



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING (PAPER - 2)

MCQ BANK

| SL NO | QUESTIONS | OPTION 1 | OPTION 2 | OPTION 3 | OPTION 4 |
|-------|---|--|---|---|--------------------------------|
| 1 | The revenues and expenses of a company are displayed in which statement? | Balance Sheet | Cash Flow Statement | Income Statement | Periodicity |
| 2 | The main Purpose of Financial Accounting is? | To Provide financial information to shareholders | To maintain Balance Sheet | To minimize taxes | To keep track of liabilities |
| 3 | Accounting provides information on : | Cost and income for managers | Company's tax liability for a particular year | Financial conditions of an institutions | All of the above |
| 4 | The determination of expenses for an accounting period is based on the concept of | Objectivity | Materiality | Matching | Periodicity |
| 5 | Accounting does not record non-financial transactions because of | Entity Concept | Accrual Concept | Cost Concept | Money Measurement Concept |
| 6 | Provision for bad debt is made as per the | Entity Concept | Conservatism Convention | Cost Concept | Going Concern Concept |
| 7 | Fixed Assets and Current Assets are categorized as per concept of | Separate Entity | Going Concern | Consistency | Time period |
| 8 | Omission of paise and showing the round figures in Financial Statements is based on | Conservatism Concept | Consistency Concept | Materiality Concept | Realization Concept |
| 9 | P & L Account is prepared for period of one year by following | Consistency Concept | Conservatism Concept | Accounting Period Concept | Cost Concept |
| 10 | An expenditure is capital in Nature when | The receiver of the amount is going to treat it | It increase the quantity of fixed assets for the purchase of fixed assets | It is paid as interests on loans for the business | It is maintains a fixed assets |
| 11 | Capital expenditures are recorded in the | Balance Sheet | Profit and Loss A/c | Trading A/c | Manufacturing A/c |
| 12 | Which of the following transaction is of capital nature | Purchases of a truck | Replacement of old trucks | Cost of repairing of truck | All of the above |
| 13 | ₹ 5,000 incurred for up gradation of computer by installation of 128 MB Ram is | Capital Expenditure | Deferred Revenue Expenditure | Revenue Expenditure | None of the above |
| 14 | Entrance fee of ₹ 20,000 received by a club is a | Capital Receipts | Revenue Receipt | Capital Expenditure | Revenue Expenditure |
| 15 | Life membership fees received by a club is a | Revenue Expenditure | Capital Expenditure | Deferred Revenue Expenditure | Capital Receipt |
| 16 | Cost of goods purchased for resale is an example of | Capital Expenditure | Revenue Expenditure | Deferred Revenue Expenditure | None of These |
| 17 | Import duty of raw material purchased | Revenue Expenditure | Capital Expenditure | Deferred Revenue Expenditure | None of These |



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| 18 | Received from Soloman & co., an invoice for ₹ 1,500 for repairs to factory walls | Revenue Expenditure | Capital Expenditure | Deferred Revenue Expenditure | None of These |
| 19 | Compensation received from government for compulsory acquisition of land | Revenue Expenditure | Capital Expenditure | Deferred Revenue Expenditure | None of These |
| 20 | All revenue receipts and expenditures are shown in | Balance Sheet | Trading and Profit and Loss A/c | Cash Flow Statement | Statement of Affairs |
| 21 | A bad debt recovered during the year will be | Capital Expenditure | Revenue Expenditure | Capital Receipt | Revenue Receipt |
| 22 | Insurance claim received on account of machinery damaged completely by fire is | Capital Receipt | Revenue Receipt | Capital Expenditure | Revenue Expenditure |
| 23 | Amount of ₹ 5,000 spent as lawyers' fees to defend a suit claiming that the firm's factory site belonged to the plaintiff's land is: | Capital Expenditure | Revenue Expenditure | Deferred Revenue Expenditures | None |
| 24 | Money spent ₹ 10,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is | Capital Expenditure | Revenue Expenditure | Deferred Revenue Expenditures | None |
| 25 | Nominal Account represents | Profit & gain | Loss/Expenses | None | Both (a) and (b) |
| 26 | S.B.I Account is a ... | Nominal | Artificial Personal Account | Representative Personal Account | None |
| 27 | The process of recording business transactions in a book of original entry is known as | Journal | Balance | posting | none |
| 28 | Prepaid rent is a : | Nominal A/c | Representative Personal A/c | Tangible Assets A/c | None |
| 29 | In an Account if debit > credit side, the balance is known as the : | Negative balance | Debit balance | Positive balance | Credit balance |
| 30 | A sale of goods to Ram for cash should be debited to: | Ram | Cash | Sales | Capital |
| 31 | A withdrawal of cash from business by the proprietor should be credited to : | Drawing A/c | Capital A/c | Cash A/c | Purchase A/c |
| 32 | Rent Account is : | Personal | Real | Nominal | None |
| 33 | Ledger contains various _____ in it : | Transactions | Entries | Accounts | None |
| 34 | The process of transfer of entries from day book to ledgers is called : | Simple posting | Journal posting | Transaction | Ledger posting |
| 35 | The rent paid to landlord is credited to : | Landlord's A/c | Rent A/c | Cash A/c | None |
| 36 | Which financial statement represents the accounting equation- Assets = Liabilities + Owner's equity: | Income Statement | Statement of Cash flows | Balance Sheet | None |



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| 37 | The debts written off as bad, if recovered subsequently are | Credited to Bad Debts Recovered A/c | Credited to Trade Receivables Account | Debited to Profit and Loss Account | None |
| 38 | A trial balance will not balance if | correct entry is posted twice | The purchase on credit basis is debited to purchases and credited to cash | ₹ 500 cash payment to creditors is debited to creditors for ₹ 50 and credited to cash as ₹ 500 | None of the above |
| 39 | A Trial Balance shows | Honesty of accountants | Accuracy of account | Only arithmetical accuracy of accounts | None of these |
| 40 | The process of recording business transactions in a book of original entry is known as | Journal | Balance | Posting | none |
| 41 | In an Account if debit > credit side, the balance is known as the | Negative balance | Debit balance | Positive balance | Credit balance |
| 42 | Ledger contains various in it : | Transactions | Entries | Accounts | None |
| 43 | The process of transfer of entries from day book to ledgers is called : | Simple posting | Journal posting | Transaction | Ledger posting |
| 44 | A Ledger is also called : | Book of Original entry | Book of Primary entry | Book of Final entry | None of the above |
| 45 | Whenever errors are noticed in the accounting records, they should be rectified : | At the time of preparation of Trial Balance | without waiting the accounting year to end | After the preparation of Final Accounts | in the next accounting year |
| 46 | A Trial Balance will not tally if : | correct journal entry is posted twice | credit purchase debited to purchases and credited to cash | ₹5,000 cash paid to creditors is debited | none of the above to creditors for ₹500 and credited to cash as ₹5,000 |
| 47 | Sales of Shyam of ₹ 500 not recorded in the books would affect : | Shyam's Account | Sales Account | Sales Account and Shyam's Account | Cash Account |
| 48 | Errors of carry forward from one year to another affects : | Personal Account | Real Account | Nominal Account | both (a) and (b) |
| 49 | Goods worth ₹ 272 returned by Lala passed through the books as ₹ 722. The rectification entry is | Lala will be debited by ₹ 450 | Lala will be debited by ₹ 272 | Lala will be credited by ₹ 722 | Lala will be credited by ₹ 272 |
| 50 | If a receipt of ₹ 200 from rajesh (debtor) has not been recorded in the books the profits would show | An increase of ₹ 2,000 | A decrease of ₹ 200 | Neither an increase nor a decrease | None of the above |



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| 51 | A credit purchase of ₹ 950 from sudhir was recorded in purchases book as ₹ 590. The rectification entry is | purchases account will be debited by ₹ 360 | sudhir will be credited by ₹ 590 | purchases account will be debited by ₹ 950 | sudhir will be credited by ₹950 |
| 52 | Which of these errors affect only one account | errors of casting | errors of carry forward | errors of posting | All the three |
| 53 | Which of these is/are recurring (indirect expenses)? | transit insurance and freight | octroi | loading and unloading | godown rent and insurance |
| 54 | On receipt of goods the consignee debits which of these accounts : | Purchase Account | Goods Account | Consignors Account | None of these |
| 55 | X sends out goods to Y, costing ₹1,50,000. 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 : | ₹ 1,20,000 | ₹ 1,00,000 | ₹ 1,50,000 | None |
| 56 | Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20 % profit on cost the loading amount will be : | ₹ 40,000 | ₹ 48,000 | ₹ 50,000 | none |
| 57 | Goods sent on consignment account is of the nature of : | Personal Account | Nominal Account | Real Account | Sales Account |
| 58 | Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand : | packing | octroi | delivery charges | freight |
| 59 | X sends out 100 bags to Y costing ₹1,000 each. 60 bags were sold at 10% above cost price. Sale value will be : | ₹ 66,000 | ₹ 65,000 | ₹ 60,000 | ₹ 65,500 |
| 60 | The consignment accounting is made on the following basis : | accrual basis | realization basis | cash basis | all of above |
| 61 | Which of the following term is true about consignment? | sale of goods | hypothecation of | shipment of goods | mortgage of goods |
| 62 | Which of these accounts are not opened in the books of consignor? | Consignment Account | Commission Account | Goods Send on Consignment Account | Consignees Personal Account |
| 63 | For closing stock held by consignee which account must be debited : | Consignment Stock | Sales Account | Consignee Account | Consignment Account |
| 64 | X of Kanpur sends out 1000 boxes to Y Delhi costing ₹ 200 each at an invoice price of ₹ 220 each goods sent out on consignment to be credited in general trading will be : | ₹ 2,00,000 | ₹ 2,40,000 | ₹ 40,000 | None |
| 65 | A proforma invoice is sent by : | consignee to consignor | consignor to consignee | debtor to consignee | debtor to consignor |
| 66 | Commission will be shared by : | consignor and consignee | only consignee | only consignor | third party |
| 67 | X of Mumbai sends out certain goods at cost +25%. Invoice value of the goods is ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be : | ₹ 4,800 | ₹ 5,200 | ₹ 3,200 | ₹ 1,600 |



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| 68 | Joint venture account is of the nature of : | Personal A/c | Nominal A/c | Real A/c | Suspense A/c |
| 69 | A and B purchased a piece of land for ₹40,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture? | ₹ 20,000 | ₹ 16,000 | ₹ 30,000 | Nil |
| 70 | A, for joint venture with B, Purchased goods costing ₹2,00,000. B sold 80% of the goods for ₹2,50,000. Balance of goods were taken over by B at cost less 25%. Find out profit on venture? | ₹ 80,000 | ₹ 90,000 | ₹ 50,000 | None of these |
| 71 | If unsold goods costing ₹20,000 is taken over by venture at ₹15,000 the Joint venture A/c will be credited by : | ₹ 20,000 | ₹ 15,000 | ₹ 5,000 | Nil |
| 72 | Memorandum Joint Venture Account is : | Personal Account | Real Account | Nominal Account | None of the above |
| 73 | A purchased goods costing ₹42,500. B sold goods of ₹40,000 at ₹50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be : | ₹ 3,125 | ₹ 2,500 | ₹ 3,000 | None |
| 74 | What is the nature of joint venture with co-venture account : | Nominal Account | Real Account | Personal Account | None of these |
| 75 | 'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹6,000 and spend ₹100 on various expenses. 'N' sells the entire lot for ₹7,500 meeting selling expenses amounted to ₹200 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be : | ₹ 6,700 | ₹ 7,300 | ₹ 6,400 | ₹ 6,100 |
| 76 | A and B purchased a piece of land for ₹ 20,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be : | ₹ 40,000 | ₹ 20,000 | ₹ 60,000 | Nil |
| 77 | A and B enter in to joint venture sharing profit and loss in the ratio 1:1 A purchased goods costing ₹20,000. B sold the goods for ₹25,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales the profit will be : | ₹ 3,550 | ₹ 3,600 | ₹ 3,400 | ₹ 3,800 |
| 78 | Goods costing ₹10,000 destroyed by an accident, insurance claim nil : | ₹10,000 will be credited to joint venture account | No entry will be made in the books of joint venture | ₹10,000 will be debited in Joint venture account as loss | ₹ 8,000 will be credited in joint venture account |



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| 79 | Which of the following statement is true? | There is no difference between joint venture and partners | Consignment and joint venture is same | There is not separate account for joint venture | In case of joint venture, the number of third party is none only |
| 80 | Which of the following accounts are maintained in the joint venture when separate set of books are maintained : | Joint Bank A/c | Joint Venture A/c | Co-ventruer A/c | All of these |
| 81 | If A coventurer takes away goods under memorandum joint venture method then he will debit these goods in his books to : | Joint Venture Account | Personal Account | Purchases Account | Sales Account |
| 82 | For opening Joint Bank Account, in case of separate sets of books : | Ventruer a/c will be debited and Co-ventures A/c will be credited | Joint Bank A/c is debited and Ventures Capital A/c is credited | Joint Venture A/c is debited and Joint Bank A/c will be credited | Joint Bank A/c will be debited and Joint Venture A/c will be credited |
| 83 | The person other than the original creditor to whom the amount in the bill is made payable to is known as the _____ of the bill. | holder | payee | drawer | endorser |
| 84 | Payment of Bills of exchange is received : | by drawer | by holder in due course of due date | by endorsee | by bank |
| 85 | Retirement of bill means: | making payment before the due date | cancellation of the bill | sending the bill for collection | endorsing the bill in favour of third party |
| 86 | At the time of retirement of a bill, the acceptor debits: | Bills Receivable Account | bill Payable Account | Discount | None of the above |
| 87 | The party who is ordered to pay the amount is known as : | payee | Drawer | drawee | endorsee |
| 88 | In which of these ways a bill of exchange cannot be disposed of : | discounting with bank | retain till maturity | endorsement to creditors | destroyed |
| 89 | Bills Receivable Book is a part of the : | Ledger | Balance Sheet | Journal | Profit and Loss Account |
| 90 | X Sold goods to Y for ₹30,00,00. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y . | ₹ 1,50,000 | ₹ 3,00,000 | ₹ 1,00,000 | ₹ 1,20,000 |
| 91 | A person who endorses a bill is called : | drawer | drawee | Bank | endorser |
| 92 | At the time of dishonor of an endorsed bill which one or these accounts would be credited by the drawee : | Bill Payable Account | Drawer | Bank | Bill Dishonored Account |
| 93 | Date on which the payment of the bill is to be made : | public holiday | date of grace | due date | date of bill + 3 days |
| 94 | Kuntal draws a bill on shyam for ₹ 3,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be: | Kuntal | Ram | Shyam | Rahim |



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| 95 | If the due date is a public holiday what will be the due date of the bill | following day | preceding day | the same day only | one month later |
| 96 | On 1.8.23, X draws a bill on Y for 30 days after sight The date of acceptance is 8-8-23. The due date of the bill will be | 8.9.2023 | 10.9.2023 | 11.9.2023 | 9.9.2023 |
| 97 | If bill drawn on 3rd July 2023 for 40 days, payment must be made on | 16th August, 2023 | 15th August, 2023 | 12th August, 2023 | 14th August, 2023 |
| 98 | The purpose of preparing final accounts is to ascertain : | Profit & Loss A/c | Capital | The value of assets | Profit or loss and financial position |
| 99 | If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of ₹ ____ on a profit of ₹ 8,400 | 400 | 442.11 | 420 | None of these |
| 100 | The balance of the petty cash is : | An expense | An income | An asset | A liability |
| 101 | Fixed assets are : | Kept in the business for use over a long time for earning income | Meant for resale | Meant for conversion into cash as quickly as possible | All of the above |
| 102 | The manufacturing account is prepared: | To ascertain the profit or loss on the goods produced | To ascertain the cost of the manufactured goods | To show the sale proceeds from the goods produced during the year | both (b) and(c) |
| 103 | A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin? | 33% | 25% | 20% | None of these |
| 104 | At the time of preparation of financial accounts, bad debts recovered account will be transferred to | Debtors A/c | Profit & Loss A/c | Profit & loss Adjustment A/c | Profit & loss Appropriation A/c |
| 105 | Depreciation appearing in the Trial Balance should be | Debited to P & L A/c | Shown as liability in balance sheet | reduced from related asset in balance sheet | both (a) and (c) above |
| 106 | Gross profit is equal to | sales – cost of goods sold | sales – closing stock + purchase | opening stock + purchases – closing stock | none of the above |
| 107 | The profit and loss Account shows the | financial results of the concern for a period | Financial position of the concern on particular date | financial results of the concern on a particular date | cost of goods sold during the period |
| 108 | Which of the following is not a part of financial statement? | Profit and loss account | Balance sheet | Cash flow statement | Trial balance |
| 109 | Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet? | business entity concept | money measurement concept | going concern concept | matching concept |



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| 110 | Closing stock appearing in the trial balance is shown in – | Trading A/c and Balance Sheet | Profit and Loss A/c | Balance Sheet only | Trading A/c only |
| 111 | Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars ₹ Bad debts (from trial balance) 1,600 Provision for doubtful debts (old) 2,000 Current year's provision (new) 800 | ₹ 400 | ₹ 800 | ₹ 2,000 | ₹ 2,400 |
| 112 | Inventory is : | Included in the category of fixed assets | An investment | A part of current assets | An intangible fixed asset |
| 113 | Endowment fund receipt is treated as - | Capital Receipt | Revenue Receipt | Loss | Expenses |
| 114 | Which one of the following is not prepared by non-profit organizations : | Profit and Loss Account | Income & Expenditure Account | Receipts and Payments Account | Balance Sheet |
| 115 | Legacy are generally - | Capitalized | Treated Loss | Revenue Expenses | Deferred Revenue expenses |
| 116 | Any donation received for a specific purpose is a : | Assets | Revenue receipts | Capital receipts | None of the above |
| 117 | The receipts and payments account of a non-profit organization is a : | Nominal Account | Real Account | Income Statement Account | Financial Account |
| 118 | The capital of a non-profit organization is generally known as : | Equity | Accumulated Fund | Finance Reserve | Cash Fund |
| 119 | If ₹1,500 was outstanding at the beginning of the year towards subscription and ₹10,000 is received during the year, with ₹2,500 still outstanding at the end of the year the amount to be taken to receipts and payments account is | ₹ 11,000 | ₹ 8,500 | ₹ 10,000 | None of the above |
| 120 | Any revenue expenses for which a separate fund is available will be | Debited to the separate fund | Debited to Income and Expenditure Account | Capitalized and shown in the Balance Sheet | None of the above |
| 121 | Sale of old materials must be shown on the credit side of | Cash Book | Income and Expenditure Account | Balance Sheet | None of the above |
| 122 | The information for the preparation of receipts and payments account is taken from | Cash Book | Income and Expenditure Account | Cash Book and Balance Sheet | None |
| 123 | Any donation received for a specific purpose is a | Capital receipt | Revenue receipt | Liability | None of the above |



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| 124 | The Receipts and Payments Account shows the following details: Subscription Arrears ₹500 Current ₹10,500 Advance ₹800 There are 1,200 members each paying an annual subscription of ₹10. The amount to be credited to Income and Expenditure Account will be | ₹ 11,800 | ₹ 11,300 | ₹ 12,000 | None of the above |
| 125 | Any income arising from special fund will be credited to | Special Fund in the Balance Sheet | Income and Expenditure Account | General Fund in the Balance Sheet | None of the above |
| 126 | Income and Expenditure Account shows subscriptions at ₹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 subscriptions received appearing in Receipts and Payments Account will be | ₹ 9,500 | ₹ 11,000 | ₹ 10,000 | None of the above |
| 127 | Which of the following item(s) is (are) shown in the Income and Expenditure Account | Only items of capital nature | Only items of revenue nature which are received during the period of accounts | Only items of revenue nature pertaining to the period of accounts | Both the items of capital and revenue nature |
| 128 | The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as: | direct cost | Variable cost | commercial cost | conversion cost |
| 129 | Which of the following is not a relevant cost? | Replacement cost | Sunk cost | Marginal cost | standard cost |
| 130 | Process cost is very much applicable in: | construction industry | pharmaceutical industry | Air line company | none of these |
| 131 | The main purpose of cost accounting is to: | maximize profits, | help in inventory valuation | provide information to management for decision making | Aid in the fixation of selling price |
| 132 | Opportunity cost is the best example of: | sunk cost | Standard cost | relevant cost | irrelevant cost |
| 133 | Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as: | functional classification | behavioral classification | element wise classification | classification according to controllability |
| 134 | Which method of costing is used for determination of costs for printing industry? | process costing | operating costing | batch costing | job costing |
| 135 | Over which of the following costs, management is likely to have least control : | wages cost | building insurance cost | machinery breakdown cost | advertisement cost |
| 136 | Variable costs are fixed : | for a period | per unit | depends upon the entity | for a particular process of production |



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| 137 | In behavioral analysis, costs are divided into : | production and non-production costs | controllable and non-controllable costs | direct and indirect costs | fixed and variable costs |
| 138 | Prime cost plus factory overheads is known as : | factory on cost | conversion cost | factory cost | marginal cost |
| 139 | Which of the following items is excluded from cost Accounts? | Income tax | interest on debentures | cash discount | All of these |
| 140 | The following is included in financial accounts, but not in cost accounts : | carriage and freight | Excise duty | Royalty | Dividend paid |
| 141 | Advertisements are treated as : | direct expenses | cost of production | selling overheads | distribution overheads |
| 142 | Which cost system description applies to the manufacture of 20 engraved doors for the new club house at a golf course? | contract | process | Batch | service |
| 143 | Prime cost may be correctly termed as : | the sum of direct material and labour cost with all other costs excluded. | the total of all cost items which can be directly charged to product units. | The total costs incurred in producing a finished unit. | the sum of the large cost there in a product cost. |
| 144 | The guidance and regulation by executive action of the cost of operating an undertaking is said to be : | Budgetary control | cost control | cost analysis | None |
| 145 | Direct expenses are also known as : | Overhead expenses | process expenses | chargeable expenses | None |
| 146 | Indirect material cost is a part of : | Prime cost | Factory overhead | chargeable expenses | None of these |
| 147 | Which of the following is a part of both Prime cost and conversion cost : | Direct Material | Indirect Labour | Indirect Material | Direct Labour |
| 148 | Statement showing break-up of costs is known as : | cost-sheet | statement of profit | production account | Tender |
| 149 | The works cost plus administration expenses : | Total Cost | Cost of production | cost of sales | Factory cost |
| 150 | Directors remuneration and expenses form a part of : | Production overhead | Administration overhead | Selling overhead | Distribution overhead |
| 151 | Cost reduction is : | Long term phenomena | It challenges the standards | It is carried out without compromising the quality | All of the above |
| 152 | Interest on own capital is : | Cash cost | Notional cost | Sunk cost | Part of Prime Cost |



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ANSWERS TO MCQ BANK

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| 14 | Entrance fee of ₹ 20,000 received by a club is a | Capital Receipts | 1 |
| 15 | Life membership fees received by a club is a | Capital Receipt | 4 |
| 16 | Cost of goods purchased for resale is an example of | Revenue Expenditure | 2 |
| 17 | Import duty of raw material purchased | Revenue Expenditure | 1 |
| 18 | Received from Soloman & co., an invoice for ₹ 1,500 for repairs to factory walls | Revenue Expenditure | 1 |
| 19 | Compensation received from government for compulsory acquisition of land | None of These | 4 |
| 20 | All revenue receipts and expenditures are shown in | Trading and Profit and Loss A/c | 2 |
| 21 | A bad debt recovered during the year will be | Revenue Receipt | 4 |
| 22 | Insurance claim received on account of machinery damaged completely by fire is | Capital Receipt | 1 |
| 23 | Amount of ₹ 5,000 spent as lawyers' fees to defend a suit claiming that the firm's factory site belonged to the plaintiff's land is: | Revenue Expenditure | 2 |
| 24 | Money spent ₹ 10,000 as travelling expenses of the directors on trips abroad for purchase of capital assets is | Capital Expenditure | 1 |
| 25 | Nominal Account represents | Both (a) and (b) | 4 |
| 26 | S.B.I Account is a ... | Artificial Personal Account | 2 |
| 27 | The process of recording business transactions in a book of original entry is known as | Journal | 1 |
| 28 | Prepaid rent is a : | Representative Personal A/c | 2 |
| 29 | In an Account if debit > credit side, the balance is known as the : | Debit balance | 2 |
| 30 | A sale of goods to Ram for cash should be debited to: | Cash | 2 |
| 31 | A withdrawal of cash from business by the proprietor should be credited to : | Cash A/c | 3 |
| 32 | Rent Account is : | Nominal | 3 |
| 33 | Ledger contains various _____ in it : | Accounts | 3 |
| 34 | The process of transfer of entries from day book to ledgers is called : | Ledger posting | 4 |
| 35 | The rent paid to landlord is credited to : | Cash A/c | 3 |



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|-------|--|--|-------------|
| 36 | Which financial statement represents the accounting equation- Assets = Liabilities + Owner's equity: | Balance Sheet | 3 |
| 37 | The debts written off as bad, if recovered subsequently are | Credited to Bad Debts Recovered A/c | 1 |
| 38 | A trial balance will not balance if | ₹ 500 cash payment to creditors is debited to creditors for ₹ 50 and credited to cash as ₹ 500 | 3 |
| 39 | A Trial Balance shows | Only arithmetical accuracy of accounts | 3 |
| 40 | The process of recording business transactions in a book of original entry is known as | Journal | 1 |
| 41 | In an Account if debit > credit side, the balance is known as the | Debit balance | 2 |
| 42 | Ledger contains various in it : | Accounts | 3 |
| 43 | The process of transfer of entries from day book to ledgers is called : | Ledger posting | 4 |
| 44 | A Ledger is also called : | Book of Final entry | 3 |
| 45 | Whenever errors are noticed in the accounting records, they should be rectified : | without waiting the accounting year to end | 2 |
| 46 | A Trial Balance will not tally if : | ₹5,000 cash paid to creditors is debited | 3 |
| 47 | Sales of Shyam of ₹ 500 not recorded in the books would affect : | Sales Account and Shyam's Account | 3 |
| 48 | Errors of carry forward from one year to another affects : | both (a) and (b) | 4 |
| 49 | Goods worth ₹ 272 returned by Lala passed through the books as ₹ 722. The rectification entry is | Lala will be debited by ₹ 450 | 1 |
| 50 | If a receipt of ₹ 200 from rajesh (debtor) has not been recorded in the books the profits would show | Neither an increase nor a decrease | 3 |
| 51 | A credit purchase of ₹ 950 from sudhir was recorded in purchases book as ₹ 590. The rectification entry is | purchases account will be debited by ₹ 360 | 1 |
| 52 | Which of these errors affect only one account | All the three | 4 |
| 53 | Which of these is/are recurring (indirect expenses)? | godown rent and insurance | 4 |
| 54 | On receipt of goods the consignee debits which of these accounts : | None of these | 4 |
| 55 | X sends out goods to Y, costing ₹ 1,50,000. 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 : | ₹ 1,20,000 | 1 |
| 56 | Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20% profit on cost the loading amount will be : | ₹ 40,000 | 1 |
| 57 | Goods sent on consignment account is of the nature of : | Real Account | 3 |
| 58 | Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand : | delivery charges | 3 |
| 59 | X sends out 100 bags to Y costing ₹ 1,000 each. 60 bags were sold at 10% above cost price. Sale value will be : | ₹ 66,000 | 1 |
| 60 | The consignment accounting is made on the following basis : | accrual basis | 1 |
| 61 | Which of the following term is true about consignment? | shipment of goods | 3 |



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|-------|--|---|-------------|
| 62 | Which of these accounts are not opened in the books of consignee? | Commission Account | 2 |
| 63 | For closing stock held by consignee which account must be debited : | Consignment Stock | 1 |
| 64 | X of Kanpur sends out 1000 boxes to Y Delhi costing ₹ 200 each at an invoice price of ₹ 220 each goods sent out on consignment to be credited in general trading will be : | ₹ 2,00,000 | 1 |
| 65 | A proforma invoice is sent by : | consignor to consignee | 2 |
| 66 | Commission will be shared by : | only consignee | 2 |
| 67 | X of Mumbai sends out certain goods at cost +25%. Invoice value of the goods is ₹2,00,000. 4/5th of the goods were sold by consignee at ₹1,76,000. Commission 2% upto invoice value and 10% of any surplus above invoice. The amount of commission will be : | ₹ 4,800 | 1 |
| 68 | Joint venture account is of the nature of : | Nominal A/c | 2 |
| 69 | A and B purchased a piece of land for ₹40,000 and sold it for ₹ 60,000 in 2021. Originally A had contributed ₹24,000 and B ₹16,000. What will be the profit on venture? | ₹ 20,000 | 1 |
| 70 | A, for joint venture with B, Purchased goods costing ₹2,00,000. B sold 80% of the goods for ₹2,50,000. Balance of goods were taken over by B at cost less 25%. Find out profit on venture? | ₹ 80,000 | 1 |
| 71 | If unsold goods costing ₹20,000 is taken over by venture at ₹15,000 the Joint venture A/c will be credited by : | ₹ 15,000 | 2 |
| 72 | Memorandum Joint Venture Account is : | Nominal Account | 3 |
| 73 | A purchased goods costing ₹42,500. B sold goods of ₹40,000 at ₹50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over will be : | ₹ 3,125 | 1 |
| 74 | What is the nature of joint venture with co-venture account : | Personal Account | 3 |
| 75 | 'M' and 'N' enter into joint venture where 'M' supplies goods worth ₹6,000 and spend ₹100 on various expenses. 'N' sells the entire lot for ₹7,500 meeting selling expenses amounted to ₹200 profit sharing ratio equal. N remits M the amount due. The amount of remittance will be : | ₹ 6,700 | 1 |
| 76 | A and B purchased a piece of land for ₹ 20,000 and sold it for ₹60,000 in 2021. Originally A had contributed ₹12,000 and B ₹8,000. The profit on venture will be : | ₹ 40,000 | 1 |
| 77 | A and B enter in to joint venture sharing profit and loss in the ratio 1:1 A purchased goods costing ₹20,000. B sold the goods for ₹25,000. A is entitled to get 1% commission on purchase and B is entitled to get 5% commission on sales the profit will be : | ₹ 3,550 | 1 |
| 78 | Goods costing ₹10,000 destroyed by an accident, insurance claim nil : | No entry will be made in the books of joint venture | 2 |
| 79 | Which of the following statement is true? | There is not separate act for joint venture | 3 |
| 80 | Which of the following accounts are maintained in the joint venture when separate set of books are maintained : | All of these | 4 |
| 81 | If A coventurer takes away goods under memorandum joint venture method then he will debit these goods in his books to : | Purchases Account | 3 |



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|-------|--|--|-------------|
| 82 | For opening Joint Bank Account, in case of separate sets of books : | Joint Bank A/c is debited and Ventures Capital A/c is credited | 2 |
| 83 | The person other than the original creditor to whom the amount in the bill is made payable to is known as the _____ of the bill. | payee | 2 |
| 84 | Payment of Bills of exchange is received : | by holder in due course of due date | 2 |
| 85 | Retirement of bill means: | making payment before the due date | 1 |
| 86 | At the time of retirement of a bill, the acceptor debits: | bill Payable Account | 2 |
| 87 | The party who is ordered to pay the amount is known as : | drawee | 3 |
| 88 | In which of these ways a bill of exchange cannot be disposed of : | destroyed | 4 |
| 89 | Bills Receivable Book is a part of the : | Journal | 3 |
| 90 | X Sold goods to Y for ₹30,00,00. ½ of the amount will be received in cash and the balance through a B/R for what amount X should draw a bill Y . | ₹ 1,50,000 | 1 |
| 91 | A person who endorses a bill is called : | endorser | 4 |
| 92 | At the time of dishonor of an endorsed bill which one or these accounts would be credited by the drawee : | Drawer | 2 |
| 93 | Date on which the payment of the bill is to be made : | due date | 3 |
| 94 | Kuntal draws a bill on shyam for ₹ 3,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be: | Rahim | 4 |
| 95 | If the due date is a public holiday what will be the due date of the bill | preceding day | 2 |
| 96 | On 1.8.23, X draws a bill on Y for 30 days after sight The date of acceptance is 8-8-23. The due date of the bill will be | 10.9.2023 | 2 |
| 97 | If bill drawn on 3rd July 2023 for 40 days, payment must be made on | 14th August, 2023 | 4 |
| 98 | The purpose of preparing final accounts is to ascertain : | Profit or loss and financial position | 4 |
| 99 | If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of ₹ _____ on a profit of ₹ 8,400 | 420 | 3 |
| 100 | The balance of the petty cash is : | An asset | 3 |
| 101 | Fixed assets are : | Kept in the business for use over a long time for earning income | 1 |
| 102 | The manufacturing account is prepared: | To ascertain the cost of the manufactured goods | 2 |
| 103 | A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin? | 25% | 2 |
| 104 | At the time of preparation of financial accounts, bad debts recovered account will be transferred to | Profit & Loss A/c | 2 |
| 105 | Depreciation appearing in the Trial Balance should be | Debited to P & L A/c | 1 |
| 106 | Gross profit is equal to | sales – cost of goods sold | 1 |
| 107 | The profit and loss Account shows the | financial results of the concern for a period | 1 |
| 108 | Which of the following is not a part of financial statement? | Trial balance | 4 |
| 109 | Based on which of the following concepts, is share capital account shown on the liabilities side of a balance sheet? | business entity concept | 1 |
| 110 | Closing stock appearing in the trial balance is shown in – | Balance Sheet only | 3 |



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|-------|---|---|-------------|
| 111 | Consider the following data and identify the amount which will be deducted from sundry debtors in Balance sheet. Particulars ₹ Bad debts (from trial balance) 1,600 Provision for doubtful debts (old) 2,000 Current year's provision (new) 800 | ₹ 800 | 2 |
| 112 | Inventory is : | A part of current assets | 3 |
| 113 | Endowment fund receipt is treated as - | Capital Receipt | 1 |
| 114 | Which one of the following is not prepared by non-profit organizations : | Profit and Loss Account | 1 |
| 115 | Legacy are generally - | Capitalized | 1 |
| 116 | Any donation received for a specific purpose is a : | Capital receipts | 3 |
| 117 | The receipts and payments account of a non-profit organization is a : | Real Account | 2 |
| 118 | The capital of a non-profit organization is generally known as : | Accumulated Fund | 2 |
| 119 | If ₹1,500 was outstanding at the beginning of the year towards subscription and ₹10,000 is received during the year, with ₹2,500 still outstanding at the end of the year the amount to be taken to receipts and payments account is | ₹ 11,000 | 1 |
| 120 | Any revenue expenses for which a separate fund is available will be | Debited to the separate fund | 1 |
| 121 | Sale of old materials must be shown on the credit side of | Income and Expenditure Account | 2 |
| 122 | The information for the preparation of receipts and payments account is taken from | Cash Book | 1 |
| 123 | Any donation received for a specific purpose is a | Liability | 3 |
| 124 | The Receipts and Payments Account shows the following details: Subscription Arrears ₹500 Current ₹10,500 Advance ₹800 There are 1,200 members each paying an annual subscription of ₹10. The amount to be credited to Income and Expenditure Account will be | ₹ 12,000 | 3 |
| 125 | Any income arising from special fund will be credited to | Special Fund in the Balance Sheet | 1 |
| 126 | Income and Expenditure Account shows subscriptions at ₹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 subscriptions received appearing in Receipts and Payments Account will be | ₹ 9,500 | 1 |
| 127 | Which of the following item(s) is (are) shown in the Income and Expenditure Account | Both the items of capital and revenue nature | 3 |
| 128 | The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as: | commercial cost | 3 |
| 129 | Which of the following is not a relevant cost? | Sunk cost | 2 |
| 130 | Process cost is very much applicable in: | pharmaceutical industry | 2 |
| 131 | The main purpose of cost accounting is to: | provide information to management for decision making | 3 |
| 132 | Opportunity cost is the best example of: | relevant cost | 3 |
| 133 | Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as: | behavioral classification | 2 |
| 134 | Which method of costing is used for determination of costs for printing industry? | job costing | 4 |
| 135 | Over which of the following costs, management is likely to have least control : | advertisement cost | 4 |



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|-------|--|---|-------------|
| 136 | Variable costs are fixed : | per unit | 2 |
| 137 | In behavioral analysis', costs are divided into : | fixed and variable costs | 4 |
| 138 | Prime cost plus factory overheads is known as : | factory cost | 3 |
| 139 | Which of the following items is excluded from cost Accounts? | All of these | 4 |
| 140 | The following is included in financial accounts, but not in cost accounts : | Dividend paid | 4 |
| 141 | Advertisements are treated as : | selling overheads | 3 |
| 142 | Which cost system description applies to the manufacture of 20 engraved doors for the new club house at a golf course? | Batch | 3 |
| 143 | Prime cost may be correctly termed as : | the total of all cost items which can be directly charged to product units. | 2 |
| 144 | The guidance and regulation by executive action of the cost of operating an undertaking is said to be : | cost control | 2 |
| 145 | Direct expenses are also known as : | chargeable expenses | 3 |
| 146 | Indirect material cost is a part of : | Factory overhead | 2 |
| 147 | Which of the following is a part of both Prime cost and conversion cost : | Direct Labour | 4 |
| 148 | Statement showing break-up of costs is known as : | cost-sheet | 1 |
| 149 | The works cost plus administration expenses : | Cost of production | 2 |
| 150 | Directors remuneration and expenses form a part of : | Administration overhead | 2 |
| 151 | Cost reduction is : | All of the above | 4 |
| 152 | Interest on own capital is : | Notional cost | 2 |