

***Model Questions in respect
of Revised Syllabus of SAS
Examination***

(w.e.f. Exam-2 of 2024)

PC-2 (Government Audit)

1. Which of the following statement is not true about statistics.
 - I. It presents fact in a precise and definite form.
 - II. It condenses data in few numerical measures.
 - III. It finds relationship between different factors.
 - IV. It helps auditors to find deviation to compliance criteria.**

2. Which of the following cannot be used to find the dispersion in data:
 - I. Mean**
 - II. Range
 - III. Standard deviation
 - IV. Mean deviation

3. Which of the following is sampling error?
 - I. Sampling bias
 - II. Difference between sample estimate and population parameter**
 - III. Non-response error
 - IV. Data acquisition error

4. Data represented through a histogram can help in finding graphically the
 - I. Mean
 - II. Median
 - III. Mode**
 - IV. All the above

5. If data has extreme values as outliers, which of the following will not be true representation of central tendency:
 - I. Arithmetic mean**
 - II. Median
 - III. Mode
 - IV. All the above

Audit and CAG's mandate

6. The provision for the Contingency Fund of India results in:
 - I. Absolving the executive from preparing the estimates of the expenditure
 - II. Compelling the legislature to approve the expenditure
 - III. Reducing the legislative control over the executive
 - IV. Providing a safety-valve to tide over a crisis**

7. Which section of CAG's (DPC) Act provides authority to make regulations:
 - I. Section 22
 - II. Section 23**
 - III. Section 24
 - IV. Section 25

8. Which of the following is true about entrustment of audit:
 - I. All audits need to be entrusted to C&AG of India.
 - II. No prior consultation with C&AG of India is required for entrustment of audit.
 - III. C&AG of India can not propose entrustment of audit to itself
 - IV. None of the above**

9. Which of the following is a not type of audit of as per Audit regulations:
- I. Financial audit
 - II. Audits which combine either all or some aspects of financial, compliance and performance audits
 - III. Performance audits
 - IV. Forensics audits**

Principles and standards of audit

10. As per CAG's auditing standards 2017, 'Public sector audits involve at least three separate parties.....The relationship between the parties should be viewed within the context of the specific arrangements for each type of audit.' Which of the following is not one the three parties:
- I. Auditors
 - II. Responsible party
 - III. Intended users
 - IV. Subject matter experts**
11. The criteria are the benchmarks used to evaluate the subject matter. Each audit shall have criteria suitable to the circumstances of that audit. In determining the suitability of criteria, which of the following may not be considered
- I. Relevance
 - II. Completeness
 - III. Reliability
 - IV. Language**
12. Which of the following statement is true about attestation engagement:
- I. Financial audit is not always attestation engagement.
 - II. The responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor provides a reasonable basis for expressing a conclusion.**
 - III. Auditor measures or evaluates the subject matter against the criteria.
 - IV. Audit report needs to state the audit objectives and describe how they were addressed in the audit.
13. Which of the following is not the part of core principles of SAI Independence as per INTOSAI-P 10:
- I. Unrestricted access to information
 - II. Impartial mode of appointment.**
 - III. The rights and obligation to report on their work
 - IV. The existence of effective follow-up mechanisms on SAI recommendations.
14. Which of the following is true for Reasonable assurance:
- I. Reasonable assurance is absolute.
 - II. Audit conclusion is expressed positively in Reasonable assurance.**
 - III. Audit risk is high for reasonable assurance.
 - IV. Reasonable assurance is only for attestation engagement.
15. Which of the following is not the case of conflict of interest for SAI's functioning:
- I. SAI can participate in the management or operations of an audited entity.
 - II. Audit personnel can become members of management committees.

- III. **Audit advice can be conveyed as audit advice or recommendation and acknowledged clearly as such.**
- IV. SAI has responsibility to the management of the audited entity for the scope or nature of the audits undertaken.

Audit Specialization

- 16. Which of the following is not fraud:
 - I. Manipulation, falsification, and alteration of record.
 - II. Misappropriation/ misapplication of assets.
 - III. Recording of transactions without substance.
 - IV. **An incorrect accounting statement arising out of oversight or misinterpretation of fact.**

- 17. What is role of external auditor with reference to internal control:
 - I. External auditor is responsible for establishing of audited entity's internal control system.
 - II. External auditor is responsible for operation of audited entity's internal control system
 - III. **External auditor should assess internal control before undertaking substantive audit tests.**
 - IV. External auditor should take corrective action based on assessment of internal control.

- 18. Assessment of internal control can be taken up as part of which type of audit:
 - I. Performance audit
 - II. Compliance audit
 - III. Financial audit
 - IV. **All the above**

Audit Process

- 19. Which of the following is not true for Executive summary
 - I. Executive summary should be drafted independent of writing of audit report.
 - II. Executive summary should target audience at a higher level in accountability hierarchy.
 - III. Executive summary need not be in sequence of audit objective.
 - IV. **Executive summary must contain the para references.**

‘Three different district hospitals suspended from the empaneled list after vigilance teams of the State Anti-Fraud Unit (SAFU) of PMJAY-MA Yojana Ayushman—the health insurance scheme, and Insurance Company Limited unearthed alleged irregularities. The teams carried out surprise checking at Nilkanth Orthopaedic Hospital, Dharmanandan Orthopaedic Hospital and Param Hospital after complaints that patients were denied treatment under the Ayushman scheme, stated an official release from the government.’

Acting on this news-report, Field Audit Office decided to conduct an audit of the scheme implementation. Please answer the following questions:

- 20. Which type of audit may be best suitable for this assignment?
 - I. Performance Audit
 - II. Financial audit
 - III. Compliance audit
 - IV. **Either of or combination of Performance and Compliance audit.**

21. Health department informed that scheme is executed by private hospitals and Department has not role in it. What would be Audit's response in such a case:
- I. Audit should not take up this topic for audit.
 - II. Audit should seek entrustment for audit of private hospitals.
 - III. Audit may take up this assignment to assessment of Department role in providing healthcare facility in general.
 - IV. Audit may take up this assignment, limited to implementation of the Scheme and checks could be carried out in coordination with officials of implementing department.**
22. While deciding the scope for audit sampling:
- I. Audit exercise must be limited to the three hospitals in the news report
 - II. Audit exercise must be limited to the department offices interfacing with the three hospitals mentioned in the news report.
 - III. Audit can frame the scope and sample based on news report, but not necessarily limited to the entities mentioned in news report.**
 - IV. This issue requires immediate action by audit, so scoping and sampling may be avoided.
23. For collection of audit evidence;
- I. Only government records can be taken as audit evidence.
 - II. Records of private hospitals can be taken as audit evidence.**
 - III. Audit should wait till finalization of SAFU investigation for knowing appropriate evidence.
 - IV. All the above.
24. Which of the following is not an audit report:
- I. CAG's audit report
 - II. Inspection report
 - III. Audit certificate
 - IV. None of the above**
25. Following are the various stages of audits:
- i. Audit design
 - ii. Audit execution
 - iii. Understanding the entity
 - iv. Entry conference
 - v. Exit conference
 - vi. Audit programming
- Which of the following is the desirable sequence:
- I. i – ii – iii- iv- v – vi
 - II. iii- i- iv- vi- ii- v**
 - III. vi- iv- i- iii- ii- v
 - IV. vi- iv- i- ii- iii- v

PC-3{Information Technology (Theory & Practical)}

1. What is the full form of CPU?

- a) Computer Processing Unit
- b) Computer Principle Unit
- c) Central Processing Unit**
- d) Control Processing Unit

2. Which of the following is the smallest unit of data in a computer?

- a) Bit**
- b) KB
- c) Nibble
- d) Byte

3. What does RAID stand for?

- a) Redundant array of independent disks**
- b) Redundant array of inexpensive disks
- c) Redundant array of intermediate disks
- d) Redundant array of improper disks

4. Arrange the following devices in ascending order of the speed:

- A: RAM
- B: HDD (hard disk drive)
- C: SSD (solid-state drive).
- D: DVD Drive

- a) A, B, C, D
- b) D, B, C, A**
- c) D, C, B, A
- d) B, D, A, C

5. How many rows of data can be kept in a single worksheet of an MS Excel 2019 file:

- a) 1,048,576 rows**
- b) 65,536 rows
- c) 1,073,741,824 rows
- d) 1,00,000 rows

6. Which of the following is not a feature of DBMS?

- a) Minimum Duplication and Redundancy of Data
- b) High Level of Security
- c) Single-user Access only**
- d) Support ACID Property

7. Which of the following is TRUE about foreign keys?

- a) Tables that contain foreign keys contain columns that point to another table's primary key
- b) Primary key of one table could be the foreign key for another table
- c) Both (a) and (b)**
- d) None of the above

8. Which join operation combines tables such that result set includes records from the right table that have no matching key in the left table:

- a) Left outer join
- b) Right outer join**
- c) Full outer join
- d) None of the above

9. Which of the following is the first step of SDLC?

- a) Coding
- b) Design
- c) Preliminary Investigation and Analysis**
- d) Testing

10. Which one of the following is a functional requirement?

- a) Maintainability
- b) Portability
- c) Business needs**
- d) Reliability

11. Which of the following is the first step in performing risk assessments of information systems?

- a) Reviewing the appropriateness of existing controls
- b) Reviewing the effectiveness of existing controls
- c) Reviewing the asset-related risk surveillance mechanism
- d) Reviewing the threats and vulnerabilities impacting the assets**

12. Use of IDEA software for sampling and the subsequent analysis can help reduce which of the following types of Risk:

- a) Audit Risk
- b) Sampling Risk**
- c) Non-Sampling Risk
- d) Inherent Risk

Practical

Four (4) Questions carrying four (4) marks each

Question 1 (MS Word)

The MS Word file with name “**F1.docx**” provided to you contains a Table showing the Major Head wise Revenue Expenditure of a State for two years. Do the following three operations on the Table, and save your result as a separate word document with file name “**F1_IndexNumber.docx**”:

- a) Add a new column with name “S.No” as the first column of the Table. Fill this column with running sequence number using some feature of MS Word.
- b) Format the top row of the Table in Bold, with a fill of light blue colour.
- c) Format the Table such that the Top row is repeated in every page to which the Table extends.
- d) Add a row at the end of the Table to display the Total of the Major Heads for the two years, using a suitable feature of MS Word to compute the Total.

Question 2 (MS Access)

- a) Create a blank MS Access database with file name **F2_IndexNumber.accdb**. Within this database, create a Table “MajorHead” with the following fields:

Field Name	Data Type	Description
Rec ID	Numeric	AutoNumber field, to be used as Primary Key for the Table
Fin Year	Text	Text field of 10 characters
Major Head	Text	Text field of 255 characters
Amount_Crore	Numeric	Numeric field, capable of storing 18 digit numbers, with two decimal places.

- b) The Text file “**F2.txt**” provided to you contains Major Head wise expenditure figures from the Consolidated Fund for five years for a State. This file has data for three fields with names: FinYear, MajorHead, Amount_Crore. Load this data into the Table “Major Head” created by you using the import facility of MS Access.
- c) Write a query to find the FinYear wise total expenditure, and the number of Major Heads operated in that year. The query should have the following names for its result fields: “FinYear”, “Total_Amount”, “Num_MajorHeads” storing the Financial Year, the total expenditure, and the number of Major Heads respectively. Save the query as qry_FinYear_Summary.
- d) Use the results of the query to answer the following questions – (a) Which Year had the highest expenditure? (b) Which Year had the largest number of Major Heads operated. Write the answer in the answer sheet provided.

Question 3 (MS Excel)

- a) The Text file “**F3.txt**” provided to you is a comma separated file containing Major Head wise expenditure figures for five years for a State. Load this data into MS Excel, and save the result as “**F3_IndexNumber.xlsx**”.
- b) Use PivotTable to generate the FinYear wise Total expenditure in each of the Fund (FinYear in Row, Fund in Column).
- c) Show the result of the summary generated through PivotTable as a suitable chart of your choice in the same sheet as the PivotTable.
- d) Answer the following questions based on the Pivot Table and the Chart prepared by you: (1) Which year had the maximum expenditure from the Consolidated Fund? (2) Which year had the maximum expenditure from the Public Account? Write down the year, and the corresponding amount in the Answer sheet provided to you.
- Save the results in the same Excel file.

Question 4 (MS Excel)

The Excel file **F4.xlsx** provided to you contains two worksheets – “A_MajorHeadAmount” add “B_Mapping”. Add the following three columns to the worksheet “A_MajorHeadAmount” by using the approach specified below:

- a) Column **Receipt_or_Expenditure**: Use a suitable formula for generating value for this column, such that Major Head Codes with value less than 2000 are categorised as “Receipt”, and those less than 6000 are categorised as “Expenditure”.
- b) Column **MajorHead_Description**: Use suitable formula to get the value of this field based on the worksheet “B_Mapping”
- c) Column **HeadType**: Use suitable formula to get the value of this field based on the worksheet “B_Mapping”

Sample rows of the resulting worksheet are shown below:

B_Mapping (Sample rows after adding three columns)

MajorHead_Code	Amount_Crore	Receipt_or_Expenditure	MajorHead_Description	HeadType
0005	18,200.94	Receipt	0005 Central Goods and Services Tax (CGST)	Tax Revenue
0006	29,775.04	Receipt	0006 State Goods and Services Tax (SGST)	Tax Revenue
2011	259.12	Expenditure	2011 Parliament/State/Union Territory Legislatures	Revenue Expenditure
2012	34.69	Expenditure	2012 President, Vice President/ Governor, Administrator of Union Territories	Revenue Expenditure
4210	1,663.14	Expenditure	4210 Capital Outlay on Medical and Public Health	Capital Expenditure
4215	6,788.26	Expenditure	4215 Capital Outlay on Water Supply and Sanitation	Capital Expenditure

d) Using PivotTable on the modified worksheet **B_Mapping**, find Total of Revenue and Expenditure. Save the PivotTable, and also write down the results in the Answer sheet provided to you.

PC-4(Financial Rules, Service rules and Basic Principles of Government Accounts and CPWA)

Question 1: Two persons were appointed to pensionable posts in Government of India before their medical examination and medical certificate. In the first week of the third month of their appointment, one of the appointed person was declared 'not fit' and the other as 'temporarily unfit' by the competent medical authority. Which of the actions are applicable in the two cases?

- I. The employee declared 'not fit' shall be terminated forthwith and the employee declared 'temporarily unfit' shall be retained for the specified period till re-examination is done.
- II. The employee declared 'not fit' shall receive pay and allowances for a period not exceeding two months.
- III. Both the employees shall be terminated forthwith.
- IV. Both the employee shall be retained for re-examination.

Which of the actions are permissible as per the rules.

- A. (I) and (II)**
- B. (II) only
- C. (III) only
- D. (I) and (IV).

Question 2: An employee who is drawing pay scale of ₹60,000 – 80,000 per month has been transferred along with his title to a post on lower pay scale than the existing pay. Which of the following conditions is / are applicable in this case.

- A. The employee shall retain his lien on the existing post.
- B. The employee shall get his pay re-fixed in the new post as per the pay in the existing pay scale.
- C. His lien shall be transferred to the new post from the date on his he is relieved of his duties..**
- D. All of the above.

Question 3: Government of India proposed 'Vote on Account' to cover expenditure for a brief period pending passage of the Appropriation Act for ₹10 lakh crore. This included ₹90,000 crore for implementing new policies and new services, ₹1.10 lakh crore for ongoing capital projects, ₹3 lakh crore for repayment of debt, ₹5 lakh crore for payment of salaries, pensions and interests and other expenditures. Previous years' total appropriation / grant was ₹110 lakh crore?

Which of the following is not eligible for Vote on Account.

- A. Implementing new policies and new services.**
- B. Ongoing capital projects.
- C. Repayment of debt.
- D. None of this.

Question 4: While fixing 'user charges', Department of ABC computed that the current cost of supplying drinking water to households is ₹200 per 1,000 liters and reasonable return on capital investment for water purification is ₹100 per 1000 liters. User charge was fixed at ₹250 per 1,000 liters. Considering that in the month of June 2023, the Department supplied 5,00,000 liters of drinking water, what is the quantum of collection and subsidy?

- A. Total collection ₹15 crore, no subsidy.
- B. Total collection ₹12 crore, ₹3 crore subsidy.
- C. Total collection ₹10 crore, ₹5 crore subsidy.
- D. Total collection ₹12.5 crore, ₹2.5 crore subsidy.**

Question 5: Government of India proposes to write off loans given to 4 entities of ₹45,000, ₹48,000 and ₹52,000 and ₹1,05,000. Which of the following is true with regard to reporting and prior approval requirement of Parliament?

- A. All write off require only reporting to Parliament.
- B. All write off require prior approval of Parliament.
- C. Write off of ₹45,000 and ₹48,000 shall be reported to Parliament and the rest needs prior approval of Parliament.**
- D. None of the above.

Question 6: As per the Appropriation Accounts, total gross expenditure of a State Government ABC is ₹85,000 crore. As per the Finance Accounts, total net expenditure is ₹72,000 crore. Which of the following best explains the difference of ₹13,000 crore?

- A. Recoveries of Loans and Advances from Government Employees and State PSUs.
- B. Refund of advance tax receipts.
- C. Exclusion of Charged Capital expenditure from the Finance Accounts.
- D. Deduct Receipts and Recoveries on Revenue and Capital Accounts.**

Question 7: Total amount shown against Revenue Expenditure in the Appropriation Accounts is ₹1,78,445.73 crore and recorded in Statement No. 11 of the Finance Accounts is ₹1,59,163.31 crore. A recovery of ₹19,282.42 crore has been presented in an Appendix in the Appropriation Accounts. Which of the following is best method to reconcile the two figures in the Statement in Appropriation Accounts?

- A. Add recovery of ₹19,282.42 crore to ₹1,59,163.31 crore of the Finance Accounts.
- B. Deduct recovery of ₹19,282.42 crore from ₹1,78,445.73 crore of the Appropriation Accounts.**
- C. Deduct ₹1,59,163.31 crore appearing in the Finance Accounts from ₹1,78,445.73 crore in the Appropriation Accounts to arrive at the figures of recoveries.
- D. All of the above.

Question 8: An amount of ₹100 crore was met by advance from the Contingency Fund of which ₹30 crore was not recouped to the Fund before the close of the year. Sr. AO, Appropriation Accounts should insert a comment in this regard. Where should the comment on un-recouped fund be included?

- A. Grant / Appropriation – wise details.

B. Certificate of the CAG of India

C. Appendix on Recoveries.

D. **Summary of Appropriation Accounts.**

Question 9: Which of the following combination in “X” and “Y” is not true with regard to Appropriation Accounts?

	<u>X</u>	<u>Y</u>
A.	Charged -	Appropriation
B.	Excess/ savings -	Original grant/Appropriation
C.	Recoveries -	Reconciliation
D.	Voted -	Grant

Question 10: Under Sub-Head, the following figures have been depicted (₹ in lakh).

Description	Total Grant	Actual Expenditure	Excess / Saving
O. 5,000			
S. 2,500			
R. (-) 7,100	400	400	...

Which of the following is true about the figures.

- (i) The expenditure was less than the original provision.
- (ii) Supplementary provision was unwarranted.
- (iii) There was a saving of ₹7,100 Lakh.
- (iv) The total grant was ₹7,500 lakh.

- A. **(i) & (ii)**
- B. (i) only
- C. (ii) only
- D. (iii) & (iv)

Question 11: An Accountant was asked to identify the correct classification for General Education, Elementary Education, Sarva Siksha Abhiyan (SSA), Black Board Scheme (BBS) and Travelling Expense under the Scheme. Which of the following best describes the classification?

- A. Elementary Education as Function, General Education as Sub-Function, BBS as Programme, SSA as Scheme and Travelling Expense as Sub-Scheme.
- B. General Education as Function, Elementary Education as Sub-Function, BBS as Programme, SSA as Scheme and Travelling Expense as Primary Unit of Appropriation.
- C. General Education as Function, Elementary Education as Sub-Function, SSA as Programme, BBS as Scheme and Travelling Expense as Primary Unit of Appropriation.**
- D. General Education as Function, Elementary Education as Sub-Function, SSA as Programme, BBS as Scheme and Travelling Expense as Sub-Scheme.

Question 12: An Auditor wanted to look at Non Tax Receipts, Revenue Expenditure and Capital Expenditure under a function. He had a voucher of Major Head 240x for revenue expenditure. Which of the following corresponding Major Heads he should select for revenue receipts and capital expenditure?

- A. **MHs 040x and 440x.**
- B. MHs 040x and 024x
- C. MHs 024x and 640x
- D. All of the above.

Question 13: Procurement office has invite bid under 'two bid system' for procurement of (i) high value plant, machinery, etc. of a complex and technical nature, and (ii) purchasing of subject matter of procurement which is subject to rapid technological advances or market fluctuations or both.

Which of the following is true about the bid system?

- (i) For procurement of category (i), separate technical and financial bids can be received simultaneously.
 - (ii) For procurement of category (ii), separate technical and financial bids can be received in two stages; financial bid after evaluation of technical bids.
 - (iii) For both the categories, separate technical and financial bids can be received simultaneously.
 - (iv) For both the categories, separate technical and financial bids can be received in two stages; financial bid after evaluation of technical bids.
- A. **(i) and (ii).**
 - B. Only (iii)
 - C. Only (iv)
 - D. All of the above

Question 14: An account report categorised certain transactions as follows:

Write of losses ₹50,000; Inter-Account Transfers ₹1, 00,000; Suspense ₹2, 00,000; Work-in-Progress ₹5, 00,000. Accounts Officer has to assign Primary Unit of Appropriation against the transactions.

Which of the following cannot be assigned Primary Unit of Appropriation code?

- A. Write-off of Losses.
- B. Inter-Account Transfers.
- C. Suspense.
- D. **Work-in-progress.**

Question 15: While preparing the 2nd Running Account Bill of a contractor, the following recoveries are to be made:

- | | |
|--|-------|
| i) Cost of cement issued to the work | ₹1000 |
| ii) Cost of steel supplied to another work | ₹1000 |
| iii) Fine for Bad Work | ₹1000 |
| iv) Fine for Delay | ₹1000 |

What is the amount to be written in Col 8 (b) (i.e.) “By recovery of amounts creditable to other work or heads of account “

- A. ₹4,000
- B. ₹2,000**
- C. ₹3,000
- D. ₹1,000

Question 16: From the following particulars, work out the opening balance in respect of a PWD Division.

i)	Notes and Coins	₹1000
ii)	Imprest with the AEE	₹1000
iii)	Revenue Stamps	₹200
iv)	Service Postage Stamps	₹155
v)	Deposit Receipts	₹1575
vi)	Cheque dated 30.6.2010 in favour of a contractor	₹3370
vii)	Temporary Advance with SDO	₹800/-

- A. ₹3,000**
- B. ₹6,370
- C. ₹6,525
- D. ₹8,100

Question 17: The following recoveries are made from the pay of the staff of a PWD Division.

i)	GPF Subscription	₹10000
ii)	Postal Life Insurance	₹1000
iii)	Motor Car Advance	₹1000
iv)	Overpayment of Pay	₹1000
v)	Income Tax	₹1000
vi)	Festival Advance	₹2000
vii)	Licence Fee	₹2000

What is the amount to be shown in the recovery column (col. 9) of the cash book?

- A. ₹12,000
- B. ₹14,000
- C. ₹15,000**
- D. ₹18,000

Question 18: The following recoveries are made from the payment made to a contractor.

i)	Fine for Bad Work	₹1000/- minus v and vi
ii)	Income Tax	₹100
iii)	Security Deposit	₹500

iv)	Cost of materials issued	₹2000
v)	Amount creditable to another work	₹100
vi)	Hire charges	₹100

What is the amount to be shown the recovery column (Col. 9) of Cash Book?

- A. ₹3,800
- B. ₹1,000
- C. ₹1,800
- D. ₹800**

Question 19: SDO "XYZ" holding an imprest of ₹4,000 renders the following account.

(i)	Muster Roll	₹2,000
(ii)	Coolie charges	₹800
(iii)	Purchase of stationary	₹200

The Imprest was increased to ₹5,000 and recouped. What is the amount to be paid to the SDO as recoupment?

- A. ₹3,000
- B. ₹1,000
- C. ₹4,000**
- D. ₹5,000

Question 20: From the following particulars of a 2nd Running Account Bill of a contractor, indicate the amount of Security Deposit @ 10 % to be recovered in this Bill.

Total Value of the work done up to date	₹1,00,000
Value of work done since previous Bill	₹60,000
Advance Payment for work done but not measured	₹50,000

- A. ₹6,000
- B. ₹8,000
- C. ₹10,000
- D. ₹11,000**

Question 21: A contractor was provided Tools and Plant with book value of ₹5,000 and ₹10,000 in two instalments. The contractor lost 40% value of tools and plants of the first instalment and 60% of the second instalment. What is the amount to be recovered / received from the contractor?

- A. ₹8,000
- B. ₹15,000
- C. ₹8,080
- D. ₹8,800**

Question 22: Indicate the correct match of forms against the type of Payment.

(i)	Running Bill payment	(i)	Form 27A
(ii)	Final payment	(ii)	Form 27B
(iii)	Payment Against Lump sum contracts	(iii)	Form 26
(iv)	Advance Payment	(iv)	Form 24

- A. **(i), (ii) and (iv) – Form 26 and (iii) – Form 27A and 27B**
- B. (i) and (ii) – Form 26, (iii) Form 27 A and (iv) – Form 24
- C. (i) – Form 27B, (ii) and (iv) – Form 26 and (iii) – Form 27A.
- D. (i) and (iv) – Form 27B, (ii) – Form 26 and (iii) – Form 27A.

Question 23: A amount of ₹2,000 was received in a PWD Division towards Sale proceeds of fruits from trees in the PWD campus. The amount was remitted with the Bank on the same day.

The transactions (receipt and remitting) should be entered in the Cash Book in which of the following?

- A. Receipt side (Col. 4)
- B. Payment side (Col. 9)
- C. **Both sides, Receipt and Payment.**
- D. None of the above.

Question 24: In a Running Account Bill, the payment to be made to the contractor against Line 8 (before making the recoveries) was ₹50,000. After deducting the total recoveries the net amount payable to the contractor was ₹40,000.

What is the amount to be acknowledged by the contractor?

- A. **₹50,000**
- B. ₹40,000
- C. ₹90,000
- D. None of the above.

Question 25: The following recoveries are to be made from a contractor in his Running Account Bill.

i)	Fine for Bad Work	₹1000
ii)	Fine for Delay	₹1000
iii)	Cost of materials issued to another work	₹1000
iv)	Income Tax	₹200
v)	Security Deposit	₹1000
vi)	Hire Charges	₹1000

What is the total amount of recovery to be shown in Col. 8 (a) “recoveries creditable to the work“?

- A. ₹5,200
- B. ₹4,000
- C. ₹2,000
- D. **₹1,000**

PC-5 (Financial Rules, Services rules & Principles of Defence Accounts)

1. Which of the following sentences is/are correct with regard to Central Civil Services (Conduct) Rules, 1964?

- (i) The requirement that government servant shall commit himself to and uphold the supremacy of the Constitution and democratic values has not been explicitly mentioned in Rule 3(1), which however is implied from other clauses including doing nothing which is unbecoming of a government servant.
- (ii) In Rule 3-C relating to prohibition of sexual harassment of working women, the term “workplace” includes a dwelling place or a house.

In the case of the above sentences, which of the following options is correct:

- a. Both sentences (i) and (ii) are correct
- b. Both sentences (i) and (ii) are wrong
- c. Sentence (i) is correct and sentence (ii) is wrong
- d. Sentence (i) is wrong and sentence (ii) is correct**

2. Which of the following sentences is/are correct with regard to Central Civil Services (Conduct) Rules, 1964?

- (i) A government servant may, without the previous sanction of the Government undertake honorary work of a social or charitable nature.
- (ii) A government servant may, without the previous sanction of the Government undertake occasional work of a literary, artistic or scientific character.

In the case of the above sentences, which of the following options is correct:

- a. Both sentences (i) and (ii) are correct**
- b. Both sentences (i) and (ii) are wrong
- c. Sentence (i) is correct and sentence (ii) is wrong
- d. Sentence (i) is wrong and sentence (ii) is correct

3. Which of the following actions is/are violations of Central Civil Services (Conduct) Rules, 1964?

- (i) A government servant may, without the previous sanction of the Government participates in sports activities as an amateur.
- (ii) A government servant, after cancellation of his allotment of government accommodation, fails to vacate the same within the time-limit prescribed by the allotting authority.

In the case of the above sentences, which of the following options is correct:

- a. Both actions (i) and (ii) are violations of CCS (Conduct) Rules
- b. Both actions (i) and (ii) are not violations of CCS (Conduct) Rules
- c. Action (i) is a violation of CCS (Conduct) Rules and action (ii) is not a violation
- d. Action (i) is not a violation of CCS (Conduct) Rules and action (ii) is a violation**

4. Which of the following actions is/are violations of Central Civil Services (Conduct) Rules, 1964?

- (i) A government servant lends a small amount to his colleague at an interest of two per cent per annum.
- (ii) A government servant invests occasionally in stocks through stock brokers who have obtained a certificate of registration under the relevant law.

In the case of the above sentences, which of the following options is correct:

- a. Both actions (i) and (ii) are violations of CCS (Conduct) Rules
- b. Both actions (i) and (ii) are not violations of CCS (Conduct) Rules

- c. **Action (i) is a violation of CCS (Conduct) Rules and action (ii) is not a violation**
- d. Action (i) is not a violation of CCS (Conduct) Rules and action (ii) is a violation
5. Which of the following actions is/are violations of Central Civil Services (Conduct) Rules, 1964?
- (i) A government servant gets insolvent due to circumstances that he could not have foreseen.
- (ii) A government servant seeks previous sanction of the Government to take recourse to Court for vindication of an official act which has been the subject-matter of adverse criticism & on not getting such sanction for 3 months, proceeds with the legal recourse without the sanction of the government.
- In the case of the above sentences, which of the following options is correct:
- a. Both actions (i) and (ii) are violations of CCS (Conduct) Rules
- b. Both actions (i) and (ii) are not violations of CCS (Conduct) Rules**
- c. Action (i) is a violation of CCS (Conduct) Rules and action (ii) is not a violation
- d. Action (i) is not a violation of CCS (Conduct) Rules and action (ii) is a violation
6. Which of the following actions is/are violations of Central Civil Services (Conduct) Rules, 1964?
- (i) A government servant, on not getting his transfer even after repeated formal requests, requests a Minister to recommend his case.
- (ii) A government servant marries a foreign national without prior sanction of the government & intimates the government after his marriage.
- In the case of the above sentences, which of the following options is correct:
- a. Both actions (i) and (ii) are violations of CCS (Conduct) Rules
- b. Both actions (i) and (ii) are not violations of CCS (Conduct) Rules
- c. Action (i) is a violation of CCS (Conduct) Rules and action (ii) is not a violation**
- d. Action (i) is not a violation of CCS (Conduct) Rules and action (ii) is a violation
7. Which of the following is a major penalty as per Central Civil Services (Classification, Control & Appeal) Rules, 1965
- a. Withholding of promotion
- b. Withholding of increments of pay
- c. Reduction to a lower stage in the time-scale of pay by three stages for a period not exceeding one year, without cumulative effect and not adversely affecting pension**
- d. None of the above
8. How are files categorized as 'Secret' or 'Top Secret' to be handled by the official holding such file when such records are demanded by an audit officer as per General Financial Rules, 2017?
- a. Send the file personally to the Head of the Audit Office specifying this fact, who will then deal with it in accordance with the standing instructions for such documents**
- b. Furnish the file to the audit officer and immediately inform his next higher authority about the matter

- c. Furnish the file to the audit officer after masking all the information that have led to the file being categorised as ‘Secret’ or ‘Top Secret’
 - d. Deny furnishing such files & give a detailed reply stating that the file has been categorized as ‘Secret’ or ‘Top Secret’
9. Who prepares the outcome budget as per General Financial Rules, 2017?
- a. Ministry of Statistics & Programme Implementation in consultation with Department of Expenditure
 - b. Department of Expenditure in consultation with NITI Aayog**
 - c. Ministry of Parliamentary Affairs in consultation with the Prime Minister’s Office
 - d. Prime Minister’s Office in consultation with the Ministry of Health & Family Welfare
10. Which of the following sentences is/are correct with regard to incurring of expenditure against a grant or appropriation as per General Financial Rules, 2017?
- (i) Expenditure can be incurred exceeding the total grant or appropriation after obtaining an advance from the Contingency Fund.
 - (ii) An excess in any one portion or section of a grant (voted or charged, revenue or capital) shall not be treated as an excess if it does not exceed the overall total amount of the Grant/Appropriation.
- In the case of the above sentences, which of the following options is correct:
- a. Both sentences (i) and (ii) are correct
 - b. Both sentences (i) and (ii) are wrong
 - c. Sentence (i) is correct and sentence (ii) is wrong**
 - d. Sentence (i) is wrong and sentence (ii) is correct
11. Who is responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts Officer’s books as per General Financial Rules, 2017?
- a. The Head of the Department & the internal audit wing of the department jointly
 - b. The Accounts Officer**
 - c. The internal audit wing of the department
 - d. The Head of the Department & the Accounts Officer jointly
12. Which of the following assertions is/are correct as per General Financial Rules, 2017?
- (i) Unless specially authorized by any rule or order made by competent authority, no sums shall be credited as revenue by debit to a suspense head. The credit must follow and not precede actual realization.
 - (ii) No expenditure shall be incurred during a financial year on a “New Service” not contemplated in the Annual Budget for the year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund during that year.
- In the case of the above sentences, which of the following options is correct:
- a. Both assertions (i) and (ii) are correct**
 - b. Both assertions (i) and (ii) are wrong
 - c. Assertion (i) is correct and assertion (ii) is wrong
 - d. Assertion (i) is wrong and assertion (ii) is correct

13. Which of the following options is the correct sequence of government accounts classification as per General Financial Rules, 2017?
- Major Heads → Sub Heads → Detailed Heads → Minor Heads → Object Heads
 - Major Heads → Minor Heads → Object Heads → Sub Heads → Detailed Heads
 - Major Heads → Minor Heads → Sub Heads → Detailed Heads → Object Heads**
 - Major Heads → Sub Heads → Object Heads → Minor Heads → Detailed Heads

14. Which of the following sentences is/are correct as per General Financial Rules, 2017?
- As a general rule, classification of transactions in Government Accounts, shall have closer reference to the department in which the revenue or expenditure occurs, rather than the functions, programmes and activities of the Government and the object of revenue or expenditure.
 - The List of Major and Minor Heads of Accounts of Union and States is maintained by the Ministry of Finance which is authorised to open a new head of account on the advice of the Comptroller and Auditor General of India.

In the case of the above sentences, which of the following options is correct:

- Both sentences (i) and (ii) are correct
- Both sentences (i) and (ii) are wrong
- Sentence (i) is correct and sentence (ii) is wrong
- Sentence (i) is wrong and sentence (ii) is correct**

15. Which of the following sentences is/are correct as per General Financial Rules, 2017?
- Personal Deposit Account is a device intended to facilitate the Designated Officer thereof to credit receipts into and effect withdrawals directly from the account, subject to an overall check being exercised by the bank in which the account is authorised to be opened.
 - In the OPEX model to procure goods by a government department, Capital expenditures is used by the department to straightway purchase goods followed by procurement of consumables, arranging comprehensive maintenance contact after warranty period and finally disposing the product after its useful life.

In the case of the above sentences, which of the following options is correct:

- Both sentences (i) and (ii) are correct
- Both sentences (i) and (ii) are wrong
- Sentence (i) is correct and sentence (ii) is wrong**
- Sentence (i) is wrong and sentence (ii) is correct

16. Which of the following sentences about guarantees is/are correct as per General Financial Rules, 2017?
- The power of the Union Government to give guarantees emanates from and is subject to such limits as may be fixed in terms of Article 292 of the Constitution of India, the Fiscal Responsibility and Budget Management Act and Rules framed there under as amended from time to time.
 - The rates of fee on guarantees would be as notified by the Budget Division, Department of Economic Affairs, Ministry of Finance from time to time.

In the case of the above sentences, which of the following options is correct:

- Both sentences (i) and (ii) are correct
- Both sentences (i) and (ii) are wrong

c. **Sentence (i) is correct and sentence (ii) is wrong**

d. Sentence (i) is wrong and sentence (ii) is correct

17. Which of the following is the correct procedure for determining the form of accounts (including appropriation accounts) for the Defence Departments as per the Government Accounting Rules, 1990?

a. The President within such range and covering such aspects as may be prescribed by the Central Government, on the advice of the Comptroller and Auditor General of India.

b. The Ministry of Finance within such range and covering such aspects as may be prescribed by the Central Government, on the advice of the Comptroller and Auditor General of India.

c. The Controller General of Accounts within such range and covering such aspects as may be prescribed by the Central Government, on the advice of the Comptroller and Auditor General of India.

d. **The Departmental Accounting authority within such range and covering such aspects as may be prescribed by the Central Government, on the advice of the Comptroller and Auditor General of India.**

18. Which of the following sentences is/are correct as per Government Accounting Rules, 1990?

(i) The transactions of Defence Department arising at offices and branches of the Reserve Bank and State Bank of India, acting as agent of the Reserve Bank shall be distinguished from other Central transactions in the initial accounts and classified separately for each Controller of Defence Accounts.

(ii) Consolidation of accounts of Defence Department as a whole is arranged by the Controller General of Defence Accounts from the accounts submitted by various Controllers of Defence Accounts functioning under him.

In the case of the above sentences, which of the following options is correct:

a. **Both sentences (i) and (ii) are correct**

b. Both sentences (i) and (ii) are wrong

c. Sentence (i) is correct and sentence (ii) is wrong

d. Sentence (i) is wrong and sentence (ii) is correct

19. Which of the following sentences is/are correct as per Government Accounting Rules, 1990?

(i) Appropriation Accounts pertaining to Department of Defence shall be prepared and signed by the Controller General of Defence Accounts.

(ii) Annual accounts of the Government of India as a whole (including transactions of Departments of Posts, Telecommunications, Defence, Railways, Union Territory Administration and transactions under Public Account of India, Accounts of Union Territory Governments with Legislatures showing under the respective heads the annual receipts and disbursement for the purpose of the Union, shall be prepared by the Controller General of Accounts.

In the case of the above sentences, which of the following options is correct:

a. Both sentences (i) and (ii) are correct

b. Both sentences (i) and (ii) are wrong

c. Sentence (i) is correct and sentence (ii) is wrong

d. **Sentence (i) is wrong and sentence (ii) is correct**

20. Government accounts shall be kept in how many parts as per the Government Accounting Rules, 1990?
- Two
 - Three**
 - Five
 - Six

21. Match the Account/Fund/Head with their constitution/type of transactions as per Government Accounting Rules, 1990:

I. Public Account	i. Transactions relating to 'Remittances' and 'Suspense'
II. Contingency Fund	ii. Set up under Article 267 of the Constitution/ Section 48 of the Union Territories Act, 1963
III. Expenditure heads	iii. Expenditure met usually from borrowed funds with the object of (Capital Account) increasing concrete assets of a material and permanent character
IV. Consolidated Fund	iv. Public Debt, Loans and Advances, which comprise of loans raised and their repayments by Government such as Internal Debt and Loans and Advances made by Governments and their recoveries

The correct answer is

- I - i, II - ii, III - iii, IV - iv**
- I - iv, II - iii, III - ii, IV - i
- I - ii, II - iii, III - iv, IV - i
- I - iv, II - i, III - ii, IV - iii

22. Match the different levels in the form of government accounts with their components as per the Government Accounting Rules, 1990:

I. Sector	i. Expenditure heads (Capital Account)
II. Division	ii. Economic Services
III. Part	iii. Capital, Public Debt, Loans
IV. Section	iv. Consolidated Fund

The correct answer is

- I - i, II - ii, III - iii, IV - iv
- I - iv, II - iii, III - ii, IV - i
- I - ii, II - iii, III - iv, IV - i**
- I - iv, II - i, III - ii, IV - iii

23. A four-digit Code has been allotted to the Major Head, the first digit indicating the nature of transactions. Match the first digit of the Major Head with the nature of transactions they indicate as per the Government Accounting Rules, 1990:

I. 0 or 1	i. Capital Receipt/Expenditure
II. 2 or 3	ii. Revenue Receipt
III. 4 or 5	iii. Contingency Fund & Public Account
IV. 6 or 7	iv. Revenue Expenditure
V. 8	v. Loans and Advances

The correct answer is

- I - iii, II - i, III - v, IV - ii, V - iv
- I - iv, II - v, III - ii, IV - iii, V - i
- I - v, II - iii, III - iv, IV - i, V - ii
- I - ii, II - iv, III - i, IV - v, V - iii**

24. Which of the following sentences is/are correct as per Government Accounting Rules, 1990?

- (i) Expenditure which under the provisions of the Constitution is subject to the vote of the Legislature are not to be shown separately in the accounts from expenditure which is "Charged" (on the Consolidated Fund of India or of a State or Union Territory Government), and only a consolidated figure is to be shown in the accounts.
- (ii) The word "Form" used in Article 150 has a meaning to prescribe only the broad form in which the accounts are to be kept but will not include the basis for selecting appropriate heads under which the transactions are to be classified, which is to be decided by the Government concerned.

In the case of the above sentences, which of the following options is correct:

- a. Both sentences (i) and (ii) are correct
- b. Both sentences (i) and (ii) are wrong**
- c. Sentence (i) is correct and sentence (ii) is wrong
- d. Sentence (i) is wrong and sentence (ii) is correct

25. Which of the following sentences is/are correct as per Government Accounting Rules, 1990?

- (i) Major Heads "0049—Interest Receipts" and "2059—Public Works" are exceptions to the general rule that the classification of transactions in Government accounts shall have closer reference to the function, programme and activity of the Government and the object of the revenue or expenditure, rather than the department in which the revenue or expenditure occurs.
- (ii) Capital receipts in so far as they relate to expenditure previously debited to Capital heads, accruing during the process of construction of a project, should be credited to the revenue account of the department or undertaking.

In the case of the above sentences, which of the following options is correct:

- a. Both sentences (i) and (ii) are correct
- b. Both sentences (i) and (ii) are wrong
- c. Sentence (i) is correct and sentence (ii) is wrong**
- d. Sentence (i) is wrong and sentence (ii) is correct

PC-6 (Financial Rules, Service Rules and Basic Principles of Postal and Telecom Accounts)

Q1: Who among the following has full financial powers to incur expenditure on any indent for stores of a proprietary nature in Department of Posts?

- (a) Minister of Communications
- (b) Secretary, Department of Posts
- (c) Member, Postal Service Board**
- (d) Head of Circle

Q2: Who among the following has financial powers to write off loss of revenue or irrecoverable loans and advances upto Rs. 50,000/- in Department of Posts?

- (a) Minister of Communications
- (b) Secretary, Department of Posts
- (c) Member, Postal Service Board**
- (d) Head of Circle

Q3: The lapsed deposits, the detailed accounts of which are kept by the departmental officer are to be repaid to

- (a) The departmental officer**
- (b) The Claimant
- (c) The Refundee
- (d) Either of these

Q4: Which of the following Personal Deposit Accounts cannot be opened without special order or permission of the Ministry/ Department concerned?

- (a) In favour of an administrator appointed for the purpose of administering moneys tendered by or on behalf of ward and attached estates and estates under Government management.
- (b) Where a personal deposit account is required to be created by a law or rules having the force of law**
- (c) In relation to Civil and Criminal Courts' deposits, in favour of the Chief Judicial authority concerned
- (d) Officers commanding units and others concerned in the administration of public funds or regimental funds in the Defence Departments

Q5: Which of the following transactions of Government involving fractions of a rupee shall be brought to account by rounding off to the nearest rupee?

- (a) All entitlements due to an individual employee by way of HRA/DA/TA etc
- (b) Interest on loans and advances to an employee
- (c) All transactions of PAOs/Banks through Cheques and Challans
- (d) Payments on account of Pension/Relief on Pension/DCRG/Commuted value of Pension**

Q6: The Contingency Fund of India shall be held on behalf of the President of India by

- (a) The Prime Minister
- (b) The Minister of Finance
- (c) Speaker, Lok Sabha
- (d) Secretary, Department of Expenditure, Ministry of Finance**

Q7: Detailed Demand for Grants for any Ministry comprise of how many parts?

- (a) 2
- (b) 3**
- (c) 4
- (d) None of the above

Q8: What is the maximum limit of advance that can be sanctioned by a Ministry or Department to a Government Pleader in connection with law suits, to which Government is a party?

- (a) ₹5,000
- (b) ₹15,000
- (c) ₹25,000**
- (d) ₹35,000

Q9: Savings Bank Control Organisation has been set in each

- (a) Circle office
- (b) Postal Accounts Office
- (c) Head Post Office**
- (d) All of the above

Q10: What percentage of deposit transactions under PPF Accounts are to be checked by SBCO

- (a) 2%
- (b) 4%**
- (c) 6%
- (d) 8%

Q11: All Ministries/Departments are to clear their dues on account of air ticket to the concerned travel agent within a maximum of _____ days from completion of journey.

- (a) 10
- (b) 20
- (c) 30**
- (d) Not specified

Q12: What is the time limit, succeeding the date of completion of journey, for submission of TA claims on retirement of a Government servant?

- (a) One year
- (b) Six months**
- (c) Three months
- (d) Two months

Q13: Which of the following is not true in respect of TA claim of a Government servant transferred to North East Region in cases where does not accompany him

- (a) The employee is entitled to carry personal effects upto 1/3rd of his entitlement.
- (b) Production of receipts/ vouchers is not mandatory to claim transportation of 1/3rd of his entitlement of personal effects
- (c) The employee can claim full entitlement of personal effects subject to production of receipts/ vouchers**
- (d) All the above statements are true

Q14: Authority to sanction which of the following kinds of leave can not be delegated to a subordinate authority

- (a) Special Disability Leave**
- (b) Paternity Leave
- (c) Child Adoption Leave
- (d) Seamen's Sick Leave

Q15: Central Government servants are permitted to encash 10 days earned leave at the time of availing Leave Travel Concession, a balance of earned leave that should be at the credit after taking into account the period of encashment as well leave should be at least

- (a) 20 days
- (b) 30 days**
- (c) 45 days
- (d) 60 days

Q16: An apprentice shall be entitled to

- (a) Casual Leave
- (b) Earned Leave
- (c) Commuted Leave
- (d) Extraordinary Leave**

Q17: As per FR 7, no powers may be exercised or delegated under FRSR except after consultation with the

- (a) Ministry of Finance**
- (b) Department of Personnel & Training
- (c) Ministry of Home Affairs
- (d) Any of the above

Q18: Fee means a recurring or non-recurring payment to a Government servant from a source other than the Consolidated Fund of India/ State/ Union Territory. It does not include

- (a) Unearned income such as income from property, dividends, and interests on securities
- (b) Income from literary, cultural, artistic, scientific or technological efforts
- (c) Income from participation in sports activities as amateur
- (d) All of the above**

Q19: Compensatory Allowance does not include

- (a) **Travelling Allowance**
- (b) Sumptuary Allowance
- (c) Grant of free passage by sea to any place outside India
- (d) Grant of free passage by sea from any place outside India

Q20: For the purpose of exercising the powers as appointing, disciplinary, appellate or reviewing authority under CCS (CCA) Rules, "*head of the office*" means an authority declared as such

- (a) Under FRSR
- (b) **Under GFR**
- (c) Under Civil Service Regulations
- (d) None of the above

Q21: As per CCS (CCA) Rules, who is the Appointing Authority for recruitment to the Group 'B' service of Postal Superintendent?

- (a) **Director General (Postal Services)**
- (b) Secretary (Posts)
- (c) Member (Personnel), Department of Posts
- (d) Head of Postal Circle

Q22: Who among the following is competent to place a Government servant under suspension

- (a) The Appointing Authority
- (b) The Authority to which Appointing Authority is subordinate
- (c) The Disciplinary Authority
- (d) **All of the above**

Q23: Which rule under CCS (Conduct) Rules prescribes prohibition of sexual harassment of working women?

- (a) **3C**
- (b) 5
- (c) 6
- (d) 9

Q24: Which rule under CCS (Conduct) Rules prescribes the directions regarding employment of near relatives in companies or firms?

- (a) 3B
- (b) **4**
- (c) 7
- (d) 8

Q25: A Government servant approaches a political leader to represent against his orders of transfer issued by the Competent Authority. The act is in violation of which conduct rule?

- (a) Rule 16
- (b) Rule 17
- (c) Rule 19
- (d) **Rule 20**

PC-7 (Railways Service Rules, Financial Rules and Principles of Railways Accounts)

- 1) The accounts reflect following information (amount in Rupees):- (i) Revenue Expenditure: 2500(ii) Capital Expenditure: 1000 (iii) Loans and advances -500 (iv) General Provident Fund-200 (v) Reserve Fund: - 100. Based on this information the amount booked in Consolidated Fund is:-
- (a) **4000**
 - (b) 3500
 - (c) 3700
 - (d) 4300
- 2) The Duties of the Commissioner of Rail safety is elucidated below identify the correct option
- i) inspect any railway with a view to determine whether it is fit to be opened for the public carriage of passengers and report thereon to the Central Government as required by or under this Act;
 - ii) make an inquiry under this Act into the cause of any accident on a railway
- (a) Item (i) is correct and Item (ii) is wrong
 - (b) Both items (i) and (ii) are correct.**
 - (c) Both items (i) and (ii) are incorrect
 - (d) Item (i) is incorrect and item (ii) is correct
- 3) Railway administration went ahead with the altering the position of pipe for supply of water and electric supply line without the giving prior notice to the local authority. Local authority objected to the action taken by the Railway administration. Whether the action of local authority is in order or not?
- (a) In order**
 - (b) Not in order
- 4) Railway administration shall be responsible for the loss, destruction, damage or deterioration in transit, or non-delivery of any consignment, arising from any cause except the following:
- (i) act of war
 - (ii) act of public enemies
 - (iii) act of railway accident
- From above the which is/are the correct options.
- (a) Option (i) only
 - (b) Option (i) and (ii) only**
 - (c) Option (ii) and (iii) only
 - (d) Option (i), (ii) and (iii)
- 5) Cadre strength of Group B officers in a Zonal Railway is 1500 and the persons in position is 800. Work out the panel size for the promotion to Group B posts through the limited Departmental Examination.
- (a) 175

(b) 200

(c) 210

(d) 220

6) Among the following statement which is the correct option?

(i) Casual leave cannot be combined with any other kind of leave admissible.

(ii) Casual leave can be followed by quarantine leave.

(a) Option (i) is correct and Option (ii) is incorrect

(b) Option (i) is incorrect and Option (ii) is correct

(c) Both option (i) and (ii) are incorrect

(d) Both option (i) and (ii) are correct.

7) Among the following leave rules what are the correct option/s?

(i) The leave at the credit of a railway servant at the close of the previous half year shall be carried forward to the next half year subject to the leave so carried forward plus the credit for the half year do not exceed the maximum limit of 325 days.

(ii) There is no limit to the number of days of commuted leave to be availed of during the entire service;

(iii) Leave not due during the entire service shall be limited to a maximum of 300 days, on medical certificate

(a) Option (i) only

(b) Option (ii) only

(c) Option (iii) only

(d) Option (ii) and (iii) only

8) A staff Nurse in the Railway hospital is drawing Basic Pay of Rs. 49,000 and Dearness Allowance @42%. Also, avails nursing allowance, uniform allowance and washing allowance. Her monthly Gross pay is:

(a) Rs. 69,580

(b) Rs. 69,880

(c) Rs. 70,130

(d) Rs. 70,280

9) Project allowance ceilings are detailed below. How many option/s are correctly matched?

Sl. No.	Pay Range	Rates (P.M.)
(i)	Below Rs. 950/-	Rs. 75/-
(ii)	Basic pay of Rs. 750 & above but below Rs. 1,500	Rs. 150/
(iii)	Basic pay of Rs. 1500 & above but below Rs. 2,000	Rs. 200/-

(iv)	Basic pay of Rs. 2000 & above but below Rs. 3,000	Rs. 300/-
------	---	-----------

- (a) one only
 (b) two only
(c) three only
 (d) All the four

10) A Railway Employee has total gross emoluments of Rs. 52,000, he gets Travelling Allowance of Rs, 1500, Conveyance allowance of Rs. 550 and House Rent Allowance of Rs. 1000. The maximum amount attachable by Civil Courts rounded off to rupee is :

- (a) Rs. 11838
 (b) Rs. 16933
 (c) Rs. 16433
(d) Rs. 15917

11) From the following options how many options are correctly matched?

Sl.No.	Age of Pensioner/Family Pensioner	Sl.No.	Additional Quantum of pension
a	From 80 years to less than 85 years	i	20% of revised basic pension/family pension
b	From 85 years to less than 90 years	ii	25% of revised basic pension/family pension
c	From 90 years to less than 95 years	iii	30% of revised basic pension/family pension
d	From 95 years to less than 100 years	iv	40% of revised basic pension/family pension

- (a) Only one option**
 (b) Only two options
 (c) Only three options
 (d) All the options

12) Operating ratio of a zonal railway given that Gross earnings is Rs.16,50,000 and Gross working expenses is Rs. 15,00,000 is:

- (a) 80.11%
 (b) 85.21%
(c) 90.90%
 (d) 110%

13) Match the following:

Sl. No.	Major Bridges	Sl. No.	Average Life in Years
(a)	Bridges work- Steel work	(i)	40
(b)	Bridge Masonry	(ii)	100
(c)	Structure- masonry and cement concrete	(iii)	60
(d)	Pre-stressed concrete Bridge work	(iv)	65

(a) a-i, b-ii, c-iii, d-iv

(b) a-ii, b-i, c-iv, d-iii

(c) a-iii, b-i, c-iv, d-ii

(d) a-iii, b-ii, c-iv, d-i

14) The Major Heads under which transactions of Railways pertaining to various Funds is budgeted is detailed below. Identify the correct option/s.

(i) Depreciation Reserve Fund(DRF)→3002& 3003

(ii) Development Fund (Railways)→3006

(iii) Rashtriya Rail Sanraksha Kosh→ 3001

(a) Option (i) only

(b) Option (ii) only

(c) Options (i) and (ii) only

(d) Options (i), (ii) and (iii)

15) The General Manager may sanction expenditure on new works out of turn in respect of:

(i) users'amenities including goods shed and booking offices not exceeding Rupees one lakh in each case

(ii) expenditure upto Rupees seventy five thousand in each case, in respect of existing railway schools, institutes, hospitals and dispensaries.

(a) Option (i) is correct and Option (ii) is incorrect

(b) Option (i) is incorrect and Option (ii) is correct

(c) Both options (i) and (ii) are correct

(d) Both options (i) and (iii) are incorrect

16) Match the following:-

Sl.No.	Description	Sl.No.	Sector
a	Small Savings and Provident Fund	i	L
b	Reserve Fund	ii	K
c	Deposits and Advances	iii	J
d	Suspense and Miscellaneous	iv	I

(a) a-i, b-ii, c-iii, d-iv

(b) a-iv, b-iii, c-ii, d-i

(c) a-ii, b-iii, c-i, d-iv

(d) a-iv, b-ii, c-iii, d-i

17) Important points to be checked under the following Accounts are detailed below. Identify the correct option.

(i) Workshop Manufacture Suspense:-that there are no debit items in the details of balances and if there are any such items, they are noted for immediate adjustment

(ii) Miscellaneous Advances:-there are no debit items

(a) Option (i) is correct, and Option (ii) is incorrect

(b) Option (i) is incorrect, and Option (ii) is correct

(c) Both Option (i) and Option (ii) are correct

(d) Both Option (i) and Option (ii) are incorrect

18) Identify the number of correctly matched Option/s:-

Option	Check	Category
(i)	Expenditure is incurred by an officer competent to incur it	Scrutiny of Expenditure
(ii)	Fund and Income-tax deductions, where applicable have been correctly made	Check of Bills
(iii)	That vouchers are stamped, where necessary	Check of Bills
(iv)	The expenditure does not involve a breach of the canons of financial propriety	Scrutiny of Expenditure

(a) One option is correct

(b) Two options are correct

(c) Three options are correct

(d) All the options are correct

19) Match the following:

Sl. No.	Items	Sl.No.	Form
a	Savings Register	i	A 850
b	Objection Statements	ii	A 851
c	Objection Book	iii	A 854
d	Objections relating to Expenditure	iv	A 855

a) a-i, b-ii, c-iii, d-iv

b) a-i, b-iii, c-ii, d-iv

c) a-iv b-ii, c-iii, d-i

d) a-iv, b-iii, c-i, d-ii

20) From the following statements select the correct option.

- (i) All Purchase Orders valuing more than Rs.10,000 each are vetted by the Finance Branch
- (ii) In respect of Purchase Orders valuing not more than Rs. 10,000/- a 20% test check should be exercised in the Accounts Office.

- (a) **Option (i) is correct, and Option (ii) is incorrect**
- (b) Option (i) is incorrect, and Option (ii) is correct
- (c) Both Option (i) and Option (ii) are correct
- (d) Both Option (i) and Option (ii) are incorrect

21) The outward 'Paid' Parcels Way Bills should be checked as under:-

Options	Money value	Days of check
i	Up to Rs. 500/- inclusive	One randomly selected date each month.
ii	Above Rs. 500/- up to Rs. 1000/-	Four randomly selected dates each month
iii	Above Rs. 1000/-	Fifteen randomly selected dates each month

Correctly matched option is:

- (a) Option i and ii
- (b) Option ii and iii
- (c) **Option i and iii**
- (d) Options i, ii and iii

22) Match the following:

Sl.No.	Amount	Sl.No.	Percentage of check to be Exercised in case of Overcharge Sheets
a	Upto Rs. 150	i	No check
b	Above Rs. 450 and upto Rs. 900	ii	10 per cent
c	Above Rs. 150 and upto Rs. 450	iii	20 per cent
d	Above Rs. 900 and upto Rs. 2000	iv	50 per cent

- (a) **a-i, b-iii, c-ii, d-iv**
- (b) a-i, b-ii, c-iii, d-iv
- (c) a-iv, b-iii, c-ii, d-i
- (d) a-iii, b-i, c-ii, d-iv

23) From the following how many option/s are correctly matched

Traffic	Documents with which to be compared
Goods Outward	Accounts foils of Invoices received from the forwarding stations
Goods Inwards	Invoice foils received from the destination stations after ensuring

		that all the invoices appearing in the Machine Abstracts have been received
Parcels 'Paid'	Inwards	Accounts foils of 'Paid' Parcels Way-Bills received from the forwarding stations.
Parcels 'Paid'	Outward	Guard's foils of Parcels Way-Bills received from the destination stations

(a) One option only

(b) **Two options only**

(c) Three options only

(d) All the four options

24) From the following indicate the option/s are correctly matched?

(i) Abstract X:- coaching revenue

(ii) Abstract Y:- Revenue from goods Traffic

(iii) Abstract Z:- Sundry other revenue

a) Options i and ii

b) Options ii and iii

c) Options i and iii

d) **Options (i), (ii) and (iii)**

25) Match the following:

Sl.No.	Abstract	Sl. No.	Particulars
a	Abstract 'A'	i	Repairs and Maintenance of Carriages and Wagons
b	Abstract 'B'	ii	Repairs and Maintenance of Motive Power
c	Abstract 'C'	iii	Repairs and Maintenance of Permanent Way and Works
d	Abstract 'D'	iv	General Superintendence and Services

(a) **a-iv, b-iii, c-ii, d-i**

(b) a-iv, b-ii, c-i, d-iii

(c) a-i, b-ii, c-iii, d-iv

(d) a-ii, b-I, c-iv, d-iii

PC-8 (Financial Rules, Basic Principles of Government and Public Works Accounts, Service Rules and Accounting Standards)

1. The State of Odisha makes some payments on behalf of the State of Tamil Nadu. How are such payments adjusted?

- (A) The payments are adjusted by the Pay & Accounts Officer, Ministry of Finance, Central Government.
- (B) The Accountant General of Tamil Nadu shall make the requisite adjustments by way of cheque/Demand Draft.
- (C) **The Accountant General of Odisha advises the Accountant General, Tamil Nadu to raise a demand on the Central Accounts Section of the Reserve Bank.**
- (D) The Accountant General of Odisha will arrange to make the requisite adjustments through the Central Accounts Section of the Reserve Bank against the balance of the State of Tamil Nadu.

2. In the case of transactions where the Government acts as a lender or borrower, or as a remitter or a borrower, the accuracy of the balances is guaranteed by maintaining

- (A) Cash Book and balances with the Central Accounts Section, RBI
- (B) **Journal, Ledger and Trial Balance Sheet**
- (C) Cash Flow Statement and Trial Balance
- (D) Balance Sheet and a System of seeking confirmation of balances from the borrowers or lenders

3. X Ltd is a wholly owned Government of India Undertaking. The Government has approved sanction of a loan of Rs.50 crore to X Ltd for capacity expansion. Who is liable to pay the stamp duty on the written undertaking to be obtained from X Ltd?

- (A) X Ltd.
- (B) Administrative Ministry of the Government of India
- (C) Finance Ministry of the Government of India
- (D) **None of the above**

4. In the case of Electronic Reverse Auction, the evaluation of the bids is done:

- (A) By the Purchase Committee
- (B) By the GEM Portal itself
- (C) **By the computer system automatically**
- (D) By the E-Procurement Committee

5. The Superintendent of Central Jail, Indore finds cash amounting to Rs.24,000 on some prisoners entering jail on 1 February 2022. He intends to utilize the said cash for payment to some other prisoners who are getting released on the next day. Is he authorized to do so?

- (A) **He is authorized to do so.**
- (B) He can do so, only if permitted by the Inspector General of Prisons
- (C) He is prohibited from doing so, no authority is competent to authorize this.
- (D) He can do so, but only for paying to the prisoners getting released due to their earlier arrest on mistake

6. The unpaid amount of salaries of Government Servants of a State Government for the month of March, 2022 is shown in which Statement of the Finance Accounts of the State Government for the year 2021-22?

- (A) Part I -- (viii) the balances outstanding in Government accounts at the end of the year grouped under the main broad headings.
- (B) Part II -- (xii) Detailed accounts of expenditure by minor heads.
- (C) Part II -- (xvii) Detailed statement of debt and other interest bearing obligations of

Government.

(D) None of the above.

7. Which of the following checks is to be exercised while checking Appropriation Accounts?

- (A) The nomenclature of the Head of Account should conform to the classification given in the list of Major and Minor Heads of Accounts.
- (B) Comments on defective budgeting should be highlighted if the provision is not made under the correct head of Accounts.**
- (C) Per contra adjustments wherever carried out should be linked at different places.
- (D) Opening balances should invariably agree with closing balances of the previous years' accounts and any difference should be suitably explained by means of a footnote.

8. Which of the following is a division of "Public Works Remittances"?

- (p) Remittances into Treasuries
 - (q) Public Works Cheques
 - (r) Other Remittances
 - (s) Schedule of Cash Settlement Suspense Account
- (A) (p) and (q) above.
 - (B) (q) and (r) above.
 - (C) (p), (q) and (r) above.**
 - (D) (p), (q), (r) and (s) above.

9. Which of the following is included in "Issue Rate" of Central Public Works Department?

- (e) Cost per Unit fixed by the Department
 - (f) Reasonable provision for wastage and depreciation
 - (g) Handling charges
 - (h) Incidental Storage charges
- (A) (e) above.
 - (B) (e), (f) and (g) above.
 - (C) (e), (f) and (h) above.
 - (D) (e), (g) and (h) above.**

10. While making postings in Contractors' Ledger, the Divisional Accountant noticed the following transactions in case of a new Contractor Mr. 'Workswala'.

- (k) Security Deposit of Rs.2.50 lakh was taken from him.
- (l) Materials valuing Rs.5 lakh were issued to him.
- (m) Running Account Bills received for Rs.8.50 lakh were passed and paid for Rs.8.25 lakh.
- (n) Supplies made by the Contractors and billed by him were Rs.3.50 lakh (not included in (m) above), which were yet to be passed and paid.

Which of the above are relevant for posting in the Ledger Folio of Mr. 'Workswala'?

- (A) (k) and (l) above.
- (B) (l) and (m) above.**
- (C) (k), (l) and (m) above.
- (D) All of (k), (l), (m) and (n) above.

11. Which of the following payments made by CPWD can be accounted as "Charged Expenditure"?

- (i) Payment of compensation under the Workmen's Compensation Act, 1923.
- (ii) All expenditure connected with the satisfaction of decrees of the Courts for payment of award on budgeted works.
- (iii) Payment of awards by Arbitrators under Arbitration and Conciliation Act, 1996.

(iv) Payment by Arbitrators under Industrial Disputes Act, 1947.

- (A) (ii) and (iii) above.
(B) **(ii) above.**
(C) (ii), (iii) and (iv) above.
(D) All of (i), (ii), (iii) and (iv) above.

12. Departmental Charges can be levied for which of the following works?

- (A) A Government of India organizations who entrusts their works regularly to the CPWD, if the project has not taken off even after preparation of plans and estimates.
(B) Government Departmental Works
(C) CPWD's own Building Construction Works
(D) **Works of Local Bodies functioning under the control of Government Departments**

13. An Officer was drawing the maximum of Pay Scale of Rs.1,12,400 in the Pay Matrix at the Level 6 from 1st January, 2023. A Court attachment order (not for maintenance) for the first time in his service for the recovery of Rs.9,00,000 from his salary was received in February, 2023. Calculate the total amount that can be recovered, assuming DA at and HRA at 42% and 27% respectively.

- (A) Full amount of Rs.9,00,000
(B) Part amount of Rs.8,99,200
(C) Part amount of Rs.8,42,000
(D) **None of the above**

14. An in Officer in level 10 of Pay Matrix travels in Business Class in one way spending Rs.25,000 (applicable Economy class fare is Rs.8,000) through authorized travel agency and by IIAC Train in return journey spending Rs.3,000. The following is his tour programme.

- On 1st January, 2022 departure from Headquarters station by flight at 7 pm; arrival at destination by 9 pm
- Stay in hotel from 1st January night to 3rd January morning
- Departure on 3rd January by flight at 9 am; arrival at Headquarters station by 11 am

He spends Rs.3,000 per day on hotel rent for 2 nights and claims food bills at Rs.900 per day for 3 days.

He was paid tour advance of Rs.17,000. Calculate the balance amount payable to or recoverable from him. Ignore taxes.

- (A) Recoverable Rs.200
(B) Payable to him Rs.700
(C) Payable to him Rs.2,200
(D) **Payable to him Rs.300**

15. Mr. 'M' has no leave to his credit. He was granted Leave Not Due from 2nd January, 2023 for a period of 6 months upto 1st July, 2023. On 1st February, 2023, he gave notice of 3 months for taking voluntary retirement with effect from 2nd May Forenoon. His retirement will take effect from

- (A) 2nd May Forenoon
(B) 1st January, 2023
(C) **2nd January, 2023**
(D) 1st February, 2023

16. Which of the following activities of a Central Government servant does not require permission/sanction from the prescribed authority?

- (A) To join Home Guards Organization for rendering service to public in spare time.

- (B) To enroll as member of St. John Ambulance Brigade.
- (C) To become an elected part time secretary of a purely charitable society engaged in rendering free medical aid to poor children.
- (D) To participate in Flag Day Collections on a voluntary basis.**

17. Which of the following are recoverable from the GPF final payment to a subscriber, who is removed from service for misappropriation and causing pecuniary loss to the Government?

- (t) The amount of pecuniary loss caused to the Government
- (u) The amount misappropriated by the subscriber
- (v) The amount of advance due from the subscriber
- (w) The amount of withdrawal made earlier by the subscriber
- (A) The amount of (t) and (u) only
- (B) The amount of (v) only**
- (C) The amount of (t), (u) and (v) only
- (D) The whole of the amount of (t), (u), (v) and (w) only

18. After a Company's Board of Directors has approved its annual accounts, the Statutory Auditor objected to its accounting policy regarding disclosure of the amount of Sundry Debtors and pointed out that it is inappropriate. The Company accepted the Auditor's contention and decided to consider the following options, to rectify the situation. Identify which of them would be most appropriate.

- (A) To make an elaborate disclosure of the accounting policy adopted
- (B) To include a detailed Note in the Notes on Accounts explaining the breakup of Sundry Debtors
- (C) To include detailed Explanatory Notes explaining the valuation of Sundry Debtors
- (D) None of the above**

19. An Engineering Company's financial statements disclose the following items of income and expense. Which of them is recognized in profit or loss as per Ind AS?

- (A) Premium received on issue of equity shares Rs.50 crore
- (B) Loss arising from derecognition of financial assets measured at amortised cost Rs.10 crore**
- (C) Changes in revaluation surplus relating to property, plant and equipment Rs.25 crore
- (D) Effective loss on hedging instruments in a cash flow hedge Rs.30 crore

20. X Ltd. Is engaged in the manufacture of a single product called 'Alpha' with a normal capacity of 5000 units per year and fixed production overheads at Rs.2,20,000. During 2022, X Ltd. Produced 4400 units of Alpha, with the following cost structure.

	Rs.
Raw Materials	200
Wages of Factory Workers	40
Other Direct Factory Expenses	20
Direct variable production overheads	30

At the end of the year, 100 units are lying in stock. Compute the value of closing stock as per Ind AS.

- (A) Rs.33,000
- (B) Rs.34,000
- (C) Rs.33,400**
- (D) Rs.29,000

21. If in the above case, X Ltd. Produced 5,500 units and 100 units are lying in stock, what would be the value of closing stock as per IndAS?

- (A) **Rs.33,000**
- (B) Rs.34,000
- (C) Rs.33,400
- (D) Rs.29,000

22. For the purposes of cash flow statement as on 31 March 2022, which of the following items is a part of the amount of cash equivalents, as per Ind AS?

- (k) Cash deposited (Rs.50,000) deposited in short term time deposit with bank
- (l) Investment in Preference shares redeemable on 30-June-2022
- (m) Investment in Preference shares redeemable on 31-May-2022
- (n) Equity shares held

- (A) (k) and (l) above
- (B) All items (k), (l), (m) and (n) above
- (C) Only (k) above
- (D) **(k), (l) and (m) above**

23. Which of the following is a change in accounting policy, as per Ind AS?

- (A) **A change in the basis of measurement of the value of plant and machinery**
- (B) A change in the estimate of inventory obsolescence
- (C) The application of an accounting policy for a business newly acquired by taking over a start-up company
- (D) The application of a new accounting policy for recognition of income from sale of newspapers

24. Which of the following events occurring after the reporting period requires adjustment of the amounts recognized in financial statements, as per Ind AS?

- (A) A company declares a final dividend of 50% on equity shares, after the reporting period. The amount is yet to be paid.
- (B) The management of a company agrees to increase the retirement benefits and this may involve a future annual additional expenditure of Rs.30 crore.
- (C) A major fire has occurred destroying some of the stocks of a trading company, 15 days after the end of the reporting period. The loss is estimated at Rs.30 crores, out of which Rs.15 crores are expected to be realized from insurance.
- (D) **An engineering company supplied some machinery costing Rs.30 crore to a customer. The customer claimed damages for poor quality of performance of the machinery and filed a case. The case was decided in favour of the customer and the customer was awarded damages to the tune of Rs.20 crore.**

25. The Government enters into a MoU with a Government Undertaking to provide financial support in the form of compensation for losses incurred by it in previous periods. If the Undertaking receives Rs.40 crore during 2022-23 as financial support, how should it be accounted for?

- (A) **The amount should be recognized as income in the profit and loss account of 2022-23, with proper disclosure.**
- (B) The amount should be recognized as a capital receipt in the Balance Sheet as on 31st March, 2023, as its receipt is uncertain and non-recurring, with proper disclosure.
- (C) The amount should be recognized as deferred income and recognized gradually in the profit and loss accounts starting from the financial year 2022-23 onwards, with proper disclosure.
- (D) The amount should be recognized as a deduction from the carrying amount of its accumulated losses shown in the Balance Sheet as on 31st March, 2023, with proper disclosure.

PC-9 {Basic Financial Accounting and Analysis of Financial Statements (Commercial)}

1. Sale of goods on approval basis amounting to Rs.10,000 was included in Sales Account. Out of these goods, some goods were returned by the customer and taken into stock at cost price of Rs.3,000. But, no entry was made in the books. The firm invoices goods to customers at a margin of 40% on the invoice price. What should be the journal entry required to rectify this?

	Dr. (Rs.)	Cr. (Rs.)
(A) Customer's Account	3,000	
To Sales on Return Basis Account		3,000
(B) Sales Account	5,000	
To Customer's Account		5,000
(C) Sales Account	3,000	
To Sales Returns Account		3,000
(D) Sales Account	5,000	
To Customer's Account		3,000
To Profit & Loss Account		2,000

2. On 31st March, 2022, the cash book of Dinesh showed a bank overdraft of Rs.5,500. He further ascertained that:

(p) Bank interest debited in the pass book only Rs.400

(q) Cheques of Sunil dishonoured Rs.850

(r) Cheque issued to Balram entered in the cash column of cash book Rs.250

(s) Uncleared cheques Rs.500

(t) Unpresented cheques Rs.1,200

(u) Dividend warrants collected and credited in the pass book only Rs.1,000

Dinesh adjusted the cash book. After adjusting the cash book, which of the above items require further consideration for preparing the bank reconciliation statement?

(A) (p), (t) and (u) only

(B) (s) and (t) only

(C) (q), (r), and (s) only

(D) (p), (r) and (u) only

3. One machine valuing Rs. 2,40,000 in the books on 1st April was disposed at Rs. 1,75,000 in part exchange of a machine costing Rs. 3,80,000. An invoice for the amount of Rs.2,05,000 was entered in the Purchases Book. Profit or Loss to be booked in the accounts would be:

(A) Rs.1,40,000 profit on sale of machine

(B) Rs.1,40,000 loss on sale of machine

(C) Rs.65,000 profit on sale of machine

(D) Rs.65,000 loss on sale of machine

4. A Proprietor distributed goods worth Rs.5,00,000 as free samples in order to promote the sale of goods in his business with business volume of Rs. 1.25 crore. The expenditure would be shown as:

(k) Advertisement expenses on the debit side of Profit & Loss Account

(l) Sales on the credit side of Trading Account

(m) Deduction from Purchases on the credit side of Trading Account

(n) Drawings of Proprietor and deducted from Capital

(p) Distribution expenses on the debit side of Profit & Loss Account

(A) **(k) and (m) above**

(B) (m) and (n) above

- (C) (l) and (p) above
(D) (k) and (n) above

5. In the trial balance of Breakfast Ltd., there are debtors of Rs.62,00,000 including the amount of dishonoured bill of Rs.3,00,000 from Adarsh. Adarsh becomes insolvent and a dividend of 50% declared by the official receiver for his creditors. Provision for doubtful debts @5% on debtors is to be created. Advise Breakfast Ltd on the amount of provision.

- (A) Rs.3,00,000
(B) Rs.3,05,000
(C) Rs.2,90,000
(D) **Rs.2,95,000**

6. The "Two Hundred Club" has 200 members paying subscriptions @ Rs.2,500 per annum each. As on 31st March, 2022, subscriptions from 6 members were outstanding, while 12 members have paid subscriptions in advance for 2022-23. For the year 2020-21, subscriptions were outstanding from 4 members which were paid in 2021-22. How much amount was actually received towards subscriptions during 2021-22?

- (A) Rs.5,10,000
(B) **Rs.5,25,000**
(C) Rs.5,00,000
(D) Rs.4,95,000

7. A manufacturer sell away a part of the plant for Rs.5,500 on 30 September at a profit of 25% on book value on 1st April. Depreciation is written off at 10% p.a. The profit on sale of plant is:

- (A) Rs.1,110
(B) **Rs.1,320**
(C) Rs. 550
(D) Rs.1,420

8. The reason for the end of the sole proprietorship can be

- (p) Insolvency of the proprietor
(q) Insanity of the proprietor
(r) Death of the proprietor
(A) (p) and (r) above
(B) Only (r) above
(C) (q) and (r) above
(D) **All of (p), (q) and (r) above**

9. XYZ Ltd. purchased Machinery 1 for Rs.20,00,000 on 25 June 2021 and the same was commissioned on 15 July 2021. XYZ Ltd. purchased Machinery 2 for Rs.10,00,000 on 18 December 2021 and commissioned the same on 1 January 2022. As per the accounting policy of XYZ Ltd., assets commissioned during the first half of financial year shall be depreciated fully and assets commissioned during the second half of financial year at 50 per cent. If the rate of depreciation on machinery is 20 per cent, what is the depreciation on the machinery commissioned during the financial year 2021-22?

- (A) Rs.3,00,000
(B) Rs.4,50,000
(C) **Rs.5,00,000**
(D) Rs.4,00,000

10. The Trade receivables of ABC Limited as on 31 March 2022 were Rs.50,00,000. What is the provision required to be made towards bad and doubtful debts by ABC Limited based on the following probability of realising the debts.

Sl. No.	Outstanding amount (Rs.)	Probability of realisation
1	40,00,000	100%
2	5,00,000	95%
3	2,50,000	60%
4	1,50,000	40%
5	1,00,000	10%
Total	50,00,000	

- (A) Rs.4,05,000
 (B) Rs.3,25,000
 (C) Rs.3,15,000
 (D) **Rs.3,05,000**

11. Give an example of a long-term asset which does not have any physical existence.

- (A) Insurance Premium paid in advance
 (B) **Patents**
 (C) Capital work-in-progress not yet commissioned
 (D) Working capital arrangements, with a long time banker

12. PCQ Limited recorded sales of Rs.25,00,000 during the year 2021-22. The company incurred expenditure of Rs.15,00,000 during the year. It has to pay tax on profit at 20 per cent. If the total Assets put to use by the company was Rs.75,00,000, what is the rate of Return on Investment?

- A) 10.33%
 (B) **10.67%**
 C) 11.17%
 D) 9.87%.

13. From the following data, calculate the liquidity ratio:-

Current Assets = 50,000; Current Liabilities = 20,000 ; Inventory = 13,000 ; Prepaid Expenses = 1,000.

- A) 1 : 1
 B) 1.5 : 1
 C) 1 : 1.8
 (D) **1.8 : 1**

14. B Ltd issued 2,000 shares of Rs. 100 each at a premium of 10% payable as follows:

- On application Rs.20 (1st April).
- On allotment Rs.40 (including premium) (1st June).
- On First Call Rs. 30 (1st July).
- On Second & Final call Rs. 20 (1st Aug).

Applications were received for 1,800 shares and the Directors made allotment in full. One shareholder did not pay allotment and 1st call money on his 60 shares but paid with final call. Interest should be received @ 5% p.a. on calls-in-arrears. Calculate the amount of interest on calls in arrears on 1st August.

- (A) **Rs.27.50**
 (B) Rs.27.75

- (C) Rs.27
(D) Rs.27.25

15. On 01.04.2022, E Ltd. issued 500 nos. of 10% Debentures of Rs. 100 each at a discount of 10%, which are redeemable after a 4 year period at a premium of 10%. The Loss to be accounted every year on issue of Debentures is:

- A) Rs. 3,750
B) Rs. 5,000
C) Rs.2,500
D) Rs. 2,375

16. M/s Jupiter Limited intends to supply goods on credit to M/s Uranus Ltd., Neptune Ltd., Pluto Ltd., and Mars Ltd. The relevant details for the year ending 31st 2022 are as follows.

(Figures in Rupees)

Item	Uranus Ltd.	Neptune Ltd.	Pluto Ltd.	Mars Ltd.
Average Trade Creditors	4,00,000	2,00,000	3,00,000	1,60,000
Total Purchases	14,50,000	7,00,000	9,30,000	6,60,000
Cash Purchases	50,000	40,000	30,000	20,000

Which company M/s Jupiter Limited should prefer to deal with:

- (A) M/s Uranus Ltd.
(B) M/s Neptune Ltd.
(C) M/s Pluto Ltd.
(D) M/s Mars Ltd.

17. You are required to calculate Return on total investment from the following details of M/s Rahul Limited for the year ending 31st March 2022.

	Rs.
Net Profit after tax	6,50,000
Rate of Income Tax	50%
12.5% Convertible debentures of Rs 100 each, fully paid up	8,00,000
Fixed Assets at cost	24,60,000
Depreciation up to date	4,60,000
Current Assets	15,00,000
Current Liabilities	7,00,000

- (A) 45%
(B) 50%
(C) 40%
(D) 42.5 %

18. You are required to identify the transactions which indicate source of funds among the following.

- i. Cash collected from debtors.
- ii. Bill receivable amounting to Rs 50,000 from Jay, a customer has been dishonoured.
- iii. Recovery of Rs 1,00,000 from Zed previously written off as bad debt.
- iv. Purchase of Property, Plant and Equipment on credit.

- (A) (i) and (iii) above
(B) (i) and (ii) above
(C) Only (iii) above
(D) All (i), (ii), (iii) and (iv) above

II. Accounting Standards

19. A firm has stocks of three major categories of goods, viz., X, Y and Z. The following information is available as on 31 March, 2022.

Category	Historic Cost (Rs.)	Replacement Cost (Rs.)	Gross Realisable Value (GRV) (Rs.)	Expenses for Realisation of GRV (Rs.)
X	65,000	60,000	66,000	2,000
Y	50,000	56,000	53,000	1,000
Z	50,000	53,000	39,000	2,000

You are requested to calculate the value of inventory to be shown in the balance sheet as on 31 March, 2022.

- (A) Rs.1,59,000
- (B) Rs.1,53,000
- (C) Rs.1,60,000
- (D) Rs.1,51,000**

20. Which of the following is an example of cash flows arising from investing activities?

- (A) Cash receipts from repayment of loans and advances made to third parties**
- (B) Cash receipts from refund of income taxes
- (C) Cash receipts from issuing bonds
- (D) Cash receipts from royalty

21. Which of the following events occurring after the Balance Sheet date (31 March 2022) requires adjustment in the books of accounts?

- (A) X Ltd filed a suit against Alpha Ltd for infringement of its patents claiming damages of Rs.20 lakh. Alpha Ltd has apologised for the infringement and the suit is likely to be decided in favour of X Ltd.
- (B) The company entered into an agreement with its employees union for payment of increased wage rates with effect from 2022-23, which is expected to increase the wage bill by Rs.2 crore.
- (C) There was an ongoing dispute between the company and its workmen regarding payment of bonus which went for arbitration. The arbitrator gave the award in favour of the workmen for Rs.10 lakh.**
- (D) A metro rail company awarded a contract for underground tunnel works in April 2022, the tendering for which started in May 2021. On 15th May 2022, after closure of its accounts, it discovered that hard rock was encountered in the tunnel due to which the cost will increase by Rs.50 lakh.

22. Which of the following items is an example of Extraordinary Items?

- (A) A change in the basis of taxation
- (B) Disposal of long-term investments**
- (C) Theft of store items in previous year, discovered during the current year
- (D) Reversal of write-down of inventories to net realisable value

23. A thermal power station revalued its turbines (written down value: Rs.20 crore, accumulated depreciation: Rs.10 crore) at Rs. 35 crore, after expert valuation. How the accumulated depreciation should be treated?

- (A) It should be credited to general reserve.
- (B) It should be credited to profit and loss account.
- (C) It should be restated to show the turbines at net book value.
- (D) It should be credited to revaluation reserve.**

24. Which of the following is akin to Capital, Share Capital or Owners' Funds as per Uniform Format of Accounts for Central Autonomous Bodies?

- (A) **Corpus Fund**
- (B) Grants for Capital Assets
- (C) Capital Assets Replacement Sinking Fund
- (D) Reserve Capital

25. Which of the following is an earmarked fund as per Uniform Format of Accounts for Central Autonomous Bodies?

- (A) Grants which have the characteristics of promoters' contribution
- (B) Grants received by entity for compensation of expenditure incurred in earlier years
- (C) **Grants received as assistance to be utilized for specific purpose**
- (D) Non-monetary grants by way of capital assets or other resources

PC-10 (Advanced Accounting and Cost & Management Accounting)(Commercial Audit)

1. The Accountant of Modern Electricals, a retail electrical shop, found the following.

(p) While carrying forward the total of one page of the purchases day book, the amount of Rs.75,460 was written on the next page as Rs.72,460 by oversight.

(q) The day books of purchases and sales were overcast by Rs.7,000 and Rs.17,000 respectively.

(r) Drawings of electrical goods costing Rs.2,500 were not recorded in the books of account.

If a Suspense Account is opened and the above errors were rectified, what would be the final balance in Suspense Account?

(A) Rs.15,500 (credit)

(B) Rs.13,000 (credit)

(C) Rs.10,500 (credit)

(D) The balance would be nil, since the above errors get rectified with the opening of Suspense Account

2. While measuring income of a going concern, the appreciation in the value of fixed assets is not considered because:

(A) The fixed assets are subject to depreciation

(B) The appreciation in value is not realized

(C) There is scope for fall in their value in future

(D) The valuation is to be done on lower of cost or market value, under the convention of conservatism for valuation of inventory of fixed assets

3. Star Galaxy Hospital has huge requirement of medicines, a part of which is received by way of donations from medical companies. During 2021-22, the Hospital purchased medicines worth Rs.20 lakh for cash and received medicines worth Rs.8 lakh by way of donations. It consumed medicines worth Rs.17 lakh (including Rs.4 lakh worth medicines received by way of donations). What would be the most appropriate journal entries to record these transactions?

	Description	Dr. (Rs.)	Description	Cr. (Rs.)
(A)	(i) Medicines Account Dr.	28,00,000	To Donations Account To Medical Companies	8,00,000 20,00,000
	(ii) Operating Expenses (Medicines) Account Dr.	17,00,000	To Medicines Account (Donations) To Bank	4,00,000 13,00,000
	(iii) Donations Account Dr.	4,00,000	To Operating Income Account	4,00,000
(B)	(i) Medicines Account Dr.	8,00,000	To Donations Account	8,00,000
	(ii) Operating Expenses (Medicines) Account Dr.	17,00,000	To Medical Companies Account	17,00,000
	(iii) Donations Account Dr.	4,00,000	To Operating Income Account	4,00,000
(C)	(i) Medicines Account Dr.	28,00,000	To Donations Account To Medical Companies	8,00,000 20,00,000
	(ii) Operating Expenses (Medicines) Account Dr.	17,00,000	To Medicines Account (Donations) To Bank	8,00,000 9,00,000
	(iii) Donations Account Dr.	4,00,000	Operating Income Account	4,00,000
(D)	(i) Medicines Account Dr.	28,00,000	To Donations Account To Bank	8,00,000 20,00,000
	(ii) Operating Expenses (Medicines) Account Dr.	17,00,000	To Medicines Account	17,00,000
	(iii) Donations Account Dr.	8,00,000	To Operating Income Account	8,00,000

4. The Trial Balance of Sun Flower & Company as on 31st March, 2022 showed Credits: 10% Security Deposits from customers Rs.10,00,000.

During the year, a customer has paid Rs.50,000 as Security Deposit by cash. Without posting in Accounts, the Cashier has given receipt and later defalcated the entire amount and was subsequently removed from service. A claim was lodged with the insurance company for the full amount which is still pending. What would be the most appropriate course of treatment in the Final Accounts?

	Profit & Loss Account				Balance Sheet			
	Dr.	Rs.	Cr.	Rs.	Liabilities	Rs.	Assets	Rs.
(A)	Interest	1,05,000	Insurance Claim	50,000	Security Deposits	10,50,000	Insurance Claim	50,000
(B)	Interest Loss of Deposit	1,00,000 50,000	Insurance Claim	50,000	Security Deposit	10,00,000	Insurance Claim	50,000
(C)	Interest Loss of Deposit	1,05,000 50,000	---	---	Security Deposit	10,50,000	---	---
(D)	Interest	1,00,000	Insurance Claim	50,000	Security Deposit	10,50,000	Insurance Claim	50,000

5. Which of the following methods of depreciation are more likely to be preferred by financial analysts and fund managers?

- (A) Straight Line Method, since it provides a consistent and uniform charge against asset value and revenues
- (B) Written Down Value Method, since it provides better cash flows having greater net present value in the initial years**
- (C) Revaluation Appraisal Method, since it provides expert analysis and valuation of the value of assets at the end of financial year
- (D) Service Hours Method, since it provides for depreciation based on actual usage and running time of the assets

6. ABC Limited was incorporated in 2018-19. It does not have profits during the year 2021-22. Its effective capital is Rs.450 crore. What is the maximum amount of yearly managerial remuneration payable?

- (A) Rs. 42 lakhs
- (B) Rs.62 lakh
- (C) Rs.60 lakh
- (D) Rs.124 lakh**

7. The following information is available in respect of Ancient Foods Ltd.

- (i) The company has given guarantees in respect of the Loans taken by its sister company Antique Diet Ltd. to the extent of Rs.40 crore (including interest).
- (ii) A wholesale dealer M/s. Ram Traders has filed a legal suit against the company claiming Rs.30 crore as damages for supply of defective stock. The company has vigorously disputed the claim.

(iii) The company has an estimated amount of Rs.25 crore remaining to be executed on capital account, against which it made a provision of Rs.20 crore.

(iv) The company has invested in 5 million shares of Delta Ltd. of the face value of Rs.100/- (partly paid @ Rs.70/- per share as per calls made). The market price of the share is Rs.250/- on National Stock Exchange.

How much total amount is to be shown in the Annual Accounts under “Commitments” as per Companies Act, 2013?

- (A) Rs.90 crore
- (B) Rs.20 crore**
- (C) Rs.165 crore
- (D) Rs.60 crore

8. The subscribed capital of Alpha Ltd. consists of 20 lakh equity shares of Rs.10 each and 20 lakh 16% preference shares of Rs.10 each. There are no unpaid shares.

The following further information is available:

(i) The normal return expected by the equity shareholders from the type of business is 25%.

(ii) The average annual profits of the company after depreciation but before taxation are Rs.2 crore. It is essential to transfer 20% of profits after tax to general reserve, before declaring any dividend.

(iii) Rate of taxation is 30%.

Calculate the market price of an equity share on yield basis.

- (A) Rs.33.60
- (B) Rs.16.00**
- (C) Rs.21.60
- (D) Rs.22.40

9. A Company is planning to raise funds by making rights issue of equity shares to finance its expansion. The existing equity share capital of the company is Rs. 50,00,000. The market value of its share is Rs. 42. The company offers to its shareholders the right to buy 2 shares at Rs. 11 each for every 5 shares held. The theoretical market price after rights issue is:

- (A) Rs.46.40 per share
- (B) Rs.36.50 per share
- (C) Rs.31 per share
- (D) Rs.33.14 per share**

10. Which of the following statements is true in case of Holding Companies Accounts?

- (A) Minority shareholders' share of post acquisition profits decreases the minority interest.
- (B) The holding company, while acquiring the shares of the subsidiary company, pays only for the paid up value of the shares acquired, but not for the profits that the subsidiary company has accumulated till the date of acquisition.
- (C) Profits which may be of revenue nature for the subsidiary company may be capital profits in so far as the holding company is concerned.**
- (D) Profits arising out of appreciation of a subsidiary company's fixed assets on their revaluation in the post-acquisition period is treated as revenue profit during consolidation.

11. From the following Balance Sheet of Excel Ltd. as on 31st March, 2022, calculate the Capital Gearing Ratio.

<i>Liabilities</i>	<i>Rs. In lakh</i>	<i>Assets</i>	<i>Rs. In lakh</i>
Equity Share Capital	35	Land and Buildings	30
Preference Share Capital	30	Plant and Machinery	44
General Reserve	10	Trade Debtors	15
15% Debentures	30	Stock on Hand	20
Sundry Creditors	8	Cash at Bank	6
Provision for Taxation	7	Profit and Loss Account	5
	120		120

- (A) 1.5 to 1
 (B) 1.33 to 1
 (C) 0.75 to 1
 (D) 0.67 to 1

12. The following are the extracts from the Annual Accounts of Indore Club, which prepares accounts on a calendar year basis.

Balance Sheet as on 31st December, 2021

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Subscriptions received in advance for 2022	3,000	Subscriptions in arrears for 2021	2,000

Balance Sheet as on 31st December, 2022

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Subscriptions received in advance for 2023	6,000	Subscriptions in arrears: receivable for 2021 Rs.500 2022 Rs.4,000	4,500

Income & Expenditure Account for the year ending 31st December, 2022

<i>Expenditure</i>	<i>Rs.</i>	<i>Income</i>	<i>Rs.</i>
---	---	By Subscriptions	89,500

From the above, determine the amount of Subscriptions which should have been taken as cash inflow in the Cash Flow Statement for the year 2022.

- (A) Rs.92,000
 (B) Rs.87,000
 (C) Rs.84,000
 (D) **Rs.90,000**

13. Violet & Company has two Departments R and S. Department R sells goods to Department S at normal selling prices. From the following particulars, compute the Stock Reserve for Closing Stock of Department S.

Particulars	Dept. R (Rs.)	Dept. S (Rs.)
Opening stock	2,00,000	Nil
Purchases	21,50,000	3,00,000
Goods from Dept. R	Nil	7,50,000
Wages	1,50,000	60,000
Closing Stock at Cost to the Department	5,00,000	Rs.2,70,000
Sales	23,00,000	15,00,000

- (A) Rs.90,000
 (B) **Rs.13,393**

- (C) **Rs.75,000**
 (D) No need for Stock Reserve, as intra-firm transfers are automatically eliminated in consolidation

14. The General Manager of a Firm is to get Commission comprising of a fixed component of Rs.5,000 per month and a variable component calculated @ 10% of the Net Profit after charging the total Commission of the General Manager. If the General Manager receives a Commission of Rs.1,00,000, calculate the Net Profit, before charging the General Manager's Commission.

- (A) Rs.4,40,000
 (B) **Rs.5,00,000**
 (C) Rs.11,00,000
 (D) Rs.4,00,000

15. CB Minerals Ltd. obtained a mining lease from SR Ltd. on the following terms:

- i. Minimum rent Rs.1,20,000 per annum
- ii. Royalty at Rs.10 per MT raised
- iii. Short workings can be recouped during the following 3 years, subject to a maximum of Rs.25,000 per annum
- iv. In the event of lock-outs and strikes, the minimum rent would be taken pro-rata on the basis of actual number of days worked.
- v. The details of workings upto first 6 years are as below:

Year 1: 7000 MT; Year 2: 10200 MT; Year 3: 16100 MT; Year 4: 13600; Year 5: 10800 MT (Lock-out for 73 days); Year 6: 8000 MT (Strike for 3 months)

The Central Government granted a cash subsidy equal to 50% of the unrecoupable shortworkings up to the first 5 years of the lease.

The total subsidy receivable from the Central Government for the first 5 years will be:

- (A) Rs.15,000
 (B) Rs.30,000
 (C) Rs.3,000
 (D) **Rs.7,500**

Section II—Cost & Management Accounting

16. You are the Cost Accountant of Amrit Products Ltd. Your Company is considering alternative proposals for local transportation of its products. The following further details are available.

- i. Cost of Diesel Rs.15 per km.
- ii. Repairs & Maintenance cost Rs.5 per km.
- iii. Cost of Tyres Rs.3 per km.
- iv. Insurance Rs.30,000 per year
- v. Taxes Rs.20,000 per year
- vi. Life of the vehicle 5 years
- vii. Resale value after 5 years Rs.5,00,000
- viii. Expected distance to be travelled by each vehicle: 20,000 km. per year

The following alternative proposals are available.

- (p) Hire vehicles from Mega Transport Co., for Rs.5,00,000 per year per vehicle. Amrit Products Ltd. will have to bear costs of petrol, taxes and tyres.
 (q) Hire vehicles from Giga Transport Co., for Rs.8,30,000 per year. The transporter will bear all associated costs.
 (r) Purchase and maintain own fleet of vehicles. The average price of a vehicle is Rs.25 lakhs.

Rank the proposals in order of merit (in descending order).

- (A) (p), (r), (q)
(B) (q), (p), (r)
 (C) (p), (q), (r)
 (D) (r), (q), (p)

17. From the following data, work out the Labour Mix Variance.

The actual labour employed for producing a product 'Meta' is:

- 11 skilled workers @Rs.80 per hour for 100 hours
- 4 high skilled workers @ Rs.120 per hour for 100 hours

The standard labour cost for producing the product 'Meta' is:

- 10 skilled workers @Rs.75 per hour for 100 hours
- 5 high skilled workers @ Rs.125 per hour for 100 hours

- (A) Rs.5,000 (A)
 (B) Rs.3,500 (A)
(C) Rs.5,000 (F)
 (D) Rs.1,500 (F)

18. After attending to some classes on Process Costing, four students expressed the following views. Identify which one of them is most appropriate.

- (A) The allocation of joint costs to joint and by-products affects the total profit or loss.
 (B) The "other income" method of accounting for by-products reduces the total cost of main product.
 (C) The "replacement cost" method is used where by-products are further processed to dispose of waste materials more profitably.
(D) Under the "average unit cost" method of accounting for joint costs, the cost per unit of each product is the same.

19. A contract for the construction of a building is governed by an escalation clause in respect of the price of steel. The price of steel per MT is as follows:

On the date of tender Rs.50,000

Actual price Rs.55,000

The contract provided for net quantity of 6,00,000 Kg. of steel, with a wastage allowance of up to 5%. If the contractor used 6,20,000 Kg. of steel, work out the escalation amount to be paid.

- (A) Rs.31,50,000
(B) Rs.31,00,000
 (C) Rs.30,00,000
 (D) Rs.33,00,000

20. The following details are available from the records of a manufacturing company.

Year	Output (Units)	Total Costs (Rs.)	Fixed/Variable Costs Price Index	Price/Unit
1	2,000	5,00,000	100	250
2	2,500	6,60,000	110	275

What would be the Break-even Output for Year 2?

- (A) 1,467 Units
 (B) 2,500 Units
(C) 2,000 Units
 (D) 1,818 Units

21. The factory overhead control account of a company has a closing debit balance. What would be the most appropriate course of treatment for this balance?

- (A) It should be shown as an extraordinary item in the Profit & Loss Account.
- (B) It should be written off.
- (C) It should be carried forward to next year.
- (D) It should be apportioned among cost of goods sold and costs of goods lying in inventory.**

22. Which of the following Departments is most suitable for applying Zero Base Budgeting?

- (A) Research & Development Department
- (B) Personnel & Administration Department
- (C) Industrial Engineering Department
- (D) Legal Department**

23. A project costing Rs.3,20,000 gives a uniform annual cash inflow of Rs.1,00,000 for a five-year period.

The following are the annuity factors for 5 years.

Discount rate	Annuity factor
15%	3.352
16%	3.274
17%	3.199

The approximate Internal Rate of Return for the project will be nearest to:

- (A) 16.4%
- (B) 16.9%**
- (C) 16.1%
- (D) 17.2%

24. The cost structure of a refrigerator during 2021 are given below. There are no inventories.

	Rs.
Prime Cost	10,000
Factory Overheads at 25% of Direct Labour	1,000
Total Cost of Production	12,000

During 2022, due to supply constraints, the price of Direct Materials has increased by 50% and Direct Labour by 25%, while Factory Overheads and Administration Overheads have to be absorbed on Direct Labour at same rates as 2021. Calculate the total increase in cost of production during 2022.

- (A) Rs.4,250
- (B) Rs.4,000
- (C) Rs.4,500**
- (D) Not possible to calculate.

25. Which of the following statements is true?

- (A) Under the Rowan Plan, very efficient and inefficient workers may get the same bonus.**
- (B) In the Halsey Plan, the quality of work does not suffer as much as it suffers under the Rowan Plan.
- (C) Piece rate system is more suitable when quality of the product is very important.
- (D) For the successful implementation of a group bonus system, the size of the group should be very large.

PC-11 (Advanced Government Accounts and Government Accounting Standards)

1. Please choose the incorrect check exercised to ensure quality of the Finance Accounts-
 - (i) No unauthorised Head of Account is exhibited in the Accounts.
 - (ii) Minus balances and adverse balances, wherever occurring in the Finance Accounts, should be suitably explained by means of a footnote.
 - (iii) **The reasons for excess or saving incorporated in relevant grants, after obtaining them from the Government.**
 - (iv) Figures exhibited in the summarised statements must tally with those given in the detailed statements.

2. A team went for Treasury Inspection and performed the following activities:
 - (a) Inspected the controls at the transactional level and to assure the confidentiality, integrity and accessibility of the accounting data the digital or hybrid environment
 - (b) The team commented on the software development lifecycle; product/process contracts, procurements (Hardware, software, human ware, leasing, etc.), configuration management etc.
 - (c) A sample basis of inspection was carried out to seek assurance regarding compliance to the rules and regulations of transactions taking place at treasuries/sub-treasuries. Which of the processes are done correctly?
 - (i) a and b
 - (ii) **a and c**
 - (iii) a, b and c
 - (iv) none of the above processes

3. Expenditure of ₹1,000 crore, ₹500 crore and ₹100 crore had been booked under OB Suspense instead of their functional Major Head due to non-submission of vouchers/sub-vouchers by AG office during the year 2019-20, 2020-21 and 2021-22 respectively. Out of these, ₹1,100 crore was cleared during 2021-22 from OB Suspense and booked under respective functional head. By how much the expenditure in 2021-22 is overstated?
 - (i) 1600 crore (1000 crore + 400 crore + 100 crore)
 - (ii) **1100 crore (cleared in 2020-21)**
 - (iii) 1100 crore (total adjusted) minus 100 crore (booked in 2020-21)
 - (iv) None of the above

4. State Government has received Rs. 150 crore towards NDRF. State Government has taken the amount as Revenue Receipts but has not transferred the amount to proper head in Public Account. What would be the impact of this transaction on the annual account of the State Government?
 - (i) **Increase the Revenue receipt to the extent of 150 crore**
 - (ii) There will be no impact on the account of SG
 - (iii) TE to be prepared for the amount of 150 crore for transfer to proper head of account.
 - (iv) None of the above.

5. In respect of the disclosure statement on Guarantees to be included in the Finance Accounts of the State, the following disclosures in respect of foreign guarantees and irrecoverable loans written off were not included in the disclosure statement. Is the relevant IGAS complete in the statement?
 - (i). Yes, as the Budget documents itself did not include these details.
 - (ii). No, the IGAS in this regard is not satisfied.
 - (iii). **IGAS is deficient to the extent the information is not available**

- (iv). None of the above.
6. Which of the following is NOT an objective of the FRBM Act 2003?
- to bring zero deficit
 - to reduce the burden of debt repayment
 - to reduce the gross domestic product**
 - to improve transparency in fiscal operations
7. What one of the following is correct in regard to standardised coding pattern of classification of expenditure in Government coding pattern
- 7 tier 14 digit
 - 6 tier 15 d**
 - 7 tier 16 digit
 - None of the above
8. SG received Rs. 700 crore towards SDRF. The amount has not been taken to Revenue account and not transferred to SDRF Fund under Public Account. Which of the following treatment is correct?
- Fund can be directly transferred to Public account- SDRF
 - Appropriation is required for fund to be transferred to SDRF
 - Appropriation is not required to be transferred to the Fund
 - Both (i) and (ii) are correct.**
9. India at the 26th session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Glasgow, United Kingdom, expressed to intensify its climate action by presenting to the world five nectar elements (Panchamrit) of India's climate action. This update to India's existing Nationally Determined Contribution (NDC) translates the 'Panchamrit' announced at COP 26 into enhanced climate targets. The objectives are:
- A step towards achieving India's long term goal of reaching net-zero by 2070.
 - cumulative electric power installed capacity from non-fossil sources to reach 40%; reduce the emissions intensity of GDP by 33 to 35 percent compared to 2005 levels
 - creation of additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through additional forest and tree cover.
 - providing tax concessions and incentives such as Production Linked Incentive scheme for promotion of manufacturing and adoption of renewable energy:
- Which of the above objectives are correct?
- a and b
 - a, b and c
 - b, c and d
 - All of the above**
10. The responsibilities of the Government Accounting Standards Advisory Board (GASAB) are: -
- Formulating & proposing standards with a view to improve the usefulness of the financial reports based on the needs of the users of financial reports
 - Keeping the standards current and provide guidance on implementation of the same
 - Provide specific standards allowable methods for depreciation, what is considered depreciable, lease classifications, and outstanding share measurement.
- Which are the correct options:
- 1 and 2**
 - 2 and 3
 - Only 3
 - None of the above

11. The manner of classification of 'recoveries' of expenditure in Government accounts in respect of the following various situations may be considered:

- (a) Recoveries of expenditure for services or supplies made to other Governments shall be classified as receipts of the Government
- (b) Classification of recoveries made by one department from another department of the same Government will be treated as receipts of that department.
- (c) The receipts from sale proceeds of materials, plant, etc. received shall be treated as reduction of gross expenditure.
- (d) Classification of receipts and recoveries on Capital Accounts will to be taken to revenue.

Which of the above are correct treatment of recoveries?

- (a) (a) and (b)
- (b) (a), (b) and (c)
- (c) (d) only
- (d) **All the above**

12. The Combined Revenue and Finance Accounts (CFRA) contains details of information relating to which of the following accounts together with their balances and outstanding liabilities and other information:

- (i) All State Governments only
- (ii) Union Governments
- (iii) Union Territories
- (iv) **Union Government, Union Territories and all the States**

13. The financial system and macro entities like governments engage in large volume of transactions and services. For facilitating such transactions, RBI as the central bank has several digital platforms on each front (RTGS, NEFT etc). One such facility is its core banking solution known as e-Kuber. Which of the following is not correct about e-Kuber:

- (i) Governments (centre and states also can use the e-kuber platform to update about the Ways and Means Advances (WMA is temporary loans given by RBI to governments).
- (ii) **RBI allows all third party transactions in the current accounts including overdrafts, intra-day overdrafts also through e-Kuber.**
- (iii) e-kuber enables banks to access their current account at any time, everywhere across the country
- (iv) e-kuber is used to conduct exercises like auctioning of government securities.

14. The Public Financial Management System (PFMS) is a web-based online software application developed and implemented by the Controller General of Accounts (CGA), Department of Expenditure, Ministry of Finance, Government of India with the objective of tracking funds released under all Plan schemes of Government of India, and real time reporting of expenditure at all levels of Programme implementation.

- (a) PFMS provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system,
- (b) The e-payments module of Public Funds Management System (PFMS) can make a single payment for multiple beneficiary types using the Aadhar based payment mode..
- (c) PFMS is integrated with the Core Banking system in the Country, and hence, has the unique capability to first validate the account before pushing online payments to almost every beneficiary/vendor.

Which of the following is correct in respect of PFMS?

- (i) (a) and (b)

- (ii) (b) and (c)
- (iii) **(a) and (c)**
- (iv) All of the above.

15. During the month of March, 2022, total payment in Treasury 'A' was Rs. 10,23,70,569.00 and total Receipts Rs. 08,50,10,223.00. The Treasury has to prepare List of Payments and Cash Accounts for submission of monthly accounts to the Accountant General. Which of the following statement is correct in regard to List of Payment and Cash Accounts?

- (i) The Treasury will show Rs. 08,50,10,223.00 in List of Payments.
- (ii) The Treasury will show Rs. 1,73,60,346.00 in List of Receipt.
- (iii) **The Treasury will show Rs. 1,73,60,346.00 in the cash accounts being deposit with Reserve Bank.**
- (iv) None of the above.

16. In the month of January, 2022, an amount of Rs. 15,10,525.00 was shown in the Treasury List of payments, and Rs. 16,24,956.00 in the corresponding schedule of payments. Which one of the following accounting classification is correct to accommodate difference amount of Rs. 1,14,431.00 in Accounts and Entitlement office.

- (i) Major Head 8658-Suspense Accounts-111-Departmental Adjustment Accounts
- (ii) Major Head 8658-Suspense Accounts-107- Cash Settlement Suspense Account
- (iii) **Major Head 8658-Suspense Accounts-102-Suspense Account Civil**
- (iv) None of the above.

17. The State Government had given Loan of Rs. 10,00,000.00 to State PSU which was not repaid by the PSU. State Government had decided to convert the loan amount of Rs. 10,00,000.00 to Grants-in-aid during the year 2021-22. Which of the following is true?

- (i) **Budget provision is required**
- (ii) Budget provision is not required
- (iii) Loan cannot be converted as grants-in-aid
- (iv) None of the above.

18. The Education Department has misclassified Capital expenditure during the year 2019-20. The misclassification has come to notice during the year 2020-21. The misclassification affected capital expenditure but had no impact on the other Governments. Which of the following is true?

- (i) Correction is to be done by passing the debit and credit entries.
- (ii) **Correction is to be done by altering the progressive figures.**
- (iii) Correction cannot be done as financial years is closed.
- (iv) None of the above.

19. Rs. 10 000.00 due to Government has reached a Government servant and is then embezzled, stolen or lost, before reaching a treasury or bank and entered into the Consolidated Fund or the Public Account of the State. Which of the following statement is correct in regard to accounting of Rs. 10,000.00?

- (i) Rs. 10,000.00 will be accounted for either as receipt or payment.
- (ii) **Rs. 10,000.00 will be accounted for as receipt initially and then treated as loss to Government by classifying it as expenditure under appropriate head of accounts.**
- (iii) Rs. 10,000.00 will be recovered from the concerned Government Servant.
- (iv) None of the above.

20. The Public Works Division received Rs. 10,000.00 by selling scrapped materials during the month of April, 2022 and remitted to the Government Accounts. While preparing the monthly accounts by the Divisional officers, the following accounting entries have been made. Choose the correct option from the following.

- (i) **Credit to Major head 0059 and Debit to Major Head 8782**
- (ii) Debit to Major Head 2059 and Credit to Major Head 8782
- (iii) The amount has been taken as reduction of expenditure under Major Head 2059
- (iv) The amount has been utilized by the Division instead of remitting to the Government Account and not shown in the monthly Accounts.

21. Ministry of Agriculture, Government of India, released Grants-in-Aid of Rs. 50,00,000.00 to the Government of Karnataka being State Disaster Response Fund (SDRF). The amount has to be reflected in the accounts of the Government of Karnataka. How will the amount will be credited to the account of the Government of Karnataka? Choose the correct option from the following:

- (i) The Ministry will directly credit the amount to the account of Government of Karnataka electronically.
- (ii) The Ministry will send bank draft for Rs. 50,00,000.00 to the Accountant General (A&E), Karnataka for crediting the amount in the Account of Government of Karnataka.
- (iii) The Ministry will send bank draft for Rs. 50,00,000.00 to the Finance Department, Government of Karnataka.
- (iv) **The Ministry will send advice to RBI for crediting Rs. 50,00,000.00 in the account of Government of Karnataka**

22. The Central Treasury Section in Accountant General Office is responsible for checking List of Payments and Cash Accounts. List of Payments and Cash Accounts are checked by the Central Treasury based on the following documents submitted by the Treasury. Choose the correct option from the following:

- (i) Central Treasury will check the Budget documents
- (ii) **Central Treasury will check various schedules of receipts and payments**
- (iii) Central Treasury will check Banks Scrolls
- (iv) Central Treasury will check Verified Date-wise Monthly Statement

23. The Ministry of Agriculture released Grants-in-Aid of Rs 1,00,00,000.00 to the Government of Rajasthan and the amount has been reflected in the Clearance Memo of RBI. The sanction letter for Grants-in-aid has not been received by A&E office from the Ministry. AG office wants to clear the Clearance Memo so that there should not be any difference between the closing cash balance of AG and RBI and accordingly, the following accounting entries were passed by AG office. Choose the correct option from the following:

- (i) Credit entry to Major Head 8675 and Debit entry to Major Head 2401
- (ii) **Debit entry to Major Head 8675 and Credit entry to Major Head 8658**
- (iii) Debit entry to Major Head 8658 and Credit entry to Major Head 8675
- (iv) It cannot be accounted for due to non-receipt of sanction letter.

24. One Pensioner of West Bengal is drawing pension from Maharashtra. Maharashtra Government has to pay the pension amount to West Bengal. Which of the following accounting procedure is allowed for settlement of the transactions between State Governments?

- (i) Through Cash settlement procedure
- (ii) **Through RBI Advice procedure**

(iii) Through bank draft

(iv) None of the above

25. The Cash Basis IPSAS prescribes the manner in which general purpose financial statements should be presented using the cash basis of accounting. Which of the following is NOT a 'Cash equivalent' as per Cash Based IPSAS?

(i) Highly liquid investment during the year.

(ii) Cash Receipts during the year.

(iii) **Interest due but not received.**

(iv) None of the above.

PC-12 (Performance Audit and Compliance Audit)

1. The objectives of strategic audit planning are to:
 - i. Provide a firm basis for the Department's Management to give strategic direction for future audit coverage
 - ii. Identify and select audits with the potential to improve public sector accountability and administration
 - iii. Understand entity risks and take them into account in audit selection
 - iv. Provide a basis for Department's accountability; and Produce a work programme that can be achieved with expected/available resources
 - A. Only i and ii
 - B. Only i and iii
 - C. Only i, ii and iii
 - D. i, ii, iii and iv.**

2. As per Performance Auditing Guidelines 2014 of C&AG, which of the following is/are consideration(s) for selection of audit topics?
 - i. Materiality and Significance
 - ii. Visibility
 - iii. Past Audits
 - iv. Risk Assessment
 - v. Political allegations
 - A. Only i
 - B. Only i, ii and iii
 - C. Only i, ii, iii and iv**
 - D. All of the above.

3. Which of the following is NOT correct regarding Audit Criteria (as per Performance Auditing Guidelines 2014 of C&AG)?
 - A. Audit Criteria are standards used to determine whether a program meets or exceeds expectations
 - B. Audit Criteria is an area of potential control weakness, inefficiency in programme implementation and achievement of programme objectives, or other problematic issue identified during the audit**
 - C. Audit Criteria are reasonable and attainable standards of performance against which economy, efficiency and effectiveness of programmes and activities can be assessed
 - D. Audit Criteria reflect everything from what should be according to laws, regulations or objectives; and what is expected, according to sound principles and best practice; to what could be.

4. Performance Auditing generally follows which of the following Audit Approaches?
 - i. a system-oriented approach
 - ii. a result-oriented approach
 - iii. a problem-oriented approach
 - iv. a staff-oriented approach
 - A. Only ii
 - B. Only ii and iii
 - C. Only i, ii and iii**
 - D. Only ii and iv

5. Which of the following are the pivots of the Performance Audit, which set out the reason for undertaking the audit?
- Audit Objectives**
 - Audit Approaches
 - Audit Criteria
 - Audit Methodology
6. Which of the following provides a structure for synthesising and linking the elements of your audit design, enabling a more systematic and directed design process, as well as communication with internal stakeholders within SAI about the audit approach?
- Audit Findings Matrix
 - Audit Design Matrix**
 - Audit Surveys
 - Audit Scope.
7. What are the different types of relationships between cause and effect in the audit?
- Direct cause-and-effect relationship
 - Reverse cause-and-effect relationship
 - Coincidence
- Only i
 - Only i and ii
 - Only iii
 - All of the above**
8. In the cause-and-effect relations during audit, the cause is the factor or factors responsible for the difference between the condition and the criteria and may also serve as a basis for recommendations for corrective actions. Common factors include which of the following?
- poorly-designed policies, procedures or criteria;
 - inconsistent, incomplete or incorrect implementation;
 - factors beyond the control of programme management.
- Only iii
 - Only i and iii
 - Only ii and iii
 - All of the above**
9. As per ISSAI 300 (International Standards of Supreme Audit Institutions), the Performance Auditing comprises of following steps. Identify the sequence of the steps.
- Conducting
 - Follow-up
 - Reporting
 - Planning
- i-ii-iii-iv
 - iv-iii-i-ii
 - iv-i-iii-ii**
 - iv-iii-ii-i.
10. Which of the following is a statistical technique for assessing the degree to which variables are associated with one another (for example, correlated)?
- Regression Analysis**
 - Pareto Analysis

- C. Casual Analysis
 - D. Critical factors identification
11. Which of the following is correct about the Outcome Budgeting?
- A. It was launched in 2020-21 Budget in India
 - B. It is a budget that reflects the input of resources and the output of services for each unit of the Government
 - C. It focuses on the revenues by the Government
 - D. It is a progress card on what various Ministries and Departments have done with the outlays in the previous annual budget**
12. Which of the following standards pertain to Performance Auditing?
- A. ISSAI 200
 - B. ISSAI 300**
 - C. ISSAI 400
 - D. ISSAI 4000
13. Which of the following is NOT the aim of follow-up of Performance Audit Reports?
- A. Assisting the legislature
 - B. Achieving improvements in implementation of the public sector program
 - C. Evaluating the Department's compliance with audit recommendations
 - D. Criticise the executive**
14. Which of the following is NOT the attribute of Audit Evidence as envisaged in the ISSAI 3000 Performance Audit Standard?
- A. Generic**
 - B. Sufficiency (quantity)
 - C. Relevance
 - D. Appropriate (quality)
15. Which of the following is the characteristic of the Audit Units?
- A. Functional autonomy**
 - B. Policy Formulation
 - C. Top layer of Government
 - D. Last mile service provider
16. Which of the following techniques are used for Compliance Audits?
- i. Physical inspections
 - ii. Questionnaires
 - iii. Surveys
 - iv. Media reports
 - v. Analytical procedures
 - A. Only i, ii and iii
 - B. Only i and iv
 - C. Only i, ii, iii and v**
 - D. Only I, ii, iii and iv
17. Results of the Compliance Audits should be presented in which of the following aspects?
- i. Inspection Report
 - ii. Audit Comments on Company Accounts
 - iii. Departmental Appreciation Note

- iv. Compliance Audit Report
 - A. Only i
 - B. Only i and iv
 - C. Only ii, iii and iv
 - D. Only i, iii and iv**
18. Part III of the Inspection Reports for Compliance Audits is
- A. Incidental findings relating to both regularity and propriety aspects
 - B. Significant audit findings relating to evaluation of the regularity related subject matter(s)/ specific subject matter(s) and propriety related subject matters
 - C. Follow up on findings outstanding from previous report**
 - D. Best Practices
19. The risk assessment methodology should include a review of which of the following:
- i. Current Budget & Demands for Grant
 - ii. Outcome budgets
 - iii. Annual Performance/ Activity Reports of Ministries / Departments/ Companies
 - iv. VLC (Voucher Level Computerisation) data
 - v. News paper reports
- A. Only i, ii and v
 - B. Only ii and iv
 - C. Only iv
 - D. All of the above.**
20. Audit documentation serves to:
- i. Provide support for the auditors' report
 - ii. Redundancy in audit observations
 - iii. Aid auditors in conducting and supervising the audit
 - iv. Allow for the review of audit quality
- A. Only i
 - B. Only iii
 - C. Only i, iii and iv**
 - D. Only i and ii.
21. Generally, Compliance Audit includes
- A. Propriety audit**
 - B. Efficiency audit
 - C. Financial audit
 - D. Ethical audit.
22. Which of the following is WRONG about professional scepticism to be maintained during Compliance Audits?
- A. Professional scepticism is an attitude that includes maintaining an open and objective mind by being alert to conditions which may indicate possible non-compliance due to error or fraud
 - B. Professional scepticism is essential when evaluating audit evidence contradicting other audit evidence already obtained, and information that brings into question the reliability of audit evidence, such as documents and responses to inquiries

- C. Professional scepticism is necessary to ensure that the auditor uses personal bias**
- D. Maintaining professional scepticism throughout the audit is necessary if the auditor is to reduce the risks of overlooking unusual circumstances.
23. Which of the following are the principles related to the planning and designing a Compliance Audit (as per ISSAI 400)?
- i. Understanding the entity
 - ii. Understanding internal controls and the control environment
 - iii. Risk assessment
 - iv. Audit strategy and audit plan
- A. Only i and ii
- B. Only iii
- C. Only iv
- D. i, ii, iii and iv.**
24. Which of the following does NOT come under Establishment Audit as per Manual of Standing Orders (Audit)?
- A. Scrutiny of leave salary payments
 - B. Scrutiny of establishment bills
 - C. Scrutiny of pay fixation and service books
 - D. Scrutiny of implementation of schemes**
25. Identify the correct sentence regarding Audit Quality Management Framework (AQMF) of C&AG.
- A. AQMF equates with peer reviews only
 - B. Leadership and direction, human resource management, continuous improvement are some of the elements of AQMF**
 - C. Integrity, independence and subjectivity are the requirements to ensure quality
 - D. Since audit is not a specialised job, human resource is generally non-skilled.

PC-13 (Government budgeting and flow of resources)

(1) The total appropriation in the Budget of the Government of Madhya Pradesh during the year 2018-19 was Rs. 80,000.00 crore and total expenditure was Rs 95,000.00 crore. Thus there was an excess expenditure by Rs. 15,000.00 crore and comment for excess expenditure was made in the Appropriation Accounts. Chose the correct option from the following:

- (i) Comments should be made as per the norms fixed by the State Government.
- (ii) Comments should be made as per the norms fixed by the State Legislature.
- (iii) Comments should be made as per the norms fixed by the Public Accounts Committee.**
- (iv) Comments should be made as per the norms fixed by the Accountant General (A&E)

(2) A guarantee is an agreement between two entities to meet certain obligations, such as paying a third party's debt if the latter defaults. The most common type is a government-guaranteed loan, which requires the government to repay any amount outstanding amount on a loan in the event of default. Which of the following statement is true as to Government Guarantee?

- (i) Government gives Guarantee to enable central public sector companies to raise resources at lower interest charges or on more favourable terms.**
- (ii) Government gives Guarantee to enable government's departments for incurring day to day recurring expenditure of the department.
- (iii) Government gives guarantees to enable Private Sector Companies to raise resources.
- (iv) None of the above.

(3) As per the recommendation of 15th Finance Commission, which of the following option is correct as to the normal net borrowing limit of State Governments for the year 2023-24 to 2025-26?

- (i) 3 per cent of GSDP**
- (i) 3.5 per cent of GSDP
- (ii) 4.00 per cent of GSDP
- (iii) 4.5 per cent of GSDP

(4) Which of the following statement is correct with regard to Off-Budget Borrowing?

- (i) Off-Budget borrowings are accounted for in Government Accounts as internal debt.
- (ii) These are borrowed by government agencies and/or PSUs from market or Financial Institutions.**
- (iii) Off-Budget borrowings are used by the Government to finance deficit budgeting.
- (iv) None of the Above.

(5) Which of the following can be categorized as pre-budget scrutiny?

- (i) Whether financial transactions of the Government under both receipt and payments are differentiated and classified accurately.
- (ii) If issues raised had been well responded and assurances received to take the issues on board timely before current Budget is to be placed.**
- (iii) Whether Guarantee Redemption Fund has been created by the Government.
- (iv) None of the above.

(6) The State Government of Rajasthan received Rs. 50,00,000.00 from the Central Government on Centrally Sponsored Schemes. Which of the following Statement is correct with regard to Government of India's decision in regard to Centrally Sponsored Schemes?

- (i) The State Government should transfer the funds received from the Central Government to the Public Accounts of the State Government.

(ii) Funds received from the Central Government are to be transferred to the Public Accounts of Government of India by the State Government.

(iii) Funds received from the Central Government are to be transferred by the State Government to the Accounts of Single Nodal Agency within a period of 21 days of receipts of funds.

(iv) None of the above.

(7) Fiscal deficit in a government budget refers to-

(i) Shortfall in taxes

(ii) Shortfall in disinvestment

(iii) Borrowings requirement

(iv) Shortfall in revenue

(8) Which of the following is related to post budget checks?

(i) Review of off-budget borrowing entity-wise

(ii) Whether Guarantee Redemption Fund (GRF) has been created by the Government.

(iii) Whether financial transactions of the Government under both receipts and payments are differentiated and classified accurately.

(iv) Non-rectification of mistakes as pointed out in previous Budget/Supplementary estimates.

(9) Primary deficit is the difference between-

(i) Fiscal deficit and revenue deficit

(ii) Revenue deficit and interest payments

(iii) Total expenditure and total revenue receipts

(iv) Fiscal deficit and interest payments

(10) As per the recommendations of 15th FC, the State's share in the divisible pool of taxes for FY 2020-21 should be reduced from 42% to-

(i) 41%

(ii) 35%

(iii) 39%

(iv) 40%

(11) Which of the following statements under the Fiscal Responsibility and Budget Management Act, 2003 are also laid on the Table of Lok Sabha along with Budget?

(i) The Medium-Term Fiscal Policy Statement

(ii) The Fiscal Policy Strategy Statement

(iii) The Macro Economic Framework Statement

(iv) All of the above

(12) Which of the following is correct with regard to fund flow for State Projects financed from external aid source?

(i) Budget provision will be made by the respective Department of Central Government

(ii) Budget provision will be made by the respective Department of State Government

(iii) Budget provision will be made by the Controller of Aid Accounts and Audit

(iv) None of the above

(13) Which of the following statement is correct with regard to Taxes levied and collected by the Central government but distributed to States?

(i) Various tariffs on products sent in the course of interstate trade or commerce.

(ii) Special funds to promote the welfare of scheduled tribes (STs) in a state or to improve the quality of administration of scheduled territories in a state, such as Assam.

- (iii) Fringe Benefit Tax
- (iv) None of the above

(14) Chose the correct option from the following statements.

(i) Discretionary grants are given by the Central Government to States due to collection of Income Tax at the State Level.

(ii) Discretionary grants are given by the Central Government to States in order to help the States financially fulfil plan targets and to give some leverage to the Centre to influence and coordinate State action to effectuate the national plan.

(iii) Discretionary grants are given by the Central Government to States on collection of Tax under Integrated Goods and Services Tax (IGST)

(iv) None of the above.

(15) Capital expenditure may be broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Which of the following statement is correct with regard to capital expenditure?

(i) All expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions made by competent authority are to be treated as Capital Expenditure.

(ii) Transfer of funds to Reserve Funds by the Government can be treated as Capital Expenditure.

(iii) Expenditure by Government on grants-in-aid to local bodies or institutions for the purpose of constructing assets which will belong to these local bodies or institutions cannot legitimately be considered as capital expenditure.

(iv) All of the above.

(16) 'User Charges' is an important component of the non-tax revenues of the Government. Which of the following statement is correct with regard to fixing 'User Charges'?

(i) While fixing the rates of user charges, the Ministries/Departments must ensure that the 'User charges' recover the current cost of providing services with reasonable return on capital investment.

(ii) 'User Charges' is to be fixed based on non-debt capital receipts including disinvestments and borrowings.

(iii) 'User Charges, is to be fixed based on dividends and profits including the transfer of surplus from Reserve Bank of India.

(iv) None of the above.

(17) Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them. Which of the following statement is correct with regard to surrender of savings noticed in the Grants?

(i) The savings as well as provisions that cannot be profitably utilised shall be surrendered to Government immediately they are foreseen without waiting till the end of the year.

(ii) Savings noticed in the Grants or Appropriations shall be held in reserve for possible future excesses.

(iii) Savings noticed in the Grants or Appropriations shall be surrendered at the end of the year.

(iv) Savings noticed in the Grants or Appropriations shall not be surrendered.

(18) Which of the following is correct about Finance Commission?

- (i). It recommends the distribution of the net proceeds of taxes to be shared between the Centre and the states, and the allocation between the states of the respective shares of such proceeds.
- (ii). It recommends the principles that should govern the grants-in-aid to the states by the Centre (i.e., out of the consolidated fund of India).
- (iii). The recommendations made by the Finance Commission are only of advisory nature and hence, not binding on the government.
- (iv) All the above.**

(19) Chose the correct options from the following regarding Grants-in-Aid to the States:

- (i). The provision of Statutory Grants to states is made under Article 282 of constitution.
- (ii). The bases of Statutory Grants are recommendations of Finance commission.**
- (iii) The bases of Statutory Grants are recommended by NITI Aayog.
- (iv) None of the above.

(20) Which of the following statement is correct in terms of deficit budgeting?

- (i) A financial situation that occurs when an entity has more money going out than coming in.**
- (ii) A situation where government spends more money than it receives as revenue.
- (iii) *A situation in financial planning or the budgeting process where total expected revenues are equal to total planned spending.*
- (iv) None of the above.

(21) Which of the following is correct with regard to Micro-economic Framework Statement as per FRBM Act, 2003?

- (i) an assessment of the growth prospects of the economy with specification of underlying assumptions.**
- (ii) an assessment of expenditure over receipts.
- (iii) an assessment of borrowings over capital expenditure.
- (iv) None of the above.

(22) The Demand for Grants shall be presented to Parliament at how many of the following levels:

- (i) One level: Both the main Demand for Grants along with the Detailed Demands for Grants shall be presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement on the date of presentation of the same in the Lok Sabha.
- (ii) Two levels: The main Demand for Grants shall be presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement while the Detailed Demands for Grants, for consideration by the “Departmentally Related Standing Committee” (DRSC) of the Parliament, are laid on the Table of the Lok Sabha by the concerned Ministries/ Departments, as per dates approved from time to time presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement.**
- (iii) Multiple levels: Generally, one Demand for Grant is presented in respect of each Ministry or Department. Then, all the Demands are included Department-wise in order of the largest Department / Ministry. The Annual Financial Statements follows these Demands for Grants as per the dates approved from time to time.
- (iv) None of the above.

(23) Any Institution or Organisation seeking Grants-in-aid from Government will be required to follow which of the following procedure?

(a) Submit an application, which includes all relevant information such as Articles of Association, bye-laws, audited statement of accounts, sources and pattern of income and expenditure etc. enabling the sanctioning authority to assess the suitability of the Institution or Organisation seeking Grant.

(b) Clearly specify the need for seeking Grant, which should be submitted in such form as may be prescribed by the sanctioning authority.

(c) The Institution or Organisation seeking Grants-in-aid should also certify that it has not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government.

(i) a and b only

(ii) b and c only

(iii) a and c only

(iv) All the above

(24) As per FRBM Act, 2003, whenever there is either shortfall in revenue or excess of expenditure over the prescribed levels during any period in a financial year, the Central Government shall take appropriate measures for increasing revenue or for reducing the expenditure (including curtailing of the sums authorised to be paid and applied from and out of the Consolidated Fund of India under any Act so as to provide for the appropriation of such sums). Which of the following activity will be adopted by the Government, as per FRBM Act, 2003?

(i) Measures for fiscal transparency

(ii) Measures to enforce compliance

(iii) Power to make rules

(iv) None of the above.

(25) Which of following measures of Government helps to avoid government deficit?

(i) equalizing government spending and tax revenues

(ii) high government spending and low tax revenues

(iii) borrowings to finance deficit.

(iv) None of the above.

PC-14 ((Financial Audit)

Q1. It shall be the duty of the CAG of India to audit receipts and expenditure of any body or authority substantially financed by the grants or loans from the Consolidated Fund of India. Which of the following is correct for defining the body as “Substantially Financed”?

- (a) The Grant in a financial year is not less than rupees twenty five lakhs and the amount of such grant or loan is not less than fifty percent of the total expenditure of that body
- (b) The Grant in a financial year is not less than rupees twenty five lakhs and the amount of such grant or loan is not less than seventy five percent of the total expenditure of that body**
- (c) The Grant in a financial year is not less than rupees thirty five lakhs and the amount of such grant or loan is not less than seventy five percent of the total expenditure of that body
- (d) The Grant in a financial year is not less than rupees thirty five lakhs and the amount of such grant or loan is not less than fifty percent of the total expenditure of that body

Q2. Which of the following Sections of the CAG’s DPC Act is not related to duties and powers of the CAG of India in relation to the form, compilation, maintenance and submission of accounts of the Union and State Government?

- (a) Section 10
- (b) Section 11
- (c) Section 21**
- (d) Section 22

Q3. Complete accounts of the Central Government and of each of the State Government with the Bank shall be maintained by the Central Accounts Section of the Reserve Bank of India located at

- (a) Delhi
- (b) Mumbai
- (c) Kolkata
- (d) Nagpur**

Q4. Proforma accounts relating to Irrigation, Navigation, Embankment and Drainage Projects and Government residential buildings are required to be prepared by

- (a) Departmental Authorities
- (b) Civil Accounts Offices**
- (c) Principal Accounts Office concerned
- (d) Accountant General

Q5. Net gain by exchange in respect of Government transactions in foreign currencies shall be uniformly adjusted under the head

- (a) 0047-Other Fiscal Services
- (b) 0050-Dividends and Profits
- (c) **0075-Misc. General Services-0075**
- (d) Functional Major Head

Q6. The inter-departmental or inter-governmental transactions will be settled by different procedures

- (a) Direct booking of expenditure by agent Ministry/Department against the Demands for Grants of the functional Ministry;
- (b) Issue of advices to Central Accounts Section of the Reserve Bank of India
- (c) Cash settlement
- (d) **All of the above**

Q7. Which section of CAG DPC Act empowers Audit to scrutinize the the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants or loans were given to an autonomous body from the Consolidated Fund

- (a) Section 14
- (b) **Section 15**
- (c) Section 19
- (d) Section 20

Q8. Which of the following sections of the CAG DPC Act empower the CAG of India to audit accounts of corporations established by or under law made by the Parliament?

- (a) Section 19 (1)
- (b) **Section 19 (2)**
- (c) Section 19 (3)
- (d) Section 19 (A)

Q9. Audit of which of the following type of companies/ corporations can be entrusted to the CAG of India only after a request for audit by the concerned authority?

- (a) Companies/ Corporations formed under the Companies Act
- (b) Companies/ Corporations formed under law made by the Parliament
- (c) **Companies/ Corporations formed under law made by the Legislature of a State/ Union Territory**
- (d) No request necessary

Q10. Which of the following aspects shall not be considered before accepting any request for entrustment of audit of autonomous body

- (a) **Whether any public interest is served**

- (b) Whether the Audit is adequately equipped to undertake the work
- (c) Whether there will be a second auditor
- (d) What are the view of the concerned body

Q11. Which of the following Sections of the CAG DPC Act empower the CAG of India to propose to President/Governor/ Administrator of a Union Territory having Legislative Assembly to undertake the audit of the accounts of any body or authority not entrusted to CAG

- (a) Section 19 (2)
- (b) Section 19 (3)
- (c) Section 20 (1)
- (d) Section 20 (2)**

Q12. Which of the following statements under FRBM Act is not presented alongwith the Annual Financial Statement

- (a) The Medium-Term Fiscal Policy Statement
- (b) The Medium-Term Expenditure Framework Statement**
- (c) The Fiscal Policy Strategy Statement
- (d) The Macro-economic Framework Statement

Q13. The Fiscal Policy Strategy Statement does not contain which of the following.

- (a) three-year rolling target for prescribed fiscal indicators**
- (b) strategic priorities of the Central Government for the ensuing financial year in the fiscal area
- (c) key fiscal measures and rationale for any major deviation in fiscal measures pertaining to taxation, subsidy, expenditure, administered pricing and borrowings
- (d) an evaluation as to how the current policies of the Central Government are in conformity with the fiscal management principles

Q14. Medium- term Fiscal Policy Statement shall include an assessment of sustainability relating to

- (a) growth prospects of the economy
- (b) the fiscal balance of the Union Government as reflected in the gross fiscal balance
- (c) use of capital receipts including market borrowings for generating productive assets**
- (d) external sector balance of the economy as reflected in the current account balance of the balance of payments

Q15. Which of the following Regulations deal with the broad framework of Performance Audit?

- (a) Regulation 42
- (b) Regulation 45**

- (c) Regulation 47
- (d) Regulation 49

Q16. Scope of Supplementary Audit is defined in which of the following Regulations?

- (a) Regulation 68**
- (b) Regulation 71
- (c) Regulation 74
- (d) Regulation 77

Q17. Part I of the Finance Accounts of the Union comprises how many Statements?

- (a) Two
- (b) Three
- (c) Five**
- (d) Seven

Q18. Which of the following is not true in respect of Finance Accounts of the Union?

- (a) It brings out Grant Wise expenditure against the amount voted by the Parliament and charged on the Consolidated Fund of India**
- (b) It contains details upto Minor head level
- (c) There are a total of 16 Statements in Finance Accounts
- (d) It contains net details of transactions adjusted after recoveries from gross amount.

Q19. Which of the following is a non-accounting Statement in Finance Accounts

- (a) Statement showing Percentage Distribution of Revenue Receipts and Revenue Expenditure for the year.
- (b) Statement of Expenditure on Capital Account during and to the end of the year
- (c) Statement showing the Investments of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, etc., up to end of the year.**
- (d) Summary of Balances

Q20. Which of the following statements is not part of the Statement showing Summary of Debt Position?

- (a) Statement of Borrowings
- (b) Other Obligations
- (c) Service of Debt
- (d) Summary of Loans and Advances**

Q21. Under the scheme of departmentalization of accounts, who is responsible for the compilation and consolidation of the accounts of a Ministry/Department?

- (a) Controller General of Accounts

- (b) Secretary of the concerned Ministry/ Department
- (c) Financial Advisor of the concerned Ministry/ Department**
- (d) Chief Controller of Accounts of the concerned Ministry/ Department

Q22. Which of the following checks is not performed while auditing SCTs?

- (a) Whether the accounting procedure is correct**
- (b) Whether the heads of accounts shown are authorised ones
- (c) Whether the nomenclature of the heads of accounts is correct
- (d) Reconciliation of figures between the SCTs and the draft Appropriation Accounts

Q23. Which of the following departments of the Ministry of Finance is responsible for preparing the Budget of Union Government for a year?

- (a) Department of Expenditure
- (b) Department of Economic Affairs**
- (c) Department of Revenue
- (d) Department of Financial Services

Q24. Who approves the financial ceilings for Excess/ Savings from the sanctioned provisions beyond which reasons for such Excess/ Savings are to be recorded in the Appropriation Accounts?

- (a) Controller General of Accounts
- (b) Comptroller and Auditor General of India
- (c) Ministry of Finance
- (d) Public Accounts Committee**

Q25. Which of the following checks is not exercised while examining the Stage II Appropriation Accounts?

- (a) Contingency Fund Statement shall be checked for drawl and subsequent recoupment, if any, during the financial year**
- (b) Actual Expenditure against each sub-head to be checked with figures shown in “Reconciliation of Appropriation Accounts figures with Statement of Central Transaction” and ‘Classified Abstract’.
- (c) Details of recoveries adjusted in accounts as reduction of expenditure to be checked with figures shown in “Reconciliation of Appropriation Accounts figures with Statement of Central Transaction”.
- (d) Statement showing ‘Reconciliation of Appropriation Accounts figures with the Statement of Central Transactions’ to be cross-checked for factual accuracy.

PC-15 (Entitlement Functions and Treasury Inspection)

Question 1: An employee contributes 20% of his monthly basic pay into his GPF. In the financial year, he refunded to the fund ₹12,000 per month for 5 months against an advance taken earlier. He had opening balance of ₹15,40,490 as on 1st April 20xx. His basic pay at the start of the financial year was ₹1,20,000 per month but got an increment of ₹2,600 on 1st of January 20xx1. What is the closing balance of his fund without the interest?

- A. ₹18,88,490
- B. ₹18,28,490
- C. **₹18,89,530**
- D. ₹18,29,530

Question 2: An employee contributes ₹20,000 per month to her GPF Account. She is due to superannuate on 31st October 20xx. Her subscription was stopped three months before the superannuation. Her GPF Account balance as on 1st April 20xx was ₹15,50,000. Rate of interest on GFP Account balance is 7.1% per annum. What would be her closing balance including the interest amount at the day of superannuation?

- A. ₹15,50,000.
- B. ₹16,30,000
- C. ₹18,15,540
- D. **₹18,95,540**

Question 3: A retired government servant / pensioner was re-employed. Meanwhile, she joined Contributory Provident Fund. After re-employment, she also joined General Provident Fund. By the time her re-employment ended after two years, she has a balance of ₹3 lakh including an amount of interest of ₹16,000 accrued last year. At the time of ending of the re-employment, an interest of ₹35,000 was added making the balance ₹3,35,000.

Which of the following is true as per the GPF Rules.

- A. **She was not eligible for General Provident Fund.**
- B. She was eligible for both Contributory and General Provident Funds
- C. She should have left the Contributory Fund.
- D. None of the above

Question 4: Rule 12 (1), GFP Rules, GID (16) – Dept of Pension & PW OM No. 3/2/2017-P&PW (F) (i) dated 7th March 2017 liberalised the condition for drawl of advance by the subscriber. A subscriber has monthly pay of ₹80,000 and Fund balance ₹12,00,000 at the time of application for advance from the fund. As per the liberalised provisions, which of the following is the permissible advance for the employee.

- A. ₹2,40,000
- B. **₹9,00,000**
- C. ₹9,60,000
- D. ₹6,00,000

Question 5: An amount of ₹3,50,000 was kept under Provident Fund Suspense (missing credits). Subsequently, acquittance roll and certificate of deduction for ₹2,10,000 was received from the Disbursing Officer. Certificate and acquittance role for ₹60,000 was awaited. The remaining amount of ₹80,000 was found to be due to book keeping error. Which of the following actions is/are true in the scenario?

- (i) The AG Office cleared the suspense for the amount of ₹2,10,000.
 - (ii) The AG Office Wrote off the amount of 80,000 being book keeping error to Misc. Government Account.
 - (iii) The AG Office reported the pending amount of suspense through a statement to Office of the CAG in Form 58 along with amount written off.
 - (iv) None of the above.
- A. Only (iv)
B. Only (i) and (ii)
C. (i), (ii) and (iii)
D. Only (ii)

Question 6: As an accountant, you are responsible for certain checks relating to Provident Fund in discharge of accounting functions. You have the following documents.

- i. Form 43
- ii. Form 45
- iii. Form 46
- iv. Form 58.

Which of the above is / are relevant for the discharge of the function?

- A. Only (iv))
B. Only (i) and (ii)
C. Only (iii)
D. (i), (ii) and (iii)

Question 7: As part of Entitlements functions, AG (A&E) Office renders several services. They may include the following:

- i. Issuing Pay Slips.
- ii. Issuing Leave Salary Certificate.
- iii. Issuing No Demand Certificate (NDC) against HBA.
- iv. Issuing Death-cum-Retirement Gratuity Order.

You are posted in Gazetted Entitlement (GE) Section. Which of the above functions shall be your responsibility.

- A. Only (i)
B. Only (iii)
C. (iii) & (iv)
D. (i) & (ii)

Question 8: A Non-Gazetted official has been promoted to a Gazetted post. The AG Office received formal Promotion and Appointment Order, Certificate of assumption of charge, Medical certificate of fitness.

Which of the following action you would take in this regard.

- i. Process the documents and issue the pay slip.
- ii. Ask for L.P.C. from the last disbursing officer.
- iii. Ask for the Service book duly completed up to the date of promotion to the gazetted post.
- iv. Ask for the sanction to the post to which promoted.
 - A. (i)
 - B. (ii)
 - C. (ii) & (iii)
 - D. (ii), (iii) & (iv).**

Question 9: On retirement and having required qualifying service, a Government official commuted 30% of the pension for the maximum period before which commuted value is restored. If the last pay of the official was ₹1,20,000 per month and commutation factor was 8.287 at age 60 what is the total pension per month and the amount of total commuted value?

- A. Pension ₹60,000 / month and commuted value ₹17,89,992.**
- B. Pension ₹50,000 / month and commuted value ₹27,00,000.
- C. Pension ₹48,000 / month and commuted value ₹25,92,000.
- D. Pension ₹72,000 / month and commuted value ₹38,88,000.

Question 10: An official received an amount of ₹27,84,432 as commuted value being 40% of her pension. Commutation factor at her age of 60 is 8.287. What is the monthly pension of the official at the time of commutation?

- A. ₹50,000
- B. ₹60,000
- C. ₹70,000**
- D. ₹75,000

Question 11: You have been assigned Treasury Inspection conducted by the A&E Office and you have been asked to prepare Treasury Inspection Plan. Which of the following areas should be included in the plan for review.

- (i) Review of sub-vouchers.
 - (ii) Review of first time payment of pension.
 - (iii) Review of controls exercised by the Treasury in online payment system / IFMS
 - (iv) Review of payments made by the Single Nodal Agencies (SNA) against Centrally Sponsored Schemes.
- A. (i) & (ii)
 - B. (ii) & (iii).**
 - C. (i) & (iv).
 - D. All the above.

Question 12: You are preparing Treasury Inspection Plan and you have to define the objective of the Inspection Plan. Which of the following should you consider as objective of treasury inspection?

- A. Treasury Inspection focuses on verification to ensure whether the various checks and procedure prescribed for preparation of initial accounts are duly complied with by the treasuries?
- B. Treasury Inspection focuses on verification of first payment made against the fresh Pension Payment / Gratuity Payment Order and audit of pension payment at treasuries.
- C. Treasury Inspection includes checking of procedural aspects as well as regularity of transactions taking place at treasuries/sub-treasuries.
- D. **All of the above.**

Question 13: The State of ABC has contested the mandate of the CAG / AG Office in regard to Treasury Inspection? You have been asked to draft a letter refuting the claim of the State. Which of the following should you cite as the basis for mandate of the inspection?

- A. Treasury Inspection is conducted by each AG Office as per the provisions of Section 18 of the CAG DPC Act, 1971?
- B. Treasury Inspection by the Accounts and Entitlement Offices was prescribed by an order of the CAG of India in 1991.
- C. The work relating to audit of pension payments at Treasuries was transferred to Accounts and Entitlements Office from the Audit Offices.
- D. **All the above.**

Question 14: An official has received pension of ₹40,000 per month on superannuation. She commuted 30% of the pension and received ₹16,21,632 as commuted value. What is the Commutation Factor?

- A. **8.446**
- B. 8.371
- C. 8.287
- D. 8.194

Question 15: On treasury inspection, you have been asked to work out the closing balance of the Personal Deposit Accounts. Opening balance of PDAs was 125 Administrators with total balance of ₹1,200 crore; 7 Administrators with ₹125 crore amount were closed and 4 Administrators with 273 crore transfer from the Consolidated Fund of the State were added during the year. What is the closing balance of PDAs?

- A. 128 Administrators with ₹1,052 crore.
- B. 135 Administrators with ₹1,598 crore.
- C. **121 Administrators with ₹1,348 crore.**
- D. 125 Administrators with ₹1,200 crore.

Question 16: State Treasury processed first time pension payment and advised RBI to effect the payments to the pensioner's designated bank. However, the RBI informed that the payment did not go through due to mistakes in pensioner's details. Which term best described the transaction?

- A. RBI CAS Rebound transaction.
- B. RBI TSA failed transaction.
- C. RBI e-Kuber failed transaction.**
- D. None of the above.

Question 17: You have been asked to compile and prepare a report on trend of receipts (non-tax, etc.) of the State Government XYZ and also compare them with budgeted figure. Which of the modules of the Integrated / Centralised Financial Management System (IFMS / CFMS) would be useful?

- A. e-Budget and e-Khazane modules.
- B. e-Budget and e-Kuber modules
- C. e-Kuber and e-Kosh modules
- D. e-GRAS and e-Budget modules**

Question 18: A transport agency wants to pay annual road safety cess of ₹12,500 to the State Government. Which of the following system he can access to deposit the amount?

- A. e-Khazane
- B. e-GRAS.**
- C. e-Treasury.
- D. e-Kuber.

Question 19: A trader has deposited ₹1,25,000 of the advance State GST for the quarter Jan – March 2024 for the State ABC. However, he has to seek certain clarification regarding a discrepancy in the accounting of the receipt by the State before he pays the next advance tax. Which of the following is responsible for receipts and accounting of the information relating to State GST and their submission to the State AG Offices and which can be referred to by the trader?

- A. Reserve Bank of India
- B. GSTN
- C. Cyber / e-Treasury**
- D. State Bank of India

Question 20: A Treasury Officer is processing a salary bill submitted by a DDO. The Treasury Officer wants exercise certain checks and then process the bill for payment through the RBI? Which of the following systems / modules of State IFMS and banking system shall be relevant for the Treasury Officer for checking and advising the payment?

- A. e-Budget, e-GRAS and e-Kuber
- B. **e-Sanction, e-Treasury and e-Kuber**
- C. e-HRMIS, e-Budget and e-Kuber
- D. e-Budget, e-HRMIS and e-Sanction.

Question 21: You have received accounts data / information in digital form for the month of January 2024 from the State IFMS for compilation. You are required to push the data / information into the VLC through a middleware server of the AG Office. Which of the following data / information type can be pushed digitally into the VLC system?

- A. **Comma Separated Value (CSV) file**
- B. Python Code file
- C. Potable Network Graphic (PNG) file
- D. None of the above.

Question 22: In view of the implementation of digital payment and accounting system, Treasury Inspection team is required also to inspect the modules and systems of digital processing and payments adopted by the Treasury. Which of the following best describes the focus of treasury inspection vis-à-vis the IFMS used by the treasuries?

- A. **Transactional level controls relevant to payments to assure confidentiality, integrity and accessibility of accounting data reaching AG Office**
- B. Systemic controls of the IFMS to assure that all the process followed by the State from budgeting to payment are in place
- C. System Development Life Cycle to assure that all procurements and contracts were done in regular manner
- D. All of the above.

Question 23: As an accountant, you are compiling / processing accounting data / information received from the treasuries. You have received electronic documents. Which of the following is NOT true of the e-voucher?

- A. It is an electronic document which contains all the information as can be found in the physical voucher.
- B. **It is a printed document based on electronic data and contains all the information as can be found in the physical voucher and is signed manually after printing.**
- C. It is digitally signed.
- D. e-Sign establishes that only person(s) authorised to pass the bill has/have passed the electronic document.

Question 24: You are conducting treasury inspection and want to see pension paid against the fresh pension payment orders done by the treasury. Which of the following of the IFMS would be your focus?

- A. e-Budget module.
- B. e-Sanction module.

C. **e-Payroll module.**

D. e-HRMIS

Question 25: A Drawing and Disbursing Officer (DDO) is a Pension Sanctioning Authority (PSA). As PSA, DDO XYZ is to process pension application of the employees retiring in advance. Which of the State IFMS module is most relevant for him for reference?

A. e-GRAS module.

B. e-Sanction module.

C. e-Budget module.

D. **e-HRMIS**

PC-16 (Revenue Audit; Audit of Local Bodies; Public Works Audit)

1. Match List I with List II

	List I		List II
A	Section 10 (1)	I.	Amount received in voluntary retirement
B	Section 10 (10 C)	II.	Agricultural Income
C	Section 10 (13 A)	III.	Leave Encashment
D	Section 10 (10 AA)	IV.	House Rent Allowance

Choose the correct answer from the options given below:

- (a) **A-II, B-I, C-IV, D-III**
(b) A-II, B-I, C-III, D-IV
(c) A-IV, B-III, C-I, D-II
(d) A-IV, B-III, C-II, D-I
2. Which of the following loses are NOT deductible from business Income?
A. Loss incurred in closing down the business
B. Loss incurred due to damage destruction etc. of capital assets
C. Loss of stock-in-trade due to enemy action
D. Loss sustained before the business is commenced
E. Loss of raw material finished good-in-transit
Choose the correct answer from the options given below:
(a) A,B,C only
(b) **A,B,D only**
(c) C,D,E only
(d) A,D,E only
3. John, a foreign national (not being a person of Indian origin), came to India for the first time from USA on July 11, 2014. He stayed here for a stretch of 3 years and left for Japan on July 11, 2017. He returned to India on April 10, 2018 and remained here till August 17, 2018, when he went back to USA. He again came back to India on January 30, 2021 at 11.59 p.m. and continued to stay in India thereafter. Determine his residential status for the assessment year 2021-22.
(a) **Resident and ordinary resident**
(b) Resident but not ordinary resident
(c) Non-resident
(d) None of the above.

Solution: For the assessment year 2021-22, financial year 2020-21 is previous year. During the previous year 2020-21, John is in India for a period of 60 days (i.e., January 2021 : 1 + February 2021: 28 days + March 2021: 31 days). Moreover, during 4 years immediately preceding the previous year 2020-21, he is in India for 597 days (i.e., 2016-17 : 365 days, 2017-18 : 102 days, 2018-19 : 130 days and 2019-20 : Nil). Thus, he satisfies condition (b) of the following namely (a) He is in India in the previous year for a period of 182 days or more or (b) presence of at least 60 days during the previous year and 365 days during 4 years preceding the previous year. He, therefore, becomes resident in India. A resident individual may either be ordinarily resident or not ordinarily resident in India. To determine it, one has to apply the test of two additional conditions mentioned namely (i) He has been resident in India in at least 2 out of 10 previous years immediately preceding the relevant previous year and (ii) He has been in

India for a period of 730 days or more during 7 years immediately preceding the relevant previous year.

During 7 years immediately preceding the previous year 2020-21, John is in India for 1227 days and during 10 years immediately preceding the previous year 2020-21, he is resident in India for 5 years as follows:

Year	Presence in India (number of days)	Resident ® or non- resident (NR)	Which of the condition (a), or (b) above is satisfied to become resident or non-resident
2019-20	Nil	NR	None
2018-19	130	R	(b)
2017-18	102	R	(b)
2016-17	366	R	(a) As well as (b)
2015-16	365	R	(a)
2014-15	264	R	(a)
2013-14	Nil	NR	None
2012-13	Nil	NR	None
2011-12	Nil	NR	None
2010-11	Nil	NR	None

Thus, he satisfies one of the basic condition and the two additional conditions. He will, therefore, be treated as resident and ordinarily resident in India for the assessment year 2021-22.

4. A & Co. received Rs. 2 lacs as compensation from B & Co. for premature termination of contract of agency. Amount so received is _____.
 - (a) **Capital receipt & taxable**
 - (b) Capital receipt & non taxable
 - (c) Revenue receipt & taxable
 - (d) Revenue receipt & non taxable.

5. Gross Total Income means Aggregate of Incomes under all heads of Income _____.
 - (a) **After claiming deduction under chapter VI-A**
 - (b) Before claiming deduction under chapter VI-A
 - (c) Income for which no deduction under chapter VI-A
 - (d) None of the above.

6. 'X' purchases a house property for Rs. 76,000 on June 30, 1987. The following expenses are incurred by him for making addition/ alteration to the house property:
 - i. Cost of construction of first floor in 1995-96 - Rs. 1,10,000
 - ii. Cost of construction of the second floor in 2003-04- Rs. 3,40,000
 - iii. Alteration/ reconstruction of the property in 2012-13- Rs. 2,90,000
 Fair market value of the property on April 2, 2001 is Rs. 8,00,000. The house property is sold by 'X' on June 15, 2020 for Rs. 99,50,000 (expenses incurred on transfer: Rs. 10,000).
 Compute long-term capital gain. Inflation index for different years is given below:
 - (i) 2001-02 - 100
 - (ii) 2003-04 - 109
 - (iii) 2012-13 - 200
 - (iv) 2020-21 - 301
 - (a) Rs. 91,24,000

- (b) Rs. 83,24,000
- (c) **Rs. 61,56,651**
- (d) None of the above

Solution: Computation of long-term capital gain

Sale consideration	Rs. 99,50,000
Less:	
Expenses on Transfer	Rs.10,000
Indexed cost of acquisition	Rs. 24,08,000
Indexed cost of improvement	Rs. 13,75,349
Long-term capital gain	61,56,651

7. X furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2021-22:
1. Interest on German Development Bonds (one-sixth is received in India)-Rs. 36000
 2. Income from agriculture in Pakistan, received there but later on Rs. 86,000 is remitted to India- Rs. 3,41,000.
 3. Interest from property in USA received outside India [Rs. 92,000 is used in Canada for meeting the education expenses of X's son in Canada and Rs. 2,48,000 is later on remitted to India]- Rs. 3,40,000
 4. Income earned from business in Iran which is controlled from New Delhi (Rs. 70,000 is received in India)- Rs. 4,05,000
 5. Dividend paid by an Indian company on May 10, 2020 but received outside India-Rs.1,95,800
 6. Past untaxed profit of 2017-18 brought to India in May 10, 2020- Rs. 2,10,000
 7. Profits from a business in New Delhi and managed from outside India (60 per cent of the profit is received outside India)- Rs. 92,000
 8. Profits on sale of a building in India but received in Nepal Rs. 18,74,000
 9. Pension from a former employer in India, received in Iran (amount net of standard deduction) - 2,15,000
 10. Gift in foreign currency from a friend received in India on September 6, 2020- Rs. 80,000

In context to the above case, find out the gross total income of X :

- a. If he is resident and ordinarily resident in India,

Options:

- (a) **Rs.35,78,800**
- (b) Rs.34,86,800
- (c) Rs.34,16,800
- (d) Rs. 37,88,800

- b. If he is resident but not ordinarily resident in India

Options:

- (a) Rs. 29,53,800
- (b) **Rs. 28,67,800**
- (c) Rs. 25,32,800
- (d) Rs. 32,07,800

- c. If he is non-resident for the assessment year 2021-22

Options:

- (a) **Rs. 25,32,800**
- (b) Rs. 35,78,800
- (c) Rs. 32,07,800
- (d) Rs. 28,73,800

Detailed Solutions for Q 13 (a), 13(b) & 13(c).

	Resident and ordinarily resident Rs.	Resident but not ordinarily resident Rs.	Non - resident Rs.
(1)	(2)	(3)	(4)
1. Interest on German Development Bonds:			
• One-sixth is taxable on receipt basis	6,000	6,000	6,000
• Five-sixths is taxable in the case of resident and ordinarily resident on accrual basis	30,000	--	--
2. Income from agriculture in Pakistan:			
• Income accrued and received outside India	3,41,000	--	--
3. Income from property in USA received outside India:			
• Income received outside India	3,40,000	--	--
4. Income earned from a business in Iran controlled from New Delhi:			
• Rs. 70, 000 is taxable on receipt basis	70,000	70,000	70,000
• Balance is not taxable in the case of non-resident	3,35,000	3,35,000	--
5. Dividend paid by an Indian company			
• Income deemed to accrue or arise in India	1,95,800	1,95,800	1,95,800
6. Past untaxed profit brought to India:			
• Not income of the previous year 2020-21, hence, not taxable	--	--	--
7. Profit from a business in New Delhi and managed from outside India:			
• Income accrued in India	92,000	92,000	92,000
8. Profit on sale of a building in India but received in Nepal:			
• Income deemed to accrue or arise in India	18,74,000	18,74,000	18,74,000
9. Pension from an Indian former employer received in Iran:			
• Income deemed to accrue or arise in India	2,15,000	2,15,000	2.15.000
10. Gift in foreign currency			
• Now taken as income	80,000	80,000	80,000
Gross total income.	35,78,800	28,67,800	25,32,800

8. X Ltd. owns two plants (Plant A and Plant B, depreciation rate: 15 per cent). The depreciation values of the block on April 1, 2020 is Rs. 6, 12, 000. On September 20, 2020, Plant B is transferred to Y Ltd. for Rs. 3,50,000 (fair market value: Rs. 90,000). On April 1, 2020, Y Ltd. owns two plants (Plant M and Plant N, depreciation rate: 15 per cent). Depreciated value of the block on April 1, 2020 is Rs. 1,15,000. Plant B is put to use by Y Ltd. On November 6, 2020. Plant M is sold by Y Ltd for Rs. 2,45,000 on March 22, 2021.

Find out the amount of depreciation for the assessment year 2021-22 in the hands of X Ltd. and Y Ltd.

Options:

- (a) **Rs. 39,300 and Rs. 16,500**
 (b) Rs. 78,300 and Rs. 0
 (c) Rs. 65,550 and Rs. 43,500
 (d) Rs. 16,500 and Rs. 39,300

Detailed Solution:

Depreciation in the hands of X Ltd.
--

(Rs.)

Depreciated value of the block on April 1, 2020	6,12,000
Less: Money payable in respect of sale of Plant B	3,50,000
Written down value of the block on March 31, 2021	2,62,000
Depreciation for the previous year 2020-21	39,300
Depreciation in the hands of Y Ltd.	
Depreciation value of the block on April 1, 2020	1,15,000
Add: Actual cost of Plant B	3,50,000
Less : Money payable in respect of Plant M sold during the year	2,45,000
Written down value on March 31, 2021	2,20,000
Depreciation for the previous year [7.5% of Rs.2,20,000 as Plant B is put to use for less than 180 days]	16,500

9. X (HUF) is a Hindu undivided family. The family acquires a residential house at Delhi for Rs. 5,10,000 on April 1, 2019. The family undergoes complete partition on November 1, 2019 and the residential house is allotted to Y, a member of the family (fair market value on November 1, 2019 is Rs. 6,00,000). Y sells the house on March 15, 2021 for Rs. 7,00,000. Determine the amount of chargeable capital gains in the case of Y.
- (a) Rs. 90,000
(b) Rs. 1,90,000
(c) Rs. 1,00,000
(d) Rs. 2,00,000
10. As per ICDS-2 on "Valuation of Inventories", the cost of Inventory may include:
- (i) purchase costs
(ii) service costs
(iii) conversion costs
- (a) (i) above is true
(b) (ii) above is true
(c) (i) & (iii) above is true
(d) All of the above is true
11. As per ICDS –III on construction contracts a group of contracts with one or more customers will be treated as a single contract, when
- (i) Negotiations have been made as a single contract for all the contracts involved
(ii) Contracts are performed on a continuous basis
(iii) All the contracts are interlinked to each other as they are part of single contract
(iv) Single cost and revenues have been identified for all the contracts
- (a) (i) & (ii) above is true
(b) (i) & (iii) above is true
(c) (i) (ii) & (iii) above is true
(d) All of the above is true
12. As per GST Act & Rules, time of supply means
- (a) The point in time when GST is actually paid by the supplier of goods or services
(b) The point of time when GST is actually paid after taking input credit by the supplier of goods or services
(c) The point in time when goods have been deemed to be supplied or service have been deemed to be provided
(d) The point in time when GST return is filed by the supplier of goods or services

13. As per GST Act & Rules, which of the following forms part of transaction value?
- (i) GST compensation cess
 - (ii) Payments made to third parties by the recipient on behalf of the supplier in relation to the supply
 - (iii) Entertainment tax levied by local authority
 - (iv) Commission paid to an agent and recovered from the recipient.
 - (v) Inspection charges at recipient's site
 - (vi) Charges for delay in payment waived off by supplier
- State the correct answer from the options given below
- (a) (i), (ii), (iii), (iv) and (v)
 - (b) (ii), (iii), (iv), (v) and (vi)
 - (c) (ii), (iii), (iv) and (v)
 - (d) **All of the above**
14. Who is authorized to conduct audit under section 35 (5) of the CGST Act, 2017?
- (i) Chartered Accountant
 - (ii) Any person ;having master degree in finance of recognized university
 - (iii) Cost accountant
 - (iv) Company secretary
- Select the correct answers from the options given below
- (a) 1, 3 and 4
 - (b) 4, 2, 3 and 1
 - (c) 1 only
 - (d) **1 or 3 only**

B : Local Bodies Audit

15. The 73rd Amendment to India's Constitution allocates seats in the panchayat system to what groups, other than women, and how many seats do these groups get?
- (a) **Scheduled tribes and castes in proportion to their population**
 - (b) One seat per minority tribe and one seat for each caste
 - (c) Two, a man and a woman, for each scheduled tribe or caste
 - (d) One third of all seats are divided among women, scheduled tribes, and scheduled castes.
16. The XV Finance Commission recognized that auditing is necessary to ascertain the transparency and accountability of public funds and recommended online availability of the following as an entry level condition for availing grants by the Local Bodies.
- (a) Audited accounts of previous year
 - (b) Audited accounts of the previous year and year before previous year
 - (c) **Audited accounts of year before previous year and provisional account of previous year**
 - (d) Provisional accounts of previous year and year before previous year.
17. When factors external to the Auditor and Audit institution restrict the audit or interfere with Auditor's ability to form objective opinions and conclusions, the Auditor should
-
- (a) Refuse to carry on further with the audit and intimate the appropriate authority.
 - (b) **Attempt to remove the limitation, failing that, report the limitation to the appropriate authority.**
 - (c) Carry on with the audit and report the limitation in his final report.

- (d) None of the above.
18. An auditor has recently received an offer from the manager of auditee organisation namely 'XYZ' for a weekend's free use of his beachfront condominium. No audit engagement is currently being conducted in XYZ organisation, and none is scheduled. The auditor
- Should reject the offer and report it to the appropriate supervisory authority.**
 - May accept the offer because its value is immaterial.
 - May accept the offer because no engagement is being conducted or planned.
 - May accept the offer if approved by the appropriate authority.
19. The study and evaluation of internal control should be carried out according to the type of audit undertaken. In the case of regularity (financial) audit, study and evaluation are made mainly on controls that ____.
- Assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records.
 - Assist management in complying with laws and regulations.
 - Are applicable to the audited body, programme, activity or function under audit.
- In respect of above:
- (i) & (iii) is true
 - (i) & (ii) is true.
 - (i) alone is true.**
 - (ii) alone is true.
20. While conducting Transaction Audit of Loans disbursed by PRIs, it should be seen that:
- Sanctions and disbursements of loans are in accordance with the rules and procedures prescribed
 - Disbursing Officer have ensured that loans and advances disbursed by them have been expended on the objects for which they have been sanctioned;
 - In case where loans are not spent for the purpose for which they were granted. Summary recovery is ordered and enforced
 - All of the above.**

C: Public Works Audit

21. As per MSO (Audit), cases in which there is evidence that an officer or agent of a contracting department has an undue common interest with the other contracting party. What is the suitable course of action?
- The person having the common interest should be disengaged from dealing further with the contractor.
 - All the previous and the current dealings with such contracting party should be scrutinized.
 - The matter should be brought to the notice of the competent higher authority for such action as it may deem necessary.**
 - None of the above.
22. While auditing Stores and Stocks of 'X' department, the auditor observes that Mr. Ramesh has been the Store In-charge for a number of years. What will be the future course of action by the Auditor?
- Mention the fact in his Audit Report.
 - Recommend for immediate changing of the Store In-charge.

- (c) **Check that the stores have been physically verified regularly to guard against any loss, pilferage, etc.**
 - (d) Check the past history of Store In-charge for any cases of shortage, loss of stocks etc. during his tenure.
23. Which type of project usually requires an Environment Impact Analysis?
- (i) Small housing building
 - (ii) Dams and reservoirs
 - (iii) Industrial plants (large scale)
 - (iv) Community garden development
 - (v) Irrigation, drainage, and flood control (large scale)
 - (vi) Mining and mineral development (including oil and gas)
- (a) (i), (iii), (vi) are true
 - (b) **(ii), (iii), (v), (vi) are true**
 - (c) (ii), (iii), (iv), (v) are true
 - (d) All the above are true.
24. Mr. Ramesh an auditor is examining a work contract relating to 'X' work and finds that the contract contains deviations/modifications compared to standard format of contract. What would be the suitable course of action by Mr. Ramesh?
- (a) Mr. Ramesh may make a suitable observation to the effect in his audit report.
 - (b) Mr. Ramesh should immediately bring the fact to the notice of management and ask the management to follow the standard format of contracts.
 - (c) **Mr. Ramesh should check whether the modifications have been carried out after obtaining financial and legal advice and if yes accept the format of contract.**
 - (d) Deviations/modifications from the standard format of contract is a common feature and as such no further action is required by the auditor.
25. Audit office of X State, hired the service of an external expert for a technical advice. Based on the advice provided by the external expert, which was later found incorrect, the audit office framed an Audit Report. The audit report was challenged by a stakeholder. In such a scenario, which of the below is correct?-
- (a) As the Audit Report was based on technical findings of an external expert, the Audit Office was not responsible so far its observation/recommendations were based on such incorrect findings.
 - (b) Both the agencies are responsible for their own part of findings.
 - (c) **The Audit office is responsible for the consolidated recommendation/findings given in the Audit report even if the report of the external expert on which it has based its findings was not correct.**
 - (d) The external expert is responsible for the consolidated incorrect report.

PC-17 (Defence Audit)

1. Defence Accounts Department, with the Controller General of Defence Accounts at its head, functions under the administrative control of

- A. The Defence Secretary
- B. The Finance Secretary
- C. The Secretary, Department of Military Affairs
- D. None of the above**

2. Consider the following sentences

- (i) The Army is composed of those who have undertaken a definite liability for Military Services, viz., combatant troops, administrative services/departments and enrolled non-combatants.
- (ii) The Army comprises the regular Army, the Army Reserve, the Territorial Army and the Short Service Commission (Army)

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct**
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

3. Match the departments with the matters dealt with by them:

- | | |
|---|---|
| I. Department of Defence | i. To assist in formulation & implementation of Defence Plans |
| II. Department of Defence Production & Supplies | ii. Hydrographic surveys & preparation of navigational charts |
| III. Department of Defence Research & Development | iii. Standardisation of defence equipment & stores including Directorate of Standardisation |
| IV. Defence (Finance) Division | iv. To function, with concurrence of Ministry of External Affairs, as nodal coordinating agency of Ministry of Defence on all matters relating to instruments of Accord with foreign Governments relating to acquisition of technologies whose export to India is subject of national security related controls of foreign Government |

The correct answer is

- A. I - i, II - ii, III - iii, IV - iv
- B. I - iv, II - iii, III - ii, IV - i
- C. I - ii, II - iii, III - iv, IV - i**
- D. I - iv, II - i, III - ii, IV - iii

4. Consider the following sentences

- (i) General Reserve Engineer Force (GREF) is an army unit organised on civilian lines.
- (ii) General Staff Roads include Mule track, Class 3 Janga, Class 5 & Class 9

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct**

5. Integrated Financial Advisor (Navy) reports to which of the following officer?

- A. Chief of Personnel (COP)
- B. Chief of Material (COM)

C. Vice Chief of Naval Staff (VCNS)

D. Principal Director of Administration (PDOA)

6. Consider the following sentences

- (i) General Staff Qualitative Requirements are technical parameters of equipment/item required by Service (Navy), reflecting Navy's requirements in terms of functional characteristics of the stores being procured for it
- (ii) Authority Holding Sealed Particulars (AHSP) can only be the Director General of Quality Assurance (DGQA) & can never be an authority in the Service Headquarters

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong**
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

7. Which of the following sentences is/are correct with regard to procurement at Unit level as per the Defence Procurement Manual, 2009?

- (i) It would not be necessary to register firms at unit level for the purpose of carrying out local purchase
- (ii) Reputation, capacity and credibility must be ascertained before obtaining quotations from or placing supply orders on a particular firm

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong**
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

8. Which of the following sentences is/are correct with regard to Proprietary Article Certificate (PAC) as per the Defence Procurement Manual, 2009?

- (i) While PAC is issued only in respect of the concerned OEM, the item may be bought from any dealer, stockist or distributor specified in that particular PAC on the basis of the information provided by the OEM, provided the purchase is accompanied by a proper manufacturer certification.
- (ii) PAC once issued will be valid indefinitely unless cancelled by the CFA.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong**
- D. Sentence (i) is wrong and sentence (ii) is correct

9. Which of the following sentences is/are correct with regard to Bid Security as per the Defence Procurement Manual, 2009?

- (i) Amount of bid security should ordinarily range between twenty percent to fifty percent of the estimated value of the goods to be procured.
- (ii) The exact amount of bid security should be determined judiciously while processing the proposal for CFA's approval and indicated in the RFP.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct**

10. Which of the following sentences is/are correct with regard to Technical Evaluation Committee (TEC) for evaluating the technical bids as per the Defence Procurement Manual, 2009?

- (i) TEC, wherever formed, should invariably have representatives of the user, designated inspecting agency, maintenance agency, procurement agency and CFA, apart from the Chairman.
- (ii) Finance representative need not be associated with the TEC.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct**
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

11. Which of the following sentences is/are correct with regard to commercial negotiations as per the Defence Procurement Manual, 2009?

- (i) Commercial negotiations are invariably conducted in case of single tender situations, including PAC cases, or when price is considered high with reference to assessed reasonable price, irrespective of the nature of tendering.
- (ii) Apart from the Chairman, the composition of the Commercial Negotiations Committee (CNC) should include representatives of the User, Integrated Finance, designated Inspecting Agency, Maintenance Agency, Directorate concerned with post-contract management and the CFA, wherever applicable.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct**
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

12. As per the Defence Procurement Manual, all procurement proposals should be initiated in the form of which of the following documents?

- A. Statement of Case (SOC)**
- B. Request for Proposal (RFP)
- C. Notice Inviting Tender (NIT)
- D. Purchase Order (PO)

13. Which of the following sentences is/are correct with regard to ex-post facto approval/concurrence as per the Defence Procurement Manual, 2009?

- (i) There is no provision under the delegated financial powers to obtain ex-post facto concurrence of integrated finance, such regularization will be subject to concurrence of IFA to the next higher CFA.
- (ii) There is no provision under the delegated financial powers to obtain ex-post facto approval of Competent Financial Authority (CFA), such regularization will be subject to concurrence of IFA to the next higher CFA.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong**
- D. Sentence (i) is wrong and sentence (ii) is correct

14. Which of the following sentences is/are correct as per the Defence Procurement Manual, 2009?

- (i) Acceptance of Necessity in Respect of Non-Scaled and Not in Vocabulary Items should be accorded only for introducing a new practice or for effecting a change in the existing scales or policy.
- (ii) In case of disagreement with the Internal Financial Advisor (IFA), the Competent Financial Authority (CFA) can overrule the IFA under intimation to the next higher CFA as well as the IFA giving reasons for overruling the financial advice.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct**

15. Match the branches under Army Headquarters with their functions:

- | | |
|--------------------------------------|---|
| I. General Staff Branch | i. Military operations, intelligence, combat development |
| II. Adjutant General's Branch | ii. Manpower, recruitment |
| III. Quarter master General's Branch | iii. Movement of personnel, stores and equipment |
| IV. Military Secretary's Branch | iv. Issue of commissions in the Army, postings, transfers |

The correct answer is

- A. I - i, II - ii, III - iii, IV - iv**
- B. I - iv, II - iii, III - ii, IV - i
- C. I - ii, II - iii, III - iv, IV - i
- D. I - iv, II - i, III - ii, IV - iii

16. Which of the following sentences is/are correct with regard to Indian Army?

- (i) An Independent Sub-Area/Sub-Areas is commanded by a Major-General.
- (ii) A Platoon is headed by a Major.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong**
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

17. Which of the following sentences is/are correct with regard to treatment of losses as per the IFA (Army) Manual, 2007?

- (i) Courts of Enquiry is to be invariably convened to investigate all losses which require the sanction of the Government of India to write off.
- (ii) The holding of a Court of Inquiry may, at the discretion of the competent financial authority, be dispensed with in cases of loss of stores where the loss is not due to theft, fraud or neglect or where the reported loss due to theft, fraud or neglect is less than Rs. 10,000.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct**
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

18. In which of the following cases can expenditure be incurred under OP Sadbhavana as per the IFA (Army) Manual, 2007?

- (i) Payment for artificial limbs for civilians maimed during shelling/IED blast.
- (ii) Grant of scholarship for needy students to pursue their studies.

In the case of the above sentences, which of the following options is correct:

- A. **Expenditure for both purposes (i) and (ii) can be incurred**
- B. Expenditure for both purposes (i) and (ii) cannot be incurred
- C. Expenditure for purpose (i) can be incurred, but not for purpose (ii)
- D. Expenditure for purpose (ii) can be incurred, but not for purpose (i)

19. Which of the following sentences is/are correct as per the IFA (Navy) Manual, 2008?

- (i) In case of doubt about the applicability of provisions of DPM vis a vis statutory provisions, the former shall prevail.
- (ii) Instructions and orders of any wing of MOD if at variance with DPM 2006, the provision of DPM would prevail.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. **Sentence (i) is wrong and sentence (ii) is correct**

20. Match the terms relating to the Indian Air Force with their right definitions:

- | | |
|------------------------------------|--|
| I. Maximum Potential Establishment | i. A pre-determined stock level, expressed in terms of so many months requirements used for placing supplementary indent |
| II. Review Action Figure | ii. level upto which various types of stores/equipment are authorised to be provisioned at any given time |
| III. Per Off | iii. items which are capable of being repaired and re-used |
| IV. Rotables | iv. number of mandatory spares requiring replacement in the aggregate |

The correct answer is

- A. I - i, II - ii, III - iii, IV - iv
- B. I - iv, II - iii, III - ii, IV - i
- C. **I - ii, II - i, III - iv, IV - iii**
- D. I - iii, II - iv, III - i, IV - ii

21. Which of the following sentences is/are correct with regard to the IT applications?

- (i) Integrated Logistics Management System (ILMS) software is used by the Indian Army for its inventory control function pertaining to logistics.
- (ii) Integrated Material Management On Line System (IMMOLS) is an online material management system of the Indian Air Force.

In the case of the above sentences, which of the following options is correct:

- A. Both sentences (i) and (ii) are correct
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. **Sentence (i) is wrong and sentence (ii) is correct**

22. Which of the following sentences is/are correct with regard to auditing process as per the Defence Audit Manual?

- (i) Intimation of visits to units and formations for audit should be sent in prescribed form at least three weeks in advance of tours.
- (ii) The Local Test Audit Reports and Note should be issued within 30 days from the date of completion of audit irrespective of whether the discussion on draft LTAR between the inspecting SAO/AO and the officer in charge (Head of office or any other officer acting on his behalf) takes place or not.

In the case of the above sentences, which of the following options is correct:

- A. **Both sentences (i) and (ii) are correct**
- B. Both sentences (i) and (ii) are wrong
- C. Sentence (i) is correct and sentence (ii) is wrong
- D. Sentence (i) is wrong and sentence (ii) is correct

23. As per the Defence Audit Manual, which of the following options is the correct sequence of key stages of financial audit?

- A. Understanding the entity → Review of the Control Framework → Determining materiality and assessing material risk areas → Perform audit procedures → Evaluate results and form an audit opinion on the financial statements → Reporting
- B. Review of the Control Framework → Understanding the entity → Determining materiality and assessing material risk areas → Perform audit procedures → Evaluate results and form an audit opinion on the financial statements → Reporting
- C. **Understanding the entity → Determining materiality and assessing material risk areas → Review of the Control Framework → Perform audit procedures → Evaluate results and form an audit opinion on the financial statements → Reporting**
- D. Review of the Control Framework → Determining materiality and assessing material risk areas → Understanding the entity → Perform audit procedures → Evaluate results and form an audit opinion on the financial statements → Reporting

24. As per the Defence Audit Manual, which of the following options is not an evidence gathering technique?

- A. Survey
- B. **Random sampling**
- C. Performance Benchmarking
- D. Focus groups

25. As per the Defence Audit Manual, supervision is essential for the maintenance of the quality of audit work. Which of the following options is not an objective of supervision?

- A. Ensuring that the members of the audit team have a clear and consistent understanding of the audit plan
- B. Ensuring that the audit is carried out in accordance with the auditing standards and practices of the SAI
- C. Ensuring that the auditor achieves the stated audit objectives
- D. **Ensuring that the audit results in significant audit observations**

PC-18 (Finance & Communication Audit)

Q1. Franking Machines, used for making payment of postage on postal articles, are issued in accordance with the with of the following Rules?

- (a) **Rule 30, P&T Manual Vol. VI**
- (b) Rule 48, P&T Manual Vol. VI
- (c) Rule 30, P&T Manual Vol. II
- (d) Rule 48, P&T Manual Vol. II

Q2. Receipts on account of advertisements in departmental publications are issued in which of the following forms

- (a) ACG-16
- (b) ACG-27
- (c) ACG-40
- (d) **ACG-67**

Q3. What does the Publicity Society of India pay to Department of Posts for opening book stalls in the departmental buildings?

- (a) Annually as a percentage of Gross profit
- (b) **Annually as a percentage of Gross earnings**
- (c) Monthly as a percentage of Gross profit
- (d) Monthly as a percentage of Gross earnings

Q4. The expenditure incurred in obtaining stores by indenting on Circle Store Depot shall be debited to

- (a) Purchases
- (b) Cash
- (c) **Stores**
- (d) None of the above

Q5. What is the maximum level of stock that can be kept as a dump for Class (A) items

- (a) 0.5 month
- (b) 1 month
- (c) **1.5 month**
- (d) 3 month

Q6. The claim for cost of protection of telecom lines and equipment does not include

- (a) Cash cost of estimate
- (b) Cost of dismantlement of work
- (c) Percentage of establishment charges
- (d) **Cost of lines and wired rendered spare**

Q7. Which of the following is not required for preparing Demand for Grants

- (a) **Unexpended Balances under the Grant**
- (b) Preliminary Schedule of demands
- (c) Three monthly Estimates
- (d) Six monthly Estimates

Q8. What is the last date for submission of proposals for items of new expenditure to the Ministry of Finance?

- (a) 15th June
- (b) 15th September
- (c) **15th November**
- (d) 15th January

Q9. Which of the following expenditures is not met from the Revenue

- (a) Payment of Dividend to General Revenues
- (b) Appropriation to Reserve Funds
- (c) Repayment of Loans from General Revenue
- (d) **Demand for Capital Outlay**

Q10. Which of the following expenses is not allocated as Capital Expenditure

- (a) Expenditure on renewals and replacement of wasting assets
- (b) **Cost of Telecom Research Equipment**
- (c) Cost of construction of asset
- (d) Cost of addition to assets

Q11. The accounts of work expenditure should be maintained by the Sub-Divisional Officer in which of the following Forms

- (a) **ACE-2**
- (b) ACE-11
- (c) ACE-19 (a)
- (d) ACE 25 (a)

Q12. What is the maximum tenure of a Savings Bank Counter Clerk in a Single handed Post Office?

- (a) 2 years
- (b) **3 years**
- (c) 4 years
- (d) 5 years

Q13. What is the prescribed time limit in which a depositor has to collect his pass book from the post office, failing which it shall be returned as "Undelivered"?

- (a) Within one week
- (b) Within 10 days
- (c) Within 15 days
- (d) **Within 30 days**

Q14. What are Sanchayika Accounts

- (a) Savings accounts opened on behalf of minors
- (b) **Savings accounts run by children in school**
- (c) Savings accounts opened for credit of pension
- (d) Savings account that does not bear any interest

Q15. Government of India Savings Certificates issued by Post Offices are printed at

- (a) **Nasik**
- (b) Hyderabad
- (c) Dewas
- (d) Kolkata

Q16. The balance of Savings Certificate shall be verified by the Postmaster,

- (a) Daily
- (b) Weekly
- (c) Fortnightly
- (d) **Monthly**

Q17. Which of the following entries in a PPF passbook are to be manually entered by the user and can not be entered through system?

- (a) **Payment of Rebate**
- (b) Change of passbook
- (c) Final closure of account
- (d) None of the above

Q18. Stock Register of Passbooks is maintained in which of the following Forms?

- (a) SB-3(a)
- (b) **SB-4(a)**
- (c) SB-5(a)
- (d) SB-7(a)

Q19. What is the maximum time limit for submission of Permanent Account Number to the Post Office in case of opening of new Savings Bank Account, failing which the account shall cease to be operational?

- (a) Immediately at the time of opening of account
- (b) One month from the date of opening of account
- (c) Three months from the date of opening of account
- (d) **Six months from the date of opening of account**

Q20. Which of the following statements are incorrect in case of a single account where the account holder becomes NRI during the period the account is in operation,

- (a) **The account shall be deemed to be closed from the last date of the month preceding the month in which the account holder becomes NRI**
- (b) The account shall not earn any interest after date of maturity
- (c) The benefits shall be available to the depositor only on non-repatriation basis
- (d) All the statements are correct

Q21. Which one of the following is not an attribute for defining an unit as Audit Unit

- (a) Substantial devolution of administrative and financial powers
- (b) Functional autonomy
- (c) **Last mile service provider**
- (d) Operational significance with reference to achievement of objectives

Q22. Which of the following is an “Attestation Engagement”?

- (a) Performance Audit
- (b) Financial Audit**
- (c) Compliance Audit
- (d) All of the above

Q23. Which of the following questions are not considered while defining scope of a Performance Audit?

- (a) What
- (b) Where
- (c) When**
- (d) Who

Q24. For the purpose of making its recommendations, TRAI may request the Central Government to furnish certain information or documents. What is the maximum time period from the date of receipt of such request within which the Government shall supply such information?

- (a) Seven days**
- (b) Fifteen days
- (c) Thirty days
- (d) Sixty days

Q25. While conducting audit, an Auditor selects month of March for test check. What is this kind of sample selection method called?

- (a) Judgemental Selection
- (b) Block Selection**
- (c) Monetary Unit Sampling Selection
- (d) Attribute Sampling Selection

PC-19 (Railway Audit)

1. The Controller of Stores has entered into a contract with M/s XXCL to supply HSD Oil during the period from April 1, 2023, to March 31, 2026. As per the terms and conditions, it has been agreed that the Railway must procure at least 10,000 litres of HSD oil per month at a rate of ₹ 80 per litre. M/s. XXCL is required to supply the HSD oil as and when the Railway Administration issues the purchase order.

The type of contract that has been executed between the Railway Administration and M/s. XXCL is:

- a) Schedule Contract
- b) Running Contract**
- c) Rate Contract
- d) Fixed Quantity Contract

2. The Traffic Accounts Office raised a debit against a booking clerk on the ground that he had charged less fare on a distance by using a blank paper ticket. However, the concerned staff objected to the charge, giving detailed reasons for the same in the error sheet; The staff concerned quoted the tariff authority and submitted documents in support of his claims.

This error sheet will be cleared from the station outstanding list when:

- a) A credit advice note in this regard is received from the Traffic Accounts Office.**
- b) The amount is written off by the Traffic Accounts Office
- c) Divisional Commercial Superintendent will scrutinize the grounds of objection and advise the Accounts Office to withdraw the debit within 60 days.
- d) None of the above.

3. Before the wagons are closed, labels are to be pasted on inside panels of the doors on both sides of the wagons. These labels are termed as:

- a) Seal Labels
- b) Bracket Labels
- c) Wagon Labels
- d) Paste-on Labels.**

4. Annual Budget of Pro-forma On-cost (POC) should be prepared for each railway workshop and

- (a) Submitted to the General Manager through the Principal Financial Adviser on or before the 1st December each year based on figures from January to November of the current calendar year on 'actual' and 'estimates for the remaining year after taking into account the annual estimated charges attributable to (i) supervision, (ii) contribution to the

Provident Fund, gratuity, special contribution to the Provident Fund, pensioner liability in respect of work staff, (iii) repairs and maintenance, (iv) interest, and (v) depreciation.

- (b) **Submitted to the General Manager through the Principal Financial Adviser on or before the 1st December each year based on figures from January to December of the current calendar year on ‘actual’ and ‘estimates for the remaining year after taking into account the annual estimated charges attributable to (i) supervision, (ii) contribution to the Provident Fund, gratuity, special contribution to the Provident Fund, pensioner liability in respect of work staff, (iii) repairs and maintenance, (iv) interest, and (v) depreciation.**
- (c) Submitted to the General Manager through the Principal Financial Adviser on or before the 31st December each year based on figures from January to December of the current calendar year on ‘actual’ and ‘estimates for the remaining year after taking into account the annual estimated charges attributable to (i) supervision, (ii) contribution to the Provident Fund, gratuity, special contribution to the Provident Fund, pensioner liability in respect of work staff, (iii) repairs, (iv) maintenance, and (v) depreciation.
- (d) Submitted to the General Manager through the Principal Financial Adviser on or before the 1st April each financial year based on figures from April to March of the current financial year after taking into account the annual estimated charges attributable to (i) supervision, (ii) contribution to the Provident Fund, gratuity, special contribution to the Provident Fund, pensioner liability in respect of work staff, (iii) repairs and maintenance, (iv) interest, and (v) depreciation.
5. A modern “Gate Attendance System” for workshop applications must fulfill the following bare minimum requirements. Which is not a correct option among the following?
- (a) **Entry and exit of every person (no matter, how high in the hierarchy) through the main gates should be verified and recorded including the time of mass entry/exit at the beginning/end of each session of work. Such records should be immune to manipulation.**
- (b) A person entering the main gate cannot exit except when the work session ends, unless and until he passes through the verification system which records his time of exit.
- (c) The employee alone can mark his attendance for him and not others. Impersonation should not only be impossible but also monitorable.
- (d) All workshop main gates should be adequately manned when fully open during the peak hours of entry/exit. During the rest of the time these gates should be closed and sealed, leaving only one manned access-controlled wicket gate permanently open during all hours for entry/exit with special authority.
6. Which of the following vouchers is not posted as Minus Receipts in Priced Ledger?
- (a) Book Transfer from which stock has been transferred.
- (b) Deficiencies in Stocks.
- (c) **Depot Transfer Issue Notes in the receiving depot.**
- (d) Transactions to debit of ‘Stock Adjustment Account’.

7. In preparation of Stores Budget, which factors should not be considered during estimating the value of stores to be purchased?

- (a) Estimated throw forward which is scheduled to be paid in current financial year.
- (b) Value of stores, indents for which were certified against previous years grants but which have not been paid before the close of the previous year.
- (c) Indents received from various workshops during the current year.
- (d) Value of stores, indents of which have been certified against current year which are not likely to be paid before the close of the year.**

8. In connection with maintenance works in Liluah Workshop, AEN/WS/Liluah has requisitioned for 200 nos. of brake block in "REQUISITION AND ISSUE NOTE FORM". This has been prepared in six foils by the officer concerned. The copies of the stores requisitions and Issue Notes are distributed. Which of the following is not distributed to the relevant official as per codal provision?

- a) The first foil has been retained with the AEN/WS/Liluah. The second and third foils has been handed over to the Despatch Section along with the material. The Despatch Section send them to the indentor (AEN/WS/Liluah) by post along with the Railway Receipt for despatch of the material. The indentor retained the second foil and returned the third foil by the post as an acknowledgement for the material to the depot office.
- b) The sixth foil was despatched by the Ledger Section and handed over to the Requisition Register (S. 1307) clerks for posting the column "action taken" in the Requisition Register and for filling as record later on,
- c) The fourth foil has been sent to the Depot Officer where fourth copy was used for posting the priced ledgers and later retained as record**
- d) The fifth copy was sent to the departmental officer for posting therefrom the debits in his Revenue Abstract or other book of accounts. This copy was retained by the departmental officer.

9. A passenger was issued a sleeper class ticket for a journey from New Delhi to Kanpur. But, before commencing his journey, he wished to change his ticket from sleeper class to AC 2-tier category. The booking clerk took back the original ticket and issued an AC 2-tier ticket to the passenger for the same journey. This cancelled ticket was initialled and dated by the station master immediately.

Which of the following returns is sent to the Traffic Accounts Office for this type of cancelled ticket?

- a) Daily statement to the Traffic Accounts Office of this kind of tickets in Form Com./T-18 Rev.**
- b) A monthly summary of such cancelled tickets of printed series for traffic over Government railways will be prepared in Form Com./T-18 Rev., separately for local and through traffic.

- c) A combined monthly summary of such local and though non-issued tickets of printed series for traffic over Government railways will be prepared in Form Com./T-15 Rev.
- d) Daily statement to the Traffic Accounts Office of this kind of tickets in Form Com./T-15 Rev.

10. Which of the following entries is not a special credit entry of a station goods balance sheet?

- 1) Undercharges advised during the month by the Traffic Accounts Office.
- 2) Paid-on charges on consignments rebooked to other stations
- 3) Refund of overcharges allowed at the time of delivery of goods.
- 4) Discrepancies advised by the Traffic Accounts Office and the Cash Office, not previously taken into accounts.
 - a) **1 & 4**
 - b) 1, 2 & 3
 - c) 3 & 4
 - d) 1, 2 & 4

11. The main function of Not Received Cell (NR Cell) is to trace unconnected wagon/goods and to minimize claims on Railways. It is established on Indian Railways at Railway Board, Zonal and Divisional level with the aim to enhance the facilities given to rail customers after booking of goods by Railways.

Audit checks on the working of the NR Cell would not include the following:

- a) Whether the received complaints were registered correctly and action was initiated to trace the un-connected wagons early to avoid passing of claims.
- b) Whether Parcel Management System (PMS) are used for tracing of unconnected wagon/goods.**
- c) Whether returns were submitted to Zonal and further to Railway Board office in case of pending list of the complaints.
- d) Whether the assistance of Freight Operations Information System (FOIS) was utilised for tracing/connecting the unconnected wagons by NR Cell.

12. Rule 149 of General Financial Rule (GFR)-2017, issued by Ministry of Finance legislate as under:

DGS&D or any agency authorised by the Government will host an online Government e-Market place for common use for Goods and Services. The procurement of Goods and Services by ministries or Departments will be mandatory for goods or services available on GeM. The GeM portal shall be utilised by the Government buyers for direct online purchase.

During audit of GeM procurement, which of the following checks should not be considered:

- 1) Whether the Registration of GeM Fresh bills (Goods and Services both) have been done through GeM and forward to IPAS (IREPS).

- 2) Whether GeM portal have been utilised by the user department to buy goods directly through any of the available suppliers on GeM valuing upto ₹ 50,000/- in case subject to prescribed annual ceiling (presently ₹. 10 lakh).
- 3) Whether the GeM portal have been utilised for procuring goods (non-stock) valuing upto ₹ 50,000/- through any of the available suppliers on GeM, meeting the requisite quantity, specification and delivery period.
- 4) Whether the GeM portal have been utilised for procuring goods and services valuing between ₹. 50,000/- and ₹. 30,00,000/- through GeM seller having lowest price amongst the available sellers, of at least three different manufacturers, meeting the requisite quantity, specification and delivery period.

- (a) 1, 2 & 4
- (b) 2, 3 & 4
- (c) 1, 2 & 3**
- (d) 1, 3 & 4

13. Which of the following measures may be adopted to prevent the entry of beggars and unauthorised hawkers into station premises and into trains:

- (1) Posting of staff of the Commercial Department at important stations to attend to this work.
- (2) Special drives with special squads of Central Reserve Police Force and staff of the Railway Protection Force.
- (3) Prosecution of beggars and unauthorised hawkers, wherever feasible.
- (4) Sustained publicity through posters and other media seeking public co-operation in eliminating the hawkers and beggars nuisance.

- a) 1,2 & 4
- b) 1,2 & 3
- c) 3 & 4**
- d) 1,3 & 4

14. M/s. XYZ Limited booked a rake consisting of open wagons for transport of Iron ore from Vishakhapatnam to Durgapur. After reaching at Durgapur, the firm took twelve hours to unload the material, which is four hours more than the permissible free time. After unloading the materials from the rakes, the same was stacked on the railway premises for another twelve hours, which was five hours more than the permissible free time.

The Commercial Department has levied detention charges for the period which was beyond permissible free time for unloading and excess time taken beyond permissible free time for clearance of goods from the railway premises, respectively. The charge levied are defined as:

- (a) Punitive Charges & Quick Transit Service Charges
- (b) infringement charges & Pardon Charges
- (c) Demurrage charges & Wharfage Charges**
- (d) Cartage Charges & Goods Clearance Charges.

15. Stores Department of ABC Railway issued a Purchase Order to M/s. XXX for supply of 100 MT TMT Bars (8 mm) at a rate of ₹50,000 per MT within ninety days from the date of issue of the Purchase Order. However, the firm failed to supply a single quantity of TMT bar within the due date. The firm was granted four extensions without LD for the supply of abovementioned stores but was unable to execute the supply contract. Finally, the Railway administration terminated the supply contract at risk and cost of the contractor. A new Purchase Order for the supply of the aforementioned stores was issued to M/s. YYY at a rate of ₹60,000 per MT within ninety days from the date of issue of the Purchase Order with no change in other terms and conditions. M/s. YYY has supplied the materials within the delivery date to the consignee. Which among the following options will be the correct accounting procedure to be adopted by the Railway Administration:

- a) **The Receipt Note Part III should be valued at the contract rate and the Purchase Register posted accordingly.**
- b) On receipt of a bill, the amount at the contract rate should be debited to "purchase" and the balance to Miscellaneous Deposit (Revenue), as recoverable from the contractor who failed to supply the article at the rate contracted for. The latter head should be cleared as soon as the recovery is effected.
- c) when recovery from the defaulting contractor has been effected before payment at the higher rate has been made, the recovery should be debited to deposits and the amount paid in excess of the original contract rate debited to it.
- d) In the case of production units where suspense had "Misc. Deposit (Revenue)" is not operated, the suspense head "Misc. Deposit (Capital)" may be operated for the purpose.

16. One consignment which was perishable in nature was booked by a consignor from Vishakhapatnam to Chennai but the consignee was unable to take delivery from Chennai Good shed on account of failure to pay freight due from him. Which action is to be taken by the Railway Administration under the Indian Railway Act, 1989 among the following:

- a) Serve notice to the consignee requiring him to remove the goods within a period of seven days from the receipt thereof under section 84(1)(b) of the Indian Railway Act, 1989.
- b) **Sell such consignment at once under the Indian Railway Act, 1989.**
- c) Serve notice to the consignor, if the name and address of the consignee are not known, requiring him to remove the goods within a period of seven days from the receipt thereof under section 84(1)(b) of the Indian Railway Act, 1989.
- d) Serve notice upon the consignee if his name and address are known, and upon the consignor if the name and address of the consignee are not known, requiring him to remove the goods within a period of seven days from the receipt thereof and if there is a failure to comply with the requisition in the notice, the Railway Administration sell such consignment by public auction under section 84(2)(b) of the Indian Railway Act, 1989.

17. A station balance sheet is a summary in classified form, of all station debits and credits for the period to which it relates. Station Master of Jaipur Station prepared a coaching balance sheet for the month of June 2023. During preparation of this balance sheet, the following items were considered as Debit entries:

- 1) Special credits disallowed.
- 2) Inward Paid parcel
- 3) Discrepancies advised by the Traffic Accounts and the Cash Offices not previously taken to account
- 4) Outward to-pay parcel
- 5) Cashier's memo
- 6) Excess in booking.

Which items were wrongly considered as debit entries?

- a) **2,4,5**
- b) 1,3,5,6
- c) 1,2,4,5
- d) 3,5,6

18. In the Diesel Loco shed, Kurla of Central Railway, an Outturn Statement is prepared showing all the work orders, whether in hand or completed in the workshops, the outlay on which is awaiting adjustment, and the expenditure that has been incurred on each of them. However, during the audit, it was seen that the outturn statement was not prepared as per codal provisions. Among the following options, which one is the correct procedure for preparing the outturn statement maintained in that Diesel Loco shed?

- a) The Outturn Statement was prepared in two parts- Part I and Part II as per form (M.755).
- b) Part I will show all outlay (separately against each work order) awaiting acceptance by the parties ordering them during the month and Part II will show all outlay (separately against each work order) adjustable during the month.
- c) **The postings in the Outturn Statement of the charges for the month against each work order were compared with those in the Check-Sheet.**
- d) Postings relating to expenditure debitable to other railways in respect of repairs to their rolling stock have to be accepted before adjustment and posted in Part II of the outturn statement.

19. The Stores Department of Eastern Railway has procured 1000 nos. of taper shank twist drills at a cost of ₹ 1500 per item. The stores were delivered to Kanchrapara Workshop within the delivery date, against their demand for foundry work. However, because of a technical issue, the foundry required extensive maintenance before it could operate to its full capacity and the procured items were lying in the custody of the foundry shop of the Kanchrapara workshop for a period of more than 24 months. The stores lying in the foundry shop should be categorised as:

- a) Custody Stores
- b) Moveable Surplus Stores**
- c) Inactive Stores
- d) Special Stores

20. Every person entrusting any goods to a railway administration for carriage shall execute a forwarding note in such form as may be specified by the Central Government. Which is not correct in respect of a forwarding note?

1. When parcels tendered for booking contain articles to be carried at Railway's risk rate, they must be accompanied by a forwarding note in the appropriate form, duly executed by the sender or his authorized agent.
2. The consignee shall indemnify the railway administration against any damage suffered by it by reason of the incorrectness or incompleteness of the particulars in the forwarding note."
3. A merchant who has executed a general forwarding note, can despatch by rail individual consignments without tendering a separate forwarding note for each consignment but particulars of each consignment must be given in the parcels declaration note which should be presented at the time of booking.
4. If a sender has to dispatch any parcel which is defectively packed or is in a defective condition, a separate forwarding note for each such consignment must be obtained even if a general forwarding note has been executed.

- a) 1 & 2**
- b) 2 & 3
- c) 2 & 4
- d) 3 & 4

21. M/s. National Fruits Pvt. Ltd. (the consignor) booked a consignment of mango in a covered wagon from Lucknow to Mumbai. After reaching Mumbai Station, the consignee (M/s. Maharashtra Fruits) requested the station master of Mumbai Station for a reweighment of the consignment on the ground that the consignment was likely to lose weight in transit. However, the Railway Administration did not consider the request of the consignee on the grounds that:

- a) Facilities for reweighment did not exist at the destination.
- b) The consignment was of a perishable nature and likely to have lost weight in transit.**
- c) Weighment was not feasible due to overloading of the wagon.
- d) The wagon was a covered wagon and the seals of the loading station were intact

22. Lost unclaimed articles and unclaimed booked consignments claimed by owners at outstations may, if desired by them, be re-booked under to pay invoices or waybills after making payment of 'paid-on' charges. Which of the following components is not included in such paid-on charges:

- a) original freight charge, if any;
- b) wharfage, demurrage and postage charges, if any, incurred at the rebooking station prior to the transfer of the consignment to the lost property office
- c) freight charges from the rebooking station to the lost property office; and
- d) penal charges accrued, if any, at the lost property office.**

23. In Electric Loco shed/Ludhiana, separate standing work orders are issued for collection of overhead expenditure in respect of factory overhead, administrative overhead, township overhead and stores overhead. For facility of collection, analysis and control of overheads falling under the said categories, separate expense numbers are allotted. In addition to this, allocation numbers are given to the vouchers containing a charge to overhead expenses. However, during allocation of expenditure in respect of Administrative Overheads, some expenditure was found to be wrongly taken to this account. Which of the following would those be?

- 1) Expenses of General Managers office and other general administrative offices.
 - 2) Credits on account of return of materials, diet charges etc.
 - 3) Expenses of civil engineering depts.
 - 4) Expenses of water works, sanitation etc.
 - 5) Depreciation of Building, Plant and Machinery of Dy.CME (W)/Work Manager's office.
 - 6) Electricity consumed by the civil engineering depts.
 - 7) Electric charges, as consumed by General Managers office and other general administrative offices
- a) 1,3,4 & 7
 - b) 3,4,5 & 6**
 - c) 1,2,6 & 7
 - d) 2,3,4 & 5

24. When the railway receipt is lost, delivery of parcels may be granted to the consignee with the following procedure, except item nos.:

- 1) When the railway receipt is lost, delivery of parcels may be granted on execution of an Indemnity Note provided the Station Master is satisfied that the person claiming the consignment is really the consignee otherwise the matter should be referred to the Chief Commercial Superintendent for orders. It may be stamped or unstamped according to the nature of the case and value of the goods involved.
- 2) If railway receipt is not forthcoming, the consignment will be delivered on the execution of Indemnity Note on Form I. If consignee is a Government official in his official capacity and in case of perishable articles the Railway may allow delivery on unstamped Indemnity Note. Government departments and big firms may use General Indemnity Note also.
- 3) Indemnity Note should legally be stamped with an adhesive stamp. It should be written out and executed on a non-judicial stamped paper of the appropriate value. If goods are claimed by two or more persons, the Railway may withhold delivery unless Indemnity Note on Form I is executed.

4) Indemnity Note is required to be executed in the presence of the Station Master as provided on the form itself. However, if a consignee is unable to appear personally before the Station Master for the execution of the Note, he may execute it before a Magistrate or a Justice of Peace, who will attest it under his official seal. Such attested Indemnity Notes may also be accepted.

- a) 2 & 4
- b) 1 & 3**
- c) 2 & 3
- d) 1 & 4

25. In adopting a system-based audit approach, it will be necessary to examine aspects relating to the regularity, economy, efficiency and effectiveness of the system besides evaluating data integrity and data security. Which is not an option among the following for such audit:

- a) System effectiveness is measured by determining whether the system performs the intended functions and whether the users are able to obtain the requisite information in the right from and at the right time.
- b) System is economical and efficient if it uses the minimum number of information resources to achieve the output required by the users. This will involve optimization of the use of system resources-hardware, software, personnel and money.
- c) Afforded sufficient familiarity with the system to facilitate selection of appropriate transaction for testing and their efficient substantiation.**
- d) In order to ensure data security, the data system resources, like other assets, must be sufficiently protected against theft, waste, frauds, unauthorized use and natural disasters.

PC-20 (Commercial Audit, Commercial Laws & Corporate Tax Laws)

1. ABC Limited is a listed entity, with 12 directors and having outstanding SR equity shares. It constituted an Audit Committee headed by the Managing Director and comprising the Director (Finance), Director (Commercial) who also acted as the Secretary of the Committee, Company Secretary and 2 independent directors. During 2021-22, it held the following Audit Committee meetings.

- 4 April, 2022-- Managing Director, Director (Finance), Company Secretary, one independent director and statutory auditor were present.
- 1 August, 2022—only Director (Finance) and statutory auditor were present.
- 10 December, 2022—entire Audit Committee was present and discussed a pending investigation into a fraud in a branch. Director (Finance) informed that seeking outside legal assistance is not within the purview of the Committee, being only a Sub-Committee.

The audit assistants of the Statutory Auditor expressed the following views:

(p) The Managing Director should not head the Audit Committee, being the chief executive, in case of any company.

(q) At least three Chartered Accountants should have been in the Audit Committee, while there is only one Chartered Accountant.

(r) The Committee should comprise of independent directors only.

(s) The Head of Internal Audit Department should have acted as the Secretary of the Committee.

Which of the above objections are valid?

(A)	(p), (q) and (r) above.
(B)	(p) and (r) above.
(C)	(p), (q) and (s) above.
(D)	(r) and (s) above.

2. To repeat the above case, ABC Limited is a listed entity, with 12 directors and having outstanding SR equity shares. It constituted an Audit Committee headed by the Managing Director and comprising the Director (Finance), Director (Commercial) who also acted as the Secretary of the Committee, Company Secretary and 2 independent directors. During 2021-22, it held the following Audit Committee meetings.

- 4 April, 2022-- Managing Director, Director (Finance), Company Secretary, one independent director and statutory auditor were present.
- 1 August, 2022—only Director (Finance) and statutory auditor were present.
- 10 December, 2022—entire Audit Committee was present and discussed a pending investigation into a fraud in a branch. Director (Finance) informed that seeking outside legal assistance is not within the purview of the Committee, being only a Sub-Committee.

Regarding meetings, the statutory auditor felt that, assuming the composition to be valid,

(k) The meeting of 4th April has adequate quorum.

(l) The meeting of 10th December was regular as it was held in time and had full attendance.

(m) The Audit Committee can seek external legal advice and the suggestion of Director (Finance) in the meeting of 10th December is not correct.

(n) The statutory auditor should have been compulsorily invited to all the Audit Committee meetings, but not invited to the meeting held on 10th December which is highly irregular.

Which of the above is correct?

(A)	(l) and (n) above.
(B)	(n) above.
(C)	(k) and (m) above.
(D)	(m) above.

3. For removal of an auditor appointed under Section 139 of the Companies Act, 2013, which of the following requirements should be complied with?

- (p) *The auditor concerned shall be given a reasonable opportunity of being heard*
- (q) *Resolution of the Board of Directors*
- (r) *Application to the Central Government in the prescribed form*
- (s) *Special Resolution in a general meeting within 60 days of receipt of approval from Central Government*
- (t) *The removed auditor should file a written statement in the prescribed form ADT-3 within 60 days with the Comptroller & Auditor General of India*

(A)	(p), (r) and (s) above.
(B)	(p), (r), (s) and (t) above.
(C)	(p), (q), (r) and (s) above.
(D)	All of (p), (q), (r), (s) and (t) above.

4. XY & Company is entrusted with the statutory audit of Alpha Limited for the first time. During execution stage, the Senior Partner decides to make use of Analytical Procedures for substantive audit testing. In this connection, the Senior Audit Assistant has the following concerns.

- (k) *Some items in the financial statements have significant values like material consumption, inventory values, receivables, etc. which involves high detection risk.*
- (l) *At the planning stage, Analytical Procedures were not used which would put a limitation on assessing the expected relationships between various figures and in deciding extent of audit checks.*
- (m) *Alpha Limited has strong accounting and internal controls.*
- (n) *The entity has provided vast amount of disaggregated financial information in the form required by the Auditors, which may overburden the audit team with too much data.*

Which of the above concerns are valid and place a limitation on placing high degree of reliance on Analytical Procedures for substantive audit work?

(A)	(k) and (l) above.
(B)	(k) and (n) above.
(C)	(k), (l) and (m) above.
(D)	All of (k), (l), (m), and (n) above.

5. Provision for unexpired risks is necessary to be checked in case of audit of general insurance companies. From the following options, choose the best option which explains the necessity of this provision.

(A)	Money Measurement Concept, as risk exposure can be measured in monetary terms only.
(B)	Going concern concept, as the insurance company continues to carry on business.
(C)	Matching principle concept, which requires that full amount of premia cannot be taken to income for a particular period when the risk attached to the policy remains in future.
(D)	Objectivity concept, as objective evidence about future risk will have to be necessarily shown to the Auditor.

6. You are auditing the financial statements of a Commercial Company in a volatile environment and with shares listed on stock exchanges. For determining the materiality level for certifying the financial statements, what factors do you think would be most relevant, as per ICAI Standard?

(A)	Requirements of underlying Legislation, Regulations, etc. regarding operations
(B)	Requirements of Legislators and Regulators in relation to schemes/programmes

(C)	Size and composition of Assets
(D)	Normalized Profit before tax, revenues and net assets

7. Which of the following statements most appropriately describes the practical aspects of audit field work?

(A)	The selective verification of transactions based upon a statistically selected sample is a substitute for audit in depth.
(B)	Audit in depth is a practical way to reduce audit risk to zero.
(C)	Selective verification and Audit in depth go side by side.
(D)	Analytical Procedures are used for selective verification of transactions to get an overall view of the transactions selected.

8. Which of the following financial statement assertions are most relevant for an Auditor conducting audit of items in a Company's Balance Sheet?

(A)	Existence, Valuation, Ownership and Disclosure
(B)	Existence, Occurrence, Completeness and Regularity
(C)	Completeness, Measurement, Occurrence and Ownership
(D)	Disclosure, Regularity, Existence, and Occurrence

9. Beta Ltd., an infrastructure company prepared a Detailed Project Report and awarded contracts for the project works. Which of the following factors would be possible indicators of fraud and corruption?

(p) *Some contractors claimed extension of date for performance of contracts and also claimed escalation amounts citing delay in handing over of site and delay in approval of drawings. Though Beta Ltd. rejected the claim, the contractors invoked arbitration clause and the arbitrators decided to partially admit their claims. Beta Ltd. did not file any appeal against this.*

(q) *Successful bidders engaged the unsuccessful bidders as sub-contractors stating that they have relevant experience and engaging them would bring in overall benefit to the project execution.*

(r) *Extra claims were made by civil contractors citing several change orders issued by Beta Ltd. Beta Ltd. admitted all the claims citing actual site conditions.*

(s) *Some contractors made price escalation claims, invoking escalation clause in the respective contracts, on grounds of (i) changes in Price Index and (ii) Foreign Exchange Rate variation in case of imported items during the contract execution period. These claims were admitted by Beta Ltd.*

(A)	(p), (q) and (s) above.
(B)	(q) and (r) above.
(C)	(q) and (s) above.
(D)	(r) and (s) above.

10. The following is an extract from the financial statements of Ajay Engineering Corporation which is engaged in manufacture and sale of custom-built products. The Capital Employed consists only of Equity Shares. There are no debentures. Since its inception, the Company has neither engaged in any expansion or diversification projects, nor plans to do so in immediate future.

Trading, Profit & Loss Account (Rs. In crore)

Debits	Year	Year	Year	Credits	Year	Year	Year
	1	2	3		1	2	3
Opening stock	20	30	40	Sales	118	138	158
Purchases	90	95	100	Closing stock	30	40	60

Manufacturing expenses	19	22	24	Income from Stock Market	12	13	14
Administrative costs	6	6	7				
Finance costs	20	34	58				
Profit before Tax	5	4	3				
	160	191	232		160	191	232

As a Statutory Auditor, from a *prima facie* view of the above and without further data, which of the following areas require, in your assessment, more careful attention during audit work?

(A)	Cost/Price estimates for quotations to customers and Production Cost sheets of the work in progress and manufactured products
(B)	Sales, collections from sundry debtors and investments in stock market
(C)	Purchases, payments to sundry creditors and administrative costs
(D)	Bin Cards and Stores Ledger for the raw materials consumed and valuation of raw materials inventory

11. The following are the closing Balance Sheets of Bharat Engineering Company Ltd.
(Rs. In crore)

Liabilities	Year 1	Year 2	Year 3	Assets	Year 1	Year 2	Year 3
Share Capital	50	50	50	Fixed Assets	100	90	80
Reserves & Surplus	20	26	27	Sundry Debtors	40	90	120
Sundry Creditors	70	100	144	Other Receivables	10	10	10
Employee Payments due	5	14	19	Investments in Stock Market	50	70	100
Other Liabilities	10	15	20	Stock on hand	30	40	60
Bank Loans and Overdraft	75	95	110				
	230	300	370		230	300	370

The Company approached the bankers for further working capital facilities. In this connection, with reference to the above Balance Sheet figures, which of the following claims by the Company management would be of most relevance and concern to the bankers?

(A)	The Reserves and Surplus have increased, which suggests good financial performance of the Company over the 3 years.
(B)	The Fixed Assets have shown decrease, likely due to depreciation, while there have been no additions to Fixed Assets which shows better utilization of existing Fixed Assets in obtaining increased revenue.
(C)	The current liabilities have consistently exceeded current assets, over the 3 years, which suggests comfortable creditor management.
(D)	The Investments in Stock Market have shown healthy increase over the 3 years, showing robust investment management by the Company's management.

12. You are the Special Auditor for a manufacturing company accused of booking fictitious sales to show fictitious profits. Which of the following would be a more likely indicator of such a practice?

- (k) The company's sales figures in the accounts are increasing consistently.
- (l) The company's sundry debtors figures in the accounts are increasing consistently.
- (m) The company did not make any fresh investment in fixed assets.
- (n) The company's bank credit is increasing consistently.
- (p) The company's sundry creditors figures are more or less remaining at same level.

(q) *The company's provision for depreciation in the balance sheet is increasing consistently.*

(A)	(k), (m) and (q) above.
(B)	(k), (l), (n) and (p) above.
(C)	(k), (m), (p) and (q) above.
(D)	(k), (l) and (q) above.

13. Which of the following statements properly describes some of the auditor's duties in relation to comparative information, as per the C&AG's Auditing Standards?

(A)	The auditor shall evaluate, in case of changes in the accounting policies between previous financial year and current financial year, whether all those changes have been properly carried out while preparing the current financial year final accounts.
(B)	The auditor shall evaluate whether the comparative information has been restated, where there has been additional information in the Director's Report for the current financial year.
(C)	If the auditor becomes aware, during the current financial year, of a possible material misstatement in the comparative information, the auditor shall reperform the entire audit for the previous financial year to verify whether the financial statements for the previous financial year reflect a true and fair view.
(D)	The auditor shall evaluate whether the comparative information agrees with the amounts and other disclosures that were presented in the prior financial year or, where appropriate, have been restated.

14. Which of the following is among the functions of the Committee on Public Undertakings of the Parliament?

(A)	To examine the MoU progress reports and accounts of Public Undertakings
(B)	To examine, in the context of the autonomy and efficiency of the Public Undertakings, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent commercial practices
(C)	To report what economies, improvements in organisation, efficiency or administrative reform, consistent with the policy underlying the budget estimates of the Public Undertakings as given by concerned Administrative Ministries to Parliament may be effected
(D)	To examine the internal audit reports of the Public Undertakings to suggest alternative policies in order to bring about efficiency and economy in administration of the Public Undertakings

15. Which of the following situations would cast a strong doubt in the mind of an Auditor regarding the entity's ability to continue as a Going Concern?

(A)	A Company has debentures due for redemption in the next 9 months. The Company does not have enough cash for the redemption and has drawn plans to make fresh issue of convertible preference shares to finance the redemption within the next 6 months.
(B)	A Company has monopoly in manufacture of its major product "Delta" using technology provided by an Italian Collaborator. The Collaborator declined to renew the Collaboration Agreement despite sincere efforts of the Company and obtained Government clearance for opening a factory in India for manufacturing the same product. The Company stated that its R&D Engineers have got the competence to develop technology for manufacturing a similar product.
(C)	A sick public sector company has made large default in repaying its term loan obligations. In the budget, the Government announced a revival package including infusion of fresh capital and loan support from Government.

(D)	Vision Ltd. is engaged as a wholesale agent for the sale of television sets of various manufacturers. On 15 th May, its warehouse was gutted in fire and entire stock costing Rs.40 crore was destroyed. The insurance company admitted the claim for Rs.35 crore only.
-----	--

II. Commercial Laws & Tax Laws

16. Which of the following would be a valid contract?

(A)	Mr. M, an employee, joins employment of Modern Ltd. agreeing not to engage in competing business at any time in future, if he leaves his employment at any time.
(B)	The partners of XYZ & Company agree between themselves that no partner shall carry on any business other than that of the firm while he is a partner.
(C)	A borrows some money from C agreeing that A shall not incur any obligation whatsoever on credit without the consent of C.
(D)	The proprietors of a newspaper agreed to indemnify the printers against claims arising from defamatory or offensive statements and advertisements printed in the newspaper.

17. P of Punjab sold wheat to C of Chennai under a CIF contract. The wheat arrived at the Chennai Port. C took up the shipping documents. On the day the wheat was unloaded, C resold and despatched a portion of it to sub-purchasers. C subsequently discovered that the wheat was not of the contract quality and gave P a notice of rejection. All this happened within 3 days and, therefore, reasonable time for the examination of the goods had not expired. What would be C's remedies against P?

(A)	C can repudiate the contract, return the goods and claim damages.
(B)	C can only return the goods and claim damages.
(C)	C can only claim damages.
(D)	C has lost his remedies against P.

18. Which of the following does not amount to a material alteration of a negotiable instrument?

(A)	Where no time of payment is stated, addition of the words "on demand" in an instrument
(B)	Changing the place of payment from New Delhi to National Capital Region
(C)	Addition of a new party
(D)	A change in the date of payment after the instrument is issued and made with the consent of all the parties

19. Mr. Neeraj is the Managing Director of XYZ Ltd. He was accused of violating the provisions of the SEBI Act, 1972, and prosecution proceedings were instituted against him on 15th May, 2022. On 20th May, he made full and true disclosures in respect of the alleged violations and submitted an application to the Central Government for grant of immunity under Section 24B. The SEBI has recommended immunity to Mr. Neeraj. What action can be taken upon the application of immunity?

(A)	Full immunity can be given against prosecution in this case.
(B)	Conditional immunity can be given against prosecution in this case.
(C)	Full immunity can be given against prosecution in this case, but not against imposition of penalty.
(D)	No immunity can be given in this case.

20. Which of the following capital account transactions does not attract prohibition or regulation by the RBI under Section 6 of FEMA?

(A)	Transfer or issue of any foreign security by a person resident in India
(B)	Transfer of immovable property on lease for four years in India by person resident outside India
(C)	Any borrowing in rupees between a person resident in India and a person resident outside India
(D)	Establishment in India of a branch office by a person resident outside India for carrying on any activity relating to such branch office

21. The Profit and loss account of X Ltd. for the year ending March 31, 2021 shows a net profit of Rs. 65 lakh after debiting / crediting the following items:

1. Depreciation: Rs. 24 lakh (including Rs. 4 lakh on revaluation).
2. Interest to financial institution not paid before due date of filing return of income: Rs. 6 lakh.
3. Provision for doubtful debts : Rs. 1 lakh.

Other information - Brought forward loss and unabsorbed depreciation as per books are Rs. 12 lakh and Rs. 10 lakh, respectively.

Compute minimum alternate tax under section 115JB for the assessment year 2021-22, assuming tax rate at 20% and Health and Education Cess at 10%.

(A)	Rs.13,20,000
(B)	Rs.12,76,000
(C)	Rs.10,56,000
(D)	Rs.14,52,000

22. Following details are identified in below case of XYZ Private Company Ltd. having 4 directors.

- Taxable income before Remuneration Rs.14,20,000
- Remuneration per director per annum:
- Remuneration payable in cash Rs.1,20,000
- Educational Allowance Rs.2,000
- Rent for Free Residential House at Delhi paid by Company Rs.1,78,000

What would be the taxable income of the Company under the head "Profits and Gains from Business"?

(A)	Rs.9,30,400
(B)	Rs.2,29,600
(C)	Rs.9,40,000
(D)	Rs.2,20,000

23. Northern Electric Ltd is power generating unit. On 15th December, 2020, it purchases a machine for Rs.8,00,000 on which it is charging depreciation on straight line method @ 20%. The machine was sold on 20/06/2021 for Rs.8,40,000. Determine tax treatment for Assessment Year 2022-23.

(A)	Short term capital gain of Rs.1,20,000
(B)	Short term capital gain of Rs.40,000
(C)	Terminal depreciation of Rs.80,000
(D)	Balancing charge of Rs.40,000

24. Which of the following transactions qualify as “supply” for charging GST?

(k) *International Trading Ltd, a consignee, imported a consignment of ladies fashion materials from its Principal AMI Paris, France. Before the clearance of such consignment for home consumption, the company sold the imported fashion materials to Beauty Makeup Ltd. by endorsing the Bill of Lading. Beauty Makeup Ltd. cleared the materials for home consumption. Will the sale transaction between International Trading Ltd. and Beauty Makeup Ltd. qualify as “supply” for charging GST?*

(l) *ABC Ltd. a manufacturing company scraps old plant and machinery due to renovation of manufacturing facility. The company has taken input tax credit on plant and machinery so scrapped without consideration. Does it qualify as a “supply” for charging GST?*

(m) *Multinational Express Pvt. Ltd. makes gifts to an employee worth Rs. 45,000 during the year. Does the gift qualify as a “supply” for charging GST?*

(n) *Toyota Motors Ltd. engages AB Motors as an agent to sell motor cars on its behalf. For the purpose, Toyota Motors Ltd. has supplied 50 cars to the showroom of AB Motors located in Haryana. Does it qualify as “supply” for charging GST?*

(A)	(k), (l) and (m) above.
(B)	(m) and (n) above.
(C)	(l) and (m) above.
(D)	(l) and (n) above.

25. A public company was incorporated on 15th June. What is the last possible date for holding its first meeting of Board of Directors?

(A)	14 th August
(B)	13 th October
(C)	13 th September
(D)	15th July