

# CMA INTER **GROUP ONE FINANCIAL ACCOUNTING PAST YEAR MCQS & ANSWERS (DEC 2023 - JUNE 2025)**

## December 2023

1. The construction of a factory building was completed on 1st April, 2023, at a cost of ₹56,50,000. A sum of ₹45,000 had been incurred for the construction of the temporary huts for storing building materials. Insurance premium of ₹56,500 paid on 5th April, 2023. The capital and revenue expenditure would be
  - A) **Capital Expenditure ₹57,51,500 and Revenue Expenditure ₹nil**
  - B) Capital Expenditure ₹56,95,000 and Revenue Expenditure ₹56,500
  - C) Capital Expenditure ₹56,50,000 and Revenue Expenditure ₹1,01,500
  - D) Capital Expenditure ₹57,23,250 and Revenue Expenditure ₹28,250
2. If a receipt of ₹21,500 for interest has been recorded in the books as payment of ₹12,500 for interest, the profits would show –
  - A) **an increase of ₹9,000**
  - B) an increase of ₹34,000
  - C) a decrease of ₹9,000
  - D) a decrease of ₹34,000
3. Shiva received a bill for ₹58,550 from Vijay and endorsed it in favour of Makkhu. On the date of maturity, the bill was dishonoured and for it noting charges of ₹450 paid by holder. In this case Shiva will debit –
  - A) **Vijay by ₹58,550**
  - B) Vijay by ₹58,100
  - C) Vijay by ₹59,000
  - D) Noting charges account by ₹450
4. Joint Venture with XYZ Account, is opened
  - A) when separate set of books is maintained for joint venture.
  - B) when not maintaining separate set of books for joint venture but every Co-venturer keeps record his own transactions only.

C) when not maintaining separate set of books for joint venture but every Co-venturer keeps complete record of all the transactions.

D) **In all the above situations, A, B and C.**

5. On 31st March, 2023, the debtors of a trader are ₹6,20,000 before writing off the bad debts of ₹15,000. The provision for bad and doubtful debts is 5% on debtors and provision for discount on debtors is 2%. The amount of provision for discount on debtors is

A) **₹12,400**

B) ₹12,100

C) ₹11,495

D) ₹11,780

6. Salaries paid during the year 2022-23 were ₹4,70,000. Salaries outstanding on 01.04.2022 were ₹65,000 and it was also outstanding for three months on 31.03.2023. The amount of salaries shown in Income and Expenditure Account will be –

A) **₹5,35,000**

B) ₹4,00,000

C) ₹5,40,000

D) ₹4,05,000

7. Profit before interest on loan and manager's commission were ₹4,25,250. Interest on loan is ₹42,000. If the manager is entitled a commission of 5% on net profit after charging such commission then manager's commission will be –

A) **₹20,250**

B) ₹21,262.50

C) ₹19,162.50

D) ₹18,250

8. At the end of the accounting year, advances from customers are

A) debited to Profit and Loss account.

B) credited to Profit and Loss account.

C) shown in the Balance Sheet as assets.

D) **shown in Balance Sheet as liabilities.**

9. On 31.03.2023 the debtors of a trader are ₹7,50,000 before writing off the bad debts of ₹25,000. The provision for bad and doubtful debts is 5% on debtors and provision for discount on debtors is 2%. The amount of net debtors shown in the balance sheet as at 31.03.2023, will be

- A) **₹6,74,250**
- B) ₹6,74,975
- C) ₹6,98,250
- D) ₹6,97,500

10. Following information is given for the year ending 31.03.2023: Salaries outstanding and paid in advance on 01.04.2022 were ₹33,000 and ₹22,000 respectively. Salaries paid during the year 2022-23 ₹3,30,000. Salaries paid in advance and outstanding on 31.03.2023 were ₹16,500 and ₹44,000 respectively. The amount of salaries to be shown in Income and Expenditure Account for the year ending 31.03.2023, will be –

- A) **₹3,46,500**
- B) ₹2,91,500
- C) ₹3,13,500
- D) ₹3,68,500

11. Opening Stock, Closing Stock, Sales Return and Sales are ₹2,80,000; ₹3,20,000; ₹45,000 and ₹24,20,000 respectively. If rate of gross profit is 25% on cost, then gross profit will be –

- A) **₹6,05,000**
- B) ₹4,75,000
- C) ₹4,84,000
- D) ₹5,93,750

12. Only items of revenue nature pertaining to the period of accounts are shown in the

- A) Receipts and Payments Account.
- B) **Income and Expenditure Account.**
- C) Both A and B
- D) Balance Sheet.

13. Excess of Hire-purchase price over the cash price is known as
- A) Depreciation
  - B) Penalty
  - C) **Interest**
  - D) Instalment
14. AS-10 is applicable to which one of the following assets?
- A) Construction Contracts
  - B) Live stock
  - C) Plantation
  - D) **Property, Plant and Equipment**
15. Goods costing ₹2,34,000 are sent to the Branch at an invoice price of ₹3,12,000.  
The loading on invoice price is
- A) 20%
  - B) 25%
  - C) **33.33%**
  - D) 28%

**June 2024**

1. Select the correct equation
- A) Owners Equity = Assets - Liabilities
  - B) Owners Equity = Outside Liabilities + Total Assets
  - C) Assets = Owner Equity + Outside Liabilities
  - D) **Outside Equity + Profit = Total Assets**
2. Cash In Hand Account may have:
- A) Only debit balance
  - B) Only credit balance
  - C) Debit or Credit balance
  - D) **All of the above**
3. Fundamental accounting assumptions are
- A) **going concern, consistency and accrual.**

- B) going concern, money measurement and prudence.  
C) going concern, business entity and accounting period.  
D) going concern, matching and consistency.
4. Choose the correct statement
- A) **Errors of principle do not affect agreement of trial balance.**  
B) Compensating errors affect trial balance.  
C) One side error does not affect trial balance.  
D) Error of casting is an error of principle.
5. Calculate sales from the following details  
Opening Stock ₹4,000; Cost of Goods sold ₹30,000; Closing Stock ₹2,000;  
Direct Expenses ₹5,000; Gross Profit ₹1,500
- A) ₹28,000  
B) ₹31,500  
C) ₹32,000  
D) **₹33,000**
6. Mr. P issued Cheques worth ₹15,000 in March, 2024, out of which ₹10,000 only were presented for payment by 31st March, 2024. While reconciling bank and cash book balance as on 31st March, 2024, how much would be added to balance as per Cash Book to arrive at balance as per Pass Book?
- A) ₹15,000  
B) ₹10,000  
C) **₹5,000**  
D) ₹7,500
7. A second hand car purchased for ₹2,00,000 excluding initial repair cost of ₹50,000 is sold for ₹1,00,000 after 2 years. If depreciation is charged at the rate 20% on WDV, profit or loss on sale of car is
- A) Profit ₹28,000  
B) Profit ₹60,000  
C) **Loss ₹60,000**  
D) Loss ₹28,000

8. X drew a bill of exchange on Y for ₹20,000 payable after 3 months. On the due date, Y could not make the payment and requested to renew a fresh bill for another 3 months at 12% interest. The amount of fresh bill would be
- A) **₹20,600**
  - B) ₹22,400
  - C) ₹21,200
  - D) ₹20,300
9. Choose the odd one
- A) Premium method
  - B) Revaluation method
  - C) Without raising goodwill account
  - D) **Revaluation of unrecorded asset**
10. Operating lease is a
- A) **Revocable Contract**
  - B) Non-Revocable Contract
  - C) Operating Contract
  - D) None of the above
11. State which of the following statement is false
- A) Salvage of stock means stock saved during accident.
  - B) Unusual items and defective items are separate under insurance claim.
  - C) Defective items means goods which cannot fetch the usual rate of gross profit.
  - D) **Average clause is applicable in case of under insurance.**
12. A, B and C are three Partners sharing profits and losses in the ratio of 3:2:1. B retires from the firm. What is the gaining ratio of the remaining partner?
- A) 3:1
  - B) 1:2
  - C) 2:1
  - D) **1:3**
13. 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 ₹18,000 then amount of stock reserve on closing stock will be

- A) ₹6,000
- B) ₹4,500
- C) ₹9,000
- D) None of the above

14. Income statement of a Charitable Institution is known as

- A) Profit and Loss Account
- B) Receipts & Payments Account
- C) **Income & Expenditure Account**
- D) Statements of Affairs

15. Contingent Liabilities would appear

- A) on the Liabilities Side.
- B) on the Assets Side.
- C) **as a note to Balance Sheet.**
- D) None of the above

**December 2024**

1. A Company is a going concern if

- A) its Balance Sheet shows a strong Financial Position.
- B) its Income Statement for the current year shows huge Profit.
- C) **there is no evidence that it will or will have to cease operations within foreseeable future.**
- D) its a Public Limited company.

2. Which of the following errors/omissions are not part of the Bank reconciliation process?

- A) Wrong totalling of Bank column of cash book.
- B) **Wrong totalling of cash column of cash book.**
- C) Posting wrong amount in Bank column of cash book.
- D) Omission to carry forward balance in the Bank column of the cash book.

3. Which of the following is true about financial statements?
- A) Statement (a) is correct
  - B) Statement (b) is correct
  - C) **Both (a) and (b) are correct**
  - D) None of the above.
4. 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?
- A) **₹1,20,000**
  - B) ₹1,15,200
  - C) ₹1,16,800
  - D) ₹1,20,400
5. 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 is 30,000, what was the amount of net profit/net loss for the year?
- A) **₹10,000 Profit**
  - B) ₹20,000 Loss
  - C) ₹50,000 Loss
  - D) ₹10,000 Loss
6. Depreciation charged to Income Statement ₹8,00,000, Depreciation u/s 32 of the Income Tax Act ₹20,00,000; unamortised Preliminary Expenditure as per Income Tax records ₹1,50,000; Corporate Tax rate is 40%. In this situation, the amount of deferred tax asset/liabilities to be created
- A) **Deferred Tax Assets ₹4,20,000**
  - B) Deferred Tax Liabilities ₹4,20,000
  - C) Deferred Tax Liabilities ₹4,80,000
  - D) Deferred Tax Assets ₹4,80,000
7. Provision for doubtful debt on 1st April 2023 was ₹14,000. During the year 2023-24, the Bad Debts was ₹9,500. The Sundry Debtors on 31st March 2024

were ₹3,25,000. Provision is to be made @ 5% on debtors. If on 31st March 2024, there was additional bad debts of ₹2,500, then provision for doubtful debts will be

- A) **Debited to Profit and Loss Account by ₹16,125**
- B) Debited to Profit and Loss Account by ₹14,125
- C) Debited to Profit and Loss Account by ₹18,125
- D) Debited to Profit and Loss Account by ₹2,000
8. Cost of Machinery is ₹60,000. Useful life of the asset is 5 years. Annual Depreciation on Machine under Straight Line Method is ₹10,000. The scrap value of the Machine will be
- A) ₹60,000
- B) ₹10,000
- C) **₹50,000**
- D) ₹70,000
9. A company deals in 3 products X, Y and Z which are neither similar nor interchangeable. At the time of closing of its Accounts for the year 2023-24, historical cost and net realisable values of the items of closing stock are determined as below:
- X) 20/14 Y) 16/16 Z) 8/12 What will be the value of closing stock?
- A) ₹44
- B) **₹42**
- C) ₹38
- D) None of the above
10. 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
11. Which of these statements is not true?
- A) Accumulated Profit and Loss, General Reserve are transferred to old partners capital accounts.

B) If assets and liabilities are to be shown in the Balance Sheet at old value, Memorandum Revaluation account is to be opened.

C) **Profit on Revaluation is transferred to the capital account of old partners in equal ratio.**

D) A Revaluation Account is a Nominal Account.

12. P sends 1,000 bags to Q costing ₹400 each at an invoice price of ₹500 each. The costs incurred were: P's expenses ₹4,000; Q's expenses ₹1,000 (non selling) and ₹2,000 (selling); 800 bags were sold by Q. What is the value of Consignment Stock at invoice price?

A) ₹1,01,000

B) **₹1,01,800**

C) ₹1,01,400

D) ₹1,02,000

13. X and Y entered into a joint venture to undertake the public issue of ABC Ltd. The company invited applications for allotment of 2,00,000 shares at ₹10 per share. The issue was subscribed to the extent of 90% and the remaining were taken by Y. They agreed to share profit and loss in the ratio of 2:3. The shares undertaken by X and Y were subsequently sold at a premium of ₹40 per share. How many shares were undertaken by X and Y?

A) **20,000**

B) 25,000

C) 18,000

D) 30,000

14. Match the following:

(I) IND AS16 (a) Qualifying assets will never include biological assets.

(II) AS 10 (b) Government grants as capital contribution are specifically recognized.

(III) AS 12 (c) No recognition criteria for fixed assets are laid out.

(IV) IND AS 23 (d) PPE acquired in exchange of non monetary assets is recognized at fair value.

A) (c), (b), (a), (d)

B) (d), (b), (c), (a)

C) (d), (c), (b), (a)

D) (d), (c), (a), (b)

15. State which of the following statements is correct.

A) **Stock Debtors System of maintaining Branch Account is used for independent branch.**

B) The buyer gets immediate possession but not ownership of the asset under Installment Payment.

C) Unusual items and defective items are separate under insurance claims.

D) Operation lease is a Revocable contract.

**June 2025**

1. Which of the following statements is correct?

A) **Financial accounts of an enterprise are treated as evidence in the court of law.**

B) Financial statements prepared by two different accountants will always show identical results.

C) Financial statements need not take into consideration any statutory requirements.

D) Only credit transactions are recorded in the books of accounts.

2. When the closing stock is shown in the trial balance, then at the end of the accounting year, closing entry for it will be required:

A) Closing Stock A/c Dr. To Trading A/c

B) Trading A/c Dr. To Closing Stock A/c

C) **Either (A) or (B)**

D) Entry not required

3. State which of the following transactions can be classified as foreign currency transactions:

A) Buying or selling the goods or services priced in foreign currency.

- B) Lending or borrowing when the amount are denominated in a foreign currency.
- C) Acquisition or disposition of fixed assets denominated in foreign currency.
- D) **All of the above**
4. Which of the following is not an accounting convention?
- A) Business entity
- B) **Disclosure**
- C) Conservatism
- D) Materiality
5. The following information is given in the trial balance of Rupa Dresses as on 31st March, 2025: Bad Debts - 12,200; Provision for Bad and Doubtful Debts on 1.4.2024-7,500; Debtors - 2,00,000. If further bad debt is 1,800 and Rupa Dresses makes a provision for bad and doubtful debts @ 5% on Debtors, the amount of such provision to be shown in Balance Sheet as at 31st March, 2025 will be
- A) **9,910**
- B) 4,210
- C) 12,000
- D) None of the above
6. If capital at the end of the year is ₹80,000, capital introduced during the year is ₹60,000, drawings for the year are ₹40,000, and loss for the year is ₹1,20,000, then the capital at the beginning of the year was
- A) **₹1,80,000**
- B) ₹1,60,000
- C) ₹1,40,000
- D) ₹20,000
7. State which of the following statements is true:
- A) **A joint venture has a definite life.**
- B) Financial statements are not comparable.
- C) Sales book is a part of ledger.
- D) Owners Equity = Assets + Liabilities

8. On January 1, 2025, goods costing ₹1,32,000 were consigned by Mr. Rana of Chennai to his agent Mr. Dhana in Amritsar at a proforma invoice price of 20% above cost. Mr. Rana paid freight charges ₹4,000. The consignee was paid ₹2,000 per annum towards establishment cost. Mr. Dhana paid ₹1,000 as godown rent for 3 months ended 31st March 2025. 3/4th of goods were sold at 33% profit on cost. The value of unsold stock (invoice price) as on 31st March, 2025 is
- A) ₹66,000
  - B) **₹162,400**
  - C) ₹1,54,400
  - D) ₹40,600
9. Rekha draws a BOE on Reba ₹20,000 payable in 3 months. On the due date Reba could not make the payment and Reba got it notified from the notary public on payment of noting charges ₹100. Reba requested Rekha to draw a fresh bill for another three months at 12% interest. The amount of fresh bill be
- A) **₹20,700**
  - B) ₹20,703
  - C) ₹20,600
  - D) ₹21,000
10. State which of the following statements is not true relating to AS 10:
- A) Excludes the accounting for real estate developers.
  - B) **No recognition criteria for fixed assets are laid out.**
  - C) Recognises the revaluation of fixed assets.
  - D) Does not deal with jointly owned assets.
11. B & C entered into a joint venture for export of Indian handicraft goods to overseas customers. B sent goods worth ₹2,00,000 to C for export to the U.S.A. C exported goods worth ₹1,75,000 to U.S.A. for ₹2,10,000 and agreed to take away the remaining stock at the same gross profit rate as in the other exports. The goods will be valued at
- A) ₹25,000
  - B) **₹30,000**

C) ₹22,500

D) ₹27,500

12. State which of the following statements is true.

A) **The buyer gets immediate possession but not ownership under installment payment system on signing of contract.**

B) A marine insurance policy is taken to cover the claim for loss.

C) For independent branch, incorporation of branch trial balance is required.

D) Short-term lease which is often cancellable is known as Leverage lease.

13. Assertion (A): Goodwill is an intangible asset but not a fictitious asset. Reason (R): Goodwill does not have any physical existence. Fictitious assets are not realisable whereas goodwill can be purchased or sold. Choose the correct option.

A) Both Assertion and Reason are not correct.

B) Reason is correct but Assertion is not correct.

C) Assertion and Reason both are correct but Reason is not the correct explanation of Assertion.

D) **Assertion and Reason both are correct and Reason is the correct explanation of Assertion.**

14. D, E, F are partners in a firm sharing profits in the ratio of 1:1:1. They decided to share profits in the ratio 2:3:5. The goodwill of the firm was valued at ₹1,80,000. F's Capital Account will be

A) **credited by ₹24,000**

B) credited by ₹6,000

C) credited by ₹60,000

D) debited by ₹30,000

15. Mr. Ranabir is admitted into partnership for  $1\frac{1}{2}$  share of profit. The total capital of the old partners stood at ₹45,000 after adjustments of goodwill, revaluation of fixed assets and liabilities and transfer of reserves.

1. What amount should be brought in by the new partner as his share of capital at the time of admission?
2. If Mr. Ranabir brings ₹20,000 as capital for  $1\frac{1}{2}$  share of profits and the partners decide to adjust their capital in accordance with their profit-sharing ratio, what should be the total capital of the firm?

- A) ₹15,000, ₹80,000  
B) ₹11,250, ₹65,000  
C) ₹12,250, ₹56,000  
D) ₹10,000, ₹60,000



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