



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

FINANCIAL ACCOUNTING (PAPER - 6)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	Which of the following is not a method of charging depreciation?	Sinking Fund Method	Sum of years Digit Method	Working hours Method	Asset's Life-cycle Method
2	A resource owned by the business with purpose of using it for generating future profit, is known as	Capital	Asset	Liability	Surplus
3	Outward Invoice issued is a source document of	Purchase Book	Sales Book	Return Inward Book	Return Outward Book
4	Which of the following is of capital nature?	Commission on purchases	Cost of repairs	Rent of factory	Wages paid for installation of machinery
5	Which of the following is not a Fundamental Accounting Assumption?	Going Concern	Consistency	Accrual	Materiality
6	An obligation which may or may not materialize is a/an .	Loss	Asset	Contingent Liability	None of the above
7	Which of the following is an example of Capital Expenditure?	Inventory of raw materials, work-in-progress and finished goods	Insurance premium	Taxes and legal expenses	None of the above
8	_____ is specially suited to mines, oil wells, quarries, sandpits and similar assets of a wasting character.	Depletion	Depreciation	Amortisation	Dilapidation
9	Which of the following account has a credit balance?	Plant and Equipment A/c	Loans A/c	Purchase A/c	None of the above
10	Which of the following is/are revenue expenditure?	Consumable Stores	Taxes and legal expenses	Rent of factory building	All of Above
11	Which of the following purpose is served from the preparation of Trial Balance?	To check the arithmetical accuracy of the recorded transactions	To ascertain the balance of any ledger account	To facilitate the preparation of final accounts promptly	All of the above
12	The basic principles of _____ concept is that business is assumed to exist for an indefinite period _____.	Going Concern	Business Entity	Money Measurement	None of the above
13	Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of _____.	Omission	Commission	Principle	Misposting
14	Which of the following book is both a journal and a ledger?	Cash Book	Sales Day Book	Bills Receivable Book	Journal Proper
15	Original cost of a machine is ₹ 1,50,000, residual value ₹10,000, if depreciation is charged @ 10% per annum under WDV method then depreciation for 3rd year will be_____.	₹ 12,240	₹ 11,340	₹ 12,150	₹ 14,000



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16	Cost of Machine B is ₹90,000, Expenses incurred at the time of purchase to be capitalized is ₹10,000. Estimated Residual Value of Machine B is ₹20,000. Expected Useful Life is 8 years. Compute the amount depreciations under SLM method.	10,000	₹ 20,000	₹ 15,000	₹ 5,000
17	If Capital on 01.01.2023 was ₹24,000. Capital on 31.12.2023 is was ₹12,000. Profit /(Loss) during the year was ₹6,000 and Fresh Capital introduced was ₹1,200 Then the amount of drawings was _____.	₹ 7,200	₹ 12,000	₹ 25,200	₹ 19,200
18	Journal entry of wages ₹10,000 paid for installation of machinery will be _____.	Dr. Wages A/c and Cr. Cash A/c with ₹10,000	Dr. Machinery A/c and Cr. Cash A/c with ₹10,000	Dr. Machinery repairs A/c and Cr. Cash A/c with ₹10,000	None of the above
19	Credit balance of a nominal account shows _____	Expenses of the business	Loss in the business	Income in the business	Asset of the business
20	Which of the following will be recorded as Contra Entry in a Cash Book?	₹1,000 withdrawn from bank for personal use	Cheque of ₹2,000 received from Mr. X lodged into bank on the same day	Cheque of ₹3,000 received before from Mr. Y and now lodged into bank	A customer directly deposited ₹4,000 in the bank account of the business
21	Goods purchased costing ₹60,000 and cash paid ₹45,000 after receipt of a cash discount of ₹9,000. What is the percentage of trade discount got?	15%	10%	7.50%	25%
22	Which of the following errors in an error of omission?	Sale ₹5,000 written in the purchase journal	Wages paid to Shyam debited to his account	The total of the sales journal has not been posted to the sales account	None of the above
23	A credit sale of goods to Amir, worth ₹600 was recorded in Purchase Book. In the rectification entry _____.	Amir will be debited by ₹600	Purchase will be debited by ₹600	Amir will be debited by ₹1,200	Sales will be credited by ₹1,200
24	Purchase of machinery worth ₹5,000 was omitted from accounts. The rectification entry is _____.	Purchase A/c will be debited	Cash A/c will be credited	Machinery A/c will be credited	None of the above
25	Goods purchased from A for ₹2,000 passed through sales book. The rectification of this error results in _____.	Decrease in Gross Profit	No effect on Gross Profit	Increase in Gross Profit	Increase in Sundry Debtors
26	The Accommodation bill is drawn	to finance actual purchase or sale of goods.	to facilitate trade transmission.	when both parties are in need of funds.	None of the above
27	If any stock is taken by a co-venturer, it will be treated as	an income of the joint venture	an expense of the joint venture	to be ignored from joint venture	it will be treated in the personal books of the co-venturer



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28	Kuntal draws a bill on shyam for Rs. 7,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:	Kuntal	Ram	Shyam	Rahim
29	A and B purchased a piece of land for ₹30,000 and sold it for ₹60,000 in 2022. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be _____.	₹ 30,000	₹ 20,000	60,000	₹ 10,000
30	Which of the following is/ are the basic features of a Joint Venture	The profit or loss on joint venture is shared between the co-venturers in the agreed ratio	The co-venturers may or may not contribute initial capital	The JV is dissolved once the purpose of the business is over	All of the above
31	The person to whom bill is endorsed is known as _____.	Endorsee	Drawee	Drawer	None of the above
32	A and B enter into a joint venture sharing profit and losses in the ratio of 3:2. A purchased goods costing ₹2,00,000. B sold 95% goods for ₹2,50,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales. A drew a bill on B for an amount equivalent to 80% of original cost of goods. A got it discounted at ₹1,50,000. What is A's share of profit?	₹ 15,300	₹ 21,300	₹ 18,900	₹ 15,000
33	Which of the following commission is allowed by the consignor to the consignee to encourage the consignee for putting-up hard work in introducing new product in the market?	Del-credere Commission	Over-riding Commission	Hard work Commission	Ordinary Commission
34	X draws a bill on Y for ₹ 1,80,000 for mutual accommodation in the ratio of 2:1. X got it discounted for ₹1,69,200 and remitted 1/3rd of the proceeds to Y. How much money should be remitted by X to Y at the time of maturity so as to enable Y to honour the bill?	₹ 120,000	₹ 115,200	₹ 116,800	₹ 120,400
35	Raju draws a bill on Sampat on 25th October, 2021 for 90 days, the maturity date of the bill will be _____.	27th January, 2022	26th January, 2022	25th January, 2022	28th January, 2022
36	Which class of account is Consignment Account?	Personal Account	Real Account	Representative Personal Account	Nominal Account
37	On dishonor of a bill of exchange that has been discounted, noting charges are initially paid by _____.	Bank	Drawer	Drawee	Acceptor



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38	Miss V draws a genuine trade bill of ₹25,000 for 6 months on Mr. M. After holding the bill for 1.5 months, as a result of unexpected requirement of cash, she immediately discounts the bill with the bank @ 10% p.a. The amount of the discount on bill is _____.	₹ 1,250	₹ 2,500	₹ 937.50	₹ 625
39	On January 01, 2023, Mr. S drew a six months bill on Mr. H for ₹15,000 for mutual accommodation and the bill was duly accepted by Mr. H. Mr. S discounted the bill on the same day with a bank at 10% p.a. and remitted one third proceeds to Mr. H. The discount to be borne by Mr. S is _____.	₹ 1,000	₹ 500	₹ 750	₹ 1,250
40	A proforma invoice is sent by _____.	Consignee to Consignor	Consignor to Consignee	Debtors to Consignee	Debtors Consignor
41	The nature of Consignment A/c and Consignee's A/c will be _____.	nominal and personal respectively	real and nominal respectively	personal and real respectively	nominal and real respectively
42	K of Kolkata sends out 400 bags of jute to T of Tamilnadu costing ₹200 each. Consignor expenses ₹2,000. Y's non-selling expenses is ₹2,000 and selling expenses is ₹1,000. 300 bags were sold by Y. Value of consignment stock is _____.	₹ 20,400	₹ 20,200	₹ 22,000	₹ 21,000
43	Goods will be sent on consignment at invoice price which is 20% above cost. 1/5th of the goods costing ₹60,000 were damaged in transit. Find out invoice price of the goods sent on consignment basis.	₹ 375,000	₹ 300,000	₹ 360,000	None of these
44	X of Kolkata sends out 100 boxes to Y of Delhi costing ₹200 each. Consignor's expenses : ₹4,000 . Consignee's expenses: non-selling ₹900 and selling ₹500. 1/10th of the boxes were lost in transit. 2/3rd of the boxes received by consignee were sold. The amount of consignment stock will be _____.	₹ 7,200	₹ 7,500	₹ 7,000	₹ 6,000
45	A sends out goods costing ₹2,00,000 to B. Consignor's expenses ₹5,000. Consignor's expenses in relation to sales ₹3,000. 4/5th of goods were sold at 20% above cost. The profit on consignment will be _____.	₹ 25,000	₹ 31,000	₹ 25,200	(₹5,000)
46	X of Kolkata send out certain goods at cost + 25%. Invoice value of goods sends out ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value & 10% of any surplus above invoice value. Amount of commission is _____.	₹ 4,800	₹ 5,200	₹ 3,200	₹ 1,600



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47	X of Kolkata send out goods costing ₹ 1,00,000 to Y of Delhi. 3/5th of the goods were sold by consignee for Rs. 70,000. Commission exceeds cost price. The amount of Commission will be:	₹ 2,833	₹ 2,900	₹ 3,000	₹ 2,800
48	Any account sale is the periodical summary statement sent by the _____ to the _____	Consignor, Consignee	Consignee, Consignor	Buyer, Seller	Seller, Buyer
49	Account sales _____	Have a very particular format	Does not have a specific format	Must be prepared by law	Given by consignor to consignee
50	X sends out good to Y, costing ₹1,50,000 to Y. goods are to be sold at cost + 33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be:	₹ 120,000	₹ 100,000	₹ 150,000	None of these
51	Which of these accounts is not a part of double entry system?	Memorandum A/c	Joint Bank A/c	Joint Venture A/c	Co-venture's A/c
52	A purchased goods costing ₹1,00,000. B sold the goods for ₹1,50,000. Profit sharing ratio between A and B equal. If same sets of books is maintained, what will be the final remittance?	B will remit ₹1,25,000 to A	B will remit ₹1,50,000 to A	A will remit ₹1,00,000 to B	B will remit ₹25,000 to A
53	A and B entered into a joint venture agreement to share the profits and losses in the ratio of 2:1. A supplied 100 ratio sets worth ₹1,00,000 to B incurring expenses of ₹5,000 for freight and issuance. B sold the 95 ratio sets for ₹1,20,000. 5 ratio sets were taken over by B. The profit a/loss on venture will be _____	Profit of ₹20,000	Profit of ₹15,000	Loss of ₹20,000	Profit of ₹20,250
54	A purchased goods costing ₹42,500. B sold goods costing ₹40,000 at ₹50,000. Balance goods were taken over by A at ₹4,000. The profit on joint venture is –	₹ 11,500	₹ 7,500	₹ 3,500	Nil
55	A purchased 1000 kg of rice costing ₹200 each. Carriage ₹2,000 insurance ₹3,000. 4/5th of the boxes were sold by B at ₹250 per boxes. Remaining stock were taken over by B at cost. The amount of stock taken over will be –	₹ 40,000	₹ 41,000	₹ 50,000	₹ 50,200
56	The party who is ordered to pay the amount is known as _____.	Payee	Drawer	Drawee	Endorsee
57	Retirement of a Bill means _____	Discounting a Bill	Dishonour of a Bill	Renewal of a Bill	Payment made before due dates
58	X draws a bill on Y for ₹3000. X endorsed to Z. Y will pay the amount of the bill to:	X	Z	To himself	None
59	X sold goods to Y for ₹3,00,000. ½ of the amount will be received in cash and the balance through a B/R. For what amount X should draw a bill on Y.	₹ 150,000	₹ 300,000	₹ 100,000	₹ 120,000



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60	On 1st April, Mr. A sold goods of ₹10,000 to B and drew a bill for 3 months. Mr. A discounted the bill with bank at 15%. Amount of discount will be?	₹ 125	₹ 250	₹ 375	None of these
61	At the end of the accounting year the capital expenditures are shown in the _____.	assets side of the Balance Sheet	liabilities side of the Balance Sheet	debit side of the Profit and Loss A/c	credit side of the Profit and Loss A/c
62	If average inventory is ₹1,25,000 and closing inventory is ₹10,000 less than opening inventory then the value of closing inventory will be	₹ 135,000	₹ 115,000	₹ 130,000	₹ 120,000
63	As on 31st March, 2023 debtors and additional bad debts are ₹8,00,000 and ₹10,000 respectively. If the provision for bad debts is made at 5% on debtors then amount of such provision will be	40,000	50,000	39,500	40,500
64	Income and Expenditure Account is a _____.	Nominal Account	Real Account	Personal Account	Artificial Personal Account
65	Receipts and Payments account is a	Nominal Account	Real Account	Personal Account	Artificial Personal Account
66	Income statement of a Charitable Institution is known as	Statement of profit and loss	Receipts and Payments Account	Income and Expenditure Account	Profit and Loss Account
67	_____ is similar to the Profit and loss A/c	Income and Expenditure A/c	Receipts and Payments A/c	Balance Sheet	None of the Above
68	From the following details estimate the capital as on 31.03.2023. Capital as on 01.04.2022 - ₹4,10,000. Drawings ₹40,000, Profit during the year ₹50,000	₹ 410,000	₹ 450,000	₹ 420,000	₹ 410,000
69	Which of the following item does not match with receipts and payments account?	It is a summarized cash book	Transactions are recorded in it on cash basis	It records revenue transactions only	It serves the purpose of a real account
70	Income & Expenditure A/c shows subscriptions ₹10,000; Subscriptions accrued in the beginning of the year and at the end of the year were ₹1,000 and ₹1,500 respectively. The figure of subscription received appear in receipts and payments account will be:	₹ 9,500	₹ 10,000	₹ 10,500	₹ 12,000
71	A Charitable Institution has 250 members with a annual subscription of ₹5,000 each. The subscription received during 2021-22 were ₹11,25,000, which include Rs. 65,000 and ₹25,000 for the years of 2020-21 and 2022-23 respectively. Amount of outstanding subscription for the 2021-22 will be	₹ 90,000	₹ 125,000	₹ 215,000	₹ 190,000



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72	Opening Debtors, Collection from Debtors and Discount Allowed were ₹3,15,000; ₹18,30,000 and ₹35,000 respectively. If the closing debtors were 20% of credit sales of the period then closing debtors and credit sales would be _____.	₹3,51,667 and ₹17,58,333	₹3,63,333 and ₹18,16,667	₹3,87,500 and ₹19,37,500	₹3,10,000 and ₹ 15,50,000
73	In case of a Club, the excess of expenditure over income is called as _____.	Surplus	Deficit	Capital Fund	Investment in Fixed Assets
74	Opening Inventory ₹9,600, Purchases less Return ₹11,850, Salaries ₹3,200, Wages Rs.750, Commission on Purchases ₹200, Carriage Outward ₹300, Sales ₹24,900, Closing Inventory ₹3,500, Carriage on purchases ₹1,000. Compute Gross Profit.	₹ 5,000	₹ 6,500	₹ 3,250	₹ 3,200
75	Find out Gross profit / Loss :- Purchase ₹30,000, Sales ₹15,000, Carriage Inward ₹2,400, Opening stock ₹10,000, Purchase Returns ₹1,000, Closing stock ₹36,000	₹ 20,000	₹ 10,000	₹ 9,600	₹ 10,600
76	Opening Stock ₹1,50,000, Cash Sales ₹1,20,000, Credit Sales ₹2,30,000, Closing Stock is Nil. Selling Price is 125% on Cost. Compute Purchases.	₹ 150,000	₹ 140,000	₹ 130,000	₹ 120,000
77	Opening and Closing balance of Debtors are ₹30,000 and ₹40,000 respectively. Cash collected from debtors ₹2,40,000. Discount allowed is ₹15,000 for prompt payment. Bad Debts ₹10,000. The total goods sold on credit are _____.	₹ 255,000	₹ 245,000	₹ 295,000	₹ 275,000
78	If a trader's net sales amount to ₹18,000 and his gross profit is 60% of sales and his net profit is 40% of sales, his expenses are _____.	₹ 10,780	₹ 7,200	₹ 3,600	₹ 1,800
79	A firm had a Capital Balance of ₹ 1,00,000 at the beginning of a year. At the end of the year, the firm has total assets of ₹1,50,000 and total liabilities of ₹70,000. If the total withdrawals during the period were ₹30,000, what was the amount of net profit/net loss for the year?	₹10,000 profit	₹20,000 loss	₹50,000 loss	₹10,000 loss
80	Which of the following is fixed asset?	Plant and machinery	Stock	Debtors	Cash
81	A Trial balance as at 31st December contains the following information: 12% Bank loan ₹50,000, Interest paid ₹3,800, Interest debited to the Profit and Loss Account is:	₹ 6,000	₹ 2,200	₹ 9,800	₹ 4,800



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82	The closing capital of Mr. X as on 31.03.2023 was ₹4,00,000. On 01.04.2022 his capital was Rs. ₹3,50,000. His net profit for the year ended 31.03.2023 was ₹1,00,000. He introduced ₹30,000 as additional capital in February, 2023. Find out the amount drawn by Mr. B for his personal expenses?	₹ 100,000	₹ 80,000	₹ 120,000	₹ 150,000
83	In case of a Club, the excess of expenditure over income is called as	Surplus	Deficit	Capital Fund	Investment in Fixed Assets
84	Donation received for a specific purpose is a/an _____	Asset	liabilities	Revenue Receipts	Capital Receipts
85	Which of the following account is mainly prepared at the time of dissolution of the firm	Revaluation A/c	Goodwill A/c	Realization A/c	Memorandum Revaluation A/c
86	X and Y are partners with the capital of ₹50,000 and ₹30,000 respectively. Interest Payable on Capital is 10% p.a. If the profits earned by the firm is ₹4,800, what will be the Interest on Capital for X and Y?	₹5,000 and ₹3,000	₹3,000 and ₹1,800	No interest will be paid to the partners	None of the above
87	X, Y and Z are partners in the ratio of 3 : 2 : 1. W is admitted with 1/6 th share in future profits. Z would retain his original shares. Find out the new profit sharing ratios of the partners.	3:2:1:6	12:8:5:5	3:2:1:1	5:5:8:12
88	A and B are currently partners in a firm sharing Profit/Loss in the ratio of 4 : 3. A new partner C is admitted and after his admission new profit sharing ratio between A, B and C becomes 5 : 3 : 2. What will be the sacrifice ratio of A and B after admission of C?	5:09	5:03	5:04	5:01
89	The share of Profits or Losses of Partners in absence of oral or written agreement will be _____.	Equal	In the ratio of their capital	Agreed Ratio	None of the above
90	In absence of specific provision in the Partnership deed at what rate of interest on Capital of the Partners would be allowed?	8%	10%	6%	11%
91	Average Profit = ₹3,72,000 Normal rate of return = 12% Total Assets = ₹68,00,000 Outside liabilities = ₹42,00,000 Calculate the value of goodwill under capitalization method.	₹ 500,000	₹ 600,000	₹ 700,000	₹ 800,000
92	The Profits of last 3 years are ₹42,000, ₹39,000 and ₹45,000. Find out the Goodwill of 2 years purchase.	₹ 42,000	₹ 84,000	₹ 126,000	₹ 36,000
93	Excess of average profit earned by the Firm over and above its normal profit -	Total Profit	Super Profit	Normal returns	Excess Profit



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94	Which of the following should be valued compulsory at the time of admission of a partner_____.	Goodwill	Plant & Machinery	Land & Building	Furniture & Fittings
95	X and Y share profits and losses in the ratio of 4:3. They admit Z in the Firm with 3/7th share which he gets 2/7th from X and 1/7th from Y. the new profit sharing ratio will be -	7:3:3	2:2:3	5:2:3	2:3:3
96	A,B,C and D are partners sharing their profits and losses equally. They change their profit sharing to 2:2:1:1. How much will C sacrifice?	1/6	1/12	1/24	1/2
97	X and Y are partners in a Firm with Capital of ₹18,000 and ₹20,000. Z was admitted for 1/3rd share in profits and brings ₹24,000 as Capital, calculate the amount goodwill:	₹ 24,000	₹ 20,000	₹ 15,000	₹ 10,000
98	A, B and C are Partners sharing profits equally. A retires and Goodwill appearing in the books at ₹3,000 is valued at ₹6,000. A will get credit of -	₹ 2,000	₹ 3,000	₹ 500	₹ 1,000
99	A, B and C are Partners with Capitals of ₹1,00,000, ₹75,000 and ₹50,000. On C's retirement his share is acquired by A and B in the ratio of 6:4 respectively.Calculate gaining ratio.	3:2	2:2	2:3	None of these
100	A, B and C are partners sharing profits in the ratio of 2;2:1, on retirement of B, goodwill was valued as Rs.30,000. Find the contribution of A and C to compensate B.	Rs.20,000 and Rs.10,000	Rs.8,000 and Rs.4,000	Rs.15,000 and Rs.15,000	No contribution
101	A, B and C are partners sharing profits and losses in the ratio 2:2;1. C died on 31st March 2022. The profits of the financial year ending 31st March 2022 is ₹64,000. The share of Deceased partner in the profits will be –	₹ 9,200	₹ 12,800	₹ 3,100	₹ 6,100
102	When goodwill is withdrawn by the partners _____ account is credited.	Cash	Partners Capital A/c	Partners Loan A/c	Goodwill A/c
103	When Goodwill is to be written off after admission of a partner in which ratio it is transferred to Capital A/c of the Partners?	Sacrificing Ratio	Equally	New Profit Sharing Ratio	Old Profit Sharing Ratio
104	Section 32 of the Indian Partnership Act, 1932 a partner may retire_____.	With the consent of all the existing partners	In accordance with an express agreement by the partners	By giving a written notice to all other partners of his intention to retire in case of 'Partnership at Will'	All of the above
105	Advertisement expenses are apportioned among departments in the proportion of _____.	sales of each department	purchases of each department	no. of units sold by each department	cost of sales of each department
106	Which one is/ are the method/s of Accounting for Branches ?	Final Accounts Method	Debtors Method	Stock and Debtors Method	All of the above



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107	Bad debts are apportioned among departments in the proportion of _____.	Sales of each department	Number of units sold by each department	Cost of sales of each department	None of the above
108	Goods are transferred from Department X to Department Y at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹ 48,000, then the amount of stock reserve on closing stock will be _____.	₹ 12,000	₹ 9,000	₹ 18,000	₹ 16,000
109	Goods are sent to the Branch at cost plus 25%. The loading on invoice price is _____.	20%	25%	30%	50%
110	In Hire Purchase system cash price plus interest is known as	Capital value of asset	Book value of asset	Hire purchase price of asset	Hire purchase charges
111	Excess of hire purchase price over cash price is known as	Installment	Cash down payment	Interest	Capital value of asset
112	KCS purchased a machine from JPS on hire purchase system, whose cash price was ₹8,64,000. ₹ 2,16,000 being paid on delivery and balance in three annual instalments of ₹2,88,000 each. The amount of interest included in first installment would be _____.	₹ 72,000	₹ 57,600	108,000	₹ 36,000
113	Head office invoiced goods to its branch at 10% less than the catalogue price which is cost plus 20%. If the total invoiced goods during the year is ₹4,32,000, then the cost of such goods is _____.	₹ 400,000	₹ 388,800	₹ 345,600	₹ 518,400
114	Goods are sent to branch at cost plus 50%. The loading on the invoice price is _____.	50%	33.33%	25%	20%.
115	The head office of a company sends goods to its branch at 150% of its cost price. If the value of goods received by branch is ₹7,50,000, then the cost of goods will be _____.	₹ 600,000	₹ 400,000	₹ 625,000	₹ 500,000
116	Goods costing ₹2,00,000 were insured for ₹1,00,000. out of which 3/4th were destroyed by fire. Calculate the amount of claim with average clause.	₹ 75,000	₹ 100,000	₹ 150,000	₹ 200,000
117	A plant worth ₹80,000 has been insured for ₹60,000, the loss on account of fire is ₹50,000. The insurance company will bear the loss to the extent of _____.	₹ 37,500	₹ 50,000	₹ 60,000	₹ 80,000



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MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
118	Standard turnover is _____.	Turnover during last 12 months immediately before the damage	Turnover during that period of 12 months immediately before which corresponds with indemnity period.	Unavoidable fixed expenses which have to be paid even if there is reduction in sale	Turnover of the last accounting period immediately before damage.
119	Departmental accounting helps in _____.	Evaluation of trading results of each department separately	Effective planning and control on each department	Both 1 and 2	None of the above
120	If Department M transfers goods to Department N at a price of 50% above cost, what will be the amount of stock reserve on unsold stock worth ₹9,000 of Department N?	₹ 3,000	₹ 4,500	₹ 1,500	₹ 2,500
121	The hire purchaser records the assets at its _____	Hire purchase price	Amount paid to the vendor till date	Cash price	Total cost
122	Depreciation on hire purchased asset is claimed by _____	Hire vendor	Hire purchaser	Either the hire vendor or the hire purchaser, as per the agreement	None of these
123	While treating the abnormal loss under Stock and Debtors system of maintaining Branch accounts, loading on abnormal loss is transferred to _____	Branch Stock Account	Branch Debtors Account	Branch Stock Adjustment Account	Branch Profit and Loss Account
124	Under Debtors System of maintaining branch accounts, which of the following appears in Branch Account?	Credit purchase	Goods returned by debtors to branch	Goods returned by debtors to H.O	Goods sent to branch
125	Branches not keeping full system of accounting are called _____.	Independent branches	Partial branches	Dependent branches	None of these
126	Assets are generally repossessed at a mutual agreed _____.	value	current price	Installments due	None of these
127	CP Points sells Computers on Hire Purchase basis at cost plus 25%. Terms of sale are ₹10,000 down payment and eight monthly instalments of ₹5,000 each for each computer. Compute the HP Price per computer.	₹ 50,000	₹ 40,000	₹ 20,000	₹ 10,000
128	On 1st April 2022, a car company sold to A Bros. a Motorcar on Hire Purchase basis. Total Hire Purchase Price was ₹4,60,000 with down payment of ₹1,60,000. Balance amount was to be paid in three Annual Instalments of ₹1,00,000 each. The first instalment payable on 31st March, 2023. Cash Price was ₹4,00,000. Compute the interest of second year.	₹ 30,000	₹ 20,000	₹ 10,000	₹ 60,000



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MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
129	In January, a Firm took an insurance policy for ₹60 lakhs to insure goods in its godown against fire, subject to Average Clause. on 7th March, a Fire broke out destroying goods costing ₹44 lakhs. Stock in godown was estimated at ₹80 lakhs. Compute the amount of Insurance Claim.	₹ 6,000,000	₹ 4,400,000	₹ 3,300,000	₹ 8,000,000
130	Accounting standard in India are issued by	Government of India	Reserve Bank of India	The Institute of Chartered Accountants of India	The Institute of Accounting Standard of India
131	As per AS 10 "Property, Plant and Equipment", an enterprise holding investment properties should value Investment Property _____.	As per fair value	applying discounted cash flow model	using cost model	None of the above
132	As per AS 16 all of the following are qualifying assets except	Manufacturing plants and power generation facilities	Inventories that require substantial period of time	Assets those are ready for sale	None of the above
133	All of the following costs are excluded while computing value of inventories except _____.	Selling and distribution costs	Allocated fixed production overheads based on normal capacity	Abnormal wastage	All of the above
134	Which of the following is not a fundamental accounting assumption?	Consistency	Materiality	Going Concern	Accrual
135	As per AS 1, where a company should disclose its accounting policies?	In the Annual Report	In the Auditor's Report	In the CEO's letter to the shareholders	In the notes to Financial Statement
136	Full form of IFRS _____	Indian Financial Reporting Standards	International Financial Reporting Standards	International Financials Reporting Standards	Indian Financial Reporting Standard
137	Areas involving different accounting policies by different enterprises is/are _____	Valuation of inventories	Treatment of intangible assets	Recognition of profit on long-term contracts	All of these
138	An entity has acquired an Asset costing ₹1,00,000 for production of certain items to be sold by it. It is deductible equally over 2 years in the books of accounts. In Tax Law, ₹75,000 is deductible in year 1 and balance is deductible in year 2. Tax rate is 10%. In year 2, The entity should _____	Create DTL ₹2,500	Reverse DTL ₹2,500	Create DTA ₹2,500	Reverse DTA ₹2,500
139	As per AS 22 an example of permanent difference is _____	Exempt Income	Disallowed Expenses	Enhanced Deduction	All of these
140	Borrowing cost includes _____	Debenture Interest	Preference Dividend	Equity Dividend	All of these
141	Grants which are in the nature of Promoter's Contribution is accounted under _____	Capital Approach	Income Approach	Any of 1 and 2	None of these



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142	₹ 10 lakhs Grant received for assets (life 10 years). Income credited to Profit and Loss A/c every year under Deferred Income Method is _____.	₹1 lakhs	Depends on the Depreciation Method used	₹10 Lakhs	Nil
143	According to AS 11 (Revised) the difference between the forward rate and the exchange rate at the date of transaction should be _____.	Ignored	Recognised as income or expense	Adjusted to Shareholders' interests	None of these
144	As per AS 11 Monetary Items excludes _____.	Cash	Receivables	Payables	Inventories



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
1	Which of the following is not a method of charging depreciation?	Asset's Life-cycle Method	4
2	A resource owned by the business with purpose of using it for generating future profit, is known as	Asset	2
3	Outward Invoice issued is a source document of	Sales Book	2
4	Which of the following is of capital nature?	Wages paid for installation of machinery	4
5	Which of the following is not a Fundamental Accounting Assumption?	Materiality	4
6	An obligation which may or may not materialize is a/an .	Contingent Liability	3
7	Which of the following is an example of Capital Expenditure?	None of the above	4
8	_____ is specially suited to mines, oil wells, quarries, sandpits and similar assets of a wasting character.	Depletion	1
9	Which of the following account has a credit balance?	Loans A/c	2
10	Which of the following is/are revenue expenditure?	All of Above	4
11	Which of the following purpose is served from the preparation of Trial Balance?	All of the above	4
12	The basic principles of _____ concept is that business is assumed to exist for an indefinite period _____.	Going Concern	1
13	Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of _____.	Principle	3
14	Which of the following book is both a journal and a ledger?	Cash Book	1
15	Original cost of a machine is ₹ 1,50,000, residual value ₹10,000, if depreciation is charged @ 10% per annum under WDV method then depreciation for 3rd year will be _____.	₹ 12,150	3
16	Cost of Machine B is ₹90,000, Expenses incurred at the time of purchase to be capitalized is ₹10,000. Estimated Residual Value of Machine B is ₹20,000. Expected Useful Life is 8 years. Compute the amount depreciations under SLM method.	10,000	1
17	If Capital on 01.01.2023 was ₹24,000. Capital on 31.12.2023 is was ₹12,000. Profit /(Loss) during the year was ₹6,000 and Fresh Capital introduced was ₹1,200 Then the amount of drawings was _____.	₹ 19,200	4
18	Journal entry of wages ₹10,000 paid for installation of machinery will be _____.	Dr.Machinery A/c and Cr. Cash A/c with ₹10,000	2
19	Credit balance of a nominal account shows _____.	Income in the business	3
20	Which of the following will be recorded as Contra Entry in a Cash Book?	Cheque of ₹3,000 received before from Mr.Y and now lodged into bank	3
21	Goods purchased costing ₹60,000 and cash paid ₹45,000 after receipt of a cash discount of ₹9,000. What is the percentage of trade discount got?	10%	2
22	Which of the following errors in an error of omission?	The total of the sales journal has not been posted to the sales account	3
23	A credit sale of goods to Amir, worth ₹600 was recorded in Purchase Book. In the rectification entry _____.	Amir will be debited by ₹1,200	3
24	Purchase of machinery worth ₹5,000 was omitted from accounts. The rectification entry is _____.	Cash A/c will be credited	2
25	Goods purchased from A for ₹2,000 passed through sales book. The rectification of this error results in _____.	Decrease in Gross Profit	1



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
26	The Accommodation bill is drawn	when both parties are in need of funds.	3
27	If any stock is taken by a co-venturer, it will be treated as	an income of the joint venture	1
28	Kuntal draws a bill on shyam for Rs. 7,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:	Rahim	4
29	A and B purchased a piece of land for ₹30,000 and sold it for ₹60,000 in 2022. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be _____.	₹ 30,000	1
30	Which of the following is/ are the basic features of a Joint Venture	All of the above	4
31	The person to whom bill is endorsed is known as _____.	Endorsee	1
32	A and B enter into a joint venture sharing profit and losses in the ratio of 3:2. A purchased goods costing ₹2,00,000. B sold 95% goods for ₹2,50,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales. A drew a bill on B for an amount equivalent to 80% of original cost of goods. A got it discounted at ₹1,50,000. What is A's share of profit?	₹ 21,300	2
33	Which of the following commission is allowed by the consignor to the consignee to encourage the consignee for putting-up hard work in introducing new product in the market?	Over-riding Commission	2
34	X draws a bill on Y for ₹ 1,80,000 for mutual accommodation in the ratio of 2:1. X got it discounted for ₹1,69,200 and remitted 1/3rd of the proceeds to Y. How much money should be remitted by X to Y at the time of maturity so as to enable Y to honour the bill?	₹ 120,000	1
35	Raju draws a bill on Sampat on 25th October, 2021 for 90 days, the maturity date of the bill will be _____.	25th January, 2022	3
36	Which class of account is Consignment Account?	Nominal Account	4
37	On dishonor of a bill of exchange that has been discounted, noting charges are initially paid by _____.	Bank	1
38	Miss V draws a genuine trade bill of ₹25,000 for 6 months on Mr. M. After holding the bill for 1.5 months, as a result of unexpected requirement of cash, she immediately discounts the bill with the bank @ 10% p.a. The amount of the discount on bill is _____.	₹ 937.50	3
39	On January 01, 2023, Mr. S drew a six months bill on Mr. H for ₹15,000 for mutual accommodation and the bill was duly accepted by Mr. H. Mr. S discounted the bill on the same day with a bank at 10% p.a. and remitted one third proceeds to Mr. H. The discount to be borne by Mr. S is _____.	₹ 500	2
40	A proforma invoice is sent by _____.	Consignor to Consignee	2
41	The nature of Consignment A/c and Consignee's A/c will be _____.	nominal and personal respectively	1
42	K of Kolkata sends out 400 bags of jute to T of Tamilnadu costing ₹200 each. Consignor expenses ₹2,000. Y's non-selling expenses is ₹2,000 and selling expenses is ₹1,000. 300 bags were sold by Y. Value of consignment stock is _____.	₹ 21,000	4



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
43	Goods will be sent on consignment at invoice price which is 20% above cost. 1/5th of the goods costing ₹60,000 were damaged in transit. Find out invoice price of the goods sent on consignment basis.	₹ 360,000	3
44	X of Kolkata sends out 100 boxes to Y of Delhi costing ₹200 each. Consignor's expenses : ₹4,000 . Consignee's expenses: non-selling ₹900 and selling ₹500. 1/10th of the boxes were lost in transit. 2/3rd of the boxes received by consignee were sold. The amount of consignment stock will be _____.	₹ 7,500	2
45	A sends out goods costing ₹2,00,000 to B. Consignor's expenses ₹5,000. Consignor's expenses in relation to sales ₹3,000. 4/5th of goods were sold at 20% above cost. The profit on consignment will be _____.	₹ 25,000	1
46	X of Kolkata send out certain goods at cost + 25%. Invoice value of goods sends out ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value & 10% of any surplus above invoice value. Amount of commission is _____.	₹ 4,800	1
47	X of Kolkata send out goods costing ₹ 1,00,000 to Y of Delhi. 3/5th of the goods were sold by consignee for Rs. 70,000. Commission exceeds cost price. The amount of Commission will be: _____.	₹ 2,833	1
48	Any account sale is the periodical summary statement sent by the _____ to the _____.	Consignee, Consignor	2
49	Account sales _____.	Does not have a specific format	2
50	X sends out good to Y, costing ₹1,50,000 to Y. goods are to be sold at cost + 33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be: _____.	₹ 120,000	1
51	Which of these accounts is not a part of double entry system?	Memorandum A/c	1
52	A purchased goods costing ₹1,00,000. B sold the goods for ₹1,50,000. Profit sharing ratio between A and B equal. If same sets of books is maintained, what will be the final remittance?	B will remit ₹1,25,000 to A	1
53	A and B entered into a joint venture agreement to share the profits and losses in the ratio of 2:1. A supplied 100 ratio sets worth ₹1,00,000 to B incurring expenses of ₹5,000 for freight and issuance. B sold the 95 ratio sets for ₹1,20,000. 5 ratio sets were taken over by B. The profit a/loss on venture will be _____.	Profit of ₹20,250	4
54	A purchased goods costing ₹42,500. B sold goods costing ₹40,000 at ₹50,000. Balance goods were taken over by A at ₹4,000. The profit on joint venture is – _____.	₹ 11,500	1
55	A purchased 1000 kg of rice costing ₹200 each. Carriage ₹2,000 insurance ₹3,000. 4/5th of the boxes were sold by B at ₹250 per boxes. Remaining stock were taken over by B at cost. The amount of stock taken over will be – _____.	₹ 41,000	2
56	The party who is ordered to pay the amount is known as _____.	Drawee	3
57	Retirement of a Bill means _____.	Payment made before due dates	4
58	X draws a bill on Y for ₹3000. X endorsed to Z. Y will pay the amount of the bill to: _____.	Z	2
59	X sold goods to Y for ₹3,00,000. ½ of the amount will be received in cash and the balance through a B/R. For what amount X should draw a bill on Y.	₹ 150,000	1



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
60	On 1st April, Mr. A sold goods of ₹10,000 to B and drew a bill for 3 months. Mr. A discounted the bill with bank at 15%. Amount of discount will be?	₹ 375	3
61	At the end of the accounting year the capital expenditures are shown in the _____.	assets side of the Balance Sheet	1
62	If average inventory is ₹1,25,000 and closing inventory is ₹10,000 less than opening inventory then the value of closing inventory will be	₹ 120,000	4
63	As on 31st March, 2023 debtors and additional bad debts are ₹8,00,000 and ₹10,000 respectively. If the provision for bad debts is made at 5% on debtors then amount of such provision will be	39,500	3
64	Income and Expenditure Account is a _____.	Nominal Account	1
65	Receipts and Payments account is a	Real Account	2
66	Income statement of a Charitable Institution is known as	Income and Expenditure Account	3
67	_____ is similar to the Profit and loss A/c	Income and Expenditure A/c	1
68	From the following details estimate the capital as on 31.03.2023. Capital as on 01.04.2022 - ₹4,10,000. Drawings ₹40,000, Profit during the year ₹50,000	₹ 420,000	3
69	Which of the following item does not match with receipts and payments account?	It records revenue transactions only	3
70	Income & Expenditure A/c shows subscriptions ₹10,000; Subscriptions accrued in the beginning of the year and at the end of the year were ₹1,000 and ₹1,500 respectively. The figure of subscription received appear in receipts and payments account will be:	₹ 9,500	1
71	A Charitable Institution has 250 members with a annual subscription of ₹5,000 each. The subscription received during 2021-22 were ₹11,25,000, which include Rs. 65,000 and ₹25,000 for the years of 2020-21 and 2022-23 respectively. Amount of outstanding subscription for the 2021-22 will be	₹ 215,000	3
72	Opening Debtors, Collection from Debtors and Discount Allowed were ₹3,15,000; ₹18,30,000 and ₹35,000 respectively. If the closing debtors were 20% of credit sales of the period then closing debtors and credit sales would be _____.	₹3,87,500 and ₹19,37,500	3
73	In case of a Club, the excess of expenditure over income is called as _____.	Deficit	2
74	Opening Inventory ₹9,600, Purchases less Return ₹11,850, Salaries ₹3,200, Wages Rs.750, Commission on Purchases ₹200, Carriage Outward ₹300, Sales ₹24,900, Closing Inventory ₹3,500, Carriage on purchases ₹1,000. Compute Gross Profit.	₹ 5,000	1
75	Find out Gross profit / Loss :- Purchase ₹30,000, Sales ₹15,000, Carriage Inward ₹2,400, Opening stock ₹10,000, Purchase Returns ₹1,000, Closing stock ₹36,000	₹ 9,600	3
76	Opening Stock ₹1,50,000, Cash Sales ₹1,20,000, Credit Sales ₹2,30,000, Closing Stock is Nil. Selling Price is 125% on Cost. Compute Purchases.	₹ 130,000	3



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77	Opening and Closing balance of Debtors are ₹30,000 and ₹40,000 respectively. Cash collected from debtors ₹2,40,000. Discount allowed is ₹15,000 for prompt payment. Bad Debts ₹10,000. The total goods sold on credit are _____.	₹ 275,000	4
78	If a trader's net sales amount to ₹18,000 and his gross profit is 60% of sales and his net profit is 40% of sales, his expenses are _____.	₹ 3,600	3
79	A firm had a Capital Balance of ₹ 1,00,000 at the beginning of a year. At the end of the year, the firm has total assets of ₹1,50,000 and total liabilities of ₹70,000. If the total withdrawals during the period were ₹30,000, what was the amount of net profit/net loss for the year?	₹10,000 profit	1
80	Which of the following is fixed asset?	Plant and machinery	1
81	A Trial balance as at 31st December contains the following information: 12% Bank loan ₹50,000, Interest paid ₹3,800, Interest debited to the Profit and Loss Account is:	₹ 6,000	1
82	The closing capital of Mr. X as on 31.03.2023 was ₹4,00,000. On 01.04.2022 his capital was Rs. ₹3,50,000. His net profit for the year ended 31.03.2023 was ₹1,00,000. He introduced ₹30,000 as additional capital in February, 2023. Find out the amount drawn by Mr. B for his personal expenses?	₹ 80,000	2
83	In case of a Club, the excess of expenditure over income is called	Deficit	2
84	Donation received for a specific purpose is a/an _____	Capital Receipts	4
85	Which of the following account is mainly prepared at the time of dissolution of the firm	Realization A/c	3
86	X and Y are partners with the capital of ₹50,000 and ₹30,000 respectively. Interest Payable on Capital is 10% p.a. If the profits earned by the firm is ₹4,800, what will be the Interest on Capital for X and Y?	₹3,000 and ₹1,800	2
87	X, Y and Z are partners in the ratio of 3 : 2 : 1. W is admitted with 1/6 th share in future profits. Z would retain his original shares. Find out the new profit sharing ratios of the partners.	12:8:5:5	2
88	A and B are currently partners in a firm sharing Profit/Loss in the ratio of 4 : 3. A new partner C is admitted and after his admission new profit sharing ratio between A, B and C becomes 5 : 3 : 2. What will be the sacrifice ratio of A and B after admission of C?	5:09	1
89	The share of Profits or Losses of Partners in absence of oral or written agreement will be _____.	Equal	1
90	In absence of specific provision in the Partnership deed at what rate of interest on Capital of the Partners would be allowed?	6%	3
91	Average Profit = ₹3,72,000 Normal rate of return = 12% Total Assets = ₹68,00,000 Outside liabilities = ₹42,00,000 Calculate the value of goodwill under capitalization method.	₹ 500,000	1
92	The Profits of last 3 years are ₹42,000, ₹39,000 and ₹45,000. Find out the Goodwill of 2 years purchase.	₹ 84,000	2
93	Excess of average profit earned by the Firm over and above its normal profit -	Super Profit	2
94	Which of the following should be valued compulsory at the time of admission of a partner _____.	Goodwill	1



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95	X and Y share profits and losses in the ratio of 4:3. They admit Z in the Firm with 3/7th share which he gets 2/7th from X and 1/7th from Y. the new profit sharing ratio will be -	2:2:3	2
96	A,B,C and D are partners sharing their profits and losses equally. They change their profit sharing to 2:2:1:1. How much will C sacrifice?	1/12	2
97	X and Y are partners in a Firm with Capital of ₹18,000 and ₹20,000. Z was admitted for 1/3rd share in profits and brings ₹24,000 as Capital, calculate the amount goodwill:	₹ 10,000	4
98	A, B and C are Partners sharing profits equally. A retires and Goodwill appearing in the books at ₹3,000 is valued at ₹6,000. A will get credit of -	₹ 1,000	4
99	A, B and C are Partners with Capitals of ₹1,00,000, ₹75,000 and ₹50,000. On C's retirement his share is acquired by A and B in the ratio of 6:4 respectively. Calculate gaining ratio.	3:2	1
100	A, B and C are partners sharing profits in the ratio of 2:2:1, on retirement of B, goodwill was valued as Rs.30,000. Find the contribution of A and C to compensate B.	Rs.8,000 and Rs.4,000	2
101	A, B and C are partners sharing profits and losses in the ratio 2:2:1. C died on 31st March 2022. The profits of the financial year ending 31st March 2022 is ₹64,000. The share of Deceased partner in the profits will be –	₹ 12,800	2
102	When goodwill is withdrawn by the partners _____ account is credited.	Cash	1
103	When Goodwill is to be written off after admission of a partner in which ratio it is transferred to Capital A/c of the Partners?	New Profit Sharing Ratio	3
104	Section 32 of the Indian Partnership Act, 1932 a partner may retire _____.	All of the above	4
105	Advertisement expenses are apportioned among departments in the proportion of _____.	sales of each department	1
106	Which one is/ are the method/s of Accounting for Branches ?	All of the above	4
107	Bad debts are apportioned among departments in the proportion of _____.	Sales of each department	1
108	Goods are transferred from Department X to Department Y at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹ 48,000, then the amount of stock reserve on closing stock will be _____.	₹ 12,000	1
109	Goods are sent to the Branch at cost plus 25%. The loading on invoice price is _____.	20%	1
110	In Hire Purchase system cash price plus interest is known as	Hire purchase price of asset	3
111	Excess of hire purchase price over cash price is known as	Interest	3
112	KCS purchased a machine from JPS on hire purchase system, whose cash price was ₹8,64,000. ₹ 2,16,000 being paid on delivery and balance in three annual instalments of ₹2,88,000 each. The amount of interest included in first installment would be _____.	108,000	3
113	Head office invoiced goods to its branch at 10% less than the catalogue price which is cost plus 20%. If the total invoiced goods during the year is ₹4,32,000, then the cost of such goods is _____.	₹ 400,000	1
114	Goods are sent to branch at cost plus 50%. The loading on the invoice price is _____.	33.33%	2



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115	The head office of a company sends goods to its branch at 150% of its cost price. If the value of goods received by branch is ₹7,50,000, then the cost of goods will be _____.	₹ 500,000	4
116	Goods costing ₹2,00,000 were insured for ₹1,00,000. out of which 3/4th were destroyed by fire. Calculate the amount of claim with average clause.	₹ 75,000	1
117	A plant worth ₹80,000 has been insured for ₹60,000, the loss on account of fire is ₹50,000. The insurance company will bear the loss to the extent of _____.	₹ 37,500	1
118	Standard turnover is _____.	Turnover during that period of 12 months immediately before which corresponds with indemnity period.	2
119	Departmental accounting helps in _____.	Both 1 and 2	3
120	If Department M transfers goods to Department N at a price of 50% above cost, what will be the amount of stock reserve on unsold stock worth ₹9,000 of Department N?	₹ 3,000	1
121	The hire purchaser records the assets at its _____.	Cash price	3
122	Depreciation on hire purchased asset is claimed by _____.	Hire purchaser	2
123	While treating the abnormal loss under Stock and Debtors system of maintaining Branch accounts, loading on abnormal loss is transferred to _____.	Branch Stock Adjustment Account	3
124	Under Debtors System of maintaining branch accounts, which of the following appears in Branch Account?	Goods returned by debtors to branch	2
125	Branches not keeping full system of accounting are called _____.	Independent branches	1
126	Assets are generally repossessed at a mutually agreed _____.	value	1
127	CP Points sells Computers on Hire Purchase basis at cost plus 25%. Terms of sale are ₹10,000 down payment and eight monthly instalments of ₹5,000 each for each computer. Compute the HP Price per computer.	₹ 50,000	1
128	On 1st April 2022, a car company sold to A Bros. a Motorcar on Hire Purchase basis. Total Hire Purchase Price was ₹4,60,000 with down payment of ₹1,60,000. Balance amount was to be paid in three Annual Instalments of ₹1,00,000 each. The first instalment payable on 31st March, 2023. Cash Price was ₹4,00,000. compute the interest of second year.	₹ 20,000	2
129	In January, a Firm took an insurance policy for ₹60 lakhs to insure goods in its godown against fire, subject to Average Clause. On 7th March, a Fire broke out destroying goods costing ₹44 lakhs. Stock in godown was estimated at ₹80 lakhs. Compute the amount of Insurance Claim.	₹ 3,30,000	3
130	Accounting standard in India are issued by _____.	The Institute of Chartered Accountants of India	3
131	As per AS 10 "Property, Plant and Equipment", an enterprise holding investment properties should value Investment Property _____.	using cost model	3
132	As per AS 16 all of the following are qualifying assets except _____.	Assets those are ready for sale	3
133	All of the following costs are excluded while computing value of inventories except _____.	Allocated fixed production overheads based on normal capacity	2
134	Which of the following is not a fundamental accounting assumption?	Materiality	2
135	As per AS 1, where a company should disclose its accounting policies?	In the notes to Financial Statement	4



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

FINANCIAL ACCOUNTING (PAPER - 6)

ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
136	Full form of IFRS _____	International Financial Reporting Standards	2
137	Areas involving different accounting policies by different enterprises is/are _____	All of these	4
138	An entity has acquired an Asset costing ₹1,00,000 for production of certain items to be sold by it. It is deductible equally over 2 years in the books of accounts. In Tax Law, ₹75,000 is deductible in year 1 and balance is deductible in year 2. Tax rate is 10%. In year 2, The entity should _____	Reverse DTL ₹2,500	2
139	As per AS 22 an example of permanent difference is _____	All of these	4
140	Borrowing cost includes _____	Debenture Interest	1
141	Grants which are in the nature of Promoter's Contribution is accounted under _____	Capital Approach	1
142	₹ 10 lakhs Grant received for assets (life 10 years). Income credited to Profit and Loss A/c every year under Deferred Income Method is _____.	Depends on the Depreciation Method used	2
143	According to AS 11 (Revised) the difference between the forward rate and the exchange rate at the date of transaction should be _____.	Recognised as income or expense	2
144	As per AS 11 Monetary Items excludes _____.	Inventories	4