

**PSC Lower Division Accountant -  
Kerala Small Industries Development  
Corporation Ltd Examination  
Previous Year Question Paper**

***Exam Name: Lower Division Accountant -  
Kerala Small Industries Development Corporation  
Ltd***

***Date of Test : 16.09.2015***

***Question Paper Code: 171/2015***

***Medium of Questions: English***



171/2015

Maximum : 100 marks

Time : 1 hour and 15 minutes

1. Which of the following is not the objective of internal check?
  - (A) Division of work among the staff
  - (B) Error and fraud are automatically detected
  - (C) Prevention of error and frauds
  - (D) Allow the staff to do any single work from beginning to end
2. Right shares enjoy preferential right as regards :
  - (A) Payment of retained earnings
  - (B) Payment of dividend
  - (C) Payment of capital
  - (D) None of the above
3. Which of the following methods of inventory valuation result in higher valuation of inventory when there is a decreasing trend in prices?
  - (A) FIFO
  - (B) LIFO
  - (C) HIFO
  - (D) NIFO
4. The amount of depreciation charged under annuity method :
  - (A) remains fixed for all years
  - (B) decreases every year
  - (C) increases every year
  - (D) recalculated every year
5. The debit balance in the bank column of cash book indicates :
  - (A) The amount withdrawn from bank
  - (B) Total amount deposited in bank
  - (C) Cash at bank
  - (D) Bank overdraft
6. At the end of the accounting year nominal accounts are :
  - (A) Balanced and transferred to the P & L a/c
  - (B) Not balanced and transferred to the P & L a/c
  - (C) Not balanced and transferred to balance sheet
  - (D) Balanced and transferred to balance sheet
7. Premium on redemption of debenture is \_\_\_\_\_ a/c.
  - (A) Personal
  - (B) Nominal
  - (C) Real
  - (D) None of the above



8. If the shares are forfeited, the share capital a/c is debited by :  
(A) call up value of shares (B) paid up value of shares  
(C) face value of shares (D) issue price of shares
9. The process of recording financial data upto trial balance is :  
(A) Book keeping (B) Classifying  
(C) Summarising (D) Analysing
10. Average profit = 3,72,000, Normal rate of return = 12%, Total asset = 68,00,000, outside liabilities = 42,00,000. Calculate the value of goodwill under capitalisation method.  
(A) 5,00,000 (B) 6,00,000  
(C) 7,00,000 (D) 8,00,000
11. The maximum number of partners is mentioned in :  
(A) Companies Act (B) Partnership Act  
(C) Limited Partnership Act (D) None
12. An accounting system which presents the balance sheet into two parts is called :  
(A) Double entry system (B) Double Account system  
(C) Single entry system (D) Statement of Affairs
13. Voyage account is \_\_\_\_\_ account.  
(A) Real (B) Nominal  
(C) Personal (D) None of these
14. In self balancing, bought ledger adjustment account is opened in :  
(A) Bought ledger (B) Sold ledger  
(C) General ledger (D) None of these
15. Manufacturing a/c is prepared to find out :  
(A) Cost of goods sold (B) Cost of goods produced  
(C) Net profit (D) Work in progress
16. The amount paid to an author for the use of copyright is called :  
(A) Minimum rent (B) Commission  
(C) Patent (D) Royalty
17. Where the loss of an asset has been identified by the bank, but the amount has not been written off wholly or partly is known as :  
(A) Bad-debt (B) Sub-standard asset  
(C) Loss asset (D) Doubtful asset



18. Accounting principles are based on :  
(A) Objectivity (B) Convenience  
(C) Practicability (D) Subjectivity
19. Valuation and presentation of inventory is :  
(A) IAS 5 (B) IAS 4  
(C) IAS 1 (D) IAS 2
20. Find the odd one :  
(A) Purchase book (B) Sales book  
(C) Purchase return book (D) Cash book
21. If sales is ₹ 2,40,000, percentage of gross profit on sales 20%, purchase ₹ 1,75,000, closing stock ₹ 30,000. Then opening stock will be :  
(A) 47,000 (B) 60,000  
(C) 50,000 (D) 67,000
22. If cost of an asset is ₹ 60,000 and life period is 4 years. The rate of depreciation is :  
(A) 20% (B) 30%  
(C) 25% (D) 33%
23. \_\_\_\_\_ is against the principle of convention of conservation.  
(A) Provision for bad-debts (B) Provision for discount on debtors  
(C) Provision for discount on creditors (D) Provision for depreciation
24. The term is used to write off the value of lease hold properties :  
(A) Amortization (B) Depreciation  
(C) Obsolescence (D) Depletion
25. Ram sends 50 table fan to Rahim costing ₹ 300 per table fan to be sold at 20% above cost price. Sales will be :  
(A) 18,000 (B) 15,000  
(C) 20,000 (D) 22,000
26. Acid test is same as :  
(A) Turn over test (B) Quick test  
(C) Liquid test (D) None of the above



27. Deferred cost is a :  
(A) Capital (B) Liability  
(C) Asset (D) None of these
28. The sale of a business asset on credit is recorded in :  
(A) Sales journal (B) General journal  
(C) Cash receipt journal (D) None of these
29. Marshalling of balance sheet means :  
(A) The totalling of its assets and liabilities  
(B) Excess of assets over liabilities  
(C) The order in which assets and liabilities are shown  
(D) None of these
30. Which one of the following is not considered the permanent part of the accounting record?  
(A) Journal (B) Trial balance  
(C) Balance sheet (D) Final a/c
31. Error due to wrong allocation as expenditure between capital and revenue is regarded as :  
(A) Error of omission (B) Compensation errors  
(C) Error of commission (D) Error of principle
32. Depreciation in spirit is similar to :  
(A) Depletion (B) Depression  
(C) Amortisation (D) Obsolescence
33. The main object of an audit is :  
(A) expression of opinion  
(B) detection and prevention of fraud and error  
(C) both (A) and (B)  
(D) to verify the account and to report whether account have been drawn properly
34. A sale of ₹ 50,000 to A was entered as a sale to B. This is an example of :  
(A) Error of omission (B) Error of commission  
(C) Compensating error (D) Error of principle
35. Auditing standards differ from audit procedures relate to :  
(A) audit assumptions (B) acts to be performed  
(C) quality criterion (D) methods of work



36. Professional skepticism requires that the auditor assume that management is :  
(A) Neither honest nor dishonest (B) Reasonably honest  
(C) Not necessarily honest (D) Dishonest unless proved otherwise
37. Audit of banks is an example of :  
(A) Statutory audit (B) Balance sheet audit  
(C) Concurrent audit (D) All of the above
38. Which of the following schedule of the Companies Act, 1956 deals with depreciation?  
(A) Schedule XIV (B) Schedule V  
(C) Schedule XIII (D) Schedule X
39. Which of the following auditing assurance standard deals with audit planning?  
(A) AAS-7 (B) AAS-8  
(C) AAS-9 (D) AAS-3
40. Concurrent audit is a part of :  
(A) Internal check system (B) Continuous audit  
(C) Internal audit system (D) None
41. Which of the following is a revenue reserve?  
(A) Capital redemption reserve (B) Security premium account  
(C) Debenture redemption reserve (D) Capital reserve
42. Who out of the following cannot be appointed as a statutory auditor of the company?  
(A) Erstwhile Director (B) Internal Auditor  
(C) Relative of a Director (D) Only (B) and (C)
43. The branch auditor is appointed by :  
(A) Shareholders in an AGM (B) Shareholders in GM  
(C) Board of directors in board meeting (D) Any of the above
44. The statutory auditor of a government company submits his report to :  
(A) The Board of Directors of the Company  
(B) The C & AG  
(C) The Legislature  
(D) The Company Secretary



45. The auditor is most likely to examine related party transactions very carefully while vouching :  
(A) credit sales (B) sales return  
(C) credit purchases (D) cash purchase
46. The creditors accounts, generally, have credit balance. Debit balance may be due to :  
(A) Advance paid against an order (B) Goods returned  
(C) Wrong debit to supplier a/c (D) Any of these
47. The time lag between indenting and receiving material is called :  
(A) Lead time (B) Idle time  
(C) Stock out time (D) None of these
48. Depreciation is based on :  
(A) Economic life of asset (B) Declared life of asset by supplier  
(C) Normal life of asset (D) None of these
49. An endowment insurance policy can be taken in respect of :  
(A) Fire insurance (B) Accident insurance  
(C) Life insurance (D) None of these
50. Double entry book-keeping was fathered by :  
(A) F.W. Taylor (B) Henry Fayol  
(C) Luca Pocioli (D) James Watt
51. Which of the following ways can be used to create 'Secret Reserves'?  
(A) Writing off excessive depreciation  
(B) Charging capital expenditure to profit and loss a/c  
(C) Showing contingent liability as an actual liability  
(D) All of above
52. Which one of the following will lead to understatement of net profit?  
(A) Amortization of fictitious assets  
(B) Treating capital expenditure as revenue expenditure  
(C) Treating revenue expenditure as capital expenditure  
(D) Creation of general reserve
53. The word 'credit' has been derived from the Latin word 'credere' which means :  
(A) 'to-owe' (B) 'to-give'  
(C) 'to-take' (D) 'to-believe'



54. By-products should be valued at :
- (A) Cost
  - (B) Cost or net realizable value whichever is more
  - (C) Net realizable value
  - (D) Cost or market value whichever is less
55. Which account is to be prepared when revised values are not to appear in the new balance sheet framed after the retirement or death of a partner?
- (A) Memorandum Revaluation Account
  - (B) Revaluation Account
  - (C) Profit and Loss Adjustment Account
  - (D) Profit and Loss Appropriation Account
56. Payment of the trade creditors would :
- (A) increase the current ratio, but the acid test ratio would not be affected
  - (B) increase both the current and acid test ratios
  - (C) decrease both the current and acid test ratios
  - (D) have no effect on the current and acid test ratios
57. Which of the following results in the flow of funds?
- (A) Creditors issued bills payable
  - (B) Loss on the sale of machinery
  - (C) Transfer to general reserve
  - (D) Building sold on cash
58. The balance sheet is related to the income statement in the same way that :
- (A) A period in time is related to a period of time
  - (B) A period of time is related to a point of time
  - (C) A point in time is related to another point in time
  - (D) A period of time is related to another period of time
59. Which of the following is the most important reason for studying accounting?
- (A) The information provided by accounting is useful in making many economic decisions
  - (B) Accounting plays an important role in society
  - (C) The study of accounting could lead to a challenging career
  - (D) All of the above
60. The difference between the balance of a fixed asset a/c and the related accumulated depreciation a/c is termed as :
- (A) Liability
  - (B) Contra asset
  - (C) Book value
  - (D) Market value



61. Propriety audit is normally undertaken in case of ;  
(A) Joint Stock Company (B) Government Company  
(C) Statutory Corporation (D) Government Departments
62. Government may order for cost audit under :  
(A) Section 227 (B) Section 233 A  
(C) Section 233 B (D) Section 224
63. Institute of Chartered Accountants of India was established on :  
(A) April 1, 1956 (B) April 1, 1949  
(C) July 1, 1956 (D) July 1, 1949
64. Payment for building purchased should be vouched with the help of :  
(A) Title deed (B) Building account  
(C) Correspondence with the brokers (D) Cash book
65. "Auditor is not valuer" was started in :  
(A) Kingston Cotton Mills Case (B) London and General Bank Case  
(C) Lee V. Neuchatel Co. Ltd. Case (D) London Oil Storage Co. Case
66. Incomplete contracts should be valued on the basis of :  
(A) Net profit of the period  
(B) Two-third of net profit of the period  
(C) Two-third of estimated profit of the period  
(D) None of the above
67. A government company auditor may be appointed by :  
(A) Central Government (B) Shareholders  
(C) Board of Directors (D) None of the above
68. The first auditor of company will hold office :  
(A) for a period of one year  
(B) till holding of statutory meeting  
(C) till the conclusion of first annual general meeting  
(D) till a new auditor is appointed



69. Labour turnover is measured by :
- (A) Number of workers replaced / Average number of workers
  - (B) Number of workers left / Number of workers in the beginning plus number at the end
  - (C) Number of workers joining / Number in the beginning of the period
  - (D) None of these
70. The allotment of whole items of cost to cost centres or cost units is called :
- (A) Cost allocation
  - (B) Cost apportionment
  - (C) Overhead absorption
  - (D) Cost classification
71. If an auditor does something wrongfully in the performance of his duties resulting in financial loss to the company he is guilty of :
- (A) Negligence
  - (B) Misfeasance
  - (C) Criminal liability
  - (D) Contractual liability
72. As an auditor, which of the following documents would you consider most reliable in respect of a receipt from a customer?
- (A) Daily cash receipt statement
  - (B) Copy of acknowledgement sent to the customer
  - (C) Bank statement
  - (D) Counterfoils of the receipts issued to them
73. Under Companies Act 1956, audit of annual financial statement is compulsory for :
- (A) Private limited companies
  - (B) Public limited companies
  - (C) Companies listed on a stock exchange
  - (D) All companies
74. Which of the following ratios indicates the short term solvency of a firm?
- (A) Profit to capital
  - (B) Gross profit to sales
  - (C) Current assets to current liabilities
  - (D) Current assets to fixed assets
75. The term 'depletion' used in relation to :
- (A) fixed assets
  - (B) wasting assets
  - (C) current assets
  - (D) tangible assets
76. Which of the following is correct?
- (A) Assets = Equities
  - (B) Assets = Liabilities + Capital
  - (C) Assets = Owners equity + Liabilities
  - (D) All of the above



77. Which famous case deals with the insolvency of a partner?
- (A) Garner Vs Murray
  - (B) Royal British Bank Vs Imperial Bank
  - (C) Solomon Vs Solomon and Co. Ltd.
  - (D) Daimler Co. Ltd. Vs Continental Tyre and Rubber Co. Ltd.
78. Super profit is :
- (A) the average profit earned by the firm
  - (B) the normal profit
  - (C) the difference between average profit and normal profit
  - (D) all of the above
79. Provision for bad and doubtful debts is created in anticipation of actual bad debts on the basis of :
- (A) Business entity concept
  - (B) Conservation concept
  - (C) Going concern concept
  - (D) Full disclosure concept
80. Balance in a petty cash book is :
- (A) an expense
  - (B) a profit
  - (C) an asset
  - (D) none of the above
81. The person who introduced Mahatma Gandhiji to Keralities :
- (A) Swadesabhimani Ramakrishna Pillai
  - (B) G.P. Pillai
  - (C) Vakkom Maulavi
  - (D) Sir. C. Sankaran Nair
82. The social reformer who gave leadership to 'Kallumalasamaram' :
- (A) Ayyankali
  - (B) Dr. Palpu
  - (C) Sahodaran Ayyappan
  - (D) Pandit Karuppan
83. The Grand Old Man of Indian Journalism :
- (A) Thushar Gandhi Ghosh
  - (B) Raja Ram Mohan Roy
  - (C) Chalapathi Rao
  - (D) Bala Gangadhar Tilak
84. The author of 'Advaithachintha Padhathi':
- (A) Neelakandateerthapadhar
  - (B) Vaikunda Swamikal
  - (C) Sree Narayana Guru
  - (D) Chattambi Swamikal

85. The Sangam Epic, 'Manimeghala' belongs to which Sangam Writer :  
(A) Magghan (B) Pukayendi  
(C) Saptanar (D) Ilangovadikal
86. ASEAN came into existence during the year :  
(A) 1965 (B) 1966  
(C) 1967 (D) 1968
87. State animal of Maharashtra :  
(A) Chinkara (B) Indian Giant Squirrel  
(C) Black Buck (D) Baisan
88. The author of 'Hungry Stones' :  
(A) K.M. Munshi (B) Ben Jonson  
(C) M.V. Kamath (D) Rabindranath Tagore
89. The portfolio of atomic energy comes under :  
(A) State list (B) Concurrent list  
(C) Union list (D) Supreme Court
90. The right to property was excluded from fundamental rights during the tenure of the govt. headed by :  
(A) Moraji Desai (B) Charan Singh  
(C) Indira Gandhi (D) Rajeev Gandhi
91. 'Ananda Maha Sabha' was started by whom?  
(A) Dayananda Swami (B) Ananda Theerthan  
(C) Brahmananda Sivayogi (D) Mannathu Padmanabhan
92. Razia Sultana was the only woman monarch who ruled Delhi. Her rule lasted only for four years. When did she ascended the throne of Delhi?  
(A) A.D. 1326 (B) A.D. 1236  
(C) A.D. 1623 (D) A.D. 1363
93. The Constitutional Amendment deals with the anti-defection law :  
(A) 55 (B) 50  
(C) 51 (D) 52



94. The first woman to become High Court Judge among Common Wealth Countries :  
(A) Sujatha Manohar (B) Anna Chandi  
(C) Fathima Beevi (D) K.K. Usha
95. The Nishanth garden of Kashmir was built by :  
(A) Jahangir (B) Shahjahan  
(C) Akbar (D) Babur
96. National Judicial Academy is located at :  
(A) Pune (B) Bangalore  
(C) New Delhi (D) Bhopal
97. The Parliament of France is :  
(A) National Parliament (B) National Assembly  
(C) Folketing (D) Senate
98. Disagreement between the two houses of Indian Parliament is finally resolved through :  
(A) A joint committee of the two houses for the purpose  
(B) Mediatory efforts by the presiding officers of the two houses  
(C) Mediation by the President  
(D) A joint session of the two houses
99. Chronologically arrange the following battles :  
1. Second battle of Panipat  
2. Battle of Haldighati  
3. Battle of Asirgarh  
4. Battle of Kannauj  
(A) 4, 3, 2, 1 (B) 4, 1, 2, 3  
(C) 3, 4, 2, 1 (D) 1, 4, 2, 3
100. The famous Somanath Temple is in :  
(A) Gujarat (B) Maharashtra  
(C) Rajasthan (D) Bihar