



UPSC EPFO 2025 APFC & EO/AO Accountancy Questions

Accountancy

Q1. The principle of inventory valuation - "cost or net realisable value, whichever is lower" is based on :

- A. Accrual Concept
- B. Matching Concept
- C. Money Measurement Concept
- D. Convention of Conservatism

Q2. Which one of the following is not a 'fundamental accounting assumption' in the preparation of financial statements ?

- A. Matching concept
- B. Going concern
- C. Accrual
- D. Consistency

Q3. Which one of the following is a revenue expenditure ?

- A. Overhaul expenses of a second hand machinery purchased
- B. Legal fees to acquire a property
- C. Amount spent for replacement of worn-out portion of a machine
- D. Expenses in connection with obtaining a license for running the cinema hall

Q4. When purchase of an asset is treated as an expense, in the accounting context, it is called:

- A. Error of principle
- B. Error of omission
- C. Error of commission
- D. Compensating error

Q5. In accounting context, which one of the following statements is correct ?

- A. Reserve created is a charge against profits.
- B. Capital reserves are normally created out of distributable profits.
- C. General reserve can be used only for some specific purposes.
- D. 'Provision' is a charge against profit.

Q6. Which one of the following statements is correct ?

- A. Agreement of trial balance is a conclusive proof of the accuracy.
- B. Suspense account opened in a trial balance is a permanent account.
- C. At the end of the accounting year, all the nominal accounts of the ledger book are balanced.
- D. A ledger is known as the principal book of accounts.

Q7. Which one of the following statements is not correct ?

- A. Capital account has a debit balance.
- B. Discount column of cash book records cash discount.
- C. Under traditional approach, rent outstanding is a personal account.
- D. Cash sales are not recorded in the sales day book.

Q8. Which one of the following is correct ?

- A. Operating profit = Net profit - Non-operating expenses - Non-operating incomes
- B. Operating profit = Net profit + Non-operating expenses + Non-operating incomes
- C. Operating profit = Net profit + Non-operating expenses - Non-operating incomes
- D. Operating profit = Net profit - Non-operating expenses + Non-operating incomes

Q9. Which one of the following costs is generally not included in computing the cost of inventory ?

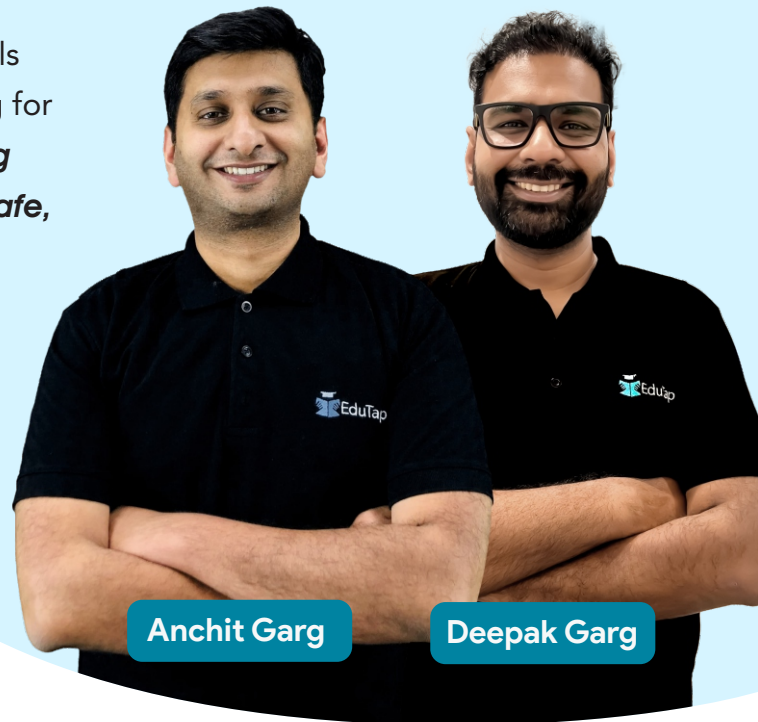
- A. Administration overheads
- B. All cost of purchase
- C. Normal wastage of materials
- D. Storage cost assuming a special storage is required as part of production process

Q10. Which one of the following will be the adjustment journal entry if the rent received in advance is ₹ 2,000 ?

- A. Debit profit and loss account and Credit rent account
- B. Debit rent received account and Credit rent received in advance account
- C. Debit rent received in advance account and Credit rent received account
- D. Debit rent account and Credit profit and loss account

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