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TEST BOOKLET NO-25020

MAIN PAPER

Time : 3:00 hrs

Total Marks: 200

COOPERATION

INSTRUCTIONS TO CANDIDATES

Read the instructions carefully before answering the questions: -

1. This Test Booklet consists of 12 (twelve) pages and has 64(SIXTY FOUR) items (questions).
2. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
3. Please note that it is the candidate's responsibility to fill in the Roll Number and other required details carefully and without any omission or discrepancy at the appropriate places in the OMR Answer Sheet and the Separate Answer Booklet. Any omission/discrepancy will render the OMR Answer Sheet and the Separate Answer Booklet liable for rejection.
4. Do not write anything else on the OMR Answer Sheet except the required information. Before you proceed to mark in the OMR Answer Sheet, please ensure that you have filled in the required particulars as per given instructions.
5. Use **only Black Ball Point Pen** to fill the OMR Answer Sheet.
6. This Test Booklet is divided into 4 (four) parts – **Part – I, Part – II, Part III and Part IV.**
7. All parts are **Compulsory.**
8. **Part-I consists of Multiple Choice-based Questions.** The answers to these questions have to be marked in the **OMR Answer Sheet** provided to you.
9. **Part – II, III & IV consists of Conventional Questions.** The answers to these questions have to be written in the **Separate Answer Booklet** provided to you.
10. In Part-I, each item (question) comprises of 04 (four) responses (answers). You are required to select the response which you want to mark on the OMR Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
11. After you have completed filling in all your responses on the OMR Answer Sheet and the Answer Booklet(s) and the examination has concluded, you should hand over to the Invigilator **only the OMR Answer Sheet and the Answer Booklet(s).** You are permitted to take the Test Booklet with you.
12. **Penalty for wrong answers in Multiple Choice-based Questions:**
THERE WILL BE **PENALTY** FOR WRONG ANSWERS MARKED BY A CANDIDATE.
 - (i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one-third** of the marks assigned to the question will be deducted as penalty.
 - (ii) If a candidate gives more than one answer, it will be treated as a **wrong answer** even if one of the given answers happens to be correct and there will be same penalty as above to the question.
 - (iii) If a question is left blank. i.e., no answer is given by the candidate, there will be **no penalty** for that question.

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MULTIPLE CHOICE BASED QUESTIONS

Instructions for Questions 1 to 50:

- Choose the correct answer for the following questions
- Each question carries 2 marks (50 x 2 = 100 marks)

1. A company purchased machinery for ₹2,00,000 on 1st April 2022. Depreciation is charged at 10% p.a. on the straight-line method. What will be the book value at the end of 3 years?

a) ₹1,40,000
b) ₹1,80,000
c) ₹1,60,000
d) ₹1,20,000
2. Which of the following is NOT an accounting convention?

a) Consistency
b) Conservatism
c) Materiality
d) Objectivity
3. A trial balance shows a difference of ₹1,000, which is placed in a suspense account. Later, it is found that a purchase of ₹1,000 was not posted to the purchase account. What is the rectification entry?

a) Debit Suspense, Credit Purchases
b) Debit Purchases, Credit Suspense
c) Debit Suspense, Credit Cash
d) Debit Cash, Credit Suspense
4. If opening stock is ₹10,000, purchases are ₹40,000, and closing stock is ₹8,000, what is the cost of goods sold?

a) ₹42,000
b) ₹38,000
c) ₹40,000
d) ₹58,000
5. Which concept ensures that expenses are matched with revenues?

a) Consistency
b) Matching
c) Materiality
d) Conservatism

6. A business sold goods worth ₹50,000 on credit. Which accounts are affected?
- a) Sales and Cash
 - b) Sales and Debtors
 - c) Purchases and Debtors
 - d) Debtors and Purchases
7. Which of the following is NOT a fixed asset?
- a) Land
 - b) Machinery
 - c) Cash
 - d) Building
8. A company's current assets are ₹1,20,000 and current liabilities are ₹80,000. What is the current ratio?
- a) 1.5:1
 - b) 1:1
 - c) 2:1
 - d) 0.66:1
9. Depreciation is calculated on:
- a) Current liabilities
 - b) Fixed assets
 - c) Revenue expenses
 - d) Capital account
10. If cash received from debtors is ₹25,000, discount allowed is ₹500, and bad debts written off are ₹1,000, what was the opening balance of debtors (assuming no credit sales or returns)?
- a) ₹23,500
 - b) ₹25,500
 - c) ₹26,500
 - d) ₹24,000
11. Which of the following is NOT a step in the accounting cycle?
- a) Preparation of the trial balance
 - b) Recording transactions in the journal
 - c) Preparation of the business plan
 - d) Posting entries to the ledger
12. A trial balance is prepared to:
- a) Check the arithmetic accuracy of accounts
 - b) Record financial transactions
 - c) Allocate overheads
 - d) Determine profit or loss

13. A cash book is a combination of:

- a) Journal and ledger
- b) Purchase and sales ledger
- c) Personal and nominal account
- d) Cash and bank accounts

14. Which of the following items appears on the liabilities side of a balance sheet?

- a) Debtors
- b) Prepaid expenses
- c) Bank overdraft
- d) Closing stock

15. Which of the following is an example of a nominal account?

- a) Cash account
- b) Debtors account
- c) Rent account
- d) Machinery account

16. A company's sales are ₹5,00,000, variable costs are ₹3,00,000, and fixed costs are ₹1,50,000. What is the break-even sales level?

- a) ₹2,50,000
- b) ₹3,75,000
- c) ₹2,00,000
- d) ₹1,50,000

17. In break-even analysis, contribution margin is calculated as:

- a) Sales - Fixed Costs
- b) Sales - Variable Costs
- c) Sales - Total Costs
- d) Variable Costs - Fixed Costs

18. The straight-line method of depreciation results in:

- a) Higher depreciation in the first year
- b) Equal depreciation expense each year
- c) Depreciation based on asset usage
- d) Random allocation of depreciation

19. If closing stock is overvalued by ₹5,000, what is the effect on net profit?

- a) Overstated by ₹5,000
- b) Understated by ₹5,000
- c) No effect
- d) Overstated by ₹10,000

20. Which of the following is NOT considered a cost classification in cost accounting?
- a) Fixed cost
 - b) Variable cost
 - c) Semi-variable cost
 - d) Inflationary cost
21. Which of the following is NOT a function of cooperative banks?
- a) Accepting deposits
 - b) Issuing currency notes
 - c) Providing agricultural credit
 - d) Financing small industries
22. The Multi-State Cooperative Societies Act, 2002 was enacted to:
- a) Regulate societies operating in more than one state
 - b) Regulate only credit cooperatives
 - c) Replace the Companies Act for cooperatives
 - d) Govern only PACS
23. Which of the following is a unique feature of cooperative management compared to corporate management?
- a) Profit maximization
 - b) One-member, one-vote principle
 - c) Hierarchical decision-making
 - d) Shareholder supremacy
24. Which of the following is NOT a salient feature of the Banking Regulation Act as applicable to cooperative societies?
- a) Maintenance of cash reserve ratio
 - b) Statutory audit requirement
 - c) Exemption from income tax
 - d) Restrictions on loans and advances
25. Which organization is responsible for the promotion of consumer cooperatives in India?
- a) NDDB
 - b) NAFED
 - c) NCCF
 - d) NABARD
26. Which of the following was a direct impact of the Five-Year Plans on cooperative development in India?
- a) Complete privatization of cooperatives
 - b) Introduction of cooperative farming societies
 - c) Withdrawal of government support
 - d) Abolishment of cooperative credit institutions

27. The NDDB was established primarily to:

- a) Regulate cooperative banks
- b) Promote dairy cooperative movement
- c) Finance agricultural machinery
- d) Oversee rural infrastructure projects

28. Which of the following is NOT a non-credit cooperative?

- a) Dairy cooperative
- b) Housing cooperative
- c) Employees credit society
- d) Marketing cooperative

29. Which of the following is a major challenge faced by Indian cooperatives post-independence?

- a) Lack of legal framework
- b) Excessive government interference
- c) Absence of banking regulations
- d) Monopoly in rural areas

30. The registration of a cooperative society is administered by:

- a) Ministry of Finance
- b) Registrar of Cooperative Societies
- c) Reserve Bank of India
- d) Ministry of Corporate Affairs

31. Which of the following is a statutory requirement for cooperative banks under the Banking Regulation Act?

- a) Maintaining Statutory Liquidity Ratio (SLR)
- b) Exemption from CRR
- c) No need for audit
- d) Unlimited liability for members

32. Which institution is responsible for the promotion of dairy cooperatives in India?

- a) NAFED
- b) NDDB
- c) NABARD
- d) NCDC

33. Which of the following is NOT a function of the Reserve Bank of India in relation to cooperatives?

- a) Regulation of cooperative banks
- b) Direct lending to primary agricultural societies
- c) Supervising banking operations
- d) Laying down policy guidelines

34. Which of the following is NOT an objective of cooperative management?

- a) Democratic control
- b) Member economic participation
- c) Maximizing individual profit
- d) Education and training

35. Which of the following is a non-credit cooperative?

- a) Employees Credit Society
- b) Dairy Cooperative
- c) Industrial Cooperative Bank
- d) Urban Cooperative Bank

36. Which type of audit is specifically conducted for cooperative societies?

- a) Internal audit
- b) Cooperative audit
- c) Management audit
- d) Tax audit

37. The primary objective of cooperative audit is to:

- a) Ensure profitability
- b) Assess compliance with cooperative laws
- c) Calculate tax liabilities
- d) Detect fraud

38. Audit classification of PACS is done by:

- a) NABARD
- b) Registrar of Cooperative Societies
- c) RBI
- d) NAFED

39. Which of the following is NOT a norm for audit classification of primary cooperative societies?

- a) Financial position
- b) Management efficiency
- c) Number of employees
- d) Statutory compliance

40. Which of the following is NOT a step in the audit process?

- a) Vouching
- b) Ledger posting
- c) Verification
- d) Reporting

41. Who prepares the audit report?

- a) Management
- b) Auditor
- c) Accountant
- d) Internal control team

42. Which type of error occurs when the amount is recorded incorrectly in the books?

- a) Error of omission
- b) Error of commission
- c) Compensating error
- d) Principle error

43. A debit balance in the trial balance indicates:

- a) Liabilities
- b) Assets or expenses
- c) Revenue
- d) Capital

44. Internal check refers to:

- a) A mechanism to prevent fraud within an organization
- b) Preparing trial balances
- c) Auditing financial reports
- d) Filing tax returns

45. Bank reconciliation statements identify differences between:

- a) Ledger balances and trial balance
- b) Trial balance and final accounts
- c) Cash book and passbook balances
- d) Journal entries and cash book

46. Which of the following is a limitation of financial accounting?

- a) It records only financial transactions
- b) It provides real-time cost data
- c) It focuses on cost control
- d) It is mainly used for internal decision-making

47. Which audit is conducted to ensure compliance with tax laws and regulations?

- a) Forensic Audit
- b) Tax Audit
- c) Cost Audit
- d) Operational Audit

48. Errors in trial balance can be corrected by:

- a) Reopening the accounts
- b) Preparing a suspense account
- c) Ignoring the error if it's small
- d) Writing off the balance

49. An audit opinion is issued:

- a) Before completing the audit report
- b) At the discretion of the client
- c) To provide an independent assessment of financial statements
- d) Only during fraud investigations

50. In cooperative societies, the audit report primarily focuses on:

- a) Adherence to government schemes
- b) Financial position and adherence to cooperative laws
- c) Employee performance
- d) Tax liabilities

PART – II

SHORT ANSWER TYPE QUESTIONS

(10x 5 marks each = 50 marks)

- 51. What are the statutory books and records that a cooperative society must maintain?
- 52. Discuss the audit classification of Primary Agricultural Credit Societies (PACS). What are the norms used for classification and how does the Registrar of Cooperative Societies ensure compliance?
- 53. Discuss the principles of cooperative management and their practical application in the administration of cooperative societies.”
- 54. “A trial balance is merely a proof of arithmetical accuracy”. Explain the statement and bring out various classes of errors which trial balance fails to disclose.
- 55. Prepare Danish's ledger account in the books of ABC Ltd from the below transactions and draw inferences from the same –
Debit balance 10,000; Purchased goods on credit from Danish 5,000; Cash paid on account 4,000; Purchased an office equipment from Danish on credit 10,000

56. Journalise and prepare a trial balance in the books of Satyam-

Jan 1	Satyam commenced business with Cash ₹ 2,00,000; Bank ₹ 3,00,000 and stock ₹ 5,00,000
Jan 3	Bought goods from Amit worth ₹ 2,00,000 at terms of 5% cash discount and 20% trade discount. $\frac{3}{4}$ of the amount was paid in cash at the time of purchase
Jan 5	Goods purchased on credit from Taranum ₹ 52,000
Jan 6	Goods sold on credit to M/s Lara India ₹ 25,000
Jan 7	Goods returned from Lara India ₹ 2,000
Jan 10	Goods returned to Taranum ₹ 2,500
Jan 12	Cheque given to Taranum for final settlement on account ₹ 49,000
Jan 17	An old machine costing 17,00,000 with an accumulated depreciation of ₹ 5,75,000 was sold for ₹ 10,00,000
Jan 22	Paid rent ₹ 10,000 and salaries ₹ 50,000 by cheque
Jan 25	Drew cash for personal use ₹ 10,000
Jan 28	Goods distributed by way of free samples ₹ 2,000
Jan 30	Charge depreciation on Plant ₹ 1,000

57. Describe the functions and importance of non-credit cooperatives in rural development. Give at least two examples of such cooperatives and their impact.

58. What are the main components of an audit compliance report in a cooperative society? Why is timely compliance with audit observations crucial for the society's functioning?

59. A cooperative society maintains both a Day Book and a Cash Book. Distinguish between these two books and explain the purpose each serves in the accounting system of a cooperative.

60. From the following information of M/s TB Furniture House, Sikkim prepare Purchase book for the month of march 2025:

2025

March 1 **Purchased from M/s AB & Co. of Sikkim on credit**
 100 Chairs @ ₹ 700 each
 200 Almirahs @ ₹ 600 each
 Trade discount 20%

March 5 **Purchased from M/s VB & Co. of Tamil Nadu on credit**
 10 Sofa sets @ ₹ 1000 each
 20 Tables @ ₹ 200 each
 Trade discount 10 %

March 12	Purchased from New Furniture house of West Bengal on credit 12 Stools @ ₹ 1500 each 2 Tables @ ₹ 8000 each Trade discount 20 %
March 20	Purchased for cash from M/s XY & Co. of Assam 50 Plastic chairs @ ₹ 300 each
March 25	Purchased from M/s AD & Co. of Sikkim on credit 25 Air conditioners @ ₹ 25000 each 10 Fans @ ₹ 2000 each hdk Trade discount 15 %

PART – III

LONG ANSWER TYPE QUESTIONS

(2 x 10 marks each = 20 marks)

61. Describe the process of audit compliance in cooperative societies. How are audit objections rectified and what actions are suggested for compliance?"
62. From the following transactions, write a three column cash book for XYZ cooperative.

2025

- Jan 1 Cash on hand ₹ 2,548 and balance with bank ₹ 10, 557.
- Jan 2 Cash sales ₹ 450
- Jan 4 Received cash from B.Basu, a customer ₹ 3800 allowed him discount 200
- Jan 7 Withdrew cash from bank ₹ 5000
- Jan 8 Paid salaries and wages ₹ 9050 in cash
- Jan 9 Received cheque from Rai for ₹ 1,950. Allowed him discount ₹ 50.
- Jan 12 Paid Katani and company by a cheque drawn for ₹ 2,400. Discount received ₹ 100.
- Jan 13 Bank advised that cheque for ₹ 1,950 (received from Rai has been returned unpaid with the reason "refer to drawer."
- Jan 15 Deposited cash ₹ 1,200 in bank.

PART – IV

ESSAY TYPE QUESTIONS

(2 x 15 marks each = 30 marks)

63. Critically analyze the role of cooperative societies in the Indian economy after independence. Discuss the challenges faced by cooperatives in the planning era and evaluate the impact of institutional support from RBI, NABARD, NDDDB, and NAFED on their development.
64. From the following trial balance of ABC Cooperative, prepare Profit and Loss Account for the year ended 31st March 2025 and Balance Sheet as on that date, after giving effect to under mentioned adjustments

Debit Balances	₹	Credit Balances	₹
Drawings	3,250	Capital	15,000
Stock(1.4.2025)	17,445	Returns outwards	840
Returns inward	554	Interest on loan to A	25
Carriage inward	1,240	Rent outstanding	130
Deposit with Mr. A	1,375	Creditors	3,000
Carriage outward	725	Provision for doubtful debts	1,200
Loan to Biswa (@5% given on 1.4.2025)	1,000	Sales	27,914
Rent	820		
Purchases	12,970		
Debtors	4,000		
Goodwill	1,730		
Advertisement expenses	954		
Bad debts	400		
Patents	500		
Cash	62		
Discount allowed	330		
Wages	754		

Adjustments

1. The manager of the cooperative is entitled to commission of 10% of net profit calculated after charging such commission.
2. Increase bad debts to ₹ 600. Make a provision for doubtful debts @10% and provisions for discount on debtors @5%.
3. Stock valued at ₹ 1500 destroyed by fire on 25.3.2025 but the insurance company admitted a claim of ₹ 950 only and the payment is yet to be received.
4. ₹ 200 out of advertisement expenses are to be carried forward for the next year.
5. The value of closing stock is ₹ 18,792.

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