

FOUNDATION COURSE EXAMINATION

152824

DECEMBER 2023

SUBJECT: FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

Time Allowed: 1 hour

Full Marks: 100 (2×50)

Choose the correct answer from the given alternatives.

1. What are the sources of law?
 - (A) Constitution of India
 - (B) Constitution of India, judicial precedents, customary law, statutes and ordinance
 - (C) Statutes enacted by the Parliament of India and State Legislature
 - (D) Religion

2. What kind of structure does the Indian Constitution have?
 - (A) Unitary
 - (B) Federal
 - (C) Autocracy
 - (D) Totalitarian

3. Under which Article can we amend the provisions of the Constitution of India?
 - (A) Article 356
 - (B) Article 368
 - (C) Article 254
 - (D) Article 245

4. Mention the number of judges in the Supreme Court of India including Chief Justice of India currently.
 - (A) 32
 - (B) 23
 - (C) 34
 - (D) 46

5. Which is the highest civil court in a district?
 - (A) Session Court
 - (B) Supreme Court of India
 - (C) District Court
 - (D) High Court

6. While obtaining the consent of the promisee, keeping silence by the promisor when he had a duty to speak about the material facts, amounts to consent obtained by:
 - (A) Coercion
 - (B) Misrepresentation
 - (C) Mistake
 - (D) Fraud

7. Consider the following
 1. Active concealment of fact.
 2. Promise made without any intention of performing it.
 3. Breach of duty which gains an advantage to the person committing it.
 4. Inducing mistake as to subject matter.

Which of the above amount to fraud?

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

8. A master asks his servant to sell his cycle to him at less than the market price. This contract can be avoided by the servant on grounds of:

- (A) Coercion
- (B) Undue influence
- (C) Fraud
- (D) Mistake

9. In Indian Contract Act, the term "Consensus ad idem" means

- (A) Parties under a mistake
- (B) Parties under a free consent
- (C) Parties agreeing upon the same thing in the same sense
- (D) None of the above

10. A finder of goods can

- (A) file a suit to recover his expenses voluntarily incurred.
- (B) sell the goods if he likes.
- (C) can sue for a reward, if any.
- (D) Both (A) and (B)

11. Quasi-contracts or implied contracts are exceptional kinds of contracts by which:

- (A) One party is bound to pay money in consideration of something done or suffered by the other party.
- (B) No contractual relation exists between the parties.
- (C) No contract has been made by the parties.
- (D) All of the above

12. When both the parties to an agreement are under a mistake as to a matter of fact essential to an agreement, the agreement is:

- (A) Void
- (B) Valid
- (C) Voidable
- (D) Illegal

13. A person contracted to deliver a part of a specific crop of potatoes. The potatoes were destroyed by blight (fungus) though no fault of the party. The contract is

- (A) Valid
- (B) Voidable
- (C) Void due to frustration of contract
- (D) Illegal

14. A borrows from B ₹ 500 to bet with C. Can B recover the amount of his loan?

- (A) Yes, the agreement between them is collateral to a wagering agreement and hence enforceable.
- (B) Yes, the agreement is not opposed to public policy.
- (C) No, the agreement is a voidable agreement and can be avoided by A.
- (D) No, the agreement is wagering agreement and falls under section 23 and hence void.

15. If a proposal has been accepted subject to certain conditions, then

- (A) the contract is voidable.
- (B) the contract is valid and conditions are binding.
- (C) the contract is not constituted at all.
- (D) the contract is valid but conditions are not binding.

16. Which statement is correct?

- (A) Only abstinence can be consideration.
- (B) Only act can be consideration for promise.
- (C) Only promise can be consideration.
- (D) Out of act, abstinence or promise, any can be consideration.

17. The validity of contract is not affected by

- (A) Mistake of fact.
- (B) Mistake of Indian law.
- (C) Misrepresentation.
- (D) Fraud.

18. In a wagering agreement:

- (A) Both the parties win.
- (B) Both the parties lose.
- (C) None of the parties wins.
- (D) One party wins and the other loses.

19. Which of the following is correct?

- (A) The proposal when accepted becomes a promise.
- (B) The valid contract cannot result from identical offers.
- (C) The rejected offer cannot be accepted.
- (D) All of the above

20. An agreement of service under which an employee agrees that he will serve a particular employer for a certain duration and that he will not serve anybody else during that period, is a

- (A) Valid agreement
- (B) Void agreement
- (C) Illegal agreement
- (D) None of the above

21. An agreement to sell is

- (A) an executory contract
- (B) an executed contract
- (C) neither (A) nor (B)
- (D) sometime (A) or sometime (B)

22. Where a contract of sale purports to effect a present sale of future goods, the contract operates as

- (A) a sale
- (B) an agreement to sell
- (C) Both (A) and (B)
- (D) All of the above

23. In case of appropriation of goods, which are the essential requirements?

- (A) The goods should conform to the description and quality stated in the contract.
- (B) The goods must be in a deliverable state.
- (C) The appropriation must be by the seller with the assent of the buyer.
- (D) All the above.

24. When a seller can stop the goods in transit?

- (A) When the buyer of the goods informs that he will make payment after some time.
- (B) The seller has no right to stop the goods in transit.
- (C) When the buyer of goods becomes insolvent and goods are in transit.
- (D) When the buyer informs that he is now not in need of the goods.

25. In case of contract for the sale of specific or ascertained goods the property in goods passes to the buyer

- (A) at such time as the parties to the contract intend it to be transferred.
- (B) when the price is paid.
- (C) when delivery is given.
- (D) when the contract is made.

26. The contract of sale may provide for
- the immediate payment of the price.
 - the delivery or payment by instalments, or that the delivery or payment or both shall be postponed.
 - the immediate delivery of the goods.
 - All of the above
27. In a contract of sale of goods the seller is under no obligation to point out the defects in his own goods. This doctrine is called as
- Doctrine of indoor management.
 - Caveat Emptor.
 - Unjust enrichment.
 - Doctrine of ultra vires.
28. Sale of goods act defines 'Buyer' as
- Person who buys or agrees to buy goods and services.
 - Person who only agrees to buy goods.
 - Person who buys or agrees to buy goods.
 - Person who buys goods and services.
29. Can you identify any odd ones among the following?
- Specific goods
 - Un-ascertained goods
 - Future goods
 - Ascertained goods
30. Unless otherwise agreed
- Delivery of the goods and payment of the price are concurrent conditions.
 - First delivery of goods and then payment of price.
 - First payment of price and then delivery of goods.
 - No payment no delivery.
31. A corporation can be party to a Negotiable Instrument if
- authorized by its article of association.
 - a special permission of Board of Directors is taken.
 - a special resolution by shareholders is passed.
 - yes, absolutely without any restriction.
32. Where a cheque is crossed generally the banker on whom it is drawn
- Shall not pay it otherwise than to a banker.
 - Shall not pay it otherwise than to the holder.
 - Shall not pay it to a banker.
 - None of the above is correct.
33. _____ is an instrument in writing, containing an unconditional order, signed by the maker, directing a certain person, to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument.
- Promissory Note
 - Bill of exchange
 - Cheque
 - None of the above

34. 'At sight' and 'on presentation' under section 21 of the Negotiable Instrument Act, 1881, means

- (A) on presentation
- (B) on demand
- (C) on coming into vision
- (D) None of the above

35. Generally, the maker of the cheque makes the crossing. If he does not cross

- (A) the holder of the cheque can cross it generally or specially.
- (B) in certain occasions the banker may also cross it.
- (C) Both (A) & (B) can also cross as mentioned above.
- (D) None other than the maker can cross.

36. If an instrument may be construed either as a promissory note or bill of exchange, it is

- (A) a valid instrument
- (B) an ambiguous instrument
- (C) a returnable instrument
- (D) None of the above

37. The party which is involved in Bill of Exchange and to whom the order to pay is made is called _____.

- (A) Payee
- (B) Drawer
- (C) Drawee
- (D) Endorser

38. Crossing of a cheque effects the

- (A) mode of payment on the cheque
- (B) negotiability of the cheque
- (C) both (A) and (B)
- (D) None of the above

39. In a negotiable instrument, where amount is stated differently in words and figures

- (A) amount stated in words shall be taken into account.
- (B) amount stated in figures shall be taken into account.
- (C) amount which is larger shall be taken into account.
- (D) Instrument is void due to uncertainty.

40. A cheque is a _____.

- (A) Promissory note
- (B) Bill of exchange
- (C) Both (A) and (B) above
- (D) None of the above

41. A cloud computing is availability of computer resources

- (A) off demand.
- (B) automatic.
- (C) on demand.
- (D) None of the above

42. Study of 'Body Language' of a person is called _____.

- (A) Kinesics
- (B) Chronemics
- (C) Paralanguage
- (D) None of the above

43. The use of 'touch' in communication is one type of Non-verbal Communication. It is known as

- (A) Proxemics;
- (B) Haptics;
- (C) Artifacts;
- (D) None of the above

44. Need of proper grammar and syntax comes under which C of communication?

- (A) Completeness
- (B) Coherence
- (C) Correctness
- (D) Concreteness

45. If a message is short and to the point, the message is said to be

- (A) Correct
- (B) Concise
- (C) Coherent
- (D) Complete

46. Affirming comments with regard to future behaviour is called _____.

- (A) Positive Feedback
- (B) Negative Feedforward
- (C) Positive Feedforward
- (D) Decoding

47. _____ is the first step in identifying the information the sender wants to communicate.

- (A) Encoding
- (B) Transmitting
- (C) Decoding
- (D) Development of an idea

48. At which stage, the communicator focuses on correcting the grammar, spelling and punctuations?

- (A) Proof reading
- (B) Revising and Editing
- (C) Preparing the message
- (D) None of the above

49. Professional behaviour includes behave in a _____ in the workplace.

- (A) Neutral
- (B) Negative
- (C) Positive
- (D) None of the above

50. Mr. A and Mr. B belong to two distinct cultural backgrounds. Mr. B believes that his culture is superior compared to the culture of Mr. A. This phenomenon is known as _____.

- (A) Detestation
- (B) Ethnocentrism
- (C) Denial
- (D) Savor

SUBJECT: FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Time Allowed: 1 hour

Full Marks: 100

Choose the correct answer from the given four alternatives: 2×50=100

51. Goods bought for ₹ 32,000 passed through sales day book will result in
 (A) no effect on gross profit.
 (B) decrease in gross profit.
 (C) decrease in net profit.
 (D) increase in gross profit.
52. Credit purchase of fixed asset are recorded in
 (A) Journal proper
 (B) Purchase book
 (C) Cash book
 (D) Petty cash book
53. An expenditure is capital in nature when
 (A) the receiver of the amount is going to treat it for the purchase of fixed assets.
 (B) it increases the quantity of fixed assets.
 (C) it is paid as interest on loans for the business.
 (D) it maintains of fixed asset.
54. Accounting does not record non-financial transactions because of
 (A) accrual concept.
 (B) going concern concept.
 (C) money measurement concept.
 (D) entity concept.
55. The book value of asset was ₹ 1,45,800, after charging three years depreciation @ 10% per annum on Written Down Value basis. What was the original cost of the machine?
 (A) ₹ 1,60,000
 (B) ₹ 1,80,000
 (C) ₹ 2,00,000
 (D) ₹ 2,20,000
56. Which one is wrong?
 (A) Debit the receiver, credit the giver.
 (B) Debit all incomes, credit all expenses.
 (C) Debit what comes in, credit what goes out.
 (D) Debit all assets, credit all liabilities.
57. Which of the following is step of Accounting Cycle?
 (A) Ledger
 (B) Adjusted trial balance
 (C) Financial statements
 (D) All of the above
58. Purchase price of machine ₹ 8,90,000, freight and cartage ₹ 7,000, installation charges ₹ 30,000, insurance charges ₹ 20000, estimated useful life 5 years with no residual value. Calculate the amount of second year depreciation under straight line method.
 (A) ₹ 1,69,400
 (B) ₹ 1,79,400
 (C) ₹ 1,85,400
 (D) ₹ 1,77,900
59. Bank has directly paid ₹ 2,250 for electricity bill as per standing instructions. In Bank Reconciliation Statement starting with Pass Book overdraft
 (A) ₹ 2,250 will be added to Pass Book overdraft.
 (B) ₹ 4,500 will be added to Pass Book overdraft.
 (C) ₹ 2,250 will be deducted from Pass Book overdraft.
 (D) None of the above

60. Goods costing ₹ 20,000 destroyed by an accident, insurance claim nil—

- (A) ₹ 20,000 will be credited to joint venture account
- (B) No entry will be made in the books of joint venture
- (C) ₹ 20,000 will be debited in joint venture account as loss
- (D) ₹ 15,000 will be credited in joint venture account

61. On receipt of goods, the consignee debits which of these accounts

- (A) Purchase Account
- (B) Goods Account
- (C) Consignors Account
- (D) None of the above

62. X sends out goods to Y, costing ₹ 2,50,000. Goods are to be sold at cost +25%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be

- (A) ₹ 1,80,000
- (B) ₹ 2,00,000
- (C) ₹ 1,50,000
- (D) ₹ 1,87,500

63. Joint venture account is of the nature of

- (A) Personal A/c
- (B) Nominal A/c
- (C) Real A/c
- (D) Suspense A/c

64. At the time of dishonour of an endorsed bill which one of these accounts would be credited by the drawee?

- (A) Bill Payable Account
- (B) Drawer's Account
- (C) Bank Account
- (D) Bills Dishonoured Account

65. The debts written off earlier as bad, if recovered subsequently are

- (A) credited to Bad Debts recovered Account.
- (B) credited to Debtor's Personal Account.
- (C) debited to Profit and Loss Account.
- (D) credited to Bad debts Account.

66. Which is intended to be used over long term for earning profits there from?

- (A) Revenue Expenditure
- (B) Capital Expenditure
- (C) Deferred Revenue Expenditure
- (D) Both (B) and (C)

67. When Opening stock ₹ 50,000; Closing stock ₹ 40,000; Sales ₹ 2,40,000, if the profit margin is 20% on cost, then purchases will be

- (A) ₹ 1,90,000
- (B) ₹ 1,82,000
- (C) ₹ 2,00,000
- (D) ₹ 2,02,000

68. The accounting equation "Assets = Liabilities + Owners' Equity" is formal expression of the

- (A) Money Measurement Concept
- (B) Matching Concept
- (C) Full Disclosure Concept
- (D) Dual Aspect Concept

69. When a cheque is received and it has been deposited into the bank at a later date, then on the later date the _____ will be credited.

- (A) Bank Account
- (B) Cash Account
- (C) Either Bank Account or Cash Account
- (D) Debtor's Personal Account

70. At the end of the accounting year outstanding subscription and outstanding rent of a club will be shown _____ in the balance sheet.

- (A) both on liabilities side
- (B) both on assets side
- (C) outstanding subscription on liabilities side and outstanding rent on assets side
- (D) outstanding subscription on assets side and outstanding rent on liabilities side

71. Salaries have been shown in income and expenditure account ₹ 3,00,000. It was outstanding at beginning of the year ₹ 42,000 and end of the year for three months. The salaries paid during the year will be—

- (A) ₹ 3,00,000
- (B) ₹ 2,67,000
- (C) ₹ 3,33,000
- (D) ₹ 2,56,500

72. Which of the following items are usually related to non-profit organisations?

- (1) Endowments
- (2) Legacy
- (3) Life Membership Fee
- (4) Transfer fee ✓
- (5) Entrance fee

Select the correct answer from the options given below

- (A) (1), (2), (4) and (5)
- (B) (2), (3), (4) and (5)
- (C) (1), (2), (3) and (5)
- (D) (1), (2), (3) and (4)

73. In case of sole proprietorship, income tax is

- (A) debited to profit and loss account.
- (B) shown in the balance sheet as a current liability.
- (C) treated as proprietor's personal expense.
- (D) None of the above

74. Which of the following are included in the trading and profit and loss account?

- (A) Revenue expenditures and incomes
- (B) Revenue as well as capital expenditures and incomes
- (C) Revenue expenditures
- (D) Revenue incomes

75. (1) Income and Expenditure Account and (2) Receipts and Payments Account, are prepared

- (A) on the cash basis.
- (B) on the accrual basis.
- (C) (1) on the cash basis and (2) on the accrual basis.
- (D) (1) on the accrual basis and (2) on the cash basis.

76. When at the end of year the entry "Closing stock A/c debit with ₹ 65,000 and Purchases A/c credit with ₹ 65,000" is made in the books then closing stock will be shown

- (A) in trading account only,
- (B) in balance sheet only,
- (C) both in trading account and balance sheet,
- (D) in footnote with balance sheet.

77. The following information is given in the trial balance of Shekhar Stores on 31st March, 2023:

Bad Debts ₹ 15,500

Debtors ₹ 3,00,000

Provision for Bad and Doubtful Debts on 01.04.2022 ₹ 18,000.

If the Shekhar Stores makes a provision for bad and doubtful debts @ 5% on debtors, the amount for such provision, charged to profit and loss account for the year ending 31.03.2023, will be

(A) ₹ 15,000

(B) ₹ 12,500

(C) ₹ 17,500

(D) ₹ 11,725

78. Purchases ₹ 15,20,000 (2) Wages and Salaries ₹ 2,10,000 (3) Sales ₹ 21,60,000 (4) Opening Stock ₹ 2,08,000 (5) Closing Stock ₹ 2,20,000 (6) Audit fee ₹ 15,000. Gross profit will be—

(A) ₹ 4,27,000

(B) ₹ 6,52,000

(C) ₹ 4,42,000

(D) ₹ 6,37,000

79. Prepaid Insurance Account is a

(A) Nominal Account

(B) Real Account

(C) Representative Personal Account

(D) Artificial Personal Account

80. A Trial Balance shows

(A) complete accuracy of accounts.

(B) honesty of accounts.

(C) complete accuracy of accounts as well as Honesty of accounts.

(D) only arithmetical accuracy of accounts.

81. The person other than the original creditor to whom the amount in the bill is made payable to is known as the _____ of the bill.

(A) Holder

(B) Payee

(C) Drawer

(D) Endorser

82. Retirement of bill means

(A) making payment before the due date.

(B) cancellation of the bill.

(C) sending the bill for collection.

(D) endorsing the bill in favour of third party.

83. Which of these accounts is not opened in the books of consignor?

(A) Consignment Account

(B) Commission Account

(C) Goods Sent on Consignment Account

(D) Consignees Personal Account

- 84.** The Profit and Loss Account shows the
- (A) financial results of the concern for a period.
 - (B) financial position of the concern on a particular date.
 - (C) financial results of the concern on a particular date.
 - (D) cost of goods sold during the period.
- 85.** Which of the following is/are prepared by non-profit organizations?
- (A) Income & Expenditure Account
 - (B) Receipts and Payments Account
 - (C) Balance Sheet
 - (D) All of the above
- 86.** Indirect material cost is a part of
- (A) Material Consumed
 - (B) Prime Cost
 - (C) Chargeable Expenses
 - (D) Factory Overhead
- 87.** Which of the following is a part of both Prime Cost and Conversion Cost?
- (A) Direct Material
 - (B) Indirect Labour
 - (C) Direct Labour
 - (D) All of the above
- 88.** In classification by function, costs are divided into
- (A) Material, Employee and Expenses.
 - (B) Manufacturing, Administrative, Selling and Distribution costs.
 - (C) Fixed, Variable and Semi-variable costs.
 - (D) Controllable and Uncontrollable costs.
- 89.** The main purpose of cost accounting is to
- (A) maximize profits.
 - (B) help in inventory valuation.
 - (C) provide information to management for decision making.
 - (D) aid in the fixation of selling price.
- 90.** Which one is 'False'?
- (A) Fixed costs per unit increase with increase in output.
 - (B) Out of pocket costs involve payment to outsiders.
 - (C) Rent on own building is imputed cost.
 - (D) Tender is an estimation of selling price.
- 91.** Statement showing break up of cost is known as
- (A) Tender
 - (B) Production Account
 - (C) Statement of Profit
 - (D) Cost Sheet
- 92.** A cost unit is
- (A) measure of work output in a standard hour.
 - (B) a unit of production or service in relation to which costs are ascertained.
 - (C) cost per labour hour.
 - (D) cost per machine hour.

93. From the following information, find out purchases of raw material when raw material consumed is ₹ 53,000, closing stock ₹ 9,000 and opening stock ₹ 6,000:
- (A) ₹ 53,000
 - (B) ₹ 56,000
 - (C) ₹ 50,000
 - (D) ₹ 68,000
94. Which of the following terms is/are excluded from the cost accounts?
- (A) Income tax
 - (B) Interest on debenture
 - (C) Cash discount
 - (D) All of the above
95. Direct Wages ₹ 2,46,000 and Factory Cost ₹ 5,60,000. If the ratio of Direct Wages and Factory Overhead is 3 : 1 then Direct Material Cost will be
- (A) ₹ 3,14,000
 - (B) ₹ 3,96,000
 - (C) ₹ 3,73,333
 - (D) ₹ 2,32,000
96. Which costing method is used by Spare-parts manufacturing industry?
- (A) Process Costing
 - (B) Job Costing
 - (C) Batch Costing
 - (D) Absorption Costing
97. Directors remuneration and expenses are form a part of
- (A) Production Overhead
 - (B) Administration Overhead
 - (C) Selling Overhead
 - (D) Distribution Overhead
98. Interest on own capital is
- (A) Cash Cost
 - (B) Notional Cost
 - (C) Sunk Cost
 - (D) Part of Prime Cost
99. Cost Accounting Standard(CAS)-9 is related to
- (A) Captive Consumption
 - (B) Packing Material Cost
 - (C) Repairs and Maintenance Cost
 - (D) Direct Expenses
100. Direct Expenses are also known as
- (A) Overhead Expenses
 - (B) Manufacturing Expenses
 - (C) Administrative Expenses
 - (D) Chargeable Expenses