

MCQ
10

MODEL TEST PAPER
MCQS

MTP MCQ – JUNE 25 SET - 1

1. A resource owned by the business with purpose of using it for generating future profit, is known as _____.
 - a. Capital
 - b. Asset
 - c. Liability
 - d. Surplus
2. 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 _____.
 - a. ₹12,240
 - b. ₹11,340
 - c. ₹12,150
 - d. ₹14,000
3. Memorandum Joint Venture Account is prepared _____.
 - a. for determining the amount due to co-venturer
 - b. for determining the amount due from co-venturer
 - c. for ascertaining the profit/loss on venturer
 - d. None of Above
4. On dishonor of a bill of exchange that has been discounted, noting charges are initially paid by _____.
 - a. Bank
 - b. Drawer
 - c. Drawee
 - d. Acceptor
5. If Kaveri's acceptance which was endorsed by us in favour of Saleem is dishonoured, then the amount will be debited in our books to _____.
 - a. Saleem
 - b. Kaveri
 - c. Bill Receivable A/c
 - d. None of the above



6. 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:
 - a. ₹1,35,000
 - b. ₹1,15,000
 - c. ₹1,30,000
 - d. ₹1,20,000
7. A Charitable Institution has 250 members with an annual subscription of ₹5,000 each. The subscription received during 2023-24 were ₹11,25,000, which include ₹65,000 and ₹25,000 for the years of 2022-23 and 2023-24 respectively. Amount of outstanding subscription for the 2022-23 will be:
 - a. ₹90,000
 - b. ₹1,25,000
 - c. ₹2,15,000
 - d. ₹1,90,000
8. X and Y were partners sharing profit/losses as 3:2. They admit Z as a new partner, giving him 1/5th share of future profits. What should be the new profit sharing ratio?
 - a. 12:8:5
 - b. 3:2:1
 - c. 8:12:5
 - d. 5:8:12
9. Which of the following account is mainly prepared at the time of dissolution of the firm?
 - a. Revaluation A/c
 - b. Goodwill A/c
 - c. Realisation A/c
 - d. Memorandum Revaluation A/c
10. Operating lease is a _____
 - a. Revocable contract
 - b. Non revocable contract
 - c. Operating contract
 - d. None of the above
11. In Hire Purchase system cash price plus interest is known as _____.
 - a. Capital value of asset
 - b. Book value of asset
 - c. Hire purchase price of asset
 - d. Hire purchase charges
12. Arti Ltd. purchased a machine on hire purchase system for a cash price ₹5,00,000 to be paid as ₹78,700 cash down and the balance by three equal annual installment of ₹2,00,000 each. If interest is charged @ 20% per annum then amount of interest payable in second installment will be
 - a. ₹1,00,000
 - b. ₹61,112
 - c. ₹33,328
 - d. ₹84,260
13. In case of a Club, the excess of expenditure over income is called as _____
 - a. Surplus
 - b. Deficit
 - c. Capital fund
 - d. Investment in Fixed Assets

14. Shyam and Ramya are entered in the business of buy and sale of food grain for a period of one year and sharing the profit in the ratio of 2 :4, this agreement is a:
- Partnership
 - Consignment
 - Joint venture
 - Lease
15. Which class of account is Consignment Account?
- Personal Account
 - Real Account
 - Representative Personal Account
 - Nominal Account

Answer

1	2	3	4	5	6	7	8	9	10
b	c	c	a	b	d	c	a	d	a
11	12	13	14	15					
c	b	b	c	d					



MTP MCQ – JUNE 25 SET - 2

1. Which of the following is not a method of charging depreciation?
 - a. Sinking Fund Method
 - b. Sum of years Digit Method
 - c. Working hours Method
 - d. Asset's Life-cycle Method
2. Outward Invoice issued is a source document of _____.
 - a. Purchase Book
 - b. Sales Book
 - c. Return Inward Book
 - d. Return Outward Book
3. Which of the following errors in an error of omission?
 - a. Sale ₹5,000 written in the purchase journal
 - b. Wages paid to Shyam debited to his account
 - c. The total of the sales journal has not been posted to the sales account
 - d. None of the above
4. As on 31st March, 2024 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 _____.
 - a. ₹40,000
 - b. ₹50,000
 - c. ₹39,500
 - d. ₹40,500
5. The party who is ordered to pay the amount is known as _____.
 - a. Payee
 - b. Drawer
 - c. Drawee
 - d. Endorsee
6. Income statement of a Charitable Institution is known as _____.
 - a. Statement of profit and loss
 - b. Receipts and Payments Account
 - c. Income and Expenditure Account
 - d. Profit and Loss Account
7. 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 _____.
 - a. ₹2,55,000
 - b. ₹2,45,000
 - c. ₹2,95,000
 - d. ₹2,75,000
8. Donation received for a specific purpose is a/an _____.
 - a. Asset
 - b. liabilities
 - c. Revenue Receipts
 - d. Capital Receipts

9. In absence of specific provision in the Partnership deed at what rate of interest on Capital of the Partners would be allowed?
 - a. 8%
 - b. 10%
 - c. 6%
 - d. 11%
10. 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.
 - a. ₹5000
 - b. ₹6500
 - c. ₹3250
 - d. ₹3200
11. Bad debts are apportioned among departments in the proportion of _____.
 - a. Sales of each department
 - b. Number of units sold by each department
 - c. Cost of sales of each department
 - d. None of the above
12. 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 _____.
 - a. ₹37,500
 - b. ₹50,000
 - c. ₹60,000
 - d. ₹80,000
13. 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.
 - a. ₹50000
 - b. ₹40000
 - c. ₹20000
 - d. ₹10000
14. As per AS 16 all of the following are qualifying assets except _____.
 - a. Manufacturing plants and power generation facilities
 - b. Inventories that require substantial period of time
 - c. Assets those are ready for sale
 - d. None of the above
15. Areas involving different accounting policies by different enterprises is/are _____.
 - a. Valuation of inventories
 - b. Treatment of intangible assets
 - c. Recognition of profit on long-term contracts
 - d. All of these

Answer: 1. D, 2. B, 3. C, 4. C, 5. C, 6. C, 7. D, 8. D, 9. C, 10. A, 11. B, 12. A, 13. A, 14. C, 15. D.



MTP MCQ – DEC 24 SET – Only one set issued by ICAI

1. At the end of the accounting year the capital expenditures are shown in the:
 - a. assets side of the Balance Sheet.
 - b. liabilities side of the Balance Sheet
 - c. debit side of the Profit and Loss A/c.
 - d. credit side of the Profit and Loss A/c
2. Memorandum Joint Venture Account is prepared when _____.
 - a. the separate set of books is maintained for Joint Venture
 - b. each Co-venture keeps records of all transactions.
 - c. each Co-venture keeps records of their own transactions only.
 - d. All of the above cases
3. On 1.1.2024 Mr. X took delivery from Mr. Y of 5 machines on a hire purchase system. ₹ 4,000 being paid on delivery and the balance in five instalments of ₹ 6,000 each, payable annually on 31st December. The vendor company charges 5% interest p.a. on yearly balances. The cash price of 5 machines was ₹ 30,000. Calculate the interest per annum.
 - a. ₹ 4000
 - b. ₹. 3000
 - c. ₹. 2000
 - d. None of Above
4. In Hire Purchase system cash price plus interest is known as _____.
 - a. Capital value of asset
 - b. Book value of asset
 - c. Hire purchase price of asset
 - d. Hire purchase charges
5. Which of the following is true in respect of the pro-forma invoice?
 - a. It is a document sent by the consignor to the consignee
 - b. Only the details of the goods returned are recorded in this document.
 - c. It acts as an evidence of the remittance of money on consignment basis.
 - d. None of the above
6. Income & Expenditure A/c shows subscriptions ₹ 8,20,000; Subscriptions accrued in the beginning of the year and at the end of the year were ₹ 74,000 and subscription received in advance at the end of the year was ₹ 96,000. The figure of subscription received that would appear in Receipts & Payments A/c will be:
 - a. ₹ 798,000
 - b. ₹ 6,50,000
 - c. ₹ 9,50,000
 - d. ₹ 8,42,000
7. The Sacrifice ratio is used at the time of _____.
 - a. Admission of a partner
 - b. Retirement of a partner
 - c. Death of a partner
 - d. Dissolution of a partner
8. A and B are partners sharing profit and losses in the ratio of 3: 2. C is coming as a new partner for 1/5th share of future profit. Calculate new profit sharing and sacrificing ratio.
 - a. 3:2
 - b. 8:5
 - c. 2:3

- d. 5:3
9. The Full form of GAAP is _____.
- Generally Accepted Accounting Principles
 - Generally Accepted Accountancy Principles
 - Globally Accepted Accounting Principle
 - Global Accounting Accepted Principles
10. From the following details estimate the capital as on 31.03.2024, Capital as on 01.04.2023 ₹ 4,10,000. Drawings ₹ 40,000, Profit during the year ₹ 50,000.
- ₹ 4,10,000
 - ₹ 4,50,000
 - ₹ 4,20,000
 - ₹ 4,00,000
11. As on 31st March, 2024 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
12. Which of the following is not a feature of Trial Balance?
- It is a list of debit and credit balances which are extracted from various ledger accounts;
 - It does not prove arithmetical accuracy which can be determined by audit;
 - It is not an account. It is only a statement of account;
 - All the transactions are primarily recorded in this book; hence it is the primary book of entry.
13. In a Cash Book Debit balance of ₹112 brought forward as credit balance of ₹ 121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point:
- ₹112 to be added
 - ₹121 to be added
 - ₹ 233 to be added
 - ₹112 to be subtracted
14. Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of _____.
- Omission
 - Commission
 - Principle
 - Misposting
15. Shiva draws a bill on Sanat on 25th October, 2023 for 90 days, the maturity date of the bill will be.
- 27th January, 2024
 - 26th January, 2024
 - 25th January, 2024
 - 28th January, 2024

Answer: 1. a, 2. c, 3. a, 4. c, 5.a, 6. a, 7. a, 8. a, 9. a, 10. c, 11. c, 12. b, 13. c, 14. c, 15. c



MTP MCQ – JUNE 24 SET – Only one set issued by ICAI

1. The accounts related to expenses or losses and incomes or gains are called _____.
 - a. Personal Account
 - b. Representative Personal Account
 - c. Nominal Account
 - d. Real Account
2. Which of the following will not appear in the Profit and Loss A/c?
 - a. Capital
 - b. Bad Debts
 - c. Provision for Doubtful Debts
 - d. Rent paid
3. Which of the following is not a method of Branch Accounting?
 - a. Debtors Method or Synthetic Method
 - b. Stock Debtors method or Analytical Method
 - c. Final Accounts Method (Cost Basis)
 - d. Creditors Method or Synthetic Method
4. Down payment plus instalments including interest is termed as _____.
 - a. cash price
 - b. trade price
 - c. Hire-purchase price
 - d. Book value
5. 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 _____.
 - a. ₹12,240
 - b. ₹11,340
 - c. ₹12,150
 - d. ₹14,000
6. 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:
 - a. ₹ 1,35,000
 - b. ₹ 1,15,000
 - c. ₹ 1,30,000
 - d. ₹ 1,20,000
7. P and Q enter into a joint venture sharing profit and losses in the ratio of 3:2. P purchased goods costing ₹ 2,00,000. Q sold 95% goods for ₹ 2,50,000. P is entitled to get 1% commission on purchase and Q is entitled to get 5% commission on sales. P drew a bill on Q for an amount equivalent to 80% of original cost of goods. P got it discounted at ₹ 1,50,000. What is P's share of profit?
 - a. ₹ 15,300
 - b. ₹ 21,300
 - c. ₹ 18,900
 - d. None of the above
8. From the following details ascertain the adjusted bank balance as per cash book – overdraft as per cash book ₹80,000; cheque received entered twice in the cash book ₹5,000; credit side of bank column cast short by ₹500; bank charges amounting to ₹200 entered twice; cheque issued but dishonoured ₹2,000.
 - a. ₹80,500

- b. ₹85,500
c. ₹85,000
d. ₹83,300
9. Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20% profit on cost the loading amount will be _____.
- a. ₹ 40,000
b. ₹ 48,000
c. ₹ 50,000
d. none
10. Shiva purchased a laptop on hire-purchase system. As per terms, he is required to pay ₹ 7,500 down, ₹ 10,000 at the end of first year, ₹ 7,500 at the end of second year, and ₹ 12,500 at the end of third year. Interest is charged at 12% per annum. The interest payable with the installment at the end of second year will be
- a. ₹ 900
b. ₹ 1,999
c. ₹ 804
d. ₹ 1,760
11. 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 _____.
- a. ₹ 72,000
b. ₹ 57,600
c. ₹ 1,08,000
d. ₹ 36,000
12. Provision for Doubtful Debt on 1st April, 2021 was ₹21,500. During the year 2021 – 22 the Bad-debt and Recovery of Bad-debt were ₹10,500 and ₹2,100 respectively. The Sundry Debtors on 31st March, 2022 were ₹2,25,000. Provision is to be made @ 5% on Debtors. If on 31st March, 2022, there was additional Bad-debt of ₹2,500 then Provision for doubtful debt will be _____.
- a. Debited to Profit & Loss Account by ₹11,250.
b. Debited to Profit & Loss Account by ₹2,625.
c. Debited to Profit & Loss Account by ₹3,000.
d. Debited to Profit & Loss Account by ₹900.
13. AS -10 Deals with _____.
- a. Disclosure of Accounting Policies
b. Accounting for Government Grants
c. Property Plant and Equipment
d. Borrowing Costs
14. The Foreign Currency receivables as per books of accounts 10,000\$ USD= ₹80, ₹8,00,000 accounted on 09-Feb-2023. On 31-Mar-2023, The USD= INR 82 then what is the amount of Foreign Currency Receivables to be reported on 31-Mar-2023 balance sheet as Assets _____.
- a. ₹2,000
b. (₹2,000)
c. ₹82,000
d. ₹80,000

15. The main objective of average clause contained in a fire insurance policy is to

- a. Encourage full Insurance
- b. Discourage full Insurance
- c. Encourage under Insurance
- d. Encourage full Insurance and Discourage under Insurance

Answer: 1. c, 2. a, 3. d, 4. c, 5. c, 6. d, 7. d, 8. d, 9. a, 10. b, 11. c, 12. b, 13. c, 14. c, 15. d.



MTP MCQ – DEC 23 SET - 1 – Only one set issued by ICMAI

1. The concept that business is assumed to exist for an indefinite period and is not established with the objective of closing down is referred to as _____.
 - a. Money Measurement concept
 - b. Going Concern concept
 - c. Full Disclosure concept
 - d. Dual Aspect concept
2. Income Statement of a charitable institution is known as _____.
 - a. Profit and Loss A/c
 - b. Receipts and payments A/c
 - c. Income and Expenditure A/c
 - d. Statement of Affairs
3. Goods are transferred from Department A to Department B at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹36,000, then the amount of stock reserve on closing stock will be _____.
 - a. ₹12,000
 - b. ₹9,000
 - c. ₹18,000
 - d. None of the above
4. In the hire purchase system interest charged by vendor is calculated on the basis of _____.
 - a. Outstanding cash Price
 - b. Hire purchase Price
 - c. Installment amount
 - d. None of the above
5. Bad debts Recovered ₹750. It will be _____.
 - a. Credited to Bad debts A/c
 - b. Credited to debtor's personal A/c
 - c. Debited to creditor's personal A/c
 - d. Credited to bad debts recovered A/c
6. A Charitable Institution has 250 members with a annual subscription of ₹5,000 each. The subscription received during 2020-21 were ₹11,25,000, which include ₹65,000 and ₹25,000 for the years of 2019-20 and 2021-22 respectively. The amount of outstanding subscription for the 2020-21 will be _____.
 - a. ₹90,000
 - b. ₹1,25,000
 - c. ₹2,15,000
 - d. ₹1,90,000
7. Shiva draws a bill on Sanat on 25th October, 2021 for 90 days, the maturity date of the bill will be _____.
 - a. 25th February, 2022
 - b. 30th January, 2022
 - c. 25th January, 2022
 - d. 28th Feb, 2022

8. In a Cash Book Debit balance of ₹112 brought forward as credit balance of ₹121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point _____.
- ₹112 to be added
 - ₹ 121 to be added
 - ₹ 233 to be added
 - ₹ 112 to be subtracted
9. Del credere commission is allowed to consignee _____.
- For making cash sales
 - for making credit sales
 - For making extra sales
 - For undertaking risk of bad debts
10. 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 installments of ₹2,88,000 each. The amount of interest included in first installment would be _____.
- ₹ 72,000
 - ₹ 57,600
 - ₹ 1,08,000
 - ₹ 36,000
11. Provision for Doubtful Debt on 1st April, 2021 was ₹21,500. During the year 2021 – 22 the Bad-debt and Recovery of Bad-debt were ₹10,500 and ₹2,100 respectively. The Sundry Debtors on 31st March, 2022 were ₹2,25,000. Provision is to be made @ 5% on Debtors. If on 31st March, 2022, there was additional Bad-debt of ₹2,500 then Provision for doubtful-debt will be _____.
- Debited to Profit & Loss Account by ₹11,250.
 - Debited to Profit & Loss Account by ₹2,625.
 - Debited to Profit & Loss Account by ₹3,000.
 - Debited to Profit & Loss Account by ₹900.
12. AS -16 Deals with _____.
- Accounting of Inventory Cost
 - Accounting for transactions in Foreign Currencies
 - Accounting for Depreciation
 - Accounting for Borrowing Costs
13. The Foreign Currency receivables as per books of accounts 10,000\$ USD= ₹80, ₹8,00,000 accounted on 09-Feb-2023. On 31-Mar-2023, The USD= INR 82 then what is the amount of Foreign Currency Receivables to be reported on 31-Mar-2023 balance sheet as Assets _____.
- ₹2,000
 - (₹2,000)
 - ₹82,000
 - ₹80,000
14. The main objective of average clause contained in a fire insurance policy is to _____.
- Encourage full Insurance
 - Discourage full Insurance
 - Encourage under Insurance
 - Encourage full Insurance and Discourage under Insurance

15. Discount given in the Sales - Invoice itself is _____.
- Cash discount
 - Trade discount
 - Rebate
 - Allowance

Answer: 1. b, 2. c, 3. d, 4. a, 5. d, 6. c, 7. c, 8. c, 9. d, 10. c, 11. b, 12. d, 13. c, 14. d, 15. b.



MTP MCQ – DEC 23 SET - 2

1. Which of the following will be classified as capital expenditure?
 - a. Commission on purchases
 - b. Cost of repairs
 - c. Rent of factory
 - d. Wages paid for installation of machinery
2. Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of _____.
 - a. Omission
 - b. Commission
 - c. Principle
 - d. Misposting
3. Memorandum Joint Venture Account is prepared _____.
 - a. for determining the amount due to co-venturer
 - b. for determining the amount due from co-venturer
 - c. for ascertaining the profit/ loss on venture
 - d. None of the above
4. When, Sales: ₹1,80,000, Purchase: ₹1,60,000, Opening Stock: ₹34,000 and rate of the Gross Profit is 20% on cost, what is the amount of Closing Stock?
 - a. ₹50,000
 - b. ₹44,000
 - c. ₹46,000
 - d. None of the above
5. Scholarship granted to students out of specific funds provided by Government will be debited to _____.
 - a. Income and Expenditure Account
 - b. Receipts and payments Account
 - c. Funds granted for Scholarship account
 - d. None of the above
6. X, Y and Z are partners in the ratio of 3:2:1. W is admitted with 1/6th share in future profits. Z would retain his original shares. What is the new profit-sharing ratio of the partners?
 - a. 12:8:5:5
 - b. 12:8
 - c. 12:8:1:1
 - d. 12:8:2:6
7. Cost of goods returned by branch will have the following effect _____.
 - a. Goods Sent to Branch account will be debited
 - b. Branch Stock Account will be credited
 - c. Both a. and b.
 - d. Either a. or b.
8. As on 31st March, 2021 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 _____.
 - a. ₹40,000
 - b. ₹50,000
 - c. ₹39,500

- d. ₹40,500
9. If Ram's acceptance which was endorsed by us in favour of Shyam is dishonoured, then the amount will be debited in our books to:
- Shyam
 - Ram
 - Bills Receivable Account
 - Bills Payable Account
10. X and Y were partners sharing profit/losses as 3:2. They admit Z as a new partner, giving him 1/5th share of future profits. What should be the new profit sharing ratio?
- 12:8:5
 - 3:2:1
 - 8:12:5
 - 5:8:12
11. Which of the following accounting adjustments are required at the time of admission of a partner?
- Computation of New Profit-Sharing Ratio
 - Revaluation of Assets and Liabilities
 - Distribution of Reserves, Accumulated Profits and Losses
 - All of the above
12. 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
13. The Full form of GAAP is _____.
- Generally Accepted Accounting Principles
 - Generally Accepted Accountancy Principles
 - Globally Accepted Accounting Principles
 - Global Accounting Accepted Principles
14. Accounting Standard 22 is related to _____.
- Accounting for Taxes on Income
 - Borrowing Costs
 - Accounting for Government Grants
 - Property, Plant and Equipment
15. Which of the following is/are example/s of costs that are not related to an item of property, plant and equipment?
- costs of opening a new facility or business
 - costs of conducting business in a new location or with a new class of customer
 - administration and other general overhead costs
 - All of the above

Answer: 1. d, 2. c, 3. c, 4. a, 5. c, 6. c, 7. c, 8. c, 9. b, 10. a, 11. d, 12. c, 13. a, 14. a, 15. d.