsorbed depreciation may be set off against any income, other than **Income under the head "Salaries", Winning from lotteries, cross word puzzles, etc.**
144. Income referred to in sec. 68 to sec. 69D shall be taxable @ **60%**. (Excluding SC and Cess)
145. **Any voluntary contributions** received by an electoral trust shall be exempted.
146. Income from sub-letting of a house property by a salaried employee is taxable under the head **Income from other sources**.
147. The total income computed will have to be rounded off to the nearest multiple of Rs. **10**.
148. Domestic company means a/an **Indian** company.
149. Additional depreciation on factory building for Rs.30 lakhs, acquired by a manufacturer on 1st Dec, 2017 is **Nil**.
150. Unabsorbed depreciation can be carried forward for **any number of** years.
151. An assessee, who receives leave encashment during continuation of his service, can also claim **Relief under Section 89**.
152. Payment of royalty to a person resident in India requires deduction of tax at source at the rate of **10%**.
153. The amount of wages paid to eligible new workmen by an assessee engaged in non-seasonal manufacturing activity is deductible u/s 80JJAA @ **30** % of the wages so paid.
154. An expenditure, for which cash payment is made for a sum exceeding ` **10,000** on a single day is disallowed.
155. If a return of income is not furnished within the due date prescribed in section 139(1), such return can be filed on or before **31<sup>st</sup> March 2020 / end of relevant assessment year**, provided the assessment is not completed.
156. Maximum amount of exemption under section 10(10C) in respect of compensation received for voluntary retirement is ` **5,00,000**.

157. A resident Indian aged 62, who has received interest of ` 12,000 from savings bank account and ` 43,000 as interest on bank fixed deposits, is eligible to a deduction of ` **50,000** from his gross total income.
158. Daily allowance received by a member of parliament is **exempt**.
159. An expenditure, for which cash payment is made for a sum exceeding ` **10,000** on a single day is disallowed u/s 40A(3).
160. If a return of income for the AY 2019-20 is not filed within the due date prescribed in section 139(1), such return can be filed on or before **31-3-2020**, provided assessment is not completed.
161. Maximum amount of exemption under section 10(10C) in respect of compensation received for voluntary retirement is ` **5,00,000**.



**PAPER - 8**  
**Cost Accounting**  
**Bit Questions**

**PAPER - 8**  
**Cost Accounting :: Bit Questions**

**Choose the correct answer from the given alternatives:**

1. **In process, conversion cost means**  
 (A) Cost of direct materials, direct labour, direct expenses  
**(B) Direct labour, direct expenses, indirect material, indirect labour, indirect expenses**  
 (C) Prime cost plus factory overheads  
 (D) All costs up to the product reaching the consumer, less direct material costs
2. **At the economic ordering quantity level, the following is true:**  
 (A) The ordering cost is minimum  
 (B) The carrying cost is minimum  
**(C) The ordering cost is equal to the carrying cost**  
 (D) The purchase price is minimum
3. **When a direct worker is paid on a monthly fixed salary basis, the following is true:**  
 (A) There is no idle time lost.  
**(B) There is no idle time cost.**  
 (C) Idle time cost is separated and treated as overhead.  
 (D) The salary is fully treated as factory overhead cost.
4. **The following is an example of direct expenses as per CAS-10:**  
 (A) Special raw material which is a substantial part of the prime cost.  
**(B) Travelling expenses to site.**  
 (C) Overtime charges paid to direct worker to complete work before time.  
 (D) Catalogue of prices of finished products.
5. **The following is not treated as a manufacturing overhead:**  
 (A) Lubricants  
 (B) Cotton waste  
 (C) Apportioned administration overheads  
**(D) Night shift allowance paid to a factory worker due to general work pressure.**
6. **When you attempt a reconciliation of profits as per Financial Accounts and Cost Accounts, the following is done:**  
**(A) Add the under absorption of overheads in Cost Accounts if you start from the profits as per Financial Accounts.**  
 (B) Add the under absorption of overheads in Cost Accounts if you start from the profits as per Cost Accounts.  
 (C) Add the over absorption of overheads in Cost Accounts if you start from the profits as per Financial Accounts.  
 (D) Add the over absorption of overheads in Cost Accounts if you start from the profits as per Cost Accounts.
7. **Batch Costing is applied effectively in the following situation:**  
 (A) paper manufacturing  
**(B) drug manufacturing**  
 (C) designer clothes manufacturing  
 (D) oil refining
8. **In the context of Contract a/c, work completed and not yet certified will beshown**  
 (A) at cost plus + 2/3rd of the notional profit under 'Completed Work'.  
 (B) at cost plus notional profit less retention money under 'Completed Work'.  
 (C) at cost under 'Completed Work'.  
**(D) at cost under WIP a/c.**
9. **A certain process needed standard labour of 24 skilled labour hours and 30 unskilled labour hours at ` 60 and ` 40 respectively as the standard labour rates. Actually, 20 and 25 labour hours were used at ` 50 and ` 50 respectively. Then, the labour mix variance will be**  
 (A) Adverse  
 (B) Favourable  
**(C) Zero**  
 (D) Favourable for skilled and unfavourable for unskilled

10. **If an organization has all the resources it needs for production, then the principal budget factor is most likely to be**  
 (A) non-existing (B) sales demand  
 (C) raw materials (D) labour supply
11. **Cost Unit of Hospital Industry is**  
 (a) Tonne (b) Student per year  
 (c) Kilowatt Hour (d) Patient Day
12. **Which of the following is considered as normal loss of material?**  
 (a) Pilferage (b) Loss due to accident  
 (c) Loss due to careless handling of material (d) None of these
13. **Idle time is**  
 (a) Time spent by workers in factory (b) Time spent by workers in office  
 (c) Time spent by workers off their work (d) Time spent by workers on their job
14. **Warehouse expense is an example of**  
 (a) Production overhead (b) Selling overhead  
 (c) Distribution overhead (d) None of above
15. **Which of the following items is not included in preparation of cost sheet?**  
 (a) Carriage inward (b) Purchase returns  
 (c) Sales Commission (d) Interest paid
16. **Operating costing is applicable to:**  
 (a) Hospitals (b) Cinemas  
 (c) Transport undertaking (d) All of the above
17. **If sales are ` 90,000 and variable cost to sales is 75%. Contribution is**  
 (a) ` 21,500 (b) ` 22,500  
 (c) ` 23,500 (d) ` 67,500
18. **P/V Ratio will increase if the**  
 (a) There is a decrease in fixed cost (b) There is an increase in fixed cost  
 (c) There is a decrease in selling price per unit (d) There is a decrease in variable cost per unit.
19. **Difference between standard cost and actual cost is called as**  
 (a) Wastage (b) Loss  
 (c) Variance (d) Profit
20. **Sales Budget is a ...**  
 (a) Expenditure budget (b) Functional budget  
 (c) Master budget (d) None
21. **Depreciation is an example of-**  
 (a) Fixed Cost (b) Variable Cost  
 (c) Semi Variable Cost (d) None
22. **Continuous stock taking is a part of-**  
 (a) ABC analysis (b) Annual stock taking  
 (c) Perpetual Inventory (d) None of these
23. **Cost of idle time arising due to non availability of raw material is**  
 (a) Charged to costing profit and loss A/c (b) Charged to factory overheads  
 (c) Recovered by inflating the wage rate (d) Ignored
24. **Over time is**  
 (a) Actual hours being more than normal time (b) Actual hours being more than standard time  
 (c) Standard hours being more than actual hours (d) Actual hours being less than standard time
25. **The allotment of whole items of cost of centres or cost unit is called**  
 (a) Cost allocation (b) Cost apportionment  
 (c) Overhead absorption (d) None of the above
26. **In Reconciliations Statements Expenses shown only in financial accounts are.**  
 (a) Added to financial profit (b) Deducted from financial profit

- (c) Ignored (d) Added to costing profit
27. **Job costing is used in**  
 (a) Furniture making (b) Repair shops  
 (c) Printing press (d) **All of the above**
28. **In a process 8000 units are introduced during a period. 5% of input is normal loss. Closing work in progress 60% complete is 1000 units. 6600 completed units are transferred to next process. Equivalent production for the period is:**  
 (a) 9000 units (b) 7440 units  
 (c) 5400 units (d) **7200 units**
29. **If sales are ` 150,000 and variable cost are ` 50,000. Compute P/V ratio.**  
 (a) **66.66%** (b) 100%  
 (c) 133.33% (d) 65.66%
30. **Standard cost of material for a given quantity of output is ` 15,000 while the actual cost of material used is ` 16,200. The material cost variance is:**  
 (a) ` 1,200 (A) (b) ` 16,200 (A)  
 (c) ` 15,000 (F) (d) ` 31,200 (A)
31. **Cost of idle time arising due to non-availability of raw material is**  
 (a) recovered by inflating the raw material rate. (b) recovered by inflating the wage rate.  
 (c) charged to factory overheads. (d) **charged to costing profit and loss account.**
32. **Selling and distribution overheads are absorbed on the basis of**  
 (a) rate per unit. (b) percentage on works cost.  
 (c) percentage on selling price of each unit. (d) **Any of the above**
33. **What entry will be passed under integrated system for purchase of stores on credit?**  
 (a) Dr. Stores (b) Dr. Purchases  
     Cr. Creditors (c) Cr. Creditors  
 (c) **Dr. Stores Ledger Control A/c** (d) Dr. Stores Ledger Control A/c  
     Cr. Creditors (e) Cr. General Ledger Adjustment A/c
34. **In a process 800 units are introduced during 2016-17. 5% of input is normal loss. Closing work-in-progress 60% complete is 100 units. 660 completed units are transferred to next process. Equivalent production for the period is**  
 (a) 760 units (b) 744 units  
 (c) 540 units (d) **720 units**
35. **\_\_\_\_\_ deals with the principles and methods of determining the production or operation overheads.**  
 (a) CAS-3 (b) CAS-5  
 (c) CAS-9 (d) CAS-16
36. **There is a loss as per financial accounts ` 10,600, donations not shown in cost accounts ` 6,000. What would be the profit or loss as per cost accounts?**  
 (a) Loss ` 16,600 (b) Profit ` 16,600  
 (c) **Loss ` 4,600** (d) Profit ` 4,600
37. **A hotel having 100 rooms of which 80% are normally occupied in summer and 25% in winter. Period of summer and winter be taken as 6 months each and normal days in a month be assumed to be 30. The total occupied room days will be**  
 (a) 1525 Room days (b) **18900 Room days**  
 (c) 36000 Room days (d) None of the above
38. **A firm has fixed expenses ` 90,000, sales ` 3,00,000 and profit ` 60,000. The P/V ratio of the firm is**  
 (a) 10% (b) 20%  
 (c) 30% (d) **50%**
39. **Marginal costing technique follows the following basis of classification:**  
 (a) Element-wise (b) Function-wise  
 (c) **Behavior-wise** (d) Identifiability-wise

40. Which of the following is not a potential benefits of using a budget?  
 (a) More motivated managers  
 (b) Enhanced co-ordination of firm activities  
 (c) Improved inter-departmental communication  
 (d) **More accurate external financial statements**
41. Joint Cost is suitable for-  
 (a) Infrastructure Industry (b) Ornament Industry.  
 (c) **Oil Industry** (d) Fertilizer Industry
42. Which of the following is considered as accounting record?  
 (a) Bin Card (b) Bill of material  
 (c) **Store Ledger** (d) None of these
43. Which of the following is considered as normal loss of material?  
 (a) Pilferage (b) Loss due to accident  
 (c) **Loss due to careless handling of material** (d) None of these.
44. Cost of idle time arising due to non availability of raw material is  
 (a) **Charged to costing profit and loss A/c** (b) Charged to factory overheads  
 (c) Recovered by inflating the wage rate (d) Ignored
45. Time and motion study is conducted by the  
 (a) Time –keeping department (b) Personnel department  
 (c) Payroll department (d) **Engineering department**
46. Time keeping refers to  
 (a) Time spent by workers on their job (b) **Time spent by workers in factory**  
 (c) Time spent by workers without work (d) Time spent by workers on their job
47. Royalty paid on sales ` 89,000 and Software development charges related to product is ` 22,000.  
 Calculate Direct Expenses.  
 (a) 1,11,100 (b) **1,11,000**  
 (c) 1,11,110 (d) 1,10,000
48. Direct Expenses does not meet the test of materiality can be \_\_\_\_\_ part of part of overhead.  
 (a) **Treated** (b) Not treated  
 (c) All of the these (d) None of these
49. The allotment of whole items of cost of centres or cost unit is called  
 (a) **Cost allocation** (b) Cost apportionment  
 (c) Overhead absorption (d) None of the above
50. 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 deferred charge to the next accounting year  
 (d) None of above
51. Charging to a cost center those overheads that result solely for the existence of that cost Center is known as  
 (a) **Allocation** (b) Apportionment  
 (c) Absorption (d) Allotment
52. CAS 21 stands for  
 (a) Capacity Determination (b) Joint Cost  
 (c) Direct Expenses (d) **None of these.**
53. Standards deals with determination of averages/equalized transportation cost –  
 (a) CAS 6 (b) CAS 22  
 (c) CAS 9 (d) **CAS 5**
54. Standards deals with the principles and methods of determining depreciation and amortization cost-  
 (a) CAS 9 (b) CAS 12  
 (c) CAS 15 (d) **CAS 16**
55. Integral accounts eliminate the necessity of operating  
 (a) **Cost Ledger control account** (b) Store Ledger control account  
 (c) Overhead adjustment account (d) None of the above
56. Equivalent production of 1,000 units, 60% complete in all respects, is:  
 (a) 1000 units (b) 1600 units  
 (c) **600 units** (d) 1060 units

57. In a process 8000 units are introduced during a period. 5% of input is normal loss. Closing work in progress 60% complete is 1000 units. 6600 completed units are transferred to next process. Equivalent production for the period is:  
 (a) 9000 units (b) 7440 units  
 (c) 5400 units (d) **7200 units**
58. Standard price of material per kg is ` 20, standard usage per unit of production is 5 kg. Actual usage of production 100 units is 520 kgs, all of which was purchase at the rate of ` 22 per kg. Material cost variance is  
 (a) 2,440 (A) (b) **1,440 (A)**  
 (c) 1,440 (F) (d) 2,300 (F)
59. Standard cost of material for a given quantity of output is ` 15,000 while the actual cost of material used is ` 16,200. The material cost variance is:  
 (a) ` **1,200 (A)** (b) ` 16,200 (A)  
 (c) ` 15,000 (F) (d) ` 31,200 (A)
60. The basic difference between a fixed budget and flexible budget is that a fixed budget .....  
 (a) **is concerned with a single level of activity, while flexible budget is prepared for different levels of activity**  
 (b) Is concerned with fixed costs, while flexible budget is concerned with variable costs.  
 (c) is fixed while flexible budget changes  
 (d) None of these.
61. Batch Costing is suitable for-  
 (a) Sugar Industry (b) Chemical Industry  
 (c) **Pharma Industry** (d) Oil Industry
62. Joint Cost is suitable for-  
 (a) Infrastructure Industry (b) Ornament Industry.  
 (c) **Oil Industry** (d) Fertilizer Industry
63. Cost units of Hospital Industry is-  
 (a) Tonne (b) Student per year  
 (c) Kilowatt Hour (d) **Patient Day**
64. Cost units of Automobile Industry is-  
 (a) Cubic meter (b) Bed Night  
 (c) Number of Call (d) **Number of vehicle**
65. Depreciation is a example of-  
 (a) **Fixed Cost** (b) Variable Cost  
 (c) Semi Variable Cost (d) None of these
66. Which of the following is considered as normal loss of material?  
 (a) Pilferage (b) Loss due to accident  
 (c) **Loss due to careless handling of material** (d) None of these.
67. The most important element of cost is-  
 (a) **Material** (b) Labour  
 (c) Overheads (d) All of these
68. Direct material is a –  
 (a) Adiministration Cost (b) Selling and Distribution cost  
 (c) All of these (d) **None of these**
69. Continuous stock taking is a part of-  
 (a) ABC analysis (b) Annual stock taking  
 (c) **Perpetual Inventory** (d) None of these
70. Which of the following is considered as accounting record?  
 (a) Bin Card (b) Bill of material  
 (c) **Store Ledger** (d) None of these
71. In which of the following incentive plan of payment, wages on time basis are not Guaranteed?  
 (a) Halsey plan (b) Rowan plan  
 (c) **Taylor's differential piece rate system** (d) Gantt's task and bonus system
72. Under the high wage plan, a worker is paid  
 (a) **At a time rate higher than the usual rate** (b) According to his efficiency  
 (c) At a double rate for overtime (d) Normal wages plus bonus



73. **Cost of idle time arising due to non availability of raw material is**  
 (a) Charged to costing profit and loss A/c (b) Charged to factory overheads  
 (c) Recovered by inflating the wage rate (d) Ignored
74. **When overtime is required for meeting urgent orders, overtime premium should be**  
 (a) Charged to costing profit and loss A/c (b) Charged to overhead costs  
 (c) Charged to respective jobs (d) Ignored
75. **Wages sheet is prepared by**  
 (a) Time –keeping department (b) Personnel department  
 (c) Payroll department (d) Engineering department
76. **Time and motion study is conducted by the**  
 (a) Time –keeping department (b) Personnel department  
 (c) Payroll department (d) Engineering department
77. **Labour turnover is measured by**  
 (a) Number of workers replaced average number of workers  
 (b) Number of workers left / number in the beginning plus number at the end  
 (c) Number of workers joining / number in the beginning of the period  
 (d) All of these
78. **Idle time is**  
 (a) Time spent by workers in factory (b) Time spent by workers in office  
 (c) Time spent by workers off their work (d) Time spent by workers on their job
79. **Over time is**  
 (a) Actual hours being more than normal time  
 (b) Actual hours being more than standard time  
 (c) Standard hours being more than actual hours  
 (d) Actual hours being less than standard time
80. **Time keeping refers to**  
 (a) Time spent by workers on their job (b) Time spent by workers in factory  
 (c) Time spent by workers without work (d) Time spent by workers on their job
81. **Royalty paid on sales ` 89,000 and Software development charges related to product is ` 22,000. Calculate Direct Expenses.**  
 (a) 1,11,100 (b) 1,11,000  
 (c) 111,110 (d) 1,10,000
82. **Direct Expenses ——— includes imputed cost.**  
 (a) Shall (b) Shall not  
 (c) None of these
83. **Direct Expenses does not meet the test of materiality can be ——— part of part of overhead.**  
 (a) Treated (b) Not treated  
 (c) All of the these (d) None of these
84. **Example of Direct Expenses.**  
 (a) Rent (b) Royalty charged on production  
 (c) Bonus to employee (d) None of these
85. **A manufacturing Industry produces product P, Royalty paid on sales is ` 23,500 and design charges paid for the product is ` 1,500. Compute the Direct Expenses.**  
 (a) 25,000 (b) 22,000  
 (c) 26,500 (d) None of these
86. **The allotment of whole items of cost of centres or cost unit is called**  
 (a) Cost allocation (b) Cost apportionment  
 (c) Overhead absorption (d) None of the above
87. **Packing cost is a**  
 (a) Production of cost (b) Selling cost  
 (c) Distribution cost (d) It may be any or the above
88. **Directors remuneration and expenses form a part of**  
 (a) Production overhead (b) Administration overhead  
 (c) Selling overhead (d) Distribution overhead
89. **Charging to a cost center those overheads that result solely for the existence of that cost Center is known as**

- (a) **Allocation** (b) Apportionment  
(c) Absorption (d) Allotment
90. **Absorption means**  
(a) Charging or overheads to cost centers  
(b) **Charging or overheads to cost units**  
(c) Charging or overheads to cost centers or cost units
91. **Which method of absorption of factory overheads do you suggest in a concern which Produces only one uniform time of product**  
(a) Percentage of direct wages basis (b) Direct labour rate  
(c) Machine hour rate (d) **A rate per units of output**
92. **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 deferred charge to the next accounting year  
(d) None of above
93. **When the amount of overhead absorbed is less than the amount of overhead incurred, It is called**  
(a) **Under- absorption of overhead**  
(b) Over-absorption of overhead  
(c) Proper absorption of overhead
94. **Warehouse expense is an example of**  
(a) Production overhead (b) Selling overhead  
(c) **Distribution overhead** (d) None of above
95. **Selling and Distribution overhead are absorbed on the basis of**  
(a) Rate per unit (b) Percentage on works cost  
(c) Percentage on selling price of each unit (d) **Any of these**
86. **CAS 21 stands for**  
(a) Capacity Determination (b) Joint Cost  
(c) Direct Expenses (d) **None of these.**
87. **CAS 13 stands for**  
(a) Joint Cost (b) Interest and financing charges  
(c) Employee Cost (d) **Cost of Service cost centre**
88. **Standard deals with the principles and methods of determining the manufacturing Cost of excisable goods-**  
(a) CAS 12 (b) CAS 15  
(c) **CAS 22** (d) CAS 2
89. **Standards deals with determination of averages/ equalized transportation cost-**  
(a) CAS 6 (b) CAS 22  
(c) CAS 9 (d) **CAS 5**
90. **Standards deals with the principles and methods of determining depreciation and amortization cost-**  
(a) CAS 9 (b) CAS 12  
(c) CAS 15 (d) **CAS 16**
91. **Which of the following items is not included in preparation of cost sheet?**  
(a) Carriage inward (b) Purchase returns  
(c) Sales commission (d) **Interest paid**
92. **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) Interest paid
93. **Which of the following are direct expenses?**  
(1) The cost of special designs, drawings or layouts  
(2) The hire of tools or equipment for a particular job  
(3) Salesman's wages (4) Rent, rates and insurance of a factory  
(a) **(1) and (2)** (b) (1) and (3)  
(c) (1) and (4) (d) (3) and (4)
94. **What is prime cost**  
(a) **Total direct costs only** (b) Total indirect costs only

- (c) Total non-production costs (d) Total production costs
95. **Which of the following is not an element of works overhead?**  
 (a) Sales manager's salary (b) Plant manager's salary  
 (c) Factory repairman's wages (d) Product inspector's salary
96. **In Reconciliations Statements Expenses shown only in financial accounts are.**  
 (a) Added to financial profit (b) Deducted from financial profit  
 (c) Ignored (d) Added to costing profit
97. **In Reconciliations Statements Expenses shown only in cost accounts are.**  
 (a) Added to financial profit (b) Deducted from financial profit  
 (c) Ignored (d) Deducted from costing profit
98. **In Reconciliations Statements, transfers to reserves are.**  
 (a) Added to financial profit (b) Deducted from financial profit  
 (c) Ignored (d) Added to costing profit
99. **In Reconciliations Statements, Incomes shown only in financial accounts are.**  
 (a) Added to financial profit (b) Deducted from financial profit  
 (c) Ignored (d) Deducted from costing profit
100. **In Reconciliations Statements, Closing Stock Undervalued in Financial accounts is**  
 (a) Added to financial profit (b) Deducted from financial profit  
 (c) Ignored (d) Added to costing profit
101. **Integral accounts eliminate the necessity of operating**  
 (a) Cost Ledger control account (b) Store Ledger control account  
 (c) Overhead adjustment account (d) None of the above
102. **What entry will be passed under integrated system for payment to creditors for supplies made?**  
 (a) Dr Creditors (b) Dr. Creditors  
     Cr Cash Cr Stores Ledger Control A/c  
 (c) No entry
103. **The accounting entry in integrated accounts for recording sales will be:**  
 (a) Dr. Cost ledger control account (b) Dr. Sales account  
     Cr Profit and loss account Cr Profit and Loss A/c  
 (c) Dr. Cash A/c  
     Cr. Sales A/c
104. **What will be the accounting entry for absorption of factory overhead?**  
 (a) Dr. Works in progress control A/c (b) Dr. Factory overhead  
     Cr Factory overhead control A/c Cr. Factory overhead control A/c  
 (c) No entry is required
105. **Job costing is used in**  
 (a) Furniture making (b) Repair shops  
 (c) Printing press (d) All of the above
106. **In a job cost system, costs are accumulated**  
 (a) On a monthly basis (b) By specific job  
 (c) By department or process (d) By kind of material used
107. **The most suitable cost system where the products differ in type of material and work performed is**  
 (a) Operating Costing (b) Job costing  
 (c) Process costing (d) All of these.
108. **Cost Price is not fixed in case of**  
 (a) Cost plus contracts (b) Escalation clause  
 (c) De escalation clause (d) All of the above
109. **Most of the expenses are direct in**  
 (a) Job costing (b) Batch costing  
 (c) Contact costing (d) None of the above
110. **Cost plus contact is usually entered into those cases where**  
 (a) Cost can be easily estimated  
 (b) Cost of certified and uncertified work  
 (c) Cost of certified work, cost of uncertified work and amount of profit transferred to Profit and Loss Accounts.
111. **Equivalent production of 1,000 units, 60% complete in all respects, is :**  
 (a) 1000 units (b) 1600 units

- (c) 600 units (d) 1060 units
112. In a process 8000 units are introduced during a period. 5% of input is normal loss. Closing work in progress 60% complete is 1000 units. 6600 completed units are transferred to next process. Equivalent production for the period is:  
 (a) 9000 units (b) 7440 units  
 (c) 5400 units (d) 7200 units
113. Cost of service under operating costing is ascertained by preparing:  
 (a) Cost sheet (b) Process account  
 (c) Job cost sheet (d) Production account
114. Operating costing is applicable to:  
 (a) Hospitals (b) Cinemas  
 (c) Transport undertaking (d) All of the above
115. If sales are ` 90,000 and variable cost to sales is 75%, contribution is  
 (a) ` 21,500 (b) ` 22,500  
 (c) ` 23,500 (d) ` 67,500
116. Variable cost  
 (a) Remains fixed in total (b) Remains fixed per unit  
 (c) Varies per unit (d) Nor increase or decrease
117. If sales are ` 150,000 and variable cost are ` 50,000. Compute P/V ratio.  
 (a) 66.66% (b) 100%  
 (c) 133.33% (d) 65.66%
118. Marginal Costing technique follows the following basic of classification  
 (a) Element wise (b) Function Wise  
 (c) Behaviour wise (d) Identifiability wise
119. P/V ratio will increase if the  
 (a) There is an decrease in fixed cost (b) There is an increase in fixed cost  
 (c) There is a decrease in selling price per unit. (d) There is a decrease in variable cost per unit.
120. The technique of differential cost is adopted when  
 (a) To ascertain P/V ratio  
 (b) To ascertain marginal cost  
 (c) To ascertain cost per unit  
 (d) To make choice between two or more alternative courses of action
121. Difference between the costs of two alternative is known as the  
 (a) Variable cost (b) Opportunity cost  
 (c) Marginal cost (d) Differential cost
122. Contribution is ` 300,000 and sales is ` 1,500,000. Compute P/V ratio.  
 (a) 15% (b) 20%  
 (c) 22% (d) 17.5%
123. Variable cost to sales ratio is 40%. Compute P/V ratio.  
 (a) 60% (b) 40%  
 (c) 100% (d) None of the these
124. Fixed cost is 30,000 and P/V ratio is 20%. Compute breakeven point.  
 (a) ` 160,000 (b) ` 150,000  
 (c) ` 155,000 (d) ` 145,000
125. Excess of actual cost over standard cost is known as  
 (a) Abnormal effectiveness (b) Unfavourable variance  
 (c) Favourable variance (d) None of these.
126. Difference between standard cost and actual cost is called as  
 (a) Wastage (b) Loss  
 (c) Variance (d) Profit
127. Standards cost is used  
 (a) To ascertain the breakeven point  
 (b) To establish cost-volume profit relationship  
 (c) As a basis for price fixation and cost control through variance analysis.

128. Standard price of material per kg ` 20, standards consumption per unit of production is 5 kg. Standard material cost for producing 100 units is  
 (a) ` 20,000 (b) ` 12,000  
 (c) ` 8,000 (d) ` 10,000
129. Standard cost of material for a given quantity of output is ` 15,000 while the actual cost of material used is ` 16,200. The material cost variance is:  
 (a) ` 1,200 (A) (b) ` 16,200 (A)  
 (c) ` 15,000 (F) (d) ` 31,200 (A)
130. For the purpose of Proof, Material Cost Variance is equal to:  
 (a) Material Usage Variance + Material Mix variance  
**(b) Material Price Variance + Material Usage Variance**  
 (c) Material Price Variance + Material yield variance  
 (d) Material Mix Variance + Material Yield Variance
131. Cost variance is the difference between  
 (a) The standard cost and marginal cost (b) The standards cost and budgeted cost  
**(c) The standards cost and the actual cost** (d) None of these
132. Standard price of material per kg is ` 20, standard usage per unit of production is 5 kg. Actual usage of production 100 units is 520 kgs, all of which was purchase at the rate of ` 22 per kg. Material usage variance is  
 (a) ` 400 (F) (b) ` 400 (A)  
 (c) ` 1,040 (F) (d) ` 1,040 (A)
133. Standard price of material per kg is ` 20, standard usage per unit of production is 5 kg. Actual usage of production 100 units is 520 kgs, all of which was purchase at the rate of ` 22 per kg. Material cost variance is  
 (a) 2,440 (A) (b) 1,440 (A)  
 (c) 1,440 (F) (d) 2,300 (F)
134. Standard quantity of material for one unit of output is 10 kgs. @ ` 8 per kg. Actual output during a given period is 800 units. The standards quantity of raw material  
**(a) 8,000 kgs** (b) 6,400 Kgs  
 (c) 64,000 Kgs (d) None of these.
135. Budgets are shown in ..... Terms  
 (a) Qualitative (b) Quantitative  
 (c) Materialistic **(d) both (b) and (c)**
136. Which of the following is not an element of master budget?  
 (a) Capital Expenditure Budget **(b) Production Schedule**  
 (c) Operating Expenses Budget (d) All above
137. Which of the following is not a potential benefit of using a budget?  
 (a) Enhanced coordination of firm activities  
 (b) More motivated managers  
 (c) Improved interdepartmental communication  
**(d) More accurate external financial statements**
138. Which of the following is a long-term budget?  
 (a) Master Budget (b) Flexible Budget  
 (c) Cash Budget **(d) Capital Budget**
139. Materials become key factor, if  
 (a) quota restrictions exist (b) insufficient advertisement prevails  
 (c) there is low demand (d) there is no problem with supplies of materials
140. The difference between fixed cost and variable cost assumes significance in the preparation of the following budget.  
 (a) Master Budget **(b) Flexible Budget**  
 (c) Cash Budget (d) Capital Budget

141. **The budget that is prepared first of all is ...**  
 (a) Master budget (b) **Budget, with key factor**  
 (c) Cash Budget (d) Capital expenditure budget
142. **Sales budget is a ...**  
 (a) expenditure budget (b) **functional budget**  
 (c) Master budget (d) None of these
143. **A flexible budget requires a careful study of**  
 (a) **Fixed, semi-fixed and variable expenses** (b) Past and current expenses  
 (c) Overheads, selling and administrative expenses. (d) None of these.
144. **The basic difference between a fixed budget and flexible budget is that a fixed budget.....**  
 (a) **is concerned with a single level of activity, while flexible budget is prepared for different levels of activity**  
 (b) Is concerned with fixed costs, while flexible budget is concerned with variable costs.  
 (c) is fixed while flexible budget changes  
 (d) None of these.
145. **Batch costing is suitable for**  
 (a) Oil Industry (b) Sugar Industry  
 (c) Chemical Industry (d) **Pharmaceutical Industry**
146. **Idle time is**  
 (a) Time spent by workers in office (b) Time spent by workers in factory  
 (c) **Time spent by workers off their work** (d) Time spent by workers on their job
147. **Warehouse expense is an example of**  
 (a) Production overhead (b) Administration overhead  
 (c) Selling overhead (d) **Distribution overhead**
148. **Standard deals with the principles and methods of determining depreciation and amortization cost is**  
 (a) CAS-8 (b) CAS -11  
 (c) **CAS-16** (d) CAS-20
149. **In Reconciliation Statement expenses shown only in cost accounts are**  
 (a) Added to financial profit (b) **Deducted from financial profit**  
 (c) Ignored (d) Deducted from costing profit
150. **In a job cost system, costs are accumulated**  
 (a) On a monthly basis (b) **By specific job**  
 (c) By department or process (d) By kind of material used
151. **In a process 6,000 units are introduced during a period. 5% of input is normal loss. Closing work-in-process 60% complete is 800 units. 4,900 completed units are transferred to next process. Equivalent production for the period is**  
 (a) 6,800 units (b) 5,700 units  
 (c) 5,680 units (d) **5,380 units**
152. **Which of the following best describes a fixed cost?**  
 (a) **It may change in total where such change is unrelated to changes in production.**  
 (b) It may change in total where such change is related to changes in production.  
 (c) It is constant per unit of change in production.  
 (d) It may change in total where such change depends on production within the relevant range.
153. **Z Ltd. is planning to sell 1,00,000 units of product A for ` 12.00 per unit. The fixed costs are ` 2,80,000. In order to realize a profit of ` 2,00,000, what would the variable costs be?**  
 (a) ` 4,80,000 (b) **` 7,20,000**  
 (c) ` 9,00,000 (d) ` 9,20,000
154. **Sales budget is an example of**  
 (a) Expenditure budget (b) **Functional budget**  
 (c) Capital budget (d) Master budget
155. **Joint Cost is suitable for**  
 (a) **Oil Industry** (b) Fertilizer Industry  
 (c) Ornament Industry (d) Infrastructure Industry
156. **Cost of idle time arising due to non-availability of raw materials is**  
 (a) recovered by inflating the raw materials cost.



- (b) recovered by inflating the wage rate.  
 (c) charged to factory overheads.  
 (d) **charged to costing profit and loss account.**
157. **Charging to a cost center those overheads that result solely for the existence of that cost center is known as**  
 (a) Allotment (b) **Allocation**  
 (c) Absorption (d) Apportionment
138. **Standard deals with the cost of service cost center is**  
 (a) CAS-9 (b) **CAS-13**  
 (c) CAS-16 (d) CAS-22
139. **In Reconciliation Statement income shown only in financial accounts is**  
 (a) added to financial profit. (b) **deducted from financial profit.**  
 (c) ignored. (d) deducted from costing profit.
140. **The most suitable cost system where the products differ in type of material and work performed is**  
 (a) Process Costing (b) Batch Costing  
 (c) **Job Costing** (d) Operating Costing
141. **In a process 10000 units are introduced during a period. 10% of input is normal loss. Closing work-in-process 70% complete is 1500 units. 7500 completed units are transferred to next process. Equivalent production for the period is**  
 (a) 9550 units (b) 9000 units  
 (c) **8550 units** (d) 8500 units
142. **The sales and profit of a firm for the year 2016 are Rs.1,50,000 and Rs.20,000 and for the year 2017 are Rs.1,70,000 and Rs.25,000 respectively. The P/V Ratio of the firm is**  
 (a) 15% (b) 20%  
 (c) **25%** (d) 30%
143. **Standard quantity of material for one unit output is 10 kg @ Rs.8 per kg. Actual output during a given period is 600 units. The standard quantity of material for actual output is**  
 (a) 1200 kg (b) **6000 kg**  
 (c) 4800 kg (d) 48000 kg
144. **Which of the following is a long-term Budget?**  
 (a) Master Budget (b) Production Budget  
 (c) Flexible Budget (d) **Capital Budget**
145. **The main purpose of Cost Accounting is**  
 (A) to maximise profit.  
 (B) to help in inventory valuation.  
 (C) to help in the fixation of selling price.  
 (D) **to provide information to management for decision making.**
146. **Which of the following is considered to be a normal loss of material?**  
 (A) Loss due to accident (B) **Pilferage**  
 (C) Loss due to breaking the bulk (D) Loss due to careless handling of material
147. **In Reconciliation Statement expenses shown only in financial accounts are**  
 (A) **added to financial profit.** (B) added to costing profit.  
 (C) ignored. (D) deducted from financial profit.
148. **Which of the following is a service department?**  
 (A) Refining department (B) Machining department  
 (C) **Receiving department** (D) Finishing department
149. **Which of the following items is not included in preparation of cost sheet?**  
 (A) Purchase returns (B) Carriage inwards  
 (C) Sales commission (D) **Interest paid**
150. **In job costing to record the issue of direct materials to a job which of the following document is used?**  
 (A) Purchase order (B) Goods receipt note  
 (C) **Material requisition** (D) Purchase requisition
151. **In a process 4000 units are introduced during a period. 5% of input is normal loss. Closing work-in-progress 60% complete is 500 units. 3300 completed units are transferred to next process. Equivalent production for the period is**  
 (A) 3550 units (B) **3600 units**

- (C) 3800 units (D) 3950 units
152. Product A generates a contribution to sales ratio of 40%. Fixed cost directly attributable to A amount Rs. 60,000. The sales revenue required to achieve a profit of Rs.15,000 is  
 (A) Rs 2,00,000 (B) Rs 1,85,000  
 (C) Rs 1,87,500 (D) Rs 2,10,000
153. During a period 13600 labour hours were worked at a standard rate of Rs. 8 per hour. The direct labour efficiency variance was Rs. 8,800 (Adv). How many standard hours were produced?  
 (A) 12000 hours (B) 12500 hours  
 (C) 13000 hours (D) 13500 hours
154. Cash Budget of ABC Ltd. forewarns of a short-term surplus. Which of the following would be appropriate action to be taken in such a situation?  
 (A) Purchase new fixed assets (B) Repay long-term loans  
 (C) Write off preliminary expenses (D) Pay creditors early to obtain a cash discount
155. Costs which are ascertained after they have been incurred are known as  
 (A) Sunk Costs (B) Imputed Costs  
 (C) Historical Costs (D) Opportunity Costs
156. Prime cost plus variable overheads is known as  
 (A) Factory Cost (B) Marginal Cost  
 (C) Cost of Production (D) Total Cost
157. In which of the following methods, issue of materials are priced at pre-determined rate?  
 (A) Specific price method (B) Standard price method  
 (C) Inflated price method (D) Replacement price method
158. For reducing the labour cost per unit, which of the following factors is the most important?  
 (A) Low wage rates (B) Longer hours of work  
 (C) Higher input-output ratio (D) Strict control and supervision
159. Maximum possible productive capacity of a plant when no operating time is lost is its  
 (A) Normal capacity (B) Practical capacity  
 (C) Theoretical capacity (D) Capacity based on sales expectancy
160. In job costing, which of the following documents is used to record the issue of direct materials to a job?  
 (A) Goods Receipt Note (B) Purchase Order  
 (C) Purchase Requisition Note (D) Material Requisition Note
161. The main purpose of accounting of joint products and by-products is to  
 (A) determine the profit/loss on each product line.  
 (B) determine the selling price.  
 (C) comply with the statutory requirements.  
 (D) identify the cost and load it on the main product.
162. During a period 2560 labour hours were worked at a standard rate of Rs. 7.50 per hour. The direct labour efficiency variance was Rs. 825 (A). How many standard hours were produced?  
 (A) 2400 (B) 2450  
 (C) 2500 (D) 2550
163. PQR Ltd. manufactures a single product which it sells for Rs.40 per unit. Fixed cost is Rs. 60,000 per year. The contribution to sales ratio is 40%. PQR Ltd.'s Break Even Point in units is  
 (A) 3500 (B) 3700  
 (C) 3750 (D) 4000
164. The fixed-variable cost classification has a special significance in the preparation of  
 (A) Cash budget (B) Master budget  
 (C) Flexible budget (D) Capital budget

Match the following (You may opt write only the Roman numeral and the matched alphabet instead of copying contents into the answer books):

1. Match the following:

	Column I		Column II
1.	High Inventory Turnover Ratio	A	Works overhead
2.	Job evaluation	B	Opportunity Cost
3.	Salary of Product designers	C	Co-Product
4.	By product value	D	Sales and Production Budget
5.	Master Budget	E	Administrative Overhead
		F	P & L Budget
		G	Rationality in wage structure
		H	Efficient use of stock
		I	Purchase cost / Average inventory
		J	Evaluation of employee performance

**Ans: 1) H                      2) G                      3) A                      4) B                      5) F**

**2. Match the following:**

	Column I		Column II
1.	Job Ticket	A	A technique of Inventory Control
2.	Escalation Clause	B	BEP Chart
3.	VED Analysis	C	Contract Costing
4.	Angle of Incidence	D	Labour Cost Plus Factory overhead
5.	Conversion Cost	E	A method of time booking

**Ans: 1) E                      2) C                      3) A                      4) B                      5) D**

**3. Match the following:**

	Column I		Column II
1.	Prime Cost	A	CAS 19
2.	Angle of Incidence	B	Passenger / Kilometer
3.	Operating Cost	C	Direct Cost
4.	Joint Cost	D	Constant
5.	Variable Cost per unit	E	Profitability Rate

**Ans: 1) C                      2) E                      3) B                      4) A                      5) D**

**4. Match the following:**

	Column I		Column II
1.	Sunk Cost	A	Costs affected by Decision Making
2.	VED Analysis	B	Inventory Classification and Control
3.	Relevant Cost	C	Not Relevant for Decision Making
4.	FSN Analysis	D	Labour Incentive Method
5.	F.W. Taylor	E	Inventory Control Technique

**Ans: 1) C                      2) E                      3) A                      4) B                      5) D**

**5. Match the following:**

	Column I		Column II
1.	Rowan	A	Single Rate of Overhead
2.	JIT System	B	Labour Turnover
3.	Blanker Overhead	C	Capital Structure
4.	Traditional Approach	D	Bonus Plan

5.	Separation Method	E	Inventory Control
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Ans: 1) D                      2) E                      3) A                      4) C                      5) B

6. Match the following:

	Column I		Column II
1.	Point Rating System	A	Absorbed in cost of production
2.	JIT System	B	Job Evaluation
3.	Normal Waste	C	EBIT
4.	Operating Income	D	Profitability Index
5.	Benefit Cost Ratio	E	Inventory Control

Ans: 1) B                      2) E                      3) A                      4) C                      5) D

7. Match the following:

	Column I		Column II
1.	Salaries of Directors	A	CAS – 11
2.	Halsey Plan	B	Dividend Discount Model
3.	John Burr Williams	C	Waste Reduction Incentive
4.	Group Bonus Plan	D	Based on 33 1/3 % of time saved
5.	Rowan Plan	E	Indirect labour cost
6.	Cost of new spare net cost of reconditioning old spare.	F	Based on time saved
		G	Based on proportion of time saved to time allowed.
		H	CAS – 12

Ans: 1) A                      2) F                      3) B                      4) C                      5) G                      6) H

8. Match the following:

	Column I		Column II
1.	EOQ	A	Direct labour
2.	Sunk Cost	B	Inventory Management
3.	Direct worker's contribution to PF	C	Profitability rate
4.	Time and Motion Study	D	Direct Material Cost
5.	Primary Packing Material	E	Excluded from Cost
6.	Telephones	F	Labour Incentive Scheme
7.	Angle of Incidence	G	No. of extensions in a department

Ans: 1) B    2) E    3) A    4) F    5) D    6) G    7) C

9. Match the following:

	Column I		Column II
1.	Direct Expenses	A	Overhead
2.	Job Ticket	B	CAS 10
3.	Step Distribution method	C	A method of time booking

Ans: 1) B                      2) C                      3) A

10. Match the following:

	Column I		Column II
1.	Component of cost sheet	A	High initial costs
2.	Objective of Cost Accounting	B	Classification of cost

3.	CAS 1	C	In terms of completed units
4.	Equivalent Production	D	Reference to the job
5.	De-merit of a centralized purchase organization	E	To determine the value of closing inventory

**Ans:** 1) D                    2) E                    3) B                    4) C                    5) A

**11. Match the following:**

	Column I		Column II
1.	Pollution control cost	A	CAS 18
2.	Joint Cost	B	CAS 2
3.	Capacity Determination	C	CAS 10
4.	Direct Expenses	D	CAS 14
5.	Research and Development Cost	E	CAS 19

**Ans:** 1) D                    2) E                    3) B                    4) C                    6) A

**12. Match the following:**

	Column I		Column II
1.	Pollution Control Cost	A	CAS 18
2.	Joint Cost	B	CAS 2
3.	Capacity Determination	C	CAS 10
4.	Direct Expenses	D	CAS 14
5.	Research and Development cost	E	CAS 19
6.	Donations	F	Decision Package
7.	Notional Rent charged to	G	Difference in fixed cost/Difference in contribution per unit.
8.	The method which is followed for evaluation of equivalent production when prices are fluctuating.	H	Average price method
9.	Indifference Point (in unit)	I	Expenses debited only in cost accounts
10.	Zero based budgeting	J	Appropriations only in financial accounts

**Ans:** 1) D    2) E    3) B    4) C    5) A    6) J    7) I    8) H    9) G    10) F

**13. Match the following:**

	Column I		Column II
1.	Advertisement	A	Value of goods in transit
2.	Credit and Collection	B	Floor area occupied
3.	Ware house Rent	C	A percentage of cash collection
4.	Royalties	D	No. of orders
5.	Bad Debts	E	Sales value
6.	Transit Insurance	F	Direct allocation

**Ans:** 1) E                    2) D                    3) B                    4) F                    5) C                    6) A

**14. Match the following:**

	Column I		Column II
1.	Primary packing materials consumed	A	Not shown in cost sheet but debited to P & L a/c.
2.	Captive power plant expense	B	Forms part of Office and Administrative expenses
3.	Cash discount allowed	C	Forms part of selling expenses

4.	Scrap value of abnormal loss of finished output	D	Treated as part of factory expenses
5.	Cost of free samples of products distributed	E	Treated as direct expenses
6.	Depreciation on computer purchased for office	F	Not shown in cost sheet but credited to P & L a/c.
7.	Donations	G	Expenses debited only in the financial accounts.
8.	Interest paid on loan	H	Appropriations only in financial accounts
9.	Notional Rent charged to	I	Expenses debited only in cost accounts
10.	Notional Interest on Owner's Capital	J	Income credited only in cost accounts

**Ans:** 1) E 2) D 3) A 4) F 5) C 6) B 7) H 8) G 9) J 10) I

**15. Match the following:**

	Column I		Column II
1.	The contract which provide for payment of actual cost plus an agreed percentage of profit	A	Average price method
2.	In contract costing, the cost unit is	B	Kilowatt
3.	Abnormal loss is transferred to	C	Job Costing
4.	Job costing is used in	D	Normal Output
5.	Under Job order cost system, each job is assigned one identifying job.	E	Cost Plus
6.	Cost of normal loss is borne by	F	Per bed
7.	Inherent features of process industry	G	Per contract
8.	The method which is followed for evaluation of equivalent production when prices are fluctuating.	H	Automobile garages
9.	In hospital the cost unit is	I	Costing Profit and Loss Account
10.	In electricity companies, the cost unit is	J	Work in Progress

**Ans:** 1) E 2) G 3) I 4) H 5) C 6) D 7) J 8) A 9) F 10) B

**16. Match the following:**

	Column I		Column II
1.	Indifference points (in units)	A	Difference in Fixed Cost / Difference in PV ratio
2.	Breakeven point (in value)	B	Fixed Cost / Contribution per unit
3.	Variable cost per unit	C	Total Sales Less BEP Sales
4.	P/V Ratio	D	Marginal Cost
5.	Prime Cost + Variable Overhead	E	Fixed Cost / PV Ratio
6.	Breakeven Point (in quantity)	F	Difference in Fixed Cost / Difference in Contribution per unit
7.	Indifference point (in value)	G	Total Contribution / Total Sales x 100
8.	Shut down point (in Quantity)	H	Avoidable Fixed Cost / PV Ratio
9.	Shut down point (in value)	I	Fixed
10.	Margin of Safety	J	Avoidable Fixed Cost / Contribution per unit

**Ans:** 1) F 2) E 3) I 4) G 5) D 6) B 7) A 8) J 9) H 10) C



**17. Match the following:**

	Column I		Column II
1.	Direct material yield variance	A	(Standard hour for actual production minus Actual hours) x Standard Rate
2.	Direct labour rate variance	B	(Actual Hours at standard rate of standard gang) minus (Actual Hours at standards Rate of Actual Gang)
3.	Material price variance	C	Management by Exception
4.	Variance Analysis	D	(Standard Rate minus Actual Rate) x Actual hour
5.	Direct Labour yield variance	E	(Standard rate x Actual hours paid for) minus (Standard rate x Actual hours worked)
6.	Direct labour efficiency variance	F	(Standard price minus Actual Price) X Actual Quantity
7.	Direct material mix variance	G	(Standard Quantity for actual output X Standard Price) minus (Standard price X Actual Quantity)
8.	Gang variance	H	Standard cost per unit x (Standard output for actual mix – Actual output)
9.	Ideal time variance	I	(Standard yield for actual Mix minus Actual Yield) x Standard yields Price.
10.	Direct material usage variance	J	(Revised Standard Quantity minus Actual Quantity) X Standard Price

**Ans:** 1) I 2) D 3) F 4) C 5) H 6) A 7) J 8) B 9) E 10) G

**18. Match the following:**

	Column I		Column II
1.	Master budget denotes the summary of	A	Financial means
2.	A flexible budget takes into the account	B	A specified period
3.	A budget is expressed in terms of	C	Flexible budget
4.	Which budget is prepared for a longer period	D	Master budget
5.	Budget is generally prepared for how long	E	Fixed, variable and semi variable costs
6.	Which budget is prepared for more than one level of activity	F	Functional budget
7.	The summary of all functional budgets	G	Principle key factor
8.	Which budget is prepared at first	H	Capital expenditure budget
9.	Which budget shows utilization of liquid cash	I	Decision package
10.	Zero based budgeting	J	Cash Budget

**Ans:** 1) F 2) E 3) A 4) H 5) B 6) C 7) D 8) G 9) J 10) I

**19. Match the following:**

	Column I		Column II
1.	Imputed costs	A	Cost control technique
2.	FSN analysis	B	Treated as part of factory expenses
3.	Captive power plant expenses	C	Costing Profit and Loss A/c
4.	Abnormal loss is transferred to	D	Process of classifying material
5.	Variance analysis	E	Direct allocation
		F	Not involving cash outlay
		G	Management by exception
		H	Decision package

**Ans: 1) F                      2) D                      3) B                      4) C                      5) G**

**20. Match the following:**

	Column I		Column II
1.	Cash discount allowed	A	Joint Cost
2.	Escalation Clause	B	Imputed Cost
3.	CAS – 19	C	Direct Expenses
4.	Notional Cost	D	Not shown in cost sheet but debited to profit and loss account.
5.	Zero base budgeting	E	Sunk cost
		F	Contract Costing
		G	Decision package
		H	Variable Cost

**Ans: 1) D                      2) F                      3) A                      4) B                      5) G**

**21. Match the following:**

	Column I		Column II
1.	Pharma Industry	A	Opportunity Cost
2.	Management by exception	B	Direct Allocation
3.	Assessment of employee with respect to a job	C	Joint Cost
4.	Royalties	D	Batch costing
5.	CAS – 19	E	Merit Rating
		F	Variance Analysis
		G	Job Evaluation
		H	Notional Cost

**Ans: 1) D                      2) F                      3) E                      4) B                      5) G**

**22. Match the following:**

	Column I		Column II
1.	Notional cost	A	Replacement method
2.	Labour turnover	B	Cost of utilities
3.	CAS – 10	C	Production Strategy
4.	Contract Costing	D	Direct expenses
5.	CAS – 19	E	Costing department
		F	Imputed cost
		G	Escalation clause
		H	Decision Package

**Ans: 1) F                      2) A                      3) D                      4) G                      5) C**

**State whether the following are 'True' or 'False' (You may write only the Roman numeral and whether 'True' or 'False' without copying the statements into the answer books):**

1. Uniform Costing is a unique method of costing to determine costs accurately. **[False]**
2. When overtime wages are incurred due to the general policy of the company arising due to lack of capacity, normal wages are treated as direct labour cost and the premium on overtime wages is treated as factory overheads. **[False]**
3. In marginal and absorption costing, variable factory overhead is treated as direct cost. **[False]**
4. Operation Costing and Operating Costing are interchangeably used for the same technique of costing. **[False]**

5. Standard Costs are costs that are estimated costs that are likely in the future production period. **[False]**
6. A flexible budget is one, which changes from year to year **[False]**
7. Variances are calculated for both material and labour. **[True]**
8. Multiple Costing is suitable for the banking Industry. **[False]**
9. Contact costing is variant of job costing **[True]**
10. Closing stock of finished goods should be valued on the basis of cost of sales. **[False]**
11. Fixed budget is also known as rigid budget **[True]**
12. The allocation of joint cost on by-products affects the total profit or loss. **[False]**
13. Job costing is applied only in small concerns. **[False]**
14. For decision making, absorption costing is more suitable than marginal costing. **[False]**
15. Overhead and conversion cost are inter-changeable terms. **[False]**
16. Cost Control and Cost Reductions are one and the same. **[False]**
17. At EOQ Ordering Cost and Carrying Cost are at Minimum and also equal. **[True]**
18. Cost of Concealed Idle Time is charged to Jobs. **[True]**
19. Preliminary expenses in the Balance Sheet is included under Fixed Assets. **[False]**
20. Under the average price method of valuing material issues, a new issue price is determined after each purchase **[True]**
21. Wages paid for abnormal idle time are added to wages for calculating prime cost. **[False]**
22. Fixed Overheads per unit remains fixed irrespective of volume of output. **[False]**
23. Cost Accounting is defined as technique and process of ascertaining costs **[False]**
24. Marginal cost is the Prime cost plus Variable Overheads **[True]**
25. Cost of abnormal idle time is charged to the Product Labour Cost **[False]**
26. Cost Accounting is not a branch of Financial Accounting **[True]**
27. Labour Turnover is the change in labour force during a period of time. **[True]**
28. Bin card shows the Quantity of a material at any movement of time **[True]**
29. Operating Cycle means time required to Produce One Quantity of a Product **[False]**
30. While working out the EOQ, carrying cost has the element of interest cost. Hence it can be stated that interest cost is treated as part of material cost under CAS—6. **[False]**
31. Normal bad debt is considered as a selling overhead and included in the cost. **[True]**
32. Carriage and Cartage expenses (inward freight) of fuel for a furnace in a factory is treated as direct material cost. **[False]**
33. When under absorption of overheads is corrected by applying supplementary rates, there is no impact in the current period profits due to under absorption as it is corrected and all overheads are charged in the current period. **[False]**
34. Marginal cost per unit remains constant irrespective of the number of units produced within the normal output level. **[True]**
35. M Ltd. provides free service for its cars for the first year of purchase. The cost of this service for M. Ltd. is treated as selling and distribution overhead. **[True]**
36. Danger Level of Inventory should be fixed below the minimum level. **[False]**
37. When the output level is more than the estimated level in a given production period, there is an over absorption of overheads. **[True]**
38. A firm's WIP inventory will not have any element of allocated administration overhead. **[True]**
39. If a project's annual cash flows have positive and negative signs, there will certainly be multiple internal rates of return. **[True]**
40. Overhead and conversion cost are inter-changeable terms. **[False]**
41. Royalty based on units produced is considered as direct expenses. **[True]**
42. Ideal standards are achievable in normal course. **[False]**
43. Cost Control and Cost Reductions are one and the same. **[False]**
44. At EOQ Ordering Cost and Carrying Cost are at Minimum and also equal. **[True]**
45. Abnormal Costs are uncontrollable. **[False]**
46. By-products may undergo further processing before sale. **[True]**
47. Materials which can be identified with the given product unit of cost centre is called as indirect materials. **[False]**
48. Increasing Labour Turnover increases the productivity of labour resulting in low costs. **[False]**
49. In case of materials that suffers loss in weight due to evaporation etc. the issue price of the materials is inflated to cover up the losses **[True]**
50. Penalties and fines are included in cost accounts to determine the cost of production. **[False]**

51. The sum of direct material, direct wages, direct expenses and manufacturing overheads is known as conversion cost. **[False]**
52. CAS -13 is related to "Pollution Control Cost". **[False]**
53. Under Halsey - Weir Plan, bonus equals to  $33\frac{1}{3}$  % of wages of the time saved. **[True]**
54. ABC analysis is not based on the concept of selection inventory management. **[False]**
55. In India, if a worker works for more than 8 hours on any day or for more than 40 hours in a week, he is treated to be engaged in overtime. **[False]**
56. If an expense can be identified with a specific cost unit, it is treated as direct expense. **[True]**
57. CAS 9 is for Direct Expenses as issued by the Cost Accounting Standards Board (CASB) of the Institute of Cost Accountants of India. **[False]**
58. The principal based used for applying factory overhead are: units of production, material cost, direct wages, direct labour hours and machine hours. **[False]**
59. The balancing in costing profit and loss account represents under or over absorption of overheads. **[False]**
60. At breakeven point, contribution available is equal to total fixed cost. **[True]**
61. Standards costing are more profitability employed in job order industries than in process type industries. **[False]**
62. To achieve the anticipated targets, Planning, Co-ordination and Control are the important main tasks of management, achieved through budgeting and budgetary control. **[True]**
63. A flexible budget recognises the difference between fixed, semi-fixed and variable cost and is designed to change in relation to the change in level of activity. **[True]**
64. Differential Cost is the change in the cost due to change in activity from one level to another. **[True]**
65. Cost unit of Hotel industry is student per year. **[False]**
66. Multiple Costing is suitable for the banking Industry. **[False]**
67. Direct Expenses are expenses related to manufacture of a product or rendering of services. **[True]**
68. Profit is result of two varying factors sales sales and variable cost. **[False]**
69. Perpetual inventory system enables management to ascertain stock at any time without physical inventory being taken. **[True]**
70. Continuous stock taking is not an essential feature to the perpetual inventory system. **[False]**
71. Bin card is a record of both quantities and value. **[False]**
72. VED analysis is used primarily for control of spare parts. **[True]**
73. ABC analysis is not based on the concept of selection inventory management. **[False]**
74. Stores ledger is maintained in the stores department. **[False]**
75. Purchase requisition is usually prepared by the storekeeper. **[True]**
76. In centralized purchasing all purchases are made by the purchasing department. **[True]**
77. Weighted average method of pricing issue of materials involves adding all the different prices and dividing by the number of such prices. **[False]**
78. Material returned note is prepared to keep a record of return of surplus materials to stores. **[True]**
79. Under the average price method of valuing material issues, a new issue price is determined after each purchase. **[True]**
80. Waste and Scrap of material have small realization value. **[False]**
81. Slow moving materials have a high turnover ratio. **[False]**
82. Bin card are not the part of accounting records. **[True]**
83. ABC analysis is based on the principle of management by exception. **[True]**
84. Store ledger is maintained inside the stores by store keeper. **[False]**
85. Time recording clocks can be successfully used for recording time of workers in large undertakings. **[True]**
86. Outworkers are those who are sent to sites or customer's premises for performing work. **[True]**
87. Idle time arises only when workers are paid on time basis. **[True]**
88. Personnel department is concerned with proper recruitment, placement and training of workers. **[True]**
89. Wages paid for abnormal idle time are added to wages for calculating prime cost. **[False]**
90. In India, if a worker works for more than 8 hours on any day or for more than 40 hours in a week, he is treated to be engaged in overtime. **[False]**
91. The two principal systems of wage payment are payment on the basis of time and payment on the basis of work done. **[True]**
92. The piece rate system of wage payment cannot be successfully applied where quantity of output can be measured. **[False]**

93. A good system of wage payment should not ensure equal pay for equal work. [False]
94. If an expense can be identified with a specific cost unit, it is treated as direct expense. [True]
95. Travelling expenses to site is a direct expense. [True]
96. Identification of direct expenses shall be based on traceability in an economically feasible manner. [True]
97. CAS 9 is for Direct Expenses as issued by the Cost Accounting Standards Board (CASB) of the Institute of Cost Accountants of India. [False]
98. Finance Cost shall form part of Direct Expense. [False]
99. Departments that assist producing Department indirectly are called service departments. [True]
100. Factory overhead cost applied to a job is usually based on a per-determined rate. [True]
101. Variable overhead vary with time. [False]
102. When actual overhead are more than absorbed overheads, it is known as over-absorption. [False]
103. Cash discounts are generally excluded completely from the costs. [True]
104. Cost of indirect materials is apportioned to various departments. [False]
105. A blanket overhead rate is a single overhead rate computed for the entire factory. [False]
106. Under-absorption of overhead means that actual overhead are more than absorbed overhead. [False]
107. The principal based used for applying factory overhead are: units of production, material cost, direct wages, direct labour hours and machine hours. [False]
108. Allocation, for overhead implies the identification of overhead cost centres to which they relate. [True]
109. Total cost = prime cost + All indirect costs. [True]
110. Closing stock of work-in-progress should be valued on the basis of prime cost. [False]
111. Closing stock of finished goods should be valued on the basis of cost of sales. [False]
112. Production cost includes only direct costs related to the production. [False]
113. Primary packaging cost is included in distribution cost. [False]
114. Notional interest on Owner's capital appears only in financial profit and loss A/c. [False]
115. Goodwill written off appears only in cost accounts. [False]
116. Overheads are taken on estimated basis in financial accounts. [False]
117. Expenses which appears only in financial accounts and not in cost accounts, are Generally notional items. [False]
118. Need for Reconciliation arise in case of integrated system of accounts. [False]
119. Cost ledger control account makes the cost ledger self balancing. [True]
120. Stock ledger contains the accounts of all items of finished goods. [True]
121. The purpose of cost control accounts is to control the cost. [False]
122. Cost control accounts are prepared on the basis of double entry system. [True]
123. The balancing in costing profit and loss account represents under or over absorption of overheads. [False]
124. Operating costing is applied to ascertain the cost of products. [False]
125. Cost of operating the service is ascertained by preparing job account. [False]
126. The problem of equivalent production arises in case of operating costing. [False]
127. FIFO methods are followed for evaluation of equivalent production when prices are fluctuating. [False]
128. Work in progress is the inherent feature of processing industries. [True]
129. Costs incurred prior to the split off point are known as "Joint Costs" [True]
130. No distinction is made between Co products and Joint Products. [False]
131. Contact costing is variant of job costing. [True]
132. In contact costing, the unit of cost is a job. [False]
133. Job costing is applied only in small concerns. [False]
134. Contribution= Sales \* P/V ratio. [True]
135. Margin of Safety = Profit / P/V ratio [True]
136. P / V ratio remains constant at all levels of activity. [True]
137. Marginal Costing follows the behaviours wise classification of costs. [True]
138. At breakeven point, contribution available is equal to total fixed cost. [True]
139. Breakeven point = Profit / P/V ratio. [False]
140. Marginal cost is aggregate of Prime Cost and Variable cost. [False]
141. Variable cost remains fixed per unit. [True]
142. Contribution margin is equal to Sales – Fixed cost. [False]
143. Variable cost per unit is variable. [False]



144. Excess of Actual cost over Standards Cost is treated as unfavourable variance. [True]
145. Variances are calculated for both material and labour. [True]
146. While fixing standards, normal losses and wastages are taken into account. [True]
147. Under the system of standard costing, there is no need for variance analysis. [False]
148. Standard costing is an ideal name given to the estimate making. [False]
149. Standards cost, once fixed cannot be altered. [True]
150. Predetermined standards provide a yardstick for the measurement of efficiency. [True]
151. Material cost variance and labour cost variance are always equal. [False]
152. Fixing standards is the work of industrial engineer or the production people and not of cost accountant. [False]
153. Standards costing are more profitability employed in job order industries than in process type industries. [False]
154. Budget is a means and budgetary control is the end result. [True]
155. To achieve the anticipated targets, Planning, Co-ordination and Control are the important main tasks of management, achieved through budgeting and budgetary control. [True]
156. A key factor or principal factor does not influence the preparation of all other budgets. [False]
157. Budgetary control does not facilitate introduction of 'Management by Exception'. [False]
158. Generally, budgets are prepared to coincide with the financial year so that comparison of the actual performance with budgeted estimates would facilitate better interpretation and understanding. [True]
159. A flexible budget is one, which changes from year to year. [False]
160. A flexible budget recognises the difference between fixed, semi-fixed and variable cost and is designed to change in relation to the change in level of activity [True]
161. Sales budget, normally, is the most important budget among all budgets. [True]
162. The principal factor is the starting point for the preparation of various budgets. [True]
163. A budget manual is the summary of all functional budgets. [False]
164. Factory overhead cost applied to a job is usually based on a pre-determined rate. [True]
165. CAS-19 deals with the principles and methods of determining the manufacturing cost of excisable goods. [False]
166. Cost ledger control account makes the cost ledger self-balancing. [True]
167. FIFO method is followed for evaluation of equivalent production when prices are fluctuating. [False]
168. Standard costs and budgeted costs are inter-related and inter-dependent. [False]
169. Multiple costing is suitable for banking industry. [False]
170. Slow moving materials have a high turnover ratio. [False]
180. Cost ledger control account makes the cost ledger self-balancing. [True]
181. There is inverse relationship between batch size and carrying costs. [False]
182. Marginal costing follows the identifiability wise classification of costs. [False]
183. Bin card is maintained by the costing department. [False]
184. CAS-8 deal with the principles and methods of determining the direct expenses. [False]
185. FIFO method is followed for evaluation of equivalent production when prices are fluctuating. [False]
186. Profit Volume ratio remains constant at all levels of activity. [True]
187. The principal factor is the starting point for the preparation of various budgets. [True]
188. Profit is the result of two varying factors sales and variable cost. [False]
189. Bin card is a record of both quantities and value. [False]
190. Overtime premium is directly assigned to cost object. [True]
191. In Reconciliation statements, expenses shown only in financial accounts are added to financial profit. [True]
192. P/V ratio remains constant at all levels of activity. [True]

**Fill in the blanks (You may write only the Roman numeral and the content filling the blank):**

- Profit volume ratio **is constant** with increase in fixed cost (indicate the nature of change).
- In the graph showing the angle of incidence, when the quantity is zero, the total cost line cuts the costs axis (y axis) at **Fixed Cost Value**. (indicate the value)
- A process account is credited with value for **abnormal** loss when scrap value is zero (indicate the type of loss).
- When special material is purchased for direct use in a job, **WIP Control** account is debited in the Integral Accounts System.



5. VED analysis is primarily used for control of **Components or Spare Parts** (indicate type of material).
6. Administration overheads are usually absorbed as a percentage of **Work Cost**
7. Variable cost per unit is **fixed**.
8. Bin card shows **Quantitative** details of materials.
9. Sum of material price variance and material usage variance is equal to **material cost** variance.
10. Contribution earned on Break-even sales equals to **Fixed Cost** of the firm.
11. Profit P/v Ratio = **Margin of Safety**
12. Budget is a quantitative and / or a **financial** statement.
13. Fixed cost per unit **inversely** varies with the no. of units.
14. An activity level of 1000 hours cost is `10,000 and an activity level for 2000 hours the total cost is `16,000. The cost at 3000 hours of level of activity is **Rs. 22,000**
15. **Uniform Costing** is must for meaningful inter-firm comparison.
16. Prime Cost is the aggregate of all **direct expenses**.
17. Store Ledger is maintained by **costing** department.
18. Distribution of all items of Overheads to Product or Departments is known as **Apportionment/Allocation**.
19. The Overtime worked at the request of Customer is treated as **direct** wages.
20. The excess of Total Cost of production of an article over the direct material cost is known as **conversion** Cost
21. Charging of identifiable items of Cost to Cost Centers is known as **Direct Cost**
22. The Objective of Wage Incentives is to improve **Productivity**
23. Bin Card is maintained by **Store Keeper or Stores Personnel** department.
24. The total of all Indirect expenditure is called as **Overheads**
25. The abnormal idle time cost is charged **Costing Profit and Loss** Account.
26. Stores ledger is maintained by **Costing** department
27. Interest on capital is an example for **Opportunity/Notional/Imputed** Cost.
28. Variable overheads are absorbed by products based on **actual** level of capacity utilization.
29. In a textile factory, yarn is starched before it is made into textile. The cost of starch is **direct material** (give the element of cost).
30. The actual capacity of a manufacturing unit based on temporary sales expectancy is 10,000 units due to lack of orders. The practical capacity is 11,500 units. Then, 1500 units is **Idle** capacity.
31. E is an exporter who relinquishes his right to a receivable due at a future date in exchange for immediate cash payment at an agreed discount, passing on all the risks and responsibilities for collecting the debt to B. This arrangement is called **forfeiting**.
32. In a certain factory, normal capacity was 50000 units. Actual capacity utilization was 52000 units. Fixed production overheads should be absorbed based on **Actual** capacity.
33. X factory outsources the manufacture of a major component to a contractor. The transportation of the component of X factory's premises is borne by X. This transportation cost will be treated as **material** cost (give the element of cost).
34. In the **LIFO** method of pricing material issues, where the prices are falling, profits will rise.
35. In India, commercial papers can be issued in multiples of Rs. **5 Lacs**
36. When raw material is accounted at standard cost, variances due to normal reasons will be treated as **Direct Material** cost (give the element of cost).
37. Cost of idle time (idle hours x hourly rate) incurred by a worker directly working on a product is treated as **Factory overheads or works overhead** (give the element of cost).
38. Royalty payable based on the right to sell is treated as **Selling Overheads or Selling and Distribution Overheads** (give the element of cost).
39. When time saved is equal to time taken then earnings of a worker under Halsey Plan and Rowan Plan are the **same**
40. The difference between actual and absorbed factory overhead is called **Under or Over absorbed overheads**.
41. Under-absorption of **overhead** results in higher amount of profit.
42. Direct Expenses incurred for brought out resources shall be determined at **invoice price**.
43. Total cost + Profit = **Selling Price**.
44. In **Piece Rate** Systems, basic of wages payment is the quantity of work.
45. Current Ratio is the ratio of Current Assets to **Current Liabilities**.

46. In standard costs, **predetermined** norm is applied as a scale of reference for assessing actual cost to serve as a basis of cost control.
47. Material Transfer Note is a **document** for transferring the materials from one job to other job.
48. One of the disadvantages of overtime working is incurring **excess (or additional or more or high)** labour cost.
49. CAS-2 deals with Cost Accounting Standard on **capacity** determination.
50. Where the cost and financial accounts are maintained independently of each other, it is indispensable to **reconcile** them, as there are differences in the profits of two sets of books.
51. Maximum Level = (**Reorder Level** + Re-order Quantity) - (Minimum Consumption Rate × Minimum Re-order Period).
52. CAS-8 deals with the principles and methods of determining the **Cost of utilities**.
53. Store Ledger is kept and maintained in **cost office**.
54. In a company there were 1200 employee on the rolls at the beginning of a year and 1180 at the end. During the year 120 persons left services and 96 replacements were made. The labour turnover to flux method is **2.08** %.
55. Ideal time arises only when workers are paid on **time** basis.
56. Normal idle time costs should be change to **Production overhead** which that due to abnormal reasons should be change to **Costing P & L A/c**.
57. Direct Expenses incurred for brought out resources shall be determined at **Invoice Price**.
58. Direct Expenses incurred lump-sum shall be **Amortized**.
59. Overhead incurred `16,000 and overhead absorbed `15,300. There is under absorption of **700**
60. Under integrated accounting system, the accounting entry for payment of wages is to debit **Wages Control Account** and to credit cash.
61. Two principle method of evaluation of equivalent production are **FIFO** and **Average Method**.
62. When sales are `300,000 and variable cost is `180,000, P/V ratio will be **40%**
63. Goods Received Note is prepared by the **Receiving Department**.
65. Transfer of surplus material from one job or work order is recorded in **Material Transfer Note**.
66. **Quantity Discount** is discount allowed to the bulk purchaser.
67. **Material Return Note** is a document which records the return of unused materials.
69. In **Taylor's Differential Piece Rate** systems, two piece rates are set for each job.
70. In **Piece Rate** Systems, basic of wages payment is the quantity of work.
71. The formula for computing wages under time rate is **Hour worked x Rate per hour**.
72. In Halsey plan, a worker gets bonus equal to **50%** of the time saved.
73. Under Grantt Task and Bonus Plan, no bonus is payable to a worker, if his efficiency is less than **100%**.
74. Wages sheet is prepared by **Pay Roll** department.
75. Cost of normal idea time is charged to **Factory Overhead**
76. Direct Expenses relating to **manufacturing of a product** or **rendering of service**.
77. Penalties/ damages paid to statutory authorities' **shall not** be form part of Direct Expenses.
78. A Direct Expenses related to a **product** form part of the Prime Cost.
79. Overheads are an aggregate of **Indirect Material** and **Indirect Labour** and **Indirect Expenses**
80. Example of after sales services are **Repair and Maintenance** and **Replacement of components**
81. Administration overheads are usually absorbed as a percentage of **Works Cost**.
82. The difference between actual and absorbed factory overhead is called **under or over absorbed overheads**.
83. The term used for charging of overheads to cost units is known as **absorptions**
84. The difference between practical capacity and the capacity based on sales expectancy is known as **Idle Capacity**.
85. The **Direct Labour Hour** rate is computed by dividing the overheads by the aggregate of the productive hours of direct workers.
86. Under or over absorption of overheads arises only when overheads are absorbed by **predetermined overheads rates**.
87. Overhead incurred `16,000 and overhead absorbed `15,300. There is under absorption of **700**
88. In Absorption Costing **fixed** cost is added to inventory.
89. Prime cost + Overheads = **Total Cost**
90. Total cost + Profit = **Selling Price**
91. **Cost of Sales** + Profit = Sales.
92. Direct Material + **Direct Wages** + Direct Expenses = Prime Cost.

93. Salary paid to factory manager is an item of **Factory Overhead**.
94. In Reconciliations Statements, Incomes shown only in Financial accounts are **Added to Costing Profit**.
95. In Reconciliations Statements, Expenses shown only in cost accounts are **Added to Costing Profit**.
96. In Reconciliations Statements, overheads Over-Recovered in cost accounts are **Deducted from Costing Profit**.
97. In Reconciliations Statements, overheads Under Recovered in cost accounts are **Added to financial profit**.
98. Notional remuneration to owner is expense debited only in **Cost Accounts**.
99. All the transactions relating to materials are recorded through **Stores Ledger Control Accounts**.
100. The net balance of **Costing Profit and Loss Account** represents net profit or net loss.
101. WIP ledger contains the accounts of all the **Jobs** which are under **Execution**.
102. The two traditional systems of accounting for integration of cost and financial accounts are the **Double Entry Method** and the **Third Entry Method**.
103. Under integrated accounting system, the accounting entry for payment of wages is to debit **Wages Control Accounts** and to credit cash.
104. Cost of **Abnormal** loss is not borne by good units.
105. If the actual loss in a process is less than the normal loss, the difference is known as **Abnormal Gain**.
106. **Subsequent** Costs are incurred after split off point.
107. The **main** product generally has a greater sale value than by product.
108. Statement of cost per unit of equivalent production shows the per unit cost **Element wise**.
109. Two principle method of evaluation of equivalent production are **FIFO** and **Average Method**.
110. In hospital the cost unit is **Per Bed**.
111. In electricity companies, the cost unit is **Kilowatt**.
112. The method of costing used in undertaking like gas companies, cinema houses, hospitals etc is known as **Operating Cost**.
113. In motor transport costing two example of fixed cost are **Insurance** and **Depreciation**.
114. Variable cost per unit is **Fixed**
115. Marginal cost is the **excess** of sales over contribution.
116. P/V ratio is the ratio of **Contribution** to sales.
117. If variable cost to sales ratio is 60%, P/V ratio is **40**.
118. **Prime Cost** + Variable overhead = Marginal Cost.
119. When sales are ` 300,000 and variable cost is ` 180,000, P/V ratio will be **40%**.
120. Variable cost remains **fixed per unit**.
121. Margin of safety is **Actual sales – Sales at Break Even Point**.
122. Breakeven point is **Total Fixed Cost / PV Ratio**.
123. Contribution margin equals to **Sales – Variable Cost**
124. Standard cost is a **predetermined** cost.
125. Standard cost when fixed is recorded on **Standard Cost** card.
126. Historical costing uses post period costs while standards costing uses **Predetermined** costs.
127. Three types of standards are **Current, Basic and Normal Standard**.
128. The **Cost Accountants** is usually the co-ordinator of the standards committee.
129. Standards cost when fixed recorded on **Standard Cost** card.
130. Basically there are two types of standards viz, a) Basic standards, and **Current Standard**.
131. When actual cost is less than the standards cost, it is known as **Favourable** variance.
132. Standard Costing is one of the **Cost Control** techniques.
133. Standard means a criterion or a yardstick against which actual activity can be compared to determine the **difference** between two.
134. Budgets are **action** plans.
135. The key factor in a budget does not remain the **same** every year.
136. Cash budget is a part of **financial** budget.
137. **Functional** budgets are subsidiary to master master budget.
138. **Forecasting** leads to budgeting and budgeting leads to budgetary control.
139. **Budgetary** Control involves checking and evaluation of actual performance.
140. The document which describes the budgeting organisation, procedure etc is known as **Budget Manual**.
141. A budget is a **Aid** to management.
142. The principle budget factor for consumer goods manufacture is normally **Sales, Demand**.

143. A budget is a projected plan of action in **Physical units and monetary terms**.
144. **Cost Control** is the process of regulating the action so as to keep the element of cost within the set parameters.
145. In absorption costing **Fixed Cost** is added to inventory.
146. CAS **13** stands for cost of service cost Centre.
147. At **Break Even point** contribution available is equal to total fixed cost.
148. The document which describes the budgeting organisation, budgeting procedure etc. is known as **Budget Manual**.
149. **Quantity Discount / Trade Discount / Cash discount** is discount allowed to the bulk purchaser.
150. CAS **8** stands for cost of utilities.
151. Under integrated accounting system, the accounting entry for payment of wages is to debit **Wages Control account** and to credit cash account.
152. If the actual loss in a process is less than the normal loss, the difference is known as **Abnormal gain / Abnormal profit**.
153. The principal budget factor for consumer goods manufacturer is normally **Sales Demand / Market Demand / Lack of Demand**.
154. Differential cost is the change in the cost due to change in **activity** from one level to another.
155. CAS **13** stands for cost of service cost centre.
156. In contract costing, the cost unit is **per contract**.
157. Marginal cost is the **excess** of sales over contribution.
158. When actual cost is less than the standard cost, it is known as **favourable** variance.
159. **Sunk** costs are historical costs which are incurred in the past.
160. In Absorption costing, **fixed** cost is added to inventory.
161. CAS-2 deals with Cost Accounting Standard on **capacity** determination.
162. **Master Budget** is the summary of all functional budgets.
163. Standard costing is one of the **Cost Control** techniques.